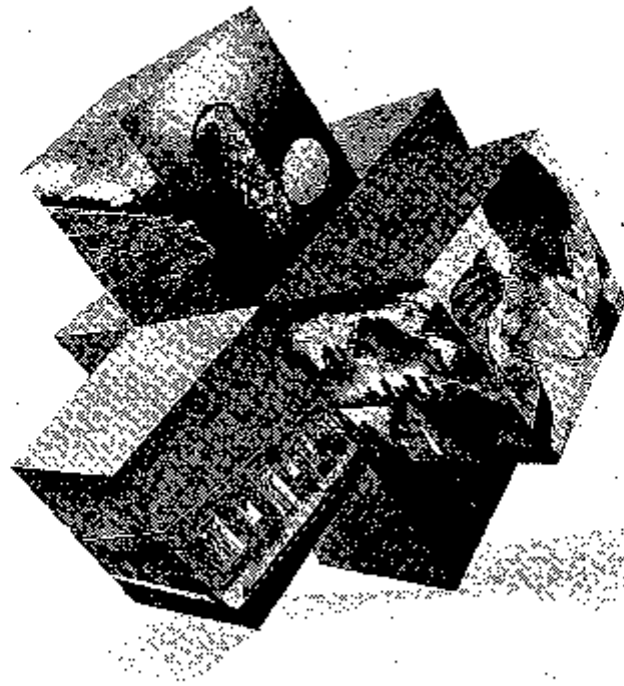


Annual Report  
2011-12



*Caring for your Health*



**ARVIND REMEDIES LTD.**

[www.arvindremedies.com](http://www.arvindremedies.com)



USFDA Project at IRUNGATTUKOTTAI



Modernised WHO & GMP Factory at KAKKALUR



24th Annual Report  
2011-2012

*Caring for your Health*

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<b>Board of Directors</b>	Dr. B Arvind Shah Dr. Chandra Ravindran Mr. K.V. Narayan Dr. C.M.K.Reddy Mr. R Raja Mohan Mr. V R Mehta Mr. AnkurAgarwal Dr. Raghuveer	CEO & Managing Director Whole-time Director Director Director Director Director ED(Technical) from 18.4.2012 ED(Operations)from 28.4.2012
<b>Chief Financial Officer</b>	Mr. S.V. Sundara Raman	
<b>Company Secretary</b>	Mr. P R Krishnan	
<b>Statutory Auditor</b>	M/s. Doshi, Chatterjee, Bagri & Co. Chartered Accountants Flat 3A, Saket, No.2, Ho Chi Minh Sarani Kolkata 700 071	
<b>Internal Auditors</b>	M/s. Siva Anantharaman and Co. No. 16, Kariappa Street, Purasaiwakkam, Chennai 600 007	
<b>Cost Auditor</b>	Mr. K. Suryanarayanan Flat A, Vrindavan Apartment, No.1, Poes road, 4 <sup>th</sup> street Teynampet, Chennai 600018	
<b>Bankers</b>	United Bank of India Allahabad Bank State Bank of India IDBI Bank Ltd. Punjab National Bank The KarurVysya Bank Ltd. Corporation Bank	
<b>Registered office</b>	190, Poonamallee High Road, Chennai 600 084 Phone: +91-44-4343 9595 / 4343 2929 Fax +91-44-26423296 E-mail: arl@arvindremedies.com Website: www.arvindremedies.com	
<b>Works</b>	38,39, &40 SIDCO Industrial Estate, & G44,45&46 SIDCO Ind. Estate Kakkalur, Tiruvellore District, Tamil Nadu 602003 Phone: +91-44-27660403, 27662144 Fax: +91-44-27609095 Email: factory@arvindremedies.com Plot No.G28 & 29, SIPCOT Industrial Park, Irrungatukottai Dist. Kancheepuram, Tamil Nadu	
<b>Registrar and Share Transfer Agent</b>	M/s. Cameo Corporate Services Limited Subramanian Building.No.1 Club House Road, Chennai 600 002 Phone: 044-28460390	



## NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held at Hotel Marina Inn, Gandhi Irvin road, Egmore, (opp. Rly station) Chennai 600 008, at 9.30a.m on Tuesday, the 31<sup>st</sup> July 2012 to transact the following business:

### **ORDINARY BUSINESS**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit and Loss Account for the Year ended 31<sup>st</sup> March 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2011-2012.
3. To appoint a Director in place of Mr. K.V Narayan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. Raja Mohan, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

RESOLVED THAT subject to the provisions of Section 198, 269, 309, 311 and other applicable provisions if any read with Schedule XIII of the Companies Act, 1956, Mr. Ankur Agarwal be and is hereby appointed as Executive Director (Technical) (liable to retirement by rotation) of the Company for a period of five years from 18<sup>th</sup> April 2012 to 17<sup>th</sup> April 2017 and for payment of remuneration minimum remuneration of Rs. 1,25,000/- per month inclusive of all allowances.

In addition to salary, he will be entitled to

- a) Contribution towards Provident Fund and Superannuation Fund  
Contributions to Provident Fund, Superannuation / Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act/ Rules
- b) Leave as per Company Rules  
Gratuity payable shall not exceed one half month's salary for each completed year of service
- c) Leave Encashment  
Encashment of Leave as per the rules for other employees of the company
- d) Car  
Provision of company's car for official use

### **Minimum remuneration**

The remuneration aforesaid shall be the minimum remuneration payable to Mr. Ankur Agarwal.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby empowered to vary or increase the remuneration including the salary, perquisites allowances etc. within such prescribed limit.

7. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

**RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 311 and other applicable provisions if any read with Schedule XIII of the Companies Act, 1956, Dr. Raghuvver be and is hereby appointed as Executive Director (Operations) (liable to retire by rotation) of the Company for a period of five years from 28<sup>th</sup> April 2012 to 27<sup>th</sup> April 2017 and for payment of remuneration/ minimum remuneration of Rs1,40,000/- per month

In addition to salary, he will be entitled to

- a) Contribution towards Provident Fund and Superannuation Fund

Contributions to Provident Fund, Superannuation / Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act/ Rules

- b) Leave as per Company Rules  
Gratuity payable shall not exceed one half month's salary for each completed year of service
- c) Leave Encashment  
Encashment of Leave as per the rules for other employees of the company
- d) Car  
Provision of company's car for official use

**Minimum remuneration**

The remuneration aforesaid shall be the minimum remuneration payable to Dr. Raghuvver.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby empowered to vary or increase the remuneration including the salary, perquisites allowances etc. within such prescribed limit.

8. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

**RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 311 and other applicable provisions if any read with Schedule XIII of the Companies Act, 1956, Dr Chandra Ravindran be and is hereby re-appointed as Whole time Director ( not liable to retire by rotation) of the Company for a further period of five years from 5<sup>th</sup> November 2011 to 4<sup>th</sup> November 2016 on payment of remuneration/ minimum remuneration of Rs 60,000/- per month inclusive of all allowances and on such other terms and conditions as may be agreed to between the Board of Directors and Dr. Chandra Ravindran with liberty to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby empowered to vary or increase the remuneration including the salary, perquisites allowances etc. within such prescribed limit.

**Minimum remuneration**

The remuneration aforesaid shall be the minimum remuneration payable to Mrs. Chandra Ravindran.

9. To consider and if thought fit pass with or without modification the following as Special Resolution

**RESOLVED THAT** in the resolutions passed in the meeting held on 28<sup>th</sup> April 2012 for issue of convertible equity warrants, the resolution relating to the application money to be collected be replaced with the following as Special Resolution.

**RESOLVED THAT** an amount of Rs.6.25 per warrant (25% of issue price) shall be payable on the date of allotment of the said warrants, which shall be adjusted against the price payable subsequently for acquiring the equity shares by exercising the option for conversion with the balance amount being payable at the time of conversion, and the said amount be forfeited, in case the option to acquire fully is not exercised.

**NOTES :** 1. Pursuant to Section 173 of the Companies Act, explanatory statement on item nos.6 to 9 is annexed hereto.



2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll only instead of himself and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 11<sup>th</sup> September 2012 to 14<sup>th</sup> September 2012 (both days inclusive).

4. Members are requested to bring their copy of the Annual Report to the Meeting.

5. The Dividend for the Year ended 14<sup>th</sup> September, 2012 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the Company's register of members on 14<sup>th</sup> September, 2012. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Security Depository Limited and Central Depository Services (India) Limited for this purpose at the end of business day on 10<sup>th</sup> September 2012.

#### **Payment of dividend through National –ECS (NECS)**

a) Members holding shares in physical form are advised to submit the particulars of their new bank account number after implementation of CBS, along with a photocopy of a cheque pertaining to the concerned account directly to the Company's Registrar and Share Transfer Agents- M/s. Cameo Corporate Services Ltd. at 1, Subramaniam Building, Club House Road, Chennai 600 002

b) Members holding shares in demat form are advised to furnish the new bank account number after implementation of CBS, along with a photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP), at your earliest for direct credit of dividend to your bank account.

Please note that if you do not provide your new bank account number allotted after implementation of CBS by your Bank to your DP, then in that case ECS to your old account maybe either rejected or returned. The Company will issue demand draft/ MICR warrant to such members whose dividend amount is not credited through NECS/ ECS

c) The bank account particulars of the members will be printed on the dividend warrants. In respect of the shares held in physical form, shareholders are requested to send their bank account particulars or any change therein, to the Registrar and Share Transfer Agents at the above address.

d) Members holding shares in demat form shall provide particulars of their bank account to their Depository Participants. The Company or its Registrar and Share Transfer Agent will not act on any such request received from members for change in their bank particulars. Further, instructions given by members for shares held in physical form would not be applicable to the dividend paid on shares also held in demat form.

e) Members, who are holding shares in physical form, are requested to send all their correspondence including transfer of shares and change of addresses to the Registered Office of the Company and/or Share Transfer Agents of the Company, at the following address and Members holding shares in electronic form may update such details with their Depository Participant.

**Registered Office:**  
ARVIND REMEDIES LTD.  
No. 190, Poonamallee High Road,  
Chennai – 600 084

**Share Transfer Agents:**  
M/s Cameo Corporate Services Limited  
No. 1, Club House Road  
Chennai – 600 002

f) Pursuant to Section 53 of the Companies Act, 1956, service of documents was done hitherto under Certificate of Posting, whereas the department of posts has recently discontinued the postal facility under certificate of posting. However, as one of the method for service of the documents, the information





Technology Act 2000) permits sending it in electronic form. Hence for service of document which may be notice, annual report, or any communication through electronic mode all shareholders of the company are requested to send their e-mail address to the Company or to M/s. Cameo Corporate Services Ltd. the Registrars of the Company and to update the same whenever there is change in email address

g) During the financial year, the unpaid/unclaimed dividend amount pertaining to the year 2003-2004, Rs 9,01,315.88 was transferred to the Investors' Education and Protection Fund Account.

h) During the current year, the unpaid/unclaimed dividend amount pertaining to the year 2004-05 being Rs. 2,76,810/- will be transferred to the Investors Education and Protection Fund Account.

i) Those members who have not encashed their dividend warrants pertaining to the following financial years are requested to approach the company for the payment thereof as the same will be transferred to Investor Education and Protection Fund (IEPF) pursuant to Section 205A(5) of the Companies Act, 1956 on respective due dates mentioned there against. Kindly note that after such date, the members will lose their rights to claim such dividend

Account year ended on	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF
31 <sup>st</sup> March 2005	26 <sup>th</sup> September 2005	5%	25 <sup>th</sup> September 2012
31 <sup>st</sup> March 2006	25 <sup>th</sup> September 2006	5%	24 <sup>th</sup> September 2013
31 <sup>st</sup> March 2007	28 <sup>th</sup> September 2007	5%	27 <sup>th</sup> September 2014
31 <sup>st</sup> March 2008	29 <sup>th</sup> September 2008	5%	28 <sup>th</sup> September 2015
31 <sup>st</sup> March 2009	30 <sup>th</sup> October 2009	5%	29 <sup>th</sup> October 2016
31 <sup>st</sup> March 2010	28 <sup>th</sup> September 2010	5%	27 <sup>th</sup> September 2017
31 <sup>st</sup> March 2011	18 <sup>th</sup> September 2011	7%	18 <sup>th</sup> September 2018

j) Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges where the equity shares of the company are listed, additional information pertaining to Directors seeking re-appointment at the Annual General Meeting is attached hereto.

Place: Chennai  
Date: 14.08.2012

By Order of the Board  
FOR ARVIND REMEDIES LTD

MANAGING DIRECTOR

#### Annexure to the Notice dated 05.07.2012

#### Details of directors seeking re-appointment at the forthcoming Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

Name of the Director	K. V Narayan	R. Raja Mohan
Age	73 years	62
Date of appointment	11/3/2002	13.11.2010
Brief Resume and nature of expertise in functional areas	Business Devpt/ Auditing Marketing	
Memberships held in other public Companies (excluding foreign and private companies)	nil	1. PME Transformers India Ltd. 2. Satallite Infotech Private Limited
Memberships/ Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	nil	nil
No of shares held in the company	nil	7045



**Explanatory statement pursuant to Section 173 of the Companies Act, 1956**

**Item No.6**

The Board has appointed Mr. Ankur Agarwal as Executive Director (Technical) for five years with effect from 18<sup>th</sup> April 2012, liable to retire by rotation but subject to approval of the shareholders in their meeting. Mr. Ankur Agarwal is B.Pharm, aged 34 and has ten years of rich experience in the Pharma industry. His main area of work involves looking after the production and quality of the products.

Board recommends the resolution to be passed as Ordinary Resolution

Except Mr. Ankur Agarwal none of the directors is interested in the proposed resolution.

**Item No.7**

The Board has appointed Dr. Raghuveer as Executive Director (Operations) for five years with effect from 28<sup>th</sup> April 2012, liable to retire by rotation but subject to approval of the shareholders in their meeting. Dr. Raghuveer is B. Pharm and have done Doctorate in Pharmacy. Aged 42 years he has around twenty years working experience in the Pharma industry. His main area of work involves looking after the marketing of the products and the operations of the company.

Board recommends the resolution to be passed as Ordinary Resolution

Except Dr. Raghuveer none of the directors is interested in the proposed resolution.

**Item No.8**

The Board has appointed Dr. Chandra Ravindran as Whole time Director for further five years with effect from 5<sup>th</sup> November 2011, subject to approval of the shareholders in their meeting. Dr. Chandra Ravindran is a Ph.D in Bio-Chemical Toxicology. Her main area of work involves analysing the drugs. She has been looking after the affairs of the company as whole time director in charge of the factory, for R & D efforts and introduction of new formulations. The Board has revised the remuneration payable and Board recommends the resolution to be passed as an ordinary resolution.

Except Dr. Chandra Ravindran none of the directors is interested in the proposed resolution.

**Item No.9**

The members in the Extra Ordinary General Meeting held on 28<sup>th</sup> April 2012 approved the issue of 19,89,60,000 fully convertible equity warrants of Rs.1 each at a price of Rs.2.50 each aggregating to Rs.49.74 Crores and in view of the consolidation of the equity shares of the company, the Issue price will be Rs.10 each at a price of Rs.25 per warrant (with premium Rs.15 each) The application money to be collected was mentioned as Rs.0.50 ps which is 20% of the issue price and as per SEBI (ICDR) Regulations 2009 the percentage of application money to be collected is 25% on issue of the warrant. The Board of Directors accordingly recommends the resolution set out at item no.9 of the accompanying notice for approval of the members.

Except Dr. B Arvind Shah to the extent of his and his family's shareholding and to the extent he and his family is allotted no other directors of the company are in any way concerned or interested in the said resolution.

Place: Chennai

By order of the Board of Directors

Date: 14.08.2012

Dr. B Arvind Shah  
Managing Director



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty-Fourth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2012.

### FINANCIAL RESULTS

Particulars	(Rs. In Crores)	
	2011-2012	2010-11
Gross Income	456.02	377.01
Profit before tax	37.21	22.77
Profit after tax	19.40	16.90
Profit available for appropriation (after considering the balance b/f from previous year and deferred tax liability)	67.54	42.36
<b>APPROPRIATIONS</b>		
Dividend of current year	3.37	3.37
Dividend of 2010-11	1.19	-
Dividend tax of 2010-11	0.19	-
Corporate Dividend Tax	0.54	0.54
Transfer to General Reserve	1.94	1.69
Surplus carried to Balance Sheet	60.30	36.76

### Operations and Business Performance

During the year 2011-12, the net sales increased from Rs.362 Crores to Rs.438 Crores, recording an increase of 21% over the previous year, while profit before tax has increased from Rs.22.77Crores to Rs.37.21Crores showing increase over 63% of last year.

### DIVIDEND

Considering the profits and the need to conserve the resources, your directors recommend a dividend @ 7% that is 70 paise per share of Rs. 10 each on the paid-up capital of the Company. The outflow on this account would be Rs. 50.30 Lakhs excluding dividend tax.

### Consolidated Accounts

In accordance with the requirements of Accounting Standard prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts for the year ended 31<sup>st</sup> March 2012 under Indian GAAP forms part of the Annual Report.

### Future outlook

The Company has taken on hand implementation of Betalactum Cepharmand Ayurvedic projects by utilizing the available vacant land at Kakkalur Thiruvellore involving cost outlay of Rs.189.74 Crores. The projects are expected to be ready for operations by end of current financial year.

### Irrungatukottai unit

The Irrungatukottai unit near Sriperumbudur, Kancheepuram, Tamil Nadu, is ready for tablets capsules liquid & equipment production and the remaining sections will be ready by end of Second quarter of the current year for commencement of operations. The Company propose to get USFDA approvals for this unit so as to cater the production for exports.

### CHANGES IN CAPITAL STRUCTURE/ CONSOLIDATION

During the current year, with the approval of the shareholders the equity shares of the company are consolidated by having a share of face value Rs. 10 for every ten equity shares of face value of Rs. 1 each.

During the current year, the Authorised Share Capital of the Company has been enhanced from Rs.66 Crores to Rs.70 Crores, to facilitate the issue of the convertible equity warrants to the promoters and other body corporates



(public) at Rs. 10 each with a premium of Rs.15 per warrant and the pricing is in accordance with SEBI(SAST) Regulations, to raise Rs.49.74 Crores. The conversion period is 18 months and on conversion of all the 19896000 warrants into equity, the paid up share capital will stand increased to Rs.68.12 Crores.

#### **SUBSIDIARY COMPANY**

During the year, Coronet labs P Ltd, has become subsidiary of the Company. Pursuant to the provision of Section 212 of the Companies Act, 1956, the information on the Subsidiary company are given in this report.

#### **RESEARCH & DEVELOPMENT:**

Arvind Research Centre a sophisticated Research & Development Laboratory is well equipped with the latest Technologies and Machinery. The committed R&D team of Research Scientists, Doctors, Ayurvedic specialists and chemists are the primary driving force in the R&D Efforts of the Company and the focus areas are Development of Drug Delivery Systems, New Formulations and Process Development of Various Dosage forms. The major areas where R&D involved are

- (1) Dosage Form/Product Development in allopathic and ayurvedic segments.
- (2) Process development and validation
- (3) Analytical method development and validation.
- (4) Development Novel drugs delivery development.
- (5) Nutraceuticals and OTC products special care.

**\*Dosage Form/Product Development:** Headed by strong team leader with Research scientists and technicians, we apply advances in pharmaceutical technology to create dosage forms that offer patients benefit. Our constant mission for developing new products and technology has to make breakthrough innovations in extensive range of research areas. Several products with a new delivery system advantage have earned us a market.

- Mouth Dissolving Tablets
- Modified Release Products
- Dry Powers and Syrups
- Soft Gelatin Capsules
- Skin Care Products
- Sun Care Products
- Sterile Formulation
- Ophthalmic Formulation

**\*Analytical Method Development:** World-class equipments for Instrumental, Chemical and Microbiological Analysis. Extensive facilities for establishing the integrity and stability of pharmaceuticals. Expertise in method development for impurity profiling and identifying degradation products has been built up. Stability of products conformed as per ICH guidelines to meet global requirement

**\*NDDS (Novel Drug Delivery Systems) :** In the area of NDDS, Arvind remedies ltd is focused on developing novel drug delivery systems for anti-infective molecules and NSAID molecules. A few platform and product specific technologies formulations have been successfully developed.

The NDDS research at, Arvind remedies ltd focuses on maximizing the overall therapeutic and commercial value of commonly prescribed pharmaceutical formulations by enhancing their performance and reducing their adverse event profile. Such innovation also helps to improve the overall patient convenience and compliance.

Arvind remedies ltd In-house NDDS programs are primarily focused on the oral segment. Spray technology and dermal therapy programs are also being pursued through collaborations.

There is High tech research centre with focus on the core areas of Diabetology, Cardiology and Nephrology.

In ayurvedic, we have age old Herbal Medicines, Nutraceuticals and anti infective segments.

The company's In-house R&D unit is recognized by the Department of Scientific Industrial Research, Ministry of Science and Technology, Govt. of India.

**R&D Infrastructure:** ARL has embarked on R&D in a significant way by establishing own R&D centre. The Company has state-of-the-art multi-disciplinary centre with dedicated facilities for generics research and innovative research.

The Pharmaceutical research division covers both the antibiotic and non-antibiotic segments with specific departments for the Domestic markets and Regulatory market. New Drug Discovery is objective of our company, as well we focus on this type of research program.

**Intellectual Property Management (IPM):** ARL has developed its own patents/ trade marks for new products of formulations. It has the system to develop patent applications, potential new products and markets for new formulations.

**Existing Development :** ARL has so far developed more than 250 products which includes products in diabetic, cardiac, antibiotics, anti allergic sectors.

ARL has developed some formulation products to meet the global market requirements and mainly meeting with the solubility, impurity profiles, dissolution profiles, F1&F2 Calculations, as per the different regulatory norms.

Some of the R&D formulation introduced in pellets formulation for example, Pantaprazole (delayed release) plus Domperidone immediate release and sustained release, Tanataprozole also. During the year 2011-12 ARL developed products for nutritional supplement, treatment of allergic rhinitis and asthma for kids and anti biotics

## **Phytotherapy**

### **1) Anti Projects:**

#### **A) Obesity Induced Hyperlipidemia:**

Efforts are made to identify and scientifically validate the traditional/ indigenous herbs for anti hyperlipidemia, the development of a novel Polyherbal formulation and for standardization of poly herbal formulation. It is a collaborative research agreement with Sri Ramachandra Medical College and Research Institute and Dept. of Science & Technology, Govt. of India.

Identification and scientific validation studies have been completed; Formulation study is under progress in the industrial side. Animal studies for efficacy is under progress in Institution.

#### **B) Anti Arthritis:**

The poly herbal formulation for the treatment of rheumatoid arthritis, anti arthritis, anti inflammatory, analgesic, immunomodulatory and antioxidant with collaborative research agreement with Sri Ramachandra Medical College and Research Institute and Dept. of Science & Technology, Govt. of India.

Clinical trial is under progress.

#### **C) Anti viral:**

Poly herbal formulation for Human Herpes Virus 1, Human Herpes Virus 2, Human Herpes Virus 3 and Varicella zoster. It is a collaborative project with Presidency College, TNVAS, IIM and Department of Science and Technology, Govt. of India.

## **DIRECTORS**

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. K. V Narayan and Mr. R Raja Mohan Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Directors recommend their reappointment.



In accordance with the stipulation under clause 49 of the Listing Agreement, brief resume of the Directors seeking re-appointment at the ensuing Annual General Meeting together with the nature of their expertise in specific functional areas and names of companies in which they hold office as Director and/or Chairman/ Member of Committees of the Board is annexed to the notice.

During the year Mr. Ankur Agarwal was appointed as Executive Director (Tech) from 18<sup>th</sup> April 2012 and Dr. Raghuvver was appointed as Executive Director (Operations) from 28<sup>th</sup> April 2012 for a term of five years subject to the approval of shareholders in the Annual General Meeting and these are taken as Special Business at item no.7 & 8 in the notice.

#### **AUDITORS:**

Your company's statutory auditors M/s. Doshi Chatterjee Bagri & Co. Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re-appointment. The necessary resolution seeking approval of members for re-appointment of Statutory Auditors has been provided in the Notice convening the Annual General Meeting.

#### **Auditor's Report and Notes to Accounts.**

The Board has duly reviewed the Statutory Auditors Report on the Accounts. The Auditors Report is self explanatory and do not call for any further explanation/ clarification by the Board of Directors under Section 217(3) of the Companies Act, 1956.

#### **Internal Audit**

During the year under review, the Company has engaged the services of M/s. Siva Anantharaman & Co. Chennai, Chartered Accountants, as Internal Auditors to carry out internal audit on regular basis. The reports of the Internal audit are presented for review before the Audit Committee. The Audit Committee also scrutinizes all the programmes and adequacy of the internal audits.

#### **Management Discussion and Analysis (MDA):**

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of this Annual Report.

#### **CORPORATE GOVERNANCE**

The Company complies with the provisions of Corporate Governance as per the listing agreement with the Stock Exchanges. A separate Report on Corporate Governance is attached which forms part of the Annual Report.

#### **FIXED DEPOSITS**

During the year the Company has not accepted any fixed deposits from the public.

#### **PARTICULARS OF ENERGY CONSERVATION ETC.**

The details of energy conservation, technology absorption, foreign exchange earning and outgo are furnished in a separate statement attached to and forming part of this report, in accordance with 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.

#### **PARTICULARS OF EMPLOYEES**

During the year, the Company did not have any employee drawing remuneration of amounts specified under Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975 and hence the details are not furnished.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors affirm that the audited accounts containing the financial statements for the financial year 2011-12 are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Pursuant to Section 217(2 AA) of the Companies Act, 1956, your Directors confirm that –

- (i) the annual accounts for the year ended on 31<sup>st</sup> March 2012 have been prepared on a going concern basis
- (ii) In preparation of the accounts, the applicable accounting standards have been followed. Necessary explanations are given for material departures, if any
- (iii) sound accounting policies have been applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31<sup>st</sup> March 2012 and of the Profit of the company for the year ended on that date and
- (iv) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.

## INTERNAL AUDIT AND CONTROL

The Company has a proper and adequate system of internal control. The internal auditor verifies the records and submits his report to the Management for onward submission to the Statutory Auditors. There is an Audit Committee consisting of non-executive Directors as members. The Audit Committee periodically reviews the internal control systems.

## LISTING:

The company's shares are presently listed at Bombay Stock Exchange Ltd. and in National Stock Exchange of India Ltd.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued co-operation of the banks and other financial institutions associated with the company. Your Directors also thank Medical fraternity for the trust reposed on the Company and the trade, the stockists and consumers for their patronage to the Company's products. Your Directors also place on record their profound admiration and sincere appreciation of the continued hard work put in by the employees at all levels. We look forward to the same support in our future endeavors.

For and on behalf of the Board  
Arvind Remedies Ltd.

Place: Chennai

Date: 30.06.2012

Dr. B. ARVIND SHAH  
Managing Director

Dr. CHANDRA RAVINDRAN  
Whole time Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### Global trend

With the market size of US\$ 320 billion, the United States remains the largest pharmaceutical market, globally. Given the sizeable generic substitution it is also the largest generics market and considered to be one of the most matured of all the markets. The price erosion post patent expiration is also amongst the highest in the US, reflecting the extent of competitive pressures. With \$100 billion worth patent expiries over the next 5 years, generic business enjoys strong growth prospects. Besides patent expirations, healthcare reforms aim at reducing healthcare spending and covering a larger proportion of population under public healthcare are also likely to provide impetus to growth in the generics market.

### Domestic market

The domestic formulations market valued at Rs.48200 Crores has grown steadily at CAGR of 14-15% over the past five years. The strong growth has been driven by a confluence of factors including a) rising household income levels leading to higher expenditure on healthcare, b) increasing prevalence of lifestyle related diseases, c) improving healthcare infrastructure/delivery systems and d) rising penetration in smaller towns and rural areas. As a result, majority of the growth in the Indian market has been driven by expansion in volumes and new product introductions as against prices increases.

### Future scope

Increasing investment by MNCs reflect at their renewed interest in the Indian market, with the implementation of the product patent regime and strong growth prospects. Series of major acquisitions, steady growth in new product introductions especially in the branded segment and expansion in field force clearly indicates their renewed interest in the Indian market. Indian generics to benefit from the ongoing wave of patent expiries. Most of the leading players have significantly expanded their ANDA filings in line with the patent expiration cycle. Hence US generics market has become significant contributor to the revenues of most leading Indian companies.

Keeping the above in mind, ARL can play vital role by going for registration of off patented products for exports and developing the outsourcing market. Key strategy will be to focus on the new and latest molecules approved by the authorities and share with top companies who can market these products, focus on additional dosages in large and small volume parenterals and injectables in powder and liquid forms. ARL is focusing chronic diseases segments in ayurveda, diabetics, anti arthritis and obesity segments. This will help to identify the new formulations

without side effect in collaboration with Department of Science & Technology & Medical Institutions like Sri Ramachandra Institute.

### Business mix

ARL is in four Business Segments for faster growth and profits. They are

- Ethical product marketing
- Institutional Business
- Contract Manufacturing and
- exports

### Ethical

The Ethical market is continuing its journey from strength to strength in its strategy of capturing the market share. During the year so far ARL has launched few products; LUNKLEAR LM, (first time in mouth dissolving form used for treating allergic asthma), VITOXIDE FORTE ( a holistic cell protector, multi vitamin tablet without side effects), MEGAFIT OD (neuropathy treatment), and ARL-AZI.

### Institution

The company has been able to initiate business further in other States like Jammu & Kashmir, making its presence in all parts of the country, by supplying to Central Govt. departments like Railways, Defence and all the State Government Hospitals through-out the country.

### Contract

Apart from ARL's own manufacturing activities, it is concentrating on utilizing its spare capacity for manufacturing products of other reputed companies, under lease & licence manufacturing and third party agreements.

The company's existing unit has been modernized as per the revised Schedule M standards and many MNCs have approved the facilities after inspection for contract manufacturing.

### International market

ARL is actively involved in international business such as Brand Marketing, Generics sales. We have products registered in the countries of Asia, Africa, Latin America and with CIS countries. The company's Irungatukottal unit will have USFDA registrations to facilitate the exports to US market. By developing the off patented products through R & D and by registration of products in ANDAs with USFDA and MHRA for Europe and Australia. ARL is hopeful to enhance its exports rapidly in the coming years.

## SWOT ANALYSIS

### Strength

The industry has seen growth at CAGR about 15% in the last five years and it is expected that same trend will





ARVIND

This is what enables ARL work together as an interdependent team for enhancing company's productivity and profits.

ARL continues to lay strong emphasis on Sales Training for its field force both at the induction level and through refresher programs to enabled front-line medical representatives and managers for availing their field efforts products.

#### Industrial relationship

Industrial relations at all the works of the Company remained cordial and harmonious during the period under review. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the company to remain at the forefront of the industry.

There is no transaction conflicting with the interest of the Company

#### FINANCIAL HIGHLIGHTS

##### Sales

The gross sales revenue grew by 21% to Rs 456.02 Crores in 2011-12. Sales growth was driven by a strong growth in all the four areas.

##### Operating expenses

###### Material cost:

The consumption of materials and finished goods increased by 42.8 Crores to Rs.353.84 Crores. Total consumption as a % to net sales decreased to 81.04% from 85.77% last year.

###### Personnel costs

The personnel cost increased by 36.50% y-y to Rs 908.06 Lacs due to addition in manpower and increase in average cost per employee

###### Manufacturing, selling, distribution and General Administration expenses

The manufacturing, selling, distribution and other general administration expenses increased by 31.70% y-y to Rs.1261.83 lacs. Overall MSGA as % to net sales were at 2.89% compared to 2.64% last year. The reduction is mainly on account of certain measures implemented during the year to compensate the increase in raw material prices.

#### Profits and margins

The EBITDA (earnings before interest, tax, depreciation and amortization excluding non operating income) increased by 64.34% to Rs 6778.47 lacs. The EBITDA margin as % to total operating income has been at enhanced level of 14.86% compared to previous year's level of 10.91%

continue. The Patented drugs are expected to have 10% market share. The rise in income of people has increased consumer spending in healthcare products and strong distribution net work have contributed to high growth. Investment on R&D has increased. The Asian countries will emerge as fastest growing hub due to low cost and favourable regulatory environment. Sales is expected to grow at faster rate in India, China, and South Korea due to rising disposable income, health insurance scheme, availability of manpower and lower cost competencies. ARL can have its production planning to utilize the above opportunities in the domestic & global markets

#### Opportunities

Indian pharma has the potential to transform itself over the next decade. If spending in new drug discovery has increased to desired level, domestic firms could corner major share of global generics market in coming years. With highly talented manpower and cost advantage India generic manufacturers are well positioned to seize opportunities arising out of patent. Indian pharma companies are already in the process to get registered for USFDA approval as the size of US drug market is around 45% of global market. Companies who obtain USFDA approval for new drug application will save lot of money and time spent if go for off patented products on development of new drugs.

#### Threats & weakness

Greatest challenge and threat is too many players entered on similar bio equivalent products in the same market and thereby competition, Government regulations and price controls, and increasing R&D costs result in providing low margins. There is also risk related to economic and political conditions in the world which in turn limits financial benefit of growth. Another threat is risk related to exposure to the Rupee US\$ exchange rate.

#### Human Resources

Human resource, as always, has been the major strength in the consistent development of the Organization. The HR department takes care to understand the work place phenomenon and relationships through comprehensive research. This helps the company to explain the role of work force in the organizational success in minute detail.

ARL has a programme of periodical review of its key employees performance along with their output. This enables them to realize their strengths and further enhances them with their awareness.

The shortcomings are summarized departmentally and develop suitable training programmes and on the job training to correct their weaknesses willingly for higher productivity.



The profit before tax and exceptional items increased by 63.7% y-y to Rs 3721.25 lacs. PBT margin before exceptional items as % to total operating income has been increased at 8.16% compared with previous year level of 6.03%. The profit after tax grew by 14.83% y-y to Rs.1940.99 lacs. The net profit margin as a% to total operating income decreased to 4.25% from 4.48% % last year

#### Net worth

The net worth as at 31<sup>st</sup> March 2012 stood at Rs 14309.11 lacs up by 17.66% from last year. Retained earning of 9485.63 lacs (net profit less dividend) contributed to this rise.

The book value per share as at 31<sup>st</sup> March 2012 has increased to Rs2.81 as against Rs2.52 last year. The return on adjusted net worth (RONW= Net profit excluding exceptional items of tax/ average net worth adjusted for deferred expenses and exceptional items) stood at 22.46% for 2011-12

#### Fixed assets and capital expenditure

The gross block (including capital work in progress) at the end of 2011-12 was Rs306.65Crores which include net capital expenditure of Rs.48.60Crores incurred for new project at Irunगतukottai.

#### Working capital and liquidity

Working capital level at the end of 2011-12 was of Rs. 56.11.Crores compared to Rs 77.92Crores of previous year. Overall current ratio at the end of the year 2011-12 stood at 1.22 vis-à-vis 1.49 at the end of last year.

#### Risk identification, Risk Mitigation and Internal Controls.

The company's business comprises of marketing of pharma products. Its presence exposes it to various risks which are explained below:

#### Risk of fluctuation in prices of key Inputs

Prices of the key ingredients used in the products marketed by the company remain volatile due to several market factors, including changes in government policies and fluctuations in the foreign exchange rates. The company has entered into long term contracts with the suppliers of these inputs to minimize the risk of fluctuation in the input prices on its margins.

#### Risk of competition and price pressure

Though the company's products enjoy a leading position in their respective categories, the risk of entry of newer players in the market always exists. The company's strength in the market place, coupled with its continuous thrust on improving quality of its products and offering newer products in the wellness segment, gives it an edge over the competition. The company has

presence in both retail as well as institutional segments. Both segments have their own nuances in terms of customer expectations, competition and pricing. However, the company is well focused in increasing its shares in all segments through balanced approach.

#### Risk of litigation related to quality of products, intellectual properties and other litigation

Any deviation from prescribed regulations or any variation in quality from standards laid down by regulatory authorities can lead to actions from these authorities or litigation from its customers against the company. The company always strives to ensure highest standards of quality of its products and processes. The company also faces a risk of unauthorized and illegitimate use of its brand name, packing style and other intellectual properties related to its products. The company ensures protection of its intellectual property through appropriate registrations and other legal means

#### Risk management

The company has established a well defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring of the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner.

#### Internal control system and their adequacy

The company has adequate system of internal controls, based on well-defined individual roles and responsibilities with their limit of authority at various levels as well as effective feedback flow. The Board of Directors of your Company has constituted a qualified and independent Audit Committee that reviews the adequacy of internal control at regular intervals.

The Company has appointed Cost Auditor as per the requirements of the provisions of Section 233(1B) of the Companies Act, 1956 and for the year 2011-12 the requirements have been complied with.

#### Corporate social events

The management of ARL has social consciousness by taking part with the help motive, to the Pinjrapole veterinary hospital & farm, which is shelter for more than 2500 old disabled and abandoned calves. This institution provide care and free treatment to animals. Also the Mother's hall at Govt. Children Hospital Chennai the maintenance of it is being looked after with the help of NGOs.

**Annexure To The Directors' Report**
**Annexure A**

Information pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY**

 a) *Energy Conservation measures taken:*

The company has taken measures wherever possible, to maintain the power factor on an on-going basis.

 b) *Total Energy Consumption and energy consumption per unit of production given below in Form A*
**FORM A**
**POWER AND FUEL CONSUMPTION**

	2011-12	2010-11
<b>Electricity</b>		
a) Purchase Unit (Nos.)	682729	660626
Total amount (Rs. '000)	4808.68	6741.81
Rate / Unit (Rs.) average	7.28	7.02
b) Own Generation		
i) Through Diesel Generation		
Unit (Nos)	276577.00	44880.26
Unit per ltr. Of Diesel Oil (Nos)	8.36	8.21
Cost / Unit (Rs.)	9.55	9.26
ii) Through Steam / Wind Turbine / Generator		
Unit (Nos)	-	-
Cost / Unit (Rs.)	-	-
Amount (Rs.)	-	-
<b>Coal</b>	N.A	N.A
Qty. (Tonnes)		
Total Cost		
Average Rate		
<b>Furnace Oil</b>	N.A	N.A
Qty. (K.Ltrs.)		
Total Amount		
Average Rate (Rs.)		
<b>Other / Internal Generation Steam: by LDO</b>	N.A	N.A
Quantity (in '000 kgs)		
Total Cost (Rs. '000)		
Rate per kg. (Rs.)		

**Consumption per unit of production**

There is no specific standard as the consumption per unit depends on the product mix of formulations (Capsules, Tablets, Ointments and Liquids) and disclosure of consumption figures per unit of production is insignificant.



## B. TECHNOLOGY ABSORPTION

### FORM B

#### 1. Research and Development

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

##### Ayurvedic segment

##### A) Cardiac care segment

Obesity induced Hyperlipidemia

Efforts are made to scientifically validate the traditional/ indigenous herbs for anti hyperlipidemia, the development of a novel polyherbal formulation and standardization..

##### B) Anti arthritis

The poly herbal formulation for the treatment of rheumatoid arthritis, osteoarthritis, anti inflammatory, analgesic, immuno modulatory and antioxidant with collaborative research agreement with Sri Ramachandra Medical College and Research Institute and Dept. of Science & Technology, Govt. of India.

##### Allopathic segment

During the year developed products like Vitoxid Forte, Lunkear LM Kid and ARL-AZI..

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

- The Company has the advantage to come out with new formulations
- The Company is able to proceed further operations in Phases.
- The Company has new plant at Irungatukottai which is equipped with facility to manufacture tablets, capsules, liquid, ointment, injectibles and soft gel can be manufactured under one roof.

#### 3. Future plan of action

##### Ayurveda

The Company is planning to have a separate plant for Ayurveda range of products as per statutory requirements. to be introduced in Ayurveda

It has plans to develop and formulate nutritional supplements based on herbal ingredients for both national and international markets..

The company is much focused on forming a new drug delivery system to expand opportunities in world markets. From this new technology the company is focusing in developing novel dosage delivery forms in solid, orals, ophthalmics, etc.

There are also plans to develop full-fledged State of the Art new formulations..

Also ARL has plans to develop US-FDA approved NDA Formulations in major therapy segments.

#### 4. Expenditure on Research and Development

Total R & D expenditure as percentage to the total turnover for the year 2011-12 is 1.25. %.

#### 5. Technology Absorption, Adoption and innovation

No new technology has been imported or adopted

#### 6. Foreign Exchange Earnings and outgo

During the year foreign exchange earnings were Rs.856.53 Lacs as against the outgo of Rs 376.13Lacs

For and On behalf of the Board

Place : Chennai  
Date : 30.05.2012

Dr. B. ARVIND SHAH  
Managing Director

Dr. CHANDRA RAVINDRAN  
Whole-time Director

**ANNEXURE B  
REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

**1. Company's Philosophy on Corporate Governance Code**

Arvind Remedies Ltd. believes in continuous good corporate governance and always strives to achieve performance at all levels by adhering to corporate governance practice, such as –

- Fair and transparent business practice
- Effective Management Control by the Board
- Adequate representation of promoter, executive and independent directors
- Legal and Statutory compliances in its true spirit
- Promote ethical and responsible decision making

**2. Board of Directors  
Composition**

The Board has the optimum combination of executive and non-executive Directors and the composition of the Board is in conformity with Clause 49 of the Listing Agreement. As on date of this report, Board of Directors of the Company comprises of four executive Directors, and four non-executive Directors, who are Independent Directors. The Executive Directors are Dr. B Arvind Shah, who is the CEO & Managing Director, Dr. Chandra Ravindran, Whole-time Director, Mr Ankur Agarwal Executive Director (Technical) and Dr. Raghuvveer Executive Director (Operations).

The composition and category of Directors and their memberships in other Board/Committees during the year 2011-2012 are as under –

S.No.	Name of the Director	Category	No. of other directorships	No. of Membership in other Board / Committees
1	Dr. B Arvind Shah	MD and Promoter	1	Nil
2	Dr. Chandra Ravindran	ED**	Nil	Nil
3	Dr. C.M.K. Reddy	NE and ID***	1	Nil
4	Mr. K.V. Narayan	NE and ID***	Nil	Nil
5	Mr. R. Raja Mohan	NE and ID***	2	Nil
6	Mr. V.R Mehta	NE and ID***	2	Nil
7	Mr. Akshay Shah @	NE and ID***	Nil	Nil

ED - Executive Director

NE and ID - Non-executive and Independent Director

@ resigned w.e.f. 2<sup>nd</sup> July 2011

Out of the four independent Directors, Dr. C.M.K. Reddy holds 5250 and Mr R Raja Mohan holds 7045 Equity Shares (Rs.10 each) in the Company. The other independent Directors do not hold any Equity Shares in the Company.

**Board Proceedings:**

The Board of the Company met 5 times during the financial year 2011-12 on the following dates –

On 23<sup>rd</sup> May 2011, 2<sup>nd</sup> August 2011, 19<sup>th</sup> September 2011, 5<sup>th</sup> November 2011 and 11<sup>th</sup> February 2012

The annual operating plans, budgets, quarterly results, performance of the company and other information, including those specified under Annexure 1A to the Clause 49 of the Listing Agreement;

entered into by the Company with the Stock Exchanges, as may be amended from time to time, were duly placed before the Board and discussed by the Directors of the Company.

**Attendance of Directors at the Board Meetings and last Annual General Meeting --**

S.No.	Name of Director	Attendance	
		Board Meeting	Last AGM
1	Dr. B Arvind Shah	5	Yes
2	Dr. Chandra Ravindran	5	No
3	Dr. C.M.K. Reddy	5	No
4	Mr. K.V. Narayan	5	No
5	Mr. R. Raja Mohan	5	Yes
6	Mr. V R Mehta	3	Yes
7 @	Mr. Akshay Shah	1	No

@resigned w.e.f. 2<sup>nd</sup> July 2011

**1. Audit Committee**

The Audit Committee is constituted with three non-executive directors, viz. Dr. with Mr. R. Raja Mohan Chairman, Mr. V. R Mehta and Dr. CMK Reddy the members, all of them independent directors. The Company Secretary is the Secretary to the Committee. The Statutory Auditors, Cost Auditor, Internal Auditor and Chief Financial Officer are other invitees to all the meetings of the Committee. The terms of reference of the Audit Committee are to overview the accounting systems, financial reporting and internal controls of the Company and are wide enough to cover the mandatory items as required under Clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956.

The Audit Committee met 4 times during the year and Attendance of Audit Committee is as under:

Date	Total Members	Attendance by number of members
23.05.2011	3	3
02.08.2011	3	3
05.11.2011	3	2
11.02.2012	3	2

**1. Remuneration Committee**

a) **Composition:**

As all decisions regarding the remuneration of executive and non-executive directors are taken by the entire board of directors of the Company no formal Remuneration Committee was has been constituted.

b) **Remuneration Policy:**

Remuneration to Managing/ Executive Directors is paid as per their terms of appointment duly approved by the shareholders. Commission to the Director is paid as approved by the Board within the limits prescribed under the Companies Act, 1956.

c) **Remuneration to directors:**

The details of the remuneration paid/ payable to the directors during the year 2011-12 are given below

Name	All elements of remuneration package i.e. salary benefits, bonus, pension, etc. for the period (Rs)	Commission (Rs.)	Sitting Fees (Rs.)
<b>Executive Director</b>			
Dr. B Arvind Shah	41,59,000	156,53,000	---
Dr. Chandra Ravindran	5,80,000	---	---
<b>Non-Executive Director</b>			
Dr. C.M.K. Reddy	---	---	39000
Mr. K.V. Narayan	---	---	35000
Mr. Akshay Shah	---	---	7000
Mr. R Raja Mohan	---	---	33000
Mr. V.R. Mohita	---	---	25000
<b>Total</b>	<b>47,39,000</b>	<b>156,53,000</b>	<b>1,35,000</b>

**Remuneration paid to employee (Relative of MD)**

Mr. Arvind Shah, Vice President	16,79,000		
---------------------------------	-----------	--	--

Presently, the Company has not formulated scheme for grant of Stock options either to the Executive Directors or employees.

**Selection Committee**

The Board has constituted Selection Committee since February 2011 with three independent directors to look after the recruitment, promotions and payment of remuneration to the working directors and senior executives of the Company. The members of the Committee are Dr. C.M.K.Reddy (Chairman) and Mr. K.V. Narayan, and Mr. R. Raja Mohan. The Committee met once during the year as per the details given below:

Date	Total members	Attendance by number of members
11.02.2012	3	3

**Shareholders' Investors' Grievance Committee**

The Board has constituted an Investors' Grievance Committee which looks into the shareholders' and investors' grievances with Mr. V.R. Mohita as Chairman, and Mr. K.V. Narayan and Mr. Akshay Shah as its members. Dr. CMK Reddy was included as a Member due to resignation of Mr. Akshay Shah, from August 2011. During the year the Committee met four times and the attendance of Shareholders'/Investors' Grievance Committee is given below:

Date	Total members	Attendance by number of members
24.08.2011	3	3
02.09.2011	3	3
06.11.2011	3	2
11.02.2012	3	2

The Company's Shares are compulsorily traded in dematerialised form. Hence the Committee meets at relevant intervals considering the volume of transfers received in the physical segment.

- The Company has no transfers pending at the close of the financial year.
- Mr. P.R. Krishnan, Company Secretary is the Compliance Officer of the Company.

Number of complaints received from the investors during the year 2011-12 and their status are as follows.



No. of Complaints received	24
No. of Complaints disposed of	24
No. of Complaints pending at the year end	NIL

## 6. General Body Meetings

The location and time of Annual General Meetings (AGM) held during the last 3 years are as follows:

AGM	Date	Time	Venue	No. of Special Resolutions Passed
21st AGM	30.10.2009	09.30 a.m	Golden Chakra Hall, V.G.P. Golden Beach Resort, E.C.R., Injambakkam, Chennai-600041	one
22nd AGM	28.09.2010	09.30 a.m	Golden Chakra Hall, V.G.P Golden Beach Resort, E.C.R, Injambakkam Chennai 600041	one
23 <sup>rd</sup> AGM	19.09.2011	09.30 a.m	Pandian Hall, VGP Golden Beach Resort E.C.R, Injambakkam Chennai 600 041	one

### 6(a) Special Resolution passed in previous 3 AGMS:

The Company has passed following Special Resolutions during the last three Annual General Meetings.

- a) AGM held on 19<sup>th</sup> September 2011
  1. The existing Articles of Association modified and replaced with new set of Articles
- b) AGM held on 28<sup>th</sup> September 2010
  1. Appointment of Mr. Anand Shah (relative of Managing Director) pursuant to Section 314(1B) from 1.04.2010
- c) AGM held on 30<sup>th</sup> October 2009
  1. Appointment of Mr. Prakash Shah as Additional Director

### EGM

During the year 2011-12, Extra Ordinary General Meeting was held on 5<sup>th</sup> November 2011 to ratify the decision taken by the members earlier through postal ballot on 20<sup>th</sup> October 2009, on issue and allotment of the equity shares on preferential basis to the promoters, as required by the Supreme Court

### 6 (b) Postal Ballot

During the year 2011-12 no resolution was passed through Postal Ballot by your Company. No special resolution is proposed to be taken through Postal Ballot in the Current Year.

## 7. SUBSIDIARY COMPANY

During the year, Coronet labs P Ltd, has become subsidiary of the Company. Pursuant to the provision of Section 212 of the Companies Act, 1956, the information on the Subaldary company are given in this report.

## 8. Events for reporting after the Balance sheet date

### a) DIRECTORS

Mr. Ankur Agarwal has joined as Executive Director (Technical) from 18<sup>th</sup> April 2012 and Mr. Raghuvier who was earlier COO in the Company, has been appointed as Executive Director (Operations) from 28<sup>th</sup> April 2012. Both of them are liable to retire by rotation every year. Their appointments are subject to the consent of shareholders and have been shown in the Notice of AGM under Special Business.



## (ii) CHANGES IN CAPITAL STRUCTURE/CONSOLIDATION

During the current year, the Company the shareholders accorded their approval in the Extra Ordinary General Meeting held on 28<sup>th</sup> April 2012 for consolidation of the equity shares, for every ten equity shares of face value of Rs. 1 each to one equity share of Rs. 10 per share and the record date for the same was 15<sup>th</sup> May 2012. Accordingly the face value of the shares have been consolidated from Rs. 1 each to Rs. 10 per share and draft for the new shares on consolidation have been given to the shareholders holding shares in demat form and fresh certificates have been forwarded to the shareholders who hold the shares in physical form. In the said EOM shareholders approved increase in the authorized share capital from Rs. 66 Crores to Rs. 76 Crores.

### (a) Preferential issue of 1,98,96,000 convertible equity warrants of Rs.10 each at a premium of Rs. 15 per warrant

The preferential issue of the equity warrants was approved in the Extra Ordinary General Meeting of the shareholders held on 28<sup>th</sup> April 2012 of which 24,00,000 will be issued to the promoters and balance 1,74,96,000 warrants to the public being bodies corporate, and the allotment of the same will be completed on receiving the listing approvals from the Stock Exchanges.

### A. Disclosure

#### Related Party Transactions

a. No transaction of material nature has been entered into by the Company with related parties, i.e., directors or management including their management, their subsidiaries or relatives conflicting with the Company's interest affairs.

b. The Register of Contracts pursuant to Section 301 of the Companies Act, 1956 is maintained for the above for the related party transactions. The loan and advances to the Subsidiary have been within the limits specified under Section 372A of the Companies Act, 1956.

c. Transactions with the related parties are disclosed in point No. 9(c) of Schedule 21 Notes to the Financial Statement in this Annual Report.

d. There were no instances of non-compliance by the Company on any matter related to Capital Markets during the last three years. There were no penalties, strictures imposed by SEBI or Stock Exchange or any other statutory authority against the Company for the year.

e. The Company does not have a formal whistle blower policy. However, access to Audit Committee is made available to every employee.

f. The Company has complied with all the mandatory requirements of the Corporate Governance Code including Board Composition, Audit Committee, Shareholders Grievance Committee, Disclosures to be made to the Board and Audit Committee including related party transactions, Accounting treatments, Risk Management etc.

g. With respect to Non-mandatory requirements, the Company has no qualifications the Auditor's Report.



## 10. Details of Director seeking reappointment in the forthcoming Annual General Meeting.

(in pursuance of Clause 49 of the Listing Agreement)

Name of Directors	Mr. K. V Narayan	Mr. R. Raja Mohan
Date of Birth and	8.1.1939	25.09.1949
Age	73	62
Appointed on	11/3/2002	13.11.2010
Qualification	B.Sc. BL	B.Sc. CAIIB
Expertise	Business Development/ Marketing	Auditing
Directorships held in other public companies	Nil	PME Transformers India Ltd. Satellite Info-tech P Ltd.
Memberships/ Chairmanships of Committees across Public Companies	Nil	Nil

## 11. CEO/ CFO Certification

As required under Clause 49 of the Listing Agreement a Certificate duly signed by Dr. B. Arvind Shah, Managing Director and CEO and Mr. S. V Sundara Raman, Chief Financial Officer of the Company was placed at the meeting of the Board of Directors held on 30<sup>th</sup> May 2011.

## 12. Code of Conduct

The Board of Arvind Remedies Limited has laid down a code of conduct for all the Board members and the Senior Management. The code of conduct has been posted in the company's website [www.arvindremedies.com](http://www.arvindremedies.com). All the Board members and the Senior Management personnel have affirmed compliance of the code. A declaration of MD & CEO of the Company is attached to this Annual Report.

## 13. Means of Communication

- The annual, half yearly and quarterly results are forthwith being submitted to the Stock Exchanges where shares are listed and are available on their website
- Management discussion and analysis forms part of the Annual Report.
- The Un-audited results for every quarter and the Audited results for the year end are published in MakkalKural & Trinity Mirror newspapers.

## 14. General Shareholder Information

- The Twenty-fourth Annual General Meeting of the Company will be held on 31<sup>st</sup> July 2012 at Marina Inn, Egmore, Chennai at 9.30 a.m.
- Date of Book Closure:** The Register of Members and Share Transfer Book of the Company will remain closed from 11<sup>th</sup> September 2012 to 14<sup>th</sup> September 2012 (both days inclusive).
- The Dividend for the year ended March 31, 2012 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the Company's register of members on 14<sup>th</sup> September 2012. In respect of shares held in demat mode, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Security Depository Limited and Central Depository Services India Limited for this purpose at the end of business day on 10<sup>th</sup> September 2012.**

d) Financial Calendar - April 01, 2012 to March 31, 2013

Reporting	with limited review
- Quarter ending June 30, 2012	15 <sup>th</sup> August 2012
- Quarter ending September 30, 2012	15 <sup>th</sup> November, 2012
- Quarter ending December 31, 2012	15 <sup>th</sup> February, 2013
- Year ending March 31, 2013	15 <sup>th</sup> May 2013 (if unaudited) or 30 <sup>th</sup> May, 2013 (if audited)
- Annual General Meeting	On or before 30 <sup>th</sup> September 2013

**e) Listing on Stock Exchanges:**

(a) National Stock Exchange of India Ltd.,

(b) Bombay Stock Exchange Ltd

Stock Code 531823 – Bombay Stock Exchange Ltd

ARVINDREM – National Stock Exchange of India Ltd

**f) Market Price Data\*\***

Months	B S E			N S E		
	High(Rs.)	Low(Rs.)	Volume(No.)	High(Rs.)	Low (Rs.)	Volume (No.)
Apr 11	2.71	2.22	50,29,386	2.65	2.20	4923509
May 11	2.44	2.03	32,18,767	2.40	2.05	3487559
June 11	3.00	2.25	47,94,431	2.70	2.25	5326568
July 11	2.40	2.01	28,28,128	2.40	2.15	1914329
Aug 11	2.23	1.93	38,98,524	2.40	1.90	3086373
Sep 11	2.44	2.03	41,05,588	2.45	2.05	4776454
Oct 11	2.35	2.11	20,79,925	2.35	2.10	1470320
Nov 11	2.24	1.96	25,19,257	2.22	1.95	2522353
Dec 11	2.40	1.80	41,14,944	2.40	1.80	5311626
Jan 12	2.25	1.96	28,53,682	2.25	1.90	2490098
Feb 12	2.50	2.05	47,13,729	2.50	2.05	3892475
Mar 12	2.49	2/21	25,18,975	2.50	2.20	2163285

**g) Share Transfer System:**

Registrar and Share Transfer Agents: M/s. Cameo Corporate services Ltd. All the transfers are processed and approved by the Share Transfer Committee, which normally meets regularly depending on the volume of transfers.

**h) Distribution of Shareholding as on March 31, 2012\*\***

Slab of Shareholding	Shareholders	%	Amount (in Rs.)	%
1 – 5000	52937	89.13406	72041786	14.9371
5001– 10000	3634	6.1330	29702736	6.1585
10001– 20000	1453	2.4521	21968758	4.5549
20001– 30000	509	0.8590	12922576	2.6793
30001– 40000	165	0.2784	5833019	1.2094
40001– 50000	169	0.2852	7960843	1.6505
50001– 100000	214	0.3611	15785675	3.2729
100001&above	172	0.2902	316084607	65.5369
<b>TOTAL</b>	<b>59253</b>	<b>100.00</b>	<b>482300000</b>	<b>100.00</b>

**\*\*Distribution of shareholding pattern according to categories of shareholders as on March 31, 2012.**

	Category	No. of shares held	% of share holding
1	Indian Promoters	72603943	15.04
2.	Persons acting in concert with the promoters	1407777999	29.19
3	Private Corporate Bodies	68885750	14.26
4	Foreign Shareholders	1457285	0.30
5	Indian Public	198575223	41.17
	<b>Total</b>	<b>482300000</b>	<b>100.00</b>



i) \*\*Shares dematerialised upto March 31, 2012

No. of shares	% of shares	No. of Shareholders	% of Shareholders
479121098	99.32	63106	99.34

\*\*Note: The equity shares of the company stands consolidated and effective from 16<sup>th</sup> May 2012 the nominal value is Rs.10 each

Dematerialisation and liquidity of shares: The Company's shares are compulsorily traded in dematerialised form.

j) **Outstanding GDRs / ADRs / Warrants or any Convertible instruments :** **NIL**

k) **Location of Plants:**

1. Shed Nos.38, 39 & 40, SIDCO Industrial Estate, Kakkalur, Tiruvellore Dist, Tamil Nadu, India

2. Plot No. G28 & 29 SIPCOT Industrial Estate Irrungatukottai Kancheepuram Dist. Tamil Nadu

3. New Unit (Beta Cepha & Ayurvedic plants) Plot No. G44, 45 & 46, SIDCO Industrial Estate, Kakkalur, Tiruvellore Dist. Tamil Nadu

l) **Investor**

**Correspondence:**

The Company Secretary  
Arvind Remedies Ltd  
190, Poonamallee High Road, Chennai – 600 084  
Phone (044) 43432929/ 43439595

or)

Cameo Corporate Services Ltd  
No.1, Club House Road,  
Subramanian Building,  
Chennai 600 002  
Phone (044) 28460390

Shareholders, holding shares in electronic mode shall send all their correspondence to their respective Depository Participants with regard to change in bank account or address etc.

#### **DECLARATION OF M D & C E O**

I, Dr. B. Arvind Shah, Managing Director and CEO of Arvind Remedies Ltd., do hereby declare that the Company has duly complied with requirement relating to the code of conduct as laid down in Clause 49 (I) (D) of the Listing Agreement with the Stock Exchanges.

**Dr. B. Arvind Shah**  
Managing Director & CEO  
Arvind Remedies Ltd.



## AUDITORS' CERTIFICATE

To the Members of ARVIND REMEDIES LTD.

We have examined the compliance of conditions of corporate governance by ARVIND REMEDIES LTD. for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 Doshi, Chatterjee, Bagri & Co**  
Chartered Accountants  
Firm Regn No 325197E

R.K. Bagri  
Partner  
Membership No.51956  
Chennai  
May 30, 2012

### CERTIFICATE Pursuant to Clause 49 (V) of the Listing Agreement

a) We have reviewed financial statements and cash flow statement for the year ended 31.03.2012 and that to the best of our knowledge and belief

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept that it is our responsibility to establish and maintain internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and have disclosed to the Auditors and the Audit Committee, wherever applicable.

- a. deficiencies in the design or operation of internal controls, if any, when come to our notice and we take steps or propose to take steps to rectify those deficiencies.
- b. Significant changes in internal control
- c. Significant changes in accounting policies and that the same have been disclosed in the notes to the financial statements
- d. Instances of significant fraud of which we have been aware and the involvement therein, if any of the management or an employee having a significant role in the company's internal control system.

**S.V.Sundara Raman**  
Chief Financial Officer

**Dr. B. Arvind Shah**  
Managing Director



DOSHI, CHATTERJEE, BAGRI & CO.

Chartered Accountants

Flat 3A, Saket  
2, Ho Chi Minh Sarani  
Kolkata - 700 071  
Ph: +91 33 40050907/8/9  
Fax: +91 33 40050910

### AUDITORS' REPORT

To the members of ARVIND REMEDIES LIMITED

We have audited the attached Balance Sheet of ARVIND REMEDIES LIMITED [the Company], as at March 31, 2012 and also the Profit and Loss Account and Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) 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.
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the Directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit and Loss Account and Cash Flow statement read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view, in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Doshi, Chatterjee, Bagri & Co.  
Chartered Accountants  
Firm Regn. No.: 325197E

R. K. BAGRI  
Partner  
Membership No. 51956  
Chennai May 30, 2012

**Annexure referred to in paragraph (1) of the auditors' report of even date to the members of ARVIND REMEDIES LIMITED on the accounts as at and for the year ended March 31, 2012**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) During the year, there is no disposal of substantial part of fixed assets.
2. (a) The physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) Procedures for physical verification of inventories followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company has maintained proper records of inventory. As far as we can ascertain and according to the information and explanations given to us, the discrepancies noticed on physical verification of inventory as compared to book stocks were not material and the same have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, except for unsecured loan given to a subsidiary company aggregating to Rs.125 lacs, which was also repaid during the year, the Company has not granted any loans, secured or unsecured, to companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was Rs.125 lacs.
- (b) In our opinion, the rate of interest and other terms and conditions on which the above mentioned loan has been given are prima facie, not prejudicial to the interest of the company.
- a) According to the information and explanations given to us, the company has taken unsecured loan aggregating to Rs.167 lacs from 3 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was Rs.169.72 lacs.
- b) The rate of interest of such loans is prima facie not prejudicial to the interest of the Company. There are no other terms and conditions of such loans.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the underlying internal control.
5. (a) According to the information and explanations given to us, the contracts and arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contract and arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating to RS.5 lacs or more have been made at the prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public within the meaning of Section 58A and Section 58AA or any other relevant provision of the Companies Act, 1956. Accordingly, paragraph 4 (vi) of the order is not applicable.
7. The Company has an internal audit system commensurate with its size and nature of business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 as prescribed under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the said records have been maintained. We, however, have not made any detailed examination of such records with the view to determine whether they are accurate or complete.
9. (a) The Company has been generally regular in depositing undisputed statutory dues including

Provident Fund, Employees State Insurance, Income tax, Sales-tax / Value Added Tax, Wealth-tax, Service tax, Customs duty, Excise Duty, Cess, Investors Education and Protection Fund and other statutory dues with the appropriate authorities except for delay in payment of some dues of income Tax and Wealth Tax. There are no undisputed above mentioned dues which are outstanding at the year end for a period of more than six months from the date they became payable except for Income Tax and Wealth Tax dues for Rs.3.75 lacs.

- (b) According to the records of the Company, there are no dues of Sales tax, Income tax, Service tax, Wealth tax, Customs duty, Excise duty and Cess that have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the reporting financial year and has not incurred cash losses in the financial year and immediately preceding financial year.
  11. The Company has not defaulted in repayment of dues to financial institution / banks.
  12. As the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
  13. As the Company is not a Chit fund/nidhi/mutual benefit fund/societies to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (xiii) of the order is not applicable.
  14. The Company has maintained proper records of the transactions for dealing in securities and other investments and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
  15. According to the Information and explanations provided to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, paragraph 4 (xv) of the order is not applicable.
  16. The proceeds of term loans raised by the Company during the year were ultimately applied for the purpose for which they were obtained.

17. On the basis of an overall examination of financial statements of the Company, there are no funds raised on short-term basis which have been used for long-term investment.
18. The Company has not made preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Act.
19. The Company has not issued any debentures and as such, paragraph 4 (xix) of the order is not applicable.
20. Since the Company has not raised any money by public issue during the year, paragraph 4 (xx) of the order is not applicable.
21. On the basis of our examination of books of account and according to the information and explanations provided to us by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2012.

**Doshi, Chatterjee, Bagri & Co.**  
Chartered Accountants  
Firm Regn. No.: 325197E

R. K. BAGRI  
Partner  
Membership No. 51956  
Chennai 30 May 2012



**BALANCE SHEET AS AT MARCH 31, 2012**

(All amounts are in Lacs of Rupees unless otherwise stated)

Particulars	Note No	As at March 31, 2012 Rs in lacs	As At March 31, 2011 Rs in lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	4823.48	4823.48
Reserves and Surplus	3	9485.63	7337.73
		<b>14309.11</b>	<b>12161.21</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	4	18818.60	7944.37
Deferred Tax Liabilities (Net)	5	2194.08	1163.20
Other Long Term Liabilities	6	131.21	49.87
Long-term Provisions	7	23.00	21.59
		<b>21167.79</b>	<b>9179.03</b>
<b>Current Liabilities</b>			
Short-term Borrowings	8	15429.75	10088.45
Trade Payables	9	3849.58	4082.24
Other Current Liabilities	10	4825.00	1057.83
Short-term Provisions	11	701.32	423.76
		<b>24805.65</b>	<b>15652.28</b>
<b>Total</b>		<b>60282.55</b>	<b>36992.52</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12	24238.98	4474.56
Intangible Assets	13	3.48	1.34
Capital Work-in-progress		7.16	-
Expenditure on New Projects (pending allocation)	14	4853.26	1880.62
		<b>29102.88</b>	<b>6356.52</b>
Non-current Investments	15	255.00	-
Long-term Loans and Advances	16	505.82	7188.97
Other Non-current Assets	17	1.70	2.08
		<b>762.52</b>	<b>7191.05</b>
<b>Current Assets</b>			
Inventories	18	8772.38	5711.43
Trade Receivables	19	16988.20	13454.49
Cash and Bank Balances	20	2194.73	2078.59
Short-term Loans and Advances	21	2434.80	2188.87
Other Current Assets	22	27.04	11.57
		<b>30417.15</b>	<b>23444.95</b>
<b>Total</b>		<b>60282.55</b>	<b>36992.52</b>
Significant Accounting Policies	1		

The notes referred to above form an integral part of the Financial Statements.

As per our attached report of even date

For and on behalf of the Board of Directors

For Doshi, Chatterjee, Bagri & Co  
Chartered Accountants  
Firm Regn No: 325197E

R. K. Bagri

Partner  
Membership No: 51956  
Chennai, May 30, 2012

Dr. B. Arvind Shah  
Managing Director

Dr. Chandra Ravindran  
Director

P. R. Krishnan  
Company Secretary

S. V. Sundara Raman  
Chief Financial Officer



ARVIND REMEDIES LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

(All amounts are in Lacs of Rupees unless otherwise stated)

Particulars	Note No	2011-12 Rs in lacs	2010-11 Rs in lacs
<b>INCOME</b>			
Revenue from Operations (Gross)	23	45602.08	37701.02
Less: Excise Duty		1939.28	1445.60
Revenue from Operations (Net)		<b>43662.80</b>	<b>36255.42</b>
Other Income	24	38.77	34.20
<b>TOTAL REVENUE</b>		<b>43701.57</b>	<b>36289.62</b>
<b>EXPENSES</b>			
Cost of Material Consumed	25	34769.50	31066.22
Purchase of Traded goods	26	614.48	30.61
(Increase) /Decrease in Inventories of Finished Goods, Work-	27	(669.54)	(589.37)
Employee Benefits Expenses	28	908.06	665.26
Finance costs	29	2772.39	1698.97
Depreciation and Amortization Expense	30	323.60	242.70
Other Expenses	31	1261.83	958.10
<b>TOTAL EXPENSES</b>		<b>39980.32</b>	<b>34012.49</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>3721.25</b>	<b>2277.13</b>
Exceptional Items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>3721.25</b>	<b>2277.13</b>
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>3721.25</b>	<b>2277.13</b>
<b>Tax Expenses</b>			
Current Tax		753.00	460.30
Deferred Tax		1031.78	128.13
Tax adjustments for earlier year		(4.52)	(1.57)
<b>Total Tax Expenses</b>		<b>1780.26</b>	<b>586.86</b>
<b>Profit for the Year</b>		<b>1940.99</b>	<b>1690.27</b>
<b>Earning per Equity Share [Nominal Value of Share Re 1 (31 March 2011:Re 1)] (Refer Note No 42)</b>			
<b>Basic</b>		0.40	0.35
<b>Diluted</b>		0.40	0.35
Summary of Significant Accounting Policies	1		

The notes referred to above form an integral part of the Financial Statements.

As per our attached report of even date

For and on behalf of the Board of Directors

For Doshi, Chatterjee, Bagri & Co  
Chartered Accountants  
Firm Regn No: 325197E

Dr. B. Arvind Shah  
Managing Director

Dr. Chandra Ravindran  
Director

R. K. Bagri

P. R. Krishnan  
Company Secretary

S. V. Sundara Raman  
Chief Financial Officer

Partner  
Membership No: 51956  
Chennai, May 30, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

(All amounts are in Lacs of Rupees unless otherwise stated)

	2011-12 Rs. In Lacs	2010-11 Rs. In Lacs
<b>A Cash flow from operating activities</b>		
Net profit before Taxation	3721.25	2277.13
Adjustment for:		
Depreciation	528.60	242.70
(Profit) / Loss on sale of Fixed Assets	(3.41)	3.04
Interest Expense (Net of Capitalisation)	3772.38	1638.97
Interest Income	(30.28)	(23.22)
Provision for doubtful debt	0.11	1.02
Operating Profit before Working Capital changes	6783.64	4139.64
Adjustments for:		
(Increase) in Trade and Other Receivables	(9452.18)	(2520.28)
(Increase) in Inventories	(3060.95)	(1140.33)
Increase in Trade and other Payables	1749.08	1434.67
Cash flow / (Outflow) from Operations	1019.56	1913.70
Income Taxes paid	(820.52)	(704.06)
<b>Net cash from operating activities</b>	<b>A</b> 199.04	<b>A</b> 1209.64
<b>B Cash flow from investing activities</b>		
Expenditure on Fixed Assets / Expenses on new projects	(15677.15)	(8408.38)
Proceeds from sale of Fixed Assets	93.09	189.52
Investment made	(255.00)	-
Interest Received	25.83	31.75
<b>Net cash used in Investing Activities</b>	<b>B</b> (15813.24)	<b>B</b> (8187.11)
<b>C Cash flow from financing activities</b>		
Receipts from Working Capital Borrowings	5341.30	1942.84
Receipts from Long Term Borrowings	12492.03	4233.24
Proceeds from issue of Share Capital including Premium	-	1259.90
Repayment of Unsecured loan	-	(76.56)
Interest paid	(2510.11)	(1661.61)
Dividend paid (Including Tax on dividends)	(389.88)	(149.53)
<b>Net cash from financing activities</b>	<b>C</b> 14933.34	<b>C</b> 5548.28
<b>Total Cash Inflow</b>	<b>116.14</b>	<b>570.81</b>
<b>Net Increase/Decrease in cash and cash equivalent</b>		
Cash and cash equivalent at beginning of the year	2078.59	1507.78
Cash and cash equivalent at end of the year	2194.73	2078.59
<b>Net Increase in cash and cash equivalent</b>	<b>A+B+C</b> 116.14	<b>A+B+C</b> 570.81



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in AS -3 notified under the Companies (Accounting Standards) Rules, 2006
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our attached report of even date

For and on behalf of the Board of Directors

**For Doshi, Chatterjee, Bagri & Co**  
**Chartered Accountants**

Firm Regn No: 325197E

**Dr. B. Arvind Shah**  
Managing Director

**Dr. Chandra Ravindran**  
Director

**R. K. Bagri**

Partner

Membership No: 51956

**P. R. Krishnan**  
Company Secretary

**S. V. Sundara Raman**  
Chief Financial Officer

Chennai, May 30, 2012

## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### Preface

The financial statements, statement of cash flows and the notes to the financial statements are the primary responsibility of the management of Arvind Remedies Limited (the Company).

### Statement of Significant Accounting Policies

#### Basis of preparation of financial statements

The financial statements of the Company are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles in India and comply with the Accounting Standards notified by The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of The Companies Act, 1956 (the Act).

The accounting policies, in all material aspects, have been consistently applied by the company and are consistent with those used in the previous year, except for changes in the presentation and disclosures of the financial statements as described in Note 55 below.

The significant accounting policies followed by the Company are stated below:

#### a) Revenue Recognition

Revenue from sale of goods is recognized upon passage of title to the customers, which generally coincides with delivery. Sales are stated net of Returns, Allowances and Discounts and are inclusive of excise duty but exclusive of sales tax / value added tax.

Revenue from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### b) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT), taxes, incidental expenses, erection/commissioning expenses up to the date the asset is put to use. Fixed assets are classified as tangible and intangible assets.

#### c) Expenditure on New Projects

Expenses directly related to construction activities are capitalized. Pre-operative and other indirect expenses incurred during construction period are also capitalized to the extent related to or incidental to construction. Trial run expenses for trial production prior to commissioning of the project are also capitalized. All such expenses are allocated to various assets proportionately on completion of the project. Sales and value of stock out of trial run and any other income attributable to the project are deducted from the total of project expenses.

#### d) Depreciation and Amortisation

- (i) Depreciation is provided on tangible fixed assets on the straight-line method at the rates and in the manner prescribed in Schedule XIV of the Act, except on Plant and machinery, which is provided at 6.15% per annum based on management estimates. Leasehold improvements are amortised over the period of the lease.
- (ii) Individual assets costing Rs.5,000/- or less is depreciated in full in the year of purchase.
- (iii) Depreciation on intangible assets is amortized over useful life of the asset, not exceeding five years.

#### e) Inventories

- Inventories are valued at lower of cost and net realisable value. The mode of valuation is as follows:
- |                                     |                                  |
|-------------------------------------|----------------------------------|
| Raw Materials and Packing Materials | : At or under cost on FIFO basis |
|-------------------------------------|----------------------------------|



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

Work-in-progress	: At or under cost
Finished Goods	
Purchased	: At cost or net realisable value whichever is lower
Manufactured	: At cost or net realisable value whichever is lower

Cost of Finished Goods Manufactured, Work-in-progress is determined by considering Materials, Labour, Depreciation and related Overheads.

### e) Employee benefits Long Term Benefits

- (i) The Company has a defined plan for Post-Employment benefit in the form of Gratuity for all employees, which is administered through Life Insurance Corporation of India (LIC). Liability for above defined benefit plan is provided on the basis of actuarial valuation as at the Balance Sheet date, carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit method. The amount as above and the actuarial gain / loss are recognized in the Statement of Profit and Loss of the year.
- (ii) Defined contribution plans are Provident fund scheme, Employees State Insurance Scheme and Government administered Pension Fund scheme for the employees. The company makes specific monthly contribution, which is recognized in the Statement of Profit and Loss in the financial year to which they relate. The Company has no further obligation beyond its monthly contributions.

### Short Term Benefits

- (i) Employee benefits, such as salaries, wages, performance incentives, etc are recognized as an expense at actual amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Earned Leave Encashment: Earned leave accrued during the year is available for encashment as per the rules of the Company. The amount is paid and charged to the Statement of Profit and Loss every year.

### f) Foreign currency transactions

Transactions in foreign currency are recorded at exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currency as at the end of the year are stated at the exchange rate prevailing at the year-end / forward contract rates. Realised gains / losses on transactions during the year and exchange difference on restatement at the year-end are charged to the Statement of Profit and Loss. Forward exchange premium or discount in respect of forward exchange contract is recognized over the life of the contract.

### g) Research and Development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on research and development is shown as additions to fixed assets

### h) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" are not discounted to its present value and are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**Schedules to the Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**1) Taxation**

Tax expense comprises both deferred and current taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**2) Segmental Reporting**

The Company operates only in one business segment namely Pharma formulations.

**3) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**4) Leases**

Lease of assets where all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight basis in accordance with the respective lease agreements.

**5) Borrowing Cost**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of such assets till such time as the assets are ready for their intended use or sale. Qualifying assets are assets that necessarily require a substantial period of time to get ready for their intended use or sale. All the other borrowing costs are recognized as an expense in the period in which they are incurred.

**6) Impairment of Asset**

An asset is treated as impaired when the carrying cost exceeds the recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there has been any change in the estimate of the recoverable amount.

**Equity Capital**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Authorized shares</b>		
600,000,000 (600,000,000) Equity Shares of Rs 1 each	6600.00	5000.00
(1,600,000) Redeemable Cumulative Preference Shares (RCPS) of Rs100 each	-	1600.00
	<b>6600.00</b>	<b>6600.00</b>
<b>Issued and subscribed shares</b>		
482,400,000 (482,400,000) Equity Shares of Rs 1 each	4824.00	4824.00
<b>Paid-up shares</b>		
482,300,000 (482,300,000) Equity Shares of Rs 1 each	4823.00	4823.00
Add: Forfeited shares (Amount originally paid up)	0.48	0.48
	<b>4823.48</b>	<b>4823.48</b>

## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

In terms of resolution passed by the shareholders in the Annual General Meeting held on 19<sup>th</sup> September 2011, the preference share capital under authorized share capital was reclassified into equity share capital and accordingly, the authorized equity share capital was increased to Rs 6600 lacs.

### Reconciliation of the shares outstanding at the beginning and the end of the reporting period

Particulars	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares</b>				
At the beginning of the period	482,300,000	4823.00	260,050,000	2600.50
Issued during the period- Preferential Allotment	-	-	222,250,000	2222.50
<b>Outstanding at the end of the period</b>	<b>482,300,000</b>	<b>4823.00</b>	<b>482,300,000</b>	<b>4823.00</b>

The shareholders of the company in the Extra Ordinary General Meeting held on 28<sup>th</sup> April 2012 have approved the consolidation of 10 shares of Re 1 into 1 share of Rs 10 each.

### Rights attached to equity shares

The company has only one class of equity shares having a par value of Re 1/- per share (now Rs.10/- per share). Each holder of equity shares is entitled to one vote per share. The shareholders are entitled for dividend declared by the company which is proposed by the Board of directors and approved by the shareholders in the Annual General Meeting.

During the year ended 31<sup>st</sup> March 2012, the amount of dividend proposed per share to equity shareholders is Rs 0.70 on share of Rs 10 each (31<sup>st</sup> March 2011: Re .07 on share of Re 1 each).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### Restrictions attached to equity shares

During the year 2010-11, the company had issued 22,22,50,000 Shares to promoters / promoter group on preferential basis, out of which 9,64,60,000 shares are locked in for a period of 3 years from the date of allotment i.e. 5<sup>th</sup> January 2011

### Details of shareholders holding more than 5 % shares in the company

Particulars	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	No. of shares	Percentage of holding	No. of shares	Percentage of holding
<b>Equity shares of Re 1 each fully paid-up</b>				
1 Narit Tradecom Private Limited	128,273,850	26.60	124,413,350	25.80
2 Aryaman Commerce Private Limited	53,118,000	11.01	666,600,000	13.82
3 Arvind Kumar B.Shah	24,145,619	5.01	20,830,005	4.32

As per records of the company, the above shareholding represents both legal and beneficial ownership of shares.



**Schedules to the Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**3. Reserves & Surplus**

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	Amount	Amount
<b>Securities Premium Account</b>		
Balance as per last financial statements	2977.60	199.67
Add: Received during the year	-	2778.13
	<b>2977.60</b>	<b>2977.80</b>
<b>Retainment Reserve</b>		
Amount created during the year on account of revaluation of land	737.50	-
<b>Reserve</b>		
Balance as per last financial statements	546.29	377.20
Less: Amount transferred from surplus balance in the statement of profit and loss	194.10	169.03
	<b>740.39</b>	<b>548.20</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statements	3813.64	2546.66
Profit for the year	1940.99	1690.27
	<b>5754.63</b>	<b>4236.93</b>
<b>Less: Appropriations</b>		
Proposed equity dividend (Amount per share Rs 0.70 @ 31 <sup>st</sup> March 2011)	337.61	218.69
Proposed equity dividend	54.77	35.47
Dividend for the year 2010-11	118.92	-
Dividend for the Year 2010-11	19.29	-
Transfer to general reserve	194.10	169.03
Total appropriations	<b>724.69</b>	<b>423.19</b>
<b>Balance as per Statement of Profit and Loss</b>	<b>5029.94</b>	<b>3813.64</b>
<b>Total Reserves and Surplus</b>	<b>9485.63</b>	<b>7337.73</b>

Balance as per Statement of Profit and Loss after the close of the financial year.

**4. Long Term Borrowings**

Particulars	Total Long Term Borrowings		Current maturities of long term borrowings	
	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Term Loans from Banks</b>				
For Kakkalur Unit (Secured)	600.04	1260.95	438.17	319.51
For Irangalkkralai Unit (Secured)	1800.00	6992.78	1500.00	-
For Botanlectum Unit (Secured)	1600.00	-	-	-
<b>Hire Purchase Finance (Secured)</b>				
From Banks	13.59	16.44	5.46	6.29
	<b>20762.23</b>	<b>8270.17</b>	<b>1943.63</b>	<b>325.80</b>
Less: Amount classified under the head "other current liabilities (Note 10)"	1943.63	325.80	1943.63	325.80
<b>Net amount</b>	<b>18818.60</b>	<b>7944.37</b>	<b>-</b>	<b>-</b>



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

- a. Term loans from banks for Kakkalur unit have been taken from 3 banks. These loans are repayable in quarterly installments from the date of loan, the last installment being payable on 1<sup>st</sup> April 2018. These loans are secured by first charge on the fixed assets and second charge on the current assets of the Kakkalur unit on a pari passu basis except for the assets exclusively charged for other loans. These loans are further guaranteed by personal guarantee of the managing director.
- b. Term loans from banks for Irangatukottai unit are from 3 banks. These loans are repayable in quarterly installments beginning from 30<sup>th</sup> September 2012, the last installment being payable on 30<sup>th</sup> September 2018. These loans are secured by first charge on the fixed assets and second charge on the current assets, both present and future of the Irangatukottai unit on a pari passu basis. These loans are further guaranteed by personal guarantee of the managing director.
- c. Term loan from banks for Betalactum unit are from 2 banks. These loans are repayable in quarterly installments beginning from 1<sup>st</sup> July 2014, the last installment being payable on 1<sup>st</sup> October 2022. These loans are secured by first charge on the fixed assets and second charge on the current assets, both present and future of the new Betalactum unit at Kakkalur on a pari passu basis. These loans are further guaranteed by personal guarantee of the managing director.
- d. Hire purchase finance is secured by hypothecation of vehicle taken on lease. The loan is repayable in monthly installments, the last installments being payable on 5<sup>th</sup> May 2016.

### 5: Deferred Tax Liabilities (Net)

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Deferred Tax Liability</b>		
Timing difference in relation to depreciation and other Tax Benefits	2231.87	1192.20
<b>Gross Deferred Tax Liability</b>	<b>2231.87</b>	<b>1192.20</b>
<b>Deferred Tax Asset</b>		
Expenses allowable under income tax on payments.	36.88	28.66
Provision for doubtful debts	0.03	0.34
<b>Gross Deferred Tax Assets</b>	<b>36.89</b>	<b>29.00</b>
<b>Net Deferred Tax Liabilities</b>	<b>2194.98</b>	<b>1163.20</b>

### 6: Other Long Term Liabilities

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Payable against purchase of Capital Assets	80.04	19.84
Trade and other deposits	51.17	30.03
<b>Total</b>	<b>131.21</b>	<b>49.87</b>

### 7: Long Term Provisions

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Provision for Employee Benefits</b>		
Provision for gratuity (Note 49 b)	23.00	21.59
<b>Total</b>	<b>23.00</b>	<b>21.59</b>

## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### 8: Short Term Borrowings

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Working Capital Borrowings from Banks (Secured)	14000.48	10088.45
Demand loans from Banks (Secured)	450.00	-
Loans from Related Parties (Unsecured) (Note 41)	120.80	-
Inter Corporate Loans (Unsecured)	132.67	-
Loan from Others (Unsecured)	48.90	-
<b>Total</b>	<b>14429.75</b>	<b>10088.45</b>

Working capital and demand loans are secured by first charge on the current assets and/ second charge on the fixed assets on a pari passu basis amongst the lenders and are further guaranteed by personal guarantee of the Managing Director. All these borrowings are repayable on demand.

### 9: Trade Payables

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Refer Note 46 for details of dues to micro and small enterprises		
Suppliers	935.67	-
Others	2913.91	4002.24
<b>Total</b>	<b>3849.58</b>	<b>4002.24</b>

### 10: Other Current Liabilities

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Provision for liabilities of long-term borrowings (Note 4)	1943.63	325.80
Interest accrued but not due on borrowings	8.16	5.27
Interest accrued and due on borrowings	298.92	39.54
Advance against sales		102.64
Dividend on Equity and Protection Fund will be credited by following amounts (as and when due)		
- Profit dividend	68.00	63.51
Others		
Payable against purchase of capital assets	1990.42	98.96
Statutory dues payable	221.58	148.26
Payable to Employees	114.27	81.76
Others Payable	182.02	192.09
<b>Total</b>	<b>4825.00</b>	<b>1057.83</b>

### 11: Short term Provisions

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Provision for Employee Benefits</b>		
Provision for Leave Benefits	33.08	21.85
<b>Other provisions</b>		
Provision for Foreign Duty	10.00	6.85
Provision for Taxation (Net of advances)	265.86	140.90
Proposed Equity Dividend	337.61	218.69
Provision for tax on proposed Equity Dividend	51.77	35.47
<b>Total</b>	<b>701.32</b>	<b>423.76</b>

### Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

#### 12: Tangible assets

	Freehold Land	Land on Lease	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Leasehold Improvements	Total
<b>GROSS BLOCK</b>									
At 1 <sup>st</sup> April 2011	275.04 (238.46)	-	771.51 (517.40)	4524.58 (3873.49)	56.24 (26.29)	62.86 (50.69)	76.52 (76.08)	29.40 (17.29)	5796.15 (4799.70)
Additions	-	232.82	3133.71 (254.11)	15274.89 (969.98)	18.67 (29.95)	12.69 (12.17)	7.20 (0.44)	-	18679.98 (1315.34)
Disposals	-	-	-	167.19 (318.89)	-	-	4.47 (-)	-	171.66 (318.89)
Other Adjustments	-	-	-	-	-	-	-	-	-
Borrowing Costs	-	-	292.86 (-)	1203.98 (0)	-	-	-	-	1496.84 (-)
At 31 <sup>st</sup> March 2012	275.04 (275.04)	232.82 (-)	4198.08 (771.51)	20836.26 (4524.58)	74.91 (56.24)	75.55 (62.86)	79.25 (76.52)	29.40 (29.40)	25801.31 (5796.15)
<b>DEPRECIATION</b>									
Up to 31 <sup>st</sup> March 2011	-	-	197.45 (177.88)	1013.26 (928.71)	17.11 (14.93)	41.47 (37.96)	34.62 (28.88)	17.68 (17.29)	1321.59 (1205.65)
For the year	-	-	31.82 (19.57)	274.12 (210.87)	4.64 (2.18)	4.81 (3.51)	6.12 (5.74)	1.21 (0.39)	322.72 (242.26)
On disposals	-	-	-	80.22 (126.32)	-	-	1.76 (-)	-	81.98 (126.32)
Up to 31 <sup>st</sup> March 2012	-	-	229.27 (197.45)	1207.16 (1013.26)	21.75 (17.11)	46.28 (41.47)	38.98 (34.62)	18.89 (17.68)	1562.33 (1321.59)
<b>NET BLOCK</b>									
At 31 <sup>st</sup> March 2012	275.04 (275.04)	232.82 (-)	3968.81 (574.06)	19629.10 (3511.32)	53.16 (39.13)	29.27 (21.39)	40.27 (41.90)	10.51 (11.72)	24238.98 (4474.56)

- Buildings include value of land which was not separately determined and hence the cost of land stands depreciated at the rate applicable to building. Amount involved in this regard has not been ascertained but the same is not likely to be material.
- The Company has revalued its Land of BetaLactum Unit at Kakkalur during the year, at the fair value determined by an independent external valuer. The difference between the historical cost and fair value amounting to Rs 737.50 has been taken to revaluation reserve.
- Vehicles are acquired under Hire Purchase.

**Schedules to the Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**13: Intangible Assets**

Particulars	Computer Software Amount	Total Amount
<b>GROSS BLOCK</b>		
At 1 <sup>st</sup> April 2011	2.24	2.24
Additions	3.02	3.02
At 31 <sup>st</sup> March 2012	5.26	5.26
<b>AMORTIZATION</b>		
Up to 31 <sup>st</sup> March 2011	0.90	0.90
Charge for the year	0.88	0.88
Up to 31 <sup>st</sup> March 2012	1.78	1.78
<b>NET BLOCK</b>		
At 31 <sup>st</sup> March 2012	3.48	3.48
At 31 <sup>st</sup> March 2011	1.34	1.34

**14: Capital Expenditure on New Projects (Pending Allocation)**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Land (including site development cost)	1119.69	288.11
Building under construction	3037.95	792.91
Machinery under erection	17743.42	-
<b>A</b>	<b>22501.06</b>	<b>1081.02</b>
<b>Incidental Expenditure Pending Allocation to Fixed Assets</b>		
Salary and Staff costs	89.11	47.23
Interest	1526.09	505.38
Management Fees	54.54	17.73
Insurance	19.70	13.01
Trial Run Expenses	5.11	-
Other Expenses	521.63	251.59
<b>B</b>	<b>2216.18</b>	<b>834.94</b>
<b>C=A+B</b>	<b>24717.24</b>	<b>1915.96</b>
Less: Interest Income	14.01	14.10
Dividend Income on Short Term Investments	21.24	21.24
Sales out of Trial Run production	0.96	-
<b>D</b>	<b>36.21</b>	<b>35.34</b>
<b>Balance (C-D)</b>	<b>24681.03</b>	<b>1880.62</b>
Less: Allocated to various heads of Fixed Assets	19827.77	-
<b>Total</b>	<b>4853.26</b>	<b>1880.62</b>

**15: Non Current Investments**

Particulars	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	Nos.	Amount	Nos.	Amount
<b>Other than Trade (valued at cost)</b>				
<b>Unquoted Equity Instruments</b>				
<b>Investment in Subsidiary</b>				
Equity shares of Rs.10 each fully paid-up in Coronet Labs Private Limited	1275000	255.00	-	-
<b>Aggregate amount of Unquoted Investments</b>		<b>255.00</b>		<b>-</b>

## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### 16: Long term Loans and Advances

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Capital Advances</b>		
Unsecured, Considered Good	272.97	7017.92
<b>Security Deposits</b>		
Unsecured, Considered Good	229.09	166.72
<b>Other Loans and Advances- Unsecured, Considered Good</b>		
Advance Recoverable	3.76	4.33
<b>Total</b>	<b>505.82</b>	<b>7188.97</b>

### 17: Other Non Current Assets

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Unsecured, considered good</b>		
Interest Receivable	1.70	2.08
<b>Total</b>	<b>1.70</b>	<b>2.08</b>

### 18: Inventories (Valued at Lower of Cost and Net Realizable Value)

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Raw Materials	5168.87	2775.47
Packing Materials	67.79	69.78
Work-in-Progress	3155.83	2654.22
Finished Goods	272.68	209.67
Traded Goods	107.23	2.29
<b>Total</b>	<b>8772.38</b>	<b>5711.43</b>

### 19: Trade Receivables

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, Considered Good	1.71	105.47
Unsecured, Considered Doubtful	0.11	1.02
	<b>1.82</b>	<b>106.49</b>
Less: Provision for Doubtful Receivables	0.11	1.02
<b>(A)</b>	<b>1.71</b>	<b>105.47</b>
<b>Other Receivables</b>		
Secured, Considered Good	9.07	24.00
Unsecured, Considered Good	16977.42	13325.02
<b>(B)</b>	<b>16986.49</b>	<b>13349.02</b>
<b>Total (A+B)</b>	<b>16988.20</b>	<b>13454.49</b>
<b>Trade Receivables include:</b>		
Due from Coronet Labs Private Limited ( a subsidiary company in which the directors of the company are directors) (Note 41)	3.33	-

**Schedules to the Financial Statements**

(All amounts are in Lacs of Rupees unless otherwise stated)

**20. Cash and Bank Balances**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Cash and Cash Equivalents</b>		
Cash on hand	2.07	1.65
<b>Balance with Banks:</b>		
in Current Account	1866.48	1315.83
(including Rs 1800 on Travel & Nutrition Account)		
<b>Other Bank Balances</b>		
in Unpaid Dividend Account	66.00	63.51
in Money Deposit Account	260.18	697.60
<b>Total</b>	<b>2194.73</b>	<b>2078.59</b>

**21. (Long term) Loans and Advances**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Advances recoverable in cash or kind</b>		
Unpaid, considered good	1187.30	370.28
<b>Total</b>	<b>1187.30</b>	<b>370.28</b>
<b>Other Loans and Advances</b>		
Balances with Revenue Authorities	1247.50	1018.01
<b>Total</b>	<b>1247.50</b>	<b>1018.01</b>
<b>Total</b>	<b>2434.80</b>	<b>2198.07</b>

**22. Other Current Assets**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Unpaid, considered good</b>		
Interest accrued on Deposits		
(Due from Pioneer Labs Private Limited (a subsidiary in which the directors of the company are directors) (Note 41))	4.84	-
Others	22.20	11.57
<b>Total</b>	<b>27.04</b>	<b>11.57</b>

**23. Revenue from Operations**

Particulars	2011-12 Amount	2010-11 Amount
<b>Revenue from Operation</b>		
Sale of Products		
Finished Goods	45036.84	37650.83
Traded Goods	559.11	38.41
	<b>45595.95</b>	<b>37689.24</b>
<b>Other Operating Revenue</b>		
Scrap Sales	6.13	11.78
<b>Revenue from Operation(gross)</b>	<b>45602.08</b>	<b>37701.02</b>
<b>Less: Expense</b>		
Cost of Sales	1939.28	1445.60
<b>Revenue from Operation(net)</b>	<b>43662.80</b>	<b>36255.42</b>



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### Details of products sold

#### Finished goods sold

Particulars	2011-12 Amount	2010-11 Amount
Tablet		
Capsules	25868.87	25134.81
Ointment / Powder	17174.18	12150.93
Liquid	257.50	281.38
<b>Total</b>	<b>45036.64</b>	<b>37650.83</b>

#### Traded goods sold

Particulars	2011-12 Amount	2010-11 Amount
Tablet		
Capsules	325.38	12.19
Liquid	220.95	23.98
<b>Total</b>	<b>559.11</b>	<b>38.41</b>

### 24: Other Income

Particulars	2011-12 Amount	2010-11 Amount
Interest on Bank deposits		
Excess Provision written back	30.29	23.22
Exchange Difference (Net)	1.02	-
Profit on Sale of Fixed assets (Net)	2.09	4.50
Recovery against provision for doubtful debts	4.35	-
<b>Total</b>	<b>38.77</b>	<b>34.20</b>

### 25: Cost of Material Consumed

Particulars	2011-12 Amount	2010-11 Amount
<b>Raw Materials</b>		
Inventory at the beginning of the year		
Add: purchases	2775.47	2221.26
	35468.73	29968.21
Less: Sales	38244.20	32189.47
: Inventory at the end of the year	51.39	63.66
	5168.87	2775.47
<b>Raw Materials consumed (A)</b>	<b>5220.26</b>	<b>2839.13</b>
	33023.94	29350.34
<b>Packing Materials</b>		
Inventory at the beginning of the year		
Add: purchases	69.78	73.03
	1743.57	1712.63
Less : Inventory at the end of the year	1813.35	1785.66
<b>Packing Materials consumed (B)</b>	<b>67.79</b>	<b>69.78</b>
<b>Material Consumed (A+B)</b>	<b>1745.56</b>	<b>1715.88</b>
	34769.50	31066.22



**Annexure to the Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**Details of Raw Material Consumed**

Particulars	2011-12 Amount	2010-11 Amount
Antibiotics & Antibacterials	11521.59	9956.79
Antitubercular	542.33	9248.85
Antimicrobials	11258.51	1075.14
Others	6703.51	9069.56
<b>Total</b>	<b>33023.94</b>	<b>29350.34</b>

**Details of Inventory**

Particulars	2011-12 Amount	2010-11 Amount
<b>Raw materials</b>		
Antibiotics & Antibacterials	1006.81	645.29
Antitubercular	0.11	1016.45
Antimicrobials	607.01	653.29
Others	3665.24	460.44
<b>Total</b>	<b>5185.17</b>	<b>2775.47</b>

**Details of Purchase of Traded Goods**

Particulars	2011-12 Amount	2010-11 Amount
Tablet	317.90	6.17
Capsules	206.32	20.07
Syrupment / Powder	36.08	-
Liquid	54.09	4.37
<b>Total</b>	<b>614.48</b>	<b>30.61</b>

**Details of Changes in Inventories**

Particulars	2011-12 Amount	2010-11 Amount
<b>Inventories at the end of the year</b>		
Traded Goods	107.23	2.29
Work-in-Progress	3155.83	2654.22
Finished Goods	272.66	209.67
<b>A</b>	<b>3535.72</b>	<b>2866.18</b>
<b>Inventories at the beginning of the year</b>		
Traded Goods	2.29	-
Work-in-Progress	2654.22	2070.32
Finished Goods	209.67	206.49
<b>B</b>	<b>2866.18</b>	<b>2276.81</b>
<b>(Increase) in inventories (B-A)</b>	<b>(669.54)</b>	<b>(589.37)</b>



**Schedules to the Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**Details of Inventories**

Particulars	2011-12 Amount	2010-11 Amount
<b>Traded goods</b>		
Tablet	22.40	0.01
Capsules	4.18	2.28
Ointment / Powder	36.08	-
Liquid	44.57	-
	<b>107.23</b>	<b>2.29</b>
<b>Work-in-progress</b>		
Tablet	1322.15	1539.09
Capsules	1570.17	1112.15
Ointment / Powder	5.07	0.22
Liquid	258.44	2.16
<b>Total</b>	<b>3155.83</b>	<b>2654.22</b>
<b>Finished Goods</b>		
Tablet	181.68	121.66
Capsules	76.12	66.69
Ointment	6.62	15.03
Liquid	8.24	6.29
<b>Total</b>	<b>272.66</b>	<b>209.67</b>

**28: Employee Benefit Expenses**

Particulars	2011-12 Amount	2010-11 Amount
Salaries, Wages, Bonus, Incentives & Leave Pay	808.55	580.04
Contribution to Provident and other Funds	58.88	44.92
Gratuity (Note 49 a)	18.98	21.59
Staff Welfare Expenses	23.65	18.71
<b>Total</b>	<b>908.06</b>	<b>665.26</b>

**29: Finance Costs**

Particulars	2011-12 Amount	2010-11 Amount
Interest	3688.74	1920.26
Finance Charges	300.00	234.97
	<b>3988.74</b>	<b>2155.23</b>
Less: Transfer to Capital Expenditure on New Project / Fixed Assets	1216.35	516.26
<b>Total</b>	<b>2772.39</b>	<b>1638.97</b>

**30: Depreciation and Amortization Expenses**

Particulars	2011-12 Amount	2010-11 Amount
Depreciation of Tangible Assets	322.72	242.25
Amortization of Intangible Assets	0.88	0.45
<b>Total</b>	<b>323.60</b>	<b>242.70</b>

## Schedule to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### 31: Other Expenses

Particulars	2011-12 Amount	2010-11 Amount
Stores and Spares Consumed	38.13	14.79
Power and Fuel	107.38	57.42
Freight and Forwarding charges	120.19	89.30
Rent	35.08	25.42
Rates and Taxes	0.42	0.12
Insurance	12.79	11.64
<b>Repair and Maintenance</b>		
Plant and Machinery	11.50	11.50
Building	4.72	3.35
Others	40.32	29.24
Testing Fees & Lab Chemicals	33.27	25.66
Advertising and Sales promotion	73.98	72.58
Brokerage and Commission	30.55	29.36
Liquidated damages for delayed supply	186.42	151.46
Travelling and Conveyance	177.01	137.37
Legal and Professional fees	43.27	23.84
Directors' Sitting Fees	1.35	1.41
Payment to Auditor		
As Auditors	0.00	6.62
In other capacity for Certificates	2.40	2.01
Managerial Commission	150.53	93.00
Bad Debts written off	1.02	-
Provision for Doubtful Debts	0.11	1.02
Loss on sale of Fixed Assets (net)	0.00	3.04
Prior Period Expenses (net)	1.73	11.7
Miscellaneous Expenses	107.72	156.16
<b>Total</b>	<b>1201.53</b>	<b>958.10</b>

- 32 During the year the company has acquired 12,75,000 equity shares (representing 83.75% of the share capital) of Coronet Labs Private Limited (CLPL) at Rs. 20 per share although the breakup value of the shares as per audited financial statements of CLPL as at 31<sup>st</sup> March 2011 was lower. However, the company has made investment in such shares for strategic reasons considering the long term prospects. Besides, based on valuation carried out by a firm of Chartered Accountants the value arrived is higher than the cost of acquisition. CLPL has become the subsidiary of the company.
- 33 The company has commenced commercial production of tablets, capsules, ointment and liquid at its new unit at State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT) at Irangattukottai during the year and the related capital expenditure has been capitalised. For the manufacture of Softgel and Injectibles, the commercial production is to start in the first quarter of the financial year 2012-13.
- 34 During the year the company has undertaken a new project to manufacture Betalactum products at Kakkalur and expenditure incurred on such project aggregating to Rs. 1749.13 has been included under Capital Expenditure on New Project.
- 35 In absence of taxable income, provision for taxation for the year has been made as Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961, which will be available as tax credit for set off in future years as per Section 115JAA of the said Act. The company is also entitled to tax credit on account of tax paid as MAT in earlier years for the set off in future years.



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

36. The company's liability towards gratuity is provided based on the figures provided by LIC. In absence of the figures of the gratuity payable to employees retiring within one year being provided by LIC, the entire provision towards gratuity has been shown as Long term provision.
37. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1556.00 (net of advances) (Previous Year Rs. 16152.82)
38. **Contingent liabilities**
- Outstanding Bank Guarantees Rs. 167.31 (Previous year Rs.54.93)
39. Freehold land represents land allotted by Small Industries Development Corporation Ltd. (SIDCO) vide a Memorandum of Understanding (MOU) dated November 21, 1995.
- The company is in the process of complying with the terms of the said MOU.
40. The Company has entered into Lease Arrangements for office and godown premises. These Lease Agreements are for a period varying from 11 months to 6 years, and/or cancellable at the option of either party by giving 3 months to 6 months notice. Lease payments recognized in Statement of Profit and Loss is Rs. 35.08 (Previous year -- Rs.25.42). There are no amount payable in respect of non cancellable lease

### 41 Related Party Disclosures

(a)	<b>Key Managerial Personnel</b>	
	Dr. B Arvind Shah	Managing Director
	Dr. Chandra Ravindran	Whole Time Director
(b)	<b>Relative of Key Managerial Personnel</b>	
	Mrs. Baby Rani	
	Mrs. Dipi Kumari Jain	
	Mr. Anand A Shah	
(c)	<b>Subsidiary Company</b>	
	Coronet Labs Private Limited	

(d) Transaction with related party during the year and balance outstanding as at 31.3.2012 :

	Key Managerial Personnel		Subsidiary	Relatives of Key Managerial	
	2011-12	2010-11	2011-12	2011-12	2010-11
Salaries and allowances	46.50	27.90	---	17.02	12.00
Contribution to Provident & other Funds	3.77	3.02	---	1.72	5.80
Commission	156.53	93.00	---	Nil	Nil
<b>Total</b>	<b>206.80</b>	<b>123.92</b>	---	<b>18.64</b>	<b>17.80</b>
Sale of goods	---	---	49.77	---	---
Loan given during the year	---	---	125.00	---	---
Loan realized during the year	---	---	125.00	---	---

## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

Loan repaid during the year	Nil	70.90	---	0.20	---
Loan taken during the year	Nil	33.62	---	121.00	---
Interest on Loan given	---	---	4.84	---	---
Interest on Loan taken	---	---	---	1.95	---
Balance payable at the year end	93.16	94.90	Nil	122.75	0.75
Balance receivable at the year end	Nil	Nil	8.17	Nil	Nil

### 43 Earning Per Share

	2011-12 Amount	2010-11 Amount
Net Profit as per Statement of Profit and Loss	1040.90	1090.27
Number of Shares considered as weighted average shares outstanding	4823.00	4823.00
Basic Earnings per Share (In Rs.)	1	1
Basic Earnings per Share (In Rs.)	0.40	0.35
Adjusted Earnings per Share (In Rs.)	0.40	0.35

### 44 Disclosure pursuant to clause 32 of the listing agreement

Details of Loan given to subsidiary company in the nature of loans		
	Outstanding at the year end	Maximum amount of outstanding during the year
Coronet Labs Private Limited	4.84	125.00

### 44 Auditor's Remuneration (including service tax)

	2011-12 Amount	2010-2011 Amount
Statutory Audit	8.99	6.62
Other Services	2.65	2.01
<b>Total</b>	<b>11.64</b>	<b>8.63</b>

### 45 Derivative Instrument and Unhedged Foreign Currency Exposure:

(a) The company has not entered into any forward contract during the year.

(b) Particulars of unhedged foreign currency exposure as at the Balance Sheet date are as under.

	Foreign Currency Involved	Amount
Debtors	USD 141184.03	71.59
Creditors	EUR 8200	5.65



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### 46 Dues to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006:

There were no dues outstanding to the suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent identified from the available documents / information.

### 47 Segment Information:

The company deals in one product only – pharmaceutical products. As such it does not have reportable business segment. For the purpose of geographical segments, total sale is divided into India and other countries. The following table shows the distribution of the company's sales by geographical markets:

Particulars	2011-12 Amount	2010-11 Amount
Export Sales	856.53	846.04
Domestic Sales	44739.42	38743.20
<b>Total</b>	<b>45595.95</b>	<b>37689.24</b>

### 48 Expenditure on Scientific Research

Particulars	2011-12 Amount	2010-11 Amount
Capital Expenditure	393.13	554.24
Revenue Expenditure (including depreciation)	175.48	162.27
<b>Total</b>	<b>568.61</b>	<b>716.51</b>

### 49 Employee Benefits

	2011-12 Amount	2010-11 Amount
<b>a) Expenses recognized in Statement of Profit and Loss</b>		
1 Current Service Cost	9.90	8.91
2 Interest Cost	6.02	3.34
3 Expected return on plan assets	(4.97)	(2.11)
4 Actuarial Losses/ (Gains)	6.43	13.46
<b>5 Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>10.98</b>	<b>21.60</b>

### Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

		31-03-2012 Amount	31-03-2011 Amount
b)	<b>Net Asset / (Liability) recognized in Balance Sheet</b>		
1	Present Value of Defined benefit obligation at the year end	81.30	62.74
2	Fair Value of plan assets at the year end	58.30	41.15
3	<b>Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(23.00)</b>	<b>(21.59)</b>

c)	<b>Change in defined Benefit Obligation (DBO) during the year</b>		
1)	Present value DBO at the beginning of the period	62.74	41.72
2)	Current Service Cost	9.90	6.91
3)	Interest Cost	5.02	3.34
4)	Actuarial (Gains) / Losses	6.43	13.48
5)	Benefits Paid	(2.79)	(2.68)
6)	<b>Present value of DBO at the end of period</b>	<b>81.30</b>	<b>62.74</b>

d)	<b>Change in Fair Values of Assets during the year</b>		
1)	Plan assets at the beginning of period	41.15	10.14
2)	Expected Return on Plan Assets	4.37	2.11
3)	Actuarial Gains / (Losses)	---	---
4)	Actual Company Contribution	15.57	31.58
5)	Benefits paid	(2.79)	(2.68)
6)	<b>Plan Assets at the end of the period</b>	<b>58.30</b>	<b>41.15</b>

e)	<b>Actuarial Assumptions</b>		
1)	Discount rate per annum compound	8%	8%
2)	Rate of increase in salaries	5%	5%
3)	Expected rate of return on plan assets	5%	5%
4)	Attrition rate	1.3%	1.3%
5)	Mortality table		LIC (1994 to 1996)

#### Notes:

The estimates of future salary increases considered taken into account the inflation, seniority, promotion and other relevant factors on long term basis.

The company expects to contribute Rs 20.00 during the year 2012-13.



**Schedules to the Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

Particulars	2011-12 Amount	2010-11 Amount	2009-10 Amount	2008-09 Amount	2007-08 Amount
Defined Benefit Obligations	81.30	62.74	41.72	37.56	24.89
Fair Value of Plan Assets	58.30	41.15	10.14	12.23	—
<b>Deficit</b>	<b>23.00</b>	<b>21.59</b>	<b>31.58</b>	<b>25.33</b>	<b>24.89</b>

**50 Details of Raw Materials and Stores & Spares consumed (Imported & Indigenous)**

Raw Materials	2011-12		2010-11	
	Amount	Percentage	Amount	Percentage
Imported	62.85	0.19	33.23	0.11
Indigenous	32961.09	99.81	29317.11	99.89
<b>Total</b>	<b>33023.94</b>	<b>100.00</b>	<b>29350.34</b>	<b>100.00</b>
Stores & Spares (100% indigenous)	38.13	100.00	14.79	100.00

**51 Value of Imports calculated on CIF basis**

Particulars	2011-12 Amount	2010 - 11 Amount
Raw Materials	51.31	27.50
Capital Goods	311.37	—
<b>Total</b>	<b>362.68</b>	<b>27.50</b>

**52 Earnings in Foreign Exchange**

Particulars	2011-12 Amount	2010 - 11 Amount
FOB Value of Exports	856.53	946.04

**53 Expenditure in foreign currency on account of :**

Particulars	2011-12 Amount	2010 - 11 Amount
Traveling Expenses	13.45	6.79



## Schedules to the Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### 54 The movements in Provisions during the year are as follows:

Particulars	Balance as at 1.4.2011 Amount	Additions during the year Amount	Utilised during the year Amount	Balance as at 31.3.2012 Amount
Provision for gratuity	21.59 (31.53)	16.98 (21.59)	15.57 (31.58)	23.00 (21.59)
Provision for Excise duty	6.85 (-)	10.00 (0.85)	6.85 (-)	10.00 (6.85)

### 55 Previous year's figures

During the year ended 31<sup>st</sup> March 2012, Revised Schedule VI notified under the Companies Act, 1956 became applicable to the company for preparation & presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

During the year, the company has commenced commercial production at Irangattukottai Unit and accordingly, previous year's figures are not comparable with the current year's figures.

### Signatories to Notes 1 to 55 which form an Integral part of the Financial Statements.

**For Doshi, Chatterjee, Bagri & Co**  
Chartered Accountants  
Firm Regn No: 325197C

**R. K. Bagri**  
Partner  
Membership No: 51956  
Chennai, May 30, 2012

For and on behalf of the Board of Directors

**Dr. B. Arvind Shah**  
Managing Director

**Dr. Chandra Ravindran**  
Director

**P. R. Krishnan**  
Company Secretary

**S. V. Sundara Raman**  
Chief Financial Officer



**DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARY COMPANIES,  
PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,**

PARTICULARS	CORONET LABS PRIVATE LIMITED
Financial year ended	31 <sup>st</sup> March 2012
Country of incorporation	India
Share Capital	127.50
Share application money	-
Reserves	120.29
Minority Interest	140.50
Loan funds	213.41
Current Liabilities & Provisions	1972.78
Deferred tax liability	51.67
Total liabilities	2626.15
Net Fixed Assets	561.07
Capital work in progress	-
Net intangible Assets	-
Investments	-
Current Assets, Loans & Advances	2065.08
Debit Balance in Profit & Loss A/c	-
Deferred tax Asset	-
Misc. expenditure	-
Total Assets	2626.15
Revenue/ Income	3110.12
Profit/ (loss) before taxation	305.23
Deferred Tax Credit	-
Provision for taxation- current	65.00
- Deferred	20.91
Fringe Benefit Tax	-
Profit/ (loss) after taxation	228.71
Proposed Dividend	-
Total investments	Nil

Particulars	Coronet Labs Private Limited
Financial year of the Subsidiary ended on	31 <sup>st</sup> March 2012
Date from which it became subsidiary	18 <sup>th</sup> December 2011
Shares of subsidiary company held on the above date and extent of holding	
i) Equity Shares (Nos)	12,75,000
ii) Extent of holding (%)	63.75%
Net aggregate amount of profits/ (losses) of the subsidiary for the above financial year so far as they concern members of Arvind Remedies Limited	
i) Dealt with (Rs. in lacs)	146.06
ii) Not dealt with (Rs. in lacs)	82.65
Net aggregate amount of profits/ (losses) of the subsidiary for previous financial years as far as it concerns members of Arvind Remedies Limited	
i) Dealt with	N.A
ii) Not dealt with (Rs. lacs)	

For and on behalf of the Board of Directors

S.V Sundara Ramar  
Chief Financial Officer

Dr. B Arvind Shah  
Managing Director

Place: Chennai  
Dated 30.5.2012

P R Krishnan  
Company Secretary

Chandra Ravindran  
Director

## AUDITORS' REPORT

To the Board of Directors of  
ARVIND REMEDIES LIMITED

We have audited the attached Consolidated Balance Sheet of **ARVIND REMEDIES LIMITED (the Company) and its subsidiary**, (hereinafter referred to as the Group), as at 31<sup>st</sup> march 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared on the basis of separate financial statements of the company and its subsidiary. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standard generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the consolidated financial statements *subject to Note No 38 regarding non-provision of doubtful receivables amounting to Rs 3.14 lacs whose impact on the Company's Profit / Reserves is not presently ascertainable*; give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2012.
- (b) in the case of the consolidated statement of profit and loss of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date

**Doshi, Chatterjee, Bagri & Co.**  
**Chartered Accountants**  
Firm Regn. No.: 325197E

R. K. BAGRI  
Partner  
Membership No. 51956

Chennai, May 30, 2012

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012**

(All amounts are in Lacs of Rupees unless otherwise stated)

Particulars	Note No.	As at March 31, 2012 Rs in lacs	As At March 31, 2011 Rs in lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	4823.48	4823.48
Reserves and Surplus	3	9605.92	7337.73
		<b>14429.40</b>	<b>12161.21</b>
<b>Minority Interest</b>		<b>140.50</b>	-
<b>Non-current Liabilities</b>			
Long-term Borrowings	4	18948.40	7944.37
Deferred Tax Liabilities (Net)	5	2246.65	1163.20
Other Long Term Liabilities	6	214.82	49.87
Long-term Provisions	7	23.00	21.59
		<b>21432.87</b>	<b>9179.03</b>
<b>Current Liabilities</b>			
Short-term Borrowings	8	16164.59	10088.45
Trade Payables	9	4907.83	4082.24
Other Current Liabilities	10	4940.35	1057.83
Short-term Provisions	11	757.49	423.76
		<b>26770.26</b>	<b>15652.28</b>
<b>Total</b>		<b>62773.03</b>	<b>36992.52</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12	24800.05	4474.56
Intangible Assets	13	130.98	1.34
Capital Work-in-progress		7.16	-
Expenditure on New Projects (pending allocation)	14	4853.26	1880.62
Long-term Loans and Advances	15	514.46	7188.97
Other Non-current Assets	16	2.84	2.08
		<b>30308.75</b>	<b>13547.57</b>
<b>Current Assets</b>			
Inventories	17	8940.48	5711.43
Trade Receivables	18	18748.97	13454.49
Cash and Bank Balances	19	2264.30	2078.59
Short-term Loans and Advances	20	2488.33	2188.87
Other Current Assets	21	22.20	11.57
		<b>32464.28</b>	<b>23444.95</b>
<b>Total</b>		<b>62773.03</b>	<b>36992.52</b>
Significant Accounting Policies	1		

The notes referred to above form an integral part of the Financial Statements.

**As per our attached report of even date**

**For Doshi, Chatterjee, Bagri & Co**  
Chartered Accountants  
Firm Regn No: 325197E

**R. K. Bagri**  
Partner  
Membership No: 51956  
Chennai, May 30, 2012

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

**Dr. B. Arvind Shah**  
Managing Director

**Dr. Chandra Ravindran**  
Director

**P. R. Krishnan**  
Secretary

**S. V. Sundara Raman**  
Chief Financial Officer

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012**

(All amounts are in Lacs of Rupees unless otherwise stated)

Particulars	Note No.	2011-12 Rs in lacs	2010-11 Rs in lacs
<b>INCOME</b>			
Revenue from Operations (Gross)	No. 22	48712.20	37701.02
Less: Excise Duty		1939.28	1445.60
Revenue from Operations (Net)		<b>46772.92</b>	<b>36255.42</b>
Other Income	23	57.53	34.20
<b>TOTAL REVENUE</b>		<b>46830.45</b>	<b>36289.62</b>
<b>EXPENSES</b>			
Cost of Material Consumed	24	35923.64	31066.22
Purchase of Traded goods	25	1697.43	30.61
(Increase) /Decrease in Inventories of Finished Goods, Work-in Progress and Traded Goods	26	(659.80)	(589.37)
Employee Benefits Expenses	27	1061.16	665.26
Finance costs	28	2896.35	1638.97
Depreciation and Amortization Expense	29	383.88	242.70
Other Expenses	30	1501.31	958.10
<b>TOTAL EXPENSES</b>		<b>42803.97</b>	<b>34012.49</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>4026.48</b>	<b>2277.13</b>
Exceptional items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>4026.48</b>	<b>2277.13</b>
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>4026.48</b>	<b>2277.13</b>
<b>Tax Expenses</b>			
Current Tax		818.00	460.30
MAT Credit Entitlement		(9.39)	-
Deferred Tax		1052.69	128.13
Tax adjustments for earlier year		(4.52)	(1.57)
<b>Total Tax Expenses</b>		<b>1856.78</b>	<b>586.86</b>
<b>Profit for the Year</b>		<b>2169.70</b>	<b>1690.27</b>
Less: Minority Interest		82.65	-
<b>Total Profit for the Year</b>		<b>2087.05</b>	<b>1690.27</b>
<b>Earning per Equity Share [Nominal Value of Share Re 1 (31 March 2011: Re 1)] (Refer Note No 42)</b>			
<b>Basic</b>		0.43	0.35
<b>Diluted</b>		0.43	0.35
Summary of Significant Accounting Policies	1		

The notes referred to above form an integral part of the Financial Statements.

**As per our attached report of even date**
**For Doshi, Chatterjee, Bagri & Co**  
 Chartered Accountants  
 Firm Regn No: 325197E

**R. K. Bagri**  
 Partner  
 Membership No: 51956  
 Chennai, May 30, 2012

**For and on behalf of the Board of Directors**
**Dr. B. Arvind Shah**  
 Managing Director

**Dr. Chandra Ravindran**  
 Director

**P. R. Krishnan**  
 Secretary

**S. V. Sundara Raman**  
 Chief Financial Officer



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012**  
(All amounts are in Lacs of Rupees unless otherwise stated)

	2011-12 Rs. In Lacs		2010-11 Rs. In Lacs	
<b>A Cash flow from operating activities</b>				
Net profit before Taxation		<b>4026.48</b>		<b>2277.13</b>
Adjustment for:				
Depreciation	383.88		242.70	
(Profit) / Loss on sale of Fixed Assets	(3.41)		3.04	
Interest Expense (Net of Capitalisation)	2886.23		1638.97	
Interest Income	(29.00)		(23.22)	
Provision for doubtful debt	0.11	<b>3237.81</b>	1.02	<b>1862.51</b>
Operating Profit before Working Capital changes		7264.29		4139.64
Adjustments for:				
(Increase) in Trade and Other Receivables	(4972.97)		(2520.28)	
(Increase) in Inventories	(3040.43)		(1140.33)	
Increase in Trade and other Payables	2261.05	<b>(5752.35)</b>	1434.67	<b>(2225.94)</b>
<b>Cash flow / (Outflow) from Operations</b>		<b>1511.94</b>		<b>1913.70</b>
Income Taxes paid/(refunds)		(610.19)		(704.06)
<b>Net cash from operating activities</b>	<b>A</b>	<b>901.75</b>	<b>A</b>	<b>1209.64</b>
<b>B Cash flow from investing activities</b>				
Purchase of Fixed Assets / Expenses on new projects	(15688.83)		(6408.38)	
Proceeds from sale of Fixed Assets	93.09		189.52	
Acquisition of shares in subsidiary company	(255.00)		-	
Interest Received	30.96		31.75	
<b>Net cash used Investing Activities</b>	<b>B</b>	<b>(15819.78)</b>	<b>B</b>	<b>(6187.11)</b>
<b>C Cash flow from financing activities</b>				
Proceeds from Working Capital Borrowings	5567.08		1942.84	
Proceeds from Long Term Borrowings	12457.25		4233.24	
Proceeds from Issue of Share Capital including Premium	-		1259.90	
Repayment of Unsecured loan	-		(76.56)	
Interest paid	(2623.11)		(1661.61)	
Dividends paid (including Tax on dividends)	(389.88)		(149.53)	
<b>Net cash from financing activities</b>	<b>C</b>	<b>15011.34</b>	<b>C</b>	<b>5548.28</b>
<b>Total Cash inflow</b>		<b>93.31</b>		<b>570.81</b>
<b>D Net (increase)/decrease in cash and cash equivalent</b>				
Cash and cash equivalent at beginning of the year	2078.59		1507.78	
Add: Arising on acquisition of subsidiary	92.40		-	
Less: Cash and cash equivalent at end of the year	2264.30		2078.59	
<b>Net increase in cash and cash equivalent</b>	<b>A+B+C</b>	<b>93.31</b>	<b>A+B+C</b>	<b>570.81</b>



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**Notes:**

1. The above Cash Flow Statement has been prepared under the indirect method as set out in AS -3 notified under the Companies (Accounting Standards) Rules, 2006
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped / reclassified wherever necessary.
4. Previous year's figures of the subsidiary company have not been consolidated above since the subsidiary company was a Small and Medium Company (SMC) in accordance with the Companies (Accounting Standards) Rules, 2006 till the previous year and accordingly it was not required to disclose information required by Accounting Standard 3 on Cash Flow Statements.

**As per our attached report of even date**

**For Doshi, Chatterjee, Bagri & Co**  
**Chartered Accountants**  
Firm Regn No: 325197E

**R. K. Bagri**  
Partner  
Membership No: 51956

Chennai, May 30, 2012

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

**Dr. B. Arvind Shah**  
Managing Director

**Dr. Chandra Ravindran**  
Director

**P. R. Krishnan**  
Secretary

**S. V. Sundara Raman**  
Chief Financial Officer



## Schedules to the Consolidated Financial Statements (All amounts are in Lacs of Rupees unless otherwise stated)

### 1. Statement of Significant Accounting Policies

#### A. Principle of Consolidation

The consolidated Financial Statement has been prepared on the following basis-

- I. Coronet Labs Private Limited (Coronet) a company incorporated in India, has been considered in the consolidated Financial Statements. The company's ownership interest in Coronet as on 31<sup>st</sup> March 2012 is to the extent of 63.75% of the capital of Coronet.
- II. The Financial Statements of the Company and its subsidiary are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included therein.
- III. The consolidated Financial Statement has been prepared by using uniform accounting policies for like transactions and is presented, to the extent possible, in the same manner as the company's separate Financial Statements.
- IV. The excess of cost to the company of its investments in the subsidiary company is recognized in the Financial Statement as Goodwill.
- V. In terms of Accounting Standard 21- "Consolidated Financial Statements" Minority interest in the net income and asset of the subsidiary has been computed and disclosed accordingly.

#### B. Basis of preparation of Consolidated Financial Statements

The consolidated Financial Statement comprising of the Financial Statements of the Company and its subsidiary are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles in India and comply with the Accounting Standards notified by The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of The Companies Act, 1956 (the Act).

The accounting policies, in all material aspects, have been consistently applied by the company and its subsidiary and are consistent with those used in the previous year, except for changes in the presentation and disclosures of the financial statement as described in Note 54 below.

The significant accounting policies followed are stated below:

- a) Revenue Recognition  
Revenue from sale of goods is recognized upon passage of title to the customers, which generally coincides with delivery. Sales are stated net of Returns, Allowances and Discounts and are inclusive of excise duty but exclusive of sales tax / value added tax.  
Revenue from Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- b(i) Fixed Assets  
Fixed assets are stated at cost of acquisition inclusive of duties (net of CENVAT), taxes, incidental expenses, erection/commissioning expenses up to the date the asset is put to use. Fixed assets are classified as tangible and intangible assets.
- b(ii) Expenditure on New Projects  
Expenses directly related to construction activities are capitalized. Pre-operative and other indirect expenses incurred during construction period are also capitalized to the extent related to or incidental to construction. Trial run expenses for trial production prior to commissioning of the project are also capitalized. All such expenses are allocated to various assets proportionately on completion of the project. Sales and value of stock out of trial run and any other income attributable to the project are deducted from the total of project expenses.



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

c) Depreciation and Amortisation

- (i) Depreciation is provided on tangible fixed assets on the straight-line method at the rates and in the manner prescribed in Schedule XIV of the Act, except on Plant and machinery, which is provided at 5.15% per annum based on management estimates in case of Holding Company. Leaschold improvements are amortised over the period of the lease.
- (ii) Individual assets costing Rs.5,000/- or less is depreciated in full in the year of purchase.
- (iii) Depreciation on intangible assets, other than Goodwill is amortized over useful life of the asset, not exceeding five years.  
The carrying amount of goodwill arising on consolidation is reviewed at each balance sheet date subsequent to the year of acquisition of shares, to determine if there is any indication of impairment.

d) Inventories

Inventories are valued at lower of cost and net realisable value. The mode of valuation is as follows:

Raw Materials and Packing Materials	:	At or under cost on FIFO basis
Work-in-progress	:	At or under cost
Finished Goods	:	At cost or net realisable value whichever is lower
Purchased	:	At cost or net realisable value whichever is lower
Manufactured	:	At cost or net realisable value whichever is lower

Cost of Finished Goods Manufactured, Work-in-progress is determined by considering Materials, Labour, Depreciation and related Overheads.

e) Employee benefits  
Long Term Benefits

- (i) The Company, except for the subsidiary company, has a defined plan for Post-Employment benefit in the form of Gratuity for all employees, which is administered through Life Insurance Corporation of India (LIC). Liability for above defined benefit plan is provided on the basis of actuarial valuation as at the Balance Sheet date, carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit method. The amount as above and the actuarial gain / loss are recognized in the Statement of Profit and Loss of the year.  
In case of subsidiary company, it is currently not liable for retirement benefits in the form of gratuity.
- (ii) Defined contribution plans are Provident fund scheme, Employees State Insurance Scheme and Government administered Pension Fund scheme for the employees. The company makes specific monthly contribution, which is recognized in the Statement of Profit and Loss in the financial year to which they relate. The Company has no further obligation beyond its monthly contributions.

Short Term Benefits

- (i) Employee benefits, such as salaries, wages, performance incentives, etc are recognized as an expense at actual amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Earned Leave Encashment: Earned leave accrued during the year is available for encashment as per the rules of the Company. The amount is paid and charged to the Statement of Profit and Loss every year.



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

- f) **Foreign currency transactions**
- Transactions in foreign currency are recorded at exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currency as at the end of the year are stated at the exchange rate prevailing at the year-end / forward contract rates. Realised gains / losses on transactions during the year and exchange difference on restatement at the year-end are charged to the Statement of Profit and Loss. Forward exchange premium or discount in respect of forward exchange contract is recognized over the life of the contract.
- g) **Research and Development**
- Revenue expenditure on research and development is charged to the Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on research and development is shown as additions to fixed assets.
- h) **Provisions**
- A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- Provisions made in terms of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" are not discounted to its present value and are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.
- i) **Taxation**
- Tax expense comprises both deferred and current taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- j) **Segmental Reporting**
- The Company operates only in one business segment namely Pharma formulations.
- k) **Earnings Per Share**
- Basic earnings per share are calculated by dividing the net consolidated profit or loss for the period attributable to equity shareholders by the number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- l) **Leases**
- Lease of assets where all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.
- m) **Borrowing Cost**
- Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of such assets till such time as the assets are ready for their intended use or sale. Qualifying assets are assets that necessarily require a substantial period of time to get ready for their intended use or sale. All the other borrowing costs are recognized as an expense in the period in which they are incurred.

**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

n) Impairment of Asset

An asset is treated as impaired when the carrying cost exceeds the recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there has been any change in the estimate of the recoverable amount.

**2 : Share Capital**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Authorized shares</b>		
660,000,000 (500,000,000) Equity Shares of Re 1 each	6600.00	5000.00
- (1,600,000) Redeemable Cumulative Preference Shares (RCPS) of Rs100 each		1600.00
	<b>6600.00</b>	<b>6600.00</b>
<b>Issued and subscribed shares</b>		
482,400,000 (482,400,000) Equity Shares of Re 1 each	<b>4824.00</b>	<b>4824.00</b>
<b>Paid-up shares</b>		
482,300,000 (482,300,000) Equity Shares of Re 1 each	4823.00	4823.00
Add: Forfeited shares (Amount originally paid up)	0.48	0.48
	<b>4823.48</b>	<b>4823.48</b>

In terms of resolution passed by the shareholders in the Annual General Meeting held on 19<sup>th</sup> September 2011, the preference share capital under authorized share capital was reclassified into equity share capital and accordingly, the authorized equity share capital was increased to Rs 6600

**Reconciliation of the shares outstanding at the beginning and the end of the reporting period**

Particulars	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares</b>				
At the beginning of the period	482,300,000	4823.00	260,050,000	2600.50
Issued during the period- Preferential Allotment			222,250,000	2222.50
<b>Outstanding at the end of the period</b>	<b>482,300,000</b>	<b>4823.00</b>	<b>482,300,000</b>	<b>4823.00</b>

The shareholders of the company in the Extra Ordinary General Meeting held on 28<sup>th</sup> April 2012 have approved the consolidation of 10 shares of Re 1 into 1 share of Rs 10 each.

**Rights attached to equity shares**

The company has only one class of equity shares having a par value of Re 1/- per share (now Rs.10/- per share). Each holder of equity shares is entitled to one vote per share. The shareholders are entitled for dividend declared by the company which is proposed by the Board of directors and approved by the shareholders in the Annual General Meeting

During the year ended 31<sup>st</sup> March 2012, the amount of dividend proposed per share to equity shareholders is Rs 0.70 on share of Rs 10 each (31<sup>st</sup> March 2011: Re .07 on share of Re 1 each).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



## Schedules to the Consolidated Financial Statements

(All amounts are in Lacs of Rupees unless otherwise stated)

### Restrictions attached to equity shares

During the year 2010-11, the company had issued 22,22,50,000 Shares to promoters / promoter group on preferential basis, out of which 9,64,60,000 shares are locked in for a period of 3 years from the date of allotment i.e. 5<sup>th</sup> January 2011.

### Details of shareholders holding more than 5 % shares in the company

Particulars	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	No. of shares	Percentage of holding	No. of shares	Percentage of holding
<b>Equity shares of Re 1 each fully paid-up</b>				
1 Narit Tradecom Private Limited	128,273,850	26.60	124,443,350	25.80
2 Aryaman Commerce Private Limited	53,118,000	11.01	668,600,000	13.82
3 Arvind Kumar B.Shah	24,145,619	5.01	20,830,005	4.32

As per records of the company, the above shareholding represents both legal and beneficial ownership of shares.

### 3 : Reserves & Surplus

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Securities Premium Account</b>		
Balance as per last financial statements	2977.80	199.67
Add: Received during the year	-	2778.13
	<b>2977.80</b>	<b>2977.80</b>
<b>Revaluation Reserve</b>		
Amount created during the year on account of revaluation of Land	737.50	-
<b>General Reserve</b>		
Balance as per last financial statements	546.29	377.28
Add: Amount transferred from surplus balance in the statement of profit and loss	194.10	169.03
	<b>740.39</b>	<b>546.29</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statements	3813.64	2546.56
Add: Balance as per last financial statements of the subsidiary acquired during the year (net of minority interest)	(25.77)	-
Profit for the year	2087.05	1690.27
	<b>5874.92</b>	<b>4236.83</b>
<b>Less: Appropriations</b>		
Proposed equity dividend [Amount per share Rs 0.70 # (31 <sup>st</sup> March 2011: Rs 0.07.)]	337.61	216.69
Tax on Proposed equity dividend	54.77	35.47
Dividend for the Year 2010-11	118.92	-
Tax on Dividend for the Year 2010-11	19.29	-
Transfer to General Reserve	194.10	169.03
<b>Total appropriations</b>	<b>724.69</b>	<b>423.19</b>
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>5150.23</b>	<b>3813.64</b>
<b>Total</b>	<b>9605.02</b>	<b>7337.73</b>

# On shares consolidated after the close of the financial year.

**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**4: Long term borrowings**

Particulars	Total Long Term Borrowings		Current maturities of long term borrowings	
	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Term Loans from Banks</b>				
For Kakkalur Unit (Secured)	938.64	1260.95	438.17	319.51
For Irangattukottai Unit (Secured)	18010.00	6992.78	1500.00	-
For Betalactum Unit (Secured)	1800.00	-	-	-
Medium Term Loans (Secured)	168.47	-	44.04	-
<b>Hire Purchase Finance (Secured)</b>				
From Banks	24.42	16.44	14.91	6.29
From Others	3.99	-	-	-
	<b>20945.52</b>	<b>8270.17</b>	<b>1997.12</b>	<b>325.80</b>
Less : Amount disclosed under the head "other current liabilities (Note 10)"	1997.12	325.80	1997.12	325.80
<b>Net amount</b>	<b>18948.40</b>	<b>7944.37</b>	-	-

- Term loan from banks for Kakkalur unit have been taken from 3 banks. These loans are repayable in quarterly installments from the date of loan, the last installment being payable on 1<sup>st</sup> April 2018. These loans are secured by first charge on the fixed assets and second charge on the current assets of the Kakkalur unit on a pari passu basis except for the assets exclusively charged for other loans. These loans are further guaranteed by personal guarantee of the managing director.
- Term loan from banks for Irangattukottai unit are from 3 banks. These loans are repayable in quarterly installments beginning from 30<sup>th</sup> September 2012, the last installment being payable on 30<sup>th</sup> September 2018. These loans are secured by first charge on the fixed assets and second charge on the current assets, both present and future of the Irangattukottai unit on a pari passu basis. These loans are further guaranteed by personal guarantee of the managing director.
- Term loan from banks for Betalactum unit are from 2 banks. These loans are repayable in quarterly installments beginning from 1<sup>st</sup> July 2014, the last installment being payable on 1<sup>st</sup> October 2022. These loans are secured by first charge on the fixed assets and second charge on the current assets, both present and future of the new Betalactum unit at Kakkalur on a pari passu basis. These loans are further guaranteed by personal guarantee of the managing director.
- Medium Term loan from bank is repayable in monthly installments from the date of loan, the last installment being payable on 30<sup>th</sup> June 2016. The loan is secured by first charge on the fixed assets and second charge on the current assets of the subsidiary company, both present and future, except for the assets exclusively charged for other loans.
- Hire purchase finance is secured by hypothecation of vehicle taken on lease. These loans are repayable in monthly installments, the last installments being payable on 5<sup>th</sup> May 2016 in case of Bank and April 2014 in case of financing from others.



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**5: Deferred Tax Liabilities (Net)**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Deferred Tax Liability</b>		
Timing difference in relation to depreciation and other Tax Benefits	2283.54	1192.20
<b>Gross Deferred Tax Liability</b>	<b>2283.54</b>	<b>1192.20</b>
<b>Deferred Tax Asset</b>		
Expenses allowable under income tax on payments.	36.86	28.66
Provision for doubtful debts	0.03	0.34
<b>Gross Deferred Tax Assets</b>	<b>36.89</b>	<b>29.00</b>
<b>Net Deferred Tax Liabilities</b>	<b>2246.65</b>	<b>1163.20</b>

**6: Other Long Term Liabilities**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Payable against purchase of Capital Assets	80.04	19.84
Trade and other deposits	134.78	30.03
<b>Total</b>	<b>214.82</b>	<b>49.87</b>

**7: Long Term Provisions**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Provision for Employee Benefits</b>		
Provision for gratuity (Note 48)	23.00	21.59
<b>Total</b>	<b>23.00</b>	<b>21.59</b>

**8: Short Term Borrowings**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Working Capital Borrowings from Banks ( Secured)	15313.58	10088.45
Demand loans from Banks ( Secured)	450.00	-
Loans from Related Parties ( Unsecured) (Note 41)	222.54	-
Inter Corporate Loans ( Unsecured)	132.57	-
Loan from Others ( Unsecured)	45.90	-
<b>Total</b>	<b>16164.59</b>	<b>10088.45</b>

Working capital and demand loans aggregating to Rs. 15130.48 are secured by first charge on the current assets and second charge on the fixed assets of Kakkalur unit on a pari passu basis amongst the lenders and are further guaranteed by personal guarantee of the Managing Director. Balance working capital loan of Rs 633.10 is secured by first charge on the current assets and second charge on the fixed assets of the subsidiary company, both present and future.

All these borrowings are repayable on demand.

**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**9: Trade Payables**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Refer Note 45 for details of dues to micro and small enterprises		
Acceptances	935.67	-
Others	3972.16	4082.24
<b>Total</b>	<b>4907.83</b>	<b>4082.24</b>

**10: Other Current Liabilities**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Current maturities of long-term borrowings (Note 4)	1997.12	325.80
Interest accrued but not due on borrowings	9.02	5.27
Interest accrued and due on borrowings	298.92	39.54
Advance against sales	4.63	102.64
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	66.00	83.51
<b>Others</b>		
Payable against purchase of capital assets	1993.10	98.96
Statutory dues payable	229.10	148.26
Payable to Employees	122.81	81.76
Others Payable	218.65	192.09
<b>Total</b>	<b>4940.35</b>	<b>1057.83</b>

**11: Short term Provisions**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Provision for Employee Benefits</b>		
Provision for Leave Benefits	33.08	21.85
<b>Other provisions</b>		
Provision for Excise Duty	10.00	6.85
Provision for Taxation (Net of advances)	322.03	140.90
Proposed Equity Dividend	337.61	218.69
Provision for tax on proposed Equity Dividend	54.77	35.47
<b>Total</b>	<b>757.49</b>	<b>423.76</b>



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**12 : Tangible assets**

	Freehold Land	Land on Lease	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Leasehold Improvements	Total
<b>GROSS BLOCK</b>									
At 1 <sup>st</sup> April 2011	275.04 (238.46)	-	771.51 (517.40)	4524.58 (3873.49)	56.24 (36.29)	62.86 (50.89)	76.52 (76.08)	29.40 (17.29)	5796.15 (4799.70)
Arising on acquisition of subsidiary *	61.63	-	224.99	466.91	7.09	9.50	46.28	-	816.40
Additions	-	232.82	3133.71 (254.11)	15278.63 (969.98)	24.14 (29.95)	14.18 (12.17)	7.20 (0.44)	-	18690.68 (1315.34)
Disposals	-	-	-	167.19 (318.89)	-	-	4.47 (-)	-	171.66 (318.89)
Other Adjustments	-	-	-	-	-	-	-	-	-
Borrowing Costs	-	-	292.86	1203.98	-	-	-	-	1496.84
At 31 <sup>st</sup> March 2012	336.67 (275.04)	232.82 (-)	4423.07 (771.51)	21306.91 (4524.58)	87.47 (56.24)	86.54 (62.86)	125.53 (76.52)	29.40 (29.40)	26628.41 (5796.15)
<b>DEPRECIATION</b>									
Up to 31 <sup>st</sup> March 2011	-	-	197.45 (177.88)	1013.26 (928.71)	17.11 (14.93)	41.47 (37.96)	34.62 (28.88)	17.68 (17.29)	1321.59 (1205.65)
Arising on acquisition of subsidiary *	-	-	28.84	168.11	0.99	2.42	5.39	-	205.75
For the year	-	-	39.34 (19.57)	320.71 (210.87)	5.22 (2.18)	6.00 (3.51)	10.52 (5.74)	1.21 (0.39)	383.00 (242.26)
On disposals	-	-	-	80.22 (126.32)	-	-	1.76 (-)	-	81.98 (126.32)
Up to 31 <sup>st</sup> March 2012	-	-	265.63 (197.45)	1421.86 (1013.26)	23.32 (17.11)	49.89 (41.47)	48.77 (34.62)	18.89 (17.68)	1828.36 (1321.59)
<b>NET BLOCK</b>									
At 31 <sup>st</sup> March 2012	336.67 (275.04)	232.82 (-)	4157.44 (574.06)	19885.05 (3511.32)	64.15 (39.13)	36.65 (21.39)	76.76 (41.90)	10.51 (11.72)	24800.05 (4474.56)

a. Buildings include value of land which was not separately determined and hence the cost of land stands depreciated at the rate applicable to building. Amount involved in this regard has not been ascertained but the same is not likely to be material.

b. The Company has revalued its Land of Belalium Unit at Kakkalur during the year, at the fair value determined by an independent external valuer. The difference between the historical cost and fair value amounting to Rs 737.50 has been taken to revaluation reserve.

c. Vehicles are acquired under Hire Purchase.

\* Represents opening balances in respect of subsidiary company acquired during the year



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**3 : Intangible Assets**

Particulars	Computer Software	Goodwill on Consolidation	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>GROSS BLOCK</b>				
At 1 <sup>st</sup> April 2011	2.24	-	2.24	2.24
Additions	3.02	127.50	130.52	3.02
Arising on acquisition of subsidiary during the year *	0.37	-	0.37	-
<b>At 31<sup>st</sup> March 2012</b>	<b>5.63</b>	<b>127.50</b>	<b>133.13</b>	<b>5.26</b>
<b>AMORTIZATION</b>				
Up to 31 <sup>st</sup> March 2011	0.90	-	0.90	0.90
Arising on acquisition of subsidiary during the year *	0.37	-	0.37	-
Charge for the year	0.88	-	0.88	0.88
<b>Up to 31<sup>st</sup> March 2012</b>	<b>2.15</b>	<b>-</b>	<b>2.15</b>	<b>1.78</b>
<b>NET BLOCK</b>				
At 31 <sup>st</sup> March 2012	3.48	127.50	130.98	3.48
At 31 <sup>st</sup> March 2011	1.34	-	1.34	1.34

\* Represents opening balance

**14: Capital Expenditure on New Projects (Pending Allocation)**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Land (Including site development cost)	1119.69	288.11
Building under construction	3637.95	792.91
Machinery under erection	17743.42	-
<b>A</b>	<b>22501.06</b>	<b>1081.02</b>
<b>Incidental Expenditure Pending Allocation to Fixed Assets</b>		
Salary and Staff costs	89.11	47.28
Interest	1526.09	505.38
Management Fees	54.54	17.73
Insurance	19.70	13.01
Trial Run Expenses	5.11	-
Other Expenses	521.63	251.59
<b>B</b>	<b>2216.18</b>	<b>834.94</b>
<b>C=A+B</b>	<b>24717.24</b>	<b>1915.96</b>
Less: Interest Income	14.01	14.10
Dividend Income on Short Term Investments	21.24	21.24
Sales out of Trial Run production	0.96	-
<b>D</b>	<b>36.21</b>	<b>35.34</b>
<b>Balance (C-D)</b>	<b>24681.03</b>	<b>1880.62</b>
Less: Allocated to various heads of Fixed Assets	19827.77	-
<b>Total</b>	<b>4853.26</b>	<b>1880.62</b>

**15: Long term Loans and Advances**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Capital Advances</b>		
Unsecured, Considered Good	273.94	7017.92
<b>Security Deposits</b>		
Unsecured, Considered Good	236.78	166.72
<b>Other Loans and Advances - Unsecured, Considered Good</b>		
Advance Recoverable	3.76	4.33
<b>Total</b>	<b>514.46</b>	<b>7188.97</b>



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**16: Other Non Current Assets**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Unsecured, considered good</b>		
Interest Receivable		
<b>Total</b>	2.84	2.08
	2.84	2.08

**17: Inventories (Valued at Lower of Cost and Net Realizable Value)**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
Raw Materials		
Packing Materials	5236.14	2775.47
Work-in-Progress	158.08	69.78
Finished Goods	3166.39	2654.22
Traded Goods	272.66	209.67
<b>Total</b>	107.23	2.29
	8940.48	5711.43

**18: Trade Receivables**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, Considered Good		
Unsecured, Considered Doubtful	28.73	105.47
	3.25	1.02
	<b>31.98</b>	<b>106.49</b>
Less: Provision for Doubtful Receivables		
(A)	0.11	1.02
<b>Other Receivables</b>	<b>31.87</b>	<b>105.47</b>
Secured; Considered Good		
Unsecured, Considered Good	74.07	24.00
(B)	18643.03	13325.02
<b>Total (A+B)</b>	<b>18717.10</b>	<b>13349.02</b>
	<b>18748.97</b>	<b>13454.49</b>

**19: Cash and Bank Balances**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Cash and Cash Equivalents</b>		
Cash on hand		
<b>Balance with Banks:</b>	2.36	1.65
On Current Account		
(Including Rs 1800 on Trust & Retention Account)	1935.76	1315.83
<b>Other Bank Balance</b>		
On Unpaid Dividend Account		
Margin Money Deposit Account	68.00	63.51
<b>Total</b>	260.18	697.60
	<b>2264.30</b>	<b>2078.59</b>

**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**20: Short Term Loans and Advances**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Loans (Unsecured, considered good)</b>		
To Related Parties (Note 41)	42.22	-
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good	1198.61	370.26
	<b>1198.61</b>	<b>370.26</b>
<b>Other Loans and Advances</b>		
Balances with Revenue Authorities	1247.50	1818.61
	<b>1247.50</b>	<b>1818.61</b>
<b>Total</b>	<b>2488.33</b>	<b>2188.87</b>
<b>The above includes:</b>		
Due from officers of the subsidiary company	0.19	
Due from Directors of the subsidiary company	26.92	
Due from a Private company in which a director of the subsidiary company is a director or member	8.70	

**21: Other Current Assets**

Particulars	31 <sup>st</sup> March 2012 Amount	31 <sup>st</sup> March 2011 Amount
<b>Unsecured, considered good</b>		
Interest accrued on Deposits	22.20	11.57
<b>Total</b>	<b>22.20</b>	<b>11.57</b>

**22: Revenue from Operations**

Particulars	2011-12 Amount	2010-11 Amount
<b>Revenue from Operation</b>		
<b>Sale of Products</b>		
Finished Goods	48422.35	37650.83
Traded Goods	2224.90	38.41
	<b>48647.25</b>	<b>37689.24</b>
<b>Other Operating Revenue</b>		
Scrap Sales	9.24	11.78
Conversion Charges	55.71	
	<b>64.95</b>	
<b>Revenue from Operation (gross)</b>	<b>48712.20</b>	<b>37701.02</b>
Less: Excise Duty	1939.28	1445.60
<b>Revenue from Operation (net)</b>	<b>46772.92</b>	<b>36255.42</b>



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**Details of products sold**

**Finished goods sold**

Particulars	2011-12 Amount	2010-11 Amount
Tablet	27109.97	25134.81
Capsules	17186.38	12150.93
Ointment / Powder	257.59	281.38
Liquid	1868.41	83.71
<b>Total</b>	<b>46422.35</b>	<b>37650.83</b>

**Traded goods sold**

Particulars	2011-12 Amount	2010-11 Amount
Tablet	620.32	12.19
Capsules	260.78	23.98
Liquid	196.58	2.24
Ointment / Powder	1147.72	-
<b>Total</b>	<b>2224.90</b>	<b>38.41</b>

**23: Other Income**

Particulars	2011-12 Amount	2010-11 Amount
Interest on Bank deposits	29.00	23.22
Excess Provision written back	21.07	-
Exchange Difference (Net)	2.09	4.50
Profit on Sale of Fixed assets (Net)	4.35	-
Recovery against provision for doubtful debts	1.02	6.48
<b>Total</b>	<b>57.53</b>	<b>34.20</b>

**24 : Cost of Material Consumed**

Particulars	2011-12 Amount	2010-12 Amount
<b>Raw Materials</b>		
Inventory at the beginning of the year	2775.47	2221.26
<b>Add: Arising on acquisition of subsidiary during the year *</b>	<b>84.67</b>	<b>-</b>
<b>Add: Purchases</b>	<b>35938.89</b>	<b>29968.21</b>
	<b>38799.03</b>	<b>32189.47</b>
Less: Sales	1.62	63.66
: Inventory at the end of the year	5236.14	2775.47
<b>Raw Materials consumed (A)</b>	<b>5237.76</b>	<b>2839.13</b>
	<b>33561.27</b>	<b>29350.34</b>
<b>Packing Materials</b>		
Inventory at the beginning of the year	69.78	73.03
<b>Add: Arising on acquisition of subsidiary during the year *</b>	<b>83.65</b>	<b>-</b>
<b>Add: purchases</b>	<b>2367.00</b>	<b>1712.63</b>
	<b>2520.43</b>	<b>1785.66</b>
Less : Inventory at the end of the year	158.06	69.78
<b>Packing Materials consumed (B)</b>	<b>2362.37</b>	<b>1715.88</b>
<b>Material Consumed (A+B)</b>	<b>35923.64</b>	<b>31066.22</b>

\* Represents inventory at the beginning of the year of the subsidiary acquired during the year.

**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

\*\* Including Rs 83.65 in respect of subsidiary company acquired during the year.

**Details of Raw Material Consumed**

Particulars	2011-12 Amount	2010-11 Amount
Antibiotics & Antibacterials	11521.59	9956.79
Antitubercular	542.33	9248.85
Antimicrobials	11256.51	1075.14
Others	10240.84	9089.56
<b>Total</b>	<b>33561.27</b>	<b>29350.34</b>

**Details of Inventory**

Particulars	2011-12 Amount	2010-11 Amount
<b>Raw materials</b>		
Antibiotics & Antibacterials	1005.91	645.29
Antitubercular	0.11	1016.45
Antimicrobials	597.61	653.29
Others	3632.51	480.44
<b>Total</b>	<b>5236.14</b>	<b>2775.47</b>

**25: Details of Purchase of Traded Goods**

Particulars	2011-12 Amount	2010-11 Amount
Tablet	589.67	6.17
Capsules	225.56	20.07
Ointment / Powder	665.24	-
Liquid	236.96	4.37
<b>Total</b>	<b>1697.43</b>	<b>30.61</b>

**26: (Increase)/Decrease in Inventories**

Particulars	2011-12 Amount	2010-11 Amount
<b>Inventories at the end of the year</b>		
Traded Goods	107.23	2.29
Work-in-Progress	3166.39	2654.22
Finished Goods	272.66	209.67
<b>A</b>	<b>3546.28</b>	<b>2866.18</b>
<b>Inventories at the beginning of the year</b>		
Traded Goods	2.29	-
Work-in-Progress	2654.22	2070.32
Finished Goods	209.67	206.49
<b>B</b>	<b>2866.18</b>	<b>2276.81</b>
<b>Arising on acquisition of subsidiary during the year</b>		
Traded Goods	6.33	-
Work-in-Progress	13.97	-
<b>C</b>	<b>20.30</b>	<b>-</b>
<b>(Increase) in inventories (B+C-A)</b>	<b>(659.80)</b>	<b>(589.37)</b>

\* Represents inventory at the beginning of the year of the subsidiary acquired during the year



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**Details of Inventories**

Particulars	2011-12 Amount	2010-11 Amount
<b>Traded goods</b>		
Tablet	23.40	0.01
Capsules	4.18	2.28
Ointment / Powder	36.08	-
Liquid	44.57	-
	<b>107.23</b>	<b>2.29</b>
<b>Work-in-progress</b>		
Tablet	1323.89	1539.69
Capsules	1570.17	1112.15
Ointment / Powder	5.07	0.22
Liquid	267.26	2.16
<b>Total</b>	<b>3166.39</b>	<b>2654.22</b>
<b>Finished Goods</b>		
Tablet	181.68	121.56
Capsules	76.12	66.69
Ointment / Powder	6.62	15.03
Liquid	8.24	6.29
<b>Total</b>	<b>272.66</b>	<b>209.67</b>

**27: Employee Benefit Expenses**

Particulars	2011-12 Amount	2010-11 Amount
Salaries, Wages, Bonus, Incentives & Leave Pay	953.68	580.04
Contribution to Provident and other Funds	64.73	44.92
Gratuity (Note 48)	16.98	21.59
Staff Welfare Expenses	25.77	18.71
<b>Total</b>	<b>1061.16</b>	<b>665.26</b>

**28: Finance Costs**

Particulars	2011-12 Amount	2010-11 Amount
Interest	3802.59	1920.26
Finance Charges	310.11	234.97
	<b>4112.70</b>	<b>2155.23</b>
Less: Transfer to Capital Expenditure on New Project / Fixed Assets	1218.35	516.26
<b>Total</b>	<b>2896.35</b>	<b>1638.97</b>

**29: Depreciation and Amortization Expenses**

Particulars	2011-12 Amount	2010-11 Amount
Depreciation of Tangible Assets	383.00	242.25
Amortization of Intangible Assets	0.88	0.45
<b>Total</b>	<b>383.88</b>	<b>242.70</b>

**Schedules to the Consolidated Financial Statements**  
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**30: Other Expenses**

Particulars	2011-12 Amount	2010-11 Amount
Stores and Spares Consumed	41.23	14.79
Power and Fuel	167.15	57.42
Freight and Forwarding charges	141.33	89.39
Rent	38.72	25.42
Rates and Taxes	2.85	0.12
Insurance	15.33	11.64
<b>Repair and Maintenance</b>		
Plant and Machinery	21.61	11.50
Building	19.08	3.35
Others	42.95	29.24
Testing Fees & Lab Chemicals	83.21	25.66
Advertising and Sales promotion	99.80	72.58
Brokerage and Commission	31.71	29.36
Liquidated damages for delayed supply	186.42	151.46
Traveling and Conveyance	198.62	137.37
Legal and Professional fees	43.27	23.84
Directors' Sitting Fees	1.35	1.41
Payment to Auditor		
As Auditors	9.76	6.62
In other capacity for Certificates	2.40	2.01
Managerial Commission	156.53	93.00
Bad Debts written off	1.02	-
Provision for Doubtful Debts	0.11	1.02
Loss on sale of Fixed Assets (net)	0.94	3.04
Prior Period Expenses (net)	8.73	11.70
Miscellaneous Expenses	187.19	156.16
<b>Total</b>	<b>1501.31</b>	<b>958.10</b>

- 31 During the year the company has acquired 12,75,000 equity shares (representing 63.75% of the share capital) of Coronet Labs Private Limited (CLPL) at Rs. 20 per share although the breakup value of the shares as per audited financial statements of CLPL as at 31<sup>st</sup> March 2011 was lower. However, the company has made investment in such shares for strategic reasons considering the long term prospects. Besides, based on valuation carried out by a firm of Chartered Accountants the value arrived is higher than the cost of acquisition. CLPL has become the subsidiary of the company.
- 32 The company has commenced commercial production of tablets, capsules, ointment and liquid at its new unit at State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT) at Irangattukottai during the year and the related capital expenditure has been capitalized. For the manufacture of Softgel and Injectables, the commercial production is to start in the first quarter of the financial year 2012-13.
- 33 During the year the company has undertaken a new project to manufacture Betalactum products at Kakkalur and expenditure incurred on such project aggregating to Rs. 1749.13 has been included under Capital Expenditure on New Project.
- 34 In absence of taxable income, provision for taxation for the year has been made as Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961, which will be available as tax credit for set off



**Schedules to the Consolidated Financial Statements**  
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In future years as per Section 115JAA of the said Act. The company is also entitled to tax credit on account of tax paid as MAT in earlier years for the set off in future years.

In case of subsidiary company, Tax Provision for the year has been made after considering the MAT Credit entitlement of earlier years.

35 (a) The company's liability towards gratuity is provided based on the figures provided by LIC. In absence of the figures of the gratuity payable to employees retiring within one year being provided by LIC, the entire provision towards gratuity has been shown as Long term provision.

(b) In case of subsidiary company, since no employee has completed the period of services as required by the Payment of Gratuity Act 1972, no provision for gratuity has been made in the books of account

36 **Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 1567.53 (net of advances) (Previous Year Rs 16152.82).

37 **Contingent liabilities**

Outstanding Bank Guarantees Rs. 157.31 (Previous year Rs.54.93)

38 No provision has been made in respect of certain receivables of the subsidiary company, considered as doubtful of recovery amounting to Rs 3.14 since the present management is hopeful of recovery of the same.

39 Freehold land represents land allotted by Small Industries Development Corporation Ltd. (SIDCO) vide a Memorandum of Understanding (MOU) dated November 21, 1995.

The company is in the process of complying with the terms of the said MOU.

40 The Company has entered into Lease Arrangements for office and godown premises. These Lease Agreements are for a period varying from 11 months to 6 years, and/or cancelable at the option of either party by giving 3 months to 6 months notice. Lease payments recognized in Statement of Profit and Loss is Rs. 38.72 (Previous year - Rs.25.42). There are no amount payable in respect of non cancelable lease.

41 **Related Party Disclosures**

(a)	<b>Key Managerial Personnel</b>	
	Dr. B Arvind Shah	Managing Director
	Dr. Chandra Ravindran	Whole Time Director
	Mr. Ankur Agarwal	Executive Director
(b)	<b>Relative of Key Managerial Personnel</b>	
	Mrs. Baby Rani	
	Mrs. Dipi Kumari Jain	
	Mr. Anand A Shah	
(c)	<b>Directors other than Key Managerial Personnel</b>	
	Mr. Ashok Kumar Tibrewala	
	Mr. Amit Tibrewala	



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

	Mr. Ashwin Tibrowala	
	Mr. Anuradha Agarwal	
(d)	<b>Enterprise in which Directors or their relatives are having significant influence / Relatives of directors</b>	
	Amit Capacitors Ltd	
	Concap Holdings Pvt Ltd	
	Ashwin Capacitors Pvt. Ltd	
	Pasari Electronics	
	Sanjay Pasari	

(e) Transaction with related party during the year and balance outstanding as at 31.3.2012 :						
	Key Managerial Personnel		Relatives of Key Managerial Personnel		Persons referred to in (c) above	Enterprises referred to in (d) above
	2011-12	2010-11	2011-12	2010-11	2011-12	2011-12
Salaries and allowances	55.50	27.90	17.52	12.00	-	-
Contribution to Provident & other Funds	3.77	3.02	1.12	0.86	-	-
Commission	158.33	93.00	-	-	-	-
<b>Total</b>	<b>215.60</b>	<b>123.92</b>	<b>18.64</b>	<b>12.86</b>	-	-
Loan given during the year	-	-	-	-	7.70	1.20
Loan realized during the year	-	-	-	-	28.64	-
Loan repaid during the year	-	76.56	0.20	-	-	94.26
Loan taken during the year	-	33.52	121.00	-	-	228.86
Interest on Loan given	-	-	-	-	-	-
Interest on Loan taken	-	-	1.95	-	-	-
Balance payable at the year end	93.16	94.90	122.75	0.75	-	101.73
Balance receivable at the year end	4.85	-	-	-	25.07	12.30

**42 Earning Per Share**

	2011-12 Amount	2010-11 Amount
Net Profit as per Consolidated Statement of Profit and Loss	2087.05	1690.27
Number of shares considered as weighted average shares outstanding	4823.00	4823.00
Nominal value per Share (in Re.)	1.00	1.00
Basic Earning per Share (in Rs.)	0.43	0.35
Diluted Earning per Share (in Rs.)	0.43	0.35



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**43 Auditor's Remuneration (including service tax)**

	2011-12 Amount	2010-11 Amount
Statutory Audit	10.97	8.62
Other Services	2.65	2.01
<b>Total</b>	<b>13.62</b>	<b>8.63</b>

**44 Derivative Instruments and Unhedged Foreign Currency Exposure:**

(a) The company has not entered into any forward contract during the year.

(b) Particulars of unhedged foreign currency exposure as at the Balance Sheet date are as under.

	Foreign	Amount
Debtors	USD 141184.03	71.59
Creditors	EUR 8200	5.65

**45 Dues to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006:**

There were no dues outstanding to the suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent identified from the available documents / information.

**46 Segment Information:**

The company deals in one product only – pharmaceutical products. As such it does not have reportable business segment. For the purpose of geographical segments, total sale is divided into India and other countries. The following table shows the distribution of the company's sales by geographical markets:

Particulars	2011-12 Amount	2010-11 Amount
Export Sales	856.53	946.04
Domestic Sales	47790.72	36743.20
<b>Total</b>	<b>48647.25</b>	<b>37689.24</b>

**47 Expenditure on Scientific Research**

Particulars	2011-12 Amount	2010-11 Amount
Capital Expenditure	393.13	554.24
Revenue Expenditure (including depreciation)	175.48	162.27
<b>Total</b>	<b>568.61</b>	<b>716.51</b>

**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**48 Employee Benefits**

		2011-12 Amount	2010-11 Amount
<b>a)</b>	<b>Expenses recognized in Statement of Profit and Loss</b>		
1)	Current Service Cost	9.90	6.91
2)	Interest Cost	5.02	3.34
3)	Expected return on plan assets	(4.37)	(2.11)
4)	Actuarial Losses/ (Gains)	6.43	13.45
	<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>16.98</b>	<b>21.59</b>

		31-03-2012 Amount	31-03-2011 Amount
<b>b)</b>	<b>Net Asset / (Liability) recognized in Balance Sheet</b>		
1)	Present Value of Defined benefit obligation at the year end	81.30	62.74
2)	Fair Value of plan assets at the year end	58.30	41.15
	<b>Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(23.00)</b>	<b>(21.59)</b>

<b>c)</b>	<b>Change In defined Benefit Obligation (DBO) during the year</b>		
1)	Present value DBO at the beginning of the period	62.74	41.72
2)	Current Service Cost	9.90	6.91
3)	Interest Cost	5.02	3.34
4)	Actuarial (Gains) / Losses	6.43	13.45
5)	Benefits Paid	(2.79)	(2.68)
	<b>Present value of DBO at the end of Period</b>	<b>81.30</b>	<b>62.74</b>

<b>d)</b>	<b>Change in Fair Values of Assets during the year</b>		
1)	Plan assets at the beginning of period	41.15	10.14
2)	Expected Return on Plan Assets	4.37	2.11
3)	Actuarial Gains / (Losses)	-	-
4)	Actual Company Contribution	15.57	31.58
5)	Benefits paid	(2.79)	(2.68)
	<b>Plan Assets at the end of the period</b>	<b>58.30</b>	<b>41.15</b>



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

e)	Actuarial Assumptions		
1)	Discount rate per annum compound		
2)	Rate of increase in salaries	8%	8%
3)	Expected rate of return on plan assets	5%	5%
4)	Attrition rate	5%	5%
5)	Mortality table	1-3%	1-3%
		LIC (1994 to 1996)	

**Note:**

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

The company expects to contribute Rs 20.00 during the year 2012-13.

Amount for the current year and previous four years are as follows:

Particulars	2011-12 Amount	2010-11 Amount	2009-10 Amount	2008-09 Amount	2007-08 Amount
Defined Benefit Obligations	81.30	62.74	41.72	37.56	24.89
Fair Value of Plan Assets	58.30	41.15	10.14	12.23	-
<b>Deficit</b>	<b>23.00</b>	<b>21.59</b>	<b>31.58</b>	<b>25.33</b>	<b>24.89</b>

**49 Details of Raw Materials and Stores & Spares consumed (Imported & Indigenous)**

Raw Materials	2011-12		2010-11	
	Amount	Percentage	Amount	Percentage
Imported	62.85	0.19	33.23	0.11
Indigenous	33498.42	99.81	29317.11	99.89
<b>Total</b>	<b>33561.27</b>	<b>100.00</b>	<b>29350.34</b>	<b>100.00</b>
Stores & Spares (100% indigenous)	41.23	100.00	14.79	100.00

**50 Value of Imports calculated on CIF basis**

Particulars	2011-12 Amount	2010-11 Amount
Raw Materials	51.31	27.50
Capital Goods	311.37	-
<b>Total</b>	<b>362.68</b>	<b>27.50</b>

**51 Earnings in Foreign Exchange**

Particulars	2011-12 Amount	2010-11 Amount
FOB Value of Exports	856.53	946.04



**Schedules to the Consolidated Financial Statements**  
(All amounts are in Lacs of Rupees unless otherwise stated)

**52 Expenditure In foreign currency on account of :**

Particulars	2011-12 Amount	2010-11 Amount
Traveling Expenses	13.45	6.79

**53 The movements in Provisions during the year are as follows:**

Particulars	Balance as at 1.4.2011 Amount	Additions during the year Amount	Utilized during the year Amount	Balance as at 31.3.2012 Amount
Provision for gratuity	21.59 (31.58)	16.98 (21.59)	15.57 (31.58)	23.00 (21.59)
Provision for Excise duty	6.85 (-)	10.00 (6.85)	6.85 (-)	10.00 (6.85)

**54 Previous year's figures**

During the year ended 31<sup>st</sup> March 2012, Revised Schedule VI notified under the Companies Act, 1956 became applicable to the company for preparation & presentation of its Financial Statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

During the year, the company has commenced commercial production at Irangattukottai Unit and accordingly, previous year's figures are not comparable with the current year's figures.

The financial statements of the current year include the figures relating to Coronet Labs Private Limited, which has become subsidiary during the year and accordingly, previous year's figures are not comparable with the current year's figures.

**Signatories to Notes 1 to 54 which form an integral part of the Financial Statements.**

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

**For Doshi, Chatterjee, Bagri & Co**  
Chartered Accountants  
Firm Regn No: 325197E

**Dr. B. Arvind Shah**  
Managing Director

**Dr. Chandra Ravindran**  
Director






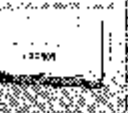








**R. K. Bagri**  
Partner,  
Membership No: 51956  
Chennai, May 30, 2012

**P. R. Krishnan**  
Company Secretary

**S. V. Sundara Raman**  
Chief Financial Officer



Makers of

<p><b>SOREXIL</b></p>  <p>CHALLENGER IN CHALLENGING SITUATIONS ANTIBIOTIC</p>	<p><b>PANKARE</b></p>  <p>NUMBER ONE IN THE WORLD FOR CONTRACTING THE BARRIERS</p>	<p><b>ARTIN OIL</b></p>  <p>NON-STICK, NON-STAINING NON-TOXIC ANALGESIC</p>	<p><b>WIN-MD</b></p>  <p>FAST-ACTING MOUTH-DISSOLVING PAIN-RELIEVER</p>	<p><b>ARVICAL</b></p> 
<p><b>ARL - AZI</b></p>  <p>ANTIBIOTIC</p>	<p><b>ARGNDIA</b></p>  <p>FULFILLS THE DREAMS OF FRUSTRATED COUPLES</p>	<p><b>Megafit-CD</b></p>  <p>THE BEST FIT IN REMEDY YOUR PAIN TREATMENT</p>	<p><b>VIGORON</b></p>  <p>VIGOR IN BOTTLE VITAMINS ADD-ON</p>	<p><b>FESOZING</b></p>  <p>EXPERIENCE THE NEW</p>
<p><b>VITODD forte</b></p>  <p>A HOLISTIC CELL PROTECTOR</p>	<p><b>CAROLOX-AD</b></p>  <p>SYNERGISTIC DRUG SPECTRUM OF ACTION</p>	<p><b>ARVINEX</b></p>  <p>MINIMIZE BLOOD LOSS AND PAIN DURING THE COLOR OF LIFE</p>	<p><b>SINOPHEN</b></p>  <p>COMBATS COMMON COOL COPPER DEFENSES</p>	<p><b>MEGAFIT</b></p>  <p>AN UNPRECEDENTED ADVANTAGE PAIN BREAKAWAY</p>
<p><b>Endoject</b></p>  <p>THE MOST EFFECTIVE PAIN RELIEVER IN THE WORLD</p>	<p><b>ENDOGESIC-P</b></p>  <p>PAIN RELIEF WITHIN 15 MINUTES</p>	<p><b>Lunklear-LM</b></p>  <p>THE BEST WAY FOR GETTING AWAY FROM ALLERGIC</p>	<p><b>ARVICEP</b></p>  <p>EXPERIENCE THE NEW PAIN RELIEVER</p>	<p><b>UXL - 40</b></p>  <p>EXPERIENCE THE NEW</p>



## **ARVIND REMEDIES LTD.**

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