



## J. B. CHEMICALS & PHARMACEUTICALS LIMITED

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CIN : L24390MH1976PLC019380

StockExchange-BSE letters/MM:SA:435

August 14, 2014

BSE Ltd.

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai 400 001

**Scrip Code: 506943**

Dear Sir,

- Sub: (1) Submission of Annual Report for the year 2013-14 pursuant to clause 31(a) of the Listing Agreement**  
**(2) Submission of the Consolidated Financial Statements pursuant to clause 32 of the Listing Agreement**

Enclosed are six copies of Annual Report of the company for the year 2013-14, *inter alia*, containing stand-alone balance sheet as on and profit and loss account for the year ended on March 31, 2014 and report of the board of directors and auditors thereon. The information in Form-A is as under.

**FORM - A**

1	Name of the company:	<b>J.B. Chemicals &amp; Pharmaceuticals Limited</b>
2	Annual Financial Statements for the year ended:	<b>31<sup>st</sup> March, 2014</b>
3	Type of Audit Observation:	<b>Unqualified</b>
4	Frequency of observation:	<b>Not Applicable</b>

The enclosed Annual Report also contains audited consolidated financial statements as required under clause 32 of the listing agreement.

We request you to take the above on record.

Thanking you,

Yours faithfully,

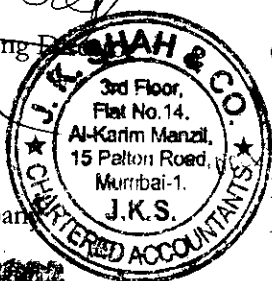
For J.B. Chemicals & Pharmaceuticals Ltd.

J.B. Mohta  
Chairman & Managing Director

Bhavesh Joshi  
Chief Financial Officer

J. K. Shah & Co.  
Auditor of the company

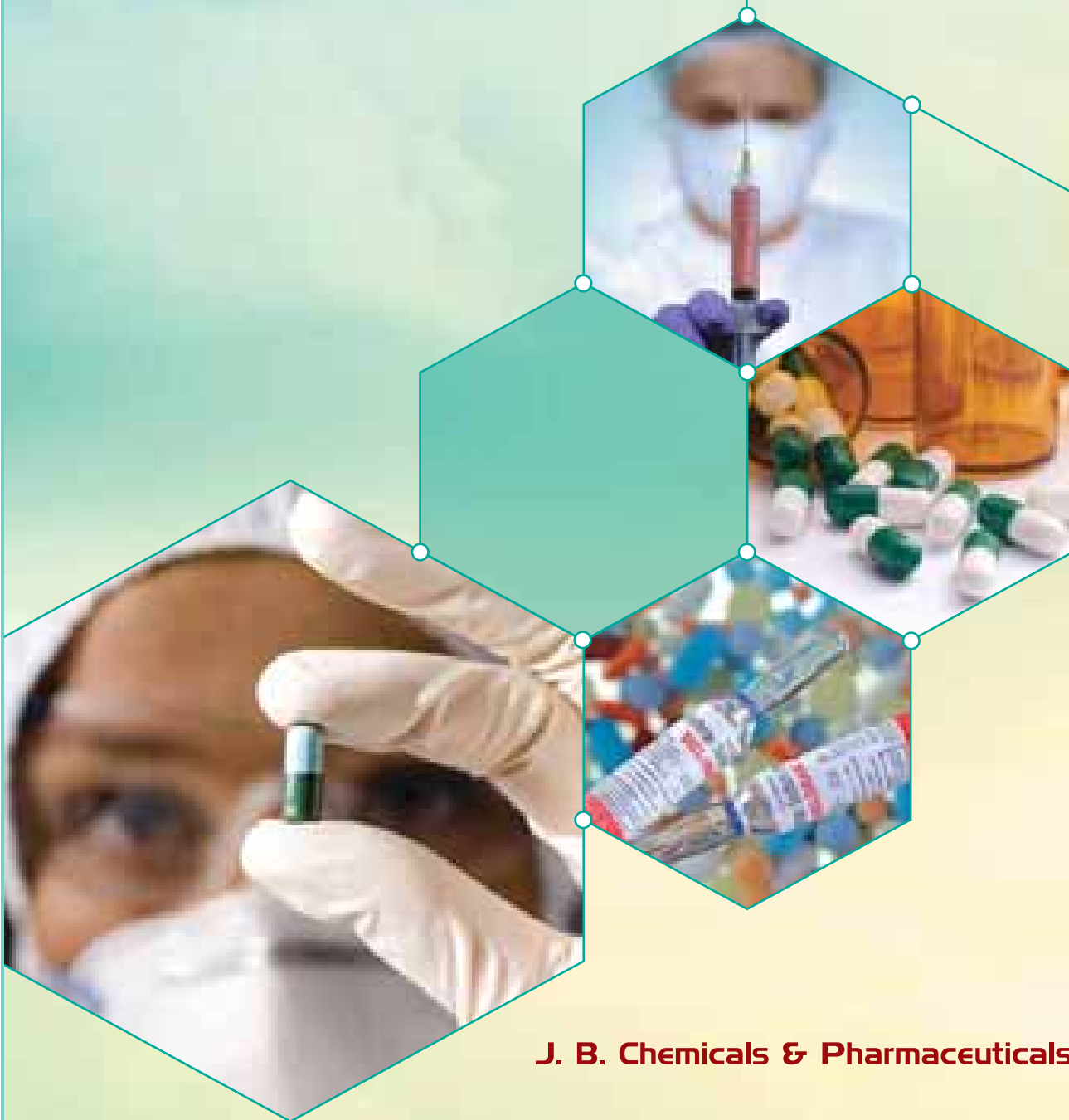
Durga Dass Chopra  
Audit Committee Chairman



**Membership No. 1002**

# Working towards a promising tomorrow

Annual Report 2013-14



**J. B. Chemicals & Pharmaceuticals Limited**

JBCPL, one of India's leading pharmaceutical companies, manufactures & markets a diverse range of pharmaceutical formulations, herbal remedies and APIs. JBCPL exports to many countries worldwide with a strong presence in Russia, Ukraine, CIS countries and South Africa. The Company continues to invest in growing its share in the regulated markets in USA, Europe and Australia. JBCPL has a strong R&D and regulatory set-up for development of new drug delivery system and formulations, filing of DMFs and ANDAs. Its State-of-the-Art manufacturing facilities are approved by health authorities of regulated markets.

## Contents

### Forward Looking Statements

In this annual report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated performance/ results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and realization of assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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# Fortune favors the prepared mind

- French microbiologist, Louis Pasteur



Yes, the future is not about intuition or chance, it is about being strategic thinking and focused preparation.

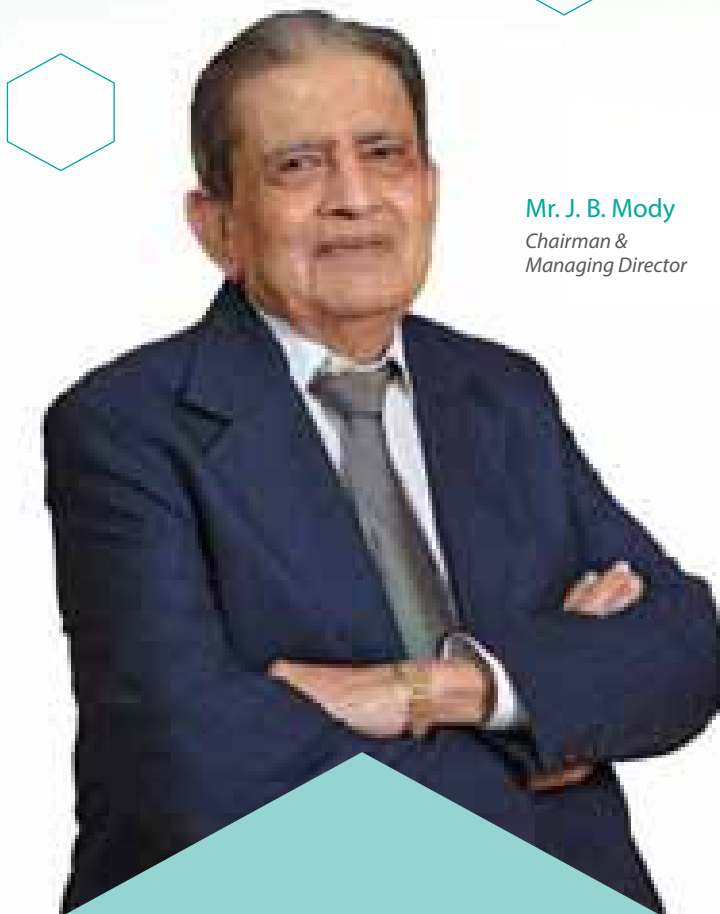
At JBCPL, our every thought and action is aligned to this philosophy, and is centred on building the framework for tomorrow on our foundation of strengths. Our preparedness is evident in our robust empirical base and our framework of objectives clearly aligned to the future.

The future holds for us the promise of greater progress and, as we dedicatedly move towards it, we do so with ease and confidence, backed by the steady advancement of our businesses during the year.

Notching iconic milestone to cross ₹ 1000 crore sales mark at a consolidated level, we surged through the year efficiently and effectively. With positive traction in domestic formulations, exports and API business, we continued to strengthen our business fabric as we transitioned towards a more promising tomorrow.

It is a future that carries with it the promise of more opportunities and growth which has inspired us to look beyond today and be well prepared to address the needs of tomorrow. And we have crafted the nucleus of our capacity expansion plans and strategy to expand our businesses to leverage more opportunities to our best advantage ..... to create wealth and value for our shareholders.

# Chairman's Statement



**Mr. J. B. Mody**  
Chairman &  
Managing Director

Consolidated sales  
during the year  
crossed the important  
milestone of  
₹ 1000 crores

## PERFORMANCE

The financial year 2013-14 registered robust business performance. This not only gives us a deep sense of satisfaction but also a strong belief in our business strategy.

During the year, the total revenue from operations stood at ₹ 956.53 crores, with growth of 17%. The profit before exceptional item and tax at ₹ 158.48 crores was 47% higher compared to the previous year. However, exceptional item impacted profit after tax, which was subdued at ₹ 68.42 crores. Consolidated sales during the year crossed the important milestone of ₹ 1000 crores.

When we embarked on to the next phase of our journey in July 2011, post the sale of the Russia-CIS OTC business, the challenge before us was to get back to the pre-business sale level of sales and profits. It gives me immense pleasure to report that the company has been able to achieve that level of sales and profits again in just three years.

I shall now touch upon the company's main businesses, their performance and our plans going forward.

## DOMESTIC FORMULATIONS BUSINESS

With sales of ₹ 322.92 crores, the domestic formulations business achieved robust growth of 16% during 2013-14, against industry growth of 10%. I have no hesitation in stating that the consolidation process that we initiated in this business a few years ago has started yielding the fruits. The company plans to continue its focused pursuit to harness the potential of the existing products, launch new products selectively and achieve increase in productivity. This strategy has so far not only helped re-orient our focus but also grow our brands in gastrointestinal, cardiovascular, anti-infective and pain management segments.

The domestic formulations business is one of the key business areas for us, which we believe will drive growth and create value in coming years. The future outlook for the industry, as well as the growth expectations remains positive. Increasing per capita consumption of drugs, increasing health awareness and improved healthcare access are expected to aid the growth going forward. The company continues to invest in products, people and processes to achieve its growth objective. The company's three brands viz. Rantac (anti-peptic ulcerant), Nicardia (calcium channel blocker) and Metrogyl (amoebicides), feature among top 300 brands (IMS MAT March 2014) in terms of both value and unit sales. The company's emphasis has always been on building brands for value creation.



## EXPORTS

Exports income amounted to ₹ 574.12 crores during the year. Exports to Rest of the World markets (other than Russia-CIS) at ₹ 299.68 crores achieved growth of 21% in US\$ terms and 36% in Rupee terms. The key markets, such as the US, Australia and South Africa, continued to show good response and aided growth. In terms of opportunities, the activities that contributed to growth were generics products, ANDAs, branded generics including contrast media products, contract manufacturing of various dosage forms including lozenges. Growth in the US market has been a major thrust area for the company in this business. Accordingly, the company will continue to invest in new ANDAs every year.

The company is also considering backward manufacturing of APIs used in the ANDA products to make this business more profitable. The company's investment in manufacturing infrastructure of international standards for various pharmaceutical preparations, some of which are approved by health authorities such as US FDA, MHRA UK, TGA Australia, MCC South Africa and MOH Ukraine, establish quality credentials in this space. This is expected to boost exports, moving ahead.

The Russia-CIS region reported sales of ₹ 87.87 crores during the year under review. The company is still in the process of investing in marketing, firstly, to expand the reach and, secondly, to realize the potential of the existing products basket in potential markets. The company has also identified new products for launch in this region; however, the process will take some time due to the new regulatory requirements. The company is quite optimistic of growth of its business in this region.

Our South African joint venture, Biotech Laboratories (Pty.) Ltd. ("Biotech") is among top 15 Pharma companies of South Africa. It performed well in its last financial year. South Africa and SADC countries hold good growth potential, and with the strong marketing reach of Biotech, both JBCPL and Biotech expect to expand and strengthen their presence in this region.

Let me also tell you that our supply arrangement with Cilag GmbH International has been functioning smoothly.

## API BUSINESS

The API business continued its upward momentum and, with sales of ₹ 99.33 crores, registered growth of 59%.

## NEW CAPEX PROGRAMME

You will agree that our growth tomorrow is linked to our investments today. In order to seize future growth opportunities, the company has drawn up a plan to invest about ₹ 140 crores in creation of additional capacity for tablets, liquid, ointments, vials, eye drops and lozenges. In addition, the company is also planning to increase the capacity of its Diclofenac API plant. I am quite hopeful that this investment will help achieve additional growth in the near future. The company plans to spend this amount in the next 12-18 months. I want to add that this investment will be met out of internal accruals without disturbing the existing cash surplus.

## CASH SURPLUS

You may ask what we plan to do with the cash surplus. I wish to reiterate that we plan to use it for growth of our pharmaceutical business or such other fruitful purpose as the board determines. Until then, it will remain safely invested.

## RESEARCH & DEVELOPMENT (R&D)

The R&D division continues to play an important role in the company's growth. R&D is currently focused on the development of new formulations for ANDAs filings, new drug delivery systems and new formulations and APIs. Our R&D has also been playing an important role in the growth of exports. Let me underline that R&D activities will continue to remain in the forefront for driving future growth of the company.

## CHALLENGES AHEAD

Undoubtedly, the road to growth is not without challenges. In fact, the business faces challenges such as increasing span of price control, intense competition, increasing regulatory requirement and growing input costs, to name a few. However, we are quite hopeful of successfully meeting these challenges, to enhance value for our shareholders.

## STAKEHOLDERS' SUPPORT

I take this opportunity to thank members of the medical profession, trade, institutions, government & semi-government hospitals, customers and shareholders for their continued trust and support. On behalf of the management of JBCPL, I would also like to thank all the employees of the company for their deep commitment to achieving the company's objectives. I am confident with this commitment and support, the company will continue to surge forward on the path to greater growth and value delivery, going forward.

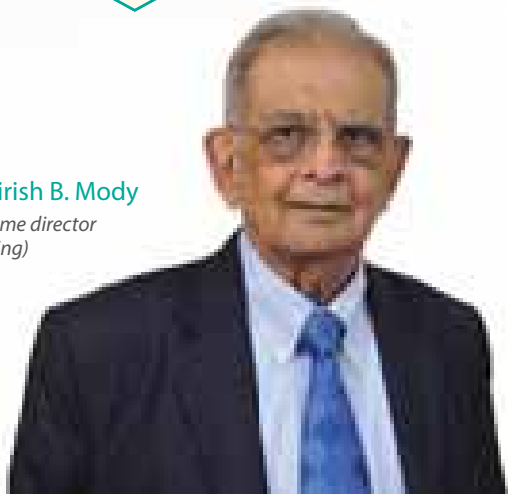
**J.B. Mody**

*Chairman & Managing Director*

## DOMESTIC FORMULATIONS

Mr. Shirish B. Mody

Whole time director  
(Marketing)



- During 2013-14, the domestic formulations sales, at ₹ 323 crores, registered robust growth of 16%. The consolidation process initiated in this business a few years ago has started yielding results. The continued focus on building new brands and strengthening existing brands in gastrointestinal, cardiovascular, pain management, anti-infective, stomatological, haematinics and topical segment is showing results. Over 85% of the regions in which the company operates showed double digit growth during the year.

- The company is ranked 36<sup>th</sup> in the industry, with its three brands viz. Rantac (anti-peptic ulcerant), Nicardia (calcium channel blocker) and Metrogyl (amoebicides), featuring among top 300 brands in terms of both value and unit sales (IMS MAT March 2014).



- The company accords high priority to domestic formulations business, which offers significant value proposition. During the current year, the company plans to continue focused efforts to harness the potential of the existing products basket, selective new product launches and increase in productivity. This endeavour is supported by scientific promotion initiatives, including continuing medical education programmes.
- The contrast media products business too performed well, with growth of 25%. The company plans launch of new products during the current year to strengthen the business.



**Mr. Pranabh Mody**  
President & Whole time  
director (Operations)

- Gastrointestinal, cardiovascular, pain management and anti-infective are currently the fastest growing therapeutic segments in the Indian market, where the company has its presence. The company's brands in cardiovascular and gastrointestinal segment have, in particular, been performing well. The company plans to launch new products in these segments.
- The increase in per capita income, and in turn the increase in per capita consumption of drugs, improved healthcare access and increasing health awareness are expected to continue to aid growth opportunity in domestic formulations business. As successful penetration into new markets will accelerate the next level of growth, the company believes that its well established brands will be the strong pillar around which the company will grow.
- The increasing fund allocation by the government for public health, and an increasing investment by the private sector in hospitals make the institutional business more attractive. The company, with several injectable products in its portfolio, expects to expand this business segment significantly.
- The company recognizes the important role played by field force in growth of domestic formulations business. The company has concentrated on enhancing productivity, by honing skills continually to realize the potential of its people and products.
- The company believes that the domestic formulations business has good growth prospects. However, the increasing price controls, intense competition and increasing input costs, etc. pose growth challenges in this business segment.
- This business witnessed all round improvement in working capital management. The stringent initiatives taken are expected to result in further improvement.





## EXPORTS



**Mr. Dinesh B. Mody**

*Whole time director  
(Administration)*

- The company's total exports income amounted to ₹ 574 crores, which represents 58% of total operating revenue for 2013-14.
- The exports to Rest of the World markets (other than Russia - CIS region) continued to show robust performance with growth of 21% in US Dollar terms and 36% in Rupee terms. The key markets of the US, Australia and South Africa continued to show good response. The company has entered the Latin American market and is considering options to establish strong foothold in these markets.



**Mr. Jay Mehta**

*Sr. Vice President -  
(International  
Division)*

- In terms of activities, the company's focus on promoting and selling generic products, ANDAs, branded generics including contrast media products, contract manufacturing of various dosage forms, including lozenges, contributed to growth.
- In order to support future growth, the company has undertaken expansion programme to create additional capacity for tablets, liquid, ointments, vials, eye drops, and lozenges. In addition, the company is also planning to increase the capacity of its Diclofenac API plant. The company plans to invest about ₹ 140 crores in this new capacity and related infrastructure in the next 12-18 months.



**Mr. Shekhar Nadkarni**

*Our US Business Partner*



**Mr. Ravi Gulgule**



- The company has placed special emphasis on growth of its business in the US market. Currently, the company exports NSAID, anti-bacterial, anti-allergic, anti-hypertensive, anti-fungal and anti-amebic tablets to US market. The company will continue to develop new ANDAs each year to support the already existing product portfolio. The company is also considering backward integration of the products by manufacturing the APIs that are used in the ANDAs.
- The Russia-CIS business, though relatively small at present, offers significant growth potential. The company's brands are well established and it is now in the process of investing to exploit the full potential of the existing product basket. The company is also in the process of investing in launch of new products in the region.
- The company has placed high focus on contract manufacturing for multinationals and growth of niche branded generics to strengthen stable revenue stream. The company's State-of-the-art manufacturing facilities, with approvals from international health authorities such as US FDA, UK MHRA, EU GMP, TGA Australia, MCC South Africa and MOH Ukraine, and its wide range of products across injectable, lozenges, solid and semi-solid, along with strong regulatory and development support, give it the needed platform to succeed in this initiative.
- Biotech Laboratories (Pty.) Ltd. ('Biotech'), a South African marketing and distribution company in which the company holds 49% equity stake, is amongst the top 15 Pharma companies of South Africa. The company has been able to increase its footprint in South Africa and SADC countries due to excellent performance of Biotech. For the year ended 2013, it registered 45% growth in its income, while it maintained its profit after tax despite higher input cost. Biotech, at regular intervals, invests in new dossiers. Biotech's existing business, and its strong foothold in South African and SADC countries, holds high growth potential.
- Post sale of Russia-CIS OTC business to Cilag GmbH international ('Cilag'), the company continues to manufacture and supply those OTC products to Cilag. This business is expected to grow further in coming years, and this relationship is also expected to bring in other business opportunities for the company.

### Mr. Nirav Mody

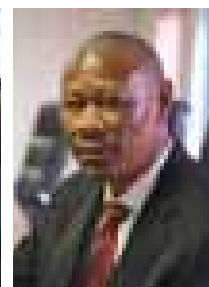
*Sr. Vice President - Strategic Marketing and Business Development*



- The company's API exports have been growing well for the last several years. It achieved growth of 59% at sales of ₹ 99 crores.
- The international business poses challenges, such as increased competition, rapidly changing regulatory environment and increasing span of price controls in some markets. However, the company is optimistic about its good growth prospects.



**Mr. Shad Mapetla**  
*Chairman & CEO*



**Mr. Simon Morule**  
*Regulatory and Technical Director*



**Mr. Stewart Barker**  
*Chief Operating Officer*



*Team Biotech at Sales Conference in Mauritius*



**Mr. Bharat P. Mehta**  
Whole time director  
(Planning & Development)



State-of-the-art Tablets  
manufacturing facility at  
Panoli, Gujarat



State-of-the-art Formulations manufacturing facility at Panoli, Gujarat

Sr. No.	Health Authority	Facility Approved
1	US FDA	Tablets, APIs
2	MHRA, UK	Tablets, Lozenges
3	EU GMP	API
4	MCC, South Africa	Tablets, Injections, Lozenges
5	TGA, Australia	Tablets, Lozenges
6	PIC/S (MOH, Ukraine)	Tablets, Lozenges, Injections, Liquid, Ointments
7	Health Canada	Herbal and OTC products

**Mr. Kamlesh L. Udani**  
*Executive Director  
(Technical & Production)*



*State-of-the-art Tablets and Lozenges manufacturing facility at Kadaiya, Daman*

*State-of-the-art US FDA approved  
API facility at Panoli, Gujarat*



# Corporate Social Responsibility

- The company believes in the philosophy of giving-back, and accordingly regularly contributes for the causes of healthcare, education and development of needy section of the society including women and children.

## Some recent initiatives are as under:

- During the year, like last several years, the company sponsored participation of over 40 employees of the company in 11<sup>th</sup> edition of Standard Chartered Mumbai Marathon to support the noble cause of Shrimad Rajchandra Love & Care, an NGO engaged in focused activities across the areas of health care, educational care, child care, woman care, tribal care, community care, humanitarian care, animal care, environmental care and emergency relief care, benefitting the entire spectrum of life.
- The company has been regularly supporting the cause of availability of medical facilities to needy people in the area of Bharuch and Ankleshwar. The company has supported setting up of 100-bed state-of-the-art Jayaben Mody Hospital at Ankleshwar and during the year generously contributed towards further modernization of the hospital to meet needs of the people residing in the area.
- The company regularly contributes in making the medicines available to poor and needy people. In this pursuit, the company regularly contributes to Sardar Vallabhbhai Patel Rotary General Hospital, Ankleshwar to subsidize medicines for families below poverty line. The company also spends in making the necessary medicines available



*Blood Donation Camp organized at Daman*

to poor patients in certain districts of Maharashtra. Last year, the company generously supplied medicines to the Government of Gujarat and Red Cross Society for the benefit of flood victims of Uttarakhand.

- The company also supported Women Empowerment Project to uplift women from economically weak section by supporting various skill development programmes.
- The company has supported setting up of J.B. Mody School in Bharuch. This school today caters to the need of about 400 students from KG to 12<sup>th</sup> standard. The company is also working on the setting up of Ansuyaben Mody CBSC School at Dahej for children from 1<sup>st</sup> to 12<sup>th</sup> standard.
- The company's Daman unit regularly organizes Blood Donation Camp for the benefit of needy patients.

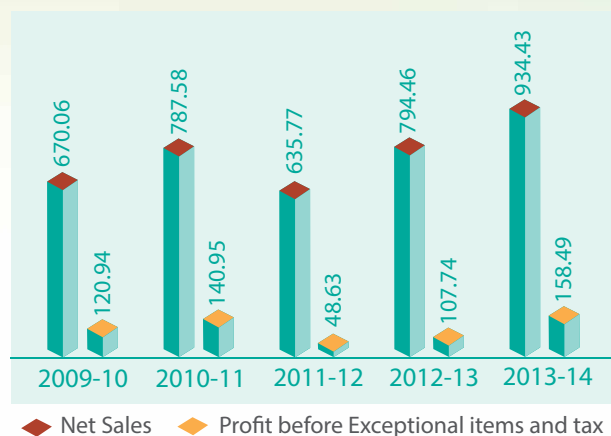


*JBCPL team at Standard Chartered Mumbai Marathon, 2014*

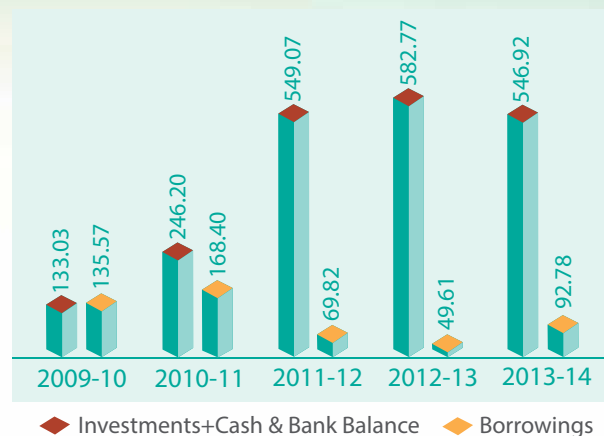


# Financial Highlights

Net Sales & Profit before Exceptional item and tax  
(₹ in crores)



Investments + Cash & Bank Balance/ Borrowings  
(₹ in crores)



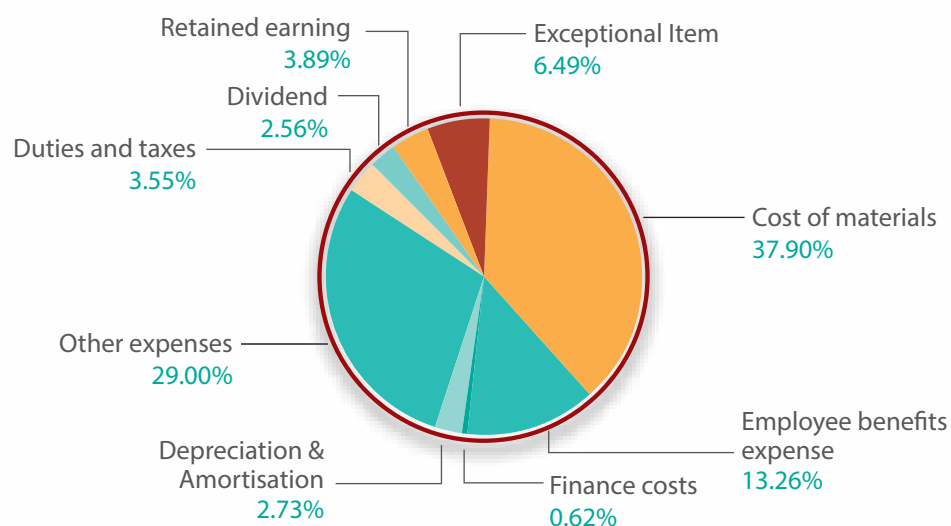
Share Capital + Reserves & Surplus  
(₹ in crores)



Book Value  
(in ₹)



Distribution of Revenue 2013-14



## Board of Directors



**Jyotindra B. Mody**  
*Chairman & Managing director*



**Dinesh B. Mody**  
*Whole time director  
(Administration)*



**Shirish B. Mody**  
*Whole time director  
(Marketing)*



**Bansidhar S. Mehta**  
*Non-Executive  
Non-Independent director*



**Durga Dass Chopra**  
*Independent director*



**Bharat P. Mehta**  
*Whole time director  
(Planning & Development)*



**Pranabh Mody**  
*President & Whole time director  
(Operations)*



**Rajiv C. Mody**  
*Independent director*



**Kamlesh L. Udani**  
*Executive director  
(Technical & Production)*



**Dr. Satyanarain Agarwala**  
*Independent director*



**Sanjay Asher**  
*(Alternate to Mr. Jashvantrai B. Joshi)  
Independent director*



**Dr. Niranjana N. Maniar**  
*Independent director*



**Mahesh K. Shroff**  
*Independent director*



**Jashvantrai B. Joshi**  
*Independent director*



**Krupa R. Gandhi**  
*Independent director*

## CORPORATE INFORMATION

### AUDIT COMMITTEE

Mr. Durga Dass Chopra (Chairman)  
Mr. Dinesh B. Mody  
Ms. Krupa R. Gandhi  
Mr. Mahesh K. Shroff  
Dr. Niranjana N. Maniar  
Dr. Satyanarain Agarwala

### COMPANY SECRETARY

M. C. Mehta

### BANKERS

Bank of India  
BNP Paribas  
Standard Chartered Bank

### AUDITORS

J. K. Shah & Co.  
Chartered Accountants  
Mumbai

### REGISTERED OFFICE

Neelam Centre, 'B' Wing,  
4<sup>th</sup> Floor, Hind Cycle Road,  
Worli, Mumbai 400 030.  
Tel No. (022) 2482 2222/2493 0918  
Fax No. (022) 2493 0534  
E-mail : corporate@jbcpl.com  
Website : www.jbcpl.com

### BUSINESS MANAGEMENT TEAM

Mr. Jyotindra B. Mody, Managing director  
Mr. Dinesh B. Mody, Whole time director (Administration)  
Mr. Shirish B. Mody, Whole time director (Marketing)  
Mr. Pranabh Mody, President & Whole time director (Operations)  
Mr. P. K. Singh, President - Global Business  
Mr. Nirav Mody, Sr. Vice President - Strategic Marketing and Business Development  
Mr. Jay Mehta, Sr. Vice President - International Division  
Mr. Anupam Mehta, Sr. Vice President - Materials  
Mr. Savya Sachi, Director - Marketing & Sales  
Mr. B. K. Dhar, General Manager - API (B.U.)  
Mr. Mitesh Kothari, General Manager - Diagnostic  
Mr. Bhavesh Joshi, Chief Financial Officer  
Mr. Bhushan Sachdeva, Vice President - Supply Chain Management

### CORE TECHNICAL TEAM

Mr. Bharat P. Mehta, Whole time director (Planning & Development)  
Mr. Kamlesh Udani, Executive director (Technical & Production)  
Dr. Milind Joshi, President - Regulatory Affairs  
Mr. Parmeshwar Bang, Vice President - Works  
Mr. M. K. Karve, Quality Controller - Corporate QA  
Mr. Vijaysinh V. Chauhan, Vice President - Research & Development

### REGISTRARS & SHARE TRANSFER AGENT

Datamatics Financial Services Ltd.  
Plot B- 5, Part- B,  
Cross Lane, M.I.D.C., Andheri (East)  
Mumbai 400 093  
Tel No. (022) 6671 2001-06  
Fax No.(022) 6671 2011



## DIRECTORS' REPORT

Your directors are pleased to present the thirty eighth report and audited statement of accounts of the company for the year ended on March 31, 2014.

### 1. FINANCIAL RESULTS

The following is the summary of financial performance of the company during the year under review as well as appropriation of profits.

(₹ in lakhs)

	2013-14	2012-13
Revenue from Operations (Net)	<b>95,653.39</b>	81,642.25
Other Income	<b>3,753.77</b>	2,596.07
Total Income	<b>99,407.16</b>	84,238.32
Profit before finance cost and depreciation	<b>19,177.99</b>	13,738.23
Less: Finance cost	<b>612.70</b>	524.18
Less: Depreciation & Amortisation expense	<b>2,716.51</b>	2,439.58
Profit before extraordinary item and tax	<b>15,848.78</b>	10,774.47
Less: Exceptional Item: Revision of purchase price in respect of sale of Russia-CIS OTC Business Undertaking	<b>6,450.00</b>	–
Profit before tax	<b>9,398.78</b>	10,774.47
Provision for tax:		
Current Tax (Net)	<b>2,977.02</b>	1,736.00
Deferred tax	<b>(208.56)</b>	541.80
MAT Credit	<b>(212.23)</b>	2.82
Profit for the period after tax	<b>6,842.55</b>	8,493.85
Balance brought forward from previous year	<b>44,542.81</b>	39,871.45
<b>Amount available for appropriation</b>	<b>51,385.36</b>	48,365.30
Appropriations:		
Proposed dividend	<b>2,543.23</b>	2,541.22
Tax on proposed dividend	<b>432.22</b>	431.88
Transfer to General Reserve	<b>684.26</b>	849.39
Balance carried forward to balance sheet	<b>47,725.65</b>	44,542.81
Total	<b>51,385.36</b>	48,365.30

### 2. DIVIDEND

Your directors recommend a dividend of ₹ 3 (₹ 3 per equity share in the previous year) per equity share of face value of ₹ 2 for the year 2013-14. This dividend would be paid on the total number of equity shares issued by the company as on the date of book closure for the purpose.

### 3. OPERATIONS

The normal business performance of the company during the year 2013-14 was better than the last year. During the year, the net revenue from operations at ₹ 956.53 crores was 17.16% higher against ₹ 816.42 crores in the previous year, while the total income for the year at ₹ 994.07 crores was 18.00% higher against ₹ 842.38 crores in the previous year. The profit before exceptional item and tax for the year at ₹ 158.49 crores shows growth of 47.10% over the previous year. During the year, the company paid ₹ 64.50 crores to the purchaser of company's Russia-CIS OTC business undertaking on account of revision of purchase price following mutual settlement of the disputes keeping in view the on-going business relationship and in order to avoid the cost and delay of arbitration. Consequently, the profit before tax and profit after tax for the year stood at ₹ 93.99 crores and ₹ 68.42 crores respectively.

The domestic formulations business achieved growth of 16.66%. During the current year, the company aims to improve performance based on harnessing potential of the existing products, further improving productivity of field personnel coupled with selective new products launches and cost reduction programmes.

The exports to the Rest of the world markets achieved good growth of 20.63% in terms of billing currency and 35.80% in Rupee terms. The company continues to focus on US, UK, Canada, Australia, South Africa, Africa, Latin American, Asian and Middle-East markets for future growth. The sales in Russia-CIS markets were lower than the last year. However, the company continues to invest for growth in this region.

The total sales of bulk drugs achieved growth of 59.53%.

The company earned foreign exchange of Rs. 560.54 crores (on FOB basis) and spent foreign exchange of Rs. 156.86 crores, and thus earned valuable foreign exchange for the country.

### 4. RESPONSIBILITY STATEMENT

The directors confirm:

- that in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed;
- that they have selected appropriate accounting policies and applied them consistently and made judgements 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 financial year 2013-14 and of profit of the company for that year;

## DIRECTORS' REPORT (CONTD.)

- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that they have prepared the annual accounts for the year ended on March 31, 2014 on a going concern basis.

### 5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 1 to this report.

### 6. PARTICULARS OF EMPLOYEES

The particulars of employees of the company, in terms of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in Annexure 2 to this report.

### 7. SUBSIDIARY COMPANIES

During the year, the company set up a wholly owned subsidiary company viz. Unique Pharmaceutical Laboratories FZE in Dubai, with object to place right focus on the marketing and promotion activity of Russia-CIS business so as to achieve enhanced market penetration and target growth.

The accounts, report of the directors and auditors and other statement(s) as set out in section 212 of the Companies Act, 1956, in respect of the company's subsidiaries viz. OOO Unique Pharmaceutical Laboratories, J. B. Healthcare Pvt. Ltd., J. B. Chemicals & Pharmaceuticals Private Limited and LLC Unique Pharmaceutical Laboratories are not attached pursuant to the general exemption granted by the Central Government pursuant to general circular No.2/2011 dated February 8, 2011. The first financial year of Unique Pharmaceutical Laboratories FZE, Dubai will end on March 31, 2015. The particulars of performance of the subsidiaries for and its financial positions as on March 2014 is given in consolidated balance sheet as required in terms of the said general exemption. The members are informed that annual accounts of the said subsidiaries and the related detailed information will be made available on request. The accounts of the said subsidiaries are also open for inspection by the members at the registered office of the company.

### 8. EMPLOYEE STOCK OPTION PLAN

The disclosures in respect of the company's Employee Stock Option Plan, as required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee

Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure 3 to this report.

### 9. CORPORATE GOVERNANCE

A certificate from auditors of the company on compliance of conditions of corporate governance is annexed to this report. The management discussion and analysis report and compliance report on corporate governance as required by clause 49 of the listing agreement form part of this annual report. The corporate governance report contains information as on and has been prepared in accordance with the provisions as applicable on March 31, 2014.

### 10. PUBLIC DEPOSITS

As on the year end, total unmatured deposits stand at ₹1087.60 lakhs, while deposits amounting to ₹0.85 lakhs remained unclaimed. During the year, the company repaid deposits of ₹ 540.40 lakhs.

### 11. HEALTH AND SAFETY

The company continues to accord high priority to health and safety of employees at all manufacturing locations. During the year under review, the company conducted safety training programmes for increasing disaster preparedness awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants.

### 12. DIRECTORS

In accordance with provisions of the Companies Act, 2013, Mr. Shirish B. Mody and Mr. Kamlesh L. Udani retire by rotation at the ensuing annual general meeting. They, being eligible, have offered themselves for re-appointment. During the year, Ms. Krupa R. Gandhi was appointed as an additional director.

Mr. D.D. Chopra, Dr. S. Agarwala, Mr. Rajiv C. Mody, Dr. N.N. Maniar and Mr. Mahesh K. Shroff are the directors appointed by the members at general meeting and are independent directors of the company within the meaning of Listing Agreement entered into with the stock exchanges. It is proposed to appoint them as independent directors of the company pursuant to the Companies Act, 2013 in order to ensure compliance with mandatory provisions thereof in relation to appointment of independent directors.

Mr. Jashvantraai Joshi was appointed by the board on April 18, 2012, in casual vacancy caused by resignation of Mr. Rohan Shah. He is also an independent director and holds office up to the date of ensuing annual general meeting. Ms. Krupa R. Gandhi was appointed by the board on January 15, 2014, as

## DIRECTORS' REPORT (CONTD.)

an additional director. She is also an independent director and holds office up to the date of ensuing annual general meeting. It is also proposed to appoint Mr. Jashvantrai Joshi and Ms. Krupa R. Gandhi as independent directors of the company. The company has received pursuant to section 160 of the Companies Act, 2013 notice from a member proposing candidature of Mr. Jashvantrai Joshi and Ms. Krupa R. Gandhi to the office of director of the company.

### 13. AUDITORS

The board of directors recommends re-appointment of M/s J.K. Shah & Co., Chartered Accountants, as auditors of the company, to hold office after conclusion of ensuing annual general meeting until conclusion of the next annual general meeting. M/s J.K. Shah & Co., being eligible, have submitted their written consent and certificate of eligibility.

### 14. COST AUDITORS

The board of directors appointed N.I. Mehta & Co., Cost Accountants, as cost auditors, to audit the cost accounts for pharmaceutical activities for the financial year 2013-14.

The cost audit report in respect of pharmaceutical activities of the company for the financial year ended on March 31, 2013 was filed with the Central Government on September 23, 2013, which was within the prescribed period of one hundred and eighty days from the close of the said financial year.

### 15. SCHEME OF AMALGAMATION AND ARRANGEMENT

Subsequent to the year-end, the board of directors has approved a Scheme of Amalgamation and Arrangement between Jyotindra Mody Holdings Private Limited and Ansuya Mody Securities Private Limited and Dinesh Mody Securities Private Limited and Kumud Mody Securities Private Limited

and Shirish B. Mody Investments Private Limited and Bharati S. Mody Investments Private Limited ("Transferor Companies") and J. B. Chemicals & Pharmaceuticals Limited ("Transferee Company") and their respective shareholders under sections 391 to 394 read with sections 100 to 103 of the Companies Act, 1956 and section 55 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 ("Scheme"). The company has received Observation Letter from Bombay Stock Exchange and National Stock Exchange Conveying their no-objection to the Scheme. The Scheme and the other related documents have been placed on the company's website [www.jbcpl.com](http://www.jbcpl.com).

### 16. INCREASE IN PAID UP CAPITAL

Subsequent to the year-end, the company has issued and allotted 38,125 equity shares of ₹ 2 each consequent to exercise of options granted under employee stock option scheme of the company as approved by the members. Consequently, the paid-up share capital is increased to 8,47,69,750 equity shares of ₹ 2 each.

### 17. APPRECIATION

Your directors record their sincere gratitude to the banks for their assistance and shareholders, business associates, medical professionals and customers for their continued support and faith in the company and to employees of UNIQUE FAMILY for their valuable services and commitment.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date : August 5, 2014

**J. B. Mody**  
**Chairman & Managing Director**

## ANNEXURE 1 TO THE DIRECTORS' REPORT

### A. CONSERVATION OF ENERGY:

#### (a) Energy conservation measures taken during the year:

During the year, efforts to optimise energy conservation continued by monitoring and improving manufacturing processes, equipments and devices used at the manufacturing locations. The various energy conservation measures taken during the year include replacement of auto cartoning machine with high speed auto cartoning machine and discontinuation of gas based power plant and instead started use of electricity purchased through energy Exchange.

#### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The proposals being considered for energy conservation include replacement of present boilers with high energy efficient boilers.

#### (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The energy conservation measures undertaken during the year have helped control the power and fuel cost. This has contributed in controlling the cost of power and fuel and has thereby contributed in controlling the cost of production.

#### (d) Total energy consumption and energy consumption per unit as per Form A

A	Power & Fuel Consumption	Current Year	Previous Year
1	Electricity		
	(a) Purchased		
	Units (in 000 KWHs)	36,111.48	26,526.81
	Total amount (₹ in lakhs)	2,431.04	1,714.67
	Rate / Unit (₹)	6.73	6.46
	(b) Own Generation		
	(i) Through Diesel Generator		
	(Unit in '000)	681.68	1,159.10
	Units per litre of diesel oil (Kwh/Ltr.)	2.33	2.83
	Total amount (₹ in lakhs)	143.34	195.77
	Cost per unit (₹)	21.03	16.89
	(ii) Gas used for power generation		
	Gas (Units in '000)	301.32	4,382.20
	Units per gas (M3)	3.37	3.00
	Total amount (₹ in lakhs)	35.25	465.53
	Cost per unit (₹)	11.70	10.62
2	Furnace Oil		
	Quantity (kilo litres)	548.49	682.93
	Total amount (₹ in lakhs)	355.27	405.94
	Average Rate (₹ / kilo litre)	64,772.37	59,440.92

3	Gas used for manufacturing		
	Gas; Quantity (SM3)	4,126.20	3,428.94
	Total Cost (₹ in lakhs)	1,526.20	1,046.87
	Average Rate per 1000 SM3 (₹)	36,988.03	30,530.42

B Consumption per unit of production		Std. if any	Current year
Products, Unit	From the records and other books maintained by the company, in accordance with the provisions of the Companies Act, 1956, the company is not in a position to give the information required as per this format.		
Electricity			
Furnace Oil			
Coal			
Others			

### B. TECHNOLOGY ABSORPTION:

#### Research and Development (R&D)

#### 1 Specific areas in which R & D has been carried out by the Company

- R & D has been working on several ANDAs for filing with US FDA as well as other regulatory markets like Europe, Africa, Russia/CIS, Asia and Australia.
- Development of novel oral drug delivery system for anti-spasmodic and anti-hypotensive/vasopressor formulation.
- Development of formulations in anti-hypotensive, anti-fungal, anti-hypertensive and NSAID segments for regulated market.
- Development of mucolytic formulation, anti-acne topical preparation, proton pump inhibitor formulation and anti-microbial formulation.
- Development of a new drug delivery system for corticosteroid tablet using test masking technology for US market.
- Development of centre filled lozenges for better efficacy.
- Improvement of existing products, cost and process improvement.
- API: R&D is in process of developing processes for new APIs and intermediates, and improving the existing processes to reduce cost and make the processes eco-friendly. Another area of work is to have import substitution and to be self sufficient.
- Analytical processes for all the above are developed and validated.

#### 2 Benefits derived as a result of above R & D

- Process simplification and improvement for API/drug products and technology transfer for commercial production.
- Cost improvement in API synthesis and formulation development.
- Improvement in technology has resulted in minimization of environmental hazards.
- Successful implementation of site variation projects.

## ANNEXURE 1 TO THE DIRECTORS' REPORT (CONTD.)

### 3 Future plan of action

- (a) To continue development of drugs for filing ANDAs.
- (b) Process development / improvement involving green technologies for manufacture of APIs and its commercialisation.
- (c) Pharmaceutical research and development of dosage forms.
- (d) Research in the field of herbal medicines.

### 4 Expenditure on R & D

		(₹ in lakhs)
(a)	Capital	57.90
(b)	Recurring	1,777.91
(c)	Total	1,835.81
(d)	Total R & D expenditure as a percentage of total turnover	1.92%

### Technology absorption, adaptation and innovation

#### 1 Efforts, in brief, made towards technology absorption, adaptation and innovation:

- (a) Development of patent non-infringing formulations and new drug delivery systems and various dosage forms.
- (b) Development of indigenous technology.
- (c) Application of developed technology to products at pilot plants and transfer thereof for commercial production.

#### 2 Benefits derived as a result of the above efforts

- (a) Improvement in productivity, quality of products and improvement in cost of production.
- (b) Meeting norms of regulatory agencies to facilitate exports.
- (c) Expansion of product line to cater to growing domestic and international market.

- (d) Reduction in the environmental burden thus making process eco-friendly.

- (e) Import substitution.

### 3 Information with respect to imported technology

The requirement to furnish specified information on imported technology is not applicable as the company has not imported any technology during the last five financial years.

### C FOREIGN EXCHANGE EARNINGS AND OUTGO:

#### (a) Activities related to exports, initiative taken to increase exports, development of new export markets for products and services and export plans:

The company's thrust is to increase the exports. The various initiatives taken to increase exports and development of export market include aggressive promotion of prescription and OTC products, applications for registration of new products with regulatory authorities, development of new products and new dosage forms for international market, participation in international meets of the industry, commencement of necessary R&D work for filing of new ANDAs and development of new customers for product development services.

#### (b) Total foreign exchange used and earned:

During the year under review, the company earned foreign exchange (on FOB basis) amounting to ₹ 56,054.11 lakhs, while the outgo in foreign exchange amounted to ₹ 15,685.84 lakhs.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date : August 5, 2014

**J. B. Mody**  
**Chairman & Managing Director**

## ANNEXURE 2 TO THE DIRECTORS' REPORT

**Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the directors' report for the year ended on March 31, 2014.**

(a) Name & age (years) (b) Designation/nature of duties (c) Gross remuneration received (₹) (d) Qualification(s) & experience (years) (e) Date of commencement of employment (f) Last employment & Post held

(a) Joshi M.D. (Dr.) (50) (b) President-Global Regulatory Management (c) 1,05,52,673 (d) M.Sc. Ph.D. (28) (e) 07.12.1989 (f) Adonis Labs Pvt. Ltd.-Executive-Quality Assurance (a) Mehta B.P. (66) (b) Whole time director (Planning & Development) (c) 1,75,48,034 (d) B.Sc. (43) (e) 01.01.1977 (f) Unique Pharma Labs.-Production Manager (a) Mehta J. B. (36) (b) Senior Vice President- International Division (c) 99,28,849 (d) B.Sc.(Chem. Engg.) (9) (e) 01.10.2004 (f) Allergan Pharmaceuticals-Research Project In-charge (a) Mody D.B. (78) (b) Whole time director (Administration) (c) 4,03,60,006 (d) Exp. in Admn. (59) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Whole time director (Administration) (a) Mody J.B. (85) (b) Managing Director (c) 4,03,59,903 (d) Inter Sc. (63) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Managing Director (a) Mody N. S. (33) (b) Senior Vice President- Strategic Marketing & Business Development (c) 99,26,886 (d) B.Sc. in Business Admn. (9) (e) 13.07.2004 (f) Rodman & Renshaw-Equity Research Analyst (a) Mody P.D. (51) (b) President & Whole time director (Operations) (c) 1,75,47,690 (d) B.Pharm., M.B.A. (USA) (27) (e) 25.06.1987 (f) First employment (a) Mody S.B. (73) (b) Whole time director (Marketing) (c) 4,03,60,537 (d) B.Sc. (Tech.) (54) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.- Director-Technical (a) Singh P.K. (49) (b) President (Global Business) (c) 81,27,985 (d) M.Pharm (27) (e) 01.12.2001 (f) Coral Laboratories-General Manager (International Division) (a) Udani K.L. (60) (b) Executive Director (Technical & Production) (c) 1,00,88,903 (d) B.E. (Elect.), M.B.A. (34) (e) 01.02.2001 (f) Unique Pharmaceutical Laboratories Ltd.-Managing Director

Notes: (1) The nature of employment of the above employees is contractual in nature. The other terms and conditions of each of the above are as per the contract/letter of appointment and rules of the company. (2) Mr. J.B. Mody, Mr. D.B. Mody and Mr. S.B. Mody are related to each other as brothers. Mr. P.D. Mody is son of Mr. D. B. Mody. Mr. N.S. Mody is son of Mr. S. B. Mody. Mr. B.P. Mehta is son-in-law of Mr. J.B. Mody and Mr. J.B. Mehta is son of Mr. B.P. Mehta and grand son of Mr. J.B. Mody.

**For and on behalf of the Board of Directors**

Place: Mumbai

Date : August 5, 2014

**J. B. Mody**

**Chairman & Managing Director**

## ANNEXURE 3 TO THE DIRECTORS' REPORT

**Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on March 31, 2014.**

The information pertaining to options granted under the Employee Stock Options Scheme formulated pursuant to the special resolution passed by the shareholders on March 18, 2004 is as under:

		Year of Grant		
		2004	2005	2006
(a)	Options granted	475,000	563,240	547,000
(b)	Options vested	271,800	228,000	203,175
(c)	Options exercised	271,800	189,375	75,450
(d)	The total number of shares arising as a result of exercise of option	271,800	189,375	75,450
(e)	Total number of options in force	–	39,625	127,725
(f)	Options lapsed	203,200	334,240	343,825
(g)	Money realized by exercise of options (₹)	17,123,400	15,907,500	7,167,750
(h)	Total number of options in force	–	39,625	127,725



**ANNEXURE 3 TO THE DIRECTORS' REPORT (CONTD.)**

		Year of Grant		
		2004	2005	2006
(i)	Weighted-average exercise price of options whose			
	(a) Exercise price equals market price	₹ 63	–	–
	(b) Exercise price is greater than market price	–	–	₹ 95
	(c) Exercise price is less than market price	–	₹ 84	–
	Weighted-average fair value of options whose			
	(a) Exercise price equals market price	₹ 20	–	–
	(b) Exercise price is greater than market price	–	–	₹ 26
	(c) Exercise price is less than market price	–	₹ 35	–
(j)	The pricing formula	An amount equal to ninety five percent of the average daily closing price of the shares of the company quoted on National Stock Exchange of India Ltd. during the period of twelve weeks preceding the date of grant.		
(k)	Variation of terms of option	There has been no variation in the terms of options.		
(l)	Employee wise details of options granted	<p>(i) The options granted to senior managerial person are as under. The number in bracket represents the total number of options granted. Dr. M.D. Joshi (34,000), Mr. P.K. Singh (33,000), Mr. A.P. Mehta (34,000), Mr. Ashok Patel (34,000) and Mr. Madhav K. Karve (23,000).</p> <p>(ii) No employee has received a grant in any one year of option amounting to 5% or more of option granted during that year.</p> <p>(iii) No employee has been granted options equal to or exceeding 1% of the issued capital of the company in any year.</p>		
(m)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	₹ 8.07		
(n)	Difference in employee compensation cost, calculated using intrinsic value of options and fair value of options. Its impact on profits and EPS.	Not Applicable as employee compensation cost has been fully amortized in the previous years.		
(o)	A description of the method and significant assumptions used to estimate the fair values of options.	<p>As there was no further grant of option during the year 2013-14, the fair value estimated in the earlier year at the time of grant is considered for calculating the impact on earnings per share. A description of significant assumption used during the previous year to estimate the fair value of the options using the Black Scholes Option Pricing model including relevant weighted average information is as under:</p> <p>(i) risk-free interest rate : 6.85%</p> <p>(ii) expected life (years) : 5</p> <p>(iii) expected volatility : 36.96%</p> <p>(iv) expected dividends : 3.19</p> <p>(v) the price of the underlying share in market at the time of option grant : Grant 2004 – ₹ 63.00 Grant-2005 – ₹ 95.20 Grant-2006 – ₹ 88.85</p>		

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: August 5, 2014

**J. B. Mody**  
**Chairman & Managing Director**

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY DEVELOPMENTS

The domestic formulations industry at sales of over ₹80,000 crores for 12 months period ended March 2014, grew at around 10% (IMS). The growth of Indian formulations industry continues to remain robust and new product introductions and increased volumes remained key contributors to growth. Certain issues arising out of implementation of Drugs (Prices Control) Order, 2013 reportedly impacted the industry's sales for sometime during the year, however, the same now appears settled.

Clearly with a view to participate in growth potential of domestic pharmaceutical market, the market continues to show intense competition with increased number of brands and new combination being launched in the market.

### OPPORTUNITIES & THREATS

#### Domestic Business:

The domestic formulations industry has been consistently growing well for last several years and the prospects going forward seem robust. The future outlook for the industry and growth expectations remains positive in view of increased government and private spending on healthcare. The per capita consumption of drugs is on increase due to spurt in chronic diseases coupled with increase in literacy rate, increase in per capita income, improved health care access, increasing market penetration and increasing health awareness. All these are expected to provide growth opportunity in coming years. The brand building, new products introductions, product awareness programmes, price revisions and penetration in rural markets will remain growth enablers. For the company, the domestic formulations business is a thrust area and has consistently shown growth in last several years. In view of good long term growth prospects offered by the domestic industry and the company's strengths in this business, the company has good growth potential and is well poised to take advantage of the growing market.

During 2013-14, prescription based formulations business of the company registered 16% growth. The company's growth strategy includes focusing on growing therapeutic segments like anti-infective, cardiovascular, pain management and gastrointestinal, new product introductions, deeper penetration in rural market and increased focus on hospital business accompanied by CME and CDE programmes for doctors and special marketing campaigns. During the year, the company also launched products in dermatological, anti-peptic ulcerant and antacid segments. Despite the challenges before the company to grow domestic formulation business and further as the sales in this business essentially depend on prescription generation which is essentially a slow process, the company is quite hopeful of growing the business in this segment.

The company has already created good brands like Rantac (anti-peptic ulcerant), Metrogyl (amoebicides) and Nicardia (cardiology), etc. which feature in top 300 brands (IMS) and otherwise enjoys strong brand equity in trade and medical fraternity. The sustained brand building efforts in cardiac, gastro, topical anti-infective and pain management segments have met with good success.

Your company's contrast media division performed well with growth of 25%. The company plans to enhance its focus on government tender business in view of significant spends planned under various healthcare schemes.

The rising costs on one hand and price control on the other remain a concern.

#### International business:

The wide geographical presence in international market, State-of-the-art manufacturing facilities with approval from health authorities such as US FDA, UK MHRA, TGA Australia, MCC South Africa, MOH-Ukraine, etc. and wide range of products across injectable, solid and semi-solid along with strong regulatory and R&D backup present a good business opportunity and has good growth outlook.

The company's exports of formulations at ₹464.20 crores registered 15% growth over the previous year. All focus markets in this business segment performed well. The company has increased its focus on US business and accordingly has identified several potential products for this market. Besides ANDAs, the company's focus is on contract manufacturing, branded generics products, lozenges and contrast media products. While in terms of market, the company's focus is on USA, South Africa, UK, Canada, Australia and semi-regulated markets. The company has placed high focus on the contract manufacturing business to build long term stable revenue stream.

Biotech Laboratories (Pty.) Ltd., a South African marketing and distribution company in which your company holds 49% equity stake through a subsidiary, has been performing well. For the year ended 2013, it registered 45 % growth in its income, while it maintained its profit after tax despite higher input cost.

As regards Russia-CIS business, the company is in the process of ramping up its operations in this region. The company continues to invest in necessary infrastructure to achieve the planned growth.

The company does not perceive any major concern in the international business.

### SEGMENT WISE PERFORMANCE

The company is engaged in one segment viz. pharmaceuticals. During the year under review, domestic formulations business, formulations exports and API business all achieved good growth.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

The domestic formulations business with sales of ₹ 322.92 crores registered growth of 16% against industry growth of about 10% during the year. The contrast media division also achieved growth of 25%. Harnessing the potential of existing products basket, penetration into existing and new markets, selective new product launches and focus on increase in productivity are all expected to help achieve good growth in the current year.

The exports to Rest of the world countries at ₹ 299.68 crores grew by 36% in Rupee terms, while it achieved growth of 21% in US Dollar terms. While sales in markets such as Australia, South Africa, Latin America and Africa achieved good growth, the sales in US market grew marginally, however, the growth prospects in the US market remain high. The products in amoebicides, cardiac, NSAID and contrast media segment achieved good growth. The sales of prescription products in Russia-CIS markets at ₹87.87 crores were lower compared to the previous year. The sales of active pharmaceutical ingredients at ₹ 99.33 crores registered growth of 59%.

### OUTLOOK

In view of good business outlook both in domestic and international market as discussed above, the company's manufacturing infrastructure of international standard, strong products portfolio with high growth brands, strong marketing capability and strong balance sheet present good outlook for the company's business.

### RISKS AND CONCERNS

Your company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchange risk and other commercial and business related risks.

### INTERNAL CONTROL SYSTEMS

Your company has an adequate system of internal controls, which ensures that its assets are protected from loss and unauthorized

use as well as business affairs are carried out in accordance with established procedures. These systems of internal controls also ensure that transactions are carried out based on authority and are recorded and reported in line with generally accepted accounting principles. The company also has a system of regular internal audit carried out by competent professional retained by the company. The internal audit programme is approved by the audit committee, and findings of the internal auditor are placed before the audit committee at regular interval. The company's use of SAP as ERP platform also helps in exercise of timely controls.

### FINANCIAL PERFORMANCE

The net revenue from operations stood at ₹ 956.53 crores as against ₹ 816.42 crores in the previous year, while the total revenue for the year stood at ₹ 994.07 crores against ₹ 842.38 crores in the previous year.

The profit before extraordinary item and tax at ₹ 158.48 crores shows growth of 47%. The exceptional item of ₹ 64.50 crores represents payment to Cilag GmbH International ("Cilag") on account of revision of purchase price for sale of Russia-CIS OTC business undertaking, following mutual settlement of disputes raised by Cilag in relation to the said sale. After this exceptional item, the profit before tax and profit after tax for the year stood at ₹ 93.98 crores and ₹ 68.42 crores respectively.

The earning per share for the year was ₹ 8.08 per equity share of face value of ₹ 2 each.

### HUMAN RESOURCE

The relationship with employees and workers continued to be cordial at all levels. As on March 2014, employee strength in India was 2480.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company's philosophy on code of governance is aimed at assisting the management and the board of directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. These practices are intended to achieve balance among enhancement of stakeholder value, achievement of financial objective and corporate social responsibility.

### 2. BOARD OF DIRECTORS

The strength of the board of directors of the company as on the year end was fourteen. Six directors, including Mr. Jyotindra B.

Mody, Chairman & Managing Director, are executive directors, while eight directors are non-executive and independent directors.

4 meetings of the board of directors were held during the year ended on March 31, 2014. These meetings were held on May 24, 2013, July 26, 2013, October 30, 2013 and February 11, 2014.

The information on composition and category of directors as well as attendance of each director at the meeting of the board of directors held during the year ended on March 31, 2014 and at the last annual general meeting and their directorships/ committee membership in other public companies as of the year-end is as under:

Name of director	Category	No. of board meetings attended	Attendance at last AGM	No. of other directorship(s)	Other committee position	
					Member	Chairman
Mr. Jyotindra B. Mody	Executive (Promoter)	4	Yes	4	–	–
Mr. Dinesh B. Mody	Executive (Promoter)	4	Yes	3	–	–
Mr. Shirish B. Mody	Executive (Promoter)	4	Yes	3	–	–
Mr. Bharat P. Mehta	Executive (Promoter Group)	4	Yes	2	–	–
Mr. Pranabh Mody	Executive (Promoter Group)	4	Yes	3	1	–
Mr. Kamlesh L. Udani	Executive	3	Yes	2	–	–
Mr. Bansidhar S. Mehta	*Non-Executive & Independent	4	Yes	13	6	4
Mr. Durga Dass Chopra	Non-Executive & Independent	3	Yes	–	–	–
Dr. Satyanarain Agarwala	Non-Executive & Independent	4	Yes	1	–	–
Dr. Niranjana N. Maniar	Non-Executive & Independent	4	Yes	–	–	–
Mr. Mahesh K. Shroff	Non-Executive & Independent	3	No	–	–	–
Mr. Rajiv C. Mody	Non-Executive & Independent	1	No	3	1	–
Mr. Jashvantra B. Joshi	Non-Executive & Independent	–	No	–	–	–
Mr. Sanjay K. Asher (Alternate to Mr. Jashvantra B. Joshi)	Non-Executive & Independent	1	No	15	6	4
Ms. Krupa R. Gandhi (appointed as additional director w.e.f. 15/01/2014)	Non-Executive & Independent	1	Not Applicable	–	–	–

\*Non-Executive Non-independent director from May 10, 2014.

Notes:

- (1) The directorships exclude alternate directorships, directorships of private limited companies, bodies corporate incorporated outside India and those held in associations.
- (2) The committee positions pertain to position held on Audit Committee and Shareholders'/Investors Grievance Committee of public limited companies.

### 3. AUDIT COMMITTEE

The terms of reference of the audit committee are those prescribed under clause 49 of the listing agreement as well as under section 292A of the Companies Act, 1956.

The composition of the audit committee complies with the requirement laid down in clause 49 of the listing agreement. Mr. D. D. Chopra, Chartered Accountant, is Chairman of the audit committee, while Mr. Dinesh B. Mody, Dr. S. Agarwala, Mr. Mahesh K. Shroff, Dr. N.N. Maniar and Ms. Krupa R. Gandhi are the other members of the audit committee. M.C. Mehta, Company Secretary, acts as secretary to the audit committee.

## CORPORATE GOVERNANCE REPORT (CONTD.)

4 meetings of the committee were held during the year ended on March 31, 2014. These meetings were held on May 24, 2013, July 26, 2013, October 30, 2013 and February 11, 2014. The information with regard to attendance of the members is as under:

Name	Position held	Category	No. of meetings attended
Mr. Durga Dass Chopra	Chairman (w.e.f. 15-4-2014)	Non-executive & independent director	3
Mr. Dinesh B. Mody	Member	Executive director (Promoter)	4
Dr. Satyanarain Agarwala	Member	Non-executive & independent director	4
Mr. Mahesh K. Shroff	Member	Non-executive & independent director	3
Dr. Niranjana N. Maniar	Member	Non-executive & independent director	4
Ms. Krupa R. Gandhi (w.e.f. 17/01/2014)	Member	Non-executive & independent director	1
Mr. Bansidhar S. Mehta (upto 16/01/2014)	Chairman	Non-executive & independent director	3

The Chairman & Managing Director, President & Whole time director (Operations), finance head, statutory auditor and internal auditor are regular invitees to the audit committee meetings.

#### 4. REMUNERATION COMMITTEE AND DETAILS OF REMUNERATION

The company has set up a Remuneration Committee, which comprises of three independent directors namely Mr. Mahesh K. Shroff, Chairman, Mr. D. D. Chopra and Dr. Niranjana N. Maniar. One meeting of remuneration committee was held during the year and was attended by all members of the committee. The terms of reference of the committee are to decide remuneration of the executive directors.

##### (i) Remuneration and shareholding of Non-executive directors

The non-executive directors at present are only paid sitting fees for attending meetings of the board and committee(s) thereof. Keeping in view industry practices being the criteria relied upon by the board, the board unanimously decides the amount of sitting fees to be paid from time to time, based on the power conferred by the Articles of Association of the company.

The sitting fee presently fixed does not require prior approval of the shareholders. The information on amount of sitting fees paid to the non-executive directors for attending meetings of the board and committee(s) thereof held during the year ended on March 31, 2014 and the number of equity shares held by them in the company as of March 31, 2014 is as under:

Name	Sitting Fees (₹)	No. of shares held
Mr. Bansidhar S. Mehta	1,60,000	11,700
Mr. Durga Dass Chopra	1,60,000	3,07,930
Dr. Satyanarain Agarwala	1,60,000	1570
Dr. Niranjana N. Maniar	1,65,000	15,000
Mr. Mahesh K. Shroff	1,50,000	57,505
Mr. Sanjay K. Asher	20,000	–
Mr. Rajiv C. Mody	20,000	–
Ms. Krupa R. Gandhi	40,000	–

During the year under report, the non-executive directors' neither had any other pecuniary relationship nor entered into any other transaction vis-à-vis the company. None of the non-executive directors, other than as stated above, hold any shares in the company.

##### (ii) Remuneration of Executive directors

The remuneration paid to the executive directors of the company for the year ended on March 31, 2014 summarized under major elements is as under:

(₹ in lakhs)

Name	Salary	Allowances & Perquisites	Retiral benefits	Total
Mr. Jyotindra B. Mody	160.16	200.20	43.24	403.60
Mr. Dinesh B. Mody	160.16	200.20	43.24	403.60
Mr. Shirish B. Mody	160.16	200.20	43.24	403.60
Mr. Bharat P. Mehta	77.30	77.31	20.87	175.48
Mr. Pranabh Mody	77.30	76.96	21.22	175.48
Mr. Kamlesh L. Udani	44.44	44.44	12.00	100.88

Notes:

1. All the above remuneration components are fixed in nature.
2. As per the company's Employee Stock Option Scheme, a director in employment of the company is not eligible to receive options under the Scheme.
3. The appointment of each executive director is for a period of five years from the respective date of appointment.
4. The company has entered into contract with each executive director setting out terms and conditions of appointment, which contract can be terminated by either party by giving three months notice to the other. The contract so entered into does not provide for payment of severance fees.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### 5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance committee consists of Mr. Mahesh K. Shroff, Chairman, Mr. Durga Dass Chopra, Mr. Jyotindra B. Mody and Mr. Dinesh B. Mody. M. C. Mehta, Company Secretary, acts as secretary to the committee, and is the compliance officer. The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. The status of the investors' complaints is reviewed by the Investors Grievance Committee generally on quarterly basis. During the year ended on March 31, 2014, the company received 30 investor complaints, out of which 29 have been attended to before the end of the year, and believed to have been resolved to the satisfaction of the investors and one complaint which remained pending at the year-end has since been resolved to the satisfaction of the investor.

The board of directors, in order to expedite share transfers, has delegated the power of share transfer to committee of directors, which meets regularly to consider and approve transfer of shares in physical form. During the year ended on March 31, 2014, the company received 11 share transfer requests for transfer of 17,925 shares held in physical form. All these share transfers have been timely processed. No valid share transfer request received during the year was pending at the year-end.

### 6. GENERAL BODY MEETINGS

The information relating to the location and time of last three annual general meetings and the special resolutions passed thereat is as under:

Year	Location	Date	Time	Whether any special Resolution passed
10-11	Patkar Hall, New Marine Lines, Mumbai - 400 020.	July 25, 2011	3.00 p.m.	Yes. Three special resolutions passed.
11-12	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	July 30, 2012	3.30 p.m.	No.
12-13	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	August 14, 2013	3.30 p.m.	Yes. Six special resolutions passed.

The company has neither passed any special resolution through postal ballot during 2013-14 nor at present proposes to pass any special resolution through postal ballot during the current year.

### 7. DISCLOSURES

- The company has not entered into any materially significant related party transactions with its promoters, directors or management or their relatives etc. that may have potential conflict with the interest of the company at large.
- To the best of the company's knowledge, there has been no incidence of non-compliance with requirement of stock exchange, SEBI or other statutory authority, on matters relating to capital markets during last three years. During last three years, no penalty or stricture has been imposed on the company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.
- The board of directors has laid down the code of conduct for directors and senior management personnel including all functional heads, which they are bound to observe in the course of conduct of business of the company. This code of conduct has been posted on the website of the company. Each director of the company and senior management personnel including all functional heads, to whom the code has been made applicable, have affirmed their compliance with the code. A declaration by Mr. Jyotindra B. Mody, Chairman & Managing Director, to this effect forms part of this report.
- The company is yet to establish formal whistle blower mechanism. However, the audit committee does not deny access to any personnel of the company.
- Mr. Jyotindra Mody, Mr. Dinesh Mody and Mr. Shirish Mody are related to each other as brothers. Mr. Bharat Mehta is related to Mr. Jyotindra Mody as son-in-law. Mr. Pranabh Mody is son of Mr. Dinesh Mody. Ms. Krupa R. Gandhi is daughter of Mr. Bansidhar S. Mehta.
- The company is in compliance with all mandatory requirements of clause 49 of the listing agreement. The status on adoption of non-mandatory requirement is set out in this report.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### 8. MEANS OF COMMUNICATION

The quarterly results are generally published in Business Standard and Sakal, and also displayed on the company's website [www.jbcpl.com](http://www.jbcpl.com). The official news releases are also displayed on the company's website. During the year, the company has not made any presentation to analysts.

### 9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	September 15, 2014 at 3.30 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.
Date of Book Closure	September 6, 2014 to September 15, 2014 (both days inclusive).
Dividend Payment Date	September 23, 2014.
Financial year	April to March
Listing on Stock Exchanges	<ul style="list-style-type: none"> <li>- BSE Limited</li> <li>- National Stock Exchange of India Limited</li> </ul> <p>The company has paid the annual listing fees for the period 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 to both the stock exchanges.</p>
Stock Code	<p>BSE: 506943</p> <p>NSE: JBCHEPHARM</p>
ISIN	The ISIN no. for dematerialization of the company's shares with NSDL and CDSL is INE572A01028.
Market Price Data	Annexure A
Performance in comparison to BSE Sensex	Annexure B
Registrar and Share Transfer Agents	<p>Datamatics Financial Services Ltd.</p> <p>Plot No.B-5, Part B Cross Lane, MIDC, Marol, Andheri (E), Mumbai - 400 093.</p> <p>Tel. No.: 022-6671 2001 - 06</p> <p>Fax No.: 022-6671 2011</p> <p>Email: <a href="mailto:corpequity@dfssl.com">corpequity@dfssl.com</a></p>
Share Transfer System	The share transfer committee comprising of four members of the board meets regularly to consider and approve transfer of shares.
Distribution of Shareholding as on 31-03-2014.	Annexure C
Shareholding pattern	Annexure D
Dematerialization of shares	Annexure E
Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.	The company has not issued any GDR/ADR/warrants or any other convertible instrument.
Plant Locations	<ul style="list-style-type: none"> <li>- Plot No. 215 to 219, 304 to 310 and 4 &amp; 5, Phase IV, GIDC Industrial Area, Panoli 394 116, Gujarat.</li> <li>- Plot No. 128/1, 128/1/1, 128/2, 129/1 &amp; 129/B1, GIDC Industrial Area, Ankleshwar 393 002, Gujarat.</li> <li>- Survey No. 101/2 &amp; 102/1, Daman Industrial Estate, Airport Road, Kadaiya, Daman 396 210.</li> </ul>
Address for correspondence	<p>Neelam Centre, 'B' Wing, 4<sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai - 400 030.</p> <p>Tel. No.(022) 2482 2222/2493 0918</p> <p>Fax No. (022) 2493 0534 / 2493 9633</p> <p>E-mail: <a href="mailto:secretarial@jbcpl.com">secretarial@jbcpl.com</a></p> <p>The investors may register their grievance on <a href="mailto:investorelations@jbcpl.com">investorelations@jbcpl.com</a>, an exclusive e-mail ID for registration of complaints by the investors.</p>

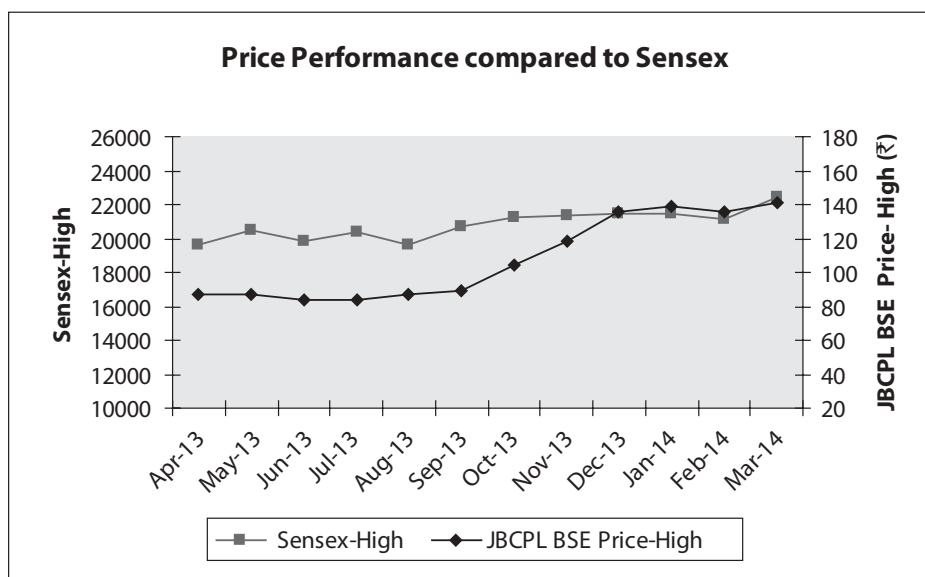
## CORPORATE GOVERNANCE REPORT (Contd.)

### Annexure A

The high and low prices of the company's equity shares (of face value of ₹ 2 each) on BSE Limited (BSE) and on National Stock Exchange of India Limited (NSE) during each month in the financial year 2013-14 were as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2013	86.65	74.00	86.70	73.00
May, 2013	87.35	76.90	87.45	76.55
June, 2013	83.40	73.00	83.35	72.30
July, 2013	83.40	73.40	83.60	73.00
August, 2013	87.00	72.80	87.00	73.00
September, 2013	89.00	80.80	89.00	80.80
October, 2013	104.50	84.65	104.75	84.50
November, 2013	118.25	98.65	118.40	99.00
December, 2013	135.80	108.10	135.75	108.35
January, 2014	139.25	115.10	139.20	115.10
February, 2014	136.15	119.15	136.60	119.20
March, 2014	141.50	123.10	141.50	123.00

### Annexure B



## CORPORATE GOVERNANCE REPORT (CONTD.)

### **Annexure C**

Distribution of shareholding as on March 31, 2014 is as under.

Range of equity shares held	No. of holders	% of shareholders	No. of equity shares held	% of capital
Upto 500	25,902	77.49	4,042,230	4.77
501 – 1000	3,246	9.71	2,701,203	3.19
1001 – 2000	2,156	6.45	3,406,072	4.02
2001 – 3000	942	2.82	2,442,722	2.88
3001 – 4000	332	0.99	1,199,760	1.42
4001 – 5000	243	0.73	1,148,547	1.36
5001 – 10000	324	0.97	2,302,159	2.71
10001 – 50000	213	0.64	4,409,973	5.21
50001 and above	68	0.20	63,078,959	74.44
<b>Total</b>	<b>33,426</b>	<b>100.00</b>	<b>84,731,625</b>	<b>100.00</b>

### **Annexure D**

Shareholding pattern as on March 31, 2014 is as under:

Category	No. of shares	% holding
Promoters & Promoter Group	47,326,198	55.85
Other directors & their relatives	469,385	0.55
Mutual Funds, Banks & Insurance Companies	1,837,836	2.17
Foreign Institutional Investors/OCB	2,431,140	2.87
NRIs	1,026,457	1.21
Domestic companies	2,236,345	2.64
Resident individuals	29,404,264	34.71
<b>Total</b>	<b>84,731,625</b>	<b>100.00</b>

### **Annexure E**

The position as to dematerialization of shares as on March 31, 2014 is as under:

Category	No. of shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	82,941,679	97.89	31,900	95.43
Physical Form	1,789,946	2.11	1,526	4.57
<b>Total</b>	<b>84,731,625</b>	<b>100.00</b>	<b>33,426</b>	<b>100.00</b>

### **Non-Mandatory Requirements**

#### ● **The Board**

The chairman of the company is executive and hence the provision with regard to maintenance of chairman's office as contained in the non-mandatory requirement is not relevant. All independent directors significantly contribute to the deliberations of the board and direction of the company irrespective of duration of their tenure. The non-mandatory condition that independent directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the board of a company will be considered when deemed fit by the board of the company. The board takes into account qualification and experience of independent director, which would be of use to the company and which would enable him/her to contribute to the company in his/her capacity as independent director.

## CORPORATE GOVERNANCE REPORT (CONTD.)

- **Remuneration Committee**

The company has set up Remuneration Committee comprising of three independent directors, which determines remuneration payable to the executive directors of the company.

- **Shareholders rights**

The half-yearly financial results are published in the news papers as mentioned above as well as posted on the company's website. The significant events, if any, too are posted on the company's website. In view of this, the same is not separately sent to the shareholders.

- **Training and Evaluation**

The training of board members and evaluation of performance of non-executive directors as envisaged under clause 49 of the listing agreement will be considered as and when deemed fit.

- **Whistle Blower Policy**

The company does not have formal whistle blower policy mechanism. However, the management or audit committee does not deny access to any employee.

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## DECLARATION

I hereby declare that the directors and senior management personnel including all functional heads of the company have affirmed compliance with the code of conduct, for the year ended on March 31, 2014.

**For and on behalf of the board of directors**

Place : Mumbai  
Date : August 5, 2014

**J. B. Mody**  
**Chairman & Managing Director**



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE



To,  
The Members of  
J.B. Chemicals & Pharmaceuticals Ltd.

We have examined the compliance of conditions of corporate governance by J. B. Chemicals & Pharmaceuticals Ltd., for the year ended on 31<sup>st</sup> March, 2014, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We, further, state that 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 J. K. Shah & Co.**  
Chartered Accountants  
Firm Registration No.: 109606W

**J. K. Shah**  
Partner  
Membership No. 3662

Place: Mumbai  
Date : May 26, 2014

## INDEPENDENT AUDITORS' REPORT

To,

**The Members of**

**J. B. CHEMICALS & PHARMACEUTICALS LIMITED**

### Report on Financial Statements

We have audited the accompanying financial statements of J. B. CHEMICALS & PHARMACEUTICALS LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' 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 auditors' judgement, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 said accounts together with the notes thereon 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- 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 Matters

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 notified under the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - e) On the basis of written representation received from the directors, as on 31<sup>st</sup> March, 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable.

**For J. K. Shah & Co.**

Chartered Accountants

Firm Registration No. : 109606W

**J. K. Shah**

Partner

Membership No: 3662

Place: Mumbai

Date : May 26, 2014

## ANNEXURE TO THE AUDITORS' REPORT

To,

The members of

**J. B. CHEMICALS & PHARMACEUTICALS LIMITED FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2014**

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of assets. No material discrepancies have been noticed on such verification.
- c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
- 2) a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.
- 3) a) According to information and explanation given to us, the company has, during the year, not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order, are not applicable.
- b) According to information and explanation given to us, the company had, taken unsecured loans from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance is ₹ 105.00 Lakhs and the maximum amount involved at any time during the year is ₹ 105.00 Lakhs. The rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company. The payment of principal amount and interest are also regular.
- 4) The company has adequate internal control procedure commensurate with the size of the company and nature of

its business with regard to purchase of inventories and fixed assets and for sale of goods and services. We have not come across any major weakness in internal control.

- 5) a) To the best of our knowledge and belief, and according to information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- b) The transaction of purchase of goods and material and sale of goods, material and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Act 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 the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanation given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and rules framed there under, with regard to the deposits accepted from the public.
- 7) The company has appointed a firm of Chartered Accountants to carry out its internal audit function. In our opinion, the internal audit system is commensurate with the size of the company and nature of its business.
- 8) We have broadly reviewed the books of account 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 Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have generally been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 9) a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2014 for a period of more than six months from the day they became payable.

## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- b) According to information and explanation given to us, details of disputed Sales Tax demand aggregating that have not been deposited on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (₹ In lakhs)	Period to which amount relates	Forum where dispute pending
The UP Sales Tax Act	Sales Tax	0.25	1992-1993	Supreme Court of India
Tamil Nadu VAT Act, 2006	VAT Tax	3.44	2006-2007 to 2011-2012	Commissioner Appeals
The Kerala VAT Act, 2003	VAT Tax	4.59	2009-2010	VAT Appellate Tribunal
Gujarat VAT Act, 2003	VAT Tax	30.79	2008-2009	Commissioner Appeals
Central Excise Act, 1944	Excise Duty & Penalty	7.19	2006-2009	CESTAT
		8.07 8.07	May 2001 to Nov 2001	
		2.22	July 2010 to Oct 2011	
		0.66	Nov 11 to Mar 12	
The Finance Act, 1994	Service Tax & Penalty	2.76	2009-2010	CESTAT
		7.09	2010-2011	

- 10) The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- 11) The company has not defaulted in repayment of dues to any Banks.
- 12) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The provisions of any Special Statute applicable to Chit Funds, Nidhis or Mutual Benefit Funds / Societies are not applicable to the company.
- 14) The company is not dealing in or trading in shares, securities, debentures, or other investments and hence, requirement of paragraph 4(xiv) are not applicable to the company.
- 15) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from the Banks and Financial Institutions.
- 16) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they have been obtained.
- 17) According to the Cash Flow Statement and other records examined by us and on the basis of information and explanation given to us, on an overall basis, funds raised on Short Term basis have, prima facie, not been used during the year for Long Term investment.
- 18) During the year, the company has not issued and allotted any shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- 19) Since the company does not have any debentures, the question of creation of securities for debentures does not arise.
- 20) Since the company has not raised money by Public Issue, clause (xx) of the Order is not applicable.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**For J. K. Shah & Co.**  
Chartered Accountants  
Firm Registration No: 109606W

**J. K. Shah**  
Partner  
Membership No. 3662

Place: Mumbai  
Date : May 26, 2014

**BALANCE SHEET AS AT MARCH 31, 2014**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
(a) Share capital	2	1,694.63		1,694.15	
(b) Reserves and surplus	3	103,086.53	104,781.16	99,206.03	100,900.18
<b>Non-current liabilities</b>					
(a) Long-term borrowings	4	48.84		724.26	
(b) Deferred tax liabilities (Net)	5	1,988.93		2,197.49	
(c) Long-term provisions	6	1,218.70	3,256.47	822.82	3,744.57
<b>Current liabilities</b>					
(a) Short-term borrowings	7	8,127.85		3,677.35	
(b) Trade payables	8	5,169.08		5,176.14	
(c) Other current liabilities	9	9,399.59		9,840.87	
(d) Short-term provisions	10	3,459.06	26,155.58	3,943.30	22,637.66
<b>TOTAL</b>			134,193.21		127,282.41
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	11	28,016.46		29,249.48	
(ii) Intangible assets	11	204.27		187.16	
(iii) Capital work-in-progress		4,632.08		472.98	
(iv) Realisable value of Impaired Assets		-		7.72	
(b) Non-current investments	12	3,885.67		3,897.98	
(c) Long-term loans and advances	13	1,061.99		1,428.47	
(d) Other non-current assets	14	-	37,800.47	-	35,243.79
<b>Current assets</b>					
(a) Current investments	15	49,725.74		39,467.80	
(b) Inventories	16	11,122.70		8,988.92	
(c) Trade receivables	17	24,805.15		19,464.31	
(d) Cash and cash equivalents	18	1,080.30		14,910.99	
(e) Short-term loans and advances	19	9,658.85	96,392.74	9,206.60	92,038.62
<b>TOTAL</b>			134,193.21		127,282.41
Significant Accounting Policies and Notes on Financial Statements	1 to 48				

**As per our report of even date****For and on behalf of the Board of Directors****For J. K. Shah & Co.**Chartered Accountants  
Firm Registration No. 109606W**J. B. Mody**  
Chairman & Managing Director**D. B. Mody**  
Whole time director  
(Administration)**J. K. Shah**Partner  
Membership No. 3662**S. B. Mody**

Whole time director (Marketing)

**M. C. Mehta**

Company Secretary

Place : Mumbai  
Date : May 26, 2014Place : Mumbai  
Date : May 26, 2014

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2014

(₹ in lakhs)

Particulars	Note No.	2013-2014	2012-2013
<b>Income:</b>			
Revenue from Operations (Gross)	20	96,905.83	82,676.46
Less: Excise Duty		1,252.44	1,034.21
Revenue from Operations (Net)		95,653.39	81,642.25
Other income	21	3,753.77	2,596.07
<b>Total Revenue</b>		<b>99,407.16</b>	<b>84,238.32</b>
<b>Expenses:</b>			
Cost of materials consumed	22	31,078.57	26,190.38
Purchases of stock-in-trade		7,677.06	7,304.95
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(1,074.92)	331.19
Employee benefits expense	24	13,184.59	12,012.87
Finance costs	25	612.70	524.18
Depreciation and amortization expense	11	2,716.51	2,439.58
Other expenses	26	29,363.87	24,660.70
<b>Total expenses</b>		<b>83,558.38</b>	<b>73,463.85</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>15,848.78</b>	<b>10,774.47</b>
Exceptional item-Revision of purchase price in respect of sale of Russia-CIS OTC Business Undertaking (Refer Note No. 28)		(6,450.00)	–
<b>Profit before tax</b>		<b>9,398.78</b>	<b>10,774.47</b>
<b>Tax expense:</b>			
(1) Current tax		3,550.00	2,170.00
Less: MAT Credit Entitlement		–	434.00
Net Current Tax		3,550.00	1,736.00
(2) Excess Provision for tax of earlier years (Net)		(572.98)	–
(3) Deferred tax		(208.56)	541.80
(4) MAT Credit of earlier years		212.23	2.82
<b>Profit for the year</b>		<b>6,842.55</b>	<b>8,493.85</b>
Earnings per equity share			
(1) Basic		8.08	10.03
(2) Diluted		8.07	10.03
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

As per our report of even date

For and on behalf of the Board of Directors

**For J. K. Shah & Co.**Chartered Accountants  
Firm Registration No. 109606W**J. B. Mody**

Chairman &amp; Managing Director

**D. B. Mody**Whole time director  
(Administration)**J. K. Shah**Partner  
Membership No. 3662**S. B. Mody**

Whole time director (Marketing)

**M. C. Mehta**

Company Secretary

Place : Mumbai  
Date : May 26, 2014Place : Mumbai  
Date : May 26, 2014

# CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2014

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	9,398.78	10,774.47
<b>Adjustment For:</b>		
Depreciation	2,716.51	2,439.58
Foreign Exchange Fluctuation (Net)	(406.40)	(768.83)
Interest Paid	240.88	361.06
(Profit)/ Loss on Sale/Discard of Assets (Net)	(4.53)	2.72
(Profit)/ Loss on Sale of Investments (Net)	(1,808.43)	(2,294.42)
Bad Debts	12.75	–
Interest Received	(123.59)	(214.48)
Dividend Received	(107.12)	(246.65)
Reversal of Deferred Employee Compensation	(6.64)	(6.89)
Impairment of Fixed Assets	7.72	–
Provision for Doubtful debts	895.64	84.65
Provision for Doubtful debts written back	(16.85)	–
Provision for Diminution in value of Investment	10.61	–
	1,410.55	(643.26)
<b>Operating Profit Before Working Capital Changes</b>	10,809.33	10,131.21
<b>Adjustment For:</b>		
Trade and Other Receivables	(6,102.21)	(4,092.07)
Inventories	(2,133.78)	90.93
Trade Payable	(1,083.29)	4,067.70
	(9,319.28)	66.56
<b>Cash Generated From Operations</b>	1,490.05	10,197.77
Direct Taxes Paid (net)	(2,655.11)	(2,156.84)
<b>Net Cash from Operating Activities</b>	(1,165.06)	8,040.93
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(5,725.05)	(4,599.17)
Sale of Fixed Assets	69.88	240.06
Purchase of Investment	(39,152.72)	(60,200.23)
Sale of Investment	30,704.91	52,900.02
Interest Received	118.49	239.35
Dividend Received	107.12	246.65
<b>Net Cash used in Investing Activities</b>	(13,877.38)	(11,173.32)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Shares under ESOP (including Securities Premium)	20.51	–
Proceeds/(Repayment) from/of Short Term Borrowing (Net)	4,450.52	(1,700.06)
Proceeds/(Repayment) from/of Long Term Borrowing (Net)	(11.81)	(19.78)
Interest Paid	(264.02)	(374.42)
Dividend Paid (Including Dividend Distribution Tax)	(2,983.46)	(998.60)
<b>Net Cash Used in Financing Activities</b>	1,211.74	(3,092.86)
<b>Net Increase in Cash and Cash Equivalents</b>	(13,830.69)	(6,225.25)
Cash And Cash Equivalents as at 01.04.13	14,910.99	21,136.24
Cash And Cash Equivalents as at 31.03.14 (Refer Note No.2)	1,080.30	(13,830.69)
	14,910.99	(6,225.25)

Notes :

- 1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
- 2) It includes ₹ Nil (Previous year ₹ 13,757.75 lakhs) deposited in Escrow account in terms of escrow agreement dated 14<sup>th</sup> July, 2011 entered into with Cilag GmbH International in relation to sale of Russia / CIS OTC business undertaking.
- 3) Balance with banks include ₹ 100.50 lakhs (Previous year ₹ 70.50 lakhs) being deposits under lien.
- 4) Previous years' figures are re-grouped / re-classified wherever necessary in order to conform to current year's groupings and classifications.

## As per our report of even date

**For J. K. Shah & Co.**  
Chartered Accountants  
Firm Registration No. 109606W

**J. K. Shah**  
Partner  
Membership No. 3662

Place : Mumbai  
Date : May 26, 2014

## For and on behalf of the Board of Directors

**J. B. Mody**  
Chairman & Managing Director

**S. B. Mody**  
Whole time director (Marketing)

Place : Mumbai  
Date : May 26, 2014

**D. B. Mody**  
Whole time director  
(Administration)

**M. C. Mehta**  
Company Secretary



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis of accounting

The financial statements are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

#### 1.2. Revenue recognition

All revenue and expenses are accounted for on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

#### 1.3. Fixed assets

Fixed Assets are stated at cost of acquisition and includes other direct / indirect and incidental expenses incurred to put them into use but excludes CENVAT availed on such assets. Whenever, the cost of the fixed asset is met under the specific contract by a third party, the same is reduced from the cost of the respective fixed asset.

All indirect expenses incurred during project implementation and on trial run are treated as incidental expenditure during construction and capitalized.

#### 1.4. Depreciation

Depreciation is provided on Straight Line Method at the rates and on the basis specified in Schedule XIV to the Companies Act, 1956. Premium paid for leasehold land is amortized over the lease period.

#### 1.5. Intangibles

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 3 years.

#### 1.6. Impairment of assets

Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

#### 1.7. Provisions and contingencies

The company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

#### 1.8. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Weighted Average method. The cost of work-in-progress (other than those lying at third party manufacturing site which is valued at material cost) and finished goods comprise direct material, direct labour, other direct cost and related production overheads.

#### 1.9. Investments

Investments, which are long term in nature, are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments. Current investments are carried at lower of cost and quoted/fair price, computed category wise.

#### 1.10. Employee benefit

##### 1.10.1 Short Term Employee Benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

##### 1.10.2 Long Term Employee Benefits:

##### a. Provident Fund, Family pension Fund & Employees' State Insurance Scheme :

As per the Employees Provident Funds and Miscellaneous Provisions Act, 1952 all employees of the company are entitled to receive benefits under the provident fund and family pension fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by Government of India. In addition, some employees of the company are covered under Employees' State Insurance Scheme Act 1948, which are also defined contribution schemes recognized and administrated by Government of India.

The company's contributions to these schemes are recognized as expense in profit and loss account during the period in which the employee renders the related service. The company has no further obligation under these plans beyond its monthly contributions.

##### b. Superannuation Plan:

Some employees of the company are entitled to superannuation, a defined contribution plan which is administrated through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recognized in the profit and loss account.

##### c. Leave Encashment:

The company provides for the liability at year-end on account of unavailed earned leave as per the actuarial valuation.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### d. Gratuity:

The company provides for gratuity obligations through a defined benefits retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in profit and loss account as and when determined.

The company makes annual contribution to LIC for the gratuity plan in respect of all the employees liability on the basis of actuarial valuation done by the LIC.

The company also provides for additional liability, in case of excess contribution, determined by the independent actuary based on actuarial valuation using the Project Unit Credit method as compared to actuarial valuation determined by LIC and vice versa.

### 1.11. Foreign currency transaction

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the balance sheet date are translated at the exchange rate prevailing on the date of balance sheet. Exchange rate differences resulting from foreign exchange transactions settled during the period including year-end translation of assets and liabilities are recognized in the profit and loss account.

In case of forward exchange contracts or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of contract.

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognized as income or expense for the period.

### 1.12. Leases

Leases wherein a significant portion of the risks and reward of ownership are retained by the lessor are classified as Operating Leases. Lease rentals in respect of such leases are charged to the profit and loss account.

### 1.13. Research and development

Revenue expenditure on Research and Development is charged to the profits of the year in which it is incurred.

Capital expenditure on Research and Development is treated as fixed assets.

### 1.14. Borrowing cost

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset upto the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

### 1.15. Income tax

- Tax expenses comprise of current and deferred tax.
- Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.
- Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- 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.

### 1.16. Employee stock option plan

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employees Stock Option Scheme" of the company, is amortized on straight line basis over the vesting period as "Deferred Employees Compensation" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 2. SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Authorised :</b>		
100,000,000 (Previous year 100,000,000) Equity Shares of ₹ 2/- each	<b>2,000.00</b>	2,000.00
<b>Issued, Subscribed &amp; Paid up</b>		
84,731,625 (Previous year 84,707,300) Equity Shares of ₹ 2/- each fully paid	<b>1,694.63</b>	1,694.15
Total	<b>1,694.63</b>	1,694.15

#### 2.1 Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the year	<b>84,707,300</b>	<b>1,694.15</b>	84,707,300	1,694.15
Shares Issued during the year pursuant to Employees Stock Options Scheme	<b>24,325</b>	<b>0.48</b>	–	–
Shares outstanding at the end of the year	<b>84,731,625</b>	<b>1,694.63</b>	84,707,300	1,694.15

2.2 The company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions.

#### 2.3 Details of shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Jyotindra Mody Holdings Pvt. Ltd.	<b>7,466,242</b>	<b>8.81</b>	7,466,242	8.81
Dinesh Mody Securities Pvt. Ltd.	<b>7,055,326</b>	<b>8.33</b>	7,055,326	8.33
Shirish B. Mody Investments Pvt. Ltd.	<b>6,530,601</b>	<b>7.71</b>	6,530,601	7.71
Ansuya Mody Securities Pvt. Ltd.	<b>7,234,882</b>	<b>8.54</b>	7,234,882	8.54
Kumud Mody Securities Pvt. Ltd.	<b>7,181,232</b>	<b>8.48</b>	7,181,232	8.48
Bharati S. Mody Investments Pvt. Ltd.	<b>7,873,987</b>	<b>9.29</b>	7,873,987	9.30
Ashish Dhawan	<b>8,179,608</b>	<b>9.65</b>	7,773,672	9.18

#### 2.4 Shares reserved for issue under ESOP

In the year 2004, the company has instituted the Employees Stock Option Scheme, under which 25,00,000 equity shares of ₹ 2 each have been reserved. Under the Scheme, the options are granted at an amount equal to ninety five percent of the average daily closing price of the shares of the company's share quoted on National Stock Exchange of India Ltd. during the period of twelve weeks preceding the date of grant. These options vest in four equal instalments and subject to other provisions of the Scheme, are exercisable within a period of five years from the respective date of vesting.

The activity in the said ESOP Scheme during the last two years was as under:

Particulars	As at March 31, 2014	As at March 31, 2013
Options outstanding at the beginning of the period	<b>336,575</b>	520,925
Less: Exercised	<b>24,325</b>	–
Lapsed	<b>144,900</b>	184,350
Options outstanding at the end of the period	<b>167,350</b>	336,575

On exercise of options during the year, the company received aggregate exercise price of ₹ 20.51 lakhs (Previous year ₹ Nil).

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****3. RESERVES & SURPLUS**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Capital Reserves (transferred from amalgamating company)		
Investment allowance Reserve (utilised)	34.86	34.86
Capital Reserve	63.53	63.53
Cash Subsidy	1.98	1.98
	100.37	100.37
b. Capital Reserve	4.21	4.21
c. Cash Subsidy	85.66	85.66
d. Contingency Reserve	2,020.00	2,020.00
e. Securities Premium Reserve:		
Opening Balance	4,845.60	4,845.60
Add : Securities premium credited on shares issue under ESOP	20.03	–
Closing Balance	4,865.63	4,845.60
f. Share Options Outstanding Account:		
Opening Balance	11.07	17.96
Less: Amortised during the year	6.63	6.89
Closing Balance	4.44	11.07
g. General Reserve:		
Opening Balance	47,596.31	46,746.92
Add: Transfer from Statement of Profit & Loss	684.26	849.39
Closing Balance	48,280.57	47,596.31
h. Surplus in the statement of Profit & Loss:		
Opening balance	44,542.81	39,871.45
Add : Profit for the year	6,842.55	8,493.85
Less : Proposed Dividend # (₹ 3/- per equity share, Previous year ₹ 3/- per equity share)	2,543.23	2,541.22
Less : Tax on Proposed Dividend #	432.22	431.88
Less : Transfer to General Reserve	684.26	849.39
Closing Balance	47,725.65	44,542.81
Total	103,086.53	99,206.03

# includes dividend of ₹ 0.14 lakhs and tax thereon ₹ 0.02 lakhs on shares issued under ESOP before annual general meeting held on 14-08-2013.

**4. LONG-TERM BORROWINGS**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured</b>		
Term loans		
Vehicle loans from banks	8.84	21.76
	8.84	21.76
<b>Unsecured</b>		
Fixed Deposit from Public & Shareholders	–	702.50
Inter-Corporate Deposit	40.00	–
	40.00	702.50
Total	48.84	724.26

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

Nature of security and terms of repayment:

4. 1 Vehicle loans are secured by hypothecation of vehicles and same is repayable in sixty equated monthly instalment inclusive of interest on reducing balance.

4. 2 Inter-corporate deposit bears interest @ 11% p.a., payable at quarterly rests and is maturing on 22-05-2016.

### 5. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Assets</b>		
Retirement Benefits	578.67	357.88
Others	343.61	92.29
Total	922.28	450.17
<b>Deferred Tax Liability</b>		
Depreciation	2,911.21	2,647.66
	2,911.21	2,647.66
Total	1,988.93	2,197.49

### 6. LONG-TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Provision for Employee Benefits</b>		
Gratuity	956.27	654.85
Leave Encashment	262.43	167.97
Total	1,218.70	822.82

### 7. SHORT-TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured</b>		
<b>Working Capital Loans from Banks #</b>		
(a) Foreign currency loans	4,374.33	2,715.00
(b) Rupee Loans	1,484.05	608.80
	5,858.38	3,323.80
<b>Unsecured</b>		
(a) Foreign currency loan from bank	1,916.22	–
(b) Interest free advance from Directors	1.50	1.50
(c) Deposit from Distributors / Customers	246.75	247.05
(d) Inter-Corporate Deposits from related parties	105.00	105.00
	2,269.47	353.55
Total	8,127.85	3,677.35

# Working capital borrowings from the banks are secured by first charge on pari passu basis by way of hypothecation of the company's current assets both present and future and by way of joint equitable mortgage of the company's immovable properties situated at Thane and Belapur in the State of Maharashtra, Ankleshwar & Panoli (except for movable fixed assets located at plot no. 4, GIDC Phase IV, Panoli, Gujarat) in the State of Gujarat and Daman in the Union Territory of Daman.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****8. TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Payable to Micro, Small and Medium Enterprises	100.87	174.47
Payable to Others	5,068.21	5,001.67
Total	5,169.08	5,176.14

8.1 The details of amount outstanding to Micro, Small and Medium Enterprise based on available information with the company is as under:

Particulars	As at March 31, 2014	As at March 31, 2013
(a) The Principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	–	–
(ii) Interest due thereon	–	–
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year *	1,709.41	1,056.31
(ii) Interest actually paid under section 16 of the Micro, Small and Medium Enterprise Development Act, 2006	–	–
(c) (i) Normal interest accrued during the year, for all the delayed payments, as per the agreed terms.	19.42	21.17
(ii) Normal interest payable for the period of delay in making payments as per agreed terms.	19.42	21.17
(d) (i) Total interest accrued during the year	19.42	21.17
(ii) Total interest accrued during the year and remaining unpaid	19.42	21.17

The above information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

\* The delayed payment has been computed having regard to specified credit period of 45 days under MSME Act. However, there is no delay in terms of agreed credit terms with these suppliers.

**9. OTHER CURRENT LIABILITIES**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) <u>Current maturities of long-term debt</u>		
Vehicle Loan (Refer Note No. 4.1)	12.92	11.81
Fixed Deposit from Public & Shareholders #	1,087.60	506.94
Inter-Corporate Deposit	–	40.00
(b) Interest accrued but not due on borrowings #	78.21	101.35
(c) Unclaimed Dividends @	153.00	163.20
(d) Unclaimed Matured Deposit @	0.85	0.55
(e) Advance from Customers	56.27	117.98
(f) Other Payable	7,326.29	7,306.20
(g) Creditors for capital expenditure	684.35	1,434.48
(h) Outstanding Purchase Consideration (Undischarged liabilities of vendors)	0.10	0.10
(i) Bank overdrawn as per books	–	158.26
Total	9,399.59	9,840.87

# Fixed Deposit amount includes ₹ 104.00 lakhs (Previous year ₹ 201.16 lakhs) from certain directors and ₹ 579.70 lakhs (Previous year ₹ 569.70 lakhs) from their relatives.

Interest accrued but not due includes ₹ 47.36 lakhs (Previous year ₹ 74.59 lakhs) being amount accrued on deposits received from directors and their relatives. (Also refer note no. 34)

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 10. SHORT-TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>(a) Provision for employee benefits</b>		
Gratuity	430.73	858.11
Leave Encashment	53.04	112.09
<b>(b) Others</b>		
Proposed Dividend	2,543.09	2,541.22
Tax on Proposed Dividend	432.20	431.88
<b>Total</b>	<b>3,459.06</b>	<b>3,943.30</b>

### 11. TANGIBLE AND INTANGIBLE ASSETS

(₹ in lakhs)

Sr. No.	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		As at 1 <sup>st</sup> April 2013	Additions	Disposals	As at 31 <sup>st</sup> March 2014	As at 1 <sup>st</sup> April 2013	Depreciation charge for the year	On disposals	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
<b>A</b>	<b>Tangible Assets</b>										
	Land (Freehold)	59.34	–	–	59.34	–	–	–	–	59.34	59.34
	Land (Leasehold)	830.16	–	–	830.16	78.24	7.98	–	86.22	743.94	751.92
	Factory Buildings	10,614.80	144.99	–	10,759.79	3,023.71	355.03	–	3,378.74	7,381.05	7,591.09
	Other Buildings (Note 1)	661.19	2.68	–	663.87	151.15	10.78	–	161.93	501.94	510.04
	Plant & Equipment	30,128.82	1,082.65	53.95	31,157.52	13,086.55	1,863.30	23.70	14,926.15	16,231.37	17,042.27
	Furniture & Fixtures	1,142.17	11.11	0.88	1,152.40	674.93	51.81	0.63	726.11	426.29	467.24
	Vehicles	1,119.73	38.42	116.85	1,041.30	420.45	96.31	82.87	433.89	607.41	699.28
	Office Equipment	1,806.80	87.10	1.71	1,892.19	1,287.88	122.51	1.11	1,409.28	482.91	518.92
	Airconditioners	2,698.35	86.98	0.27	2,785.06	1,088.97	113.88	–	1,202.85	1,582.21	1,609.38
	<b>Total</b>	<b>49,061.36</b>	<b>1,453.93</b>	<b>173.66</b>	<b>50,341.63</b>	<b>19,811.88</b>	<b>2,621.60</b>	<b>108.31</b>	<b>22,325.17</b>	<b>28,016.46</b>	<b>29,249.48</b>
<b>B</b>	<b>Intangible Assets</b>										
	Trade Marks	3.67	–	–	3.67	2.50	1.16	–	3.66	0.01	1.17
	Computer Software	637.07	112.02	–	749.09	451.08	93.75	–	544.83	204.26	185.99
	<b>Total</b>	<b>640.74</b>	<b>112.02</b>	<b>–</b>	<b>752.76</b>	<b>453.58</b>	<b>94.91</b>	<b>–</b>	<b>548.49</b>	<b>204.27</b>	<b>187.16</b>
	<b>Grand Total</b>	<b>49,702.10</b>	<b>1,565.95</b>	<b>173.66</b>	<b>51,094.39</b>	<b>20,265.46</b>	<b>2,716.51</b>	<b>108.31</b>	<b>22,873.66</b>	<b>28,220.73</b>	<b>29,436.64</b>
	Previous year's Total	42,105.85	8,018.02	421.77	49,702.10	18,004.87	2,439.58	178.99	20,265.46	29,436.64	24,100.98

Notes :

- Value of buildings includes a sum of ₹ 3000/- being the cost of shares in the societies.
- No depreciation has been claimed on assets to the extent of CENVAT claimed.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****12. NON-CURRENT INVESTMENTS**

(Long-Term Investment) (At Cost)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>A Trade Investments</b>		
Equity Shares (Unquoted)		
In Subsidiary Companies :		
Investment in OOO Unique Pharmaceutical Laboratories - Russia (No. of shares are not denominated as per Law of Russian Federation)	1,250.30	1,250.30
52,31,100 (Previous year 52,16,100) Ordinary shares of US \$ 1 each of J.B. Healthcare Pvt. Ltd.	2,331.69	2,322.30
19,979 (Previous year 13,986) Ordinary shares of US \$ 1 each of J. B. Chemicals & Pharmaceuticals Private Limited, Singapore	10.61	7.06
Investment in Unique Pharmaceutical Laboratories LLC UKRAINE (No. of shares are not denominated as per Law of Ukraine)	28.37	19.01
In Other Companies :		
5,866 (Previous year 5,866) Equity Shares of ₹ 10/- each of Bharuch Enviro Infrastructure Ltd.	0.59	0.59
6,12,032 (Previous year 6,12,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech Ltd.	61.20	61.20
Total (A)	3,682.76	3,660.46
<b>B Other Investments</b>		
(a) Equity Shares (Unquoted):		
In Other Companies :		
8,036 (Previous year 8,036) Equity Shares of ₹ 10/- each of J B Life Science Overseas Ltd.	0.80	0.80
20,000 (Previous year 20,000) Equity Shares of Enviro Technology Ltd. of ₹ 10/- each	2.00	2.00
60,000 (Previous year 60,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹ 10/- each	6.00	6.00
2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	200.00	200.00
Nil (Previous year 240,000) Equity Shares of ₹ 10/-each of Raptim Research Ltd	–	24.00
50,000 (Previous year 50,000) Equity Shares of ₹ 10/-each of Ankleshwar Research & Analytical Infrastructure Limited	5.00	5.00
(b) Government Securities		
National Saving Certificates (Pledged with Government Authorities)	0.51	0.51
(c) Debentures and Units (Unquoted)		
126 (Previous year 126) Units of ₹ 10/- each of Unit Trust of India	0.01	0.01
Total (B)	214.32	238.32
Total (A) + (B)	3,897.08	3,898.78
Less : Provision for diminution in the value of Investments	11.41	0.80
Total	3,885.67	3,897.98
<b>Particulars</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Aggregate amount of unquoted investments	3,897.08	3,898.78
Aggregate amount of provision for diminution in the value of investments	11.41	0.80



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 13. LONG-TERM LOANS & ADVANCES

(Unsecured, Considered good)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Capital Advances	496.91	816.41
b) Security Deposits	439.57	482.94
c) Other loans and advances:		
Advances to Employees	105.17	118.79
Other Advances	20.34	10.33
Total	1,061.99	1,428.47

### 14. OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Trade Receivables</b>		
Unsecured Considered Doubtful	41.25	10.04
Less: Provision for Doubtful Debts	41.25	10.04
Total	-	-

### 15. CURRENT INVESTMENTS

(At lower of cost or market value)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<u>Investments in Mutual Funds</u>		
<u>Unquoted :</u>		
27,978,110.295 (Previous year 33,031,167.395) units of ₹ 10 each of Birla Sun Life Dynamic Bond Fund-Retail-Growth	5,138.05	6,000.00
Nil (Previous year 10,983,201.841) units of ₹ 10 each of IDFC-SSIF-Short term-Plan-C-Growth	-	1,291.29
Nil (Previous year 6,600,000) units of ₹ 10 each of HDFC FMP 370D May 2012 (3)	-	660.00
7,660,630.319 (Previous year 14,121,939.474) Units of ₹ 10 each of HDFC High Interest Fund Short Term Plan - Growth	1,665.29	3,051.37
13,021,055.072 (Previous year 13,021,055.072) units of ₹ 10 each of ICICI Prudential Short Term Plan - Growth	3,000.00	3,000.00
10,277,332.185 (Previous year 10,277,332.185) units of ₹ 10 each of Birla Sun life Short Term Fund-Growth	4,267.00	4,267.00
Nil (Previous year 10,000,000) units of ₹ 10/- each of ICICI Prudential FMP Series 64-367 D Plan L-Growth	-	1,000.00
Nil (Previous year 10,000,000) units of ₹ 10 each of DSP BlackRock FMP Series 68-12m Growth	-	1,000.00
20,476,362.088 (Previous year 20,476,362.088) units of ₹ 10 each of HDFC Short Term Opportunities Fund-Growth	2,500.00	2,500.00
Nil (Previous year 5,924,874.237) units of ₹ 10 each of HDFC Floating Rate Fund Income Fund Short Term Plan-Growth	-	1,160.97
24,033,329.985 (Previous year 22,556,303.552) units of ₹ 10 each of IDFC Dynamic Bond Fund-Plan B-Growth	3,267.29	3,000.00
Nil (Previous year 32,030,365.63) units of ₹ 10 each of ICICI Prudential Dynamic Bond Fund-Growth	-	4,000.00
Nil (Previous year 15,000,000) units of ₹ 10 each of HDFC FMP 371D October 2012 (1)	-	1,500.00

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
123,134.423 (Previous year 114,459.300) units of ₹ 1,000 each of DSP Black Rock strategic bond-Institutional Plan-Growth	<b>1,681.00</b>	1,500.00
Nil (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 81 12 M Growth	–	500.00
Nil (Previous year 122,748.477) units of ₹ 10 each of DSP Black Rock Liquidity Fund Growth	–	2,037.17
5,000,000 (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock Series 13 15 M Growth	<b>500.00</b>	500.00
Nil (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock Series 84 12 M Growth	–	500.00
Nil (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock Series 87 12 M Growth	–	500.00
Nil (Previous year 15,000,000) units of ₹ 10 each of IDFC Fixed Term Plan Series 13 Growth	–	1,500.00
20,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370 D July 2013(2) Growth	<b>2,000.00</b>	–
17,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 371 D July 2013(1) Growth	<b>1,700.00</b>	–
18,000,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP Series 104 12 Month-Growth	<b>1,800.00</b>	–
208,951.580 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Cash Plus Growth	<b>402.39</b>	–
10,000,000 (Previous year Nil) units of ₹ 10 each of IDFC Fixed Term Plan Series 24-Growth	<b>1,000.00</b>	–
15,000,000 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Interval Income Fund-Annual Plan IX (368 Days)-Growth	<b>1,500.00</b>	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Bank of India AXA Fixed Maturity Plan-Series 5 (366 Days)-Growth	<b>1,000.00</b>	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series HL (366 Days)- Growth	<b>1,000.00</b>	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Bank of India AXA Fixed Maturity Plan-Series 6 (370 Days)-Growth	<b>1,000.00</b>	–
10,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D August 2013 (3)-Growth	<b>1,000.00</b>	–
1,360,822.167 (Previous year Nil) units of ₹ 10 each of ICICI Prudential Liquid Plan-Growth	<b>2,531.34</b>	–
6,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 371D November 2013 (2) - Growth	<b>600.00</b>	–
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D November 2013 (1) - Growth	<b>500.00</b>	–
14,960,414.311 (Previous year Nil) units of ₹ 10 each of HDFC Medium Term Opportunities Fund Post Growth	<b>2,000.00</b>	–
5,500,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP - Series 129 - 12M - Growth	<b>550.00</b>	–
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D February 2014 (1)-Growth	<b>500.00</b>	–
5,400,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP - Series 146 - 12M - Growth	<b>540.00</b>	–
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 369D February 2014 (2)-Growth	<b>500.00</b>	–
4,000,000 (Previous year Nil) units of ₹ 10 each of Bank of India AXA Fixed Maturity Plan-Series 11 (368 Days)-Growth	<b>400.00</b>	–
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 371D February 2014 (2)-Growth	<b>500.00</b>	–

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
5,000,000 (Previous year Nil) units of ₹ 10 each of ICICI Prudential FMP Series 72-366 D-Plan-T-Growth	500.00	–
10,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D March 2014 (1)-Growth	1,000.00	–
10,000,000 (Previous year Nil) units of ₹ 10 each of ICICI Prudential FMP Series 73-366 D-Growth	1,000.00	–
5,467,550.001 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP - Series 151-12M - Growth	546.76	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KN (366 DAYS)- Growth	1,000.00	–
16,366,200 (Previous year Nil) units of ₹ 10 each of IDFC Fixed Term Plan Series 85-369D Growth	1,636.62	–
10,000,000 (Previous year Nil) units of ₹ 10 each of ICICI Prudential FMP Series 73-368 D-Plan M Growth	1,000.00	–
Total	49,725.74	39,467.80
Aggregate amount of unquoted investments	49,725.74	39,467.80

### 16. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw materials (stock-in-transit ₹ 45.09, Previous year ₹ 3.46)	3,432.40	2,555.55
Packing Materials	1,581.78	1,445.20
Work-in-progress	1,349.46	962.76
Finished goods (stock-in-transit ₹ 113.24, Previous year ₹ 121.94)	3,896.26	2,957.43
Stock-in-trade	788.83	1,039.44
Fuel	73.97	28.54
Total	11,122.70	8,988.92

### 17. TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months		
Considered Good	1,075.11	784.79
Considered Doubtful	881.36	74.61
	1,956.47	859.40
Less: Provision for Doubtful Debts	881.36	74.61
(A)	1,075.11	784.79
Others		
Considered Good	23,730.04	18,679.52
Considered Doubtful	30.04	–
	23,760.08	18,679.52
Less: Provision for Doubtful Debts	30.04	–
(B)	23,730.04	18,679.52
Total (A+B)	24,805.15	19,464.31

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****18. CASH & CASH EQUIVALENTS**

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Balances with banks #	<b>682.05</b>	14,557.06
b. Fixed Deposits with banks @	<b>380.49</b>	336.20
c. Cheques on hand	–	0.70
d. Cash on hand	<b>17.16</b>	16.45
e. Post Office Saving Account	<b>0.60</b>	0.58
Total	<b>1,080.30</b>	14,910.99

# Includes Unclaimed dividend of ₹ 153.00 lakhs (Previous year ₹ 163.20 lakhs).

# Includes ₹ Nil (Previous year ₹ 13,757.75 lakhs) deposited in Escrow account in terms of escrow agreement dated 14th July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking and worldwide transfer of three trade mark viz. Rinza, Doktor Mom and Fitovit.

@ Fixed Deposits of ₹ 100.50 lakhs (Previous year ₹ 70.50 lakhs) held by bank as security deposit against Bank Guarantee.

Fixed Deposits of ₹ 108.14 lakhs (Previous year ₹ 108.14 lakhs) have more than 12 months maturity.

**19. SHORT-TERM LOANS & ADVANCES**

Unsecured, considered good

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Expenses incurred on behalf of Subsidiary Companies:		
J. B. Chemicals & Pharmaceuticals P. Ltd., Singapore	–	11.51
Unique Pharmaceutical Laboratories FZE, Dubai	<b>36.39</b>	–
	<b>36.39</b>	11.51
b. Others		
Advances to Suppliers	<b>764.44</b>	237.22
Advances to Employees	<b>35.28</b>	66.71
Security Deposits @	<b>475.96</b>	731.07
Other Advances	<b>7,177.61</b>	6,880.35
Taxes Paid (Net of provisions)	<b>1,146.53</b>	747.01
MAT Credit Entitlements	–	515.19
Balance with Excise Authorities	<b>2.80</b>	2.80
Accrued interest on Deposits and others	<b>19.84</b>	14.74
	<b>9,622.46</b>	9,195.09
Total	<b>9,658.85</b>	9,206.60

@ An amount of ₹ 1.34 lakhs each has been placed with J. B. Mody Enterprises LLP, Dinesh Mody Ventures LLP and Shirish Mody Enterprises LLP in which certain directors are partners, while aggregate amount of ₹ 63.39 lakhs has been placed with other related parties as security deposit for licence to use the office premises.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 20. REVENUE FROM OPERATIONS

	(₹ in lakhs)	
Particulars	2013-2014	2012-2013
<b>Sales of Products :</b>		
Sale of Pharmaceuticals Products	93,599.16	78,829.87
Export of Service*	512.42	745.40
Add: Exchange Rate Difference	584.33	904.99
	94,695.91	80,480.26
<b>Other Operating Revenues :</b>		
Manufacturing Charges	46.20	23.32
Export Incentives	1,543.90	1,499.37
Dividend From subsidiary Company	86.73	159.48
Sale of Scrap	424.87	392.98
Insurance Claims	24.16	42.28
Others	84.06	78.77
	2,209.92	2,196.20
Total	96,905.83	82,676.46

\*Export of service represents income from product development service.

### 21. OTHER INCOME

	(₹ in lakhs)	
Particulars	2013-2014	2012-2013
<b>Interest Income</b>		
Bank Deposit	33.70	106.94
Interest from Debtors	2.53	3.23
Others	87.36	104.31
Dividend From Current Investment	–	46.78
Dividend From Long Term Investment	20.39	40.39
Profit on sale of investments (Net)	1,808.43	2,294.42
Profit on sale of Assets (Net)	4.53	–
Provision for Doubtful debts Written Back	21.35	–
Sale of Trade Mark	11.00	–
Write back of excess provision made for expenses in relation to the sale of Russia-CIS OTC Business Undertaking	1,764.48	–
Total	3,753.77	2,596.07

### 22. COST OF MATERIAL CONSUMED

	(₹ in lakhs)	
Particulars	2013-2014	2012-2013
Opening Inventories	4,000.75	3,772.92
Purchases	32,092.00	26,418.21
	36,092.75	30,191.13
Less: Closing Inventories	5,014.18	4,000.75
Total	31,078.57	26,190.38

22 a. Cost of Raw Material Consumed comprises of :

	(₹ in lakhs)	
Particulars	2013-2014	2012-2013
Active Pharmaceutical Ingredients	14,889.28	11,467.25
Chemicals	2,506.51	1,775.43
Excipients	3,676.60	3,517.95
Total	21,072.39	16,760.63

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>Inventories at the beginning</b>		
Finished Goods	2,957.43	3,281.91
Work-in-process	962.76	752.27
Stock-in-trade	1,039.44	1,256.64
	4,959.63	5,290.82
<b>Less: Inventories at the end</b>		
Finished Goods	3,896.26	2,957.43
Work-in-process	1,349.46	962.76
Stock-in-trade	788.83	1,039.44
	6,034.55	4,959.63
Total	(1,074.92)	331.19

**24. EMPLOYEE BENEFITS EXPENSE**

(₹ in lakhs)

Particulars	2013-2014	2012-2013
Salaries and Other Benefits	11,832.02	10,588.11
Contribution to Provident Fund and Other Funds	964.15	887.16
Employee Compensation Expense	(6.64)	(6.89)
Gratuity	149.41	323.26
Staff Welfare	245.65	221.23
Total	13,184.59	12,012.87

**25. FINANCE COST**

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>Interest Expenses</b>		
Interest on Working capital borrowings	126.08	222.92
Interest on fixed loans	114.80	138.14
	240.88	361.06
<b>Other Borrowing Cost</b>		
Loan Processing Charges	9.03	17.26
Guarantee Charges	30.64	31.25
Others	19.42	21.17
Applicable net loss on foreign Currency transactions and translations	312.73	93.44
Total	612.70	524.18

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 26. OTHER EXPENSES

	(₹ in lakhs)	
Particulars	2013-2014	2012-2013
Manufacturing charges	862.04	848.31
Stores and spares	624.49	588.46
Power and fuel	4,660.51	3,974.77
Excise duty	391.24	306.10
Compensation rent	468.52	452.21
Rates and taxes	145.84	124.20
Insurance	262.48	195.94
Freight and transport charges	3,911.63	3,487.81
Repairs to :		
- Building	282.08	195.86
- Machinery	540.63	491.24
- Others	569.37	537.78
Loss on sale/discard of assets (Net)	-	2.72
Sales promotion and publicity	5,310.62	3,786.28
Selling commission	1,737.18	1,762.25
Travelling and conveyance	1,943.20	1,739.99
Directors' fees	8.75	14.40
Royalty	1,002.20	12.68
Payment to Auditors :		
- Audit fees	27.00	27.00
- Tax Audit fees	9.00	9.00
- Other Taxation matters	6.50	6.50
- Certification matters	6.50	6.50
Donations	79.74	66.50
Net loss on foreign currency transactions and translation	64.36	914.14
Bad debts	12.75	-
Provision for doubtful debts	895.64	84.65
Provision for diminution in value of Investment	10.61	-
Impairment of fixed assets	7.72	-
Miscellaneous expenses	5,523.27	5,025.41
Total	29,363.87	24,660.70

### 27. The contingent liabilities not provided for and other commitments:

- 27.1 Letter of Credit opened by Banks ₹ 1,887.79 lakhs (Previous year ₹ 2,942.63 lakhs).
- 27.2 Guarantee issued by the Bank on behalf of the company ₹ 1,528.04 lakhs (Previous year ₹ 1,450.54 lakhs).
- 27.3 Central Excise and Service Tax Demand / show cause notice of ₹ 308.11 lakhs (Previous year ₹ 183.39 lakhs).
- 27.4 Sales Tax Demand of ₹ 50.06 lakhs (Previous year ₹ 7.95 lakhs) being disputed in appeal (Against which the company has made pre-deposit of ₹ 11.25 lakhs (Previous year ₹ 2.11 lakhs) and given a bank guarantee of ₹ 0.74 lakhs).
- 27.5 The company had purchased Fixed Assets under the "Export Promotion Capital Goods Scheme" (EPCG) in the year 2012-13 and 2013-14 that has resulted in the savings of duty of ₹ 638.66 lakhs. As per the terms of the authorization granted under the Scheme, the company has undertaken to achieve export commitment of ₹ 1,974.31 lakhs over the export obligation period of 6 years, which expires on 28<sup>th</sup> November 2019. In the event of company being unable to execute its export obligation by this period, the company shall be liable to pay custom duty for unfulfilled export obligation along with interest after expiry of the export obligation period. Company has already fulfilled export obligation to the extent of 85% in case of Fixed Assets purchased under EPCG scheme during 2012-13 and 5% in case of Fixed Assets purchased under EPCG scheme during 2013-14.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

- 27.6 The Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹ 461.47 lakhs in respect of the bulk drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the bulk drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the bulk drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The company has filed writ petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & writ petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These writ petitions have been admitted and the Hon'ble High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the writ petition on the company furnishing security as per the orders. The company has already furnished the bank guarantee as security. As per the legal advice received by the company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.
- 27.7 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 199.83 lakhs (Previous year ₹ 607.31 lakhs).
- 27.8 During the year, the company has set up a wholly owned subsidiary company Unique Pharmaceutical Laboratories FZE in Dubai with committed initial capital contribution of AED 365,000 which remain to be remitted as of the year-end.
28. The exceptional item represents the amount which was no longer recoverable by the company out of escrow account set up pursuant to the agreement dated July 14, 2011 with the purchaser of the company's Russia – CIS OTC business undertaking, following commercial settlement of dispute and resulting into reduction in purchase consideration received from the said purchaser.
29. Traveling expenses of field personnel include expenses on stationery and printing, conveyance, postage, miscellaneous expenses etc.
30. Details of Research & Development expenditure incurred during the year at the following R&D Centers:

(₹ in lakhs)

Particulars	Thane		Panoli-API		Panoli-Formulation & Development		Daman	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Revenue Expenditure:</b>								
Staff Cost	515.06	457.21	17.26	6.64	112.26	86.07	34.78	–
Power & Fuel	54.34	52.04	–	–	–	–	21.35	–
Travelling & Conveyance	22.90	18.67	–	–	–	–	–	–
R & D Raw Materials	380.00	361.68	0.17	0.11	0.33	0.20	111.18	–
Product Registration & Other Fees	11.76	3.76	–	–	–	–	–	–
Clinical Trial & Bio-equivalent Studies	150.66	82.56	–	–	–	–	–	–
Laboratory Expenses	52.71	44.21	10.61	0.42	72.91	78.42	–	–
Others	151.81	270.60	0.68	0.30	14.73	7.55	0.02	–
Fees	6.85	15.97	–	–	–	–	–	–
Repairs & Maintenance-Bldg.	32.95	2.80	–	–	2.59	0.44	–	–
Total Revenue Expenditure	1379.04	1309.50	28.72	7.47	202.82	172.68	167.33	–
<b>Capital Expenditure:</b>								
Buildings	1.05	–	–	–	0.65	–	7.51	–
Plant & Machinery	–	36.47	–	–	0.35	0.87	2.72	–
Handling Equipment	–	–	–	–	3.63	–	–	–
Electrical Equipments	0.50	12.43	–	–	–	–	3.54	–
R & D Equipments	7.09	27.47	–	0.80	0.90	1.98	0.53	–
Laboratory Equipments	–	11.21	–	–	0.43	4.11	–	–
EDP Equipments	2.97	2.03	–	–	0.25	0.76	–	–
Office Equipments	0.38	0.79	–	–	0.25	–	–	–
Furniture & Fixtures	–	–	–	–	–	0.26	–	–
Air Conditioners	0.96	0.30	–	–	4.20	–	19.99	–
Total Capital Expenditure	12.95	90.71	–	0.80	10.66	7.97	34.29	–
<b>TOTAL</b>	<b>1391.99</b>	<b>1400.20</b>	<b>28.72</b>	<b>8.27</b>	<b>213.48</b>	<b>180.65</b>	<b>201.62</b>	<b>–</b>

Note: During the year no expenses have been incurred at R&D center set up at Plot No.128/1, GIDC Industrial Area, Ankleshwar.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

31. The amount of Excise Duty disclosed as deduction from turnover is the Excise duty for the year, except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed in the (increase)/decrease in stock and other expenses respectively. (Increase)/decrease in stocks include excise duty on finished goods lying at plants (net) ₹ (10.86) lakhs (Previous year ₹ 11.70 lakhs).

### 32. EMPLOYEE BENEFITS:

The disclosures as required as per the revised AS 15 are as under:

#### a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

(₹ in lakhs)		
Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund & Family Pension Fund	692.97	736.57
Employer's Contribution to Superannuation Fund	151.03	128.52
Employer's Contribution to Employees' State Insurance Scheme	19.23	22.07

#### b) Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit obligation:

(₹ in lakhs)		
Particulars	Gratuity (Funded)	
	2013-14	2012-13
Defined Benefit obligation at the beginning of the year	2,404.63	2,102.52
Current Service Cost *	320.62	95.51
Interest Cost	198.38	178.72
Actuarial (gain)/loss	(287.83)	140.14
Benefits Paid	(69.99)	(112.26)
Defined Benefit obligation at year end *	2,565.81	2,404.63

Reconciliation of opening and closing balances of fair value of plan Assets:

(₹ in lakhs)		
Particulars	Gratuity (Funded)	
	2013-14	2012-13
Fair value of plan assets at the beginning of the year	891.67	798.46
Expected return on plan assets	77.58	68.67
Actuarial gain/(loss)	4.19	22.44
Employer contribution	234.16	86.16
Benefits Paid	(28.79)	(84.06)
Fair value of plan assets at the end of the year	1,178.81	891.67

Actual Return on Plan Assets:

(₹ in lakhs)		
Particulars	Gratuity (Funded)	
	2013-14	2012-13
Expected return on plan assets	77.58	68.67
Actuarial gain/(loss) on plan assets	4.19	22.44
Actual return on plan assets	81.77	91.11

Reconciliation of fair value of plan assets and benefit obligations:

(₹ in lakhs)		
Particulars	Gratuity (Funded)	
	2013-14	2012-13
Fair value of assets as at 31 <sup>st</sup> March	1178.81	891.67
Present value of obligation as at 31 <sup>st</sup> March*	2,565.81	2,404.63
Amount recognised in Balance Sheet *	1,387.00	1,512.96

Expense recognised during the year (Under the head "Employee Cost"-Refer Note 24):

(₹ in lakhs)		
Particulars	Gratuity (Funded)	
	2013-14	2012-13
Current Service Cost *	320.62	95.51
Interest Cost	198.38	178.71
Expected return on Plan Assets	(77.58)	(68.67)
Actuarial (gain)/loss	(292.01)	117.71
Expense Recognised in Profit and Loss Account *	149.41	323.26

Expected employers contribution for the next year is ₹ Nil (Previous year ₹ 100.73 lakhs)

Investment details:

The company made annual contributions to the LIC of an amount advised by the LIC. The company was not informed by LIC of the Investments made or the break-down of plan assets by investment type.

Actuarial Assumptions:

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Discount Rate (per annum)	9.31%	8.25%
Expected Rate of Return on Plan Assets (per annum)	8.70%	8.70%
Salary Escalation (per annum)	4.00%	4.00%

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)**

Net asset/liability recognized in the Balance Sheet (including experience adjustment impact):

(₹ in lakhs)

<b>Gratuity</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Defined benefit obligation *	2,565.81	2,404.63	2,102.52	1,972.89	1,772.55
Plan assets	1,178.81	891.67	798.46	740.29	691.46
Deficit / (Surplus) *	1,387.00	1,512.96	1,304.06	1,232.60	1,081.09
Experience adjustments on plan liabilities	264.36	119.51	117.92	164.64	117.03
Experience adjustments on plan assets	4.19	22.44	(17.02)	(14.58)	19.17

\* During the year, the company has opted for Group Gratuity Cash Accumulation (GGCA) scheme of LIC for all its employees for contributing to the fund managed by LIC based on the actuarial valuation of LIC. Based on the actuarial valuation determined by LIC, the company has provided for differential liability on account of defined benefit obligation of ₹ 222.56 lakhs and recognized as part of current service cost.

**33. SEGMENT REPORTING**

The company has one segment of activity namely 'Pharmaceuticals'.

**34. RELATED PARTY DISCLOSURE**

Related party disclosure as required by AS – 18, 'Related Party Disclosures' notified by the Companies (Accounting Standard) Rules, 2006 are given below:

Names and Relationships of the Related Parties:

- i) Subsidiary Companies:
  - a. OOO Unique Pharmaceutical Laboratories.
  - b. J. B. Healthcare Pvt. Ltd.
  - c. J. B. Chemicals & Pharmaceuticals Pvt. Ltd.
  - d. LLC Unique Pharmaceuticals Laboratories.
  - e. Unique Pharmaceutical Laboratories FZE (w.e.f. 10-12-2013)
- ii) Associate Concerns / Trusts / Companies/Joint Venture:
  - a. Mody Trading Company
  - b. Mody Brothers
  - c. Jyotindra Family Trust
  - d. Dinesh Family Trust
  - e. Shirish Family Trust
  - f. Biotech Laboratories (Pty.) Ltd.
  - g. Jyotindra Mody Holdings Pvt. Ltd.
  - h. Ansuya Mody Securities Pvt. Ltd.
  - i. Dinesh Mody Securities Pvt. Ltd.
  - j. Kumud Mody Securities Pvt. Ltd.
  - k. Shirish B. Mody Investments Pvt. Ltd.
  - l. Bharati S. Mody Investments Pvt. Ltd.
  - m. J. B. Mody Enterprises Pvt. Ltd. (Upto 24-6-2013)
  - n. Ansuya Mody Enterprises Pvt. Ltd. (Upto 24-6-2013)
  - o. Dinesh Mody Ventures Pvt. Ltd. (Upto 24-6-2013)
  - p. Kumud Mody Ventures Pvt. Ltd. (Upto 24-6-2013)
  - q. Shirish Mody Enterprises Pvt. Ltd. (Upto 24-6-2013)

- r. Bharati Mody Ventures Pvt. Ltd. (Upto 24-6-2013)
- s. J. B. Mody Enterprises LLP (from 25-6-2013)
- t. Ansuya Mody Enterprises LLP (from 25-6-2013)
- u. Dinesh Mody Ventures LLP (from 25-6-2013)
- v. Kumud Mody Ventures LLP (from 25-6-2013)
- w. Shirish Mody Enterprises LLP (from 25-6-2013)
- x. Bharati Mody Ventures LLP (from 25-6-2013)
- y. Synit Drugs Pvt. Ltd.
- z. Unique Pharmaceutical Laboratories Ltd.
- aa. Ifunik Pharmaceuticals Ltd.
- ab. Namplas Chemicals Pvt. Ltd.
- ac. Raptim Research Ltd. (Upto 16-6-2013)
- ad. Gemma Jewellery Pvt. Ltd.
- ae. Lekar Pharma Ltd.
- iii) Key Management Personnel:
  - a. Shri Jyotindra B. Mody
  - b. Shri Dinesh B. Mody
  - c. Shri Shirish B. Mody
- iv) Relative of Key Management Personnel:
  - a. Mr. Pranabh D. Mody
  - b. Mrs. Kumud D. Mody
  - c. Mrs. Bharati S. Mody
  - d. Mrs. Pallavi B. Mehta
  - e. Mrs. Purvi U. Asher
  - f. Mrs. Deepali A. Jasani
  - g. Mrs. Priti R. Shah
  - h. Mr. Nirav S. Mody
  - i. Mrs. K. V. Gosalia
  - j. D. B. Mody HUF
  - k. S. B. Mody HUF

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

Transactions with the Related parties during the year :

(₹ in lakhs)

Transaction with Related Parties	Subsidiary Companies	Associated Concern / Trust/ Joint Venture	Key Management Personnel	Relative of Key Management Personnel
<b>Income</b>				
Sale of Material / Goods / Others (Net of Discount)	<b>4,492.58</b> (3,648.99)	<b>3,497.95</b> (2,218.53)	- (-)	- (-)
Receipt of Manufacturing charges	- (-)	<b>46.19</b> (22.92)	- (-)	- (-)
Dividend Income	<b>86.72</b> (159.48)	- (-)	- (-)	- (-)
<b>Expenditure</b>				
Purchase of stock-in-trade	- (-)	<b>3,605.48</b> (3,509.68)	- (-)	- (-)
Processing Charges	- (-)	<b>129.30</b> (150.36)	- (-)	- (-)
Bio-Equivalence Study	- (-)	<b>3.93</b> (60.63)	- (-)	- (-)
Rent	- (-)	<b>273.83</b> (273.83)	- (-)	<b>73.56</b> (73.56)
Sales promotion and publicity	<b>2,376.53</b> (1,457.90)	<b>(11.94)</b> (10.00)	- (-)	- (-)
Reimbursement of expenses	<b>9.34</b> (-)	<b>(0.23)</b> (15.41)	- (-)	- (-)
Royalty	- (-)	<b>1,103.55</b> (14.16)	- (-)	- (-)
Employee Benefit Expense	- (-)	- (-)	<b>129.72</b> (115.83)	<b>32.67</b> (24.87)
Remuneration	- (-)	- (-)	<b>1,081.07</b> (965.25)	<b>241.61</b> (184.27)
Interest on Deposits	- (-)	<b>10.51</b> (88.38)	<b>11.90</b> (11.10)	<b>59.96</b> (78.09)
<b>Others</b>				
Equity Contribution	<b>22.30</b> (19.30)	- (-)	- (-)	- (-)
Loan repayment from subsidiary company	<b>0.26</b> (-)	- (-)	- (-)	- (-)
Expenses incurred on behalf of subsidiary company.	<b>36.39</b> (-)	- (-)	- (-)	- (-)
O/S Payables as on March 31, 2014	<b>666.17</b> (-)	<b>555.95</b> (123.41)	<b>285.08</b> (128.88)	<b>612.48</b> (718.07)
O/S Receivables as on March 31, 2014	<b>4,477.48</b> (2,129.71)	<b>1,373.40</b> (744.62)	- (-)	<b>25.28</b> (25.28)

Disclosure in respect of Material Related Party Transactions during the year:

1. Material / Goods sold to OOO Unique Pharmaceutical Laboratories, Moscow, ₹ 4,492.58 lakhs (Previous year ₹ 3,648.99 lakhs), Biotech Laboratories (Pty.) Ltd. ₹ 3,271.72 lakhs (Previous year ₹ 1,882.14 lakhs).
2. Manufacturing charges received from Lekar Pharma Ltd. ₹ 46.19 lakhs (Previous year ₹ 22.92 lakhs).
3. Dividend received from J.B. Healthcare Pvt. Ltd. ₹ 86.72 lakhs (Previous year ₹ 159.48 lakhs).

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)**

4. Purchases from Lekar Pharma Ltd. ₹ 3,605.48 lakhs (Previous year ₹ 3,507.87 lakhs).
5. Processing charges paid to Namplas Chemicals Pvt. Ltd. ₹ 129.30 lakhs (Previous year ₹ 150.36 lakhs).
6. Bio-equivalent study charges paid to Raptim Research Ltd. ₹ 3.93 lakhs (Previous year ₹ 60.63 lakhs).
7. Rent paid to Jyotindra Family Trust ₹ 116.40 lakhs (Previous year ₹ 116.40 lakhs), Dinesh Family Trust ₹ 59.07 lakhs (Previous year ₹ 59.07 lakhs), Shirish Family Trust ₹ 70.34 lakhs (Previous year ₹ 70.34 lakhs), D. B. Mody HUF ₹ 36.71 lakhs (Previous year ₹ 36.71 lakhs), S. B. Mody HUF ₹ 36.85 lakhs (Previous year ₹ 36.85 lakhs).
8. Sales Promotion expense paid to OOO Unique Pharmaceutical Laboratories ₹ 2,376.53 lakhs (Previous year ₹ 1,457.90 lakhs), Biotech Laboratories (Pty.) Ltd. ₹ (11.94) lakhs (Previous year ₹ Nil).
9. Reimbursement of Expense to OOO Unique Pharmaceutical Laboratories ₹ 9.34 lakhs (Previous year ₹ Nil), Biotech Laboratories (Pty.) Ltd. ₹ (0.23) lakhs (Previous year ₹ 15.41 lakhs).
10. Royalty paid to Unique Pharmaceutical Laboratories Ltd. ₹ 1103.55 lakhs (Previous year ₹ 14.16 lakhs).
11. Employee benefit expense paid to Shri Jyotindra B. Mody ₹ 43.24 lakhs (Previous year ₹ 38.61 lakhs), Shri Dinesh B. Mody ₹ 43.24 lakhs (Previous year ₹ 38.61 lakhs), Shri Shirish B. Mody ₹ 43.24 lakhs (Previous year ₹ 38.61 lakhs), Shri Pranabh D. Mody ₹ 20.88 lakhs (Previous year ₹ 14.39 lakhs), Shri Nirav Mody ₹ 11.79 lakhs (Previous year ₹ 10.48 lakhs).
12. Remuneration paid to Shri Jyotindra B. Mody ₹ 360.35 lakhs (Previous year ₹ 321.75 lakhs), Shri Dinesh B. Mody ₹ 360.36 lakhs (Previous year ₹ 321.75 lakhs), Shri Shirish B. Mody ₹ 360.36 lakhs (Previous year ₹ 321.75 lakhs), Shri Pranabh D. Mody ₹ 154.25 lakhs (Previous year ₹ 106.72 lakhs), Shri Nirav Mody ₹ 87.36 lakhs (Previous year ₹ 77.55 lakhs).
13. Interest on deposit paid to Shri Jyotindra B. Mody ₹ 9.32 lakhs (Previous year ₹ 8.77 lakhs), Ms. Deepali Jasani ₹ 12.40 lakhs (Previous year ₹ 11.48 lakhs), D. B. Mody HUF ₹ 30.60 lakhs (Previous year ₹ 30.60 lakhs), Jyotindra Mody Holdings Pvt. Ltd. ₹ Nil (Previous year ₹ 18.88 lakhs), Bharati S. Mody Investments Pvt. Ltd. ₹ Nil (Previous year ₹ 27.26 lakhs).
14. Equity Contribution was made to J.B. Healthcare Pvt. Ltd., Jersey ₹ 9.39 lakhs (Previous year ₹ Nil), J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore ₹ 3.55 lakhs (Previous year ₹ 2.78 lakhs), Unique Pharmaceuticals Laboratories LLC, Ukraine ₹ 9.36 lakhs (Previous year ₹ 16.52 lakhs).
15. Loan repayment from J.B. Chemicals & Pharmaceuticals Pvt. Ltd. ₹ 0.26 lakhs (Previous year ₹ Nil).
16. Expenses incurred on behalf of subsidiary company Unique Pharmaceutical Laboratories FZE ₹ 36.39 lakhs (Previous year ₹ Nil).
17. Amount payable as on 31<sup>st</sup> March, 2014 to Synit Drugs Pvt. Ltd. ₹ 40.00 lakhs (Previous year ₹ 40.00 lakhs), Biotech Laboratories (Pty.) Ltd. ₹ 2.00 lakhs (Previous year ₹ Nil), OOO Unique Pharmaceutical Laboratories ₹ 666.17 lakhs (Previous year ₹ Nil), Unique Pharmaceutical Laboratories Ltd. ₹ 164.63 lakhs (Previous year ₹ Nil), Ifiunik Pharmaceuticals Ltd. ₹ 65.00 lakhs (Previous year ₹ 65.00 lakhs), Namplas Chemicals Pvt. Ltd. ₹ 9.71 lakhs (Previous year ₹ 15.97 lakhs), Raptim Research Ltd. ₹ Nil (Previous year ₹ 2.43 lakhs), Lekar Pharma Ltd. ₹ 274.61 lakhs (Previous year ₹ 487.27 lakhs), Shri Jyotindra B. Mody ₹ 91.72 lakhs (Previous year ₹ 103.09 lakhs), Shri Dinesh B. Mody ₹ 27.86 lakhs (Previous year ₹ 25.29 lakhs), Shri Shirish Mody ₹ 0.50 lakhs (Previous year ₹ 0.50 lakhs), Shri Pranabh D. Mody ₹ Nil (Previous year ₹ 98.48 lakhs), Mrs. Kumud D. Mody ₹ 53.39 lakhs (Previous year ₹ 61.77 lakhs), Mrs. Bharati S. Mody ₹ 34.00 lakhs (Previous year ₹ 37.28 lakhs), Mrs. Purvi Asher ₹ 2.09 lakhs (Previous year ₹ 2.44 lakhs), Mrs. Deepali A. Jasani ₹ 132.99 lakhs (Previous year ₹ 116.10 lakhs), Mrs. K. V. Gosalia ₹ 29.10 lakhs (Previous year ₹ 29.10 lakhs), D. B. Mody HUF ₹ 306.00 lakhs (Previous year ₹ 306.00 lakhs), S.B. Mody HUF ₹ 54.91 lakhs (Previous year ₹ 66.90 lakhs).
18. Amount receivable as on 31<sup>st</sup> March, 2014 from OOO Unique Pharmaceutical Laboratories ₹ 4,441.09 lakhs (Previous year ₹ 2,118.20 lakhs), Unique Pharmaceutical Laboratories FZE ₹ 36.39 lakhs (Previous year ₹ Nil), J.B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore ₹ Nil (Previous year ₹ 11.51 lakhs), Jyotindra Family Trust ₹ 21.13 lakhs (Previous year ₹ 21.13 lakhs), Dinesh Family Trust ₹ 8.49 lakhs (Previous year ₹ 8.49 lakhs), Shirish Family Trust ₹ 8.49 lakhs (Previous year ₹ 8.49 lakhs), Jyotindra Mody Holdings Pvt. Ltd. ₹ Nil (Previous year ₹ 1.34 lakhs), Dinesh Mody Securities Pvt. Ltd. ₹ Nil (Previous year ₹ 1.34 lakhs), Shirish B. Mody Investments Pvt. Ltd. ₹ Nil (Previous year ₹ 1.34 lakhs), Jyotindra Mody Enterprise LLP ₹ 1.34 lakhs (Previous year ₹ Nil), Dinesh Mody Ventures LLP ₹ 1.34 lakhs (Previous year ₹ Nil), Shirish Mody Enterprises LLP ₹ 1.34 lakhs (Previous year ₹ Nil), Biotech Laboratories (Pty.) Ltd. ₹ 1,331.30 lakhs (Previous year ₹ 598.93 lakhs), Lekar Pharma Ltd. ₹ Nil (Previous year ₹ 103.58 lakhs), D. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs), S. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs).
35. Disclosures as required by Accounting Standard 19, "Leases", notified under sub-section (3C) of Section 211 of the Companies Act, 1956, are given below:
  - i. The company has taken certain residential and office premises on operating lease/leave and license agreements having non-cancellable/ not non-cancellable (range between 11 months and 3 years are renewable by mutual consent on mutually agreeable terms).

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

- ii. Lease payment in respect of non-cancellable lease amounts to ₹ 72.22 lakhs (Previous year ₹ 38.41 lakhs) is included under the head Compensation Rent in Note "26".

The minimum future lease rentals payable in respect of non-cancellable lease are as follows:

(₹ in lakhs)

Particulars	2013-14	2012-13
Not later than one year	113.28	44.89
Later than one year but not later than five years	107.14	44.05
Later than five years	–	–

### 36. EARNING PER SHARE:

Earning Per Share (EPS) is calculated in accordance with Accounting Standard –20 as under:

Particulars	2013-14	2012-13
Net Profit attributable to Equity Shareholders (₹ in lakhs)	6,842.55	8,493.85
Weighted Average No. of Equity shares (Nos)		
Basic	84,715,591	84,707,300
Effect of Dilutive equity shares equivalent		
Stock Options outstanding	36,822	7,456
Diluted	84,752,413	84,714,756
Nominal value of equity shares (₹)	2.00	2.00
Earning per share (₹)		
Basic	8.08	10.03
Diluted	8.07	10.03

### 37. FINANCIAL AND DERIVATIVE INSTRUMENTS

- a) Derivative Instruments:

The company has entered into forward contract to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian rupee. The counter party to such forward contract is a bank. These contracts are entered into to hedge the foreign currency risks. Details of forward contracts outstanding as at the year end:

Currency	Exposure to buy/sell	As at March 31, 2014		As at March 31, 2013	
		Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
USD	Sell	34,000,000.00	21,192.71	30,965,958.33	17,545.49
USD	Buy	843,644.24	510.68	–	–

- b) Foreign currency exposure at the year-end not hedged by derivative instruments.

Particulars	As at March 31, 2014		As at March 31, 2013	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
<b>Receivable against export of goods:</b>				
Euro	2,236,488.90	1,839.96	2,813,207.42	1,955.46
AUD	1,107,195.02	613.50	987,314.05	557.83
GBP	122,152.00	121.65	172,769.00	141.84
<b>Payable against Secured Loans:</b>				
US Dollars	10,500,000.00	6,290.55	5,000,000.00	2,715.00
<b>Payable against Import of goods &amp; Services :</b>				
US Dollars	–	–	562,646.77	305.52
AUD	57,236.99	31.72	–	–



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****38. EXPENSES INCURRED ON BEHALF OF SUBSIDIARY COMPANIES :**

(₹ in lakhs)

Name of the Company	Nature of Relation	As at March 31, 2014	Maximum Balance during the year
Unique Pharmaceutical Laboratories FZE, Dubai	Subsidiary	36.39	36.39
J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore	Subsidiary	–	11.51

- 39.** Ministry of Corporate Affairs, Govt. of India, vide General Circular No. 2 and 3 dated 08-02-2011 and 21-02-2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

**40. DETAILS OF PURCHASES IN RESPECT OF GOODS TRADED:**

(₹ in lakhs)

Particulars	2013-14	2012-13
Ointments	1,481.39	1,098.53
Liquids	1,301.69	1,201.68
Capsules	236.20	76.74
Tablets	3,090.93	3,041.07
Powder	12.93	9.98
Ampoules	1,396.27	1,209.46
Others	157.65	667.49
<b>Total</b>	<b>7,677.06</b>	<b>7,304.95</b>

**41. DETAILS OF FINISHED GOODS MANUFACTURED AND TRADED**

(₹ in lakhs)

Particulars	Sales	Opening Stock	Closing Stock
<b>Manufacturing Goods</b>			
Ointments	3,059.53 (3,430.31)	15.59 (120.11)	43.01 (15.59)
Liquids	6,055.63 (5,101.14)	371.27 (393.95)	274.72 (371.27)
Capsules	895.65 (879.58)	29.69 (45.48)	36.67 (29.69)
Tablets	40,833.22 (36,770.29)	1,292.78 (1,550.40)	2,151.43 (1,292.78)
Powder	3,102.32 (1,949.91)	50.76 (8.33)	92.84 (50.76)
Ampoules	16,567.57 (13,736.79)	872.26 (818.82)	904.29 (872.26)
API	9,938.15 (6,233.93)	325.08 (344.83)	393.30 (325.08)
<b>Total</b>	<b>80,452.07</b> (68,101.94)	<b>2,957.43</b> (3,281.91)	<b>3,896.26</b> (2,957.43)



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)**

Particulars	Sales	Opening Stock	Closing Stock
<b>Traded Goods</b>			
Ointments	<b>1,670.33</b> (1,280.02)	<b>4.58</b> (46.26)	<b>10.04</b> (4.58)
Liquids	<b>1,472.04</b> (1,415.41)	<b>66.27</b> (170.33)	<b>72.62</b> (66.27)
Capsules	<b>439.26</b> (123.66)	<b>31.84</b> (62.95)	<b>10.53</b> (31.84)
Tablets	<b>6,609.12</b> (5,315.36)	<b>622.97</b> (719.83)	<b>518.55</b> (622.97)
Powder	<b>27.20</b> (37.92)	<b>11.37</b> (23.36)	<b>6.73</b> (11.37)
Ampoules	<b>2,430.53</b> (1,912.26)	<b>152.63</b> (233.92)	<b>170.36</b> (152.63)
Others	<b>498.61</b> (643.31)	<b>149.78</b> (-)	<b>-</b> (149.78)
<b>Total</b>	<b>13,147.09</b> (10,727.93)	<b>1,039.44</b> (1,256.64)	<b>788.83</b> (1039.44)

42. Value of consumption of directly imported and indigenously obtained raw materials, packing materials and the percentage of each to the total.

Particulars	₹ in lakhs	Percentage
Directly Imported	<b>7,567.03</b> (4,258.47)	<b>24.35</b> (16.26)
Indigenously obtained	<b>23,511.54</b> (21,931.95)	<b>75.65</b> (83.74)
<b>Total</b>	<b>31,078.57</b> (26,190.38)	<b>100.00</b> (100.00)

43. **VALUE OF DIRECT IMPORTS (C.I.F. VALUE)**

Particulars	₹ in lakhs
Raw Materials	<b>6,955.17</b> (4,156.84)
Component Stores & Spare parts	<b>122.87</b> (165.69)
Capital Goods	<b>1,531.35</b> (692.66)
Others	<b>-</b> (4.56)
<b>Total</b>	<b>8,609.39</b> (5,019.75)

44. **EARNINGS IN FOREIGN EXCHANGE**

Particulars	₹ in lakhs
Export of Goods (At F.O.B)	<b>55,454.96</b> (46,641.83)
Export of Service	<b>512.42</b> (745.40)
Dividend	<b>86.73</b> (159.48)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)****45. EXPENDITURE IN FOREIGN CURRENCY**

<b>Particulars</b>	<b>₹ in lakhs</b>
Legal & Professional Fees	<b>97.06</b> (188.38)
Interest	<b>78.67</b> (44.65)
Other Expenditure	<b>6,900.72</b> (5,640.98)

**46. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND.**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Number of Non-Resident Shareholders (in Nos.)	<b>4</b>	4
Dividend (₹ in lakhs)	<b>12.32</b>	4.11
Number of Shares	<b>410,812</b>	410,812
Dividend relates to financial year	<b>2012-13</b>	2011-12

**47.** Figures of previous year have been re-grouped, re-arranged and recast, wherever considered necessary.

**48.** Figures in brackets indicate corresponding figures of Previous year.

**As per our report of even date****For J. K. Shah & Co.**

Chartered Accountants  
Firm Registration No. 109606W

**J. K. Shah**

Partner  
Membership No. 3662

Place : Mumbai  
Date : May 26, 2014

**For and on behalf of the Board of Directors****J. B. Mody**

Chairman & Managing Director

**S. B. Mody**

Whole time director (Marketing)

Place : Mumbai  
Date : May 26, 2014

**D. B. Mody**

Whole time director  
(Administration)

**M. C. Mehta**

Company Secretary

## INDEPENDENT AUDITORS' REPORT

TO,

**The Board of Directors of  
J. B. CHEMICALS & PHARMACEUTICALS LIMITED**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of J. B. CHEMICALS & PHARMACEUTICALS LIMITED ("the Company"), its Subsidiaries and Joint Ventures, (collectively referred as "JBCPL Group"), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March 2014, the consolidated Statement of Profit & Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management Responsibility for the 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 including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

### Auditors' 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 auditors' 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 together with the notes thereon 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:

- in the case of the consolidated Balance Sheet, of the state of affairs of the JBCPL Group as at 31<sup>st</sup> March, 2014;
- in the case of the consolidated Statement of Profit and Loss, of the profit of JBCPL Group for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows of JBCPL Group for the year ended on that date

### Other Matters

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 2,748.22 lakhs as at March 31, 2014, the total revenue of ₹ 118.70 lakhs and cash outflows amounting to ₹ 2.24 lakhs for the year ended on that date. The financial statements of these subsidiaries have been prepared in accordance with accounting policies generally accepted in their respective countries and have been audited by other auditors who have submitted their audit opinions prepared under generally accepted auditing standards of their respective countries. The Management of the company has converted these audited financial statements of the company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amount included in respect of these subsidiaries, is based solely on the reports of other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management examined by us on a test basis.

We have relied on the reviewed, not audited, financial statements of certain subsidiaries and joint venture whose financial statements reflect total assets of ₹ 10,174.46 lakhs as at March 31, 2014, the total revenue of ₹ 16,335.70 lakhs and cash outflows amounting to ₹ 610.00 lakhs for the year ended on that date. These financial statements have been certified and approved by the Board of Directors of the said subsidiary and joint venture and our report in so far as it relates to the amounts included in respect of the subsidiary and joint venture is based solely on such reviewed / approved financial statements.

Our opinion is not qualified in respect of other matters.

**For J. K. Shah & Co.**  
Chartered Accountants  
Firm Registration No. : 109606W

**J. K. Shah**

Partner

Membership No: 3662

Place : Mumbai  
Date : May 26, 2014

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
(a) Share capital	3	<b>1,694.63</b>		1,694.15	
(b) Reserves and surplus	4	<b>102,586.61</b>	<b>104,281.24</b>	100,332.97	102,027.12
<b>Non-current liabilities</b>					
(a) Long-term borrowings	5	<b>48.84</b>		724.26	
(b) Deferred tax liabilities (Net)	6	<b>1,925.50</b>		2,498.03	
(c) Long-term provisions	7	<b>1,218.70</b>	<b>3,193.04</b>	822.82	4,045.11
<b>Current liabilities</b>					
(a) Short-term borrowings	8	<b>8,170.96</b>		3,727.80	
(b) Trade payables	9	<b>6,074.78</b>		6,050.76	
(c) Other current liabilities	10	<b>9,805.77</b>		10,115.39	
(d) Short-term provisions	11	<b>3,575.53</b>	<b>27,627.04</b>	4,053.82	23,947.77
<b>TOTAL</b>			<b>135,101.32</b>		130,020.00
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	12	<b>28,526.59</b>		29,538.14	
(ii) Intangible assets	12	<b>2,528.47</b>		3,902.70	
(iii) Capital work-in-progress		<b>4,635.78</b>		472.98	
(iv) Realisable value of Impaired Assets		–		7.72	
(b) Non-current investments	13	<b>275.31</b>		299.31	
(c) Long-term loans and advances	14	<b>1,070.65</b>		1,428.47	
(d) Other non-current assets	15	–	<b>37,036.80</b>	–	35,649.32
<b>Current assets</b>					
(a) Current investments	16	<b>49,725.74</b>		39,467.80	
(b) Inventories	17	<b>13,440.02</b>		10,453.49	
(c) Trade receivables	18	<b>23,550.78</b>		19,127.39	
(d) Cash and cash equivalents	19	<b>1,180.56</b>		15,623.49	
(e) Short-term loans and advances	20	<b>10,167.42</b>	<b>98,064.52</b>	9,698.52	94,370.68
<b>TOTAL</b>			<b>135,101.32</b>		130,020.00
Significant Accounting Policies and Notes on Financial Statements	1 to 39				

**As per our report of even date****For J. K. Shah & Co.**Chartered Accountants  
Firm Registration No. 109606W**J. K. Shah**Partner  
Membership No. 3662Place : Mumbai  
Date : May 26, 2014**For and on behalf of the Board of Directors****J. B. Mody**

Chairman &amp; Managing Director

**S. B. Mody**

Whole time director (Marketing)

Place : Mumbai  
Date : May 26, 2014**D. B. Mody**Whole time director  
(Administration)**M. C. Mehta**

Company Secretary

## CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2014

(₹ in lakhs)

Particulars	Note No.	2013-2014	2012-2013
<b>Income:</b>			
Revenue from Operations (Gross)	21	103,438.91	87,646.77
Less: Excise Duty		1,252.44	1,034.21
Revenue from operations (Net)		102,186.47	86,612.56
Other income	22	3,770.41	2,787.26
<b>Total Revenue</b>		<b>105,956.88</b>	<b>89,399.82</b>
<b>Expenses:</b>			
Cost of materials consumed	23	31,078.57	26,189.51
Purchases of stock-in-trade		11,770.48	10,688.67
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,845.67)	(31.69)
Employee benefits expense	25	14,366.60	13,004.53
Finance costs	26	622.93	528.06
Depreciation and amortization expense	12	2,802.07	2,465.82
Other expenses	27	31,967.40	26,197.43
<b>Total expenses</b>		<b>90,762.38</b>	<b>79,042.33</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>15,194.50</b>	<b>10,357.49</b>
Exceptional item - Revision of purchase price in respect of sale of Russia-CIS OTC Business Undertaking (Refer Note No. 31)		(6,450.00)	–
<b>Profit before tax</b>		<b>8,744.50</b>	<b>10,375.49</b>
<b>Tax expense:</b>			
(1) Current tax		3,635.45	2,323.29
Less: MAT Credit Entitlement		–	434.00
Net Current Tax		3,635.45	1,889.29
(2) Excess Provision for tax of earlier years (Net)		(572.98)	–
(3) Deferred tax		(255.32)	520.97
(4) MAT Credit of earlier years		212.23	2.82
<b>Profit for the year</b>		<b>6,149.58</b>	<b>7,944.41</b>
Earnings per equity share			
(1) Basic		7.26	9.38
(2) Diluted		7.26	9.38
Significant Accounting Policies and Notes on Financial Statements	1 to 39		

As per our report of even date

For J. K. Shah &amp; Co.

Chartered Accountants  
Firm Registration No. 109606W

J. K. Shah

Partner  
Membership No. 3662Place : Mumbai  
Date : May 26, 2014

For and on behalf of the Board of Directors

J. B. Mody

Chairman &amp; Managing Director

S. B. Mody

Whole time director (Marketing)

Place : Mumbai  
Date : May 26, 2014

D. B. Mody

Whole time director  
(Administration)

M. C. Mehta

Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2014

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	8,744.50	10,357.48
<b>Adjustment For:</b>		
Depreciation	2,802.07	2,465.82
Foreign Exchange (Net)	103.29	(721.55)
Interest Paid	240.88	361.06
(Profit)/ Loss on Sale/Discard of Assets	(2.49)	3.57
(Profit)/ Loss on Sale of Investments (Net)	(1,808.43)	(2,294.42)
Bad Debt	12.75	–
Interest Received	(132.13)	(245.11)
Dividend Received	(20.39)	(87.17)
Reversal of Deferred Employee Compensation	(6.64)	(6.89)
Impairment of Fixed Assets	7.72	–
Provision for doubtful debts	895.64	84.65
Provision for Doubtful debts written back	(16.85)	–
	2,075.42	(440.04)
<b>Operating Profit Before Working Capital Changes</b>	10,819.92	9,917.44
<b>Adjustment For:</b>		
Trade And Other Receivables	(5,148.89)	(3,443.75)
Inventories	(2,986.53)	(350.25)
Trade Payable	(1,235.18)	4,741.18
	(9,370.60)	947.18
<b>Cash Generated From Operations</b>	1,449.32	10,864.62
Direct Taxes Paid (Net)	(2,847.08)	(2,444.98)
<b>Net Cash from Operating Activities</b>	(1,397.76)	8,419.64
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(6,039.24)	(4,921.03)
Sale/Discard of Fixed Assets	67.76	240.13
Purchase of Investment	(39,130.42)	(60,180.93)
Sale of Investment	30,704.91	52,900.02
Interest Received	127.03	269.98
Dividend Received	20.39	87.17
<b>Net Cash used in Investing Activities</b>	(14,249.57)	(11,604.66)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Shares under ESOP (including Securities Premium)	20.51	–
Proceeds/(Repayment) from/of Short Term Borrowing (Net)	4,443.18	(1,751.94)
Proceeds/(Repayment) from/of Long Term Borrowing (Net)	(11.81)	(19.78)
Interest Paid	(264.02)	(374.42)
Dividend Paid (Including Dividend Tax)	(2,983.46)	(998.60)
<b>Net Cash Used in Financing Activities</b>	1,204.40	(3,144.74)
<b>Net Increase in Cash and Cash Equivalents</b>	(14,442.93)	(6,329.76)
Cash And Cash Equivalents as at 01.04.13	15,623.49	21,953.25
Cash And Cash Equivalents as at 31.03.14 (Refer Note No.2)	1,180.56	(14,442.93)
	15,623.49	(6,329.76)

## Notes :

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
- It includes ₹ Nil (Previous year ₹ 13,757.75 lakhs) deposited in Escrow account in terms of escrow agreement dated 14<sup>th</sup> July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking.
- Balance with banks include ₹ 100.50 lakhs (Previous year ₹ 70.50 lakhs) being deposits under lien.
- Previous years' figures are re-grouped / re-classified wherever necessary in order to conform to current year's groupings and classifications.

## As per our report of even date

**For J. K. Shah & Co.**  
Chartered Accountants  
Firm Registration No. 109606W

**J. K. Shah**  
Partner  
Membership No. 3662

Place : Mumbai  
Date : May 26, 2014

## For and on behalf of the Board of Directors

**J. B. Mody**  
Chairman & Managing Director

**S. B. Mody**  
Whole time director (Marketing)

Place : Mumbai  
Date : May 26, 2014

**D. B. Mody**  
Whole time director  
(Administration)

**M. C. Mehta**  
Company Secretary

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014

### 1. PRINCIPLES OF CONSOLIDATION

- a. The consolidated financial statements have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" notified under sub-section (3C) of section 211 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956. These relate to J. B. Chemicals and Pharmaceuticals Ltd. ("the Company"), its subsidiaries and its interest in joint venture ("the Group"). The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21)-"Consolidated Financial Statements".

The difference between the company's cost of investments in the subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted at the average rates prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the "Foreign Currency Translation Reserve".

- ii. Interest in jointly controlled entities is accounted for using proportionate consolidation in accordance with Accounting Standard 27 on "Financial reporting of interests in Joint Ventures". The company's share in each of the assets, liabilities, income and expenses of jointly controlled entities are reported as a separate item. The difference between costs of the company's interest in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- iii. Goodwill recognized in the Consolidated Financial Statements is not amortized.
- iv. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this note.
- b. No adjustments have been made to the financial statements of the Subsidiaries and Joint Venture company on account of diverse accounting policies as the same,

being incorporated in Russia, Jersey, Singapore, Ukraine, Dubai and South Africa have been prepared under the laws and regulations applicable to their country of incorporation and hence not practicable to do so.

- c. Notes of 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. Recognizing this purpose, the company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures. Practical considerations made it desirable to exclude Notes to Financial Statements, which in the opinion of the management, could be better viewed, when referred from the individual financial statements of the Companies.
- d. The subsidiary companies considered in the consolidated financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
J. B. Healthcare Pvt. Ltd.	Jersey, Channel Island	100 %	31.03.2014
OOO Unique Pharmaceutical Laboratories	Russia	100%	31.12.2013*
J.B. Chemicals & Pharmaceuticals Pvt. Ltd	Singapore	100%	31.03.2014
LLC Unique Pharmaceutical Laboratories	Ukraine	100%	31.12.2013*
Unique Pharmaceutical Laboratoires FZE w.e.f. 10-12-2013	Dubai	100%	31.03.2014*

\* Management reviewed/certified unaudited accounts of 31<sup>st</sup> March, 2014 are taken into consideration for consolidated financial statements.

- e. The significant joint venture company considered in the consolidated financial statements is :

Name of the Company	Relation-ship	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
Biotech Laboratories (Pty.) Ltd. *	Joint Venture	South Africa	49 %	31.08.2013**

\* Through J. B. Healthcare Pvt. Ltd. Jersey.

\*\* Unaudited accounts of 31<sup>st</sup> March, 2014 are taken into consideration for consolidated financial statements.



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Basis of accounting

The financial statements are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

#### 2.2. Revenue recognition

All revenue and expenses are accounted for on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

#### 2.3 Fixed assets

##### Parent Company:

Fixed Assets are stated at cost of acquisition and includes other direct / indirect and incidental expenses incurred to put them into use but excludes CENVAT availed on such assets. Whenever, the costs of the fixed asset are met under the specific contract by third party, the same is reduced from the cost of the respective fixed asset.

All indirect expenses incurred during project implementation and on trial run are treated as incidental expenditure during construction and capitalized.

##### Subsidiary - OOO Unique Pharmaceutical Laboratories:

Assets which have value below 40000 Rubles are written off within the group of material and production stock.

#### 2.4 Depreciation

##### Parent Company:

Depreciation is provided on Straight Line Method at the rates and on the basis specified in Schedule XIV to the Companies Act, 1956. Premium paid for leasehold land is amortized over the lease period.

##### Subsidiary - OOO Unique Pharmaceutical Laboratories:

Linear method of calculation of fixed assets depreciation is established for the period of shelf life.

Revaluation of fixed assets is not performed.

##### Joint Venture - Biotech Laboratories (Pty.) Ltd.

Depreciation is calculated on the Straight Line Method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

• Furniture and Fittings	16.67%
• Computer related equipment	33.33%
• Computer Software	50.00%
• Leasehold Improvements	20.00%

#### 2.5 Intangibles

##### For Parent Company:

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 3 years.

##### Joint Venture - Biotech Laboratories (Pty.) Ltd.

An intangible asset is recognized when:

- It is probable that the expected future economic benefit that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are carried at cost.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortization is provided on a straight line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortized over its useful life.

#### 2.6 Impairment of assets

Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

#### 2.7 Provisions and contingencies

The company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

#### 2.8 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Weighted Average method. The cost of work in progress (other than those lying at third party manufacturing site which is valued at material cost) and finished goods comprise direct material, direct labour, other direct cost and related production overheads.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 2.9 Investments

#### For Parent Company:

Investments, which are Long Term in nature are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments.

#### Subsidiary - J. B. Healthcare Pvt. Ltd.

Unlisted investments are shown at fair values, unless their face value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses. Any realized gain or losses are included in the income and expenditure account.

### 2.10 Employee benefit

#### For Parent Company

#### i. Short Term Employee Benefits:

Short term employee benefits are recognized in the period during which the services have been rendered.

#### ii Long Term Employee Benefits:

##### a. Provident Fund, Family pension Fund & Employees' State Insurance Scheme

As per the Employees Provident Funds and Miscellaneous Provisions Act, 1952 all employees of the company are entitled to receive benefits under the provident fund and family pension fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by Government of India. In addition, some employees of the company are covered under Employees' State Insurance Scheme Act, 1948, which are also defined contribution schemes recognized and administrated by Government of India.

The company's contributions to these schemes are recognized as expense in profit and loss account during the period in which the employee renders the related service. The company has no further obligation under these plans beyond its monthly contributions.

##### b. Superannuation Plan:

Some employees of the company are entitled to superannuation, a defined contribution plan which is administrated through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recognized in the profit and loss account.

##### c. Leave Encashment:

The company has provided for the liability at year-end on account of unavailed earned leave as per the actuarial valuation.

#### d. Gratuity:

The company provides for gratuity obligations through a defined benefits retirement plan ("The Gratuity Plan") covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in Profit and Loss Account as and when determined.

The company makes annual contribution to LIC for the gratuity plan in respect of all the employees liability on the basis of actuarial valuation done by the LIC at the beginning of the year.

The company also provides for additional liability, in case of excess contribution, determined by the independent actuary based on actuarial valuation using the Project Unit Credit method as compared to actuarial valuation determined by LIC and vice versa.

#### For Subsidiary companies:

The company makes defined contribution to the government authority as a social security benefit, which is recognized in the profit and loss account on accrual basis.

#### For Joint Venture:

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

### 2.11 Foreign currency transaction

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet. Exchange rate differences resulting from foreign exchange transactions settled during the period including year-end translation of assets and liabilities are recognized in the Profit and loss account.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

In case of forward exchange contracts or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of contract.

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a Forward exchange contract is recognized as income or as expense for the period.

### 2.12 Leases

#### For Parent Company:

Leases wherein a significant portion of the risks and reward of ownership are retained by the lessor are classified as Operating Leases. Lease rentals in respect of such leases are charged to the profit and loss account.

#### For Joint Venture :

Operating Lease costs are charged against income on straight line basis over the period of the lease.

### 2.13 Research and Development

Revenue expenditure on Research and Development is charged to the Profits of the year in which it is incurred.

Capital expenditure on Research and Development is treated as fixed assets.

### 2.14 Borrowing cost

Borrowing costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing costs are charged

to the profit and loss account in the year in which they are incurred.

### 2.15 Income tax

#### For Parent Company:

- Tax expenses comprise of current and deferred tax.
- Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.
- Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- 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.

#### For Subsidiaries, Associate and Joint Venture Companies:

Tax expenses have been accounted for on the basis of tax laws prevailing in respective countries.

### 2.16 Employee stock option plan

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employees Stock Option Scheme" of the company is amortized on straight line basis over the vesting period as "Deferred Employees Compensation" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

## 3. SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b><u>Authorised :</u></b>		
100,000,000 (Previous year 100,000,000) Equity Shares of ₹ 2/- each	<b>2,000.00</b>	2,000.00
<b><u>Issued, Subscribed &amp; Paid up</u></b>		
84,731,625 (Previous Year 84,707,300) Equity Shares of ₹ 2/- each fully paid	<b>1,694.63</b>	1,694.15
Total	<b>1,694.63</b>	1,694.15

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 3.1 Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the year	84,707,300	1,694.15	84,707,300	1,694.15
Shares Issued during the year pursuant to Employees Stock Options Scheme	24,325	0.48	–	–
Shares outstanding at the end of the year	84,731,625	1,694.63	84,707,300	1,694.15

3.2 The company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions.

### 3.3 Details of Shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Jyotindra Mody Holdings Pvt. Ltd.	7,466,242	8.81	7,466,242	8.81
Dinesh Mody Securities Pvt. Ltd.	7,055,326	8.33	7,055,326	8.33
Shirish B. Mody Investments Pvt. Ltd.	6,530,601	7.71	6,530,601	7.71
Ansuya Mody Securities Pvt. Ltd.	7,234,882	8.54	7,234,882	8.54
Kumud Mody Securities Pvt. Ltd.	7,181,232	8.48	7,181,232	8.48
Bharati S. Mody Investments Pvt. Ltd.	7,873,987	9.29	7,873,987	9.30
Ashish Dhawan	8,179,608	9.65	7,773,672	9.18

### 3.4 Shares reserved for issue under ESOP

In the year 2004, the company has instituted the Employees Stock Option Scheme, under which 25,00,000 equity shares of ₹ 2 each have been reserved. Under the Scheme, the options are granted at an amount equal to ninety five percent of the average daily closing price of the shares of the company's share quoted on National Stock Exchange of India Ltd. during the period of twelve weeks preceding the date of grant. These options vest in four equal instalments and subject to other provisions of the Scheme, are exercisable within a period of five years from the respective date of vesting.

The activity in the said ESOP Scheme during the last two years was as under:

Particulars	As at March 31, 2014	As at March 31, 2013
Options outstanding at the beginning of the period	336,575	520,925
Less: Exercised	24,325	–
Lapsed	144,900	184,350
Options outstanding at the end of the period	167,350	336,575

On exercise of options during the year, the company received aggregate exercise price of ₹ 20.51 lakhs (Previous year ₹ Nil).

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 4. RESERVES & SURPLUS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Capital Reserves (transferred from amalgamating company):		
Investment allowance Reserve (utilised)	34.86	34.86
Capital Reserve	63.53	63.53
Cash Subsidy	1.98	1.98
	100.37	100.37
b. Capital Reserve	4.21	4.21
c. Cash Subsidy	85.66	85.66
d. Contingency Reserve	2,020.00	2,020.00
e. Securities Premium Reserve:		
Opening Balance	5,561.73	5,561.73
Add : Securities premium credited on Shares issue under ESOP	20.03	–
Closing Balance	5,581.76	5,561.73
f. Share Options Outstanding Account:		
Opening Balance	11.07	17.96
Less: Amortised during the year	6.63	6.89
Closing Balance	4.44	11.07
g. Revaluation Reserve (Net of Deferred Tax)(Refer Note no.30)	–	1,038.45
h. General Reserve:		
Opening Balance	46,275.51	45,426.12
Add: Transfer from Statement of Profit & Loss	684.26	849.39
Closing Balance	46,959.77	46,275.51
i. Surplus in the statement of Profit & Loss:		
Opening balance	45,434.94	41,341.11
Add : Net Profit for the current year	6,149.58	7,944.39
Less : Proposed Dividend # (₹ 3/- per equity share, Previous year ₹ 3/- per equity share)	2,543.23	2,541.22
Less : Tax on Proposed Dividend #	432.22	459.95
Less : Transfer to General Reserve	684.26	849.39
Closing Balance	47,924.80	45,434.94
j. Foreign Currency Translation Reserve	(94.40)	(198.96)
Total	102,586.61	100,332.97

# includes dividend of ₹ 0.14 lakhs and tax thereon ₹ 0.02 lakhs on shares issued under ESOP before annual general meeting held on 14-08-2013.

### 5. LONG-TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured</b>		
Term loans		
Vehicle loans from banks	8.84	21.76
<b>Unsecured</b>		
Fixed Deposit from Public & Shareholders	–	702.50
Inter-Corporate Deposit	40.00	–
Total	48.84	724.26

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

Nature of security and terms of repayment

5.1 Vehicle loans are secured by hypothecation of vehicles and same is repayable in sixty equated monthly instalment inclusive of interest on reducing balance.

5.2 Inter-corporate deposit bears interest @ 11% p.a., payable at quarterly rests and is maturing on 22-05-2016.

### 6. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Assets</b>		
Retirement Benefits	578.67	357.88
Others	389.11	119.44
	967.78	477.32
<b>Deferred Tax Liability</b>		
Depreciation	2,911.21	2,647.66
	2,911.21	2,647.66
Share of Joint Venture	(17.93)	327.69
Total	1,925.50	2,498.03

### 7. LONG-TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Provision for Employee Benefits</b>		
Gratuity	956.27	654.85
Leave Encashment	262.43	167.97
Total	1,218.70	822.82

### 8. SHORT-TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured</b>		
<b>Working Capital Loans from Banks #</b>		
(a) Foreign currency loans	4,374.33	2,715.00
(b) Rupee Loans	1,484.05	608.80
	5,858.38	3,323.80
<b>Unsecured</b>		
(a) Foreign currency loan from bank	1,916.22	–
(b) Interest free advance from Directors	1.50	1.50
(c) Deposit from Distributors / Customers	246.75	247.05
(d) Inter-Corporate Deposits from related parties	105.00	105.00
(e) Share of Joint venture	43.11	50.45
	2,312.58	404.00
Total	8,170.96	3,727.80

# Working capital borrowings from the banks are secured by first charge on pari passu basis by way of hypothecation of the company's current assets both present and future and by way of joint equitable mortgage of the company's immovable properties situated at Thane and Belapur in the State of Maharashtra, Ankleshwar & Panoli (except for movable fixed assets located at plot no. 4, GIDC Phase IV, Panoli, Gujarat) in the State of Gujarat and Daman in the Union Territory of Daman.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 9. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Payable to Micro, Small and Medium Enterprises	100.87	174.47
Payable to Others	5,103.91	5,018.74
Share of Joint venture	870.00	857.55
Total	6,074.78	6,050.76

### 10. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of long-term debt		
Vehicle Loan (Refer Note No. 5.1)	12.92	11.81
Fixed Deposit from Public & Shareholders #	1,087.60	506.94
Inter-corporate deposit	–	40.00
(b) Interest accrued but not due on borrowings #	78.21	101.35
(c) Unclaimed Dividends @	153.00	163.20
(d) Unclaimed Matured Deposit @	0.85	0.55
(e) Advance from Customers	65.40	118.87
(f) Other Payable	7,341.86	7,336.02
(g) Creditors for capital expenditure	684.35	1,434.48
(h) Outstanding Purchase Consideration (Undischarged liabilities of vendors)	0.10	0.10
(i) Bank overdrawn as per books	–	158.26
(j) Share of Joint venture	381.51	243.80
Total	9,805.80	10,115.39

# Fixed Deposit amount includes ₹ 104.00 lakhs (Previous year ₹ 201.16 lakhs) from certain directors and ₹ 579.70 lakhs (Previous year ₹ 569.70 lakhs) from their relatives.

Interest accrued but not due includes ₹ 47.36 lakhs (Previous year ₹ 74.59 lakhs) being amount accrued on deposits received from directors and their relatives (Also refer note no. 36).

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

### 11. SHORT-TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision for employee benefits		
Gratuity	430.73	858.11
Leave Encashment	146.17	203.61
(b) Others		
Proposed Dividend	2,543.09	2,541.22
Tax on Proposed Dividend	432.20	431.88
(c) Share of Joint venture	23.34	19.00
Total	3,575.53	4,053.82



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 12. TANGIBLE AND INTANGIBLE ASSETS

(₹ in lakhs)

Sr. No.	Fixed Assets	Gross Block			Accumulated Depreciation				Net Block	
		As at 1 <sup>st</sup> April 2013	Additions	Disposals	As at 31 <sup>st</sup> March 2014	As at 1 <sup>st</sup> April 2013	Depreciation charge for the year	On disposals	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2013
A)	<b>Tangible :</b>									
	Land (Freehold)	59.34	–	–	59.34	–	–	–	59.34	59.34
	Land (Leasehold)	830.16	–	–	830.16	78.24	7.98	–	86.22	751.92
	Factory Buildings	10,614.79	144.99	–	10,759.78	3,023.71	355.03	–	3,378.74	7,591.08
	Buildings (Note 1)	661.19	2.68	–	663.87	151.15	10.78	–	161.93	510.04
	Plant & Equipment	30,128.82	1,082.65	53.95	31,157.52	13,086.55	1,863.30	23.70	14,926.15	17,042.27
	Furniture & Fixtures	1,142.17	11.11	0.88	1,152.40	674.93	51.81	0.63	726.11	467.24
	Vehicles	1,417.93	336.24	116.85	1,637.32	441.35	175.00	82.87	533.48	976.58
	Office Equipments	1,822.65	94.19	1.71	1,915.13	1,295.94	125.96	1.11	1,420.79	526.71
	Airconditioners	2,698.35	86.98	0.27	2,785.06	1,088.97	113.88	–	1,202.85	1,609.38
	Share of Joint Venture	11.46	0.59	0.40	11.65	7.67	2.18	0.48	9.37	3.79
	<b>Total</b>	<b>49,386.86</b>	<b>1,759.43</b>	<b>174.06</b>	<b>50,972.23</b>	<b>19,848.51</b>	<b>2,705.92</b>	<b>108.79</b>	<b>22,445.64</b>	<b>29,538.35</b>
B)	<b>Intangible :</b>									
	Goodwill	1,690.23	–	–	1,690.23	–	–	–	1,690.23	1,690.23
	Trade Marks	3.67	–	–	3.67	2.50	1.16	–	3.66	1.17
	Acquired Software	637.07	112.59	–	749.66	451.08	93.83	–	544.91	185.99
	Share of Joint Venture	2,026.92	6.06	1,394.88	638.10	3.46	1.16	–	4.62	2,025.31
	<b>Total</b>	<b>4,357.89</b>	<b>118.65</b>	<b>1,394.88</b>	<b>3,081.66</b>	<b>457.04</b>	<b>96.15</b>	<b>–</b>	<b>553.19</b>	<b>3,902.70</b>
	<b>Current year's Total</b>	<b>53,744.75</b>	<b>1,878.08</b>	<b>1,568.94</b>	<b>54,053.89</b>	<b>20,305.55</b>	<b>2,802.07</b>	<b>108.79</b>	<b>22,998.83</b>	<b>33,055.06</b>
	<b>Previous year's Total</b>	<b>45,650.65</b>	<b>8,517.26</b>	<b>423.16</b>	<b>53,744.75</b>	<b>18,019.19</b>	<b>2,465.82</b>	<b>179.46</b>	<b>20,305.55</b>	<b>27,631.46</b>

Notes:

- Value of buildings includes a sum of ₹ 3,000/- being the cost of shares in the societies.
- No depreciation has been claimed on assets to the extent of CENVAT claimed.

### 13. NON-CURRENT INVESTMENTS

(Long-Term Investment) (At Cost)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>A Trade Investments (At cost)</b>		
(a) Equity Shares (Unquoted)		
In Other Companies :		
5,866 (Previous year 5,866) Equity Shares of ₹10/- each of Bharuch Enviro Infrastructure Ltd.	0.59	0.59
612,032 (Previous year 612,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech Limited (Formerly known as Bharuch Eco-aqua Infrastructure Ltd.)	61.20	61.20
<b>Total (A)</b>	<b>61.79</b>	<b>61.79</b>
<b>B Other Investments</b>		
(a) Equity Shares (Unquoted)		
In Other Companies :		
8,036 (Previous year 8,036) Equity Shares of ₹ 10/- each of J. B. Life Science Overseas Ltd.	0.80	0.80

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
20,000 (Previous year 20,000) Equity Shares of Enviro Technology Ltd. of ₹ 10/- each	2.00	2.00
60,000 (Previous year 60,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹ 10/- each	6.00	6.00
2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	200.00	200.00
Nil (Previous year 240,000) Equity Shares of ₹ 10/- each of Raptim Research Ltd.	–	24.00
50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each of Ankleshwar Research & Analytical Infrastructure Limited	5.00	5.00
<u>(b) In Government Securities</u>		
National Saving Certificates (Pledged with Government Authorities)	0.51	0.51
<u>(c) Debentures and Units (Unquoted)</u>		
126 (Previous year 126) Units of ₹ 10/- each of Unit Trust of India	0.01	0.01
Total (B)	214.32	238.32
Total (A + B)	276.11	300.11
Less : Provision for diminution in the value of Investments	0.80	0.80
Total	275.31	299.31

Particulars	As at March 31, 2014	As at March 31, 2013
Aggregate amount of unquoted investments	276.11	300.11
Aggregate amount of provision for diminution in the value of investments	0.80	0.80

### 14. LONG-TERM LOANS & ADVANCES

(Unsecured, Considered Good)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Capital Advances	496.91	816.41
b) Security Deposits	439.57	482.94
c) Other loans and advances:		
Advances to Employees	105.17	118.79
Other Advances	20.34	10.33
d) Share of Joint Venture	8.66	–
Total	1,070.65	1,428.47

### 15. OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Trade Receivables</b>		
Unsecured Considered Doubtful	41.25	10.04
Less: Provision for Doubtful Debts	41.25	10.04
Total	–	–

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 16. CURRENT INVESTMENTS

(At lower of cost or market value)

Particulars	(₹ in lakhs)	
	As at March 31, 2014	As at March 31, 2013
Investments in Mutual Funds		
Unquoted:		
27,978,110.295 (Previous year 33,031,167.395) units of ₹ 10 each of Birla Sun Life Dynamic Bond Fund-Retail-Growth	5,138.05	6,000.00
Nil (Previous year 10,983,201.841) units of ₹ 10 each of IDFC-SSIF-Short term-Plan-C-Growth	–	1,291.29
Nil (Previous year 6,600,000) units of ₹ 10 each of HDFC FMP 370D May 2012 (3)	–	660.00
7,660,630.319 (Previous year 14,121,939.474) units of ₹ 10 each of HDFC High Interest Fund Short Term Plan - Growth	1,665.29	3,051.37
13,021,055.072 (Previous year 13,021,055.072) units of ₹ 10 each of ICICI Prudential Short Term Plan-Growth	3,000.00	3,000.00
10,277,332.185 (Previous year 10,277,332.185) units of ₹ 10 each of Birla Sun life Short Term Fund-Growth	4,267.00	4,267.00
Nil (Previous year 10,000,000) units of ₹ 10/- each of ICICI Prudential FMP Series 64-367 D Plan L-Growth	–	1,000.00
Nil (Previous year 10,000,000) units of ₹ 10 each of DSP BlackRock FMP Series 68-12m Growth	–	1,000.00
20,476,362.088 (Previous year 20,476,362.088) units of ₹ 10 each of HDFC Short Term Opportunities Fund-Growth	2,500.00	2,500.00
Nil (Previous year 5,924,874.237) units of ₹ 10 each of HDFC Floating Rate Fund Income Fund Short Term Plan-Growth	–	1,160.97
24,033,329.985 (Previous year 22,556,303.552) units of ₹ 10 each of IDFC Dynamic Bond Fund-Plan B-Growth	3,267.29	3,000.00
Nil (Previous year 32,030,365.63) units of ₹ 10 each of ICICI Prudential Dynamic Bond Fund-Growth	–	4,000.00
Nil (Previous year 15,000,000) units of ₹ 10 each of HDFC FMP 371D October 2012 (1)	–	1,500.00
123,134.423 (Previous year 114,459.300) units of ₹ 1000 each of DSP Black Rock strategic bond-Institutional Plan-Growth	1,681.00	1,500.00
Nil (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock FMP Series 81-12 M-Growth	–	500.00
Nil (Previous year 122,748.477) units of ₹ 10 each of DSP Black Rock Liquidity Fund-Growth	–	2,037.17
5,000,000 (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock Series 13-15 M-Growth	500.00	500.00
Nil (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock Series 84-12 M-Growth	–	500.00
Nil (Previous year 5,000,000) units of ₹ 10 each of DSP Black Rock Series 87-12 M-Growth	–	500.00
Nil (Previous year 15,000,000) units of ₹ 10 each of IDFC Fixed Term Plan Series 13-Growth	–	1,500.00
20,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370 D July 2013(2)-Growth	2,000.00	–
17,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 371 D July 2013(1)-Growth	1,700.00	–
18,000,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP Series 104-12 Month-Growth	1,800.00	–
208,951.580 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Cash Plus Growth	402.39	–
10,000,000 (Previous year Nil) units of ₹ 10 each of IDFC Fixed Term Plan Series 24-Growth	1,000.00	–
15,000,000 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Interval Income Fund-Annual Plan IX (368 Days)-Growth	1,500.00	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Bank of India AXA Fixed Maturity Plan-Series 5 (366 Days)-Growth	1,000.00	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series HL (366 DAYS)- Growth	1,000.00	–
10,000,000 (Previous year Nil) units of ₹ 10 each of Bank of India AXA Fixed Maturity Plan-Series 6 (370 Days)-Growth	1,000.00	–
10,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D August 2013 (3)-Growth	1,000.00	–
1,360,822.167 (Previous year Nil) units of ₹ 10 each of ICICI Prudential Liquid Plan-Growth	2,531.34	–
6,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 371D November 2013 (2)-Growth	600.00	–
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D November 2013 (1)-Growth	500.00	–
14,960,414.311 (Previous year Nil) units of ₹ 10 each of HDFC Medium Term Opportunities Fund Post-Growth	2,000.00	–

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
5,500,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP - Series 129 - 12M - Growth	550.00	—
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D February 2014 (1)-Growth	500.00	—
5,400,000 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP - Series 146 - 12M - Growth	540.00	—
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 369D February 2014 (2)-Growth	500.00	—
4,000,000 (Previous year Nil) units of ₹ 10 each of Bank of India AXA Fixed Maturity Plan-Series 11 (368 Days)-Growth	400.00	—
5,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 371D February 2014 (2)-Growth	500.00	—
5,000,000 (Previous year Nil) units of ₹ 10 each of ICICI Prudential FMP Series 72-366 D-Plan-T-Growth	500.00	—
10,000,000 (Previous year Nil) units of ₹ 10 each of HDFC FMP 370D March 2014 (1)-Growth	1,000.00	—
10,000,000 (Previous year Nil) units of ₹ 10 each of ICICI Prudential FMP Series 73-366 D-Growth	1,000.00	—
5,467,550.001 (Previous year Nil) units of ₹ 10 each of DSP Black Rock FMP - Series 151-12M - Growth	546.76	—
10,000,000 (Previous year Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KN (366 DAYS)-Growth	1,000.00	—
16,366,200 (Previous year Nil) Units of ₹ 10 each of IDFC Fixed Term Plan Series 85-369D-Growth	1,636.62	—
10,000,000 (Previous year Nil) units of ₹ 10 each of ICICI Prudential FMP Series 73-368 D-Plan M-Growth	1,000.00	—
Total	49,725.74	39,467.80
Aggregate amount of unquoted investments	49,725.74	39,467.80

### 17. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw materials (stock-in-transit ₹ 45.09, Previous year ₹ 3.46)	3,432.40	2,689.37
Packing Materials	1,581.78	1,461.16
Work-in-progress	1,349.46	962.76
Finished goods (stock-in-transit ₹ 113.24, Previous year ₹ 121.94)	3,896.26	2,957.43
Stock-in-trade	1,547.87	1,384.78
Fuel	73.97	28.54
Share of Joint Venture	1,558.28	969.45
Total	13,440.02	10,453.49

### 18. TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months		
Considered Good	1,199.40	812.66
Considered Doubtful	881.36	74.61
	2,080.76	887.27
Less: Provision for Doubtful Debts	881.36	74.61
	1,199.40	812.66
Others		
Considered Good	22,007.00	17,880.03
Considered Doubtful	30.04	—
	22,037.04	17,880.03
Less: Provision for Doubtful Debts	30.04	—
	22,007.00	17,880.03
Share of Joint Venture (includes provision for doubtful debts ₹ 6.29, Previous year ₹ Nil)	344.38	434.70
Total	23,550.78	19,127.39

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 19. CASH & CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
a. Balances with banks #	782.08	14,677.16
b. Fixed Deposits with banks @	380.49	598.39
c. Cheques on hand	–	0.70
d. Cash on hand	17.25	16.54
e. Post Office Saving Account	0.60	0.58
f. Share of Joint venture	0.14	330.12
Total	1,180.56	15,623.49

# Includes unclaimed dividend of ₹ 153.00 lakhs (Previous year ₹ 163.20 lakhs).

# Includes ₹ Nil (Previous year ₹ 13,757.75 lakhs) deposited in Escrow account in terms of escrow agreement dated 14<sup>th</sup> July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking and worldwide transfer of three trade mark viz. Rinza, Doktor Mom and Fitovit.

@ Fixed Deposits of ₹ 100.50 lakhs (Previous year ₹ 70.50 lakhs) held by bank as security deposit against Bank Guarantee.

Fixed Deposits of ₹ 108.14 lakhs (Previous year ₹ 108.14 lakhs) have more than 12 months maturity.

### 20. SHORT TERM LOANS & ADVANCES

Unsecured, considered good

(₹ in lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<u>Others</u>		
Advances to Suppliers	822.25	303.02
Advances to Employees	59.00	76.51
Security Deposits @	475.96	731.07
Other Advances	7,353.56	7,055.15
Taxes Paid (Net of provisions)	1,411.97	965.91
MAT credit Entitlements	–	515.19
Balance with Excise Authorities	2.80	2.80
Accrued interest on Deposits and others	19.84	14.74
Share of Joint Venture	22.04	34.13
Total	10,167.42	9,698.52

@ An amount of ₹ 1.34 lakhs each has been placed with J. B. Mody Enterprises LLP, Dinesh Mody Ventures LLP and Shirish Mody Enterprises LLP in which certain directors are partners, while aggregate amount of ₹ 63.39 lakhs has been placed with other related parties as security deposit for licence to use the office premises.

### 21. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>Sales of Products</b>		
Sale of Pharmaceuticals Products	94,862.79	79,076.78
Export of Service *	512.42	745.40
Add: Exchange Rate Difference	584.33	904.99
Share of Joint Venture	5,356.18	4,882.88
Total	101,315.72	85,610.05

\*Export of service represents income from product development service.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

(₹ in lakhs)		
Particulars	2013-2014	2012-2013
<b>Other Operating Revenues :</b>		
Manufacturing Charges	46.20	23.32
Export Incentives	1,543.90	1,499.37
Sale of Scrap	424.87	392.98
Insurance Claims	24.16	42.28
Others	84.06	78.77
	2,123.19	2,036.72
Total	103,438.91	87,646.77

### 22. OTHER INCOME

(₹ in lakhs)		
Particulars	2013-2014	2012-2013
Interest Income		
Bank Deposit	42.24	123.23
Interest from Debtors	2.53	3.23
Others	87.36	118.65
Dividend From Current Investment	–	46.78
Dividend From Long Term Investment	20.39	40.39
Profit on sale of investments (Net)	1,808.43	2,294.42
Profit on sale of Assets (Net)	2.49	–
Provision for Doubtful debts Written Back	21.35	–
Sale of Trade Mark	11.00	–
Write back of excess provision made for expenses in relation to the sale of Russia-CIS OTC Business Undertaking	1,764.48	–
Share of Joint Venture	10.14	160.56
Total	3,770.41	2,787.26

### 23. COST OF MATERIALS CONSUMED

(₹ in lakhs)		
Particulars	2013-2014	2012-2013
Opening Inventories	4,000.75	3,772.92
Purchases	32,092.00	26,567.12
	36,092.75	30,340.04
Less: Closing Inventories	5,014.18	4,150.53
Total	31,078.57	26,189.51

#### 23 a. Cost of Raw Material Consumed comprises of :

(₹ in lakhs)		
Particulars	2013-2014	2012-2013
Active Pharmaceutical Ingredients	14,889.28	11,467.25
Chemicals	2,506.51	1,775.43
Excipients	3,676.60	3,517.95
Total	21,072.39	16,760.63

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 24. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>Inventories at the beginning</b>		
Finished Goods	2,957.43	3,281.91
Work-in-process	962.76	752.27
Stock-in-trade	1,523.13	1,519.65
	5,443.32	5,553.83
<b>Less: Inventories at the end</b>		
Finished Goods	3,896.26	2,957.43
Work-in-process	1,349.46	962.76
Stock-in-trade	1,547.87	1,373.35
	6,793.59	5,293.54
Share of Joint Venture	(495.40)	(291.98)
Total	(1,845.67)	(31.69)

### 25. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	2013-2014	2012-2013
Salaries and Other Benefits	12,148.01	10,798.01
Contribution to Provident Fund and Other Funds	1,000.84	916.22
Employee Compensation Expense	(6.64)	(6.89)
Gratuity	149.41	323.26
Staff Welfare	249.49	224.98
Share of Joint Venture	825.49	748.95
Total	14,366.60	13,004.53

### 26. FINANCE COST

(₹ in lakhs)

Particulars	2013-2014	2012-2013
<b>Interest Expenses</b>		
Interest on Working capital borrowings	126.08	222.92
Interest on fixed loans	114.80	138.14
	240.88	361.06
<b>Other Borrowing Cost</b>		
Loan Processing Charges	9.03	17.26
Guarantee Charges	30.64	31.25
Others	29.65	25.05
Applicable net loss on foreign currency transactions and translations	312.73	93.44
Total	622.93	528.06



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 27. OTHER EXPENSES

	(₹ in lakhs)	
Particulars	2013-2014	2012-2013
Manufacturing charges	862.04	848.31
Stores and spares	624.49	588.46
Power and fuel	4,660.51	3,974.77
Excise duty	391.24	306.10
Compensation rent	728.08	642.73
Rates and taxes	145.84	124.20
Insurance	279.26	207.54
Freight and transport charges	3,928.57	3,500.48
Repairs to:		
- Building	282.08	195.86
- Machinery	540.63	491.24
- Others	569.37	537.78
Loss on sale/discard of assets (Net)	-	3.57
Sales promotion and publicity	5,379.27	3,769.24
Selling commission	1,980.21	1,834.44
Travelling and conveyance	1,943.20	1,739.99
Directors' fees	11.18	16.59
Royalty	1,002.20	12.68
Payment to Auditors :		
- Audit fees	39.65	36.33
- Tax Audit fees	9.00	9.00
- Other Taxation matters	6.50	6.50
- Certification matters	6.50	10.75
Donations	79.74	66.50
Net loss on foreign currency transactions and translation	510.19	864.58
Bad debts	12.75	-
Provision for doubtful debts	895.64	84.65
Impairment of fixed assets	7.72	-
Miscellaneous expenses	5,644.43	5,183.46
Share of Joint Venture	1,427.11	1,141.68
Total	31,967.40	26,197.43

28. The Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹461.47 lakhs in respect of the bulk drug Metronidazole and a further sum of ₹591.05 lakhs in respect of the bulk drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the bulk drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The company has filed writ petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & writ petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These writ petitions have been admitted and the Hon'ble High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the writ petition on the company furnishing security as per the orders. The company has already furnished the bank guarantee as security. As per the legal advice received by the company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

29. During the year, the company has set up a wholly owned subsidiary company Unique Pharmaceutical Laboratories FZE in Dubai with committed initial capital contribution of AED 365,000 which remain to be remitted as of the year end.

### 30. Changes in accounting policy

During the year, the Joint Venture company changed its accounting policy with respect to the treatment of intangible assets in order to conform with the benchmark treatment in of IAS 38 - Intangible assets. The Joint Venture company now account for intangible assets on a cost valuation basis instead of a revaluation basis due to the absence of an active market. The change in accounting policy provides reliable and more relevant information.

The aggregate effect of the changes in accounting policy on the annual financial statement for the year ended 31<sup>st</sup> March 2014 is as follows:

Statement of Financial Position

(₹ in lakhs)

<b>Intangible Assets</b>	
Previously stated	2,023.29
Adjustment	1,394.88
	628.41
<b>Deferred tax</b>	
Previously stated	327.69
Adjustment	319.56
	8.13
<b>Non distributable reserves</b>	
Previously stated	1,075.32
Adjustment	1,038.45
Foreign Currency Translation Reserve	36.87

31. The exceptional item represents the amount which was no longer recoverable by the company out of escrow account set up pursuant to the agreement dated July 14, 2011 with the purchaser of the company's Russia-CIS OTC business undertaking, following commercial settlement of dispute and resulting into reduction in purchase consideration received from the said purchaser.

### 32. EMPLOYEE BENEFITS:

The disclosures as required as per the revised AS 15 are as under:

### For Parent Company:

#### a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

(₹ in lakhs)

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund & Family Pension Fund	692.97	736.57
Employer's Contribution to Superannuation Fund	151.03	128.52
Employer's Contribution to Employees' State Insurance Scheme	19.23	22.07

#### b) Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit obligation:

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Defined Benefit obligation at the beginning of the year	2,404.63	2,102.52
Current Service Cost *	320.62	95.51
Interest Cost	198.38	178.72
Actuarial (gain)/loss	(287.83)	140.14
Benefits Paid	(69.99)	(112.26)
Defined Benefit obligation at year end *	2,565.81	2,404.63

Reconciliation of opening and closing balances of fair value of plan assets

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Fair value of plan assets at the beginning of the year	891.67	798.46
Expected return on plan assets	77.58	68.67
Actuarial gain/(loss)	4.19	(33.02)
Employer contribution	234.16	75.58
Benefits Paid	(28.79)	(84.06)
Fair value of plan assets at the end of the year	1,178.81	891.67

Actual Return on plan assets:

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Expected return on plan assets	77.58	68.67
Actuarial gain/(loss) on plan assets	4.19	33.02
Actual return on plan assets	81.77	101.69

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

Reconciliation of fair value of plan assets and benefit obligations:

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Fair value of assets as at 31 <sup>st</sup> March	<b>1,178.81</b>	891.67
Present value of obligation as at 31 <sup>st</sup> March*	<b>2,565.81</b>	2,404.63
Amount recognized in Balance Sheet *	<b>1,387.00</b>	1,512.96

Expense recognized during the year (Under the head "Employee Cost" - Refer note 25):

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Current Service Cost *	<b>320.62</b>	95.51
Interest Cost	<b>198.38</b>	178.72
Expected return on Plan Assets	<b>(77.58)</b>	(68.67)
Actuarial (gain)/loss	<b>(292.01)</b>	107.12
Expense Recognized in Profit and Loss Account *	<b>149.41</b>	312.68

Expected employers contribution for the next year is ₹ Nil (Previous year ₹ 100.73 lakhs).

Investment details:

The company made annual contributions to the LIC of an amount advised by the LIC. The company was not informed by LIC of the Investments made or the break-down of plan assets by investment type.

Actuarial Assumptions:

Particulars	Gratuity (Funded)	
	2013-14	2012-13
Discount Rate (per annum)	<b>9.31%</b>	8.25%
Expected Rate of Return on Plan Assets (per annum)	<b>8.70%</b>	8.70%
Salary Escalation (per annum)	<b>4.00%</b>	4.00%

\* During the year, the company has opted for Group Gratuity cash Accumulation (GGCA) scheme of LIC for all its employees for contributing to the fund managed by LIC based on the actuarial valuation of LIC. Based on the actuarial valuation determined by LIC, the company has provided for differential liability on account of defined benefit obligation of ₹ 222.56 lakhs and recognized as part of current service cost.

For Subsidiaries - OOO Unique Pharmaceutical Laboratories

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

(₹ in lakhs)

Particulars	2013-14	2012-13
Employer's Contribution under various Government Schemes.	<b>36.02</b>	28.64

Payments have been made under various pension fund and insurance scheme of the Government. The company does not have any liability of making any payment to employee either on termination or retirement.

For Joint Venture:

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

(₹ in lakhs)

Particulars	2013-14	2012-13
Employer's Contribution under various Government Schemes.	<b>69.08</b>	63.68

### 33. SEGMENT REPORTING:

The Group has one segment of activity namely 'Pharmaceuticals'.

34. Disclosures as required by Accounting Standard 19, "Leases", notified under sub-section (3C) of Section 211 of the Companies Act, 1956, are given below:

- The company has taken certain residential and office premises on operating lease/leave and licence agreements having non-cancellable/ not non-cancellable (range between 11 months and 3 years are renewable by mutual consent on mutually agreeable terms).
- Lease payment in respect of non-cancellable lease amounts to ₹ 356.91 lakhs (Previous year ₹ 70.69 lakhs) is included under the head Compensation Rent in Note "27".

The minimum future lease rentals payable in respect thereof are as follows:-

(₹ in lakhs)

Particulars	2013-14	2012-13
Not later than one year	<b>257.10</b>	86.82
Later than one year but not later than five years	<b>180.46</b>	44.05
Later than five years	-	-

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

### 35. EARNING PER SHARE:

Group Earning Per Share (EPS) is calculated in accordance with Accounting Standard – 20 (AS-20) as under:

Particulars	2013-14	2012-13
Net Profit attributable to Equity Shareholders (₹ in lakhs)	<b>6,149.58</b>	7,944.41
Weighted Average No. of Equity shares (Nos.)		
Basic	<b>84,715,591</b>	84,707,300
<u>Effect of Dilutive equity shares equivalent</u>		
Stock Options outstanding	<b>36,822</b>	7,456
Diluted	<b>84,752,413</b>	84,714,756
Nominal value of equity shares (₹)	<b>2.00</b>	2.00
<u>Earning per share (₹)</u>		
Basic	<b>7.26</b>	9.38
Diluted	<b>7.26</b>	9.38

### 36. RELATED PARTY DISCLOSURE

For Parent Company:

Related party disclosure as required by AS – 18, 'Related Party Disclosures' notified by the Companies (Accounting Standard) Rules, 2006 are given below:

#### Names and Relationships of the Related Parties:

- i) Associate Concerns / Trusts / Companies/Joint Venture
  - a. Mody Trading Company
  - b. Mody Brothers
  - c. Jyotindra Family Trust
  - d. Dinesh Family Trust
  - e. Shirish Family Trust
  - f. Biotech Laboratories (Pty.) Ltd.
  - g. Jyotindra Mody Holdings Pvt. Ltd.
  - h. Ansuya Mody Securities Pvt. Ltd.
  - i. Dinesh Mody Securities Pvt. Ltd.
  - j. Kumud Mody Securities Pvt. Ltd.
  - k. Shirish B. Mody Investments Pvt. Ltd.
  - l. Bharati S. Mody Investments Pvt. Ltd.

- m. J. B. Mody Enterprises Pvt. Ltd. (Upto 24-6-2013)
- n. Ansuya Mody Enterprises Pvt. Ltd. (Upto 24-6-2013)
- o. Dinesh Mody Ventures Pvt. Ltd. (Upto 24-6-2013)
- p. Kumud Mody Ventures Pvt. Ltd. (Upto 24-6-2013)
- q. Shirish Mody Enterprises Pvt. Ltd. (Upto 24-6-2013)
- r. Bharati Mody Ventures Pvt. Ltd. (Upto 24-6-2013)
- s. J. B. Mody Enterprises LLP (from 25-6-2013)
- t. Ansuya Mody Enterprises LLP (from 25-6-2013)
- u. Dinesh Mody Ventures LLP (from 25-6-2013)
- v. Kumud Mody Ventures LLP (from 25-6-2013)
- w. Shirish Mody Enterprises LLP (from 25-6-2013)
- x. Bharati Mody Ventures LLP (from 25-6-2013)
- y. Synit Drugs Pvt. Ltd.
- z. Unique Pharmaceutical Laboratories Ltd.
- aa. Ifiunik Pharmaceuticals Ltd.
- ab. Namplas Chemicals Pvt. Ltd.
- ac. Raptim Research Ltd. (Upto 16-6-2013)
- ad. Gemma Jewellery Pvt. Ltd.
- ae. Lekar Pharma Ltd.

#### ii) Key Management Personnel:

- a. Shri Jyotindra B. Mody
- b. Shri Dinesh B. Mody
- c. Shri Shirish B. Mody
- d. Mr. Sandeep Nasa (in subsidiary company)

#### iii) Relative of Key Management Personnel:

- a. Mr. Pranabh D. Mody
- b. Mrs. Kumud D. Mody
- c. Mrs. Bharati S. Mody
- d. Mrs. Pallavi B. Mehta
- e. Mrs. Purvi U. Asher
- f. Mrs. Priti R. Shah
- g. Mr. Nirav S. Mody
- h. Mrs. K. V. Gosalia
- i. Mrs. Deepali A. Jasani
- j. D. B. Mody HUF
- k. S. B. Mody HUF

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

Transactions during the year with related parties:

(₹ in lakhs)

Transaction with Related Parties	Associate Concern / Trust/ Joint Venture	Key Management Personnel	Relative of Key Management Personnel
<b>Income</b>			
Sale of Material / Goods / Others	<b>1,894.81</b> (1,296.28)	– (–)	– (–)
Receipt of Manufacturing charges	<b>46.19</b> (22.92)	– (–)	– (–)
<b>Expenditure</b>			
Purchases	<b>3,605.48</b> (3,509.68)	– (–)	– (–)
Processing Charges	<b>129.30</b> (150.36)	– (–)	– (–)
Bio-Equivalence Study	<b>3.93</b> (60.63)	– (–)	– (–)
Rent	<b>273.83</b> (273.83)	– (–)	<b>73.56</b> (73.56)
Sales Promotion and publicity	<b>(6.09)</b> (10.00)	– (–)	– (–)
Reimbursement of Expenses	<b>(0.12)</b> (15.41)	– (–)	– (–)
Royalty	<b>1,103.55</b> (14.16)	– (–)	– (–)
Employee Benefit Expense	– (–)	<b>129.72</b> (115.83)	<b>32.67</b> (24.87)
Remuneration	– (–)	<b>1,081.07</b> (965.25)	<b>241.61</b> (184.27)
Interest on Deposits	<b>10.51</b> (88.38)	<b>11.90</b> (11.10)	<b>59.96</b> (78.09)
<b>Others</b>			
O/S Payables as on March 31, 2014	<b>554.97</b> (173.86)	<b>270.08</b> (128.88)	<b>612.48</b> (718.07)
O/S Receivables as on March 31, 2014	<b>721.06</b> (451.14)	– (–)	<b>25.28</b> (25.28)

Disclosure in respect of Material Related Party Transactions during the year:

1. Material / Goods sold to Biotech Laboratories (Pty.) Ltd. ₹ 1,668.58 lakhs (Previous year ₹ 959.89 lakhs), Lekar Pharma Ltd. ₹ 226.23 lakhs (Previous year ₹ 336.39 lakhs).
2. Manufacturing charges received from Lekar Pharma Ltd. ₹ 46.19 lakhs (Previous year ₹ 22.92 lakhs).
3. Purchases from Lekar Pharma Ltd. ₹ 3,605.48 lakhs (Previous year ₹ 3,507.87 lakhs).
4. Processing charges paid to Namplas Chemicals Pvt. Ltd. ₹ 129.30 lakhs (Previous year ₹ 150.36 lakhs)
5. Bio-equivalent study charges paid to Raptim Research Ltd. ₹ 3.93 lakhs (Previous year ₹ 60.63 lakhs).
6. Rent paid to Jyotindra Family Trust ₹ 116.40 lakhs (Previous year ₹ 116.40 lakhs), Dinesh Family Trust ₹ 59.07 lakhs (Previous year ₹ 59.07 lakhs), Shirish Family Trust ₹ 70.34 lakhs (Previous year ₹ 70.34 lakhs), D. B. Mody HUF ₹ 36.71 lakhs (Previous year ₹ 36.71 lakhs), S. B. Mody HUF ₹ 36.85 lakhs (Previous year ₹ 36.85 lakhs).

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

7. Purchase of Promotional item from Gemma Jewellery Pvt. Ltd. ₹ Nil (Previous year ₹ 10.00 lakhs).
8. Sales Promotion expenses paid to Biotech Laboratories (Pty.) Ltd. ₹ (6.09) lakhs (Previous year ₹ Nil).
9. Reimbursement of Expense to Biotech Laboratories (Pty.) Ltd. ₹ (0.12) lakhs (Previous year ₹ 15.41 lakhs).
10. Royalty paid to Unique Pharmaceutical Laboratories Ltd. ₹ 1103.55 lakhs (Previous year ₹ 14.16 lakhs).
11. Employee benefit expense paid to Shri Jyotindra B. Mody ₹ 43.24 lakhs (Previous year ₹ 38.61 lakhs), Shri Dinesh B. Mody ₹ 43.24 lakhs (Previous year ₹ 38.61 lakhs), Shri Shirish B. Mody ₹ 43.24 lakhs (Previous year ₹ 38.61 lakhs), Shri Pranabh D. Mody ₹ 20.88 lakhs (Previous year ₹ 14.39 lakhs), Shri Nirav Mody ₹ 11.79 lakhs (Previous year ₹ 10.48 lakhs).
12. Remuneration paid to Shri Jyotindra B. Mody ₹ 360.35 lakhs (Previous year ₹ 321.75 lakhs), Shri Dinesh B. Mody ₹ 360.36 lakhs (Previous year ₹ 321.75 lakhs), Shri Shirish B. Mody ₹ 360.36 lakhs (Previous year ₹ 321.75 lakhs), Shri Pranabh D. Mody ₹ 154.25 lakhs (Previous year ₹ 106.72 lakhs), Shri Nirav Mody ₹ 87.36 lakhs (Previous year ₹ 77.55 lakhs).
13. Interest on deposit paid to Shri Jyotindra B. Mody ₹ 9.32 lakhs (Previous year ₹ 8.77 lakhs), Ms. Deepali Jasani ₹ 12.40 lakhs (Previous year ₹ 11.48 lakhs), D. B. Mody HUF ₹ 30.60 lakhs (Previous year ₹ 30.60 lakhs), Jyotindra Mody Holdings Pvt. Ltd. ₹ Nil (Previous year ₹ 18.88 lakhs), Bharati S. Mody Investments Pvt. Ltd. ₹ Nil (Previous year ₹ 27.26 lakhs).
14. Amount payable as on 31<sup>st</sup> March, 2014 to Synit Drugs Pvt. Ltd. ₹ 40.00 lakhs (Previous year ₹ 40.00 lakhs), Biotech Laboratories (Pty.) Ltd. ₹ 1.02 lakhs (Previous year ₹ Nil), Unique Pharmaceutical Laboratories Ltd. ₹ 164.63 lakhs (Previous year ₹ Nil), Ifiunik Pharmaceuticals Ltd. ₹ 65.00 lakhs (Previous year ₹ 65.00 lakhs), Namplas Chemicals Pvt. Ltd. ₹ 9.71 lakhs (Previous year ₹ 15.97 lakhs), Raptim Research Ltd. ₹ Nil (Previous year ₹ 2.43 lakhs), Lekar Pharma Ltd. ₹ 274.61 lakhs (Previous year ₹ 487.27 lakhs), Shri Jyotindra B. Mody ₹ 91.72 lakhs (Previous year ₹ 103.09 lakhs), Shri Dinesh B. Mody ₹ 27.86 lakhs (Previous year ₹ 25.29 lakhs), Shri Shirish B. Mody ₹ 0.50 lakhs (Previous year ₹ 0.50 lakhs), Shri Pranabh D. Mody ₹ Nil (Previous year ₹ 98.48 lakhs), Mrs. Kumud D. Mody ₹ 53.39 lakhs (Previous year ₹ 61.77 lakhs), Mrs. Bharati S. Mody ₹ 34.00 lakhs (Previous year ₹ 37.28 lakhs), Mrs. Purvi Asher ₹ 2.09 lakhs (Previous year ₹ 2.44 lakhs), Mrs. Deepali A. Jasani ₹ 132.99 lakhs (Previous year ₹ 116.10 lakhs), Mrs K.V. Gosalia ₹ 29.10 lakhs (Previous year ₹ 29.10 lakhs), D. B. Mody HUF ₹ 306.00 lakhs (Previous year ₹ 306.00 lakhs), S.B. Mody HUF ₹ 54.91 lakhs (Previous year ₹ 66.90 lakhs).
15. Amount receivable as on 31<sup>st</sup> March, 2014 from Jyotindra Family Trust ₹ 21.13 lakhs, (Previous year ₹ 21.13 lakhs), Dinesh Family Trust ₹ 8.49 lakhs (Previous year ₹ 8.49 lakhs), Shirish Family Trust ₹ 8.49 lakhs, (Previous year ₹ 8.49 lakhs), Jyotindra Mody Holdings Pvt. Ltd. ₹ Nil (Previous year ₹ 1.34 lakhs), Dinesh Mody Securities Pvt. Ltd. ₹ Nil (Previous year ₹ 1.34 lakhs), Shirish B. Mody Investments Pvt. Ltd. ₹ Nil (Previous year ₹ 1.34 lakhs), Jyotindra Mody Enterprises LLP ₹ 1.34 lakhs (Previous year ₹ Nil), Dinesh Mody Ventures LLP ₹ 1.34 lakhs (Previous year ₹ Nil), Shirish B. Mody Enterprises LLP ₹ 1.34 lakhs (Previous year ₹ Nil), Biotech Laboratories (Pty.) Ltd. ₹ 678.96 lakhs (Previous year ₹ 305.45 lakhs), Lekar Pharma Ltd. ₹ Nil (Previous year ₹ 103.58 lakhs), D. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs), S. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs).

### 37. FOREIGN CURRENCY EXPOSURE AT THE YEAR END NOT HEDGED BY DERIVATIVE INSTRUMENTS.

For Parent Company:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
<b>Receivable against export of goods:</b>				
Euro	2,236,488.90	1,839.96	2,813,207.42	1,955.46
AUD	1,107,195.02	613.50	987,314.05	557.83
GBP	122,152.00	121.65	172,769.00	141.84
<b>Payable against Secured Loans:</b>				
US Dollars	10,500,000.00	6,290.55	5,000,000.00	2,715.00
<b>Payable against Import of goods &amp; services :</b>				
US Dollars	–	–	562,646.77	305.52
AUD	57,236.99	31.72	–	–

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2014 (CONTD.)

For Joint Venture Company:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
<b>Payable against Import of goods &amp; services :</b>				
US Dollars	<b>2,413,767.81</b>	<b>1,446.09</b>	1,619,882.93	879.60
EURO	<b>178,339.49</b>	<b>146.72</b>	–	–
GBP	<b>205,027.30</b>	<b>204.19</b>	47,498.60	38.94
CHF	–	–	28,320.00	16.20

38. Previous year's figures are re-grouped, re-arranged, recast wherever considered necessary.

39. Figures in brackets indicate corresponding figures of previous year.

### As per our report of even date

#### For J. K. Shah & Co.

Chartered Accountants  
Firm Registration No. 109606W

#### J. K. Shah

Partner  
Membership No. 3662

Place : Mumbai  
Date : May 26, 2014

### For and on behalf of the Board of Directors

#### J. B. Mody

Chairman & Managing Director

#### S. B. Mody

Whole-time director (Marketing)

Place : Mumbai  
Date : May 26, 2014

#### D. B. Mody

Whole-time director  
(Administration)

#### M. C. Mehta

Company Secretary



## INFORMATION PERTAINING TO SUBSIDIARY COMPANIES

J. B. Chemicals & Pharmaceuticals Limited ("the Parent") has availed of exemption from compliance of section 212 of the Companies Act, 1956 pursuant to directions issued by the Central Government through Ministry of Corporate Affairs vide General Circular No. 2/2011 dated February 8, 2011. The information in aggregate requiring disclosure in terms of paragraph (iv) and (vii) of the said general circular in respect of each subsidiary of the Parent, is as under. The following information forms part of consolidated balance sheet:

(₹ in lakhs)

Sr. No.	Particulars	OOO Unique Pharmaceutical Laboratories, Russia.	J. B. Healthcare Pvt. Ltd., Jersey.	J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore.	LLC Unique Pharmaceutical Laboratories, Ukraine.
1	Share capital	1,216.89	2,662.00	10.62	25.79
2	Reserves	952.54	71.88	(10.62)	(21.02)
3	Total assets	6,730.44	2,748.22	*—	4.85
4	Total liabilities	6,730.44	2,748.22	*—	4.85
5	Turnover	5756.18	—	—	—
6	Profit/(Loss) before taxation	(301.15)	65.52	11.28	(8.44)
7	Provision for taxation	(13.15)	—	—	—
8	Profit/(Loss) after taxation	(288.00)	65.52	11.28	(8.44)
9	Proposed dividend	—	—	—	—
10	Details of Investments**	—	2,651.25	—	—
	- 2,107,990 Ordinary shares		0.01		
	- 175,591 Non-Redeemable Convertible "A" Preference Shares				
11	Exchange rate as on March 31, 2014	1.68 (from Rouble to INR)	59.91 (From US \$ to INR)	59.91 (From US \$ to INR)	5.44 (From UAH to INR)

\* This subsidiary has been wound-up w.e.f. 13-6-2014

\*\* These investments are held in Biotech Laboratories (Pty.) Ltd.

## TEN YEAR FINANCIAL SUMMARY

(₹ in lakhs)

Particulars	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
<b>Sources of Funds</b>										
Share Capital	1,605.90	1,607.36	1,686.53	1,686.53	1,686.53	1,686.53	1,690.34	1,694.15	1,694.15	1,694.63
Share Application money	–	–	1.02	–	–	–	–	–	–	–
Reserves and Surplus	27,012.68	31,701.29	40,426.27	44,632.06	51,518.92	59,650.61	69,637.93	93,692.17	99,206.03	103,086.53
Secured Loans	3,796.15	6,298.12	8,419.69	15,449.58	13,429.80	9,849.14	12,750.73	2,653.35	3,357.37	5,880.14
Unsecured Loans	2,708.24	3,264.45	8,971.74	4,102.42	3,639.01	3,773.31	4,105.59	4,344.55	1,603.54	3,397.92
Deferred Tax Liability (Net)	1,426.54	1,542.54	1,875.82	1,466.10	1,344.51	1,423.99	1,443.62	1,655.69	2,197.49	1,988.93
<b>Total</b>	<b>36,549.51</b>	<b>44,413.76</b>	<b>61,381.07</b>	<b>67,336.69</b>	<b>71,618.77</b>	<b>76,383.58</b>	<b>89,628.21</b>	<b>104,039.91</b>	<b>108,058.58</b>	<b>116,048.15</b>
<b>Application of Funds</b>										
Net Fixed Assets (Incl. Capital WIP)	13,474.90	14,730.33	22,233.17	23,352.95	22,747.69	21,807.85	22,894.44	28,000.53	29,917.34	32,852.81
Investments	297.87	298.02	3,353.74	4,290.55	4,559.44	6,246.43	12,328.84	33,771.16	43,365.78	53,611.41
Current Assets, Loans and Advances:										
Inventories	5,158.62	6,319.10	7,608.21	6,511.34	5,517.99	5,640.84	8,178.22	9,079.85	8,988.92	11,122.70
Sundry Debtors	18,887.32	25,258.30	31,762.72	32,804.08	37,449.92	40,727.14	38,545.42	13,120.82	19,464.31	24,805.15
Cash & Bank Balances	922.30	1,138.91	1,970.95	1,450.68	4,145.45	7,056.63	12,291.77	21,136.24	14,910.99	1,080.30
Loans and Advances	2,506.21	2,946.93	3,647.35	5,864.85	5,146.99	5,550.89	6,488.05	12,163.11	10,635.07	10,720.84
Total Currents Assets	27,474.45	35,663.24	44,989.23	46,630.95	52,260.35	58,975.50	65,503.46	55,500.02	53,999.29	47,728.99
Less: Current Liabilities and Provisions:										
Current Liabilities	3,283.22	4,678.79	7,545.76	5,432.94	5,846.39	7,318.30	7,688.67	10,700.43	14,457.71	13,467.30
Provisions	1,414.49	1,599.04	1,649.31	1,504.82	2,102.32	3,327.90	3,409.86	2,531.37	4,766.12	4,677.76
Net Current Assets	22,776.74	29,385.41	35,794.16	39,693.19	44,311.64	48,329.30	54,404.93	42,268.22	34,775.46	29,583.93
<b>Total</b>	<b>36,549.51</b>	<b>44,413.76</b>	<b>61,381.07</b>	<b>67,336.69</b>	<b>71,618.77</b>	<b>76,383.58</b>	<b>89,628.21</b>	<b>104,039.91</b>	<b>108,058.58</b>	<b>116,048.15</b>
<b>Income</b>										
Sales	35,809.04	46,600.07	53,145.92	54,809.43	72,315.53	67,006.45	78,757.94	63,577.48	79,446.05	93,443.47
Other income	1,302.66	1,155.18	1,069.78	1,380.19	1,496.57	1,725.34	2,499.40	7,915.84	4792.27	5,963.69
<b>Total</b>	<b>37,111.70</b>	<b>47,755.25</b>	<b>54,215.70</b>	<b>56,189.62</b>	<b>73,812.10</b>	<b>68,731.79</b>	<b>81,257.34</b>	<b>71,493.32</b>	<b>84,238.32</b>	<b>99,407.16</b>
<b>Expenditure</b>										
(Increase)/decrease in inventory	(782.72)	(556.42)	(53.37)	839.09	585.00	(321.94)	(1,564.67)	(547.18)	331.19	(1,074.92)
Consumption of raw and packing materials	9,718.46	13,048.00	15,218.88	14,499.16	15,869.86	16,126.49	20,900.33	20,320.53	26,190.38	31,078.57
Purchase of traded goods	2,837.90	4,105.34	3,349.89	3,932.35	5,505.45	4,410.23	4,970.06	6,999.76	7,304.95	7,677.06
Employees cost	4,774.81	5,723.00	7,717.95	8,994.98	9,340.88	9,846.93	11,642.70	10,131.32	12,012.87	13,184.59
Operating and other expenses	12,810.93	16,030.45	18,871.67	21,311.62	31,295.57	24,453.41	28,948.50	27,495.59	25,184.88	29,976.57
Depreciation/amortisation	1,048.92	1,073.07	1,133.39	1,701.66	2,037.26	2,122.25	2,265.08	2,230.40	2,439.58	2,716.51
<b>Total</b>	<b>30,408.30</b>	<b>39,423.44</b>	<b>46,238.41</b>	<b>51,278.86</b>	<b>64,634.02</b>	<b>56,637.37</b>	<b>67,162.00</b>	<b>66,630.42</b>	<b>73,463.85</b>	<b>83,558.38</b>
<b>Profit before extraordinary item and taxation</b>	<b>6,703.40</b>	<b>8,331.81</b>	<b>7,977.29</b>	<b>4,910.76</b>	<b>9,178.08</b>	<b>12,094.42</b>	<b>14,095.34</b>	<b>4,862.90</b>	<b>10,774.47</b>	<b>15,848.78</b>
Add/(Less): Exceptional item	–	–	–	–	–	–	–	76,059.34	–	(6,450.00)
Less: Taxation	788.60	1,239.03	875.01	(258.37)	1,304.46	1,994.69	2,275.88	16,652.30	2,280.62	2,556.23
<b>Profit after taxation</b>	<b>5,914.80</b>	<b>7,092.78</b>	<b>7,102.28</b>	<b>5,169.13</b>	<b>7,873.62</b>	<b>10,099.73</b>	<b>11,819.46</b>	<b>64,269.94</b>	<b>8,493.85</b>	<b>6,842.55</b>
<b>Ratios:</b>										
Earning per share (₹)	36.83	#8.83	8.43	6.13	9.34	11.98	14.00	75.95	10.03	8.08
Book Value per share (₹)	178.21	#41.45	49.94	54.93	63.09	72.74	84.40	112.61	119.12	123.66
Debt Equity Ratio	0.23:1	0.29:1	0.41:1	0.42:1	0.32:1	0.22:1	0.24:1	0.07:1	0.05:1	0.09:1
Current Ratio	5.85:1	5.68:1	4.89:1	6.72:1	6.57:1	5.54:1	5.90:1	4.19:1	2.81:1	2.63:1
Dividend (%)	120	130	130	25	50	100	100	*2050	150	150

\*Per equity share of ₹ 2 each from 05-06 onwards. Figures of Previous year have been re-grouped, re-arranged and recast, wherever considered necessary.

\*Includes special interim dividend of ₹ 40 (2000%) per share.





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