

**innovating solutions.
delivering excellence.**

Shasun Pharmaceuticals Limited
annual report 2011-12



forward looking statements

in this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements-written and oral-that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements using words such as 'anticipate', 'estimate', 'expects', 'projects', '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 realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

we undertake no obligation to publicly update any forward looking-statements, whether as a result of new information, future events or otherwise.

board of directors

Mr R Kannan	Chairman
Mr R Sundara Rajan	Independent Director
Mr N Subramanian	Independent Director
Dr Sunny Sharma	Independent Director
Mr S Abhaya Kumar	Managing Director
Dr S Devendra	Wholetime Director
Mr S Vimal Kumar	Wholetime Director
Mr M Mohan	Wholetime Director

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the Shasun culture

the Shasun group is a leading supplier of active ingredients, intermediates, chemistry and analytical services and formulated products to the pharmaceutical industry; our people, facilities and capabilities are among the best in the industry. we cover the entire life cycle of a product at all scales, from pre-clinical and clinical phases to validation and commercial supply, while fully complying with HSE and cGMP regulations and standards within FDA , MHRA and Japanese approved facilities.

at Shasun we differentiate ourselves by the way we do business.

our global project organisation enables rapid and seamless technology transfer through open communications channels and transparent decision-making opportunities.

at Shasun we want to serve our customers better.

we put customer needs and superior service on top of everything we do every single day. we leverage our global network, the advantages of the east and west , our research laboratories and productions facilities in the best way possible for our offerings and products.

at Shasun we believe that our best asset is our people.

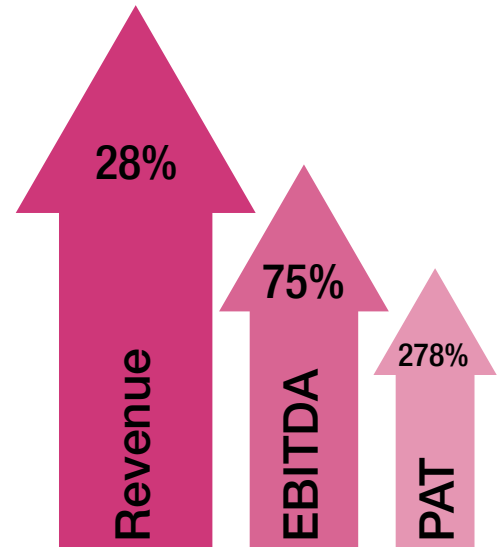
every Shasun employee is today encouraged to innovate solutions and become a leader by taking ownership for actions in their respective work areas.

**at Shasun we believe our products impact lives around the world.
we are proud to be Shasun. we are proud we are 35.**

five years consolidated financial highlights

Rs in Mn

Financials	2007-08	2008-09	2009-10	2010-11	2011-12
Sales / Income	8,014.46	7,382.62	7,654.42	8,344.51	10,664.03
Profit Before Depreciation, Interest and Tax	699.93	(822.77)	699.66	934.33	1,639.02
Interest	142.17	209.84	301.06	322.59	436.99
Depreciation	313.28	381.26	378.47	375.79	405.70
Profit Before Tax	244.48	(1,413.87)	20.13	235.95	796.33
Profit After Tax	245.97	(1,370.86)	37.67	266.24	1,005.67
Dividend Distributed on equity shares	48.31	-	48.31	14.56	119.14
Dividend % (including proposed)	50.00		50.00	15.00	120.00
Basic Earnings per share before prior period item (Rs.)	5.10	(28.37)	0.42	5.48	20.69
Share Capital	96.63	96.63	96.63	97.09	110.25
Reserves	2,298.61	967.08	1,076.46	742.07	2,084.68
Money received against share warrants	-	-	-	-	28.13
Net worth	2,395.24	1,063.71	1,173.09	839.16	2,223.06
Gross Block	4,262.13	4,772.00	4,811.19	5,218.99	5,863.77



letter from managing director

Innovation, single minded determination, and unwavering attention to customer needs continue to be the cornerstones of your company's success

Dear Shareholders,

It gives me great pleasure to write to you about your company's performance for the financial year 2011-12 during when we crossed the historic Rs 1000 crore sales milestone – a maiden performance for your company in the last 35 years. I would like to take this opportunity to thank the entire Shasun team whose untiring hard work and commitment made this achievement possible.

Innovation, single minded determination, and unwavering attention to customer needs continue to be the cornerstones of your company's success. Since inception in 1976 your company has been providing consistent and value added end to end services to the pharmaceutical industry, from drug development to the chemical synthesis of molecules which have potential to become drugs. Your company's capabilities extend from manufacturing GMP materials from kilograms all the way to multi tons on a commercial level. The Research and

Development Centers in India and the UK which underpin much of your company's wins, work together closely and in a collaborative fashion to innovate solutions for the industry. The *UK North East of England Process Industry Cluster (NEPIC) 2012 Award for Innovation* which the UK facility has won jointly with India for the second year in a row is testimony to the capabilities of the CRAMS teams in the UK and Chennai.

Shasun Pharma Solutions in the UK has exceeded expectations and beaten budgets with its performance last year. It has registered a sales growth of 13% over last year and a 100% growth in PAT.

Our foray into formulations, has allowed your company to cater to an increasing demand for generic supplies. The venture has positioned your company as a leading global supplier of oral dosage in tablet and capsule forms for both prescription and over the counter medicine. During the year we have received US FDA approvals for various products in formulations in India and the UK for some NCE molecules.

Acknowledging the role of biotechnology as a leading change agent in the global pharmaceutical space, Shasun in 2002, made its foray into this area in a research centre in Velacherry. Encouraged by our growth in 2011 we moved the unit to Puducherry to synergize operations and increase production. Our long term plan is to develop capabilities in biopharmaceutical production to cater to international markets.

In line with our focus on innovation, we have entered into a collaboration with Nanoparticle Biochem. Inc. (NBI), a spinoff company of the University of Missouri. Our joint venture called Shasun –NBI LLC has embarked on an exploration of the clinical application of nano-medicines towards the diagnoses and treatment of various cancers.

As a responsible corporate citizen your company's commitment to the community spans several initiatives. The dispensary we started in Puducherry fifteen years ago continues to operate successfully and provides medicines free of charge to the needy. The effluent treatment plant in the UK leads by example in social commitment and offers its services to neighboring industries and associates. The Wetlands developed there has won an Environmental Award. I am also proud that the Dudley office has acquired a carbon credit of 125 kGBP for the year.

The year was not without challenges- bromine leak at Cuddalore and , the labor union strike at Puducherry, were situations which called for tremendous grit, perseverance and patience.. But we faced these challenges head on and resolved each one competently ensuring they did not adversely impact the company's performance. The incidents paradoxically proved to be a great learning for us. I would like to congratulate my staff, the senior management and the crisis management team for rising to the occasion and handling each situation in a relevant and capable manner. The experience has brought our teams even closer and bolstered our self confidence.

We have big ambitions for the future. We anticipate increased demand for formulations and API products and have therefore proactively started expansion of your company's formulations facilities. We are fortifying capacity at all locations by investing in capital purchases. In January 2012 we started construction of a new API plant in the SEZ zone of the Jawaharlal Nehru Pharma city in Vizag. Your company aspires post a consolidated revenue of Rs 2000 crores by 2014-15. I am confident that the commitment of my fellow Shasunites aided by these project enhancements and investments will contribute handsomely towards the achievement of this goal.

I would like to place on record my sincere appreciation and thanks for the assistance and cooperation received from the Banks during the year under review. I would also like to express my deepest thanks for your continued support and confidence, the support of our customers, suppliers and employees.

With warm regards,

S. Abhaya Kumar
Managing Director
Chennai

building shasun over 35 years

foundations



It was a milestone on everybody's radar and they crossed it with aplomb in March 2012. Rupees One Thousand crores in revenue. Not a mean achievement for a company that started thirty five years ago with a meager capital.

Shasun Chemicals was founded in 1976 as a Private Limited Company. Shasun was derived from the names of the founder late Shri **Shankarlal** Jain and his wife, late Smt. **Sundarbai**. Shri Abhaya Kumar, Shri Shankarlal's second son and the architect of the company, is a chemical engineer by education. His mission for the company was "To be one of the Preferred Partners and Providers of Services to the Pharmaceutical Industry."

Abhaya Kumar initially set up a production facility in Velachery, Chennai in 1977 to manufacture Analgin (antipyretic) as the company's first product which at the time was very much in demand. Soon after in 1980 when the company stabilized and started to grow, Abhaya's elder brother, Dr Devendra joined the company, and in 1982, the younger brother, Vimal Kumar, a chartered accountant, also came into the fold. These two brothers today are whole time directors on Shasun's Board.

As a team the three have played a critical role in Shasun's success story and continue to provide leadership and steer in all aspects of the business.

Shasun quickly moved on to manufacture many products, ramping up production capacities to suit market requirements. And each was a success story in itself. Consider Ibuprofen. In 1985, Shasun acquired land in Puducherry to set up an Ibuprofen manufacturing unit. Starting with modest quantities, Shasun is today the largest manufacturer of Ibuprofen in the world. Ranitidine HCl. The miracle drug of the times for ulcer. At a manufacturing facility set up in Cuddalore in 1991 the company did what was necessary to cater to rising demand. This panache to rise admirably to the occasion underscores the Shasun Way of doing business.

In 1992 Shasun converted into a public limited company as Shasun Chemicals And Drugs Ltd. It declared its first ever bonus in the same year at 1:1 and also established its first overseas subsidiary in Boston, USA. In 1994 the company made its first IPO which was over-subscribed 20 times and listed on the Mumbai, Ahmedabad and Madras Stock Exchanges. In 1996, Shasun closed its subsidiary in Boston and a new one, Shasun USA Inc. was set up in New Jersey USA.

Shasun
has signed
agreements and
contracts with
leading global
pharmaceutical
houses, been
recognized as a
front line export
house, won
accolades and
awards, and
certificates of
suitability

In 2006 Shasun acquired assets in Rhodia Pharmaceuticals, situated at Dudley (UK) and Annan (Scotland), and became truly global. A near sick company when Shasun took over, it slowly turned around under the group umbrella and began making positive contributions to the group's bottom line. Shasun invested time and money to upgrade the facility. It soon took a strategic business decision to close down the Annan unit and consolidated operations at Dudley, increasing capacity to meet future customer requirements.

Over the years the company has successfully faced several audits by vendor companies and inspections by authorizing agencies like the USFDA, UK MHRA, and others from countries around the world. It has signed agreements and contracts with leading global pharmaceutical houses, been recognized as a front line export house, won accolades and awards, and certificates of suitability.

It has received Safety awards, Quality awards, ISO certifications, and its R&D labs have been recognised as qualifying centers for doctoral research. It has filed international process patents, entered into strategic marketing arrangements, signed licensing agreements, and invested overseas to increase its global presence. All of this was achieved with outstanding hard work, remarkable focus and extraordinary commitment. It helped that those at the helm knew the way.

outstanding
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underpins
Shasun
achievements

more than just an edifice





Early in 2011, Abhaya Kumar took over the reins of the company as MD and inspired a telling difference in the company's performance. In March 2012, OrbiMed, a specialised healthcare investment fund, invested Rs. 50 crores for 11.93% stake in Shasun. Through several measures, Abhaya Kumar raised the curtain on a new future for Shasun. By the end of FY 12 remarkably the company recorded a consolidated revenue of Rs.1000 crores putting to bed several years of low morale and poor performance.

Building the culture of an organization requires significant work and commitment. It has to be embraced top down and made a way of life every day in the company. Shasun does exactly that. Its culture is founded on responsiveness to customer needs and superior value added service to help them achieve their business objectives. Fostered by the company's core values, the Shasun culture reflects a winning and positive attitude, one that can build fire in the belly, ignite a passion for the task at hand and spread like contagion in the workplace.

The Shasun way of life promotes transparency — it encourages staff to take pride in being open, straightforward and honest. Interpersonal relationships are important in Shasun — people respect each other and rejoice and celebrate another's win as if it were their own. Shasun upholds integrity without compromise in everything that a Shasunite says or does.

Shasun's culture is founded on responsiveness to customer needs and superior value added service to help them achieve their business objectives

It aspires to be the best place to work in, the employer of choice for today's talented workforce. The company promotes curiosity and innovation as a way of life and wholeheartedly supports its staff in their inventive efforts. It is inclusive in its approach and attracts some of the best minds in the industry — professionals who are post graduates or PhDs — and is committed to crafting them into singular future leaders for the company and for the country at large. Simply said, Shasun values its people, believing without reservation they are its most valuable asset.

Today Shasun is a leading supplier of active ingredients, intermediates, chemistry, analytical services and formulated products to the pharmaceutical industry; its people, facilities and capabilities are amongst the best in the industry. Shasun covers the entire lifecycle of a product at all scales from the pre-clinical and clinical phases to validation and commercial supply while fully complying with HSE and cGMP regulations and standards within FDA, MHRA, and Japanese approved facilities.



The future is looking bright for the company. Several products are projected to go off patent in the next few years. Shasun has already filed the Drug Master File (DMF) with the US FDA in 2009 to sell the API for Sevelamer and Colesevelam when they become generic in 2013/14 to US companies interested in producing the formulations. In addition the company has several other APIs under development, products which will turn generic in the next three to five years. Shasun likes to market its generic formulations to leading pharma companies worldwide. This is easily achievable as it offers the highest quality standards in all its products.

Shasun now has sales offices in Japan, London, and New Jersey. The company's Formulation Research Center is preparing to file a series of Abbreviated New Drug Applications (ANDA) which will allow them to market their tablets and capsules in the USA.

The morale is perceptibly high amongst the staff—they are all ready to grab any opportunity that spells success



Shasun's success story is the result of a long term business strategy. The company supplies a wide variety of drugs in very small quantities, sometimes even 5 or 10 kg, for clinical trials of new drugs. The regulatory norms of the US FDA and of other countries require an applicant seeking approval to market a drug to state where they plan to produce the drug. Approvals are easier and faster to obtain if the contract manufacturer who supplied the medicine during the clinical trial phase is also the registered supplier for the commercial phase, as prior approvals would already be in place whereas a change of vendor will necessitate a long and expensive protocol. The wholly owned subsidiary Shasun Pharma Solutions Ltd at Dudley, UK, steps in as a manufacturing site in such situations making it possible for Shasun to offer a choice to its customers of a manufacturing site: India or the UK.

The company is all set and fired to reap rich dividends. It has over 1500 employees in India, the UK and the US. The company just observed its 35th anniversary with celebrations in all its offices and has taken on a strategic partner who has invested Rs. 50 crores in the business. Running a sustainable business and creating shareholder value still remains top-of-mind for the management at Shasun. The organization is futuristic. It embraces change and even welcomes it as a road to improvement. Most impressively, the leadership at Shasun walks the talk providing unparalleled inspiration to its people. The company has a growing presence on the world pharmaceutical stage and it enjoys tremendous trust from global brands.

Shasun's success did not come without hurdles. But driven by single-minded dedication and project management extraordinaire, three brothers, first generation entrepreneurs, have taken charge of the company's momentum and performance. The morale is perceptibly high amongst the staff — a large number of drugs are going off patent in the next 2 to 3 years and the company is all ready to grab the API contracts for at least a few of them. Shasun has unveiled an ambitious strategy to cross Rs. 2000 crores consolidated gross revenue by 2015. It is easy to see why the curtain is just rising on the Shasun stage.



We Conceived

thirty five years ago that we would stand apart as an end-to-end service provider to the pharma industry, adding value from drug development to synthesis, from proprietary to collaborative research, and from lab-scale to commercial production . We aspired to leave a distinctive footprint in the pharma landscape through our transformational business practices, market savvy, and fastidious people centricity—be it our own, our clients, investors or shareholders. We therefore decided to be highly selective in the way we grew. We invested where we knew it would return value and built our infrastructure to be world class. We recruited who we knew were best of breed professionals and they have been expert at optimizing our core and extracting its full potential to add value to our objectives.

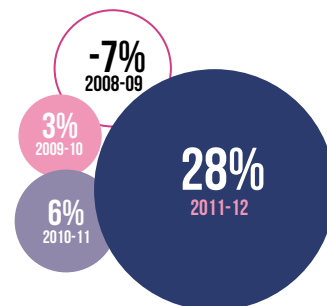
We Delivered

Shasun Pharma Solutions Limited in the UK offers the full range of services across the entire range of the product life cycle from proof of concept to commercial supply. The Dudley site with an average twenty year experience amongst its staff, achieved a 100% record performance in the “Process Right First Time”. Infrastructure upgrade, new capabilities, and capacity enhancements for key production activities has fructified in sales growth of 13% over last year and a 100% growth in PAT.

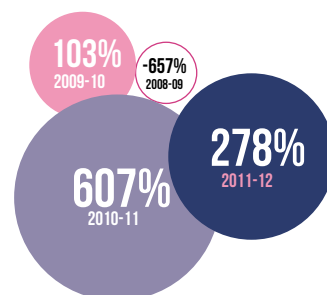
Meeting global standards and certified by governing bodies across several countries the API units at Puducherry and Cuddalore contributed to over 50% of the company’s turnover. The facility at Puducherry is the world’s largest producer of Ibuprofen and other products that have seen increasing demand in newer geographies.

The Formulations facility in Puducherry that has been built to world class standards provides seamless transition from R&D through small scale to large scale commercial manufacturing. Shasun is the supplier to the top brands in the domestic market for its recombinant Fibrinolytic drug.

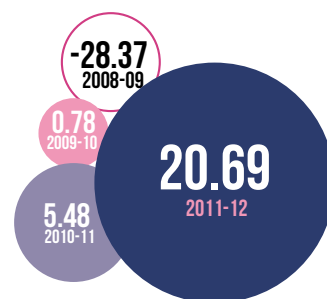
consolidated performance



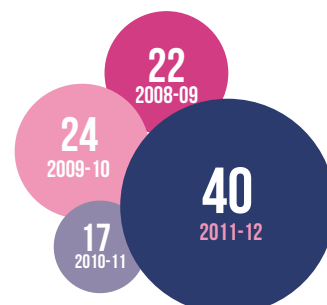
Growth in turnover



Growth in PAT

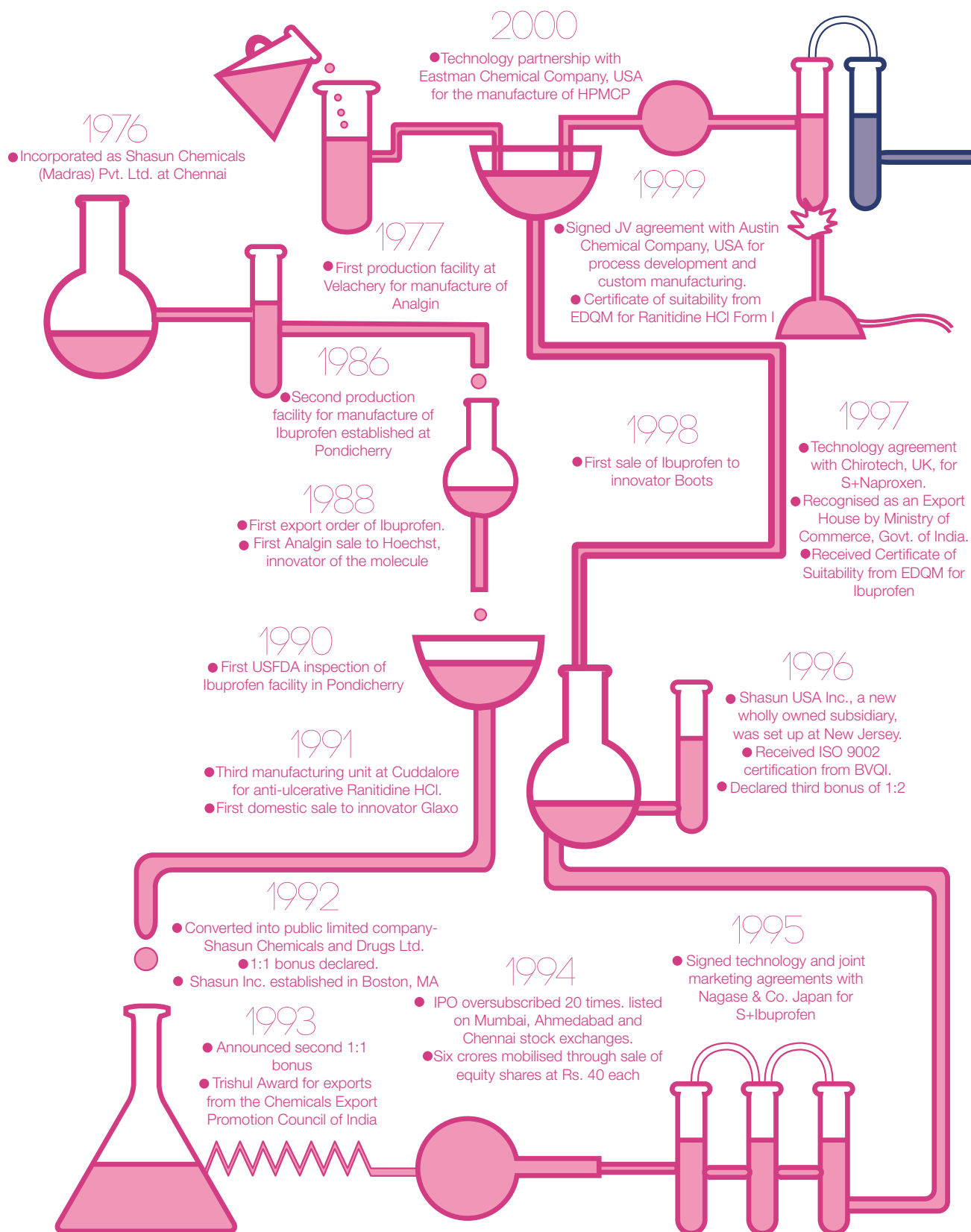


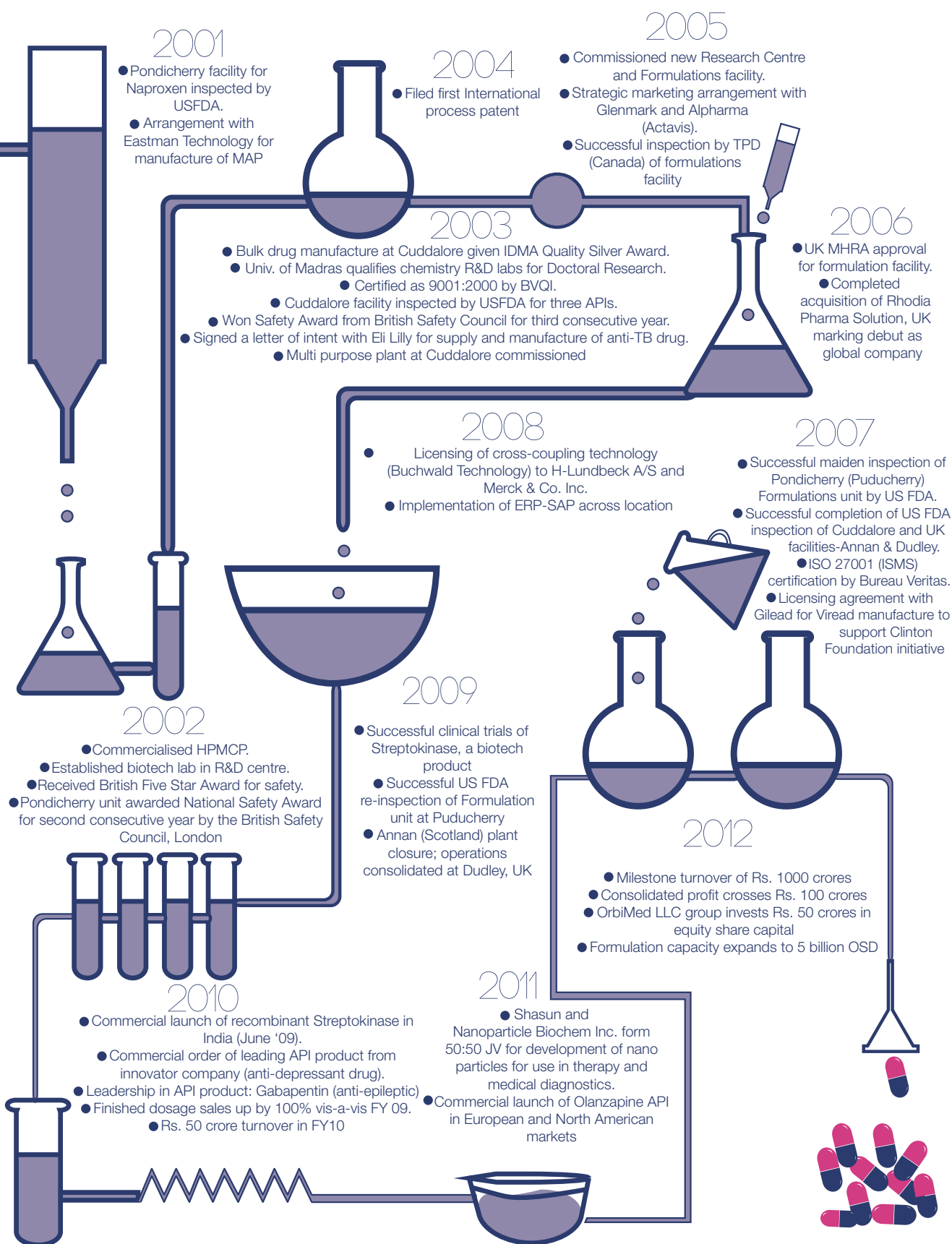
Earnings per share



Book Value

creating milestones





rising to the challenge

What is the Value proposition SPSL offers to its Customer?

With a forty year experience, a demonstrated performance in the pharmaceutical industry and a global asset base that leverages the benefits of the East and West to provide value led services to clients, SPS in the UK offers tailored solutions to its customers in all services and manufacturing across the entire drug development life cycle. Working out of world class facilities its experienced staffs have the capability to move from proof of concept to commercial manufacture in the same site and are able to infuse proprietary technology into their processes to enhance the speed and value they offer their clients. SPSs business practices are founded on a strong compliance culture and all staff are trained to handle the most hazardous chemicals safely.

What is the differentiator SPSL brings to the table?

The organization is responsive, enthusiastic and passionate about customer needs. Top class customer service is top of mind for everyone starting from the top down. And because of well knit collaborative integration with the India business units which encourages sharing of knowledge, expertise and best practices, SPS is able to offer superior and differentiating service to its global customer base.

169 years combined service
amongst senior management

24 Chemists] technical & analytical staff
5 M.S.	
26 Ph.Ds	

60 customer visits

16 successful customer audits

13% sales growth over last year

100% growth in PAT

16 new products





How has SPSL lived its promise?

The CRAMS unit at Dudley, UK has won the UK North East of England Process Industry Cluster (NEPIC) 2012 Award for innovation jointly with India for the second year in a row. The award was given in recognition of the successful development of a safe and scalable process for the manufacture of substance (-)-Huperzine A. The new process is a huge improvement over the existing synthetic methods and has the capacity to produce several hundred grams of (-)-Huperzine A with a chemical and optical purity greater than 99%.

(-)-Huperzine A has shown remarkable improvement in memory loss and better cognitive performance in patients suffering from Alzheimer's disease. It has also been found that (-)-Huperzine A is a potent and reversible acetylcholinesterase inhibitor proving itself invaluable for the treatment of Alzheimer's.

The award is testimony to the collaborative effort of the Shasun development teams in the UK and India. The work will soon be published in 'Organic Process Research and Development', a publication of the American Chemical Society.



UK Chemical Industry
Association Diamond Award
for 10 years of continued
safety performance

Record performance of
'Process Right First Time' of
100 %

Carbon credit allowance
achievement of £ 125k

Environmental award for
Wetlands



making every molecule count

API - Shasun India

Process development and infrastructural capability are two cornerstones of the Shasun enterprise. The API facility, in Puducherry is dedicated to the manufacture of Ibuprofen and Ibuprofen derivatives, to meet the needs of global customers and now enjoys the distinction of being the largest manufacturer of Ibuprofen globally.

The infrastructural highlights of this unit are an effluent treatment plant with marine discharge facility and a Pilot Plant for Contract/Custom Manufacturing, apart from the cGMP facilities.

Among the upgradation and optimization plans that were successfully completed over the last year is the installation of a new alternative Fuel Boiler resulting in reduced steam cost, and the expansion of the facility.

In keeping with Shasun's policy of regulatory compliance, the facility underwent inspections by US FDA, EDQM, DMA, UK MHRA, PMDA, and other regulatory organizations and received approvals

on all inspections. The first surveillance audit for ISO 14001:2004/OHASA 18001:2007 was also successfully completed.

Shasun's first multipurpose manufacturing facility, set up in Cuddalore in 2003, specializes both in CRAMS and API generics. The facility runs cGMP operations supported by 4 production blocks.

The Cuddalore unit's current API portfolio includes Ibuprofen, Nizatidine, Ranitidine, Gabapentin, Olanzapine and Cycloserine amongst others.

Shasun continues to enjoy significant traction in its core APIs. The key markets for commercialized generic APIs are North America and Europe in which Shasun enjoys a significant presence, as well Korea, Japan, and Brazil which are emerging geographies for API distribution and sales.

Key drivers for Shasun's API segment are technology tie-ups, facility expansions, cost optimization, and development of new products. A strong foundation in APIs has facilitated the growth of the enterprise. Building on this foundation Shasun's blueprint for the future of its API business is the increased development and production of Ibuprofen derivatives, an increase in API capacity, forays into and directed growth in new markets, the rigorous development and commercialization of new API generics, and an increase in CRAMS-based partnerships.



Formulations

After years of making a mark as an API supplier, Shasun forayed into formulations in 2004. The facility in Puducherry is set up with best in class equipment and uses latest technologies to manufacture a variety of Oral Solid Dosages (OSD). Its annual production capacity is now nearly 5.0 billion tablets.

The facility which includes formulation development laboratories, a cGMP pilot plant and commercial manufacturing space, boasts sophisticated equipment like high speed compression machines and a tablet inspection machine.

The small scale commercial manufacturing plant equipped with Air Handling Units that provide a class 100,000 environment, executes scale up batches, and clinical supplies and regulatory submission batches which follow cGMP regulations.

Shasun is a vertically integrated formulations partner for the pharmaceutical industry and is focused on the regulated markets of Europe and North America besides several emerging markets around the world. Its R&D services include formulation research and development activities, analytical method development and validation, scale-up and technology transfer, clinical supplies manufacturing and full scale commercial manufacturing. The Center conducts stability studies according to ICH guidelines and also provides Regulatory Documentation services for the preparation and submission of dossiers.

Shasun also brings the advantage of forward integration to its partners, as it can combine its API's and Formulation capabilities. The facility is built to meet the regulatory requirements of various countries and customers, and can file products for a range of markets. With its capability for manufacturing finished dosage forms that can be labeled, packaged and shipped directly to customers' warehouses, Shasun literally provides a one-stop solution for its global partners.

Shasun's packaging facility is equipped with the latest machineries to pack products in HDPE Bottles, Blisters and Bulk packing. They can barcode as per DGFT requirements at both the primary and secondary level packing besides providing Pharma-codes on all printed packaging materials.

The entire production process of Shasun's Formulations unit is approved by TPD, Health Canada; MHRA, UK; US-FDA; WHO-Geneva and various other customers.

Shasun aims to double its revenue. It plans to explore new territories and increase capacity, all in preparation for potential new product approvals aimed at meeting the growing needs of its existing customers.



raising the curtain on brand Shasun

One of the pillars on which Shasun founded its business and strategized its growth over the last 35 years was on the supply of APIs to leading international pharmaceutical companies in Europe, North America, Latin America, South America, South East Asia, and to many frontline domestic companies in India. Shasun's strength in research and production has been recognized through the institution Contract Research and Marketing (CRAM) programmes for several international pharmaceutical houses and the resounding success of the worldwide sale of our formulations.

The last year, specifically early 2011, saw a first for our company: we pioneered the Shasun brand of products (Formulations and Biotech) in the areas of cardiology and diabetology — two of the fastest growing segments in the pharmaceutical industry in India.

In April 2011, Shasun launched **WARFEN** (an anticoagulant) which has become the drug of choice for prevention of clots after surgeries like heart valve replacement and for the treatment of strokes. **GLIMSEN** is a well-accepted and widely prescribed drug for Type 2 diabetes. **LIFOKINASE**, a drug prescribed for acute myocardial infarction (AMI), by cardiologists in ICUs, is another popular Shasun drug. Currently many products are under registration in several countries around the world.

Shasun promotes its brand through its own well-trained field sales officers. The newest of its offerings are **VOLIWIN** and **METOSIR**, both for Type 2 diabetes. **VOLIWIN** is especially effective in reducing postprandial (after food) blood glucose levels. Shasun has several drugs in the pipeline in the areas of gastroenterology, cardiology, diabetology, nephrology, and oncology which will shortly be introduced into the market in India and other countries.

Shasun believes this foray is an excellent opportunity for building its brand equity and making Shasun the brand of choice in the pharmaceutical sector in the coming years.





SRC serves as
Shasun's
nerve centre
for R&D
activities

evolving new synergies

SRC

At the core of Shasun's operations is its thrust on delivering excellence through innovation. Shasun realized early on that the opportunities provided by the CRAMS space proved an ideal fit for the company's synergistic capabilities and its aspirations to become a one-stop solution provider to Pharma companies worldwide.

Shasun's commitment to a sound research environment in an abiding belief that a strong research foundation underpins robust solutions led to the establishment in 2005 of the Shasun Research Centre (SRC) in Kelambakkam, Chennai. The cGMP compliant research facility is supported by an experienced team of researchers and technological capabilities that run the gamut from analytical laboratories to kilo-scale manufacturing, and a credo that "For Life—Science Works".

SRC serves as a nerve centre for research and development activities spanning in-house API research, comprehensive CRAMS offerings, technology development, and collaborative research with industry and academia.

The research and development activities that ensue encompass processes applicable to both CRAMS and APIs. Analysis and assaying, process validation and optimization, stability studies, and kilolab production are enabled by analytical laboratories and a cGMP Kilolab. The infrastructure additions in the year past include parallel synthesizer, thermal monitoring system for reactions, and UPLC (a faster version of HPLC).

The last year has been significant in terms of infrastructure growth and achievement of research and development milestones. A highpoint was the NEPIC 2012 Innovation Award in UK for joint work by the Indian and UK teams towards the development of a synthetic process for a natural product with potential in the treatment of Alzheimer's.

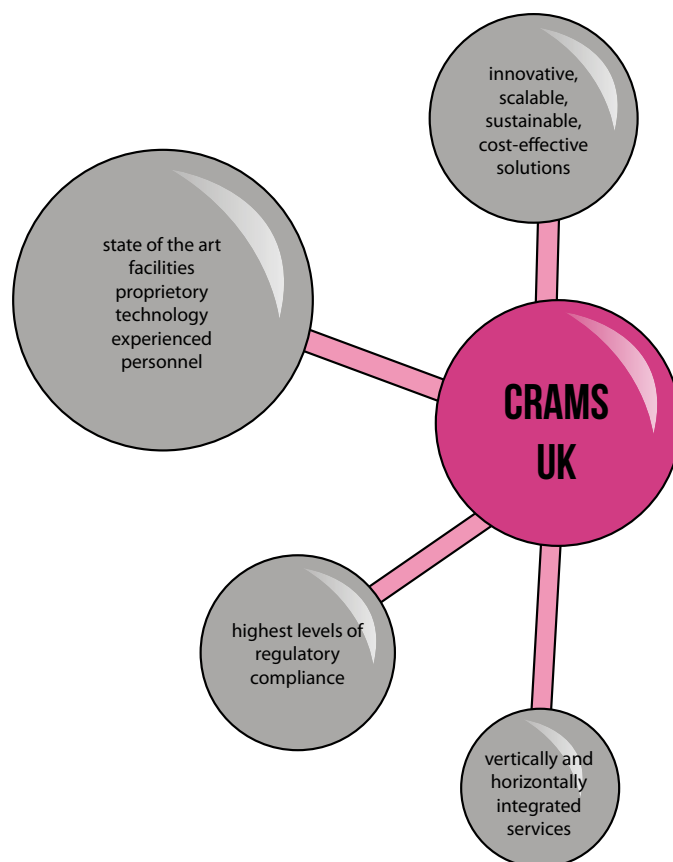
Shasun's R&D service at SRC differentiates itself not just through its range of capabilities, but through the people and the passion they bring to their business. Continuous process innovations and strong support from international subsidiaries and CRAMS, along with a keen eye on customer services and innovative solutions, has Shasun strategically poised for synergistic growth and diversification.

CRAMS UK

Shasun Pharma Solutions Ltd. at Dudley has, through its 40 year engagement in CRAMS, decidedly moved up the value chain. The one-site integrated service facility has been providing custom development and contract manufacturing services to the global pharmaceutical industry, and has a track record in the supply of chemical and analytical services across the entire product lifecycle and production scales, from pre-clinical to commercial supply. A dedicated project management system melds HSE, Quality, Production, and engineering expertise with scientific expertise to deliver efficient and innovative processes that at the outset are economical, sustainable, and scalable.

Complementing their enormous scientific capabilities, strong knowledge and skill base in chemistry, is a comprehensive range of analytical services from analytical method development, validation and transfer to bespoke services such as impurity identification and quantification, reference standard preparation, salt-screen evaluations, polymorph studies and forced-degradation and stability studies.

World class safety and quality standards demonstrated through successful MHRA and FDA inspections and CIA Gold Awards for Safety for the last 3 years is testimony to SPSSL's deep commitment to regulatory compliance.



kilo-production to nanotechnology: upsizing and downsizing biotechnology

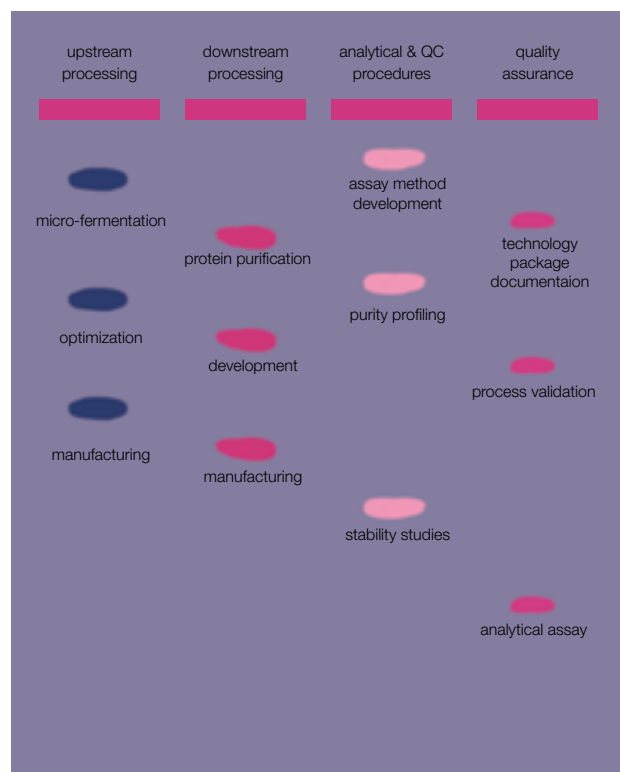
Acknowledging the role of biotechnology as a leading change agent in the global pharmaceutical space, Shasun in 2002, made its foray into this area with an aim to capitalize on the growing pipeline of biopharmaceuticals with state-of-art infrastructure & process development expertise.

The first significant breakthrough for the unit came in 2009 with a commercial foray into the bio-similars market under a successful culmination of a public-private partnership. The biotech unit at Shasun spent considerable effort to develop a robust and efficient process for the manufacture of recombinant streptokinase which was licensed from IMTECH, Chandigarh. The comparability to innovator drug was proven in a multi site blinded clinical trial. In March 2011, a WHO-GMP & COPP (Certificate of Pharmaceutical

Products) approval for streptokinase injection was obtained and dossiers were submitted in FY 11-12 for registration in export markets.

Shasun retained significant market share for its product, having developed processes to stabilize it and render it safe for use as a life-saving injectable for myocardial infarctions or heart attacks. Due to the demand, Shasun has now doubled the production volume of streptokinase and foresees itself as a major player in the domestic and international markets.

In keeping with its spirit of innovation, Shasun entered into collaboration in 2010, with Nanoparticle Biochem. Inc. (NBI), a spinoff company of the University of Missouri. The joint venture called Shasun-NBI LLC, has embarked on an exploration of the clinical application of nanomedicines towards the diagnoses and treatment of various cancers.



making safety a habit

Occupational health and safety of the people and protection of the environment is of prime concern to Shasun. The company commits to making the workplace free from exposure to hazardous chemicals, and to providing its high performance workers the best possible protection against workplace hazards. Shasun endeavors and commits equally seriously to conserving natural resources and minimizing assaults on the environment. Its mission is to protect its people, respect its neighbours and the environment, safeguard its assets, and support its customers and the business.

Shasun has adopted many definitive measures towards these objectives and adheres strictly to the EHS statutes and norms. Shasun's EHS policy ensures the creation and maintenance of a safe, clean and healthy workplace for the employees, and the community at large including visitors and contractors. Training programs are conducted regularly to instill a sense of duty in every employee towards personal safety as well as that of others who may be affected by the employee's actions.

The company ensures safe handling, storage, use, and disposal of all substances and materials that are classified as hazardous to health and environment and strives to reduce waste, conserve energy, and promote recycling of materials wherever possible.

To ensure consistency in EHS practices across all business units, Shasun has an Integrated EHS Management System. Shasun brings EHS considerations into its Business Planning and decision making and provides the organizational structure and directive needed to achieve these objectives. Process safety and management techniques like Safety Audits, Analysis, Operability Studies and Documentation of safety related information are built into their operations.

A green belt has been developed across all Shasun facilities by planting and propagating the "Bheema bamboo" - a fast growing, tissue culture based variety of bamboo.

Moving forward, Shasun aims to reduce water consumption, recycle waste paper, and conserve energy by changing over from fossil based fuel (furnace oil) to environment friendly fuel (agriculture wastes/biomass) in the Thermic Fluid Heater.

In striving to match international standards in bench marking Shasun's plant design, choice of equipment, maintenance of the units and the environment around the workplace and operations are constantly scrutinized and maintained at the highest standards possible



effecting sustainable change

The Shasun Board has identified 3 focus areas in which to influence long term sustainable change: Health, Education and Environment preservation. Projects in these areas are identified in a participatory manner, in consultation with the community and implemented through the Shasun Foundation. Collaborative partnerships are formed with the Government, the District Authorities, the village Panchayats, NGOs and other like-minded stakeholders. This helps widen the reach and helps the foundation to leverage the collective expertise, wisdom and experience that these partnerships bring to the table.

Shasun firmly believes they have a social responsibility to spread awareness about preventive health care. They also aim to level the reach of responsible health care amongst all sections of the community. The dispensary which was started 15 years ago in Puducherry was founded on this conviction. One of the initiatives was the free distribution of prescription and over the counter medicines to the economically weaker sections of the community. Various health camps are conducted regularly and hundreds of people in the neighboring areas attend these camps.

In the field of education Shasun endeavors to spark a desire for learning at every stage of a child's school life. They believe they have a responsibility to promote high quality primary and girl child education programs. The company distributes school supplies, books and other educational items to school children around the Puducherry factory.

Shasun understands that the availability of essential services like safe drinking water, sanitation & hygiene lie at the heart of sustainable development. With a view to providing these basic everyday necessities, they have been supplying drinking water in villages around the factory, and where possible have also assisted in sinking bore wells to enable long term availability of clean water.

Shasun partnered with Huma Hospitals, Chennai, to donate a mobile computerized radiography unit mounted on a van to the Rotary Club of Madras Southwest. The concept is a novel one and the first of its kind in India. This is very useful during mass health camps in peripheral areas where access to hospitals can be limited and can be used to diagnose a variety of pre-symptomatic non-infectious conditions, especially in high risk groups.

At times of adversity such as natural disasters, Shasunites have been on the frontline helping bring some normalcy to the lives of the ravaged. For example after the cyclone Thane, Shasun staff distributed food, clothing, and other basic necessities like rice and pulses.

Shasun's subsidiary in Dudley, UK, Shasun Pharma Solutions Limited (SPSL), also places great emphasis on its responsibilities to the community it operates in, and has built a name for itself for over forty years as a responsible corporate citizen. It is noteworthy that through internal initiatives, the company accumulated carbon credits worth 125K Pounds last year.

SPSL operates a community emergency plan and effectively communicates this in a systematic fashion to those concerned. When there are issues, the response team takes responsibility and provides support.

Several senior executives of SPSL are intimately engaged in the activities of local schools – from the primary right up to the University, both state and private at the local and county levels. They run office as Governors and also participate in science and industry education panels. The management gives school children and teachers, enriching opportunities to visit the office and experience first-hand, 'Science at Work' thereby igniting their minds for a career in the pure sciences.



Shasun's vision is to actively

Three Focus areas

contribute to the social and

HEALTH

economic development of

EDUCATION

the communities in which we

ENVIRONMENT

operate

SPSL balances such activities with responsibility to the environment. A group of employees voluntarily took it upon themselves to fund and develop a wetlands and wildlife area on the site of the company's reclaimed and remediated industrial wastewater lagoons in Dudley in collaboration with neighbors and local businesses. The Wetlands adjoin the company's Biological Waste Treatment facility. This area was formerly the site of three industrial effluent lagoons prior to which it was a spoil mound for the Dudley colliery. In 1999, two of the lagoons were refilled with fresh water and the third was turned into a marsh to support biodiversity. Over the years the area has regenerated itself as a natural habitat and now consists of two large ponds and a small island in the centre of the lake. As part of its environmental vigilance exercise, the company undertook the re-profiling of the lagoon margins to level out the steep banks.

A team was formed in 2006 to implement biodiversity projects; they created a 'bug-hotel', a nature hide, and a variety of bird boxes to propagate different species. Trees and grass in the wetlands are now maturing. Birds like swans and geese, coots and oyster catchers, and insects like the dragon and

damsel fly, bees and butterflies have adopted these marshes as their home.

The Wetlands at Dudley UK, is a leading example of committed corporate citizenship in environmental regeneration and preservation. It won an award for Environment preservation.

Starting from the top down, people at Shasun are continuously looking for ways to create a positive and long term social impact in the community they operate in. They are committed to influencing a transformational and sustainable change for the betterment of the indigenous and broader communities.



directors' report

Dear Shareowners,

The Directors take pleasure in presenting the Thirty Seventh Annual Report of your company together with the audited statement of accounts for the year ended March 31, 2012.



Shasun encourages its scientists to initiate research in various domains of synthetic organic chemistry to generate expertise

FINANCIAL RESULTS

Rs. in Mn

Financial Results for the year ending	Standalone		Consolidated	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Gross Revenue	7,768.73	5,831.30	11,073.23	8,564.17
Profit before interest, Depreciation and Tax	924.82	549.09	1,639.02	934.33
Profit before tax	372.73	83.59	796.33	235.95
Profit after tax	530.58	48.77	1,005.67	266.24
Appropriated as follows				
Dividend on Equity Shares	119.14	14.56	119.14	14.56
Tax on Dividend	19.33	2.36	19.33	2.36
Transfer to General Reserve	53.06	5.00	53.06	5.00
EPS (diluted) on the basis of Rs 2/- share before prior period item	10.76	1.00	20.39	5.48

A detailed analysis of the operations of the company has been provided in the management discussion and analysis report, which forms a part of this annual report

1. Dividend

The Board of Directors of the company at its meeting held on March 15, 2012, declared an interim dividend of Rs.2.00 per equity share of Rs.2.00 each. The total outflow on account of interim dividend including tax on distributed profits is Rs.112.84 Mn (Rs. Nil for previous year)

Your Directors are pleased to recommend a final dividend of Rs.0.40 per equity share of Rs.2.00 each for financial year 2011–12. This dividend, if approved at the ensuing AGM will be paid to those shareholders whose name appear on the register of members of the company as on August 2, 2012. This dividend, along with an interim dividend of Rs.2.00 per share (already paid), raises the total dividend for the financial year under review to Rs.2.40 per share. The total outflow on account of dividend, including tax on distributed profits, is Rs.138.47Mn (Rs.16.92 Mn for the previous year)

2. Directors

In accordance with the Articles of Association of the Company, Mr. R. Sundara Rajan retire by rotation and is eligible for reappointment.

The Board appointed Mr. N. Subramanian as Additional Director on the Board of Directors of the Company on August 19, 2011. He will hold this office till the next Annual General Meeting of the Company. Due notice has been received from a member proposing his appointment. It is proposed to appoint him as Director of the Company liable to retire by rotation. The resolution for the same has been included in the notice of the Annual General Meeting.

The Board also appointed Mr. M. Mohan as Additional Director and Wholetime Director on the Board of Directors of the Company on August 19, 2011. He will hold this office till the next Annual General Meeting of the Company. Due notice has been received from a member proposing his appointment. It is proposed to appoint him as Director of the Company liable to retire by rotation. The resolution for the same has been included in the notice of the Annual General Meeting.

The Board also appointed Dr. Sunny Sharma as Additional Director on the Board of Directors of the Company on March 29, 2012. He has been nominated by the Investor — M/s. Caduceus Asia Mauritius Limited which is a subsidiary of OrbiMed. He will hold this office till the next Annual General Meeting of the Company. Due notice has been received from a member proposing his appointment. It is proposed to appoint him as Director of the Company liable to retire by rotation. The resolution for the same has been included in the notice of the Annual General Meeting.

The Board at its meeting held on May 24, 2012, reappointed Dr. S. Devendra as Wholetime Director, Mr. S. Abhaya Kumar as Managing Director and Mr. S. Vimal Kumar as Wholetime Director for a period of three years with effect from August 1, 2012. The resolutions for the same have been included in the notice of the Annual General Meeting.

Mr. Tapan Ray and Mr. V.F. Banaji have stepped down as Directors from August 19, 2011. The Board acknowledges their contribution and thank them for their valuable guidance to the Board during their tenure.

3. Allotment of Warrants and Equity Shares

During the year under review, based on your approval, the company allotted 15,00,000 warrants @ price of Rs. 75 per share convertible into equity share of Rs.2/- each per warrant with premium of Rs.73/- per share on a preferential basis to promoter group and directors and the warrants are outstanding as on March 31, 2012 with paid-up value of Rs.18.75 per warrant.

4. Equity capital investment

During the year ended March 31, 2012, the Company made a preferential allotment of 65,78,947 equity shares of Rs. 2.00 each at a premium of Rs. 74.00 per share aggregating to Rs. 499.99 Mn to M/s. Caduceus Asia Mauritius Limited, Mauritius, a subsidiary of M/s. OrbiMed LLC, USA, a SEBI registered Foreign Venture Capital Investor, after obtaining the approval of the shareholders and Stock Exchanges. In response to the Company's intimation through the Authorised Dealer, the Reserve Bank of India has advised the Company to obtain the approval of the Foreign Investment Promotion Board (FIPB) in respect of such investment. The Company is in the process of filing the necessary documents with the concerned authorities. The Company believes that there will be no material financial implication arising out of the aforesaid matter.

5. Auditors

The Statutory auditors of the company, M/s B S R & Co. Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

6. Cost Audit

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company. Subject to the approval from the Central Government, Board has appointed M/s. Geeyes & Co., Cost Accountants as cost auditor of the Company for the financial year 2012-13. The Cost Audit is under process and the Company will submit the cost audit report to the Central Government within the prescribed time.

7. Listing arrangements

The company's shares are listed in the Bombay Stock Exchange and National Stock Exchange and the annual listing fee has been paid to these exchanges.

8. Subsidiaries

The company has five subsidiary companies as on March 31, 2012. The members may refer to the Statement under Section 212 of the Companies Act, 1956, and the information on the financials of the subsidiaries appended to the above statement under Section 212 of the Companies Act, 1956, in the Annual Report for further information on these subsidiaries.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies in prescribed formats.

9. Cyclone Thane

Due to Cyclone Thane, the operations at Cuddalore and Puducherry were shut down for 5 days in December, 2011. The Company has undertaken relief measures by distributing essential items to residents of the nearby affected villages.

10. Environment, Health & Safety

Shasun has a team of experienced and competent resources in the management of Environment, Health and Safety. The EHS resource team is well structured catering to Process safety, General & Occupational Health and Safety, Fire Safety, Compliance management and ETP operations at the site level, managed by the Corporate EHS under the guidance of the EHS director.

The team invests proactively in process safety studies like Hazardous Area classification studies, Consequence Analysis /Quantitative Risk Analysis PHA, What-if analysis, HAZOP and Work place Chemical Risk Assessments.

Towards better EHS management and operational control, the Environmental Management System (EMS ISO 14001:2004) and the BS OHSAS 18001:2007 are well integrated as Integrated Management system, which is periodically audited for the adequacy and continual improvement.

To effectively manage health and safety practices and provide maximum protection

Shasun wants to go beyond just compliance by adopting the bench marking system of the British Safety Council.

From the Environmental protection front, Shasun has taken many water recycling and reuse initiatives through Advanced treatment technologies like Electrochemical oxidation and coagulation. Towards better treatment efficiency and Wastes reduction, increased focus is given by implementing comprehensive Source Segregation Scheme.

Solid waste management has been improved through environmentally friendly recycling/reuse of wastes in collaboration with reputed organizations for paper recycling, plastic waste recycling and E-waste recycling.

As part of social accountability and Corporate responsibility, the company organizes various health related medical programs, intra school competitions and interschool competitions and appreciation of the achievers in various disciplines.

11. Corporate Governance and Management Discussion and Analysis

The Corporate Governance and Management Discussion and Analysis reports as set out in annexure hereto form an integral part of this report. A certificate from the auditors of the Company certifying compliance of the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with stock exchanges is also annexed to the report on Corporate Governance.

12. Personnel

The Directors wish to place on record their appreciation to the employees for their notable contributions to the Company and for the co-operation extended to the management in maintaining harmonious industrial relations at all the units.

13. Particulars of Employees

The Statement of Particulars of Employees, providing information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, form a part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding this statement is being sent to all the members. Any member interested in obtaining a copy of this statement may write to the Company Secretary at the Registered Office.

14. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended up to date is annexed hereto and the same forms part of the report.

15. Directors' Responsibility Statement

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

- a) That in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure has been made from the same.
- b) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit or loss of the company for that period.
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) That they have prepared the annual accounts on a going concern basis.

16. Public Deposits

The company has not accepted any public deposits.

17. Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks during the year under review. Your Directors also place on record their deep sense of appreciation for the continued support of customers, suppliers, statutory authorities and investors of the company.

For and on behalf of Board of Directors

Place: Chennai
Date: May 24, 2012

S. Abhaya Kumar
Managing Director

Dr. S. Devendra
Wholetime Director

S. Vimal Kumar
Wholetime Director

ANNEXURE 1

Statement as per Section 217(1) (e) of the Companies Act 1956

A. Power & Fuel Consumption		Year ended 31.03.2012	Year ended 31.03.2011
Electricity			
a. Purchased units	in 000's	41,964	38,365
Total amount paid	Rs in 000's	187,930	184,052
Rate per unit	Rupees	4.48	4.80
b. Own generation by			
I Diesel Generator(Units)	in 000's	7,159	5,977
Unit per Ltr. of Diesel Oil		3.63	3.41
Rate per unit	Rupees	11.54	11.11
II Windmills (units)*	in 000's	3,999	3,163
Amount Adjusted	Rs in 000's	14,772	10,714
Rate per unit	Rupees	3.69	3.39
Others			
Furnace Oil	Kgs in 000's	4,706	7,282
Total Amount paid	Rs in 000's	170,467	197,566
Rate per Kg	Rupees	36.22	27.13
Fuel Briquettes	Kgs in 000's	9,032	-
Total Amount Paid	Rs in 000's	47,207	-
Rate Per Kg	Rupees	5.23	-
B. Consumption per unit of Production.			
Electricity purchased	KWH/ton	6.47	5.88
Diesel Generator	KWH/ton	0.30	0.92
Furnace Oil	Kg/ton	0.73	1.12
Fuel Briquettes	Kg/ton	1.39	-

* Power generated from windmill is adjusted to power consumption at the Cuddalore unit

ANNEXURE 2

Information under Section 217 (1) (E) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

Research and Development:

Shasun's R&D center is located at Kelambakkam, on the outskirts of Chennai. Shasun Research Center (SRC) has been operating successfully for the past six years and is primarily engaged in developing innovative and cost-effective processes for Shasun's in-house needs (generics development) as well as for external customers under its CRAMS offerings. Infrastructural enhancements have been made in a phased manner to ensure the best service standards and thereby ensure customer satisfaction. The facility has been appreciated by many of its customers for its technological sophistication and professional workforce.

SRC is well equipped with the latest equipments used in synthetic organic chemistry and process research. The Centre encourages its scientists to initiate research in various domains of synthetic organic chemistry to generate expertise, and for them to identify newer areas which could be potential revenue drivers for the Company in the near future. Our development lab is equipped with some highly sophisticated equipments like EasyMax™ 102 , which is useful for reaction condition screening, to study reaction kinetics with provisions for dual temperature conditions; both hot and cold reactions can be performed in parallel.

Another addition to the synthesis laboratory is the Parallel Synthesizer — a 12 Carousel reaction vessel. This equipment is very useful to perform 12 reactions at a time with various reactant and reagent ratios. Within a short span of time one can obtain optimized reaction condition as well with minimal raw material usage.

The Analytical development lab is equipped with an Ultra High Performance Liquid Chromatography (UPLC) which is used to carry out the analysis of chemical compounds within shorter time periods than the conventional liquid chromatography. This lab is supported by sophisticated equipment and tools that carry out complex organic molecule impurity identification and characterization.

Shasun's acquisition of Rhodia Pharma Solutions enabled it to acquire commercial rights to cutting-edge procedures such as Hydrolytic Kinetic Resolution (HKR), and Trifluoro-methylation allow it to differentiate itself from its competition. Over the last four years, SRC has consciously invested in resources to be deployed for handling these technologies to generate significant know-how, thereby enabling it to service the process development needs of its customers in a more efficient manner. It may be worth mentioning here that Shasun Pharma Solutions Limited, UK, together with Shasun Pharmaceuticals Limited India, recently won the most coveted NEPIC innovation award for the year 2012 (for the second time) for the development of New and Scalable Processes for the synthesis of Huperzine A (for treating Alzheimer disease)

On the academic front, Shasun encourages senior scientists to pursue basic research collaborations with stipulated academic research institutes in order to upgrade their knowledge and skills. Currently about six of our chemists are registered for their Ph.D programs and have already had their work published in notable high-impact International Journals. That On the work of one of our chemist's has been accepted and selected for an oral presentation at an American Chemical Society conference to be held in the U.S in August, speaks volumes of Shasun's scientific rigour and excellence.

EXPENDITURE ON RESEARCH AND DEVELOPMENT

(Rs. Mn)

	Year Ended 31.03.2012	Year Ended 31.03.2011
Capital	14.76	2.28
Recurring	101.46	140.35
Total	116.22	142.63

ANNEXURE 3

INFORMATION ON FOREIGN EXCHANGE EARNINGS AND OUTGO IS GIVEN IN ITEM NOS. 30, 31 & 32 IN NOTES TO FINANCIAL STATEMENTS.

ANNEXURE 4

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACTS, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company / Step-down Subsidiary	Shasun Pharma Solutions Inc.	Shasun USA Inc.	SVADS Holdings SA	Shasun Life Science Pvt. Ltd.,	Shasun Pharma Solutions Ltd.
Financial Year of Subsidiary Company Ended on:	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
Paid Up Capital of Subsidiary Company	INR 18,414,529	INR 539,880	INR 3,429,500	INR 100,030	INR 412,677,047
Extent of Holding in Equity Share Capital	100 %	100 %	100 %	99.97 %	100 %
<i>The net aggregate profits/(losses) of the subsidiary company so far as it concerns the members of Shasun Pharmaceuticals Limited</i>					
a. Dealt with in the accounts of Shasun Pharmaceuticals Limited amounted to					
For the subsidiary Company's financial year ended on March 31, 2012	NIL	NIL	NIL	NIL	NIL
b. Not dealt with in the accounts of Shasun Pharmaceuticals Limited amounted to					
i) For the subsidiary Company's financial year ended on March 31, 2012	INR (1,274,201)	INR 47,807,715	INR (4,481,520)	NIL	INR 432,006,877
ii) For previous financial years of the subsidiary up to March 31, 2011	INR 124,075,964	INR (36,310,012)	INR 2,639,375	NIL	INR 199,951,970
iii) Material changes between the end of financial year of the subsidiary and that of Holdings Company	No change	No change	No change	No change	No change

For and on behalf of Board of Directors

Place: Chennai
Date: May 24, 2012

S. Abhaya Kumar
Managing Director

Dr. S. Devendra
Wholetime Director

S. Vimal Kumar
Wholetime Director

management discussion and analysis

Company Performance

Your company is cognizant of the various emerging trends in the Global Pharmaceutical Landscape and has taken a lot of initiatives to ensure that it is well positioned to leverage the opportunities that arise out of such trends.

The following section discusses such initiatives on a divisional basis

API Business

On a consolidated basis, API and its intermediate business contributed close to 55% of the turnover of the company. On a standalone basis, they contributed close to 79% of the total sales.

Your Company's strategy with respect to this SBU is to enhance sales and profitability. This could be achieved through

- Capacity enhancement of the existing products to meet the growing demand
- Commercializing new products which are under development
- New products development to improve pipeline of products Process Improvement initiatives

Shasun's current API portfolio consists of Ibuprofen, Ranitidine, Nizatidine, Gabapentin and Cycloserine amongst others.

Your company is the largest manufacturer of Ibuprofen in the world. Ibuprofen is a non-steroidal anti-inflammatory drug. Sales of Ibuprofen and its derivatives grown by 10% to Rs 253 Cr from Rs 231 Cr in the previous year. Ranitidine is a widely used anti-ulcerant. During the year under review, sales of this product increased by 4% during the year mainly on account of improved off take in key regulated markets.

Nizatidine is also an anti-ulcerant drug and this product commands a much lower global demand in volume terms. Shasun is one of the largest producers of this active bulk and enjoys major share in the global market. The sale of this product decreased by 4% mainly due to lower off take in Japanese market.

Gabapentin is used for the treatment of epilepsy and neuropathic pain. This molecule has become a significant driver of growth for the Company, both in terms of volume and value. The company registered a growth of 50% during the year in sales of Gabapentin. Your company has undertaken various initiatives to enhance its capacity and competitiveness.

Cycloserine is used to cure 2nd stage tuberculosis and this year your Company has been able to gain better market share of the Global need.

Over all the API business grown by 25% on consolidated basis

Outlook of API Business

The company continues to enjoy significant traction in its core APIs. With respect to Ibuprofen, the company intends to maintain its volume and focus on higher value addition through more sales of Ibuprofen derivatives. Key focus for FY13 is increasing the capacity of the Ibuprofen derivatives to cater to new customers and increased demand from existing customers.

Also your company has taken up with Government of India to increase the domestic Ibuprofen base selling price.

New products introduction is major initiative in FY 13 to enhance the sales and profitability.

This year your Company has plan to invest in new facilities to manufacture three new API's which are to be launched in FY14. This will bring significant volume and value to your Company. The USDMF's filed by your company has been triggered by various customers

This year your Company has plan to invest in Vizag SEZ to create manufacturing capacities for API business segment

While North America and Europe continue to be key markets for your Company, other markets such as Korea, Japan, and Brazil have presented new opportunities thereby opening more avenues for your Company.

Contract Research and Manufacturing Services Business

Your Company has an active presence in CRAMS in both APIs and Formulations

API CRAMS includes

1. Shasun Pharma Solutions Limited, UK
2. CRAMS SBU in India

Formulations CRAMS includes

Finished Dosages facility in Pondicherry caters to contract manufacturing and contract development of finished dosages for Innovator, Emerging and Generic pharma companies.

During FY12, CRAMS consolidated business registered the revenue of Rs 4,753 Mn, comprising 45% of the total consolidated revenue of Shasun and registering a growth of 33% over previous year.

Shasun Pharma Solutions Limited, UK(SPSL)

Operations-SPSL

During FY12, SPSL has continued to focus on its core strengths of safety and quality compliance, continuous improvement and innovation.

Safety performance and compliance were maintained at an industry leading level and during the period successful completion of several major hazard regulatory inspections on key risk control system. In addition, our safety performance and commitment to protecting our people was externally recognized when the site received the Chemicals Industry Association Diamond award for continued improvement in safety performance over a 10 year period. REACH compliance was maintained and expert support and advise continues to be provided to our customer base as part of our service offering.

Compliance with cGMP standards was acknowledged through 16 successful customer quality audits at our facility, in addition to a successful facility inspection by the FDA in May 2011 and successful audit by Japanese authorities in July 2011 Record performance of Process Right First Time of 100% The company has invested around GBP 3 Million at Dudley facility to capacity enhancement and to infrastructure upgrades.

Sales-SPSL

Market interest continues to be driven by our key strengths – technical expertise and capability, speed of response, good facilities, our people and reliability.

SPSL has a unique ability to handle both highly complex and hazardous projects. A world class hazard evaluation capability which is fully integrated into our process development group and project management process allows early understanding and appropriate measures to ensure safe execution. This approach is seen as an advantage over our competitors by several of our customers.

SPSL UK has achieved sales GBP 42.64 Million -13% growth in sales over last year and posted record PAT of GBP 5.64 million .

In 2011, SPSL hosted 60 customer visits to the Dudley site, of which 20 were new and prospective clients.

Science & technology -SPSL

Over the past year we have continued to focus on science & technology as a key initiative to differentiate our offering.

SPSL have observed good progress in the development of our HKR (Hydrolytic Kinetic Resolution) technology and in 2011 a key milestone was achieved with the commercialisation of our 4th generation Salen catalyst and novel synthesis for Hyperzine A (natural product).

This achievement has received external recognition through the 2011 North East Process Industry Cluster Award for Innovation (Winner).

Outlook of SPSL

The SPSL portfolio has grown to 28 launched products. The pre-launch pipeline remains strong with 24 live projects spanning clinical phases. In the financial year one phase 3 projects graduated to launch phase.

CRAMS SBU in India

On the Contract Manufacturing front in India, your Company has posted a substantial growth of 55%. Your Company has taken advantage of global growth in contract manufacturing business. During FY 12, the Company has entered in to FTE agreement with a big pharma company.

Also during current year the Company has integrated UK and India CRAMS to create global sales CRAMS team and 11 new emerging pharma customer acquired

Finished Dosages Business – Formulations CRAMS

Your company offers the services of development and manufacture of Finished Dosages to both Innovator and Generic Companies worldwide. The division achieved sales of Rs. 841 Mn during FY 12, a substantial growth of 62% over the previous year.

The Finished Dosages facility has undergone successful inspections by various regulatory bodies such as US FDA, MHRA (U.K) and TPD Health, Canada. During the FY 12, the Facility underwent its third USFDA inspection with NO 483's and WHO-Geneva inspection.

With WHO-Geneva inspection, Formulation Division is now looking at newer emerging geographies

During FY12, the Finished Dosage Facility utilised its capacity to maximum and capacity to 5 Bn tablets per annum. The expansion was completed in October 2011 and manufacturing has commenced since then.

During FY-12, the Finished Dosage Facility has filed nine Products for registration with various Regulatory Agencies and also has received seven approvals for the products filed for registration during earlier period.

Outlook of Formulation CRAMS

Finished Dosages Business remains a major opportunity for Shasun to increase and diversify its revenue base. With the increased expansion capacity and expected approvals on newer Products, the Formulation Division is planning to increase its revenues from FY12. The development work on ANDA's have commenced with a goal to file atleast FIVE (5) ANDA's in FY 13. Outlook for Formulation Division is robust and your Company is preparing plans to initiate work for Phase-III expansion later part of this year to double the capacity from 4Bn to 8Bn to meet the growing needs of its existing customers and preparation for new Product approvals.

The service levels to our existing customers have improved with the changing need which brings our partnership with customers to newer heights. Customers have started adding new products from our formulation facility.

Biotech

During FY 12, the Company has relocated the Biotech manufacturing from Velacherry to Puducherry . The biotech unit has focussed on improving production efficiencies for its recombinant streptokinase product and penetrating the domestic market with tie-ups with reputed companies. The Product has recently secured registration for COPP which will enable company to export to various countries. It has also made progress for venturing into the export market. A second bio similar product under development has also progressed close to completing pre-clinical testing.

Nanotechnology - Joint Venture

The company has formed a new 50:50 joint venture company “Shasun NBI LLC” in USA with Nano particle Biochem Inc along with the support of University of Missouri USA. The JV company has developed a radioactive gold nano construct based therapeutic agent, S-NBI 29 for treating solid tumor. S-NBI 29 agent has demonstrated unprecedented therapeutic efficacy and is considered to be a significant oncological breakthrough as it will realistically alleviate pain and suffering of cancer patients

The preclinical studies underway with successful completion of toxicity study in swine. Efficacy study in dogs being carried out and additional tox study planned in rodents & dogs. The new joint venture company will continue research and pre-clinical testing work that is required for the treatment to receive approval for human use

Financial Review

The Company consolidated Gross revenue has registered growth of 29%.

Raw material cost as a proportion of total net income increased to 52.60% in FY12 from 51.70% in FY11. This is mainly due to increase in raw material prices in tune with global price trends in petro chemical products.

Other operating expenses increase in line with increase in sales growth.

The Company has achieved substantial EBITDA in FY 12 Rs. 1,480 Mn compared to Rs. 872 Mn

There has been increase in the Interest outflow in line with borrowings. The Company has gained Rs. 272 Mn on sale of Velacherry land and building The deferred tax liability of Rs. 15.28 Mn during the year mainly on account of timing difference between book depreciation compared to depreciation under Income tax

The Company has achieved mile stone profit after tax of Rs. 1,006 Mn during FY 12

Forex forward contracts

Your Company has incurred cash out flow of Rs. 262 Mn in FY 12 (Rs. 153 Mn in FY 11) due to currency movement. Your company derives nearly three-fourth of its revenue from exports. It has large amount of inflow and outflow in foreign currency. It had hedged its export receivable and the sharp depreciation of rupee against US dollar resulted in significant gain/losses on hedged contracts.

Internal control and systems

The company deploys internal control procedures commensurate with the size and nature of its business. The aim of these procedures is to ensure efficient use and protection of the company's resources, accuracy in financial reporting, and due compliance with statutes and company procedures. Well-defined individual roles and responsibilities, as well as an effective feedback flow, facilitate effective monitoring and a responsible internal audit. Regular Audit Committee Meetings are held where the statutory auditors as well as the internal auditors participate and the internal audit reports are thoroughly discussed and reviewed.

risk management

Shasun is exposed to varied business risks while competing in global environment. The major risks and mitigations are as follows:

Environment risk

Manufacturing of Active Pharma Ingredient involves handling and processing of chemicals with water and thus generation of effluents. Effluent has to be treated properly, if not could adversely disturb the environment. Any emission or discharge beyond the norms laid down by the relevant regulatory bodies could cause legal censure and affect the company's brand equity. Cuddalore Small Industrial Promotion Corporation of India (SIPCOT) is considered as one of the high pollution industrial area and regulatory authorities are keeping close watch on any such deviation.

Risk mitigation

A responsible and continuous evaluation of Environment, Health and Safety approach is central to the company's existence. An EHS policy outlines this approach, comprising best EHS practices and continuous improvement. The company's investments in reverse osmosis plants, the bio filtration, close collection & aeration tanks, activated carbon bed facility for fugitive emissions, and monitoring of environment by reputed third party are proof of its commitment to exemplary EHS practices. Various audits by customers have also established Shasun's environmental, health and safety practices as among the best in its industry in the country. The ISO 14001 and OSHAS 18001 certification of its Cuddalore and Pondy API facilities by BVQI are a manifestation of this discipline. The Cuddalore facility is also a Zero Liquid Discharge facility (No aqueous effluents are discharged into the external environment) indicating the highest standards of effluent treatment.

Regulatory risk

The Pharma industry is strictly regulated in most developed countries and therefore poses a potential risk if any failure to meet these requirements could prevent companies like Shasun from entering new and expanding in existing markets, thereby limiting prospects for growth.

Risk mitigation

Regulatory capability is a key Shasun strength, reflected in the following achievements: institution of a strong team to focus exclusively on meeting the evolving regulatory requirements of different markets and coordinating with its manufacturing team to make products that conform to them; successful conduct of regulatory compliances with the minimum of non-conformances, making it possible for the company's products to be placed in markets in the shortest time; successful inspection and certification of the company's API facilities by the US FDA, EU authorities, Japanese agency, TGA etc. The company's formulations facility also has been successfully inspected by the US FDA, MHRA and TPD (Canada), indicates Shasun's regulatory depth.

Client concentration risk

The company depends on a few large companies for a majority of its revenues, any attrition in which could impact its fortunes.

Risk mitigation

The company has built its foundation on long-term relationships with many important and major customers. Shasun is focused on extending these relationships, as these partners increasingly involve Shasun's participation across a wider range of products and services. However, from a de-risking point of view, the company is broadening its customer base by enhanced focus on a few high potential markets (such as Japan, Brazil, Chile, South Africa, etc apart from its existing forte in Europe and US) and approaching new customers with newer products. This would reduce risk associated with dealings with only a few large customers.

Exchange rate risk

Shasun derives nearly 3/4th of its revenues from exports, exposing the company to an exchange fluctuation risk.

Risk mitigation

Company is addressing this risk at multiple levels – providing for escalation clauses in key contracts, borrowing in appropriate currency, diversifying its sales into various currencies viz., US Dollar, Euro, Pound Sterling, Japanese Yen and Indian Rupee.

Human Resources

The company's induction training for new recruits comprises familiarization visits; orientation on various functions and tailor made to each specific unit. Managers are sent for external orientation to conferences, seminars, workshops and training programs where they are updated with contemporary industry and managerial practices.

The Way ahead

Shasun is looking at periodical and/or regular improvements in its current practices while bringing in best practices from outside. The focus area for the Human Resource function for the coming year is to focus on employee engagement activities, develop internal talent through focused initiatives for individual talent development, improving productivity of existing resources and succession planning of critical positions.

report on corporate governance

1. Philosophy on Corporate Governance

The company is committed to good corporate governance. The company provides detailed information on various issues concerning its business and financial performance. The company respects the right of its shareholders to information on the performance of the company and considers itself as trustee of its shareholders.

2. Composition and attendance of the Directors at the Board Meeting and the Annual General meeting held during the year 2011-12

a) **Composition:** The present strength of the Board is eight directors. The Board comprises of four whole time directors including the Managing Director. There are four non-whole time directors all of whom including the Chairman are independent directors. The Board of Directors of your company upholds high standards of professionalism and experience.

b) **Attendance at Board Meetings, Annual General Meeting and other Directorships :**

The Board of Directors of the company met ten times during the financial year, under review – April 04, 2011, May 30, 2011, July 29, 2011, August 19, 2011, October 07, 2011, November 01, 2011, February 09, 2012, February 27, 2012, March 15, 2012 and March 29, 2012. The company placed the annual operating plans and the budget and performance of various divisions from time to time, before the Board. Information regarding recruitment of senior executives, show cause notices which are materially important, defaults if any in financial obligations, details of subsidiaries, labour problems, signing of wage agreements, etc., were also placed before the Board. The maximum interval between any two Board meetings was well within the prescribed maximum gap of 4 months.

Circular Resolution

Recourse to Circular Resolution is made in exceptional and emergent cases that are recorded at the succeeding Board/Committee Meetings. During the year, two Circular Resolutions dated June 28, 2011 and November 30, 2011 were passed and recorded at the subsequent Board meetings.

The Constitution of the Board is given below:

Name	Category	Directorship in other public companies*	Committees of other Indian Public Companies®		No. of Board meetings during 2011-12		Whether attended last AGM- July 29, 2011
			Membership	Chairmanship	Held	Attended	
Mr. R. Kannan	Chairman & Independent Director	4	-	-	10	9	Yes
Mr. R. Sundara Rajan	Independent Director	9	9	2	10	7	Yes
Mr. N. Subramanian ¹	Independent Director	-	-	-	10	6	No
Dr. Sunny Sharma ²	Independent Director	5	4	-	10	1	No
Dr. S.Devendra	Whole-time Director	1	-	-	10	10	Yes
Mr. S.Abhaya Kumar	Managing Director	2	-	-	10	9	Yes
Mr. S.Vimal Kumar	Whole-time Director	1	-	-	10	10	Yes
Mr. M. Mohan ³	Whole-time Director	-	-	-	10	4	No
Mr. A. Mahendran ⁴	Independent Director	8	2	1	10	1	No
Mr. Tapan Ray ⁵	Independent Director	-	-	-	10	3	Yes
Mr. V F Banaji ⁵	Independent Director	-	-	-	10	3	Yes

Note:

* Private companies, foreign bodies corporates, and companies under Section 25 of the Companies Act, 1956 are excluded for computing the directorship.

@ Only Audit Committee and Investors Grievance Committee are considered for the purpose of Committee positions as per the Listing Agreement.

1 Mr. N. Subramanian was appointed on August 19, 2011

2 Dr. Sunny Sharma was appointed on March 29, 2012

3 Mr. M. Mohan was appointed on August 19, 2011

4 Mr. A. Mahendran resigned on May 30, 2011

5 Mr. Tapan Ray & Mr. V F Banaji resigned on August 19, 2011

None of the directors is a Member of more than ten board level committees or a Chairman of more than five such committees, as prescribed under clause 49 of the listing agreement.

3. Audit Committee

The audit committee was constituted in the year 2000. It was last reconstituted on March 29, 2012. During the year under review, the committee met four times - May 30, 2011, July 29, 2011, November 01, 2011 and February 09, 2012.

The Constitution of the Committee and the attendance of each member of the Committee are given below:

Name of the Director	Position	Category	No. of Committee Meetings held	No. of Committee Meetings attended
Mr. R. Kannan	Chairman	Independent Director	4	4
Mr. Tapan Ray*	Member	Independent Director	4	2
Mr. N. Subramanian**	Member	Independent Director	4	2
Mr. S. Vimal Kumar	Member	Wholtime Director	4	4
Dr. Sunny Sharma ***	Member	Independent Director	4	Nil

Note:

* Mr. Tapan Ray resigned on August 19, 2011

** Mr. N. Subramanian was appointed as a member on August 19, 2011

*** Dr Sunny Sharma was appointed as a member on March 29, 2012.

Mr. S. Murali Krishna, Company Secretary is the Secretary of Audit Committee.

Terms of reference of the Audit Committee include a review of

- Financial reporting process
- Recommending to the Board, the appointment, re-appointment and if required the removal of the Statutory Auditor, Cost Auditor and Internal Auditors and the determination of their fees.
- Draft financial statements (Quarterly & Annual) and auditors' report before submission to the board
- Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Related party transactions
- Internal audit reports and adequacy of internal audit function
- Compliance with Stock Exchange and legal requirements concerning Financial Statements.

4. Investors Grievance Committee

The Investor Grievance Committee of the Board was re-constituted on August, 19, 2011 and now comprises of

1. Mr. R. Kannan - Chairman
2. Mr. N. Subramanian - Member
3. Mr. S. Abhaya Kumar - Member

The Investor Grievances Committee specifically looks into redressing of shareholders' complaints such as transfer of shares, non-receipt of annual reports, non-receipt of declared dividends and an expeditious share transfer process. During the year under review, the Committee met on February 08, 2012.

A statement of the various complaints received and cleared by the company during the financial year 2011-12 is given below:-

Nature of Complaints	2011-12	
	Received	Cleared
Non-receipt of shares certificates duly transferred	Nil	Nil
Non-receipt of dividend warrant	6	6
Non-receipt of Annual Report	3	3
Letters from SEBI	Nil	Nil
Letters from Stock Exchange	Nil	Nil
Letters from Ministry of Corporate Affairs	Nil	Nil

Mr. S. Murali Krishna, Company Secretary is designated as Compliance Officer of the Company for overseeing and addressing investor complaints.

5. Compensation Committee / Selection Committee:

The Compensation Committee / Selection Committee was constituted on October 29, 2001 comprising of non-executive Directors. It was last reconstituted on March 29, 2012. The Committee devises suitable remuneration packages to Wholtime directors & relatives of directors and recommends the same to the Board. The Board thereafter may approve the package, subject to approval of Shareholders at the ensuing General Meeting. wherever applicable. The committee also approves issue of stock options to employees.

The Compensation Committee / Selection Committee held three meetings during the year - May 30, 2011, August 19, 2011 and February 27, 2012. The attendance of committee members at the meetings is given below:

Name	Position	Category	No. of meetings held	Attended
Mr. R. Sundara Rajan	Chairman	Independent Director	3	2
Mr. N. Subramanian *	Member	Independent Director	3	2
Mr. R. Kannan **	Member	Independent Director	3	2
Mr. V F Banaji ***	Chairman	Independent	3	1
Mr. Tapan Ray ***	Member	Independent	3	1
Dr. Sunny Sharma ****	Member	Independent	3	Nil

*Mr. N Subramanian was appointed on August 19, 2011

**Mr. R. Kannan became a member on August 19, 2011

*** Mr. V F Banaji & Mr. Tapan Ray resigned on August 19, 2011.

****Dr Sunny Sharma was appointed as Member on March 29, 2012.

6. Remuneration to Directors

Details of remuneration paid to Directors are given below:

Director	Relationship with Directors	Business relationship with Shasun if any	Remuneration paid during 2011-12 (Rs. In Thousands)			
			Sitting fees	Salary/ Perquisites/other benefits	Commission	Total
Executive Directors						
Dr. S.Devendra	Brothers	Promoter		2,661	-	2,661
Mr. S. Abhaya Kumar	Brothers	Promoter		2,669	-	2,669
Mr. S.Vimal Kumar	Brothers	Promoter		2,745	-	2,745
Mr. M. Mohan		Wholetime Director		3,003	-	3,003
Non-Executive Directors					-	
Mr. A. Mahendran		None	10		-	10
Mr. Tapan Ray		None	70		-	70
Mr. V.F. Banaji		None	50		-	50
Mr. R. Kannan		None	170		600	770
Mr. N. Subramanian		None	110		200	310
Mr. R. Sundara Rajan		None	110		300	410

Note: 1. Salary paid to Executive Directors includes contribution made to provident fund and other funds.

2. Company has not given any loans and advances to its directors

3. Company has not granted any options under ESOP to its directors.

7. Code of Conduct:

Your Company has laid down a code of conduct pursuant to Clause 49 (D) of the Listing Agreement for all Board Members and Senior Management of the Company with an aim to ensuring effective and best business practices and strict adherence to the legal requirements. The code of conduct has been posted on the company's website www.shasun.com.

The Board Members and the Senior Management personnel affirmed compliance with the code on an annual basis and a declaration to this effect has been given by the Managing Director as below:

I hereby confirm that the Company has obtained affirmation from all the members of the Board and Senior Management that they have complied with the code of conduct for Board Members and Senior Management in respect of the financial year 2011-12.

S. Abhaya Kumar
Managing Director

8. Name and Designation of Compliance Officer

Mr. S.Murali Krishna – Company Secretary

9. Disclosures

A. Related Party Disclosure

Information on related party disclosure is given in Item No. 38 of Notes to the financial statement.

Compliance:

No transactions of material nature are entered into by the company with promoters, directors or management, or their relatives, etc. that may have a potential conflict with the interest of the company. There are no material pecuniary transactions with the independent/non-executive directors other than the payment of remuneration as disclosed above.

B. The Company follows the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Company has not adopted a treatment different from that prescribed in any Accounting Standard, in the preparation of financial statements

C. The Company has laid down procedures to inform Board members about risk assessment and minimization procedures. The Company has identified major and minor risks and these risks are analyzed by the Management Team.

D. There were no instances of non-compliances by the Company, no penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the last three years.

E. There were two preferential issues (15,00,000 Convertible warrants to the Promoters and Directors & 65,78,947 equity shares to M/s. Caduceus Asia Mauritius Limited, Mauritius) during the year. There were no public & rights issues.

F. The Managing Director and the Chief Financial Officer of the Company certify to the Board every quarter on matters related to the financial statements and other matters in accordance with Clause 49 of the Listing Agreement.

10. Means of Communication

The Company's quarterly unaudited financial results / annual audited results are being published in atleast one of the leading English news papers viz Business Standard, Economic Times, Business Line, and also in one vernacular news paper in compliance with Stock Exchange listing requirements. The Annual Report is circulated to Shareholders. The financial results, periodical business updates and Annual Report are also posted on the company's website – www.shasun.com. The Company is also sending financial results on a quarterly basis to all its Shareholders.

11. SEBI prescription of Insider Trading

As per SEBI guidelines, the Board has designed a code of conduct strictly in accordance with the model code of conduct prescribed. The Code besides other relevant matters prohibits an insider from dealing in shares of the company while in possession of unpublished price sensitive information in relation to company. During the time of declaration of results, dividend and other material events the trading window is closed as per code.

12. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. The Audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held by NSDL and CDSL) and total number of shares in physical form

Quarterly Secretarial Audit Reports on reconciliation of the total admitted capital with NSDL/CDSL and the total issued and listed capital were carried out and furnished to the Stock Exchanges

Auditors' report on Corporate Governance

To

The Members of Shasun Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by Shasun Pharmaceuticals Limited ("the Company") for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 informations 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 Agreements.

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 B S R & Co.
Chartered Accountants*

S. Sethuraman
Partner
Membership No. 203491

Place : Chennai
Date : May 24, 2012

general shareholder's information

1. Annual General Meeting

The Thirty-Seventh Annual General Meeting of the Shareholders of the company will be held on Thursday, August 02, 2012 at P. Obul Reddy Hall, Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017 at 2.30 P.M for the financial year ended March 31, 2012.

2. Details of Annual / Extra-Ordinary General Meetings held in last three years and Special Resolutions passed.

Financial Year ended	AGM / EGM	Date	Time	Venue	Special Resolutions
2008-09	AGM	23.09.2009	03.00 P.M.	Russian Cultural Centre No.74, Kasturi Ranga Road Teynampet, Chennai – 600 018	1. Appointment of Directors 2. Remuneration as per Schedule XIII to M.D. 3. Approval u/s.314 of the Companies Act, 1956.
2009-10	AGM	30.07.2010	03.00 P.M	Russian Cultural Centre No.74, Kasturi Ranga Road Teynampet, Chennai – 600 018	1. Amendment to Memorandum and Articles of Association consequent to change of name of the company. 2. Payment of remuneration to non-Whole-time Directors
2010-11	EGM	24.03.2011	11.30 A.M.	Narada Gana Sabha (Mini Hall), 1st Floor, No.314, TTK Road, Alwarpet, Chennai 600 018	Nil
2010-11	AGM	29.07.2011	03.00 P.M	P. Obul Reddy Hall, Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017	1. Increase in remuneration payable to Mr.Jitesh Devendra under Section 314 of the Companies Act, 1956 2. Increase in remuneration payable to Mr.Jatin Vimal Kumar under Section 314 of the Companies Act, 1956 3. Increase in remuneration payable to Mr.Chaitanya Devendra under Section 314 of the Companies Act, 1956 4. Increase in remuneration payable to Mr.Nitin Vimal Kumar under Section 314 of the Companies Act, 1956
2011-12	EGM	22.03.2012	11.00 AM	Narada Gana Sabha (Mini Hall), 1st Floor, No.314, TTK Road, Alwarpet, Chennai 600 018	Issue of 65,78,947 equity shares to M/s. Caduceus Asia Mauritius Limited on preferential basis under Section 81(1A) of the Companies Act, 1956

3. Postal Ballot:-

During the year under review, a Special Resolution was passed through Postal Ballot for allotment of 15,00,000 Convertible warrants @ Rs.75/- per warrant to be converted into one equity of Rs.2/- each on preferential basis to the Promoters and Directors of the Company.

Mr.S. Dhanapal, Practising Company Secretary was appointed as Scrutinizer for the Postal Ballot. The procedure as given in the Companies (Passing of the resolution by Postal Ballot) Rules 2001 was followed by the Company.

The result of the Postal Ballot is as follows:

To issue 15,00,000 convertible warrants to the promoters of the company on preferential basis	No. of Postal Ballot forms	No. of Shares	Vote %
Total Postal Ballot Forms Received	583	23756440	
Less: Invalid Postal Ballot Forms	26	13226	
Net Valid Postal Ballot Forms	557	23743214	100.00
Postal Ballot Forms with assent for the Resolution	515	23726233	99.93
Postal Ballot Forms with dissent for the Resolution	42	16981	0.07

The results of the Postal Ballot was published in Trinity Mirror (English) and Makkal Kural (Tamil) newspapers and the same has been posted in the Company's website www.shasun.com

M/s. Devendra Estates Private Limited was holding 27,99,104 shares as on June 30, 2011 and the same was printed in the Postal Ballot Notice and sent to the Shareholders. Subsequently, 9,750 shares were purchased during July 2011 and the total number of shares held are 28,08,854 and all the shares are under lock-in. This information is given as per the National Stock Exchange requirement for granting In-principle approval for allotment of convertible warrants on Preferential basis.

4. Book Closure

The company's Register of Members and Share Transfer Books will remain closed from July 25, 2012 to August 2, 2012 (both days inclusive) for payment of dividend.

5. Dividend payment

Credit/dispatch between August 9, 2012 and August 14, 2012.

6. Financial Calendar

Financial reporting for	Month / Year
Quarter ending June 30, 2012	July / August 2012
Quarter ending September 30, 2012	October / November 2012
Quarter ending December 31, 2012	January / February 2013
Quarter ending, March 31, 2013	May 2013

7. Registered Office/Corporate Office:

'Batra Centre', 3rd & 4th Floor

28, Sardar Patel Road,

Guindy, Chennai 600032,

Tamil Nadu, India.

Tel : 91-44-43446700

Fax : 91-44-22350278

E- mail : shasun@shasun.com

Website : www.shasun.com

Details on Location of Factories:

A) Active Pharmaceutical Ingredient

Puducherry : Mathur Road, Periakalpet, Puducherry – 605 014.

Cuddalore : A 1/B SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005.

B) Finished Dosage facility

Puducherry : Unit – II, R.S. No.32, 33 & 34, PIMS Road, Periakalpet, Puducherry – 605 014.

C) Research & Development Centre

Chennai : No.27, Vandalur-Kelambakkam Road, Keezhakottaiyur ,Chennai 600 048

D) Bio-tech : Mathur Road, Periakalpet, Puducherry – 605 014

8. Listing on Stock Exchanges

Your Company shares are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees have been paid to both the Stock Exchanges for the financial year 2012-13. The Company applied for delisting of equity shares with Madras Stock Exchange and approval is awaited.

9. Stock Market Data:

a. Stock Code: The Stock Code for the company's shares is as follows

Bombay Stock Exchange Limited : 524552 / SHASUNPHA

The National Stock Exchange of India Limited : SHASUNPHAR

b. The ISIN Nos. for the company's shares in demat mode : INE317A01028

c. Stock price data on a month-to-month basis during financial year 2011-12

Month	NSE			BSE		
	High	Low	No. of shares traded (Qty)	High	Low	No. of shares traded (Qty)
Apr-11	84.40	52.00	7,121,934	84.85	52.30	3,764,933
May-11	89.10	68.50	2,563,562	88.35	68.95	2,017,757
Jun-11	81.00	70.15	529,565	80.00	70.55	416,858
Jul-11	82.90	68.10	940,813	83.25	69.00	666,102
Aug-11	77.50	62.85	772,671	77.40	62.85	450,730
Sep-11	72.50	64.00	486,542	72.95	60.00	240,409
Oct-11	67.95	57.50	1,194,915	68.00	57.30	1,582,261
Nov-11	69.00	49.55	772,674	69.00	50.00	476,746
Dec-11	55.95	38.60	1,039,873	55.95	38.10	494,550
Jan-12	69.40	44.55	1,224,717	64.00	44.50	639,050
Feb-12	91.45	58.00	10,701,803	91.50	58.15	7,752,314
Mar-12	89.25	73.05	1,528,715	89.50	73.00	1,337,406

Shasun's Share Price at NSE versus the Nifty



10. Registrar and Share Transfer Agent

Transfer agent for physical transfers and Demat shares

Integrated Enterprises (India) Limited,

2nd Floor, Kences Towers,

No.1 Ramakrishna Street, North Usman Road,

T. Nagar - Chennai - 600 017.

Tel.: 044 - 28140801-03. Fax – 91-44-28142479

email id:corpserv@integratedindia.in

11. Share Transfer System

Transfers of shares are processed by “Integrated Enterprises (India) Limited” and approved by the Share Transfer Committee which meets once in 20 days. Transfers of shares are effected and share certificates are dispatched within 25-30 days from the date of receipt, if the relevant documents are complete in all respects.

12. Shareholding Pattern as on March 31, 2012

Category	Shares	Rs. Crs	%
Foreign Venture Capital Investor	6,578,947	1.32	11.93%
Foreign Institutional Investor	3,124,422	0.62	5.67%
Foreign National	191,666	0.04	0.35%
Banks	26,750	0.01	0.05%
Financial Institutions	400,950	0.08	0.73%
Mutual Funds	3,247,675	0.65	5.89%
Non-resident Indian	307,087	0.06	0.56%
Corporate Bodies	3,014,190	0.60	5.47%
Promoters	22,551,135	4.51	40.91%
General Public	15,671,930	3.13	28.43%
Trust	9,000	0.00	0.02%
Limited Liability Partnership	100	0.00	0.00%
Total	55,123,852	11.02	100.00%

13. Distribution of shareholding as on March 31, 2012

No. of shares From	To	No. of Shareholders	%	No. of Shares	% to Capital
1	500	15,874	80.40	2,581,311	4.68
501	1,000	2,070	10.48	1,692,583	3.07
1,001	2,000	786	3.98	1,223,613	2.22
2,001	3,000	293	1.48	763,511	1.39
3,001	4,000	140	0.71	516,027	0.94
4,001	5,000	146	0.74	693,355	1.26
5,001	10,000	193	0.98	1,416,806	2.57
Above	10,000	242	1.23	46,236,646	83.88
Total	19,744	100.00	55,123,852	100.00	

14. Dematerialisation of Shares

Trading in Shares of the company is permitted in dematerialized form for all investors w.e.f. July 24, 2000. As on March 31, 2012, 47,475,227 equity shares constituting 86.12% of the total paid-up capital of the company have been dematerialized. (Equity shares 65,78,947 issued to M/s. Caduceus Asia Mauritius Limited, Mauritius, is in physical form which constitutes 11.93%)

15. Profile of the Directors being appointed / reappointed at the ensuing AGM

Name of Director	R. Sundara Rajan
Category	Independent Director
Date of birth	April 28, 1948
Qualifications	B.E. Mech., PGDM-IIMA, Chartered Engineer & Associate of Insurance Institute of India
Specialized Expertise	Pharmaceutical Industry
No. of shares held in SPL	Nil
Directorships in Companies	Public Companies:
	Take Solutions Ltd.
	Manipal Acunova Ltd.
	Shriram EPC Ltd.
	Ramball Ltd.
	Shriram Fortune Solutions Ltd.
	Shriram Credit Company Ltd.
	Shriram Asset Management Co. Ltd.
	Shriram Wealth Advisors Ltd.
	Orient Green Power Co. Ltd.
	Shasun Pharmaceuticals Limited
	Private Companies :
	Namo Technology Ventures India Pvt. Ltd.
	Asia Cryocell Pvt. Ltd
	Visionary RCM Infotech India Pvt. Ltd
	CMNK Consultancy & Services Pvt. Ltd.
	Prochem Holdings Pte Ltd.
	Hamon Shriram Cottrell Pvt. Ltd.
	Foreign Companies :
	Shasun Pharma Solutions Ltd, UK
Committee positions held	Take Solutions Ltd :
	Audit Committee – Chairman
	Shareholder & Investor Grievance Committee – Member
	Compensation Committee – Member
	Shriram EPC Ltd:
	Audit Committee – Member
	Shareholder & Investor Grievance Committee – Member
	Compensation Committee – Member
	Orient Green Power Co. Ltd :
	Audit Committee – Member
	Shareholder & Investor Grievance Committee – Member
	Compensation Committee – Member
	Ramball Ltd:
	Audit Committee – Member

Name of Director	R. Sundara Rajan
	Compensation Committee – Member
	Manipal Acunova Ltd:
	Audit Committee – Chairman
	Compensation Committee – Member
	Shriram Fortune Solutions Ltd
	Audit Committee – Member
	Compensation Committee – Member
	Shasun Pharmaceuticals Limited
	Nomination Committee – Chairman
	Compensation Committee – Chairman

Name of Director	N. Subramanian
Category	Independent Director
Date of birth	March 17, 1954
Qualifications	B.Sc., F.C.A., A.C.S
Specialized Expertise	Chartered Accountant
No. of shares held in SPL	Nil
Directorships in Companies	Public Companies:
	Nil
	Private Companies :
	Nil
	Foreign Companies :
	Nil
Committee positions held	Shasun Pharmaceuticals Limited
	Audit Committee - Member
	Compensation Committee - Member

Name of Director	M. Mohan
Category	Director – Environment Health & Safety (EHS)
Date of birth	January 06, 1972
Qualifications	B.Tech Chemical
Specialized Expertise	Pharmaceutical Industry
No. of shares held in SPL	3,750 shares
Directorships in Companies	Public Companies:
	Nil
	Private Companies :
	Nil
	Foreign Companies :
	Nil
Committee positions held	Nil

Name of Director	Dr. Sunny Sharma
Category	Independent Director
Date of birth	August 31, 1974
Qualifications	M.B.A., M.B.B.S
Specialized Expertise	Life Sciences, Venture Capital, Investment Banking and Clinical Practice
No. of shares held in SPL	Nil
Directorships in Companies	Public Companies:
	Shasun Pharmaceuticals Limited – Additional Director
	Manipal Acunova Limited - Director
	Bharat Serums and Vaccines Limited - Director
	KIMS Healthcare Management Limited – Nominee Director
	Condis India Healthcare Limited – Nominee Director
	KIMS Healthcare and Research Center Limited – Nominee Director
	Private Companies :
	Orbimed Advisor India Private Limited - Director
	KIMS Pinnacle Cancer Care and Research Center Pvt Ltd – Nominee Director
	Foreign Companies :
	Nil

Name of Director	Dr. S. Devendra
Category	Wholetime Director
Date of birth	November 09, 1951
Qualifications	M.B.B.S
Specialized Expertise	Marketing Management
No. of shares held in SPL	452,072
Directorships in Companies	Public Companies
	Shasun Pharmaceuticals Ltd.
	Shasun Pharma Ltd.
	Private Companies
	Shasun Leasing & Finance Pvt. Ltd.
	Devendra Estates Pvt Ltd
	Shasun Life Sciences Private Limited
	Foreign Companies
	Shasun Pharma Solutions Limited – UK
Committee positions held	Member:
	Nomination Committee - Shasun Pharmaceuticals Limited

Name of Director	S. Abhaya Kumar
Category	Managing Director
Date of birth	December 23, 1953
Qualifications	B.Tech
Specialized Expertise	General Management
No. of shares held in SPL	1,452,750
Directorships in	
Companies	Public Companies
	Shasun Pharmaceuticals Ltd.
	Shasun Pharma Ltd.
	General Optics (Asia) Ltd.
	Private Companies
	Shasun Life Sciences Private Limited
	Devendra Estates Pvt Ltd
	Abusha Investments & Management Services Pvt Ltd.
	Sony Pictures Image Works (India) Pvt Ltd.
	Lifecell International Pvt Ltd.
	Quantum MedPro Solutions Pvt Ltd
	Tricell Therapeutics Pvt Ltd.
	Visionary RCM Infotech (India) Pvt Ltd
	Frame Flow India Pvt Ltd.
	Foreign Companies
	Shasun Pharma Solutions Limited – UK
Committee positions held	Member:
	Investor Grievance Committee - Shasun Pharmaceuticals Limited

Name of Director	S. Vimal Kumar
Category	Wholetime Director
Date of birth	June 26, 1956
Qualifications	Chartered Accountant
Specialized Expertise	Finance
No. of shares held in SPL	21,04,584
Directorships in Companies	Public Companies
	Shasun Pharmaceuticals Ltd.
	Shasun Pharma Ltd.
	Private Companies
	Shasun Leasing & Finance Pvt. Ltd.
	Shasun Life Sciences Private Limited
	Inca Hanmocks Manufacturing and Export Co (P) Limited
	Foreign Companies
	Shasun Pharma Solutions Limited – UK
	SVADS Holding SA
Committee positions held	Member:
	Audit Committee - Shasun Pharmaceuticals Limited

16. Outstanding ADR's / GDR's :

The company has not issued any Global Depository Receipt / American Depository Receipt which are likely to have an impact on Company's equity.

17. Investors Correspondence :

For the convenience of our investors, transfer requests, and other connected matters are also accepted at the Registered Office:

Contact person: Mr. S. Murali Krishna, Company Secretary

Time 9.00 am to 1.30 p.m. and 2.00 pm to 6.15 pm on all working days (Monday to Friday)

Phone: 044 - 43446700. E-Mail: muralikrishna@shasun.com

18. Non-mandatory requirements:

The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

1. The Chairman's office:

The need for implementing this non mandatory requirement has not arisen.

2. Compensation committee:

The Company has set up a Compensation Committee. The terms of reference of this committee is given in para 5 of report on Corporate Governance.

3. Shareholders' rights

The quarterly un-audited results of the Company after being subjected to a Limited Review by the Statutory Auditors, are published in newspapers and on the Company's website www.shasun.com. These results are sent to shareholders individually on quarterly / half yearly basis.

4. Audit Qualifications

The auditors have issued an unqualified opinion on the statutory financial statements of the Company.

5. Training of Board Members / Mechanism for evaluating non-executive Directors

All the Non-Executive Directors have adequate experience and expertise in functional areas and attend in their personal capacities various programmes that keep them abreast of relevant developments. There is no formal system of evaluating individual Directors but the Audit Committee evaluates their performance annually and takes corrective action.

6. Whistle blower policy

The Company has a whistle blower mechanism in place.

19. Auditors

B S R & Co.

Firm Registration Number: 101248W

Chartered Accountants

KPMG House,

10, Mahatma Gandhi Road

Nungambakkam

Chennai – 600 034

Tel: +91 44 3914 5000

20. Details of the Cost Auditor :

Mr. Manivannan R Rajan
Membership No.9532
M/s. Geeyes & Co.,
Cost Accountants
A-3, III Floor, 56, Seventh Avenue
Ashok Nagar
Chennai 600 083.
Email id : gsco94@gmail.com,
gsco94@yahoo.com

21. Bankers

State Bank of Travancore
The Royal Bank of Scotland (RBS)
State Bank of India
ICICI Bank Limited
State Bank of Mysore
Standard Chartered Bank
State Bank of Hyderabad
Axis Bank Ltd
DBS
Canara Bank
IDBI Bank

Managing Director (MD) and Chief Financial Officer (CFO) Certification.

We, S. Abhaya Kumar, Managing Director and S. Hariharan, Chief Financial Officer of Shasun Pharmaceuticals Limited,

1. To the best of our knowledge and belief, certify that we have reviewed the balance sheet and profit and loss account (Consolidated and Unconsolidated) along with all its schedules and notes on Accounts, Cash Flow statements and the Director's report;
2. To the best of our knowledge and belief, certify that these statements do not contain any untrue statement of a material fact or any omission to state a material fact on the statements made;
3. To the best of our knowledge and belief, certify that the financial statements and other financial information contained thereon in this report, present a true and fair view of, the Company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the period ending March 31, 2012. These statements and other information presented in the report are in compliance with the existing accounting standards and applicable laws and regulations as on the closing date;
4. To the best of our knowledge and belief, certify that no transactions entered into by the company during the year are in contravention with the applicable laws and regulations, fraudulent, or in breach of the company's code of conduct;
5. To the best of our knowledge and belief, certify that we are responsible for establishing and maintaining controls and procedures on disclosure as well as internal control over financial reporting for the company, and we have:
 - a) designed such controls and procedures so as to ensure the material information relating to the company and the consolidated position along with its subsidiaries are made available to us by others within those entities, during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting with a view to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure, controls and procedures;
6. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Chennai
May 24, 2012

S. Abhaya Kumar
Managing Director

S. Hariharan
Chief Financial Officer

Auditors' Report

Auditors' Report to the Members of Shasun Pharmaceuticals Limited

1. We have audited the attached Balance sheet of Shasun Pharmaceuticals Limited ("the Company"), as at March 31, 2012, the Statement of profit and loss and also the 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 auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, attention is invited to note 3(c) of the financial statements in respect of the advice by Reserve Bank of India to the Company for obtaining the approval of the Foreign Investment Promotion Board in respect of a preferential allotment of equity shares to a foreign venture capital investor. The Company is in the process of filing the necessary documents with the concerned authorities.
4. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance sheet, Statement of profit and loss and Cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Statement of profit and loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - (v) On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act; and
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b. in the case of the Statement of profit and loss, of the profit for the year ended on that date; and
 - c. in the case of the Cash flow statement, of the cash flows for the year ended on that date.

for B S R & Co.
Chartered Accountants
Firm registration no. 101248W

S Sethuraman
Partner
Membership No: 203491

Place: Chennai
Date: May 24, 2012

Annexure to the Auditors' report

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has disposed off certain land and buildings located at Chennai. In our opinion and according to the information and explanations given to us, the aforesaid disposal has not affected the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted loans to one party covered under the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 350.90 million and the year end balance of such loans was Rs. 283.35 million.
- (b) In our opinion, the rate of interest and other terms and conditions on which the aforesaid loan has been granted are not, prima facie, prejudicial to the interest of the Company.
- (c) The terms of agreement do not stipulate any repayment schedule in respect of principal amount or interest. Accordingly, paragraph 4(iii)(c) of the order is not applicable to the Company in respect of repayment of principal amount and interest.
- (d) There is no overdue amount of more than Rupees one lakh in respect of loans granted to any of the companies, firms or other parties listed in the register maintained under section 301.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain goods sold and service rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Annexure to the Auditors' report (Contd.)

(Referred to in our report of even date)

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacture of Bulk Drugs, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. The Company is in the process of addressing the specific observations made by the cost auditor in respect of the cost records for the previous year ended March 31, 2011. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales tax, Service tax, Customs duty, Wealth tax, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities except for delays in certain cases with respect to Income-tax deducted at source and Excise duty ranging from 6 to 80 days. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at March 31, 2012.
- (b) According to the information and explanations given to us, the dues set out in Appendix I in respect of Income tax, Sales tax, Service tax, Customs duty and Excise duty have not been deposited with the appropriate authorities on account of disputes.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Annexure to the Auditors' report (Contd.)

(Referred to in our report of even date)

- (xix) The Company did not have any outstanding debentures during the year.
- (xx) During the current year, the Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Co.
Chartered Accountants
Firm registration no. 101248W

S Sethuraman
Partner
Membership No: 203491

Place: Chennai
Date: May 24, 2012

Appendix I as referred to in Para ix (b) of Annexure to the Auditors' report:

(Amount in Rs. Millions)

Name of Statute	Forum pending				
Income Tax Act, 1961	Commissioner of Income Tax (Appeals)	Dispute resolution panel	Income tax Appellate Tribunal	High Court	Total
3 years to 7 years	495.89	44.21	-	-	540.10
Above 7 years	-	-	67.62	119.35	186.97
Finance Act, 1994	Commissioner of central Excise		Customs, Excise and Service Tax Appellate Tribunal	High Court	Total
Below 3 years	4.58	-	-	-	4.58
3 years to 7 years	14.45	-	-	-	14.45
Above 7 years	11.00	-	-	-	11.00
Central Excise Act, 1944	Commissioner of central Excise		Customs, Excise and Service Tax Appellate Tribunal	High Court	Total
Below 3 years	1.69	-	-	-	1.69
3 years to 7 years	1.81	-	41.69	-	43.50
Above 7 years	8.03	-	1.30	-	9.33
Customs Act, 1962	Commissioner of central Customs		Customs, Excise and Service Tax Appellate Tribunal	High Court	Total
Above 7 years	22.66	-	16.74	-	39.40
Grand total					851.02



standalone financial statements

Balance Sheet as at March 31, 2012

(All amounts are in million Indian Rupees except share data and if otherwise stated)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	110.25	97.09
Reserves and surplus	4	2,486.49	1,617.81
Money received against share warrants	52	28.13	-
		2,624.87	1,714.90
NON-CURRENT LIABILITIES			
Long-term borrowings	5	490.53	359.90
Deferred tax liability (net)	6	15.03	129.84
Long-term provisions	7	51.37	156.28
		556.93	646.02
CURRENT LIABILITIES			
Short-term borrowings	8	1,652.51	1,599.62
Trade payables	9	1,598.76	1,176.18
Other current liabilities	10	465.11	351.16
Short-term provisions	11	225.04	159.05
		3,941.42	3,286.01
		7,123.22	5,646.93
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	12	1,938.50	1,659.10
Intangible assets	13	4.79	2.64
Capital work-in-progress		308.09	49.34
Non-current investments	14	50.40	23.49
Long-term loans and advances	15	908.38	789.67
Other non-current assets	16	123.77	70.28
		3,333.93	2,594.52
CURRENT ASSETS			
Inventories	17	1,106.88	1,048.74
Trade receivables	18	1,970.55	1,379.20
Cash and bank balances	19	58.39	106.50
Short-term loans and advances	20	573.33	441.14
Other current assets	21	80.14	76.83
		3,789.29	3,052.41
		7,123.22	5,646.93
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

for B S R & Co.

Chartered Accountants

Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2012
(All amounts are in million Indian Rupees except share data and if otherwise stated)

	Notes	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from operations	22	7,359.09	5,671.26
Other income	23	409.64	160.04
		7,768.73	5,831.30
EXPENDITURE			
Cost of materials consumed	24	4,655.13	3,812.79
Purchases of traded goods		42.92	11.83
Changes in inventories	25	(11.40)	(304.80)
Employee benefits expenses	26	595.24	516.46
Finance costs	27	304.81	223.35
Depreciation and amortization expense	12 and 13	247.28	242.15
Other expenses	28	1,562.02	1,245.93
		7,396.00	5,747.71
PROFIT BEFORE TAXATION		372.73	83.59
PROVISION FOR TAXATION			
- Current tax		62.10	20.90
- Minimum alternate tax credit entitlement		(105.15)	-
- Deferred tax (benefit) / charge		(114.80)	13.92
PROFIT AFTER TAXATION		530.58	48.77
Mark-to-Market loss on option contracts relating to prior periods	48	-	(405.32)
NET PROFIT / (LOSS) FOR THE YEAR		530.58	(356.55)
Earnings per share before prior period item			
Basic		10.92	1.00
Diluted		10.76	1.00
Earnings per share after prior period item			
Basic		10.92	(7.34)
Diluted		10.76	(7.34)
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

for B S R & Co.
Chartered Accountants
Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2012

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Particulars		Year ended March 31, 2012	Year ended March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		372.73	83.59
<i>Adjustments for:</i>			
Depreciation and amortisation		247.28	242.15
Employee stock option expenses		-	(3.61)
Interest and finance charges		203.98	182.95
Bad debts written off		11.56	6.10
Provisions for doubtful receivables		1.56	3.23
Provisions for doubtful advances		12.87	2.28
Provisions / liabilities no longer required written back		(61.78)	(89.89)
Interest income		(36.75)	(48.42)
Profit on sale of fixed assets		(272.71)	(0.97)
Effect of exchange differences, net		(46.53)	(200.56)
Operating profit before working capital changes		432.21	176.85
<i>Adjustments for:</i>			
(Increase) / decrease in inventories		(58.14)	(503.09)
(Increase) / decrease in trade receivables		(560.90)	538.95
(Increase) / decrease in loans and advances		(330.41)	(47.49)
Increase / (decrease) in current liabilities and provisions		611.37	192.32
Taxes paid		(14.90)	(8.27)
Net cash from operating activities	(A)	79.23	349.27
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets and changes in capital work-in-progress		(878.39)	(202.85)
Sale of fixed assets		295.59	2.34
Loan to subsidiaries		64.97	16.93
Purchase of investments		(26.91)	(17.00)
Maturity of bank deposits having original maturity more than three months		22.00	18.02
Interest income		38.68	14.41
Net cash used in investing activities	(B)	(484.06)	(168.15)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		489.73	4.60
Proceeds from issuance of share warrants		28.13	-
Availment of loans / borrowings		307.52	113.02
Repayment of loans / borrowings		(119.39)	(67.71)
Dividend paid		(107.84)	(48.09)
Dividend distribution tax paid		(18.11)	(8.21)
Interest and finance charges		(201.32)	(180.68)
Net cash from / (used in) financing activities	(C)	378.72	(187.07)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	(26.11)	(5.95)
Cash and cash equivalents at the beginning of the year		84.50	90.45
Cash and cash equivalents at the end of the year		58.39	84.50
Significant accounting policies	2		

for B S R & Co.

Chartered Accountants

Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Notes to financial statements for the year ended March 31, 2012

(All amounts are in million Indian Rupees except share data and if otherwise stated)

1. Company overview

Shasun Pharmaceuticals Limited ('SPL' / 'the Company') was incorporated in 1976 having its registered office in Chennai, India. The Company is primarily engaged in manufacturing of Active Pharmaceutical Ingredients (APIs), their intermediates and enteric coating excipients. The Company is also into product development and provides contract research and manufacturing services.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention using the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India (SEBI).

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Fixed assets, intangible assets, depreciation and amortization

Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalized.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in schedule XIV to the Companies Act, 1956 or based on the useful lives of the assets as estimated by the management, whichever is higher. The management's estimates of the useful lives for various categories of fixed assets are given below:

Asset category	Estimated useful lives (in years)
Factory buildings	30.00
Non factory buildings	60.00
Plant and machinery	10.00
Electrical installations	10.00
Office equipments	10.00
Computers and accessories	2.50
Furniture, fixtures and fittings	16.00
Vehicles	5.00

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5,000/- are depreciated at 100%.

Intangible assets are recorded at the consideration paid for acquisition and are amortized over their estimated useful lives ranging from 3 to 5 years on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The cost of assets not ready to be put to use before the year-end are disclosed under capital work-in-progress.

2.4 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net realizable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.5 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from sale of goods is recognised in case of exports on the date of the bill of lading or airway bill which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns and sales tax, where applicable. Revenue from domestic sales is primarily recognized on dispatch basis.

Service income is recognised as per the terms of contracts with customers when the related services are performed, or when the agreed milestones are achieved. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

Dividend income is recognised when the unconditional right to receive the income is established.

Income from interest on deposits and loans is recognised on the time proportionate basis.

Export entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

2.6 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the assets or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments are apportioned between finance charges and reduction of the lease liability at the implicit rate of return. Finance charges are charged to the Statement of profit and loss.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight line basis over the period of the lease or as and when the payments are made over the lease term.

2.7 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.8 Inventories

Raw and packaging materials, stores and spare parts and lab chemicals are carried at cost. Cost includes purchase price (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

The carrying cost of raw and packing materials, stores and spare parts and lab chemicals are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. The comparison of cost and net realizable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on a weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

The excise duty in respect of closing inventory of finished goods is included as part of inventory.

2.9 Employee benefits

The Company's contribution in respect to Provident fund, Employees' state insurance scheme, Pension fund and defined contribution plans are charged to the Statement of profit and loss when incurred.

Gratuity costs with respect to defined benefit schemes are accrued based on actuarial valuation, carried out by an independent actuary as at the balance sheet date. The contributions are made to approved 'Shasun Chemicals Employees Gratuity Trust Fund'. Liabilities are determined by actuarial valuation using projected unit credit method carried out by an independent actuary as at the balance sheet date.

Provision for compensated absences is made on the basis of actuarial valuation as at the balance sheet date by an independent actuary using projected unit credit method.

Under the superannuation scheme, a defined contribution plan, the Company pays fixed contributions to approved superannuation trust and has no obligation to pay further amounts. Such fixed contributions are charged to the Statement of profit and loss on accrual basis.

All actuarial gains and losses arising during the year are recognized in the Statement of profit and loss of the year.

2.10 Foreign currency transactions and derivative instruments

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year-end rates. The resultant exchange differences are recognised in the Statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Income and expenditure items at representative offices are translated at the respective monthly average rates. Monetary assets and liabilities at representative offices as at the balance sheet date are translated using the year-end rates. Non-monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding as at the balance sheet date. The premium or discount on all such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or expense for the period.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding as at the balance sheet date, the exchange difference is calculated and recorded in accordance with AS-11 (revised). The exchange

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

difference on such a forward exchange contract is calculated as the difference of the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the Statement of profit and loss in the reporting period in which the exchange rates change.

Pursuant to the notification of the Ministry of Corporate Affairs issued on December 29, 2011, the Company has decided to exercise the irrevocable option granted under the said notification. Accordingly, the exchange fluctuations on all long term foreign currency monetary items:

- a. So far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of such assets. Pursuant to this change, the profit after tax for the year, reserves and surplus and net fixed assets (including capital work-in-progress) are higher by Rs. 12.63.
- b. In cases other than those falling under (a) above are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) and amortized over the balance period of long-term monetary asset/liability but not beyond March 31, 2020. Pursuant to this change, the profit after tax for the year, reserves and surplus and other current and non-current assets are higher by Rs. 9.95.

In accordance with the announcement of "Accounting for Derivatives" made by the Institute of Chartered Accountants of India ('ICAI') on 29 March 2008, derivatives are marked to market and the changes in the value of such derivatives, to the extent they reflect a loss, are recognized in Statement of profit and loss.

2.11 Research and development

Revenue expenditure on research and development is expensed under the respective heads of account in the year in which it is incurred. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the Company's policy.

Materials identified for use in research and development process are carried as inventories and charged to Statement of profit and loss on issuance of such materials for research and development activities.

2.12 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably and virtually certain respectively to be realized.

Minimum Alternate Tax ("MAT") paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company would pay normal income tax after tax holiday period and accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably. MAT credit entitlement is reviewed at each balance sheet date and written down to the extent there is no convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.13 Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that decrease profit per share are included.

2.14 Employee stock option based compensation

The Company calculates the compensation cost based on the intrinsic value method wherein the excess of value of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option schemes of the Company is amortised over the vesting period on a straight line basis. The Company follows the SEBI guidelines for accounting of employee stock options.

2.15 Cash flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

2.16 Provisions, Contingent liabilities and Contingent assets

The Company creates a provision when there is present obligation as a result of past events 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 a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes to financial statements for the year ended March 31, 2012
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
3	SHARE CAPITAL		
	Authorised		
	75,000,000 (Previous year: 75,000,000) equity shares of Rs. 2/- each	150.00	150.00
	1,000,000 (Previous year: 1,000,000) redeemable preference shares of Rs. 100/- each	100.00	100.00
		250.00	250.00
	Issued, subscribed and paid-up		
	55,123,852 (Previous year: 48,544,905) equity shares of Rs. 2/- each fully paid up	110.25	97.09
		110.25	97.09

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	48,544,905	97.09	48,313,939	96.63
Issued during the year	6,578,947	13.16	230,966	0.46
Outstanding at the end of the year	55,123,852	110.25	48,544,905	97.09

b. Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2.00/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended March 31, 2012, the amount of dividend recognized as distribution to equity shareholders was Rs. 2.00/- per share (Previous year: Nil per share) on interim basis and Rs. 0.40/- per share (Previous year Rs. 0.30/- per share) as proposed final dividend.

c. Details of shareholders holding more than 5% of equity shares of Rs. 2/- each fully paid in the Company

	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% held	No. of shares	% held
Caduceus Asia Mauritius Limited	6,578,947	11.93	-	-
Shasun Leasing And Finance Private Limited	4,327,494	7.85	4,327,344	8.91
Devendra Estates Private Limited	2,831,406	5.14	2,794,104	5.76
Others	41,386,005	75.08	41,423,457	85.33
	55,123,852	100.00	48,544,905	100.00

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

During the year, the Company has made a preferential allotment of 6,578,947 equity shares of Rs. 2/- each at a premium of Rs.74/- per share aggregating to Rs. 499.99 to Caduceus Asia Mauritius Limited, Mauritius, a SEBI registered foreign venture capital investor after obtaining the approval of the shareholders and stock exchanges. In response to the Company's intimation through the authorized dealer, the Reserve Bank of India has advised the Company to obtain the approval of the Foreign Investment Promotion Board in respect of such investment. The Company is in the process of filing the necessary documents with the concerned authorities. The Company believes that there would be no material financial implications arising out of the aforesaid matter.

	As at March 31, 2012	As at March 31, 2011
4 RESERVES AND SURPLUS		
Capital reserve		
As at the beginning and end of the year	3.00	3.00
Capital redemption reserve		
As at the beginning and end of the year	50.00	50.00
Securities premium account		
Balance at the beginning of the year	417.71	412.00
Add: additions made during the year	486.84	5.71
Less: share issue expenses incurred during the year	10.27	-
Balance at the end of the year	894.28	417.71
Employee stock options outstanding		
Options outstanding as at the beginning of the year	-	5.18
Less: options exercised during the year	-	1.57
Less: options lapsed during the year	-	3.61
Options outstanding as at the end of the year	-	-
General reserve		
Balance at the beginning of the year	356.88	351.88
Add: amount transferred from surplus in the Statement of profit and loss	53.06	5.00
Balance at the end of the year	409.94	356.88
Surplus in the Statement of profit and loss		
Balance at the beginning of the year	790.22	1,168.69
Add: Net profit for the year	530.58	(356.55)
Less: appropriations		
Proposed dividend	22.05	14.56
Interim dividend	97.09	-
Dividend distribution tax	19.33	2.36
Transfer to general reserve	53.06	5.00
Balance at the end of the year	1,129.27	790.22
	2,486.49	1,617.81

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
5	LONG TERM BORROWINGS		
	Secured:		
	Indian Rupee term loans from banks	-	59.86
	External commercial borrowings from banks	566.83	312.20
	Foreign currency term loans from banks	158.16	217.69
	Less: disclosed under the head Other current liabilities (Refer note 10)	(234.46)	(229.85)
		490.53	359.90

Security details and terms of re-payment for loans:

- i. External Commercial Borrowing from Standard Chartered Bank, Mauritius, amounting to Rs. 51.53 (Previous year: Rs. 133.80) is secured by way of first charge on plant and machinery situated at Cuddalore Units. The loan is repayable in 6 semi-annual installments of USD 1.00 million after an initial moratorium period of 30 months.
- ii. External Commercial Borrowing from DBS, Singapore, amounting to Rs. 206.12 (Previous year: Rs. 178.40) is secured by way of pari passu charge of equitable mortgage on 45.47 acres of leasehold land at Pharma City, SEZ, Visakhapatnam. The loan is repayable in 8 semi-annual installments of USD 0.5 million after an initial moratorium period of 18 months.
- iii. External Commercial Borrowing from ICICI Bank Ltd, Singapore, amounting to Rs. 309.18 (Previous year: Rs. Nil) is secured by way of first pari passu charge on
 - (a) Land, Building, Plant and machinery in Formulation Unit situated at Pondicherry
 - (b) Land and Building situated in Cuddalore Units
 - (c) Land and Building situated in API Unit in Pondicherry
 The loan is repayable in 16 equal quarterly installments of USD 0.38 million after an initial moratorium period of 15 months.

The aforesaid external commercial borrowings carry interest ranging from 3.25% to 3.65% p.a.

- iv. Foreign currency loan (converted from a Rupee loan to foreign currency loan in financial year 2010-11) from State Bank of India amounting to Rs. 158.16 (Previous year: Rs. 217.69) is secured by first charge on the moveable and immoveable fixed assets at Shasun Research Centre (SRC) located at Vandalur and on the unencumbered immoveable assets at Plot No. A1/A, measuring 5.01 acres located in SIPCOT Complex in Kudikadu village near Cuddalore. The loan carries interest ranging from 7.22% to 9.50% p.a. and is repayable in 33 monthly installments of USD 0.15 million.
- v. Standby Line of Credit availed by Shasun Pharma Solutions Limited, UK (a wholly owned subsidiary) from Axis Bank Ltd amounting to GBP 2.00 million is secured by:
 - (a) Exclusive charge on Land (approx 3.13 acres) situated at Kumarapettai, Cuddalore
 - (b) Second charge on Plant and machinery situated at Cuddalore Units and
 - (c) Hypothecation by way of subservient charge on current assets of the Company.
- vi. Standby Line of Credit availed by Shasun Pharma Solutions Limited, UK (a wholly owned subsidiary) from State Bank of India amounting to GBP 5.5 million is secured by:
 - (a) First charge on land (approx 1 acre 98 cents) and the Guest House constructed at Bommaiarpalayam Village, East Coast Road, Pillaichavadi
 - (b) Second Charge on the moveable and immoveable fixed assets at Shasun Research Centre (SRC) located at Vandalur.
 - (c) Pledge of 2,415,000 Shares of the Company held in the name of M/s Devendra Estate Private Limited
 - (d) Personal Guarantee from Mr. S. Vimal Kumar, Wholetime Director and
 - (e) Corporate Guarantee from M/s Devendra Estate Private Limited.

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

- vii. Rupee Term loan from State Bank of Hyderabad amounting to Rs. Nil (Previous year: Rs. 59.86) was secured by way of pari passu charge of equitable mortgage on 45.47 acres of leasehold land at Pharma City, SEZ, Visakhapatnam. The loan carries interest ranging from 14.50% to 15.75% p.a. and is repayable in 10 quarterly installments of Rs. 20 million after an initial moratorium period of 2 quarters.

		As at March 31, 2012	As at March 31, 2011
6	DEFERRED TAX LIABILITY, net		
	Deferred tax liability on account of:		
	Depreciation and amortization	142.65	141.17
		142.65	141.17
	Deferred tax asset on account of:		
	Provision for Mark-to-market losses on derivatives	58.53	-
	Carry forward unabsorbed depreciation	53.35	-
	Retirement benefits	5.64	5.05
	Others	10.10	6.28
		127.62	11.33
		15.03	129.84

Deferred tax as per Statement of profit and loss is net of prior year benefit of Rs. Nil (Previous year: 26.00)

7	LONG TERM PROVISIONS		
	Provision for employee benefits:		
	- Gratuity (Refer note 39)	-	10.00
	- Compensated absence	17.78	13.28
	Provision for taxation (net of advance taxes and tax deducted at source)	24.83	29.56
	Provision for Mark-to-market losses on derivatives	8.76	103.44
		51.37	156.28

8	SHORT TERM BORROWINGS		
	Secured:		
	Overdrafts from banks	39.19	235.14
	Packing credit facilities from banks	1,300.48	1,133.50
	Unsecured:		
	Other loans from banks	312.84	220.98
	Loan from others	-	10.00
		1,652.51	1,599.62

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Security details and terms of re-payment for loans:

- i. Working capital facility sharing under Consortium arrangement from bankers (namely State Bank of Travancore, State Bank of India, State Bank of Mysore, State Bank of Hyderabad, Canara Bank, Axis Bank Ltd, ICICI Bank Ltd and IDBI Bank Ltd) aggregating to Rs. 2,800 (including non-fund based) and Standby line of credit Rs. 50 provided by State Bank of Travancore are secured by :
 - (a) Hypothecation of entire current assets on a pari passu basis with other members of the Consortium
 - (b) Pari passu first charge on land, building of API Unit, Pilot plant and Biotech plant at Pondicherry
 - (c) Pari passu first charge on land (approx 11.05 acres) and building at Cuddalore Units
 - (d) Pari passu first charge on land (approx 14.04 acres) and entire assets of Formulation unit, Pondicherry and
 - (e) Second charge on all other fixed assets of the Company.
- ii. Packing credit facility from Bank of Nova Scotia amounting to Rs. Nil (Previous year: Rs. 145.17) was secured by way of hypothecation of the plant and machinery at Pilot plant and Active Pharmaceutical Ingredient plant, located in Pondicherry.

		As at March 31, 2012	As at March 31, 2011
9	TRADE PAYABLES		
	Dues to micro and small enterprises (Refer note 42)	22.92	58.75
	Dues to others	1,575.84	1,117.43
		1,598.76	1,176.18
10	OTHER CURRENT LIABILITIES		
	Current maturities of long-term borrowings (Refer note 5)	234.46	229.85
	Interest accrued and not due	5.14	11.24
	Advance from customer	62.71	31.74
	Book overdraft	39.52	9.79
	Unclaimed dividends	6.92	3.11
	Other liabilities	116.36	65.43
		465.11	351.16
11	SHORT TERM PROVISIONS		
	Provision for employee benefits:		
	- Gratuity (Refer note 39)	25.14	3.48
	- Compensated absence	2.57	1.92
	- Pension payable	0.07	0.05
	Proposed dividend	22.05	14.56
	Dividend distribution tax payable	3.58	2.36
	Provision for Mark-to-market losses on derivatives	171.63	136.68
		225.04	159.05

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

12 TANGIBLE ASSETS

Particulars	Freehold land	Leasehold land #	Factory buildings	Non factory buildings	Plant and machinery *	Electrical installations	Office equipments	Computers and accessories	Furniture, fixtures and fittings	Vehicles	Total
GROSS BLOCK											
As at April 1, 2010	34.94	14.08	626.14	3.12	2,383.96	284.45	46.87	98.43	43.91	35.12	3,571.02
Additions / adjustments	-	272.82	0.22	0.52	150.66	0.91	3.33	3.79	1.26	6.82	440.33
Deletions	-	-	-	-	2.09	-	1.08	17.90	0.07	5.29	26.43
As at March 31, 2011	34.94	286.90	626.36	3.64	2,532.53	285.36	49.12	84.32	45.10	36.65	3,984.92
Additions / adjustments	-	-	121.03	11.47	357.43	28.00	13.05	3.72	4.43	11.54	550.67
Deletions	0.07	-	23.86	-	63.71	9.45	3.13	1.30	5.22	18.88	125.62
As at March 31, 2012	34.87	286.90	723.53	15.11	2,826.25	303.91	59.04	86.74	44.31	29.31	4,409.97
ACCUMULATED DEPRECIATION											
As at April 1, 2010	-	1.52	160.42	0.38	1,607.53	163.61	30.31	94.06	21.84	25.37	2,105.04
Additions	-	8.41	20.91	0.06	175.97	24.68	3.80	4.21	2.57	5.23	245.84
Deletions	-	-	-	-	1.85	-	0.74	17.88	0.02	4.57	25.06
As at March 31, 2011	-	9.93	181.33	0.44	1,781.65	188.29	33.37	80.39	24.39	26.03	2,325.82
Additions	-	2.90	22.96	0.14	183.22	24.46	4.28	3.04	2.62	4.42	248.04
Deletions	-	-	9.20	-	62.21	7.45	2.94	1.29	3.93	15.37	102.39
As at March 31, 2012	-	12.83	195.09	0.58	1,902.66	205.30	34.71	82.14	23.08	15.08	2,471.47
NET BLOCK											
As at March 31, 2012	34.87	274.07	528.44	14.53	923.59	98.61	24.33	4.60	21.23	14.23	1,938.50
As at March 31, 2011	34.94	276.97	445.03	3.20	750.88	97.07	15.75	3.93	20.71	10.62	1,659.10

Also refer note 2.10

Amortisation of Rs. 2.76 (Previous year: Rs. 8.27 (including Rs. 5.51 relating to earlier years)) is allocated to projects under capital work-in-progress.

* Depreciation for the year includes depreciation amounting to Rs. 38.59 (Previous year: Rs. 40.94) on assets used for Research and Development. During the year, the Company incurred Rs. 14.76 (Previous year: Rs. 2.28) towards capital expenditure for Research and Development.

13 INTANGIBLE ASSETS

Particulars	Software	Other intangible assets	Total
GROSS BLOCK			
As at April 1, 2010	30.23	3.00	33.23
Additions / adjustments	1.24	-	1.24
Deletions	-	-	-
As at March 31, 2011	31.47	3.00	34.47
Additions / adjustments	4.15	-	4.15
Deletions	-	-	-
As at March 31, 2012	35.62	3.00	38.62
ACCUMULATED AMORTISATION			
As at April 1, 2010	26.75	0.50	27.25
Additions	3.98	0.60	4.58
Deletions	-	-	-
As at March 31, 2011	30.73	1.10	31.83
Additions	1.35	0.65	2.00
Deletions	-	-	-
As at March 31, 2012	32.08	1.75	33.83
NET BLOCK			
As at March 31, 2012	3.54	1.25	4.79
As at March 31, 2011	0.74	1.90	2.64

Notes to financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
14	NON-CURRENT INVESTMENTS		
	Trade investments valued at cost unless stated otherwise		
	Unquoted equity instruments		
	Investments in wholly owned subsidiaries		
	Shasun USA Inc., USA		
	15,000 (Previous year: 15,000) common stock of USD 1 each, fully paid up	0.54	0.54
	SVADS Holdings SA, Switzerland (Also, refer note 15)		
	100,000 (Previous year: 100,000) shares of CHF 1 each, fully paid up	3.43	3.43
	Shasun Life Sciences Private Limited, India		
	10,000 (Previous year: 10,000) equity shares of Rs. 10/- each, fully paid up	0.10	0.10
	Investment in a joint venture		
	Shasun NBI LLC, USA		
	(A Limited Liability Company registered in the State of Missouri, USA, wherein the Company is a member in the ratio of 50:50 along with Nanoparticle Biochem Inc., USA)	43.91	17.00
	Investment in others		
	Clarion Wind Farm Private Limited, India		
	200,000 (Previous year: 200,000) equity shares of Rs. 10/- each, fully paid up	2.00	2.00
	SIPCOT Industrial Common Utilities Limited, India		
	4,242 (Previous year: 4,242) equity shares of Rs. 100/- each, fully paid up	0.42	0.42
		50.40	23.49
15	LONG TERM LOANS AND ADVANCES		
	Unsecured and considered good:		
	Capital advances	111.61	33.02
	Security deposits	34.03	35.89
	Minimum alternate tax credit entitlement	105.15	-
	Loans and advances to related parties	210.20	275.17
	Share application money pending allotment with related parties	431.63	431.63
	Others	15.76	13.96
		908.38	789.67

- i. **Loans and advances to related parties (including interest receivable):** As at March 31, 2011 the audited financial statements of Shasun Pharma Solutions Limited, UK ('SPSL') indicate a negative net worth. However, SPSL has earned profits during the year. Further, in view of certain customer arrangements and working capital facilities that are being arranged, the management believes that the loans granted to SVADS and the receivables due from SPSL would be recovered and that there is no diminution other than temporary in the value of the investment in SVADS. Accordingly, the investment in and dues from SVADS / SPSL have been carried at cost.
- ii. **Share application money pending allotment with related parties:** In view of certain provisions of Swiss Code of Obligations, SVADS has not yet allotted shares against such advances. The Company has made necessary arrangements to inform the Indian regulatory authorities in respect of the various pending procedural matters requiring intimation / compliance including the aforesaid matter in respect of pending allotment.

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
16	OTHER NON-CURRENT ASSETS		
	Non current bank balances	7.88	3.11
	Foreign currency monetary item translation difference account (Refer note 2.10)	4.82	-
	Advance income tax and tax deducted at source (net of provision for taxation)	105.78	63.31
	Unamortised expenses - ancillary borrowing costs	5.29	3.86
		123.77	70.28
17	INVENTORIES		
	Raw materials (including goods-in-transit of Rs. 28.22 (Previous year: Rs. 1.43))	520.99	490.15
	Work-in-progress	404.14	318.02
	Finished goods (including goods-in-transit of Rs. 15.76 (Previous year: Rs. 14.38))	142.75	217.47
	Stores, spares, lab chemicals and consumables	39.00	23.10
		1,106.88	1,048.74
18	TRADE RECEIVABLES		
	Unsecured:		
	Outstanding for a period exceeding six months from the date they are due for payment		
	- Considered good	64.21	192.64
	- Considered doubtful	13.24	12.68
	Other receivables		
	- Considered good	1,906.34	1,186.56
	Less: Provision for doubtful receivables	(13.24)	(12.68)
		1,970.55	1,379.20
19	CASH AND BANK BALANCES		
	Cash and cash equivalents:		
	Cash on hand	0.84	1.04
	Cheques on hand	-	1.68
	Balances with banks		
	- In current accounts	57.55	81.78
		58.39	84.50
	Other bank balances:		
	Deposits with original maturity for more than 12 months	-	22.00
		-	22.00
		58.39	106.50

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
20	SHORT TERM LOANS AND ADVANCES		
	Secured and considered good:		
	Advances recoverable in cash or in kind or for value to be received	-	8.76
	Unsecured and considered good:		
	Advances recoverable in cash or in kind or for value to be received	456.58	333.77
	Prepaid expenses	10.82	7.92
	Balances with government authorities	104.18	88.15
	Others	1.75	2.54
	Unsecured and considered doubtful:		
	Advances recoverable in cash or in kind or for value to be received	12.17	2.28
	Balances with government authorities	3.85	3.15
	Less: Provision for doubtful advances	(16.02)	(5.43)
		573.33	441.14
21	OTHER CURRENT ASSETS		
	Unsecured and considered good:		
	Accrued interest receivable (Refer note 15 (i))	73.15	75.73
	Foreign currency monetary item translation difference account (Refer note 2.10)	5.13	-
	Unamortised expenses - ancillary borrowing costs	1.86	1.10
		80.14	76.83
		Year ended March 31, 2012	Year ended March 31, 2011
22	REVENUE		
	Revenue from operations, gross		
	Sale of products	6,956.80	5,291.78
	Trade sales	24.23	9.95
	Sale of services	93.27	94.95
		7,074.30	5,396.68
	Other operating revenues, gross		
	Sale of by-products	241.80	182.62
	Export incentives	228.68	223.77
	Scrap sales, gross	9.09	6.40
		479.57	412.79
	Less: excise duty	(194.78)	(138.21)
		7,359.09	5,671.26
	Details of products sold and services rendered		
a.	Finished goods sold		
	Active pharmaceutical ingredients	6,168.87	4,843.58
	Formulations	787.93	448.20
		6,956.80	5,291.78

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		Year ended March 31, 2012	Year ended March 31, 2011
b.	Traded goods sold		
	Chemicals etc.	24.23	9.95
		24.23	9.95
c.	Services rendered		
	Product development fees	63.66	91.31
	Contract research fees	29.61	3.64
		93.27	94.95
23	OTHER INCOME		
	Interest income	36.75	48.42
	Net gain on foreign currency transactions and translation	-	15.55
	Profit on sale of fixed assets (net)	272.71	0.97
	Bad debts written off now recovered	4.73	-
	Provisions / liabilities no longer required written back	61.78	89.89
	Insurance claims	33.50	3.11
	Miscellaneous income	0.17	2.10
		409.64	160.04
24	COST OF RAW AND PACKING MATERIALS CONSUMED		
	Opening stock	490.15	295.22
	Add: Purchased during the year	4,685.97	4,007.72
	Less: Closing stock	(520.99)	(490.15)
		4,655.13	3,812.79
i.	Details of raw and packing materials consumed		
	Chemicals etc. for active pharmaceutical ingredients	4,159.87	3,509.80
	Chemicals etc. for formulations	495.26	302.99
		4,655.13	3,812.79
ii.	Details of inventories of raw and packing materials		
	Chemicals etc. for active pharmaceutical ingredients	411.67	413.75
	Chemicals etc. for formulations	109.32	76.40
		520.99	490.15

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		Year ended March 31, 2012	Year ended March 31, 2011
25	CHANGE IN INVENTORIES		
	Opening stock		
	- Finished goods	217.47	59.51
	- Work-in-progress	318.02	171.18
		535.49	230.69
	Closing stock		
	- Finished goods	142.75	217.47
	- Work-in-progress	404.14	318.02
		546.89	535.49
		(11.40)	(304.80)
i.	Details of work-in-progress		
	Active pharmaceutical ingredients	386.81	297.39
	Formulations	17.33	20.63
		404.14	318.02
ii.	Details of finished goods		
	Active pharmaceutical ingredients	108.39	190.59
	Formulations	34.36	26.88
		142.75	217.47
26	EMPLOYEE BENEFIT EXPENSES		
	Salaries, wages and bonus	504.51	456.15
	Contribution to provident and other funds	43.17	27.23
	Employee stock option scheme	-	(3.61)
	Staff welfare expenses	47.56	36.69
		595.24	516.46
27	FINANCE COSTS		
	Interest expenses		
	- On bank loans	177.46	171.63
	- On others	16.81	11.32
	- On interest rate swap	9.71	-
	Bank charges	46.20	32.06
	Net loss on foreign currency transactions and translation	54.63	8.34
		304.81	223.35

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		Year ended March 31, 2012	Year ended March 31, 2011
28	OTHER EXPENSES		
	Consumption of stores and spare parts	82.05	65.89
	Power and fuel	495.03	459.54
	Rent	14.66	11.20
	Repairs and maintenance *		
	- Buildings	9.20	11.46
	- Plant and machinery	140.90	116.26
	- Others	91.85	87.14
	Insurance	24.04	21.94
	Rates and taxes	22.24	6.89
	Net loss on foreign currency transactions and translation	152.13	-
	Communication expenses	9.29	12.18
	Travelling and conveyance	37.49	37.12
	Legal and professional charges (Refer note 33)	35.10	33.65
	Printing and stationery	9.88	8.58
	Commission and discounts	115.06	80.18
	Commission to non-wholetime directors	1.20	-
	Freight outwards	255.30	245.86
	Sales promotion expenses	14.61	11.31
	Bad debts written off	11.56	6.10
	Provision for doubtful receivables	1.56	3.23
	Provision for doubtful advances	12.87	2.28
	Miscellaneous expenses	26.00	25.12
		1,562.02	1,245.93

* Includes stores and spares consumed

29 Commitments and Contingent liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Income tax	318.14	312.31
Sales tax	13.27	0.48
Excise / customs	83.53	37.43
Service tax	-	0.48
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	591.23	107.65
Counter guarantees given by the company to the bankers for bank guarantee	58.15	55.81
Obligations in respect of letter of credit outstanding	348.97	130.79
Corporate guarantee given by the Company to bankers in respect of loan taken by Shasun Pharma Solutions Limited, UK (wholly owned subsidiary)	949.67	1,542.84
Out of the above corporate guarantee utilized in connection with loans availed by Shasun Pharma Solutions Limited, UK	454.14	1,267.64
Other claims against the Company not acknowledged as debts	38.76	2.00
Commitments relating to further investment in joint venture	58.40	72.18

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

30 Earnings in foreign currency

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Exports of goods calculated on FOB basis	4,981.45	3,901.45
Product development fee	54.94	63.82
Contract research fee	29.61	3.64
Interest income	16.63	41.59
Total	5,082.63	4,010.50

31 Expenditure in foreign currency (on accrual basis)

Carriage outwards	84.81	77.46
Commission	65.99	46.76
Interest on loans	38.03	13.27
Discounts	29.91	19.57
Salaries and wages	13.47	16.88
Travelling and conveyance	8.34	6.92
Legal and professional expenses	6.26	5.99
Others	8.66	10.30
Total	255.47	197.15

32 CIF value of imports

Raw materials	1,362.26	1,115.73
Capital goods and spare parts	172.85	30.84
Total	1,535.11	1,146.57

33 Payments to Auditors, excluding service tax (included in legal and professional charges under note 28)

a) Statutory audit fees	2.40	2.50**
b) Other Charges		
-Taxation matters	-	0.37 *
-Other matters	0.23	0.07 *
c) Out of pocket expenses	0.18	0.16 *
Total	2.81	3.10

** Includes fees paid to auditors other than B S R & Co. amounts to Rs. 1.00

* Represents amount paid to auditors other than B S R & Co.

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

34 Purchase of traded goods

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Chemicals etc.	42.92	11.83
Total	42.92	11.83

35 Value of imported and indigenous raw and packing materials and stores and spares consumed

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Amount	%	Amount	%
Raw and packing materials				
- Imported	1,397.48	30.02%	1,108.20	29.07%
- Domestic	3,257.65	69.98%	2,704.59	70.93%
Total	4,655.13		3,812.79	
Stores and spares				
- Imported	1.42	0.77%	2.98	1.43%
- Domestic	184.03	99.23%	205.40	98.57%
Total	185.45		208.38	

36 Operating Leases

The Company had entered into an operating lease arrangement in respect of office space during the previous year with a lease term of 3 years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expense recognized during the year amounts to Rs. 7.72 (Previous year: Rs. 6.96). The schedule for future minimum lease payments in respect of non-cancellable operating leases is set out below:

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than one year	8.49	7.59
Later than one year but not later than five years	-	15.94
Later than five years	-	-

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

37 Earnings per share

Earnings per share are calculated by dividing the Profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Earnings / (Loss)		
Net profit after tax as per statement of profit and loss	530.58	48.77
Mark-to-market loss on option contracts relating to prior periods	-	(405.32)
Earnings / (Loss) after prior period items	530.58	(356.55)
Number of shares		
Number of shares at the beginning of the year	48,544,905	48,313,939
Add: Equity shares issued on exercise of vested stock options	-	230,966
Add: Equity shares issued on preferential allotment basis	6,578,947	-
Total number of equity shares outstanding at the end of the year	55,123,852	48,544,905
Weighted average number of equity shares outstanding during the year - basic	48,598,831	48,470,789
Weighted average number of equity shares outstanding during the year - diluted	49,324,241	48,470,789
Earnings per share before prior period item		
- of par value Rs. 2 – Basic (Rs.)	10.92	1.00
- of par value Rs. 2 – Diluted (Rs.)	10.76	1.00
Earnings per share after prior period item		
- of par value Rs. 2 – Basic (Rs.)	10.92	(7.34)
- of par value Rs. 2 – Diluted (Rs.)	10.76	(7.34)

38 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended March 31, 2012 are summarized below:

Name of related parties and description of relationship:

Wholly owned subsidiaries:

Shasun USA Inc., USA
Shasun Life Sciences Private Limited, India
SVADS Holding SA, Switzerland

Wholly owned step down subsidiaries:

Shasun Pharma Solutions Limited, UK (100% subsidiary of SVADS Holding SA)
Shasun Pharma Solutions Inc., USA (100% subsidiary of SVADS Holding SA)

Joint venture:

Shasun NBI LLC, USA

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Key management personnel and their relatives:

Dr. S Devendra	Wholetime Director
S Abhaya Kumar	Wholetime Director (Managing Director w.e.f April 1, 2011)
S Vimal Kumar	Wholetime Director (Managing Director until March 31, 2011)
N Govindarajan	CEO and Managing Director (until August 31, 2010)
M Mohan	Director (from August 19, 2011)
D Jitesh	S/o of Dr. S Devendra
D Chaitanya	S/o of Dr. S Devendra
V Jatin	S/o of S Vimal Kumar
V Nitin	S/o of S Vimal Kumar

Entities where Directors have control or significant influence:

Shasun Finance Limited
Shasun Leasing & Finance Private Limited
Devendra Estate Private Limited
Neutra Specialities Private Limited (until November 21, 2010)
Shasun Foundation Trust

Transactions

Description	Related party	Year ended March 31, 2012	Year ended March 31, 2011
Loan repaid	SVADS Holding SA	86.98	16.93
Interest income	SVADS Holding SA	16.63	34.01
	Shasun Pharma Solutions Limited	15.50	7.58
Sales of goods, net of sales returns	Shasun USA Inc.	(1.81)	43.55
	Neutra Specialties Pvt. Ltd.	-	0.08
	Shasun Pharma Solutions Limited	(0.31)	40.03
Donation	Shasun Foundation Trust	0.60	0.40
Purchase of goods	Shasun Pharma Solutions Limited	6.63	0.86
	Shasun USA Inc	0.56	-
Selling commission	Shasun USA Inc	44.92	25.51
Income from services	Shasun USA Inc	0.21	-
Reimbursement of expenses to	Shasun Pharma Solutions Limited	0.76	1.93
Payment made on behalf and reimbursed by	Shasun Pharma Solutions Limited	46.41	40.46
	Shasun USA Inc.	-	0.71
Remuneration	S Abhaya Kumar	2.67	2.61
	S Vimal Kumar	2.74	2.62
	Dr. S Devendra	2.66	2.68
	D Jitesh	4.45	3.02
	V Jatin	2.94	1.79
	N Govindarajan	-	1.22
	M Mohan	3.00	-
	Others	0.56	0.84
Rent for leased property	Relative of key management personnel	-	0.45
Investments	Shasun NBI LLC	26.91	17.00

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Balances

Description	Related party	Receivable / (Payable) as at March 31, 2012	Receivable / (Payable) as at March 31, 2011
Payable	Shasun USA Inc.	(58.53)	(32.00)
	Shasun Pharma Solutions Limited	(10.55)	(2.73)
	Shasun Finance Limited	-	(0.12)
Receivable	Shasun USA Inc.	-	116.38
	Shasun Pharma Solutions Limited	129.63	164.29
	SVADS Holdings SA	714.98	782.53
Remuneration payable	D Jitesh	(1.09)	-
	V Jatin	(0.89)	-

39 Employee benefits

Gratuity

The details in respect of gratuity are set out below:

Change in present value defined benefit obligation

Particulars	As at March 31, 2012	As at March 31, 2011
Obligations at the beginning of the year	68.94	64.56
Current service costs	5.96	5.18
Past Service cost	-	-
Interest costs	5.67	5.15
Actuarial (gain) / loss	8.49	(2.02)
Benefits paid	(5.59)	(3.93)
Obligations at the end of the year	83.47	68.94

Change in fair value of plan assets

Fair value of plan assets at beginning of the year	55.46	46.21
Adjusted to opening balance	-	-
Expected return on plan assets	4.51	3.68
Actuarial gain / (loss)	(0.91)	-
Contributions	4.86	9.50
Benefits paid	(5.59)	(3.93)
Fair value of plans assets at end of the year	58.33	55.46
Actual return on plan assets	3.59	3.68

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Reconciliation of present value of defined benefit obligation and the fair value of plan assets

Particulars	As at March 31, 2012	As at March 31, 2011
Present value of defined benefit obligation at the end of the year	83.47	68.94
Fair value of plan assets at the end of the year	58.33	55.46
Funded status amount of liability recognized in balance sheet	25.14	13.48
Classified as long term provision	-	10.00
Classified as short term provision	25.14	3.48

Gratuity cost for the year

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current Service cost	5.96	5.18
Past Service cost	-	-
Interest cost	5.67	5.15
Expected return on plan assets	(4.51)	(3.68)
Actuarial (gain) / loss	9.40	(2.02)
Net gratuity cost	16.52	4.63

The gratuity cost has been recognized in 'Employee benefits expenses' under note 26 to the Statement of profit and loss.

Experience adjustment for the current and previous four years

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	83.47	68.94	64.56	58.73	52.59
Plan asset	58.33	55.46	46.21	29.16	29.65
Surplus/(defecit)	(25.14)	(13.48)	(18.35)	(29.57)	(22.94)
Experience adjustments in plan liabilities - (loss) / gain	8.49	(2.03)	1.54	1.15	(4.72)
Experience adjustments in plan assets - (loss) / gain	0.91	-	0.62	(0.41)	0.11

Assumptions

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.57%	8.00%
Estimated rate of return on plan assets	8.00%	7.24%
Attrition rate	11.00%	15.00%
Rate of growth in salary levels	9.00%	8.00%

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Investment details of plan assets

Particulars	As at March 31, 2012	As at March 31, 2011
Insurer managed funds	100.00%	96.35%
Fixed deposits	0.00%	3.65%
Total	100.00%	100.00%

40 Segment reporting

In accordance with AS-17 "Segment Reporting", segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

41 Employee Stock Option Plan

Plan I (Year 2001)

In 2001, the Board and the members of the Company approved the Employee Stock Option Plan 2001 ('Plan I') effective April 1, 2002 under which employees and directors of the Company were also covered.

- The Scheme would be administered and supervised by the members of the Board Compensation Governance Committee (the 'Committee') of the Company.
- The vesting period of the option will be spread over a period of 48 months.
- The option was priced at a discount that is not greater than 50% of the closing market price on the date when the meeting of the compensation committee for granting of options was held.

Employee stock option activity under Plan I of the Company is as follows:

Period within which options will vest onto the participant	% of options that will vest
End of 12 months from the date of grant of options	20.00
End of 24 months from the date of grant of options	20.00
End of 36 months from the date of grant of options	30.00
End of 48 months from the date of grant of options	30.00

(in Nos)

Particulars	As at March 31, 2012	As at March 31, 2011
Outstanding at beginning of the year	-	129,430
Granted during the year	-	-
Forfeited / lapsed during the year	-	(90,130)
Exercised during the year (Refer Note 1 below)	-	(39,300)
Outstanding at the end of year	-	-
Note 1		
Exercise price	Rs. 45.00	Rs. 45.00

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Plan II (Year 2006)

In 2006, the Board and the members of the Company approved the Employee Stock Option Plan 2006 ('Plan II') effective May 25, 2006 under which employees and directors of the Company were also covered.

- The Scheme would be administered and supervised by the members of the Board Compensation Governance Committee of the Company.
- Exercise period within which the employees would exercise the options would be 1 year from the date of grant of option.

(in Nos)

Particulars	As at March 31, 2012	As at March 31, 2011
Outstanding at beginning of the year	-	191,666
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year (Refer Note 1 below)	-	(191,666)
Outstanding at the end of year	-	-
Note 1		
Exercise price	Rs. 14.80	Rs. 14.80

The Company follows Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines. The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees.

42 Micro, small and medium enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The following is the list of Micro, Small and Medium Enterprises to whom the Company owes any sum together with interest outstanding for more than thirty days as at March 31, 2012. This list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and have been relied upon by the auditors.

Particulars	As at March 31, 2012	As at March 31, 2011
Principal amount due	4.20	8.95
Interest due on the above	1.05	1.05
Amount of interest due and payable where principal has already been paid but the interest has not been paid	1.05	-
Amount of interest accrued and remaining unpaid at the end of the period	2.10	1.05
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	2.10	1.05

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Name of the enterprise	Name of the enterprise	Name of the enterprise
Adheswara Alum Pvt Ltd	Genesis Enmech Pvt Ltd	Samrat Houseware (P) Ltd
Adithya Package Industry	Genius Engineering	Sangam Plastronica Industries
Admart Private Ltd	Gujarat Organics Ltd	Sanjay Chemicals (Indian)Pvt Ltd
Advanced Microdevices (Pvt) Ltd	Impress India	Secure Polymers Pvt/Ltd
Allchem Laboratories	Kaypee Cargo Movers Pvt Ltd	Singhania Industries
Anand Engeneering Udyog	Kevin Process Technologies Pvt Ltd	Sri Hari Engineering Services
Arshad Electronics Pvt Ltd	Labindia Analytical Instruments	Sri Ragavendra Weighing Systems
Ascent Finechem Private Limited	Macro Marketing	Sri Ramana Rewinding Works
Axiva Sichem Biotech	Magna Chemical Mfrs Pvt Ltd	Srinivasa & Co
BK Equipments P Ltd	Manik Engineers	Sudagar Biological & Chemicias
Best Labels Enterprises Pvt Ltd	Metallic Bellows (I) PvtLtd	Sumitron Exports Pvt/ Ltd/
Best Vac Services And Industries	Newtech Industrial Valves	Technique Sales Corporation
Bhagyanagar Chlorides Pvt Ltd	Northlab (India) Pvt Ltd	Techscience Services Pvt Ltd
Bharat Chemicals	Novex Poly Films Pvt Ltd	The Centurion Piping
Bhavika Chemicals Corpoartion	Omega Seals	Trident Marketing Strategies Pvt Ltd
Bose	Pacific Tools Pvt Ltd	Uniflow
Chennai Metex Lab Private Limited	Perfect Packings & Seals	Usha Fire Safety Equipment Pvt Ltd
Classic Catering	Pioneer Papers	Vaas Automation Pvt Ltd
Dag Process Instruments Pvt Ltd	Pondy Insulation	Vasista Life Science Pvt Ltd
Digital Instruments & Control System	Pramod Khosla	Vensil Glass Works Limited
Digitech Controls & Automations	Precia Molen India Ltd	Vignesh Engineering Works
Electrolab (India) Pvt Ltd	R&D Instrument Services	Vkn Enterprises
Electron India	Rockwin Flowmeter India Pvt Ltd	Watech Ro System (I) Pvt Ltd
Elico Limited	Rolon Seals	Yogesh Chemicals
Emmennar Bio-Tech Pvt Ltd	SVScientific	Zenith Controls & Systems Pvt Ltd
Endee Engineers Pvt Ltd	Sabari Chemicals Pvt Ltd	
Enopeck Seals (India)	Sainath Boilers & Pneumatics	
Garuda Chemicals	Sakthi Instruments & Services	

43 Transfer pricing

The Company has international transactions with related parties. For the financial year ended March 31, 2011, the Company has obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the financial year ended March 31, 2012, management confirms that it maintains documents as prescribed by the Income-tax Act, 1961 to prove that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

44 Un-hedged foreign currency

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

Particulars	Amount receivable in foreign currency		Amount payable in foreign currency	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
EUR equivalent	1.61	1.87	0.61	0.31
GBP equivalent	4.11	1.70	0.28	0.15
CHF equivalent	0.01	-	0.05	0.01
USD equivalent	22.74	22.93	37.94	36.26
JPY equivalent	5.46	2.67	48.31	0.01
INR equivalent	1,597.93	1,264.30	2,052.29	1,647.93

Notes to financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

45 Outstanding forward contracts

March 31, 2012			March 31, 2011		
Currency	No. of contracts	Buy / sell	Currency	No. of contracts	Buy / sell
USD	20	Sell	USD	56	Sell

- 46** During the year, the Company has made a preferential allotment of 1,500,000 convertible warrants of Rs. 75/- each aggregating to Rs. 112.50 to its Promoter, Promoter group and an independent director after obtaining the approval of the shareholders and stock exchanges. As part of the allotment, the Company had received Rs. 28.13 as advance being 25% of the allotment value. The preferential allottees have a right to subscribe for one equity share of face value Rs. 2/- each per warrant at any time within a period of 18 months from the date of issue of such warrants being October 7, 2011
- 47** Provision for taxation comprise current tax including minimum alternate tax, deferred tax charge or (benefit) including those in respect of carry forward of losses / unabsorbed depreciation and minimum alternate tax credit entitlements arising from earlier periods.

48 Mark-to-market loss on option contracts relating to prior periods

As a consequence of the application of the provisions of the announcement of the Institute of Chartered Accountants of India dated March 29, 2008 the Company has, in the previous year, accounted for mark-to-market losses aggregating to Rs 405.32 in respect of option contracts outstanding as at March 31, 2010 as a prior period item. The Company has adopted the alternative approach to present the prior period item under AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" after the current net profit.

49 Comparative figures

Till the year ended March 31, 2011, the Company had used pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI was notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements.

for B S R & Co.
Chartered Accountants
Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Consolidated Auditors' Report

Auditors' Report to the Board of Directors of Shasun Pharmaceuticals Limited on the Consolidated Financial Statements of Shasun Pharmaceuticals Limited and its subsidiaries

1. We have audited the attached consolidated balance sheet of Shasun Pharmaceuticals Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2012 and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company'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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, attention is invited to note 3(c) of the financial statements in respect of the advice by Reserve Bank of India to the Company for obtaining the approval of the Foreign Investment Promotion Board in respect of a preferential allotment of equity shares to a foreign venture capital investor. The Company is in the process of filing the necessary documents with the concerned authorities.
4. We did not audit the financial statements and other financial information of certain subsidiaries and joint venture, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other auditors. The attached consolidated financial statements include assets of Rs. 2,407.74 million as at March 31, 2012, revenues of Rs. 3,318.32 million and net cash inflows amounting to Rs. 70.68 million in respect of the aforementioned subsidiaries and joint venture for the year then ended.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of AS 21, "Consolidated Financial Statements" and AS 27, "Financial Reporting of interests in Joint Ventures" prescribed by the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and to the best of our information and according to the explanations given to us, on consideration of reports of other auditors on separate financial statements and on other relevant financial information of the components, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
 - (iii) in the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

for B S R & Co.
Chartered Accountants
Firm Registration No.: 101248W

Place: Chennai
Date: May 24, 2012

S Sethuraman
Partner
Membership No. 203491

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consolidated financial statements

Consolidated Balance Sheet as at March 31, 2012

(All amounts are in million Indian Rupees except share data and if otherwise stated)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	110.25	97.09
Reserves and surplus	4	2,084.68	742.07
Money received against share warrants	38	28.13	-
		2,223.06	839.16
Non-current liabilities			
Long-term borrowings	5	778.73	672.05
Deferred tax liability	6	15.28	130.05
Long-term provisions	7	52.15	157.58
		846.16	959.68
Current liabilities			
Short-term borrowings	8	2,286.01	2,150.06
Trade payables	9	2,169.25	1,622.70
Other current liabilities	10	860.17	814.63
Short-term provisions	11	230.01	159.05
		5,545.44	4,746.44
		8,614.66	6,545.28
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	2,768.21	2,446.74
Intangible assets	13	16.30	37.45
Capital work-in-progress		523.91	119.94
Non-current investments	14	2.52	2.52
Deferred tax asset	6	129.41	65.63
Long-term loans and advances	15	259.12	77.44
Other non-current assets	16	125.18	70.28
		3,824.65	2,820.00
Current assets			
Inventories	17	1,378.74	1,281.93
Trade receivables	18	2,317.59	1,569.55
Cash and bank balances	19	143.09	123.82
Short-term loans and advances	20	677.62	512.04
Other current assets	21	272.97	237.94
		4,790.01	3,725.28
		8,614.66	6,545.28
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

for B S R & Co.

Chartered Accountants

Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2012
(All amounts are in million Indian Rupees except share data and if otherwise stated)

	Notes	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from operations	22	10,664.03	8,344.51
Other income	23	409.20	219.66
		11,073.23	8,564.17
EXPENDITURE			
Cost of materials consumed	24	5,585.66	4,515.63
Purchases of traded goods		52.26	62.55
Changes in inventories	25	(24.01)	(260.06)
Employee benefits expenses	26	1,594.05	1,432.01
Finance costs	27	436.99	322.59
Depreciation and amortization expense	12 and 13	405.70	375.79
Other expenses	28	2,226.25	1,879.71
		10,276.90	8,328.22
PROFIT BEFORE TAXATION		796.33	235.95
PROVISION FOR TAXATION			
- Current tax		61.72	21.43
- Minimum alternate tax credit entitlement		(105.15)	-
- Deferred tax (benefit)		(165.91)	(51.72)
PROFIT AFTER TAXATION		1,005.67	266.24
Mark-to-Market loss on option contracts relating to prior periods etc.	40	-	407.63
NET PROFIT / (LOSS) FOR THE YEAR		1,005.67	(141.39)
Earnings per share before prior period item			
Basic		20.69	5.48
Diluted		20.39	5.48
Earnings per share after prior period item			
Basic		20.69	(2.91)
Diluted		20.39	(2.91)
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

for **B S R & Co.**
Chartered Accountants
Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended March 31, 2012

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Particulars		Year ended March 31, 2012	Year ended March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		796.33	235.95
<i>Adjustments for:</i>			
Depreciation and amortisation		405.70	375.79
Employee stock option expenses		-	(3.61)
Interest and finance charges		300.35	256.65
Bad debts written off		6.65	8.36
Provision for doubtful receivables		1.88	5.72
Provision for doubtful advances		12.87	-
Provisions / liabilities no longer required written back		(60.94)	(89.89)
Interest income		(7.20)	(16.26)
Profit on sale of fixed assets		(279.47)	(1.68)
Effect of exchange differences, net		(166.18)	(241.79)
Operating Profit before working capital changes		1,009.99	529.24
<i>Adjustments for:</i>			
(Increase) / decrease in inventories		(96.81)	(346.23)
(Increase) / decrease in trade receivables		(738.13)	411.99
(Increase) / decrease in loans and advances		(295.61)	(19.98)
Increase / (decrease) in current liabilities and provisions		722.38	23.48
Taxes paid		(109.44)	(8.24)
Net cash from operating activities	(A)	492.38	590.26
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets and changes in capital work-in-progress		(1,108.57)	(355.08)
Sale of fixed assets		302.87	3.05
Maturity of bank deposits having original maturity more than three months		25.30	14.94
Interest income		6.55	16.26
Net cash used in investing activities	(B)	(773.85)	(320.83)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital including securities premium		489.73	4.60
Proceeds from issuance of share warrants		28.13	-
Availment of loans / borrowings		363.48	146.02
Repayment of loans / borrowings		(122.90)	(122.05)
Dividend paid		(107.84)	(48.09)
Dividend distribution tax paid		(18.11)	(8.21)
Interest and finance charges		(306.45)	(251.64)
Net cash from / (used in) financing activities	(C)	326.04	(279.37)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	44.57	(9.94)
Cash and cash equivalents at the beginning of the year		88.43	98.37
Cash and cash equivalents at the end of the year		133.00	88.43
Significant accounting policies	2		

for B S R & Co.

Chartered Accountants

Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman

Partner

Membership No: 203491

S Abhaya Kumar

Managing Director

Dr. S Devendra

Wholetime Director

S Vimal Kumar

Wholetime Director

Place: Chennai

Date: May 24, 2012

S Murali Krishna

Company Secretary

S Hariharan

Chief Financial Officer

Notes to consolidated financial statements for the year ended March 31, 2012

(All amounts are in million Indian Rupees except share data and if otherwise stated)

1. Description of Group

The Shasun group is an India-based pharmaceutical group headquartered in Chennai, India. The group's principal areas of operation are manufacturing of Active Pharmaceutical Ingredients (APIs), their intermediates and enteric coating excipients. The group is also into product development and provides contract research and manufacturing services.

Entity	Country of incorporation	Nature of interest	% share holding	Functional currency
Shasun Pharmaceuticals Limited	India	Holding Company		Indian Rupees (INR)
Shasun USA Inc., USA	USA	Subsidiary of Shasun Pharmaceuticals Limited	100%	US Dollars (USD)
SVADS Holdings SA, Switzerland ('SVADS')	Switzerland	Subsidiary of Shasun Pharmaceuticals Limited	100%	Swiss Francs (CHF)
Shasun Life Sciences Private Limited	India	Subsidiary of Shasun Pharmaceuticals Limited	100%	Indian Rupees (INR)
Shasun Pharma Solutions Limited, UK ('SPSL')	United Kingdom	Subsidiary of SVADS	100%	Pounds (GBP)
Shasun Pharma Solutions Inc., USA	USA	Subsidiary of SVADS	100%	US Dollar (USD)
Shasun NBI LLC, USA	USA	Joint venture entity of Shasun Pharmaceuticals Limited.	50%	US Dollar (USD)

Shasun Life Sciences Private Limited ('SLSP') is an immaterial subsidiary of the Company and does not have any operation during the year. Consequently, it has not been considered for the purpose of consolidation and the investment in SLSP has been considered in the consolidated financial statements in accordance with AS 13 "Accounting for Investments".

2. Significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention using the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of Shasun Pharmaceuticals Limited ("SPL" or "the Company"), the parent company and all of its subsidiaries (collectively referred to as "the group" or "Shasun Group"), in which the Company has more than one half of the voting power of an enterprise or where the Company controls the composition of the Board of Directors. In accordance with AS 27, - "Financial Reporting of Interests in Joint Ventures", issued under the Companies (Accounting Standards) Rules, 2006, the group has accounted for its proportionate share of interest in a joint venture by the proportionate consolidation method.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.
- The group accounts for investments in its joint venture by the proportionate consolidation method of accounting wherein the company's proportionate share in the joint venture is combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group transactions and resulting unrealized profits, to the extent it pertains to the company.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

- The excess / deficit of cost to the parent company of its investment in the subsidiaries and joint venture over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill / capital reserve. The parent company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Management believes that the estimates made in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.4 Fixed assets, intangible assets, depreciation and amortization

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation. Cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets. Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

The costs of fixed assets not ready for their intended use before such date are disclosed under capital work-in- progress.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in schedule XIV to the Companies Act, 1956 or based on the useful lives of the assets as estimated by the management, whichever is higher. The management's estimates of the useful lives for various categories of fixed assets are given below:

Asset category	Estimated useful lives (in years)
Factory buildings	30.00
Non factory buildings	60.00
Plant and machinery	10.00
Electrical installations	10.00
Office equipments	10.00
Computers and accessories	2.50
Furniture, fixtures and fittings	16.00
Vehicles	5.00

Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing less than Rs. 5,000/- are depreciated at 100%.

Intangible assets are recorded at the consideration paid for acquisition and are amortized over their estimated useful lives ranging from 3 to 5 years on a straight-line basis, commencing from the date the asset is available to the Group for its use.

2.5 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount (higher of net realizable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.6 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from sale of goods is recognised in case of exports on the date of the bill of lading or airway bill which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns and sales tax, where applicable. Revenue from domestic sales is primarily recognized on dispatch basis.

Service income is recognised as per the terms of contracts with customers when the related services are performed, or when the agreed milestones are achieved. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

Dividend income is recognised when the unconditional right to receive the income is established.

Income from interest on deposits and loans is recognised on the time proportionate basis.

Export entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

2.7 Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the assets or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments are apportioned between finance charges and reduction of the lease liability at the implicit rate of return. Finance charges are charged to the Statement of profit and loss.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss account on a straight line basis over the period of the lease or as and when the payments are made over the lease term.

2.8 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.9 Inventories

Inventories are valued at lower cost or net realizable value. Cost includes purchase price, duties and taxes (excluding those subsequently recoverable from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

The carrying cost of raw and packing materials, stores and spare parts and lab chemicals are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. The comparison of cost and net realizable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on a weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

The excise duty in respect of closing inventory of finished goods is included as part of inventory.

2.10 Employee benefits

Contributions payable to defined pension funds and social security schemes in certain overseas subsidiaries, which are defined contribution schemes, are charged to the Statement of profit and loss.

The Company's contribution in respect to Provident fund, Employees' state insurance scheme, Pension fund, and defined contribution plans are charged to the Statement of profit and loss when incurred.

Gratuity costs with respect to defined benefit schemes are accrued based on actuarial valuation, carried out by an independent actuary as at the balance sheet date. The contributions are made to approved 'Shasun Chemicals Employees Gratuity Trust Fund'. Liabilities are determined by actuarial valuation using projected unit credit method carried out by an independent actuary as at the balance sheet date.

Provision for compensated absences is made on the basis of actuarial valuation as at the balance sheet date by an independent actuary using projected unit credit method.

Under the superannuation scheme, a defined contribution plan, the Company pays fixed contributions to approved superannuation trust and has no obligation to pay further amounts. Such fixed contributions are charged to the profit and loss account on accrual basis.

All actuarial gains and losses arising during the year are recognized in the Statement of profit and loss of the year.

2.11 Foreign currency transactions and derivative instruments

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year-end rates. The resultant exchange differences are recognised in the Statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Income and expenditure items at representative offices are translated at the respective monthly average rates. Monetary assets and liabilities at representative offices as at the balance sheet date are translated using the year-end rates. Non-monetary assets and liabilities are recorded as at the rates prevailing on the date of the transaction.

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date. The premium or discount on all such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or expense for the period.

In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding as at the balance sheet date, the exchange difference is calculated and recorded in accordance with AS-11 (revised). The exchange difference on such a forward exchange contract is calculated as the difference of the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the Statement of profit and loss in the reporting period in which the exchange rates change.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Pursuant to the notification of the Ministry of Corporate Affairs issued on December 29, 2011, the Company has decided to exercise the irrevocable option granted under the said notification. Accordingly, the exchange fluctuations on all long term foreign currency monetary items;

- a. So far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of such assets. Pursuant to this change, the profit after tax for the year, reserves and surplus and net fixed assets (including capital work-in-progress) are higher by Rs. 12.63 million.
- b. In cases other than those falling under (a) above are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA) and amortized over the balance period of long-term monetary asset/liability but not beyond March 31, 2020. Pursuant to this change, the profit after tax for the year, reserves and surplus and other current and non-current assets are higher by Rs. 9.95 million.

In accordance with the announcement of "Accounting for Derivatives" made by the Institute of Chartered Accountants of India ('ICAI') on 29 March 2008, derivatives are marked to market and the changes in the value of such derivatives, to the extent they reflect a loss, are recognized in Statement of profit or loss.

In accordance with the accounting principles as prescribed under AS 11 (revised) and based on the analysis of relevant criteria, the group has designated the operations of the following overseas consolidated entities viz. Shasun USA Inc., USA and SVADS Holdings SA, Switzerland as 'Integral foreign operations'

In translating the financial statements of an integral foreign operation for incorporation in consolidated financial statements, revenue items are translated at average rates; monetary items are translated using the closing rate; non-monetary items are translated using the exchange rate at the date of transaction i.e., the date when they were acquired. The net exchange difference resulting from the translation of items in the financial statements of foreign integral operations is recognised as income or as expense for the year; contingent liabilities are translated at the closing rate.

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

2.12 Research and development

Revenue expenditure on research and development is expensed under the respective heads of account in the year in which it is incurred. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the Company's policy.

Materials identified for use in research and development process are carried as inventories and charged to Statement of profit and loss on issuance of such materials for research and development activities.

2.13 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably and virtually certain respectively to be realized.

Minimum Alternate Tax ("MAT") paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company would pay normal income tax after tax holiday period and accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably. MAT credit entitlement is reviewed at each balance sheet date and written down to the extent there is no convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

2.14 Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that decrease profit per share are included.

2.15 Employee stock option based compensation

The Company calculates the compensation cost based on the intrinsic value method wherein the excess of value of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option schemes of the Company is amortised over the vesting period on a straight line basis. The Company follows the SEBI guidelines for accounting of employee stock options.

2.16 Cash flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

2.17 Provisions, Contingent liabilities and Contingent assets

The Company creates a provision when there is present obligation as a result of past events 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 a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
3	SHARE CAPITAL		
	Authorised		
	75,000,000 (Previous year: 75,000,000) equity shares of Rs. 2/- each	150.00	150.00
	1,000,000 (Previous year: 1,000,000) redeemable preference shares of Rs. 100/- each	100.00	100.00
		250.00	250.00
	Issued, subscribed and paid-up		
	55,123,852 (Previous year: 48,544,905) equity shares of Rs. 2/- each fully paid up	110.25	97.09
		110.25	97.09

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	48,544,905	97.09	48,313,939	96.63
Issued during the year	6,578,947	13.16	230,966	0.46
Outstanding at the end of the year	55,123,852	110.25	48,544,905	97.09

b. Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2.00/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended March 31, 2012, the amount of dividend recognized as distribution to equity shareholders was Rs. 2.00/- per share (Previous year: Nil per share) on interim basis and Rs. 0.40/- per share (Previous year Rs. 0.30/- per share) as proposed final dividend.

c. Details of shareholders holding more than 5% of equity shares of Rs. 2/- each fully paid in the company

	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% held	No. of shares	% held
Caduceus Asia Mauritius Limited	6,578,947	11.93	-	-
Shasun Leasing And Finance Private Limited	4,327,494	7.85	4,327,344	8.91
Devendra Estates Private Limited	2,831,406	5.14	2,794,104	5.76
Others	41,386,005	75.08	41,423,457	85.33
	55,123,852	100.00	48,544,905	100.00

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

During the year, the Company has made a preferential allotment of 6,578,947 equity shares of Rs. 2/- each at a premium of Rs. 74/- per share aggregating to Rs. 499.99 to Caduceus Asia Mauritius Limited, Mauritius, a SEBI registered foreign venture capital investor after obtaining the approval of the shareholders and stock exchanges. In response to the Company's intimation through the authorized dealer, the Reserve Bank of India has advised the Company to obtain the approval of the Foreign Investment Promotion Board in respect of such investment. The Company is in the process of filing the necessary documents with the concerned authorities. The Company believes that there would be no material financial implications arising out of the aforesaid matter.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

		As at March 31, 2012	As at March 31, 2011
4	RESERVES AND SURPLUS		
	Capital reserve		
	As at the beginning and end of the year	3.00	3.00
	Capital redemption reserve		
	As at the beginning and end of the year	50.00	50.00
	Securities premium account		
	Balance at the beginning of the year	417.71	412.00
	Add: additions made during the year	486.84	5.71
	Less: share issue expenses incurred during the year	10.27	-
	Balance at the end of the year	894.28	417.71
	Employee stock options outstanding		
	Options outstanding as at the beginning of the year	-	5.18
	Less: options exercised during the year	-	1.57
	Less: options lapsed during the year	-	3.61
	Options outstanding as at the end of the year	-	-
	General reserve		
	Balance at the beginning of the year	356.88	351.88
	Add: amount transferred from surplus in the Statement of profit and loss	53.06	5.00
	Balance at the end of the year	409.94	356.88
	Foreign currency translation reserve		
	Balance at the beginning of the year	(15.67)	166.12
	Less: deductions during the year	1.16	146.97
	Less: prior period adjustment to profit and loss account	-	34.82
	Balance at the end of the year	(16.83)	(15.67)
	Surplus in the Statement of profit and loss		
	Balance at the beginning of the year	(69.85)	93.46
	Add: net profit / (loss) for the year	1,005.67	(141.39)
	Less: appropriations		
	Proposed dividend	22.05	14.56
	Interim dividend	97.09	-
	Dividend distribution tax	19.33	2.36
	Transfer to general reserve	53.06	5.00
	Balance at the end of the year	744.29	(69.85)
		2,084.68	742.07

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

5	LONG TERM BORROWINGS		
	Secured:		
	Indian Rupee term loans from banks	-	59.86
	External commercial borrowings from banks	566.84	312.20
	Foreign currency term loans from banks	677.58	767.73
	Less: disclosed under the head Other current liabilities (Refer note 10)	(465.69)	(467.74)
		778.73	672.05

Security details and terms of re-payment for loans:

- i. External Commercial Borrowing from Standard Chartered Bank, Mauritius, amounting to Rs. 51.53 (Previous year: Rs. 133.80) is secured by way of first charge on plant and machinery situated at Cuddalore Units. The loan is repayable in 6 semi-annual installments of USD 1.00 million after an initial moratorium period of 30 months.
- ii. External Commercial Borrowing from DBS, Singapore, amounting to Rs. 206.12 (Previous year: Rs. 178.40) is secured by way of pari passu charge of equitable mortgage on 45.47 acres of leasehold land at Pharma City, SEZ, Visakhapatnam. The loan is repayable in 8 semi-annual installments of USD 0.5 million after an initial moratorium period of 18 months.
- iii. External Commercial Borrowing from ICICI Bank Ltd, Singapore, amounting to Rs. 309.18 (Previous year: Rs. Nil) is secured by way of first pari passu charge on
 - (a) Land, Building and Plant and Machinery in Formulation Unit situated at Pondicherry
 - (b) Land and Building situated in Cuddalore Units
 - (c) Land and Building situated in API Unit in Pondicherry

The loan is repayable in 16 equal quarterly installments of USD 0.38 million after an initial moratorium period of 15 months.

The aforesaid external commercial borrowings carry interest ranging from 3.25% to 3.65% p.a.

- iv. Foreign currency loan (converted from a Rupee loan to foreign currency loan in financial year 2010-11) from State Bank of India amounting to Rs. 158.16 (Previous year: Rs. 217.69) is secured by first charge on the moveable and immoveable fixed assets at Shasun Research Centre (SRC) located at Vandalur and on the unencumbered immoveable assets at Plot No. A1/A, measuring 5.01 acres located in SIPCOT Complex in Kudikadu village near Cuddalore. The loan carries interest ranging from 7.22% to 9.50% p.a. and is repayable in 33 monthly installments of USD 0.15 million.
- v. Standby Line of Credit availed by Shasun Pharma Solutions Limited, UK (a wholly owned subsidiary) from Axis Bank Ltd amounting to GBP 2.00 million is secured by:
 - (a) Exclusive charge on Land (approx 3.13 acres) situated at Kumarapettai, Cuddalore
 - (b) Second charge on plant and machinery situated at Cuddalore Units and
 - (c) Hypothecation by way of subservient charge on current assets of the Company.
- vi. Standby Line of Credit availed by Shasun Pharma Solutions Limited, UK (a wholly owned subsidiary) from State Bank of India amounting to GBP 5.5 million is secured by:
 - (a) First charge on land (approx 1 acre 98 cents) and the Guest House constructed at Bommaiarpalayam Village, East Coast Road, Pillaichavadi
 - (b) Second Charge on the moveable and immoveable fixed assets at Shasun Research Centre (SRC) located at Vandalur.
 - (c) Pledge of 2,415,000 shares of the Company held in the name of M/s Devendra Estate Private Limited
 - (d) Personal Guarantee from Mr. S. Vimal Kumar, Wholetime Director and
 - (e) Corporate Guarantee from M/s Devendra Estate Private Limited.
 - (f) Parri passu first charge on the tangible assets of Shasun Pharma Solutions Limited, UK

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

- vii. Term loan from ICICI Bank Limited amounting to Rs. 81.80 is secured by Standby Line of Credit from Axis Bank Ltd which is covered as part of the Consortium arrangement from bankers referred under short term borrowings.
- viii. Rupee Term loan from State Bank of Hyderabad amounting to Rs. Nil (Previous year: Rs. 59.86) was secured by way of pari passu charge of equitable mortgage on 45.47 acres of leasehold land at Pharma City, SEZ, Visakhapatnam. The loan carries interest ranging from 14.50% to 15.75% p.a. and is repayable in 10 quarterly installments of Rs. 20 million after an initial moratorium period of 2 quarters.

6 DEFERRED TAX

	As at March 31, 2012	As at March 31, 2011
Deferred tax liability on account of:		
Depreciation and amortization	245.14	241.30
	245.14	241.30
Deferred tax asset on account of:		
Provision for Mark-to-market losses on derivatives	58.53	-
Carry forward tax losses	266.68	149.27
Retirement benefits	5.64	5.05
Others	28.42	22.56
	359.27	176.88
Net deferred tax liability / (asset)	(114.13)	64.42
The net deferred tax asset of Rs. 114.13 (Previous year: Rs. (64.42)) has the following breakdown:		
Deferred tax liability	15.28	130.05
Deferred tax asset	(129.41)	(65.63)
	(114.13)	64.42

7 LONG TERM PROVISIONS

Provision for employee benefits:		
- Gratuity (Refer note 35)	-	10.00
- Compensated absence	17.78	13.28
Provision for Mark-to-market losses on derivatives	8.76	103.44
Provision for taxation net of advance taxes and tax deducted at source	25.61	30.86
	52.15	157.58

8 SHORT TERM BORROWINGS

Secured:		
Overdraft from banks	672.69	785.59
Packing credit facilities from banks	1,300.48	1,133.50
Unsecured:		
Other loans from banks	312.84	220.97
Loan from others	-	10.00
	2,286.01	2,150.06

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Security details and terms of re-payment for loans:

- i. Working capital facility sharing under Consortium arrangement from bankers (namely State Bank of Travancore, State Bank of India, State Bank of Mysore, State Bank of Hyderabad, Canara Bank, Axis Bank Ltd, ICICI Bank Ltd and IDBI Bank Ltd) aggregating to Rs. 2,800 (including non-fund based) and Standby line of credit Rs. 50 provided by State Bank of Travancore are secured by :
 - (a) Hypothecation of entire current assets on a pari passu basis with other members of the Consortium
 - (b) Pari passu first charge on land, building of API Unit, Pilot plant and Biotech plant at Pondicherry
 - (c) Pari passu first charge on land (approx 11.05 acres) and building at Cuddalore Units
 - (d) Pari passu first charge on land (approx 14.04 acres) and entire assets of Formulation unit, Pondicherry and
 - (e) Second charge on all other fixed assets of the Company.
- ii. Packing credit facility from Bank of Nova Scotia amounting to Rs. Nil (Previous year: Rs. 145.17) was secured by way of hypothecation of the plant and machinery at Pilot plant and Active Pharmaceutical Ingredient plant, located in Pondicherry.
- iii. Working capital facilities of Shasun Pharma Solutions Limited, UK are subject to corporate guarantee by the ultimate parent company, Shasun Pharmaceuticals Limited and are secured by pari-passu first charge on tangible assets of Shasun Pharma Solutions Limited, UK.

9 TRADE PAYABLES

	As at March 31, 2012	As at March 31, 2011
Dues to micro and small enterprises	22.92	58.75
Dues to others	2,146.33	1,563.95
	2,169.25	1,622.70

10 OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (Refer note 5)	465.69	467.74
Interest accrued and not due	5.14	11.24
Advance from customers	175.64	215.35
Bank overdraft	39.52	9.79
Unclaimed dividends	6.92	3.11
Other liabilities	167.26	107.40
	860.17	814.63

11 SHORT TERM PROVISIONS

Provision for employee benefits:		
- Gratuity (Refer note 35)	25.14	3.48
- Compensated absence	2.57	1.92
- Pension payable	5.04	0.05
Provision for Mark-to-market losses on derivatives	171.63	136.68
Proposed dividend	22.05	14.56
Dividend distribution tax payable	3.58	2.36
	230.01	159.05

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
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12 TANGIBLE ASSETS

Particulars	Freehold land	Leasehold land #	Leasehold improvements	Factory buildings	Non factory buildings	Plant and machinery *	Electrical installations	Office equipments	Computers and accessories	Furniture, fixtures and fittings	Vehicles	Total
GROSS BLOCK												
As at April 1, 2010	38.94	14.08	15.76	630.42	4.79	3,530.16	284.45	47.79	127.54	45.05	36.71	4,775.69
Foreign exchange adjustments	(1.13)	-	-	(1.42)	-	(106.30)	-	-	(3.22)	-	(0.16)	(112.23)
Additions / adjustments	-	272.82	2.81	4.62	0.52	200.92	0.91	3.51	6.63	1.26	6.82	500.82
Deletions	-	-	-	-	-	2.09	-	1.08	17.90	0.07	5.29	26.43
As at March 31, 2011	37.81	286.90	18.57	633.62	5.31	3,622.69	285.36	50.22	113.05	46.24	38.08	5,137.85
Foreign exchange adjustments	0.40	-	0.64	1.03	-	146.79	-	0.03	3.76	-	0.19	152.84
Additions / adjustments	-	-	-	121.03	11.47	401.90	28.00	13.05	28.96	4.43	11.54	620.38
Deletions	0.07	-	13.68	23.86	-	63.71	9.45	3.13	1.30	5.22	18.88	139.30
As at March 31, 2012	38.14	286.90	5.53	731.82	16.78	4,107.67	303.91	60.17	144.47	45.45	30.93	5,771.77
ACCUMULATED DEPRECIATION												
As at April 1, 2010	-	1.52	8.34	162.04	2.06	1,809.53	163.61	31.02	114.20	22.55	26.04	2,340.91
Foreign exchange adjustments	-	-	-	(0.18)	-	9.19	-	-	(1.39)	-	(0.04)	7.58
Additions	-	8.41	5.58	21.31	0.06	285.11	24.68	4.01	10.29	2.72	5.51	367.68
Deletions	-	-	-	-	-	1.85	-	0.74	17.88	0.02	4.57	25.06
As at March 31, 2011	-	9.93	13.92	183.17	2.12	2,101.98	188.29	34.29	105.22	25.25	26.94	2,691.11
Foreign exchange adjustments	-	-	-	0.26	-	44.97	-	-	3.20	-	0.13	48.56
Additions	-	2.90	0.87	23.58	0.14	310.26	24.46	4.37	5.73	2.75	4.73	379.79
Deletions	-	-	13.51	9.20	-	62.21	7.45	2.94	1.29	3.93	15.37	115.90
As at March 31, 2012	-	12.83	1.28	197.81	2.26	2,395.00	205.30	35.72	112.86	24.07	16.43	3,003.56
NET BLOCK												
As at March 31, 2012	38.14	274.07	4.25	534.01	14.52	1,712.67	98.61	24.45	31.61	21.38	14.50	2,768.21
As at March 31, 2011	37.81	276.97	4.65	450.45	3.19	1,520.71	97.07	15.93	7.83	20.99	11.14	2,446.74

Also refer note 2.11

Amortisation of Rs. 2.76 (Previous year: Rs. 8.27 (including Rs. 5.51 relating to earlier years)) is allocated to projects under capital work-in-progress.

* Depreciation for the year includes depreciation amounting to Rs.38.59 (Previous year: Rs. 40.94) on assets used for Research and Development. During the year, the Company incurred Rs. 14.76 (Previous year: Rs. 2.28) towards capital expenditure for Research and Development.

^ Includes Rs. Nil (Previous year: Rs. (163.38)) relating to gross block and Rs. Nil (Previous year: Rs. 5.63) relating to accumulated depreciation and amortisation of the earlier periods.

Foreign exchange adjustments arising from the Company's decision to exercise the irrevocable option granted under the notification issued by Ministry of Corporate Affairs on December 29, 2011 are included under additions / adjustments.

13 INTANGIBLE ASSETS

Particulars	Software	Patent, licences and trademark	Total
GROSS BLOCK			
As at April 1, 2010	30.23	5.27	35.50
Foreign exchange adjustments	-	(0.19)	(0.19)
Additions / adjustments	1.24	44.59	45.83
Deletions	-	-	-
As at March 31, 2011	31.47	49.67	81.14
Foreign exchange adjustments	-	6.71	6.71
Additions / adjustments	4.15	-	4.15
Deletions	-	-	-
As at March 31, 2012	35.62	56.38	92.00

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

13 INTANGIBLE ASSETS *(continued)*

Particulars	Software	Patent, licences and trademark	Total
ACCUMULATED DEPRECIATION			
As at April 1, 2010	26.75	0.99	27.74
Foreign exchange adjustments	-	(0.39)	(0.39)
Additions	3.98	12.36	16.34
Deletions	-	-	-
As at March 31, 2011	30.73	12.96	43.69
Foreign exchange adjustments	-	3.34	3.34
Additions	1.35	27.32	28.67
Deletions	-	-	-
As at March 31, 2012	32.08	43.62	75.70
NET BLOCK			
As at March 31, 2012	3.54	12.76	16.30
As at March 31, 2011	0.74	36.71	37.45

Foreign exchange adjustments arising from the Company's decision to exercise the irrevocable option granted under the notification issued by Ministry of Corporate Affairs on December 29, 2011 are included under additions / adjustments.

14 NON-CURRENT INVESTMENTS

	As at March 31, 2012	As at March 31, 2011
Trade investments valued at cost unless stated otherwise		
Unquoted equity instruments		
Investments in wholly owned subsidiaries		
Shasun Life Sciences Private Limited, India (Refer note 1)		
10,000 (Previous year: 10,000) equity shares of Rs. 10/- each, fully paid up	0.10	0.10
Investment in others		
Clarion Wind Farm Private Limited, India		
200,000 (Previous year: 200,000) equity shares of Rs. 10/- each, fully paid up	2.00	2.00
SIPCOT Industrial Common Utilities Limited, India		
4,242 (Previous year: 4,242) equity shares of Rs. 100/- each, fully paid up	0.42	0.42
	2.52	2.52

15 LONG TERM LOANS AND ADVANCES

Unsecured and considered good:		
Capital advances	113.11	33.04
Security deposits	39.11	41.86
Minimum alternate tax credit entitlement	105.15	-
Others	1.75	2.54
	259.12	77.44

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

16 OTHER NON CURRENT ASSETS

	As at March 31, 2012	As at March 31, 2011
Non current bank balances	7.88	3.11
Foreign currency monetary item translation difference account (Refer note 2.11)	4.82	-
Advance income tax and tax deducted at source (net of provision for taxation)	105.78	63.31
Unamortised expenses - ancillary borrowing costs	6.70	3.86
	125.18	70.28

17 INVENTORIES

Raw materials (including goods-in-transit of Rs. 28.22 (Previous year: Rs. 1.43))	628.19	566.86
Work-in-progress	457.24	349.65
Finished goods (including goods-in-transit of Rs. 15.76 (Previous year: Rs. 14.38))	197.47	281.05
Stores, spares, lab chemicals and consumables	95.84	84.37
	1,378.74	1,281.93

18 TRADE RECEIVABLES

Unsecured:

Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	16.77	19.46
- Considered doubtful	16.05	17.43
Other receivables		
- Considered good	2,300.82	1,550.09
Less: Provision for doubtful receivables	(16.05)	(17.43)
	2,317.59	1,569.55

19 CASH AND BANK BALANCES

Cash and cash equivalents:		
Cash on hand	0.85	1.05
Cheques on hand	-	1.68
Balances with banks		
- In current accounts	132.15	85.70
	133.00	88.43
Other bank balances:		
Deposits with original maturity for more than 3 months but less than 12 months	7.18	10.88
Deposits with original maturity for more than 12 months	2.91	24.51
	10.09	35.39
	143.09	123.82

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

20 SHORT TERM LOANS AND ADVANCES

	As at March 31, 2012	As at March 31, 2011
Secured and considered good:		
Advances recoverable in cash or in kind or for value to be received	-	8.76
Unsecured and considered good:		
Advances recoverable in cash or in kind or for value to be received	488.99	319.55
Prepaid expenses	34.35	32.99
Loans to employees	15.76	12.91
Balances with government authorities	138.52	137.83
Unsecured and considered doubtful:		
Advances recoverable in cash or in kind or for value to be received	12.17	2.28
Balances with government authorities	3.85	3.15
Less: Provision for doubtful advances	(16.02)	(5.43)
	677.62	512.04

21 OTHER CURRENT ASSETS

Unbilled revenue	265.98	236.84
Foreign currency monetary item translation difference account (Refer note 2.11)	5.13	-
Unamortised expenses - ancillary borrowing costs	1.86	1.10
	272.97	237.94

22 REVENUE FROM OPERATIONS

	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from operations, gross		
Sale of products	10,183.08	7,847.66
Trade sales	67.77	103.49
Sale of services	93.13	94.95
	10,343.98	8,046.10
Other operating revenues, gross		
Sale of by-products	241.80	182.62
Export incentives	228.68	223.77
Scrap sales, gross	44.35	30.23
	514.83	436.62
Less: Excise duty	(194.78)	(138.21)
	10,664.03	8,344.51

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

23 OTHER INCOME

	Year ended March 31, 2012	Year ended March 31, 2011
Interest income	7.20	16.26
Net gain on foreign currency transactions and translation	-	61.58
Profit on sale of fixed assets (net)	279.47	1.68
Bad debts written off now recovered	4.73	-
Provisions / liabilities no longer required written back	60.94	89.89
Insurance claims	33.50	5.95
Miscellaneous income	23.36	44.30
	409.20	219.66

24 COST OF RAW AND PACKING MATERIALS CONSUMED

Opening stock	566.86	481.78
Add : Purchases during the year	5,646.99	4,600.71
Less : Closing stock	628.19	566.86
	5,585.66	4,515.63

25 CHANGES IN INVENTORIES

Opening stock		
- Manufactured goods	281.05	162.72
- Work-in-progress	349.65	207.92
	630.70	370.64
Closing stock		
- Manufactured goods	197.47	281.05
- Work-in-progress	457.24	349.65
	654.71	630.70
	(24.01)	(260.06)

26 EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus	1,452.35	1,315.60
Contribution to provident and other funds	75.79	58.36
Employee stock option scheme	-	(3.61)
Staff welfare expenses	65.91	61.66
	1,594.05	1,432.01

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

27 FINANCE COSTS

	Year ended March 31, 2012	Year ended March 31, 2011
Interest expenses		
- On bank loans	177.46	171.63
- On others	113.18	85.02
- On interest rate swap	9.71	-
Bank charges	82.01	57.60
Net loss on foreign currency transactions and translation	54.63	8.34
	436.99	322.59

28 OTHER EXPENSES

Consumption of stores and spare parts	162.72	163.14
Rent	39.30	34.96
Rates and taxes	62.59	11.65
Power and fuel	718.25	638.21
Repairs and maintenance *		
- Buildings	21.52	26.76
- Plant and equipment	319.14	253.48
- Others	137.61	138.52
Research and development expenses	15.10	5.46
Insurance	67.13	51.61
Net loss on foreign currency transactions and translation	142.13	-
Communication expenses	16.53	20.27
Travelling and conveyance	54.55	53.25
Legal and professional charges	61.75	68.35
Printing and stationery	13.74	11.27
Commission to non-wholetime directors	1.69	-
Commission and discounts	54.99	57.96
Freight outwards	263.85	259.71
Sales promotion expenses	21.28	15.25
Royalty fees	-	14.18
Bad debts written off	11.38	8.36
Provision for doubtful receivables, net	1.88	5.72
Provision for doubtful advances	12.87	2.28
Miscellaneous expenses	26.25	39.32
	2,226.25	1,879.71

* Includes stores and spares consumed

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

29 Commitments and Contingent liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Income tax	318.14	312.31
Sales tax	13.27	0.48
Excise / customs	83.53	37.43
Service tax	-	0.48
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	598.67	128.39
Counter guarantees given by the company to the bankers for bank guarantee	126.52	55.81
Obligations in respect of letter of credit outstanding	416.46	130.79
Corporate guarantee given by the Company to bankers in respect of loan taken by Shasun Pharma Solutions Limited, UK (wholly owned subsidiary)	949.67	1,542.84
Out of the above corporate guarantee utilized in connection with loans availed by Shasun Pharma Solutions Limited, UK	454.14	1,267.64
Other claims against the Company not acknowledged as debts	38.76	2.00

30 Accounting for interest in Joint Venture (JV)

During the previous year, the Company had entered into an agreement with Nanoparticle Biochem Inc. for establishing a joint venture company in USA called Shasun NBI LLC. The Company has a 50% interest in Shasun NBI LLC. The contractual arrangement between Nanoparticle Biochem Inc. and the Company indicates that it jointly controls the financial and operating policies of Shasun NBI LLC in the ordinary course of business.

The Company has, in accordance with AS 27 "Financial Reporting of Interests in Joint Ventures" issued under the Companies (Accounting Standards) Rules 2006, accounted for its 50% interest in the JV by the proportionate consolidation method. Thus the Group's income statement, balance sheet and cash flow statement incorporate the Company's share of income, expenses, assets, liabilities and cash flows of the JV on a line-by-line basis.

The aggregate amount of assets, liabilities, income and expenses related to the company's share in the joint venture included in these financial statements as of and for the year ended March 31, 2012 are given below:

Particulars	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES		
Shareholders' funds		
Reserves and surplus	(57.30)	(16.89)
Current liabilities		
Other current liabilities	34.00	38.40
	(23.30)	21.51
ASSETS		
Non-current assets		
Intangible assets	12.79	33.44
Current assets		
Cash and cash equivalents	7.82	5.07
	20.61	38.51

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Expenditure		
Operating and other expenses	0.53	0.20
Research and development expenses	15.10	5.46
Depreciation and amortization expense	23.96	11.28
Loss before taxation	39.59	16.94
Provision for tax	-	-
Loss after taxation	39.59	16.94

31 Operating Leases

The Company had entered into operating lease arrangements in respect of office and storage space, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expense recognized during the year amounts to Rs. 18.85 (Previous year: Rs. 22.87). The schedule for future minimum lease payments in respect of non-cancellable operating leases is set out below:

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than one year	17.57	14.18
Later than one year but not later than five years	19.63	36.27
Later than five years	0.49	-

32 Earnings per share

Earnings per share are calculated by dividing the Profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Earnings / (Loss)		
Net profit after tax as per statement of profit and loss	1,005.67	266.24
Mark-to-Market loss on option contracts relating to prior periods etc.	-	(407.63)
Earnings / (Loss) after prior period items etc.	1,005.67	(141.39)
Number of shares		
Number of shares at the beginning of the year	48,544,905	48,313,939
Add: Equity shares issued on exercise of vested stock options	-	230,966
Add: Equity shares issued on preferential allotment basis	6,578,947	-
Total number of equity shares outstanding at the end of the year	55,123,852	48,544,905
Weighted average number of equity shares outstanding during the year - basic	48,598,831	48,470,789
Weighted average number of equity shares outstanding during the year - diluted	49,324,241	48,470,789
Earnings per share before prior period item		
- of par value Rs. 2 – Basic (Rs.)	20.69	5.48
- of par value Rs. 2 – Diluted (Rs.)	20.39	5.48
Earnings per share after prior period item		
- of par value Rs. 2 – Basic (Rs.)	20.69	(2.91)
- of par value Rs. 2 – Diluted (Rs.)	20.39	(2.91)

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

33 Related party disclosures

Details of related parties including summary of transactions entered into by the Company during the year ended March 31, 2012 are summarized below:

Key management personnel and their relatives:

Dr. S Devendra	Wholetime Director
S Abhaya Kumar	Wholetime Director (Managing Director w.e.f April 1, 2011)
S Vimal Kumar	Wholetime Director (Managing Director until March 31, 2011)
N Govindarajan	CEO and Managing Director (until August 31, 2010)
M Mohan	Director (from August 19, 2011)
Kevin P Cook	Director, Shasun Pharma Solutions Limited, UK (Until April 1, 2011)
D Jitesh	S/o of Dr. S Devendra
D Chaitanya	S/o of Dr. S Devendra
V Jatin	S/o of S Vimal Kumar
V Nitin	S/o of S Vimal Kumar

Entities where Directors have control or significant influence:

Shasun Finance Limited
Shasun Leasing & Finance Private Limited
Devendra Estate Private Limited
Neutra Specialities Private Limited (Until November 21, 2010)
Shasun Foundation Trust
Britest Limited (Until April 1, 2011)

Transactions

Description	Related party	Year ended March 31, 2012	Year ended March 31, 2011
Sale of goods	Neutra Specialties Pvt. Ltd.	-	0.08
Donation	Shasun Foundation Trust	0.60	0.40
Subscription fees	Britest Limited	-	0.71
Rent of leased property	Relative of key management personnel	-	0.45
Remuneration	Kevin P Cook	6.59	18.99
	S Abhaya Kumar	2.67	2.61
	S Vimal Kumar	2.74	2.62
	Dr. S Devendra	2.66	2.68
	D Jitesh	4.45	3.02
	D Chaitanya	3.45	-
	V Jatin	2.94	1.79
	N Govindarajan	-	1.22
	M Mohan	3.00	-
	Others	0.56	0.84

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Balances

Description	Related party	Receivable / (Payable) as at March 31, 2012	Receivable / (Payable) as at March 31, 2011
Payable	Shasun Finance Limited	-	(0.12)
Remuneration payable	D Jitesh	(1.09)	-
	V Jatin	(0.89)	-

34 Segment reporting

Primary segment

The Company has identified "Pharmaceuticals" as its single reportable business segment. Pharmaceuticals segment comprises manufacture of Active Pharmaceutical Ingredients (API), Intermediates and Formulations.

Geographic segment

The business is organized into five key geographic segments.

Segment Revenues: Revenues are attributable to individual geographic segments based upon the location of the customers.

Segment Assets and liabilities: The assets and liabilities of the entity are not fully identifiable with/ allocable to individual reportable segments. Consequently, the management believes that it is not practicable to provide segmental disclosures relating to total assets and liabilities of the enterprise.

Secondary segment information - geographical segments:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from operations		
Asia Pacific	650.62	731.34
Europe	2,416.41	1,769.42
India	2,076.90	1,578.11
Africa	30.72	3.69
America (North and South)	5,462.51	4,251.01
Rest of the world	26.87	10.94
Total	10,664.03	8,344.51

35 Employee benefits

Gratuity

The details in respect of gratuity are set out below:

Change in present value defined benefit obligation

Particulars	As at March 31, 2012	As at March 31, 2011
Obligations at the beginning of the year	68.94	64.56
Current service costs	5.96	5.18
Past service cost	-	-
Interest costs	5.67	5.15
Actuarial (gain) / loss	8.49	(2.02)
Benefits paid	(5.59)	(3.93)
Obligations at the end of the year	83.47	68.94

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Change in fair value of plan assets

Particulars	As at March 31, 2012	As at March 31, 2011
Fair value of plan assets at beginning of the year	55.46	46.21
Adjusted to opening balance		
Expected return on plan assets	4.51	3.68
Actuarial gain / (loss)	(0.91)	-
Contributions	4.86	9.50
Benefits paid	(5.59)	(3.93)
Fair value of plans assets at end of the year	58.33	55.46
Actual return on plan assets	3.59	3.68

Reconciliation of present value of defined benefit obligation and the fair value of plan assets

Particulars	As at March 31, 2012	As at March 31, 2011
Present value of defined benefit obligation at the end of the year	83.47	68.94
Fair value of plan assets at the end of the year	58.33	55.46
Funded status amount of liability recognized in balance sheet	25.14	13.48
Classified as long term provision	-	10.00
Classified as short term provision	25.14	3.48

Gratuity cost for the year

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current Service cost	5.96	5.18
Past Service cost	-	-
Interest cost	5.67	5.15
Expected return on plan assets	(4.51)	(3.68)
Actuarial (gain) / loss	9.40	(2.03)
Net gratuity cost	16.52	4.62

The gratuity cost has been recognized in 'Employee benefits expenses' under note 26 to the Statement of profit and loss.

Experience adjustment for the current and previous four years

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	83.47	68.94	64.56	58.73	52.59
Plan asset	58.33	55.46	46.21	29.16	29.65
Surplus/(defecit)	(25.14)	(13.48)	(18.35)	(29.57)	(22.94)
Experience adjustments in plan liabilities - (loss) / gain	8.49	(2.03)	1.54	1.15	(4.72)
Experience adjustments in plan assets - (loss) / gain	0.91	-	0.62	(0.41)	0.11

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Assumptions

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.57%	8.00%
Estimated rate of return on plan assets	8.00%	7.24%
Attrition rate	11.00%	15.00%
Rate of growth in salary levels	9.00%	8.00%

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Investment details of plan assets

Particulars	As at March 31, 2012	As at March 31, 2011
Insurer managed funds	100.00%	96.35%
Fixed deposits	0.00%	3.65%
Total	100.00%	100.00%

36 Employee Stock Option Plan

Plan I (Year 2001)

In 2001, the Board and the members the Company approved the Employee Stock Option Plan 2001 ('Plan I') effective April 1, 2002 under which employees and directors of the Company were also covered.

- The Scheme would be administered and supervised by the members of the Board Compensation Governance Committee (the 'Committee') of the Company.
- The vesting period of the option will be spread over a period of 48 months.
- The option was priced at a discount that is not greater than 50% of the closing market price on the date when the meeting of the compensation committee for granting of options was held.

Employee stock option activity under Plan I of the Company is as follows:

Period within which options will vest onto the participant	% of options that will vest
End of 12 months from the date of grant of options	20.00
End of 24 months from the date of grant of options	20.00
End of 36 months from the date of grant of options	30.00
End of 48 months from the date of grant of options	30.00

(in Nos)

Particulars	As at March 31, 2012	As at March 31, 2011
Outstanding at beginning of the year	-	129,430
Granted during the year	-	-
Forfeited / lapsed during the year	-	(90,130)
Exercised during the year (Refer Note 1 below)	-	(39,300)
Outstanding at the end of year	-	-
Note 1		
Exercise price	Rs. 45.00	Rs. 45.00

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

Plan II (Year 2006)

In 2006, the Board and the members of the Company approved the Employee Stock Option Plan 2006 ('Plan II') effective May 25, 2006 under which employees and directors of the Company were also covered.

- The Scheme would be administered and supervised by the members of the Board Compensation Governance Committee of the Company.
- Vesting period within which the employees would exercise the options would be 1 year from the date of grant of option.

Particulars	(in Nos)	
	As at March 31, 2012	As at March 31, 2011
Outstanding at beginning of the year	-	191,666
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year (Refer Note 1 below)	-	(191,666)
Outstanding at the end of year	-	-
Note 1		
Exercise price	Rs. 14.80	Rs. 14.80

The Company follows Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines. The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees.

37 Outstanding forward contracts

March 31, 2012			March 31, 2011		
Currency	No. of contracts	Buy / sell	Currency	No. of contracts	Buy / sell
USD	20	Sell	USD	56	Sell

- 38** During the year, the Company has made a preferential allotment of 1,500,000 convertible warrants of Rs. 75/- each aggregating to Rs. 112.50 to its Promoter, Promoter group and an independent director after obtaining the approval of the shareholders and stock exchanges. As part of the allotment, the Company had received Rs. 28.13 as advance being 25% of the allotment value. The preferential allottees have a right to subscribe for one equity share of face value Rs. 2/- each per warrant at any time within a period of 18 months from the date of issue of such warrants being October 7, 2011.

- 39** Provision for taxation comprise current tax including minimum alternate tax, deferred tax charge or (benefit) including those in respect of carry forward of losses / unabsorbed depreciation and minimum alternate tax credit entitlements arising from earlier periods.

Notes to consolidated financial statements for the year ended March 31, 2012 (Contd.)
(All amounts are in million Indian Rupees except share data and if otherwise stated)

40 Mark-to-market loss on option contracts and other items relating to prior periods etc.

As a consequence of the application of the provisions of the announcement of the Institute of Chartered Accountants of India dated March 29, 2008 the Company has, in the previous year, accounted for mark-to-market losses aggregating to Rs. 405.32 in respect of option contracts outstanding as at March 31, 2010 as a prior period item. Further, as a consequence of accounting for certain subsidiaries as integral to the operations of the parent company and certain other consolidation related adjustments, the Company during the previous year had accounted for exchange differences arising therefrom amounting to Rs. 2.31 (net, after considering Rs. 34.82 relating to foreign currency translation reserve) also as a prior period item. The Company has adopted the alternative approach to present the prior period item under AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" after the current net profit.

41 Comparative figures

Till the year ended March 31, 2011, the Company had used pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI was notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements.

for B S R & Co.
Chartered Accountants
Firm registration No. 101248W

For and on behalf of Board of Directors

S Sethuraman
Partner
Membership No: 203491

S Abhaya Kumar
Managing Director

Dr. S Devendra
Wholetime Director

S Vimal Kumar
Wholetime Director

Place: Chennai
Date: May 24, 2012

S Murali Krishna
Company Secretary

S Hariharan
Chief Financial Officer

Research and Development Financials

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Balance Sheet as on 31st March, 2012

	R&D Unit I As on 31.03.2012		R&D Unit II As on 31.03.2012		Total As on 31.03.2012		Total As on 31.03.2011	
Sources of funds								
Head Office Control a/c	57.55		208.35		265.90		306.09	
Add : Transfers	(11.82)		50.65		38.83		99.18	
Less : Excess of Expenditure over Income	(16.82)	26.99	(66.41)	192.59	(83.23)	221.50	(139.37)	265.90
Secured Loans								
Term Loans from Banks		-		-		-		-
Total		28.91		192.59		221.50		265.90
Application of Funds								
Fixed Assets								
R&D Equipments								
Gross Block								
Opening as on 01.04.2011	129.00		238.47		367.47		367.47	
Additions Net	-		14.71		14.71		-	
Deletions	48.06		4.57		52.63			
Closing as on 31.03.2012	80.94		248.61		329.55		367.47	
Less : Accumulated Depreciation	(59.15)		(170.53)		(229.68)		(250.12)	
Net Block as on 31.03.2012		21.79		78.08		99.87		117.35
Others								
Gross Block								
Opening as on 01.04.2011	54.07		168.46		222.53		226.69	
Additions	-		0.05		0.05		2.28	
Deletions	37.79		3.18		40.97		6.44	
Closing as on 31.03.2012	16.28		165.33		181.61		222.53	
Less : Accumulated Depreciation	(9.16)		(53.99)		(63.15)		(81.04)	
Net Block as on 30.06.2011		7.12		111.34		118.46		141.49
Current Assets								
Inventory - Lab Chemicals		-		3.17		3.17		7.06
Total		28.91		192.59		221.50		265.90

Statement of Income & Expenditure for the year ended 31st March, 2012

	R&D Unit I As on 31.03.2012		R&D Unit II As on 31.03.2012		Total As on 31.03.2012		Total As on 31.03.2011	
Expenditure								
Employee Cost		2.70		46.16		48.86		73.33
Materials / Consumables / Spares		4.19		10.66		14.85		22.31
Utilities		1.88		3.23		5.11		6.24
Other Expenditure - R&D		5.34		27.05		32.39		38.94
Interest		-		0.25		0.25		(0.47)
Total Revenue Expenditure excluding Depreciation		14.11		87.35		101.46		140.35
Depreciation		11.34		27.25		38.59		40.94
Total Expenditure		25.45		114.60		140.05		181.29
Income								
i) FTE Income						-		-
ii) Commercial Sale of Prototype & Others		8.63		48.19		56.82		41.92
Total Income		8.63		48.19		56.82		41.92
Excess of Expenditure over Income		16.82		66.41		83.23		139.37

Summary of Financial Information of Subsidiary Companies

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Rs in Mn

Name of the Subsidiary	Shasun Pharma Solutions Inc	Shasun USA Inc	SVADS Holdings SA	Shasun Life Science Pvt Ltd	Shasun Pharma Solutions Ltd.
Company/Step-down Subsidiary					
Paid UP Capital of Subsidiary Company as on March 31, 2012	18.41	0.54	3.43	0.10	412.68
Reserves & Surplus as on March 31, 2012	8.35	(146.51)	(2.99)	Nil	(153.21)
Total Assets as on March 31, 2012	34.06	82.09	517.51	0.10	2,425.83
Total Liabilities as on March 31, 2012	7.30	228.06	517.07	Nil	2,166.36
Details of Investment (Excluding Investment in Subsidiaries) as on March 31, 2012	Nil	Nil	Nil	Nil	Nil
Turnover for financial year ended on March 31, 2012		96.65	17.32	Nil	3,303.24
Profit/(Loss) Before Taxation for financial yearended on March 31, 2012	(1.27)	47.83	(4.86)	Nil	380.90
Provision for Taxation for financial year ended on March 31, 2012	-	0.02	(0.38)	Nil	(51.11)
Profit/ (Loss) After Tax for financial year ended on March 31, 2012	(1.27)	47.81	(4.48)	Nil	432.01
Proposed Dividend for financial year ended on March 31, 2012	Nil	Nil	Nil	Nil	Nil
Year end Exchange Rates					
GBP/INR					81.80
USD/INR	51.16	51.16			
CHF/INR			56.65		

Ratio Analysis

(All amounts are in million Indian Rupees except share data and if otherwise stated)

Profitability Ratios	2008-09	2009-10	2010-11	2011-12
Net Profit (before tax) Ratio	-8%	4%	1%	5%
Net Profit (after tax) Ratio	-7%	4%	1%	7%
Cash Profit Ratio	-2%	8%	5%	9%
Return on Capital Employed	-5%	10%	9%	32%
Return on Net Worth	-17%	11%	3%	20%
Activity Ratios	2008-09	2009-10	2010-11	2011-12
Fixed Assets Turnover Ratio	2.47	2.97	3.18	3.13
Debtors Turnover Ratio	2.41	2.75	3.89	3.58
Average Collection Period (days)	152	132	94	102
Inventory Turnover	10.60	9.72	5.19	6.37
Inventory Holding Period (days)	34	38	70	57
Turnover/ Capital Employed	1.19	1.25	1.14	1.48
Leverage and Financial Ratios	2008-09	2009-10	2010-11	2011-12
Debt Equity Ratio	1.09	1.03	1.14	0.82
Gearing Ratio	52%	51%	53%	45%
Debt Service Coverage Ratio	0.19	1.52	1.13	0.88
Interest Coverage Ratio	0.12	3.29	2.46	3.03
Current Ratio	0.86	1.08	0.87	0.91
Valuation Ratios	2008-09	2009-10	2010-11	2011-12
Earnings per Share	-6.91	4.57	1.00	10.92
Dividend	-	50%	15%	120%
Book Value (Rs)	40	43	35	48
Dividend Pay Out	-	26%	35%	26%
Price/ Earnings (Rs)	-1.81	11.12	52.30	7.64
Performance Ratios	2008-09	2009-10	2010-11	2011-12
Domestic Turnover/Total Turnover	34%	29%	24%	26%
Exports Turnover/Total Turnover	66%	71%	76%	74%
Raw Material Cost /Total Turnover	58%	60%	65%	67%
Overheads/Total Turnover	40%	36%	32%	31%
Research Spending/Total Turnover	2%	4%	3%	2%
Growth Ratios	2008-09	2009-10	2010-11	2011-12
Growth in Turnover	9%	11%	3%	30%
Growth in Domestic Sales	9%	-5%	-15%	40%
Growth in Exports Sales	9%	19%	10%	26%
Growth in PBT	-255%	154%	-59%	346%
Growth in PAT	-250%	166%	-78%	988%
Growth in Cash Profit	-123%	505%	-32%	118%

notice of annual general meeting

Notice is hereby given that 37th Annual General Meeting of the Company will be held on Thursday, August 2, 2012 at P. Obul Reddy Hall at Vani Mahal, No.103, G.N. Road, T. Nagar, Chennai – 600 017 at 2.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2012, the Balance sheet as at that date and the reports of the Auditors and Directors thereon.
2. To declare a dividend on equity shares for the financial year ended March 31, 2012.
3. To appoint a Director in place of Mr. R. Sundara Rajan who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
“RESOLVED THAT M/s. B S R & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting”
“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any to the said Auditors”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. N. Subramanian who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on August 19, 2011 and who holds office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation.
6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. M. Mohan who was appointed as an Additional Director and Director – EHS (Environment, Health & Safety) for a period of 5 years with effect from August 19, 2011 at the meeting of the Board of Directors of the Company and who holds office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation.
RESOLVED FURTHER THAT pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company for the appointment of Mr. M. Mohan as Wholetime Director of the Company, whose appointment is liable to determination by retirement of directors by rotation, with effect from August 19, 2011 to August 18, 2016 and the remuneration not exceeding Rs. 8,00,000 (Rupees eight lakhs only) per month inclusive of all benefits and allowances be and is hereby approved.”
RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. M. Mohan within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act.
RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. M. Mohan as Wholetime Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites as specified in Section II of the Para II of Schedule XIII to the said Act, or such other limits as may be prescribed by the Central Government from time to time as Minimum Remuneration.

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

RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Dr. Sunny Sharma who was appointed as Additional Director at the meeting of the Board of Directors of the Company held on March 29, 2012 and who holds office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended from time to time the approval of the members of the Company be and is hereby accorded to the reappointment of Dr. S. Devendra as Wholetime Director of the Company for a further period of 3 years with effect from August 1, 2012, as approved by the Board of Directors in their meeting held on May 24, 2012 and that the remuneration payable to such Director on such terms and conditions as fixed by the Board of Directors in their meeting held on May 24, 2012, remuneration not exceeding Rs. 8,00,000 (Rupees eight lakhs only) per month inclusive of all benefits and allowances with retrospective effect from April 1, 2012 to July 31, 2015 with authority to the Board of Directors to grant such increments as it may determine from time to time within the above range.

RESOLVED FURTHER THAT apart from the above remuneration, Dr. S. Devendra is eligible for commission on the net profits of the Company for each financial year, or part thereof, computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Dr. S. Devendra within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Dr. S. Devendra as Wholetime Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites as specified in Section II of Para II of Schedule XIII to the said Act, or such other limits as may be prescribed by the Central Government from time to time as Minimum Remuneration.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended from time to time the approval of the members of the Company be and is hereby accorded to the reappointment of Mr. S. Abhaya Kumar as Managing Director of the Company for a further period of 3 years with effect from August 1, 2012, as approved by the Board of Directors in their meeting held on May 24, 2012 and that the remuneration payable to such Director on such terms and conditions as fixed by the Board of Directors in their meeting held on May 24, 2012, remuneration not exceeding Rs.12,00,000 (Rupees twelve lakhs only) per month inclusive of all benefits and allowances with retrospective effect from April 1, 2012 to July 31, 2015 with authority to the Board of Directors to grant such increments as it may determine from time to time within the above range.

RESOLVED FURTHER THAT apart from the above remuneration, Mr. S. Abhaya Kumar is eligible for management incentive of not exceeding Rs.50,00,000 (Rupees fifty lakhs only) per annum with the approval of the Board and commission on the net profits of the Company for each financial year, or part thereof, computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. S. Abhaya Kumar within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. S. Abhaya Kumar as Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites as specified in Section II of the Para II of Schedule XIII to the said Act, or such other limits as may be prescribed by the Central Government from time to time as Minimum Remuneration.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended from time to time the approval of the members of the Company be and is hereby accorded to the reappointment of Mr. S. Vimal Kumar as Wholetime Director of the Company for a further period of 3 years with effect from August 1, 2012, as approved by the Board of Directors in their meeting held on May 24, 2012 and that the remuneration payable to such Director on such terms and conditions as fixed by the Board of Directors in their meeting held on May 24, 2012, remuneration not exceeding Rs.8,00,000 (Rupees eight lakhs only) per month inclusive of all benefits and allowances with retrospective effect from April 1, 2012 to July 31, 2015 with authority to the Board of Directors to grant such increments as it may determine from time to time within the above range.

RESOLVED FURTHER THAT apart from the above remuneration, Mr. S. Vimal Kumar is eligible for commission on the net profits of the Company for each financial year, or part thereof, computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. S. Vimal Kumar within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Compensation Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. S. Vimal Kumar as Wholetime Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites as specified in Section II of the Para II of Schedule XIII to the said Act, or such other limits as may be prescribed by the Central Government from time to time as Minimum Remuneration.

Registered Office:

Batra Centre, 3rd & 4th Floor
No.28, Sardar Patel Road,
Guindy, Chennai – 600 032

Place: Chennai

Date: May 24, 2012

By order of the Board
S. Murali Krishna
Company Secretary

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the company. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special business to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance slip for attending the Meeting.
5. The information on the Directors appointment/reappointment is provided as per Clause 49 of the Listing Agreement and is given in the Corporate Governance Section of this Annual Report.
6. Members who hold shares in dematerialized form are requested to write their client ID and DPID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting.
7. The register of members will be closed from July 25, 2012 to August 2, 2012 (both days inclusive).
8. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the company during office hours in working days up to the date of the Annual General Meeting.
9. The company has already transferred all unclaimed dividends declared up to the financial year 2003-04 to Investor Education and Protection Fund pursuant to Sec.205C of the Companies Act, 1956. Members who have still not encashed their dividend for subsequent years are requested to encash the same at the earliest.
10. The Company provides the facility of National Electronic Clearing Services (NECS) to all shareholders, holding shares in electronic and physical forms, subject to availability of such facility at the respective location of such shareholders. All the members holding shares in Electronic form are requested to furnish the new bank account number allotted to you by your bank after implementation of (CBS) along with a photocopy of a cheque pertaining to the concerned account to your Depository Participant (DP) at your earliest convenience.

If you do not provide your new account number allotted after implementation of CBS by your bank, to your DP, please note that ECS to your old account may either be rejected or returned.
11. The equity shares of your company are listed at Bombay Stock Exchange Limited & National Stock Exchange of India Limited.

Annexure to the Notice:

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956:-

Statement in respect of Item No. 5

Mr. N. Subramanian is a Fellow Member of the Institute of Chartered Accountants of India and also an Associate Member of the Institute of Company Secretaries of India, New Delhi. He has rich experience in the areas of Income Tax, Auditing, Corporate Laws, Sales Tax and Central Excise.

He started his career with Vysya Bank Ltd. as an Officer Merchant Banker and during his period the Bank has grown and achieved a market share of 60% in the primary market division. He moved to Empee Sugars Ltd. as Finance Manager and then moved to Greemch CNC Ltd. and Greemch Tea Ltd. as Group Finance Controller.

Presently he is a Practising Chartered Accountant and he is a Senior Partner in M/s. Vivekananda Associates, Chennai.

Mr. N. Subramanian was appointed as Additional Director by the Board at its meeting held on August 19, 2011. He is not holding directorship in any other company.

No other directors, other than Mr. N. Subramanian is concerned or interested in this resolution.

Statement in respect of Item No. 6

Mr. M. Mohan is a Chemical Engineer and has been one of the key team management members in shaping the organisation. He is having rich experience in Engineering and Projects for more than 15 years.

He is a role model for youngsters as he has always been on the fast track. He is currently spearheading the new product initiatives and projects. He is incharge for Environment, Health & Safety (EHS) at the factories and heading the operations. His contribution in shaping the company into a world class organization is immense.

Mr. M. Mohan was appointed as Additional Director as well as Wholetime Director by the Board at its meeting held on August 19, 2011 for a period of five years with effect from August 19, 2011. His remuneration terms were modified with effect from April 1, 2012 at the Board Meeting held on May 24, 2012. He is not holding directorship in any other company.

The details of the remuneration as set out in the resolution may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956 and the requirements of the said Act may be deemed to have been sufficiently complied with.

No other directors, other than Mr. M. Mohan is concerned or interested in this resolution.

Statement in respect of Item No. 7

Dr. Sunny Sharma holds MBA from Indian Institute of Management, Bangalore and MBBS from Christian Medical College, Ludhiana where he was awarded the Vipin Khanna Memorial Gold Medal for graduating as the best intern.

Dr. Sharma has more than 12 years of experience in life sciences spanning venture capital, investment banking and clinical practices. He was previously with Investor Growth Capital (IGC), the wholly owned global venture capital arm of Investor AB, and before that with Easton Capital, a venture capital fund in New York. He played a sterling role in investment decisions for more than a dozen life science initiatives.

He holds directorship in OrbiMed Advisor India Pvt. Ltd., Manipal Acunova Ltd., Bharat Serums and Vaccines Ltd., KIMS Healthcare Management Ltd., Condis Healthcare India Ltd. and KIMS Pinnacle Cancer Care and Research Centre Pvt. Ltd.

Dr. Sunny Sharma was appointed as Additional Director by the Board at its meeting held on March 29, 2012.

No other directors, other than Dr. Sunny Sharma is concerned or interested in this resolution.

Statement in respect of Item Nos. 8, 9 & 10

At the 34th Annual General Meeting held on September 23, 2009, the members of the Company approved the reappointment and remuneration of Dr. S. Devendra as Wholetime Director, Mr. S. Abhaya Kumar as Wholetime Director and Mr. S. Vimal Kumar as Wholetime Director of the Company for a period of three years with effect from August 1, 2009. Their term of office expire on July 31, 2012.

The Board at its meeting held on February 27, 2012, subject to the approval of members has approved an increase in their remuneration with effect from April 1, 2012 and also the Board at its meeting held on May 24, 2012 revised the terms of remuneration.

The Board at its meeting held on May 24, 2012, subject to the approval of members, re-appointed Dr. S. Devendra as Wholetime Director, Mr. S. Abhaya Kumar as Managing Director and Mr. S. Vimal Kumar as Wholetime Director of the Company for a period of 3 years with effect from August 1, 2012

The details of the remuneration as set out in the resolutions may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956 and the requirements of the said Act may be deemed to have been sufficiently complied with.

No other directors, other than Dr. S. Devendra, Mr. S. Abhaya Kumar and Mr. S. Vimal Kumar are concerned or interested in these resolutions.

Registered Office:
Batra Centre, 3rd & 4th Floor
No.28, Sardar Patel Road,
Guindy, Chennai – 600 032

Place: Chennai
Date: May 24, 2012

By order of the Board
S. Murali Krishna
Company Secretary

corporate information

Corporate Office

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India
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Fax : 91-413-2655154
Email : shapdy@shasun.com

Research Centre

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Chennai – 600 048.
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Tel : 91-44-47406100
Fax : 91-44-47406190
Email : src@shasun.com

API Facility – Puducherry

Mathur Road, Periyakalpet
Puducherry – 605 014, India.
Tel : 91-413-2655156, 2655157, 2654100
Fax : 91-413-2655154
Email : shapdy@shasun.com

Finished Dosage Facility

Unit – II, R.S.No. 32, 33 & 34, PIMS Road
Periyakalpet, Puducherry – 605 014, India
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Fax : 91-413-2655154
Email : jitesh@shasun.com

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