



# **Parnax Lab Limited**

(Formerly known as Krishna-Deep Trade and Investment Limited)

**31<sup>st</sup>**

**Annual Report  
2012 - 2013**

# Parnax Lab Limited

(Formerly known as Krishna-Deep Trade and Investment Limited)

## Board Of Directors

Mr. Prakash M Shah	: Whole Time Director
Mr. Baiju M Shah	: Whole Time Director
Mr. Vindyak B Desai	: Independent and Non-Executive Director
Mr. Manharbhai N Jhavari	: Independent and Non-Executive Director

## Bank:

State Bank of India

## Statutory Auditors:

M/s. Ladha Singhal & Associates

## Registered office:

Gala 114, Building no. 8  
Jogani Industrial Complex,  
Chunabhatti, Mumbai - 400 022  
Phone no.: 022- 3001 5666

## Registrar and share transfer agent:

### System Support Services

209, Shivai Industrial Estate, 89,  
Andheri Kurla Road, Saki Naka,  
Andheri (East), Mumbai 400072

## Listing of Equity shares:

### BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001

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**Notice**

Notice is hereby given that the **31<sup>st</sup> annual general meeting** of the members of **Parnax Lab Limited** will be held on **Saturday, September 28, 2013 at 10.30 am** at registered office of the company situated at **114, bldg no. 8, Jogani Industrial Complex, Chunabhatti, Mumbai – 400022** to transact the following businesses:

**Ordinary Business:**

1. To consider and adopt the audited annual accounts for the year ended March 31, 2013 along with notes and schedules thereon as on that date and the Reports of Board of Directors and Auditors thereon.
2. To reappoint M/s. Ladha Singhal & Associates, Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.”
3. To appoint Director in place of Mr. Manharbhai Jhavari, who retires by rotation and being eligible offers himself for re-appointment.

**Place: Mumbai****Date: August 14, 2013****By order of the board**

**Sd/-**  
**Prakash M. Shah**  
**Whole time director**

**Notes:**

1. A Member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. The proxies, in order to be effective must be duly stamped and signed and should be deposited at registered office, not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Register will remain closed from **Saturday, September 21, 2013 to Saturday, September 28, 2013** (both days inclusive).
4. Members/Proxies are requested to produce the attendance slip duly signed for attending the meeting and also requested to bring copies of Annual Report.
5. Corporate members are requested to produce a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the AGM.
6. Members holding shares in physical form are requested to furnish following information to the Company's Registrar and Share Transfer Agents, System Support Services, 209, Shivai Industrial Estate, 89, Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai 400072 or by emailing to them at **sysss72@yahoo.com**:
  - a) Change in their address, if any, along with the pin code.
  - b) Request for consolidation of shareholdings in one account if share certificates are held in multiple accounts or joint accounts in identical order of names.
7. Members holding shares in dematerialized mode are requested to intimate changes if any in their addresses along with pin code to their Depository Participants.
8. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their email address with the Company or Registrar and Share Transfer Agents by sending an email to **goinggreen.parnax@hotmail.com or sysss72@yahoo.com** respectively.



9. As required under Clause 49 of the Listing Agreement particulars of Director seeking re-appointment is as follows:

**A. Details of Mr. Manharbhai Jhavari**

Name of the Director	Mr. Manharbhai Jhavari
Date of Birth and Age	13/05/1943 and 69 years
Qualification	10 <sup>th</sup>
Expertise in specific functional areas	Manufacturing experience of 30 years
Other Directorships	Naxpar Pharma Pvt Ltd
Memberships of the Committees	Two (2)
No of shares held	NIL

**Place: Mumbai**

**Date: August 14, 2013**

**By order of the board**

**Sd/-  
Prakash M. Shah  
Whole time director**

## Directors' Report

To,  
The Members  
Parnax Lab Limited

Your Directors have great pleasure in presenting **31<sup>st</sup> ANNUAL REPORT** along with the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2013.

**1. Financial results:**

The financial results are briefly indicated below:

(Rupees)

Particulars	Year Ended	
	March 31, 2013	March 31, 2012
Revenue From Operations	259,051,392	558,787,713
Other Income	9,428,331	5,808,235
Total Expenditure	273,220,144	641,270,503
(Loss) Before Taxes	(4,740,421)	(76,674,554)
Less: Provision for Income Tax (net off short/(excess) provision for earlier years)	(792,190)	24,186,268
(Loss) After Taxes	(3,948,231)	(52,488,286)

**2. Business operations:**

In the current financial year, your Company reported Turnover of Rs. 277,263,766/- (Rupees twenty seven crore seventy two lacs sixty three thousand seven hundred and sixty six only) as against Rs. 574,338,781/- (Rupees fifty seven crore forty three lacs thirty eight thousand seven hundred and eighty one only) in the financial year 2011-12. There was substantial decrease in the net revenue operations and other income, and total expenditure accounted more than revenue resulting in loss after tax of Rs. 3,948,231/- (Rupees thirty nine lacs forty eight thousand two hundred and thirty one only) as against Rs. 52,488,286/- (Rupees five crore twenty four lacs eighty eight thousand two hundred and eighty six only) in the financial year 2011-12.

**3. Dividend:**

Considering loss in the current year, your directors do not recommend any dividend.

**4. Fixed deposits:**

The Company has not accepted public deposits within the meaning of section 58A of the Companies Act, 1956 and rules framed there under.

**5. Subsidiary:**

Pursuant to approval of scheme of amalgamation, Naxpar Pharma Pvt Ltd became the subsidiary company of the Company; the financial performance of the subsidiary company is highlighted below:

Naxpar Pharma Pvt Ltd is engaged in the business of formulations of Liquid Orals, Capsules, Ointments, External Powders and Tablets. During the year 2012-2013, company reported revenue from operations amounting to Rs. 300,209,327/- as against Rs. 371,856,358/- in the previous year and recorded profit of Rs. 21,044,951/- as against previous year profit of Rs. 24,526,927.

The Ministry of Corporate Affairs (MCA), vide its circular No. 2/2011 dated February 8, 2011, has granted general exemption under Section 212(8) of the Companies Act, 1956, subject to certain conditions being fulfilled by the Company. Thereby company has not attached the Balance Sheet of the Subsidiary Company.



Shareholders who wish to have a copy of the annual accounts and other related information of the Subsidiary Company will be provided the same on receipt of a written request from them. The annual accounts of the Subsidiary Company will also be available for inspection by any shareholder at the Registered Office of the Company, on any working day during business hours.

**6. Consolidated accounts:**

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to clause 32 of the Listing Agreement entered into with the Bombay Stock Exchange and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

**7. Composition of board of directors:**

In accordance with the articles of association, Mr. Manharbhai Jhavari, Director of the Company, retires by rotation and being eligible has offered himself for re-appointment. The Members are requested to re-appoint him in the ensuing Annual General Meeting.

**8. Director's responsibility statement:**

As required under section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby confirms:

- i. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the Annual accounts on a going concern basis.

**9. Stock exchange requirements:**

Being listed at The Bombay Stock Exchange Limited, Mumbai your company has paid listing fees till March, 2014.

**10. Conservation of energy, technological absorption & foreign exchange:**

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in **Annexure I** forming part of this Report.

**11. Particulars of employees:**

There were no employees during the whole or part of the year receiving remuneration in excess of limits prescribed under section 217(2A) of the Companies Act, 1956 and rules made thereunder.

**12. Corporate governance code:**

The Report on Corporate Governance and Management Discussion and Analysis are annexed to this report as **Annexure – II and III** respectively.

**13. Committees of board:**

Board has constituted Committees pursuant to Clause 49 of Listing Agreement with Stock Exchange. The Audit Committee and the Shareholders Committee are constituted by the Board comprising of 3 members as per Clause 49 of Listing Agreement with Stock Exchange.

**14. Re-appointment of statutory auditors:**

The Auditors, M/s. Ladha Singhal & Associates, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

**15. Auditors' report:**

The Auditors' Report to the Shareholders does not contain any qualification.

**16. Acknowledgments:**

Your Directors take this opportunity to place on record, gratitude for corporation and support received from their Banker, various departments and agencies of Central and State Government and dedication and commitment of the staff at all levels.

**By order of the board**

**Place: Mumbai**  
**Date: August 14, 2013**

**Sd/-**  
**Prakash M. Shah**  
**Chairman & Whole time Director**

**A. Power and fuel consumption**

Sr. No.	Particulars	Current year 2012-2013	Previous year 2011-2012
1.	Electricity		
a)	<b>Purchased</b>		
	Unit	5,59,446	939000
	Total Amount	24,47,212	8312475
	Rate/Unit	4.37	8.44
b)	<b>Own Generation</b>		
(i)	Through diesel generator		
	Units	1,11,517	260292
	Units per Ltr. of diesel oil	2.52	2.66
	Cost/unit	14.56	15.06
(ii)	<b>Through steam turbine/generator</b>		
	Units	Nil	Nil
	Units per ltr. Of fuel oil/gas	Nil	Nil
	Cost/unit	Nil	Nil
2.	<b>Coal (Specify quality and where used)</b>		
	Quantity (Tonnes)	Nil	Nil
	Total Cost	Nil	Nil
	Average Rate	Nil	Nil
3.	<b>Furnace Oil</b>		
	Quantity (K. Ltrs.)	Nil	Nil
	Total Cost	Nil	Nil
	Average Rate	Nil	Nil
4.	<b>Other/internal generations</b>		
	Quantity	Nil	Nil
	Total Cost	Nil	Nil
	Average Rate	Nil	Nil

**B. Consumption per unit of production**

Particulars	Current year 2012-2013	Previous year 2011-2012
Products (with details) unit	1,81,78,210	3,19,27,030
Electricity	0.03	0.03
Furnace oil	Nil	Nil
Coal	Nil	Nil
Others	Nil	Nil



## Annexure - II

## Report on corporate governance

## 1. Company's philosophy:

The Company always wishes to have a much better Code of Corporate Governance with transparency and exchange of information to the Board, Management Team and other Associates.

## 2. Board of directors:

The Board of the Company comprises of four Directors out of which two are Executive Director and other two Directors are Independent Non-Executive Directors.

None of Directors of the Company is either member in more than ten committees and/or Chairman of more than five committees in other companies in which he is Director.

As on March 31, 2013 composition of directors and details of their Directorship are mentioned below:

Name of Director	Category	No of other Directorship	Total No. of Membership/ Chairmanship of Committees in other companies		Inter-se relationship between Directors
			Chairman	Member	
Mr. Prakash M. Shah	Whole Time Director	1	Nil	Nil	Brother of Baiju M. Shah
Mr. Baiju M. Shah	Whole Time Director	1	Nil	Nil	Brother of Prakash M. Shah
Mr. Vindyak B. Desai	Non-Executive Independent	Nil	Nil	Nil	No relation with any Directors
Mr. Manharbhai Jhavari	Non-Executive Independent	1	Nil	Nil	No relation with any Directors

## 3. Board meeting:

During the year 2012-2013, there were in total Five (5) board meetings held on 30th May, 2012, 6th July, 2012, 14th August, 2012, 10th November, 2012 and 14th February, 2013. The time gap between the two meetings was not more than four months. All the information required to be furnished to the Board was made available along with detailed Agenda.

The composition of the Directors and their attendance at the Board Meetings during the year ended March 31, 2013 and at the last Annual General Meeting held on September 28, 2012 are as follows:

Name of Director	Category of Directors	No. of Board Meetings attended	Attendance at the last AGM held on September 28, 2012
Mr. Prakash M. Shah	Whole Time Director	5	Yes
Mr. Baiju M. Shah	Whole Time Director	5	Yes
Mr. Vindyak B. Desai	Non-Executive Director	5	Yes
Mr. Manharbhai Jhavari	Non-Executive Director	5	Yes

## 4. Code of conduct:

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel; **however Company is in process of developing new website.** The declaration by CEO affirming compliance of code of conduct by all the Board Members and Senior Management Personnel is enclosed as **Annexure I (A).**



## 5. Audit committee of the board:

### a. Audit Committee:

Pursuant to Clause 49 of the Listing Agreement, Audit Committee is duly constituted comprising of 3 Directors, out of which two-third are Non-Executive Directors.

As on March 31, 2013 composition of members of Audit Committee and their details are mentioned below:

Sr. No.	Name of the Members	Category of Directors	Designation
1.	Mr. Vindyak B Desai	Independent Director	Chairman
2.	Mr. Manharbhai Jhavari	Independent Director	Member
3.	Mr. Baiju M. Shah	Whole Time Director	Member

All the members of the Audit Committee possess accounting and financial management expertise/ exposure.

During the year 2012-2013, the Audit Committee met Five (5) times on May 30, 2012, July 6, 2012, August 14, 2012, November 10, 2012 and February 14, 2013 as against the minimum requirement of four meetings and the gap between two meetings did not exceed four (4) months and at all committee meetings requisite quorum was fulfilled.

The attendances of the Members at the Audit Committee meeting held during the year ended March 31, 2012 are as follows:

Sr. No.	Name of the Members	No of meetings during the year	No. of Audit Committee meeting attended
1.	Mr. Vindyak B. Desai	5	5
2.	Mr. Manharbhai Jhavari	5	5
3.	Mr. Baiju M. Shah	5	5

### Broad terms of reference of the Audit Committee are as per following:

- Overseeing the Company's financial reporting process and disclosure of its financial information.
- Recommending the appointment of the Statutory Auditors and fixation of their remuneration.
- Reviewing and discussing with the Statutory Auditors and the Internal Auditor about internal control systems.
- Reviewing the adequacy and independence of the Internal Audit function, and observations of the Internal Auditor.
- Reviewing major accounting entries involving exercise of judgment by the management.
- Reviewing, if necessary, the findings of any internal investigations by the Internal Auditors and reporting the matter to the Board.
- Reviewing the risk management mechanisms of the Company.
- Reviewing of compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Any other matter referred to by the Board of Directors.

## 6. Shareholders/Investors Grievance Committee (SGC):

SGC Committee comprise of three (3) Directors. The Chairman of SGC Committee is an Independent Director.

As on March 31, 2013 composition of members of SGC Committee and their details are mentioned below:

Sr. No.	Name of the Members	Category of Directors	Designation
1.	Mr. Vindyak B Desai	Independent Director	Chairman
2.	Mr. Manharbhai Jhavari	Independent Director	Member
3.	Mr. Baiju M. Shah	Whole Time Director	Member

Term of Reference:

- 1) Review/Resolve Investors, queries and complaints.
- 2) Review of corporate actions, if any.
- 3) Review of documents submitted to Stock Exchanges.
- 4) Review the documents processed by Registrar and Transfer Agents.

During the year 2012-2013, the SGC Committee met Four (4) times May 30, 2012, August 14, 2012, November 10, 2012 and February 14, 2013.

The attendances of the Members at the SGC Committee meeting held during the year ended March 31, 2013 are as follows:

Sr. No.	Name of the Members	No of meetings during the year	No. of meeting attended
1.	Mr. Vindyak B Desai	4	4
2.	Mr. Manharbhai Jhavari	4	4
3.	Mr. Baiju M. Shah	4	4

During the year ended 2012-2013, no complaint was received from shareholders.

Pursuant to clause 47 (a), Mr. Prakash M. Shah, Director of the Company act as Compliance Officer and discharge necessary duties relating to monitoring of share transfer process, direct liaison with various authorities such as SEBI, Stock Exchanges, Registrar of Companies, etc.

As on March 31, 2013, there are no pending complaints, as also there are no complaints not resolved to the satisfaction of shareholders.

## 7. General Body Meetings:

### a) Annual General Meetings:

Financial Year	Date	Time	Special Resolution(s)
2009 - 2010	September 29, 2010	10.30 am	NIL
2010 - 2011	September 29, 2011	10.30 am	Alteration in Articles of Association consequent to increase in authorised share capital.
2011-2012	September 28, 2012	10.30 am	NIL

### b) Extra Ordinary General Meetings:

Financial Year	Date	Time	Special Resolution(s)
2009 - 2010	March 22, 2010	11.00 am	I. Alteration in the articles of association II. Preferential Allotment
2010 - 2011	November 17, 2010	10.30 am	I. Amendment to sub clause c (other objects) of clause iii of memorandum of association of the company – introduction of clause no. 94 & 95 ii. Commencement of new business activities iii. Change of management control
2011-2012	NIL		NIL

## 12 Disclosures:

### i. Basis of Related Party Transaction

During the year under review, there were neither any related party transactions apart from ordinary business with related parties.



**ii. Disclosure of Accounting Treatment:**

The Company in general follows Accounting Standards in preparation of financial statements.

**iii. Board Disclosures - Risk Management:**

The Company has risk management policy in place for evaluating risk in advance and thereby minimizing and controlling risk. The risk management policy is updated on regular basis and placed before the board.

**iv. CEO /CFO Certification:**

The Managing Director (CEO) and the Chief Finance Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March, 2013.

**v. Miscellaneous:**

There were no instances of non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI.

**vi. Remuneration of Directors:**

There are no pecuniary transactions involving non-executive directors and no remuneration is paid to any of the directors or any sitting fees. Further, no shares are held by non-executive directors in the Company.

**vii. Compliance with Mandatory requirements:**

The Company has complied with the mandatory requirements and has not taken steps to comply with non mandatory requirements.

**viii.Means of Communication:**

- i. Quarterly results: The quarterly un-audited/audited results are submitted to all the Stock Exchanges immediately after the Board Meeting held for approval of the same.
- ii. News papers wherein results normally published: The quarterly results were published in any one of the prominent English publication such as "The Asian Age" and one of the prominent vernacular publication as "Aapla Mahanagar".
- iii. Any Website, where displayed: the above mentioned is not displayed on the web as the new website of the Company was not constructed.

**13 General Shareholder Information:**

**a) Annual General Meeting:**

Day and Date	Time	Place
Saturday, September 28, 2013	10.30 am	114, Bldg No. 8, Jogani Industrial Complex, Chunabhatti, Mumbai – 400 022

**b) Financial Year:**

The financial year of the Company is from April to March.

**c) Financial Calendar:**

First Quarter Results	*During first week of August, 2013
Annual General Meeting	In the last week of September, 2013
Second Quarter Results	*During first week of November, 2013
Third Quarter Results	*During first week of February, 2014

\*Tentative

**d) Date of Book Closure:**

The Register of Members and Share Transfer Books of the Company will remain closed Saturday, September 21, 2013 to Saturday, September 28, 2013 (both days inclusive).

**e) Dividend Payment Date:**

Considering loss in the current year, the Company has not recommended dividend.

**f) Listing of Shares and Payment of Listing Fees:**

The Company is listed with Bombay Stock Exchange Ltd (BSE) - Scrip Code 506128 and Annual Listing Fees for financial year 2013-14 has been paid.

**g) Information on Market Price:**

The details of high, low of market price of company's shares traded on the Bombay Stock Exchange Ltd. (BSE) during the financial year 2012-2013.

Month	BSE		
	High	Low	Shares Traded
April 2012	51.00	43.60	160,830
May 2012	55.10	35.65	140,602
June 2012	67.60	35.30	446,573
July 2012	80.95	68.50	391,319
August 2012	72.40	64.45	203,948
September 2012	75.00	55.95	244,205
October 2012	64.70	42.70	101,277
November 2012	69.35	48.95	201,774
December 2012	68.20	56.95	421,441
January 2013	62.50	44.50	337,276
February 2013	45.25	25.45	489,209
March 2013	42.25	26.15	1,566,270

**h) Registrar and Share Transfer Agent**

The Company has appointed System Support Services for processing and approving the transfer of shares. Their contact details are as follows:

**System Support Services**

209, Shivai Industrial Estate, 89,  
Andheri Kurla Road, Saki Naka,  
Andheri (E), Mumbai 400072  
Tel.:022-28500835  
Email id: sysss72@yahoo.com

**i) Share Transfer System**

The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time. Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

As required under Clause 47-C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.



**j) Categories of Shareholders as on March 31, 2013**

Category	No. of Shares Held	% Shareholding
Bodies Corporate	1,543,032	18.14
Promoters	5,209,916	61.26
General Public	1,751,418	20.59
NRI/OCB	500	00.01
<b>Total</b>	<b>8,504,866</b>	<b>100.00</b>

**k) Dematerialization of Shares:**

The Company has availed connectivity with both the Depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) with ISIN - INE383L01019. As on 31<sup>st</sup> March, 2013, details of shares held in dematerialized mode and physical mode are as under:

Particulars	No. of Shares	% of Total Capital
Held in Demat form with NSDL	5,253,774	61.77%
Held in Demat form with CDSL	1,697,763	19.96%
Holdings in Physical Mode	1,553,329	18.27%
<b>Total</b>	<b>85,04,866</b>	<b>100.00%</b>

**l) Plant Location:**

The Company plant is located at 121/74, Mascot Industrial Estate, Silvasa, Dadra Nagar and Haveli.

**m) Outstanding GDRs/ADRs/Warrants or any convertible instruments:**

The Company has not issued any GDRs/ADRs/Warrants or convertible instruments.

**n) Address for Investor Correspondence:**

**EITHER**

**System Support Services**

209, shivai Industrial Estate, 89,  
Andheri Kurla Road, Saki Naka,  
Andheri (E), Mumbai 400072

**Tel.:**022-28500835

**Email id:** sysss72@yahoo.com

**OR**

Mr. Prakash M. Shah

Compliance Officer

**Email id:** kdtl@hotmail.com

**Add:** Gala No. 114, Bldg. no. 8, Jogani Industrial Complex,  
Chunabhatti, Mumbai – 400 022

**Tel no:** 022-30015666

## Annexure II (A)

**Declaration of compliance with the code of conduct**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2013.

May 28, 2013

Sd/-  
**Prakash M. Shah**  
Whole-Time Director and CEO

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**Certificate on Corporate Governance by Company Secretary in practice for the financial year ended 31st March, 2013**

To,  
The Members  
Parnax Lab Limited

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2013, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, except that ***code of conduct of the Company is not displayed on the web as the new website of the Company was not constructed.***

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For HS Associates**  
**Company Secretaries**

Sd/-

**Hemant Shetye**  
**Partner**  
**Date: August 14, 2013**

**Management Discussion and Analysis Report****A. Industry structure and development:**

The Pharma industry continues to remain fragmented and fiercely competitive; and faces increased generalization. The Generics industry on the other hand has the opportunity to capitalize on the products going off patent in the coming years. As a part response to cope with the challenges effectively, the industry has witnessed consolidation at high valuations; this may be replicated across the Global Pharma especially in the Generics.

**B. Opportunities and strengths**

With a strong presence in terms of marketing access, local manufacturing presence and trained manpower, the Company is well positioned to grow across the markets. The unique characteristic of the Company is its solid presence across various emerging and lesser developed markets whereby it can not only adjust and adapt to changes in the macro-environment but also prepare for the evolution of the sector *per se*.

**C. Outlook, risks and concerns**

Companies face risks associated with patent litigations, regulatory issues and product liability. Due to growth opportunities in off-patent products, the innovator companies have also started to play in this segment, despite the price erosion on products, with a view to retain market share. Further, competition in generics is not just in the developed world, but also in the emerging countries; not just from generic companies but also from innovator companies trying to keep their position post generalization of patented products.

**D. Internal control and systems and their adequacy**

The Company believes that sound internal control systems are necessary prerequisite to good governance in that management authority should be exercised within a framework of appropriate checks and balances. The management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of the Company's operations and the security of its assets.

**E. Environment and safety**

Concern for environment and safety are integral to Company's business and part of business ethos. Your company always takes initiative to support any movement for environment benefit and recently company is planning to adopt in full fledge manner initiative taken by Ministry of Corporate Affairs on "Green Initiative" by allowing paperless compliance by companies.

**F. Industrial relations and human resource management**

The Industrial Relations continue to be peaceful and cordial. The Directors wish to acknowledge the efforts of all the employees.

**G. Cautionary statement**

Statements in the Management Discussion and Analysis are on the basis of judgments and it could differ materially from those expressed or implied, owing to changes in the Government regulations, tax laws and other statutes and other incidental factors.



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**Independent Auditor's Report****To the Members of PARNAX LAB LIMITED (Formerly Krishna-Deep Trade & Investments Limited)****Report on the Financial Statements**

We have audited the accompanying financial statements of **PARNAX LAB LIMITED (Formerly Krishna-Deep Trade & Investments Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the **Loss** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Ladha Singhal & Associates,  
Chartered Accountants**

Firm's Registration Number: 120241W

**Sd/-**

**(Vinod Ladha)**

**(Partner)**

Membership Number: 104151

Mumbai

Date: 28th May, 2013

**Annexure to auditors' Rreport**

The Annexure referred to in our report to the members of Parnax Lab Limited ("the Company") for the year ended 31st March, 2013. We report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The assets have been physically verified by the management during the year under a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the plant and machinery and as such the going concern status of the company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has taken unsecured loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 736.76 Lacs and the year end balance of unsecured loan taken from such parties was Rs. 520.93 Lacs.
- (c) In our opinion, rate of interest and other terms and conditions of the above unsecured loans taken by the company are prima facie, not prejudicial to the interest of the company.
- (d) The payment of principal amounts and the interest as applicable are regular.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further on the basis of our examination of books and records of the company, and according to information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanation given to us, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information explanations given to us, the company has not accepted any deposits from public within the meaning of section sections 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act in respect of



Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (ix) (a) The company is generally regular in depositing the undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax. Sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable with the appropriate authority.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of sales tax / income tax / custom tax/ wealth tax / excise duty /cess were in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable except Professional Tax of Rs. 2,17,905/- and VAT of Rs. 14,40,647/-.
- (c) According to the information and explanation given to us, details of disputed sales tax / income tax / custom tax/ wealth tax / excise duty /cess which have not been deposited as on 31st March, 2013 on account of any dispute are given below.

Name of Statute	Nature of the dues	Amount (in Lacs)	Period for which the amount relates (Assessment Year)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty & Penalty	5.50	April 2003 to March 2005	Commissioner (Appeals)
Central Excise Act, 1944	Interest	0.26	April 2003 to Jan. 2006	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	0.43	Oct. 2001 to Oct. 2003	Custom, Excise, Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty & Penalty	5.70	June 2001 to Dec. 2004	Custom, Excise, Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty & Penalty	0.82	June 2001 to Feb 2003	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	56.16	Jan. 2005 to Dec. 2006	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	48.38	2004-05	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	4.44	2002-03	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Penalty	6.60	2002-03	Commissioner (Appeals)

- (x) The company has no accumulated losses as at 31st March, 2013 and it has incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders as at the balance sheet date.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund or nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) The company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) As informed to us the company has not given guarantees for loans taken by others from banks or financial institutions during the year.
- (xvi) The company has applied the term loan for the purpose for which the loans were taken

- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanation given to us, there are no funds raised on short-terms basis have been used for long-terms investment and vice versa.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) There are no debentures outstanding at the year end.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

As per our report of even date  
**For Ladha Singhal & Associates**  
**Chartered Accountants**  
(Firm Redg. No. : 120241W)

**Sd/-**  
**(Vinod Ladha)**  
**Partner**

M.No.: 104151

Place : Mumbai  
Date: May 28, 2013



# Balance Sheet as at 31st March, 2013

(Amount in Rs)

	Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Shareholders' funds</b>			
	(a) Share Capital	2	85,048,660.00	85,048,660.00
	(b) Reserves and Surplus	3	65,269,562.37	69,217,792.90
			150,318,222.37	154,266,452.90
	<b>2. Non - Current Liabilities</b>			
	(a) Long Term Borrowing	4	135,336,270.97	87,501,254.78
			135,336,270.97	87,501,254.78
	<b>3. Current Liabilities</b>			
	(a) Short Term Borrowings	5	22,602,518.20	76,191,848.15
	(b) Trade Payables	6	73,455,032.33	64,839,219.73
	(c) Other Current Liabilities	7	5,658,478.90	4,461,168.05
			101,716,029.43	145,492,235.93
	<b>Total</b>		<b>387,370,522.77</b>	<b>387,259,943.61</b>
<b>II</b>	<b>ASSETS</b>			
	<b>1. Non - Current Assets</b>			
	(a) Fixed Assets (Net Block)			
	(i) Tangible Assets	8	86,525,765.88	93,025,613.32
	(ii) Intangible Assets		-	-
	(b) Non Current Investments	9	107,144,413.00	106,931,913.00
	(c) Deffered Tax Asset	10	12,136,517.00	11,344,327.00
	(d) Long - Term Loans and Advances	11	18,035,006.60	34,422,376.60
	(e) Other Non Current Assets	12	185,646.00	252,194.00
			224,027,348.48	245,976,423.92
	<b>2. Current Assets</b>			
	(a) Inventories	13	29,750,532.00	47,691,199.16
	(b) Trade Receivable	14	103,643,025.90	65,581,693.85
	(c) Cash and Cash Equivalents	15	2,532,017.30	(3,061,007.05)
	(c) Short Term Loan and Advance	16	27,417,599.09	31,071,633.73
			163,343,174.29	141,283,519.69
	<b>Total</b>		<b>387,370,522.77</b>	<b>387,259,943.61</b>
	<b>See Significant Accounting Policies and notes forming part of the financial statements</b>	1	-	-

As per our report of even date  
**For Ladha Singhal and Associates**  
**Chartered Accountants**  
Firm Registration No : 120241W

For and on behalf of the Board of Directors

**Sd/-**  
**(Vinod Ladha)**  
**Partner**  
M. No. 104151  
Place : Mumbai  
Date : 28th May, 2013

**Sd/-**  
**(Prakash M. Shah)**  
**Director**

**Sd/-**  
**(Baiju M. Shah)**  
**Director**

## Statement of Profit and Loss for the year ended 31st March 2013

(Amount in Rs)

	Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
I	Revenue from Operations (gross)	17	277,263,766.23	574,338,781.45
	Less :Excise Duty		18,212,373.77	15,551,068.56
	Net Revenue From Operations		259,051,392.46	558,787,712.89
II	Other Income	18	9,428,331.00	5,808,235.86
III	<b>Total Revenue (I + II)</b>		<b>268,479,723.46</b>	<b>564,595,948.75</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	19	148,677,139.15	210,258,874.20
	Purchase of Stock In Trade	20	17,349,702.50	320,842,960.36
	Change in Inventories	21	11,605,282.98	(5,369,743.98)
	Employee Benefits Expense	22	29,995,578.94	32,673,538.53
	Finance Cost	23	15,534,660.35	17,155,285.31
	Depreciation and Amortization Expense	8	7,473,943.44	7,792,448.00
	Other Expenses	24	42,583,836.63	57,917,140.50
	<b>Total Expenses</b>		<b>273,220,143.99</b>	<b>641,270,502.92</b>
V	Profit / (Loss) before Exceptional and Extraordinary Items and Tax (III-IV)		(4,740,420.53)	(76,674,554.17)
VI	Exceptional Items / Extraordinary Items		-	-
VII.	<b>Profit / (Loss) Before Tax (V-VI)</b>		<b>(4,740,420.53)</b>	<b>(76,674,554.17)</b>
VIII.	Tax Expense:			
	(a) Current Tax		-	-
	(b) Deferred Tax (Asset) / Liability		(792,190.00)	(24,182,102.00)
	(c) Short (Excess) Prov for Tax for Earlier Years		-	(4,166.33)
IX.	<b>Profit / (Loss) from Continuing operations (VII-VIII)</b>		<b>(3,948,230.53)</b>	<b>(52,488,285.84)</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
X.	Profit/(Loss) for the Year from Discontinuing operations		-	-
<b>C</b>	<b>TOTAL OPERATIONS</b>			
XI.	<b>Profit / (Loss) for the Year (IX + X)</b>		<b>(3,948,230.53)</b>	<b>(52,488,285.84)</b>
XII.	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		8504866.00	8,504,866
	(1) Basic Earning Per Share (Rs.)		(0.46)	(6.17)
	(2) Diluted Earning Per Share (Rs.)		(0.46)	(6.17)
	<b>See Significant Accounting Policies and notes forming part of the financial statements</b>	1		

As per our report of even date  
**For Ladha Singhal and Associates**  
**Chartered Accountants**  
Firm Registration No : 120241W

For and on behalf of the Board of Directors

Sd/-  
**(Vinod Ladha)**  
**Partner**  
M. No. 104151  
Place : Mumbai  
Date : 28th May, 2013

Sd/-  
**(Prakash M. Shah)**  
**Director**

Sd/-  
**(Baiju M. Shah)**  
**Director**



Cash Flow Statement For The Year Ended 31st March 2013

(Amount in Rs)

	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>A</b>	<b>.CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax and Extraordinary Items	(4,740,420.53)	(76,674,554.17)
	<b>Adjustments for</b>		
	Depreciation	7,473,943.44	7,792,448.00
	Miscellaneous Expenditure Written off	66,548.00	-
	<b>Operating Loss Before Working Capital Adjustments</b>	<b>2,800,070.91</b>	<b>(68,882,106.17)</b>
	<b>Changes in Working Capital</b>		
	<u>Adjustments for (increase) / decrease in operating assets:</u>		
	Inventories	17,940,667.16	28,669,411.84
	Trade receivables	(38,061,332.05)	75,451,403.47
	Short-term loans and advances	3,751,685.78	9,871,111.88
	Long-term loans and advances	16,387,370.00	184,410.40
	Other current assets	-	-
	Other non-current assets	-	(196,194.00)
	<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
	Trade payables	8,615,812.60	(76,938,179.08)
	Other current liabilities	(194,359.54)	1,365,071.34
	Other long-term liabilities	-	-
	Short-term provisions	-	(97,696.00)
	Long-term provisions	-	-
	<b>Cash generated from operations</b>	<b>11,239,914.86</b>	<b>(31,272,766.32)</b>
	Direct Tax Paid (Refund) [Net]	97,651.14	(4,166.33)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>11,142,263.72</b>	<b>(31,268,599.99)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital expenditure on fixed assets, including capital advances	(974,096.00)	(6,118,866.85)
	Proceeds from sale of fixed assets	-	-
	Purchase of Non Current Investments	(212,500.00)	(35,000.00)
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,186,596.00)</b>	<b>(6,153,866.85)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of equity shares	-	-
	Proceeds from issue of preference shares	-	-
	Redemption / buy back of preference / equity shares	-	-
	Proceeds from issue of share warrants	-	-
	Share application money received / (refunded)	-	-
	Proceeds from long-term borrowings	77,045,980.00	29,559,010.10
	Repayment of long-term borrowings	(27,819,293.42)	-
	Net increase / (decrease) in working capital borrowings	(53,589,329.95)	756,304.29
	Proceeds from other short-term borrowings	-	-
	Repayment of other short-term borrowings	-	-
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(4,362,643.37)</b>	<b>30,315,314.39</b>
	<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>5,593,024.35</b>	<b>(7,107,152.45)</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>(3,061,007.05)</b>	<b>150,630.19</b>
	Add : Adjustment in Cash and cash equivalents at the beginning of the year on account of Scheme of Merger	-	3,895,515.21
	<b>Cash and cash equivalents at the end of the year</b>	<b>2,532,017.30</b>	<b>(3,01,007.05)</b>
	<b>Cash and cash equivalents at the end of the year *</b>		
	* Comprises:		
	(a) Cash on hand	1,322,464.30	1,428,327.80
	(b) Balances with banks		
	(i) In current accounts	709,712.00	(6,711,208.85)
	(ii) In deposit accounts	499,841.00	2,221,874.00
		<b>2,532,017.30</b>	<b>(3,061,007.05)</b>

NOTES: 1 The Cash Flow Statement has been prepared as per Indirect Method

As per our report of even date  
**For Ladha Singhal and Associates**  
**Chartered Accountants**  
 Firm Registration No : 120241W

Sd/-  
**(Vinod Ladha)**  
**Partner**

M. No. 104151  
 Place : Mumbai

Date : 28th May, 2013

For and on behalf of the Board of Directors

Sd/-  
**(Prakash M. Shah)**  
**Director**

Sd/-  
**(Baiju M. Shah)**  
**Director**



**Note 1: Significant Accounting Policies and Notes forming part of the Financial Statement****a. SIGNIFICANT ACCOUNTING POLICIES****i. Basis Of Preparation**

The financial statements have been prepared in accordance with the Generally Accepted accounting Principles in India under the historical cost convention.

**ii. Use of Estimates**

The preparation of the financial statements in conformity with the Indian GAAP requires management to make judgement, estimates and assumptions that affects the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets or liabilities in future periods.

**iii. Revenue Recognition**

The Company follows mercantile system of Accounting and Income and expenditure are recognised on accrual basis.

**iv. Fixed Assets**

All fixed Assets are stated at cost of acquisition less accumulated depreciation (net of cenvat, wherever availed). All cost relating to the acquisition and installation of the fixed assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed assets up to the date the fixed assets is put to use.

**v. Depreciation**

Depreciation has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act except in case of Plant & machinery depreciation has been provided @ 5.15% by revising the useful life of the Plant & Machinery.

Depreciation on Additions/Deletions during the year has been provided on pro rata basis.

**vi. Inventories Valuation**

Raw material and Packing Material: At lower of Cost or Net realisable value. The cost is arrived at on first-in-first-out basis and net of cenvat credit availed.

Finished Goods and Work in Progress: At lower of Cost or Net realisable value. Cost includes appropriate allocation of overheads and is arrived at on first-in-first-out basis.

**vii. Investments**

Long term investments are stated at cost less provision for diminution in value other than temporary, if any.

**viii. Borrowing Cost**

Borrowing Costs that are attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**ix. Foreign Currency Transaction**

Foreign currency transactions are accounted on the basis of exchange rate prevailing at the time of transaction. The foreign currency transaction remains outstanding at year-end are restated at rate prevailing on 31st March. The Exchange difference if any arises due to exchange fluctuation is charged to Profit and Loss Account.

**x. Taxes on Income**

Current Tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced upto the balance sheet date. Deferred Tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during specified period.

#### **xi. Retirement Benefits**

##### **i. Provident Fund**

Retirement benefit in form of Provident Fund is a defined contribution plan and the contributions made for the eligible employees, are charged to the Profit & Loss Account of the year when the contributions to the respective funds are dues.

##### **ii. Gratuity**

Retirement gratuity liability of employees is a defined benefit obligation. The company has taken up a group policy with Life Insurance Corporation of India for future payments of gratuities to employees. The contributions are based on actuarial valuation

#### **xii. Earning Per Share**

Basic earning per share are calculated by dividing the net profit /(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Basic earning per share are calculated by dividing the net profit /(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **xiii. Segmental Reporting**

The Company is engaged in manufacture of Pharmaceutical Formulations. The entire operations are governed by same set of risk and return; hence the same has been considered representing a single primary segment.

#### **xiv. Provisions, Contingent Liabilities And Contingent Assets**

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated

Contingent liabilities are disclosed in respect of possible obligation that arises from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly with in the control of the company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **b. CONTINGENT LIABILITY : in respect of**

- a. Guarantees issued by the bankers in favour of various authorities, which have been counter Guarantee by the company Rs. 24.76 Lacs (Rs. 24.76 Lacs).
- b. Claims against the Company not acknowledge as debt 19.55 Lacs (Rs. 27.17 Lacs).
- c. Dues to Small Scale industrial undertakings enterprises are worked out on the basis of verbal confirmation from suppliers. As at 31st March, 2010, there were no small scale industrial undertakings to whom the company owes any sum which is outstanding for more than 30 days. The information pertaining to micro and small enterprises as required to be disclosed in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is not readily ascertainable and hence not disclosed.

- d. A. Pursuant to Scheme of Amalgamation of Parnax Lab Private Limited and Naxpar Lab Private Limited, under section 391 to Section 394 of the Companies Act, 1956 approved by Hon'ble High Court of Bombay vide its order dated 2nd December, 2011 which became effective on 2nd January, 2012 on filling of the certified copy of the orders of the High Court in the office of the Registrar of Companies, w.e.f. 1st November, 2010, the appointed date of the Scheme:
- The entire business of Parnax Lab Private Limited and Naxpar Lab Private Limited, engaged in manufacturing of Pharmaceutical Formulations, has been transferred to the Company
  - The amalgamation has been accounted for under 'the pooling of interest method' being an amalgamation in the nature of merger, as prescribed by the Accounting Standard – 14 "Accounting for Amalgamations" notified under Companies (Accounting Standard) Rules, 2006.
  - In terms of the Scheme, the difference in the value of net assets and reserves of Parnax Lab Private Limited and Naxpar Lab Private Limited as at 1st November, 2010 duly adjusted for issue of shares to shareholders of Parnax Lab Private Limited and Naxpar Lab Private Limited, amounting to Rs. 3,91,51,660/- has been adjusted against Share Premium Account and General Reserve.

	AMOUNT(RS)
<b>Assets</b>	
Fixed Assets	9,49,72,627.91
Inventories	7,56,76,023.00
Sundry Debtors	20,86,22,140.57
Cash and Bank Balances	53,09,446.76
Loans and Advances	3,16,18,553.92
Investments	10,58,80,038.00
<b>Total</b>	<b>52,20,78,830.16</b>
<b>Liabilities</b>	
Current Liabilities	21,04,46,367.33
Provisions	14,74,354.00
Secured Loans	7,03,79,501.38
Unsecured Loan	5,41,13,148.63
Deferred Tax Liability	1,27,07,617.00
	<b>34,91,20,988.34</b>
<b>Net Assets</b>	<b>17,29,57,841.82</b>
Less :	
General Reserve	9,72,17,441.00
Profit & Loss Account	6,18,43,400.82
Equity Shares Issued	5,30,48,660.00
Goodwill Created on Merger adjusted against Share Premium & General Reserve	<b>(3,91,51,660.00)</b>

- The assets and liabilities as at 31st March, 2011 and the transaction including income and expenses for the period from 1st November, 2010 to 31st March, 2011 of erstwhile Parnax Lab Private Limited and Naxpar Lab Private Limited (being the period when pending effectuation of the scheme, the business and activities if erstwhile Parnax Lab Private Limited and Naxpar Lab Private Limited were run and managed in trust for the Company) have been incorporated in the accounts on the basis of its audited financial statements under the Companies Act, 1956 for the period ended on 31st March, 2011. Consequently, Net Loss for the period amounting to Rs. 13,30,466/- (after adjustments on account of unrealised profit and tax) is included in accumulated Profit and Loss Account balance of Rs. 6,05,12,935/-, transferred on merger of erstwhile Parnax Lab Private Limited and Naxpar Lab Private Limited with the Company.

e. Earning per share has been calculated as under:

Particulars	As on 31.03.2013	As on 31.03.2012
Net Profit (Loss) After Tax as per Profit & Loss Account	(39,48,231)	(5,24,88,286)
Weighted Average number of equity shares used as denominator for calculating EPS	85,04,866	85,04,866
Basic & Diluted Earning (Loss) per share	(0.49)	(6.17)
Nominal Value per equity share	10	10

Equity shares allotted pursuant to Scheme of Merger has been considered as deemed to be allotted on appointed date and hence share issued pursuant to Scheme of Merger has been taken for calculating earning per share for the year

f. Since the Company's business activity falls within a single primary business segment and also there is no significant reportable segment, hence no disclosure have been made as specified in Accounting Standard (AS-17) "Segment Reporting".

g. Related Party Disclosures

(i) Name of the related Parties and Description of relationship

Subsidiary	Naxpar Pharma Pvt. Ltd.
Key Management Personnel	Mr. Prakash M. Shah Mr. Baiju M. Shah
Relatives of Key Management Personnel	Mr. Mihir P. Shah Mr. Binoy B. Shah Ms. Pragna P. Shah Ms. Ila B. Shah Ms. Ami M. Shah

(ii) Transaction with Related Parties

<b>Transaction with Subsidiary</b>	
<b>Sale of Material</b> M/s. Naxpar Pharma Pvt. Ltd.	2,94,322
<b>Purchase of Material</b> M/s. Naxpar Pharma Pvt. Ltd.	7,54,254
<b>Salary Paid to Relative of Key Management Personnel</b> Mr. Binoy B. Shah	6,00,000
<b>Outstanding Balances</b>	
<b>Subsidiary</b> Loan Received	4,83,01,085
<b>Payable to Key Management Personnel &amp; Relative of Key Management Personnel</b> Ms. Ila B. Shah Ms. Ami M. Shah Mr. Baiju M. Shah Mr. Binoy B. Shah Mr. Mihir P. Shah Ms. Pragna P. Shah Mr. Prakash M. Shah	3,10,330 3,19,202 1,66,967 83,070 7,394 66,090 5,17,520
<b>Unsecured Loan from Key Management Personnel</b> Mr. Prakash M Shah	37,91,903

**h. Value Of Raw Material, Spare Parts & Components Consumed:**

	IMPORTED		INDIGENOUS	
	Value	%	Value	%
Raw Material	Nil (Nil)	Nil (Nil)	14,86,77,139 (21,02,58,874)	100% (100%)
Stores & Spare Parts	Nil (Nil)	Nil (Nil)	11,48,447 (21,33, 648)	100% (100%)

**i. C.I.F. Value Of Imports:**

(i) Raw Material	Nil (Nil)
(ii) Capital Goods	Nil (Nil)
(iii) Stores & Spares	Nil (Nil)

**j. Expenditure In Foreign Currency:**

Foreign Travelling	5,51,450 (4,84,519)
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**k. Earning In Foreign Currency:**

FOB Value of Exports	13,51,27,490 (7,75,02,608)
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- l. The balances of Unsecured Loans, Creditors, Debtors and Loans and Advances are subject to confirmation and reconciliation, if any.
- m. In the opinion of the board, the Current Assets, Loans and Advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business.
- n. Balance of Investment in M/s Novonax LLP is subject to confirmation.
- o. Consequent to effectuation of the Scheme of Amalgamation referred to in Note 'd' above, previous year figures includes figures of erstwhile Parnax Lab Private Limited and Naxpar Lab Private Limited.
- p. Previous year's figures have been regrouped and rearranged, to correspond with the figures of current year wherever necessary. Figures in bracket represent previous year.



Notes to Financial Statements for the year ended 31st March, 2013

Note 2 : Share Capital

(Amount in Rs.)

Particulars		As at 31st March, 2013	As at 31st March, 2012	
<b>Authorised:</b> 100,00,000 (100,00,000) Equity Shares of Rs. 10/- each		100,000,000.00	100,000,000.00	
<b>Total</b>		<b>100,000,000.00</b>	<b>100,000,000.00</b>	
<b>Issued, Subscribed and Paid up:</b> 85,04,866 (85,04,866) Equity Shares of Rs.10/- each fully paid up		85,048,660.00	85,048,660.00	
<b>Total</b>		<b>85,048,660.00</b>	<b>85,048,660.00</b>	
<b>(I) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :</b> Number of shares at the beginning of the year Add: Issue of Shares by way of Preferential Allotment Add: Issue of Shares pursuant to the Scheme of Amalgamation Number of shares at the end of the year		8,504,866.00 - - <b>8,504,866.00</b>	3,200,000.00 - 5,304,866.00 <b>8,504,866.00</b>	
(ii) Terms/rights attached to Equity Shares The Company has only one class of equity shares having a par value of Rs. 10 per shares. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders				
<b>(iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :</b>		Nil	Nil	
<b>(iv) Details of Shares held by each shareholder holding more than 5% shares:</b>				
<b>Name of Shareholder</b>	<b>As at 31st March 2013</b>		<b>As at 31st March 2012</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Ms. Baiju M. Shah	577,161	6.79%	577,161	6.79%
Mr. Binoy B. Shah	1,369,600	16.10%	1,369,600	16.10%
Ms. Ila B. Shah	660,872	7.77%	660,872	7.77%
Mr. Mihir P. Shah	1,141,250	13.42%	1,141,250	13.42%
Ms. Pragna P. Shah	539,887	6.35%	539,887	6.35%
Mr. Prakash M. Shah	613,426	7.21%	613,426	7.21%

## Notes to Financial Statements for the year ended 31st March, 2013

## Note 3 : Reserves &amp; Surplus

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>A) Securities Premium Account</b>		
Opening Balance	-	5,600,000.00
Add: Received during the year on issue of Equity Shares	-	-
Less: Utilise for Goodwill Created on Merger	-	5,600,000.00
Closing Balance	-	-
<b>B) General Reserve Account</b>		
Opening Balance	63,665,781.00	-
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Add: Transferred pursuant to the Scheme of Merger	-	97,217,441.00
Less: Utilise for Goodwill Created on Merger	-	33,551,660.00
Closing Balance	63,665,781.00	63,665,781.00
<b>C) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	5,552,011.90	(2,472,637.21)
Add/(Less): profit/(loss) for the year	(3,948,230.53)	(52,488,285.84)
Add: Balance Brought forward consequent to Merger	-	60,512,934.95
Closing Balance	1,603,781.37	5,552,011.90
<b>Total</b>	<b>65,269,562.37</b>	<b>69,217,792.90</b>

## Note 4 : Long Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>(A) Secured Loans</b>			
<b>(a) Term Loans (From Banks)</b>			
State Bank of India (WCTL)	61,099,244.00	-	
State Bank of India (FITL 1)	2,514,863.00	-	
State Bank of India (FITL 2)	7,431,873.00	-	
Maratha Sahakari Bank Ltd.	11,381,802.00	8,410,287.00	
HDFC Bank Ltd. (Skoda)	483,499.00	884,361.00	
HDFC Bank Ltd. (Honda City)	-	99,433.00	
ICICI Bank Ltd (Honda City)	332,002.00	497,305.00	
<b>Total</b>	<b>83,243,283.00</b>	<b>9,891,386.00</b>	
a. Term loan from State Bank of India is secured by extension of hypothecation on the current assets of the company and mortgage of immovable & movable assets of the company.			
b. Term loan from Maratha Sahakari Bank Ltd. is secured by way of mortgage of office premises of the company			
c. Vehicle loans from HDFC Bank Ltd. & ICICI Bank Ltd are secured against hypothecation of respective vehicle			
d. Repayment Profile of Term Loans is as set out below:			
<b>Nature of Loan</b>	<b>Rate of Interest (%)</b>	<b>Balance No. of Installments</b>	<b>Installments ending on</b>
State Bank of India (WCTL)	9.75	20.00	Mar-19
State Bank of India (FITL 1)	5.00	12.00	Mar-16
State Bank of India (FITL 2)	5.00	12.00	Mar-17
Maratha Sahakari Bank Ltd.	14.00	64.00	Jul-18
HDFC Bank Ltd. (Skoda)	10.35	25.00	Apr-15
HDFC Bank Ltd. (Honda City)	9.50	4.00	Jul-13
ICICI Bank Ltd (Honda City)	10.00	33.00	Dec-15



Notes to Financial Statements for the year ended 31st March, 2013

Note 4 : Long Term Borrowing (Cont.)

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>(B) Unsecured Loans</b>		
<b>(a) Loans &amp; Advances From Related Parties</b>		
From Intercorporates	48,301,084.66	75,190,145.47
From Director Shareholder & their Relatives	3,791,903.31	2,419,723.31
	<b>52,092,987.97</b>	<b>77,609,868.78</b>
<b>Total</b>	<b>135,336,270.97</b>	<b>87,501,254.78</b>

Note 5 : Short Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Loans Repayable on Demand from Banks		
Working Capital Facility (Secured)		
- From State Bank of India	22,602,518.20	76,191,848.15
(Working Capital facility from State Bank of India is secured by way of Hypothecation of stocks, book debts and entire current assets of the company. The facility is further secured by charge on fixed assets and personal guarantee of all the Directors of the company.)		
<b>Total</b>	<b>22,602,518.20</b>	<b>76,191,848.15</b>

Note 6 : Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Trade Payables:</b>		
Sundry Creditors for Goods	55,258,927.99	45,785,286.53
Sundry Creditors for Expenses	18,196,104.34	19,053,933.20
<b>Total</b>	<b>73,455,032.33</b>	<b>64,839,219.73</b>

Note 7 : Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Current Maturities of Long Term Debts</b>		
State Bank of India (FITL 1)	1,000,000.00	-
Maratha Sahakari Bank Ltd.	1,710,040.00	1,028,042.00
HDFC Bank Ltd. (Car Loan)	-	151,442.00
HDFC Bank Ltd. (I20)	-	13,865.61
HDFC Bank Ltd. (Skoda)	400,862.00	361,624.00
HDFC Bank Ltd. (Honda City)	99,433.00	279,354.00
ICICI Bank Ltd (Honda City)	165,303.00	149,640.00
<b>Total</b>	<b>3,375,638.00</b>	<b>1,983,967.61</b>
<b>(b) Other Payables:</b>		
Statutory Remittances	2,282,840.90	2,264,863.90
Advances From Customer	-	212,336.54
<b>Total</b>	<b>2,282,840.90</b>	<b>2,477,00.44</b>
<b>Total</b>	<b>5,658,478.90</b>	<b>4,461,168.05</b>



# Notes to Financial Statements for the year ended 31st March, 2013

## Note 8 : Fixed Assets

Description	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 1st April 2012	Adjustments on Merger	Additions during the Year	Balance as at 31st March 2013	Balance as at 1st April 2012	Adjustments on Merger	Depreciation For the Year	Balance as at 31st March 2013	Balance as at 31st March 2012
<b>Tangible Assets</b>									
<b>Leasing</b>									
Land	1,489,600.00	-	-	1,489,600.00	-	-	-	1,489,600.00	1,489,600.00
<b>Owned</b>									
Factory Building	55,045,468.52	-	-	55,045,468.52	19,957,234.67	-	1,838,519.00	33,249,714.85	35,088,233.85
Office Premises	8,076,542.00	-	-	8,076,542.00	1,785,203.56	-	131,648.00	6,159,690.44	6,291,338.44
Plant & Machinery	23,381,414.00	-	-	23,381,414.00	14,870,889.74	-	1,204,143.00	7,306,381.26	8,510,524.26
Electrical Installation	7,651,339.00	-	-	7,651,339.00	4,130,099.44	-	394,044.00	3,127,195.56	3,521,239.56
Generator	1,527,512.00	-	-	1,527,512.00	182,551.00	-	78,667.00	1,266,294.00	1,344,961.00
Furniture	865,621.00	-	-	865,621.00	603,735.50	-	53,928.00	207,957.50	261,885.50
Furniture (Mumbai)	1,990,622.00	-	-	1,990,622.00	1,663,298.50	-	124,016.00	203,307.50	327,323.50
Office Furniture	70,187.00	-	-	70,187.00	46,698.21	-	4,373.00	19,115.79	23,488.79
Motor Car	10,864,700.00	-	-	10,864,700.00	5,737,416.56	-	775,023.44	4,352,260.00	5,127,283.44
Computer	3,864,415.55	-	50,476.00	3,914,891.55	2,796,965.23	-	410,229.00	707,697.32	1,067,450.32
Office Equipments	1,484,641.00	-	37,864.00	1,522,505.00	886,709.39	-	76,796.00	558,999.61	597,931.61
Other Equipment	36,632,080.85	-	650,494.00	37,282,574.85	12,679,115.19	-	1,899,333.00	22,704,126.66	23,952,965.66
Q.C Equipments	2,039,861.80	-	-	2,039,861.80	889,643.33	-	105,052.00	1,045,166.47	1,150,218.47
R & D Equipments	4,362,748.00	-	-	4,362,748.00	1,611,704.33	-	224,681.00	2,526,362.67	2,751,043.67
Air Conditioner	2,210,507.00	-	235,262.00	2,445,769.00	1,114,499.75	-	37,710.00	1,293,559.25	1,096,007.25
Air Conditioner (Factory)	608,735.00	-	-	608,735.00	184,617.00	-	115,781.00	308,337.00	424,118.00
<b>Total</b>	<b>162,165,994.72</b>	<b>-</b>	<b>974,096.00</b>	<b>163,140,090.72</b>	<b>69,140,381.40</b>	<b>-</b>	<b>7,473,943.44</b>	<b>86,525,765.88</b>	<b>93,025,613.32</b>
<b>Previous Year</b>	<b>-</b>	<b>155,463,118.31</b>	<b>6,702,876.41</b>	<b>162,165,994.72</b>	<b>-</b>	<b>61,347,933.40</b>	<b>7,792,448.00</b>	<b>93,025,613.32</b>	<b>-</b>



Notes to Financial Statements for the year ended 31st March, 2013

Note 9 : Non-Current Investments

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Other Investments</b>		
<b>(a) Investment in Equity Shares of Subsidiaries</b>		
Naxpar Pharma Pvt. Ltd. (49,90,000 Equity Share of Rs. 10/- Each)	99,800,000.00	99,800,000.00
<b>(b) Other Non Current Investments</b>		
The Shamrao Vitthal Co-op. Bank Ltd. (319 Shares of Rs. 25/- each)	7,975.00	7,975.00
Maratha Sahakari Bank Ltd. (15,500 Shares of Rs. 25/- each)	387,500.00	175,000.00
Investment in LLP (Novanax LLP)	6,948,938.00	6,948,938.00
<b>Total</b>	<b>107,144,413.00</b>	<b>106,931,913.00</b>

Note 10 : Deferred Tax Assets (Net)

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Deferred Tax Assets</b>		
Disallowance under Income Tax Act, 1961	464,313.00	4,313.00
Business Loss and Unabsorbed Depreciation	24,570,927.00	24,096,883.00
<b>Less : Deferred Tax Liability</b>		
Related to Fixed Assets	12,898,723.00	13,216,869.00
<b>Total</b>	<b>12,136,517.00</b>	<b>11,344,327.00</b>

Note 11 : Long-Term Loans and Advances

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured, Considered good</b>		
(a) Security Deposit	106,355.00	93,725.00
(b) Advances recoverable in cash or in kind or for value to be received	17,928,651.60	34,328,651.60
<b>Total</b>	<b>18,035,006.60</b>	<b>34,422,376.60</b>

Note 12 : Other Non-Current Assets

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Preliminary Expenses</b>		
(To the extent not written off or adjusted)		
As per Last Balance Sheet / Incurred during the year	252,194.00	56,000.00
Add: Incurred during the year	-	262,742.00
Less:- Written off during the year	66,548.00	66,548.00
<b>Total</b>	<b>185,646.00</b>	<b>252,194.00</b>

Note 13 : Inventories

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(As taken, valued and certified by the Management)		
(Valued at Cost or Market value, whichever is lower)		
Finished Goods	6,279,128.00	10,627,951.08
Work in Progress	1,896,144.00	9,152,603.90
Raw Material	14,446,288.00	14,632,208.46
Packing Material	7,128,972.00	13,278,435.72
<b>Total</b>	<b>29,750,532.00</b>	<b>47,691,199.16</b>

## Notes to Financial Statements for the year ended 31st March, 2013

## Note 14 : Trade Receivable

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured, Considered good</b>		
Due for a period exceeding six months	33,773,333.22	35,689,328.06
Others	69,869,692.68	29,892,365.79
<b>Total</b>	<b>103,643,025.90</b>	<b>65,581,693.85</b>

## Note 15 : Cash and Cash Equivalents

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Cash on Hand	1,322,464.30	1,428,327.80
(b) Balance with Scheduled Banks		
- In Current Accounts	709,712.00	254,345.65
- In Fixed Deposit Account	499,841.00	2,221,874.00
(Lodged as margin money against bank guarantee)		
(c) Bank Overdrawn Balance	-	(6,965,554.50)
(i) Balance with banks includes margin monies amounting to Rs. 4,99,841/- (Rs. 22,21,874/- ), which have an original maturity of more than 12 months		
<b>Total</b>	<b>2,532,017.30</b>	<b>(3,061,007.05)</b>

## Note 16 : Short Term Loan &amp; Advances

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Loans and Advances to Employees	2,730,496.35	3,404,104.35
(b) Other Loan and Advances		
- Advances recoverable in cash or in kind or for value to be received	10,794,570.54	8,437,576.87
- Advance to Supplier	1,442,427.96	2,963,585.79
- Advance Income Tax	4,083,203.50	3,985,552.36
- Interest Accrued but not received	152,038.28	583,298.28
- Prepaid Professional Tax	-	16,700.00
- Prepaid Expenses	325,475.00	-
(c) Balance with Government Authorities		
- Balance with Central Excise	5,417,457.00	9,954,771.00
- Service Tax (Credit to be availed)	1,899,331.79	1,513,057.23
- Sales Tax	572,598.67	212,987.85
<b>Total</b>	<b>27,417,599.09</b>	<b>31,071,633.73</b>

## Note 17 : Revenue from Operations

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(A) Other than Finance Company</b>		
(a) Sales	268,996,354.80	567,693,934.18
(b) Labour Charges & Other Income	8,267,411.43	6,644,847.27
<b>Total</b>	<b>277,263,766.23</b>	<b>574,338,781.45</b>



Notes to Financial Statements for the year ended 31st March, 2013

Note 18 : Other Income

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Dividend	300.00	1,107.00
(b) Interest Received on FDR	11,681.00	123,128.00
(c) Interest on I T Refund	-	13,624.00
(d) Product Development Charges	2,334,602.00	2,574,868.00
(e) Excise Refund Received	4,132,369.00	-
(f) Duty Drawback Received	2,102,580.50	534,330.00
(g) Misc Income	-	8,860.00
(h) Exchange Gain	846,798.50	102,806.95
(i) Sundry Balance W/off	-	50.91
(j) DEPB Sale (Export Licence)	-	1,243,130.00
(k) Rent Received	-	180,000.00
(l) Income From Research & Development	-	1,026,331.00
<b>Total</b>	<b>9,428,331.00</b>	<b>5,808,235.86</b>

Note 19 : Cost of Material Consumed

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(A) Raw Materials Consumed :</b>		
Opening Stock	14,632,208.46	30,594,535.00
Add:- Purchases during the year	91,276,573.76	128,778,077.18
	105,908,782.22	159,372,612.18
Less: - Closing Stock	14,446,288.00	14,632,208.46
	91,462,494.22	144,740,403.72
<b>(B) Packing Material Consumed</b>		
Opening Stock	13,278,435.72	27,318,904.00
Add:- Purchases during the year	51,065,181.21	67,664,573.20
	64,343,616.93	94,983,477.20
Less: - Closing Stock	7,128,972.00	13,278,435.72
	57,214,644.93	81,705,041.48
	148,677,139.15	226,445,445.20
Less : Cenvat Adjustment In Material A/C	-	16,186,571.00
<b>Total</b>	<b>148,677,139.15</b>	<b>210,258,874.20</b>

Note 20 : Purchase of Stock In Trade

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
Opening Stock of Finished Goods Traded	-	-
Opening Stock of Stock in Transit	-	3,181,640.00
Add: Purchases during the year	17,349,702.50	317,661,320.36
	17,349,702.50	320,842,960.36
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>17,349,702.50</b>	<b>320,842,960.36</b>

## Notes to Financial Statements for the year ended 31st March, 2013

## Note 21 : Changes In Inventories

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(a) At the beginning of the period</b>		
(i) Finished Goods	10,627,951.08	14,410,811.00
(ii) Work in Progress	9,152,603.90	
<b>(b) At the end of the period</b>		
(i) Finished Goods	6,279,128.00	10,627,951.08
(ii) Work in Progress	1,896,144.00	9,152,603.90
<b>Total</b>	<b>11,605,282.98</b>	<b>(5,369,743.98)</b>

## Note 22 : Employees Benefits Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Salaries and Wages	27,094,418.94	29,645,125.33
(b) Staff Welfare Expenses	682,578.00	752,750.20
(c) Gratuity Paid	710,386.00	291,388.00
(d) Employer's Contribution to Providend Fund	1,508,196.00	1,984,275.00
<b>Total</b>	<b>29,995,578.94</b>	<b>32,673,538.53</b>

## Note 23 : Finance Cost

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Bank Charges	1,848,486.40	1,351,603.53
(b) Bank Interest	11,189,413.00	13,404,085.00
(c) Bill Discounting Charges	435,826.94	541,411.57
(d) Interest on Secured Loan	1,844,663.00	1,270,034.00
(e) Interest on Unsecured Loan	-	223,959.23
(f) Interest on Car Loan	201,350.39	322,145.14
(g) Interst to Others	14,920.62	42,046.84
<b>Total</b>	<b>15,534,660.35</b>	<b>17,155,285.31</b>



Notes to Financial Statements for the year ended 31st March, 2013

Note 24 : Other Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(A) Manufacturing Expenses</b>		
(a) Analytical Charges, Chemical & Glassware Consumed	1,938,963.50	2,321,468.38
(b) Consumable & Stores	1,148,446.92	2,133,647.50
(c) Power & Fuel Consumed	4,096,067.99	4,779,383.33
(d ) Factory Expenses	360,730.00	572,507.50
(e) Freight & Octroi	1,571,217.76	1,552,302.00
(f) Loading Unloading & Packing Charges	9,323,078.00	13,541,047.00
(g) License Fees	78,755.00	213,590.00
(h) Labour Charges Paid	606,212.70	15,000.00
(i) Repair & Maintenance		
-Plant & Machinery	1,905,878.00	2,314,262.25
-Building	633,190.00	985,323.00
-Other	501,197.60	568,649.15
(j) Security Charges	703,294.00	751,174.35
(k) Water Charges	194,750.00	154,350.00
	<b>23,061,781.47</b>	<b>29,902,704.46</b>
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales promotion	-	241,984.87
(b) Advertisement expenses	113,186.00	147,070.00
(c) Commission	2,324,844.00	550,607.00
(d) Bad debt written off	-	13,371,258.97
(e) Discount & Rate Difference on Sale	-	468,924.00
(f)CHA Charges	1,014,298.00	728,293.69
(g)Freight & Octroi (Export & Outward)	6,182,055.00	3,492,473.42
(h) Travelling Expenses	2,044,829.47	2,005,133.14
(i) Export Expenses	187,550.44	142,154.24
(j) Product Dev & Registration	510,233.00	283,614.00
(k) Licence Verification Charges	42,941.00	283,239.00
(l)Export Insurance	164,715.66	73,447.81
(m) Inspection, Testing & Sampling Charges	-	75,519.00
	<b>12,584,652.57</b>	<b>21,863,719.14</b>
<b>(C ) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	388,354.00	772,583.00
(b) Insurance	157,144.00	487,737.00
(c) Legal & Professional Fees	2,520,695.00	2,382,118.00
(d ) Payment to Auditors		
-Audit fees	250,000.00	256,180.00
(e) ROC Filing Fees	3,500.00	14,500.00
(f) Office Expenses	213,142.00	194,144.83
(g) Conveyance	405,298.00	175,194.00
(h)Exchange Loss		(132,923.97)
(i) Printing & Stationery	858,489.50	464,287.80
(j) Telephone Expenses Expenses	512,983.74	400,922.63
(k) Postage & Courier	364,452.68	275,477.38
(l) Motar Car Expenses	352,263.31	283,565.89
(m)Electricity Charges	395,312.00	121,011.50
(n ) Membership & subscription	96,690.00	39,519.84
(o) Listing Fees	56,180.00	34,851.00
(p) Other Expenses	296,350.36	315,000.00
(q) Preliminary Expenses written off	66,548.00	66,548.00
	<b>6,937,402.59</b>	<b>6,150,716.90</b>
<b>Total</b>	<b>42,583,836.63</b>	<b>57,917,140.50</b>

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**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT**

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To  
The Board of Directors  
**Parnax Lab Limited**  
**(Formerly Krishna-Deep Trade & Investments Limited)**

We have audited the accompanying consolidated financial statements of **Parnax Lab Limited (Formerly Krishna-Deep Trade & Investments Limited) ("the Company")** and its subsidiary, Naxpar Pharma Private Limited which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Ladha Singhal & Associates**  
**Chartered Accountants**  
(Firm Registration No. 120241W)

Sd/-

**Vinod Ladha**  
**(Partner)**

M. No. 104151

Place: Mumbai

Dated: 28th May 2013





Consolidated Balance Sheet as at 31st March, 2013

(Amount in Rs)

	Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Shareholders' funds</b>			
	(a) Share Capital	2	85,048,660.00	85,048,660.00
	(b) Reserves and Surplus	3	99,021,045.77	95,318,279.48
			184,069,705.77	180,366,939.48
	<b>2. Minority Interest</b>		294,395.73	252,305.73
	<b>3. Non - Current Liabilities</b>			
	(a) Long Term Borrowing	4	159,008,946.68	128,967,142.31
	(b) Deferred Tax Liability (Net)	5	10,854,609.00	-
			169,863,555.68	128,967,142.31
	<b>4. Current Liabilities</b>			
	(a) Short Term Borrowings	6	73,957,608.21	130,446,422.96
	(b) Trade Payables	7	125,673,987.72	130,388,596.48
	(c) Other Current Liabilities	8	42,281,215.79	29,739,950.23
	(d) Short Term Provisions	9	6,966,832.98	4,961,417.60
			248,879,644.70	295,536,387.27
	<b>TOTAL</b>		<b>603,107,301.88</b>	<b>605,122,774.79</b>
<b>II</b>	<b>ASSETS</b>			
	<b>1. Non - Current Assets</b>			
	(a) Fixed Assets (Net Block)			
	(i) Tangible Assets	10	327,124,656.13	333,131,840.57
	(ii) Intangible Assets		-	-
	(b) Non Current Investments	11	7,344,413.00	7,131,913.00
	(c) Deffered Tax Asset	12		11,344,327.00
	(d) Long - Term Loans and Advances	13	19,433,056.60	35,704,646.60
	(e) Other Non Current Assets	14	185,646.00	287,194.00
			354,087,771.73	387,599,921.17
	<b>2. Current Assets</b>			
	(a) Inventories	15	63,420,148.00	68,082,851.16
	(b) Trade Receivable	16	137,428,058.15	112,841,653.65
	(c) Cash and Cash Equivalents	17	5,757,284.55	(6,557,041.32)
	(c) Short Term Loan and Advance	18	42,414,039.45	43,155,390.13
			249,019,530.15	217,522,853.62
	<b>TOTAL</b>		<b>603,107,301.88</b>	<b>605,122,774.79</b>
	<b>See Significant Accounting Policies and other notes forming part of the financial statements</b>	<b>1</b>		

As per our report of even date

**For Ladha Singhal and Associates**  
**Chartered Accountants**

Firm Registration No : 120241W

For and on behalf of the Board of Directors

**Sd/-**  
**(Vinod Ladha)**  
**Partner**

M. No. 104151

Place : Mumbai

Date : 28th May, 2013

**Sd/-**  
**(Prakash M. Shah)**  
**Director**

**Sd/-**  
**(Baiju M. Shah)**  
**Director**



## Consolidated Statement of Profit and Loss for the year ended 31st March 2013

(Amount in Rs)

	Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
I	Revenue from Operations (gross)	19	576,424,517.71	946,195,139.57
	Less :Excise Duty		18,212,373.77	15,551,068.56
	Net Revenue From Operations		558,212,143.94	930,644,071.01
II	Other Income	20	9,557,629.00	6,268,105.86
III	<b>Total Revenue (I + II)</b>		<b>567,769,772.94</b>	<b>936,912,176.87</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	21	297,358,857.22	451,286,268.65
	Purchase of Stock In Trade	22	17,349,702.50	320,842,960.36
	Change in Inventories	23	8,171,362.98	(7,430,109.98)
	Employee Benefits Expense	24	57,413,989.68	56,015,498.03
	Finance Cost	25	38,197,879.08	42,539,909.86
	Depreciation and Amortization Expense	10	19,315,719.44	18,979,407.00
	Other Expenses	26	103,551,182.75	106,318,662.22
	<b>Total Expenses</b>		<b>541,358,693.65</b>	<b>988,552,596.14</b>
V	Profit / (Loss) before Exceptional and Extraordinary Items and Tax (III-IV)		26,411,079.29	(51,640,419.27)
VI	Exceptional Items / Extraordinary Items		-	-
VII.	Profit / (Loss) Before Tax (V-VI)		<b>26,411,079.29</b>	<b>(51,640,419.27)</b>
VIII.	Tax Expense:			
	(a) Current Tax		6,700,000.00	4,961,417.60
	(b) Deferred Tax (Asset) / Liability		8,847,072.00	(24,182,102.00)
	(c) Mat Credit Entitlement		6,232,713.00	4,506,144.00
	(d) Short (Excess) Prov for Tax for Earlier Years			47,768.27
IX.	Profit / (Loss) from Continuing operations (VII-VIII)		<b>17,096,720.29</b>	<b>(27,961,359.14)</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
X.	Profit/(Loss) for the Year from Discontinuing Operations		-	-
<b>C</b>	<b>TOTAL OPERATIONS</b>			
XI.	Profit / (Loss) for the Year (IX + X)		<b>17,096,720.29</b>	<b>(27,961,359.14)</b>
XII.	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		8,504,866	8,504,866
	(1) Basic Earning Per Share (Rs.)		2.01	(3.29)
	(2) Diluted Earning Per Share (Rs.)		2.01	(3.29)
	<b>See Significant Accounting Policies and other notes forming part of the financial statements</b>	1		

As per our report of even date  
**For Ladha Singhal and Associates**  
**Chartered Accountants**  
Firm Registration No : 120241W

For and on behalf of the Board of Directors

**Sd/-**  
**(Vinod Ladha)**  
**Partner**  
M. No. 104151  
Place : Mumbai  
Date : 28th May, 2013

**Sd/-**  
**(Prakash M. Shah)**  
**Director**

**Sd/-**  
**(Baiju M. Shah)**  
**Director**



**Consolidated Cash Flow Statement Of Parnax Lab Limited And  
Its Subsidiary Company For The Year Ended 31st March 2013**

(Amount in Rs)

	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax and Extraordinary Items	26,411,079.29	(51,640,419.27)
	<b>Adjustments for</b>		
	Depreciation	19,315,719.44	18,979,407.00
	Miscellaneous Expenditure Written off	101,548.00	-
	<b>Operating Loss Before Working Capital Adjustments</b>	<b>45,828,346.73</b>	<b>(32,661,012.27)</b>
	<b>Changes in Working Capital</b>		
	<u>Adjustments for (increase) / decrease in operating assets:</u>		
	Inventories	4,662,703.16	23,831,990.84
	Trade receivables	(24,586,404.50)	62,285,336.62
	Short-term loans and advances	17,428,758.55	4,957,240.49
	Long-term loans and advances	16,271,590.00	183,480.40
	Other non-current assets	-	(128,190.00)
	<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
	Trade payables	(925,696.05)	(58,319,767.58)
	Other current liabilities	1,684,931.19	7,837,550.34
	Short-term provisions	-	3,044,721.60
	<b>Cash generated from operations</b>	<b>60,364,229.08</b>	<b>11,031,350.44</b>
	Direct Tax Paid (Refund) [Net]	5,049,131.39	503,041.87
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>55,315,097.69</b>	<b>10,528,308.57</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital expenditure on fixed assets, including capital advances	(13,308,535.00)	(15,836,214.68)
	Proceeds from sale of fixed assets	-	-
	Purchase of Non Current Investments	(212,500.00)	(35,000.00)
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(13,521,035.00)</b>	<b>(15,871,214.68)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from long-term borrowings	67,900,818.77	273,409.24
	Repayment of long-term borrowings	(40,891,740.84)	(17,336,882.00)
	Net increase / (decrease) in working capital borrowings	(56,488,814.75)	9,699,240.39
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(29,479,736.82)</b>	<b>(7,364,232.37)</b>
	<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>12,314,325.87</b>	<b>(12,707,138.48)</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>(6,557,041.32)</b>	<b>150,630.19</b>
	Add : Adjustment in Cash and cash equivalents at the beginning of the year on account of Scheme of Merger	-	3,895,515.21
	Add : Adjustment in Cash and cash equivalents at the beginning of the year of Subsidiary Company on account of first year on Consolidation	-	2,103,951.76
	<b>Cash and cash equivalents at the end of the year</b>	<b>5,757,284.55</b>	<b>(6,557,041.32)</b>
	<b>Cash and cash equivalents at the end of the year *</b>		
	* Comprises:		
	(a) Cash on hand	2,064,717.88	1,892,189.89
	(b) Balances with banks		
	(i) In current accounts	1,338,180.67	(12,409,285.21)
	(ii) In deposit accounts	2,354,386.00	3,960,054.00
		<b>5,757,284.55</b>	<b>(6,557,041.32)</b>

**NOTES:** 1 The Cash Flow Statement has been prepared as per Indirect Method

As per our report of even date  
**For Ladha Singhal and Associates**  
**Chartered Accountants**  
Firm Registration No : 120241W

For and on behalf of the Board of Directors

Sd/-  
**(Vinod Ladha)**  
**Partner**  
M. No. 104151  
Place : Mumbai  
Date : 28th May, 2013

Sd/-  
**(Prakash M. Shah)**  
**Director**

Sd/-  
**(Baiju M. Shah)**  
**Director**

**Note 1 : Significant Accounting Policies and Notes forming part of the Financial Statement****a. SIGNIFICANT ACCOUNTING POLICIES****i. Basis Of Preparation**

The Consolidated financial statements of the group have been prepared and presented in accordance with the Generally Accepted accounting Principles in India under the historical cost convention. These statements have been prepared in accordance with Accounting Standard 21-“Consolidated Financial Statements” and relevant presentational requirements of the Companies Act, 1956.

**ii. Revenue Recognition**

The Company follows mercantile system of Accounting and Income and expenditure are recognised on accrual basis.

**iii. Principles of Consolidation:**

The Consolidated financial statements relate to the company and its subsidiary company. The consolidated financial statements have been prepared on this following basis:

- I. The financial statement of the company and its subsidiaries are combined on a line by – line basis by adding together the book values of likes items of assets, liabilities income and expenses after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profit or losses.
- II. The excess of the Company's protion of the equity of the subsidiary at the date on which investment in subsidiary is made over the cost to the Company of its investment in subsidiary is recognised in the financial statements as capital reserve.
- III. As for as possible, the consolidated financial statement are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statement.
- IV. Notes on these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the group. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.
- V. The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarized below:

<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Naxpar Pharma Private Limited	India	99.98%

**iv. Fixed Assets**

All fixed Assets are stated at cost of acquisition less accumulated depreciation (net of cenvat, wherever availed). All cost relating to the acquisition and installation of the fixed assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed assets up to the date the fixed assets is put to use.

**v. Depreciation**

Depreciation has been provided on **Straight Line Method** at the rates and in the manner prescribed in Schedule XIV to the Companies Act except in case of Plant & machinery of holding company depreciation has been provided @ 5.15% by revising the useful life of the Plant & Machinery.

Depreciation on Additions/Deletions during the year has been provided on pro rata basis.

**vi. Inventories Valuation**

Raw material and Packing Material: At lower of Cost or Net realisable value. The cost is arrived at on first-in-first-out basis and net of cenvat credit availed.

Finished Goods and Work in Progress: At lower of Cost or Net realisable value. Cost includes appropriate allocation of overheads and is arrived at on first-in-first-out basis.

**vii. Investments**

Long term investments are stated at cost less provision for diminution in value other than temporary, if any.

**viii. Borrowing Cost**

Borrowing Costs that are attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**ix. Foreign Currency Transaction**

Foreign currency transactions are accounted on the basis of exchange rate prevailing at the time of transaction. The foreign currency transaction remains outstanding at year-end are restated at rate prevailing on 31st March. The Exchange difference if any arises due to exchange fluctuation is charged to Profit and Loss Account.

**x. Taxes on Income**

Current Tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced upto the balance sheet date. Deferred Tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during specified period.

**xi. Retirement Benefits**

**i. Provident Fund**

Retirement benefit in form of Provident Fund is a defined contribution plan and the contributions made for the eligible employees, are charged to the Profit & Loss Account of the year when the contributions to the respective funds are dues.

**ii. Gratuity**

Retirement gratuity liability of employees is a defined benefit obligation. The company has taken up a group policy with Life Insurance Corporation of India for future payments of gratuities to employees. The contributions are based on actuarial valuation

**xii. Earning Per Share**

Basic earning per share are calculated by dividing the net profit /(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**xiii. Segmental Reporting**

The Company is engaged in manufacture of Pharmaceutical Formulations. The entire operations are governed by same set of risk and return; hence the same has been considered representing a single primary segment.

**xiv. Provisions, Contingent Liabilities And Contingent Assets**

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated

Contingent liabilities are disclosed in respect of possible obligation that arises from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

**xv. Contingent Liability:** in respect of

- a. Guarantees issued by the bankers in favour of various authorities, which have been counter Guarantee by the company Rs. 53.59 Lacs (54.69 Lacs).
- b. Claims against the Company not acknowledge as debt Rs. 117.54 Lacs (Rs. 115.78 Lacs).

**xvi. Earning per share has been calculated as under:**

Particulars	As on 31.03.2013	As on 31.03.2012
Net Profit After Tax as per Profit & Loss Account	1,70,96,720	(2,79,61,359)
Weighted Average number of equity shares used as denominator for calculating EPS	85,40,866	85,40,866
Basic & Diluted Earning per share	2.01	(3.29)
Nominal Value per equity share	10	10

- xvii. Since the Company's business activity falls within a single primary business segment and also there is no significant reportable segment, hence no disclosures have been made as specified in Accounting Standard (AS-17) "Segment Reporting".

**xviii. Related Party Disclosures**

Name of the related Parties and Description of relationship

Subsidiary	Naxpar Pharma Pvt. Ltd.
Key Management Personnel	Mr. Prakash M. Shah Mr. Baiju M. Shah Mr. Mihir P. Shah
Relatives of Key Management Personnel	Mr. Binoy B. Shah Ms. Pragna P Shah Ms. Ila B. Shah Ms. Ami M. Shah



xix. Transaction with Related Parties

<b>Salary Paid to Key Management Personnel &amp; their relatives</b>	
Mr. Prakash M. Shah	24,00,000
Mr. Baiju M. Shah	24,00,000
Mr. Mihir P Shah	6,00,000
Mr. Binoy B. Shah	6,00,000
Ms. Pragna P Shah	2,40,000
Ms. Ila B. Shah	2,40,000
Ms. Ami M. Shah	2,40,000
<b>Outstanding Balances</b>	
<b>Salary Payable to Relative of Key Management Personnel</b>	
Ms. Ila B. Shah	4,88,630
Ms. Ami M. Shah	4,77,502
Mr. Baiju M. Shah	1,76,358
Mr. Binoy B. Shah	83,070
Mr. Mihir P. Shah	7,394
Ms. Pragna P. Shah	1,45,861
Mr. Prakash M. Shah	5,34,343
<b>Unsecured Loan from Key Management Personnel</b>	
Mr. Prakash M. Shah	1,19,59,655
Ms. Ami M. Shah	1,45,261
Mr. Baiju M Shah	85,11,379
Mr. Binoy B. Shah	1,549,908
Ms. Ila B. Shah	45,85,159
Mr. Mihir P. Shah	32,68,705
Ms. Pragna P. Shah	48,40,000

xx. Previous year's figures have been regrouped and rearranged, to correspond with the figures of current year wherever necessary. Figures in bracket represent previous year.

## Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

## Note 2 : Share Capital

(Amount in Rs.)

Particulars			As at 31st March, 2013	As at 31st March, 2012
<b>Authorised:</b> 1,00,00,000 Equity Shares of Rs. 10/- each <b>Total</b>  <b>Issued, Subscribed and Paid up:</b> 85,04,866 Equity Shares of Rs.10/- each fully paid up (of the above 53,04,866 shares were issue at the time of scheme of amalgamation of Rs 10/- each fully paid up ) <b>Total</b>			100,000,000	100,000,000.00
			<b>100,000,000</b>	<b>100,000,000.00</b>
			85,048,660.00	85,048,660.00
			<b>85,048,660.00</b>	<b>85,048,660.00</b>
			(i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period : Number of shares at the beginning of the year Add: Issue of Shares by way of Preferential Allotment Add: Issue of Shares pursuant to the Scheme of Amalgamation Number of shares at the end of the year	
			8,504,866.00	3,200,000.00
			-	-
			-	5,304,866.00
			<b>8,504,866.00</b>	<b>8,504,866.00</b>
(ii) Terms/rights attached to Equity Shares The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of Equity Shares is entitled to one vote per share, In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders				
(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:			N. A.	N. A.
(iv) Details of shareholder holding more than 5% shares in the company :				
	<b>As at 31st March 2013</b>		<b>As at 31st March 2012</b>	
<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Ms. Baiju M. Shah	577,161	6.79%	577,161	6.79%
Mr. Binoy B. Shah	1,369,600	16.10%	1,369,600	16.10%
Ms. Ila B. Shah	660,872	7.77%	660,872	7.77%
Mr. Mihir P. Shah	1,141,250	13.42%	1,141,250	13.42%
Ms. Pragna P. Shah	539,887	6.35%	539,887	6.35%
Mr. Prakash M. Shah	613,426	7.21%	613,426	7.21%



Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

Note 3 : Reserves & Surplus

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>A) Securities Premium Account</b>		
Opening Balance	-	5,600,000.00
Add: Received during the year on issue of Equity Shares	-	-
Less: Utilise for Goodwill Created on Merger	-	5,600,000.00
Closing Balance	-	-
<b>B) General Reserve Account</b>		
Opening Balance	63,665,781.00	-
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Add: Transferred pursuant to the Scheme of Merger	-	97,217,441.00
Less: Utilise for Goodwill Created on Merger	-	33,551,660.00
Closing Balance	63,665,781.00	63,665,781.00
<b>C) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	30,029,884.60	(2,472,637.21)
Add/(Less): profit/(loss) for the year	17,096,720.29	(27,961,359.14)
Add: Balance Brought forward consequent to Merger	-	60,512,934.95
Less: - Cumulative Deferred Tax Liability (Net) upto 31-03-2012	13,351,864.00	-
Less: Transfer to Minority Interest	42,090.00	49,054.00
Closing Balance	33,732,650.89	30,029,884.60
<b>D) Capital Reserve Created on Consolidation</b>		
Opening Balance	1,622,613.88	-
Add : Transfer during the year on Consolidation	-	1,622,613.88
Closing Balance	1,622,613.88	1,622,613.88
<b>Total</b>	<b>99,021,045.77</b>	<b>95,318,279.48</b>

Note 4 : Long Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>(A) Secured Loans</b>		
<b>(a) Term Loans</b>		
(i) From Bank		
Maratha Sahakari Bank Ltd.	11,381,802.00	8,410,287.00
State Bank of India (WCTL)	61,099,244.00	-
State Bank of India (FITL 1)	2,514,863.00	-
State Bank of India (FITL 2)	7,431,873.00	-
State Bank of India (Term Loan 1.50 Cr)	13,451,738.00	14,045,631.00
State Bank of India (Term Loan 8.40 Cr)	-	30,224,159.00
State Bank of India (Term Loan 4.25 Cr)	25,455,349.00	29,814,871.00
HDFC Bank Ltd. (Skoda)	483,499.00	884,361.00
HDFC Bank Ltd. (Honda City)	-	99,433.00
ICICI Bank Ltd (Honda City)	332,002.00	497,305.00
ICICI Bank Ltd (Bus Loan)	181,661.00	430,465.00
State Bank of India (Car Loan)	648,309.00	-
(i) From Others		
First Leasing Compnay of India Ltd. (Machinery Loan)	653,896.79	-
	<b>123,634,236.79</b>	<b>84,406,512.00</b>



## Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

## Note 4 : Long Term Borrowing (Contd.)

(Amount in Rs.)

<p>a. Term loan from State Bank of India is secured by extension of hypothecation on the current assets of the company &amp; mortgage of immovable &amp; movable assets of the company.</p> <p>b. Term loan from Maratha Sahakari Bank Ltd. is secured by way of mortgage of office premises of the company</p> <p>c. Term Loan from State Bank of India is secured by way of equitable mortgage of Land, Building located at Plot No. 182, Village Gurumajara, Tehsil Nalagargh, Dist. Solan, Himachal Pradesh and other immovable &amp; Hypothecation of movable machineries and personal guarantee by the directors.</p> <p>d. Vehicle loans are secured against hypothecation of respective vehicle.</p> <p>e. The machinery loan form First Leasing Company of India Ltd is secured by way of hypothecation of machinery.</p> <p>f. Repayment profile of term loans is set out below :</p>			
Nature of Loan	Rate of Interest (%)	Balaance No. of Installments w.e.f 01-04-2013	Installments ending on
State Bank of India (WCTL)	9.75	20.00	Mar-19
State Bank of India (FITL 1)	5.00	12.00	Mar-16
State Bank of India (FITL 2)	5.00	12.00	Mar-17
Maratha Sahakari Bank Ltd.	14.00	64.00	Jul-18
HDFC Bank Ltd. (Skoda)	10.35	25.00	Apr-15
HDFC Bank Ltd. (Honda City)	9.50	4.00	Jul-13
ICICI Bank Ltd (Honda City)	10.00	33.00	Dec-15
State Bank of India (Term Loan 1.50 Cr)	14.40	42.00	Sep-16
State Bank of India (Term Loan 8.40 Cr)	14.40	10.00	Jan-14
State Bank of India (Term Loan 4.25 Cr)	14.40	24.00	Mar-15
ICICI Bank Ltd (Bus Loan)	11.00	20.00	Nov-14
State Bank of India (Car Loan)	11.00	54.00	Sep-17
First Leasing Company of India Ltd	14.75	26.00	May-15
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>(B) Unecured Loans</b>			
<b>(a) Loans &amp; Advances From Related Parties</b>			
From Intercorporates	515,480.25	14,592,478.00	
From Director Shareholder & their Relatives	34,859,229.64	29,968,152.31	
	<b>35,374,709.89</b>	<b>44,560,630.31</b>	
<b>Total</b>	<b>159,008,946.68</b>	<b>128,967,142.31</b>	

## Note 5 : Deferred Tax Liability (Net)

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	37,899,465.00	-
<b>Less : Deferred Tax Assets</b>		
Disallowance under Income Tax Act, 1961	464,313.00	-
Business Loss and Unabsorbed Depreciation	26,580,543.00	-
<b>Total</b>	<b>10,854,609.00</b>	<b>-</b>



Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

Note 6 : Short Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Loans Repayable on Demand from Banks Working Capital Facility (Secured) - From State Bank of India	73,957,608.21	130,446,422.96
Working Capital facility from State Bank of India is secured by way of Hypothecation of stocks, book debts and entire current assets of the company. The facility is further secured by second charge on fixed assets & personal guarantee of all the Directors of the company.		
<b>Total</b>	<b>73,957,608.21</b>	<b>130,446,422.96</b>

Note 7 : Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Trade Payables:</b>		
Sundry Creditors for Goods	91,852,848.99	101,704,179.62
Sundry Creditors for Exepnses & Others	33,821,138.73	28,684,416.86
<b>Total</b>	<b>125,673,987.72</b>	<b>130,388,596.48</b>

Note 8 : Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Current Maturities of Long Term Debts</b>		
Maratha Sahakari Bank Ltd.	1,710,040.00	1,028,042.00
HDFC Bank Ltd. (Car Loan)	-	151,442.00
HDFC Bank Ltd. (I20)	-	13,865.61
HDFC Bank Ltd. (Skoda)	400,862.00	361,624.00
HDFC Bank Ltd. (Honda City)	99,433.00	279,354.00
ICICI Bank Ltd (Honda City)	165,303.00	149,640.00
State Bank of India (FITL 1)	1,000,000.00	-
State Bank of India (Term Loan 1.50 Cr)	600,000.00	600,000.00
State Bank of India (Term Loan 8.40 Cr)	29,317,414.00	20,400,000.00
State Bank of India (Term Loan 4.25 Cr)	3,600,000.00	3,600,000.00
Term Loan from ICICI Bank Ltd. (Bus Loan)	248,844.00	223,007.00
Car Loan from State Bank of India	143,738.00	-
Term Loan from First Leasing Company of India Ltd	463,632.98	-
Term Loan from Tata Motor Finance Ltd. (Car Loan)	-	85,958.00
	<b>37,749,266.98</b>	<b>26,892,932.61</b>
<b>(b) Other Payables:</b>		
Statutory Remittances	2,752,065.90	2,502,096.90
Advances From Customer	1,779,882.91	344,920.72
	<b>4,531,948.81</b>	<b>2,847,017.62</b>
<b>Total</b>	<b>42,281,215.79</b>	<b>29,739,950.23</b>

Note 9 : Short-Term Provision

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Taxation	6,966,832.98	4,961,417.60
<b>Total</b>	<b>6,966,832.98</b>	<b>4,961,417.60</b>

**Notes to Financial Statements for the year ended 31st March, 2013**  
**Note 10 : Fixed Assets**

Description	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2012	Additions during the Year	Balance as at 31st March 2013	Balance as at 1st April 2012	Depreciation For the Year	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
TANGIBLE ASSETS								
LEASED								
Land	1,489,600.00	-	1,489,600.00	-	-	-	1,489,600.00	1,489,600.00
OWNED								
Land	15,486,939.60	-	15,486,939.60	-	-	-	15,486,939.60	15,486,939.60
Factory Building	176,460,883.51	3,823,089.00	180,283,972.51	36,007,660.99	5,989,035.00	41,996,695.99	138,287,276.52	140,453,222.52
Office Premises	8,076,542.00	-	8,076,542.00	1,785,203.56	131,648.00	1,916,851.56	6,159,690.44	6,291,338.44
Plant & Machinery	80,529,038.66	-	80,529,038.66	25,699,223.74	3,918,654.00	29,617,877.74	50,911,160.92	54,829,814.92
Electrical Installation	27,960,284.45	-	27,960,284.45	8,321,037.44	1,358,719.00	9,679,756.44	18,280,528.01	19,639,247.01
Generator	1,527,512.00	-	1,527,512.00	182,551.00	78,667.00	261,218.00	1,266,294.00	1,344,961.00
Furniture	10,351,157.75	1,407,763.00	11,758,920.75	2,535,099.50	681,075.00	3,216,174.50	8,542,746.25	7,816,058.25
Furniture (Mumbai)	1,990,622.00	-	1,990,622.00	1,663,298.50	124,016.00	1,787,314.50	203,307.50	327,323.50
Office Furniture	70,187.00	-	70,187.00	46,698.21	4,373.00	51,071.21	19,115.79	23,488.79
Motar Car	11,425,664.00	1,034,549.00	12,460,213.00	5,963,902.56	870,321.44	6,834,224.00	5,625,989.00	5,461,761.44
Computer	5,040,997.66	848,874.00	5,889,871.66	3,507,285.23	662,241.00	4,169,526.23	1,720,345.43	1,533,712.43
Office Equipments	1,816,840.47	225,320.00	2,042,160.47	944,033.39	95,603.00	1,039,636.39	1,002,524.08	872,807.08
Other Equipment	88,566,851.51	5,357,430.00	93,924,281.51	22,278,857.93	4,496,495.00	26,775,352.93	67,148,928.58	66,287,993.58
Q.C Equipments	7,486,911.16	242,348.00	7,729,259.16	2,013,327.33	367,240.00	2,380,567.33	5,348,691.83	5,473,583.83
R & D Equipments	4,362,748.00	-	4,362,748.00	1,611,704.33	224,681.00	1,836,385.33	2,526,362.67	2,751,043.67
Air Conditioner	3,057,714.26	369,162.00	3,426,876.26	1,291,246.75	83,335.00	1,374,581.75	2,052,294.51	1,766,467.51
Bus	1,006,500.00	-	1,006,500.00	148,141.00	113,835.00	261,976.00	744,524.00	858,359.00
Air Conditioner (Factory)	608,735.00	-	608,735.00	184,617.00	115,781.00	300,398.00	308,337.00	424,118.00
Total	447,315,729.03	13,308,535.00	460,624,264.03	114,183,888.46	19,315,719.44	133,499,607.90	327,124,656.13	333,131,840.57
Previous Year	421,749,427.30	25,566,301.73	447,315,729.03	95,204,481.46	18,979,407.00	114,183,888.46	333,131,840.57	326,544,945.84



Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

Note 11 : Non-Current Investments

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>(A) Other Non Current Investments</b>		
The Shamrao Vitthal Co-op. Bank Ltd. (319 Shares of Rs. 25/- each)	7,975.00	7,975.00
Maratha Sahakari Bank Ltd. (15,500 Shares of Rs. 25/- each)	387,500.00	175,000.00
Investment in LLP (Novanax LLP)	6,948,938.00	6,948,938.00
<b>Total</b>	<b>7,344,413.00</b>	<b>7,131,913.00</b>

Note 12 : Deferred Tax Assets (Net)

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Deferred Tax Assets</b>		
Disallowance under Income Tax Act, 1961	-	464,313.00
Business Loss and Unabsorbed Depreciation	-	24,096,883.00
<b>Less : Deferred Tax Liability</b>		
Related to Fixed Assets	-	13,216,869.00
<b>Total</b>	<b>-</b>	<b>11,344,327.00</b>

Note 13 : Long-Term Loans and Advances

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured, Considered good</b>		
(a) Security Deposit	1,504,405.00	1,375,995.00
(b) Advances recoverable in cash or in kind or for value to be received	17,928,651.60	34,328,651.60
<b>Total</b>	<b>19,433,056.60</b>	<b>35,704,646.60</b>

Note 14 : Other Non-Current Assets

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Preliminary Expenses</b>		
(To the extent not written off or adjusted)		
As per Last Balance Sheet / Incurred during the year	287,194.00	159,004.00
Add: Incurred during the year	-	262,742.00
Less:- Written off during the year	101,548.00	134,552.00
<b>Total</b>	<b>185,646.00</b>	<b>287,194.00</b>

Note 15 : Inventories

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(As taken, valued and certified by the Management)		
(Valued at Cost or Market value, whichever is lower)		
Finished Goods	13,078,811.00	13,414,808.08
Work in Progress	2,309,320.00	10,144,685.90
Raw Material	30,689,120.00	23,593,297.46
Packing Material	17,342,897.00	20,930,059.72
<b>Total</b>	<b>63,420,148.00</b>	<b>68,082,851.16</b>

## Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

## Note 16 : Trade Receivable

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Unsecured, Considered good</b>		
Due for a period exceeding six months	35,024,801.90	37,263,961.61
Others	102,403,256.25	75,577,692.04
<b>Total</b>	<b>137,428,058.15</b>	<b>112,841,653.65</b>

## Note 17 : Cash and Cash Equivalents

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Cash on Hand	2,064,717.88	1,892,189.89
(b) Balance with Scheduled Banks		
- In Current Accounts	1,371,662.08	1,916,230.16
- In Fixed Deposit Account	2,354,386.00	3,960,054.00
(Lodged as margin money against bank guarantee)		
(c ) Bank Overdrwan Balance	(33,481.41)	(14,325,515.37)
<b>Total</b>	<b>5,757,284.55</b>	<b>(6,557,041.32)</b>

## Note 18 : Short Term Loan &amp; Advances

(Amount in Rs.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
(a) Loans and Advances to Employees	2,818,991.35	3,446,204.35
(b) Other Loan and Advances		
- Advances recoverable in cash or in kind or for value to be received	11,068,121.54	8,582,209.87
- Advance to Supplier	1,442,427.96	6,752,498.51
- Advance Income Tax	18,569,349.75	11,982,089.98
- Interest Accrued but not received	152,038.28	583,298.28
- Prepaid Professional Tax	-	16,700.00
- Prepaid Expenses	325,475.00	-
(c) Balance with Government Authorities		
- Balance with Central Excise	5,417,457.00	9,954,771.00
- Service Tax (Credit to be availed)	1,899,331.79	1,513,057.23
- Sales Tax	720,846.78	324,560.91
<b>Total</b>	<b>42,414,039.45</b>	<b>43,155,390.13</b>

## Note 19 : Revenue from Operations

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Sales	470,738,299.04	855,948,907.89
(b) Labour Charges	105,686,218.67	90,246,231.68
<b>Total</b>	<b>576,424,517.71</b>	<b>946,195,139.57</b>



Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

Note 20 : Other Income

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Dividend	300.00	1,107.00
(b) Interest Received on FDR	140,979.00	265,598.00
(c ) Interest on IT Refund	-	13,624.00
(d) Product Development Charges	2,334,602.00	2,574,868.00
(e) Excise Refund Received	4,132,369.00	-
(f) Duty Drawback Received	2,102,580.50	534,330.00
(g) Misc Income	-	326,260.00
(h) Exchange Gain	846,798.50	102,806.95
(i) Sundry Balance W/off	-	50.91
(j) DEPB Sale (Export Licence)	-	1,243,130.00
(k) Rent Received	-	180,000.00
(l) Income From Research & Development	-	1,026,331.00
<b>Total</b>	<b>9,557,629.00</b>	<b>6,268,105.86</b>

Note 21 : Cost of Material Consumed

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(a) Raw Material &amp; Packing Material Consumed :</b>		
Opening Stock	44,523,357.18	71,310,827.00
Add:- Purchases during the year	300,867,517.04	440,685,369.83
	345,390,874.22	511,996,196.83
Less: - Closing Stock	48,032,017.00	44,523,357.18
	297,358,857.22	467,472,839.65
Less : Cenvat Adjustment In Material A/C	-	16,186,571.00
<b>Total</b>	<b>297,358,857.22</b>	<b>451,286,268.65</b>

Note 22 : Purchase of Stock In Trade

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
Opening Stock of Finished Goods Traded	-	-
Opening Stock of Stock in Transit	-	3,181,640.00
Add: Purchases during the year	17,349,702.50	317,661,320.36
	17,349,702.50	320,842,960.36
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>17,349,702.50</b>	<b>320,842,960.36</b>

## Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

## Note 23 : Changes In Inventories

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(a) At the beginning of the period</b>		
(i) Finished Goods	13,414,808.08	16,129,384.00
(ii) Work in Progress	10,144,685.90	-
<b>(b) At the end of the period</b>		
(i) Finished Goods	13,078,811.00	13,414,808.08
(ii) Work in Progress	2,309,320.00	10,144,685.90
<b>Total</b>	<b>8,171,362.98</b>	<b>(7,430,109.98)</b>

## Note 24 : Employes Benefits Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Salaries and Wages	51,092,199.29	50,993,683.83
(b) Bonus	402,211.00	-
(c) Staff Welfare Expenses	2,372,467.39	1,776,925.20
(d) Gratuity Paid	710,386.00	291,388.00
(e) Employer's Contribution to Providend Fund	2,404,804.00	2,589,004.00
(f) Contribution to ESIC	431,922.00	364,497.00
<b>Total</b>	<b>57,413,989.68</b>	<b>56,015,498.03</b>

## Note 25 : Finance Cost

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
(a) Bank Charges	2,116,381.50	1,711,962.34
(b) Bank Interest	18,719,279.00	21,914,117.00
(c) Bill Discounting Charges	1,824,841.08	1,541,576.31
(d) Interest on Secured Loan	15,017,460.00	16,583,294.00
(e) Interest on Unsecured Loan	-	223,959.23
(f) Interest on Car Loan	291,986.39	424,020.14
(g) Interst to Others	227,931.11	140,980.84
<b>Total</b>	<b>38,197,879.08</b>	<b>42,539,909.86</b>





Notes to Consolidated Financial Statements For The Year Ended 31st March, 2013

Note 26 : Other Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>(A) Manufacturing Expenses</b>		
(a) Analytical Charges, Chemical & Glassware Consumed	4,679,480.50	4,097,993.38
(b) Consumable & Stores	3,793,421.92	3,596,402.40
(c) Power & Fuel Consumed	16,127,115.99	15,387,465.33
(d) Factory Expenses	863,750.24	925,914.30
(e) Freight & Octroi	6,193,458.76	3,135,685.00
(f) Loading Unloading & Packing Charges	28,719,182.00	29,122,822.08
(g) License Fees	139,323.00	236,518.00
(h) Labour Charges Paid	606,212.70	15,000.00
(i) Repair & Maintenance		
-Plant & Machinery	7,116,641.00	5,092,826.75
-Building	1,878,090.00	1,623,254.00
-Other	1,037,899.60	833,909.15
(j) Security Charges	1,589,765.00	1,660,211.35
(k) Water Charges	194,750.00	154,350.00
(l) Pollution Fees	-	340,215.00
	<b>72,939,090.71</b>	<b>66,222,566.74</b>
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales promotion	1,134,143.14	967,938.87
(b) Advertisement expenses	113,186.00	238,510.00
(c) Commission	2,324,844.00	550,607.00
(d) Baddebt written off	-	13,371,258.97
(e) Discount & Rate Difference on Sale	-	1,564,206.00
(f) CHA Charges	1,014,298.00	728,293.69
(g) Freight & Octroi (Export & Outward)	6,232,395.00	3,492,473.42
(h) Travelling Expenses	2,918,207.30	2,715,075.14
(i) Export Expenses	187,550.44	142,154.24
(j) Product Dev & Registration	510,233.00	283,614.00
(k) Licence Verification Charges	42,941.00	283,239.00
(l) Export Insurance	164,715.66	73,447.81
(m) Inspection, Testing & Sampling Charges	-	75,519.00
	<b>14,642,513.54</b>	<b>24,486,337.14</b>
<b>(C) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	1,051,092.00	2,595,298.00
(b) Insurance	692,747.00	932,259.00
(c) Legal & Professional Fees	5,190,202.00	5,002,782.00
(d) Payment to Auditors		
-Audit fees	418,540.00	424,720.00
(e) ROC Filing Fees	17,000.00	20,000.00
(f) Office Expenses	852,453.60	297,037.53
(g) Conveyance	1,140,802.00	626,209.00
(h) Exchange Loss	-	(132,923.97)
(i) Printing & Stationery	1,583,697.50	1,692,409.80
(j) Telephone Expenses	1,097,572.94	1,130,814.03
(k) Postage & Courier	685,506.68	347,989.38
(l) Motar Car Expenses	1,812,514.79	1,705,061.89
(m) Electricity Charges	524,432.00	381,681.50
(n) Membership & subscription	151,399.43	93,019.84
(o) Listing Fees	56,180.00	34,851.00
(p) Other Expenses	593,890.56	323,997.34
(q) Preliminary Expenses written off	101,548.00	134,552.00
	<b>15,969,578.50</b>	<b>15,609,758.34</b>
<b>Total</b>	<b>103,551,182.75</b>	<b>106,318,662.22</b>





**Parnax Lab Limited**  
**(Formerly known as Krishna-Deep Trade and Investment Ltd)**  
**Regd. office:** 114, Bldg no. 8, Jogani Industrial Complex, Chunabhatti, Mumbai – 400022

### Attendance Slip

I hereby record my presence at the **31<sup>st</sup> Annual General Meeting** of the Company at **Registered Office** of the Company on Thursday, 28th September, 2013.

DP ID: \_\_\_\_\_ Folio No. /Client ID: \_\_\_\_\_

\_\_\_\_\_  
Name of the Shareholder

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Full name of Proxy)

\_\_\_\_\_  
Proxy Signature

**Note:** No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

Shareholders attending the meeting in person or by proxy are requested to fill and sign the attendance slip and hand it over at the entrance of the meeting hall.



**Parnax Lab Limited**  
**(Formerly known as Krishna-Deep Trade and Investment Ltd)**  
**Regd. office:** 114, Bldg no. 8, Jogani Industrial Complex, Chunabhatti, Mumbai – 400022

### Proxy Form

I/We ..... of ..... in the district of ..... being a member/members of the above named Company hereby appoint ..... of ..... in the district ..... of ..... or failing him ..... of ..... in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held on Saturday, 28th September, 2013 at 10.30 a.m. and at any adjournment thereof.

Signed this ..... day of ....., 2013.

DP ID: ..... Folio No. /Client ID: .....

No. of Shares .....

Signature .....

AFFIX  
REVENUE  
STAMP

**Note:** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.







**Parnax Lab Limited**

(Formerly known as Krishna-Deep Trade and Investment Limited)

**Regd office:** 114, Bldg no. 8, Jogani Industrial Complex,  
Chunabhatti, Mumbai – 400022



# Parnax Lab Ltd.

(Formerly Known as Krishna Deep Trade & Investment Ltd.)

114, BLDG. NO. 8, JOGANI IND. COMPLEX,  
SION-CHUNABHATTI, MUMBAI - 400 022, INDIA.

■ TEL : 022 - 3001 5666  
■ FAX : 022 - 2405 7708  
■ E-Mail : info@naxparlab.com  
■ Visit us at: www.naxparlab.com

Date: 05.03.2014

To,  
Department of Corporate Service (DCS-CRD),  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

Sub: Compliance as per Clause No. 31(a) of the Listing Agreement  
Ref: Scrip Code: 505128

Dear Sir,

As per listing requirements enclosed please find 6 (Six) copies of the Annual Reports duly certified by the Director of the Company.

Further, as per SEBI Circular CIR/CFD/DIL/7/2012 dated August 13, 2012 below is the Form A required to be filed by the Company with the concerned stock exchange(s):

## FORM A

1.	Name of the Company	:	Parnax Lab Limited
2.	Annual Financial Statements for the year ended	:	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	:	Un-Qualified
4.	Frequency of observation	:	N.A.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	:	N.A.
6.	To be signed by:-	:	
	• Mr. Prakash M Shah (CEO & Whole Time Director)	:	<i>[Signature]</i>
	• Mr. Balju M Shah (CFO & Managing Director)	:	<i>[Signature]</i>
	• Mr. Vinod Ladha (Statutory Auditors of the Company)	:	<i>[Signature]</i>
	• Mr. Vinayak Desai (Chairperson of Audit Committee)	:	<i>[Signature]</i>

Kindly take the same on your record and acknowledge the receipt of the same.

Thanking you,

Yours truly,

For Parnax Lab Limited

*[Signature]*  
Prakash Shah  
(Whole Time Director)

ENCL: as above

Works : Plot No.120, Masat Ind. Estate, Dadra & Nagar Haveli, Silvassa-396230 (India)  
Plot No.121 & 74, Masat Ind. Estate, Dadra & Nagar Haveli, Silvassa-396230 (India)  
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