



ARVIND REMEDIES LTD.

Caring for your Health



CONTENTS AT A GLANCE

| | |
|---|----|
| Management Discussion and Analysis | 04 |
| Notice | 14 |
| Directors' Report | 18 |
| Report on Corporate Governance | 23 |
| Auditor's Report | 33 |
| Financial Statements | 36 |
| Statement pursuant to Section 212 Pertaining to Coronet Labs Pvt Ltd | 63 |
| Auditors' Report On Consolidated Accounts | 64 |
| Consolidated Financial Statements | 65 |

From the desk of MD & CEO



Dear Shareholders,

It is a matter of great pleasure that Arvind Remedies has entered into the 25th year of its existence, celebrating its Silver Jubilee. We are much grateful to our esteemed shareholders for all their support and co-operation extended all along in the past.

Emerging markets

Today, while medicines are available in plenty, their side effects stand in the way, causing other problems at later stages, and hence there is the need to reduce unfavourable impacts on human body. ARL is, therefore, making efforts to develop new products with the help of R&D. The gastric problem is solved by introducing mouth-dissolving medicines. Chronic diseases, caused due to high pollution, etc. are quite common, and to fight against this trend, products are being developed by ARL, to be launched shortly.

As far as domestic market is concerned, ARL has increased the number of products, and the marketing territories are being expanded, exploring huge potentials. The growing Asian and African countries are the emerging markets. Exports from India continue to be a major contributor. We have forayed into these regions and expect larger contributions in the marketing share in the coming years. New products are also being developed with the patents registration. We have also the off-patented products in parallel with patented products to market through the players in the US market.

Global presence – The regulated market

We are venturing into the regulated market – US – the largest pharma market in the world. We have already started in US by establishing Arvind Remedies USA LLC, a 100% subsidiary and in order to take forward the US business we have appointed highly qualified and well experienced professionals at key positions from the US pharma industry itself. Around 25 products have been selected for development and filing of ANDAs.

Needless to mention, we look forward to your continued support in bringing up ARL to the heights of global renown.

With good wishes,

Dr. B. Arvind Shah

Management Discussion and Analysis

ARL enters into its Silver Jubilee!

The year 2013 will indeed be remembered as a landmark in the history of Arvind Remedies Ltd. (ARL), the Company continuing to show its trend of excellence across the country with consistency in its growth in all segments.



"Pioneers Award" for Excellence in Healthcare – 2012 from MHFW, Govt. of Tamil Nadu along with FICCI

Over the last 5 years, Indian pharmaceutical environment has become increasingly volatile and challenging. Yet the industry grew with a CAGR of 15% and is expected to grow an additional 10%-12% by 2014 (Source: PWC and ICRA). The pharmaceutical market has reported a growth of 10% last year, the turnover reaching Rs.72,000 crores (Source: IMS Health).

As Dr. APJ Abdul Kalam energized the citizens to DREAM to see India in the club of developed countries by 2020, ARL directs its energies in divergent directions viz., business in Ethical, Institutional and Contract Research and Manufacturing Services (CRAMS).

Apart from higher input costs, the high cost of bringing products to the market coupled with gradual decline in realizations is affecting financial viability. ARL, however, believes that the Indian Pharma Industry has a strong potential to grow. The factors contributed to the growth are: the ageing population, rising incidence of chronic diseases due to change in lifestyle and eating habits, advancement of technology and health care reforms, and it is being taken care of by the potential institutional marketing. This has been ARL's primary market for the past 25 years, and the Company continues to direct its resources towards this market for the foreseeable future.

Domestic Markets

Our Ethical Business has a diversified and specialized product portfolio both from Allopathic and the Ayurvedic segments. This year the Company has successfully launched three new products viz. ARVICEP 100 & ARVICEP 200 (an antibiotic), ARGINDIA (a nitric oxide donor) for use in infertility and ARVINEX & ARVINEX M (an anti-fibrinolytic agent) to control heavy menstrual bleeding. With the successful launchings, the Company has now a strong portfolio of 25 products for ethical marketing. During the year 2012-13, on the strength of ARL's strong presence and competitiveness in the Southern states, it expanded the reach by launching its products in the Northern states.

Consolidating ARL's potential proactive primary marketing share in the **Institution business** at the top level as in the past 25 years, the Company's presence, along with a few leading players, is well established in the Central Government, State Governments, Quasi Government and the World Bank-sponsored institutions. During the fiscal year, ARL is proud to state that it has added a few State Government institutions.



ARTIN OIL
ENSURES POWER THAT RELIEVES PAIN



PANKARE
A BREAK THROUGH IN THE
MANAGEMENT AND CONTROL OF TYPE II DIABETES



SOREXIL
A CHALLENGER IN CHALLENGING
SKIN ULCERS



ARVICAL
A REAL CALCIUM FOR HEALTHY
BONE AND HEALTHY LIFE



MEGAFIT OD
THE RIGHT FIT IN NEUROPATHY
TREATMENT



VITOXID FORTE
A HOLISTIC CELL PROTECTOR



LUNKLEAR LM
ENSURES EFFORTLESS BREATHING



FESOZINC
AN ANSWER TO ANAEMIA

CRAMS



WHO GMP Kakkalur Unit, Chennai



Coronet Labs, Roorkee, Haridwar.

The Company is committed to the highest level of scientific excellence. Our facility is designed to provide one stop solution in contract research and manufacturing of five pharmaceutical dosage forms.

Following are the areas of research activities and drug delivery technologies:

Conventional Pharmaceutical Dosage Forms

- Development and manufacturing of immediate release tablet, Hard Gelatin capsules, Oral Liquids (Syrups and Suspensions), Lyophilized products, Liquid injectables, Topicals (creams, Gels and Lotions).

Niche Pharmaceutical Dosage Forms

- Development and manufacturing of Modified Release solid oral formulations.
- Solubility/Permeability Enhancement with enhanced Bio-availability.
- Development and manufacturing of Gastric Retention System and Taste Mask Formulation.
- Development of Oral Dissolving Tablets, Dispersible tablets & customizing the release profile of drug substance.
- Development and manufacturing of Micro emulsion-based / HP beta cyclodextrin-based liquid formulation of poorly soluble drugs, to enhance bio availability of drug substance.
- Development of controlled release osmotic tablets.
- Development and manufacturing of delayed release Capsules.
- Development of tablet in capsule formulations.

Emerging Markets



"An optimist always visualizes a colorful future"

When we do not find a road for onward journey, we make our own path and reach the destination with conspicuous victory. This results from our unshakable confidence. This is exactly what has played an important role in the success of our remarkable growth in emerging markets.

By 2016, the global pharmaceutical industry is expected to generate an estimated 30% of the total sales in emerging markets. Over the last five years, sales in emerging markets have doubled, representing approximately 20 per cent of the global market volume.

(source: Booz & Co.)

ARL envisages a great potential in international marketing, as emerging markets offer significant growth prospects for the future. ASEAN and African markets are at the helm of ARL's plan to tap long-term business returns. The Company has its presence felt in a few ASEAN and African countries through brand building. Many brands of ARL have been registered with French West African (Francophone) countries, and the business has begun already, while in Latin American countries the product registration is in the final stage of approvals, expecting the operation to start soon. ARL has submitted nearly 200 dossiers. This year also, the Company has been planning to submit more dossiers. New products have been developed at R&D with the patents registered for these markets.



"Best Supplier Merit Award " from the State Pharmaceuticals Corporation of Sri Lanka

Regulated Markets



USFDA Unit, Irungatukottai, Sriperumbudur ,Tamil Nadu

“Tomorrow is the result of what we do today”

This understanding is what inspires us to struggle for greater achievements each year.

The Company plans to enter regulated markets through the gateway of US market being the immediate focus.

The US pharma market size is US\$ 326 billion, and US is the world's largest market for Pharma Industry globally. (Source: PWC and ICRA) Nearly US\$ 93 billion worth patents are expected to expire in the next 5 years, which throws excellent opportunity for Arvind Remedies.

ARL has established its wholly-owned subsidiary viz. Arvind Remedies USA LLC, with its office at New Jersey, having appointed a full team to take care of its US operations. The Company has shortlisted a few products to be developed as ANDA. With the help of USFDA plant, the products under ANDA development and with the US team, the Company is confident of its success to establish business in USA.

Research & Development



"SAMAJ RATNA" Title from Her Excellency the President of India, 'Srimati Pratibha Patil' for the Research in Ayurveda.

Arvind Remedies-SRU conduct program on World Arthritis Day



Speech at SRMC, Chennai, CME Program by Dr. B. Arvind Shah.

Collaboration

ARL has entered into collaboration with:

- Department of Science & Technology (DST), Government of India, New Delhi, and Sri Ramachandra Medical College & Research Institute (SRMC), Chennai, for Rheumatoid Arthritis Project.
- DST and SRMC for Anti-Obesity Project.
- DST, Presidency College, Tamil Nadu Veterinary & Animal Sciences University (TANUVAS), Indian Institute of Integrative Medicine, Jammu, for Anti-Viral Project.

Allopathy

The Formulation Development Unit emphasizes on Novel Drug Delivery System (NDDS) for Oro-Dissolving and Modified release dosage forms. New technologies have been introduced to improve better absorption and reduced side effects.

Patents have been filed with Intellectual Property Rights of India for:

- Treating allergic Rhinitis and Asthma - A novel, synergistic mouth-dissolving composition.
- Treating Type-11 Diabetes - Composition and methods for preparation thereof.

Ayurveda

Due to ARL's continuous R&D efforts in Ayurveda, the Company will be successful in launching medicines for chronic diseases and the medicines, having minimum side effects, can be taken for long-term therapy.

ARL has already filed patents with Intellectual Property Rights of India for:

- Anti-Rheumatoid Arthritis product - An Immuno modulator which delays the progress of RA.
- Anti-Obesity product - A holistic product which reduces cardiac risk.
- Anti-Viral product - An innovative drug for viral infections.

Manufacturing Facilities



In order to serve the health fraternity, ARL unfolds multi-dosage form facilities in different locations such as:

WHO GMP Kakkalur Plant, Chennai (Unit I) – Manufactures oral solid dosage forms, oral liquids, elixirs, topical preparations, Nutraceuticals and Oral rehydration salts.

Approvable USFDA Plant, Irungattukottai (Unit II) – the single-roof solutions for all dosage forms.

- 1.Oral Solids
- 2.Oral Liquids
- 3.Topical Preparations
- 4.Parenterals – Small Volume
- 5.Soft Gel

Acquisition

The Coronet Labs at Roorkee, Haridwar, a subsidiary of ARL has obtained WHO GMP certification, and has passed through various MNC audits.



SWOT Analysis

Strength

The global pharma industry is expected to grow an additional 10-12% by 2014, and US being the largest market in the world, is catering to the regulated markets. There is also increased scope for emerging markets in the Asian, African and Latin American countries.

Higher GDP growth with increased disposable income in the hands of public and health awareness leads to positive attitude towards spending on medicines. The cost of innovation, manufacturing and operations are the factors for selection of a country and Indian pharma industry is now ranking amongst the top ten countries in the world with a turnover of around Rs.72,000 crores for the year 2012-13.

ARL has established its approvable manufacturing facility for the supply to the regulated markets. In addition, ARL has plans to develop products with minimum side effects and also the Ayurvedic products made out of natural resources. The domestic market is already an established one, on which the Company expects reasonable growth for the current year.

Opportunities

Global demand for generics is rising. Due to awareness on health insurance and increase in per capita income, Indian pharma has the opportunity to grow further to meet with the demands. This will also include exports to the emerging markets. India being the preferred global outsourcing hub for pharma products due to low cost of skilled labour, it can compete with the developed nations in giving quality products.

ARL has planned its strategies to tap opportunities from the domestic as well as emerging markets, which include outsourcing for the MNCs' products, developing the off-patented items in its facilities and through research and development to manufacture new products with the patents registered.

Threats and Weaknesses

Almost 40 per cent of the patented products in US are going to expire. China, which is the major pharma supplying country, offers much more competitive prices.

As far as Indian pharma is concerned, the present Drug Price Control Order is being expanded to include more products in the purview of Government control, which will affect the profitability of the pharma Companies. The poor infrastructure development in pharma is another major challenge.

ARL has embarked on increasing the number of products for its domestic market, at the same time, having forayed into export market. New products are also planned for development with patent registration. ARL has also plans to market off-patented products through the players in US.



ARVIND



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.

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 enable 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

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 233B of the Companies Act, 1956 and for the year 2012-13 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 cattle. 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.

FINANCIAL HIGHLIGHTS

Sales

The gross sales revenue grew by 54.48% to Rs 70446 lacs in 2012-13. 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 14994.53 lacs to Rs 49708.97 Lacs. Total consumption as a % to net sales decreased to 74.83% from 79.51% last year.

Personnel costs

The personnel cost increased by 48.03% y-y to Rs 1344.23 Lacss 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 58% y-y to Rs1999.57 lacs. Overall MSGA as % to net sales were at 3.01% compared to 2.89% 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 97.29% to Rs 13373.27 lacs. The EBITDA margin as % to total operating income has been at enhanced level of 20.13% compared to previous year's level of 15.52%

The profit before tax and exceptional items increased by 68.09% y-y to Rs 6255.08 lacs. PBT margin before exceptional items as % to total operating income has been increased at 8.88% compared with previous year level of 8.52%. The profit after tax grew by 109.26% y-y to Rs 4061.69 lacs. The net profit margin as a% to total operating income increased to 6.11% from 4.45% % last year

Net worth

The net worth as at 31st March 2013 stood at Rs 19426.51 lacs up by 35.76% from last year. Retained earning of 350.15 lacs (net profit less dividend) contributed to this rise.

The book value per share as at 31st March 2013 has increased to Rs 40.27 as against Rs 26.67 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 24.08% for 2012-13

Fixed assets and capital expenditure

The gross block (including capital work in progress) at the end of 2012-13 was Rs 31475.70Crores which include net capital expenditure of Rs 6.36 lacs incurred for new project at Irrungatukottai and Rs. 3688.94 lacs for Bta Cepha Projects.

Working capital and liquidity

Working capital level at the end of 2012-13 was of Rs 10415.60 lacs compared to Rs 5611.50 lacs of previous year. Overall current ratio at the end of the year 2011-12 stood at 1.32vis-à-vis 1.23 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.



NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of the Company will be held at the Hall of Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008 at 9.30 a.m on Monday, the 23rd September 2013 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the Year ended 31st March 2013 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2012-2013.
3. To appoint a Director in place of Dr. CMK Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V R Mehta, 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 pursuant to Section 257 of the Companies Act, 1956 Mr. Sudhir Chandra, who was appointed as an Additional Director of the Company and upon whom the Company has received nomination proposing him as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

NOTES :

1. Pursuant to Section 173 of the Companies Act, explanatory statement on item no.6 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 / herself 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 19th September 2013 to 23rd September 2013 (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 31st March, 2013 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 23rd September 2013. 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 18th September 2013.



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 may be 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, 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 2004-2005, Rs. 2,79,946/- was transferred to the Investors' Education and Protection Fund Account.
- h) During the current year, the unpaid/unclaimed dividend amount pertaining to the year 2005-06 being Rs. 6,31,793.40 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 st March 2006 | 25 th September 2006 | 5% | 24 th September 2013 |
| 31 st March 2007 | 28 th September 2007 | 5% | 27 th September 2014 |
| 31 st March 2008 | 29 th September 2008 | 5% | 28 th September 2015 |
| 31 st March 2009 | 30 th October 2009 | 5% | 29 th October 2016 |
| 31 st March 2010 | 28 th September 2010 | 5% | 27 th September 2017 |
| 31 st March 2011 | 19 th September 2011 | 7% | 18 th September 2018 |
| 31 st March 2012 | 14 th September 2012 | 7% | 13 th September 2019 |

- 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.

By Order of the Board
FOR ARVIND REMEDIES LTD

Place : Chennai
Date : 23.07.2013

MANAGING DIRECTOR



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

Item No.6

Mr. Sudhir chandra 62 Years, was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act 1956 from 12th December 2012 and his term shall expire at the ensuing Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956 he is eligible for reappointment as a Director of the Company. He is Post Graduate in Political Science and retired DG (Income Tax (Investigations)). He has over 35 years working experience in the Bureaucracy. His association will be of an immense help for the development of the Company's business.

Board recommends passing the Resolution

Except Mr. Sudhir Chandra, no other Directors of the Company are interested in the resolution.

Place: Chennai
Date : 23.07.2013

By order of the Board of Directors

Dr. B Arvind Shah
Managing Director

Annexure to the Notice dated 23rd July 2013

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

a) Directors for Reappointment

b) Director for appointment

| | | | |
|--|-------------------------|---------------------------|---------------------|
| Name of the Director | : Dr CMK Reddy | V R Mehta | Mr Sudhir Chandra |
| Age | : 72 | 79 | 61 |
| Date of appointment | : 30/9/1995 | 5/1/2011 | 20/09/1951 |
| Brief Resume and nature of expertise | : R&D & | Business Development & | Planning & Taxation |
| In functional areas | : Ethical products | Administration | |
| Directorships held in other public (excluding foreign and Private companies) | : Coronet Labs Pvt Ltd. | Surana Power Ltd. Chennai | Nil |
| | | T.T Limited, New Delhi | |
| 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 | : 5250 | Nil | 2500 |



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty-fifth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2013

FINANCIAL RESULTS

(Rs. in Crores)

| Particulars | 2012-2013 | 2011-12 |
|--|------------------|----------------|
| Gross Income | 704.46 | 456.02 |
| Profit before tax | 62.55 | 37.21 |
| Profit after tax | 40.61 | 19.40 |
| Profit available for appropriation (after considering the balance b/f from previous year and deferred tax liability) | 90.91 | 57.54 |
| APPROPRIATIONS | | |
| Dividend of current year | 4.82 | 3.37 |
| Corporate Dividend Tax | 0.78 | 0.54 |
| Transfer to General Reserve | 12.60 | 1.94 |
| Surplus carried to Balance Sheet | 72.71 | 50.30 |

Operations and Business Performance

During the year 2012-13, the gross income increased from Rs.456 Crores to Rs 704 Crores, recording an increase of 54% over the previous year, while profit before tax has increased from Rs.37.21 Crore to Rs 62.55 Crore showing increase over 68% of last year.

DIVIDEND

Considering the profits and the need to conserve the resources, your directors recommend a dividend of Re.1 per share (8% dividend for the year + 2% as special dividend due to Silver Jubilee Year) per share of Rs. 10 each on the paid-up capital of the Company. The outflow on this account would be Rs 482.30 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 31st March 2013 under Indian GAAP forms part of the Annual Report.

Future outlook

The Betalactum Cepham and Ayurvedic projects are under implementation and same are expected to be ready for commercial operations by end of third quarter of current financial year.

During the current year, the Irrungatukottai unit is proposed to be demerged to Arvind Wellness Ltd. a wholly owned subsidiary and the company has fixed 8th April 2013 as appointed date based on the valuation of shares of the scheme and subject to necessary approvals.

In the current year, the company has plans to implement R&D product development unit at Irrungatukottai unit for ANDAs to be filed for US, which is expected to involve capital outlay of Rs.160 Crores.

CHANGES IN CAPITAL STRUCTURE/ CONSOLIDATION

During the year, the Company has issued 19896000 convertible equity warrants at face value of Rs.10 each and premium of Rs.15 per warrant. The conversion period is upto July 2014 and on conversion of all the 19896000 warrants into equity, the paid up share capital will stand increased to Rs.68.12 Crores. In case the option to convert the warrants to equity shares is not exercised before the expiry date, the application money of Rs.6.25 received on each warrant will stand forfeited.

SUBSIDIARY COMPANY

Coronet Labs P Ltd. is a subsidiary company and pursuant to the provisions of Section 212 of the Companies Act, 1956, the details of the subsidiary and the consolidated audited accounts of the Company together with the Auditor's Report for the year 2012-13 are attached forming part of the Annual Report.

During the current year on 8th April 2013 Arvind Wellness Limited has been incorporated as the wholly owned subsidiary of the company.



DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Dr. CMK Reddy and Mr. V R Mehta Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer for re-appointment. Board recommend their reappointment.

During the year Mr. Sudhir Chandra was appointed from 18th December 2012 and Mr. Santhana Raman from 12th February 2013 as Additional Directors and their term shall expire at the Annual General Meeting. Mr. Santhana Raman has resigned on 3rd July 2013. Reappointment of Mr. Sudhir Chandra as director is taken at item No.6 in the notice.

In accordance with the stipulation under Clause 49 of the Listing Agreement, brief resume of the Directors seeking appointment and 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.

AUDITORS:

Your company's Statutory Auditors M/s. Doshi Chatterjee Bagri & Co. Chartered Accountants shall 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 had engaged M/s.Siva Anantharaman & Co., Chartered Accountants, Chennai as Internal Auditors. Due to their resignation from October 2012 the Company has appointed Mr. R.T. Vijaya Raghavan as the Internal Auditors of the Company to carry out internal audit on regular basis. The reports of the Internal audit for the quarters 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 2012-13 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 conditions and results of operations.

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

- (i) the annual accounts for the year ended on 31st March 2013 have been prepared on a going concern basis
- (ii) in preparation of the accounts, the applicable accounting standards have been followed and 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 31st March 2013 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.

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 endeavours.

For and on behalf of the Board

Place : Chennai

Date : 23.07.2013

Dr. B. ARVIND SHAH
Managing Director

Dr. CHANDRA RAVINDRAN
Whole time Director

**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.

Steps are being taken by energy audit for cost saving and reduction in energy cost from the current year.

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

| | 2012-13 | 2011-12 |
|--|----------------|----------------|
| 1. Electricity | | |
| a) Purchase Unit (Nos.) | 809933 | 662729 |
| Total amount (Rs. '000s) | 7053.81 | 4808.58 |
| Rate / Unit (Rs.) average | 8.70 | 7.26 |
| b) Own Generation | | |
| i) Through Diesel Generation | | |
| Unit (Nos) | 334952 | 276577 |
| Unit per ltr. Of Diesel Oil (Nos) | 9.45 | 8.36 |
| Cost / Unit (Rs.) | 10.70 | 9.55 |
| ii) Through Steam / Wind Turbine / Generator | - | - |
| Unit (Nos) | - | - |
| Cost / Unit (Rs.) | - | - |
| Amount (Rs.) | - | - |
| 2. Coal | N.A | N.A |
| Qty. (Tonnes) | - | |
| Total Cost | - | |
| Average Rate | - | |
| 3. Furnace Oil | N.A | N.A |
| Qty. (K.Ltrs.) | - | |
| Total Amount | - | |
| Average Rate (Rs.) | - | |
| 4. Other / Internal Generation Steam by LDO | 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.



ARVIND

B. TECHNOLOGY ABSORPTION

FORM B



1. Research and Development

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

Ongoing projects

Development of a drug substance for Arthritis -- Research Associates

- Department Of Science And Technology (Govt. Of India)- DST
- Sri Ramachandra Medical University -SRMU

Development of drug product for Obesity Related Cardiovascular Diseases -- Research Associates

- Department Of Science And Technology (Govt. Of India)- DST
- Sri Ramachandra Medical University --SRMU
- SRMC Chief of Cardiology

Development of drug product for Viral Diseases -- Research Associates

- Department Of Science And Technology (Govt. Of India)- DST
- Presidency College -Dept of Microbiology
- Tamil Nadu Veterinary University
- Indian Institute Of Integrative Medicine - Jammu

Development of Generic Drug substance (ANDA)

Selected products for ANDA development

- Non steroidal anti inflammatory drug with AA category
- Anti hypertensive drug with AB category
- Central nervous system drug with AB category
- Skeletal muscle relaxant with AB category
- Respiratory diseases drug with AB category

Development of 505 (b) (2) Drug products

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

- Three ANDA drug products (AA) category under development -- Tentative submission by December 2013
- Twelve more ANDA drug products are under developmental stage -- tentative submission by June 2014 .
- Fifteen more ANDA drug products under discussion -- tentative submission will be first quarter of 2015 .
- Two 505 (b) (2) submission are under discussion -- tentative submission third quarter of 2014

4. Expenditure on Research and Development

Total R & D expenditure as percentage to the total turnover for the year 2012-13 is 0.07%.

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. 1412.26 Lacs as against the outgo of Rs 152.09 Lacs

For and On behalf of the Board

Place : Chennai
Date : 23.07.2013

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 three executive Directors, and six 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, and Mr. Ankur Agarwal Executive Director (Technical).

The composition and category of Directors and their memberships in other Board/Committees during the year 2012-2013 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. Ankur Agarwal # | ED* | 1 | Nil |
| 8 | Mr. Raghuveer # # | ED* | Nil | Nil |
| 9 | Mr. Sudhir Chandra*** | NE and ID** | Nil | Nil |
| 10 | Mr. V. Santhana Raman*** | NE and ID** | 1 | Nil |

* ED-Executive Director

** NE and ID – Non-executive and Independent Director

*** Appointed as additional director during the year

Mr. Ankur Agarwal was appointed on 18-04-2012

Mr. Raghuveer was appointed on 28-04-2012 and he resigned on 03-12-2012

Out of the six independent Directors, Dr. C.M.K. Reddy holds 525, Mr R Raja Mohan holds 2625 and Mr. Sudhir Chandra holds 2500 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 8 times during the financial year 2012-13 on the following dates: On 28th April 2012, 30th May 2012, 14th August 2012, 14th September 2012, 8th November 2012, 18th December 2012, 24th January 2013 & 12th February 2013

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 | 8 | Yes |
| 2 | Dr. Chandra Ravindran | 7 | Yes |
| 3 | Dr. C.M.K. Reddy | 6 | Yes |
| 4 | Mr. K.V. Narayan | 7 | Yes |
| 5 | Mr. R. Raja Mohan | 6 | Yes |
| 6 | Mr. V R Mehta | 7 | Yes |
| 7 | Mr. Ankur Agarwal* | 6 | Yes |
| 8 | Mr. Raghuv [@] | 2 | No |
| 9 | Mr. Sudhir Chandra* | 2 | No |
| 10 | Mr. V Santhana Raman* | 1 | No |

@resigned on 3.12.2012

* appointed during the year

3. Audit Committee

The Audit Committee is constituted with three non-executive directors, viz. with Mr. R. Raja Mohan, Chairman, Mr. V. R Mehta and Dr. CMK Reddy as 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, review of financial reporting process, review of accounts and results 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 5 times during the year and Attendance of Audit Committee is as under:

| Date | Total Members | Attendance by number of members |
|------------|---------------|---------------------------------|
| 28.04.2012 | 3 | 3 |
| 30.05.2012 | 3 | 3 |
| 14.08.2012 | 3 | 3 |
| 08.11.2012 | 3 | 3 |
| 12.02.2013 | 3 | 2 |

4. 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 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 2012-13 are given below:

| Name | Salary & Perquisites (Rs) | Contribution to Provident Fund (Rs) | Commission (Rs.) | Sitting Fees (Rs.) |
|-------------------------------|---------------------------|-------------------------------------|-------------------|--------------------|
| Executive Director | | | | |
| Dr. B Arvind Shah | 40,80,000 | 3,60,000 | 280,00,000 | - |
| Dr. Chandra Ravindran | 8,61,600 | 54,432 | - | - |
| Mr. Ankur Agarwal | 16,95,167 | 1,04,340 | - | - |
| Mr. Raghuveer | 13,74,000 | 90,720 | - | - |
| Non-Executive Director | | | | |
| Dr. C.M.K. Reddy | - | - | - | 46,000 |
| Mr. K.V. Narayan | - | - | - | 43,000 |
| Mr. R. Rajamohan | - | - | - | 36,000 |
| Mr. V R Mehta | - | - | - | 51,000 |
| Mr. Sudhir Chandra | - | - | - | 10,000 |
| Mr. V Santhana Raman | - | - | - | 5,000 |
| Total | 80,11,000 | 6,09,492 | 280,00,000 | 1,91,000 |

Remuneration paid to employee (Relative of MD)

| | | | | |
|--------------------------------|-----------|----------|---|---|
| Mr. Anand Shah, Vice President | 19,04,000 | 1,20,960 | - | - |
|--------------------------------|-----------|----------|---|---|

The above excludes Company's Contribution to Gratuity Fund.

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 appointment, 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 |
|------------|---------------|---------------------------------|
| 02.03.2013 | 3 | 3 |

5. Shareholders'/Investors' Grievance Committee

The Board has constituted an Investors' Grievance Committee which looks into the shareholders' and investors' grievances with Mr. V. R Mehta as Chairman, and Mr. K.V Narayan and Dr. CMK Reddy as its members. 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 |
|------------|---------------|---------------------------------|
| 30.05.2012 | 3 | 3 |
| 14.08.2012 | 3 | 3 |
| 08.11.2012 | 3 | 3 |
| 12.02.2013 | 3 | 3 |

- 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 2012-13 and their status are as follows.

| | |
|---|-----|
| No. of Complaints received | 15 |
| No. of Complaints disposed off | 15 |
| 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 |
|----------------------|------------|-----------|--|-----------------------------------|
| 22 nd 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 rd AGM | 19.09.2011 | 09.30 a.m | Pandian Hall, VGP Golden Beach Resort, E.C R, Injambakkam Chennai 600 041 | one |
| 24 th AGM | 14.09.2012 | 09.30 a.m | Hotel Great Value Marina Inn, Gandhi Irvin Road Egmore, Chennai | one |

6(a) Special Resolution passed in previous 3 AGMs:

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

- AGM held on 14th September 2012
 - Application money payable on the convertible equity warrants
- AGM held on 19th September 2011
 - The existing Articles of Association modified and replaced with new set of Articles
- AGM held on 28th September 2010
 - Appointment of Mr. Anand Shah (relative of Managing Director) pursuant to Section 314(1B) from 1st April 2010



Extra Ordinary General Meeting

During the year 2012-13, Extra Ordinary General Meeting was held on 28th April 2012 to consider (1) consolidation of equity shares from Re.1 to Rs.10 (2) Increase in authorized share capital from Rs.66 Crores to Rs.70 Crores (3) issue of 19898000 convertible equity warrants at Rs.10 each with premium of Rs.15 per warrant.

6.(b) Postal Ballot

During the year 2012-13 no resolution was passed through Postal Ballot by your Company. No special resolution is proposed to be conducted through Postal ballot.

7. SUBSIDIARY COMPANY

Coronet Labs Private Limited (Coronet) is a subsidiary of the company, which is not a material unlisted subsidiary company and as such the company is not required to nominate an independent director on the Board of the subsidiary. However, as a good governance practice the company has nominated Dr.CMK Reddy on the Board of Coronet. The Company reviews the financial statements, Board meeting Minutes and significant transactions of the subsidiary.

8. Events for reporting after the Balance sheet date

a) Arvind Wellness Limited

After the close of the year, on 8th April 2013, Arvind Wellness Limited has been incorporated as wholly owned subsidiary of the Company with an authorized share capital of Rs.10 lacs.

9. Disclosure

Related Party Transactions

- a. No transaction of material in nature has been entered into by the Company with related parties, i.e., Directors or Management including senior management, their subsidiaries or relatives conflicting with the Company's interest at large.
- b. Transactions with the related parties are disclosed in Note No. 41 to the Financial Statement in this Annual Report.
- c. 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.
- d. The Company does not have a formal whistle blower policy. However, access to Audit Committee is made available to every employee.
- e. 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.
- f. With respect to Non-mandatory requirements, the Company has no qualifications in the Auditor's Report.

**10. Profile of the Directors being appointed/reappointed at the forthcoming Annual General Meeting.****1. Reappointment of Directors**

| Name of Directors | Dr. CMK Reddy | Mr. V R Mehta |
|--|-----------------------------------|--|
| Date of Birth | 06/10/1941 | 12/01/1934 |
| Age | 72 | 79 |
| Appointed on | 30/09/1995 | 05/01/2011 |
| Qualification | MBBS, FRCS | M.E (Hons) BITS Pilani |
| Expertise | R&D & Ethical products | Business development Planning & Administration |
| Directorships held in other public companies | Coronet Labs Pvt. Ltd. Chennai | Surana Power Ltd Chennai TT Limited, New Delhi |
| Memberships/ Chairmanships of Committees across Public Companies | Nil | Nil |

2. Appointment as Directors

| Name of Directors | Mr. Sudhir Chandra | Mr.V.Santhana Raman |
|--|---|--|
| Date of Birth | 20/09/1951 | 06/08/1949 |
| Age | 61 | 63 |
| Appointed on | 18/12/2012 | 12/12/2013 |
| Qualification | M.Sc in Fiscal studies Post Graduation in Political Science | B.Com & CAIIB |
| Expertise | Planning & Taxation | Banking & Finance |
| Directorships held in other public companies | Nil | DQ (Entertainment) International 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. G. Ramachandran, Chief Financial Officer of the Company was placed at the meeting of the Board of Directors held on 15th May 2013.

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. 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

- i) 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
- ii) Management discussion and analysis forms part of the Annual Report.
- iii) The Un-audited results for every quarter and the Audited results for the year end are published in Makkal Kural (Tamil) & Trinity Mirror (English) newspapers.

14. General Shareholder Information

- a) The Twenty Fifth Annual General Meeting of the Company will be held on 7th August 2013 at Hotel Ambassador Pallava, Monteth Road, Egmore, Chennai 600008 at 9.30 a.m.
- b) Date of Book Closure: The Register of Members and Share Transfer Book of the Company will remain closed from 3rd August 2013 to 7th August 2013 (both days inclusive).
- c) The Dividend for the year ended March 31, 2013 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 7th August, 2013. 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 2nd August 2013.
- d) **Financial Calendar - April 01, 2013 to March 31, 2014**
Reporting for: with limited review
 - Quarter ending June 30, 2013 15th August 2013
 - Quarter ending September 30, 2013 15th November, 2013
 - Quarter ending December 31, 2013 15th February, 2014
 - Year ending March 31, 2013 15th May, 2014 (if unaudited) or 30th May, 2014 (if audited)
 - Annual General Meeting : On or before 30th September 2014
- 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 12 | 2.42 | 2.21 | 2076640 | 2.40 | 2.20 | 2837405 |
| May12 | 2.44 | 2.22 | 1391680 | 2.45 | 2.20 | 1391943 |
| June12 | 26.35 | 20.10 | 265182 | 27.75 | 17.10 | 157560 |
| July 12 | 23.25 | 21.50 | 269618 | 23.40 | 21.55 | 225841 |
| Aug 12 | 34.35 | 22.10 | 958843 | 34.40 | 22.30 | 1114657 |
| Sep 12 | 40.05 | 29.00 | 1785622 | 39.90 | 29.00 | 2631917 |
| Oct 12 | 34.90 | 29.35 | 888683 | 34.85 | 30.10 | 1091319 |
| Nov 12 | 33.40 | 28.70 | 691199 | 33.55 | 28.85 | 966274 |
| Dec 12 | 35.90 | 28.75 | 764271 | 35.65 | 28.20 | 1011350 |
| Jan 13 | 33.90 | 28.60 | 508646 | 33.90 | 28.60 | 660703 |
| Feb 13 | 31.10 | 25.00 | 431794 | 31.75 | 24.60 | 519932 |
| Mar 13 | 31.20 | 24.85 | 541064 | 31.50 | 24.85 | 1020757 |

**since June 2012 face value of share is Rs.10 each due to consolidation of shares



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, 2013

| Slab of Shareholding | Shareholders | % | Amount (in Rs.) | % |
|----------------------|--------------|---------------|------------------|---------------|
| 1 – 5000 | 46883 | 89.40 | 64066680 | 13.28 |
| 5001 – 10000 | 3195 | 06.09 | 26182990 | 05.43 |
| 10001 – 20000 | 1279 | 02.44 | 19411690 | 04.03 |
| 20001 – 30000 | 454 | 00.87 | 11602030 | 02.41 |
| 30001 – 40000 | 144 | 00.27 | 5124820 | 01.06 |
| 40001 – 50000 | 140 | 00.27 | 6625630 | 01.37 |
| 50001 – 100000 | 182 | 00.35 | 13422890 | 02.78 |
| 100001 & above | 161 | 00.31 | 335863270 | 69.64 |
| TOTAL | 52438 | 100.00 | 482300000 | 100.00 |

Shareholding pattern as on March 31, 2013.

| | <u>Category</u> | No. of shares held | % of share holding |
|----|--|--------------------|--------------------|
| 1. | Indian Promoters | 8273762 | 17.15 |
| 2. | Persons acting in concert with the promoters | 14317550 | 29.68 |
| 3. | Private Corporate Bodies | 6930910 | 14.39 |
| 4. | Foreign Shareholders | 158336 | 0.33 |
| 5. | Indian Public | 18549442 | 38.46 |
| | Total | 482300000 | 100.00 |

i) Shares dematerialised upto March 31, 2013

| No. of shares | % of shares | No. of Shareholders | % of Shareholders |
|---------------|-------------|---------------------|-------------------|
| 47928166 | 99.37 | 52098 | 99.37 |

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



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

1,98,96,000 convertible equity warrants of Rs. 10 each issued at premium of Rs. 15 per warrant

- 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 Irrungatu kottal
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 Limited, do hereby declare that the Company has duly complied with requirement relating to the code of conduct as laid down in Clause 49(IXD) of the Listing Agreement with the Stock Exchanges.

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



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

a) We have reviewed financial statements and cash flow statement for the year ended 31.03.2013 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.

G. Ramachandran
Chief Financial Officer

Dr. B. Arvind Shah
Managing Director

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, 2013 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 15, 2013



DOSHI, CHATTERJEE, BAGRI & CO.
Chartered Accountants
Ph: +91 33 40050907/8/9
Fax: +91 33 40050910



Flat 3A, Saket
2, Ho Chi Minh Sarani, Kolkata – 700 071

AUDITORS' REPORT

To the members of

ARVIND REMEDIES LIMITED

Report on the financial statements:

We have audited the accompanying financial statements of ARVIND REMEDIES LIMITED [*the Company*], which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and 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, 2013;
- (b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



2. As required by Section 227(3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) The Balance Sheet, Statement of Profit and Loss 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, 2013, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

R. K. BAGRI
Partner
Membership No. 51956
Chennai May 15, 2013

Annexure referred to in paragraph (1) of our report of even date on "Other Legal and Regulatory Requirements" to the members of ARVIND REMEDIES LIMITED on the accounts as at and for the year ended March 31, 20113

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, 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.652.78 lacs and the year end balance was Rs.229.62 lacs.
(b) In our opinion, *except for the loan being interest free*, other terms and conditions on which the above mentioned loan has been given are prima facie, not prejudicial to the interest of the company. There is no stipulation for repayment of loan.
(c) According to the information and explanations given to us, the company has not taken any loan, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (e) to (g) of the order are not applicable.
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*. 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.
(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. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, paragraph (xiv) of the Order is not applicable.
 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, 2013.

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

R. K. BAGRI, *Partner*
Membership No. 51956
Chennai 15 May 2013



ARVIND

ARVIND REMEDIES LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

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

| Particulars | Note No | As at March 31, 2013 Ra in lacs | As at March 31, 2012 Ra in lacs |
|--|---------|------------------------------------|------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 4823.48 | 4823.48 |
| Reserves and Surplus | 3 | 12986.78 | 9485.63 |
| Money Received against Share Warrants | 4 | 1616.25 | - |
| | | 19426.51 | 14309.11 |
| Non-current Liabilities | | | |
| Long-term Borrowings | 5 | 27863.33 | 18818.60 |
| Deferred Tax Liabilities (Net) | 6 | 3133.37 | 2194.98 |
| Other Long Term Liabilities | 7 | 733.82 | 131.21 |
| Long-term Provisions | 8 | 30.68 | 23.00 |
| | | 31761.20 | 21167.79 |
| Current Liabilities | | | |
| Short-term Borrowings | 9 | 21663.56 | 15429.75 |
| Trade Payables | 10 | 6661.99 | 3849.58 |
| Other Current Liabilities | 11 | 3760.47 | 4825.00 |
| Short-term Provisions | 12 | 902.11 | 701.32 |
| | | 32988.13 | 24805.65 |
| Total | | 84175.84 | 60282.55 |
| ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 13 | 25080.67 | 24238.98 |
| Intangible Assets | 14 | 4.67 | 3.48 |
| Capital Work-in-progress | | 6.36 | 7.16 |
| Expenditure on New Projects (pending allocation) | 15 | 3688.96 | 4853.26 |
| Non-current Investments | 16 | 255.00 | 255.00 |
| Long-term Loans and Advances | 17 | 11733.86 | 505.82 |
| Other Non-current Assets | 18 | 2.59 | 1.70 |
| | | 40772.11 | 29865.40 |
| Current Assets | | | |
| Inventories | 19 | 12112.50 | 8772.38 |
| Trade Receivables | 20 | 24152.86 | 16988.20 |
| Cash and Bank Balances | 21 | 2370.10 | 2194.73 |
| Short-term Loans and Advances | 22 | 4703.47 | 2434.80 |
| Other Current Assets | 23 | 64.80 | 27.04 |
| | | 43403.73 | 30417.15 |
| Total | | 84175.84 | 60282.55 |
| Summary of Significant Accounting Policies | 1 | | |

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

This is the Balance Sheet referred to in our report of even date.

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 15, 2013

Dr. B. Arvind Shah
Managing DirectorDr. Chandra Ravindran
DirectorP. R. Krishnan
Company SecretaryG. Ramachandran
Chief Financial Officer



ARVIND REMEDIES LIMITED



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in Lacs of Rupees unless otherwise stated)

| Particulars | Note No | 2012-13 Rs In lacs | 2011-12 Rs In lacs |
|--|---------|-----------------------|-----------------------|
| INCOME | | | |
| Revenue from Operations (Gross) | 24 | 70446.26 | 45602.08 |
| Less: Excise Duty | | 4020.22 | 1939.28 |
| Revenue from Operations (Net) | | 66426.04 | 43662.80 |
| Other Income | 25 | 59.34 | 38.77 |
| TOTAL REVENUE | | 66485.38 | 43701.57 |
| EXPENSES | | | |
| Cost of Material Consumed | 26 | 49497.70 | 34769.50 |
| Purchase of Traded goods | 27 | 450.53 | 614.48 |
| (Increase) /Decrease in Inventories of Finished Goods, | 28 | (239.26) | (669.54) |
| Employee Benefits Expenses | 29 | 1344.23 | 908.06 |
| Finance costs | 30 | 5918.82 | 2772.39 |
| Depreciation and Amortization Expense | 31 | 1258.71 | 323.60 |
| Other Expenses | 32 | 1999.57 | 1261.83 |
| TOTAL EXPENSES | | 60230.30 | 39980.32 |
| Profit before Exceptional and Extraordinary Items | | 6255.08 | 3721.25 |
| Exceptional Items | | - | - |
| Profit before Extraordinary Items and Tax | | 6255.08 | 3721.25 |
| Extraordinary Items | | - | - |
| Profit Before Tax | | 6255.08 | 3721.25 |
| Tax Expenses | | | |
| Current Tax | | 1255.00 | 753.00 |
| Deferred Tax | | 938.39 | 1031.78 |
| Tax adjustments for earlier year | | - | (4.52) |
| Total Tax Expenses | | 2193.39 | 1780.26 |
| Profit for the Year | | 4061.69 | 1940.99 |
| Earning per Equity Share [Nominal Value of Share Rs. 10 (31 March 2012:Rs.1)] | 42 | | |
| Basic - Rs. | | 8.42 | 0.40 |
| Diluted - Rs. | | 5.96 | 0.40 |
| Summary of Significant Accounting Policies | 1 | | |

The notes referred to above form an integral part of the Financial Statements.
This is the Statement of Profit and Loss referred to in our report of even date.

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 15, 2013

For and on behalf of the Board of Directors

Dr. B. Arvind Shah
Managing Director

Dr. Chandra Ravindran
Director

P. R. Krishnan
Company Secretary

G. Ramachandran
Chief Financial Officer



ARVIND



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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

| Particulars | 2012-13 Rs. In Lacs | | 2011-12 Rs. In Lacs | |
|--|------------------------|-------------------|------------------------|-------------------|
| | | | | |
| A Cash flow from operating activities | | | | |
| Net profit before Taxation | | 6255.08 | | 3721.25 |
| Adjustment for :- | | | | |
| Depreciation | 1258.71 | | 323.60 | |
| (Profit) / Loss on sale of Fixed Assets | (3.20) | | (3.41) | |
| Interest Expenses (Net of Capitalisation) | 5537.05 | | 2472.39 | |
| Interest Income | (37.13) | | (30.29) | |
| Provision for doubtful receivable | 0.34 | 6755.77 | 0.11 | 2762.40 |
| Operating Profit before Working Capital changes | | 13010.85 | | 6483.65 |
| Adjustments for :- | | | | |
| (Increase) in Trade and Other Receivables | (9247.95) | | (3852.18) | |
| (Increase) in Inventories | (3340.12) | | (3060.95) | |
| Increase in Trade and other Payables | 2142.85 | (10445.22) | 1749.04 | (5164.09) |
| Cash flow / (outflow) from Operations | | 2565.63 | | 1319.56 |
| Direct Taxes paid | | (1237.69) | | (623.52) |
| Net cash used in operating activities | A | 1327.94 | A | 696.04 |
| B Cash flow from Investing activities | | | | |
| Purchase of Fixed Assets / Expenses on new projects / Capital Advances | (16763.30) | | (15677.16) | |
| Proceeds from sale of Fixed Assets | 4611.02 | | 93.09 | |
| Investment made | - | | (255.00) | |
| Loan given | (229.62) | | - | |
| Interest Received | 33.34 | | 25.83 | |
| Net cash used in Investing Activities | B | (12348.56) | B | (15813.24) |
| C Cash flow from financing activities | | | | |
| Proceeds from Working Capital Borrowings | 6233.81 | | 5341.30 | |
| Proceeds from Long Term Borrowings | 9564.95 | | 12492.03 | |
| Proceeds from Issue of Share Warrants | 1616.25 | | - | |
| Interest paid | (5840.81) | | (2210.11) | |
| Dividends paid (including Tax on dividends) | (378.41) | | (389.88) | |
| Net cash from financing activities | C | 11195.99 | C | 15233.34 |
| Net (increase)/decrease in cash and cash equivalent (A+B+C) | | 175.37 | | 116.14 |
| Add: Cash and cash equivalent at beginning of the year | | 2194.73 | | 2078.59 |
| Cash and cash equivalent at end of the year | | 2370.10 | | 2194.73 |



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 (Note 21)
3. Previous year's figures have been regrouped / reclassified wherever necessary.

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 15, 2013

For and on behalf of the Board of Directors

Dr. B. Arvind Shah
Managing Director

Dr. Chandra Ravindran
Director

P. R. Krishnan
Company Secretary

G. Ramachandran
Chief Financial Officer



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013 (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).

1. Statement of Significant Accounting Policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India and comply with Accounting Standards notified by The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 (*the Act*). The financial statements have been prepared under the historical cost convention (except for revaluation of certain fixed assets) on accrual basis.

The accounting policies, in all material aspects, have been consistently applied by the company and are consistent with those used in the previous year.

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of financial statements and income and expenses for the reporting period. Estimates and assumptions are reviewed on an ongoing basis.

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) (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 or revalued amount, as the case may be. Fixed assets are classified as tangible and intangible assets.

(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.

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.

Depreciation on additions / disposals during the year is provided on pro-rata basis with reference to the date of addition / disposal.

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.



Notes to the Financial Statements as at and for the year ended 31st March 2013

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

d) 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.

e) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

f) 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 Purchased | : At cost or net realisable value whichever is lower |
| Finished Goods 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. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete the sale.

g) Employee benefits

Long Term Benefits

- (i) The company has a defined benefit 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 company presents its gratuity liability as current and non-current based on actuarial valuation. The fair value of the plan asset is reduced from the gross obligation to disclose the obligation on net basis in the Balance Sheet. Actuarial gains / losses are also recognized in the Statement of Profit & 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.

h) 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. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

i) Taxation

Tax expense comprises of current tax and deferred tax charge or release. Current income- tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013

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

Income Tax Act. Deferred income tax reflects the impact of current year's 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 the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. Deferred tax asset arising on account of unabsorbed depreciation or carry forward tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company write downs the carrying amount of a deferred tax asset to the extent that it is no longer reasonably or virtually certain, as the case may be, that sufficient income will be available against which deferred tax asset can be realized.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, an asset is created by way of credit to the statement of profit and loss as MAT credit entitlement. The company reviews the same at each balance sheet date and write downs the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to that effect that the company will pay normal Income tax during the specified period.

j) 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.

k) 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.

i) Segmental Reporting

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

m) 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.

n) Leases

Lease of assets where all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease rentals are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

o) 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.



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

2 : Share Capital

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Authorized shares | | |
| 70,000,000 (660,000,000) Equity Shares of Rs 10 each (Re 1 each) | 7000.00 | 6600.00 |
| | 7000.00 | 6600.00 |
| Issued and subscribed shares | | |
| 48,240,000 (482,400,000) Equity Shares of Rs 10 each (Re 1 each) | 4824.00 | 4824.00 |
| | 4824.00 | 4824.00 |
| Paid-up shares | | |
| 48,230,000 (482,300,000) Equity Shares of Rs 10 each (Re 1 each) | 4823.00 | 4823.00 |
| Add: Forfeited shares (Amount originally paid up) | 0.48 | 0.48 |
| | 4823.48 | 4823.48 |

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

| Particulars | 31 st March 2013 | | 31 st March 2012 | |
|---|----------------------------------|----------------|---------------------------------|----------------|
| | No. of shares (Rs 10 each) | Amount | No. of shares (Re 1 each) | Amount |
| Equity shares | | | | |
| At the beginning of the period | 48,230,000 | 4823.00 | 482,300,000 | 4823.00 |
| Outstanding at the end of the period | 48,230,000 | 4823.00 | 482,300,000 | 4823.00 |

During the year, 10 shares of Re 1 were consolidated into 1 share of Rs 10 each in terms of the resolution passed by the shareholders of the company in the Extra Ordinary General Meeting held on 28th April 2012.

Rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10/- per share (P.Y. Re. 1/-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 31st March 2013, the amount of dividend proposed per share to equity shareholders is Rs. 1.00 on share of Rs. 10 each (including Rs. 0.20 as special dividend) (31st March 2012: Re. 0.70 on share of Rs. 10 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.

Shares reserved for issue under option for conversion of Equity Warrants: Refer Note 4 below.

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. 5th January 2011



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

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

| Particulars | 31 st March 2013 | | 31 st March 2012 | |
|---|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | No. of shares (Rs 10 each) | Percentage of holding | No. of shares (Re 1 each) | Percentage of holding |
| Equity shares of Re 1 each fully paid-up | | | | |
| 1 Narit Tradecom Private Limited | 13067156 | 27.09 | 128273850 | 26.60 |
| 2 Aryaman Commerce Private Limited | 5311800 | 11.01 | 53118000 | 11.01 |
| 3 Arvind Kumar B.Shah | 2414561 | 5.01 | 24145619 | 5.01 |
| 4 Arvind Kumar- (HUF) | 2678751 | 5.55 | - | - |

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

3 : Reserves & Surplus

| Particulars | 31 st March 2013 | 31 st March 2012 |
|--|-----------------------------|-----------------------------|
| | Amount | Amount |
| Securities Premium Account | | |
| Balance as per last financial statements | 2977.80 | 2977.80 |
| Revaluation Reserve | | |
| Balance as per last financial statements | 737.50 | - |
| Amount created during the year on account of revaluation of Land | - | 737.50 |
| | 737.50 | 737.50 |
| General Reserve | | |
| Balance as per last financial statements | 740.39 | 546.29 |
| Add: Amount transferred from surplus balance in the statement of profit and loss | 1259.61 | 194.10 |
| | 2000.00 | 740.39 |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last financial statements | 5029.94 | 3813.64 |
| Profit for the year | 4061.69 | 1940.99 |
| | 9091.63 | 5754.63 |

| | | |
|--|-----------------|----------------|
| Less: Appropriations | | |
| Proposed equity dividend [Amount per share Re 1 (31 st March 2012: Rs 0.70) | 482.30 | 337.61 |
| Tax on Proposed equity dividend | 78.24 | 54.77 |
| Dividend for the Year 2010-11 | - | 118.92 |
| Tax on Dividend for the Year 2010-11 | - | 19.29 |
| Transfer to General Reserve | 1259.61 | 194.10 |
| Total appropriations | 1820.15 | 724.69 |
| Net Surplus in the Statement of Profit and Loss | 7271.48 | 5029.94 |
| Total Reserves and surplus | 12986.78 | 9485.63 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

4: Money Received Against Share Warrants

| Particulars | 31 st March 2013 | 31 st March 2012 |
|--|--------------------------------|--------------------------------|
| | Amount | Amount |
| Convertible Equity Warrants | | |
| Money received on allotment of 19,896,000 warrants of Rs.10 each at a premium of Rs.15 each (Received to the extent of 25% of the issue price) | 1243.00 | - |
| Advance money received against the aforesaid warrants, pending conversion into Equity Share (The conversion will take place upon exercise of option for conversion) | 373.25 | - |
| | 1616.25 | - |

The aforesaid warrants are convertible at the option of the allottee into 1 equity share of the company at a premium of Rs 15 per share within 18 months from the date of allotment of 24/01/2013. If the option of conversion is not exercised, the money received on allotment will be forfeited.

Restrictions attached to Warrants

These warrants are issued on preferential basis and are subject to lock-in period as per the guidelines of SEBI in this regard.

5 : Long term borrowings

| Particulars | Total Long Term Borrowings | | Current maturities of long term borrowings | |
|--|--|--|--|--|
| | 31 st March 2013 Amount | 31 st March 2012 Amount | 31 st March 2013 Amount | 31 st March 2012 Amount |
| Term Loans from Banks (Secured) | | | | |
| For Kakkalur Unit | 450.45 | 938.64 | 256.08 | 438.17 |
| For Irrangattukottai Unit | 16875.51 | 18010.00 | 2200.00 | 1500.00 |
| For Betalactum Unit | 12975.31 | 1800.00 | - | - |
| | | | | |
| Hire Purchase Finance (Secured) | | | | |
| From Banks | 25.91 | 13.59 | 7.77 | 5.46 |
| | 30327.18 | 20762.23 | 2463.85 | 1943.63 |
| Less : Amount disclosed under the head "other current liabilities (Note 11)" | 2463.85 | 1943.63 | 2463.85 | 1943.63 |
| | | | | |
| Net amount | 27863.33 | 18818.60 | - | - |

- 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 in 1st April 2016. 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 loans from banks for Irrangattukottai unit are from 3 banks. These loans are repayable in quarterly installments beginning from 30th September 2012, the last installment being payable on 30th 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 Irrangattukottai unit on a pari passu basis. These loans are further guaranteed by personal guarantee of the managing director.

**Notes to the Financial Statements as at and for the year ended 31st March 2013**

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

- c. Term loan from banks for Betalactum unit are from 2 banks. These loans are repayable in quarterly installments beginning from 1st July 2014, the last installment being payable on 1st 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 5th May 2016.

6: Deferred Tax Liabilities (Net)

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Deferred Tax Liability | | |
| Timing difference in relation to depreciation and other Tax Benefits | 3188.85 | 2231.87 |
| Gross Deferred Tax Liability | 3188.85 | 2231.87 |
| Deferred Tax Asset | | |
| Expenses allowable under income tax on payments. | 55.36 | 36.86 |
| Provision for doubtful debts | 0.12 | 0.03 |
| Gross Deferred Tax Assets | 55.48 | 36.89 |
| Net Deferred Tax Liabilities | 3133.37 | 2194.98 |

7 : Other Long Term Liabilities

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Payable against purchase of Capital Assets | 683.61 | 80.04 |
| Trade and other deposits | 50.21 | 51.17 |
| Total | 733.82 | 131.21 |

8 : Long Term Provisions

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Provision for Employee Benefits | | |
| Provision for gratuity (Note 49 d) | 30.68 | 23.00 |
| Total | 30.68 | 23.00 |

9: Short Term Borrowings

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Working Capital Borrowings from Banks (Secured) | 20663.56 | 14680.48 |
| Demand loans form Banks (Secured) | 1000.00 | 450.00 |
| Loans from Related Parties (Unsecured) (Note 41) | - | 120.80 |
| Inter Corporate Loans (Unsecured) | - | 132.57 |
| Loan from Others (Unsecured) | - | 45.90 |
| Total | 21663.56 | 15429.75 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

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.

10 : Trade Payables

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Refer Note 46 for details of dues to micro and small enterprises | | |
| Acceptances | 805.26 | 935.67 |
| Others | 5856.73 | 2913.91 |
| Total | 6661.99 | 3849.58 |

11 : Other Current Liabilities

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Current maturities of long-term borrowings (Note 5) | 2463.85 | 1943.63 |
| Interest accrued but not due on borrowings | 3.52 | 8.16 |
| Interest accrued and due on borrowings | - | 298.92 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| Unpaid dividend | 79.97 | 66.00 |
| Others | | |
| Payable against purchase of capital assets | 434.81 | 1990.42 |
| Statutory dues payable | 164.46 | 221.58 |
| Payable to Employees | 190.96 | 114.27 |
| Others Payable | 422.90 | 182.02 |
| Total | 3760.47 | 4825.00 |

12 : Short term Provisions

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Provision for Employee Benefits | | |
| Provision for Leave Benefits | 48.03 | 33.08 |
| Other provisions | | |
| Provision for Excise Duty | 10.37 | 10.00 |
| Provision for Taxation (Net of advances) | 283.17 | 265.86 |
| Proposed Equity Dividend | 482.30 | 337.61 |
| Provision for tax on proposed Equity Dividend | 78.24 | 54.77 |
| Total | 902.11 | 701.32 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)



13: Tangible assets

| Particulars | Freehold Land | Land on Lease | Buildings | Plant and Equipment | Furniture & Fixtures | Office Equipments | Vehicles | Leasehold Improvements | Total |
|-----------------------------------|--------------------|--------------------|----------------------|------------------------|----------------------|-------------------|------------------|------------------------|------------------------|
| GROSS BLOCK | | | | | | | | | |
| At 1 st April 2012 | 275.04 (275.04) | 232.82 (-) | 4198.08 (771.51) | 20836.26 (4524.58) | 74.91 (56.24) | 75.55 (62.96) | 79.25 (76.52) | 29.40 (29.40) | 25801.31 (5796.15) |
| Additions | - | - | 1220.87 | 5312.18 | 108.86 | 41.44 | 23.65 | - | 6707.00 |
| * Disposals | - | (232.82) | (3133.71) | (15274.89) | (18.67) | (12.69) | (7.20) | - | (18679.98) |
| Other Adjustments | - | - | - | 4731.26 | - | 0.43 | 3.89 | - | 4735.58 |
| | - | - | (-) | (167.19) | (-) | (-) | (4.47) | (-) | (171.66) |
| Borrowing Costs | - | - | - | - | - | - | - | - | - |
| | (-) | (-) | (292.86) | (1203.98) | (-) | (-) | (-) | (-) | (1496.84) |
| At 31 st March 2013 | 275.04 (275.04) | 232.82 (232.82) | 5418.95 (4198.08) | 21417.18 (20836.26) | 183.77 (74.91) | 116.56 (75.55) | 99.01 (79.25) | 29.40 (29.40) | 27772.73 (25801.31) |
| DEPRECIATION | | | | | | | | | |
| Up to 31 st 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) |
| For the year | - | - | 161.24 | 1073.44 | 8.06 | 6.98 | 6.58 | 1.21 | 1257.51 |
| On disposals | - | - | (31.82) | (274.12) | (4.64) | (4.81) | (6.12) | (1.21) | (322.72) |
| | - | - | - | 125.61 | - | 0.12 | 2.05 | - | 127.78 |
| | (-) | (-) | (-) | (80.22) | (-) | (-) | (1.76) | (-) | (81.98) |
| Up to 31 st March 2013 | - | - | 390.51 (229.27) | 2154.99 (1207.16) | 29.81 (21.75) | 53.14 (46.28) | 43.51 (39.98) | 20.10 (18.89) | 2692.06 (1562.33) |
| NET BLOCK | | | | | | | | | |
| At 31 st March 2013 | 275.04 | 232.82 | 5028.44 | 19262.19 | 153.96 | 63.42 | 55.50 | 9.30 | 25080.67 |
| At 31 st March 2012 | (275.04) | (232.82) | (3968.81) | (19629.10) | (53.16) | (29.27) | (40.27) | (10.51) | (24238.98) |

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 Betalectum 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.

*d. Certain Plant & Equipments, capitalized during last year, were returned to the suppliers owing to technical and / or operational issues and accordingly decapitalised during the year. such return has neither affected the operation of the company nor has resulted into any financial or other losses. The company has also replaced these machines with suitable machines and capitalized during the year.



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

14 : Intangible Assets

| Particulars | Computer Software Amount | Total Amount |
|-----------------------------------|--------------------------|--------------|
| GROSS BLOCK | | |
| At 1 st April 2012 | 5.26 | 5.26 |
| Additions | 2.39 | 2.39 |
| At 31 st March 2013 | 7.65 | 7.65 |
| AMORTIZATION | | |
| Up to 31 st March 2012 | 1.78 | 1.78 |
| Charge for the year | 1.20 | 1.20 |
| Up to 31 st March 2013 | 2.98 | 2.98 |
| NET BLOCK | | |
| At 31 st March 2013 | 4.67 | 4.67 |
| At 31 st March 2012 | 3.48 | 3.48 |

15 : Capital Expenditure on New Projects (Pending Allocation)

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|------------------------------------|------------------------------------|
| Land (Including site development cost) | 886.88 | 1119.69 |
| Building under construction | 2665.84 | 3637.95 |
| Machinery under erection | 3912.33 | 17743.42 |
| A | 7465.05 | 22501.06 |
| Incidental Expenditure Pending Allocation to Fixed Assets | | |
| Salary and Staff costs | 106.80 | 89.11 |
| Interest | 690.23 | 1526.09 |
| Management Fees | - | 54.54 |
| Insurance | - | 19.70 |
| Trial Run Expenses | - | 5.11 |
| Other Expenses | 26.62 | 521.63 |
| B | 823.65 | 2216.18 |
| C=A+B | 8288.70 | 24717.24 |
| Less: Interest Income | - | 14.01 |
| Dividend Income on Short Term Investments | - | 21.24 |
| Sales out of Trial Run production | - | 0.96 |
| D | - | 36.21 |
| Balance (C-D) | 8288.70 | 24681.03 |
| Less: Capitalized during the year | 4599.74 | 19827.77 |
| Total | 3688.96 | 4853.26 |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

16 : Non Current Investments

| Particulars | 31 st March 2013 | | 31 st March 2012 | |
|---|-----------------------------|---------------|-----------------------------|---------------|
| | Nos. | Amount | Nos. | Amount |
| Other than Trade (valued at cost) | | | | |
| Unquoted Equity Instruments | | | | |
| Investment in Subsidiary | | | | |
| Equity shares of Rs.10 each fully paid-up in Coronet Labs Private Limited | 1,275,000 | 255.00 | 1,275,000 | 255.00 |
| Aggregate amount of Unquoted Investments | | 255.00 | | 255.00 |

17 : Long term Loans and Advances

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|---------------------------------------|---------------------------------------|
| Capital Advances | | |
| Unsecured, Considered Good | 11491.97 | 272.97 |
| Security Deposits | | |
| Unsecured, Considered Good | 236.04 | 229.09 |
| Other Loans and Advances- Unsecured, Considered Good | | |
| Advance Recoverable | 5.85 | 3.76 |
| Total | 11733.86 | 505.82 |

18 : Other Non Current Assets

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Unsecured, considered good | | |
| Interest Receivable | 2.59 | 1.70 |
| Total | 2.59 | 1.70 |

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

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|---------------------------------------|---------------------------------------|
| Raw Materials | 8263.73 | 5168.87 |
| Packing Materials | 73.79 | 67.79 |
| Work-in-Progress | 3487.75 | 3155.83 |
| Finished Goods (Including goods in transit Rs 75.88) | 214.25 | 272.66 |
| Traded Goods (Including goods in transit Rs 33.14) | 72.98 | 107.23 |
| Total | 12112.50 | 8772.38 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

20 : Trade Receivables

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, Considered Good | 177.07 | 1.71 |
| Unsecured, Considered Doubtful | 0.34 | 0.11 |
| | 177.41 | 1.82 |
| Less: Provision for Doubtful Receivables | 0.34 | 0.11 |
| (A) | 177.07 | 1.71 |
| Other Receivables | | |
| Secured, Considered Good | 12.13 | 9.07 |
| Unsecured, Considered Good | 23963.66 | 16977.42 |
| (B) | 23975.79 | 16986.49 |
| Total (A+B) | 24152.86 | 16988.20 |
| Trade Receivables include: | | |
| Due from Coronet Labs Private Limited (a subsidiary company in which the directors of the company are directors) | - | 3.33 |

21 : Cash and Bank Balances

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Cash and Cash Equivalents | | |
| Cash on hand | 2.83 | 2.07 |
| Balance with Banks: | | |
| On Current Account | 1886.17 | 1866.48 |
| [Including Rs 1795 (Rs 1800) on Trust & Retention Account towards disbursement for new Project] | | |
| Other Bank Balances | | |
| On Unpaid Dividend Account | 79.97 | 66.00 |
| Margin Money Deposit Account | 401.13 | 260.18 |
| Total | 2370.10 | 2194.73 |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

22 : Short Term Loans and Advances

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Advances recoverable in cash or kind | | |
| Unsecured, considered good | 2113.84 | 1187.30 |
| | 2113.84 | 1187.30 |
| Loans to Subsidiary – Coronet Labs Private Limited (a company in which the directors of the company are interested) (Note No 41) | | |
| Not bearing interest | 229.62 | - |
| | | |
| Other Loans and Advances | | |
| Balances with Revenue Authorities | 2360.01 | 1247.50 |
| | 2360.01 | 1247.50 |
| Total | 4703.47 | 2434.80 |

23 : Other Current Assets

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Unsecured, considered good | | |
| Interest accrued on Loans / Deposits | | |
| Due from Coronet Labs Private Limited (a subsidiary in which the directors are interested) (Note 41) | - | 4.84 |
| Due from others | 25.10 | 22.20 |
| Excise Duty Refundable on exports | 39.70 | - |
| Total | 64.80 | 27.04 |

24 : Revenue from Operations

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--------------------------------------|-------------------|-------------------|
| Revenue from Operation | | |
| Sale of Products | | |
| Finished Goods | 70067.46 | 45036.84 |
| Traded Goods | 278.71 | 559.11 |
| | 70346.17 | 45595.95 |
| Other Operating Revenue | | |
| Scrap Sales | 4.82 | 6.13 |
| Excise Duty Refund on Export | 91.01 | - |
| Conversion Charges | 4.26 | - |
| Revenue from Operation(gross) | 70446.26 | 45602.08 |
| | | |
| Less: Excise Duty | 4020.22 | 1939.28 |
| Revenue from Operation(net) | 66426.04 | 43662.80 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

Details of products sold

Finished goods sold

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------|-------------------|-------------------|
| Tablet | 34777.69 | 26888.87 |
| Capsules | 27854.18 | 17174.18 |
| Liquid | 4471.08 | 716.20 |
| Ointment /Powder | 1771.36 | 257.59 |
| Injectables | 923.10 | - |
| Softgel | 270.05 | - |
| Total | 70067.46 | 45036.84 |

Traded goods sold

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-------------------|-------------------|-------------------|
| Tablet | 146.71 | 325.38 |
| Capsules | 2.83 | 220.95 |
| Liquid | 85.31 | 12.78 |
| Ointment / Powder | 43.86 | - |
| Total | 278.71 | 559.11 |

25 : Other Income

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|-------------------|-------------------|
| Interest on Bank deposits | 37.13 | 30.29 |
| Excess Provision written back | 0.47 | 1.02 |
| Exchange Difference (Net) | 14.86 | 2.09 |
| Profit on Sale of Fixed assets (Net) | 3.20 | 4.35 |
| Recovery against provision for doubtful debts | 0.11 | 1.02 |
| Miscellaneous Income | 3.57 | - |
| Total | 59.34 | 38.77 |

26 : Cost of Material Consumed

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| Raw Materials | | |
| Inventory at the beginning of the year | 5168.87 | 2775.47 |
| Add: purchases | 49474.75 | 35468.73 |
| | 54643.62 | 38244.20 |
| Less: Sales | 29.87 | 51.39 |
| : Inventory at the end of the year | 8263.73 | 5168.87 |
| | 8293.60 | 5220.26 |
| Raw Materials consumed (A) | 46350.02 | 33023.94 |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

| Packing Materials | | |
|---|-----------------|-----------------|
| Inventory at the beginning of the year | 67.79 | 69.78 |
| Add: purchases | 3153.68 | 1743.57 |
| | 3221.47 | 1813.35 |
| Less : Inventory at the end of the year | 73.79 | 67.79 |
| Packing Materials consumed (B) | 3147.68 | 1745.56 |
| Material Consumed (A+B) | 49497.70 | 34769.50 |

Details of Raw Material Consumed

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------------------|---------------------------|---------------------------|
| Antibiotics & Antibacterials | 14483.23 | 11521.59 |
| Antitubercular | 2263.97 | 542.33 |
| Antimicrobials | 13519.88 | 11256.51 |
| Others | 16082.94 | 9703.51 |
| Total | 46350.02 | 33023.94 |

Details of Inventory

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------------------|---------------------------|---------------------------|
| Raw materials | | |
| Antibiotics & Antibacterials | 960.70 | 1005.91 |
| Antimicrobials | 407.62 | 597.61 |
| Others | 6895.41 | 3565.35 |
| Total | 8263.73 | 5168.87 |

27 : Details of Purchase of Traded Goods

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--------------------|---------------------------|---------------------------|
| Tablet | 364.01 | 317.99 |
| Capsules | 4.42 | 206.32 |
| Liquid | 75.51 | 54.09 |
| Ointment /Powder | 6.59 | 36.08 |
| Total | 450.53 | 614.48 |

28 : (Increase)/Decrease in Inventories

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|---------------------------|---------------------------|
| Inventories at the end of the year | | |
| Traded Goods | 72.98 | 107.23 |
| Work-in-Progress | 3487.75 | 3155.83 |
| Finished Goods | 214.25 | 272.66 |
| A | 3774.98 | 3535.72 |
| Inventories at the beginning of the year | | |
| Traded Goods | 107.23 | 2.29 |
| Work-in-Progress | 3155.83 | 2654.22 |
| Finished Goods | 272.66 | 209.67 |
| B | 3535.72 | 2866.18 |
| (Increase) in inventories (B-A) | (239.26) | (669.54) |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

Details of Inventories

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-------------------------|---------------------------|---------------------------|
| Traded goods | | |
| Tablet | 39.03 | 22.40 |
| Capsules | 6.04 | 4.18 |
| Liquid | 22.55 | 44.57 |
| Ointment / Powder | 5.36 | 36.08 |
| | 72.98 | 107.23 |
| Work-in-progress | | |
| Tablet | 2145.81 | 1322.15 |
| Capsules | 1308.94 | 1570.17 |
| Liquid | 33.00 | 258.44 |
| Ointment/Powder | - | 5.07 |
| Total | 3487.75 | 3155.83 |
| Finished Goods | | |
| Tablet | 146.44 | 181.68 |
| Capsules | 14.36 | 76.12 |
| Liquid | 48.82 | 8.24 |
| Ointment / Powder | 4.63 | 6.62 |
| Total | 214.25 | 272.66 |

29 : Employee Benefit Expenses

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|---------------------------|---------------------------|
| Salaries, Wages, Bonus, Incentives & Leave Pay | 1180.93 | 808.55 |
| Contribution to Provident and other Funds | 86.54 | 58.88 |
| Gratuity (Note 49 a) | 25.92 | 16.98 |
| Staff Welfare Expenses | 50.84 | 23.65 |
| Total | 1344.23 | 908.06 |

30 : Finance Costs

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|---------------------------|---------------------------|
| Interest | 6072.97 | 3688.74 |
| Finance Charges | 381.77 | 300.00 |
| | 6454.74 | 3988.74 |
| Less: Transfer to Capital Expenditure on New Project / Fixed Assets | 535.92 | 1216.35 |
| Total | 5918.82 | 2772.39 |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

31 : Depreciation and Amortization Expenses

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-----------------------------------|-------------------|-------------------|
| Depreciation of Tangible Assets | 1257.51 | 322.72 |
| Amortization of Intangible Assets | 1.20 | 0.88 |
| Total | 1258.71 | 323.60 |

32 : Other Expenses

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---------------------------------------|-------------------|-------------------|
| Stores and Spares Consumed | 69.97 | 38.13 |
| Power and Fuel | 334.88 | 107.38 |
| Freight and Forwarding charges | 189.40 | 120.19 |
| Rent | 41.84 | 35.08 |
| Rates and Taxes | 0.54 | 0.42 |
| Insurance | 20.02 | 12.79 |
| Repair and Maintenance | | |
| Plant and Machinery | 19.01 | 11.50 |
| Building | 11.90 | 4.72 |
| Others | 39.41 | 40.32 |
| Testing Fees & Lab Chemicals | 56.40 | 33.27 |
| Advertising and Sales promotion | 116.18 | 73.98 |
| Brokerage and Commission | 74.83 | 30.55 |
| Liquidated damages for delayed supply | 155.40 | 186.42 |
| Travelling and Conveyance | 243.53 | 177.01 |
| Legal and Professional fees | 37.78 | 43.27 |
| R & D Expenses | 14.43 | 13.42 |
| Directors' Sitting Fees | 1.91 | 1.35 |
| Payment to Auditor | | |
| As Auditors | 10.00 | 8.00 |
| In other capacity for Certificates | 5.15 | 2.40 |
| Managerial Commission | 280.00 | 156.53 |
| Bad Debts written off | - | 1.02 |
| Provision for Doubtful Debts | 0.34 | 0.11 |
| Loss on sale of Fixed Assets(net) | - | 0.94 |
| Prior Period Expenses (net) | 23.59 | 8.73 |
| Miscellaneous Expenses | 253.06 | 154.30 |
| Total | 1999.57 | 1261.83 |



Notes to the Financial Statements as at and for the year ended 31st March 2013

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

33. During the previous year the company has acquired 12,75,000 equity shares (representing 63.75% of the share capital) of Coronet Labs Private Limited (CLPL) to make it a subsidiary of the company. In respect of acquisition of the remaining shares of CLPL, the company is taking necessary steps to acquire the same.
34. During the year, the commencement of commercial production at its new unit at State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT) at Irrangattukottai has been completed.
In respect of the new project to manufacture Betalactum products at Kakkalur, the company has incurred Rs 3688.96 till 31st March 2013 (Rs 1749.13), which has been included under Capital Expenditure on New Projects.
35. The tax payable under normal provisions of Income Tax Act, 1961 being lower than the tax payable as Minimum Alternate Tax (MAT) in terms of Section 115JB, provision for taxation for the year has been made as MAT, a part of which will be available as tax credit for set-off in future.
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.
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 (net of advances) Rs. 3940.51 (Previous Year Rs. 1556.00).
38. **Contingent liabilities**
Outstanding Bank Guarantees Rs. 238.21 (Previous year Rs. 157.31)
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. 41.84 (Previous year Rs. 35.08). There are no amount payable in respect of non cancelable lease

41. Related Party Disclosures

| | |
|---|--|
| (a) Key Managerial Personnel | |
| Dr. B Arvind Shah | Managing Director |
| Dr. Chandra Ravindran | Whole Time Director |
| Mr. Ankur Agarwal | Executive Director (w.e.f. 18.04.2012) |
| Mr. Raghuveer | Executive Director (from 28.04.2012 to 03.12.2012) |
| (b) Relative of Key Managerial Personnel | |
| Mrs. Baby Rani | |
| Mrs. Dipti Kumari Jain | |
| Mr. Anand A Shah | |
| (c) Subsidiary Company | |
| Coronet Labs Private Limited | |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

| (d) Transaction with related party during the year and balance outstanding at the year end : | | | | | | |
|---|---------------------------------|----------------|-------------------|----------------|------------------------------------|----------------|
| Particulars | Key Managerial Personnel | | Subsidiary | | Relatives of Key Managerial | |
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Salaries and Bonus | 80.11 | 46.50 | --- | --- | 19.04 | 17.52 |
| Contribution to Provident & other Funds | 6.09 | 3.77 | --- | --- | 1.21 | 1.12 |
| Commission | 280.00 | 156.53 | --- | --- | --- | --- |
| Total | 366.20 | 206.80 | --- | --- | 20.25 | 18.64 |
| Purchase of goods | --- | --- | 3.36 | --- | --- | --- |
| Sale of goods | --- | --- | 22.06 | 49.77 | --- | --- |
| Loan given during the year | --- | --- | 896.34 | 125.00 | --- | --- |
| Loan realized during the year | --- | --- | 693.59 | 125.00 | --- | --- |
| Loan repaid during the year | Nil | Nil | --- | --- | 122.75 | 0.20 |
| Loan taken during the year | Nil | Nil | --- | --- | --- | 121.00 |
| Interest on Loan given | --- | --- | --- | 4.84 | 10.90 | --- |
| Interest on Loan taken | --- | --- | --- | --- | --- | 1.95 |
| Money received against Share Warrants and outstanding at the year end | 54.50 | --- | --- | --- | 138.00 | --- |
| Balance payable at the year end | 179.48 | 93.16 | --- | --- | --- | 122.75 |
| Balance receivable at the year end | --- | --- | 229.62 | 8.17 | --- | --- |

42. Earning Per Share

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-----------------------|-----------------------|
| Net Profit as per Statement of Profit and Loss | 4061.69 | 1940.99 |
| Number of shares considered as weighted average shares outstanding (in lacs) | 482.30 | 4823 |
| Number of shares considered as weighted average shares outstanding post conversion of warrants (in lacs) | 681.26 | 4823 |
| Nominal value per Share (in Rs.) | 10 | 1 |
| Basic Earning per Share (in Rs.) | 8.42 | 0.40 |
| Diluted Earning per Share (in Rs.) | 5.96 | 0.40 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

43. Disclosure pursuant to clause 32 of the listing agreement

| Details of Loan given to Subsidiary Company in the nature of loans | | |
|--|-----------------------------|---|
| Particulars | Outstanding at the year end | Maximum amount of outstanding during the year |
| Coronet Labs Private Limited | 229.62 (4.84) | 652.78 (125.00) |

Note: The loan during the year is not bearing interest. In the previous year it was with interest.

44. Auditor's Remuneration (including service tax)

| Particulars | 2012-13 Amount | 2011-2012 Amount |
|-----------------|-------------------|---------------------|
| Statutory Audit | 11.24 | 8.99 |
| Other Services | 5.79 | 2.65 |
| Total | 17.03 | 11.64 |

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 |
|-------------------|--------------------------------------|------------------|
| Trade Receivables | US \$ 46667.62 (US \$ 141184.03) | 25.37 (71.59) |
| Trade Payables | US \$ 42450.00 (Euro 8200.00) | 23.06 (5.65) |
| Capital Creditors | US \$ 283000.00 (-) | 153.75 (-) |

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. No interest in terms of such Act has either been paid or provided during the year.

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 | 2012-13 Amount | 2011-12 Amount |
|----------------|-------------------|-------------------|
| Export Sales | 1376.79 | 856.53 |
| Domestic Sales | 68969.38 | 44739.42 |
| Total | 70346.17 | 45595.95 |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

48. Expenditure on Scientific Research

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| Capital Expenditure | 4.85 | 393.13 |
| Revenue Expenditure (including depreciation) | 203.55 | 175.48 |
| Total | 208.40 | 568.61 |

49. Employee Benefits

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| a) Expenses recognized in Statement of Profit and Loss | | |
| 1 Current Service Cost | 13.21 | 9.90 |
| 2 Interest Cost | 6.50 | 5.02 |
| 3 Expected return on plan assets | (6.49) | (4.37) |
| 4 Actuarial Losses/ (Gains) | 12.70 | 6.43 |
| 5 Total Expenses recognised in the Statement of Profit & Loss | 25.92 | 16.98 |

| b) Change in Defined Benefit Obligation (DBO) during the year | 31-03-2013 Amount | 31-03-2012 Amount |
|---|----------------------|----------------------|
| 1) Present value DBO at the beginning of the period | 81.30 | 62.74 |
| 2) Current Service Cost | 13.21 | 9.90 |
| 3) Interest Cost | 6.50 | 5.02 |
| 4) Actuarial (Gains) / Losses | 12.70 | 6.43 |
| 5) Benefits Paid | (2.81) | (2.79) |
| 6) Present value of DBO at the end of Period | 110.90 | 81.30 |

| c) Change in Fair Values of Assets during the year | 31-03-2013 Amount | 31-03-2012 Amount |
|--|----------------------|----------------------|
| 1) Plan assets at the beginning of period | 58.30 | 41.15 |
| 2) Expected Return on Plan Assets | 6.49 | 4.37 |
| 3) Actuarial Gains / (Losses) | — | — |
| 4) Actual Company Contribution | 18.24 | 15.57 |
| 5) Benefits paid | (2.81) | (2.79) |
| 6) Plan Assets at the end of the period | 80.22 | 58.30 |



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

| d) | Net Asset / (Liability) recognized in Balance Sheet | 31-03-2013 | 31-03-2012 |
|-----------|---|-------------------|-------------------|
| 1 | Present Value of Defined benefit obligation at the year end | 110.90 | 81.30 |
| 2 | Fair Value of plan assets at the year end | 80.22 | 58.30 |
| 3 | Net Asset / (Liability) recognized in Balance Sheet | (30.68) | (23.00) |

| e) | Actuarial Assumptions | 31-03-2013 | 31-03-2012 |
|-----------|--|--------------------|-------------------|
| 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) | |

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 2013-14

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

| Particulars | 2012-13 Amount | 2011-12 Amount | 2010-11 Amount | 2009-10 Amount | 2008-09 Amount |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Defined Benefit Obligations | 110.90 | 81.30 | 62.74 | 41.72 | 37.56 |
| Fair Value of Plan Assets | 80.22 | 58.30 | 41.15 | 10.14 | 12.23 |
| Deficit | 30.68 | 23.00 | 21.59 | 31.58 | 25.33 |

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

| | 2012-13 | | 2011-12 | |
|----------------------------|-----------------|-------------------|-----------------|-------------------|
| | Amount | Percentage | Amount | Percentage |
| Raw Materials | | | | |
| Imported | 87.17 | 0.19 | 62.85 | 0.19 |
| Indigenous | 46262.85 | 99.81 | 32961.09 | 99.81 |
| Total | 46350.02 | 100.00 | 33023.94 | 100.00 |
| Stores & Spares | | | | |
| Imported | 11.96 | 17.09 | - | - |
| Indigenous | 58.01 | 82.91 | 38.13 | 100.00 |
| Total | 69.97 | 100.00 | 38.13 | 100.00 |



ARVIND



Notes to the Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

51. Value of Imports calculated on CIF basis

| Particulars | 2012-13 Amount | 2011-12 Amount |
|----------------------|-------------------|-------------------|
| Raw Materials | 79.70 | 51.31 |
| Capital Goods | 253.93 | 311.37 |
| Stores & Spare Parts | 10.19 | - |
| Total | 343.82 | 362.68 |

52. Earnings in Foreign Exchange

| Particulars | 2012-13 Amount | 2011-12 Amount |
|----------------------|-------------------|-------------------|
| FOB Value of Exports | 1312.80 | 856.53 |

53. Expenditure in foreign currency on account of :

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--------------------|-------------------|-------------------|
| Traveling Expenses | 28.94 | 13.45 |
| Professional Fees | 9.89 | - |
| Other Expenses | 1.33 | - |

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

| Particulars | Balance as at 1.4.2012 Amount | Additions during the year Amount | Utilised during the year Amount | Balance as at 31.3.2013 Amount |
|------------------------------|-------------------------------------|--|---------------------------------------|--------------------------------------|
| Provision for Excise duty | 10.00 (6.85) | 10.37 (10.00) | 10.00 (6.85) | 10.37 (10.00) |

55. Previous year's figures

Previous year's figures, which are given in bracket, have been regrouped or rearranged wherever necessary.

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: 325197E

R. K. Bagri
Partner
Membership No: 51956
Chennai, May 15, 2013

For and on behalf of the Board of Directors

Dr. B. Arvind Shah
Managing Director

Dr. Chandra Ravindran
Director

P. R. Krishnan
Company Secretary

G. Ramachandran
Chief Financial Officer



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

| PARTICULARS | CORONET LABS PRIVATE LIMITED |
|--|-------------------------------------|
| a) Financial year ended | 31 st March 2013 |
| Country of incorporation | India |
| Share Capital (In lacs) | 200 |
| Share application money | - |
| Reserves | 622.74 |
| Minority interest | 297.99 |
| Loan funds | 301.24 |
| Current Liabilities & Provisions | 1692.67 |
| Deferred tax liability | 39.05 |
| Total liabilities | 2855.70 |
| Net Fixed Assets | 62.56 |
| Investments | - |
| Current Assets, Loans & Advances | 2234.14 |
| Debit Balance in Profit & Loss Account | - |
| Deferred tax Asset | - |
| Misc. expenditure | - |
| Total Assets | 2855.70 |
| Revenue income | 4188.91 |
| Profit/ (Loss) before taxation | 544.62 |
| Deferred Tax Credit | - |
| Provision for taxationcurrent | - |
| Deferred | (12.62) |
| Fringe Benefit Tax | - |
| Profit (Loss) after taxation | 434.45 |
| Proposed Dividend | - |
| Total investments | Nil |

| b) Particulars | Coronet Labs Private Limited |
|---|-------------------------------------|
| Financial year of the subsidiary ended on | 31 st March 2013 |
| Date from which it became subsidiary | 18 th December 2011 |
| Shares of subsidiary company held on the above date and extent of holding | |
| a) Equity Shares (Nos) | 12,75,000 |
| ii) Extent of holding (%) | 63.75% |
| Net aggregate amount of profit/ (Losses) of the subsidiary for the above financial year so far as they concern members of Arvind Remedies Limited | |
| b) Dealt with (Rs. in lacs) | 276.96 |
| ii) Not dealt with (Rs. in lacs) | 157.49 |
| 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 (Rs. lacs) | 146.06 |
| ii) Not dealt with (Rs. lacs) | 82.65 |



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of ARVIND REMEDIES LIMITED

We have audited the accompanying Consolidated financial statements of **ARVIND REMEDIES LIMITED (the Company) and its subsidiary**, which comprise the consolidated Balance Sheet as at March 31st 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Company as at March 31st, 2013.
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date ; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date

Doshi, Chatterjee, Bagri & Co.

Chartered Accountants

Firm Regn. No.: 325197E

R. K. BAGRI

Partner

Membership No. 51956

Chennai, May 15, 2013



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013
(All amounts are in Lacs of Rupees unless otherwise stated)

| Particulars | Note No. | As At March 31, 2013 Rs in lacs | As At March 31, 2012 Rs in lacs |
|--|----------|------------------------------------|------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 4823.48 | 4823.48 |
| Reserves and Surplus | 3 | 13384.03 | 9605.92 |
| Money Received against Share Warrants | 4 | 1616.25 | — |
| | | 19823.76 | 14429.40 |
| Minority Interest | | | |
| | | 297.99 | 140.50 |
| Non-current Liabilities | | | |
| Long-term Borrowings | 5 | 27964.89 | 18948.40 |
| Deferred Tax Liabilities (Net) | 6 | 3172.42 | 2246.65 |
| Other Long Term Liabilities | 7 | 928.35 | 214.82 |
| Long-term Provisions | 8 | 35.83 | 23.00 |
| | | 32101.49 | 21432.87 |
| Current Liabilities | | | |
| Short-term Borrowings | 9 | 22369.64 | 16164.59 |
| Trade Payables | 10 | 7175.17 | 4907.83 |
| Other Current Liabilities | 11 | 4004.01 | 4940.35 |
| Short-term Provisions | 12 | 886.35 | 757.49 |
| | | 34435.17 | 26770.26 |
| Total | | 86658.41 | 62773.03 |
| ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 13 | 25670.77 | 24800.05 |
| Intangible Assets | 14 | 132.93 | 130.98 |
| Capital Work-in-progress | | 11.90 | 7.16 |
| Expenditure on New Projects (pending allocation) | 15 | 3688.96 | 4853.26 |
| Long-term Loans and Advances | 16 | 11759.02 | 514.46 |
| Other Non-current Assets | 17 | 2.59 | 2.84 |
| | | 41266.17 | 30308.75 |
| Current Assets | | | |
| Inventories | 18 | 12505.19 | 8940.48 |
| Trade Receivables | 19 | 25874.29 | 18748.97 |
| Cash and Bank Balances | 20 | 2426.71 | 2264.30 |
| Short-term Loans and Advances | 21 | 4520.65 | 2488.33 |
| Other Current Assets | 22 | 65.40 | 22.20 |
| | | 45392.24 | 32464.28 |
| Total | | 86658.41 | 62773.03 |
| Summary of Significant Accounting Policies | 1 | | |

The notes referred to above form an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date.

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 15, 2013

Dr. B. Arvind Shah
Managing Director

Dr. Chandra Ravindran
Director

P. R. Krishnan
Secretary

G. Ramachandran
Chief Financial Officer



ARVIND



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in Lacs of Rupees unless otherwise stated)

| Particulars | Note No. | 2012-13 Rs in lacs | 2011-12 Rs in lacs |
|--|----------|-----------------------|-----------------------|
| INCOME | | | |
| Revenue from Operations (Gross) | 23 | 74631.81 | 48712.20 |
| Less: Excise Duty | | 4020.22 | 1939.28 |
| Revenue from Operations (Net) | | 70611.59 | 46772.92 |
| Other Income | 24 | 77.73 | 57.53 |
| TOTAL REVENUE | | 70689.32 | 46830.45 |
| EXPENSES | | | |
| Cost of Materials Consumed | 25 | 50655.14 | 35923.64 |
| Purchase of Traded goods | 26 | 2510.43 | 1697.43 |
| (Increase) /Decrease in Inventories of Finished Goods, Work-in Progress and Traded Goods | 27 | (428.32) | (659.80) |
| Employee Benefits Expenses | 28 | 1564.80 | 1061.16 |
| Finance Costs | 29 | 6029.90 | 2896.35 |
| Depreciation and Amortization Expense | 30 | 1297.71 | 383.88 |
| Other Expenses | 31 | 2259.96 | 1501.31 |
| TOTAL EXPENSES | | 63889.62 | 42803.97 |
| Profit before Exceptional and Extraordinary Items and Tax | | 6799.70 | 4026.48 |
| Exceptional items | | - | - |
| Profit before Extraordinary Items and Tax | | 6799.70 | 4026.48 |
| Extraordinary Items | | - | - |
| Profit Before Tax | | 6799.70 | 4026.48 |
| Tax Expenses | | | |
| Current Tax | | 1370.00 | 818.00 |
| MAT Credit Entitlement | | - | (9.39) |
| Deferred Tax | | 925.77 | 1052.69 |
| Tax adjustments for earlier year | | 7.79 | (4.52) |
| Total Tax Expenses | | 2303.56 | 1856.78 |
| Profit for the Year | | 4496.14 | 2169.70 |
| Less: Minority Interest | | 157.49 | 82.65 |
| Total Profit for the Year | | 4338.65 | 2087.05 |
| Earning per Equity Share [Nominal Value of Share Rs 10 (31 March 2012:Re 1)] | 41 | | |
| Basic - Rs. | | 9.00 | 0.43 |
| Diluted - Rs. | | 6.37 | 0.43 |
| Summary of Significant Accounting Policies | 1 | | |

The notes referred to above form an integral part of the Financial Statements.
This is the statement of Profit and Loss referred to in our report of even date.

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 15, 2013

Dr. B. Arvind Shah
Managing Director

Dr. Chandra Ravindran
Director

P. R. Krishnan
Secretary

G. Ramachandran
Chief Financial Officer



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in Lacs of Rupees unless otherwise stated)

| Particulars | 2012-13 | | 2011-12 | |
|--|-------------|-------------------|-------------|-------------------|
| | Rs. In Lacs | | Rs. In Lacs | |
| A Cash flow from operating activities | | | | |
| Net profit before Taxation | | 6799.70 | | 4026.48 |
| Adjustment for :- | | | | |
| Depreciation | 1297.71 | | 383.88 | |
| (Profit) / Loss on sale of Fixed Assets | 1.11 | | (3.41) | |
| Interest Expense (Net of Capitalisation) | 5640.70 | | 2586.24 | |
| Interest Income | (38.06) | | (29.00) | |
| Provision for doubtful receivables | 0.34 | 6901.80 | 0.11 | 2937.82 |
| Operating Profit before Working Capital changes | | 13701.50 | | 6964.30 |
| Adjustments for :- | | | | |
| (Increase) in Trade and Other Receivables | (9213.93) | | (4972.97) | |
| (Increase) in Inventories | (3564.71) | | (3040.43) | |
| Increase in Trade and Other Payables | 1796.92 | (10981.72) | 2261.04 | (5752.36) |
| Cash flow / (Outflow) from Operations | | 2719.78 | | 1211.94 |
| Direct taxes paid (net of refunds) | | (1432.66) | | (610.19) |
| Net cash (used) / from operating activities | A | 1287.12 | A | 601.75 |
| B Cash flow from investing activities | | | | |
| Purchase of Fixed Assets / Expenses on new projects / Capital Advances | (16843.94) | | (15688.83) | |
| Proceeds from sale of Fixed Assets | 4613.02 | | 93.09 | |
| Acquisition of shares in subsidiary company | - | | (255.00) | |
| Interest Received | 33.67 | | 30.96 | |
| Net cash used in Investing Activities | B | (12197.25) | B | (15819.78) |
| C Cash flow from financing activities | | | | |
| Proceeds from Working Capital Borrowings | 6204.99 | | 5567.08 | |
| Proceeds from Long Term Borrowings | 9579.67 | | 12457.25 | |
| Proceeds from Issue of Share Warrants | 1616.25 | | - | |
| Interest paid | (5949.96) | | (2323.11) | |
| Dividends paid (including Tax on dividends) | (378.41) | | (389.88) | |
| Net cash from financing activities | C | 11072.54 | C | 15311.34 |
| Net increase in cash and cash equivalent (A+B+C) | | 162.41 | | 93.31 |
| Add: Cash and cash equivalent at beginning of the year | | 2264.30 | | 2078.59 |
| Add: Arising on acquisition of subsidiary | | - | | 92.40 |
| Cash and cash equivalent at end of the year | | 2426.71 | | 2264.30 |



ARVIND



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(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 (Note 20).
3. Previous year's figures have been regrouped / reclassified wherever necessary.

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 15, 2012

For and on behalf of the Board of Directors

Dr. B. Arvind Shah
Managing Director

Dr. Chandra Ravindran
Director

P. R. Krishnan
Secretary

G. Ramachandran
Chief Financial Officer



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(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 31st March 2013 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 except for revaluation of certain fixed assets 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.

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of financial statements and income and expenses for the reporting period. Estimates and assumptions are reviewed on an ongoing basis.

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 or revalued amount, as the case may be. Fixed assets are classified as tangible and intangible assets.



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

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.

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.

Depreciation on additions / disposals during the year is provided on pro-rata basis with reference to the date of addition / disposal.

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.

d) 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.

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

e) 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. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

f) 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 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. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete the sale.

g) Employee benefits

Long Term Benefits

(i) The company has a defined benefit plan for Post-employment benefit in the form of Gratuity for all employees. In case of Holding Company, it 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 company presents its gratuity liability as current and non-current based on actuarial valuation. The fair value of the plan asset, wherever funded, is reduced from the



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

gross obligation to disclose the obligation on net basis in the Balance Sheet. Actuarial gains / losses are also recognized in the Statement of Profit & Loss of the year.

In case of subsidiary company, the valuation has been carried out by an actuary and it is yet to be funded.

- (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.

h) 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.

i) Taxation

Tax expense comprises of current tax and deferred tax charge or release. Current income- tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year's 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 the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. Deferred tax asset arising on account of unabsorbed depreciation or carry forward tax losses are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company write downs the carrying amount of a deferred tax asset to the extent that it is no longer reasonably or virtually certain, as the case may be, that sufficient income will be available against which deferred tax asset can be realized.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, an asset is created by way of credit to the statement of profit and loss as MAT credit entitlement. The company reviews the same at each balance sheet date and write downs the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to that effect that the company will pay normal Income tax during the specified period.

j) 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.



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

k) Segmental Reporting

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

l) Earnings Per Share

Basic earnings per share is 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.

m) Leases

Lease of assets where all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease rentals are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

n) 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.

2: Share Capital

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|---------------------------------------|---------------------------------------|
| Authorized shares | | |
| 70,000,000 (660,000,000) Equity Shares of Rs 10 each (Re 1 each) | 7000.00 | 6600.00 |
| | 7000.00 | 6600.00 |
| Issued and subscribed shares | | |
| 48,240,000 (482,400,000) Equity Shares of Rs 10 each (Re 1 each) | 4824.00 | 4824.00 |
| | 4824.00 | 4824.00 |
| Paid-up shares | | |
| 48,230,000 (482,300,000) Equity Shares of Rs 10 each (Re 1 each) | 4823.00 | 4823.00 |
| Add: Forfeited shares (Amount originally paid up) | 0.48 | 0.48 |
| | 4823.48 | 4823.48 |

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

| Particulars | 31 st March 2013 | | 31 st March 2012 | |
|---|-----------------------------|----------------|-----------------------------|----------------|
| | No. of shares (Rs 10 each) | Amount | No. of shares (Re 1 each) | Amount |
| Equity shares | | | | |
| At the beginning of the period | 48,230,000 | 4823.00 | 482,300,000 | 4823.00 |
| Outstanding at the end of the period | 48,230,000 | 4823.00 | 482,300,000 | 4823.00 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

During the year, 10 shares of Re 1 were consolidated into 1 share of Rs 10 each in terms of the resolution passed by the shareholders of the company in the Extra Ordinary General Meeting held on 28th April 2012.

Rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10/- per share (P.Y. Re. 1/-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 31st March 2013, the amount of dividend proposed per share to equity shareholders is Re 1.00 on share of Rs 10 each (including Rs 0.20 as special dividend) (31st March 2012: Re .70 on share of Rs 10 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.

Shares reserved for issue under option for conversion of Equity Warrants: Refer Note 4 below.

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. 5th January 2011.

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

| Particulars | 31 st March 2013 | | 31 st March 2012 | |
|---|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | No. of shares | Percentage of holding | No. of shares | Percentage of holding |
| Equity shares of Re 1 each fully paid-up | | | | |
| 1 Narit Tradecom Private Limited | 13067156 | 27.09 | 128273850 | 26.60 |
| 2 Aryaman Commerce Private Limited | 5311800 | 11.01 | 53118000 | 11.01 |
| 3 Arvind Kumar B.Shah | 2414561 | 5.01 | 24145619 | 5.01 |
| 4 Arvind Kumar- (HUF) | 2678751 | 5.55 | - | - |

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

3 : Reserves & Surplus

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|------------------------------------|------------------------------------|
| Securities Premium Account | | |
| Balance as per last financial statements | 2977.80 | 2977.80 |
| | 2977.80 | 2977.80 |
| Revaluation Reserve | | |
| Balance as per last financial statements | 737.50 | - |
| Amount created during the year on account of revaluation of Land | - | 737.50 |
| | 737.50 | 737.50 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

| | | |
|---|-----------------|----------------|
| General Reserve | | |
| Balance as per last financial statements | 740.39 | 546.29 |
| Add: Amount transferred from surplus balance in the statement of profit and loss | 1259.61 | 194.10 |
| | 2000.00 | 740.39 |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last financial statements | 5150.23 | 3813.64 |
| Add: Balance as per last financial statements of the subsidiary acquired during the year (net of minority interest) | - | (25.77) |
| Profit for the year | 4338.65 | 2087.05 |
| | 9488.88 | 5874.92 |
| Less: Appropriations | | |
| Proposed equity dividend [Amount per share Re 1 (31 st March 2012: Rs 0.70)] | 482.30 | 337.61 |
| Tax on Proposed equity dividend | 78.24 | 54.77 |
| Dividend for the year 2010-11 | - | 118.92 |
| Tax on Dividend for the year 2010-11 | - | 19.29 |
| Transfer to General Reserve | 1259.61 | 194.10 |
| Total appropriations | 1820.15 | 724.69 |
| Net Surplus in the Statement of Profit and Loss | 7668.73 | 5150.23 |
| Total | 13384.03 | 9605.92 |

4: Money Received Against Share Warrants

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|---------------------------------------|---------------------------------------|
| Convertible Equity Warrants | | |
| Money received on allotment of 19,896,000 warrants of Rs.10 each at a premium of Rs.15 each (Received to the extent of 25% of the issue price) | 1243.00 | - |
| Advance money received against the aforesaid warrants, pending conversion into Equity Share (The conversion will take place upon exercise of option for conversion) | 373.25 | - |
| Total | 1616.25 | - |

The aforesaid warrants are convertible at the option of the allottee into 1 equity share of the company at a premium of Rs 15 per share within 18 months from the date of allotment of 24/01/2013. If the option of conversion is not exercised, the money received on allotment will be forfeited.

Restrictions attached to Warrants

These warrants are issued on preferential basis and are subject to lock-in period as per the guidelines of SEBI in this regard



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

5 : Long term borrowings

| Particulars | Total Long Term Borrowings | | Current maturities of long term borrowings | |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|
| | 31 st March 2013 Amount | 31 st March 2012 Amount | 31 st March 2013 Amount | 31 st March 2012 Amount |
| Term Loans from Banks (Secured) | | | | |
| For Kakkalur Unit | 450.45 | 938.64 | 256.08 | 438.17 |
| For Irangattukottai Unit | 16875.51 | 18010.00 | 2200.00 | 1500.00 |
| For Betalactum Unit | 12975.31 | 1800.00 | - | - |
| Medium Term Loans | 192.64 | 168.47 | 91.08 | 44.04 |
| Hire Purchase Finance (Secured) | | | | |
| From Banks | 31.09 | 24.42 | 12.95 | 14.91 |
| From Others | 0.19 | 3.99 | 0.19 | |
| | 30525.19 | 20945.52 | 2560.30 | 1997.12 |
| Less : Amount disclosed under the head "other current liabilities (Note 11)" | 2560.30 | 1997.12 | 2560.30 | 1997.12 |
| Net amount | 27964.89 | 18948.40 | - | - |

- 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 in 1st April 2016. 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 loans from banks for Irangattukottai unit are from 3 banks. These loans are repayable in quarterly installments beginning from 30th September 2012, the last installment being payable on 30th 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 1st July 2014, the last installment being payable on 1st 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.
- Term loans from bank, comprising of 2 loans are repayable in monthly installments from the date of loan, the last installment being payable by 30th June 2016. These loans are secured by first charge on the fixed assets and second charge on the current assets of the 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 5th May 2016 in case of Bank and April 2013 in case of financing from others.



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

6 : Deferred Tax Liabilities (Net)

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Deferred Tax Liability | | |
| Timing difference in relation to depreciation and other Tax Benefits | 3229.74 | 2283.54 |
| Gross Deferred Tax Liability | 3229.74 | 2283.54 |
| Deferred Tax Asset | | |
| Expenses allowable under Income tax on payments. | 57.20 | 36.86 |
| Provision for doubtful debts | 0.12 | 0.03 |
| Gross Deferred Tax Assets | 57.32 | 36.89 |
| Net Deferred Tax Liabilities | 3172.42 | 2246.65 |

7 : Other Long Term Liabilities

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Payable against purchase of Capital Assets | 683.61 | 80.04 |
| Trade and other deposits | 54.18 | 134.78 |
| Trade Payables | 190.56 | - |
| Total | 928.35 | 214.82 |

8 : Long Term Provisions

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Provision for Employee Benefits | | |
| Provision for gratuity (Note 47d) | 35.83 | 23.00 |
| Total | 35.83 | 23.00 |

9 : Short Term Borrowings

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Working Capital Borrowings from Banks (Secured) | 21267.84 | 15313.58 |
| Demand loans form Banks (Secured) | 1000.00 | 450.00 |
| Loans from Related Parties (Unsecured, not bearing interest) (Note 40) | 101.80 | 222.54 |
| Inter Corporate Loans (Unsecured) | - | 132.57 |
| Loan from Others (Unsecured) | - | 45.90 |
| Total | 22369.64 | 16164.59 |

Working capital and demand loans aggregating to Rs.21663.56 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. Balance working capital loan of Rs 604.28 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.



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

10 : Trade Payables

| Particulars | 31st March 2013 Amount | 31st March 2012 Amount |
|--|--|--|
| Refer Note 44 for details of dues to micro and small enterprises | | |
| Acceptances | 805.26 | 935.67 |
| Others | 6369.91 | 3972.16 |
| Total | 7175.17 | 4907.83 |

11 : Other Current Liabilities

| Particulars | 31st March 2013 Amount | 31st March 2012 Amount |
|--|--|--|
| Current maturities of long-term borrowings (Note 5) | 2560.30 | 1997.12 |
| Interest accrued but not due on borrowings | 3.52 | 9.02 |
| Interest accrued and due on borrowings | - | 298.92 |
| Advance against sales | 2.00 | 4.63 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| Unpaid dividend | 79.97 | 66.00 |
| Others | | |
| Payable against purchase of capital assets | 443.18 | 1993.10 |
| Statutory dues payable | 211.31 | 229.10 |
| Payable to Employees | 201.33 | 122.81 |
| Others Payable | 502.40 | 219.65 |
| Total | 4004.01 | 4940.35 |

12 : Short term Provisions

| Particulars | 31st March 2013 Amount | 31st March 2012 Amount |
|---|--|--|
| Provision for Employee Benefits | | |
| Provision for Leave Benefits | 48.03 | 33.08 |
| Provision for gratuity (Note 47d) | 0.25 | - |
| Other provisions | | |
| Provision for Excise Duty | 10.37 | 10.00 |
| Provision for Taxation (Net of advances) | 267.16 | 322.03 |
| Proposed Equity Dividend | 482.30 | 337.61 |
| Provision for tax on proposed Equity Dividend | 78.24 | 54.77 |
| Total | 886.35 | 757.49 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013

ARVIND (All amounts are in lacs of Rupees unless otherwise stated)

13 : Tangible assets



| Particulars | Freehold Land | Land on Lease | Buildings | Plant and Equipment | Furniture & Fixtures | Office Equipments | Vehicles | Leasehold Improvements | Total |
|--|--------------------|--------------------|----------------------|------------------------|----------------------|-------------------|--------------------|------------------------|------------------------|
| GROSS BLOCK | | | | | | | | | |
| At 1 st April 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) |
| Arising on acquisition of subsidiary # | - (61.63) | - (-) | - (224.99) | - (466.91) | - (7.09) | - (9.50) | - (46.28) | - (-) | - (816.40) |
| Additions | - (-) | (232.82) | 1287.77 (3133.71) | 5318.42 (15278.63) | 109.23 (24.14) | 42.08 (14.18) | 23.65 (7.20) | - (-) | 6781.15 (18690.68) |
| * Disposals | - (-) | - (-) | - (-) | 4731.26 (167.19) | - (-) | 0.43 (-) | 14.50 (4.47) | - (-) | 4746.19 (171.66) |
| Other Adjustments | - (-) | - (-) | - (-) | - (1203.98) | - (-) | - (-) | - (-) | - (-) | - (1496.84) |
| Borrowing Costs | - (-) | - (-) | - (292.86) | - (1203.98) | - (-) | - (-) | - (-) | - (-) | - (1496.84) |
| At 31 st March 2013 | 336.67 (336.67) | 232.82 (232.82) | 5710.84 (4423.07) | 21894.07 (21306.91) | 196.70 (87.47) | 128.19 (86.54) | 134.88 (125.53) | 29.40 (29.40) | 28663.37 (26628.41) |
| DEPRECIATION | | | | | | | | | |
| Up to 31 st 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) |
| Arising on acquisition of subsidiary # | - (-) | - (-) | - (28.84) | - (168.11) | - (0.99) | - (2.42) | - (5.39) | - (-) | - (205.75) |
| For the year | - (-) | - (-) | 168.85 (39.34) | 1097.85 (320.71) | 9.23 (5.22) | 8.78 (6.00) | 10.40 (10.52) | 1.21 (1.21) | 1296.32 (383.00) |
| On disposals | - (-) | - (-) | - (-) | 125.61 (80.22) | - (-) | 0.12 (-) | 6.35 (1.76) | - (-) | 132.08 (81.98) |
| Up to 31 st March 2013 | - (-) | - (-) | 434.48 (265.63) | 2394.10 (1421.86) | 32.55 (23.32) | 58.55 (49.89) | 52.82 (48.77) | 20.10 (18.89) | 2992.60 (1828.36) |
| NET BLOCK | | | | | | | | | |
| At 31 st March 2013 | 336.67 | 232.82 | 5276.36 | 19498.97 | 164.15 | 69.64 | 81.86 | 9.30 | 25670.77 |
| At 31 st March 2012 | (336.67) | (232.82) | (4157.44) | (19885.05) | (64.15) | (36.65) | (76.76) | (10.51) | (24800.05) |

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 Betalactum Unit at Kakkalur during the previous 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.

*d. Certain Plant & Equipments, capitalized during last year, were returned to the suppliers owing to technical and / or operational issues and accordingly decapitalised during the year, such return has neither affected the operation of the company nor has resulted into any financial or other losses. The company has also replaced these machines with suitable machines and capitalized during the year.

Represents opening balances in respect of subsidiary company acquired during previous year.



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

14 : Intangible Assets

| Particulars | Computer Software | Goodwill on Consolidation | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|-------------------|---------------------------|------------------------------------|------------------------------------|
| GROSS BLOCK | | | | |
| At 1 st April 2012 | 5.63 | 127.50 | 133.13 | 2.24 |
| Additions | 3.34 | - | 3.34 | 130.52 |
| Arising on acquisition of subsidiary during the year | - | - | - | 0.37 |
| At 31 st March 2013 | 8.97 | 127.50 | 136.47 | 133.13 |
| AMORTIZATION | | | | |
| Up to 31 st March 2012 | 2.15 | - | 2.15 | 0.90 |
| Arising on acquisition of subsidiary during the year | - | - | - | 0.37 |
| Charge for the year | 1.39 | - | 1.39 | 0.88 |
| Up to 31 st March 2013 | 3.54 | - | 3.54 | 2.15 |
| NET BLOCK | | | | |
| At 31 st March 2013 | 5.43 | 127.50 | 132.93 | 130.98 |
| At 31 st March 2012 | 3.48 | 127.50 | 130.98 | 3.48 |

15 : Capital Expenditure on New Projects (Pending Allocation)

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|------------------------------------|------------------------------------|
| Land (Including site development cost) | 886.88 | 1119.69 |
| Building under construction | 2665.84 | 3637.95 |
| Machinery under erection | 3912.33 | 17743.42 |
| A | 7465.05 | 22501.06 |
| Incidental Expenditure Pending Allocation to Fixed Assets | | |
| Salary and Staff costs | 106.80 | 89.11 |
| Interest | 690.23 | 1526.09 |
| Management Fees | - | 54.54 |
| Insurance | - | 19.70 |
| Trial Run Expenses | - | 5.11 |
| Other Expenses | 26.62 | 521.63 |
| B | 823.65 | 2216.18 |
| C=A+B | 8288.70 | 24717.24 |
| Less: Interest Income | - | 14.01 |
| Dividend Income on Short Term Investments | - | 21.24 |
| Sales out of Trial Run production | - | 0.96 |
| D | - | 36.21 |
| Balance (C-D) | 8288.70 | 24681.03 |
| Less: Capitalized during the year | 4599.74 | 19827.77 |
| Total | 3688.96 | 4853.26 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

16 : Long term Loans and Advances

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Capital Advances | | |
| Unsecured, Considered Good | 11507.88 | 273.94 |
| Security Deposits | | |
| Unsecured, Considered Good | 245.29 | 236.76 |
| Other Loans and Advances- Unsecured, Considered Good | | |
| Advance Recoverable | 5.85 | 3.76 |
| Total | 11759.02 | 514.46 |

17 : Other Non Current Assets

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|-----------------------------------|--|--|
| Unsecured, considered good | | |
| Interest Receivable | 2.59 | 2.84 |
| Total | 2.59 | 2.84 |

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

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Raw Materials | 8332.67 | 5236.14 |
| Packing Materials | 197.92 | 158.06 |
| Work-in-Progress | 3560.47 | 3166.39 |
| Finished Goods (Including goods in transit Rs 75.88) | 227.56 | 272.66 |
| Traded Goods (Including goods in transit Rs 33.14) | 186.57 | 107.23 |
| Total | 12505.19 | 8940.48 |

19 : Trade Receivables

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured Considered Good | 1.80 | - |
| Unsecured, Considered Good | 599.91 | 28.73 |
| Unsecured, Considered Doubtful | 0.34 | 3.25 |
| | 602.05 | 31.98 |
| Less: Provision for Doubtful Receivables | 0.34 | 0.11 |
| (A) | 601.71 | 31.87 |
| Other Receivables | | |
| Secured, Considered Good | 12.13 | 74.07 |
| Unsecured, Considered Good | 25260.45 | 18643.03 |
| (B) | 25272.58 | 18717.10 |
| Total (A+B) | 25874.29 | 18748.97 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

20 : Cash and Bank Balances

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|--|--|--|
| Cash and Cash Equivalents | | |
| Cash on hand | 4.10 | 2.36 |
| Balance with Banks: | | |
| On Current Account | 1936.51 | 1935.76 |
| [Including Rs 1795 (Rs 1800) on Trust & Retention Account towards disbursement for new Project] | | |
| Other Bank Balance | | |
| On Unpaid Dividend Account | 79.97 | 66.00 |
| Margin Money Deposit Account | 406.13 | 260.18 |
| Total | 2426.71 | 2264.30 |

21 : Short Term Loans and Advances

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|---|--|--|
| Loans (Unsecured, considered good) | | |
| To Related Parties (Note 40) | 34.72 | 42.22 |
| To Others | 7.50 | - |
| | 42.22 | 42.22 |
| Advances recoverable in cash or kind | | |
| Unsecured, considered good | 2118.42 | 1198.61 |
| | 2118.42 | 1198.61 |
| Other Loans and Advances | | |
| Balances with Revenue Authorities | 2360.01 | 1247.50 |
| | 2360.01 | 1247.50 |
| Total | 4520.65 | 2488.33 |
| The above includes: | | |
| Due from officers of the subsidiary company | - | 0.19 |
| Due from Directors of the subsidiary company | 8.38 | 26.92 |
| Due from a Private company in which a director of the subsidiary company is a director or member | 8.70 | 8.70 |

22 : Other Current Assets

| Particulars | 31 st March 2013 Amount | 31 st March 2012 Amount |
|-----------------------------------|--|--|
| Unsecured, considered good | | |
| Interest accrued on Deposits | 25.70 | 22.20 |
| Excise Duty Refundable on Exports | 39.70 | - |
| Total | 65.40 | 22.20 |



ARVIND



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

23 : Revenue from Operations

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---------------------------------------|-------------------|-------------------|
| Revenue from Operation | | |
| Sale of Products | | |
| Finished Goods | 71403.36 | 46422.35 |
| Traded Goods | 3052.83 | 2224.90 |
| | 74456.19 | 48647.25 |
| Other Operating Revenue | | |
| Scrap Sales | 6.38 | 9.24 |
| Excise Duty Refund on Export | 91.01 | - |
| Conversion Charges | 78.23 | 55.71 |
| Revenue from Operation (gross) | 74631.81 | 48712.20 |
| Less: Excise Duty | 4020.22 | 1939.28 |
| Revenue from Operation (net) | 70611.59 | 46772.92 |

Details of products sold

Finished goods sold

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------|-------------------|-------------------|
| Tablet | 35062.64 | 27109.97 |
| Capsules | 27861.38 | 17186.38 |
| Liquid | 5514.83 | 1868.41 |
| Ointment /Powder | 1771.36 | 257.59 |
| Injectables | 923.10 | - |
| Soft Gel | 270.05 | - |
| Total | 71403.36 | 46422.35 |

Traded goods sold

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------|-------------------|-------------------|
| Tablet | 146.71 | 620.32 |
| Capsules | 2.83 | 260.28 |
| Liquid | 85.31 | 196.58 |
| Ointment /Powder | 2817.98 | 1147.72 |
| Total | 3052.83 | 2224.90 |

24 : Other Income

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|-------------------|-------------------|
| Interest on Bank deposits | 38.06 | 29.00 |
| Excess Provision written back | 20.42 | 21.07 |
| Exchange Difference (Net) | 14.86 | 2.09 |
| Profit on Sale of Fixed assets (Net) | - | 4.35 |
| Recovery against provision for doubtful debts | 0.11 | 1.02 |
| Miscellaneous Income | 4.28 | - |
| Total | 77.73 | 57.53 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

25 : Cost of Material Consumed

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|-------------------|-------------------|
| Raw Materials | | |
| Inventory at the beginning of the year | 5236.14 | 2775.47 |
| Add: Arising on acquisition of subsidiary during 2011-12 | - | 84.67 |
| Add: Purchases | 49995.63 | 35938.89 |
| | 55231.77 | 38799.03 |
| Less: Sales | 29.87 | 1.62 |
| : Inventory at the end of the year | 8332.67 | 5236.14 |
| | 8362.54 | 5237.76 |
| Raw Materials consumed (A) | 46869.23 | 33561.27 |
| Packing Materials | | |
| Inventory at the beginning of the year | 158.06 | 69.78 |
| Add: Arising on acquisition of subsidiary during 2011-12 | - | 83.65 |
| Add: purchases | 3825.77 | 2367.00 |
| | 3983.83 | 2520.43 |
| Less : Inventory at the end of the year | 197.92 | 158.06 |
| Packing Materials consumed (B) | 3785.91 | 2362.37 |
| Material Consumed (A+B) | 50655.14 | 35923.64 |

Details of Raw Material Consumed

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------------------|-------------------|-------------------|
| Antibiotics & Antibacterials | 14504.93 | 11521.59 |
| Antitubercular | 2263.97 | 542.33 |
| Antimicrobials | 13519.88 | 11256.51 |
| Others | 16580.45 | 10240.84 |
| Total | 46869.23 | 33561.27 |

Details of Inventory

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------------------|-------------------|-------------------|
| Raw materials | | |
| Antibiotics & Antibacterials | 961.21 | 1005.91 |
| Antimicrobials | 407.62 | 597.61 |
| Others | 6963.84 | 3632.62 |
| Total | 8332.67 | 5236.14 |

26 : Details of Purchase of Traded Goods

| Particulars | 2012-13 Amount | 2011-12 Amount |
|------------------|-------------------|-------------------|
| Tablet | 364.01 | 569.67 |
| Capsules | 4.42 | 225.56 |
| Liquid | 75.51 | 236.96 |
| Ointment /Powder | 2066.49 | 665.24 |
| Total | 2510.43 | 1697.43 |



ARVIND



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

27 : (Increase)/Decrease in Inventories

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|-------------------|-------------------|
| Inventories at the end of the year | | |
| Traded Goods | 186.57 | 107.23 |
| Work-in-Progress | 3560.47 | 3166.39 |
| Finished Goods | 227.56 | 272.66 |
| A | 3974.60 | 3546.28 |
| Inventories at the beginning of the year | | |
| Traded Goods | 107.23 | 2.29 |
| Work-in-Progress | 3166.39 | 2654.22 |
| Finished Goods | 272.66 | 209.67 |
| B | 3546.28 | 2866.18 |
| Arising on acquisition of subsidiary (acquired during 2011-12) | | |
| Traded Goods | - | 6.33 |
| Work-in-Progress | - | 13.97 |
| C | - | 20.30 |
| (Increase) in inventories (B+C-A) | (428.32) | (659.80) |

Details of Inventories

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-------------------------|-------------------|-------------------|
| Traded goods | | |
| Tablet | 39.03 | 22.40 |
| Capsules | 6.04 | 4.18 |
| Liquid | 22.55 | 44.57 |
| Ointment /Powder | 118.95 | 36.08 |
| Total | 186.57 | 107.23 |
| Work-in-progress | | |
| Tablet | 2218.53 | 1323.89 |
| Capsules | 1308.94 | 1570.17 |
| Liquid | 33.00 | 267.26 |
| Ointment /Powder | - | 5.07 |
| Total | 3560.47 | 3166.39 |
| Finished Goods | | |
| Tablet | 146.44 | 181.68 |
| Capsules | 15.98 | 76.12 |
| Liquid | 60.51 | 8.24 |
| Ointment /Powder | 4.63 | 6.62 |
| Total | 227.56 | 272.66 |

28 : Employee Benefit Expenses

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| Salaries, Wages, Bonus, Incentives & Leave Pay | 1389.26 | 953.68 |
| Contribution to Provident and other Funds | 91.99 | 64.73 |
| Gratuity (Note 47a) | 31.32 | 16.98 |
| Staff Welfare Expenses | 52.23 | 25.77 |
| Total | 1564.80 | 1061.16 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

29 : Finance Costs

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---|-------------------|-------------------|
| Interest | 6176.62 | 3802.59 |
| Finance Charges | 389.20 | 310.11 |
| | 6565.82 | 4112.70 |
| Less: Transfer to Capital Expenditure on New Project / Fixed Assets | 535.92 | 1216.35 |
| Total | 6029.90 | 2896.35 |

30 : Depreciation and Amortization Expenses

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-----------------------------------|-------------------|-------------------|
| Depreciation of Tangible Assets | 1296.32 | 383.00 |
| Amortization of Intangible Assets | 1.39 | 0.88 |
| Total | 1297.71 | 383.88 |

31 : Other Expenses

| Particulars | 2012-13 Amount | 2011-12 Amount |
|---------------------------------------|-------------------|-------------------|
| Stores and Spares Consumed | 89.90 | 41.23 |
| Power and Fuel | 395.99 | 167.15 |
| Freight and Forwarding charges | 221.69 | 141.33 |
| Rent & Hire Charges | 45.67 | 38.72 |
| Rates and Taxes | 0.95 | 2.85 |
| Insurance | 21.11 | 15.33 |
| Repair and Maintenance | | |
| Plant and Machinery | 28.87 | 21.61 |
| Building | 14.87 | 19.08 |
| Others | 39.41 | 42.95 |
| Testing Fees & Lab Chemicals | 72.09 | 83.21 |
| Advertising and Sales promotion | 157.49 | 99.80 |
| Brokerage and Commission | 74.83 | 31.71 |
| Liquidated damages for delayed supply | 155.40 | 186.42 |
| Traveling and Conveyance | 259.79 | 198.62 |
| Legal and Professional fees | 37.78 | 43.27 |
| R&D Expenses | 14.43 | 13.42 |
| Directors' Sitting Fees | 1.91 | 1.35 |
| Payment to Auditor | | |
| As Auditors | 12.25 | 9.76 |
| In other capacity for Certificates | 5.15 | 2.40 |
| Managerial Commission | 280.00 | 156.53 |
| Bad Debts written off | 7.81 | 1.02 |
| Provision for Doubtful Debts | 0.34 | 0.11 |
| Loss on sale of Fixed Assets(net) | 1.11 | 0.94 |
| Prior Period Expenses (net) | 27.90 | 8.73 |
| Miscellaneous Expenses | 293.22 | 173.77 |
| Total | 2259.96 | 1501.31 |

**Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013**

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

32. During the previous year the company has acquired 12,75,000 equity shares (representing 63.75% of the share capital) of Coronet Labs Private Limited (CLPL) to make it a subsidiary of the company. In respect of acquisition of the remaining shares of CLPL, the company is taking necessary steps to acquire the same.
33. During the year, the commencement of commercial production at its new unit at State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT) at Irrangattukottai has been completed.
In respect of the new project to manufacture Betalactum products at Kakkalur, the company has incurred Rs 3688.96 till 31st March 2013 (Rs 1749.13), which has been Included under Capital Expenditure on New Projects.
34. The tax payable under normal provisions of Income Tax Act, 1961 being lower than the tax payable as Minimum Alternate Tax (MAT) in terms of Section 115JB, provision for taxation for the year has been made as MAT, a part of which will be available as tax credit for set-off in future.

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.
35. (a) In case of Holding Company, the 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, the employees have completed the period of services as required by payment of Gratuity Act 1972 during the year. Accordingly, gratuity for all employees has been provided based on the actuarial valuation carried out by an actuary.
36. **Commitments:**
Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 4043.89 (net of advances) (Previous Year Rs 1557.53).
37. **Contingent liabilities**
Outstanding Bank Guarantees Rs. 238.21 (Previous year Rs. 157.31)
38. 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.
39. 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. 44.23 (Previous year Rs.38.72). There are no amount payable in respect of non cancelable lease.

40. Related Party Disclosures

| (a) | Key Managerial Personnel | |
|-----|--------------------------|--|
| | Dr. B Arvind Shah | Managing Director |
| | Dr. Chandra Ravindran | Whole Time Director |
| | Mr. Ankur Agarwal | Executive Director (w.e.f. 18.04.2012) |
| | Mr. Raghuvveer | Executive Director (from 28.04.2012 to 03.12.2012) |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

| | | |
|------------|--|---------------------------|
| (b) | Relative of Key Managerial Personnel | |
| | Mrs. Baby Rani | |
| | Mrs. Dipti Kumari Jain | |
| | Mr. Anand A Shah | |
| (c) | Directors other than Key Managerial Personnel | |
| | Mr. Amit Tibrewala | |
| (d) | Enterprise in which Directors of subsidiary or their relatives are having significant influence / Relatives of such directors | |
| | Amit Capacitors Ltd | Sanjay Pasari |
| | Concap Holdings Pvt Ltd | Mr. Ashok Kumar Tibrewala |
| | Ashwin Capacitors Pvt. Ltd | Mr. Ashwin Tibrewala |
| | Pasari Electronics | Mr. Anuradha Agarwal |

| (e) Transaction with related party during the year and balance outstanding as at the year end : | | | | | | | | |
|--|--------------------------|---------------|---------------------------------------|--------------|----------------------------------|---------|--------------------------------------|---------|
| Particulars | Key Managerial Personnel | | Relatives of Key Managerial Personnel | | Persons referred to in (c) above | | Enterprises referred to in (d) above | |
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Salaries and allowances | 80.53 | 55.50 | 19.04 | 17.52 | --- | --- | --- | --- |
| Contribution to Provident & Other Funds | 6.09 | 3.77 | 1.21 | 1.12 | --- | --- | --- | --- |
| Commission | 280.00 | 156.33 | --- | --- | --- | --- | --- | --- |
| Total | 366.62 | 215.60 | 20.25 | 18.64 | --- | --- | --- | --- |
| Loan given during the year | --- | --- | --- | --- | --- | 7.70 | --- | 1.20 |
| Loan realized during the year | --- | --- | --- | --- | --- | 26.64 | --- | --- |
| Loan repaid during the year | --- | --- | 122.75 | 0.20 | --- | --- | --- | 94.26 |
| Loan taken during the year | --- | --- | --- | 121.00 | --- | --- | --- | 228.86 |
| Interest on Loan given | --- | --- | 10.90 | --- | --- | --- | --- | --- |
| Interest on Loan taken | --- | --- | --- | 1.95 | --- | --- | --- | --- |
| Money received against Share Warrants and outstanding at the year end | 54.50 | --- | 138.00 | --- | --- | --- | --- | --- |
| Balance payable at the year end | 179.48 | 93.16 | --- | 122.75 | --- | --- | 101.80 | 101.80 |
| Balance receivable at the year end | 4.85 | 4.85 | --- | --- | 3.53 | 25.07 | 26.34 | 12.30 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

41. Earning Per Share

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| Net Profit as per Consolidated Statement of Profit and Loss | 4338.65 | 2087.05 |
| Number of shares considered as weighted average shares outstanding | 482.30 | 4823.00 |
| Number of shares considered as weighted average shares outstanding post conversion of warrants (in lacs) | 681.26 | 4823.00 |
| Nominal value per Share (in Re.) | 10.00 | 1.00 |
| Basic Earning per Share (in Rs.) | 9.00 | 0.43 |
| Diluted Earning per Share (in Rs.) | 6.37 | 0.43 |

42. Auditor's Remuneration (including service tax)

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-----------------|-------------------|-------------------|
| Statutory Audit | 13.49 | 10.97 |
| Other Services | 5.79 | 2.65 |
| Total | 19.28 | 13.62 |

43. 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.

| Particulars | Foreign Currency involved | Amount |
|-------------------|--------------------------------------|------------------|
| Trade Receivables | US \$ 46667.62 (US \$ 141184.03) | 25.37 (71.59) |
| Trade Payables | US \$ 42450.00 (Euro 8200.00) | 23.06 (5.65) |
| Capital Creditors | US \$ 283000.00 (-) | 153.75 (-) |

44. 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. No interest in terms of such Act has either been paid or provided during the year.

45. 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 | 2012-13 Amount | 2011-12 Amount |
|----------------|-------------------|-------------------|
| Export Sales | 1376.79 | 856.53 |
| Domestic Sales | 73079.40 | 47790.72 |
| Total | 74456.19 | 48647.25 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

46. Expenditure on Scientific Research

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| Capital Expenditure | 4.85 | 393.13 |
| Revenue Expenditure (including depreciation) | 203.55 | 175.48 |
| Total | 208.40 | 568.61 |

47. Employee Benefits

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| a) Expenses recognized in Statement of Profit and Loss | | |
| 1) Current Service Cost | 15.11 | 9.90 |
| 2) Interest Cost | 6.74 | 5.02 |
| 3) Expected return on plan assets | (6.49) | (4.37) |
| 4) Actuarial Losses/ (Gains) | 15.96 | 6.43 |
| Total Expenses recognised in the Statement of Profit & Loss | 31.32 | 16.98 |

| b) Change in defined Benefit Obligation (DBO) during the year | 2012-13 Amount | 2011-12 Amount |
|---|-------------------|-------------------|
| 1) Present value DBO at the beginning of the period | 81.30 | 62.74 |
| 2) Current Service Cost | 15.11 | 9.90 |
| 3) Interest Cost | 6.74 | 5.02 |
| 4) Actuarial (Gains) / Losses | 15.96 | 6.43 |
| 5) Benefits Paid | (2.81) | (2.79) |
| Present value of DBO at the end of Period | 116.30 | 81.30 |

| c) Change in Fair Values of Assets during the year | 2012-13 Amount | 2011-12 Amount |
|--|-------------------|-------------------|
| 1) Plan assets at the beginning of period | 58.30 | 41.15 |
| 2) Expected Return on Plan Assets | 6.49 | 4.37 |
| 3) Actuarial Gains / (Losses) | - | - |
| 4) Actual Company Contribution | 18.24 | 15.57 |
| 5) Benefits paid | (2.81) | (2.79) |
| Plan Assets at the end of the period | 80.22 | 58.30 |

| d) Net Asset / (Liability) recognized in Balance Sheet | 31-03-2013 Amount | 31-03-2012 Amount |
|--|----------------------|----------------------|
| 1) Present Value of Defined benefit obligation at the year end | 116.30 | 81.30 |
| 2) Fair Value of plan assets at the year end | 80.22 | 58.30 |
| Net Asset / (Liability) recognized in Balance Sheet | (36.08) | (23.00) |
| As Long Term Provision | 35.83 | 23.00 |
| As Short Term Provision | 0.25 | - |



ARVIND



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

| e) | Actuarial Assumptions | 2012-13 Amount | 2011-12 Amount |
|----|--|--------------------|-------------------|
| 1) | Discount rate per annum compound | 8-8.25% | 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) | |

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 2013-14.

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

| Particulars | 2012-13 Amount | 2011-12 Amount | 2010-11 Amount | 2009-10 Amount | 2008-09 Amount |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Defined Benefit | 116.30 | 81.30 | 62.74 | 41.72 | 37.56 |
| Fair Value of Plan Assets | 80.22 | 58.30 | 41.15 | 10.14 | 12.23 |
| Deficit | 36.08 | 23.00 | 21.59 | 31.58 | 25.33 |

48. Details of Raw Materials and Stores & Spares consumed (Imported & Indigenous)

| Particulars | 2012-13 | | 2011-12 | |
|----------------------------|-----------------|---------------|-----------------|---------------|
| | Amount | Percentage | Amount | Percentage |
| Raw Materials | | | | |
| Imported | 87.17 | 0.19 | 62.85 | 0.19 |
| Indigenous | 46782.06 | 99.81 | 33498.42 | 99.81 |
| Total | 46869.23 | 100.00 | 33561.27 | 100.00 |
| Stores & Spares | | | | |
| Imported | 11.96 | 13.30 | - | - |
| Indigenous | 77.94 | 86.70 | 41.23 | 100.00 |
| Total | 89.90 | 100.00 | 41.23 | 100.00 |

49. Value of Imports calculated on CIF basis

| Particulars | 2012-13 Amount | 2011-12 Amount |
|-----------------|-------------------|-------------------|
| Raw Materials | 79.70 | 51.31 |
| Capital Goods | 253.93 | 311.37 |
| Stores & Spares | 10.19 | - |
| Total | 343.82 | 362.68 |



Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2013
(All amounts are in lacs of Rupees unless otherwise stated)

50. Earnings In Foreign Exchange

| Particulars | 2012-13 Amount | 2011-12 Amount |
|----------------------|-------------------|-------------------|
| FOB Value of Exports | 1312.80 | 856.53 |

51. Expenditure in foreign currency on account of:

| Particulars | 2012-13 Amount | 2011-12 Amount |
|--------------------|-------------------|-------------------|
| Traveling Expenses | 28.94 | 13.45 |
| Professional Fees | 9.89 | - |
| Other Expenses | 1.33 | - |

52. The movements in Provisions during the year are as follows:

| Particulars | Balance as at 1.4.2012 Amount | Additions during the year Amount | Utilised during the year Amount | Balance as at 31.3.2013 Amount |
|------------------------------|-------------------------------------|--|---------------------------------------|--------------------------------------|
| Provision for Excise duty | 10.00 (6.85) | 10.37 (10.00) | 10.00 (6.85) | 10.37 (10.00) |

53. Previous year's figures

Previous year's figures, which are given in bracket, have been regrouped or rearranged wherever necessary.

Signatories to Notes 1 to 53 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 15, 2013

P. R. Krishnan
Company Secretary

G. Ramachandran
Chief Financial Officer

Notes :



ARVIND REMEDIES LTD.

Regd. Off: 190, Poonamallee High Road, Chennai - 600 084.

PROXY FORM

I/We _____ son/daughter of _____ being a Member(s) of Arvind Remedies Limited hereby appoint _____ son/ daughter of _____ falling him _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the company to be held Monday, the 23rd September 2013 at 9.30 am at Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008 and at any adjournment thereof.

Signed this _____ day of _____ 2013
DP ID/ Client ID _____

Registered Folio No. _____
Signature _____

Affix
Re1
Revenue
stamp

Note: 1. This form must be completed and deposited at the Registered Office of the Company at 190, Poonamallee High Road, Chennai 600 084 not later than forty eight hours before commencement of the meeting.



ARVIND REMEDIES LTD.

Regd. Off: 190, Poonamallee High Road, Chennai - 600 084.

ATTENDANCE SLIP

Please complete this Attendance slip and hand it over at the entrance of the Meeting Hall.

DP ID/ Client ID _____
Registered Folio No. _____

Name of the Shareholder _____
Name of the Proxy _____
(in Block Letters to be filled if the proxy attends instead of the member)

No. of shares held _____

I hereby record my presence at the Annual General Meeting of the Company to be held on Monday, the 23rd September 2013 at 9.30 a.m. at Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008 or at any adjournment thereof.

Signature of the Member/ Proxy: _____

Note: 1. Shareholder or Proxy holder wishing to attend the meeting must bring this attendance form duly signed and hand it over at the entrance of the meeting hall.

Notes :

| | | |
|---|---|---|
| Board of Directors | 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. Ankur Agarwal Dr. Raghuv eer Mr. Sudhir Chandra Mr. V. Santhana Raman | CEO & Managing Director Whole-time Director Director Director Director Director Executive Director from 18.4.2012 Executive Director from 28.4.2012 to 3.12.2012 Additional Director from 18.12.2012 Additional Director from 12.02.2013 to 3.7.2013 |
| Chief Financial Officer | Mr. G. Ramachandran | |
| Company Secretary | Mr. P R Krishnan | |
| Statutory Auditor | M/s. Doshi, Chatterjee, Bagri & Co. Chartered Accountants Flat 3A, Saket, No.2, Ho Chi Minh Sarani Kolkata 700 071 | |
| Internal Auditors | Mr.R T Vijayaraghavan No.64, Madley second street, T Nagar, Chennai 600 017 | |
| Cost Auditor | Mr. K. Suryanarayanan Flat A, Brindavan Apartment, No.1, Poes road, 4 th street Teynampet, Chennai 600018 | |
| Bankers | United Bank of India Allahabad Bank State Bank of India IDBI Bank Ltd. Punjab National Bank The KarurVysya Bank Ltd. Corporation Bank | |
| Registered office | 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 | |
| Works | 38,39, &40 SIDCO Industrial Estate, & G44,45&46 SIDCO Ind. Estate Kakkalur, Tiruvellore District, Tamil Nadu 602003 Plot No.G28 & 29, SIPCOT Industrial Park, Irrungatukottai Dist. Kancheepuram, Tamil Nadu Phone: +91-44-27660403, 27662144, Fax: +91-44-27609095 Email: factory@arvindremedies.com | |
| Registrar and Share Transfer Agent | M/s. Cameo Corporate Services Limited Subramanian Building.No.1 Club House Road, Chennai 600 002 Phone: 044-28460390 | |

BOOK POST

To

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing service of notices / documents including Annual Report by e-mails to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address so far, are requested to do the same unnehuately.



ARVIND REMEDIES LTD.

190, Poonamallee High Road, Chennai - 600 084.

Phone : +91 - 44 - 4343 9595 / 4343 2929, Fax +91 - 44 - 2642 3296

Email: arl@arvindremedies.com Web : www.arvindremedies.com

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

| | | |
|---|---|--|
| 1 | Name of the Company | Arvind Remedies Limited |
| 2 | Annual financial statements for the year ended | 31 st March 2013 |
| 3 | Type of Audit observation | Unqualified |
| 4 | Frequency of observation | Whether appeared first time/ repetitive/ since how long period Not applicable |
| 5 | To be signed by: CEO/ Managing Director CFO Auditor of the Company Audit Committee Chairman | |

