



J. B. Chemicals & Pharmaceuticals Ltd.



**Focused on Opportunities.
Committed to Value Creation.**

Annual Report 2011-12



FORWARD LOOKING STATEMENT

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

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JBCPL, ONE OF INDIA'S LEADING PHARMACEUTICAL COMPANIES, MANUFACTURES & MARKETS A DIVERSE RANGE OF PHARMACEUTICAL FORMULATIONS, HERBAL REMEDIES AND APIs. JBCPL EXPORTS TO MANY COUNTRIES WORLDWIDE WITH A STRONG PRESENCE IN RUSSIA, UKRAINE, CIS COUNTRIES AND SOUTH AFRICA. THE COMPANY CONTINUES TO INVEST IN GROWING ITS SHARE IN THE REGULATED MARKETS IN USA, EUROPE, AUSTRALIA AND BRAZIL. JBCPL HAS A STRONG R&D SET-UP FOR DEVELOPMENT OF NDDS FORMULATIONS, FILING OF DMFs AND ANDAs. ITS STATE-OF-THE-ART MANUFACTURING FACILITIES ARE APPROVED BY HEALTH AUTHORITIES OF REGULATED MARKETS.

When we see outwards, we see a world of opportunities that we can embrace.

And when we look inwards, we see a focused commitment to harness these opportunities on the back of our strengths.

At J.B. Chemicals, we are determined and excited to blend the opportunities with our commitment to deliver maximum value to our stakeholders.

We have evolved a business model that is structured to identify new opportunities across our focus areas, both activity-wise (particularly in contract manufacturing) and geography-wise (Tier II cities and rural markets in India and potential markets abroad).

We have carved an ambitious growth chart for our domestic pharmaceutical business, which encompasses an expanding product portfolio and aims to enhance productivity.

We have also put in place a new strategy for RoW markets to expand the business in more regulated markets.

We aspire to leverage our "Unique" brand image to grow the prescription business in Russia-CIS.

In the ever-evolving world of opportunities, our strategies are focused at building a strong top line and bottom line while our commitment to value creation remains steadfast.

CHAIRMAN'S STATEMENT

PERFORMANCE

The year 2011-12 was truly an eventful one in which the company sold its Russia-CIS OTC business. As a result, the performance of 2011-12 is strictly not comparable with the previous financial year. I would say the business performance during 2011-12 was certainly satisfactory keeping in view the circumstances that prevailed during the year.

During 2011-12, the total income stood at ₹ 715 crores. The profit before exceptional income and tax was ₹ 49 crores. Consequent to exceptional net income of ₹ 761 crores realized on sale of Russia-CIS OTC business, the profit before tax and profit after tax for the year stood at ₹ 809 crores and ₹ 643 crores respectively. During the year, the consolidated income was ₹ 831 crores, while consolidated profit after tax stood at ₹ 678 crores. The sale of entire OTC inventory by the company's Russian subsidiary to Johnson & Johnson LLC also contributed to higher consolidated profits.

Out of profits for the year, your Board has transferred ₹ 15 crores to Contingency Reserve as a shield against any unforeseen situation.

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

DOMESTIC MARKET

Following the sale of Russia-CIS OTC business, the domestic formulations business is the largest and, keeping in view the huge potential of the Indian formulations market, I have no doubt

► **Mr. J. B. Mody, Chairman and Managing Director**

that this business will be the key growth driver for the company in coming years. The performance of this business during 2011-12 was reasonably good with 15% growth achieved by focus brands in this business. The company has identified brands in cardiac, antacid, pain management, iron supplement, anti-infective and anti-septic segment as focus brands and I am happy to share with you that these brands have been consistently growing for last three years and some of them have become reasonably bigger brands. The company plans to concentrate on potential therapeutic groups and accordingly launch new products, penetrate in tier II cities and rural markets, follow a scientific product promotion approach and improve productivity of field personnel, to achieve future growth. The company has therefore started investing in products, people and processes to facilitate the growth objective.

With 1000 personnel already in the field, a strong brand equity among medical fraternity, growing brands in the product basket and aggressive plans to launch new products and promote them, I believe your company's domestic formulations business is well poised to exploit opportunities offered by the growing domestic market.

EXPORTS

During the year under review, the total formulations exports amounted to ₹ 299 crores. The exports to Rest of the World markets (RoW) performed exceedingly well with 37% growth in Rupee terms and 28% growth in US \$ terms. I am happy to say that RoW business which was set up mainly to reduce dependence on then Russia-CIS OTC business has now become sizeable and offers good growth prospects. I would also like to mention that exports to U.S., where your company currently has only four products, achieved encouraging growth of 95%. As a part of the plan to gradually expand presence in this important market, the company plans to file 6 to 10 new ANDAs every year. Besides the U.S., business across the other markets such as Australia, Europe, South Africa, Africa, Latin America and South-East Asia also fared well. Products in pain management, cardiology, anti-hypertensive, anti-peptic ulcerant and contrast media segment achieved good growth.

To establish a sustainable revenue stream, the company plans to grow the contract manufacturing business for multinational companies besides focus on niche generics and branded generics products. As the company has invested in manufacturing infrastructure of international standards for various pharmaceutical preparation, some of which is approved by health authorities such as US FDA, MHRA UK, TGA Australia and MCC South Africa, the company is better prepared to undertake contract manufacturing business for multinational firms.

In Russia-CIS region, the company now has prescription products business, which the company has decided to retain and grow. Post sale of OTC business in this region last year, the company needs to build a new marketing team to sustain and grow this business. The value creation in Russia-CIS is full of challenges as it involves both building a new marketing team as well as expanding the product basket, both of which would require investments. Based on our long experience of this market, the company is planning to exploit Rx market in this region.

Our South African joint venture namely, Biotech Laboratories (Pty.) Ltd. ("Biotech") performed well in last financial year with top line growth of 13% and bottom line growth of 32%. Biotech also declared dividend last year. With the acquisition of over 50 products dossiers as well as the veterinary business in last two years, Biotech is set to post even better performance going forward.

Cilag GmbH International, subsidiary of Johnson & Johnson, which acquired our Russia-CIS OTC business last year, has commenced sourcing those products from us for Russia-CIS region. The company has successfully complied with their stringent requirements and the company expects this relationship to flourish further.

SPECIAL INTERIM DIVIDEND

I would like to mention that your company is one of the very few Indian companies, which has successfully harnessed the potential of brands created out of the country. During the year, the company has paid interim dividend of ₹ 40 per equity share of face value of ₹ 2 to reward the shareholders consequent to the gain realized on sale of the Russia-CIS OTC business. I would like to take

this opportunity to thank all shareholders for the trust you have always reposed in the board of directors and management of the company.

The surplus of proceeds received on sale of Russia-CIS OTC business has been invested in debt oriented instruments and will be used for growth of pharmaceutical business of the company. We do not plan to invest this money in haste and will invest it when the right opportunity emerges in our pharmaceutical business.

RESEARCH & DEVELOPMENT (R&D)

R&D division of your company continues to play an important role in the company's growth. R&D is currently focused on the new formulations development for ANDAs filings to support the company's objective to file about 10 ANDAs every year for the few years. Our R&D has also successfully developed various products for contract manufacturing projects.

CHALLENGES AHEAD

There are challenges to grow the domestic formulations business, RoW & contract manufacturing and Russia-CIS prescription business, but we are quite hopeful to meet the challenges and create value for the company. Post sale of Russia-CIS OTC business, the challenge before us is to grow our bottom line to match your expectations. I would like to assure you that we are fully committed to growing and enhancing shareholder value.

STAKEHOLDERS' SUPPORT

I take this opportunity to thank members of the medical profession, trade, institutions, government & semi-government hospitals, customers and shareholders for your continued trust and support. On behalf of the management of JBCPL, I would also like to thank all the employees of the company for their deep commitment to achieving the company's objectives.



J. B. Mody
Chairman & Managing Director

DOMESTIC FORMULATIONS

- » Post the sale of Russia-CIS OTC business, the domestic formulations business leads the company with the highest sales. This business continued to grow during 2011-12. The focus products, identified a few years back, not only achieved 15% growth but their contribution in overall sales also continued to move up. The company continues to appear in ORG-IMS list of high growth category companies.
- » The company is now ranked 36th in the industry (ORG-IMS) with brands Rantac (anti-peptic ulcerant) and Nicardia (anti-hypertensive) in top 300 brands as per ORG-IMS.
- » The focus products group comprising of the products in cardiac, antacid, NSAID, anti-infective, anti-septic and iron supplement segment has continued to grow year after year. In particular, the cardiac, antacid and iron supplement product achieved growth of 91%, 45% and 54% respectively. The antacid product has attained 6th rank in antacids market (ORG-IMS). The company would continue to focus on this product group to grow both top line and bottom line.

The scientific promotion and high preference shown by key opinion leaders helped achieve growth.

- » During 2011-12, the company launched products in cardiology and gastrointestinal segments and plans to launch during the current year new products in pain management, gastrointestinal, anti-infective and dermatology segment. During 2011-12, the company launched dedicated division for dental and gynecology products. The company is yet to make inroads in these segments and would aggressively focus on these products to realize their full potential.
- » Strong future growth expectations of the industry based, *inter alia*, on high private and public healthcare spending, easy availability of health services and pharmaceutical products on one hand and the company's high growth potential product portfolio and aggressive growth plans on the other, the company is well placed to reap good growth benefits in coming years. The company's growth plans include establishment of new divisions, increased coverage of hospitals, tier II towns and rural

► **Mr. Pranabh Mody, President & Whole time Director (Operations)**



markets, improving depth in important markets and therapeutic segments, new product launches and increased thrust on focus brands.

- » The company has a field strength of over 1000 in this business and recognizes the important role they play in growth of the business. The company has therefore increased thrust on training and development of field force, and has also further incentivized the employment through attractive bonus schemes. The company also organized managerial workshops to improve market effectiveness of the managers.
- » The company has undertaken systematically designed product promotion initiatives that include scientific promotion and regular scientific updates for the doctors, doctors-patients oriented camps for lifestyle disease related products, scientific continued medical education programmes with international speakers, etc.

- » The company believes that the domestic market offers significant value and is hence fully focused on this market for value creation. Though there are challenges in this business such as price control, slow nature of prescription generation, attrition in the field force, etc., the company is quite hopeful of good performance in coming years on the back of its strengths in this business.

- » The contrast media division achieved 10% growth over the previous year. During the year, the company launched Iodixanol Injection, which is preferred by cardiologists. The company plans to enhance its focus on government tender business in view of higher spending proposed in this segment.



Mr. D. B. Mody, Past President IDMA, being felicitated by IDMA



Mr. N. Balasubramanian (third from left), Vice President - Finance (retiring on June 30, 2012), New finance head Mr. Bhavesh Joshi (first from left), Sr. General Manager - Finance & Accounts with Mr. J. B. Mody, Mr. D. B. Mody and Mr. S. B. Mody (second, fourth and fifth from left)



FORMULATIONS EXPORTS

- » The exports to Rest of the World (viz. markets outside Russia-CIS) (RoW) continued growth streak with robust growth of 37% in Rupee terms and 28% growth in US Dollar terms over the previous year. All business activities in RoW segment registered good growth. The growth of 95% achieved by sales to US market enabled impressive performance during the year. The other markets that also achieved good growth include Africa, South East Asia, Australia and EU.
- » The company aims to build sustainable and attractive revenue stream in this business area by growing site variation and contract manufacturing business. The company, in addition, would also continue to focus on growth of niche branded generics products. The company has built state-of-the-art manufacturing infrastructure for pharmaceutical preparation like tablets, injectables, lozenges, etc. which is approved by health authorities such as US FDA, EU GMP, UK MHRA, TGA Australia, MCC South Africa and INVIMA. This gives the company an ideal platform to grow in site variation and contract manufacturing business. The company plans to grow site variation business in markets like USA, Europe, Australia, Brazil and South Africa.
- » The investments made in four ANDAs viz. Atenolol (anti-hypertensive), Cetirizine (antihistaminic), Ciprofloxacin (antibiotic) and Diclofenac (NSAID) tablets achieved encouraging sales of over US\$ 7 million. The company has decided to enhance focus on this market and plans 10 ANDA submissions during the current year. The company also plans to make 6-10 submissions every year to enlarge its product basket.
- » The company plans to build over-the-counter product portfolio in this market segment as receipt of regulatory clearances are comparatively faster and easier and at the same time these products offer attractive margins. Lozenge manufacture of different varieties is your company's niche strength and the company has set up modern manufacturing facility for these preparations. The company already supplies lozenges to markets like Australia, South Africa and Canada and is exploring opportunities in other developed markets. Besides this, the company plans to increase its focus on contrast media products, which offers significant potential in this market segment.



Mr. Nirav Mody, Vice President-Strategic Marketing and Business Development

Mr. Jay Mehta, Vice President-International Division



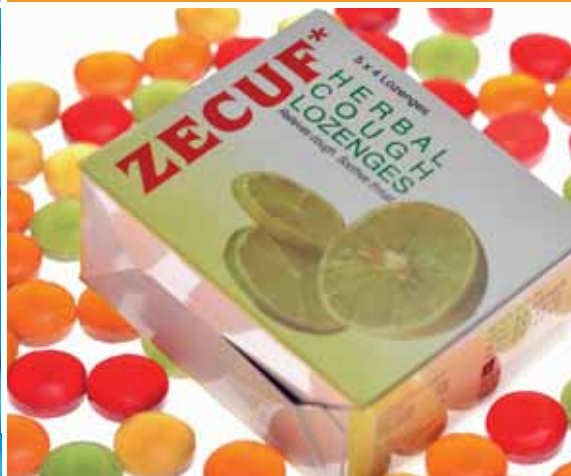
» The site transfer contract signed with a South African Pharma major last year for supply of a range of eye drops/injectable products is expected to be commercialized in the fourth quarter this year. This arrangement is likely to generate good revenues for the company.

» In terms of markets, the company's focus is on USA, Canada, Australia, South Africa and Brazil.

» The Biotech Laboratories (Pty.) Ltd., South Africa, ('Biotech'), in which the company has 49% equity stake, performed well with revenue growth of 13% and net profit growth of 32% in its previous financial year. Biotech also declared dividend that reflects their management's confidence in their performance and growth plans.



Mr. Shad Mapetla, Chairman & CEO, Mr. Simon Morule, Director Regulatory Affairs, Mr. Stewart Barker, Chief Operating Officer and Ms. Natalie Hime, Executive Business Development of Biotech Laboratories (Pty.) Ltd., South Africa



- » In 2010, Biotech acquired 56 product dossiers from South African affiliate of a leading Canadian pharmaceutical company. This acquisition by Biotech will benefit the company as Biotech would outsource manufacturing of many of these products to the company. Biotech also acquired veterinary business last year. These acquisitions will significantly add to the revenues of Biotech.
- » During 2011-12, Russia-CIS OTC business stood transferred to Cilag GmbH International ('Cilag'), a wholly owned subsidiary of Johnson & Johnson w.e.f. July 14, 2011 pursuant to Sale and Purchase Agreement dated May 23, 2011. The company now supplies these OTC products to Cilag for Russia-CIS region pursuant to Supply Agreement entered into with Cilag.
- » In Russia-CIS region, the company now has prescription products business after sale of OTC products business. The company is in the process of building marketing team in Russia-CIS to sustain and grow this business. Approval from the following major regulatory authorities is expected to facilitate faster execution of core business plans for exports.

Mr. P. K. Singh, Sr. Vice President - International Division





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

	NAME OF AUTHORITY	FACILITY APPROVED
1	US FDA	Tablets, APIs
2	MHRA, UK	Tablets, Lozenges
3	EU GMP	Tablets
4	MCC, South Africa	Tablets, Injections, Lozenges
5	TGA, Australia	Tablets, Lozenges

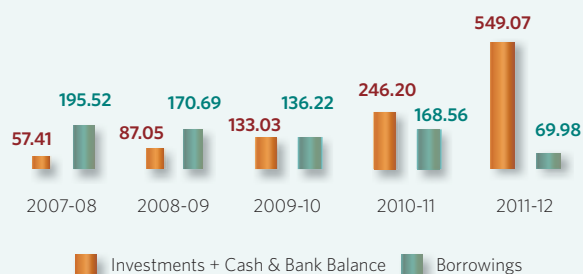
◀ *Mr. Bharat P. Mehta, Whole time Director - Planning & Development*



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

FINANCIAL HIGHLIGHTS

NET SALES (₹ in crores)

INVESTMENTS + CASH & BANK BALANCE/
BORROWINGS (₹ in crores)

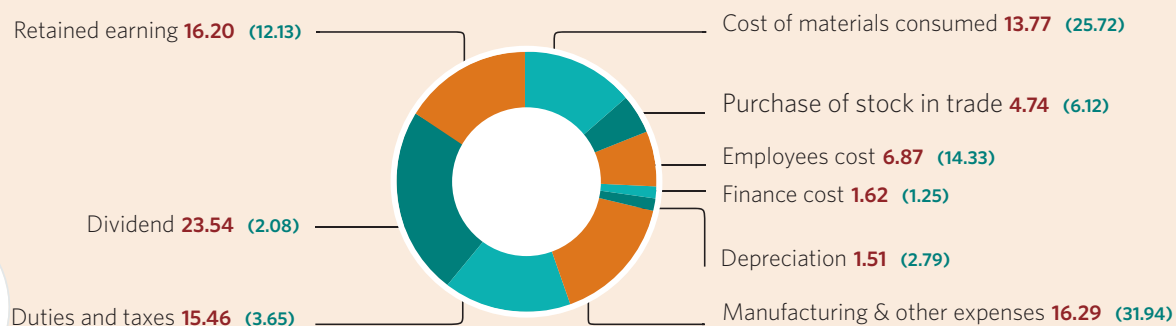
NET WORTH (₹ in crores)



BOOK VALUE (in ₹)



DISTRIBUTION OF REVENUE 2011-12 (in %)*



* Figures in bracket are 2010-11 numbers.

BOARD OF DIRECTORS



Jyotindra B. Mody
Chairman &
Managing Director



Dinesh B. Mody
Whole time Director
(Administration)



Shirish B. Mody
Whole time Director
(Marketing)



Bansidhar S. Mehta



Durga Dass Chopra



Bharat P. Mehta
Whole time Director
(Planning & Development)



Pranabh Mody
President & Whole time
Director (Operations)



Dr. Rajen D. Shah



Rajiv C. Mody



Kamlesh L. Udani
Executive Director
(Technical & Production)



Dr. Satyanarain Agarwala



Dr. Niranjan N. Maniar



Mahesh K. Shroff



Jashvantrai B. Joshi

Not in the photograph above: Mr. Sanjay Asher, Alternate Director to Mr. Jashvantrai B. Joshi

CORPORATE INFORMATION

AUDIT COMMITTEE

Bansidhar S. Mehta (Chairman)
Dinesh B. Mody
Durga Dass Chopra
Mahesh K. Shroff
Dr. Niranjana N. Maniar
Dr. Satyanarain Agarwala

COMPANY SECRETARY

M. C. Mehta

BANKERS

Bank of India
BNP Paribas
Standard Chartered Bank

AUDITORS

J. K. Shah & Co.
Chartered Accountants
Mumbai

COST AUDITORS

N. I. Mehta & Co.
Mumbai

REGISTERED OFFICE

Neelam Centre, 'B' Wing,
4th Floor, Hind Cycle Road,
Worli, Mumbai 400 030.
Tel No.(022) 3045 1200/500
Fax No.(022) 2493 0534/2493 9633

REGISTRARS & TRANSFER AGENT

Datamatics Financial Services Ltd.
Plot No. B-5, Part - B, Cross Lane,
MIDC, Andheri (East), Mumbai 400 093.
Tel No. (022) 6671 2151-56
Fax No.(022) 2832 0382

R & D CENTRES

Plot No.A-154/155,
Wagle Industrial Estate,
Thane (West) 400 604.

Plot No.128/1,
GIDC Industrial Area,
Ankleshwar 393 002.

Plot No.5, Phase IV,
GIDC Industrial Area,
Panoli 394 116.

Plot No. 218/219,
GIDC Industrial Area,
Panoli 394 116.

101/2 & 102/1, Daman Industrial Estate,
Airport Road, Village Kadaiya,
Nani Daman 396 210 (U.T.)

FACTORIES

Plot Nos. 215 to 219, 304 to 310 and
Plot No.4 & 5, Phase IV,
GIDC Industrial Area, Panoli 394 116.

Plot Nos.128/1, 128/1/1, 128/2, 129/1 & 129/B1,
GIDC Industrial Area, Ankleshwar 393 002.

Survey No.101/2 & 102/1,
Daman Industrial Estate,
Airport Road, Kadaiya,
Daman 396 210.

Plot No. P-10, Shiv Mahape,
P.O. Gansoli,
Thane-Belapur Road,
Navi Mumbai 400 701,
Maharashtra.

DIRECTORS' REPORT

Your directors are pleased to present the thirty sixth report and audited statement of accounts of the company for the year ended on March 31, 2012.

1. FINANCIAL RESULTS

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

	(₹ in lakhs)	
	2011-12	2010-11
Revenue from Operations (Net)	68,642.13	80,668.90
Other Income	2,851.19	588.44
Total Income	71,493.32	81,257.34
Profit before finance cost and depreciation	9,480.19	17,379.03
Less: Finance cost	2,386.89	1,018.61
Less: Depreciation	2,230.40	2,265.08
Profit before extraordinary item and tax	4,862.90	14,095.34
Exceptional Item: Income on sale of Russia-CIS OTC business (Net)	76,059.34	–
Provision for tax:		
Current Tax	16,550.00	2,800.00
MAT Credit	(109.77)	(550.00)
Deferred tax	212.07	19.63
Earlier year's income tax	–	6.25
Profit for the period after tax	64,269.94	11,819.46
Balance brought forward from Previous year	23,893.10	15,221.82
Amount available for appropriation	88,163.04	27,041.28
Appropriations:		
Special interim dividend paid	33,881.92	–
Tax on special interim dividend	5,496.49	–
Proposed final dividend	848.53	1,691.78
Tax on proposed final dividend	137.66	274.45
Transfer to General Reserve	6,426.99	1,181.95
Transfer to Contingency Reserve	1,500.00	–
Balance carried forward to balance sheet	39,871.45	23,893.10
Total	88,163.04	27,041.28

2. DIVIDEND

During the year, your board of directors has paid special interim dividend of ₹ 40 per equity share of face value of ₹ 2 with a view to reward the members consequent to gain realized on the sale of Russia-CIS OTC business undertaking. Your directors now recommend a final dividend of ₹ 1 (50%) per equity share of face value of ₹ 2, for the year 2011-12. The interim dividend has

absorbed ₹ 393.78 crores including dividend distribution tax, while the final dividend will absorb ₹ 9.86 crores including dividend distribution tax.

3. OPERATIONS

The financial performance for the current year is strictly not comparable with that of the Previous year due to sale of Russia-CIS OTC business undertaking during the year. The net revenue from operations was ₹ 686.42 crores, while total revenue for the year stood at ₹ 714.93 crores. On sale of Russia-CIS OTC business undertaking during the year, the company earned net income of ₹ 760.59 crores. The profit before this extraordinary item and tax was ₹ 48.63 crores, while profit before tax and profit after tax for the year stood at ₹ 809.22 crores and ₹ 642.70 crores respectively.

The domestic formulations business achieved reasonable growth during the year, while the focus products continued to achieve encouraging growth. Going forward, the company plans to achieve growth through focus on potential therapeutic groups, new products launches, penetration in new markets and improving productivity of field personnel. The exports to Rest of the world markets achieved good growth of 37%. In this business, the company plans to concentrate on contract manufacturing to build sustainable revenue stream besides focus on niche branded generics products. The sales of prescription products in Russia-CIS were affected due to sale of OTC business. The company is in the process of establishing necessary infrastructure to grow sales in this region. The sales of bulk drugs achieved growth of 23%.

The transaction of sale of Russia-CIS OTC business undertaking to Cilag GmbH International (Cilag), a subsidiary of Johnson & Johnson, was closed on July 14, 2011. Accordingly, the said business undertaking now stands transferred to Cilag.

4. RESPONSIBILITY STATEMENT

The directors confirm:

- that in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed;
- that they have selected appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year 2011-12 and of profit of the company for that year;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in

DIRECTORS' REPORT (CONTD..)

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

- (iv) that they have prepared the annual accounts for the year ended on March 31, 2012 on a going concern basis.

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

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

6. PARTICULARS OF EMPLOYEES

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

7. SUBSIDIARY COMPANIES

The accounts, report of the directors and auditors and other statement(s) as set out in section 212 of the Companies Act, 1956, in respect of the company's subsidiaries viz. OOO Unique Pharmaceutical Laboratories, J. B. Healthcare Pvt. Ltd., J. B. Chemicals & Pharmaceuticals Private Limited and LLC Unique Pharmaceutical Laboratories are not attached pursuant to the general exemption granted by the Central Government pursuant to general circular No.2/2011 dated February 8, 2011. The particulars of performance of the subsidiaries for and its financial positions as on March 2012 is given in consolidated balance sheet as required in terms of the said general exemption. The members are informed that annual accounts of the said subsidiaries and the related detailed information will be made available on request. The accounts of the said subsidiaries are also open for inspection by the members at the registered office of the company. Unique Pharmaceutical Laboratories S.R.L. ceased to be subsidiary during the year.

8. EMPLOYEE STOCK OPTION PLAN

The disclosures in respect of the company's Employee Stock Option Plan, as required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in annexure C to this report.

9. CORPORATE GOVERNANCE

A certificate from auditors of the company on compliance of conditions of corporate governance is annexed to this

report. The management discussion and analysis report and compliance report on corporate governance as required by clause 49 of the listing agreement form part of this annual report.

10. PUBLIC DEPOSITS

During the year under review, the company repaid deposits of ₹ 540.01 lakhs. As on the year end, total unmatured deposits stood at ₹ 1,364.91 lakhs, while deposits amounting to ₹ 0.65 lakhs remained unclaimed.

11. HEALTH AND SAFETY

The company continues to accord high priority to health and safety of employees at all manufacturing locations. During the year under review, the company conducted safety training programmes with the help of Ankleshwar Industries Association & Panoli Industries Association for increasing disaster preparedness awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants. Safety Day was observed with safety competition programmes with aim to imbibe safety awareness among the employees at the plant.

12. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Bansidhar S. Mehta, Mr. Durga Dass Chopra and Mr. Bharat P. Mehta retire by rotation at the ensuing annual general meeting. They, being eligible, have offered themselves for re-appointment.

During the year, Mr. Rohan Shah resigned as a director of the company. Your board has placed on record deep appreciation of contributions made by Mr. Rohan Shah as a director of the company. On April 18, 2012, your board has appointed Mr. Jashvantrai B. Joshi as a director to fill casual vacancy caused by resignation of Mr. Rohan Shah. He is an independent director on the board. Your board has also appointed Mr. Sanjay Asher, partner of Crawford Bayley & Co., as alternate director to Mr. Jashvantrai B. Joshi.

13. AUDITORS

M/s J.K. Shah & Co., Chartered Accountants, auditors of the company, hold office until the conclusion of the ensuing annual general meeting. M/s J.K. Shah & Co., being eligible, have offered themselves for re-appointment and have confirmed that their appointment, if made, would be within the limit prescribed under section 224 (1B) of the Companies Act, 1956.

DIRECTORS' REPORT (CONTD..)

14. COST AUDITORS

Subject to approval of the central government, the board of directors has appointed N. I. Mehta & Co., Cost Accountants, as cost auditors, to audit the cost accounts for formulations and bulk drugs activities for the year ending on March 31, 2013.

The cost audit report in respect of formulations and bulk drug activities of the company for the financial year ended on March 31, 2011 was filed with the Central Government on August 30, 2011 which was within the due date i.e. September 27, 2011, for filing the said report.

15. INCREASE IN PAID UP SHARE CAPITAL

During the year, the Compensation Committee of the board of directors has allotted 1,90,475 equity shares of ₹ 2 each against exercise of options by several employees under the Employees Stock Option Scheme of the company, as a result of which the share capital

of the company has increased from ₹ 16,90,33,650 divided into 8,45,16,825 equity shares of ₹ 2 each to ₹ 16,94,14,600 divided into 8,47,07,300 equity shares of ₹ 2 each.

16. APPRECIATION

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

For and on behalf of the Board of Directors

Place : Mumbai

J. B. Mody

Date : May 23, 2012

Chairman & Managing Director

ANNEXURE A TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken during the year:

During the year, efforts to reduce and optimise energy conservation continued by monitoring and improving manufacturing processes, equipments and devices used at the manufacturing locations. The various measures taken during the year include discontinuation of gas based power plant at one of the facilities due to hike in gas prices, replacement of vapour absorption chiller by more energy efficient screw chillers, upgradation of HVAC by energy efficient German technology.

(b) Proposals being implemented for reduction of consumption of energy:

The proposals being considered for energy conservation include installation of alternative fuel boiler in place of gas fired boiler and discontinuation of gas based power plant at other manufacturing facility.

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

The energy conservation measures undertaken during the year has resulted in marginal reduction in power & fuel consumption. This has contributed in controlling the cost of power and fuel and has thereby contributed in controlling the cost of production.

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

A Power & Fuel Consumption		Current Year	Previous year
1 Electricity			
(a) Purchased			
Units (in 000 KWHs)		17,682	16,409
Total amount (₹ in lakhs)		1,063.36	805.32
Rate/Unit (₹)		6.01	4.91
(b) Own Generation			
(i) Through Diesel Generator		1,127	428
(Unit in '000)			
Units per litre of diesel oil (Kwh/Ltr.)		2.95	3.90
Total amount (₹ in lakhs)		169.63	44.90
Cost per unit (₹)		15.05	10.50
(ii) Gas used for power generation			
Gas (Units in '000)		6,705	7,874
Units per gas (M3)		3.51	3.39
Total amount (₹ in lakhs)		493.52	446.29
Average per unit (₹)		7.36	5.67
2 Furnace Oil			
Quantity (kilo litres)		565.73	586.24
Total amount (₹ in lakhs)		314.28	240.49
Average Rate (₹/kilo litre)		55,553	41,022
3 Gas used for manufacturing			
Gas; Quantity (SM3)		3,650.27	3,976.90
Total Cost (₹ in lakhs)		854.73	706.97
Average Rate per 1000 SM3 (₹)		23,415.56	17,777.00
B Consumption per unit of production			
Std. if any		Current year	
Products,	From the records and other books maintained by the company, in accordance with the provisions of the Companies Act, 1956, the company is not in a position to give the information required as per this format.		
Unit Electricity			
Furnace Oil			
Coal			
Others			

ANNEXURE A TO THE DIRECTORS' REPORT (CONTD..)

B. TECHNOLOGY ABSORPTION:

Research and Development (R&D)

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

- R&D has been working on many ANDAs for filing with US FDA as well as other regulatory markets like Europe, Africa, Russia and Australia.
- Development of cardiac glycoside beta blocker drug for South Africa and cholesterol reducing and anti-anginal formulations for Asian market.
- Development of Novel drug delivery systems for anti-diabetic formulation.
- Development of anti-cold sore ointment.
- Improvement of existing products, cost reduction and process improvement.
- API: R&D is in process of developing new methods to reduce cost and make the existing processes more eco-friendly. The efforts are aimed at developing zero effluent manufacturing facilities. Another area of work is to have import substitution and to be self sufficient.
- Analytical processes for all the above referred formulations and APIs were developed and validated.

2 Benefits derived as a result of above R&D

- ANDA approval for several products.
- Technology transfer of validation/commercial batches has been completed successfully.
- Improvement in technology has resulted in minimization of environmental hazards.
- Process simplification and improvement for API done and technology process transferred for commercial production.

3 Future plan of action

- To continue development of drugs for filing ANDAs.
- Process development and commercialization of new APIs.
- Pharmaceutical research in dosage forms.
- Development of green technology for manufacturing of APIs.

4 Expenditure on R&D

	(₹ in '000)
(a) Capital	3,958
(b) Recurring	1,52,508
(c) Total	1,56,466
(d) Total R&D expenditure as a percentage of total turnover	2.46

Technology absorption, adaptation and innovation

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

- Development of patent non-infringing formulations and new drug delivery systems.
- Development of indigenous technology.
- Developed technology for product tested in pilot plant and transferred for commercial production.

2 Benefits derived as a result of the above efforts

- Development of indigenous technology significantly improved productivity, quality and reduced the cost of production.
- Availability of products for other regulatory markets due to improvement in quality.
- Continuous development and up gradation of technology reduced the environmental burden thus making process eco friendly.
- Import substitution and eventually self sufficiency is achievable.

3 Information with respect to imported technology

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

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

The company's thrust is to increase the exports. The various initiatives taken to increase exports and development of export market include aggressive promotion of OTC products in Rest of the world markets, promotion of prescription products with doctors, applications for registration of new products with regulatory authorities, development of new alliances for site variation manufacturing projects, participation in international meets of the industry, development of new products with export potential and commencement of work on new ANDAs.

(b) Total foreign exchange used and earned:

During the year under review, the company earned foreign exchange amounting to ₹ 33,081.19 lakhs, while the outgo in foreign exchange amounted to ₹ 14,854.68 lakhs.

For and on behalf of the Board of Directors

Place : Mumbai

Date : May 23, 2012

J. B. Mody

Chairman & Managing Director

ANNEXURE B TO THE DIRECTORS' REPORT

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the directors' report for the year ended on March 31, 2012.

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

(a) Avari B. S.* (64) (b) Sr. Vice President (International) (c) 83,06,629 (d) B.Sc., DAM, DMS (43) (e) 29.05.1992 (f) Tata Exports Ltd. – Sr. Manager Trading. (a) Joshi M.D. (Dr.) (48) (b) President-Global Regulatory Management (c) 78,82,408 (d) M.Sc. Ph.D. (26) (e) 07.12.1989 (f) Adonis Labs Pvt. Ltd.-Executive-Quality Assurance (a) Mehta B.P. (64) (b) Whole time director (Planning & Development) (c) 1,20,40,080 (d) B.Sc. (41) (e) 01.01.1977 (f) Unique Pharma Labs.-Production Manager (a) Mehta J.B. (34) (b) Vice President-(International Division) (c) 78,47,619 (d) B.Sc.(Chem. Engg.) (7) (e) 01.10.2004 (f) Allergan Pharmaceuticals-Research Project-In charge (a) Mody D.B. (76) (b) Whole time director (Administration) (c) 2,71,45,489 (d) Exp. in Admn. (57) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Whole time director (Administration) (a) Mody J.B. (83) (b) Managing Director (c) 2,71,69,972 (d) Inter Sc. (61) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Managing Director (a) Mody N.S. (31) (b) Vice President- Strategic Marketing & Business Development (c) 78,46,190 (d) B.Sc. in Business Admn. (7) (e) 13.07.2004 (f) Rodman & Renshaw-Equity Research Analyst (a) Mody P.D. (49) (b) President & Whole time director (Operations) (c) 1,20,73,602 (d) B.Pharm., M.B.A. (USA) (25) (e) 25.06.1987 (f) First employment (a) Mody S.B. (71) (b) Whole time director (Marketing) (c) 2,71,59,958 (d) B.Sc. (Tech.) (52) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Director-Technical (a) Udani K.L. (58) (b) Executive Director (Technical & Production) (c) 71,73,334 (d) B.E. (Elect.), M.B.A. (32) (e) 01.02.2001 (f) Unique Pharmaceutical Laboratories Ltd.-Managing Director.

* Employed for a part of the financial year.

Notes: (1) The nature of employment of the above employees is contractual in nature. The other terms and conditions of each of the above are as per the contract/letter of appointment and rules of the company. (2) Mr. J.B. Mody, Mr. D.B. Mody and Mr. S.B. Mody are related to each other as brothers. Mr. P.D. Mody is son of Mr. D. B. Mody. Mr. N.S. Mody is son of Mr. S. B. Mody. Mr. B.P. Mehta is son-in-law of Mr. J.B. Mody and Mr. J.B. Mehta is son of Mr. B.P. Mehta and grand-son of Mr. J.B. Mody. (3) The remuneration received each by Mr. J.B. Mody, Mr. D.B. Mody and Mr. S.B. Mody during 2011-12 includes commission of ₹ 1,45,00,000 paid for the year 2010-11.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 23, 2012

J. B. Mody
Chairman & Managing Director

ANNEXURE C TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on March 31, 2012.

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

		Year of Grant		
		2004	2005	2006
(a)	Options granted	4,75,000	5,63,240	5,47,000
(b)	Options vested	70,175	1,60,375	2,90,375
(c)	Options exercised	2,67,300	1,78,875	66,125
(d)	The total number of shares arising as a result of exercise of option	2,67,300	1,78,875	66,125
(e)	Options lapsed	1,37,525	2,23,990	1,90,500
(f)	Money realized by exercise of options (₹)	1,68,39,900	1,50,25,500	62,81,875
(g)	Total number of options in force	70,175	1,60,375	2,90,375
(h)	Weighted-average exercise price of options whose			
	(a) Exercise price equals market price	₹ 63	—	—
	(b) Exercise price is greater than market price	—	—	₹ 95
	(c) Exercise price is less than market price	—	₹ 84	—
	Weighted-average fair value of options whose			
	(a) Exercise price equals market price	₹ 20	—	—
	(b) Exercise price is greater than market price	—	—	₹ 26
	(c) Exercise price is less than market price	—	₹ 35	—
(i)	The pricing formula	An amount equal to ninety five percent of the average daily closing price of the shares of the company quoted on National Stock Exchange of India Ltd. during the period of twelve weeks preceding the date of grant.		
(j)	Variation in terms of options	There has been no variation in the terms of options.		
(k)	Employee wise details of options granted	<p>(i) The options granted to senior managerial person are as under. The number in bracket represents the total number of options granted.</p> <p>Dr. M.D. Joshi (34,000), Mr. P.K. Singh (33,000), Mr. A.P. Mehta (34,000), Mr. N.Balasubramanian (34,000), Mr. Ashok Patel (34,000) and Mr. Madhav K. Karve (23,000).</p> <p>(ii) No employee has received a grant in any one year of option amounting to 5% or more of option granted during that year.</p> <p>(iii) No employee has been granted options equal to or exceeding 1% of the issued capital of the company in any year.</p>		
(l)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	₹ 75.95		

ANNEXURE C TO THE DIRECTORS' REPORT (CONTD..)

(m)	Difference in employee compensation cost, calculated using intrinsic value of options and fair value of options. Its impact on profits and EPS.	Not Applicable as employee compensation cost has been fully amortized in the Previous years.															
(n)	A description of the method and significant assumptions used to estimate the fair value of options.	<p>As there was no further grant of option during the year 2011–12, the fair value estimated in the Previous year is considered for calculating the impact on earnings per share. A description of significant assumption used during the Previous year to estimate the fair value of the options using the Black Scholes Option Pricing model including relevant weighted average information is as under:</p> <table><tr><td>(i) risk-free interest rate</td><td>:</td><td>6.85%</td></tr><tr><td>(ii) expected life (years)</td><td>:</td><td>5</td></tr><tr><td>(iii) expected volatility</td><td>:</td><td>36.96%</td></tr><tr><td>(iv) expected dividends</td><td>:</td><td>3.19</td></tr><tr><td>(v) the price of the underlying share in market at the time of option grant</td><td>:</td><td>Grant-2004 – ₹ 63 Grant-2005 – ₹ 95.20 Grant-2006 – ₹ 88.85</td></tr></table>	(i) risk-free interest rate	:	6.85%	(ii) expected life (years)	:	5	(iii) expected volatility	:	36.96%	(iv) expected dividends	:	3.19	(v) the price of the underlying share in market at the time of option grant	:	Grant-2004 – ₹ 63 Grant-2005 – ₹ 95.20 Grant-2006 – ₹ 88.85
(i) risk-free interest rate	:	6.85%															
(ii) expected life (years)	:	5															
(iii) expected volatility	:	36.96%															
(iv) expected dividends	:	3.19															
(v) the price of the underlying share in market at the time of option grant	:	Grant-2004 – ₹ 63 Grant-2005 – ₹ 95.20 Grant-2006 – ₹ 88.85															

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 23, 2012

J. B. Mody
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY DEVELOPMENTS

The domestic formulations industry at sales of over ₹ 55,500 crores, for 12 months period ended March 2012, grew at 15% (ORG IMS). The growth of Indian formulations industry continues to remain robust and volumes and new products introductions remained key contributors to growth. The draft National Pharmaceutical Pricing Policy, 2011 which seeks to significantly widen the scope of price control of formulations still remains an area of uncertainty. This policy proposes to control prices based on average market price of top three brands. It is hoped that the government will consider suggestions made by the industry and formulate such policy that provides enough stimulus for growth of the industry as well as ensuring accessibility of drugs to public at fair prices. However, the business of the company will not be affected by the said policy as proposed.

Clearly with a view to participate in growth potential of domestic pharmaceutical market, the market continues to show intense competition with increased number of brands and new combination being launched in the market. This has put pressure on prices and calls for product differentiation and innovative strategies for growth.

OPPORTUNITIES & THREATS

Domestic Business:

The domestic formulations industry has been consistently growing well for last several years. The future outlook for the industry and growth expectations remain positive in view of increased government and private spending on healthcare, increased availability of healthcare services, growing awareness about health insurance and focused penetration of pharma companies in new markets. All these are expected to provide growth opportunity in coming years. The new products introductions, harnessing potential of existing products and tapping opportunities offered by Tier II cities and rural market will remain growth enablers.

For the company, the domestic formulations business is a thrust area. In view of good long term growth prospects offered by the domestic industry and the company's strengths in this business, the company has good growth potential and is well poised to take advantage of the growing market. Accordingly, the company has started investing in people, products and processes to achieve desired growth in coming years. Though overall growth of this business during the year was lower than the industry growth, the focus products in cardiac, anti-peptic ulcerant, quinolones, antacid, NSAID and iron supplement segment registered 15% growth. The company's growth strategy includes focusing on potential therapeutic groups, new product launches, further penetration in Tier II cities and rural market, enhancing productivity in field and scientific products promotion. During the year, the company launched Gynecology and Dental range of products through a dedicated Femident division. Besides this, the company also launched products in cardiology and gastrointestinal segments. Despite the challenges before the company to grow domestic formulation

business and further as the sales in this business depend on prescription generation which is essentially a slow process, the company is quite hopeful of growing the business in this segment.

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

Your company's contrast media division performed well with growth of 10%. During the year, the company launched Cardiolek (Iodixanol) Injection, which is preferred by cardiologist. The company plans to enhance its focus on government tender business in view of significant spends planned under various healthcare schemes.

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

International business:

Post sale of Russia-CIS OTC business during the year, the international business of the company now comprises of exports to Rest of the world countries and prescription and hospital business in Russia-CIS Countries. The wide geographical presence in international market, State-of-the-art manufacturing facilities with approval from health authorities such as US FDA, EU GMP, UK MHRA, TGA Australia, MCC South Africa, INVIMA, etc., and wide range of products across injectables, solids and semi-solids present a good business opportunity and has good growth outlook.

The company's exports to Rest of the world countries achieved growth of 37%. The investments made in the past in ANDAs have started paying dividend as sales to US achieved 95% growth over the Previous year. All other focus markets in this segment too performed well.

In order to develop sustainable revenue stream and have balanced business profile, the company's strategy is to concentrate on lucrative contract manufacturing and site manufacturing opportunities as well as focus on growth of niche branded generics products. Encouraged by performance in the US market during the year, the company plans 10 more ANDA submissions during 2012-13 and further plans to invest in 6-10 ANDAs every year. Besides US, the company has focused on Australian, South African and Latin American markets for future growth. The company has built very good infrastructure for manufacture of pharmaceutical preparations like tablets, injections, lozenges, capsules and liquids and some of such infrastructure is approved by health authority of developed and developing countries. The company plans to leverage this strength by further developing site transfer and contract manufacturing business. The company already has site manufacturing contracts from South African and Australian Pharma majors and plans to expand this business in US, Europe and Brazil. Post sale of Russia-CIS OTC business undertaking

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD..)

to Cilag GmbH International ('Cilag'), a subsidiary of Johnson & Johnson, the company supplies these OTC products on cost plus basis to Cilag for Russia-CIS region.

Biotech Laboratories (Pty.) Ltd., a South African marketing and distribution company in which your company holds 49% equity stake, has been performing well. It acquired 56 dossiers in 2010 from a Canadian company in South Africa. Biotech will get many of these products manufactured by the company. It has recently also acquired a local veterinary business. All these initiatives will add to performance of Biotech starting from the current year.

In Russia-CIS region, the company now has prescription products business. Consequent to sale of OTC business, the company needs to again build infrastructure in Russia-CIS to sustain and grow prescription business.

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

SEGMENT WISE PERFORMANCE

The company is engaged in one segment viz. pharmaceuticals. During the year under review, all business units achieved good growth.

The overall growth in domestic formulations business was reasonable. The focus brands in this business, however, showed good growth of 15%. The contrast media division achieved growth of 10%. New product launch, penetration into existing and new markets and focus on increase in productivity are all expected to help achieve good growth in the current year.

The exports to Rest of the world countries grew by 37% in Rupee terms, while it achieved growth of 28% in US Dollar terms. Besides US market which generated highest sales, the markets like Europe, Africa, South East Asia, Latin America and Australia continued to fare well. The products in NSAID, cardiology, anti-hypertensive, anti-peptic ulcerant and contrast media segments achieved growth. The sales of prescription products in Russia-CIS markets were affected due to divestment of Russia-CIS OTC business during the year. The company is now in process of building required infrastructure to sustain and grow sales in this market.

Russia-CIS OTC business stood transferred to Cilag w.e.f. July, 14, 2011. For the period this business was with the company during the year, the company achieved sales of ₹ 43 crores. Thereafter, Cilag has commenced sourcing these products from the company on cost-plus basis.

The sales of active pharmaceutical ingredients registered growth of 23%.

OUTLOOK

In view of good business outlook both in domestic and international market as discussed above, manufacturing infrastructure of international standard, strong products

portfolio with high growth brands, strong marketing capability and strong balance sheet presents good outlook for the company's business.

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEMS

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

FINANCIAL PERFORMANCE

The financial performance during the year 2011-12 is strictly not comparable with Previous year due to sale of Russia-CIS OTC business undertaking during the year. The net revenue from operations stood at ₹ 686.42 crores as against ₹ 806.69 crores in the Previous year, while total revenue for the year stood at ₹ 714.93 crores against ₹ 812.57 crores in the Previous year. The cost of materials consumed has turned mainly high as percentage to sales as the company now supplies OTC products for Russia-CIS region on cost plus basis to Cilag GmbH International, Switzerland.

The finance cost at ₹ 23.86 crores was higher due to higher utilization of packing credit loans and foreign currency transaction/translation loss of ₹ 11.33 crores attributable to borrowings in foreign currency. Further, as a result of steep depreciation of Rupee against US Dollar, the company suffered foreign currency transaction/translation loss of ₹ 30.55 crores during the year. On sale of Russia-CIS OTC business, the company earned net income of ₹ 760.59 crores. The profit before this extraordinary item and tax amounted to ₹ 48.63 crores, while profit before tax and profit after tax for the year stood at ₹ 809.22 crores and ₹ 642.70 crores respectively.

The earning per share for the year was ₹ 75.95, while book value per share as of the year end has gone up to ₹ 112.61.

HUMAN RESOURCE

The relationship with employees and workers continued to be cordial at all levels. As on March 2012, employee strength in India was 3454.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

The strength of the board of directors of the company as on the year end was thirteen. Six directors, including Mr. Jyotindra B. Mody, Chairman & Managing Director,

are executive directors, while seven directors are non-executive, of which six are independent directors. After the year end, the board has appointed Mr. Jashvantraï Joshi as a director in casual vacancy caused by resignation of Mr. Rohan Shah.

6 meetings of the board of directors were held during the year ended on March 31, 2012. These meetings were held on May 23, 2011, July 22, 2011, July 29, 2011, August 19, 2011, October 19, 2011 and January 25, 2012.

The information on composition and category of directors as well as attendance of each director at the meeting of the board of directors held during the year ended on March 31, 2012, last annual general meeting and their directorships/committee membership in other public companies as of the year end is as under:

Name of director	Category	No. of board meetings attended	Attendance at last AGM	No. of other directorship(s)	Other committee position	
					Member	Chairman
Mr. Jyotindra B. Mody	Executive (Promoter)	6	Yes	4	—	—
Mr. Dinesh B. Mody	Executive (Promoter)	6	Yes	3	—	—
Mr. Shirish B. Mody	Executive (Promoter)	6	Yes	3	—	—
Mr. Bharat P. Mehta	Executive (Promoter Group)	5	Yes	2	—	—
Mr. Pranabh Mody	Executive (Promoter Group)	5	Yes	3	1	—
Mr. Kamlesh L. Udani	Executive	1	Yes	2	—	—
Dr. Rajen D. Shah	Non-executive (Promoter Group)	6	Yes	3	—	—
Mr. Bansidhar S. Mehta	Non-Executive & Independent	4	Yes	14	5	4
Mr. Durga Dass Chopra	Non-Executive & Independent	6	Yes	1	—	—
Dr. Satyanarain Agarwala	Non-Executive & Independent	5	Yes	1	—	—
Dr. Niranjan N. Maniar	Non-Executive & Independent	6	No	—	—	—
Mr. Mahesh K. Shroff	Non-Executive & Independent	6	Yes	—	—	—
Mr. Rajiv C. Mody	Non-Executive & Independent	—	No	3	1	—
Mr. Rohan P. Shah (<i>resigned w.e.f. March 5, 2012</i>)	Non-Executive & Independent	—	No	—	—	—

Notes:

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

CORPORATE GOVERNANCE REPORT (CONTD..)

3. AUDIT COMMITTEE

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

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

4 meetings of the committee were held during the year ended on March 31, 2012. These meetings were held on May 23, 2011, July 29, 2011, October 19, 2011 and January 25, 2012. The information with regard to attendance of the members is as under:

Name	Position held	Category	No. of meetings attended
Mr. Bansidhar S. Mehta	Chairman	Non-executive & independent director	4
Mr. Durga Dass Chopra	Member	Non-executive & independent director	4
Mr. Dinesh B. Mody	Member	Executive director (Promoter)	4
Dr. Satyanarain Agarwala	Member	Non-executive & independent director	4
Mr. Mahesh K. Shroff	Member	Non-executive & independent director	4
Dr. Niranjana N. Maniar	Member	Non-executive & independent director	4

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

4. REMUNERATION COMMITTEE AND DETAILS OF REMUNERATION

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

(i) Remuneration and shareholding of Non-executive directors

The non-executive directors at present are only paid sitting fees for attending meetings of the board and committee(s) thereof. Keeping in view industry practices being the criteria relied upon by the board, the board unanimously decides the amount of sitting fees to be paid from time to time, based on the power conferred by the Articles of Association of the company. The sitting fee presently fixed does not require prior approval of the shareholders. The information on amount of sitting fees paid to the non-executive directors for attending meetings of the board and committee(s) thereof held during the year ended on March 31, 2012 and the number of equity shares held by them in the company as of March 31, 2012 is as under:

Name	Sitting Fees (₹)	No. of shares held
Mr. Bansidhar S. Mehta	1,60,000	11,700
Mr. Durga Dass Chopra	2,25,000	3,07,930
Dr. Satyanarain Agarwala	1,80,000	500
Dr. Niranjana N. Maniar	2,30,000	15,000
Mr. Mahesh K. Shroff	2,50,000	57,505
Dr. Rajen D. Shah	1,20,000	10,000

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

CORPORATE GOVERNANCE REPORT (CONTD..)

(ii) Remuneration of Executive directors

The remuneration paid to the executive directors of the company for the year ended on March 31, 2012 summarized under major elements is as under:

(₹ in lakhs)

Name	Salary	Allowances & perquisites	Retiral benefits	Total
Mr. Jyotindra .B. Mody	50.56	62.49	13.65	126.70
Mr. Dinesh B. Mody	50.56	62.24	13.65	126.45
Mr. Shirish B. Mody	50.56	62.39	13.65	126.60
Mr. Bharat P. Mehta	59.37	45.00	16.03	120.40
Mr. Pranabh Mody	59.37	45.00	16.37	120.74
Mr. Kamlesh L. Udani	35.11	26.46	10.16	71.73

Notes:

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

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance committee comprises of Mr. Mahesh K. Shroff, Chairman, Mr. Durga Dass Chopra, Mr. Jyotindra B. Mody and Mr. Dinesh B. Mody. M. C. Mehta, Company Secretary, acts as secretary to the committee, and is the compliance officer.

The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. The status of the investors' complaints is reviewed by the Investors Grievance Committee generally on quarterly basis. During the year ended on March 31, 2012, the company received 38 investor complaints, all of which have been attended to before the end of the year, and believed to have been resolved to the satisfaction of the investors.

The board of directors, in order to expedite share transfers, has delegated the power of share transfer to committee of directors, which meets regularly to consider and approve transfer of shares in physical form. During the year ended on March 31, 2012, the company received 37 share transfer requests for transfer of 48,630 shares held in physical form. All these share transfers have been timely processed. No valid share transfer request received during the year was pending as on the year end.

6. GENERAL BODY MEETINGS

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

Year	Location	Date	Time	Whether any special Resolution passed
2008-09	Patkar Hall, New Marine Lines, Mumbai - 400 020	July 13, 2009	3.30 p.m.	None.
2009-10	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	July 23, 2010	3.00 p.m.	Yes. Six special resolutions passed.
2010-11	Patkar Hall, New Marine Lines, Mumbai - 400 020	July 25, 2011	3.00 p.m.	Yes. Three special resolutions passed.

The company has neither passed any special resolution through postal ballot during 2011-12 nor at present proposes to pass any special resolution through postal ballot during the current year.

CORPORATE GOVERNANCE REPORT (CONTD..)

7. DISCLOSURES

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

8. MEANS OF COMMUNICATION

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

9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	July 30, 2012 at 3.30 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.
Date of Book Closure	July 21, 2012 to July 30, 2012 (both days inclusive).
Dividend Payment Date	August 9, 2012.
Financial year	April to March
Listing on Stock Exchanges	- Bombay Stock Exchange Limited - National Stock Exchange of India Limited The company has paid the annual listing fees for the period 1 st April, 2012 to 31 st March, 2013 to both the stock exchanges.
Stock Code	BSE: 506943 NSE: JBCHEPHARM
ISIN	The ISIN no. for dematerialization of the company's shares with NSDL and CDSL is INE572A01028.
Market Price Data	Annexure A
Performance in comparison to BSE Sensex	Annexure B
Registrar and Share Transfer Agents	Datamatics Financial Services Ltd. Plot No. B-5, Part B, Cross Lane, MIDC, Andheri (E), Mumbai - 400 093. Tel. No.: (022) 6671 2151 - 56 Fax No.: (022) 2832 0382 Email: corpequity@dfssl.com

CORPORATE GOVERNANCE REPORT (CONTD..)

Share Transfer System	The share transfer committee comprising of four members of the board meets regularly to consider and approve transfer of shares.
Distribution of Shareholding as on 31-03-2012	Annexure C.
Shareholding pattern	Annexure D.
Dematerialization of shares	Annexure E.
Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	The company has not issued any GDRs/ADRs/warrants or any other convertible instrument.
Plant Locations	<ul style="list-style-type: none"> - Plot No. 215 to 219, 304 to 310 and 4 & 5, Phase IV, GIDC Industrial Area, Panoli 394 116, Gujarat. - Plot No.128/1, 128/1/1, 128/2, 129/1 & 129/B1, GIDC Industrial Area, Ankleshwar 393 002, Gujarat. - Survey No. 101/2 & 102/1, Daman Industrial Estate, Airport Road, Kadaiya, Daman 396 210. - Plot No.P-10, Shiv Mahape P.O. Gansoli, Thane Belapur Road, Navi Mumbai 400 701.
Address for correspondence	<p>Neelam Centre, 'B' Wing, 4th Floor, Hind Cycle Road, Worli, Mumbai - 400 030.</p> <p>Tel. No. (022) 3045 1200/500</p> <p>Fax No. (022) 2493 0534/2493 9633</p> <p>E-mail: secretarial@jbcpl.com</p> <p>The investors may register their grievance on investorelations@jbcpl.com, an exclusive e-mail ID for registration of complaints by the investors.</p>

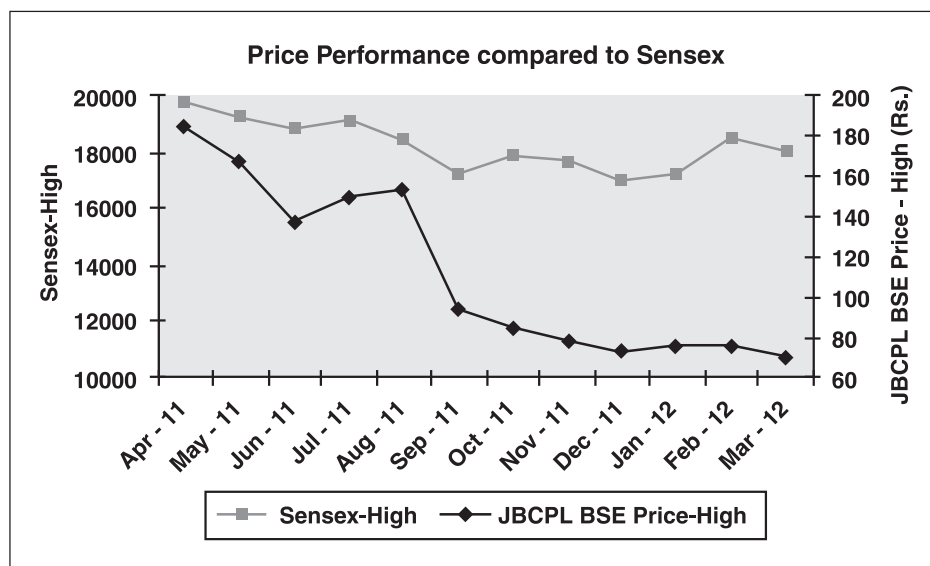
Annexure A

The high and low prices of the company's equity shares (of face value of ₹ 2 each) on Bombay Stock Exchange Limited (BSE) and on National Stock Exchange of India Ltd. (NSE) during each month in the financial year 2011-12 were as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2011	185.00	131.00	171.85	131.55
May, 2011	167.30	117.00	167.50	112.00
June, 2011	137.50	116.30	137.70	113.25
July, 2011	149.70	131.05	159.55	131.00
August, 2011	153.90	92.00	154.30	90.25
September, 2011	94.00	69.00	94.00	67.15
October, 2011	84.95	65.60	84.80	65.00
November, 2011	78.50	66.85	78.55	66.90
December, 2011	73.40	61.00	72.90	60.35
January, 2012	76.20	63.10	76.25	58.05
February, 2012	76.15	64.30	76.00	63.90
March, 2012	70.00	58.00	69.90	57.85

CORPORATE GOVERNANCE REPORT (CONTD..)

Annexure B



Annexure C

Distribution of shareholding as on March 31, 2012 is as under:

Range of equity shares held	No. of holders	% of shareholders	No. of equity shares held	% of capital
Upto 500	27,336	77.88	42,72,723	5.04
501 – 1000	3,280	9.35	27,64,688	3.26
1001 – 2000	2,279	6.49	36,19,086	4.27
2001 – 3000	1,001	2.85	25,95,281	3.06
3001 – 4000	338	0.96	12,21,190	1.44
4001 – 5000	260	0.74	12,22,879	1.44
5001 – 10000	333	0.95	23,85,648	2.82
10000 – 50000	205	0.59	40,79,358	4.82
50001 and above	66	0.19	6,25,46,447	73.85
Total	35,098	100.00	8,47,07,300	100.00

Annexure D

Shareholding pattern as on March 31, 2012 is as under:

Category	No. of shares	% holding
Promoters & Promoters Group	4,73,26,697	55.87
Other Directors & their relatives	4,79,815	0.57
Mutual Funds, Banks & Insurance Companies	22,50,357	2.66
Foreign Institutional Investors (FIIs)/OCB	18,42,790	2.17
NRIs	10,68,411	1.26
Domestic Companies	23,80,113	2.81
Resident individuals	2,93,59,117	34.66
Total	8,47,07,300	100.00

CORPORATE GOVERNANCE REPORT (CONTD..)

Annexure E

Dematerialization of shares:

Category	No. of shares	% of shares	No. of shareholders	% of shareholders
Electronic Form	8,27,31,749	97.67	33,460	95.33
Physical Form	19,75,551	2.33	1,638	4.67
Total	8,47,07,300	100.00	35,098	100.00

NON-MANDATORY REQUIREMENTS

- **The Board**

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

- **Remuneration Committee**

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

- **Shareholders rights**

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

- **Training and Evaluation**

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

- **Whistle Blower Policy**

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

DECLARATION

I hereby declare that the directors and senior management personnel including all functional heads of the company have affirmed compliance with the code of conduct, for the year ended on March 31, 2012.

For and on behalf of the board of directors

Place : Mumbai
Date : May 23, 2012

J. B. Mody
Chairman & Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of corporate governance by J. B. Chemicals & Pharmaceuticals Ltd., for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

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

For **J. K. SHAH & CO.**
Chartered Accountants
Registration No: 109606W

Place : Mumbai
Date : May 23, 2012

J. K. SHAH
Partner
M No. 3662

AUDITOR'S REPORT

TO,
THE MEMBERS OF

J. B. CHEMICALS & PHARMACEUTICALS LTD.

1. We have audited the attached Balance Sheet of J. B. Chemicals & Pharmaceuticals Ltd. as at 31st March, 2012, the Statement of Profit and Loss and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comment in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the balance sheet, the statement of profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - e. On the basis of written representation received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with notes thereon, give the information required by the Companies Act, 1956 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 the balance sheet, of the state of affairs of the company as at 31st March, 2012;
 - ii. in the case of the Statement of profit and loss, of the profit for the year ended on that date; and
 - iii. in the case of the cash flow statement, of the cash flow for the year ended on that date.

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

J. K. SHAH
Partner
M No. 3662

Place : Mumbai
Date : May 23, 2012

ANNEXURE TO THE AUDITOR'S REPORT (as referred to in paragraph 3 of our report of even date)

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of assets. No material discrepancies have been noticed on such verification.
c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
- 2) a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.
- 3) a) According to information and explanation given to us, the company has, during the year, not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order, are not applicable.
b) According to information and explanation given to us, the company had, taken unsecured loans from nine companies covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance is ₹ 1,244.50 Lacs and the maximum amount involved at any time during the year is ₹ 1,919.50 Lacs. The rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company. The payment of principal amount and interest are also regular.
- 4) The company has adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and for sale of goods and services. We have not come across any major weakness in internal control.
- 5) a) To the best of our knowledge and belief, and according to information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
b) The transaction of purchase of goods and material and sale of goods, material and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Act and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanation given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and rules framed there under, with regard to the deposits accepted from the public.
- 7) The company has appointed a firm of Chartered Accountants to carry out its internal audit function. In our opinion, the internal audit system is commensurate with the size of the company and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the company, pursuant to the rules made by the Central Government for the maintenance of cost records, under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have generally been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 9) a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 for a period of more than six months from the day they became payable.
b) According to information and explanation given to us, details of disputed Sales Tax demand aggregating that have not been deposited on account of disputes are given below:

ANNEXURE TO THE AUDITOR'S REPORT (CONTD.)

Name of Statute	Nature of Dues	Amount (₹ In lacs)	Period to which amount relates	Forum where dispute pending
The UP Sales Tax Act	Sales Tax	0.25	1992-1993	Supreme Court of India
The UP Sales Tax Act	Sales Tax	21.88	2007-2008	Commissioner Appeals
Central Excise Act, 1944	Excise Duty Penalty	8.07 8.07	May 2001- Nov. 2001	CESTAT

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

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

Place : Mumbai
Date : May 23, 2012

J. K. SHAH
Partner
M No. 3662

BALANCE SHEET AS AT MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
Shareholders' funds					
(a) Share capital	2	1,694.15	95,386.32	1,690.34	71,328.27
(b) Reserves and surplus	3	93,692.17		69,637.93	
Non-current liabilities					
(a) Long-term borrowings	4	1,152.17	3,634.70	1,202.94	3,334.80
(b) Deferred tax liabilities (Net)	5	1,655.69		1,443.62	
(c) Long-term provisions	6	826.84		688.24	
Current liabilities					
(a) Short-term borrowings	7	5,522.65	18,250.69	13,336.37	26,063.67
(b) Trade payables	8	3,353.77		4,435.81	
(c) Other current liabilities	9	7,669.74		5,569.87	
(d) Short-term provisions	10	1,704.53		2,721.62	
Total			1,17,271.71		1,00,726.74
ASSETS					
Non-current assets					
(a) Fixed assets			33,137.80		28,334.44
(i) Tangible assets	11	24,020.73		22,469.33	
(ii) Intangible assets	11	80.25		50.21	
(iii) Capital work-in-progress		3,891.83		366.88	
(iv) Realisable value of Impaired Assets		7.72		8.02	
(b) Non-current investments	12	3,878.98		4,224.21	
(c) Long-term loans and advances	13	1,258.29	84,133.91	1,215.79	72,392.30
Current assets					
(a) Current investments	14	29,892.18		8,104.63	
(b) Inventories	15	9,079.85		8,178.22	
(c) Trade receivables	16	13,120.82		38,545.42	
(d) Cash and cash equivalents	17	21,136.24		12,291.77	
(e) Short-term loans and advances	18	10,904.82		5,272.26	
Total			1,17,271.71		1,00,726.74
Significant Accounting Policies and Notes on Financial Statements		1 to 50			

As per our report of even date

For and on behalf of the Board of Directors

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

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

J. K. Shah
Partner
Membership No. 3662

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

Place : Mumbai
Date : May 23, 2012

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

(₹ in lakhs)			
Particulars	Note No.	2011-2012	2010-2011
Income:			
Revenue from Operations	19	69,380.63	81,284.75
Less: Excise Duty		738.50	615.85
Revenue from Operations (Net)		68,642.13	80,668.90
Other income	20	2,851.19	588.44
Total Revenue		71,493.32	81,257.34
Expenses:			
Cost of materials consumed	21	20,320.53	20,900.33
Purchases of stock-in-trade		6,999.76	4,970.06
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(547.18)	(1,564.67)
Employee benefits expense	23	10,131.32	11,642.70
Finance costs	24	2,386.89	1,018.61
Depreciation and amortization expense	11	2,230.40	2,265.08
Other expenses	25	25,108.70	27,929.89
Total Expenses		66,630.42	67,162.00
Profit Before Exceptional and Extraordinary Items and Tax		4,862.90	14,095.34
Exceptional item: Profit on sale of OTC Business Undertaking in Russia-CIS Countries		76,059.34	—
Profit Before Tax		80,922.24	14,095.34
Tax expense:			
(1) Current tax		16,550.00	2,800.00
Less: Mat Credit Entitlement		—	550.00
Net Current Tax		16,550.00	2,250.00
(2) Deferred tax		212.07	19.63
(3) Earlier years Income tax		—	6.25
(4) MAT Credit entitlement of earlier years		(109.77)	—
Profit for the year		64,269.94	11,819.46
Earning per equity share			
(1) Basic		75.95	14.00
(2) Diluted		75.95	13.96
Significant Accounting Policies and Notes on Financial Statements	1 to 50		

As per our report of even date

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

J. K. Shah
Partner
Membership No. 3662

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

Place : Mumbai
Date : May 23, 2012

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

(₹ in lakhs)				
Particulars	2011-2012		2010-2011	
A. Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary items		80,922.24		14,105.34
Adjustment For:				
Depreciation	2,230.40		2,265.08	
Foreign Exchange Fluctuation (Net)	1,815.87		(372.06)	
Interest Paid	1,253.80		1,018.61	
(Profit)/ Loss on Sale/Discard of Assets (Net)	(97.21)		29.87	
(Profit)/ Loss on Sale of Investments (Net)	(180.52)		(4.64)	
Bad Debts	213.26		15.26	
Interest Received	(826.41)		(293.93)	
Dividend Received	(4,243.63)		(240.82)	
Reversal of Deferred Employee Compensation	(5.12)		(1.54)	
Loss of Investment on winding up of subsidiary	191.35		—	
Provision for Diminution in value of Investment	(0.40)		(49.05)	
		351.39		2,366.78
Operating Profit Before Working Capital Changes		81,273.63		16,472.12
Adjustment For:				
Trade and Other Receivables	17,866.25		2,233.80	
Inventories	(901.63)		(2,537.38)	
Trade Payable	3,292.92		465.17	
		20,257.54		161.59
Cash Generated From Operations		101,531.17		16,633.71
Direct Taxes Paid (net)		(16,451.41)		(2,950.76)
Net Cash from Operating Activities		85,079.76		13,682.95
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(8,002.13)		(3,397.29)	
Sale of Fixed Assets	762.85		15.75	
Purchase of Investment	(171,755.03)		(45,798.13)	
Sale of Investment	150,302.28		39,769.42	
Interest Received	862.28		228.62	
Dividend Received	4,243.63		240.82	
Net Cash used in Investing Activities		(23,586.12)		(8,940.81)
C. Cash Flow from Financing Activities				
Proceeds from issue of Shares under ESOP (including Securities Premium)	157.83		139.44	
Proceeds/(Repayment) from/of Short Term Borrowing (Net)	(8,739.32)		4,774.40	
Proceeds/(Repayment) from/of Long Term Borrowing (Net)	(1,508.63)		(1,431.35)	
Interest Paid	(1,341.38)		(1,024.09)	
Dividend Paid (Including Dividend Distribution Tax)	(41,217.67)		(1,965.40)	
Net Cash Used in Financing Activities		(52,649.17)		493.00
Net Increase in Cash and Cash Equivalents		8,844.47		5,235.14
Cash And Cash Equivalents as at 01.04.11	12,291.77		7,056.63	
Cash And Cash Equivalents as at 31.03.12 (Refer Note No.3)	21,136.24	8,844.47	12,291.77	5,235.14

Notes :

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
- Cash Flow from operating activities include profit of ₹ 76,059.34 lakhs on account of sale of OTC business undertaking in Russia/CIS Countries.
- It includes ₹ 16,282.72 lakhs (Previous year ₹ Nil) deposited in Escrow account in terms of Escrow agreement dated 14th July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking and worldwide sale of three trade marks viz. Doktor Morn, Rinza and Fitovit.
- Balance with banks include ₹ Nil (Previous year ₹ 181.00 lakhs) being deposits under lien.
- Previous year's figures are re-grouped/re-classified wherever necessary in order to conform to current year's groupings and classifications.

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

Chartered Accountants
Firm Registration No. 109606W

J. K. Shah

Partner
Membership No. 3662

Place : Mumbai

Date : May 23, 2012

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

Chairman & Managing Director

S. B. Mody

Whole time Director (Marketing)

D. B. Mody

Whole time Director (Administration)

M. C. Mehta

Company Secretary

Place : Mumbai

Date : May 23, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of accounting

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

1.2. Revenue recognition

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

1.3. Fixed assets

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

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

1.4. Depreciation

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

1.5. Intangibles

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 3 years.

1.6. Impairment of assets

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

1.7. Provisions and contingencies

The company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible

obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

1.8. Inventories

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

Stores are written off in the year of purchase.

1.9. Investments

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

1.10. Employee benefit

1.10.1 Short Term Employee Benefits

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

1.10.2 Long Term Employee Benefits

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

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

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

b. Superannuation Plan:

Some employees of the company are entitled to

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

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

c. Leave Encashment:

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

d. Gratuity:

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

The company makes annual contribution to LIC for the gratuity plan in respect of all the employees.

1.11. Foreign currency transaction

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

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

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange

contract is recognized as income or expense for the period.

1.12. Leases

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

1.13. Research and development

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

Capital expenditure on Research and Development is treated as Fixed Assets.

1.14. Borrowing cost

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

1.15. Income tax

- a. Tax expenses comprise of current and deferred tax.
- b. Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.
- c. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- d. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

1.16. Employee stock option plan

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

2. SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised :		
10,00,00,000 (Previous year 10,00,00,000) Equity Shares of ₹ 2/- each	2,000.00	2,000.00
Issued, Subscribed & Paid up:		
8,47,07,300 (Previous year 8,45,16,825) Equity Shares of ₹ 2/- each fully paid	1,694.15	1,690.34
	1,694.15	1,690.34

2.1 Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the year	8,45,16,825	1,690.34	8,43,26,350	1,686.53
Shares issued during the year pursuant to Employee Stock Options Scheme	1,90,475	3.81	1,90,475	3.81
Shares outstanding at the end of the year	8,47,07,300	1,694.15	8,45,16,825	1,690.34

2.2 The company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.

2.3 Details of shareholders holding more than 5% shares

Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Jyotindra Mody Holdings Pvt. Ltd.	63,11,325	7.45	62,61,325	7.41
Dinesh Mody Securities Pvt. Ltd.	59,00,410	6.97	59,00,410	6.98
Shirish B. Mody Investments Pvt. Ltd.	53,75,685	6.35	53,75,685	6.36
Ansuya Mody Securities Pvt. Ltd.	60,79,965	7.18	60,79,965	7.19
Kumud Mody Securities Pvt. Ltd.	60,26,315	7.11	60,26,315	7.13
Bharati S. Mody Investments Pvt. Ltd.	67,19,070	7.93	67,19,070	7.95
Unique Pharmaceutical Laboratories Ltd.	44,82,390	5.29	44,82,390	5.30
Ashish Dhawan	77,61,262	9.16	58,50,000	6.92

2.4 Shares reserved for issue under ESOP

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

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

Particulars	As at March 31, 2012	As at March 31, 2011
Options outstanding , beginning of the year	7,90,525	10,35,125
Less: Exercised	1,90,475	1,90,475
Lapsed	79,125	54,125
Options outstanding , end of the year	5,20,925	7,90,525

On exercise of options during the year, the company received aggregate exercise price of ₹ 157.83 lakhs (₹ 139.44 lakhs in the Previous year).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

3. RESERVES & SURPLUS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Capital Reserves (transferred from amalgamating company)		
i. Investment Allowance Reserve (utilised)	34.86	34.86
ii. Capital Reserve	63.53	63.53
iii. Cash Subsidy	1.98	1.98
	100.37	100.37
b. Capital Reserve	4.21	4.21
c. Cash Subsidy	85.66	85.66
d. Contingency Reserve:		
Opening balance	520.00	520.00
Add: Transfer from Statement of Profit & Loss	1,500.00	—
Closing balance	2,020.00	520.00
e. Securities Premium Reserve:		
Opening balance	4,681.83	4,536.69
Add : Securities premium credited on shares issued under ESOP	163.77	145.14
Closing balance	4,845.60	4,681.83
f. Share Options Outstanding Account:		
Opening balance	32.83	43.88
Less: Amortised during the year	14.87	11.05
Closing balance	17.96	32.83
g. General Reserve:		
Opening balance	40,319.93	39,137.98
Add: Transfer from Statement of Profit & Loss	6,426.99	1,181.95
Closing balance	46,746.92	40,319.93
h. Surplus in the statement of Profit & Loss:		
Opening balance	23,893.10	15,221.82
Add : Profit for the year	64,269.94	11,819.46
Less : Interim Dividend	33,881.92	—
Tax on Interim Dividend	5,496.49	—
Proposed Final Dividend	848.53	1,691.78
Tax on Proposed Final Dividend	137.66	274.45
Transfer to Contingency Reserve	1,500.00	—
Transfer to General Reserve	6,426.99	1,181.95
Closing Balance	39,871.45	23,893.10
	93,692.17	69,637.93

4. LONG TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured		
<u>Term loans</u>		
- Vehicle loans from banks	40.27	54.04
	40.27	54.04
Unsecured		
<u>Deferred payment liabilities</u>		
- Sales Tax Deferral (Refer note no. 4.2)	—	16.33
Fixed Deposit from Public & Shareholders	1,071.90	1,092.57
Inter Corporate Deposit	40.00	40.00
	1,111.90	1,148.90
	1,152.17	1,202.94

TERMS OF REPAYMENT

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

4. 2 Repayable in yearly instalment of ₹ 16.33 lakhs.

4. 3 Maturity profile and rate of interest of fixed deposit from public and shareholders are as set out below:

(₹ in lakhs)		
Rate of Interest	2013-2014	2014-2015
9%	0.35	515.41
10%	—	556.14

4. 4 Inter corporate deposit bears interest at 11% p.a., payable at quarterly rests and maturing on 19th May, 2013.

5. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Assets		
Retirement Benefits	312.99	302.68
Special provisions consequential to changes in the rate of exchange of currency (Sec. 43A)	—	31.95
Others	93.58	120.63
	406.57	455.26
Deferred Tax Liability		
Depreciation	2,062.26	1,354.50
Timing Difference of Tax Holiday Units	—	544.38
	2,062.26	1,898.88
	1,655.69	1,443.62

6. LONG TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Employee Benefits		
Gratuity	686.10	565.93
Leave Encashment	140.74	122.31
	826.84	688.24

7. SHORT TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured		
Working Capital Loans from Banks #		
(a) Foreign currency loans	2,600.00	10,476.30
(b) Rupee loans	—	723.12
	2,600.00	11,199.42
Unsecured		
(a) Foreign currency loans from Bank	1,469.60	—
(b) Loan from Directors	1.50	1.50
(c) Deposit from Distributors/Customers	247.05	255.95
(d) Inter Corporate Deposits	1,204.50	1,879.50
	2,922.65	2,136.95
	5,522.65	13,336.37

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

8. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Payable to Micro, Small and Medium Enterprises	101.25	164.65
Payable to Others	3,252.52	4,271.16
	3,353.77	4,435.81

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

Particulars	As at March 31, 2012	As at March 31, 2011
(a) The Principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	—	—
(ii) Interest due thereon	—	—
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	792.63	—
(ii) Interest actually paid under section 16 of the Micro, Small and Medium Enterprise Development Act, 2006	—	—
(c) (i) Normal interest accrued during the year, for all the delayed payments, as per the agreed terms.	13.72	—
(ii) Normal interest payable for the period of delay in making payments as per agreed terms.	13.72	—
(d) (i) Total interest accrued during the year	13.72	—
(ii) Total interest accrued during the year and remaining unpaid	13.72	—

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

9. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) <u>Current maturities of long-term debt</u>		
External Commercial Borrowing #	—	1,486.00
Vehicle Loan (Refer Note No. 4.1)	13.08	11.27
Sales Tax Deferral (Refer Note No. 4.2)	16.34	16.34
Fixed Deposit from Public & Shareholders	293.01	800.08
(b) Interest accrued but not due on borrowings	114.71	202.29
(c) Unclaimed Dividends @	176.66	47.99
(d) Unclaimed Matured Deposits @	0.65	3.32
(e) Advance from Customers	187.76	20.24
(f) Other Payable	6,164.45	2,508.96
(g) Creditors for capital expenditure	702.98	473.28
(h) Outstanding Purchase Consideration (Undischarged liabilities of vendors)	0.10	0.10
	7,669.74	5,569.87

Secured by exclusive charge by way of hypothecation of company's movable fixed assets (including movable plant and machinery both present and future) at Plot No. 4, GIDC Phase IV, Panoli, Gujarat.

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

10. SHORT TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
Gratuity	617.96	666.67
Leave Encashment	102.08	88.72
(b) Others		
Proposed Dividend	847.07	1,691.78
Tax on Proposed Dividend	137.42	274.45
	1,704.53	2,721.62

11. TANGIBLE AND INTANGIBLE ASSETS

(₹ in lakhs)

Sr. No.	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		As at 1 st April 2011	Additions	Disposals	As at 31 st March 2012	As at 1 st April 2011	Depreciation charge for the year	On disposals	As at 31 st March 2012	As at 31 st March 2012	As at 31 st March 2011
A)	Tangible:										
1	Land (Freehold)	59.34	—	—	59.34	—	—	—	—	59.34	59.34
2	Land (Leasehold)	409.57	420.59	—	830.16	64.89	5.28	—	70.17	759.99	344.68
3	Factory Buildings	9,330.20	324.96	—	9,655.16	2,372.75	315.08	—	2,687.83	6,967.33	6,957.45
4	Other Buildings (Note 1)	672.01	—	—	672.01	132.85	10.95	—	143.80	528.21	539.16
5	Plant & Equipment	21,475.26	3,002.72	112.51	24,365.47	10,190.15	1,392.94	67.35	11,515.74	12,849.73	11,285.11
6	Furniture & Fixtures	1,051.17	45.05	—	1,096.22	566.87	55.37	—	622.24	473.98	484.30
7	Vehicles	1,921.81	109.15	934.28	1,096.68	656.95	132.18	314.66	474.47	622.21	1,264.86
8	Office Equipment	1,566.03	108.49	0.43	1,674.09	1,005.90	144.40	0.13	1,150.17	523.92	560.13
9	Airconditioners	1,779.41	395.91	0.34	2,174.98	805.11	133.93	0.08	938.96	1,236.02	974.30
	Total	38,264.80	4,406.87	1,047.56	41,624.11	15,795.47	2,190.13	382.22	17,603.38	24,020.73	22,469.33
B)	Intangible:										
1	Trade Marks	3.67	—	—	3.67	0.06	1.22	—	1.28	2.39	3.61
2	Computer Software	407.76	70.31	—	478.07	361.16	39.05	—	400.21	77.86	46.60
	Total	411.43	70.31	—	481.74	361.22	40.27	—	401.49	80.25	50.21
	Grand Total	38,676.23	4,477.18	1,047.56	42,105.85	16,156.69	2,230.40	382.22	18,004.87	24,100.98	22,519.54
	Previous year's Total	35,770.80	3,030.41	124.98	38,676.23	13,970.97	2,265.08	79.36	16,156.69	22,519.54	21,799.83

Notes:

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

12. NON CURRENT INVESTMENTS (Long Term Investment) (At Cost)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
A) Trade Investments		
Equity Shares		
(a) Quoted :		
Nil (Previous year 25,000) Ordinary Shares of Spectrum Pharmaceuticals Inc. of US \$ 0.001 each (Market Value ₹ Nil, Previous year ₹ 99.08)	—	93.60
(b) Unquoted :		
In Subsidiary Companies :		
Investment in OOO Unique Pharmaceutical Laboratories - Russia (No. of shares are not denominated as per Law of Russian Federation)	1,250.30	1,250.29

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
52,16,100 (Previous year 52,03,600) Ordinary Shares of US \$ 1 each of J.B. Healthcare Pvt. Ltd., Jersey	2,322.30	2,315.95
Nil (Previous year 1,55,479) Equity Shares of RON 10 each of Unique Pharmaceutical Laboratories S.R.L., Romania	–	264.25
8,993 (Previous year 1,000) Ordinary shares of US \$ 1 each of J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore	4.28	0.46
Investment in LLC Unique Pharmaceutical Laboratories, Ukraine	2.49	–
In Associates		
Nil (Previous year 48,036) Equity Shares of ₹ 10/- each of J B Life Science Overseas Ltd.	–	4.80
In Other Companies :		
5,866 (Previous year 5,866) Equity Shares of ₹ 10/- each of Bharuch Enviro Infrastructure Ltd.	0.59	0.59
612,032 (Previous year 6,12,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech Limited	61.20	61.20
Total (A)	3,641.16	3,991.14
B) Other Investments		
(a) Equity Shares (Unquoted):		
In other companies:		
8,036 (Previous year ₹ Nil) Equity Shares of ₹ 10/- each of J B Life Science Overseas Ltd.	0.80	–
20,000 (Previous year 20,000) Equity Shares of Enviro Technology Ltd. of ₹ 10/- each	2.00	2.00
60,000 (Previous year 60,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹ 10/- each	6.00	6.00
20,00,000 (Previous year 20,00,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	200.00	200.00
2,40,000 (Previous year 2,40,000) Equity Shares of ₹ 10/- each of Raptim Research Ltd.	24.00	24.00
50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each of Ankleshwar Research & Analytical Infrastructure Ltd.	5.00	5.00
(b) Government Securities:		
National Saving Certificates	0.61	0.66
(Pledged with Government Authorities)		
(c) Debentures and Bonds (Unquoted):		
126 (Previous year 126) Units of ₹ 10/- each of Unit Trust of India	0.01	0.01
2,000 (Previous year 2,000) Bonds of Rural Electrification Corporation of ₹ 10/- each	0.20	0.20
Total (B)	238.62	237.87
Total (A + B)	3,879.78	4,229.01
Less : Provision for diminution in the value of investments	0.80	4.80
Total	3,878.98	4,224.21
Particulars	As at March 31, 2012	As at March 31, 2011
Aggregate amount of quoted investments	–	93.60
Market value of quoted investments	–	99.08
Aggregate amount of unquoted investments	3,879.78	4,135.41

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

13. LONG TERM LOANS & ADVANCES (Unsecured, Considered good)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
a) Capital Advances	561.64	652.71
b) Security Deposits	555.85	440.68
c) Other loans and advances		
Advances to Employees @	130.56	96.30
Other Advances	10.24	26.10
	1,258.29	1,215.79

@ Advance to employees includes loan to a director ₹ 3.30 lakhs (Previous year ₹ 6.78 lakhs).

14. CURRENT INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Investments in Mutual Funds		
<u>Unquoted :</u>		
Nil (Previous year 3,90,00,000.00) Units of ₹ 10.00 each of DSP Black Rock FMP 3M Series 27 Growth Maturity Date 07.04.2011.	—	3,900.00
Nil (Previous year 2,80,16,688.00) Units of ₹ 10.00 each of DSP Black Rock FMP 3M Series 28 Growth Maturity Date-20.04.2011.	—	2,801.67
Nil (Previous year 66,92,829.029) Units of ₹ 10.4740 each of P1304 ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Cumulative	—	701.01
Nil (Previous year 56,92,410.00) Units of ₹ 12.3313 each of P1073 ICICI Prudential Interval Fund II Quarterly Interval Plan B Retail	—	701.95
2,00,00,000.00 (Previous year Nil) Units of ₹ 10 each of DSP Black Rock FMP-Series 7-12M- Growth-Maturity Date 30.08.2012	2,000.00	—
1,17,18,112.87 (Previous year Nil) Units of ₹ 17.058 each of Birla Sun Life Dynamic Bond Fund-Retail-Growth	2,000.00	—
2,21,62,715.01 (Previous year Nil) Units of ₹ 11.6995 each of IDFC-SSIF-Short term-Plan-C-Growth	2,600.00	—
5,27,00,691.00 (Previous year Nil) Units of ₹ 10 each of HDFC FMP 13M September 2011-Growth	5,270.07	—
2,86,39,353.00 (Previous year Nil) Units of ₹ 10 each of ICICI Prudential MP Series 59-1 Year Plan D Cumulative	2,863.94	—
1,70,00,000.00 (Previous year Nil) Units of ₹ 10 each of DSP Black Rock FMP-Series 10-12M-Growth-Maturity Date-20.09.2012	1,700.00	—
1,50,00,000.00 (Previous year Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series DL Growth	1,500.00	—
1,50,00,000.00 (Previous year Nil) Units of ₹ 10 each of DSP Black Rock FMP-Series 12-12M-Growth-Maturity Date-24.09.2012	1,500.00	—
1,50,00,000.00 (Previous year Nil) Units of ₹ 10 each of ICICI Prudential MP Series 59-1 Year Plan E Cumulative	1,500.00	—
2,40,00,000.00 (Previous year Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series DN Growth	2,400.00	—
3,03,58,411.406 (Previous year Nil) Units of ₹ 16.4699 each of IDFC Money Manager Fund-Investment Growth Plan-Institutional Plan B	5,000.00	—
1,04,65,113.452 (Previous year Nil) Units of ₹ 12.7284 each of IDFC Money Manager Fund-Treasury C-Growth Plan-Super Institutional Plan	1,332.04	—
11,07,29.05 (Previous year Nil) Units of ₹ 204.2174 each of Birla Sun Life Savings Fund Institutional-Growth	226.13	—
	29,892.18	8,104.63
Aggregate amount of unquoted investments	29,892.18	8,104.63

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

15. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Raw materials (Stock-in-transit ₹ 1.77, Previous year ₹ Nil)	2,363.47	2,183.45
Packing Materials	1,409.45	1,237.85
Work-in-progress	752.27	821.21
Finished goods (Stock-in-transit ₹ 50.69, Previous year ₹ 11.00)	3,281.91	3,251.01
Stock-in-trade	1,256.64	671.42
Others-Fuel	16.11	13.28
	9,079.85	8,178.22

16. TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months	914.27	1,781.05
Others	12,206.55	36,764.37
	13,120.82	38,545.42

17. CASH & CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with banks #	17,705.63	4,491.83
Fixed Deposit with banks @	3,372.64	7780.27
Cheques on hand	37.65	—
Cash on hand	19.75	19.10
Post Office Saving Account	0.57	0.57
	21,136.24	12,291.77

Includes Unclaimed dividend of ₹ 177.31 lakhs (Previous year ₹ 47.99 lakhs).

Includes ₹ 16,282.72 lakhs (Previous year ₹ Nil) deposited in Escrow account in terms of escrow agreement dated 14th July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking and worldwide sale of three trade marks viz. Doktor Mom, Rinza and Fitovit.

@ Fixed Deposit of ₹ Nil (Previous year ₹ 181 lakhs) was held as security deposit against Bank Guarantee.

18. SHORT TERM LOANS & ADVANCES (Unsecured, considered good)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Loan to Subsidiary Companies		
J.B. Healthcare Pvt. Ltd.	21.02	65.49
J. B. Chemicals & Pharmaceuticals Pvt. Ltd.	11.51	11.25
	32.53	76.74
b. Others		
Advances to Suppliers	476.75	275.04
Advances to Employees #	56.80	89.00
Other Advances @	9,424.00	3,890.10
Taxes Paid (Net of Provisions)	165.10	263.69
MAT Credit Entitlements	708.30	598.53
Balance with Excise Authorities	1.73	3.68
Accrued interest on Deposits and others	39.61	75.48
	10,872.29	5,195.52
	10,904.82	5,272.26

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

It includes loan amount due from director ₹ 8.40 lakhs (Previous year ₹ 8.40 lakhs)

@ Includes security deposit of ₹ 4.02 lakhs (Previous year ₹ 4.02 lakhs) given to companies in which directors are interested against lease of premises.

19. REVENUE FROM OPERATIONS

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Sales of Products		
Sale of Pharmaceutical Products	62,840.86	77,184.48
Add: Exchange Rate Difference	1,475.12	2,189.31
	64,315.98	79,373.79
Other Operating Revenues		
Manufacturing Charges	10.30	11.98
Export Incentives	1,965.37	1,448.22
Dividend From subsidiary Company	2,496.98	—
Sale of Scrap	360.04	290.15
Insurance Claims	61.48	45.89
Others	170.48	114.72
	5,064.65	1,910.96
	69,380.63	81,284.75

20. OTHER INCOME

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Interest Income		
- Bank Deposit	789.51	271.94
- Interest from Debtors	2.26	1.65
- Others	34.64	20.34
Dividend From Current Investment	1,746.39	220.56
Dividend From Long Term Investment	0.26	20.26
Profit on sale of investments (Net)	180.52	4.64
Profit on sale of Assets (Net)	97.21	—
Provision for diminution in value of investments written back	0.40	49.05
	2,851.19	588.44

21. COST OF MATERIALS CONSUMED

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Opening Stock	3,421.30	2,446.90
Purchases	20,672.15	21,874.73
	24,093.45	24,321.63
Less: Closing Stock	3,772.92	3,421.30
	20,320.53	20,900.33

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

Particulars	2011-2012	2010-2011
Opening Stock		
Finished Goods	3,251.01	1,953.89
Work-in-process	821.21	832.20
Stock in Trade	671.42	392.88
	4,743.64	3,178.97
Less: Closing Stock		
Finished Goods	3,281.91	3,251.01
Work-in-process	752.27	821.21
Stock in Trade	1,256.64	671.42
	5,290.82	4,743.64
	(547.18)	(1,564.67)

23. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	2011-2012	2010-2011
Salaries and Other Benefits	8,885.14	10,098.34
(Includes ₹ Nil for payment under Voluntary Retirement Scheme, Previous year ₹ 345.55)		
Contribution to Provident Fund and Other Funds	828.64	1,003.20
Employee Compensation Expense	(5.12)	(1.54)
Gratuity	214.38	346.45
Staff Welfare	208.28	196.25
	10,131.32	11,642.70

24. FINANCE COSTS

(₹ in lakhs)

Particulars	2011-2012	2010-2011
Interest Expenses :		
Interest Working capital borrowings	773.39	440.34
Interest on Fixed Loans	168.56	190.32
Interest on External Commercial Borrowing	39.87	106.64
	981.82	737.30
Other Borrowing Cost :		
Loan Processing Charges	27.06	34.13
Guarantee Charges	22.00	16.99
Others	222.92	230.19
Applicable net loss on foreign currency transactions and translations	1,133.09	—
	2,386.89	1,018.61

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

25. OTHER EXPENSES

	(₹ in lakhs)	
Particulars	2011-2012	2010-2011
Manufacturing charges	925.44	895.25
Stores and spares	435.72	319.53
Power and fuel	2,988.50	2,334.17
Excise duty	367.25	306.60
Compensation rent	513.32	569.43
Rates and taxes	154.99	105.84
Insurance	165.91	179.88
Freight and transport charges	2,932.73	3,365.05
Repairs to:		
- Building	198.63	124.03
- Machinery	354.67	322.10
- Others	425.81	425.69
Loss on sale/discard of assets (Net)	—	29.87
Sales promotion and publicity	4,719.26	10,527.89
Selling commission	1,190.30	1,903.84
Travelling and conveyance	1,816.08	1,544.25
Directors' fees	11.65	8.64
Royalty	17.31	614.30
Payment to Auditors:		
- Audit fees	24.00	24.00
- Tax Audit fees	7.50	7.50
- Other Taxation and Certification matters	9.50	9.50
Donations	41.73	26.69
Exchange difference others (Net)	3,054.90	438.97
Bad debts	213.26	15.26
Loss on winding up of Subsidiary	191.35	—
Miscellaneous expenses	4,348.89	3,831.61
	25,108.70	27,929.89

26. The contingent liabilities not provided for:

26.1 Letter of Credit opened by banks ₹ 845.70 lakhs (Previous year ₹ 728.52 lakhs).

26.2 Guarantees issued by the banks on behalf of the company ₹ 1,426.82 lakhs (Previous year ₹ 1,192.61 lakhs).

26.3 Central Excise Demand/show cause notice of ₹ 485.39 lakhs (Previous year ₹ 349.79 lakhs).

26.4 Sales Tax Demand of ₹ 22.13 lakhs (Previous year ₹ 635.95 lakhs) being disputed in appeal.

27. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 435.37 lakhs (Previous year ₹ 1221.51 lakhs).

28. Travelling expenses of field personnel include expenses on stationery and printing, conveyance, postage, miscellaneous expenses etc.

29. Adjustment relating to Previous year amounted to ₹ 10.10 lakhs (Net debit) {Previous year ₹ 1.96 lakhs (Net debit)}. The same has been debited/credited under respective heads of accounts.

30. The Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹ 461.47 lakhs in respect of the bulk drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the bulk drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

notionally made by it by procuring the bulk drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The company has filed writ petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & writ petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These writ petitions have been admitted and the Hon'ble High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the writ petition on the company furnishing security as per the orders. The company has already furnished the bank guarantee as security. As per the legal advice received by the company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.

31. During the year, the company sold its Russia-CIS OTC Business Undertaking and three brands viz. Doktor Mom, Rinza and Fitovit on worldwide basis, to Cilag GmbH International, Switzerland, a wholly owned subsidiary of Johnson & Johnson, pursuant to the agreements dated May 23, 2011. The said transaction was closed on July 14, 2011. The profit on sale of Russia-CIS OTC Business Undertaking (including the said three brands) has been arrived at after reducing the net worth of and expenses pertaining to the said Russia-CIS OTC business undertaking and the expenses relating to the said transaction from the consideration received.

32. Details of Research & Development expenditure incurred during the year at the following R&D Centers:

(₹ In lakhs)

Particulars	Thane		Ankleshwar		Panoli-API		Panoli-formulation & development	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue Expenditure:								
Staff Cost	409.71	336.14	—	2.98	12.12	5.94	65.52	50.64
Power & Fuel	51.76	40.30	—	—	—	—	—	—
Travelling & Conveyance	17.64	15.88	—	—	—	—	—	—
R & D Raw Materials	395.07	116.05	—	—	—	—	1.15	0.04
Product Registration & Other Fees	—	6.49	—	—	—	—	—	—
Clinical Trial & Bioequivalent Studies	324.39	309.11	—	—	—	—	—	—
Laboratory Expenses	52.02	54.75	—	0.03	0.09	0.79	52.17	26.08
Others	102.05	59.26	—	0.25	0.27	0.08	5.70	3.26
Fees	7.37	—	—	—	—	—	—	—
Repairs & Maintenance -Bldg.	27.28	7.84	—	—	—	—	0.77	0.46
Total Revenue Expenditure	1387.29	945.82	—	3.26	12.48	6.81	125.31	80.48
Capital Expenditure:								
Buildings	—	—	—	—	—	—	2.51	—
Plant & Machinery	—	—	—	—	—	—	3.09	16.57
R & D Equipments	1.99	20.00	—	—	—	—	—	—
Laboratory Equipments	27.64	17.66	—	—	—	—	—	37.07
EDP Equipments	0.24	0.84	—	—	—	—	1.21	0.24
Office Equipments	0.29	1.79	—	—	—	—	—	—
Air Conditioners	2.60	0.95	—	—	—	—	—	5.05
Total Capital Expenditure	32.76	41.24	—	—	—	—	6.81	58.93
TOTAL	1420.05	987.06	—	3.26	12.48	6.81	132.12	139.41

A new in-house R&D Centre has been set up at 101/2 & 102/1, Daman Industrial Estate, Air Port Road, Village Kadaiya, Nani Daman (U.T.) on 1st October 2011 and necessary applications have been filed with the Department of Scientific and Industrial Research Technology Bhavan, New Mehrauli Road, New Delhi for recognition of this in-house R&D Unit.

33. The amount of excise duty disclosed as deduction from turnover is the excise duty for the year, except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed in the (increase)/decrease in stock and other expenses respectively. (Increase)/decrease in stocks include excise duty on finished goods (net) ₹ 8.18 lakhs (Previous year ₹ 4.23 lakhs).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

34. EMPLOYEE BENEFITS

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

a) Defined Contribution Plan

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

(₹ in lakhs)

Particulars	2011-12	2010-11
Employer's Contribution to Provident Fund & Family Pension Fund	717.73	864.80
Employer's Contribution to Superannuation Fund	92.30	116.23
Employer's Contribution to Employees' State Insurance Scheme	18.61	22.18

b) Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit obligation:

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Defined Benefit obligation at the beginning of the year	1,972.89	1,772.55
Current Service Cost	93.82	107.37
Interest Cost	165.01	142.61
Actuarial (gain)/loss	3.86	145.02
Benefits Paid	(133.06)	(194.66)
Defined Benefit obligation at year end	2,102.52	1,972.89

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

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Fair value of plan assets at the beginning of the year	740.29	691.46
Expected return on plan assets	65.33	63.13
Actuarial gain/(loss)	(17.02)	(14.58)
Employer contribution	142.92	194.94
Benefits Paid	(133.06)	(194.66)
Fair value of plan assets at the end of the year	798.46	740.29

Actual Return on Plan assets:

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Expected return on plan assets	65.33	63.12
Actuarial gain/(loss) on plan assets	(17.02)	(14.58)
Actual return on plan assets	48.31	48.54

Reconciliation of fair value of plan assets and benefit obligations:

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Fair value of assets as at 31 st March	798.46	740.29
Present value of obligation as at 31 st March	2,102.52	1,972.89
Amount recognised in balance sheet	1,304.06	1,232.60

Expense recognised during the year (Under the head "Employee Cost" -Refer Note 23):

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Current Service Cost	93.82	107.37
Interest Cost	165.01	142.61
Expected return on Plan Assets	(65.33)	(63.13)
Actuarial (gain)/loss	20.88	159.60
Expense recognised in profit and loss account	214.38	346.45

Investment details:

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

Actuarial Assumptions:

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Discount Rate (per annum)	8.50%	8.25%
Expected Rate of Return on Plan Assets (per annum)	8.60%	8.25%
Salary Escalation (per annum)	4.00%	4.00%

35. SEGMENT REPORTING:

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

36. RELATED PARTY DISCLOSURE

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

Names and Relationships of the Related Parties:

i) Subsidiary Companies:

- OOO Unique Pharmaceutical Laboratories.
- J.B. Healthcare Pvt. Ltd.
- Unique Pharmaceuticals Laboratories S.R.L. (Wound up on 14-09-2011).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

- d. J. B. Chemicals & Pharmaceuticals Pvt. Ltd.
e. LLC Unique Pharmaceutical Laboratories (w.e.f. 12-12-2011).
- ii) Associate Concerns/Trusts/Companies/Joint Venture
- a. Mody Trading Company
b. Mody Brothers
c. Jyotindra Family Trust
d. Dinesh Family Trust
e. Shirish Family Trust
f. Biotech Laboratories (Pty.) Ltd.
g. J B SEZ Private Ltd.
h. Jyotindra Mody Holdings Pvt. Ltd.
i. Ansuya Mody Securities Pvt. Ltd.
j. Dinesh Mody Securities Pvt. Ltd.
k. Kumud Mody Securities Pvt. Ltd.
l. Shirish B. Mody Investments Pvt. Ltd.
m. Bharati S. Mody Investments Pvt. Ltd.
n. Synit Drugs Pvt. Ltd.
o. Unique Pharmaceutical Laboratories Ltd.
p. Ifiunik Pharmaceuticals Ltd.
q. Namplas Chemicals Pvt. Ltd.
r. Raptim Research Ltd.
s. Gemma Jewellery Pvt. Ltd.
- t. Lekar Pharma Ltd.
u. J. B. Life Science Overseas Ltd. (ceased to be an associated w.e.f. 30-3-2012).
- iii) Key Management Personnel:
- a. Shri Jyotindra B. Mody
b. Shri Dinesh B. Mody
c. Shri Shirish B. Mody
- iv) Relative of Key Management Personnel:
- a. Mr. Pranabh D. Mody
b. Mrs. Ansuya J. Mody
c. Mrs. Kumud D. Mody
d. Mrs. Bharati S. Mody
e. Mrs. Pallavi B. Mehta
f. Mrs. Purvi U. Asher
g. Mrs. Priti R. Shah
h. Mrs. Deepali A. Jasani
i. Mr. Nirav S. Mody
j. Mrs. K. V. Gosalia
k. Mrs. N. R. Mehta
l. D. B. Mody HUF
m. S. B. Mody HUF

Transactions with the Related parties during the year :

(₹ in lakhs)

Transaction with Related Parties	Subsidiary Companies	Associated Concern/Trust/Joint Venture	Key Management Personnel	Relative of Key Management Personnel
Income				
Sale of Material/Goods/Others	4,262.50 (21,504.01)	1,557.29 (1,536.70)	- (-)	- (-)
Receipt of Manufacturing charges	- (-)	10.30 (11.98)	- (-)	- (-)
Interest Income	- (1.54)	- (-)	- (-)	- (-)
Expenditure				
Purchases	- (-)	3,380.83 (3,027.60)	- (-)	- (-)
Processing Charges	- (-)	155.06 (125.22)	- (-)	- (-)
Bio-Equivalence Study	- (-)	16.55 (98.17)	- (-)	- (-)
Rent	- (-)	269.81 (227.83)	- (-)	72.27 (59.97)
Royalty	- (-)	13.72 (614.30)	- (-)	- (-)
Remuneration	- (-)	- (-)	379.75 (1,243.92)	199.20 (185.57)
Interest on Deposits	- (-)	155.53 (185.29)	10.90 (9.65)	111.31 (121.36)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

(₹ in lakhs)

Transaction with Related Parties	Subsidiary Companies	Associated Concern/Trust/Joint Venture	Key Management Personnel	Relative of Key Management Personnel
Others				
Equity Contribution	12.67 (11.80)	— (—)	— (—)	— (—)
Refund of Equity Contribution on Winding up of Subsidiary	72.90 (—)	— (—)	— (—)	— (—)
Loan to Subsidiary	0.25 (11.25)	— (—)	— (—)	— (—)
Advance for Purchase of Land	— (—)	— (420.59)	— (—)	— (—)
Purchase of Intellectual Property	— (—)	— (1.05)	— (—)	— (—)
Sale of Investment	— (—)	— (0.72)	— (—)	— (—)
O/S Payables as on March 31, 2012	— (—)	1,206.27 (2,198.90)	81.66 (550.52)	881.80 (1,288.16)
O/S Receivables as on March 31, 2012	1,173.45 (17,326.20)	629.88 (581.77)	— (—)	25.28 (25.28)

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

1. Material/Goods sold to OOO Unique Pharmaceutical Laboratories, Moscow, ₹ 4,261.80 lakhs (Previous year ₹ 1,470.88 lakhs), Biotech Laboratories (Pty.) Ltd. ₹ 1,161.76 lakhs (Previous year ₹ 1,090.91 lakhs), Lekar Pharma Ltd. ₹ 395.53 lakhs (Previous year ₹ 445.79 lakhs).
2. Manufacturing charges received from Lekar Pharma Ltd. ₹ 10.30 lakhs (Previous year ₹ 11.98 lakhs).
3. Purchases from Lekar Pharma Ltd. ₹ 3366.38 lakhs (Previous year ₹ 3,003.93 lakhs).
4. Processing charges paid to Namplas Chemicals Pvt. Ltd. ₹ 155.06 lakhs (Previous year ₹ 125.22 lakhs).
5. Bio-equivalent study charges paid to Raptim Research Ltd. ₹ 16.55 lakhs (Previous year ₹ 98.17 lakhs).
6. Rent paid to Jyotindra Family Trust ₹ 114.45 lakhs (Previous year ₹ 95.53 lakhs), Dinesh Family Trust ₹ 58.14 lakhs (Previous year ₹ 48.80 lakhs), Shrish Family Trust ₹ 69.20 lakhs, Previous year ₹ 57.97 lakhs), D. B. Mody HUF ₹ 36.06 lakhs (Previous year ₹ 29.92 lakhs), S. B. Mody HUF ₹ 36.21 lakhs (Previous year ₹ 30.05 lakhs).
7. Royalty paid to Unique Pharmaceutical Laboratories Ltd. ₹ 12.66 lakhs (Previous year ₹ 613.25 lakhs).
8. Remuneration paid to Shri Jyotindra B. Mody ₹ 126.70 lakhs (Previous year ₹ 414.64 lakhs), Shri Dinesh B. Mody ₹ 126.45 lakhs (Previous year ₹ 414.64 lakhs), Shri Shirish B. Mody ₹ 126.60 lakhs (Previous year ₹ 414.64 lakhs), Shri Pranabh D. Mody ₹ 120.74 lakhs (Previous year ₹ 120.74 lakhs) and Shri Nirav S. Mody ₹ 78.46 lakhs (Previous year ₹ 65.13 lakhs).
9. Interest on deposit paid to Jyotindra Mody Holdings Pvt. Ltd. ₹ 23.92 lakhs (Previous year ₹ 22.15 lakhs), Ansuya Mody Securities Pvt. Ltd. ₹ 24.20 lakhs (Previous year ₹ 28.54 lakhs), Bharati S. Mody Investments Pvt. Ltd. ₹ 41.50 lakhs (Previous year ₹ 49.15 lakhs), Unique Pharmaceutical Laboratories Ltd. ₹ 17.32 lakhs (Previous year ₹ 20.50 lakhs), Ifiunik Pharmaceuticals Ltd. ₹ 21.35 lakhs (Previous year ₹ 39.50 lakhs), Shri Jyotindra B. Mody ₹ 6.00 lakhs (Previous year ₹ 4.50 lakhs), Shri Dinesh B. Mody ₹ 2.68 lakhs (Previous year ₹ 2.57 lakhs), Shri Shrish B. Mody ₹ 2.22 lakhs (Previous year ₹ 2.57 lakhs), Shri Pranabh D. Mody ₹ 18.55 lakhs (Previous year ₹ 59.00 lakhs), Mrs. Deepali A. Jasani ₹ 13.73 lakhs (Previous year ₹ 21.31 lakhs), D. B. Mody HUF ₹ 44.40 lakhs (Previous year ₹ 29.96 lakhs).
10. Equity Contribution was made to J. B. Healthcare Pvt. Ltd., Jersey ₹ 6.35 lakhs (Previous year ₹ 11.35 lakhs), J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore ₹ 3.83 lakhs (Previous year ₹ 0.46 lakhs), LLC Unique Pharmaceutical Laboratories, Ukraine ₹ 2.49 lakhs (Previous year ₹ Nil).
11. Refund of Equity contribution was received from Unique Pharmaceuticals Laboratories S.R.L., Romania ₹ 72.90 lakhs (Previous year ₹ Nil).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

12. Loan was given to J. B. Chemicals & Pharmaceuticals Pvt. Ltd. Singapore ₹ 0.25 lakhs (Previous year ₹ 11.25 lakhs).
13. Amount payable as on March 31, 2012 to Jyotindra Mody Holdings Pvt. Ltd. ₹ 230.00 lakhs (Previous year ₹ 230.00 lakhs), Ansuya Mody Securities Pvt. Ltd. ₹ 205.00 lakhs (Previous year ₹ 275.00 lakhs), Bharati S. Mody Investments Pvt. Ltd. ₹ 332.00 lakhs (Previous year ₹ 487.00 lakhs), Unique Pharmaceutical Laboratories Ltd. ₹ 150.00 lakhs (Previous year ₹ 497.10 lakhs), Shri Jyotindra B. Mody ₹ 58.20 lakhs (Previous year ₹ 204.79 lakhs), Shri. Dinesh B. Mody ₹ 22.96 lakhs (Previous year ₹ 172.86 lakhs), Shri Pranabh D. Mody ₹ 170.44 lakhs (Previous year ₹ 221.24 lakhs), Mrs. Deepali A. Jasani ₹ 104.62 lakhs (Previous year ₹ 223.74 lakhs), Shri Nirav S. Mody ₹ 90.25 lakhs (Previous year ₹ 123.37 lakhs) and D. B. Mody HUF ₹ 306.00 lakhs (Previous year ₹ 306.00 lakhs).
14. Amount receivable as on March 31, 2012 from OOO Unique Pharmaceutical Laboratories ₹ 1140.93 lakhs (Previous year ₹ 17,233.75 lakhs), Biotech Laboratories (Pty.) Ltd., ₹ 563.69 lakhs (Previous year ₹ 518.90 lakhs), D. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs), S. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs).
37. The company has taken on operating lease certain assets. The total lease rent paid on the same amounting to ₹ 513.32 lakhs (Previous year ₹ 569.43 lakhs) is included under the head compensation rent and rates and taxes. The minimum future lease rentals payable in respect thereof are as follows:

(₹ in lakhs)

Particulars	2011-12	2010-11
Not later than one year	59.75	472.76
Later than one year but not later than five years	15.09	85.78
Later than five years	—	—

38. EARNING PER SHARE

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

Particulars	2011-12	2010-11
Net Profit attributable to Equity Shareholders (₹ in lakhs)	64,269.94	11,819.46
Weighted Average No. of Equity shares (Nos)		
Basic	8,46,19,953	8,44,25,657
Effect of Dilutive equity shares equivalent		
Stock Options outstanding	6,746	2,28,282
Diluted	8,46,26,698	8,46,53,939
Nominal value of equity shares (₹)	2.00	2.00
Earning per share (₹)		
Basic	75.95	14.00
Diluted	75.95	13.96

39. FINANCIAL AND DERIVATIVE INSTRUMENTS**a) Derivative Instruments:**

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

Currency	Exposure to buy/sell	As at March 31, 2012		As at March 31, 2011	
		Foreign Currency	(₹ In lakhs)	Foreign Currency	(₹ In lakhs)
USD	Sell	50,000,000	25,654.38	81,000,000	38,402.53
EURO	Sell	9,50,556	645.52	—	—

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
Receivable against export of goods:				
Euro	901,291.22	612.07	557,652.29	353.44
AUD	703,644.37	372.51	480,255.19	221.49
GBP	80,475.80	65.60	6,033.60	4.33
Payable against Secured Loans:				
US Dollars	8,000,000.00	4,069.60	26,833,334.00	11,962.30
Payable against import of goods & services :				
US Dollars	669,068.21	340.35	2,828,550.07	1,260.97
ZAR	26,692.00	1.77	23,963.91	11.05

40. Loans and advances in the nature of loans given to subsidiaries :

(₹ in lakhs)

Name of the company	Nature of relation	Nature of transaction	As at March 31, 2012	Maximum balance during the year
J.B.Healthcare Pvt. Ltd.	Subsidiary	Advance	21.02	65.49
J. B. Chemicals & Pharmaceuticals Pvt. Ltd.	Subsidiary	Loan	11.51	11.51

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

42. DETAILS OF PURCHASES IN RESPECT OF GOODS TRADED

(₹ in lakhs)

Particulars	2011-12	2010-11
Ointments	1,066.44	705.93
Liquids	1,352.14	967.23
Capsules	201.00	282.48
Tablets	2,644.85	1,990.14
Powder	39.84	33.19
Ampoules	1,365.19	524.57
Others	330.30	466.53
Total	6,999.76	4,970.06

43. DETAILS OF FINISHED GOODS MANUFACTURED AND TRADED

(₹ in lakhs)

Particulars	Sales	Opening Stock	Closing Stock
Manufacturing Goods			
Ointments	3,244.50 (9,855.30)	21.58 (21.16)	120.11 (21.58)
Liquids	4,650.08 (5,808.49)	314.67 (240.54)	393.95 (314.67)
Capsules	822.24 (687.58)	24.65 (22.43)	45.48 (24.65)
Tablets	29,365.24 (33,360.99)	1,826.72 (1,023.09)	1,550.40 (1,826.72)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

(₹ in lakhs)

Particulars	Sales	Opening Stock	Closing Stock
Powder	1,479.81 (4,322.51)	102.75 (53.72)	8.33 (102.75)
Ampoules	10,376.95 (13,277.08)	758.32 (552.94)	818.82 (758.32)
Bulk-API	4,019.53 (3,261.03)	202.32 (185.34)	344.83 (202.32)
Total	53,958.35 (70,572.98)	3,251.01 (2,102.22)	3,281.91 (3,251.01)
Traded Goods			
Ointments	1,221.88 (859.41)	3.65 (8.82)	46.26 (3.65)
Liquids	1,373.94 (1,221.91)	5.56 (17.16)	170.33 (5.56)
Capsules	308.59 (374.12)	46.76 (25.41)	62.95 (46.76)
Tablets	3,588.61 (2,738.60)	499.43 (146.28)	719.83 (499.43)
Powder	43.75 (46.78)	8.97 (2.23)	23.36 (8.97)
Ampoules	1,961.16 (781.15)	87.74 (44.65)	233.92 (87.74)
Others	384.57 (589.53)	19.29 (-)	- (19.29)
Total	8,882.51 (6,611.50)	671.42 (244.55)	1,256.64 (671.42)

44. Value of consumption of directly imported and indigenously obtained raw materials & the percentage of each to the total.

Particulars	₹ in lakhs	Percentage
Directly Imported	3,256.08 (2,927.31)	16.02 (14.01)
Indigenously obtained	17,064.45 (17,973.02)	83.98 (85.99)
Total	20,320.53 (20,900.33)	100.00 (100.00)

45. VALUE OF DIRECT IMPORTS (C.I.F. Value)

Particulars	₹ in lakhs
Raw Materials & Packing Materials	3,247.70 (4,646.88)
Component Stores & Spare parts	33.14 (38.64)
Capital	3,124.33 (1,119.09)
Others	- (39.43)
Total	6,405.17 (5,844.05)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

46. EARNINGS IN FOREIGN EXCHANGE

Particulars	₹ in lakhs
Export of Goods (At F.O.B)	33,081.19 (48,880.87)
Other Receipts	— (41.91)

47. EXPENDITURE IN FOREIGN CURRENCY

Particulars	₹ in lakhs
Travelling	142.35 (201.14)
Interest	35.21 (63.25)
Legal & Professional Fees	85.92 (66.01)
Other Expenditure	8,186.03 (16,536.87)

48. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND.

Particulars	2011-12	2010-11
Number of Non-Resident Shareholders	4	4
Dividend (₹ in lakhs)	8.22	9.89
Number of Shares	4,10,812	4,94,573

Dividend to remaining 472 Non-Resident Shareholders is paid in India.

49. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year's figures have been recast/re-stated to conform to the classification of the current year.

50. Figures in brackets indicate corresponding figures of Previous year.

As per our report of even date

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

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2012

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF J.B. CHEMICALS & PHARMACEUTICALS LTD., ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

1. We have audited the attached consolidated balance sheet of J.B. Chemicals & Pharmaceuticals Ltd. ("the Company"), its subsidiaries, associates and joint venture (collectively referred as "JBCPL Group") as at 31st March, 2012 and also related consolidated statement of profit and loss and consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the JBCPL Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries and a Joint venture whose financial statements reflect Group's share of total assets of ₹ 9052.94 Lakhs as at 31st March 2012, Group's share of total Revenue of ₹ 18974.60 Lakhs and net cash outflows amounting to ₹ 331.74 Lakhs for the year ended on that date as considered in consolidated financial statements. We have relied upon unaudited financial statement as provided by the management of the above said subsidiaries and Joint Venture entity for the purpose of our examination of consolidated financial statements.
4. We report that the consolidated financial statements have been prepared by the JBCPL Group's management in accordance with the requirements of Accounting Standard notified by Companies (Accounting Standard) Rule, 2006 viz. Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' in Consolidated Financial Statements' to the extent applicable for the year ended 31st March, 2012 and on the basis of the individual financial statements of J.B. Chemicals & Pharmaceuticals Ltd., its subsidiaries and joint venture included in the aforesaid consolidation.
5. Subject to para 3 above and on the consideration of other financial information of the components, and to the best of our information and according to explanation given to us, we are of the opinion that the attached consolidated financial statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In case of the Consolidated Balance Sheet, of the State of Affairs of the JBCPL Group as at 31st March 2012;
 - b. In the case of the Consolidated Statement of Profit and Loss, of the Profit of the JBCPL Group for the year ended on that date; and
 - c. In the case of the Consolidated Cash Flow Statement, of the Cash Flow of the JBCPL Group for the year ended on that date.

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

J. K. SHAH
Partner
M No. 3662

Place : Mumbai
Date : May 23, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011			
EQUITY AND LIABILITIES							
Shareholders' funds							
(a) Share capital	3	1,694.15	96,995.29	1,690.34	69,154.25		
(b) Reserves and surplus	4	95,301.14		67,463.91			
Non-current liabilities							
(a) Long-term borrowings	5	1,254.50	3,952.38	1,252.55	3,650.27		
(b) Deferred tax liabilities (Net)	6	1,871.04		1,626.91			
(c) Long-term provisions	7	826.84		770.81			
Current liabilities							
(a) Short-term borrowings	8	5,522.65	18,832.22	13,336.37	27,133.44		
(b) Trade payables	9	3,709.02		5,021.14			
(c) Other current liabilities	10	7,874.96		6,121.84			
(d) Short-term provisions	11	1,725.59		2,654.09			
Total			1,19,779.89		99,937.96		
ASSETS							
Non-current assets							
(a) Fixed assets			33,157.99		27,877.77		
(i) Tangible assets	12	24,027.20		22,510.44			
(ii) Intangible assets	12	3,604.26		3,329.04			
(iii) Capital work-in-progress		3,891.83		366.88			
(iv) Realisable value of Impaired Assets		7.72		8.02			
(b) Non-current investments	13	299.61		393.64			
(c) Long-term loans and advances	14	1,327.37	86,621.90	1,269.75	72,060.19		
Current assets							
(a) Current investments	15	29,892.18		8,104.63			
(b) Inventories	16	10,103.24		11,167.01			
(c) Trade receivables	17	13,605.11		34,558.25			
(d) Cash and cash equivalents	18	21,953.25		12,688.57			
(e) Short-term loans and advances	19	11,068.12	5,541.73				
Total			1,19,779.89		99,937.96		
Significant Accounting Policies and Notes on Financial Statements 1 to 36							

As per our report of even date

For and on behalf of the Board of Directors

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

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

J. K. Shah
Partner
Membership No. 3662

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

Place : Mumbai
Date : May 23, 2012

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	2011-2012	2010-2011
Income:			
Revenue from Operations	20	80,925.34	89,694.90
Less: Excise Duty		738.50	615.85
Revenue from operations (Net)		80,186.84	89,079.05
Other income	21	2,898.34	616.28
Total Revenue		83,085.18	89,695.33
Expenses:			
Cost of materials consumed	22	20,320.53	20,900.33
Purchases of Stock-in-Trade		9,996.17	8,372.82
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	1,322.92	(1,875.96)
Employee benefits expense	24	11,266.33	12,493.30
Finance costs	25	2,402.81	1,049.46
Depreciation and amortization expense	12	2,242.46	2,278.78
Other expenses	26	27,249.09	29,952.61
Total Expenses		74,800.31	73,171.34
Profit before exceptional and extraordinary items and tax		8,284.87	16,523.99
Exceptional item: Profit on sale of OTC Business Undertaking in Russia-CIS Countries		76,059.34	–
Profit before tax		84,344.21	16,523.99
Tax expense:			
(1) Current tax		16,341.67	3,256.09
Less: Mat Credit		–	(550.00)
Net Current Tax		16,341.67	2,706.09
(2) Deferred tax		321.43	(17.09)
(3) Earlier year's Income Tax		–	(97.38)
(4) MAT Credit Entitlement of Earlier Years		(109.77)	–
Profit for the year		67,790.88	13,932.37
Earning per equity share			
(1) Basic		80.11	16.50
(2) Diluted		80.11	16.46
Significant Accounting Policies and Notes on Financial Statements	1 to 36		

As per our report of even date

For and on behalf of the Board of Directors

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

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

J. K. Shah
Partner
Membership No. 3662

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

Place : Mumbai
Date : May 23, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

(₹ in lakhs)

Particulars	2011-2012		2010-2011	
A. Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary items		84,344.21		16,533.99
Adjustment For:				
Depreciation	2,242.46		2,278.78	
Foreign Exchange Fluctuation (Net)	2,471.62		(1,101.91)	
Interest Paid	1,269.72		1,049.46	
(Profit)/Loss on Sale/Discard of Assets	(96.26)		29.87	
(Profit)/Loss on Sale of Investments (Net)	(180.52)		(11.12)	
(Profit)/Loss on Divestment of subsidiary	—		(0.16)	
Bad Debts	213.26		15.26	
Interest Received	(909.34)		(315.87)	
Dividend Received	(1,693.20)		(240.82)	
Reversal of Deferred Employee Compensation	(5.12)		(1.54)	
Provision for Diminution in value of Investment	(0.02)		(41.86)	
		3,312.60		1,660.09
Operating Profit Before Working Capital Changes		87,656.81		18,194.08
Adjustment For:				
Trade And Other Receivables	12,901.91		678.71	
Inventories	1,063.77		(2,819.87)	
Trade Payable	2,768.95		554.27	
		16,734.63		(1,586.88)
Cash Generated From Operations		1,04,391.44		16,607.19
Direct Taxes Paid (Net)		(16,422.15)		(3,215.39)
Net Cash from Operating Activities		87,969.29		13,391.80
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(8,010.33)		(3,435.82)	
Sale/Discard of Fixed Assets	792.66		16.61	
Purchase of Investment	(1,71,742.36)		(45,786.70)	
Sale of Investment	1,50,229.38		39,768.70	
Divestment of Investment in Subsidiary	—		0.16	
Interest Received	945.21		250.56	
Dividend Received	1,693.20		240.82	
Net Cash used in Investing Activities		(26,092.24)		(8,945.67)
C. Cash Flow from Financing Activities				
Proceeds from issue of Shares under ESOP (including Securities Premium)	157.83		139.44	
Proceeds from Short term Borrowings (Net)	(8,686.60)		4,768.50	
Proceeds from Long term Borrowings (Net)	(1,508.63)		(1,431.35)	
Interest Paid	(1,357.30)		(1,054.94)	
Dividend Paid (Including Dividend Tax)	(41,217.67)		(1,965.40)	
Net Cash Used in Financing Activities		(52,612.37)		456.25
Net Increase in Cash and Cash Equivalents		9,264.68		4,902.38
Cash And Cash Equivalents as at 01.04.11	12,688.57		7,786.19	
Cash And Cash Equivalents as at 31.03.12 (Refer Note No.3)	21,953.25	9,264.68	12,688.57	4,902.38

Notes :

- 1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
- 2) Cash Flow from operating activities include profit of ₹ 76,059.34 lakhs on account of sale of OTC business undertaking in Russia/CIS Countries.
- 3) It includes ₹ 16,282.72 lakhs (Previous year ₹ Nil) deposited in Escrow account in terms of Escrow agreement dated 14th July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking and worldwide sale of three trade marks viz. Doktor Mom, Rinza and Fitovit.
- 4) Balance with banks include ₹ Nil (Previous year ₹ 181.00 lakhs) being deposits under lien.
- 5) Previous year's figures are re-grouped/re-classified wherever necessary in order to conform to current year's groupings and classifications.

As per our report of even date

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

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2012

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012

1. PRINCIPLES OF CONSOLIDATION

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

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

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

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

- ii. Investment in Associate Companies has been accounted under the equity method as per (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements".

The company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

- iii. Interest in jointly controlled entities is accounted for using proportionate consolidation in accordance with Accounting Standard 27 on "Financial reporting of interests in Joint Ventures". The Company's share in each of the assets,

liabilities, income and expenses of jointly controlled entities are reported as a separate item. The difference between costs of the Company's interest in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

- iv. Goodwill recognized in the Consolidated Financial Statements is not amortized.

- v. The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the company's separate financial statements except otherwise stated elsewhere in this note.

- b. No adjustments have been made to the financial statements of the Subsidiaries and Joint Venture company on account of diverse accounting policies as the same, being incorporated in Russia, Jersey, Channel Island, Singapore, Ukraine and South Africa have been prepared under the laws and regulations applicable to their country of incorporation and hence not practicable to do so.

- c. Notes of these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. Practical considerations made it desirable to exclude notes to Financial Statements, which in the opinion of the management, could be better viewed, when referred from the individual financial statements of the Companies.

- d. The subsidiary companies considered in the consolidated financial statements are :

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
J. B. Healthcare Pvt. Ltd.	Jersey, Channel Island	100 %	31.03.2012
OOO Unique Pharmaceutical Laboratories	Russia	100%	31.12.2011*
Unique Pharmaceutical Laboratories S.R.L.	Romania	100%	31.12.2011#
J.B. Chemicals & Pharmaceuticals Pvt. Ltd.	Singapore	100%	31.03.2012
LLC Unique Pharmaceutical Laboratories	Ukraine	100%	31.12.2011*@

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

- * Un-audited accounts of 31st March, 2012 are taken into consideration for consolidated financial statements.
- # The company has been wound up w.e.f. 14-09-2011 and unaudited accounts up to 31-08-2011 are taken into consideration for the consolidated financial statements.
- @ The company has been incorporated on 12-12-2011.
- e. The Significant Joint Venture/ Associate company considered in the consolidated financial statements are :

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
Biotech Laboratories (Pty.) Ltd. *	Joint Venture	South Africa	49.00 %	31.08.2011**
J. B. Life Science Overseas Ltd.	Associate	India	40.03%	31.03.2012#

* Through J. B. Healthcare Pvt. Ltd., Jersey, Channel Island.

** Un-audited accounts of 31st March, 2012 are taken into consideration for consolidated financial statements.

Ceased to be an associate w.e.f. 31.03.2012.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of accounting

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

2.2. Revenue recognition

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

2.3 Fixed assets

Parent Company:

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

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

Subsidiary - OOO Unique Pharmaceutical Laboratories:

Assets which have value below 40000 Rubles are written off as expense in the year of acquisition.

2.4 Depreciation

Parent Company:

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

Subsidiary- OOO Unique Pharmaceutical Laboratories:

Linear method of calculation of fixed assets depreciation is established for the period of useful application.

Revaluation of fixed assets is not performed.

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

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

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

2.5 Intangibles

For Parent Company:

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 3 years.

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

Intangible assets are carried at revalued amount, being fair value at the end of the reporting period.

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in Profit or Loss.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognized in profit or loss in the current period. The decrease is debited to other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Intangible asset with an indefinite useful life, comprise of registration and dossiers. Amortization is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. Registrations and

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

dossiers are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the products or company of products that the registration and dossier relate to. For all other intangible assets amortization is provided on a straight line basis over their useful life. The amortization period and the amortization method for intangible assets are reviewed every period-end.

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

Amortization is provided to write down the intangible assets, with finite useful life on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	2 years

2.6 Impairment of assets

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

2.7 Provisions and contingencies

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

2.8 Inventories

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

Stores are written off in the year of purchase.

2.9 Investments

For Parent Company:

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

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

Unlisted investments are shown at fair values, unless their face value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

2.10 Employee benefit

For Parent Company:

i. Short Term Employee Benefits:

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

ii Long Term Employee Benefits:

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

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

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

b. Superannuation Plan:

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

c. Leave Encashment:

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

d. Gratuity:

The Company provides for gratuity obligations through a defined benefits retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in profit and loss account as and when determined.

The Company makes annual contribution to LIC for the gratuity plan in respect of all the employees.

For Subsidiary companies:

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

For Joint Venture :

There are no long term employment benefits to the employees.

The cost of all short term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions is recognized during the period in which the employee renders the related service.

2.11 Foreign currency transaction

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

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

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

2.12 Leases

For Parent Company:

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

For Joint Venture :

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

2.13 Research and development

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

Capital expenditure on Research and Development is treated as Fixed Assets.

2.14 Borrowing cost

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

2.15 Income tax

For Parent Company:

- a. Tax expenses comprise of current and deferred tax.
- b. Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.
- c. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- d. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

For Subsidiaries, Associate and Joint Venture Companies:

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

2.16 Employee stock option plan

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

3. SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised : 10,00,00,000 (Previous year 10,00,00,000) Equity Shares of ₹ 2/- each	2,000.00	2,000.00
Issued, Subscribed & Paid up: 8,47,07,300 (Previous year 8,45,16,825) Equity Shares of ₹ 2/- each fully paid	1,694.15	1,690.34
	1,694.15	1,690.34

3.1 Reconciliation of the shares outstanding and amount of Share Capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Shares outstanding at the beginning of the year	8,45,16,825	1,690.34	8,43,26,350	1,686.53
Shares Issued during the year pursuant to Employee Stock Options Scheme	1,90,475	3.81	1,90,475	3.81
Shares outstanding at the end of the year	8,47,07,300	1,694.15	8,45,16,825	1,690.34

3.2 The Company has only one class of issued shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.

3.3 Details of Shareholders holding more than 5% shares:

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Jyotindra Mody Holdings Pvt. Ltd.	63,11,325	7.45	62,61,325	7.41
Dinesh Mody Securities Pvt. Ltd.	59,00,410	6.97	59,00,410	6.98
Shirish B. Mody Investments Pvt. Ltd.	53,75,685	6.35	53,75,685	6.36
Ansuya Mody Securities Pvt. Ltd.	60,79,965	7.18	60,79,965	7.19
Kumud Mody Securities Pvt. Ltd.	60,26,315	7.11	60,26,315	7.13
Bharati S. Mody Investments Pvt. Ltd.	67,19,070	7.93	67,19,070	7.95
Unique Pharmaceuticals Laboratories Ltd.	44,82,390	5.29	44,82,390	5.30
Ashish Dhawan	77,61,262	9.16	58,50,000	6.92

3.4 Shares reserved for issue under ESOP

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

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

Particulars	As at March 31, 2012	As at March 31, 2011
Options outstanding, beginning of the year	7,90,525	10,35,125
Less: Exercised	1,90,475	1,90,475
Lapsed	79,125	54,125
Options outstanding, end of the year	5,20,925	7,90,525

On exercise of options during the year, the company received aggregate exercise price of ₹ 157.83 lakhs (₹ 139.44 lakhs in the Previous year).

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

4. RESERVES & SURPLUS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Capital Reserves (transferred from amalgamating company)		
i. Investment allowance Reserve (utilised)	34.86	34.86
ii. Capital Reserve	63.53	63.53
iii. Cash Subsidy	1.98	1.98
	100.37	100.37
b. Capital Reserve	4.21	4.21
c. Cash Subsidy	85.66	85.66
d. Contingency Reserve:		
Opening Balance	520.00	520.00
Add: Transfer from Statement of Profit & Loss	1,500.00	—
Closing Balance	2,020.00	520.00
e. Securities Premium Reserve:		
Opening Balance	5,397.96	5,252.82
Add : Securities premium credited on shares issued under ESOP	163.77	145.14
Closing Balance	5,561.73	5,397.96
f. Share Options Outstanding Account:		
Opening Balance	32.83	43.88
Less: Amortised during the year	14.87	11.05
Closing Balance	17.96	32.83
g. Revaluation Reserve (Net of Deferred Tax)	965.67	780.99
h. General Reserve:		
Opening Balance	38,999.13	37,817.18
Add: Transfer from Statement of Profit & Loss	6,426.99	1,181.95
Closing Balance	45,426.12	38,999.13
i. Surplus in the statement of Profit & Loss:		
Opening balance	21,841.80	11,057.61
Add : Net Profit for the current year	67,790.89	13,932.37
Less : Interim Dividend	33,881.92	—
Tax on Interim Dividend	5,496.49	—
Proposed Final Dividend	848.53	1,691.78
Tax on Proposed Final Dividend	137.66	274.45
Transfer to Contingency Reserve	1,500.00	—
Transfer to General Reserve	6,426.99	1,181.95
Closing Balance	41,341.10	21,841.80
j. Foreign Currency Translation Reserve	(221.68)	(299.04)
	95,301.14	67,463.91

5. LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured		
<u>Term loans</u>		
- Vehicle loans from banks	40.27	54.04
Unsecured		
<u>Deferred payment liabilities</u>		
- Sales Tax Deferral (Refer note no. 4.2)	—	16.33
Fixed Deposit from Public & Shareholders	1,071.90	1,092.57
Inter Corporate Deposit	40.00	40.00
	1,111.90	1,148.90
Share of Joint Venture	102.33	49.61
	1,254.50	1,252.55

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

Terms of Repayment

- 5.1 Vehicle loans are secured by hypothecation of vehicles and same is repayable in sixty equivated monthly instalment inclusive of interest on reducing balance.
- 5.2 Repayable in yearly instalment of ₹ 16.33 lakhs.
- 5.3 Maturity profile and rate of interest of fixed deposit from public and shareholders are as set out below:

(₹ in lakhs)		
Rate of Interest	2013-2014	2014-2015
9%	0.35	515.41
10%	—	556.14

- 5.4 Inter coporate deposit bears interest at 11% p.a, payable at quarterly rests and maturing on 19th May, 2013.

6. DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Assets		
Retirement Benefits	312.99	302.68
Special Provisions consequential to changes in the rate of exchange of currency (Sec. 43A)	—	31.95
Others	124.98	124.01
	437.97	458.64
Deferred Tax Liability		
Depreciation	2,062.26	1,354.50
Timing Difference of Tax Holiday Units	—	544.38
	2,062.26	1,898.88
Share of Joint Venture	246.75	186.67
	1,871.04	1,626.91

7. LONG TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee Benefits		
Gratuity	686.10	648.50
Leave Encashment	140.74	122.31
	826.84	770.81

8. SHORT TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured		
Working Capital Loans from Banks #		
(a) Foreign currency loans	2,600.00	10,476.30
(b) Rupee loans	—	723.12
	2,600.00	11,199.42

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured		
(a) Foreign currency loans from Bank	1,469.60	—
(b) Loan from Directors	1.50	1.50
(c) Deposit from Distributors / Customers	247.05	255.95
(d) Inter Corporate Deposits	1,204.50	1,879.50
	2,922.65	2,136.95
	5,522.65	13,336.37

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

9. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Payable to Micro and Small Enterprises	101.25	164.65
Payable to Others	3,094.70	4,380.30
Share of Joint venture	513.07	476.19
	3,709.02	5,021.14

10. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) <u>Current maturities of long-term debt</u>		
External Commercial Borrowing #	—	1,486.00
Vehicle Loan (Refer Note No. 5.1)	13.08	11.27
Sales Tax Deferral (Refer Note No. 5.2)	16.34	16.34
Fixed Deposit from Public & Shareholders	293.01	800.08
(b) Interest accrued but not due on borrowings	114.71	202.29
(c) Unclaimed Dividends @	176.66	47.99
(d) Unclaimed Matured Deposits @	0.65	3.32
(e) Advance from Customers	187.96	26.65
(f) Other Payable	6,197.85	2,540.05
(g) Creditors for capital expenditure	702.98	473.28
(h) Outstanding Purchase Consideration (Undischarged liabilities of vendors)	0.10	0.10
(i) Share of Joint venture	171.62	514.47
	7,874.96	6,121.84

Secured by exclusive charge by way of hypothecation of company's movable fixed assets (including movable plant and machinery both present and future) at Plot No. 4, GIDC Phase IV, Panoli, Gujarat.

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

11. SHORT TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
Gratuity	617.96	584.10
Leave Encashment	102.08	88.72
(b) Others		
Proposed Dividend	847.07	1,691.78
Tax on Proposed Dividend	137.42	274.45
(c) Share of Joint venture	21.06	15.04
	1,725.59	2,654.09

12. TANGIBLE AND INTANGIBLE ASSETS

(₹ in lakhs)

Sr. No.	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
		As at 1 st April 2011	Additions	Disposals	As at 31 st March 2012	As at 1 st April 2011	Depreciation charge for the year	On disposals	As at 31 st March 2012	As at 31 st March 2012	As at 31 st March 2011
A) Tangible :											
1	Land (Freehold)	59.34	—	—	59.34	—	—	—	—	59.34	59.34
2	Land (Leasehold)	409.57	420.59	—	830.16	64.89	5.28	—	70.17	759.99	344.68
3	Factory Buildings	9,330.20	324.95	—	9,655.15	2,372.75	315.08	—	2,687.83	6,967.32	6,957.45
4	Buildings (Note 1)	672.01	—	—	672.01	132.85	10.95	—	143.80	528.21	539.16
5	Plant & Equipment	21,475.26	3,002.72	112.51	24,365.47	10,190.15	1,392.94	67.32	11,515.77	12,849.70	11,285.11
6	Furniture & Fixtures	1,053.68	45.05	1.61	1,097.12	567.32	55.59	0.56	622.35	474.77	486.36
7	Vehicles	1,921.81	109.15	934.28	1,096.68	656.95	132.18	314.66	474.47	622.21	1,264.86
8	Office Equipments	1,578.47	108.49	4.50	1,682.46	1,012.46	146.83	3.08	1,156.21	526.25	566.01
9	Airconditioners	1,779.41	395.91	0.34	2,174.98	805.11	133.93	0.08	938.96	1,236.02	974.30
10	Leasehold Improvements	39.98	—	39.98	—	10.65	5.78	16.43	—	—	29.33
	Share of Joint Venture	11.69	7.75	10.53	8.91	7.85	2.92	5.25	5.52	3.39	3.84
	Total	38,331.42	4,414.61	1,103.75	41,642.28	15,820.98	2,201.48	407.38	17,615.08	24,027.20	22,510.44
B) Intangible :											
1	Goodwill	1,690.23	—	—	1,690.23	—	—	—	—	1,690.23	1,690.23
2	Trade Marks	3.67	—	—	3.67	0.06	1.22	—	1.28	2.39	3.61
3	Acquired Software	408.53	70.31	0.77	478.07	361.64	39.28	0.71	400.21	77.86	46.89
	Share of Joint Venture	1,590.78	245.62	—	1,836.40	2.47	0.48	0.33	2.62	1,833.78	1,588.31
	Total	3,693.21	315.93	0.77	4,008.37	364.17	40.98	1.04	404.11	3,604.26	3,329.04
	Current Year's Total	42,024.63	4,730.54	1,104.52	45,650.65	16,185.15	2,242.46	408.42	18,019.19	27,631.46	25,839.48
	Previous year's Total	38,666.82	3,487.16	129.35	42,024.63	13,989.24	2,278.78	82.87	16,185.15	25,839.48	24,677.58

Notes :

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

13. NON CURRENT INVESTMENTS (Long Term Investment) (At Cost)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
A Trade Investments (At cost)		
(a) Equity Shares		
(i) Quoted :		
Nil (Previous year 25,000) Ordinary Shares of Spectrum Pharmaceuticals Inc. of US \$ 0.001 each (Market Value ₹ 99.08, Previous year ₹ 51.74)	—	93.60
5,866 (Previous year 5,866) Equity Shares of ₹ 10/- each of Bharuch Enviro Infrastructure Ltd.	0.59	0.59
6,12,032 (Previous year 6,12,032) Equity Shares of ₹ 10/- each of Narmada Clean Tech Limited (Formerly known as Bharuch Eco-aqua Infrastructure Ltd.)	61.20	61.20
Total (A)	61.79	155.39
B Other Investments		
(a) Equity Shares (Unquoted)		
In Other Companies :		
8,036 (Previous year 48,036) Equity Shares of ₹ 10/- each of J B Life Science Overseas Ltd.	0.80	0.38
20,000 (Previous year 20,000) Equity Shares of Enviro Technology Ltd. of ₹ 10/- each	2.00	2.00
60,000 (Previous year 60,000) Equity Shares of Panoli Enviro Technology Ltd. of ₹ 10/- each	6.00	6.00
20,00,000 (Previous year 20,00,000) Equity Shares of ₹ 10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	200.00	200.00
2,40,000 (Previous year 2,40,000) Equity Shares of ₹ 10/- each of Raptim Research Ltd.	24.00	24.00
50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each of Ankleshwar Research & Analytical Infrastructure Ltd.	5.00	5.00
(b) In Government Securities		
National Saving Certificates (Pledged with Government Authorities)	0.61	0.66
(c) Debentures and Bonds (Unquoted)		
126 (Previous year 126) Units of ₹ 10/- each of Unit Trust of India	0.01	0.01
2,000 (Previous year 2,000) Bonds of Rural Electrification Corporation of ₹ 10/- each	0.20	0.20
Total (B)	238.62	238.25
Total (A + B)	300.41	393.64
Less : Provision for diminution in the value of Investments	0.80	
	299.61	393.64

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Aggregate amount of quoted investments	–	93.60
Market Value of quoted investments	–	99.08
Aggregate amount of unquoted investments	300.41	300.04

14. LONG TERM LOANS & ADVANCES (Unsecured, Considered Good)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Capital Advances	561.64	652.71
b. Security Deposits	570.61	440.68
c. Other loans and advances		
(i) Advances to Employees @	130.56	96.30
(ii) Other Advances	64.56	80.06
	1,327.37	1,269.75

@ Advance to Employees includes Loan to a Director ₹ 3.30 lakhs (Previous year ₹ 6.78 lakhs).

15. CURRENT INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Investments in Mutual Funds		
<u>Unquoted :</u>		
Nil (Previous year 3,90,00,000.00) Units of ₹ 10.00 each of DSP Black Rock FMP 3M Series 27 Growth Maturity Date 07.04.2011.	–	3,900.00
Nil (Previous year 2,80,16,688.00) Units of ₹ 10.00 each of DSP Black Rock FMP 3M Series 28 Growth Maturity Date 20.04.2011.	–	2,801.67
Nil (Previous year 66,92,829.029) Units of ₹ 10.4740 each of P1304 ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Cumulative	–	701.01
Nil (Previous year 56,92,410.00) Units of ₹ 12.3313 each of P1073 ICICI Prudential Interval Fund II Quarterly Interval Plan B Retail	–	701.95
2,00,00,000.00 (Previous year Nil) Units of ₹ 10.00 each of DSP Black Rock FMP-Series 7-12M- Growth-Maturity Date 30.08.2012	2,000.00	–
1,17,18,112.87 (Previous year Nil) Units of ₹ 17.058 each of Birla Sun Life Dynamic Bond Fund-Retail-Growth	2,000.00	–
2,21,62,715.01 (Previous year Nil) Units of ₹ 11.6995 each of IDFC-SSIF-Short term-Plan-C-Growth	2,600.00	–
5,27,00,691.00 (Previous year Nil) Units of ₹ 10.00 each of HDFC FMP 13M September 2011-Growth	5,270.07	–
2,86,39,353.00 (Previous year Nil) Units of ₹ 10.00 each of ICICI Prudential MP Series 59-1 Year Plan D Cumulative	2,863.94	–
1,70,00,000.00 (Previous year Nil) Units of ₹ 10.00 each of DSP Black Rock FMP-Series 10-12M-Growth-Maturity Date 20.09.2012	1,700.00	–
1,50,00,000.00 (Previous year Nil) Units of ₹ 10.00 each of Birla Sun Life Fixed Term Plan Series DL Growth	1,500.00	–
1,50,00,000.00 (Previous year Nil) Units of ₹ 10.00 each of DSP Black Rock FMP-Series 12-12M-Growth-Maturity Date 24.09.2012	1,500.00	–
1,50,00,000.00 (Previous year Nil) Units of ₹ 10.00 each of ICICI Prudential MP Series 59-1 Year Plan E Cumulative	1,500.00	–
2,40,00,000.00 (Previous year Nil) Units of ₹ 10.00 each of Birla Sun Life Fixed Term Plan Series DN Growth	2,400.00	–

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
3,03,58,411.406 (Previous year Nil) Units of ₹ 16.4699 each of IDFC Money Manager Fund-Investment Growth Plan-Institutional Plan B	5,000.00	—
1,04,65,113.452 (Previous year Nil) Units of ₹ 12.7284 each of IDFC Money Manager Fund-Treasury C-Growth Plan-Super Institutional Plan	1,332.04	—
1,10,729.05 (Previous year Nil) Units of ₹ 204.2174 each of Birla Sun Life Savings Fund Institutional-Growth	226.13	—
	29,892.18	8,104.63
Aggregate amount of unquoted investments	29,892.18	8,104.63

16. INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Raw materials (Stock in Transit ₹ 1.77, Previous year ₹ Nil)	2,362.60	2,183.45
Packing Materials	1,409.45	1,237.85
Work-in-progress	752.27	708.32
Finished goods (Stock in Transit ₹ 50.69, Previous year ₹ 11.00)	3,281.91	5,480.55
Stock-in-trade	1,513.19	671.42
Others-Fuel	16.11	13.28
Share of Joint Venture	767.71	872.14
	10,103.24	11,167.01

17. TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months	914.28	1,975.85
Others	12,141.50	31,890.74
Share of Joint Venture	549.33	691.66
	13,605.11	34,558.25

18. CASH & CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Balances with banks #	17,764.13	4,626.15
b. Fixed Deposit with banks @	3,580.24	7,780.27
c. Cheques on hand	270.59	258.96
d. Cash on hand	19.84	22.49
e. Post Office Saving Account	0.57	0.57
f. Share of Joint venture	317.88	0.13
	21,953.25	12,688.57

Includes Unclaimed dividend of ₹ 177.31 lakhs (Previous year ₹ 47.99 lakhs).

Includes ₹ 16,282.72 lakhs (Previous year ₹ Nil) deposited in Escrow account in terms of escrow agreement dated 14th July, 2011 entered into with Cilag GmbH International in relation to sale of Russia-CIS OTC business undertaking and worldwide sale of three trade marks viz. Doktor Mom, Rinza and Fitovit.

@ Fixed Deposit of ₹ Nil (Previous year ₹ 181 lakhs) was held as security deposit against Bank Guarantee.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

19. SHORT TERM LOANS & ADVANCES (Unsecured, considered good)

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Advances to Suppliers	480.18	507.16
Advances to Employees #	57.12	89.34
Other Advances @	9,477.07	4,002.31
Taxes Paid (Net of Provisions)	297.34	263.69
MAT Credit Entitlements	708.30	598.53
Balance with Excise Authorities	1.73	3.68
Accrued interest on Deposits and others	39.61	75.48
Share of Joint Venture	6.77	1.54
	11,068.12	5,541.73

It includes loan amount due from director ₹ 8.40 lakhs (Previous year ₹ 8.40 lakhs).

@ Includes security deposit of ₹ 4.02 lakhs (Previous year ₹ 4.02 lakhs) given to companies in which directors are interested against lease of premises.

20. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	2011-2012	2010-2011
Sales of Products		
Sale of Pharmaceuticals Products	73,075.92	81,974.06
Add: Exchange Rate Difference	1,475.12	2,189.31
Share of Joint Venture	3,806.63	3,620.57
	78,357.67	87,783.94
Other Operating Revenues :		
Manufacturing Charges	10.30	11.98
Export Incentives	1,965.37	1,448.22
Sale of Scrap	360.04	290.15
Insurance Claims	61.48	45.89
Others	170.48	114.72
	2,567.67	1,910.96
	80,925.34	89,694.90

21. OTHER INCOME

(₹ in lakhs)

Particulars	2011-2012	2010-2011
Interest Income		
Bank Deposit	815.08	290.82
Interest from Debtors	2.26	1.65
Others	38.55	23.40
Dividend From Current Investment	1,746.39	220.56
Dividend From Long Term Investment	0.26	20.26
Profit on sale of investments (Net)	180.52	11.12
Profit on sale of Assets (Net)	97.21	—
Provision for diminution in value of investments Written Back	0.02	41.85
Profit on sale of Divestment	—	0.16
Share of Joint Venture	18.05	6.46
	2,898.34	616.28

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

22. COST OF MATERIALS CONSUMED

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Opening Stock	3,421.30	2,446.90
Purchases	20,672.15	21,894.01
	24,093.45	24,340.91
Less: Closing Stock	3,772.92	3,440.58
	20,320.53	20,900.33

23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Opening Stock		
Finished Goods	3,251.01	2,040.88
Work-in-process	821.21	745.21
Stock in Trade	2,788.07	2,483.97
	6,860.29	5,270.06
Less: Closing Stock		
Finished Goods	3,281.91	3,363.90
Work-in-process	752.27	708.32
Stock in Trade	1,513.19	2,768.79
	5,547.37	6,841.01
Share of Joint Venture	10.00	(305.01)
	1,322.92	(1,875.96)

24. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Salaries and Other Benefits	9,241.46	10,385.50
(Includes ₹ Nil for payment under Voluntary Retirement Scheme, Previous year ₹ 345.55)		
Contribution to Provident Fund and Other Funds	897.82	1,054.33
Employee Compensation Expense	(5.12)	(1.54)
Gratuity	214.38	346.45
Staff Welfare	210.17	197.57
Share of Joint Venture	707.62	510.99
	11,266.33	12,493.30

25. FINANCE COSTS

(₹ in lakhs)		
Particulars	2011-2012	2010-2011
Interest Expenses :		
Interest on Working capital borrowings	773.39	440.34
Interest on Fixed Loans	168.56	190.32
Interest on External Commercial Borrowing	39.87	106.64
	981.82	737.30
Other Borrowing Cost :		
Loan Processing Charges	27.06	34.13
Guarantee Charges	22.00	16.99
Others	236.01	247.73
Applicable net loss on foreign currency transactions and translations	1,133.09	—
Share of Joint Venture	2.83	13.31
	2,402.81	1,049.46

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

26. OTHER EXPENSES

	(₹ in lakhs)	
Particulars	2011-2012	2010-2011
Manufacturing charges	925.44	895.25
Stores and spares	435.72	319.53
Power and fuel	2,988.50	2,334.17
Excise duty	367.25	306.60
Compensation rent	905.70	1,094.41
Rates and taxes	154.99	105.84
Insurance	182.30	218.90
Freight and transport charges	2,939.89	3,382.50
Repairs to :-		
- Building	198.63	124.03
- Machinery	354.67	322.10
- Others	425.81	426.99
Loss on sale/discard of assets (Net)	0.95	29.87
Sales promotion and publicity	4,991.59	10,749.80
Selling commission	1,873.25	2,410.02
Travelling and conveyance	1,816.08	1,546.69
Directors' fees	13.59	10.45
Royalty	17.31	614.30
Payment to Auditors		
- Audit fees	26.96	31.98
- Tax Audit fees	7.50	7.50
- Other Taxation and Certification matters	23.46	9.51
Donations	41.73	26.69
Exchange difference others (Net)	2,873.37	116.59
Bad debts	213.26	15.26
Loss on winding up of subsidiary	50.43	—
Miscellaneous expenses	4,617.91	4,058.33
Share of Joint Venture	802.80	795.30
	27,249.09	29,952.61

27. The Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹ 461.47 lakhs in respect of the bulk drug Metronidazole and a further sum of ₹ 591.05 lakhs in respect of the bulk drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the bulk drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The Company has filed writ petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & writ petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These writ petitions have been admitted and the

Hon'ble High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the writ petition on the company furnishing security as per the Orders. The company has already furnished the bank guarantee as security. As per the legal advice received by the Company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.

28.1 During the year, the Company sold its Russia-CIS OTC Business Undertaking and three brands viz. Doktor Mom, Rinza and Fitovit on worldwide basis, to Cilag GmbH International, Switzerland, a wholly owned subsidiary of Johnson & Johnson, pursuant to the agreement dated May 23, 2011. The said transaction was closed on July 14, 2011. The profit on sale of Russia-CIS OTC Business Undertaking (including the said three brands) has been arrived at after reducing the net worth of and expenses pertaining to the said Russia-CIS OTC business undertaking and the expenses relating to the said transaction from the consideration received.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

28.2 000 Unique Pharmaceutical Laboratories, Russia has assigned its receivables and sold its OTC inventory as of July 14, 2011, to Johnson & Johnson LLC, Russia, pursuant to Sale and Purchase Agreement dated May 23, 2011.

29. EMPLOYEE BENEFITS:

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

For Parent Company:

a) Defined Contribution Plan

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

(₹ in lakhs)

Particulars	2011-12	2010-11
Employer's Contribution to Provident Fund & Family Pension Fund	717.73	864.80
Employer's Contribution to Superannuation Fund	92.30	116.23
Employer's Contribution to Employees' State Insurance Scheme	18.61	22.18

b) Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit obligation.

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Defined Benefit obligation at the beginning of the year	1,972.89	1,772.55
Current Service Cost	93.82	107.37
Interest Cost	165.01	142.61
Actuarial (gain)/loss	3.86	145.02
Benefits Paid	(133.06)	(194.66)
Defined Benefit obligation at year end	2,102.52	1,972.89

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

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Fair value of plan assets at the beginning of the year	740.29	691.46
Expected return on plan assets	65.33	63.13
Actuarial gain/(loss)	(17.02)	(14.58)
Employer contribution	142.92	194.94
Benefits Paid	(133.06)	(194.66)
Fair value of plan assets at the end of the year	798.46	740.29

Actual Return on Plan Assets

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Expected return on plan assets	65.33	63.12
Actuarial gain/(loss) on plan assets	(17.02)	(14.58)
Actual return on plan assets	48.31	48.54

Reconciliation of fair value of plan assets and benefit obligations

(₹ In lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Fair value of assets as at 31 st March	798.46	740.29
Present value of obligation as at 31 st March	2,102.52	1,972.89
Amount recognized in balance sheet	1,304.06	1,232.60

Expense recognized during the year (Under the head "Employee Cost"-Refer note 24)

(₹ in lakhs)

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Current Service Cost	93.82	107.37
Interest Cost	165.01	142.61
Expected return on Plan Assets	(65.33)	(63.13)
Actuarial (gain)/loss	20.88	159.60
Expense Recognized in Profit and Loss Account	214.38	346.45

Investment details

The company made annual contributions to the LIC of an amount advised by the LIC. The company was not informed by LIC of the investments made or the breakdown of plan assets by investment type.

Actuarial Assumptions

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Discount Rate (per annum)	8.50%	8.25%
Expected Rate of Return on Plan Assets (per annum)	8.60%	8.25%
Salary Escalation (per annum)	4.00%	4.00%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

For Subsidiaries: (OOO Unique Pharmaceutical Laboratories and Unique Pharmaceutical Laboratories SRL)

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

(₹ in lakhs)

Particulars	2011-12	2010-11
Employer's Contribution under various Government Schemes.	69.18	51.13

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

For Joint Venture:

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

(₹ in lakhs)

Particulars	2011-12	2010-11
Employer's Contribution under various Government Schemes.	56.69	48.89

30. SEGMENT REPORTING:

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

31. The Group has taken on operating lease certain assets. The total lease rent paid on the same amounting to ₹ 938.38 lakhs (Previous year ₹ 1094.41 lakhs) is included under the head compensation rent and rates and taxes. The minimum future lease rentals payable in respect thereof are as follows:-

(₹ in lakhs)

Particulars	2011-12	2010-11
Not later than one year	195.41	522.06
Later than one year but not later than five years	18.46	89.40
Later than five years	—	—

32. EARNING PER SHARE:

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

Particulars	2011-12	2010-11
Net Profit attributable to Equity Shareholders (₹ in lakhs)	67,790.88	13,932.37
Weighted Average No. of Equity shares (Nos.)		
Basic	8,46,19,953	8,44,25,657
Effect of Dilutive equity shares equivalent	—	—
Stock Options outstanding	6,746	2,28,282
Diluted	8,46,26,698	8,46,53,939
Nominal value of equity shares (₹)	2.00	2.00
Earning per share (₹)		
Basic	80.11	16.50
Diluted	80.11	16.46

33. RELATED PARTY DISCLOSURE

For Parent Company:

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

Names and Relationships of the Related Parties:

i) Associate Concerns/Trusts/Companies/Joint Venture

- Mody Trading Company
- Mody Brothers
- Jyotindra Family Trust
- Dinesh Family Trust
- Shirish Family Trust
- Biotech Laboratories (Pty.) Ltd.
- J B SEZ Private Ltd.
- Jyotindra Mody Holdings Pvt. Ltd.
- Ansuya Mody Securities Pvt. Ltd.
- Dinesh Mody Securities Pvt. Ltd.
- Shirish B. Mody Investments Pvt. Ltd.
- Bharati S. Mody Investments Pvt. Ltd.
- Synit Drugs Pvt. Ltd.
- Unique Pharmaceutical Laboratories Ltd.
- Ifiunik Pharmaceuticals Ltd.
- Namplas Chemicals Pvt. Ltd.
- Raptim Research Ltd.
- Gemma Jewellery Pvt. Ltd.
- Lekar Pharma Ltd.
- Afrika Bio-Pharma Investment (Pty.) Ltd.
- Afrika Bio-Pharma Manufacturing (Pty.) Ltd.

ii) Key Management Personnel:

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

iii) Relative of Key Management Personnel:

- Mr. Pranabh D. Mody
- Mrs. Ansuya J. Mody
- Mrs. Kumud D. Mody
- Mrs. Bharati S. Mody
- Mrs. Pallavi B. Mehta
- Mrs. Purvi U. Asher
- Mrs. Priti R. Shah
- Mrs. Deepali A. Jasani
- Mr. Nirav S. Mody
- Mrs. K. V. Gosalia
- Mrs. N. R. Mehta
- D. B. Mody-HUF
- S. B. Mody-HUF

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

Transactions with the related parties during the year:

(₹ in lakhs)

Transaction with Related Parties	Associated Concern / Trust / Joint Venture	Key Management Personnel	Relative of Key Management Personnel
Income			
Sale of Material/Goods/Others	988.03 (1,002.15)	— (—)	— (—)
Manufacturing Charges	10.30 (11.98)	— (—)	— (—)
Expenditure			
Purchases	3,380.83 (3,016.00)	— (—)	— (—)
Processing Charges	155.06 (134.52)	— (—)	— (—)
Bio-equivalence Study	16.55 (98.17)	— (—)	— (—)
Rent	269.81 (227.83)	— (—)	72.27 (59.97)
Royalty	13.72 (614.30)	— (—)	— (—)
Remuneration	— (—)	379.75 (1,268.26)	199.20 (185.87)
Interest on Deposits	155.53 (185.29)	10.90 (9.65)	111.31 (121.36)
Others			
Advance For Purchase of Land	— (420.59)	— (—)	— (—)
Purchase of Intellectual Property	— (1.05)	— (—)	— (—)
Sale of Investment	— (0.72)	— (—)	— (—)
Repayment of Loan	— (9.53)	— (—)	— (—)
O/S Payables as on March 31, 2012	1205.40 (2,240.87)	81.66 (550.52)	881.80 (1,288.16)
O/S Receivables as on March 31, 2012	353.67 (327.51)	— (—)	25.28 (25.28)

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

1. Material/Goods sold to Biotech Laboratories (Pty.) Ltd. ₹ 592.50 lakhs (Previous year ₹ 556.36 lakhs), Lekar Pharma Ltd. ₹ 395.53 lakhs (Previous year ₹ 445.79 lakhs).
2. Manufacturing charges received from Lekar Pharma Ltd ₹ 10.30 lakhs (Previous year ₹ 11.98 lakhs).
3. Purchases from Lekar Pharma Ltd. ₹ 3366.38 lakhs (Previous year ₹ 3003.93 lakhs).
4. Processing charges paid to Namplas Chemicals Pvt. Ltd. ₹ 155.06 lakhs (Previous year ₹ 125.22 lakhs).
5. Bio-equivalent study charges paid to Raptim Research Ltd. ₹ 16.55 lakhs (Previous year ₹ 98.17 lakhs).

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

6. Rent paid to Jyotindra Family Trust ₹ 114.45 lakhs (Previous year ₹ 95.53 lakhs), Dinesh Family Trust ₹ 58.14 lakhs (Previous year ₹ 48.80 lakhs), Shrish Family Trust ₹ 69.20 lakhs, Previous year ₹ 57.97 lakhs), D. B. Mody HUF ₹ 36.06 lakhs (Previous year ₹ 29.92 lakhs) and S. B. Mody HUF ₹ 36.21 lakhs (Previous year ₹ 30.05 lakhs).
7. Royalty paid to Unique Pharmaceutical Laboratories Ltd. ₹ 12.66 lakhs (Previous year ₹ 613.25 lakhs).
8. Remuneration paid to Shri Jyotindra B. Mody ₹ 126.70 lakhs (Previous year ₹ 414.64 lakhs), Shri Dinesh B. Mody ₹ 126.45 lakhs (Previous year ₹ 414.64 lakhs), Shri Shirish B. Mody ₹ 126.60 lakhs (Previous year ₹ 414.64 lakhs), Shri Pranabh D. Mody ₹ 120.74 lakhs (Previous year ₹ 120.74 lakhs) and Shri Nirav S. Mody ₹ 78.46 lakhs (Previous year ₹ 65.13 lakhs).
9. Interest on Deposit paid to Jyotindra Mody Holdings Pvt. Ltd. ₹ 23.92 lakhs (Previous year ₹ 22.15 lakhs), Ansuya Mody Securities Pvt. Ltd. ₹ 24.20 lakhs (Previous year ₹ 28.54 lakhs), Bharati S. Mody Investments Pvt. Ltd. ₹ 41.50 lakhs (Previous year ₹ 49.15 lakhs), Unique Pharmaceutical Laboratories Ltd. ₹ 17.32 lakhs (Previous year ₹ 20.50 lakhs), Ifiunik Pharmaceuticals Ltd. ₹ 21.35 lakhs (Previous year ₹ 39.50 lakhs), Shri Jyotindra B. Mody ₹ 6.00 lakhs (Previous year ₹ 4.50 lakhs), Shri Dinesh B. Mody ₹ 2.68 lakhs (Previous year ₹ 2.57 lakhs), Shri Shrish B. Mody ₹ 2.22 lakhs (Previous year ₹ 2.57 lakhs), Shri Pranabh D. Mody ₹ 18.55 lakhs (Previous year ₹ 59 lakhs), Mrs. Deepali A. Jasani ₹ 13.73 lakhs (Previous year ₹ 21.31 lakhs) and D. B. Mody HUF ₹ 44.40 lakhs (Previous year ₹ 29.96 lakhs).
10. Amount payable as on 31st March, 2012 to Jyotindra Mody Holdings Pvt. Ltd. ₹ 230 lakhs (Previous year ₹ 230 lakhs), Ansuya Mody Securities Pvt. Ltd. ₹ 205 lakhs (Previous year ₹ 275 lakhs), Bharati S Mody Investments Pvt. Ltd. ₹ 332 lakhs (Previous year ₹ 487 lakhs), Unique Pharmaceutical Laboratories Ltd. ₹ 150 lakhs (Previous year ₹ 497.10 lakhs), Shri Jyotindra B. Mody ₹ 58.20 lakhs (Previous year ₹ 204.79 lakhs), Shri. Dinesh B. Mody ₹ 22.96 lakhs (Previous year ₹ 172.86 lakhs), Shri Pranabh D. Mody ₹ 170.44 lakhs (Previous year ₹ 221.24 lakhs), Mrs. Deepali A. Jasani ₹ 104.62 lakhs (Previous year ₹ 223.74 lakhs), Shri Nirav S. Mody ₹ 90.25 lakhs (Previous year ₹ 123.37 lakhs) and D. B. Mody HUF ₹ 306 lakhs (Previous year ₹ 306 lakhs).
11. Amount receivable as on 31st March, 2012 from Biotech Laboratories (Pty.) Ltd. ₹ 287.48 lakhs (Previous year ₹ 264.64 lakhs), D. B. Mody-HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs), S. B. Mody HUF ₹ 12.64 lakhs (Previous year ₹ 12.64 lakhs)

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

For Parent Company:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
Receivable against export of goods:				
Euro	901,291.22	612.07	557,652.29	353.44
AUD	703,644.37	372.51	480,255.19	221.49
STG	80,475.80	65.60	6,033.60	4.33
Payable against Secured loans:				
US Dollars	8,000,000.00	4,069.60	26,833,334.00	11,962.30
Payable against Import of goods & services :				
US Dollars	6,69,068.21	340.35	2,828,550.07	1,260.97
AUD	26,692.00	1.77	23,963.91	11.05

For Joint Venture Company:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign Currency	(₹ in lakhs)	Foreign Currency	(₹ in lakhs)
Payable against Import of goods & services :				
US Dollars	395,081.20	200.98	440,372.21	196.32
EURO	—	—	38,284.19	24.26
GBP	82,340.29	67.12	37,584.72	26.94

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012 (CONTD..)

35. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year's figures have been recast/re-stated to conform to the classification of the current period.
36. Previous year's figures are re-grouped, re-arranged, recast wherever considered necessary.

As per our report of even date

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

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2012

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2012

INFORMATION PERTAINING TO SUBSIDIARY COMPANIES

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

(₹ in lakhs)

		OOO Unique Pharmaceutical Laboratories, Russia.	J.B.Healthcare Pvt. Ltd., Jersey.	J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore.	LLC Unique Pharmaceutical Laboratories, Ukraine.
1	Share capital	1,216.89	2,653.43	4.57	2.53
2	Reserves	868.11	(93.05)	(17.29)	(1.39)
3	Total assets	2,966.64	2,592.28	1.66	1.69
4	Total liabilities	2,966.64	2,592.28	1.66	1.69
5	Turnover	14,450.57	—	—	—
6	Profit/(Loss) before taxation	(904.73)	33.94	(3.09)	(1.39)
7	Provision for taxation	(236.10)	-	-	-
8	Profit/(Loss) after taxation	(668.63)	33.94	(3.09)	(1.39)
9	Proposed dividend	—	—	—	—
10	Details of Investments	—		—	—
	-2,107,990 Ordinary shares*		2,483.77		
	-175,591 Non-Redeemable Convertible "A" Preference Shares*		0.01		
11	Exchange rate as on March 31, 2012	1.73 (from Rouble to INR)	50.87 (From US \$ to INR)	50.87 (From US \$ to INR)	6.33 (From UAH to INR)

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

TEN YEAR FINANCIAL SUMMARY

(₹ in lakhs)

Particulars	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Sources of Funds										
Share Capital	1,605.90	1,605.90	1,605.90	1,607.36	1,686.53	1,686.53	1,686.53	1,686.53	1,690.34	1,694.15
Share Application money	-	-	-	-	1.02	-	-	-	-	-
Reserves and Surplus	21,005.32	23,290.23	27,012.68	31,701.29	40,426.27	44,632.06	51,518.92	59,650.61	69,637.93	93,692.17
Secured Loans	727.72	3,300.72	3,796.15	6,298.12	8,419.69	15,449.58	13,429.80	9,849.14	12,750.73	2,653.35
Unsecured Loans	907.16	1,008.23	2,708.24	3,264.45	8,971.74	4,102.42	3,639.01	3,773.31	4,105.59	4,344.55
Deferred Tax Liability (Net)	-	1,126.54	1,426.54	1,542.54	1,875.82	1,466.10	1,344.51	1,423.99	1,443.62	1,655.69
Total	24,246.10	30,331.62	36,549.51	44,413.76	61,381.07	67,336.69	71,618.77	76,383.58	89,628.21	1,04,039.91
Application of Funds										
Net Fixed Assets (Incl. Capital WIP)	9,567.20	12,812.41	13,474.90	14,730.33	22,233.17	23,352.95	22,747.69	21,807.85	22,894.44	28,000.53
Investments	265.14	282.19	297.87	298.02	3,353.74	4,290.55	4,559.44	6,246.43	12,328.84	33,771.16
Current Assets, Loans and Advances:										
Inventories	3,101.92	4,138.67	5,158.62	6,319.10	7,608.21	6,511.34	5,517.99	5,640.84	8,178.22	9,079.85
Sundry Debtors	13,580.27	15,806.34	18,887.32	25,258.30	31,762.72	32,804.08	37,449.92	40,727.14	38,545.42	13,120.82
Cash & Bank Balances	945.72	560.01	922.30	1,138.91	1,970.95	1,450.68	4,145.45	7,056.63	12,291.77	21,136.24
Loans and Advances	1,953.20	2,145.09	2,506.21	2,946.93	3,647.35	5,864.85	5,146.99	5,550.89	6,488.05	12,163.11
Total Currents Assets	19,581.11	22,650.11	27,474.45	35,663.24	44,989.23	46,630.95	52,260.35	58,975.50	65,503.46	55,500.02
Less: Current Liabilities and Provisions:										
Current Liabilities	3,601.20	4,113.76	3,283.22	4,678.79	7,545.76	5,432.94	5,846.39	7,318.30	7,688.67	10,700.43
Provisions	1,566.15	1,299.33	1,414.49	1,599.04	1,649.31	1,504.82	2,102.32	3,327.90	3,409.86	2,531.37
Net Current Assets	14,413.76	17,237.02	22,776.74	29,385.41	35,794.16	39,693.19	44,311.64	48,329.30	54,404.93	42,268.22
Total	24,246.10	30,331.62	36,549.51	44,413.76	61,381.07	67,336.69	71,618.77	76,383.58	89,628.21	1,04,039.91
Income										
Sales	29,177.37	30,075.32	35,809.04	46,600.07	53,145.92	54,809.43	72,315.53	67,006.45	78,757.94	63,577.48
Other income (incl. operating income)	974.27	1,201.08	1,302.66	1,155.18	1,069.78	1,380.19	1,496.57	1,725.34	2,499.40	7,915.84
Total	30,151.64	31,276.40	37,111.70	47,755.25	54,215.70	56,189.62	73,812.10	68,731.79	81,257.34	71,493.32
Expenditure										
(Increase)/decrease in stock in trade	(281.04)	(545.78)	(782.72)	(556.42)	(53.37)	839.09	585.00	(321.94)	(1,564.67)	(547.18)
Consumption of raw and packing materials	7,588.10	8,461.07	9,718.46	13,048.00	15,218.88	14,499.16	15,869.86	16,126.49	20,900.33	20,320.53
Purchase of traded goods	2,405.38	2,700.29	2,837.90	4,105.34	3,349.89	3,932.35	5,505.45	4,410.23	4,970.06	6,999.76
Employees cost	3,168.56	3,727.89	4,774.81	5,723.00	7,717.95	8,994.98	9,340.88	9,846.93	11,642.70	10,131.32
Operating and other expenses	10,299.84	9,468.73	12,810.93	16,030.45	18,871.67	21,311.62	31,295.57	24,453.41	28,948.50	27,495.59
Depreciation/amortisation	733.21	944.92	1,048.92	1,073.07	1,133.39	1,701.66	2,037.26	2,122.25	2,265.08	2,230.40
Total	23,914.05	24,757.12	30,408.30	39,423.44	46,238.41	51,278.86	64,634.02	56,637.37	67,162.00	66,630.42
Profit before extraordinary item and taxation	6,237.59	6,519.28	6,703.40	8,331.81	7,977.29	4,910.76	9,178.08	12,094.42	14,095.34	4,862.90
Add: Exceptional item: Income on sale of Russia-CIS OTC business (Net)	-	-	-	-	-	-	-	-	-	76,059.34
Less: Taxation	1,384.05	1,415.24	788.60	1,239.03	875.01	-258.37	1,304.46	1,994.69	2,275.88	16,652.30
Profit after taxation	4,853.54	5,104.04	5,914.80	7,092.78	7,102.28	5,169.13	7,873.62	10,099.73	11,819.46	64,269.94
Ratios:										
Earning per share (₹)	30.22	31.78	36.83	#8.83	8.43	6.13	9.34	11.98	14.00	75.95
Book Value per share (₹)	140.80	155.03	178.21	#41.45	49.94	54.93	63.09	72.74	84.40	112.61
Debt Equity Ratio	0.07:1	0.17:1	0.23:1	0.29:1	0.41:1	0.42:1	0.32:1	0.22:1	0.24:1	0.07:1
Current Ratio	3.79:1	4.18:1	5.85:1	5.68:1	4.89:1	6.72:1	6.57:1	5.54:1	5.90:1	4.09:1
Dividend (%)	80	110	120	130	130	25	50	100	100	*2050

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

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

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