



30th Annual Report 2012-13

Corporate Information

BOARD OF DIRECTORS

MR. ALOK JAGDISH SAXENA

Managing Director & Chief Executive Officer

MR. YUSUF KARIM KHAN

Executive Director

DR. R. SRINIVASAN

Director

DR. JOGINDER SINGH JUNEJA

Director

DR. SAILENDRA NARAIN

Director

MR. MICHAEL BASTIAN

Director

MR. SALEEM SHERVANI

Director

DR. S. JAYARAM

Director

MR. EDOARDO CARLO RICHTER

Director

MRS. URVASHI SAXENA

Director

MR. JAMES McEUEEN

Director

Company Secretary / Compliance Officer

Mr. S. P. Date

Chief Financial Officer

Mr. Suresh V. Pai

Audit Committee

Mr. Michael Bastian,
Chairman

Dr. Joginder Singh Juneja

Dr. R. Srinivasan

Dr. Sailendra Narain

Shareholders' / Investors' Grievances Committee

Dr. R. Srinivasan
Chairman

Dr. S. Jayaram

Mr. Alok Jagdish Saxena

Remuneration Committee

Dr. R. Srinivasan

Chairman

Dr. S. Jayaram

Mr. Alok Jagdish Saxena

Compensation Committee

Dr. Joginder Singh Juneja

Chairman

Mr. Saleem Shervani

Mr. Alok Jagdish Saxena

Auditors

M/s. S. S. Khandelwal & Co.

Chartered Accountants,

Fountain Chambers,

Nanabhai Lane,

Mumbai - 400 023.

Cost Auditors

M/s. Sevekari, Khare & Associates

A-4, Hari Nivas, 1st Floor (Rear Side),

L.J. Road, Mumbai - 400 028.

Bankers

State Bank of India

Bank of Baroda

Bank of India

Canara Bank

Development Credit Bank Limited

Axis Bank Limited

DBS Bank Limited

IDBI Bank Limited

South Indian Bank Limited

Union Bank of India

REGISTERED OFFICE

Elder House

Plot No. C-9, Dalia Industrial Estate,

Off Veera Desai Road, Andheri (West)

Mumbai 400 053.

Tel. (022) 26730058 Fax : (022) 26730051

Email : corporate@elderindia.com

Website : www.elderindia.com

REGISTRAR &

SHARE TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (W),

Mumbai - 400 078.

Tel. (022) 25963838 / 25946970

Fax : (022) 25946979.

Email : mumbai@linkintime.co.in

ZONAL SALES OFFICES

Mumbai

Pipewala Bldg., 4th Floor, 'A' Wing,

Shahid Bhagat Singh Rd,

Mumbai - 400 005. Tel. (022) 22021878.

Kolkata

12-A, Rani Bhawani Road,

Taki House, Kolkata - 700 026.

Tel. (033) 24668875 / 6757.

Chennai

158, Arcot Road, II Floor, Eastern Wing,

Chennai - 600 026. Tel. (044) 28256336

New Delhi

11-B/8, Pusa Road, Northern Extn. Scheme,
New Delhi - 110060.

Tel. (011) 25825601 / 05.

FACTORIES

1. Plot No. D-219 & D-220, T.T.C.
Industrial Area, Thane- Belapur Road,
Navi Mumbai - 400 706.
Tel. (022) 27672343 / 27685830.
2. Plot No. C-21/2 T.T.C. Industrial
Area, Village Pawne,
Navi Mumbai - 400 704.
Tel. (022) 27682656.
3. Plot No. A-36, Patalganga Industrial
Area, Village - Khairi, Taluka - Khalapur,
District - Raigad, Maharashtra 410 220.
Tel. (02192) 254395 / 6.
4. Plot No. C-11/1 Sela Qui Industrial
Area, Near Dehradun, Uttarakhand
Pin 248 197.
5. Plot No. 103, Paonta Sahib Industrial
Area, Village Gondpur, Dist. Sirmour,
Himachal Pradesh.
6. Village Charba, Tehsil - Vikasnagar,
Dist.: Dehradun, Uttarakhand



SHRI JAGDISH SAXENA

(04-05-1939 - 10-10-2013)

Great people never die, they live on forever,
your vision continues to guide and inspire us.

FONDLY REMEMBERED BY:

THE ENTIRE *Elder* FAMILY.

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After enjoying a high growth phase for the past 4-5 years, the Indian Economy slowed down significantly in 2012-13, and registered a mere 5% growth on the back of below average performance of the manufacturing & services sectors. The IMF in its update of World Economic Outlook, lowered the World GDP growth projections by 0.1% each for 2013 & 2014 as compared to its earlier projections of October 2012. This is a consequence of renewed setbacks in Euro area and increasing risks of excessive fiscal consolidation in the US. This makes the global environment in the coming years more uncertain.

In the context of India, the adverse macro-economic developments of 2011-12 continued through the first half of the current financial year. This was manifest in terms of the broad based slowdown in real GDP growth for the current year. The growth is on the lower side not only as compared to the recent past but also in context of the growth trends witnessed since 2003-04. And this slowdown is primarily on account of the slowdown in the industrial sector as well as the agricultural sector.

This slowdown has been precipitated by domestic factors as well as factors emanating from the rest of the world, particularly advanced economies & India's major trading partners. The crisis in the Euro-zone area & slow growth in many other advanced economies have affected growth in India through dynamic linkages. Domestic factors, including the tightening of monetary policy in order to control inflation & rein in inflationary expectations resulted in slowdown of investments & growth, particularly in the industrial sector.

In 2013, the world economy is expected to perform better however it is expected to be slow & uncertain. Inflation has eased a bit as compared to 2011-12, but it has been slow, denying requisite flexibility to RBI to undertake reduction in policy rates. However, with the reform measures undertaken recently to improve investor sentiments in the economy as well as to improve fiscal situation alongwith the expectation of improvement in the global economic scenario, there is a possibility of revival of growth in 2013-14.

Global Pharmaceutical Market

The global pharmaceutical scenario reflects the overall slowdown in the world economy.

According to IMS Health market data, the global pharma market registered a growth of 2.4% only in 2012, as against 5.3% in 2011. The major reason for this slowdown is the decline recorded by US & Europe markets which contracted by 1% each.

The pharmerging markets of Asia & Latin America on the other hand registered double digit growths of 12.8% & 10.9% respectively, while the Japanese market was static.

Going ahead, IMS Health predicts that in the developed markets of US, Europe & Japan, the spending on medicines will decline and the market share in the global pharma market will fall to 57% by 2016 from the current 71%. This is primarily due to expiring patents for a number of branded drugs, slower increase in spending on branded products & increased cost containment measures by payers.

An accelerated shift to the use of generic medicines is expected, both from an unprecedented level of patent expiries in the US, & from volume-driven growth in the largely generic using pharmerging markets. At the same time, lower cost versions of expensive biologic medicines, or biosimilars, will continue to be launched, though slowly & will account for only 2% of the \$200-210 Bn in spending on biologics by 2016.

Innovative products are expected to be launched which will bring important new treatment options to patients with cancer, diabetes, thrombosis and debilitating diseases of the central nervous system. Of particular note are the products for diabetes that are expected to bring new options to patients. Additional important new therapies with orphan drug designations or narrow indications are also expected, but will not be a major driver of increased spending. However, some of the gains from the launch of these innovative products will be offset by the patent expiry of existing brands, like Lipitor, Plavix, Nexium, etc

Management Discussion and Analysis

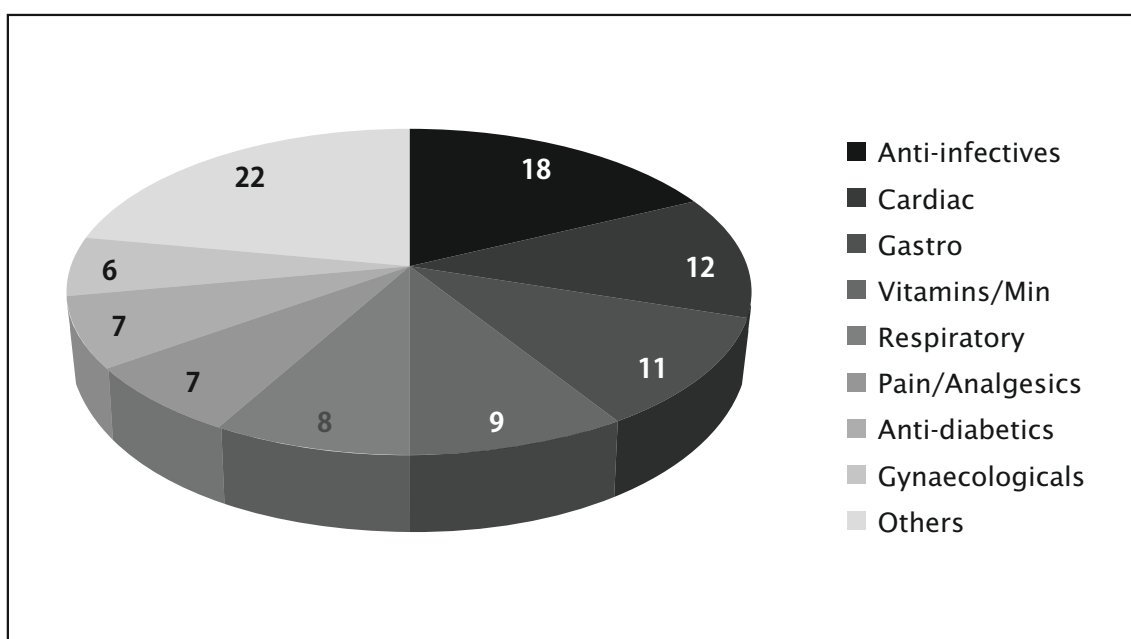
Indian Pharmaceutical Industry

India is now among the top five pharmaceutical emerging markets globally and is a front runner in a wide range of specialties involving complex drugs' manufacture, development, and technology. The Indian pharmaceutical industry is a highly knowledge based industry which is growing steadily and plays a major role in the Indian economy. As a highly organised sector, a number of pharmaceutical companies are increasing their operations in India. The industry is expected to touch US\$ 35.9 billion by 2016. As per the IMS dataset, the pharmaceutical market in India for the period MAT June 2013 was ₹ 75500 crores with a growth of 10%. Abbott remained on top position followed by Cipla, Sun Pharmaceutical, GlaxoSmithKline and Zydus Cadila respectively.

The major factors responsible for growth are increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets. The cumulative drugs and pharmaceuticals sector has attracted foreign direct investments (FDI) worth US\$ 11,304.91 million during April 2000 to April 2013, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

The Indian pharmaceutical industry would continue to experience strong growth as structural growth drivers continue to remain impervious. The industry is expected to register a growth of 10-12 percent in 2013-14, according to a study by ICRA. It is also expected that in-organic investments will gain momentum in the medium-term as companies plan to create stronger presence in emerging markets and build expertise in select therapy areas.

Therapeutic segment wise breakdown of the Indian Pharmaceutical Market



According to a research paper published by Mckinsey, even in the most pessimistic scenario, India will be a top 3 pharmaceutical markets by incremental growth by 2020 and in absolute size the country will become the 6th largest market globally by 2020. Only USA, China, Japan, Germany and Russia will be ahead of India in the global pharma sweepstakes.

The McKinsey report is of the view that India's pharmaceutical market growth will be fairly fragmented, thereby creating opportunities for a large number of players. Nearly two-thirds of the market will be in top cities and tier 1 towns and hence targeting middle class consumer segment will be a key determining factor for success.

Company Overview

Elder Pharmaceuticals Ltd has been one of the leading domestic manufacturing & marketing company with a pan-India geographical presence by virtue of its extensive field force. Over the past so many years, the Company has built leadership position in women's healthcare, wound care & nutraceutical segments and has also made major inroads into the lifestyle disease management segment as well as anti-infective segment. In addition to the formulation business, the Company offers medical equipments including Oxygen concentrators & nebulisers. Also, the Company provides industrial equipment for instrumentation & weighing based automation applications. Apart from the marketing strength, the Company manufactures formulations in 6 manufacturing plants across the country & all of them conform to the GMP norms. The dosage forms that are being manufactured in these plants include tablets, capsules, syrups, injectables, skin creams & ointments. The Company also manufactures few APIs some of which are used for captive consumption. Additionally, the company has two step down subsidiaries, Elder Biomeda (Bulgaria) & NeutraHealth PLC (UK), which facilitate its presence in these markets.

Financials

Standalone revenues for the financial year ended June 2013 stood at ₹ 124,203.57 lacs as against ₹ 99,249.38 lacs for the year ended March 2012. When we compare similar periods, the revenues generated during the current financial year are higher than the earlier financial year by 0.11%. The profit for the period under review stood at ₹ 9373.90 lacs as compared to ₹ 8407.33 lacs for the year ended March 2012. When we compare similar periods, the profits generated during the current financial year are lower than the earlier financial year by 10.8%. The Consolidated revenues for the financial year ended June 2013 stood at ₹ 165,064.02 lacs as against ₹ 134,258.92 lacs for the year ended March 2012. When we compare similar periods, the revenues generated during the current financial year are lower than the earlier financial year by 1.65%. The profit for the period under review stood at ₹ 8215.00 lacs as compared to ₹ 7225.81 lacs for the year ended March 2012. When we compare similar periods, the profits generated during the current financial year are lower than the earlier financial year by 9.05%.



MD's Message

Dear Fellow Shareholders

One word can best exemplify the past year for the Elder Pharmaceuticals and that word would be Change. It has been a fast-paced journey for all of us, marked by substantial growth as well as change that places our company on the cusp of transformation.

Although, Indian economy slowed down drastically in the year 2012-13 and registered a mere 5% growth on the back of below average performance of the manufacturing and services sectors, in 2013, the world economy is expected to perform better. However, it is expected to be slow and uncertain with the reform measures undertaken recently to improve investor sentiments in the economy as well as to improve fiscal situation along with the expectation of improvement in the global economic scenario, there is a possibility of revival of growth in 2013-14.

The global pharmaceutical scenario reflects the overall slowdown in the world economy. According to IMS Health market data, the global pharma market registered a growth of 2.4% only in 2012, as against 5.3% in 2011. The major reason for this slowdown is the decline recorded by US and Europe markets which contracted by 1% each. The pharmerging markets of Asia & Latin America on the other hand registered double digit growths of 12.8% and 10.9% respectively, while the Japanese market was static.

India is now among the top five pharmaceutical emerging markets globally and is a front runner in a wide range of specialties involving complex drugs manufacture, development and technology. The industry is expected to touch US\$ 35.9 billion by 2016. As per the IMS dataset, the pharmaceutical market in India for the period MAT June 2013 was ₹ 75500 crores with a growth of 10%. The Indian pharmaceutical industry would continue to experience strong growth as structural growth drivers continue to remain impervious. The industry is expected to register a growth of 10-12% in 2013-14, according to a study by ICRA.

Today Elder Pharmaceuticals is one of the leading manufacturing and marketing companies with a pan India geographical presence by virtue of its extensive field force.

We believe in setting the trends, rather than following them. We surpass our customers' needs and expectations for looking and feeling good. Over the past many years, we have built leadership position in women's healthcare, wound care & nutraceutical segments and have also made major inroads into the lifestyle disease management segment as well as anti-infective segment by virtue of strategic above all an extensive marketing and distribution network.

alliances, synergistic acquisitions, globally accredited manufacturing facilities and .We have overcome some timing setbacks and, at the same time, positioned ourselves for a bright future. The profit for the period under review stood at ₹ 8215.00 lacs as compared to ₹ 7225.81 lacs for the year ended March 2012. Hence, the profits generated during the current financial year are lower than the earlier financial year by 9.05% .

We are pleased to report that 2012-13 has been a year in which Elder Pharmaceuticals has continued to take major steps in the development of its business and delivered strong underlying business performance. We successfully secured major opportunities to consolidate market leading positions, which are already having a significant impact on Elder's business. These opportunities will underpin further always growth in the short, medium and long-term.

Elder Pharma has always taken the first initiative in determining the need of the hour and hence on the historical date 12/12/12, we announced the arrival of a new legend Shelcal HD 12 with 'D' power of '12'. Looking at the market opportunities, we are enthusiastic about the sales potential of this brand.

Also through Team CP, we have launched a couple of new products in the current financial year. The first one was D-All (Vitamin D₃ soft gelatin capsules), which features in the plain Vit D market worth ₹173 crores with a growth rate of 148% . The incidence of Vit D deficiency in our country is very high even though India is a tropical country and hence the launch of this product. The Initial response from medical encouraging.

The other notable launch through this team has been Elmecob D which is a combination of Vitamin D with other micronutrients. This product is indicated as a nutrient supplement for patients recovering from neurological diseases such as Stroke, Epilepsy, Parkinsons disease which are treated primarily by Neurologists & Consultant Physicians.

More recently, we have launched 'Chymoral BR' which is India's 1st and only Trypsin : Chymotrypsin brand powered with Bromelain & Rutoside. It is indicated for treatment of severe oedematic conditions like sprains, strains and fractures.

The UK arm of Elder Pharmaceuticals - NutraHealth Ltd has acquired West Yorkshire-based firm Max Healthcare Ltd. The objective of the acquisition is to re-enter over-the-counter pharmaceutical business in the UK. Max Healthcare is an OTC business, which owns a range of marketing authorizations and provides own label and branded OTC medicines and products to a broad range of customers.

In our business of health care, we are inspired and united by a common purpose: to care for the health and well-being of people we serve around the world. It is our aim to make the world a better and healthier place. We constantly enhance our brands through extensive research, state-of-the-art technology and consumer surveys to deliver quality, efficacy and customer experience.

Directors' Report

The Directors are pleased to present the Thirtieth Annual Report of the Company together with the audited Accounts for the fifteen months period ended 30th June 2013. The working results of the Company for the fifteen months period ended 30th June 2013 vis-à-vis those of the previous year are summarized below:

	Fifteen months Period ended 30.06.2013	Year ended 31.03.2012
	(₹ In Crores)	(₹ In Crores)
1. Operating Income	1,233.10	984.69
2. Other Income	26.22	24.31
3. Profit before Tax	115.71	103.51
4. Less: Provision for Tax		
Current Year	24.50	21.00
Deferred Tax	(2.53)	(1.65)
5. Profit after Tax	93.74	84.16
6. Less: Prior year Tax adjustments	-	0.09
7. Add: Profit as per the last Balance Sheet	192.88	185.97
8. Profit available for appropriation Out of which Directors recommend Appropriation as under:	286.62	270.04
a) Proposed Dividend	-	6.16
b) Tax on Dividend	-	1.00
c) Transfer to General Reserve	30.00	30.00
d) Transfer to Debenture Redemption Reserve	40.00	40.00
e) Surplus carried forward to Balance Sheet	216.62	192.88

OPERATIONS AND PERFORMANCE:

The Indian economy has been passing through a very difficult phase and uncertainties which has impacted businesses across all sectors with industrial production slowing down, Indian Rupee depreciating in value, making the imported inputs costlier. The Indian GDP growth has been below expectation and with high interest rates, the already high inflation is having cascading effect. All these factors have put a lot of pressure on both operating costs and margins of the Company. Your Company's Operating Income during the period under review was ₹1233.10 crores as against ₹ 984.69 crores in the previous year. This represents an increase of ₹ 248.41 crores over the previous year. However, in view of increase in all round input costs, increased finance costs, etc. have brought the pre and post tax profits under tremendous pressure.

During the period under review with a view to reducing the debt of the Company the Board of Directors has approved the proposal for carrying out restructuring of the Company's business involving either raising of capital, hiving off of assets or other strategic options and have appointed advisors for the same for the purpose.

All the products of the Company continue to be well accepted by the medical fraternity in India. The main therapeutic areas of interest to the Company continue to be Women's healthcare, Wound care and Pain Management, Neutraceuticals / Vitamin Supplements, Life Style & Diabetes, and Antibiotics.

EXTENSION OF FINANCIAL YEAR:

The Board had by a resolution passed by circulation on 8th March 2013 decided to extend the Financial Year of the Company by three months so as to end on 30th June 2013. Accordingly, the Financial Statements have been prepared for 15 months covering a period from 1st April 2012 to 30th June 2013.

DEMISE OF CHAIRMAN & MANAGING DIRECTOR:

The Board regretfully reports the sad demise of its Founder Chairman & Managing Director, Mr. Jagdish Saxena after a prolonged illness. The Board further expresses its heartfelt condolences for Mr. Saxena's untimely death and wishes to place on record its sincere and deep appreciation for his invaluable guidance and contribution from time to time in building the Company and its growth.

Late Mr. Jagdish Saxena was a great visionary and had highest business acumen. He was able to feel the pulse and need of the Pharmaceutical market in India and introduced many 'first of its kind' formulations into India. He always believed in creating asset for the Company and was successful in creating facilities of international standards for various dosage presentations. His policy of non-infringement of patents was comforting for the foreign pharma research companies of repute to work with the Company.

MERGER OF ELDER HEALTH CARE LIMITED WITH ELDER PHARMACEUTICALS LIMITED:

In view of the recent developments the Board of Directors of the Company had at its meeting held on 14th May 2013 decided not to proceed with the merger of Elder Health Care Ltd. with the Company and to withdraw the application(s) filed by the Company in the High Court at Mumbai. Accordingly, the Company has withdrawn its application.

GLOBAL DEPOSITORY RECEIPTS:

The Company had made an issue of Global Depository Receipts (GDRs) during the year 2004-05. All the issued GDRs have been converted into equity shares and no GDRs are outstanding as on 30th June 2013. The Company's listing for the GDRs, however, continues on the Luxembourg Stock Exchange and as on 28th June 2013 the same were quoted at U.S. \$ 10.95.

DIVIDEND:

In view of the severe financial constraints faced by the Company the Directors at their meeting held on 29th August 2013 have decided to skip dividend for the accounting period under review.

DIRECTORS:

Dr. Joginder Singh Juneja, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company. He however, being eligible, has offered himself for re-appointment.

Dr. Sailendra Narain, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company. He, however, being eligible, has offered himself for re-appointment.

Mr. Saleem Shervani, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company. He, however, being eligible, has offered himself for re-appointment.

As required under Clause 49 of the Listing Agreement, the particulars of Dr. Joginder Singh Juneja, Dr. Sailendra Narain and Mr. Saleem Shervani, Directors who are due to retire by rotation at the ensuing Annual General Meeting but having offered for their re-appointment, are given in the Report on Corporate Governance, forming part of this Annual Report.

Mr. James McEuen was appointed as the Additional Director by the Board w.e.f. 2nd November 2012 to hold office up to the date of the ensuing Annual General Meeting. The Company has received notices from some shareholders proposing his candidature to the office of Director liable to retirement by rotation. You are requested to appoint Mr. James McEuen as Director.

In view of sad demise of Mr. Jagdish Saxena on 10th October 2013, the Board of Directors at their meeting held on 11th October 2013 appointed Mr. Alok Jagdish Saxena as Managing Director & Chief Executive Officer of the Company w.e.f. 11th October 2013 for a period of five years subject to approval of shareholders and governmental authorities, if any. Mr. Alok Jagdish Saxena was earlier holding the office of Joint Managing Director of the Company.

AUDITORS:

M/s. S. S. Khandelwal & Co., Chartered Accountants, Mumbai retire as the Auditors of the Company at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to get re-appointed and have given a declaration that if re-appointed their appointment will be within the limits specified under Section 224(1)(B) of the Companies Act, 1956. On the recommendation of the Audit Committee, the Board proposes for consideration of the Shareholders, the re-appointment of M/s. S. S. Khandelwal & Co. as Auditors of the Company for the financial year 2013-14. You are requested to appoint Auditors and fix their remuneration.

COST AUDITORS:

The Directors have appointed M/s. Sevekari, Khare and Associates, Cost Accountants, Mumbai, having registration No. 00084, as Cost Auditors of the Company for the pharmaceuticals (formulations and bulk drugs) activities of the Company for the financial year 2013-14 and their appointment has been approved and taken on record by the Central Government.

The Cost Audit Reports for bulk drugs and formulations for the year ended 31st March 2012 were filed with the Central Government on 18th January 2013. The Cost Audit Report for the accounting period ended 30th June 2013 would be submitted to the Central Government within the prescribed time limit.

NON-CONVERTIBLE DEBENTURES:

As mentioned in the Directors' Report of the last year your Company made one more issue of Rated Secured Redeemable Non-Convertible Debentures on a private placement basis called

3rd Tranche during the fifteen months accounting year under review. The issue size was ₹ 70.00 crores comprising of 700 units of ₹10.00 lacs each and carrying interest @12.50% p.a. payable quarterly and redeemable in sixteen equal quarterly installments of ₹4.375 crores starting from the end of the thirteenth quarter from the date of allotment and ending at the end of the twentieth quarter from the date of allotment. The issue was rated by Credit Analysis and Research Limited (CARE) who had assigned 'A+' rating to the said NCD issue of the Company. The said NCD units have been listed on the WDM Segment of National Stock Exchange of India Limited (NSE). The issue of NCDs was made for the purpose of retirement of high cost debt and to augmenting medium to long term resources of the Company including regular capital expenditure (not constituting a project). During the year under reference CARE has downgraded the rating assigned to 'D' to the NCDs issued by the Company.

Attached hereto at Appendix I are the details of funds raised through issuance of Non-Convertible Debentures in the 3rd Tranche and utilization of those funds.

The Directors take this opportunity to thank all the investors who have invested in the NCD issues of the Company and solicit their continued support.

OPTIONALLY CONVERTIBLE DEBENTURE:

Since the close of the accounting year under review the Company has made an issue of unrated, unlisted, secured Optionally Convertible Debentures (OCDs) on a private placement basis of an amount up to ₹ 50.00 crores having a face value of ₹ 100,000/- each per Debenture unit. The Company has completed allotment of 4055 units of ₹ 10.00 lacs each aggregating ₹ 40.55 crores carrying coupon of 22% p.a. and which will have a maturity date of 20th May 2014.

Attached hereto at Appendix II are the details of funds raised through issuance of Optionally Convertible Debenture and utilization of those funds.

The Directors take this opportunity to thank all the investors who have invested in the OCD issue of the Company and solicit their continued support.

JOINT VENTURES / SUBSIDIARIES / INVESTMENTS:

'ELDER INTERNATIONAL FZCO' the wholly owned subsidiary of the Company in Jebel Ali, Dubai, United Arab Emirates (**Dubai WOS**), continues to hold 100% stake in the U.K. based Nutra Health Limited.

The U. K. operations have shown very encouraging results despite the slowing down of the U.K. economy. The said U. K. subsidiary has, in a cashless transaction, acquired Max Healthcare Ltd., U.K. to re-enter the OTC pharmaceutical category and extend and enhance its product range.

Dubai WOS also continues to hold 100% interest in Elder Biomed EAD, Bulgaria which in turn continues to hold 100% stake in downstream Bulgarian entities, namely, Elder Bulgaria EOOD, the manufacturing company and Biomed 2000 EOOD, the distribution company. Bulgaria, being a part of the European Union, offers an excellent opportunity for the Company to enter the Eastern European as well as CIS countries. The manufacturing unit in Bulgaria is being upgraded and once upgradation is

completed it is expected that there will be a lot of opportunities for manufacturing products for the Eastern European, CIS and other markets. The distribution business has a lot of potential and during the period under review it has received a number of registrations which will help the distribution company to widen its scope. The distribution company which used to be operating only in the Bulgarian market has now started exporting some of its products to nearby countries.

The Dubai WOS had entered into a 50 : 50 joint venture in Syncro Health Limited, Guernsey (Syncro), which was engaged in web marketing of certain nutraceutical products. Guernsey offered certain tax concessions and this was the consideration for the business set up by Syncro Health Limited which provided a competitive edge as compared to buying nutraceuticals in stores. Since the business of Syncro did not pick up and the concessions offered were also withdrawn by the U. K. Government, the said company ended up in insolvent trading. As per the Guernsey laws, it was voluntarily decided to appoint administrator for Syncro. The liquidation of the said company has been completed.

The Company continues to hold its investment in the Nepal Joint Venture. During recent period there have been certain issues on unilateral decisions taken by the Nepalese partner whereby the Company's stake in terms of percentage to total capital was reduced from earlier 40% to 30.6%. The Company has notified its dissent to the action taken by the partner and has written to the Ministry of Industry, Government of Nepal seeking an amicable solution in the matter. The discussions were held with the Nepalese partner as directed by the Director of Industry, Government of Nepal for arriving at an acceptable solution, however no settlement could be reached so far. Efforts are being made to work out an amicable settlement to resolve the matter.

During the accounting period under review the Company has signed a Memorandum of Understanding with Holding PharmEco, a Russian company, for establishing a joint venture in Russia for setting up manufacturing facility/ies for pharmaceutical formulations / APIs. However, little progress has been made towards the said joint venture.

During the accounting period under review the Company has entered into a joint venture agreement with KOSE Corporation of Japan for establishment of a joint venture company in India for manufacturing, selling and distribution of cosmetics products in India.

Pursuant to and in compliance with the General Circular No. 2/ 2011 being No. 51/12/2007-CL-III dated 8th February 2011 issued by Government of India, Ministry of Corporate Affairs, the Company has given the required particulars of its subsidiary and subsidiaries of the subsidiary in a statement forming part of this Annual Report. The Annual Audited Accounts and related information of the subsidiary and subsidiaries of subsidiary has been kept for the inspection at the registered / head office of your Company as well as at the head office of subsidiary companies concerned and the shareholders of the Company and subsidiaries seeking such information shall be provided with the same at any point of time. The Company shall also furnish a hard copy of detailed accounts of subsidiaries to any shareholder on demand.

BANKERS AND FINANCIAL INSTITUTIONS:

The Directors wish to place on record their sincere gratitude to the consortium of Banks for working capital led by State Bank of India for their continued and timely support to the Company.

The Directors also wish to place on record their sincere gratitude to the various term lenders and NCD / OCD holders for their continued and timely support to the Company.

EXPORT HOUSE STATUS:

The Company continues to enjoy 'Export House' status. The Company's products are exported to certain African and South East Asian markets. The registration procedures are presently going on in a number of countries and once their formalities are completed, the Company's exports are expected to increase.

ISO / WHO GMP ACCREDITATION:

The Company continues to be certified as conforming to ISO 9001 : 2000 for development, manufacturing and marketing of pharmaceutical products. The Company's bulk drug manufacturing plant at Patalganga was upgraded according to ICH Q7A guidelines for manufacturing products for the US and UK markets. The said bulk drug plant as well as formulation plants of the Company are now approved by WHO GMP and certified as conforming to ISO 9001 : 2008 standards relating to Quality Management Systems. While the Sela Qui formulations plant of the Company has been accredited for WHO GMP the said plant is being upgraded for UK MHRA accreditation. The formulation plants at Nerul, Paonta Sahib have been accredited for WHO GMP standards. The formulations plant at Langha Road near Dehradun is designed as per USFDA compliance requirements and is also accredited for WHO GMP.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors, on the basis of compliance certificate received from Managing Director, CFO and other executives of the Company and subject to disclosures in annual accounts as on 30th June 2013 and on the basis of discussions with the Statutory Auditors of the Company from time to time, declare and confirm:

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the fifteen months period ended on 30th June 2013 and the profit of the Company for that period.
- c) That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the 15 months period ended 30th June 2013 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.
- d) That the Directors had prepared the accounts for the fifteen months period ended 30th June 2013 on a 'going concern basis'.

CORPORATE GOVERNANCE:

In pursuance of the system of Corporate Governance instituted by SEBI and forming part of the Listing Agreement with the Stock Exchanges, a report thereon is separately attached to this report.

RESEARCH AND DEVELOPMENT ACTIVITY:

The Research and Development activities of the Company continue to be recognized by the Department of Science and Technology, Government of India. The Research and Development laboratory of the Company has successfully developed certain import substitute molecules / intermediates and has been working on development of a number of other molecules. It has also been continuously working on process developments of the molecules already developed by it. It has been engaged in development of new products and their improvement in terms of delivery, absorption and efficacy. The Company has applied for seven Indian patents with two in the USA and Japan and the other PCT applications has been entered in the USA, Europe and Japan.

INSURANCE OF ASSETS:

The Company is in the process of renewing the insurance cover for all the fixed assets, finished goods, semi-finished goods, raw materials, packing materials and other goods and assets of the Company lying at different locations against fire, burglary, transit, riots, strike, malicious damage and allied risks as well as goods in transit.

CAPITALISATION:

During the year under review the Company has added fixed assets worth ₹ 13.24 crores whereas disposal and adjustment of fixed assets amounted to ₹ 0.34 crores. The Company had capital work in progress amounting to ₹ 268.36 crores as at 30th June 2013 at various project sites.

DEPOSITS:

The Company's public deposit scheme has been receiving good response from depositors. The Company is regular in repayment of principal and payment of interest and has not defaulted therein. The Company has been complying with the provisions of Section 58A and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder. As at 30th June 2013 the fixed deposits outstanding under the public deposit schemes were ₹ 167.72 crores. The Company has discontinued acceptance of deposits from public since the close of accounting period under review.

AUDITORS' REPORT:

As regards non-depositing or investment of a sum not less than 15% of the amount of Debentures maturing during the period ended 30th June 2013, the Company is seized of the matter and the said amount will be deposited / invested in due course.

As regards the comments of the Auditors at Sr. No. 1 under 'Emphasis of Matter, the Company is still in the process of restructuring its business. As regards comments at Sr. Nos. 2 and 3, the Company is seized of the matter and has been negotiating payment modalities with the lenders. As regards comment at Sr. No. 4 the matter has been withdrawn by the lender concerned upon the Company having repaid the amount in question.

As regards statutory payments the Company has deposited Provident Fund dues up to 30th June 2013. The Company has also

deposited Income Tax Dues (Tax Deducted at Source – Others) up to March 2013. The outstanding of Employees State Insurance and Service Tax reported in the Auditors' Report have also been cleared.

As regards defaults in payment of interest and repayment of installments due to banks and debenture holders, the Company is making all out efforts to clear the same at the earliest.

PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended is available at the registered office of the Company. As per the provisions of Section 219(i)(b)(iv) of the Companies Act, 1956 this Report and Accounts are being sent to all Shareholders of the Company and others entitled to it excluding the aforesaid information. Any Shareholder interested in obtaining a copy of the statement under Section 217(2A) of the Companies Act, 1956 may write to the Company Secretary at the address of the registered office of the Company.

EMPLOYER / EMPLOYEE RELATIONS:

The relationship with the workers of the Company's manufacturing units and other staff continues to be cordial. The Directors wish to place on record their sincere appreciation and gratitude for the services rendered by the workers and staff at all levels.

EMPLOYEE STOCK OPTION PLAN:

The Shareholders at the 21st Annual General Meeting of the Company passed a resolution approving the Employee Stock Option Plan called 'Elder ESOP 2004'. A total of 1,439,274 equity shares of the Company are available under Elder ESOP 2004 for grant of Options at an exercise price of 15% discount to the market rate. The Company had granted Options in respect of 399,250 shares which were to be exercised in four equal parts ending on 27th March 2008 at an exercise price of ₹ 209/- per share inclusive of a premium of ₹199/- per share. Out of the Options granted 285,748 were exercised during the accounting year under review. Options that were not exercised within the stipulated period have lapsed. There are 1,153,526 shares for which Options can still be granted to Employees under Elder ESOP 2004.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as applicable, the particulars relating to conservation of energy and technology absorption are given in Annexure I to this Report.

The foreign exchange outgo during the year under review was ₹ 29.76 crores for imports of raw materials / trading, interest and other items, and ₹ 50.22 lacs for foreign travel. The Company also paid ₹ 5.83 crores in foreign exchange as interest on the External Commercial Borrowing. The foreign exchange earnings during the year were ₹ 31.77 crores on account of exports on FOB basis.

For and on behalf of the Board

Alok Jagdish Saxena

Mumbai, 13th November 2013

Chairman

Annexure – I

A. POWER & FUEL CONSUMPTION	2012-13 (15 months)	2011-12 (12 months)
1. ELECTRICITY PURCHASED:		
Units	9,596,764	7,984,275
Total Amount	₹ 55,949,947	₹ 43,222,933
Rate/Unit	₹ 5.83	₹ 5.41
2. COAL	Not Applicable	Not Applicable
3. FURNACE OIL (L.D.O):		
Quantity (Ltrs)	90,769	118,947
Total Amount	₹ 6,297,544	₹ 6,488,635
Average Rate	₹ 69.38	₹ 54.55
4. FURNACE OIL:		
Quantity (Ltrs)	186,323	172,938
Total Amount	₹ 7,727,538	₹ 6,496,982
Average Rate	₹ 41.47	₹ 37.57
5. FURNACE OIL (DIESEL)		
Quantity (Ltrs)	10,681	11,495
Total Amount	₹ 466,039	₹ 493,825
Average Rate	₹ 43.63	₹ 42.96
6. Liquefied Petroleum Gas (LPG):		
Quantity (Kgs)	389,483	277,042
Total Amount	₹ 31,806,083	₹ 20,184,842
Average Rate	₹ 81.66	₹ 72.86
7. OTHER/INTERNAL GENERATION		
Units	904,970	506,648
Quantity H.S.D. (Ltrs)	289,514	166,323
Total Amount	₹ 13,289,720	₹ 7,179,387
Rate/Unit	₹ 14.69	₹ 14.17

CONSUMPTION PER UNIT OF PRODUCTION:

For finished Packed Production per lac packs of formulations/per Kg. of Bulk Drug

Item	2012-13 (15 months)	2011-12 (12 months)
1. Electricity:		
For Formulations	₹ 37,516.39	₹ 33,278.81
For Bulk Drugs	₹ 151.78	₹ 100.78
2. L.D.O.		
For Formulations	₹ 12,434.31	₹ 9847.93
For Bulk Drugs	₹ 8.46	₹ 19.00
3. Furnace Oil		
For Bulk Drugs	₹ 132.49	₹ 125.55
4. Furnace Oil (Diesel)		
For Formulations	₹ 39,787.98	₹ 31,326.62
5. Liquefied Petroleum Gas:		
For Formulations	₹ 29,111.81	₹ 31,326.62
6. Coal:	Not Applicable	Not Applicable
7. a) LSHS	Not Applicable	Not Applicable
b) HSD	Not Applicable	Not Applicable

Form 'B'

Elder Pharmaceuticals Ltd., a multicore company dealing in APIs & various dosage forms has focused on modifying its APIs operations required for its branded dosage forms and has created facility in Patalganga which is approved by EDQM. With a view to targeting niche molecules, the Company has established its Research and Development Centre (R & D Centre) at Nerul, Navi Mumbai. The basic aim is to synthesize import substituent required for the dosage forms thus controlling the quality at every stage. This strategy was further extended to move into the export markets. The R & D Centre is also recognized by the Department of Scientific & Industrial Research, Ministry of Science & Technology, New Delhi. Company's Research and Development is a major part of its business strategy that is giving an advantage for competitiveness in the business. The Company has filed a total of seven Indian patents with two PCT applications, out of which one patent is granted in USA, Europe & Japan & another in USA & Japan

The objectives of the Research & Development activities are as under:

- Process development for cost & quality effectiveness;
- Improvements in existing processes;
- Development of analytical method / impurity profiling;
- Customer support.

The R & D activities are focused on therapeutic segments such as urinary tract infections, non steroidal & anti inflammatory molecules with specific focus on areas such as wound healing & women's health care. The Development is continuous and some of the major APIs that have been developed and commercialized

are Amiloride Hydrochloride, Flavoxate Hydrochloride, Carbocistein, Diosmin and Diacerin along with continuous efforts to modify and improve their processes without compromising quality. Some of the niche formulations that have been developed and commercialized include Clopidogrel tablets, Zalain pessaries, Elmecob LC, Repral, Elfi-XL, Hibor, Amifru S, Artrodar, Bonviva, Anamol, Elnutrin C, Enzar, CMPH, Flavospas, Somazina, Shelcal, Thrive, etc.

Research & Development Laboratory has also created new portfolio of custom made advanced API intermediates and have successfully developed some innovative compounds for international customers and have started exporting them.

BENEFITS DERIVED:

- a) The creative approach to develop and commercialize formulations and APIs has opened the extended export market;
- b) The synthesizing of the APIs from key raw materials has helped the Company to emerge competitive in pharma market;
- c) The custom synthesis and intermediate exporting has widened the technological base along with export market.

d) EXPENDITURE ON R&D:

	2012-13 (₹ in lacs)	2011-12 (₹ in lacs)
a. Capital Expenditure	10.46	6.60
b. Recurring Expenditure	728.05	507.81

Appendix I

During the 15 months accounting period ended 30th June 2013 the Company had raised funds through issuance of the rated redeemable Non-Convertible Debentures aggregating to ₹ 700,000,000. Their utilization is given hereinbelow:

PARTICULARS	AMOUNT (₹)
Debt Repayments - Principal & Interest	398,963,103
Capital Expenditure	9,775,754
Augmenting medium to long term resources,	270,575,667
Issue Related Expenses	20,685,476
TOTAL	700,000,000

Appendix II

Since the close of the accounting period ended 30th June 2013 the Company had raised funds through issuance of the unrated secured unlisted redeemable Optionally Convertible Debentures aggregating to ₹ 40,55,00,000. Their utilization is given hereinbelow:

PARTICULARS	AMOUNT (₹)
Towards Debt Repayments (Principal + Interest)	187,581,992
Capital Expenditure	660,530
Working Capital	190,270,761
Issue Expenses	23,514,034
Unutilized Balance in Escrow Account	3,472,683
TOTAL	405,500,000

Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To Subsidiary Companies:

Name of the Subsidiary	:	Elder International FZCO, Dubai, U.A.E.
Financial Year of the subsidiary Company	:	1 st April to 31 st March every year
Extent of Interest	:	100%
No. of Shares held by Elder Pharmaceuticals Limited	:	4 Shares of DHS 1,00,000 each held in the name of Elder Pharmaceuticals Limited and 1 Share of DHS 1,00,000 each held in the name of Late Mr. J. Saxena for the benefit of Elder Pharmaceuticals Limited
Net aggregate amount Profits / (Losses) of the Subsidiary so far as it concerns to the members of Elder Pharmaceuticals Limited as it is not dealt with the Company's Accounts for the year ended 31 st March 2013 of the subsidiary	:	Not Applicable
Net aggregate amount Profits / (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in the accounts of Elder Pharmaceuticals Limited for subsidiary's Financial Year ended 31 st March 2013	:	The accounts of the Subsidiary were audited for the year ended 31 st March 2013. The loss of ₹ 595.15 lacs has been dealt with in the consolidated accounts of Elder Pharmaceuticals Limited.

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges the Directors submit for the information of the Shareholders the following Report on Corporate Governance.

1. CORPORATE PHILOSOPHY:

The Management has always believed in good corporate governance and has been practicing it since inception to the extent feasible and beneficial for the enhancement of long term shareholder value and protecting the interests of the other elements involved in the working of the Company. It has adopted the philosophy of openness and transparency in its dealings with the insiders and outsiders alike.

2. BOARD OF DIRECTORS:

Due to sad demise of Mr. Jagdish Saxena, Chairman and Managing Director of the Company, on 10th October 2013 presently the Board of Directors of the Company comprises Eleven Directors, two (18%) of whom are executive Directors and the remaining nine (82%) are independent and non-executive directors. The Company is in compliance with Clause 49 of the Listing Agreement regarding composition of the directors.

With effect from 12th August 2011 the Company has been paying sitting fees of ₹ 20,000/- to the non-executive Directors for the meetings of the Board or Committees of the Board attended by them.

THE STATEMENT OF OTHER DIRECTORSHIPS, MEMBERSHIPS OF COMMITTEES, ETC. IS GIVEN BELOW.

Name of Directors	Chairmanships	Directorships	Member of Committees	Attendance at the last AGM
1 Mr. J. Saxena (upto 10/10/2013)	Two	Four	One	Yes
2 Mr. Yusuf Karim Khan	None	One	None	Yes
3 Mr. Alok Jagdish Saxena	One	Four	One	Yes
4 Dr. R.Srinivasan	Three	Twelve	Nine	Yes
5 Dr.J.S.Juneja	One	Five	One	Yes
6 Dr. Sailendra Narain	None	None	None	Yes
7 Mr. Michael Bastian	Two	Three	Five	Yes
8 Dr. S. Jayaram	None	None	None	No
9 Mr.Saleem I. Shervani	Two	Nine	None	Yes
10 Mr. Edoardo Richter	None	None	None	No
11 Mrs. Urvashi Saxena	None	Four	None	Yes
12 Mr. James McEuen	None	None	None	NA

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:

During the fifteen months period ended 30th June 2013 the Board of Directors met on nine occasions. The dates on which the Board Meetings were held are as follows: 25th April 2012, 15th May 2012, 2nd August 2012, 9th August 2012, 23rd August 2012, 28th September 2012, 2nd November 2012, 14th February 2013 and 14th May 2013. The time gap between two consecutive Board meetings was not more than four months.

	Name of Director	Number of Board Meetings held	Number of Meetings attended
1	Mr. J. Saxena	Nine	Nine
2.	Mr. Alok Jagdish Saxena	Nine	Nine
3.	Mr. Yusuf Karim Khan	Nine	Nine
4.	Dr. R. Srinivasan	Nine	Nine
5.	Dr. J. S. Juneja	Nine	Seven
6.	Dr. Sailendra Narain	Nine	Four
7.	Dr. S. Jayaram	Nine	Six
8	Mr. Michael Bastian	Nine	Six
9.	Mr. Saleem I. Shervani	Nine	Five
10.	Mr. Edoardo Richter	Nine	None
11.	Mrs. Urvashi Saxena	Nine	Nine
12.	Mr. James McEuen (w.e.f. 2 nd November 2012)	Three	Three

BOARD PROCEDURE:

The Board of Directors of the Company meets at regular intervals at meetings of the Board and also informally as and when required.

The following information is placed before the Board as its meetings:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Statutory Compliances.
17. Disclosure of interest by Directors.

18. Review of Cost Audit Reports.

19. Appointment of Chief Financial Officer on the recommendation of the Audit Committee.

20. Appointment of the Cost Auditor on the recommendation of Audit Committee.

3. AUDIT COMMITTEE:

The Board of Directors has set up an Audit Committee which presently has four members namely, Dr. J. S. Juneja, Dr. R. Srinivasan, Dr. Sailendra Narain and Mr. Michael Bastian all of whom are non-executive and independent Directors having financial and accounting knowledge. Mr. Michael Bastian has been appointed as the Chairman of the Audit Committee from 29th April 2009. The Managing Director, Executive Director, Chief Financial Officer, the statutory Auditors, Cost Auditors and internal auditors are the invitees at the meetings of Audit Committee, as and when required. The Audit Committee met on six occasions during the accounting year under review.

The role of the Audit Committee was defined and continues to be as under:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial information is correct, sufficient and credible.
2. Recommending to the Board, appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate and recommending to the Board for his appointment.
14. Recommending to the Board the firm / individual for appointment as Cost Auditor.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

The attendance at the meetings of the Audit Committee was as under:

Name	No. of meetings	
	Held	Attended
Mr. Michael Bastian	Six	Five
Dr. R. Srinivasan	Six	Six
Dr. J. S. Juneja	Six	Six
Dr. Sailendra Narain	Six	Three

Necessary quorum was present at all the Audit Committee meetings. Mr. S. P. Date, Company Secretary acts as the Secretary of the Audit Committee.

NCD Committee:

For the specific purpose of taking decisions on the matters relating to the issue of 3rd Tranche Rated Secured Redeemable Non Convertible Debentures of the Company a Committee of Directors called ‘3rd Tranche NCD Committee’ was constituted under the chairmanship of Mr. Jagdish Saxena with Dr. R. Srinivasan, Dr. S. Jayaram, Mrs. Urvashi Saxena, Mr. Alok Saexna and Mr. Yusuf karim Khan as its other members. Mr. S. P. Date, Company Secretary acts as the Secretary of the 3rd Tranche NCD Committee. The terms of reference of the NCD Committee were as under:

1. To determine the quantum of the Issue, i.e. the number of Debentures to be issued, the Coupon rate including the premium on redemption, if any, in consultation with the Lead Managers to the Issue;
2. To consider and appoint Lead Managers or additional / joint Lead Managers, Underwriters, Legal Counsels, Bankers, Listing Agents, Brokers, Sub-Brokers and any other intermediaries as may be required, including Debenture Trustee and to determine the fees or remuneration payable to them;
3. To consider and finalise the terms and conditions of the proposed Issue in consultation with the Lead Managers to the Issue;
4. To prepare and finalise the Information Memorandum / Disclosure Document in consultation with the Lead Managers, Legal Counsels, Auditors of the Company and various intermediaries to be appointed in this regard;
5. To authorize application to Stock Exchanges for in-principle approval.
6. To approve the Schedule of the Issue and application forms etc.;
7. To open one or more separate banking current account(s) for collecting the NCD proceeds;
8. To authorize employees to prepare, sign, execute, deliver and receive such documents as may be required in this regard;
9. To consider approve and effectuate listing of any of the securities of the Company on National Stock Exchange of India Ltd.; and
10. To deal with any other matters relating to the “Issue”.

During the year under review the 3rd Tranche NCD Committee meeting did not hold any meetings. Since the allotment of NCDs under 3rd Tranche has been completed the said Committee has been dissolved.

4. REMUNERATION OF DIRECTORS:

Non-executive Directors:

The Company does not pay any remuneration to non-executive Directors except by way of sitting fee which with effect from 12th August 2011 has been ₹ 20,000/- for every meeting of the Board or the Committee thereof attended by them. Mr. James McEuen does not claim any sitting fees.

Details of payments made to Non-Executive Directors during the accounting year ended 30th June 2013 are given below:

Name	Sitting Fees (₹)
1. Dr. R. Srinivasan	300,000
2. Dr. Joginder Singh Juneja	260,000
3. Dr. Sailendra Narain	140,000
4. Mr. Saleem Shervani	100,000
5. Dr. S. Jayaram	120,000
6. Mr. Michael Bastian	220,000
7. Mrs. Urvashi Saxena	180,000
8. Mr. Edoardo Richter	Nil
9. Mr. James McEuen	Nil

Whole-Time Directors:

The Whole-Time Directors of the Company received their remuneration by way of monthly remuneration. Such remuneration (inclusive of perquisites) made to the Whole-Time Directors during the fifteen months accounting year ended 30th June 2013 is given in the table below.

Name/Designation	Amount (₹)			
	Salary	Perquisites & Allowances	Retiral Benefits	Total
Mr. J., Saxena Managing Director	28,159,500	14,960,000	3,379,140	46,498,640
Mr. Alok Jagdish Saxena Joint Managing Director	7,365,000	8,219,450	1,841,250	17,425,700
Mr. Yusuf Karim Khan Executive Director	4,539,750	4,261,601	1,134,938	9,936,288

Notes:

- The appointment of each of the Managing Director, Joint Managing Director and Executive Director is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' prior notice in writing to the other party.
- Under the Employee Stock Option Scheme 'Elder ESOP 2004', Mr. Yusuf Karim Khan was given 5,600 Options entitling him to subscribe to 5,600 Equity Shares of ₹10/- each for cash at a price of ₹ 209/- per share. Mr. Yusuf Karim Khan had fully exercised Options granted to him.

Remuneration Committee:

The Company's Remuneration Committee comprised of three Directors namely, Dr. R. Srinivasan, Dr. S. Jayaram and Mr. Jagdish Saxena with Dr. R. Srinivasan, a non executive independent director as its chairman. Due to sad demise of Mr. Jagdish Saxena, the Board re-constituted this committee with the induction of Mr. Alok Jagdish Saxena as its member w.e.f. 10th October, 2013. Dr. R. Srinivasan continues to remain as its Chairman. The Remuneration Committee reviews the remuneration of Working Directors/ Executive Directors of the Company and recommends to the Board periodical revisions in their remuneration. During the accounting period under review the Remuneration Committee met once on 9th August 2012. Mr. S.P Date, Company Secretary acts as the Secretary to Remuneration Committee.

Remuneration Policy:

The Company decides the remuneration package of Working/Executive Directors after considering employment scenario, remuneration package of the industry for the like candidates and remuneration package of managerial talent of other industries. The annual pay is also linked to the performance of the Company in general and individual achievements measured against specific key result areas based on Company's objectives.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report on various matters is appearing elsewhere in this Annual Report.

5. SHAREHOLDERS:

A Sub-Committee of the Board under the Chairmanship of Dr. R. Srinivasan, a non-executive Director with Dr. S. Jayaram and Mr. Alok Jagdish Saxena as the other members thereof designated as "Shareholders/Investors Grievances Committee" has been formed to look into the redressing

of shareholders and investors complaints. Since there have not been any major complaints from shareholders and / or investors the Committee did not meet during the year under review.

Mr. S. P. Date, the Company Secretary acts as the Compliance Officer of the Company. It is the policy of the Company to attend to and address the complaints of shareholders and investors as early as they can be. During the year under review the Company had received 40 complaints/requests from shareholders and all of them have been promptly attended to and addressed. As on 30th June 2013 no requests/complaints were pending to be attended to.

The Board of Directors of the Company has delegated the power of share transfers to the Registrar and Share Transfer Agents, namely, Link Intime India Pvt. Ltd. who are attending to the work of share transfers and dematerialisation of shares at regular periodicity. The share transfer and dematerialisation work is overseen by the Company Secretary and periodically reported to Directors at their meetings.

6. DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS HELD:

For the Year		Date & Time of AGM	Venue
2011-12	29 th AGM	28 th September 2012 10.30 a.m.	Hotel Blue Waters, Opposite Crystal Point, Near Tata Power House, New Link Road, Andheri (West), Mumbai 400 053
2010-11	28 th AGM	26 th September 2011 10.30 a.m.	Juhu Vile Parle Gymkhana Club, Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.
2009-10	27 th AGM	28 th September 2010 10.30 a.m.	Juhu Vile Parle Gymkhana Club, Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.

During the last three AGMs the following Special Resolutions were passed.

27th AGM – No Special Resolution was passed in the 27th AGM.

28th AGM – Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, Equity Shares, etc. pursuant to provisions of Section 81 and / or 81(IA) as applicable and other applicable provisions of the Companies Act, 1956.

29th AGM – Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, Equity Shares etc. pursuant to provisions of Section 81 and / or 81(IA) as applicable and other applicable provisions of the Companies Act, 1956.

No Special Resolution was passed last year through postal ballot.

7. DISCLOSURES:

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have any potential conflict with the interests of the Company. Wherever such transactions are entered into approvals are obtained from appropriate authority/ies.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. There were no penalties imposed or any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

Code of Conduct:

The Code of Conduct for Directors and Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company. The CEO / Managing Director declares that the Board Members and Senior Management covered by the Code of Conduct affirmed compliance with the Code of Conduct of the Company.

CEO / CFO Certification:

The CEO / CFO of the Company have certified to the Board as required under Clause 49(v) of the Listing Agreement.

8. MEANS OF COMMUNICATION:

The quarterly/annual unaudited provisional financial results are published in the newspapers Free Press Journal and Nav Shakti as per the following indicative schedule.

For the quarter ending 30th June – last week of August

For the quarter ending 30th September – second week of November

For the quarter ending 31st December – second week of February

For the quarter/year ending 31st March – second week of May.

The audited annual accounts for the accounting year under review ending on 30th June 2013 are dispatched to the shareholders in the first week of December.

The provisional as well as audited financial results and official news releases are uploaded on the Company's website viz. www.elderindia.com

9. GENERAL SHAREHOLDER INFORMATION:

Date, time and venue of the 30th AGM	:	30th December 2013 at 10.30 a.m. at Hotel Blue Waters, Opposite Crystal Point, Near Tata Power House, New Link Road, Andheri (West), Mumbai 400 053.
Financial Year	:	April to June (Fifteen months)
Date of Book Closure	:	23 rd December 2013 to 30 th December 2013 (Both days inclusive)
Listing on Stock Exchanges	:	Equity shares of the Company are listed on the Bombay Stock Exchange Ltd., Mumbai (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing fees as prescribed for both the exchanges have been paid for the year 2013-14.

Stock Code:

The Stock Exchange, Mumbai (BSE)	-	532322
Scrip ID on Bolt	-	ELDERPH
The National Stock Exchange of India (NSE)	-	ELDERPHARM
NSDL/CDSL – ISIN - for fully paid-up Equity Shares is		INE 975A01015

Corporate Identity Number (CIN)

The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is L24239MH1983PLC029714.

STOCK MARKET DATA

The monthly high and low quotations and volume of shares traded during 1st April 2012 to 30th June 2013 on the Bombay Stock Exchange Limited, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE) are as follows:-

	The National Stock Exchange Ltd. (NSE)			The Bombay Stock Exchange Ltd. (BSE)		
	High	Low	Volume	High	Low	Volume
April 2012	347.90	307.10	526983	348.95	310.70	668084
May 2012	345	281.55	642849	343.45	296.10	771036
June 2012	318.45	292	423600	321	291.20	930332
July 2012	320.35	290	404983	330	293	1004313
August 2012	337.05	266.10	749498	337	267.05	532341
September 2012	328	297.10	197990	327.95	297.05	42550
October 2012	304.50	282.65	73425	310	283	17510
November 2012	340	273.35	330998	338	273	367636
December 2012	474	330.50	2709938	474	335.45	800241
January 2013	416.10	360.10	354916	415.90	367	142740
February 2013	388	310.10	192864	390.90	315.25	147221
March 2013	345.90	281.55	366314	345	280.10	99159
April 2013	401	283.5	1767545	401	286.10	564006
May 2013	389.95	202.5	7130401	391.50	202.15	2615270
June 2013	363	286.2	1913358	363.80	289.25	667780



REGISTRAR AND SHARE TRANSFER AGENTS:

The Company has appointed Link Intime India Pvt. Ltd. (Link Intime) as its Registrar and Share Transfer Agents for both Demat as well as Physical segment. The Office of Link Intime is situated at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078. They are available on Phone No. (022) 2596 3838 and their Fax No. is (022) 2594 6969. Their e-mail ID is mumbai@linkintime.co.in

SHARE TRANSFER SYSTEM:

Link Intime India Pvt. Ltd., the Registrars and Share Transfer Agents follow the following transfer procedure. All the documents received by them are numbered and inwarded. After specimen signatures are checked and tallied with those on record the transfer documents are edited, checked and in case of objections, objection code is marked and communicated to the Transferee. After the objection is cleared all valid cases are allotted transfer numbers. A dummy transfer register is generated for checking and after corrections, if any, final transfer register is prepared. Endorsement stickers are affixed on the share certificates and covering letters are attached to the transferred certificates. A journal for registration is created and the transfer documents checked with the journal are dispatched. Simultaneously shareholders records are updated.

In case of demat transfers the data of transfers is received from the depositories once in a week. The same is downloaded and the shareholder records are updated.

DISTRIBUTION OF SHAREHOLDING AS ON 30TH JUNE 2013.

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	17541	96.35	1,061,698	4.37
501 to 1000	277	1.52	220,568	0.73
1001 to 2000	127	0.70	193,778	0.49
2001 to 3000	68	0.37	176,665	0.40
3001 to 4000	26	0.14	91,469	0.36
4001 to 5000	19	0.10	88,621	0.20
5001 to 10000	49	0.27	381,071	0.69
10001 and above	99	0.54		92.76
Grand Total	18,206	100.00	20,536,936	100.00

Out of the above

NUMBER OF SHARES IN PHYSICAL MODE: 234,140 Equity Shares in respect of 4,367 holders as on 30th June, 2013

NUMBER OF SHARES IN DEMAT MODE: 20,302,796 Equity Shares in respect of 13,839 holders as on 30th June, 2013

CATEGORY OF SHAREHOLDERS AS ON 30th June, 2013

Category	No. of Shares	% of Shareholding
Promoters & Promoter Group	7,065,364	34.40
Financial Institutions/Banks/ Insurance companies	1,484,779	7.23
NRI/Foreign Holding	6,227,292	30.32
Private Corporate Bodies	3,155,417	15.36
Indian Public	2,604,084	12.69
Total	20,536,936	100.00

GDRs:

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange. The said GDRs were quoted at USD 10.95 as on 30th June 2013. At the end of the accounting year under review no GDRs were outstanding.

Elder ESOP 2004:

At the 21st Annual General Meeting of the Company held on 28th September 2004 the Shareholders of the Company had approved Employees Stock Option Scheme called 'Elder ESOP 2004'. On 28th March 2006 the Compensation Committee allotted 3,99,250 Options to eligible Grantees entitling them to subscribe to one equity share of ₹10/- each per Option granted at an Exercise Price of ₹ 209/- per share inclusive of ₹199/- per share as premium. These Options were to be exercised in four equal parts every three months upto 27th March 2008 after initial Vesting Period of one year. Accordingly, Grantees have exercised their Options in respect of 285,748 equity shares of ₹10/- each from 28th March 2007 to 27th March 2008. The paid up share capital of the Company after the last of the allotments of equity shares under ESOP made on 30th April 2008 stands increased to ₹188,574,860/-. There were no Options outstanding as at 31st March 2008 and the Options that were not exercised within the prescribed period have lapsed. However, Elder ESOP 2004 still has a balance of 1,153,526 shares for which Options can be issued to Employees.

Plant Locations:

The Company's plants are situated at the following locations:

1. Plot No. D-219 & 220, T.T.C. Industrial Area, Thane-Belapur Road, Navi Mumbai 400 706
2. Plot No. C-21/2, T.T.C. Industrial Area, Village – Pawane, Navi Mumbai 400 704
3. Plot No. A-36 Patalganga Industrial Area, Village Khair, Taluka Khalapur District Raigad, Maharashtra 410 220
4. Plot No. C-11/2, Sela Qui Industrial Area Near Dehradun Uttarakhand
5. Plot No. 103, Paonta Sahib Industrial Area Village: Gondpur Tehsil: Paonta Sahib District: Sirmour Himachal Pradesh
6. Village Charba Pargana Pachwa Doon Tehsil – Vikasnagar District – Dehradun Uttarakhand

Address for Correspondence:

The Company has appointed Link Intime India Pvt. Ltd. as its Share Transfer Agents. All communications with regard to transfer, transmission, instructions / enquiries on Electronic Clearing Service (ECS), dividend, dematerialising of shares, etc. should be addressed to the Share Transfer Agents at the following address.

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078.
Email: mumbai@linkintime.co.in

The Shareholders are also welcome to communicate directly with the Company at the following address.

Registered Office: Secretarial Department
 Elder Pharmaceuticals Limited
 'Elder House',
 Plot No. C-9, Dalia Industrial Estate
 Off Veera Desai Road
 Andheri (West) Mumbai 400 053
 E-mail: corporate@elderindia.com

Details of directors seeking re-appointment given pursuant to clause 49 of the listing agreement:

As required by Clause 49 of the Listing Agreement given hereunder are the details of Dr. Sailendra Narain, Dr. Joginder Singh Juneja and Mr. Saleem Shervani, the retiring Directors seeking re-appointment.

Dr. Sailendra Narain:

Dr. Sailendra Narain having DIN 01035766 was appointed as a Director on the Board on 16/08/2002

As per the provisions of Section 256 of the Companies Act, 1956 and clause 134 and 135 of the Articles of Association of the Company. Dr. Sailendra Narain is due to retire at the ensuing Annual General Meeting but being eligible has offered himself for re-appointment.

Aged 73, Dr. Narain holds a post graduate degree in economics and sociology, certified associate of the Indian Institute of Bankers and has a Ph.D. in Humanity from the University of Patna. Professionally he is a national and international financial consultant. Dr. Narain is a former Chairman and Managing Director of the Small Industries Development Bank of India, an apex Bank of India in the field of development, financing and promotion of small scale enterprises.

Dr. Sailendra Narain does not hold Directorships in any other Company.

Dr. Narain holds no shares of the Company.

The presence of Dr. Sailendra Narain on the Board will immensely benefit the Company.

The Board recommends the appointment of Dr. Sailendra Narain as a Director.

Dr. Joginder Singh Juneja

Dr. Joginder Singh Juneja having DIN 00112460 was appointed as a Director on the Board on 01/11/1999

As per the provisions of Section 256 of the Companies Act, 1956 and clause 134 and 135 of the Articles of Association of the Company Dr. Juneja is due to retire at the ensuing Annual general Meeting but being eligible has offered himself for re-appointment.

Aged 76, Dr. Joginder Singh Juneja, is an MBA from University of Oregon, USA and a Ph.D in applied economics from the University of Mumbai. He has a unique experience of over three decades both in public and private Sector Managements covering most of segments of industrial and business development. Dr. Juneja has been a visiting Professor to the University of Rhode Island, USA and Indian Institute of Technology, New Delhi. He has

served on the Boards of member of Public and Private Sectors Companies and has also served on the Board of Governors of IIM Calcutta and Calicut, CSIR and other eminent institutions.

Dr. Juneja is the former Chairman and Managing Director of the National Small Industries Corporation Ltd., an apex SME development government Company and Past President of AIMA (All India Management Association). Presently Dr. Juneja represents/advises a number of national and international, organisations and bodies for development of SMEs and employment creation, exports, industrial policies investments, etc. He is a national & international Consultant, and an Author.

Dr. Juneja was conferred with the coveted International Legion of Honour award in 1993-95 by WASME at International Conference held in Cairo in April, 1995 which is given by the World body to an outstanding individual every two years. He has also been the recipient of 1992 IMM Top Professional Manager of the year Gold Award (1995), Shiromani Award (1987), Udyog Ratna Award (1986) and several other awards.

Dr. Joginder Singh Juneja's other directorships are as under:

1. Global Projects and Services Pvt. Ltd.
2. Eastman Cast and Forge Ltd.
3. Elder Healthcare Ltd.
4. Integrated Forex Capital Market Pvt. Ltd.

He is the Member of Governing Council - All India Management Association & Chairman SME Committee. He is also the Vice President of World Union of Small and Medium Enterprises (WUSME).

Dr. Joginder Singh Juneja holds 5600 shares of the Company.

The presence of Dr. Joginder Singh Juneja on the Board will immensely benefit the Company.

The Board recommends the appointment of Dr. Joginder Singh Juneja as a Director.

Mr. Saleem Shervani:

Mr. Saleem Shervani having DIN 00023909 was appointed as a Director on the Board on 30/09/2003. As per the provisions of Section 256 of the Companies Act, 1956 and clause 134 and 135 of the Articles of Association of the Company Mr. Saleem Shervani is due to retire at the ensuing Annual General Meeting but being eligible has offered himself for re-appointment.

Mr. Saleem Shervani, 60, an ex-member of Parliament is an Arts Graduate and a gold medallist Graduate in Economics at Aligarh, Muslim University. Mr. Shervani is an Industrialist. He was a member of the Indian and the Lok Sabha Set 4 times consequently. He had held portfolios of the State Minister of Health & Family Welfare (Independent Charge) and State Minister of External Affairs. He was also member of the consultative committee of Ministry of Finance and Ministry of External Affairs and Central Advisory Committee on Science & Technology.

Mr. Shervani was honoured with the "Indira Gandhi National Unity Award" in 1990.

Mr Saleem Shervani's other directorships are as under:

1. Shervani Foods Pvt.Ltd.
2. Shervani Industrial Syndicate Ltd.
3. Shervani Hospitalities Ltd.
4. ATB Cargo Pvt. Ltd.
5. Capon Food Specialities Limited.
6. IMRP Insurance Services Pvt. Ltd.
7. Farco Foods Pvt. Ltd..
8. OmniTel Technologies Pvt. Ltd. .
9. Metwa Electricals & Appliances Pvt. Ltd..

Mr Shervani holds 2500 shares of the Company.

The presence of Mr Shervani on the Board will immensely benefit the Company.

The Board recommends the appointment of Mr. Saleem Shervani as a Director.

Unclaimed Dividend

The unclaimed dividend in respect of the Financial years up to 2004 - 05 has been transferred to Investor Education and Protection Fund (IEPF) A/C established under the Revenue A/C of Central Government on 10/12/2012.

The following Dividend, if unclaimed for 7 years, will be transferred to IEPF as follows:

Financial Year	Unclaimed Dividend As on 30/06/2013 (₹)	Unclaimed dividend A/C with
2005-06	581,775.00	Standard Chartered Bank
2006-07	535,996.00	Standard Chartered Bank
2007-08	343,352.50	State Bank of India
2008-09	325,979.50	State Bank of India
2009-10	408,120.00	State Bank of India
2010-11	397,698.00	Axis Bank Ltd.
2011-12	442,479.00	Axis Bank Ltd.

10. RISK ASSESSMENT AND MITIGATION:

The Company has formulated an appropriate policy for identification, assessment and mitigation of risks. The policy will be reviewed as and when required depending upon the change in the circumstances affecting the Company and its business.

11. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Adequate well established control procedures for internal control are already in place. The well qualified Internal Audit Team implements these procedures and controls. Risk evaluation procedures have also been introduced. However, in view of growing activities the internal audit team is being strengthened and the scope of internal audit is widened.

12. FINANCIAL AND OPERATIONAL PERFORMANCE:

Sales: Company's operating income for the year ended 30th June 2013 was Rs 1233.10 crores as against ₹ 984.69 crores in the previous year marking an increase of about 25.23%.

Depreciation: Depreciation / Amortisation was at a higher figure of ₹ 36.52 crores which was higher by ₹ 8.89 crores as compared to previous year. The increase was because of the provision of depreciation on additional fixed assets acquired during the year.

PBT and PAT: Profit before tax during the year under review was higher at ₹ 115.70 crores as against ₹ 103.51 crores in the previous year. Profit after tax was also higher at ₹ 93.74 crores as against ₹ 84.07 crores in the previous year.

Earning per Share/Book Value Per Share: Earning per Share for the year under review was ₹ 45.64 as basic and on diluted basis per share as against Rs as basic and ₹ 40.94 on diluted basis per share in the previous year.

Book value Per Share was ₹ 320.64 as on 30th June 2013 as against ₹ 296.86 as on 31st March 2012.

Net Worth: Net Worth of the Company as on 30th June 2013 was ₹ 658.50 crores as against ₹ 609.66 crores as on 31st March 2012 which has increased by ₹ 48.84 crores as compared to that on 31st March 2012.

WEBSITE OF THE COMPANY:

The Company's website address is **www.elderindia.com** and the quarterly financial results and shareholding distribution are uploaded on the website on a regular basis. The website has a separate section for the investors through which they can reach the Company for redressing their complaints/grievances, if any.

ELECTRONIC CLEARANCE SYSTEM (ECS) FOR DIVIDEND:

Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use bank account details furnished by the investors for distributing dividends payable to them by using Electronic Clearance Service (ECS) wherever ECS facility is available. The Company is providing ECS facility for dividends at the following centers, viz. Mumbai, New Delhi, Kolkata, Chennai, Ahmedabad, Bangalore, Hyderabad, Pune, Kanpur, Nagapur, Jaipur, Chandigarh, Bhubaneshwar and Guwahati. Those investors who are not registered with the Company for ECS payment of dividend may register themselves now. Necessary form for registering the details is enclosed with this annual report. The registration details should reach the Registrars and Share Transfer Agents of the Company on or before 18th September 2006 to enable them to accept the request.

For and on behalf of the Board

Alok Jagdish Saxena

Mumbai, 13th November 2013

Chairman

Declaration

As per Clause 49 of Listing Agreement with Stock Exchanges, this is to confirm that all Board Members and Senior Management personnel have affirmed compliance with Code of Conduct of the Company for the Financial Year 2012-13.

For and on behalf of the Board

Alok Jagdish Saxena
Chairman

Mumbai, 13th November 2013

Certificate on Corporate Governance

To The Members of

ELDER PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Elder Pharmaceuticals Limited (the Company) for the period ended on 30th June 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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 the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For S S KHANDELWAL & CO.
Chartered Accountants
(Firm Registration No: I05064W)

(S S KHANDELWAL)
(Proprietor)
Membership No. 31487

Mumbai, 29th August, 2013

Independent Auditor's Report

To the Members of

Elder Pharmaceuticals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Elder Pharmaceuticals Limited** ("the Company") which comprise the Balance Sheet as at 30th June, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the extended period of fifteen months from 1st April, 2012 to 30th June, 2013, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of 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 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.

Basis for Qualified Opinion

- 1) The company has not deposited or invested a sum not less than 15% of the amount of Debenture maturing during the year ending on 30th June, 2013 in one or more of the, methods as specified in clarification issued by Ministry Of Corporate Affairs, Government of India regarding Debenture Redemption Reserve.**
- 2) Trade advances included in long term loans and advances are subject to confirmation and reconciliation and documentation.**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2013;
- ii) In the case of Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of matter

- 1) We draw attention to note no. (33) to the financial statements. With a view to reducing the debts of the Company, the board of directors has approved the proposal to restructure the Company's business involving either raising of capital, hiving of assets or other strategic options and have appointed advisers for this purpose. The advisers have carried out due diligence of the Company's operations. No strategy has yet been finalized.**

The ultimate outcome of the matter on the affairs of the company cannot presently be determined and ascertained.

- 2) We draw attention to note no. (34) to the financial statements wherein subsequent to close of Accounting year some lenders have filed legal cases against the Company, its directors and other officers under section 138 of the Negotiable Instruments Act 1981. In some cases winding up petition under section 433 and 434 of the Companies Act 1956 has also been filed.

As explained to us, the Company in some cases has made part payments and settlement negotiations are initiated in other cases. The ultimate outcome of the matters on the affairs of the Company cannot presently be determined.

- 3) We draw attention to Note No.(35) to the financial statements stating that some lenders/ bankers/ non- convertible debenture holders have served the notices on the Company for dishonoring of the cheques and default in payment of their dues under various acts governing dishonoring of cheques and default in repayments of loans. As informed, the Company has been negotiating payment modalities with such lenders/ bankers/ non- convertible debenture holders.

In above cases, if no settlement/negotiations arrived at, the operations of the Company may adversely be affected. However, the ultimate outcome of the matters on the affairs of the Company cannot presently be determined/ ascertained.

- 4) We draw attention to note no. (36) to the financial statements stating that one of the lender has filed winding up petition under section 433 and 434 of the Companies Act, 1956 and arbitration proceedings have commenced. The court has granted time up to 15th September 2013 for settlement of the dues.

In the said case if the Company fails to honor its commitment, the operations of the Company may adversely be affected.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the Act, we give 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:
 - a) 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;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.
 - e) On the basis of the written representation received from the Directors as on 30th June, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 30th June, 2013 from being appointed as director in terms of Clause (g) of sub- section (1) of section 274 of the Act 1956.

For **S.S.KHANDELWAL & CO.**
Chartered Accountants
(Firm Registration No.105064W)

S.S. Khandelwal
Proprietor

Membership No. 031487

Mumbai, 29th August, 2013

Annexure to the Independent Auditors' Report

(Referred to paragraph I under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking in to consideration, the information and explanations given to us during the course of audit, we report that:

- I
 - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, some of the fixed assets of the Company have been physically verified by the management during the year in accordance with a phased program of verification designed to cover all the fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of account.
 - c) The fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company
- 2
 - a) As explained to us, the inventories have been physically verified by the management at regular intervals during the year. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and nature of its business.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory.
- 3 In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956;
 - a) The Company has granted unsecured loans to a wholly owned subsidiary and a joint venture company covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the said loans the maximum amount outstanding at any time during the year is ₹12,170.92 lacs and the year- end balance is ₹11,310.30 lacs.
The Company has also given advance to five parties as trade advance, the maximum amount outstanding at any time during the year is ₹ 6,968.66 lacs and the yearend balance is ₹6,929.37 lacs, out of which ₹1,123.47 lacs is due for more than three years.
 - b) As per the information and explanations given to us, the terms and conditions of such loan given to the subsidiary and the joint venture company covered in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
 - c) As per the information and explanations given to us, the principal amounts of the said loans are repayable on demand and there is no repayment schedule.
 - d) According to the information and explanations given to us the Company has not taken loans from the parties listed in the register maintained under section 301 of the Companies Act. 1956.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in such internal control systems.
- 5
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or 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 the information and explanations given to us, transactions made in pursuance to such contracts or arrangements are specialized in nature and comparable prices are not always determinable and the price is charged are prima facie reasonable.

- 6 In our opinion and according to the information and explanations given to us, the Company, **except in cases of short term borrowings from parties for Working Capital requirements**, has complied with the provisions of sections 58A and 58AA, of the Companies Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- 7 The Company has an internal audit system commensurate with the size and the nature of its business.
- 8 The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- 9 a) **As per information and explanations given to us the Company has been irregular in depositing the undisputed statutory dues including Provident Fund, Income tax, sales tax, Service Tax and Employees State Insurance and there has been a serious delay in many cases.**

The Company has been regular in respect of payments of statutory dues payable under Investor Education and Protection Fund, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities and there were no undisputed amounts payable in respect of such dues which have remained outstanding as at 30th June, 2013 for a period exceeding six months from the date they become payable.

Sum of ₹1267.32 lacs in respect of Income Tax dues towards Tax deducted at source, ₹3.42 lacs in respect of Employees State Insurance and ₹17.79 lacs in respect of Service Tax were outstanding as on 30th June, 2013 for a period of more than six months from the date they become payable.

- b) According to the information and explanations given to us, the dues in respect of Income tax, sales tax, custom duty, excise duty and service tax that has not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending as on 30th June, 2013 are as given below..

Name of the statute	Nature of dues	Period to which the amount relates	Forum where the dispute is pending	Amount (₹ in Lacs)
Income Tax	Block assessment dues	Block period 1.4.95 to 18.9.2001	High court, Mumbai	216.53
Income Tax	Assessment dues	A/Y 2002 - 2003	High court, Mumbai	23.66
Income Tax	Assessment dues	A/Y 2008 - 2009	Commissioner of Income Tax	28.39
Service tax	Reversal ratio of service tax attributable for manufacture of exempted goods under rule 6(5) of CCR	September 06 to March 2010	Commissioner Service tax, Belapur	490.63
Service tax	Eligibility of S.T on CHA & C&F agent	September 06 to March 2011	Commissioner Service tax, Belapur	1.45
Service tax	S.T payable on reverse charge method.	October 06 to March 2011	Commissioner Service tax, Belapur	0.54

- 10 The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11 **According to information and explanations given to us and based on the documents and records produced before us, the Company has defaulted in repayment of dues to banks and debenture holders amounting to ₹4418.28 lacs and ₹2116.74 lacs respectively as at the balance sheet date.**
- 12 In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ society
- 14 The Company has maintained proper records of the transactions and contracts in respect of dealing in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.

- 15 According to the information and explanations given to us and the records examined by us, the terms and conditions of the guarantee given by the company for loans taken by others from a bank are not prejudicial to the interest of the company.
- 16 To the best of our knowledge and belief and according to the information and explanation given to us by the management the term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
- 17 According to the Cash Flow statement and other records examined by us and the information and explanations given to us, on all overall basis, funds raised on short term basis, have prima facie, not been used during the year for long term investments.
- 18 The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the companies act, 1956.
- 19 As per information and explanation given to us and based on records examined by us the company has created charge in respect of debentures.
- 20 To the best of our knowledge and belief and according to the information and explanation given to us, the company has not raised any money through a public issue during the year.
- 21 In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, which causes the financial statements to be materially misstated.

For **S.S.KHANDELWAL & CO.**
Chartered Accountants
(Firm Registration No.105064W)

S.S. Khandelwal
Proprietor
Membership No. 031487

Mumbai, 29th August, 2013

Financials

Balance Sheet as at 30th June 2013

(₹ in Lacs)

	NOTE No.	As At 30th June, 2013	As At 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,056.66	2,056.66
Reserves and Surplus	3	75,726.46	67,118.95
Non-current liabilities			
Long-term borrowings	4	57,363.47	42,397.42
Long-term provisions	5	1,654.78	1,428.04
Current liabilities			
Short-term borrowings	6	39,862.84	35,689.82
Trade payables	7	6,805.74	4,382.64
Other current liabilities	8	34,420.54	16,201.68
Short-term provisions	9	2,932.72	1,975.39
TOTAL		2,20,823.21	1,71,250.60
ASSETS			
Non-current assets			
Fixed assets:			
Tangible Assets	10	47,355.88	49,694.14
Intangible Assets	10	1,067.12	1,067.12
Capital Work-in-Progress	10	26,836.17	19,100.83
Non-Current Investments	11	251.27	289.31
Deferred Tax Assets/(Liabilities)(net)	12	69.97	(183.33)
Long-Term Loans and Advances	13	75,419.73	29,446.89
Current assets			
Current Investments	14	138.50	1,820.00
Inventories	15	15,925.97	22,125.07
Trade Receivables	16	32,836.91	28,447.28
Cash and Bank Balances	17	8,783.49	12,933.64
Short-term loans and advances	18	8,804.76	4,315.76
Other Current Assets	19	3,333.44	2,193.89
TOTAL		2,20,823.21	1,71,250.60
Significant Accounting Policies	I		

The accompanying notes I to 49 are an integral part of the financial statements.

As per our report of even date
For S S KHANDELWAL & CO.
Chartered Accountants
(Firm Registration No: I05064W)

Alok Jagdish Saxena
Jt. Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No. 031487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 29th August, 2013

Statement of Profit and Loss

For the period ended 30th June, 2013

(₹ in Lacs)

	NOTE NO	Period Ended 30th June, 2013	Year Ended 31st March, 2012
INCOME			
Revenue from Operations	20	1,23,309.66	98,468.73
Other Income	21	2,621.76	2,430.75
Total Revenue		<u>1,25,931.42</u>	<u>1,00,899.48</u>
EXPENSES			
Cost of Materials Consumed	22	12,247.05	11,579.96
Purchases of Stock in Trade	23	39,346.17	39,352.72
Changes(Increase) in Inventories of Finished goods , work in progress and stock in trade	24	5,715.91	(3,797.23)
Employee Benefits Expenses	25	15,143.29	10,897.74
Finance Costs	26	13,797.34	8,902.34
Depreciation and Amortisation Expense		3,652.09	2,763.56
Other Expenses	27	23,222.18	19,712.14
R & D Expenditure	28	728.05	507.81
Total Expenses		<u>1,13,852.23</u>	<u>89,919.04</u>
Profit Before Exceptional Item Tax (III-IV)		12,079.19	10,980.44
Exceptional Item		<u>508.77</u>	<u>629.32</u>
Profit Before Tax		<u>11,570.42</u>	<u>10,351.12</u>
Less : Tax Expenses			
Current Tax		2,450.00	2,100.00
Deferred Tax		<u>(253.34)</u>	<u>(164.83)</u>
Profit after Tax		<u>9,373.76</u>	<u>8,415.95</u>
Less : Tax for earlier years		0.00	8.62
Profit For The Period		<u>9,373.76</u>	<u>8,407.33</u>
Basic and Diluted EPS (Face Value ₹10/-)		45.64	40.94

As per our report of even date
For S S KHANDELWAL & CO.
Chartered Accountants
(Firm Registration No:105064W)

Alok Jagdish Saxena
Jt. Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No. 031487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 29th August, 2013

Cash Flow Statement for the period ended 30th June, 2013

(₹ in Lacs)

	2012 - 2013	2011 - 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	11,570.42	10,351.12
Add Adjustment for :		
Depreciation	3,652.09	2,763.56
(Profit)/Loss on Sale of Fixed Assets	0.61	22.65
Finance costs	13,797.34	8,902.34
Exchange loss(gain)(net) on loans	508.77	629.32
Dividend Received	(81.18)	(254.60)
Interest Received	(2,086.34)	(1,644.19)
Other income	(346.08)	(373.22)
	<u>15,445.21</u>	<u>10,045.86</u>
Operating Profit before working capital changes	27,015.63	20,396.98
Working capital changes		
Adjustments for (Increase)/decrease in operating assets		
Inventories	6,199.10	(3,635.30)
Sundry Debtors	(4,389.63)	(5,781.54)
Short-term Loans & Advances	(4,489.00)	(2,240.46)
Long-term Loans & Advances	(45,972.84)	(6,609.85)
Other Current Assets	(1,139.55)	(1,417.04)
Adjustments for Increase/(decrease) in operating liabilities:		
Trade payables	2,423.10	(48.54)
Other current liabilities	18,218.86	3,044.67
Short-term provisions	1,673.39	365.09
Long-term provisions	<u>226.74</u>	<u>(17.26)</u>
	<u>(27,249.83)</u>	<u>(16,340.23)</u>
CASH GENERATED FROM OPERATIONS	(234.20)	4,056.75
Tax Paid	(2,450.00)	(2,100.00)
Income tax earlier year	0.00	(8.62)
Net Cash Flow from Operating Activities - (A)	(2,684.20)	1,948.13
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,059.37)	(15,782.55)
Sale of Fixed Assets	9.63	14.20
Current Investments	1,681.50	(1,025.00)
Non- current Investment	38.04	3.16
Interest Received	2,086.34	1,644.19
Dividend Received	81.18	254.60
Other income	346.08	373.22
Net Cash Used in Investing Activities - (B)	(4,816.60)	(14,518.18)

Cash Flow Statement for the period ended 30th June, 2013

	2012 - 2013	2011 - 2012
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Exchange loss(gain)(net) on loans	(508.77)	(629.32)
Proceeds from Long Term Borrowings	14,966.05	4,853.59
Net increase/(decrease) in working capital borrowings	1,927.50	2,882.87
Proceeds from other Short Term Borrowings	2,245.52	2,375.00
Foreign Currency Translation Reserve	(490.76)	667.67
Hedging	(275.49)	(295.11)
Finance costs	(13,797.34)	(8,902.34)
Dividend Paid	(616.11)	(616.09)
Tax on distributed Dividend	(99.95)	
Net Cash flow from Financing Activities - (C)	3,350.65	336.27
Net Increase/(Decrease) in Cash and Cash Equivalents - (A+B+C)	(4,150.15)	(12,233.78)
Add: Cash and Cash Equivalents at the beginning of the year	12,933.64	25,167.42
Cash and Cash Equivalents at the end of the year	8,783.49	12,933.64

As per our report of even date

For S S Khandelwal & Co.

Chartered Accountants

(Firm Registration No:105064W)

Alok Jagdish Saxena

Jt. Managing Director

Yusuf Karim Khan

Executive Director

(S S Khandelwal)

(Proprietor)

Membership No. 031487

Suresh V. Pai

Chief Financial Officer

S. P. Date

Company Secretary

Mumbai, 29th August, 2013

Notes Annexed to and forming part of the Financial Statements

for the year ended 30th June, 2013

NOTE I :

SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting Policies:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub-section (3C) of section 211 of the Companies Act, 1956.

ii. Use of Estimates:

The preparation of financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balance of Assets & Liabilities, revenue and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future events could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

iii. Fixed Assets:

Fixed Assets are stated at their original cost of acquisition or construction including incidental expenses related to acquisition and installation of the concerned assets.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Profit and Loss Account.

iv. Depreciation:

Depreciation on fixed assets is provided on straight line method as per Section 205 (2) (b) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV to the said Act.

The softwares are an integral part of hardware and accordingly considered part of computers.

v. Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end in terms of Para 5 to 13 of AS-28 issued by Institute of Chartered Accountants of India (ICAI) for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallized, is charged against revenue of the year.

vi. Investments:

Long term investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided for.

vii. Intangible Assets:

Intangible Assets are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.

Expenditure on acquiring trade marks is being amortized over a period of five years.

viii. Inventories:

- a) Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.
- b) Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value.
- c) Cost (net of input tax credit availed) of Raw Materials, Stores & Spare Parts, Packing Materials & Finished Goods is determined on FIFO basis.
- d) Cost of Finished Goods and Work-in-Progress is determined by taking raw material/packing material cost (net of input tax credit availed), labour and relevant appropriate overheads.

ix. Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date on which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the year end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense, as the case may be, in the profit and loss account.

In respect of forward contract, the premium or discount on these contracts is recognized as income or expenditure, as the case may be, over the period of the contracts. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the year.

x. Derivatives Instruments and Hedge Accounting:

The Company is exposed to foreign currency fluctuation on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contract, the difference between the forward rate and the exchange rate, being the premium or discount at the inception of a forward exchange contract is recognised as income/expense over the life of the contract.

Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows, attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account.

xi. Foreign operations :

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange difference which has been deferred and which relate to the operation are recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the transaction procedures applicable to the revised classification are applied from the date of the change in classification.

xii. Sales:

Revenue from sales of goods is being recognized on accrual basis on transfer of ownership to the customers. The sales are stated net of trade discounts, excise duty, sales returns and sales taxes.

Revenue from rendering of services is recognized on completion of service.

xiii. Export Benefits / Incentives :

Benefits on account of entitlement of export incentives are recognized as and when the right to receive the same is established.

xiv. Leases :

Lease rentals are accounted on accrual basis in accordance with the terms of respective lease agreements.

xv. Research and Development :

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets.

xvi. Retirement Benefits :

a). Contributions to the Provident Fund are made at a pre-determined rate and charged to the Profit & Loss Account.

b). Liability towards Gratuity and Leave Encashment is provided on the basis of actuarial determination. Liability towards Superannuation is provided in accordance with the scheme administered by Life Insurance Corporation of India.

xvii. Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset, up to the date such assets are ready for their intended use.

Other borrowing/ financing costs are charged to the Profit & Loss Account.

xviii. Taxation:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income tax as applicable to the financial year.

Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date.

In case where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosures have been made towards contingent liabilities, if any

xix. Provisions and Contingent Liabilities:

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

Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is required.

Notes to Balance Sheet as at 30th June, 2013

NOTE 2 :

(₹ in Lacs)

	As At 30th June, 2013		As At 31st March, 2012	
I SHARE CAPITAL				
i AUTHORISED				
3,00,00,000 (Previous Year : 3,00,00,000)		3,000.00		3,000.00
Equity Shares of ₹10/- each .		<u>3,000.00</u>		<u>3,000.00</u>
ii ISSUED				
2,05,96,486 (Previous Year : 2,05,96,486)		<u>2,059.65</u>		<u>2,059.65</u>
Equity Shares of ₹10/-				
iii SUBSCRIBED AND PAID-UP				
2,05,36,936 (Previous Year : 2,05,36,936)		2,053.69		2,053.69
Equity Shares of ₹10/- each fully paid up.				
Add : Forfeiture of Shares:		2.97		2.97
No. of Shares forfeited are 59,550 and amount forfeited ₹ 5/- per Share.		<u>2,056.66</u>		<u>2,056.66</u>
	30th June, 2013		31st March 2012	
	No	₹ in Lacs	No	₹ in Lacs
a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.				
At the beginning of the period	<u>20,536,936</u>	<u>2,053.69</u>	<u>20,536,936</u>	<u>2,053.69</u>
Outstanding at the end of the period	<u>20,536,936</u>	<u>2,053.69</u>	<u>20,536,936</u>	<u>2,053.69</u>
b Rights, preferences, and restrictions attached to Equity shares				
The Company has only one class of Equity shares having par value of ₹10/- each. Each holder of Equity share is entitled to one vote per share. The Company pays dividend to Equity share holders in Indian rupees. The dividend proposed by the Board of Directors if any, is subject to the approval of the share holders in the ensuing annual general meeting.				
In the event of the liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of Equity shares held by the shareholders.				
c The details of shareholders holding more than 5% shares:				
	As at 30.6.2013		As at 31.3.2012	
Name of shareholder	No. of shares	% holding	No. of shares	% holding
1 Indart Exports Private Limited	2,493,647	12.14	2,610,647	12.72
2 Semit Pharmaceuticals & Chemicals Limited	1,567,593	7.63	2,205,690	10.74
3 Acrif S.P.A.	2,619,000	12.75	2,619,000	12.75
4 Citicorp International Financial Corporation	1,730,000	8.42	1,730,000	8.42
5 IL&FS Trust Company	-	-	1,108,778	5.40
As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest the above shareholding represent both legal and beneficial ownerships of the shares.				

NOTE 3 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
RESERVES AND SURPLUS		
SHARE PREMIUM		
Opening Balance	25,074.56	25,074.56
Add :Addition/Adjustment during the year	-	-
Closing balance (A)	25,074.56	25,074.56
HEDGING RESERVE		
Opening Balance	206.18	501.29
Add :Addition/Adjustment during the year	(275.49)	(295.11)
Closing balance (B)	(69.31)	206.18
DEBENTURE REDEMPTION RESERVE		
Opening Balance	8,000.00	4,000.00
Add :Transfer from surplus balance in the statement of Profit & Loss	4,000.00	4,000.00
Closing balance (C)	12,000.00	8,000.00
FOREIGN CURRENCY TRANSLATION RESERVE		
Opening Balance	(568.43)	(1,236.10)
Add :Addition/Adjustment during the year	(490.76)	667.67
(D)	(1,059.19)	(568.43)
GENERAL RESERVE		
Opening Balance	15,118.51	12,118.51
Add :Transfer from surplus balance in the statement of Profit & Loss	3,000.00	3,000.00
Closing balance (E)	18,118.51	15,118.51
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	19,288.13	18,596.86
Add : Profit for the year	9,373.76	8,407.33
	28,661.89	27,004.19
Less: Appropriations		
i) Proposed Dividend	-	616.11
ii) Tax on Dividend	-	99.95
iii) Transfer to General Reserve	3,000.00	3,000.00
iv) Transfer to Debenture Redemption Reserve	4,000.00	4,000.00
	7,000.00	7,716.06
(F)	21,661.89	19,288.13
Total (A+B+C+D+E+F)	75,726.46	67,118.95

NOTE 4 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
LONG TERM BORROWINGS		
I SECURED BORROWINGS		
(A) Non-convertible Debenture	25,438.00	19,180.00
	25,438.00	19,180.00
<p>a) Loan against 10.75%, 11.25% & 12.50% Non-convertible debentures aggregating to ₹.11880 lacs & ₹ 7300 lacs & ₹ 7000 lacs respectively are secured by first pari-passu charge on all fixed assets of the Company along with all the existing charge holders against term loans.</p> <p>b) The non-convertible debentures are to be redeemed as follows:- Financial year 2013-14 ₹ 5424.00 lacs, Financial year 2014-15 ₹ 6295.00 lacs, Financial year 2015-16 ₹ 6424.00 lacs, Financial year 2016-17 ₹ 3210.00 lacs, Financial year 2017-18 ₹ 3210.00 lacs, Financial year 2018-19 ₹ 875.00 lacs,</p>		
(B) Term Loans		
1 From Banks	19,838.46	15,951.03
2 From others	1,529.31	1,968.75
	21,367.77	17,919.78
(C) Foreign currency loans	8,928.90	1,397.63
<p>a) Term loans & Foreign Currency loans are secured by first mortgage and charge on all the immovable and movable fixed assets both present and future ranking pari-passu with the existing charge holders for their term loans and non convertible debenture holders and also secured by second pari-passu charge on all the current assets of the Company.</p> <p>b) Term loans and Foreign Currency loans are repayable as follows:- Financial year 2013-14 ₹ 11180.45 lacs, Financial year 2014-15 ₹ 9051.82 lacs, Financial year 2015-16 ₹ 6652.87 lacs, Financial year 2016-17 ₹ 2482.88 lacs, Financial year 2017-18 ₹ 928.90 lacs,</p> <p>c) The rate of interest on secured loans vary between 12.50 % par annum to 15.25 % per annum</p> <p>d) The term loans have also been guaranteed personally by two of the directors of the Company.</p>		
(D) Others	36.57	4.96
<p>Vehicle loan is secured against vehicle acquired under the scheme repayable as follows:- Financial year 2013-14 ₹ 10.77 lacs, Financial year 2014-15 ₹ 15.65 lacs, Financial year 2015-16 ₹ 10.15 lacs,</p> <p>TOTAL E (A + B + C + D)</p> <p>Less: Current Maturities (F)</p> <p>TOTAL (I) = (E - F)</p>	55,771.24	38,502.37
	16,611.22	10,324.86
	39,160.02	28,177.51
II UNSECURED BORROWINGS		
Fixed Deposits	16,766.85	12,855.31
Trade Deposits	1,436.60	1,364.60
TOTAL II	18,203.45	14,219.91
TOTAL (I+II)	57,363.47	42,397.42

NOTE 5 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
LONG TERM PROVISIONS		
Provision for leave benefits	383.50	286.46
Provision for Gratuity	1,271.28	1,141.58
	<u>1,654.78</u>	<u>1,428.04</u>

NOTE 6 :

	As At 30th June, 2013	As At 31st March, 2012
I SHORT TERM BORROWINGS		
SECURED BORROWINGS		
Working capital loans from banks repayable on demand	24,067.32	22,139.82
(Working capital loans are secured by first pari passu charge by way of hypothecation of Raw & Packing Materials, Finished Goods stocks-in-trade and Book Debts and second pari passu charge over Fixed Assets of the company and also personally guaranteed by two of the Directors.)	<u>24,067.32</u>	<u>22,139.82</u>
II UNSECURED BORROWINGS		
From Banks	12,266.58	11,500.00
From others	3,528.94	2,050.00
	<u>15,795.52</u>	<u>13,550.00</u>
TOTAL	<u>39,862.84</u>	<u>35,689.82</u>

NOTE 7 :

	As At 30th June, 2013	As At 31st March, 2012
TRADE PAYABLES		
Dues to Micro, Small & Medium enterprises #	415.10	565.50
Others	6,390.64	3,817.14
TOTAL	<u>6,805.74</u>	<u>4,382.64</u>
# Details have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied up on by the auditors.		

NOTE 8 :

	As At 30th June, 2013	As At 31st March, 2012
OTHER CURRENT LIABILITIES		
Current maturities of long term debts	16,611.22	10,324.86
Interest accrued and due on borrowings	1,754.96	833.95
Unclaim dividends	30.38	29.82
Statutory remittances	2,837.58	1,094.46
Creditors for capital items	560.85	659.31
Interest accrued on others	1,464.93	351.23
Advances from customers	1,098.09	275.70
Temporary overdrafts from banks	1,743.13	654.92
Others	8,319.40	1,977.43
TOTAL	<u>34,420.54</u>	<u>16,201.68</u>

NOTE 9 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
SHORT TERM PROVISIONS		
Provision for Taxation	2,559.60	914.99
Provision for Leave benefits	273.17	244.39
Other provisions		
Proposed Dividend	-	616.11
Tax on proposed Dividend	99.95	199.90
TOTAL	2,932.72	1,975.39

NOTE 10 :
FIXED ASSETS

(₹ in Lacs)

Description Of Assets	Gross Block			Depreciation / Amortisation					Net Block	
	Cost As At 01.04.2012	Additions	Adjustment	Cost As At 30.06.2013	Upto 31.03.2012	Adjustment	For The Period	Upto 30.06.2013	As At 30.06.2013	As At 31.03.2012
A. Tangible										
Land-Freehold	2,377.96	-	-	2,377.96	-	-	-	-	2,377.96	2,377.96
Land-Leasehold	256.18	-	-	256.18	38.63	-	4.16	42.79	213.39	217.55
Buildings	19,723.02	803.42	-	20,526.44	2,353.31	-	799.61	3,152.92	17,373.52	17,369.71
R&D-Building	79.40	-	-	79.40	10.65	-	3.31	13.96	65.44	68.75
Plant & Machinery	35,970.54	352.17	-	36,322.71	8,002.90	-	2,566.68	10,569.58	25,753.13	27,967.64
R&D-Plant & Machinery	503.71	10.46	-	514.17	154.76	-	32.05	186.81	327.36	348.95
Furniture & Fixtures	2,226.94	85.59	-	2,312.53	1,167.44	-	180.01	1,347.45	965.08	1,059.50
R&D-Furniture & Fixtures	107.37	-	-	107.37	36.77	-	8.49	45.26	62.11	70.60
Motor Vehicles	468.66	72.41	(33.63)	507.44	255.18	(23.41)	57.78	289.55	217.89	213.48
Total	61,713.78	1,324.05	(33.63)	63,004.20	12,019.64	(23.41)	3,652.09	15,648.32	47,355.88	49,694.14
B. Intangible										
Technical Know-How *	1,293.17	-	-	1,293.17	226.05	-	-	226.05	1,067.12	1,067.12
Total	63,006.95	1,324.05	(33.63)	64,297.37	12,245.69	(23.41)	3,652.09	15,874.37	48,423.00	50,761.26
Previous Year	57,094.09	5,984.44	(71.58)	63,006.95	9,516.86	(34.73)	2,763.56	12,245.69	50,761.26	47,577.24
C. Capital Work -In Progress**									26,836.17	19,100.83

*Technical Know-how has not been amortised this year.

**Includes ₹ 3,418.61 Lacs being advance given for setting-up plant on turn-key basis.

NOTE 11 :**NON CURRENT INVESTMENTS**
(At Cost, Fully paid, Other than Trade)

(₹ in Lacs)

	Nature of Investment	Face Value ₹	Numbers		Value	
			As at 30th June, 2013	As at 31st March, 2012	As at 30th June, 2013	As at 31st March, 2012
(A) Investment In Subsidiary Companies						
Elder International Fzco, Dubai, U.A.E.	Equity Shares	100000 Dhs	5	5	62.41	62.41
(B) Investment In Joint Venture						
Elder Universal Pharmaceuticals (Nepal) P Ltd	Equity Shares	10	5,00,000	5,00,000	50.00	50.00
(C) Unquoted						
Maharashtra Apex Corp. Limited	Non-Conv. Debenture	1000	25	25	0.21	0.21
Bombay Mercantile Co-Op. Bank Limited	Equity Shares	30	533	533	0.16	0.16
Elder Instruments Private Limited	Equity Shares	10	7,65,000	7,65,000	76.50	76.50
The Saraswat Co-Operative Bank Limited	Equity Shares	10	2,500	2,500	0.25	0.25
VTC Industries Limited	Equity Shares	10	10,000	10,000	2.10	2.10
The Kalyan Janata Sahakari Bank Limited	Equity Shares	25	20,000	20,000	5.00	5.00
(D) Quoted						
Elder Projects Limited	Equity Shares	10	3,00,200	3,00,200	22.52	22.52
Elder Health Care Limited	Equity Shares	10	3,21,200	3,21,200	32.12	32.12
The Karnataka Bank Limited	Equity Shares	10	-	63,400	-	38.04
Total					251.27	289.31

Aggregate Value of Investment	30th June, 2013		31st March, 2012	
	Market Value	Book Value	Market Value	Book Value
Quoted	240.51	54.64	480.31	92.68
Unquoted	-	196.63	-	196.63

NOTE 12 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
DEFERRED TAX ASSETS/(LIABILITY) (NET)		
A Deferred Tax Liability		
i Depreciation	1,424.52	1,396.45
B Less : Deferred Tax Asset		
i Leave encashment	262.52	180.88
ii Others	1,231.97	1,032.24
	1,494.49	1,213.12
DEFERRED TAX ASSETS/(LIABILITY) (NET) (A - B)	69.97	(183.33)

NOTE 13 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
LONG- TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Capital Advances	113.44	52.47
Security Deposits	359.44	374.41
Loans and Advances to related parties	1,123.48	202.54
Advances to Subsidiary	11,287.94	8,536.50
Trade Advance	25,678.56	17,751.82
Others	36,856.87	2,529.15
	75,419.73	29,446.89

NOTE 14 :
CURRENT INVESTMENTS

In Mutual Funds (Other than Trade)

(₹ in Lacs)

NAME OF MUTUAL FUND	UNIT AS AT 1st APRIL, 2012	UNIT PURCHASE 2012-2013	UNIT REDEEMED 2012-2013	UNIT AS AT 30TH JUNE, 2013	VALUE AS AT 30TH JUNE, 2013	VALUE AS AT 31st MARCH, 2012
UTI Infrastructure Growth Fund	50925.37	-	-	50,925.37	5.00	5.00
UTI Infrastructure -DDP Fund	22353.25	-	-	22,353.25	20.00	20.00
HDFC AMC-PMS-REAL ESTATE PORTFOLIO-I	-	-	-	-	100.00	100.00
SBI Infrastructure Fund-I Growth	250000.00	-	250000.00	-	-	25.00
Canara Bank Robeco	244498.78	-	244498.78	-	-	25.00
AXIS EF-DIV	200000.00	-	200000.00	-	-	20.00
SBI PSU Fund Dividend Plan	1000000.00	-	1000000.00	-	-	100.00
SBI Premier Liquid Fund ip DDR	149580.75	-	149580.75	-	-	1,500.00
SBI Gold Fund	250,000.00	-	250,000.00	-	-	25.00
DSP Black Rock Top 100 Eq-Growth	-	2914.52	-	2,914.52	3.00	-
HDFC Balance Fund Growth	-	4168.10	-	4,168.10	2.50	-
Franklin India Flexi Cap Fund Growth	-	9327.18	-	9,327.18	3.00	-
BNP Paribas Dividend Yield Fund Growth	-	15839.20	-	15,839.20	3.00	-
Canara Robeco Equity Diversified Regular Growth	-	1629.99	-	1,629.99	1.00	-
Canara Robeco Balance-Regular Growth	-	1438.44	-	1,438.44	1.00	-
TOTAL					138.50	1,820.00

NOTE 15 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
INVENTORIES		
(At cost, as taken, valued and certified by the management)		
i) Raw Materials	1,376.45	1,878.94
ii) Packing Materials	207.92	183.93
iii) Work-in-Process	1,971.81	2,984.62
iv) Finished Goods	8,645.38	10,131.33
v) Stocks-in-Trade	3,674.54	6,891.69
vi) Stores and Spares	49.87	54.56
TOTAL	15,925.97	22,125.07

NOTE 16 :

(₹ in Lacs)

			As At 30th June, 2013	As At 31st March, 2012
TRADE RECEIVABLES (Unsecured, Considered Good unless stated otherwise)				
More than six months	2,245.78		758.80	
Doubtful	116.35		118.67	
	2,362.13		877.47	
LESS: Provision For Doubtful Debts	116.35		118.67	
		2,245.78		758.80
Others Receivables		30,591.13		27,688.48
TOTAL		32,836.91		28,447.28

NOTE 17 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
CASH AND CASH EQUIVALENTS		
Cash in hand	52.81	16.49
Cheques, Drafts on hand	-	10.29
Balance with Bank in Current Accounts	6148.80	9680.97
In Deposits with original maturity for less than 12 months	1,223.93	1,818.05
In unpaid Dividend Accounts	31.37	29.80
Other Bank Balances :		
In Bank Deposits with original maturity for more than 12 months in Fixed Deposits	500.00	500.00
In Deposits held as Margin money	826.58	878.04
TOTAL	8,783.49	12,933.64

NOTE 18 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Loans and Advances to employees	771.53	518.38
Prepaid Expenses	50.60	95.48
Balance with Government Authorities:		
i) CENVAT credit receivable	382.22	455.88
ii) Service Tax credit receivable	274.38	218.66
iii) Advances to Sundry Creditors	7,326.03	3,027.36
TOTAL	8,804.76	4,315.76

NOTE 19 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
OTHER CURRENT ASSETS (Unsecured, Considered Good)		
Interest Accrued on Deposits	2,677.85	1,298.73
Duty Drawback Receivable	29.74	30.88
Licence and Other Recoverables	625.85	864.28
TOTAL	3,333.44	2,193.89

Notes to Statement of Profit & Loss for the period ended 30th June 2013

NOTE 20 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
REVENUE FROM OPERATIONS				
Sale of products(Refer note 20.i below)	124,203.57		99,249.38	
Less: Excise Duty	<u>1,210.94</u>	122992.63	<u>1,025.69</u>	98223.69
Sale of Services (Refer note 20.ii below)		317.03		245.04
Total		<u>123,309.66</u>		<u>98,468.73</u>
20. i Details of products sold				
Formulation & Bulk Drugs		122,741.33		96,626.90
Others		1,462.25		2,622.48
Total		<u>124,203.58</u>		<u>99,249.38</u>
20. ii Sale of Services consists of export incentives and services arising from other ancillary activities.				

NOTE 21 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
OTHER INCOME				
Interest :				
From Bank Deposits	413.32		231.39	
From Others	<u>1,673.02</u>	2,086.34	<u>1,412.80</u>	1,644.19
Dividend :				
From Current Investments	77.54		247.89	
From Long Term Investments	<u>3.64</u>	81.18	<u>6.71</u>	254.60
Profit & Loss on Sale of shares		106.27		
Sundry Balances Written back		1.89		158.74
Miscellaneous Income		346.08		373.22
Total		<u>2,621.76</u>		<u>2,430.75</u>

NOTE 22 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
COST OF MATERIALS				
Inventory at the beginning of the period	1,878.94		2,073.97	
Add: Purchases	<u>11,744.56</u>		<u>11,384.93</u>	
	13,623.50		13,458.90	
Less: Inventory at the end of the period	<u>1,376.45</u>		<u>1,878.94</u>	
Cost of Materials consumed		<u>12,247.05</u>		<u>11,579.96</u>

NOTE 23 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
PURCHASES OF STOCKS-IN-TRADE				
Purchases of Stocks-in-Trade		39,346.17		39,352.72
Total		<u>39,346.17</u>		<u>39,352.72</u>

NOTE 24 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
CHANGE IN INVENTORIES				
(A) Inventory at the end of the year				
Work-in-process		1,971.81		2,984.62
Finished Goods		8,645.38		10,131.33
Stock-in-trade		3,674.54		6,891.69
		<u>14,291.73</u>		<u>20,007.64</u>
(B) Inventory at the beginning of the year				
Work-in-process		2,984.62		2,055.93
Finished Goods		10,131.33		8,822.47
Stock-in-trade		6,891.69		5,332.01
		<u>20,007.64</u>		<u>16,210.41</u>
Change in Inventory (A - B)	Total	<u>5,715.91</u>		<u>(3,797.23)</u>

NOTE 25 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
EMPLOYEE BENEFITS EXPENSES				
Salaries and Wages		13,882.02		9,919.55
Contribution To Provident and Other Funds		742.51		655.39
Staff Welfare Expenses		518.76		322.80
Total		<u>15,143.29</u>		<u>10,897.74</u>

NOTE 26 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
FINANCE COSTS				
Interest Expenses		11,384.93		6,556.49
Borrowing Costs		2,412.41		2,345.85
Total		<u>13,797.34</u>		<u>8,902.34</u>

NOTE 27 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
OTHER EXPENSES				
Rent		537.91		424.86
Rates and Taxes		709.96		324.23
Power and Fuel		1,109.00		837.13
Spares & Tools		173.31		203.66
Packing materials		1,038.27		817.27
Manufacturing charges		1,073.75		1,014.63
Repairs and Maintenance :				
To Building	28.82		33.94	
To Machinery	99.85		115.78	
To Others	257.14	385.81	296.59	446.31
Insurance		143.34		124.98
Travelling and Conveyance		6,000.30		4,357.79
Printing and Stationery		184.00		191.21
Selling Expenses		6,111.93		6,307.84
Sales Discount		1,561.33		581.28
Communication		448.82		424.19
Packing, Freight and Forwarding		827.61		675.89
Vehicles Maintenance		225.12		171.23
Payment to Auditors:				
Audit Fees	21.00		16.50	
Certification , Quarterly review , & other services	12.97		11.52	
Taxation matters	2.80		4.69	
Company Law Matters	0.23		-	
Reimbursement of Expenses	0.85		0.75	
		37.85		33.46
Legal and Professional charges		1,077.90		745.34
Donation		10.20		82.47
Director's Sitting Fess		13.68		8.15
Loss on Sale of Assets		0.64		22.65
Provision for Doubtful Debts		2.32		64.58
Miscellaneous		1,549.28		1,852.99
Total		23,222.33		19,712.14

NOTE 28 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
R & D EXPENDITURE				
R & D Chemicals & Expenses		101.18		72.18
Power & Fuel		16.07		16.41
Salaries, Wages and Allowances		556.98		376.69
Contribution to Provident and other funds		24.17		16.84
Staff Welfare		24.34		18.06
Miscellaneous Expenses		5.31		7.63
Total		728.05		507.81

29 Earnings Per Share

	Period ended 30.06.2013	Year ended 31.3.2012
Profit attributed to equity shareholders (₹ in Lacs)	9,373.90	8,407.33
Weighted average number of equity shares	20536936	20536936
Diluted Weighted average number of equity shares	20536936	20536936
Nominal value of equity share (in ₹)	10/-	10/-
Basic and Diluted EPS (Face Value ₹ 10/-)	45.64	40.94

30 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lacs)

	Period ended 30.06.2013	Year ended 31.3.2012
(I) Contingent Liabilities		
a) Letters of Credit	405.09	3308.91
b) Bank Guarantees	305.37	9689.04
c) Corporate Guarantees to Subsidiary	19473.75	16034.65
d) Disputed liability in respect of :		
i) Income tax *	268.58	268.58
ii) Sales tax	-	36.21
iii) Customs Duty	-	25.00
iv) Service Tax	717.51	492.62
* Includes demand of ₹ 216.53/- lacs decided in favour of the Company but disputed by Income-tax Department.		
e) Claim against the Company not acknowledged as debt	224.00	-
(II) Commitments		
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	386.45	230.70

31. The balance in respect of trade receivable, inter-division balances, bank balances in few cases and loans & advances are subject to reconciliation/confirmations by the respective parties.
32. The balances of trade payables were confirmed at random and reconciliations / adjustments have been made in such accounts, wherever necessary.
33. With a view to reducing the debts of the Company, the board of directors has approved the proposal to restructure the Company's business involving either raising of capital, hiving off assets or other strategic options and have appointed advisers for this purpose. The advisers have commenced due diligence of the Company's operations. No strategy has yet been finalized.
34. Subsequent to close of Accounting period, some lenders have filed legal cases against the Company, its directors and other officers under section 138 of the Negotiable Instruments Act 1981. In some cases winding up petition under section 433 and 434 of the Companies Act 1956 has also been filed. The Company in some cases has made part payments and settlement negotiations are initiated in other cases.
35. Some lenders/ bankers/ non- convertible debenture holders have served the notices on the Company for dishonoring of the cheques and default in payment of their dues under various acts governing dishonoring of cheques and default in repayments of loans. As informed, the Company has been negotiating payment modalities with such lenders/ bankers/ non- convertible debenture holders.
36. One of the lenders has filed winding up petition under section 433 and 434 of the Companies Act, 1956 and arbitration proceedings have commenced. The court has granted time up to 15th September 2013 for settlement of the dues.
37. Disclosure as per Accounting Standard 15 (Revised) "Employee Benefits" as notified by the Companies (Accounting Standard) Rules, 2006.

a) Defined Contribution Plan:-

Contribution to defined contribution plans are recognized as an expense for the period are as under:-

	(₹ in Lacs)	
	Period ended 30th June 2013	Year ended 31st March 2012
Employer's contribution to Provident Fund and Pension Fund	718.81	556.43

The Company makes contribution towards Provident Fund and Pension Fund for qualifying employees to the Regional Provident Fund Commissioner.

b) Defined Benefit Plan

The Company provides gratuity benefits to its employees which is defined benefit plan. The present value of obligation is determined based on the actuarial valuation which recognizes each period of service as giving rise to additional unit employee benefit entitlement and measures each unit separately to build up final obligations.

	(₹ in Lacs)	
Change in the benefit obligation	Period ended 30th June 2013	Year ended 31st March, 2012
Projected Benefit Obligation (PBO) at the beginning of the year	1,141.58	1,032.87
Service cost	107.67	104.12
Interest cost	91.33	82.63
Benefits paid	(105.94)	(107.86)
Actuarial loss/(gain)	36.64	29.82
PBO at the end of the year	1,271.28	1,141.58
Change in plan assets		
Fair value of plan assets at the beginning of the year	948.63	850.39
Expected return on plan assets	86.99	80.56
Employer contributions	60.72	125.54
Benefits paid	(105.94)	(107.86)
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of year	990.40	948.63
Present value of unfunded obligation	280.88	192.95
Recognized liability	280.88	192.95
Net gratuity cost for the year ended is as follows:		
Service cost	107.67	104.12
Interest cost	91.33	82.63
Expected return on plan assets	(86.99)	(80.56)
Actuarial loss/(gain)	36.64	29.82
Net gratuity cost	148.65	136.01

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.

Particulars	Gratuity	Gratuity
Discount Rate	8.00%	8.00%
Salary Increase for different categories of employees	5.00%	5.00%

The Company has funded its gratuity obligation under group gratuity policy managed by the Life Insurance Corporation of India.

The disclosure stated above have been obtained from an independent actuary.

38. DUES TO MICRO, SMALL & MEDIUM ENTERPRISES

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :-

(₹ in Lacs)

	30th June, 2013	31st March, 2012
a) Dues remaining unpaid at the year ended Principal Interest	415.10	565.50
b) Interest paid in terms of section 16 of the Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	-	-
d) Amount of interest accrued and remaining unpaid as at	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-

39. Hedging and Derivatives

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 - "Financial Instruments : "Recognition and Measurement" ("AS 30"), the company has early adopted AS 30 with effect from 1st October, 2008, to the extent that the adoption does not conflict existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. Pursuant to the adoption :-

- Transitional Loss representing the Loss on fair valuation of foreign currency options, determined to be ineffective cash flow hedges on the date of adoption, amounting to ₹ 490.76 Lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.
- Loss on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to ₹ 69.31 Lacs, on the date of adoption, has been recognized in the hedging reserve account.

Following are the outstanding forward exchange contracts and currency options entered into by the Company:

Category	Currency	Cross Currency	Amount in USD(Million)	Currency Option Type	Purpose
Structured Currency Option	INR	USD	15.00	USD Call/INR Put	Hedging

40. Segment Information

The company is primarily engaged and deals in pharmaceuticals & related products, which in the context of Accounting Standard-17, is the only business segment and has been identified as the primary reporting segment. Accordingly, the information appearing in these financial statements relate to the aforesaid primary reporting segment.

Secondary segmental reporting is performed on the basis of the geographical locations of customers. The geographical segments considered for disclosure are based on the revenue within India (including sales to customers located in India and service income accrued in India) and revenues outside India (sales to customers located outside India).

(₹ in Lacs)

Segment	India		Outside India		Total	
	Period / Year ended		Period / Year ended		Period / Year ended	
	30.06.13	31.03.12	30.06.13	31.03.12	30.06.13	31.03.12
Segment Revenue	1,20,412.32	96,434.51	3,791.26	2,814.87	1,24,203.57	99,249.38
Segment Assets**	32,324.97	27,638.63	511.94	808.65	32,836.91	28,447.28

** Segment Assets represent amount due from customers only.

41. Long Term loans & advances includes ₹ 3,073.19 Lacs advances against acquisition of trade mark.
42. Advances to sundry creditors under short term loans and advances includes ₹ 5,816.90 Lacs advances to related parties on current account/trade advance.
43. Related Party Disclosures

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below :

(I) Names of the related parties and description of relationship:

A) Related parties where control exists

i) Subsidiaries

Elder International FZCO Dubai, UAE

ii) Associates/ Joint Venture

Elder Universal Pharmaceuticals (Nepal) Private Limited

B) Enterprises over which key management personnel and their relatives are able to exercise significant influence

Elder Health Care Limited.

Elder Projects Limited.

Elder Instruments Private Limited.

Maveer Prints Private Limited

E W F Pharmaceuticals Private Limited.

Redle Pharmaceuticals Private Limited

Akshaya Holdings Private Limited.

Anjay Prints

Anshul Printers

C) Key Management Personnel and their Relatives

Mr. J Saxena

Mr. Alok Jagdish Saxena

Mr. Yusuf Karim Khan

Mrs. Shalini Kumar

Note: Related party relationship is as identified by the company and relied upon by the auditors

(II) The following transactions were carried out with the related parties in the ordinary course of business.

(I) Details relating to parties referred to (B) above :

(₹ in Lacs)

Particulars	Period ended 30th June, 2013	Year ended 31st March, 2012
1 Purchase of materials / finished goods.	6627.09	13834.53
2 Sale of materials / finished goods.	300.52	339.98
3 Expenses charged to other companies.	46.68	103.34
4 Expenses charged by other companies.	1745.92	834.46
5 Outstanding receivables*	7130.47	1638.98
6 Outstanding Payables*	62.24	108.14
7 Advances to subsidiary/ Joint Venture	11310.10	8558.66

* Transactions with the above parties are accounted in their respective current accounts.

(2) Details relating to persons referred to in item (C) above:

(₹ in Lacs)		
Particulars	Period ended 30th June, 2013	Year ended 31st March, 2012
Remuneration /Others	835.86	532.13

44. BRAKE UP OF MATERIALS & CONSUMABLE STORES CONSUMED

(₹ in Lacs)

	Period ended 30.06.2013		Year ended 31.03.2012	
	Amount	%	Amount	%
A) Materials				
Imported	2,851.58	23.28	3,377.19	29.16
Indigenous	9,395.47	76.72	8,202.77	70.84
	12,247.05	100.00	11,579.96	100.00
b) Consumable stores & spares				
Imported	-	-	-	-
Indigenous	173.31	100.00	203.66	100.00
TOTAL	12,420.36	100.00	11,783.62	100.00

45. LOANS & ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARY & JOINT VENTURE

(₹ in Lacs)

Particulars	Period ended 30.06.2013	Year ended 31.03.2012
a) Elder International FZCO (Maximum balance due during the year ₹ 11,287.94 lacs; Previous Year ₹ 8536.50 lacs)	11,287.94	8,536.50
b) Elder Universal Pharmaceuticals (Nepal) Private Limited (Maximum balance due during the year ₹ 22.16 lacs; Previous Year ₹ 22.16 lacs)	22.16	22.16

Notes : Loans & advances shown above are in the nature of loans which are repayable on demand and do not have any repayment schedule.

46. Value of Import on CIF basis

(₹ in Lacs)

	Period ended 30th June, 2013	Year ended 31st March, 2012
a) Raw Materials/Finished goods	2,335.30	2,914.96
b) Finished goods	569.24	148.75
Total	2,904.54	3,063.71

47. Expenditure in Foreign currency

		(₹ in Lacs)
	Period ended 30th June, 2013	Year ended 31st March, 2012
- Travelling	50.22	39.84
- Interest	583.13	137.63
- Others	71.73	100.31

48. Earning in Foreign Exchange

		(₹ in Lacs)
Earning in Foreign Exchange	Period ended 30th June, 2013	Year ended 31st March, 2012
Export of Goods on FOB basis	3,176.95	2,799.59

- 49.** The accounts for current financial year are for a period of fifteen months as compared to twelve months accounting year for previous year and hence to that extent the figures are not comparable.

As per our report of even date

For S S KHANDELWAL & CO.

Chartered Accountants

(Firm Registration No: I05064W)

Alok Jagdish Saxena

Jt. Managing Director

Yusuf Karim Khan

Executive Director

(S S KHANDELWAL)

(Proprietor)

Membership No. 031487

Suresh V. Pai

Chief Financial Officer

S. P. Date

Company Secretary

Mumbai, 29th August, 2013

Detail of Subsidiaries

(₹ in Lacs)

Name of the Subsidiary	Reporting Currency	Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investments (excluding investments in subsidiaries)	Gross Turnover	PBT	Provision of tax	PAT	Proposed Dividend
Direct Subsidiary											
Elder International FZCO	AED	73.90	(1,048.86)	26,144.97	27,119.93	-	330.92	(595.21)	-	(595.21)	-
Indirect Subsidiary											
1) Nutrahealth Ltd	GBP	14,619.81	3,162.23	32,220.75	14,438.71	-	33,081.79	344.11	(5.10)	339.01	-
2) Elder Biomeda EAD	BGN	4,269.05	(2,877.70)	5,451.58	4,930.40	-	7,447.74	(888.60)	-	(888.60)	-

* The Financial Statements of the Foreign Subsidiaries have been converted into Indian ₹ as at 30th June 2013 exchange rate.

Independent Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF ELDER PHARMACEUTICALS LIMITED

We have audited the accompanying consolidated financial statements of **ELDER PHARMACEUTICALS LIMITED** (the "Company") and its subsidiary (the Company and its subsidiary constitute the "Group"), which comprise the Consolidated Balance Sheet as at 30th June, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the extended period of fifteen months from 1st April, 2012 to 30th June, 2013, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's 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 Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

Basis for Qualified Opinion

- 1) **The company has not deposited or invested a sum not less than 15% of the amount of Debenture maturing during the year ending on 30th June, 2013 in one or more of the, methods as specified in clarification issued by Ministry Of Corporate Affairs, Government of India regarding Debenture Redemption Reserve.**
- 2) **Trade advances included in long term loans and advances are subject to confirmation and reconciliation and documentation.**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph* and based on the consideration of the reports submitted by the management on the financial statements / financial information of the subsidiary as at 31st March, 2013 referred to below in the Other Matter paragraph, the aforesaid 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 Group as at 30th June, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of matter

- 1) **We draw attention to note no. (33) to the Consolidated financial statements, with a view to reducing the debts of the Company, the board of directors has approved the proposal to restructure the Company's business involving either raising of capital, hiving of assets or other strategic options and have appointed advisers for this purpose. The advisers have carried out due diligence of the Company's operations. No strategy has yet been finalized.**

The ultimate outcome of the matter on the affairs of the company cannot presently be determined and ascertained.

- 2) We draw attention to note no. (34) to the Consolidated financial statements wherein subsequent to close of Accounting year some lenders have filed legal cases against the Company, its directors and other officers under section 138 of the Negotiable Instruments Act 1981. In some cases winding up petition under section 433 and 434 of the Companies Act 1956 has also been filed.

As explained to us, the Company in some cases has made part payments and settlement negotiations are initiated in other cases. The ultimate outcome of the matters on the affairs of the Company cannot presently be determined.

- 3) We draw attention to Note No.(35) to the financial statements stating that some lenders/ bankers/ non- convertible debenture holders have served the notices on the Company for dishonoring of the cheques and default in payment of their dues under various acts governing dishonoring of cheques and default in repayments of loans. As informed, the Company has been negotiating payment modalities with such lenders/ bankers/ non- convertible debenture holders.

In above cases, if no settlement/negotiations arrived at, the operations of the Company may adversely be affected. However, the ultimate outcome of the matters on the affairs of the Company cannot presently be determined/ ascertained.

- 4) We draw attention to note no. (36) to the Consolidated financial statements stating that one of the lender has filed winding up petition under section 433 and 434 of the Companies Act, 1956 and arbitration proceedings have commenced. The court has granted time up to 15th September, 2013 for settlement of the dues.

In the said case if the Company fails to honor its commitment, the operations of the Company may adversely be affected.

Our opinion is not qualified in respect of these matters.

Other Matter

We did not audit the financial statements / consolidated financial statements / financial information of the subsidiaries (listed in Note 29 to the consolidated financial statements), whose financial statements / consolidated financial statements / financial information reflect total assets of ₹ 38,679.30 Lacs as at 31st March, 2013, total revenues of ₹ 41,508.56 Lacs and net cash flows amounting to ₹ (905.95) Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / consolidated financial statements / financial information have been prepared by the Management as at 31st March, 2013 and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on the reports and details provided by the management.

Our opinion is not qualified in respect of this matter.

For **S. S. Khandelwal & Co.**

Chartered Accountants

(Firm Registration No. 105064W)

S. S. Khandelwal

Proprietor

Membership No. 031487

Mumbai, 29th August, 2013

Consolidated Balance Sheet as at 30th June 2013

(₹ in Lacs)

	NOTE No.	As At 30th June, 2013	As At 31st March, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	2,056.66	2,056.66
Reserves and Surplus	3	74,869.71	68,002.68
Non-current liabilities			
Long-term borrowings	4	70,393.69	58,252.97
Deferred Tax Liabilities (Net)	5	290.20	663.25
Long-term provisions	6	1,654.78	1,428.04
Current liabilities			
Short-term borrowings	7	44,351.04	39,481.36
Trade payables	8	12,045.49	8,797.10
Other current liabilities	9	40,586.32	19,320.49
Short-term provisions	10	2,999.68	1,975.39
TOTAL		249,247.57	199,977.94
ASSETS			
Non-current assets			
Fixed assets:	11		
Tangible Assets		50,629.31	52,994.75
Intangible Assets		18,430.54	17,638.32
Capital Work-in-Progress		27,252.81	19,100.81
Non-Current Investments	12	188.86	226.90
Long-Term Loans and Advances	13	64,832.80	22,196.02
Current assets			
Current Investments	14	138.50	1,820.00
Inventories	15	24,506.93	29,292.77
Trade Receivables	16	39,814.79	34,130.49
Cash and Bank Balances	17	10,343.99	15,400.08
Short-term loans and advances	18	9,470.42	4,983.91
Other Current Assets	19	3,638.62	2,193.89
TOTAL		249,247.57	199,977.94
Significant Accounting Policies	1		

The accompanying notes 1 to 43 are an integral part of the financial statements.

As per our report of even date

For S S KHANDELWAL & CO.

Chartered Accountants

(Firm Registration No: I05064W)

Alok Jagdish Saxena

Jt. Managing Director

Yusuf Karim Khan

Executive Director

(S S KHANDELWAL)

(Proprietor)

Membership No. 031487

Suresh V. Pai

Chief Financial Officer

S. P. Date

Company Secretary

Mumbai, 29th August, 2013

Consolidated Statement of Profit and Loss For the period ended 30th June, 2013

(₹ in Lacs)

	NOTE NO	Period Ended 30th June, 2013	Year Ended 31st March, 2012
INCOME			
Revenue from Operations	20	164,170.11	133,478.27
Other Income	21	3,269.88	2,654.41
Total Revenue		167,439.99	136,132.68
EXPENSES			
Cost of Materials Consumed	22	12,583.26	12,353.92
Purchases of Stock in Trade	23	71,182.21	56,966.19
Changes (Increase) in Inventories of Finished goods , work in progress and stock in trade	24	(130.19)	(467.08)
Employee Benefits Expenses	25	23,308.65	17,989.22
Finance Costs	26	15,482.59	10,157.20
Depreciation and Amortisation Expense		4,407.57	3,398.04
Other Expenses	27	29,155.89	26,226.23
R & D Expenditure	28	736.26	507.82
Total Expenses		156,726.23	127,131.54
Profit before exceptional item and tax		10,713.76	9,001.14
Exceptional item		283.03	(149.39)
Profit before tax		10,430.73	9,150.53
Less : Tax Expense			
Current Tax		2,516.96	2,204.11
Deferred Tax		(325.40)	(277.34)
Profit after Tax		8,239.17	7,223.76
Less : Tax for earlier years		-	(2.05)
Profit for the period		8,239.17	7,225.81
Basic and Diluted EPS (Face Value ₹10/-)		40.12	35.18

The accompanying notes 1 to 43 are an integral part of the financial statements.

As per our report of even date

For S S KHANDELWAL & CO.

Chartered Accountants

(Firm Registration No:105064W)

Alok Jagdish Saxena

Jt. Managing Director

Yusuf Karim Khan

Executive Director

(S S KHANDELWAL)

(Proprietor)

Membership No. 031487

Suresh V. Pai

Chief Financial Officer

S. P. Date

Company Secretary

Mumbai, 29th August, 2013

Consolidated Cash Flow Statement for the period ended 30th June, 2013

(₹ in Lacs)

	2 0 1 2 - 2 0 1 3		2 0 1 1 - 2 0 1 2	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & extraordinary items		10,430.73		9,150.53
Add : Adjustment for				
Depreciation	4,407.57		3,398.04	
(Profit)/Loss on Sale of Fixed Assets	0.61		22.65	
Finance costs	15,482.59		10,157.20	
Exchange loss(gain)(net) on loans	283.03		(149.39)	
Dividend Received	(81.18)		(254.60)	
Interest Received	(2,516.97)		(1,867.85)	
Other income	(561.94)		(373.21)	
		<u>17,013.71</u>		<u>10,932.84</u>
Operating Profit before working capital changes		27,444.44		20,083.37
Working capital changes				
Adjustments for (Increase)/decrease in operating assets				
Inventories	4,785.84		(5,118.28)	
Sundry Debtors	(5,684.30)		(5,882.23)	
Short-term Loans & Advances	(4,486.51)		(2,908.61)	
Long-term Loans & Advances	(42,636.78)		(5,305.90)	
Other Current Assets	(1,444.73)		(1,417.04)	
Adjustments for Increase/(decrease) in operating liabilities				
Trade payables	3,248.39		4,000.19	
Other current liabilities	21,265.83		(141.37)	
Short-term provisions	1,740.35		383.97	
Long-term provisions	226.74		(17.26)	
		<u>(22,985.17)</u>		<u>(16,406.53)</u>
CASH GENERATED FROM OPERATIONS		4,459.27		3,676.84
Tax Paid		(2,516.96)		(2,204.11)
Income tax for earlier year		-		2.05
Net Cash Flow from Operating Activities - (A)		<u>1,942.31</u>		<u>1,474.78</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(11,213.61)		(18,594.74)
Sale of Fixed Assets		9.62		14.19
Current Investments		1,681.50		(1,025.00)
Non- current Investment		38.04		-
Interest Received		2,516.97		1,867.85
Dividend Received		81.18		254.60
Other income		561.94		373.21
Net Cash Used in Investing Activities - (B)		<u>(6,324.36)</u>		<u>(17,109.89)</u>

Consolidated Cash Flow Statement for the period ended 31st March, 2013

(₹ in Lacs)

	2012 - 2013		2011 - 2012	
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Minority Interest				(305.60)
Exchange loss(gain)(net) on loans		(283.03)		149.39
Proceeds from Long Term Borrowings		12,140.72		7,299.82
Net increase/(decrease) in working capital borrowings		2,618.86		6,674.41
Proceeds from other Short Term Borrowings		2,250.82		548.27
Foreign Currency Translation Reserve		(927.27)		1,028.17
Hedging		(275.49)		(295.11)
Finance costs		(15,482.59)		(10,157.20)
Dividend Paid		(616.11)		(616.09)
Tax on distributed Dividend		(99.95)		-
Net Cash flow from Financing Activities - (C)		<u>(674.04)</u>		<u>4,326.06</u>
 Net Cash flow after Financing Activities '(A+B+C)		<u>(5,056.09)</u>		<u>(11,309.05)</u>
 Cash and Cash Equivalents				
Add : Opening Cash and Cash Equivalents		15,400.08		26,709.13
 Closing Cash and Cash Equivalents		<u>10,343.99</u>		<u>15,400.08</u>

As per our report of even date

For S S KHANDELWAL & CO.

Chartered Accountants

(Firm Registration No:105064W)

Alok Jagdish Saxena

Jt. Managing Director

Yusuf Karim Khan

Executive Director

(S S KHANDELWAL)

(Proprietor)

Membership No. 031487

Suresh V. Pai

Chief Financial Officer

S. P. Date

Company Secretary

Mumbai, 29th August, 2013

NOTE I :
SIGNIFICANT ACCOUNTING POLICIES

i. Principles of Consolidation:

- a) The financial statements of the Company and its subsidiary companies are combined on line - by - line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with the Accounting Standards - AS (21) 'Consolidated financial statements' as notified by the Companies (Accounting Standards) Rules, 2006.
- b) The difference between the cost of investments in subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statement.
- d) Investments other than in subsidiaries have been accounted as per Accounting Standard - AS (13) 'Accounting of Investments'.

ii. Basis of Accounting Policies:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub-section (3C) of section 211 of the Companies Act, 1956.

iii. Use of Estimates:

The preparation of financial statements requires the Management of the company to make estimates and assumptions that affect the reported balance of Assets & Liabilities, revenue and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future events could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

iv. Fixed Assets:

Fixed Assets are stated at their original cost of acquisition or construction including incidental expenses related to acquisition and installation of the concerned assets.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Profit and Loss Account.

v. Depreciation:

Depreciation on fixed assets is provided on straight line method as per Section 205 (2) (b) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV to the said Act.

The softwares are an integral part of hardware and accordingly considered part of computers.

vi. Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end in terms of Para 5 to 13 of AS-28 issued by Institute of Chartered Accountants of India (ICAI) for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallized, is charged against revenue of the year.

vii. Investments:

Long term investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided for.

viii. Intangible Assets:

Intangible Assets are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.

Expenditure on acquiring trade marks is being amortized over a period of five years.

ix. Inventories:

- a) Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.
- b) Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value.
- c) Cost (net of input tax credit availed) of Raw Materials, Stores & Spare Parts, Packing Materials & Finished Goods is determined on FIFO basis.
- d) Cost of Finished Goods and Work-in-Progress is determined by taking raw material/packing material cost (net of input tax credit availed), labour and relevant appropriate overheads.

x. Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date on which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the year end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense, as the case may be, in the profit and loss account.

In respect of forward contract, the premium or discount on these contracts is recognized as income or expenditure, as the case may be,

over the period of the contracts. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the year.

xi. Derivatives Instruments and Hedge Accounting:

The Company is exposed to foreign currency fluctuation on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contract, the difference between the forward rate and the exchange rate, being the premium or discount at the inception of a forward exchange contract is recognised as income/expense over the life of the contract.

Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows, attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account.

xii. Foreign operations :

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange difference which has been deferred and which relate to the operation are recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the transaction procedures applicable to the revised classification are applied from the date of the change in classification.

xiii. Sales:

Revenue from sales of goods is being recognized on accrual basis on transfer of ownership to the customers. The sales are stated net of trade discounts, excise duty, sales returns and sales taxes.

Revenue from rendering of services is recognized on completion of service.

xiv. Export Benefits / Incentives :

Benefits on account of entitlement of export incentives are recognized as and when the right to receive the same is established.

xv. Leases :

Lease rentals are accounted on accrual basis in accordance with the terms of respective lease agreements.

xvi. Research and Development :

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets.

xvii. Retirement Benefits :

a). Contributions to the Provident Fund are made at a pre-determined rate and charged to the Profit & Loss Account.

b). Liability towards Gratuity and Leave Encashment is provided on the basis of actuarial determination. Liability towards Superannuation is provided in accordance with the scheme administered by Life Insurance Corporation of India.

xviii. Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset, up to the date such assets are ready for their intended use.

Other borrowing/ financing costs are charged to the Profit & Loss Account.

xix. Taxation:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income tax as applicable to the financial year.

Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date.

In case where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosures have been made towards contingent liabilities, if any

xx. Provisions and Contingent Liabilities:

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

Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is required.

Notes to Consolidated Balance Sheet as at 30th June 2013

NOTE 2 :

(₹ in Lacs)

	As At 30th June, 2013		As At 31st March, 2012	
SHARE CAPITAL				
i AUTHORISED				
3,00,00,000 (Previous Year : 3,00,00,000)		3,000.00		3,000.00
Equity Shares of ₹10/- each.				
		<u>3,000.00</u>		<u>3,000.00</u>
ii ISSUED				
2,05,96,486 (Previous Year : 2,05,96,486)				
Equity Shares of ₹10/-		<u>2,059.65</u>		<u>2,059.65</u>
iii SUBSCRIBED AND PAID-UP				
2,05,36,936 (Previous Year : 2,05,36,936)		2,053.69		2,053.69
Equity Shares of ₹10/- each fully paid up.				
Add : Forfeiture of Shares:		2.97		2.97
No. of Shares forfeited are 59,550 and amount forfeited ₹ 5/- per Share.		<u>2,056.66</u>		<u>2,056.66</u>
	30th June, 2013		31st March 2012	
	No	₹ in Lacs	No	₹ in Lacs
a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.				
At the beginning of the period	20,536,936	2,053.69	20,536,936	2,053.69
Outstanding at the end of the period	<u>20,536,936</u>	<u>2,053.69</u>	<u>20,536,936</u>	<u>2,053.69</u>
b Rights, preferences, and restrictions attached to Equity shares				
The Company has only one class of Equity shares having par value of ₹10/- each. Each holder of Equity share is entitled to one vote per share. In the event of the liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of Equity shares held by the shareholders.				
c The details of shareholders holding more than 5% shares				
	As at 30th June 2013		As at 31st March 2012	
	No. of shares	% holding	No. of shares	% holding
Name of shareholder				
1 Indart Exports Private Limited	2,493,647	12.14	2,610,647	12.72
2 Semit Pharmaceuticals & Chemicals Limited	1,567,593	7.63	2,205,690	10.74
3 Acraf S.P.A.	2,619,000	12.75	2,619,000	12.75
4 Citicorp International Financial Corporation	1,730,000	8.42	1,730,000	8.42
5 IL&FS Trust Company	-	-	1,108,778	5.40
As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest the above shareholding represent both legal and beneficial ownerships of the shares.				

NOTE 3 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
RESERVES AND SURPLUS		
CAPITAL RESERVE		
Opening Balance	1,896.03	2,145.78
Less : Addition/Adjustment during the year	(169.38)	249.75
Closing balance (A)	1,726.65	1,896.03
SHARE PREMIUM		
Opening Balance	25,074.57	25,074.57
Add : Addition/Adjustment during the year	-	-
Closing balance (B)	25,074.57	25,074.57
HEDGING RESERVE		
Opening Balance	206.18	501.29
Add : Addition/Adjustment during the year	(275.49)	(295.11)
Closing balance (C)	(69.31)	206.18
DEBENTURE REDEMPTION RESERVE		
Opening Balance	8,000.00	4,000.00
Add : Transfer from surplus balance in the statement of Profit & Loss	4,000.00	4,000.00
Closing balance (D)	12,000.00	8,000.00
FOREIGN CURRENCY TRANSLATION RESERVE		
Opening Balance	(323.32)	(1,351.49)
Add : Addition/Adjustment during the year	(927.27)	1,028.17
(E)	(1,250.59)	(323.32)
GENERAL RESERVE		
Opening Balance	15,118.53	12,118.53
Add : Transfer from surplus balance in the statement of Profit & Loss	3,000.00	3,000.00
Closing balance (F)	18,118.53	15,118.53
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	18,030.69	18,520.94
Add : Profit for the year	8,239.17	7,225.81
	26,269.86	25,746.75
Less - Appropriations		
i) Proposed Dividend	-	616.11
ii) Tax on Dividend	-	99.95
iii) Transfer to General Reserve	3,000.00	3,000.00
iv) Transfer to Debenture Redemption Reserve	4,000.00	4,000.00
	7,000.00	7,716.06
(G)	19,269.86	18,030.69
Total (A+B+C+D+E+F+G)	74,869.71	68,002.68

NOTE 4 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
LONG TERM BORROWINGS		
I SECURED BORROWINGS		
(A) Non-convertible Debenture		
	25,438.00	19,180.00
a) Loan against 10.75%, 11.25% & 12.50% Non-convertible debentures aggregating to ₹11880 lacs, ₹ 7300 lacs & ₹ 7000 lacs respectively are secured by by first pari-passu charge on all fixed assets of the Company along with all the existing charge holders against term loans.		
b) The non-convertible debentures are to be redeemed as follows:- Financial year 2013-14 ₹ 5420.00 lacs, Financial year 2014-15 ₹ 6295.00 lacs, Financial year 2015-16 ₹ 6424.07 lacs, Financial year 2016-17 ₹ 3210.00 lacs, Financial year 2017-18 ₹ 3210.00 lacs, Financial year 2018-19 ₹ 875.00 lacs,		
(B) Term Loans		
1 From Banks	35,876.83	31,798.82
2 From others	1,529.31	1,968.75
	37,406.14	33,767.57
(C) Foreign currency loans	8,928.90	1,397.63
a) Term loans & Foreign Currency loans are secured by first mortgage and charge on all the immovable and movable fixed assets both present and future ranking pari-pasu with the existing charge holders for their term loans and non convertible debenture holders and also secured by second pari-passu charge on all the current assets of the Company.		
b) Term loans and Foreign Currency loans are repayable as follows:- Financial year 2013-14 ₹ 14191.08 lacs, Financial year 2014-15 ₹ 12259.16 lacs, Financial year 2015-16 ₹ 9859.96 lacs, Financial year 2016-17 ₹ 5690.22 lacs, Financial year 2017-18 ₹ 3986.61 lacs, Financial year 2018-19 ₹ 348.00 lacs,		
c) The rate of interest on secured loans vary between 12.50 % par annum to 15.25 % per annum		
d) The term loans have also been guaranteed personally by two of the directors of the Company.		
(D) Others	39.05	4.96
Vehicle loan is secured against vehicle acquired under the scheme repayable as follows:- Financial year 2013-14 ₹ 10.77 lacs, Financial year 2014-15 ₹ 15.65 lacs, Financial year 2015-16 ₹ 10.44 lacs,		
TOTAL E (A + B + C + D)	71,812.09	54,350.16
Less: CURRENT LIABILITIES (F)	19,621.85	10,324.86
TOTAL (E - F)	52,190.24	44,025.30
II UNSECURED BORROWINGS		
Fixed Deposits	16,766.85	12,855.31
Trade Deposits	1,436.60	1,372.36
TOTAL	70,393.69	58,252.97

NOTE 5 :

(₹ in Lacs)

	As At 30th June, 2013		As At 31st March, 2012	
DEFERRED TAX LIABILITY (NET)				
A Deferred Tax Liability				
i. Depreciation		1,784.69		1,905.21
B Less : Deferred Tax Asset				
i. Leave encashment	262.52		209.72	
ii. Others	1231.97	1,494.49	1,032.24	1,241.96
DEFERRED TAX LIABILITY (NET) (A-B)		290.20		663.25

NOTE 6 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
LONG TERM PROVISIONS		
Provision for leave benefits	383.50	286.46
Provision for Gratuity	1,271.28	1,141.58
Others	258.19	-
	1,654.78	1,428.04

NOTE 7 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
SHORT TERM BORROWINGS		
I SECURED BORROWINGS		
Working capital loans from banks repayable on demand	28,550.22	25,931.36
	28,550.22	25,931.36
(Working capital loans are secured by first Pari Passu charge by way of hypothecation of Raw & Packing Materials, Finished Goods stocks-in-trade and Book Debts on pari passu basis and second charge over Fixed Assets of the company and also personally guaranteed by two of the Directors.)		
II UNSECURED BORROWINGS		
From Banks	12,266.58	11,500.00
From others	3,534.24	2,050.00
	15,800.82	13,550.00
TOTAL (I+II)	44,351.04	39,481.36

NOTE 8 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
TRADE PAYABLES		
Dues to Micro, Small & Medium enterprises #	415.10	565.50
Others	11,630.39	8,231.60
TOTAL	12,045.49	8,797.10

Details have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied up on by the auditors.

NOTE 9 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
OTHER CURRENT LIABILITIES		
Current maturities of long term debts	19,621.85	10,324.86
Interest accrued and due on borrowings	1,965.74	858.38
Unclaim dividends	30.38	29.82
Statutory remittances	2,837.58	1,094.46
Creditors for capital items	560.85	659.31
Interest accrued on others	1,464.93	351.23
Advances from customers	1,098.09	275.70
Temporary overdraft from banks	1,743.13	654.92
Others	11,263.77	5,071.81
TOTAL	40,586.32	19,320.49

NOTE 10 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
SHORT TERM PROVISIONS		
Provision for Taxation	2,626.56	914.99
Provision for Leave benefits	273.17	244.39
Other provisions		
Proposed Dividend	0.00	616.11
Tax on proposed Dividend	99.95	199.90
TOTAL	2,999.68	1,975.39

NOTE 11 :

(₹ in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION					NET BLOCK	
	Cost as at 01.04.2012	Additions	Adjustment	Cost as at 30.06.2013	Upto 31.03.2012	Adjustment	For the Period	Upto 30.06.2013	As At 30.06.2013	As At 31.03.2012
CONSOLIDATED FIXED ASSETS :										
A TANGIBLE										
LAND-FREEHOLD	2,387.98	-	2.50	2,390.48	-	-	-	-	2,390.48	2,387.98
LAND-LEASEHOLD	256.18	-	-	256.18	38.63	-	4.16	42.79	213.39	217.55
BUILDINGS	21,352.67	805.28	10.06	22,168.01	3,364.67	(128.45)	896.06	4,132.28	18,035.73	17,988.00
R&D-BUILDING	79.40	-	-	79.40	10.65	-	3.31	13.96	65.44	68.75
PLANT & MACHINERY	46,027.23	1,177.79	37.08	47,242.10	15,236.63	596.44	2,969.50	18,802.57	28,439.53	30,790.60
R&D-PLANT & MACHINERY	503.71	10.46	-	514.17	154.76	-	32.05	186.81	327.36	348.95
FURNITURE & FIXTURES	2,872.13	85.59	-	2,957.72	1,776.00	35.13	180.01	1,991.14	966.58	1,096.13
R&D-FURNITURE & FIXTURES	107.37	-	-	107.37	36.77	-	8.49	45.26	62.11	70.60
MOTOR VEHICLES	508.06	196.92	(26.25)	678.73	481.87	(23.41)	91.58	550.04	128.69	26.19
TOTAL	74,094.73	2,276.04	23.39	76,394.16	21,099.98	479.71	4,185.16	25,764.85	50,629.31	52,994.75
B INTANGIBLE										
TECHNICAL KNOW-HOW *	1,293.17	-	-	1,293.17	226.05	-	-	226.05	1,067.12	1,067.12
GOODWILL	15,239.08	21.79	(15.73)	15,245.14	-	-	23.91	-	15,245.14	15,239.08
SOFTWARE/LICENCES/ CONTRACTS	1,571.35	528.68	18.25	2,118.28	239.23	-	197.40	-	2,118.28	1,332.12
TOTAL	18,103.60	550.47	2.52	18,656.59	465.28	-	221.31	226.05	18,430.54	17,638.32
TOTAL	92,198.33	2,826.51	25.91	95,050.75	21,565.26	479.71	4,406.47	25,990.90	69,059.85	70,633.07
Previous Year	81,838.65	8,991.84	1,367.84	92,198.33	17,086.33	1,080.91	3,398.02	21,565.26	70,633.07	64,752.33
C CAPITAL WORK -IN PROGRESS**									27,252.81	19,100.83

*Technical Know-how has not been amortised this year.

**Includes ₹ 3418.61 Lacs being advance given for setting-up plant on turn-key basis.

NOTE 12 :

(₹ in Lacs)

	Nature of Investment	Face Value ₹	Numbers		Value	
			AS AT 30th JUNE, 2013	AS AT 31st MARCH, 2012	AS AT 30th JUNE, 2013	AS AT 31st MARCH, 2012
CONSOLIDATED NON CURRENT INVESTMENTS						
LONG TERM INVESTMENTS						
(At Cost, Fully paid, Other than Trade)						
(A) INVESTMENT IN JOINT VENTURE						
Elder Universal Pharmaceuticals (Nepal) P Ltd	Equity Shares	10	500,000	500,000	50.00	50.00
(B) UNQUOTED						
Maharashtra Apex Corp.Limited	Non-Conv. Debenture	1000	25	25	0.21	0.21
Bombay Mercantile Co-op.Bank Limited	Equity Shares	30	533	533	0.16	0.16
Elder Instruments Private Limited	Equity Shares	10	765,000	765,000	76.50	76.50
The Saraswat Co-operative Bank Limited	Equity Shares	10	2,500	2,500	0.25	0.25
VTC Industries Limited	Equity Shares	10	10,000	10,000	2.10	2.10
The Kalyan Janata Sahakari Bank Limited	Equity Shares	25	20,000	20,000	5.00	5.00
(C) QUOTED						
Elder Projects Limited	Equity Shares	10	300,200	300,200	22.52	22.52
Elder Health Care Limited	Equity Shares	10	321,200	321,200	32.12	32.12
The Karnataka Bank Limited	Equity Shares	10	-	63,400	-	38.04
	TOTAL				188.86	226.90

Aggregate Value Investment	30th June, 2013		31st March, 2012	
	Market Value	Book Value	Market Value	Book Value
Quoted	240.51	54.64	480.31	92.68
Unquoted	-	134.22	-	134.22

NOTE 13 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
LONG- TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Capital Advances	113.44	52.47
Security Deposits	359.44	374.41
Loans and Advances to related parties	1,123.48	202.54
Trade Advances	25,678.56	17,751.82
Others	37,557.88	3,814.78
TOTAL	64,832.80	22,196.02

NOTE 14 :
CONSOLIDATED CURRENT INVESTMENTS In Mutual Funds (Other than Trade)

(₹ in Lacs)

NAME OF MUTUAL FUND	UNIT	UNIT	UNIT	UNIT	VALUE	VALUE
	AS AT 1st APRIL, 2012	PURCHASE 2012-2013	REDEEMED 2012-2013	AS AT 30th JUNE, 2013	AS AT 30th JUNE, 2013	AS AT 31st MARCH, 2012
UTI Infrastructure Growth Fund	50925.37	--	--	50,925.37	5.00	5.00
UTI Infrastructure -DDP Fund	22353.25	--	--	22,353.25	20.00	20.00
HDFC AMC-PMS-REAL ESTATE PORTFOLIO-I	--	--	--	-	100.00	100.00
SBI Infrastructure Fund-I Growth	250000.00	--	250000.00	-	-	25.00
Canara Bank Robeco	244498.78	--	244498.78	-	-	25.00
AXIS EF-DIV	200000.00	--	200000.00	-	-	20.00
SBI PSU Fund Dividend Plan	1000000.00	--	1000000.00	-	-	100.00
SBI Premier Liquid Fund ip DDR	149580.75	-	149580.75	-	-	1,500.00
SBI Gold Fund	250,000.00	-	250,000.00	-	-	25.00
DSP Black Rock Top 100 Eq-Growth	--	2914.52	--	2,914.52	3.00	--
HDFC Balance Fund Growth	--	4168.10	--	4,168.10	2.50	--
Franklin India Flexi Cap Fund Growth	--	9327.18	--	9,327.18	3.00	--
BNP Paribas Dividend Yield Fund Growth	--	15839.20	--	15,839.20	3.00	--
Canara Robeco Equity Diversified Regular Growth	--	1629.99	--	1,629.99	1.00	--
Canara Robeco Balance-Regular Growth	--	1438.44	--	1,438.44	1.00	--
TOTAL					138.50	1,820.00

NOTE 15 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
INVENTORIES		
(At cost, as taken, valued and certified by the management)		
i) Raw Materials	2,660.93	3,056.34
ii) Packing Materials	207.92	183.93
iii) Work-in-Process	3,373.48	2,984.62
iv) Finished Goods	8,645.38	10,131.33
v) Stocks-in-traded	9,569.35	11,559.21
vi) Stores and Spares	49.87	1,377.34
TOTAL	24,506.93	29,292.77

NOTE 16 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
TRADE RECEIVABLES		
(Unsecured, Considered Good unless stated otherwise)		
More than six months	2,470.68	1,109.86
Doubtful	116.35	118.67
	2,586.62	1,228.53
LESS: Provision For Doubtful Debts	116.35	118.67
	2,470.27	1,109.86
Others Receivables	37,344.52	33,020.63
TOTAL	39,814.79	34,130.49

NOTE 17 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
CASH AND CASH EQUIVALENTS		
Cash in hand	52.81	51.48
Cheques. Drafts on hand	-	10.29
Balances with Banks :		
In Current Accounts	7,151.80	12,112.42
In Deposits with original maturity for less than 12 months	1,781.43	1,818.05
In Unpaid Dividend Accounts	31.37	29.80
Other Bank Balances :		
In Deposits with original maturity for more than 12 months	500.00	500.00
In Deposits held as Margin money	826.58	878.04
TOTAL	<u>10,343.99</u>	<u>15,400.08</u>

NOTE 18 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Loans and Advances to employees	771.53	1,178.77
Prepaid Expenses	716.26	103.24
Balance with Government Authorities:		
i) CENVAT credit receivable	382.22	455.88
ii) Service Tax credit receivable	274.38	218.66
Advances to Sundry Creditors	7,326.03	3,027.36
TOTAL	<u>9,470.42</u>	<u>4,983.91</u>

NOTE 19 :

(₹ in Lacs)

	As At 30th June, 2013	As At 31st March, 2012
OTHER CURRENT ASSETS		
(Unsecured, Considered Good)		
Interest Accrued on Deposits	2,971.70	1,298.73
Duty Drawback Receivable	29.74	30.88
Licence and Other Recoverables	637.18	864.28
TOTAL	<u>3,638.62</u>	<u>2,193.89</u>

Notes to Consolidated Statement of Profit & Loss for the period ended 30th June 2013

NOTE 20 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
REVENUE FROM OPERATIONS				
Sale of products(Refer note20.i) below	1,65,064.02		1,34,258.92	
Less: Excise Duty	1,210.94	1,63,853.08	1,025.69	1,33,233.23
Sale of Services (Refer note 20.ii) below		317.03		245.04
Total		1,64,170.11		1,33,478.27

20.i Details of products sold

(₹ in Lacs)

	Period Ended 30th June, 2013	Year Ended 31st March, 2012
Formulation & Bulk Drugs	163,601.78	119,172.26
Others	1,462.25	15,086.66
Total	165,064.03	134,258.92

20.ii Sale of Services consists of export incentives and services arising from other ancillary activities.
NOTE 21 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
OTHER INCOME				
Interest				
From Banks on Deposits	444.96		241.15	
From Others	2,072.01	2,516.97	1,626.70	1,867.85
Dividend				
From Current Investments	77.54		247.89	
From Long Term Investments	3.64	81.18	6.71	254.60
Profit & Loss on Sale Of Share A/C		106.27		
Sundry Balances Written back		3.52		158.74
Miscellaneous Income		561.94		373.22
Total		3,269.88		2,654.41

NOTE 22 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
COST OF MATERIALS				
Inventory at the beginning of the period	2,540.32		3,062.19	
Add: Purchases	12,703.87	15,244.19	11,832.05	14,894.24
Less: Inventory at the end of the period		2,660.93		2,540.32
Cost of Materials consumed				
Total		12,583.26		12,353.92

NOTE 23 :

(₹ in Lacs)

	Period Ended 30th June, 2013	Year Ended 31st March, 2012
PURCHASES OF STOCKS-IN-TRADE		
Purchases of Stocks-in-Trade	71,182.21	56,966.19
Total	<u>71,182.21</u>	<u>56,966.19</u>

NOTE 24 :

(₹ in Lacs)

	Period Ended 30th June, 2013	Year Ended 31st March, 2012
CHANGE IN INVENTORIES		
(A) Inventory at the end of the year		
Work-in-process	3,373.48	3,094.88
Finished Goods	8,645.38	10,131.33
Stock-in-trade	9,569.35	8,231.81
	<u>21,588.21</u>	<u>21,458.02</u>
(B) Inventory at the beginning of the year		
Work-in-process	3,094.88	3,042.27
Finished Goods	10,131.33	8,822.47
Stock-in-trade	8,231.81	9,126.20
	<u>21,458.02</u>	<u>20,990.94</u>
Change in Inventory (A - B) Total	<u>(130.19)</u>	<u>(467.08)</u>

NOTE 25 :

(₹ in Lacs)

	Period Ended 30th June, 2013	Year Ended 31st March, 2012
EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	21,886.08	16,838.98
Contribution To Provident and Other Funds	833.06	783.53
Staff Welfare Expenses	589.50	366.71
Total	<u>23,308.64</u>	<u>17,989.22</u>

NOTE 26 :

(₹ in Lacs)

	Period Ended 30th June, 2013	Year Ended 31st March, 2012
FINANCE COSTS		
Interest Expenses	12,939.03	7,709.30
Borrowing Costs	2,543.56	2,447.90
Total	<u>15,482.59</u>	<u>10,157.20</u>

NOTE 27 :

(₹ in Lacs)

	Period Ended 30th June, 2013		Year Ended 31st March, 2012	
OTHER EXPENSES				
Rent		1385.29		1278.88
Rates and Taxes		966.53		606.58
Power and Fuel		1915.95		1557.65
Spares & Tools		272.08		313.15
Packing materials		1117.48		882.95
Manufacturing charges		1171.10		1123.11
Repairs and Maintenance:				
To Building	153.55		33.94	
To Machinery	424.31		115.78	
To Others	257.14	835.00	760.39	910.11
Insurance		414.41		352.50
Travelling and Conveyance		6252.98		4563.70
Printing and Stationery		232.25		239.18
Selling Expenses		6981.83		7476.61
Sales Discount		1561.33		581.28
Communication		581.77		550.73
Packing, Freight and Forwarding		1012.09		852.13
Vehicles Maintenance		331.51		232.57
Payment to Auditors:				
Audit Fees	94.56		81.83	
Certification , Quarterly review , & other services	12.97		11.52	
Taxation matters	20.39		19.92	
Company Law matters	0.23		-	
Reimbursement of Expenses	0.85		0.75	
		129.00		114.02
Legal and Professional charges		1505.19		1132.85
Donation		10.20		82.47
Director's Sitting Fess		13.68		8.15
Loss on Sale of Assets		0.64		19.04
Provision for Doubtful Debts		2.32		64.58
Miscellaneous		2463.26		3283.99
Total		29155.89		26226.23

NOTE 28 :

(₹ in Lacs)

	Period Ended 30th June, 2013	Year Ended 31st March, 2012
R & D EXPENDITURE:		
R & D Chemicals & Expenses	109.39	72.18
Power & Fuel	16.07	16.41
Salaries, Wages and Allowances	556.98	376.69
Contribution to Provident and other funds	24.17	16.84
Staff Welfare	24.34	18.06
Miscellaneous Expenses	5.31	7.64
Total	736.26	507.82

- 29 The Consolidated Financial Statements present the consolidated accounts of Elder Pharmaceuticals Limited with its following Subsidiaries.

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the period year ended	
		30th June, 2013	31st March, 2012
Direct Subsidiary			
Elder International FZCO	United Arab Emirates	100%	100%
Indirect Subsidiary			
1) Neutra Health Limited	United Kingdom	100%	100%
2) Elder Biomeda EAD	Bulgaria	100%	100%

Note: The accounts of the subsidiaries are for the period of twelve months from 1st April, 2012 to 31st March, 2013.

30 Earnings Per Share

	Year ended 30th June, 2013	Year ended 31st March, 2012
Profit attributable to equity shareholders (₹ in lacs)	8,239.17	7,225.81
Weighted average number of equity shares	20,536,936	20,536,936
Diluted Weighted average number of equity shares	20,536,936	20,536,936
Nominal value of equity share (in ₹)	10/-	10/-
Basic and Diluted EPS (in ₹)	40.12	35.18

31 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lacs)

	As at 30th June, 2013	As at 31st March, 2012
(I) Contingent Liabilities		
a) Letters of Credit	405.09	3,308.91
b) Bank Guarantees	305.37	9,689.04
c) Corporate Guarantees to Subsidiary	19,473.75	16,034.65
d) Disputed liability in respect of :		
i) Income tax *	268.58	268.58
ii) Sales tax	-	36.21
iii) Customs Duty	-	25.00
iv) Service Tax	717.51	492.62
* Includes demand of ₹ 216.53/- lacs decided in favour of the Company but disputed by Income-tax Department.		
e) Claim against the Company not acknowledged as debts	224.00	-
(II) Commitments		
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	386.45	230.70

- 32 The balance in respect of trade receivable, inter-division balances, bank balances in few cases and loans & advances are subject to reconciliation/confirmations by the respective parties. The balances of trade payables were confirmed at random and reconciliations / adjustments have been made in such accounts, wherever necessary.
- 33 With a view to reducing the debts of the Company, the board of directors has approved the proposal to restructure the Company's business involving either raising of capital, hiving off assets or other strategic options and have appointed advisers for this purpose. The advisers have commenced due diligence of the Company's operations. No strategy has yet been finalized.

- 34** Some lenders have filed legal cases against the Company, its directors and other officers under section 138 of the Negotiable Instruments Act 1981. In some cases winding up petition under section 433 and 434 of the Companies Act 1956 has also been filed. The Company in some cases has made part payments and settlement negotiations are initiated in other cases.
- 35** Some lenders/ bankers/ non- convertible debenture holders have served the notices on the Company for dishonoring of the cheques and default in payment of their dues under various acts governing dishonoring of cheques and default in repayments of loans. As informed, the Company has been negotiating payment modalities with such lenders/ bankers/ non- convertible debenture holders.
- 36** One of the lenders has filed winding up petition under section 433 and 434 of the Companies Act, 1956 and arbitration proceedings have commenced. The court has granted time up to 15th September 2013 for settlement of the dues.

37 Hedging and Derivatives

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 - "Financial Instruments : "Recognition and Measurement" ("AS 30"), the company has early adopted AS 30 with effect from October 1, 2008, to the extent that the adoption does not conflict existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. Pursuant to the adoption :-

- Transitional Loss representing the Loss on fair valuation of foreign currency options, determined to be ineffective cash flow hedges on the date of adoption, amounting to ₹ **490.76** Lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.
- Loss on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to ₹ **69.31** Lacs, on the date of adoption, has been recognized in the hedging reserve account.

Following are the outstanding forward exchange contracts and currency options entered into the Company.

Category	Currency	Cross Currency	Amount IN USD (Million)	Currency Option Type	Purpose
Structured Currency Option	INR	USD	15.00	USD Call/INR Put	Hedging

38 Segment Information

The company is primarily engaged and deals in pharmaceuticals & related products, which in the context of Accounting Standard-17, is the only business segment and has been identified as the primary reporting segment. Accordingly, the information appearing in these financial statements relate to the aforesaid primary reporting segment. Secondary segmental reporting is performed on the basis of the geographical locations of customers. The geographical segments considered for disclosure are based on the revenue within India (including sales to customers located in India and service income accrued in India) and revenues outside India (sales to customers located outside India).

Segment	India		Outside India		Total	
	Period / Year ended		Period / Year ended		Period / Year ended	
	30.06.13	31.03.12	30.06.13	31.03.12	30.06.13	31.03.12
Segment Revenue	120,412.31	96,434.51	44,651.71	37,824.41	165,064.02	134,258.92
Segment Assets**	32,549.05	27,638.63	7,265.74	6,491.86	39,814.79	34,130.49

** Segment Assets represent amount due from customers only.

- 39** Long Term loans & advances includes ₹ **3,073.19** Lacs advances against acquisition of trade mark.
- 40** Advances to sundry creditors under short term loans and advances includes ₹ **5,816.90** Lacs of advances to related parties on current account/trade advance.

41 Related Party Disclosures

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below :

(I) Names of the related parties and description of relationship:

A) Related parties where control exists	Elder International FZCO Dubai, UAE
i) Subsidiaries	Elder Universal Pharmaceuticals (Nepal) Private Limited
ii) Associates/ Joint Venture	Elder Health Care Limited.
B) Enterprises over which key management personnel and their relatives are able to exercise significant influence	Elder Projects Limited.
	Elder Instruments Private Limited.
	Maveer Prints Private Limited
	E W F Pharmaceuticals Private Limited.
	Redle Pharmaceuticals Private Limited
	Akshaya Holdings Private Limited.
	Anjay Prints
	Anshul Printers
C) Key Management Personnel and their Relatives	Mr. J Saxena
	Mr. Alok Jagdish Saxena
	Mr. Yusuf Karim Khan
	Mrs. Shalini Kumar

Note: Related party relationship is as identified by the company and relied upon by the auditors

(II) The following transactions were carried out with the related parties in the ordinary course of business.**(1) Details relating to parties referred to (B) above :**

(₹ in Lacs)

Particulars	Period ended 30th June, 2013	Year ended 31st March, 2012
1 Purchase of materials / finished goods.	6,627.09	13,834.53
2 Sale of materials / finished goods.	300.52	339.98
3 Expenses charged to other companies.	46.68	103.34
4 Expenses charged by other companies.	1,745.92	834.46
5 Outstanding receivables*	7,130.47	1,638.98
6 Outstanding payables*	62.24	108.14
7 Advances to subsidiary	11,310.10	8,558.66

* Transactions with the above parties are accounted in the respective current accounts.

(2) Details relating to persons referred to in item (C) above:

(₹ in Lacs)

Particulars	Period ended 30th June, 2013	Year ended 31st March, 2012
Remuneration /Others	835.85	532.13

42 Figures pertaining to the subsidiary companies have been reclassified/regrouped wherever necessary to bring them in line with the group financial statements.

43 The accounts for current financial year are for a period of fifteen months as compared to twelve months accounting period for previous year and hence to that extent the figures are not comparable and have been reclassified/regrouped wherever necessary.

As per our report of even date

For S S KHANDELWAL & CO.

Chartered Accountants

(Firm Registration No:105064W)

(S S KHANDELWAL)

(Proprietor)

Membership No. 031487

Mumbai, 29th August, 2013

Alok Jagdish Saxena

Jt. Managing Director

Suresh V. Pai

Chief Financial Officer

Yusuf Karim Khan

Executive Director

S. P. Date

Company Secretary

Notice

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of Elder Pharmaceuticals Limited will be held at Hotel Blue Waters, Opposite Crystal Point, Near Tata Power House, New Link Road, Andheri (West), Mumbai 400 053, on Monday, the 30th day of December 2013 at 10.30 a.m. to transact the following business:

As Ordinary Business:

1. To receive and adopt the audited Balance Sheet as at 30th June 2013 and the Profit & Loss Account for the fifteen months period ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.
3. To appoint a Director in place of Dr. Sailendra Narain who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Joginder Singh Juneja who retires by rotation but being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. Saleem Shervani who retires by rotation but being eligible offers himself for re-appointment.

As Special Business:

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

“RESOLVED THAT Mr. James McEuen who was appointed as an Additional Director by the Board of Directors and who holds office up to the date of the ensuing Annual General Meeting and in respect of whom notices have been received from some of the shareholders proposing his candidature to the office of Director, be and is hereby appointed a Director of the Company whose period of office is liable to retirement by rotation”.

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

“RESOLVED THAT subject to the provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, and further subject to other statutory approvals, if any, that may be required, Mr. Alok Jagdish Saxena be and is hereby appointed as Managing Director and Chief Executive Officer of the Company for a period of five years effective from 11th October, 2013 on the terms and conditions set out hereinbelow as well as in the Explanatory Statement and which are within the limits fixed by Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force.”

“RESOLVED FURTHER THAT notwithstanding loss or inadequacy of profits Mr. Alok Jagdish Saxena be paid the same remuneration and /or perquisites subject to approvals, if any.”

Mr. Alok Jagdish Saxena will be entitled to a salary of ₹ 491,000 per month, House Rent Allowance and Other allowances ₹135,730 per month. Additionally Mr. Alok Jagdish Saxena will be entitled to Company's contribution to Provident Fund, Leave Travel Assistance, Medical reimbursement, ex-gratia, etc. as per the rules of the Company for senior management staff of the Company. He shall also be entitled to such periodical revision in salary as may be approved by the Board from time to time. The remuneration and perquisites are within the limits fixed by Section I of Part II of Schedule XIII to the Companies Act, 1956.

By Order of the Board
S. P. Date
Company Secretary

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West)
Mumbai 400 053.

Dated: 13th November, 2013

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Transfer Books of the Company shall remain closed from Monday the 23rd day of December 2013 to Monday 30th day of December 2013 (both days inclusive).
5. Any queries on accounts must reach the Registered Office at least seven days before the date of the Meeting.
6. The Members are requested to bring their copy of Annual Report with them.
7. Any change of address should be notified to the Company immediately.
8. The dividend for the year 2005-06 will become due for transfer to Investor Education and Protection Fund ('IEPF') on 5th December 2013.
9. Members may note that Securities and Exchange Board of India (SEBI) has vide its circular dated January 7, 2010 made it mandatory to furnish a copy of PAN in the following cases:

- (i) Deletion of name of deceased shareholders(s), where the shares are held in the name of two or more shareholders
- (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares and
- (iii) Transposition of shares- when there is a change in order of names in which physical shares are held jointly in the name of two or more shareholders.

By Order of the Board
S. P. Date
Company Secretary

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West)
Mumbai 400 053.

Dated: 13th November, 2013

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

Item No.7

The Board of Directors of the Company ("the Board") under Section 260 of the Companies Act, 1956 and the Clause 120 of the Articles of Association of the Company, appointed Mr. James McEuen as Additional Director of the Company with effect from 2nd November 2012. In terms of Section 260 of the Companies Act, 1956, and Clause 120 of Articles of Association of the Company Mr. James McEuen holds office upto the date of this Annual General Meeting. The Company has received notices from some shareholders with requisite deposit proposing the candidature of Mr. James McEuen for the office of Director.

An MBA from Cranfield University and also Fellow of Chartered Institute of Marketing, Mr. McEuen started his career in British Army and thereafter worked with Unilever PLC, Independence Technology UK, Johnson & Johnson LLC holding various independent portfolios. He started working with Company's step down subsidiary, NutraHealth Ltd, as a Chief Executive and was inducted on Company's Board from 2nd November 2012.

Mr. James McEuen does not hold any shares of the Company.

The Appointment of Mr. James McEuen will benefit the Company.

The Board recommends the resolution for your approval.

Except Mr. James McEuen, no other director of the Company is interested or concerned in this resolution.

Item No. 8

The Board of Directors of the Company at their meeting held on 11th October, 2013 appointed Mr. Alok Jagdish Saxena as Managing Director and Chief Executive Officer due to sad demise of Mr. Jagdish Saxena, the erstwhile Chairman and Managing Director of the Company, for a period of five years w.e.f. 11th October

2013. The said appointment is subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the approval of Shareholders and / or other authorities, if any. It is proposed to pay Mr. Alok Jagdish Saxena the following remuneration and perquisites.

Salary of ₹ 491,000 per month, House Rent Allowance and Other allowances ₹135,730 per month. Additionally Mr. Alok Jagdish Saxena will be entitled to Company's contribution to Provident Fund, Leave Travel Assistance, Medical reimbursement, ex-gratia, etc. as per the rules of the Company for senior management staff of the Company. He shall also be entitled to such periodical revision in salary as may be approved by the Board from time to time. The remuneration and perquisites are within the limits fixed by Section I of Part II of Schedule XIII to the Companies Act, 1956,

Mr. Alok Jagdish Saxena, aged 48 years, graduated in Arts from University of Mumbai. He is also an MBA and holds a number of memberships of professional bodies from India and abroad like Institute of Management (UK), Institute of Commercial Management (Singapore), Institute of Directors (U.K.) etc. He has been associated with the Company from the very beginning and has varied experience and exposure in the field of pharmaceuticals. Mr. Alok Jagdish Saxena also holds directorships in Elder Health Care Limited, Elder Projects Limited, Elder Instruments Pvt. Ltd., Innmed Technologies Pvt. Ltd., Redle Pharmaceuticals Pvt. Ltd. and Maveer Prints Pvt. Ltd.

He holds 259,390 shares of the Company.

The appointment of Mr. Alok Jagdish Saxena as Managing Director and Chief Executive Officer will immensely benefit the Company. The Board recommends appointment of Mr. Alok Jagdish Saxena.

No Director except Mr. Alok Jagdish Saxena himself may be treated as concerned or interested in the resolution.

By Order of the Board

S. P. Date
Company Secretary

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West)
Mumbai 400 053.

Dated: 13th November, 2013

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PROXY FORM



Regd. Office : ELDER HOUSE, Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053

Reg. Folio No. _____ DP ID No.* _____ Client ID No.* _____

*Applicable for Member holding Shares in electronic form.

I/We _____ of _____
being a Member/Members of the above named Company, hereby appoint _____ of _____
or failing him _____
of _____ as my/our proxy to vote for me/us on my/our behalf at the
30th ANNUAL GENERAL MEETING of the Company, to be held on **Monday, 30th December, 2013 at 10.30 a.m.** or at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signature _____

Affix
Re. I/-
Revenue
Stamp

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

(Tear Here)

ATTENDANCE SLIP



Regd. Office : ELDER HOUSE, Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053

Reg. Folio No. _____ DP ID No.* _____ Client ID No.* _____

*Applicable for Member holding Shares in electronic form.

I certify that I am a registered Member/Proxy for registered member of the Company.

I hereby record my presence at the **30th ANNUAL GENERAL MEETING** of the Company held on **Monday, 30th December, 2013 at 10.30 a.m.** at Hotel Blue Waters, Opposite Crystal Point, Near Tata Power House, New Link Road, Andheri (West), Mumbai 400 053.

Member's/Proxy's name in BLOCK Letters

Member's/Proxy's Signature

Note:

Please fill in this attendance slip and hand it over at the entrance of the hall.

BOOK POST

If undelivered, please return to:



Elder PHARMACEUTICALS LTD.

"Elder House" C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai-400 053.

<http://www.elderindia.com>