

20th ANNUAL REPORT

Surya Pharmaceutical Limited

2011-12



BOARD OF DIRECTORS

MR. RAJIV GOYAL	:	CHAIRMAN & MANAGING DIRECTOR
MRS. ALKA GOYAL	:	EXECUTIVE DIRECTOR
DR. SHIV KUMAR YADAV	:	ADDITIONAL DIRECTOR
MR. DHARAM PAL SINGHAL	:	ADDITIONAL DIRECTOR

BANKERS

- STATE BANK OF INDIA
- PUNJAB NATIONAL BANK
- IDBI BANK
- BANK OF BARODA
- PUNJAB AND SIND BANK
- EXPORT AND IMPORT BANK OF INDIA
- ALLAHABAD BANK
- CORPORATION BANK
- THE FEDERAL BANK LTD.
- CENTRAL BANK OF INDIA
- CATHOLIC SYRIAN BANK
- STATE BANK OF BIKANER & JAIPUR
- SYNDICATE BANK
- AXIS BANK LIMITED
- SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
- RELIFARE FINVEST LIMITED
- IFCI FACTORS LIMITED
- INDIA FACTORING AND FINANCE SOLUTIONS PVT. LIMITED

PLANTS

- PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205 DISTT. SOLAN (H.P.)
- PLOT NO. 87, HPSIDC, INDUSTRIAL AREA, BADDI-173 205 DISTT. SOLAN (H.P.)
- PLOT NO. 50 -51, EPIP, PHASE I, JHARMAJIRI, BADDI, DISTT. SOLAN (H.P.)
- PLOT NO. 383, INDUSTRIAL AREA, PHASE I, PANCHKULA (HARYANA)
- VILLAGE BANUR, TEHSIL RAJPURA, DISTT. PATIALA (PUNJAB)
- INDUSTRIAL GROWTH CENTER-II, SAMBA, DISTRICT JAMMU (J&K)

REGISTERED OFFICE

SURYA PHARMACEUTICAL LIMITED
1596, 1st FLOOR, BHAGIRATH PALACE,
CHANDNI CHOWK, DELHI - 110006.

CORPORATE OFFICE

SURYA PHARMACEUTICAL LIMITED
SCO 164-165, SECTOR 9-C, MADHYA MARG,
CHANDIGARH - 160 009

AUDITORS

M/S. AAD & ASSOCIATES
CHARTERED ACCOUNTANTS
#1595, SECTOR 33-D,
CHANDIGARH -160020

COMPANY SECRETARY & COMPLIANCE OFFICER

MR. B.B. JAIN
SURYA PHARMACEUTICAL LIMITED
SCO 164-165, SECTOR 9-C,
MADHYA MARG,
CHANDIGARH-160 009

COMPANY'S REGISTRAR AND SHARE TRANSFER AGENTS

M/S. BIGSHARE SERVICES PVT. LIMITED
E-2/3, ANSA INDUSTRIAL ESTATE,
SAKIVIHAR ROAD, SAKI NAKA, ANDHERI (E),
MUMBAI-400 072
TEL:022-28470652/53, 40430200



CHAIRMAN'S STATEMENT

Dear Shareholders,

Please accept my warm greetings.

With the close of this year, we enter into the 21st year of SPL's eventful journey. It was on 25th March 1992, when we embarked on this pharmaceutical sojourn and I would like to take this opportunity to convey my heartfelt thanks for your utmost commitment, unstinted support and unshakable faith throughout.

I would also like to reiterate that your role as a share- holder as a contributor in this growth trajectory has always been well appreciated and acknowledged. It is with your support only that we could grow from Rs.5 crs to Rs.1600 crs in a short span of 20 years with six state- of- the- art manufacturing units, Trading House Status from Govt of India, ranking in Fortune India 500, Business India 500 & Economic Times 500.

I am also thankful for the trust reposed by you in the Group's potential through every thick and thin in all these years . Encouraged by this symbiotic relationship, I would like to share with you with heavy heart that presently we have got into severe cash flow turbulence due to combination of various internal & external factors like rupee depreciation, rising interest costs, customer payment defaults, dumping by China, cost overrun & delay in commercialisation in Jammu unit because of more stringent USFDA norms, inability to raise capital from Global Markets despite best efforts due to bad economic situation prevailant in the world etc.etc. forcing the company to approach its lenders for restructuring of its debt .

The proposal has been referred to the CDR cell by State Bank of India and admitted in the same on 29th of March 2012. Without exaggeration, I assure you that we are trying our level best to put things back on track and I am sure that with your support we would spring back to normalcy within a short time.

Despite it being a lean year, our future robust planning is based on the following:

- i) a continuous focus on knowledge up-gradation and technology absorption to improve the efficiency levels & meet tough global challenges.
- ii) improvement of the manufacturing infrastructure to stay in constant compliance of the current regulatory requirements.



iii) increasing presence of our products in regulated markets and a greater attention to customer needs in all markets.

Our learning and continuous quest for improvements makes us an eager learner organisation to respond to the unpredictability and vulnerability of market. We aspire to work towards adding new products into our basket including steriles and injectibles .

In APIs and injectibles, we expect to launch our products into highly regulated markets of the US, Europe, Korea, Australia, South Africa & Japan. New benchmarks for entry into these markets will be achieved as per plans. This is in consonance with our zest for taking up challenges, aggressive marketing and tactical leadership. Our company has invested heavily in high-technology, high-quality assets and facilities to make them compliant to US FDA/MCA/TGA guidelines.

Our incisive R&D capabilities provide us with the support we need in order to be the Innovation leader in the market. Innovation in the laboratory is translated into market success through a disciplined execution of strategy. We will continue to build on our strengths, investing in innovation to deliver right value today and tomorrow.

We have also made it a point to increase our operating efficiency. By streamlining our business processes and improving our internal cost structure, we will operate more efficiently, and deliver greater value to both our customers and shareholders.

As we set ourselves a target of achieving bigger milestones, we realize that it is our people - our biggest strength - that will get us there. Our employees are engines that drive the whole organization forward. We are committed to nurture and develop the great talent at Surya by providing the team greater satisfaction to achieve organizational and personal goals.

We express gratitude to our Directors for their concerted efforts all through this journey. We also take the opportunity to thank our Customers, Vendors, Bankers and Shareholders for their unflinching support.

We look forward to a prosperous year ahead and a pleasant and rewarding journey with all of you.

Sd/-

RAJIV GOYAL

(Chairman & Managing Director)



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SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE : 1596,1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK , DELHI-110006

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of Surya Pharmaceutical Limited will be held on Saturday, 29th September, 2012 at 9.00 A.M. at Plot No. 332, Jonapur, Mandi Road, New Delhi-110047 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2012, Profit & Loss Account for the year ended on that date and the report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajiv Goyal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. AAD & Associates, Chartered Accountants of the Company as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Dr. Shiv Kumar Yadav, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article 133 of the Articles of Association and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Dharam Pal Singhal, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article 133 of the Articles of Association and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to provisions of section 198, 309, Schedule XIII and other applicable provisions of the companies Act and subject to consent of Central Government (if required), the approval of the Board be and is hereby accorded for revision in the remuneration paid to Mr Rajiv Goyal, Chairman Cum Managing Director of the company w.e.f 1st April, 2012 as under :-

Rs 4,000,00 per month as per company company's effective capital given in schedule XIII Part II Table C of the Companies Act till the currency of his current tenure.

RESOLVED FURTHER that in the event of adequacy of profits, the company may pay remuneration as earlier approved by the shareholders in the AGM held on 30th September, 2009."

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

"RESOLVED THAT pursuant to provisions of section 198, 309, Schedule XIII and other applicable provisions of the companies Act and subject to consent of Central Government (if required), the approval of the Board be and is hereby accorded for revision in the remuneration paid to Mrs Alka Goyal, Executive Director of the company w.e.f 1st April, 2012 as under :-

Rs 4,000,00 per month as per company company's effective capital given in schedule XIII part II Table C of the Companies Act till the currency of her current tenure.

RESOLVED FURTHER that in the event of adequacy of profits, the company may pay remuneration as earlier approved by the shareholders in the AGM held on 30th September, 2009"

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

"RESOLVED THAT in terms of the relevant provisions of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and other applicable Acts, the Board for Industrial and Financial Reconstruction be informed of the fact of erosion of more than 50% of its peak Net Worth during the immediately preceding four financial years."

"RESOLVED FURTHER that the report of Board of Directors relating to the said erosion and the causes of such erosion as annexed is considered and approved."

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take all steps and do all other acts, deeds and things that are required for the reporting of such erosion of net worth of the Company."

**By order of the Board
For Surya Pharmaceutical Limited**

**PLACE: Chandigarh
DATE: 14.08.2012**

**Sd/-
B.B. Jain
(C.F.O cum C.S.)**



NOTES:

- 1 A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy, in order to be valid, should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
- 2 Shareholders are requested to bring their copy of Annual Report to the Meeting.
- 3 Members/Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- 4 The Register of Members and Share Transfer books of the Company shall remain closed from 27.09.2012 - 29.09.2012.
- 5 Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence, including intimation for change in address, if any, to the Share Transfer Agents of the Company at the following address:
Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka,
Andheri East, Mumbai-400072
Tel: 91-22- 28470652, 28470653, 40430200
Fax: 91-22-2852 5207
- 6 Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 7 Members desirous of making nomination as permitted under Section 109 A of the Companies Act, 1956, in respect of the equity shares of the Company held in physical form may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Company's Registrar and Share Transfer Agents, viz. M/s. Bigshare Services Private Limited at the address stated above. The facility would be made available folio wise to individual shareholders including joint holders and for the entire shares registered under the folio. The members holding shares in dematerialized form may contact and consult their respective Depository Participants (DP) for availing the nomination facility
- 8 The trading in Company's equity shares on the Stock Exchanges is permitted only in dematerialized form for all classes of investors. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialization of the Company's equity shares held by them.
- 9 Dividend for the financial years ended 31st March, 2008, 31st March, 2009 , 31st March, 2010 & 31st March, 2011 which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956. Shareholders who have not encashed the dividend warrant(s) so far for the financial years ended 31st March, 2008, 31st March 2009 , 31st March, 2010 & 31st March, 2011 are requested to make their claim forthwith to the Registered /Corporate Office of the Company. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie in respect thereof.
- 10 To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). For this purpose, the details such as, name of the bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the bank, account type, account number etc are to be furnished to your DP if the shares are in electronic form or to the Registrars & Transfer Agents if they are held in physical mode.
- 11 As part of the 'Green initiative in Corporate Governance,' the Ministry of Corporate Affairs vide its circulars dated April 21, 2011 and April 29, 2011 has permitted companies to send various notices/documents (including notice calling annual general meeting, audited financial documents, directors' report, auditor's report etc.) to their shareholders through the electronic mode to the registered e-mail addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. We encourage our Members to participate in this green initiative and update their e-mail IDs and receive the communications through the electronic mode. Those who wish to receive future communications in electronic mode are requested to send their e-mail ID to the Registrars & Transfer Agents of the Company. If the shares are held in electronic mode, kindly have your e-mail registered with your respective DP.

**By order of the Board
For Surya Pharmaceutical Limited**

**PLACE: Chandigarh
DATE: 14.08.2012**

**Sd/-
B.B. Jain
(C.F.O cum C.S.)**



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

The following explanatory Statements set out material facts relating to special business of the accompanying notice dated 14.08.2012.

ITEM NO. 4

Dr. Shiv Kumar Yadav was appointed as an Additional Director of the company through resolution by circulation on 27.04.2012 in accordance with Section 260 and section 289 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- proposing his candidature for appointment of Director.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 4 of accompanying Notice for the approval of the members as an ordinary Resolution.

None of the Directors of the company is in any way concerned or interested in the said Resolution.

ITEM NO. 5

Mr. Dharam Pal Singhal was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 12.11.2011 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- proposing his candidature for appointment of Director.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 5 of accompanying Notice for the approval of the members as an ordinary Resolution.

None of the Directors of the company is in any way concerned or interested in the said Resolution.

ITEM NO. 6

Mr Rajiv Goyal was appointed as Chairman Cum Managing Director of the company w.e.f 01.11.2009 vide shareholders approval in the Annual General Meeting held on 30th September, 2009 at a remuneration of Rs.1,44,00,000/- per annum plus commission and perks subject to a ceiling of 5% of the net profit of the company as permitted under section 309 of the Act read with section 198, schedule XIII and other applicable provisions. However, in view of losses suffered by the company in the year 2011-12, it has been considered appropriate to scale down the remuneration and pay according to remuneration allowed as per company's effective capital given in schedule XIII Part II Table C of the Companies Act. Which is Rs. 4,000,00 per month subject to approval of central government (if required).

Further, in the event of adequacy of profit, the company may pay the managerial remuneration to Mr Rajiv Goyal as earlier approved by the shareholders in the AGM held on 30th September, 2009.

ITEM NO. 7

Mrs Alka Goyal was appointed as Executive Director of the company w.e.f 01.11.2009 vide shareholders approval in the Annual General Meeting held on 30th September, 2009 at a remuneration of Rs.1,44,00,000/- per annum plus commission and perks subject to a ceiling of 5% of the net profit of the company as permitted under section 309 of the Act read with section 198, schedule XIII and other applicable provisions. However, in view of losses suffered by the company in the year 2011-12, it has been considered appropriate to scale down the remuneration and pay according to remuneration allowed as per company's effective capital given in schedule XIII part II Table C of the Companies Act which is Rs 4,000,00 per month subject to approval of central government (if required).

Further, in the event of adequacy of profit, the company may pay the managerial remuneration to Mrs Alka Goyal as earlier approved by the shareholders in the AGM held on 30th September, 2009.



As per the requirements of schedule XIII the following information is furnished:-

I. GENERAL INFORMATION:

(1) Nature of Industry.	Pharmaceutical
(2) Date of commencement of commercial production	March, 1993
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A
(4) Financial performance Based on given indicators	(Rs. in Crores)
	2009-2010 2010-2011 2011-2012
	Gross Sales/Income from operations 1157.53 1600.42 1622.95
	Profit/Loss Before Tax 90.46 131.72 (393.2)
	Net Profit/Loss After Tax 76.06 100.15 (272.5)
(5) Export performance Net Foreign Exchange earnings Net foreign exchange collaborations.	2009-2010 2010-2011 2011-2012
	341.22 422.78 317.72
	Nil
(6) Foreign investments of collaborators, if any	N.A

II. INFORMATION ABOUT THE APPOINTEE:

Background details.	1) Mr. Rajiv Goyal, 48, is the Chairman & Managing Director. He is an MBA and started Surya Pharmaceutical Ltd. in the year 1992. He is also heading another company Surya Healthcare Limited which has a vertical namely "VIVA"-Retail chain with over 100 retail outlets. 2) Mrs. Alka Goyal, 47, is co-promoter of SPL. She is a post-graduate and began her business career, in 1987. Mrs. Goyal was co-opted on the Board of SPL as Director in 1996 and is actively involved in the day to day affairs of the company.			
Past remuneration.	(Rs. in lacs)			
	2009-2010	2010-2011	2011-2012	
	Mr. Rajiv Goyal			
	Salary	132.33	156.00	172.80
	Perquisites	20.55	21.06	20.76
	Commission	180.92	263.43	---
	Total	333.8	440.49	193.56
	Mrs. Alka Goyal			
	Salary	132.33	156.00	172.80
	Perquisites	2.00	2.00	2.00
	Commission	180.92	263.4	---
	Total	315.25	421.4	174.8
Recognition or awards.	None			
Job profile and his suitability.	Rajiv Goyal Chairman & Managing Director is a MBA and first generation Entrepreneur who founded Surya Pharmaceutical Limited in 1992 with a focus on advanced Pharmaceutical drug delivery and discovery. A thought leader, he is both highly dynamic and innovative. It is his foresight and vision which is instrumental in shaping the spiraling growth of Surya, the conglomerate. His unwavering faith in translating high ethical stan-			

	<p>dards into real world practices has led the group to achieve unprecedented success in all its business operations.</p> <p>Over a period of past 17 years/nearly two decades the company has grown rapidly. His flagship concern, Surya Pharmaceutical Limited is well positioned in both the domestic as well as international market and has expanded its production capacities in a phased manner through acquisitions and green field implementations. Today Surya has a well-established presence across various business verticals including Healthcare Retail & Education.</p> <p>Mrs. Alka Goyal , Executive Director is co-promoter of SPL. She is a postgraduate and began her business career, in 1987, by setting up a manufacturing unit to manufacture narrow woven elastic tapes through partnership route. Mrs. Goyal was co-opted on the Board of SPL as Director in 1996 and is actively involved in the day to day affairs of the company.</p> <p>She is an able entrepreneur and administrator in her own right. She has, along with Rajiv Goyal, ably guided and mentored the growth and expansion of Surya. Known for her sharp business acumen and people management skills, she provides inspiration to the Surya team through her high levels of commitment.</p>
Remuneration proposed.	As given in Explanatory statement
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the Country of his origin).	In comparison with other peer managerial persons working within the same industry, the remuneration proposed is very nominal.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Rajiv Goyal and Mrs. Alka Goyal are related to each other.

III. Other information:

Reasons of loss or inadequate profits.	<ol style="list-style-type: none"> 1) Steep fall in prices of Cephalosporins and the slowdown in the industry. 2) Time and Cost overrun in commissioning of plant at Jammu due to changes in the regulatory framework and the change in product profile owing to competition from Chinese players resulted into increased fixed costs. 3) The menthol Business could not do as per the expectation due to volatility in prices of menthol products. 4) The company has borrowed funds for financing its rapid expansion in business and formation of subsidiaries which resulted in disproportionate increase in debt as compared to the revenues. The Company incurred a forex exchange loss during the FY 2012 on account of huge volatility in the price of rupee against dollar.
Steps taken or proposed to be taken for improvement Bankers	State Bank of India as the lead bank of the consortium of of the company has referred the company for restructuring of its debt to Corporate Debt Restructuring(CDR) cell. The case has been admitted by the CDR Cell in its meeting held on 29th March, 2012.
Expected increase in productivity and profits in measurable terms.	Post restructuring and with the availability of adequate working capital the company is confident enough to bounce and revive to its normal operations.

IV. Disclosures

Necessary Disclosures have been made.



ITEM NO. 8

In terms of provision under Section 23 of Sick Industrial Companies (Special provisions) Act 1985 (SICA), if the accumulated losses of an industrial Company as at the end of any financial year have resulted in erosion of 50 percent or more of its peak Net Worth during the immediately preceding 4 (four) financial years, the company is required to report the fact of such erosion of Net Worth to the Board for Industrial and Financial Reconstruction (BIFR) within the Specified time after finalization of duly audited accounts. Further, the shareholders of the Company are also required to consider such erosion of Net Worth.

The peak Net Worth of the company as per SICA as at end of the financial year 31st March 2011 was Rs. 518.52 Crores which after erosion, due to losses during the last year for the reasons explained below, has come down to Rs. 235.84 Crores at the end of the financial year 2011-12.

The reasons for such losses/erosion are :-

- 1) Steep fall in prices of cephalosporins and the slowdown in the industry.
- 2) Time and Cost overrun in commissioning of plant at Jammu due to changes in the regulatory framework and the change in product profile owing to competition from Chinese players resulted into increased fixed costs
- 3) The menthol business could not do as per the expectation due to volatility in prices of menthol products.
- 4) The company has borrowed funds for financing its rapid expansion in business and formation of subsidiaries which resulted in disproportionate increase in debt as compared to the revenues. The Company incurred a forex exchange loss during the FY 2012 on account of huge volatility in the price of rupee against dollar.

To overcome such adverse financial situation, the lead bank of the consortium of Bankers of the company has referred the company for restructuring of its debt to Corporate Debt Restructuring (CDR) cell and it has been admitted in its meeting held on 29th March, 2012.

To improve the efficiency levels, the management is continuously monitoring and controlling manufacturing and other costs.

Post restructuring and with the availability of need based working capital, your directors are confident to generate adequate revenues and will revive the company to its normal operations.

None of the Directors is concerned with or interested in the resolution.

**By order of the Board
For Surya Pharmaceutical Limited**

**PLACE: Chandigarh
DATE: 14.08.2012**

**Sd/-
B.B. Jain
(C.F.O cum C.S.)**

ANNEXURE TO NOTICE

Details of Directors seeking appointment or reappointment at the ensuing Annual General Meeting scheduled to be held on 29.09.2012.

Name of Director	Mr. Rajiv Goyal	Dr. Shiv Kumar Yadav	Mr. Dharam Pal Singhal
Date of Birth	08.07.1963	16.01.1962	18.08.1941
Date of Appointment	25.03.1992	27.04.2012	12.11.2011
Existing Position	Chairman cum Managing Director	Additional Director	Additional Director
Expertise in specific functional areas	Managerial	Research & Development	Management
List of outside Directorship held *	Surya Healthcare Ltd. Surya Softedge Ltd. Emsons Organics Ltd. ValueSource Mercantile Ltd.	SA Antibiotics Limited	Surya Healthcare Ltd. Surya Softedge Ltd. Emsons Organics Ltd. ValueSource Mercantile Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member - Audit Committee & Investor Grievance Committee	Member - Audit Committee & Investor Grievance Committee	Chairman - Audit Committee & Investor Grievance Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	Nil	Nil	Nil

*This excludes Directorship held in Indian Private Limited Companies.

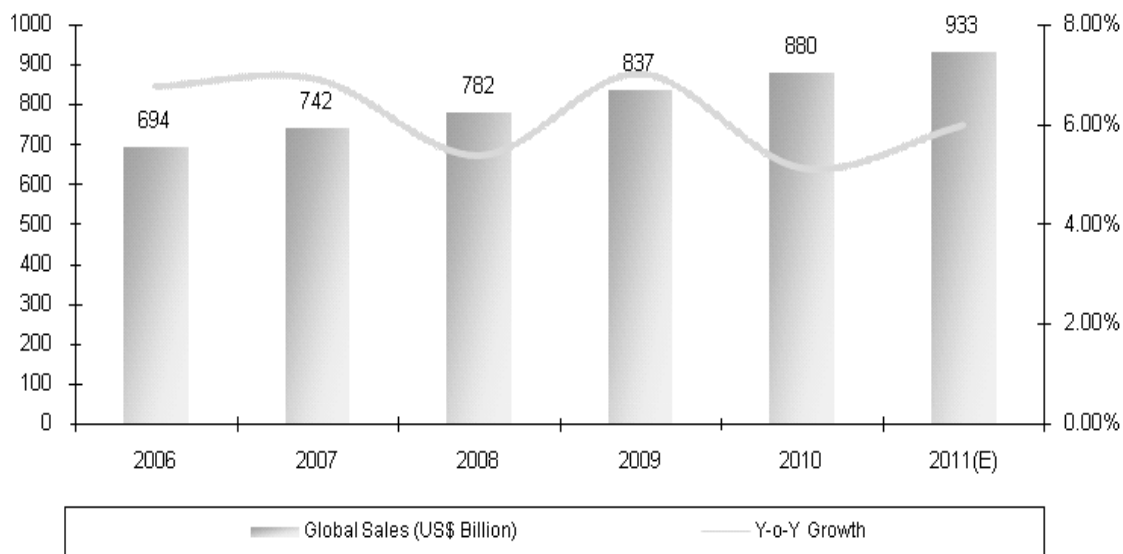
Management Discussion and Analysis

INDUSTRY OVERVIEW

Global pharmaceutical industry

The global pharmaceutical industry has grown by of 6.6% in 2011 as compared to 4.5% in 2010 reaching a market size of \$880 Billion. The transformation of the global pharmaceutical market continues unabated, with focus steadily shifting from patented drugs to generics. The overall pharmaceutical market is anticipated to reach \$ 1.1 Trillion by 2014 .

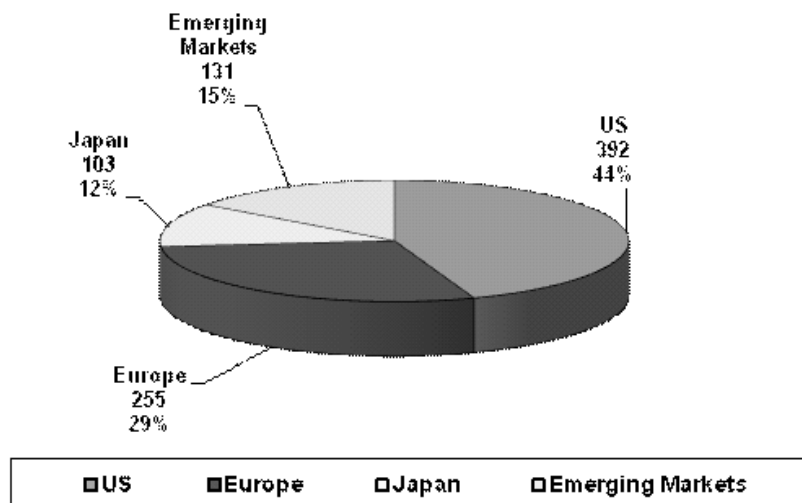
The industry is dominated by private sector players with high end technologically sophistication. The global Pharmaceutical market trend for the period 2006 to 2011 is shown in figure below:



Source: IMS ORG

Major Markets

In Pharmaceutical market space, USA had been eternally maintaining their top position in sales by value term followed by Europe. These two markets are classified as home of global major Pharmaceutical companies. These markets are also driven by technology innovation and high end Pharmaceutical research.



Indian Pharmaceutical Industry

The Indian pharmaceutical industry has grown rapidly over the last few decades. Prior to 2005, the Indian regulatory system recognised only process patents, which helped to build the basis of a strong and competitive domestic pharmaceutical industry. The evolution of Indian Pharmaceutical industry happened in two major phases, pre-patent and post-patent phase.

Pre-patent regime

The first Pharmaceutical Company in India was started in 1930 named as Bengal Chemicals and Pharmaceutical Works. This Company still exists as one of the 5 government-owned drug manufacturers. During 1930-60, most of the drugs in India were imported by multinationals either in fully-formulated or in bulk form. The government started encouraging the growth of drug manufacturing by Indian companies in the early 1960s and with the advent of Patents Act in 1970, Indian industry started thriving.

Post-Patent regime

In 1970 the government introduced two landmark regulations to speed up the process of indigenisation namely the Indian Patent Act and the Drug Price Control Order (DPCO). These two regulations laid the platform for the domestic industry to flourish and grow.

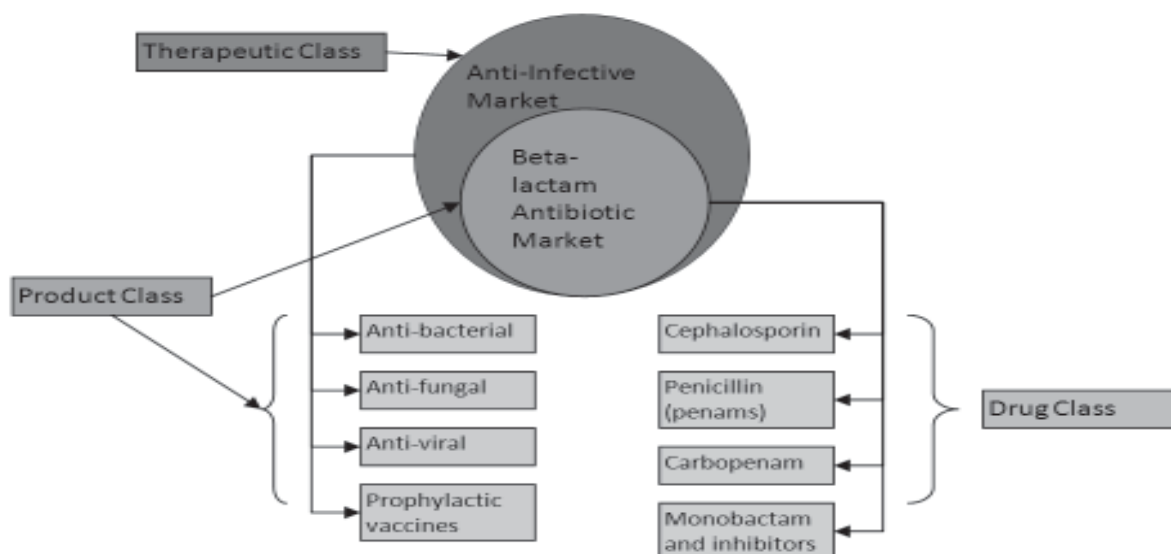
Indian Patent Act encourages domestic producers to manufacture drugs in order to ensure self-sufficiency of the Country. As per the Act, patents are granted only for the method and process of manufacturing the substances by chemical processes which can be used as food, medicine and drugs. As a result, a number of Indian players began manufacturing products based on internationally popular bulk drugs but by varying the production processes.

MARKET ANALYSIS OF CATEGORIES WHERE SURYA PHARMACEUTICAL LIMITED IS PRESENT

The global and domestic market relating to specific product categories being manufactured by SPL covers a range of antibiotics which cater to the requirements of allopathic treatment. They also produce menthol, which are agro derivatives.

There exists a complex inter relation between the therapeutic, drug and product class in the antibiotic products of SPL, which is explained in the figure below:

Relation between different Product Classes



Source: MM Analysis

As shown in the figure, Cephalosporins and Penams are types of Beta-lactam antibiotic. Also it is evident that beta-lactam antibiotic is a sub segment of anti-infective market. Hence, the characteristics of Anti-infectives and Beta-lactam antibiotics along with Cephalosporins and Penams have been covered in the subsequent sections.

Global Market Trends

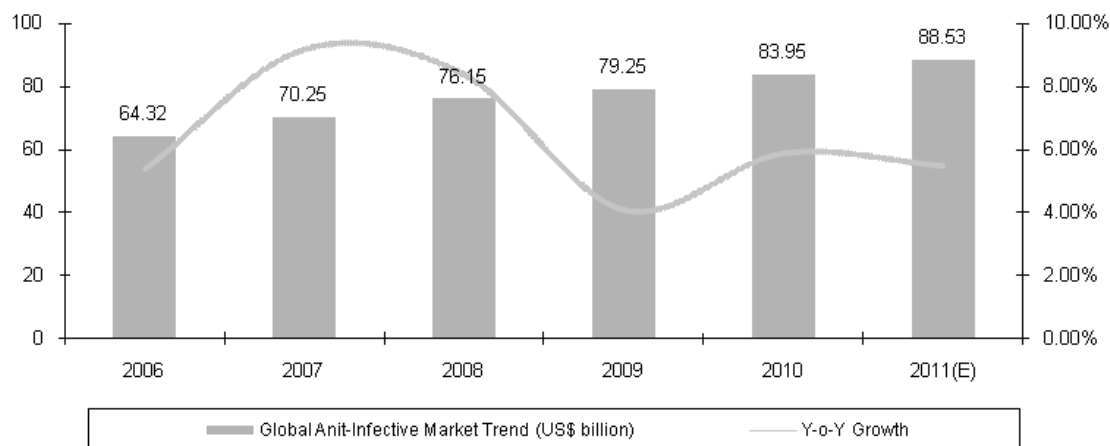
Anti-infective Market

Anti-infective is one of the important therapeutic segments of the Pharmaceutical industry. The market for anti-infective drugs mainly includes antibacterial, antiviral, antifungal and prophylactic treatments such as vaccines. The leading players in the global anti-infective market comprises of GSK, Pfizer, Roche, J & J, Novartis, Wyeth and Sanofi Aventis.

Anti-infective market trend is shown in the figure below:

Global Anti-infective Market Trend

(All figures in US\$ billion)



Source: MM Database

Beta-lactam

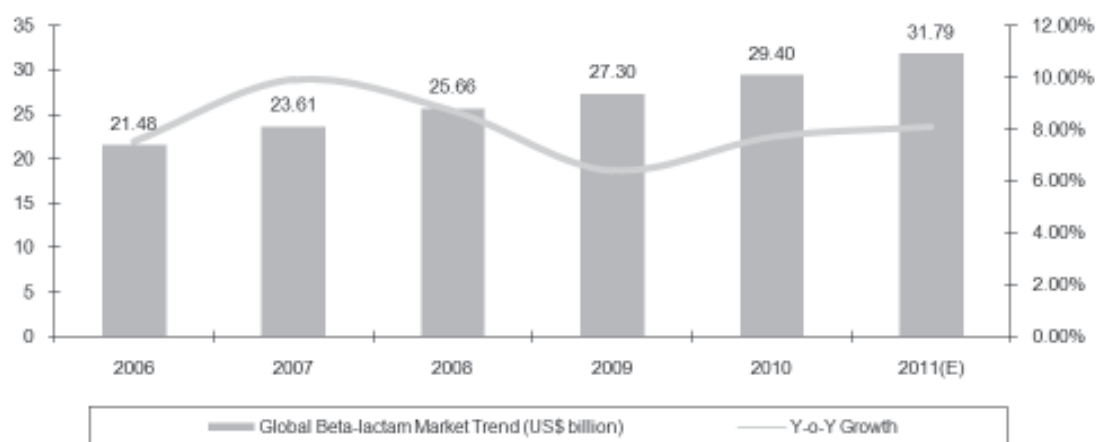
Beta-Lactam (beta-lactam) are a broad class of antibiotics, consisting of all antibiotic agents that contains a β -lactam nucleus in their molecular structures. Beta-lactam antibiotics include:

- Penicillins
- Cephalosporins
- Cephamycins
- Carbapenams
- Monobactams
- Beta-lactamase inhibitors

Most Beta-lactam antibiotics work by inhibiting cell wall biosynthesis in the bacterial organism and are the most widely used group of antibiotics.

The global market for Beta-lactam is shown in the figure below:

Global Beta-lactam Market Trend (US\$ billion)



Source: MM Database

As per MM the Beta-lactam market:

- Followed the same trend as for global anti-infective market.
- Registered a CAGR of 8.2% during 2006-11 to reach a level of US\$32 billion in 2011 from a level of US\$21 billion in 2006.
- Cephalosporins and Penicillins antibiotics are major contributor to the Beta-lactam antibiotics market contributing to almost 70% of the total Beta-lactam antibiotic market.
- This segment contributes in the range of 33%-36% of the total anti-infective market.

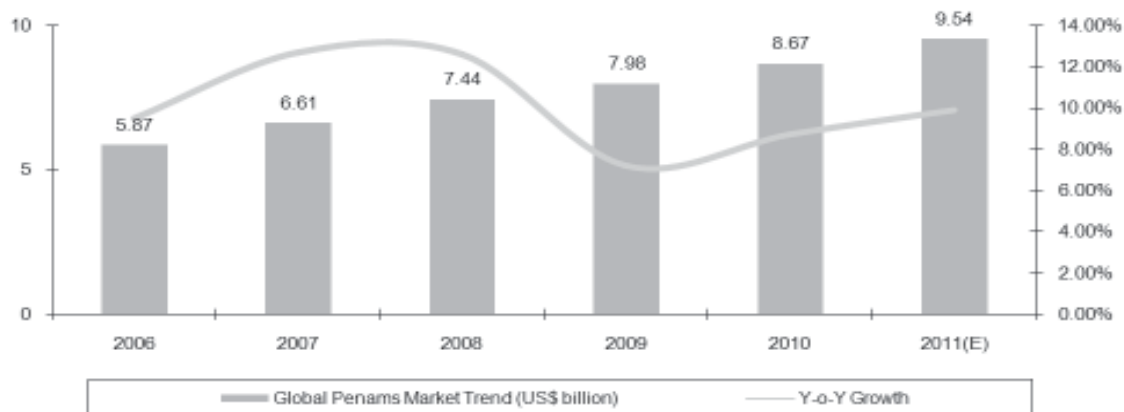
Penams

Penams are a subclass of the broader Beta-lactam family of antibiotics and related compounds. Penams contain a Beta-lactam ring fused to a 5-membered ring, where one of the atoms in the ring is sulphur and the ring is fully saturated. Penicillin is a member of this family of compounds.

The global market for Penams is shown in the figure below:

Global Penams Market Trend

(All figures in US\$ billion)



Source: MM Database

As per MM, the Penams market contributes to about 30% of the total Beta-lactam market. Further during 2006-11, the total contribution of Penams segment to the anti-infective market has been in the range of 9-11%. The Penam market has registered a CAGR of 10.5% during 2006-11. Likewise other markets the growth trend declined during 2009 but the market in value terms have increased every year.

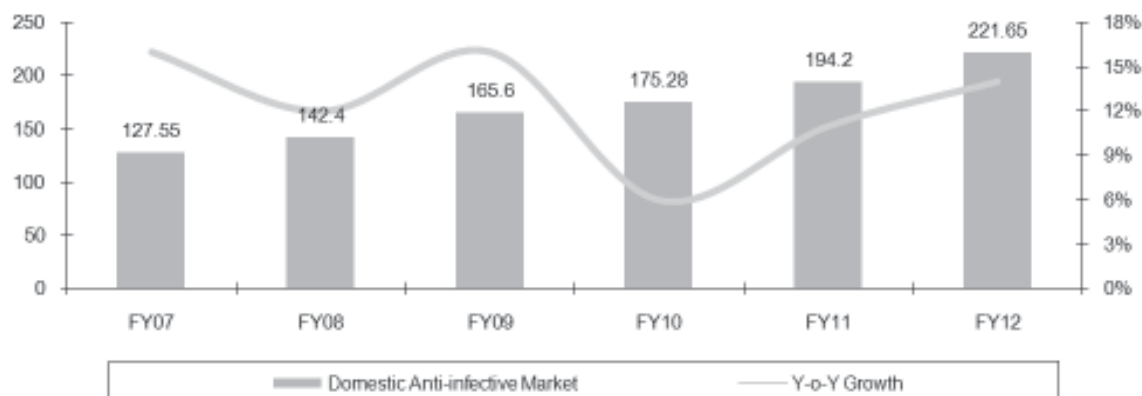
Domestic Market Trends

Anti-infective market

Anti-infective segment is the top therapeutic segment contributing to almost 17.3% of the total domestic pharma market. As per ORG IMS the anti-infective segment in India has been growing at a CAGR of 12% during FY07-12. The domestic market for anti-infective segment is shown in the figure below.

Domestic Anti-infective Market

(All figures in Rs. billion)



Source: ORG IMS and MM Database

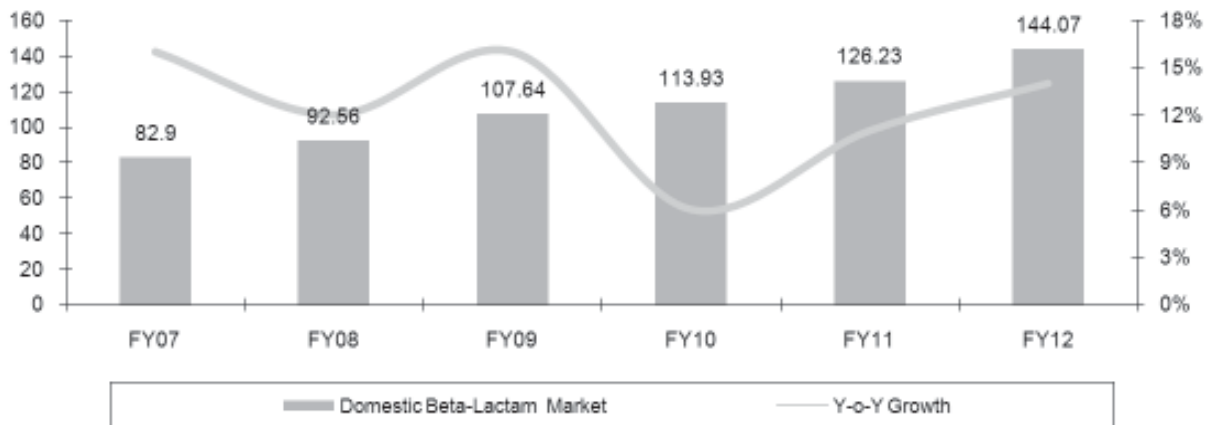
As per MM, the anti-infective market has contributed in the range of 17%-18% of the overall domestic pharma market during FY07-12. Further in global market, the domestic anti-infective market value also squeezed in revenue during FY10 due to various macro-economic factors like patent expiry and global financial meltdown. The growth from FY11 onwards can be attributed to the increase in use of patented drugs, increasing number of vaccine approvals and introduction of newer and better drugs.

Beta-Lactam

As per MM, Beta-lactam antibiotic segment contributes to almost 65% of the total anti-infective market. The domestic Beta-lactam market during FY07-12 is shown in the figure below.

Domestic Beta-lactam Market

(All figures in Rs. billion)



Source: ORG IMS and MM Database

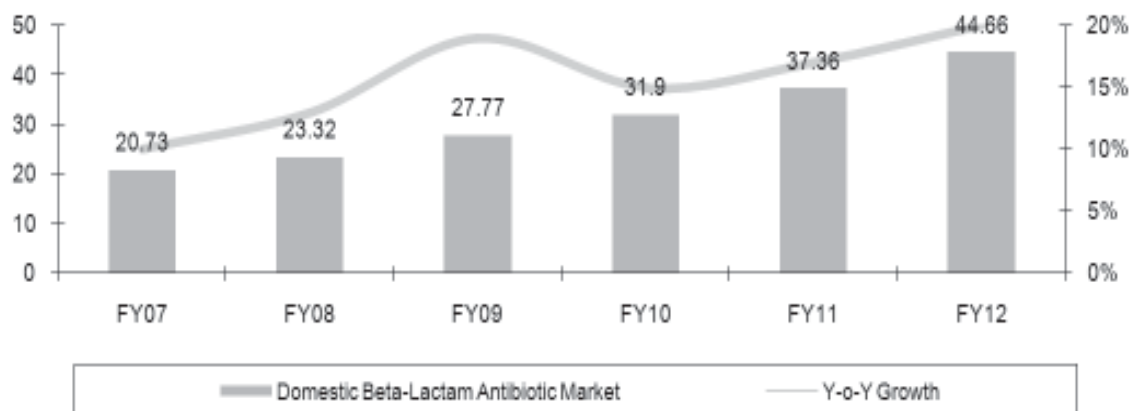
As per MM, the domestic beta-lactam market has registered a CAGR of 11.7% during FY07-12 to reach a level of Rs 144 billion in FY12. Further, the market for this particular segment also squeezed during FY10 with major players not able to sell their blockbuster drugs when the economy was witnessing a financial crunch. Gradually from FY11 onwards with generic beta-lactam Products crowding the market, the overall market value saw improvement.

Penams

The Penams has contributed to beta-lactam market at the range of 25-31% during FY07-12. As per MM, it is witnessed that the domestic Penams market has been growing at almost 16% CAGR. The domestic Penams market has been shown in the figure below:

Domestic Penams Market

(All figures in Rs. billion)



Source: MM Database

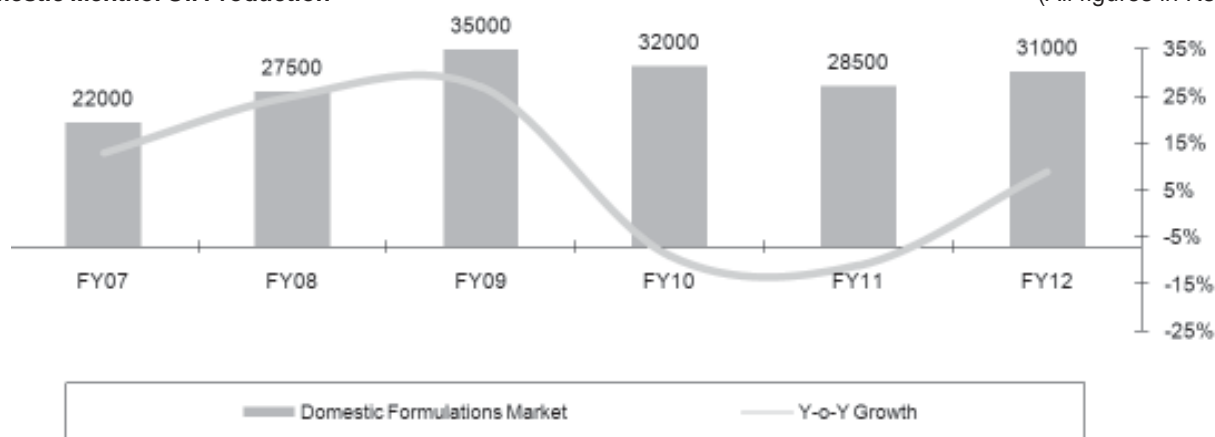
Menthol and Menthol Derivatives

India is the largest producer of menthol oil in the world having a share of 80-85%. India exports nearly 60-62% of its stock to various countries like China, Japan, Latin America, USA, UK and Europe. Uttar Pradesh is the largest producing state in the country contributing 80-90% to total Production. This is followed by Punjab, Haryana, Bihar and Himachal Pradesh. Major mentha oil markets in Uttar Pradesh are Chandausi, Sambhal and Barabanki. Distilled menthol oil is brought into the specific markets by farmers/producers and sold to commission agents.

Menthol oil Production in India showed a rising trend since FY04 till FY09. Production rose to 35,000 tons from a mere 10,000 tons. The domestic Menthol Oil Production during FY07-12 is:

Domestic Menthol Oil Production

(All figures in Rs. billion)



Source: MCX and MM Database

As per MM:

- The Production of menthol oil registered a CAGR of 7% during FY2007-12.
- The growth till FY09 was due to rise in acreage and favourable weather condition across the key growing regions.
- Relatively higher price for mentha crop and establishment of mentha processing centres attracted farmers to grow more mentha crop over the years.
- In 2010, India's mentha Production declined substantially on lower acreage as prices were hovering around Rs.600 per kg.
- Excess heat condition in summer months across Uttar Pradesh resulted into low yield. As a result, domestic Production was lower to 32,000 tons in 2010 against the previous year.
- Better weather conditions favoured the farmers to produce more menthol oil during FY2012.
- India exports almost 60% of total menthol oil produced. Till FY2009 Latin America, Europe and USA were the major destinations. But from FY2010 onwards China became the largest importer with 30% share. This increases the threat of cheap menthol derivatives crowding the market in the future.

LOOKING FORWARD

- Global anti infective drugs market is estimated at US\$ 89 billion in 2011 which is expected to grow at a CAGR of 6.6% during FY12-21 to reach a level of US\$ 167 billion.
- Global beta-lactam market valued at US\$32 billion in 2011 (36% of anti-infective market) which is projected to register a CAGR of 8.2% during 2012-21 and estimated to value at US\$ 70 billion by 2021.
- The global penams market valued at US\$ 9.54 billion in 2011 (30% of beta-lactam market) which is estimated to grow at a CAGR of 10.2%. The market is expected to reach a level of US\$ 25 billion which will be 36% market share of global beta-lactam market.
- The global menthol oil Production stood at above 36,000 MT (80% market share of India) and is expected to witness a CAGR of 5.8% during FY12-21 to reach a level of around 65,000 MT.
- Anti-infective segment contribute to almost 17.3% of the total domestic pharma market. The anti-infective segment in India stood at Rs.222 billion in FY2012 and has been growing at a CAGR of 12% during FY2007-12. The market is

expected to grow to a level of Rs.670 billion by FY2022 at the same growth rate.

- Beta-lactam antibiotic segment contributes to almost 65% of the total anti-infective market. The domestic beta-lactam market stood at Rs.144 billion in FY2012 which is expected to value at Rs.435 billion in FY2022 growing at a CAGR of 11.7%.
- Cephalosporin contribution to the overall beta-lactam segment is in the range of 25%-32%. The domestic market during FY2012 valued at Rs.46 billion. It is expected to grow at a CAGR of 12.6% during FY2013-22 to reach a level of Rs.152 billion.

Domestic menthol oil Production stood at 31,000 MT during FY2012 which is estimated to grow to 51,000 MT by FY2022 at a CAGR of 5.2%.

COMPETITION ANALYSIS

The table below captures the Michel Porter's Analysis for the industry.

Industry Attractiveness

Parameter	Conditions	Attractiveness
Industry Competition	<ul style="list-style-type: none"> • Highly competitive industry with more than 10,000 formulation manufacturers fighting for same market space. • The Competition is fierce at the bottom of the pyramid as top five players together hold about 30% market share. • Globally integrated industry intensifies cross country competition. China being the hub for low cost Production, poses as the biggest treat for Indian manufacturers both within the country and elsewhere. • While competition is moderate to very high for generic Products, the competition for patented drugs is non existent. 	Moderate
Bargaining Power of Suppliers	<ul style="list-style-type: none"> • Good number of suppliers exists across all levels in the supply chain. • Globally Integrated industry. Companies can procure material from international market also on cost economics and quality. • The suppliers have low bargaining power and the companies can switch suppliers. 	High
Bargaining Power of Buyers	<ul style="list-style-type: none"> • API Products are targeted to formulation units and many of these companies are big players, which increases their bargaining power. • The formulations pricing depends on positioning of the Products against competing Products in the market. • In a global sourcing mechanism, buyers exercise higher bargaining power. • Due to existence of DPCO, drug prices are also regulated for certain drugs. • For formulations, the buyers are large number of individuals and also the Products are sold based on prescription, hence bargaining power of buyers does not have much significance. 	Moderate to High
Threat of New Entrants	<ul style="list-style-type: none"> • The investment requirements are lower than many other industries. Also return on investment is better in pharma industry. • Regulatory compliances mainly related to quality aspects are critical and time consuming. • Availability and deployment of suitable manpower for key activities (like, quality, R & D marketing) is a key issue, which new entrants face. • Creating brand awareness and franchisee amongst doctors is the key for long-term survival. 	Moderate
Threat of Substitute	<ul style="list-style-type: none"> • Any specific molecule can be substituted by previous versions of the same molecule or a different molecule used in similar application or by a different formulation using the same molecule. However, this substitution can happen only at the behest of a medical practiser. • Although substitutes for a particular molecule exist in the market which can treat similar ailment, the demand for any specific molecule is driven by market demand. • Biotechnological and bio-similar are gaining market acceptance at the 	Moderate



	<p>cost of allopathic medicine.</p> <ul style="list-style-type: none"> Alternative medical systems like, Ayurveda and Homeopathy is also gaining market. However, their use is mainly restricted to chronic diseases and general health issues. The potential threat to Allopathic is not envisaged. 	
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Source: MM Analysis

On analysis of the industry, it is evident that the industry has moderate attractiveness. Hence, the Indian Pharmaceutical industry is an attractive market with growth potential.

FINANCIAL REVIEW

During the F.Y 2011-12, the company has posted a slight increase in the revenue by 1.41% and there has been fall in API prices due to competition from china which has resulted in lower revenue & profit due to downward revision of inventory stock.

A) PROFIT & LOSS ACCOUNT

Profitability

EBIDTA/PAT as on March 31, 2012 is at Rs. (192.75) Crores /Rs. (272.50) crores as against Rs 256.05 crores/ Rs.100.16 crores respectively as on March 31, 2011. . This decline in profit was largely due to substantial increase in interest cost by Rs 68.07 Crores and increase in depreciation by Rs. 8.07 Crores. The steep fall in the prices of finished products owing to penetration by Chinese products resulted into lower value of inventory finished stocks.

Expenditure

Total operational costs increased from Rs116.04 crore in 2010-11 to Rs 123.21 crore in 2011-12 owing to overall increase in key operational parameters such as power & fuel, consumables, stores & spares, maintenance cost of plants and other cost directly attributable to the production.

B) BALANCE SHEET

The shareholders funds have decreased by 52.41% from Rs 519.95 crore as on March 31, 2011 to Rs 247.48 crore as on March 31, 2012. This erosion was largely due to loss of Rs. 272.50 crores incurred during the financial year under consideration. The company suffered losses due to higher interest costs, fall in inventory prices due to unbridled imports from china of bulk drugs as finished products and intermediate products, higher establishments costs due to operationalization of Jammu plant.

INTERNAL CONTROL SYSTEMS

The company has adequate internal control systems commensurate to its size, business scale and operational complexity. Effective internal control gives reasonable assurance, though not a guarantee, that all business objectives will be achieved. It extends much beyond the aim of ensuring that financial reports are reliable. It includes the efficient achievement of operational objectives and ensuring that laws, regulations, policies, and contractual obligations are complied with. The company constantly engages in practicing best financial and operational control systems as per international practices and standards.

INDUSTRIAL RELATIONS AND HUMAN RESOURCES

The company remains committed and focused on its most valuable resource-its people The company is constantly looking to retain and train best available talent. The company has maintained a balanced and pleasant environment at all its corporate offices and manufacturing units.

RISK MANAGEMENT

Every business is susceptible to risks.The Company relentlessly endeavours not only to minimise risks but convert them into business opportunities that allow it to maximise returns for shareholders from diverse situations.The Company's risk conversion approach is built on a comprehensive and integrated framework, leveraging its strengths to create growth opportunities, institutionalising prudent norms,structured reporting and control. This approach ensures that risk management and growth creation discipline are centrally initiated but efficiently decentralised across the organisation. The Company believes in constant monitoring and decision-making to balance risks and rewards to translate into a perfect parity between revenuegeneratinginitiatives and risks taken.



SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE : 1596,1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK , DELHI-110006

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the 20th Annual Report on the business and operations of Surya Pharmaceutical Ltd. along with the Annual Accounts and the Auditors' Report thereon for the financial year ended 31st March, 2012. The financial highlights for the year under review are given below:

CORPORATE RESULTS

(Rs. in Crores)

	2011-2012	2010-2011
Revenue for the year	1622.95	1600.42
Profit(loss) before Interest, Depreciation & Taxes	(192.75)	256.05
Profit(loss) before Depreciation & Taxes	(358.60)	158.27
Depreciation	34.62	26.55
Profit(loss) before Tax	(393.22)	131.72
Provision for Taxation		
Current	-	26.25
Deferred Tax	120.72	6.14
MAT Asset Appropriation	-	(0.84)
Net Profit (loss)after Tax	(272.50)	100.16
Opening balance of General Reserve	494.12	288.72
Appropriations:		
Proposed Dividend	-	2.89
Other Appropriations	(0.65)	1.61
Transfer to General Reserves	(273.15)	95.67
Closing Balance of General Reserves	227.20	494.11

During the year 2011-12, the net revenue of the Company was Rs. 1622.95 crore as compared with Rs.1659.91 crore during the previous year.

Loss before interest , depreciation and taxes was Rs (192.75) Crore as compared with profit of Rs. 256.05 crore during the previous year. Further ,the Company reported a Net Loss of Rs.(272.50),after tax as compared with PAT of Rs.100.16 Crore last year.

The company has faced various operational and financial problems in the recent past. Some of them are:-

- 1) Steep fall in prices of cephalosporins and the slowdown in the industry.
- 2) Time and Cost overrun in commissioning of plant at Jammu due to changes in the regulatory framework and the change in product profile owing to competition from Chinese players resulted into increased fixed costs.
- 3) The menthol business could not do as per the expectation due to volatility in prices of menthol products.
- 4) The company has borrowed funds for financing its rapid expansion in business and formation of subsidiaries which resulted in disproportionate increase in debt as compared to the revenues.
- 5) The Company incurred a forex exchange loss during the FY 2012 on account of huge volatility in the price of rupee against dollar.

DIVIDEND

In lieu of the current Financial condition of the company, the Board of Directors regret their inability to declare any dividend for the financial year 2011-2012 .

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion & Analysis of financial condition and results of operation of the Company for the year under review is included in the Management Discussion & Analysis section of this Annual Report.



CORPORATE SOCIAL RESPONSIBILITY

Surya Pharmaceutical is an integrity driven organization that focuses on traditional values coupled with innovative management and broad social vision. Today, society expects corporate to go beyond the statutory compliances and putting something back into society. In sync with this, 'giving back to society' has always been a key mandate for Surya and as a company, its role stretches beyond mere business considerations into demonstrating serious corporate social commitment.

Surya is committed to developing its business towards ecological, social and economic sustainability. The Group rather sees Corporate Social Responsibility as a new business strategy to reduce investment risks and maximise profits by taking all the key stakeholders into confidence. All activities and initiatives are planned specific to the needs of the target stakeholders. The ultimate objective is to see that each business decision takes into account its social impact and accordingly plans an intervention to mitigate the impacts arising out of that decision. Accordingly, we installed at Surya's manufacturing facilities the most advanced anti-pollution devices to keep the environment in and around the manufacturing facilities clean and green.

Actioning its CSR mandate and realising skills and education as critical to catalyse the growth of society, Surya further ventured into Education and set up an academic institution under the aegis of Surya World Educational Research & Charitable Initiative. Ideally located near Chandigarh, the 50 acre sprawling integrated campus with state-of-the-art infrastructure and facilities, named as "SURYA WORLD - Institutions of Academic Excellence," provides perfect balance between academic excellence and extra co-curricular activities.

EXPANSION /GROWTH PLANS AND OUTLOOK

At SPL, a number of initiatives will deliver superior returns from 2012-13 onwards. The company's mature verticals will capitalize on emerging opportunities; new business verticals will report their full years of operations. We will increase our product offerings in US markets and other regulated markets leveraging over strength of Action. Soon Surya will be one of the very few companies in the world to have an exclusive set up for Carbapenem manufacturing.

With all these as well similar other initiatives, the Company expects to graduate from domestic pharmaceutical player to global pharmaceutical brand strengthening its value for share holders.

SUBSIDIARY COMPANIES

Having established a pre-dominant position in manufacturing APIs, Surya Pharma has gradually strengthened its global footprint with acquisitions in US and customers in over 90 countries over last two decades. This astounding growth has been well acknowledged as the company was ranked 17th largest pharmaceutical company and 364th over-all in the prestigious Fortune India 500 list and 417th in the top ET 500 companies in India.

Marching ahead, the wholly owned subsidiary in Singapore, Surya Pharmaceutical Singapore Pte Ltd for the purpose of trading in API's and raw materials for the Indian manufacturing plants and also for launching Crocs therapeutic footwear in the South East Asian market, showcased visible business growth.

The company's extension into healthcare retail (through its subsidiary Surya Healthcare Limited) appears optimistic as VIVA and Medimart network comprises over 200 stores covering 27 cities across 7 states serving more than 4 Lakh customers every month and is already the fastest growing Indian Pharmacy retail network chain. These numbers are testament to the success of brands, VIVA - Your Family Chemist and Medimart.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of our subsidiaries to our annual report.

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the annual report. Accordingly, the annual report 2011-12 does not contain the financial statements of our subsidiaries. The audited annual accounts and related information of our subsidiaries, where applicable, will be made available for inspection during business hours at our registered office in Delhi, India. The same will also be published on our website, www.suryapharma.com.

The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 also forms part of this annual report.

The members, if desire, may write to Company Secretary at Surya Pharmaceutical Limited, Registered Office to obtain a copy of the financials of the subsidiary companies.



CORPORATE DEBT RESTRUCTURING (C.D.R)

Due to various operational and financial problems, State Bank of India as the lead bank of the consortium of Bankers of the company has referred the company for restructuring of its debt to Corporate Debt Restructuring (CDR) cell. The case has been admitted by the CDR Cell in its meeting held on 29th March, 2012.

REFERENCE TO SICK INDUSTRIES & BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTIN (BIFR):

The Total losses of the Company as at 31st March, 2012 have resulted in more than 50% erosion of the peak Net Worth during the immediately preceding four financial years and the company is required to report this fact of erosion of the peak Net Worth by more than 50% to the BIFR under the provision of Section 23 (1) (a) (i) of the Sick Industrial Companies (Special Provisions) Act, 1985.

FIXED DEPOSITS

During the year under review the company has accepted deposits amounting to Rs 2,23,54,000/- in the financial year 2011-2012. There was no overdue deposits as on 31st March 2012 except Rs 1,19,144/- which remained unclaimed.

CAPITAL STRUCTURE

During the year under review, there was no change in the Authorized Share Capital of the Company. The outstanding 27,50,000 Zero Coupon Convertible share warrants issued to promoter group were cancelled and hence there are no convertible share warrants pending for conversion.

DIRECTORS

During the year under review Mr. Rajiv Goyal, Managing Director of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for reappointment. The Board recommends his re-appointment.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. D.P. Singhal & Dr. S.K. Yadav, were appointed as Additional Directors of the Company whose term expires at this Annual General Meeting of the Company. It is proposed to appoint them as Directors of the Company liable to retire by rotation.

The details of their re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office as Director and/or the Chairman/ Membership of Committees of the Board, are provided in the Notice of this Annual General Meeting.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date.
- (iii) The Directors 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; and
- (iv) The Directors have prepared the annual account of the Company on a 'going concern' basis.

AUDITORS AND THEIR REPORT

M/s. AAD & Associates, Chartered Accountants, the statutory auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received their consent letter under Section 224 (1-B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limit and that they are not otherwise disqualified within the meaning of Section 226 (3) of the Companies Act, 1956 for such appointment. The Board recommends their reappointment as Auditors of the Company for the financial year 2012-13.

The management's reply to auditors observation contained in the auditor's report at serial no. 3 regarding approval of Central government for excess managerial remuneration of Rs 270.62 Lacs paid to directors is as under:

The re-appointment of Sh. Rajiv Goyal, Chairman & Managing Director (CMD) & Mrs. Alka Goyal, Executive Director was approved by the shareholders in the annual general meeting held on 30.09.2009 w.e.f 01.11.2009 for a period of five



years and their remuneration was approved as per the limits prescribed under schedule XIII Part II Section I of the companies act, 1956. During the year under review, the company was in profits in the first half but suffered losses in the 2nd half for the reasons mentioned above. The remuneration paid exceeds the amount permissible due to losses. The company will file application to Ministry of Corporate affairs under the companies act, 1956 for waiver of excess remuneration paid to them.

The notes to the accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

INDUSTRIAL RELATIONS

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees have enabled the Company to gain present level of growth.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has complied with the applicable provisions of Corporate Governance under clause 49 of the Listing Agreement with the Stock Exchanges.

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

SECRETARIAL AUDIT

For each quarter of the financial year 2011-12, a qualified practicing Company Secretary carried out audits to reconcile the total admitted share capital with NSDL and CDSL, total issued and listed share capital. The reports confirm that the total issued / paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

COST AUDIT

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's pharmaceutical products. Based on the recommendations of the Audit Committee, and subject to the approval of the Central Government the Board of Directors had re-appointed M/s. J. Verma & Associates as Cost Auditors of the Company for the financial year 2012-13. The cost audit report will be filed with the Central Government as per timeline.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-B forming part of this report.

PARTICULARS OF EMPLOYEES

Particulars of Employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report and are given in Annexure-A attached with the Director's Report.

APPRECIATIONS AND ACKNOWLEDGEMENTS

Your Directors express their gratitude to all Banks and Financial Institutions who have directly or indirectly supported the Company for meeting short term or Long Term and financial needs of the Company's expanding operations.

Your Directors place on record their sincere thanks to the Central and State Governments of Punjab, Haryana, Himachal Pradesh and the state of J & K for their continued support to the Company. The Board also places on record the appreciation for the support provided by the customers, suppliers, equipment vendors and others to the Company.

Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support of the esteemed shareholders of the Company.

The Board expresses its appreciations of the commitment, contribution and support of all employees of the Company for attaining the present level of growth.

**For & on behalf of the Board
For Surya Pharmaceutical Limited**

**Sd/-
RAJIV GOYAL
(Chairman & Managing Director)**

**PLACE: Chandigarh
DATE: July 7, 2012**



ANNEXURE - A TO DIRECTORS' REPORT

Sr. No.	Name	Age	Existing Designation	Gross Remuneration (Rs.in Lacs) (p.a.)	Qualifications	Total Experience	Date of Joining	Previous Employment
1	Mr. Rajiv Goyal	48 years	Chairman & Managing Director	193.56 *	MBA	29 years	25.03.1992	NIL
2	Mrs. Alka Goyal	46 years	Executive Director	173.06 *	Post Graduate	26 years	24.08.1996	NIL
3	**Mr. Rajansh Thukral	51 years	Associate Director & Chief Company Secretary	60.00	FCS,FICWAI, AIII,LLB, MBA,MCOM,MA	30 years	10.07.2003	Raj Agro Mills Ltd.

Note: Mr. Rajiv Goyal, Chairman and Managing Director and Mrs. Alka Goyal, Executive Director of the Company are related to each other.

*The company will apply to central government for waiver of excess remuneration paid to Mr. Rajiv Goayl and Mrs. Alka Goyal.

**Mr. Rajansh Thukral was releived on 18.10.2011

ANNEXURE-B TO THE DIRECTORS REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH, 2012.

I. CONSERVATION OF ENERGY :

The Company has taken various initiatives for the conservation of energy for cost reduction in process to stay competitive by saving on power & fuel cost. The company has always resorted to various energy saving tactics. Energy saving audit carried out internally and by external agencies. Proper suggestions were incorporated as mentioned below:-

1. Strict adherence to contract demand of State Electricity Board Power Supply.
2. Stabilisation of manufacturing processes for better productivity.
3. Emphasis on awareness for energy saving by control & process up gradation, better house keeping, preventing wastages etc.
4. Preventive maintenance inspections & checks at regular intervals.
5. Proper insulation of steam, chilled water, chilled Brine & condensate lines.
6. Installation of screw chillers by replacing Reciprocating chillers . Screw Chillers are more energy efficient.
7. Installation of VFD on reactors , centrifuges,Pumps, AHUs etc.
8. Installation of condensate recovery system.
9. Installation of CFL lights in the plants.
10. Installation of carbon mono oxide monitoring system on the Boilers for proper Burning of the Fuel.
11. Installation of BMS system for proper control of utilities.
12. Installation of 66 KVA sub station at Jammu Plant to get better and uninterrupted power supply.

The power and fuel consumption is as under:-

		Year Ended March 31, 2012	Year Ended March 31, 2011
1	ELECTRICITY		
a)	Purchased:		
	Units	2,12,10,111	1,32,12,765
	Total Amount (Rs. lacs)	1006.94	584.51
	Rate per unit (Rupees)	4.75	4.42
b)	Own Generation:		
	Through Diesel Generator:		
	Units	30,16,828	33,53,451
	Units per liter of Diesel Oil	2.96	3.05
	Cost per unit (Rupees)	13.45	10.77
2A	FURNANCE OIL		
	Quantity (K liters)	1181.69	885.10
	Total Cost (Rs. lacs)	434.42	270.21
	Average rate (Rs. per K liters)	36.76	30.53
2B	LIGHT DIESEL OIL		
	Quantity (K liters)	NIL	NIL
	Total Cost (Rs. lacs)	NIL	NIL
	Average rate (Rs. per K liters)	NIL	NIL
2C	HIGH SPEED DIESEL		
	Quantity (K liters)	1488.53	2,974.26
	Total Cost (Rs. lacs)	591.61	1,046.04
	Average rate (Rs. per K liters)	39,744	35,170
3	PETCOKE		
	Details:		
	Quantity (In Tons)	934.27	375.15
	Rate per Ton (Rs.)	7,455.83	6,820.96
3A	RICE HUSK		
	Quantity (In Tons)	1,5502.05	25,238.67
	Total Cost (Rs. lacs)	733.58	1,038.88
	Rate per Ton (Rs.)	4,732.15	4,116.22

II. TECHNOLOGY ABSORPTION

The Research and Development (R&D)

R & D Department of the company has developed & commercialized novel product in the year 2011 - 2012.

Some of the technologies Success fully Commercialized were :-

- Production of sterile Imipenem monohydrate: Technology was developed by in-house for this Carbapenem range of antibiotic & Product successfully launched in SPL Samba.
- Production of Flomoxef Chloromethyl derivative: This is an Oxacepham group of antibiotic .Used in liver transplantaion .success fully Launched in SPL Panchkula.
- Production of Sumitriptan Succinate: Sumitriptan succinate was developed by non infringing route for cram client of U.K Production achieved and quality was conforming International standards.
- Production of Protodiolcine : Protodiolcine was Extracted & Purified at Plant form Trigonnella .sps

Products under lab development :-

Following Products / Technologies were developed at laboratory level & Technologies are ready for commercialization

- Meropenem monohydrate : Carbapenem antibiotic
- Doripenem : Carbapenem antibiotic
- Cur cumin : Natural antiseptic from Haldi (curcuma)
- Flucanazole : Antifungal
- FMT : Intermediate for Cefditoren
- Risperidone : Antipsychotic
- Valsartan : essential hypertension
- Cilastatin : Used with Imipenem
- Glimpride : Antidiabetise

BENEFITS:

- 1) The company has proved technical expertise in carbapenem antibiotics and dedicated Jammu plant for scale up & commercialization of carbapenem antibiotics. These are high value product with fast growing national and international market.
- 2) The company has established its presence in CRAMS Business.
- 3) The company has received approval from various international authorities viz KFDA(Cefaclore),EDQM Certification(Cefixime,Cefaclore and cephalixin).

III. EXPENDITURE ON R&D

The R&D outlay is as follows:-

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2012	Year ended March 31, 2011
a) Capital	6887.21	1,580.15
b) Recurring	126.50	-
c) Total	7013.71	1,580.15
d) Total R&D expenditure as a percentage of total turnover & operating income	4.29	0.97

IV. TOTAL FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2012	Year ended March 31, 2011
1 Earnings in Foreign Exchange during the year (F.O.B. value of Exports)	31772.01	42,278.06
2 C.I.F. Value of Imports (on cash basis)		
Raw Materials	26994.94	32,958.63
Capital Goods	21.52	-
Spare Parts, Components and Consumables	-	2,846.45
3 Expenditure in Foreign Currency during the year (on cash basis)		
Travelling Expenses	17.90	55.47
Interest and Bank Charges	-	-
Technical Know-how fees	-	-
Consultancy Fees	-	-
Others	185.56	250.95
4 Total Foreign Exchange used (2+3)	27219.92	36,111.58



SURYA PHARMACEUTICAL LIMITED.

REGD. OFFICE : 1596,1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK , DELHI-110006

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per Clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Surya Pharmaceutical we firmly believe in the importance of pursuing the highest standards in best practices towards good corporate governance. Our policies and procedures exemplify our core values in utmost transparency, professionalism and accountability across all functions of our organization. The company has, and will, continually endeavour to improve corporate practices, methodologies, and procedures to ensure that long term value is realized for all stakeholders of our organization. We aim to consistently offer our shareholders, customers, employees, vendors and the larger community mutually beneficial value through transparency in our associations, quality in our products and services, and integrity in our relationships.

Our Corporate Governance philosophy is driven by the following principles:

- To fulfill and comply by the spirit of law and further pursue initiatives that determine paramount value to all associated with our organization.
- To ensure transparency and openness about all facets of our operations, at all times.
- To be driven by integrity and core values and co-operate at all times in providing a clear and true image of our organization.
- To understand and comply with the written and unwritten laws of all companies in which we operate companies in which we operate.
- To ensure that our corporate structure fosters clear communication channels and lines of command at all times.
- To continually enhance shareholder value at all times.
- To endeavour to do the best we can to ensure and improve the preservation of communities and the environment.

The Company has implemented all mandatory requirements. The Company has a sound control and risk management.

2 BOARD OF DIRECTORS

i) Composition

The Board of Directors of the Company comprise of Four Directors:

Name of the Director	Office/Designation	Executive/Non Executive	Independent/Non Independent
Sh. Rajiv Goyal	Chairman cum Managing Director	Executive	Non Independent
Smt. Alka Goyal	Executive Director	Executive	Non Independent
Sh. Dharam Pal Singhal	Additional Director	Non-Executive	Independent
Dr. Shiv Kumar Yadav	Additional Director	Non-Executive	Independent

A brief Resume and Profile of the Directors eligible for reappointment at the ensuing Annual General Meeting of the Company is given in Annexure-A to the Notice annexed to this Annual Report.

ii) Meetings and attendance record of Directors and other Directorships

During the financial year ended on March 31, 2012, the Board of Directors met seven times on April 7, 2011, May 14, 2011, August 13, 2011, September 30, 2011, November 12, 2011, February 11, 2012, & March 6, 2012. The composition of Board of Directors, their attendance at the Board Meetings during the year and at the last Annual General Meeting together with the number of Directorship in other Companies are given below:

Name of the Director	No. of Board Meetings attended	Attendance at the Last AGM	No. of Other Directorships*
Sh. Rajiv Goyal	7	YES	4
Smt. Alka Goyal	7	-	4
Dr. Shiv Kumar Yadav	-	-	1
Mr. Dharam Pal Singhal	3	-	4
Sh. Anil Arya**	0	-	1
Sh. Abhishek Arya**	0	-	1
Sh. Ashwani K. Agarwal***	4	-	-
Sh. S.K. Suroya***	1	-	1
Dr. H.B.L. Vohra****	4	-	2
Dr. M.L. Sharma****	2	-	1
Mr. Devinder Pal*****	2	-	-
Dr. R.K. Gupta*****	5	-	1

* This excludes Directorship in Indian Private Limited Companies/Private Companies with unlimited Liability and Firms.

** Mr. Anil Arya and Mr. Abhishek Arya resigned from the Directorship w.e.f 12th November, 2011.

*** Mr. Sanjay Kumar Suroya was appointed in place of Sh. Ashwani K. Agarwal w.e.f. 6th February ,2012 as nominee Director of IDBI and later on his nomination was withdrawn w.e.f 5th July, 2012.

**** Dr. H.B.L Vohra and Dr. M.L. Sharma resigned from the directorship w.e.f. 4th March, 2012 and 23rd July, 2011.

***** Mr. Devinder Pal and Dr. R.K. Gupta resigned from the directorship w.e.f. 30th November, 2011 and 31st March,2012.

iii) Detail of Directorship in other Companies

The detail of Directorships of the Company's Directors in other Companies as on March 31, 2012 are given below:

Name of the Director	Name of the Company/Firm	Nature of Interest
Sh. Rajiv Goyal	Surya Healthcare Limited	Director
	Futuristics Garments Pvt. Ltd.	Director
	Emm Bee Fincap Pvt. Ltd.	Director
	Ess Ess Exim Pvt. Ltd.	Director
	Mediwell Healthcare Pvt. Ltd.	Director
	Surya Softedge Limited	Director
	Valuesource Mercantile Ltd.	Director
	Medi Mart India Pvt. Ltd.	Director
	Emsons Organics Ltd.	Director
Smt. Alka Goyal	Surya Healthcare Limited	Director
	Futuristics Garments Pvt. Ltd.	Director
	Emm Bee Fincap Pvt. Ltd.	Director
	Ess Ess Exim Pvt. Ltd.	Director
	Mediwell Healthcare Pvt. Ltd.	Director
	Surya Softedge Limited	Director
	Valuesource Mercantile Ltd.	Director
	Medi Mart India Pvt. Ltd.	Director
	Emsons Organics Ltd.	Director
Dr. Shiv Kumar Yadav	SA Antibiotics Limited	Director
Sh. Dharam Pal Singhal	Surya Softedge Limited	Director
	Valuesource Mercantile Ltd	Director
	Emsons Organics Ltd.	Director
	Surya Healthcare Limited	Director



iv) Detail of membership/chairmanship of Directors in Board Committee

Name of the Director	Name of the Indian Public Limited Company	Nature of the Committee	Member/Chairman
Sh. Rajiv Goyal	Surya Pharmaceutical Ltd.	Audit Committee Investor Grievances Committee	Member Member
Smt. Alka Goyal	Surya Pharmaceutical Ltd.	Investor Grievances Committee	Member
Sh. Dharam Pal Singhal	Surya Pharmaceutical Ltd.	Audit Committee Investor Grievances Committee	Chairman Chairman
Dr. Shiv Kumar Yadav	Surya Pharmaceutical Ltd.	Audit Committee	Member

v) Certificate on code of conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2012.

For Surya Pharmaceutical Limited

Place : Chandigarh
Dated : 14.08.2012

**Sd/-
Rajiv Goyal
Chairman & Managing Director**

CEO/CFO Certification

As required by sub clause V of Clause 49 of the listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended March 31, 2012 the Company has complied with the requirements of the said sub-clause.

For Surya Pharmaceutical Limited

Place : Chandigarh
Dated : 14.08.2012

**Sd/-
B.B. Jain
CFO cum CS**

**Sd/-
Rajiv Goyal
Chairman & Managing Director**

3. AUDIT COMMITTEE

The following are the current members of the Audit Committee:

1. Mr. Dharam Pal Singhal CHAIRMAN (Independent & Non-Executive)
2. Dr. Shiv Kumar Yadav MEMBER (Independent & Non-Executive)
3. Mr. Rajiv Goyal MEMBER (Executive)

The terms of reference to the Audit Committee as contained in Clause 49 of the Listing Agreement as well as under Section 292A of Companies Act, 1956 are as under:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - I. Any changes in accounting policies and practices.
 - II. Major accounting entries based on exercise of judgment by management.
 - III. Qualifications in draft audit report.
 - IV. Significant adjustments arising out of audit.

- V. The going concern assumption.
 - VI. Compliance with accounting standards.
 - VII. Compliance with Stock Exchanges and legal requirements concerning financial statements.
 - VIII. Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 6. Discussion with auditors, any significant findings and follow up there on.
 7. Reviewing the findings of any internal investigations by the auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 8. Discussion with external auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 9. Reviewing the Company's financial and risk management policies.
 10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 11. Investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956.

Meetings & Attendance during the financial year ended 31st March, 2012

Name	No. of meetings held during his tenure	No. of meetings attended
Mr. Anil Arya	3	3
Mr. Abhishek Arya	3	3
Mr. Rajiv Goyal	4	4
Mr. Dharam Pal Singhal	1	1
Dr. H.B.L. Vohra	1	1

During the year 2011-12, Audit Committee met 4 times on 14.05.2011, 13.08.2011, 12.11.2011 & 11.02.2012. Meetings were also attended by the Statutory Auditors and certain senior Financial Executives of the Company. The Company Secretary acted as Secretary of the Audit Committee.

The Committee reviewed the financial results of the Company and recommended the same to the Board of Directors for their adoption.

4. REMUNERATION COMMITTEE

Presently the company is not having remuneration committee.

5. INVESTORS GRIEVANCE COMMITTEE

Presently, the Investors Grievance Committee consists of 3 Directors namely Mr. Dharam Pal Singhal-Chairman, Mrs. Alka Goyal-Member and Mr. Rajiv Goyal-Member. This committee oversees and reviews all matters connected with redressal of Investor Grievances and complaints. The transfer of shares is undertaken by M/s. Bigshares Services Private Limited, Mumbai and they are fully equipped to deal with transfers and all related complaints of Investors.

Meetings & Attendance during the financial year ended 31st March, 2012

Name	No. of meetings held during his tenure	No. of meetings attended
Sh. Anil Arya	3	3
Smt. Alka Goyal	4	4
Sh. Rajiv Goyal	4	4
Mr. Dharam Pal Singhal	1	1

During the year 2011-12, Investor Grievance Committee met 4 times on 14.05.2011, 13.08.2011, 12.11.2011 & 11.02.2012. The Board has also constituted a Share Transfer Committee to attend share transfer formalities, as and when required. Necessary transfers were completed within the time frame.

Compliance Officer

Sh. B.B. Jain, Company Secretary of the Company has been designated as Compliance Officer under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for overseeing/addressing the investor complaints.

Nature of Complaint	Opening Balance	No. of Complaints received	No. of Complaints resolved	No. of Complaints Pending
Non Receipt of Exchange share certificates	0	2	2	0
Non Receipt of Annual Report	0	4	4	0
Non Receipt of Dividend Warrant	0	1	1	0
Stock exchange	0	1	1	0
Misc.	0	3	3	0
Total	0	11	11	0

All Complaints were resolved to the satisfaction of the Shareholders and no complaints remained unattended/ pending.

6. GENERAL BODY MEETINGS

The last 3 General Body Meetings of the members of the Company were held as per the following details:

Financial Year	Location of the Meeting	Type of Meeting	Date	Time
2010-11	Registered Office: 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.	AGM	30/09/10	11.00 A.M.
2010-11	Registered Office: 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.	EOGM	06/12/10	11.00 A.M.
2011-12	Jolly Good Banquet, Aditya Mega Mall, C.B.D. Sahadara, New Delhi-110032	AGM	30/09/11	10.00 A.M.

No resolution was passed through postal ballot during the year under review.

7. DISCLOSURES

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large. Further details of related party transactions are presented in Note No. 28.17 to the Accounts.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. There are no disclosures required to be made under this point.

8. MEANS OF COMMUNICATIONS

i)	Half yearly report sent to each house hold of shareholders	Nil
ii)	Quarterly Results	The quarterly Results are taken on record by Board of Directors of the Company for each quarter and notified to Stock Exchanges in compliance with Clause 41 of the Listing Agreement.
iii)	Publications in Newspapers	English: Business Standard and Financial Express Vernacular: Jansatta ,Business Standard and Rashtriya Sahara
iv)	Website where displayed?	BSE/NSE website
v)	Whether it also displays official news releases?	NO
vi)	Whether presentation made to Institutional Investors or to Analysts?	NO
vii)	Whether Management Discussion & Analysis is part of Annual Report?	YES

9. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting: Date & Time: Venue:	29th September, 2012 at 09.00 A.M. Plot No. 332, Jonapur, Mandi Road, New Delhi – 110047
ii) Financial Calendar (2012-13) (Tentative): AGM Quarterly Results: Quarter ended June 30,2012 Quarter ended September 30,2012 Quarter ended December 31,2012 Quarter ended March 31,2013	29.09.2012 On or before August 14, 2012 On or before November 14, 2012 On or before February 14, 2013 On or before May 14, 2013
iii) Date of Book Closure	September 27, 2012 - September 29, 2012
iv) Dividend payment date	--
v) Listing of Equity Shares on Stock Exchanges	National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Ltd. (BSE) The Annual Listing Fees in respect of both the Stock Exchanges for the financial year 2012-13 has already been paid.
vi) Stock Code Script Code ISIN Number (For Demat Trading) Depository Connectivity	532516 SURYAPHARM INE249G01020 NSDL & CDSL
vii) Market Price Data	As per Table-I below
viii) Performance in comparison to broad-based BSE Sensex	As per Figure-I to II below
ix) Registrar and Transfer Agents	M/s. Bigshare Services Pvt. Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), MUMBAI-400 072, Tel: 022-28470652/53, 40430200
x) Share Transfer System	Trading in the Equity Shares of the company is permitted only in dematerialised form. However, there are certain shares still in physical form with the pre-issue shareholders. All the share transfers in respect of physical shares are handled by the Registrar & Share Transfer Agents. Whenever transfers are lodged, the certificates of registration of transfers are returned within 1- 2 weeks and in case of rejections, average time is seven days.
xi) Distribution of Shareholding	As per Table-2 & 3 given below
xii) Dematerialization of Shares and Liquidity	Shares held in Demat Form as on March 31,2012:- With NSDL: 149,605,449 (73.79%) With CDSL: 52,996,993 (26.14%) Physical: 149,938 (0.07%) Company's Equity Shares are tradable in Demat form and there is good liquidity of the shares as the shares are actively traded both on NSE & BSE.
xiii) Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	During the year Outstanding 27,50,000 Zero Coupon Convertible Warrants were cancelled due to expiration of exercisable date.
xiv) Plant Locations	1. Village Banur, Tehsil Rajpura, Distt. Mohali (Punjab) 2. Plot No. 383, Industrial Area, Phase I, Panchkula (Haryana) 3. Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, (H.P.) 4. Plot No. 87, HPSIDC, Industrial Area, Baddi, Distt. Solan, (H.P.) 5. Plot No. 50 -51, EPIP, Phase I, Jharmajiri, Baddi, Distt. Solan, (H.P.) 6. Industrial Growth Center-II, Samba, District Jammu (J&K)
xv) Company Secretary & Compliance Officer	Mr. B.B. Jain Surya Pharmaceutical Limited SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh-160 009
xvi) Address for Correspondence	Corporate Office: Surya Pharmaceutical Limited SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh-160 009



TABLE-I

Market Price Data:

Monthly high and low quotations of shares and volume of Equity Shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2012 are as follows:-

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Monthly Vol. (Qty.)	High (Rs.)	Low (Rs.)	Monthly Vol. (Qty.)
April, 2011	26.80	22.55	20,87,546	29.00	22.50	38,36,653
May, 2011	23.65	19.85	14,45,250	23.55	19.50	28,00,774
June, 2011	23.10	19.75	8,48,925	23.05	18.70	19,70,268
July, 2011	22.50	19.50	9,98,148	22.45	19.25	17,56,300
August, 2011	20.40	14.60	14,14,904	20.70	14.55	26,68,609
September, 2011	17.65	15.10	6,77,387	17.75	14.25	11,85,514
October, 2011	17.20	15.00	5,59,966	17.20	14.30	10,57,804
November, 2011	15.70	10.15	7,36,351	15.90	10.10	18,85,587
December, 2011	11.45	9.65	5,94,540	11.40	9.40	12,71,010
January, 2012	15.90	10.00	9,44,152	14.40	10.00	17,16,131
February, 2012	15.25	12.05	13,40,646	15.30	12.20	23,24,412
March, 2012	14.38	10.31	19,17,354	14.30	10.20	36,24,357

TABLE-II

Distribution of Shareholding as on 31st March, 2012

No. of Equity Shares held	Number of Shareholders	% of Shareholders	Share Amount (Rs.)	% of Total
1-5000	18156	92.72	16572505	8.17
5001-10000	738	3.77	5698665	2.81
10001-20000	365	1.86	5429688	2.68
20001-30000	110	0.56	2712836	1.33
30001-40000	54	0.28	1877033	0.93
40001-50000	45	0.23	2122891	1.05
50001-100000	51	0.26	3675706	1.81
100001-999999999	63	0.32	164663056	81.22
GRAND TOTAL	19582	100.00	202752380	100.00
Physical mode	19	0.10	149,938	0.07
Electronic mode	19563	99.90	202602442	39.93

TABLE-III

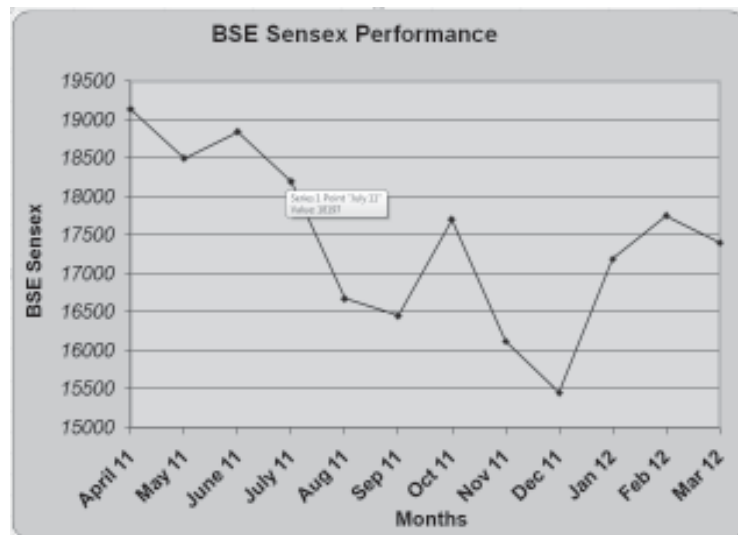
Category of Shareholders as on 31st March, 2012:

Category	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Indian Promoter (s) and Persons acting in concert	9	0.05	77263630	38.10
Private Bodies Corporate	493	2.52	44516316	21.96
Indian Public	18716	95.57	39376223	19.42
NRI	318	1.62	2913898	1.44
Nationalised/Non Nationalised Bank	--	--	--	--
Others-Clearing Member	44	0.22	112313	0.06
Trust	1	0.01	1000	0.00
Global Depository Receipt	1	0.01	38569000	19.02
TOTAL	19582	100.00	202752380	100.00

**FIGURE-I
SHARE PRICE MOVEMENT**



**FIGURE-II
SENSEX MOVEMENT**



(iii). NON MANDATORY REQUIREMENTS

The Company has not, so far, adopted any non mandatory requirements as stated in the Listing Agreement.



To

Members of
Surya Pharmaceutical Limited,
1596, 1st Floor, Bhagirath Palace
Chandni Chowk, Delhi -110006

Sub: CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s. Surya Pharmaceutical Limited, for the year ended 31st March, 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 has been limited to a review of 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 information and according to the explanations given to us, we certify that the Company has complied with, in all material respects, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are unattended/pending for a period exceeding one month against the Company as certified by the Registrars of the Company and details presented to the Investor Grievance Committee of the Company.

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

**For AAD & ASSOCIATES
Chartered Accountants**

**Date: : August14,2012
Place: Chandigarh**

**Sd/-
Shamsher Singh
(Proprietor)**



Auditor's Report

To

**The Members of
M/s. Surya Pharmaceutical Limited**

We have audited the attached Balance sheet of SURYA PHARMACEUTICAL LIMITED as at 31st March, 2012 and also the Profit and Loss Account and 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.

1. 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 also 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
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure A statement on the matters specified in paragraph 4 & 5 of said order:
3. As stated in note 28.10 of the financial statement, the managerial remuneration to directors exceeded the limits specified in the relevant provisions of the Companies Act, 1956, by Rs. 270.62 lacs. As informed to us, the company taken necessary steps to seek approval from central Government and expects such approval. Pending such approval the impact thereof on the financial statement has not been determined.
4. Further to our comments in the annexure referred to in paragraph (2) above, we report that:-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet and the Profit and Loss account comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, subject to Notes on Accounts forming part of Balance Sheet.
 - e) As per information and explanations given to us, none of the directors of the company is disqualified from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - f) Subject to our comments in paragraph (3) above and para 3(b) of annexure A, the effect of which has not been ascertained, 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 Companies Act, 1956, in the manner so required and give a true and fair view.
 - (i) In the case of the Balance Sheet of the State of affairs of the company as at 31st March, 2012 and
 - (ii) In the case of the Profit and Loss account, of Loss of the company for the year ended on that date.
 - (iii) In case of cash flow statement, of the cash flows for the year ended on that date.

**FOR AAD & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE: CHANDIGARH
DATE: July 7, 2012**

**Sd/-
SHAMSHER SINGH
(PROPRIETOR)
M.NO. 083898
FRN-020624N**

ANNEXURE 'A' REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF THE AUDITORS TO THE MEMBERS OF SURYA PHARMACEUTICAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDING 31ST MARCH, 2012

- 1 (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable to the size of the company and nature of its assets. No material discrepancies were noted on such verification.
- (c) The fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- 2 (a) Physical verification of stock of finished goods, stores, spares and raw materials was conducted by the management during the year and in our opinion, the frequency of such verification was reasonable.
- (b) Procedures for 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 book records were not material. The expired stock of Rs. 15.72 crore detected during physical verification has been written off by the company.
- 3 In respect of unsecured loans granted by the company to companies covered in the register under section 301 of the Companies Act, 1956 and according to information and explanation given to us-
 - (a) The company has granted unsecured loans to six Companies/ Firms/ Trusts and other Parties Listed in the register maintained under Section 301 of the Companies Act, 1956 and the amount outstanding as on 31.03.2012 was Rs. 84.92 crore (Rs. 5.10 crore). The maximum balance outstanding during the year was Rs. 109.56 crore.
 - (b) According to the information and explanation given to us, we are of the opinion that the rate of interest and terms and conditions of loan given by the company to companies/firms/ trusts in which directors of the company, are interested are prima facie prejudicial to the interest of the company on account of following.
 - (c) The company has granted the interest free loans, where the company is paying interest to banks and institutions
 - (d) The company has agreement for recovery with a stipulation of four years.
 - (e) The company has taken unsecured loans from companies/firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The outstanding amount as on 31-03-2012 is Rs. 2.93 crore.
 - (f) The loans are interest free and not prejudicial to the interest of the company.
 - (g) The company has agreement for repayment with a stipulation of three years.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, raw materials including the Plant & Machinery, Vehicles, Equipment and other assets and for the sale of these goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct the major weaknesses in internal control system. We have not observed any major weakness in the internal control system during the course of our audit.
- 5 In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to information and explanation given to us :
 - a) The particulars of contracts or arrangements referred to in section 301 that were needed to be entered in the register maintained under said section have been so entered.
 - b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transaction have been made at price prima facie reasonable having regard to the prevailing market prices at relevant time.
- 6 In our opinion, and according to the information and explanations given to us, the company has accepted deposits from public during the year and has complied with the provisions of Section 58A of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- 7 The company has an internal audit system, which in our opinion is, commensurate with the size of the company and nature of its business.

- 8 We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- 9 (a) The company has generally been regular in depositing undisputed dues, including Provident Fund ,Investor Education and Protection Fund, Employees' State Insurance ,Income Tax, Sale Tax, Wealth Tax Service Tax ,Custom Duty ,Excise Duty, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sale Tax, Custom Duty, Excise Duty, cess were in arrears as at March 31.03.2012 for a Period of more than six months from the date they became payable.
- (c) Detail of dues of Sales Tax, Service Tax and Income Tax which have not been deposited as at March 31.03.2012 on account of disputes are given below :-

Name of Statute	Nature of Dues	Amount ₹ In Lacs(*)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944.		2.16	1998	CESTAT
The Central Excise Act, 1944	Demand	17.96 3.69 0.86 94.12 6.34 371.53 34.42 1508.42 2039.51	1999 2002 2003 2005 2008 2009 2010 2011	CESTAT
Service Tax	Demand	2.89 13.25 2.00 138.34 45.29 201.77	2007 2008 2009 2010 2011	Department
Custom Act	Demand	313.27	2008	Department
Total		2556.71		

*Net of pre-deposit amount

10. The Company does not have accumulated Losses. The Company has incurred cash losses of Rs. 358.60 crore during the financial year covered by our audit previous year Nil.
11. The Company has defaulted in repayment of dues amounting to Rs. 22.20 crore principal and Rs. 39.78 crore interest to banks and financial institutions. The company has approached the Corporate Debt Restructuring cell for restructuring of loans and working capital limits, where its application has been accepted and is in process of approval.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.



13. In our opinion and according to the information and explanations given to us the provisions of chit fund are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares securities and debentures. Therefore the provision of clause 4(xiv) of CARO are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, having regard to the fact that the subsidiary is wholly owned the term and conditions of the guarantee given by the Company for loan taken by the subsidiary from a bank are not prima facie prejudicial to the interest of the Company
16. In our opinion and according to the information and explanations given to us, the term loan have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have not been used during the year for long term investment.
18. According to the information and explanations given to us during the period covered by our audit, the Company has converted 10,00,000 convertible warrants out of 47,00,000 convertible share warrants issued earlier into 1,00,00,000 equity shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act-1956.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any secured debenture
20. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year.

FOR AAD & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
SHAMSHER SINGH
(PROPRIETOR)
M.NO. 083898
FRN-020624N

PLACE: CHANDIGARH
DATE: July 7, 2012



SURYA PHARMACEUTICAL LIMITED

Regd. office : 1596, 1st floor, Bhagirath Palace, Chandni Chowk, Delhi-110 006 (INDIA)

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in ₹)

	Notes	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
I EQUITY AND LIABILITIES			
1 Share Holders' Funds			
i Share Capital	1	202,752,380	192,752,380
ii Reserves & Surplus	2	2,272,044,966	4,941,096,741
iii Money Received against share warrants		-	65,625,000
Shareholder's Funds		<u>2,474,797,346</u>	<u>5,199,474,121</u>
2 Share Application Money Pending Allotment		-	-
3 Non Current Liabilities			
i Long Term Borrowings	3	2,195,304,807	2,650,819,109
ii Deferred tax Liabilities (Net)	4	-	193,604,496
iii Other Long Term Liabilities	5	211,839,107	446,477,239
iv Long term provisions	6	24,480,592	21,878,529
Non Current Liabilities		<u>2,431,624,506</u>	<u>3,312,779,373</u>
4 Current Liabilities			
i Short Term Borrowings	7	14,362,446,460	11,074,180,481
ii Trade Payables	8	463,393,700	686,787,902
iii Other Current Liabilities	9	1,534,884,609	1,346,476,532
iv Short Term Provisions	10	9,411,330	38,581,385
Current Liabilities		<u>16,370,136,099</u>	<u>13,146,026,300</u>
TOTAL		21,276,557,951	21,658,279,794
II ASSETS			
Non Current Assets			
1 Fixed Assets			
i Tangible Assets	11	7,162,471,593	4,029,573,153
ii Intangible Assets		116,393,203	14,291,230
iii Capital Work in Progress		74,000,123	2,320,612,193
Fixed Assets		<u>7,352,864,919</u>	<u>6,364,476,576</u>
2 Non Current Investments	12	338,326,093	205,996,139
3 Deferred Tax (Net)	4	1,013,641,238	-
4 Long Term Loans and Advances	13	858,729,883	9,060,988
5 Other Non Current Assets	14	-	-
		<u>2,210,697,214</u>	<u>215,057,127</u>
Current Assets			
i Current Investments	12	2,046,275	52,146,275
ii Inventories	15	8,122,547,871	10,406,325,036
iii Trade Receivables	16	2,362,109,198	2,908,487,488
iv Cash and Cash Equivalents	17	98,831,198	154,802,238
v Short Term loans and Advances	18	761,614,915	707,363,961
vi Other Current Assets	19	365,846,361	849,621,093
Current Assets		<u>11,712,995,818</u>	<u>15,078,746,091</u>
TOTAL		21,276,557,951	21,658,279,794
Significant Accounting Policies-A			
Notes to Financial Statements -B (1 to 28)			

For and on behalf of the Board

AUDITORS' REPORT

As per our Report of even date annexed

For AAD & Associates

Chartered Accountants

Sd/-
Rajiv Goyal
Managing Director
Place : Chandigarh
Dated : 7th July, 2012

Sd/-
Alka Goyal
Executive Director

Sd/-
B.B.Jain
CFO cum CS

Sd/-
Shamsher Singh
Prop.



SURYA PHARMACEUTICAL LIMITED

Regd. office : 1596, 1st floor, Bhagirath Palace, Chandni Chowk, Delhi-110 006 (INDIA)

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

(Amount in ₹)

	Notes	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
INCOME			
I REVENUE FROM OPERATIONS	20	16,229,490,994	16,004,174,949
II Other Income	21	(379,812,715)	26,727,694
III Total Revenue (I + II)		15,849,678,279	16,030,902,643
IV EXPENSES			
i Cost of Material Consumed	22	15,971,537,191	15,042,511,301
ii Changes in Inventories of FG, WIP and Stock in Trade	23	573,544,724	(2,732,608,409)
iii Other Manufacturing Expenses	24	387,191,705	408,978,060
iv Employee Benefit Expense	25	409,110,741	403,598,928
v Finance Cost	26	1,658,483,860	977,806,532
vi Depreciation and Amortisation Expense	11	346,173,609	265,469,543
vii Other Expenses	27	435,882,383	347,985,748
TOTAL EXPENSE		19,781,924,214	14,713,741,703
V Profit before exceptional and extraordinary items and tax (III - IV)		(3,932,245,934)	1,317,160,940
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		(3,932,245,934)	1,317,160,940
VIII Extraordinary Items		-	-
IX Profit before Tax (VII - VIII)		(3,932,245,934)	1,317,160,940
X Tax Expense			
i Current Tax		-	262,510,175
ii Deferred Tax	4	1,207,245,734	61,432,752
iii MAT Credit Entitlement		-	(8,360,640)
XV Profit (Loss) for the period		(2,725,000,200)	1,001,578,653
XVI Prior Period Items		-	12,459,989
Proposed Dividend(Including DDT)		6,551,575	32,517,372
XVII Earnings per equity share of Rs. 1/- each			
i Basic		(13.44)	5.13
ii Diluted		(13.44)	5.13
Significant Accounting Policies-A			
Notes to Financial Statements -B(1 to 28)			

For and on behalf of the Board

AUDITORS' REPORT
As per our Report of even date annexed
For AAD & Associates
Chartered Accountants

Sd/-
Rajiv Goyal
Managing Director

Sd/-
Alka Goyal
Executive Director

Sd/-
B.B.Jain
CFO cum CS

Sd/-
Shamsher Singh
Prop.

Place : Chandigarh
Dated : 7th July, 2012



SURYA PHARMACEUTICAL LIMITED

Regd. office : 1596, 1st floor, Bhagirath Palace, Chandni Chowk, Delhi-110 006 (INDIA)

CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2012

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	(2,731,551,775)	1,317,160,939
Adjustments for :		
Depreciation(Net)	345190495	265,469,543
Misc. Expenditure W/Off	6328090	6,328,090
Interest On Borrowings (WIP)	1658483860	1,077,533,738
Interest / Dividend Received	238420991	(89,041,577)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(483,128,339)	2,577,450,733
Adjustments for :		
(Increase)/Decrease in Current Assets	2413100338	(5,550,949,115)
Increase / (Decrease) in current Liabilities	(2121764124)	1,343,202,710
Working Capital Borrowings	5254597525	2,481,005,752
CASH GENERATED FROM OPERATIONS	5,062,805,399	850,710,080
Direct Taxes Paid/Deferred Tax Assets(Net)	(1207245735)	(161,401,197)
CASH GENERATED BEFORE EXTRA-ORDINARY ITEMS	3,855,559,664	689,308,883
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3,855,559,664	689,308,883
NET CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1239608538)	(2,335,855,144)
Sale of Fixed Assets	8053069	-
Purchase of Investments	(82229954)	(203,189,520)
Sale of Investments	-	-
Misc. Expenditure	(102101973)	-
Inter Corporate Deposits	154500000	-
Interest Received	5804819	1,189,094
Dividend Received	70728	172,275
Insurance Claim Received	40272112	13,086,213
Freight Received from Parties	-	62,313,883
Misc Income	170,639	5,215,707
Profit on Derivatives	(284,739,289)	7,064,405
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,499,808,387)	(2,450,003,087)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / Decrease In Reserves	-	1,097,292,972
Proceeds from Issue of Share Capital	4375000	113,694,000
Share Application Money Received	-	-
Proceeds from Long Term Borrowings	(753561882)	1,624,669,439
Interest Paid	(1,658,483,860)	(1,077,533,738)
Subsidy Received	2500000	-
Dividend Paid	(6,551,575)	(21,702,507)
NET CASH PAID IN FINANCING ACTIVITIES ©	(2,411,722,317)	1,736,420,166
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(55,971,040)	(24,274,038)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	154,802,238	179,076,276
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	98,831,198	154,802,238

For and on behalf of the Board

Sd/-

RAJIV GOYAL

Managing Director

Sd/-

ALKA GOYAL

Executive Director

Sd/-

B.B. Jain

CFO cum CS

We have examined the attached cash flow statement of Surya Pharmaceutical Limited for the period ended March 31, 2012. The statement has been prepared by the Company in accordance with the requirements of the Accounting Standard 3 and is based on and derived from the audited accounts of the Company for the period ended March 31, 2012.

AUDITORS' REPORT

As per our report of even date annexed

For AAD & Associates

Chartered Accountants

Sd/-

SHAMSHER SINGH

Prop.

Place : Chandigarh

Dated : 7th July, 2012

A- SIGNIFICANT ACCOUNTING POLICIES

1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

- (i) The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of a going concern.
- (ii) All the Income & expenditure are recognized on accrual basis.
- (iii) Figures have been taken to nearest rupee.
- (iv) Previous year figures have been re-grouped and re-arranged wherever considered necessary.

2 FIXED ASSETS

- (i) Fixed Assets have been stated at original cost less depreciation.
- (ii) Depreciation has been provided during the year on straight line method at revised rates, vide Notification GSR No. 756 E Dated: 16.12.93, as non continuous process pro-rata on triple shift basis as per schedule XIV to the Companies Act, 1956.

3 VALUATION OF INVENTORIES

Raw materials have been valued at cost or market price, whichever is less, Work in progress and other misc. Stocks have been valued on estimated basis, In respect of Finished Goods and Work in Progress, applicable manufacturing overheads and other cost incurred in bringing the items of inventory to their present location and condition are also include. Finished Goods have been valued at cost inclusive of the provision of excise duty thereon, in accordance with the guidance note on accounting treatment for excise duty issued by the Institute of Chartered Accountants of India & other professional pronouncements. However, the same has no effect on the profits for the year.

4 FOREIGN EXCHANGE TRANSACTIONS

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The resultant gain/loss, if any, is recognized in the Profit and Loss Account, except exchange differences on liabilities incurred for acquisition of fixed assets, which are adjusted to the carrying amounts of respective amounts of the respective assets. Non-monetary assets and liabilities related to foreign currency transactions are reported at the rate on the date of the transaction.

5 REVENUE RECOGNITION

- (i) Sales are stated net of returns, inclusive of excise duty, job work charges , export incentives and Mercantile sales.
- (ii) Dividend income has been accounted for on receipt basis.
- (iii) Export benefits are accounted for on accrual basis.

6 EMPLOYEES BENEFITS

- (i) The Contribution to the Provident Fund, under the defined contribution plans are charged to revenue.
- (ii) The accrued liability towards gratuity has been calculated at Rs. 136.27 lacs as per actuarial valuation (Rs. 150.75 lacs) and has been provided upto 31st March 2012
- (iii) The leave encashment has been provided amounting to Rs 77.64 lacs (Rs. 96.19 lacs) upto 31st March 2012.

7 APPORTIONMENT OF INDIRECT EXPENSES

- (i) Indirect expenses incurred by the company have been apportioned amongst all the units, on the following basis:-
Fixed Administrative Expenses - on the basis of sales value, Export expenses - on the basis of exports in value Other Expenses - on the basis of sales value

8 MISCELLANEOUS EXPENDITURE

Deferred Revenue expenses are written off over a period of 5 years.

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

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
1 SHARE CAPITAL		
1 AUTHORISED SHARE CAPITAL		
i 1000000000 Equity Shares of Rs.1/- (Previous Year 1000000000 Equity Shares of Rs.1/-)	1,000,000,000	1,000,000,000
Total	1,000,000,000	1,000,000,000
2 ISSUED, SUBSCRIBED SHARE CAPITAL		
A Issued Share Capital 202752380 (Previous year 192752380) Equity Shares of Rs. 1/- each Fully paid up	202,752,380	192,752,380
Total	202,752,380	192,752,380
B Subscribed Share Capital 202752380 (Previous Year 192752380) Equity Shares of Rs. 1/- each Fully paid up	202,752,380	192,752,380
Total	202,752,380	192,752,380
3 PAID UP SHARE CAPITAL		
A 202752380 (Previous Year 192752380) Equity Shares of Rs. 1/- each Fully paid up	202,752,380	192,752,380
Total	202,752,380	192,752,380

1.1 Details of shareholders holding more than 5 %	As at 31.03.2012 No. of Shares	As at 31.03.2012 %age of Shares	As at 31.03.2011 No. of Shares	As at 31.03.2011 %age of Shares
Equity Shares				
Alka Goyal	20804570	10.26%	20804570	10.79%
Futuristics Garments pvt. Ltd.	24787180	12.23%	14787180	7.67%
Dynamic Finvest Services Pvt. Ltd.	21250000	10.48%	21250000	11.02%
Creative Capital Services Ltd.	15830000	7.81%	14580000	7.56%

1.2 RECONCILIATION OF SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
Equity Shares at the beginning of the year	192,752,380	144,683,380
Add; shares issued on conversion of share warrants	10,000,000	9,500,000
Add: Issue of GDR	-	38,569,000
Equity Shares at the end of the period 31.03.2012	202752380	192,752,380

1.3 CONVERTIBLE SECURITIES	01.04.2010-31.03.2011
Zero Coupon Convertible Share Warrants Issued on 22.04.2010	47000,00
Warrants converted on 31.03.2011	(950,000)
Balance as on 31.03.2011	3,750,000
	01.04.2011-31.03.2012
Opening outstanding warrants	3,750,000
Warrants converted on 07.04.2011	(1,000,000)
Balance as on 28.10.2011	2,750,000

During the year 10,00,00 warrants were converted into 100,00,000 equity shares on 07.04.2011. Meanwhile an appeal was filled before the SEBI to convert equity shares more than 5 % of the total share capital without making open offer under Regulation 3(2) of SEBI Regulation 3(2)

of SEBI (Substantial Acquisition of shares and takeover) Regulations - 2011. SEBI vide its order dated 09.01.2012 refused to allow any exemption. As on 31.03.2012 appeal was still pending before the SAT for exemption under Regulation 3(2) of SEBI (Substantial Acquisition of shares and Takeover) Regulations -2011 and for extension of exercisable date

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
2 RESERVE & SURPLUS		
Surplus in Profit (Loss), Opening Balance	3,411,732,749	2,455,131,457
Changes in Profit (Loss)		
i Additions Profit (Loss) during the year	(2,731,551,775)	956,601,292
ii Deductions Profit (Loss) during the year		
Closing Balance	680,180,974	3,411,732,749
Share Premium, Opening Balance	1,529,363,992	1,529,363,992
i Additions during the year	60,000,000	-
(Premium on conversion of Convertible share warrants at a premium of Rs. 60.00 per share)		
Closing Balance	1,589,363,992	1,529,363,992
State Subsidy	2,500,000	-
Total	2,272,044,966	4,941,096,741

NON CURRENT LIABILITIES

3 LONG TERM BORROWINGS

Secured

i) Term Loans

Rupee term loans from banks

1,886,220,101

2,544,656,987

Unsecured

ii) Deferred payment liabilities

Deferred payment for acquisition of fixed assets

60,753,934

-

iii) Other loans and advances

1,054,019

-

iv) Deposits

Deposits from others

92,776,753

-

v) Other Unsecured borrowings

154,500,000

106,162,122

TOTAL

2,195,304,807

2,650,819,109

3.1 Excluding current maturities of term loans of Rs.97.69 cr.

3.2 Term Loans of Rs. 94.03 crs (including current maturities) are secured by 1st Pari-Passu charge on Fixed Assets and 2nd Pari-Passu Charge on Current Assets of the Company and Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal and Equitable Mortgage of H. No. 64, Sector 9-A, Chandigarh, in the name of Mrs & Mr Rajiv Goyal

3.3 Term Loans of Rs. 182.68 crs (Including current maturities) are secured by 1st Pari-Passu charge on Fixed Assets and 2nd Pari-Passu Charge on Current Assets of the Company and Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal

3.4 Term loan of Rs. 10.94 crs (including current maturities) is secured by SCO 8, Sector-11, PKL

3.5 Deferred payment for acquisition of fixed assets are secured by the respective assets financed by them

3.6 Other loans and advances are taken on long term basis from the parties not related with the directors

3.7 Deposit from other exclude current maturities of deposits taken from the public of Rs. 0.81 lacs

3.8 Deposits from others include suppliers deposits of Rs. 1.97 crs taken from the distributors and C & F agents

3.9 Other unsecured borrowing are inter corporate deposits taken on the basis of PDC cheques.

3.10 Current maturities of long term debts includes Rs. 97.69 crs towards term loans and Rs. 0.81 lacs towards taken from the public. Rest of the long term debts have maturity of 2-3 years as on date.

3.11 As on 31-03-2012, there was principal default of Rs. 22.20 crs and interest default of Rs. 13.30 crs in the term loan account since Jan, 2012

4 DEFERRED TAX LIABILITY

Deferred Tax Liabilities

i) On account of Depreciation

214,371,629

200,072,858

ii) On account of Dividend Recvd u/s 10(34)

-

172,275

Deferred Tax Assets

i) On account of Retirement Benefits

2,451,532

15,304,207

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
ii) On account of Profit (Loss) During the year	(3,932,245,934)	-
Net Deferred Tax Liabilities/Assets	3,720,325,837	184,940,926
Tax Impact	1,207,245,734	61,432,752
Amount Brought forward from previous year	193,604,496	132,171,744
Total Deferred Tax Liabilities(Assets)	(1,013,641,238)	193,604,496

4.1 Deferred tax assets of Rs. 101.36 crs has been created consequently to the loss incurred, Company assume that with reasonable certainty it will be able to set off against its future tax .

5 OTHER LONG TERM LIABILITIES

1 Trade Payable	-	-
2 Other	211,839,107	446,477,239
5.1 Others are related to liabilities on capital contracts		
TOTAL	211,839,107	446,477,239

6 LONG TERM PROVISIONS

1 Employee Benefits	21,390,592	21,878,529
2 Provision for Excise Duty on Finished Goods Stock	3,090,000	-
TOTAL	24,480,592	21,878,529

6.1 Long term provision of employee benefits relates to gratuity and earned leave

6.2 Excise duty on finished goods stock has been provided at the closing excise rate applicable, this does not the profit and loss account of the company

NON CURRENT LIABILITIES

1,417,983,268 **3,312,779,373**

Details of Borrowings

1 Nature of security	Pari Passu charge on Fixed assets and current assets of the company as 1st pari passu, 2nd pari passu and guaranteed by personal guarantee of Alka Goyal and Rajeev Goyal
2 Aggregate amount of loans guaranteed by directors	Rs. 190322 Lacs
3 Aggregate amount of loans guaranteed by others	Nil
4 Terms of repayment of long term loans	Long term loans have a maturity of 2-3 years

CURRENT LIABILITIES

7 SHORT TERM BORROWINGS

Secured		
i) Loans repayable on demand		
From Banks	13,358,515,757	9,614,892,301
From Others	3,930,703	9,505,018
ii) Others(From Banks)	1,000,000,000	1,449,783,162
Unsecured		
i) Others	14,362,446,460	11,074,180,481

7.1 Working Capital Facilities of the company are secured by 1st Pari-Passu charge on Current Assets and 2nd Pari-Passu Charge on Fixed Assets of the Company and Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal and Working capital facilities are further secured by Equitable Mortgage of H. No. 64, Sector 9-A, Chandigarh in the name of Mrs. and Mr. Rajiv Goyal

7.2 Vehicle loans of Rs. 2.01 cr included in from banks are secured by hypothecation of respective vehicles ,they have maturity of 2-3 years as on date

7.3 From others relates to vehicle loans taken from NBFC which are secured by the respective vehicles

7.4 Secured from others are short term loans taken from banks secured by the subservient charge on the fixed assets/current assets of the company

7.5 As on 31-03-2012, there is default of Rs. 26.48 crs in interest since Jan, 2012

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
8 TRADE PAYABLES		
- For Raw Material	412,758,267	601,140,560
- Others	50,635,433	85,647,342
TOTAL	463,393,700	686,787,902
8.1 Other trade payables relates to consumables, packing material and fuel suppliers		
8.2 Trade Payables includes for material in transit liability of Rs. 0.08 lacs		
9 OTHER CURRENT LIABILITIES		
i) Current Maturities of Long term Debts	984,978,000	687,200,000
ii) Interest accrued and due on borrowing-working capital	264,800,000	8,022,690
iii) Interest accrued and due on borrowing-term loan	133,022,824	-
iv) Application money received for allotment of Equity Shares under Warrants	48,125,000	-
v) Other payables	103,958,785	651,253,842
TOTAL	1,534,884,609	1,346,476,532
9.1 Current maturities of long term debts includes Rs. 97.69 crs towards term loans and Rs. 0.81 lacs towards deposits taken from the public		
9.2 Interest accrued and due includes overdues since Jan,2012 to the respective banks and institutions		
9.3 Other payables relates to payment to be made to contractors, commission and other liabilities		
9.4 Application money to be refunded relates to balance of convertible warrants expired, this has to be refunded to warrant holders for non extension of warrant allotments period by the stock exchange as agreed with warrant holders subject to permission		
10 SHORT TERM PROVISIONS		
1 Employee Benefits	9,411,330	9,668,527
2 Dividend on Equity Shares(Including Dividend Distribution Tax)	-	28,912,857
TOTAL	9,411,330	38,581,384
CURRENT LIABILITIES	16,370,136,099	13,146,026,299

10.1 Short term provisions for employee benefits relates to bonus and performance incentive for employees .

10.2 No dividend is proposed in this year, the dividend mentioned in Profit and loss is on account last year as no provision was made for shares allotted consequent to warrant conversion.

11 FIXED ASSETS

DEPRECIATION SCHEDULE AS PER COMPANIES ACT - AS ON 31.03.2012

DEPRECIATION SCHEDULE AS PER COMPANIES ACT - AS ON 31.03.2012												
PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK			
	As on 1/4/2011	Additions	Sales/ Transfer	TOTAL	As on 1/4/2011	During the Year	Dep on Addition	Adjustment	TOTAL	AS ON 31.03.2012	AS ON 31.03.2011	
Land	179327079	24289888	-	203616967	-	-	-	-	-	203616967	179327079	
Building	934910807	761672797	-	1696583604	54781265	23419516	7904787	-	86105567	1610478036	880129542	
Plant & Machinery	2625566824	1633439444	6338892	4252667377	811692407	203612707	54113585	-	1069418698	3183248678	1813874417	
Plant & Machinery R & D	1008197046	688720991	-	1696918037	162872809	34868443	10781	-	197752034	1499166004	845324237	
Misc. Assets	96656710	162534651	20600	259170761	29824308	3457944	126788	-	33409040	225761721	66832402	
Electricals	156523305	162754281	-	319277586	16495039	5576516	1410702	-	23482257	295795329	140028266	
Computers	28719462	16383956	-	45103418	10629180	3540405	564649	-	14734234	30369184	18090282	
Pollution Control Equipments	41642504	-	-	41642504	10567599	1483514	-	-	12051113	29591391	31074905	
Furniture & Fixture	38112693	3963761	-	42076454	4199216	1833782	139278	-	6172276	35904178	33913477	
Motor Vehicle	35105807	32460840	1693577	65873070	14127263	2501289	1608922	904509	17332965	48540105	20978544	
Capital Work In Progress	2320612195	542064732	2788676803	74000124	-	-	-	-	-	74000124	2320612195	
TOTAL	Total	7465374432	4028285341	2796729872	8696929901	1115189085	280294116	65879493	904509	1460458185	7236471717	6350185346

11.1 Fixed Assets include assets held for R & D Purposes of the company

11.2 Intangible assets relates to Deferred revenue expenditure incurred with respect to brand promotion and other long term activities.

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
INVESTMENTS		
12 NON-CURRENT INVESTMENTS		
Surya Healthcare Ltd	160,300,000	75250000
Surya Pharmaceutical inc	2,272,796	2218229
Surya Bio Pharma USA Inc	10,220,356	8372030
Surya Pharmaceutical Singapore Pte. Ltd.	73,843,666	35105880
Share Application Money (Allotment pending)		85050000
Emsons Organics Ltd	91,689,275	
TOTAL	338326093.1	205996139
CURRENT INVESTMENTS		
GCDB Grindlay Cash Fund	148,859	148859.05
Equity Shares of Allahabad Bank	876,416	876416
Mutual Fund-Tax Saver PNB	1,000,000	1000000
Mutual fund SBI	-	50000000
Shares of Canara Bank	21,000	21000
Surya Eduquest Ltd	-	100000
TOTAL	2046275.05	52146275.05
NON CURRENT ASSETS		
13 LONG TERM LOANS AND ADVANCES		
1 Security deposits	9,735,409	9,060,988
2 Loans and Advances to related parties	848,994,474	-
3 Other loans & advances		
TOTAL	858,729,883	9,060,988
13.1 Security Deposits relates to deposit given to the electircity deptt,telephone deptt,services suppliers		
13.2 Loans and Advances to related parties(Refer note no. 23.12)		
14 OTHER NON CURRENT ASSETS		
1 Long term receivables	-	-
2 Others	-	-
TOTAL	-	-
CURRENT ASSETS		
15 INVENTORIES		
(As valued and certified by the management)		
1 Raw Materials	1,290,020,175	3,013,002,624
2 Finished Goods	197,808,243	555,806,039
3 Other Misc. Stocks	61,080,182	51,420,174
4 Work-in-Progress	6,573,639,271	6,786,096,199
TOTAL	8,122,547,871	10,406,325,036
15.1 The inventory includes slow moving stock of Rs.538.62 crs as per stock audit report,these will be realised over a period of time as per the management.		
16 TRADE RECEIVABLES		
1 Outstanding for a period exceeding six months		
Secured - Considered Good		
Unsecured - Considered Good	1,695,135,584	46,059,207
Doubtful or Bad	-	2,838,629
2 Others		
Secured - Considered Good		
Unsecured - Considered Good	666,973,615	2,859,589,652
Doubtful or Bad		
TOTAL	2,362,109,198	2,908,487,488

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
17 CASH AND CASH EQUIVALENTS		
1 Balances with Banks		
Unpaid Dividend Accounts	575,032	458,565
Deposit Accounts with more than 12 months maturity		
Margin Money	52,126,905	58,684,458
Current Accounts	43,798,400	93,539,567
2 Cheques/Drafts in hand	-	-
3 Cash in hand & as Imprest	2,330,861	2,119,648
4 Others	-	-
TOTAL	98,831,198	154,802,238
18 SHORT TERM LOANS & ADVANCES		
1 Loans & advances to related parties		
Secured-considered good		
Unsecured-considered good	-	51,035,110
Doubtful		
2 Loans & advances to employees		
Secured-considered good	-	-
Unsecured-considered good	2,090,167	3,360,616
Doubtful	-	-
3 Deposits		
4 Deposits/Balances with Excise/Sales Tax Authorities	395,353,974	386,646,877
5 Others	364,170,774	266,321,358
TOTAL	761,614,915	707,363,961
18.1 Deposits/Balances relates to balances with sales tax authorities that are refundable to the company, for which the company is continuously following up with the relevant authorities. Deposits/Balances with excise deptt relates to cenvat credit lying with the company and excise duty/service tax refundable		
18.2 Others relates to export incentives that are refundable/recoverable from the govt and duty free scrips under Focus marketing scheme, Vishesh Krishni yozna scrip, DEPB and other export incentives.		
19 OTHER CURRENT ASSETS		
Other Current Assets	365,846,361	849,621,093
TOTAL	365,846,361	849,621,093
20 REVENUE		
1 Revenue from operations		
Sale of products	16,477,393,710	16,313,827,803
Sale of services	-	-
Other operating revenues	23,703,191	18,845,734
Less: Excise Duty	271,605,907	328,498,587
Net Sales	16,229,490,994	16,004,174,949
21 OTHER INCOME		
1 Interest income	5,804,819	1,189,094
2 Dividend income		
From Subsidiaries	-	-
From Others	70,728	172,275
3 Net gain/loss on sale on investments	79,028	-
4 Other non operating income(net of expenses directly attributable to income)	40,363,723	18,301,920
5 Net gain/loss on foreign currency translation & transaction (other than considered as finance cost)	(426,131,013)	7,064,405
TOTAL	(379,812,715)	26,727,694
REVENUE	15,849,678,280	16,030,902,643

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
EXPENSES		
22 COST OF MATERIAL CONSUMED		
1 Raw Materials consumed	15,914,403,842	14,982,912,886
2 Packing Materials Consumed	57,133,349	59,598,415
TOTAL	15,971,537,191	15,042,511,301
22.1 Raw Material Consumed includes goods consumed on merchantile basis.		
23 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND STOCK IN TRADE		
Stock at Close- Work in Process	6,573,639,271	6,786,096,199
Stock at Close-Finished	194,718,243	555,806,039
	6,768,357,514	7,341,902,238
Stock at commencement- Work in Process	6,786,096,199	4,559,333,143
Stock at commencement-Finished	555,806,039	49,960,686
	7,341,902,238	4,609,293,829
(Increase)/Decrease in stock	573,544,724	(2,732,608,409)
24 OTHER MANUFACTURING EXPENSES		
1 Power & Fuel	94,334,653	59,725,580
2 Consumables	69,995,325	40,571,367
3 Repair & Maintenance	50,100,612	67,328,497
4 Factory Security Expenses	5,699,263	3,230,679
5 Job Work Charges	21,274,487	49,393,637
6 Petrol and Diesel Expenses	145,008,663	188,391,475
7 Testing Fee	778,702	336,825
	387,191,705	408,978,060
24.1 Consumables relates to indigeniously procured goods.		
25 EMPLOYEE BENEFIT EXPENSES		
1 Salaries, Wages & Allowances	373,070,480	374,129,652
2 Provident Fund & ESI	12,794,270	11,582,565
3 Staff Welfare expenses	23,245,991	17,886,711
TOTAL	409,110,741	403,598,928
26 FINANCE COST		
1 Interest expense on Term loans	394,085,066	184,524,474
2 Interest expense on Overdrafts & other borrowings	1,212,030,417	789,200,327
3 Other borrowing cost	34,079,694	5,132,274
4 Net gain/(loss) on foreign currency transactions	18,288,683	(1,050,543)
TOTAL	1,658,483,860	977,806,532
27 OTHER EXPENSES		
1 Auditors remuneration		
As Auditor	200,000	200,000
For Tax Audit	100,000	100,000
Service Tax	45,200	45,200
Others	300,000	300,000
2 Donation	141,000	113,502
3 Fees, Taxes & Subscription	8,148,650	9,666,515
4 Insurance	33,428,467	17,667,009
5 Legal and Professional	29,821,497	28,295,012

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
6 Loss on sale of Fixed Assets	76,399	-
7 Misc Expenses	11,844,003	14,246,847
8 Membership Fees	1,370,812	1,862,402
9 Postage & Telegram	3,735,204	2,427,822
10 Printing & Stationery	5,696,145	5,765,938
11 Rent	40,994,927	28,812,574
12 Telephone Expenses	8,476,688	6,760,692
13 Travelling Expenses	39,743,807	44,061,525
14 Vehicle Running & Maintenance	3,284,544	2,520,024
15 Advertisement Expenses	7,391,965	19,452,199
16 Business Promotion	14,547,462	19,514,581
17 Carriage Outward	16,730,249	(7,991,066)
18 Discount	480,787	64,800
19 Preliminary Expenses Written off	6,328,090	6,328,090
20 Bank Charges	126,885,920	99,727,206
21 Hire Charges	3,238,261	2,625,069
22 Export commission	17,203,426	24,589,220
23 Export Expenses	17,063,565	20,143,228
24 Commission	8,662,252	687,359
25 Sundry Debtors w/off	29,943,063	-
TOTAL	435,882,383	347,985,748

28.1 EXPENDITURE IN FOREIGN CURRENCY

Sr. No	Particulars	2011-2012 (Rs. In lacs)	2010-2011 (Rs. In lacs)
1	Traveling Expenses	17.90	55.47
2	Exhibition Expenses	22.92	32.96
3	Export Commission	154.85	203.73
4	Salaries	0.00	4.25
5	Subscription	7.79	10.01

28.2 EARNINGS IN FOREIGN CURRENCY

S. No	Particulars	2011-2012 (Rs. In lacs)	2010-2011 (Rs. In lacs)
1	Exports	31,772.01	42,278.06

28.3 CIF VALUE OF IMPORTS

Sr. No	Particulars	2011-2012 (Rs. In lacs)	2010-2011 (Rs. In lacs)
1	Raw Material	26,994.94	32,958.63
2	Capital Items	21.52	2,846.45

28.4 RAW MATERIAL CONSUMED

S. No	Particulars	Value	2011-12 (%age) (Rs. in lacs)	Value (Rs. in lacs)	2010-2011 (%age)
1	Imported	26,994.94	17%	32,949.13	25.83%
2	Indigenous	132,149.09	83%	94,612.36	74.16%

28.5 Packing material consumed relates to indigenously procured materials.

28.6 Emsons organics Ltd came under the same management w.e.f. 25th Feb,2012

28.7 The Company has made an reference to CDR on 10-03-2012 with a cut off date of 31-12-2011

28.8 The Scheme is yet to be approved as on 31-03-2012,however the impairment in stocks of Rs.328.02 crs as per stock auditor report has been given effect in the inventory

28.9 The promoters and their associates have pledged their entire shareholding with IFCI, the IFCI has invoked the pledge.

28.10 The company has paid managerial remuneration in excess of prescribed limits by Rs.270.62 lacs,

after the audit of the balance sheet the company will make an application to the central govt. for condonation of the same.

28.11 The company has outstanding derivative contract of US \$1.45 cr at an average rate of Rs. 50.09 per US\$ with an maturity up to 31/10/2012.

28.12 CONTINGENT LIABILITIES

Sr. No. Particulars	31.03.2012 (Rs. in lacs)	31.03.2011 (Rs. in lacs)
i. Foreign/ Inland Letter of Credit	-	2,117
ii. Bank Guarantees	254	1,414
iii Corporate Guarantee (Subsidiaries)	17,732	11,365
iv. Bills Discounted (FOBN)	746	2,327
v. Claims against the Company not acknowledged as debt as on 31.03.2012 in respect of:		
a. Income Tax matters, pending decisions on various appeals made by the company and by the department		
i. Cases for A.Y. 2000-01,2001-02,2004-05 & 2005-06 are remanded back by ITAT to Assessing Officer for reframing the case.	No Demand Pending	No Demand Pending
i. Cases for A.Y. 2006-07 are pending with Tribunal.	Appeal Pending at ITAT	Appeal Pending at ITAT
iii. Case for A.Y. 2007-08 is under processing with ITAT.	Appeal Pending at ITAT	CIT(A) has allowed our appeals and company has applied for appeal affect asking for refund of (Rs 555.61 Lacs)
b. Excise matters, under dispute	2,039.5	734.5
c. Sales Tax matters, under dispute	-	-
d. Service Tax, under dispute	201.8	173.9
e. Customs Act	313.3	313.3
28.13 There was a search and seizure operation at various premises of the company and its employees on 17.09.2010. The necessary entries/adjustment in respect of the same, If any, will be made as an when assessment are completed under Chapter XIV of Income Tax Act, 1961 in pursuance of provision of Section 153A of the said Act.		
28.14 Sales Tax Assessments for previous years are in progress. No provision has been made on account of sales tax liability and the same, if any, will be provided at the time of assessment.		
28.15 Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares during the year. Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.		
28.16 There is not more than one reportable segment; hence information as per AS 17 is not required to be disclosed.		
28.17 Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:-		
a) Relationship		
i) Subsidiary Companies		
M/s. Surya Healthcare Ltd.		
M/s. Surya Pharmaceutical INC. U.S.A.		
M/s. Surya pharmaceutical (singapore) Pte Ltd.		
M/s. Surya Bio Pharma U.S.A INC		
ii) Key Management Personnel (Director/Whole-time directors)		
Sh. Rajiv Goyal		
Smt. Alka Goyal		
Entities over which key management personnel/their relatives are able to exercise significant influence		
M/s. Surya Healthcare Ltd		
M/s. Surya Pharmaceutical INC. U.S.A		
M/s. Ess Ess Exim Pvt. Ltd.		
M/s. Surya Healthway Ltd		
M/s. Surya Mediwell Ltd		
M/s Surya Tradewings Pvt Ltd		
M/s Mediwell Healthcare Ltd		
M/s Surya Softedge Ltd		
M/s Emsons Organics Ltd		
M/s Emm Bee Fincap Pvt Ltd		
M/s Futuristics Garments Pvt Ltd		



M/s Value Edutech Ltd
M/s. Surya pharmaceutical (singapore) INC
M/s. Surya Bio Pharma. INC
M/s Raja Forgings & Gears Ltd
M/s Surya Automotives Ltd
M/s Surya World Educational and Research Charitable Initiative (SWERCI)
b) The following transactions were carried out with related parties in the ordinary course of business.
i) Subsidiary Companies, Joint Ventures and associates

Transactions with related parties

(Rs.in Lacs)

PARTY'S NAME	SALE	PURCHASE	SALARY	EXPENSE REBURSEMENT	INVESTMENT	LOAN & ADANCE (OUTSTANDING)	L&A (Returned)
MEDIWELL HEALTHCARE LTD				1.93			
Ess Ess Exim Pvt. Ltd.				3.68		54.36	118.25
Emm Bee Fincap Pvt Ltd				1.56			
Futuristics Garments Pvt Ltd				0.61	0.00		
SURYA SOFTEDGE LTD				1.01			
RAJA FORGINGS & GEARS LTD	0.54			117.99		0.00	570.0
SURYA AUTOMOTIVES LIMITED				0.41			
Surya Tradewings Pvt. Ltd.				0.00		0.00	35.00
Surya World Educational Research charitable Initiative (SWERCI)						8,435.59	4,060.13
Value Edutech Ltd				311.13		0.00	93.96
Surya Biopharma USA INC					102.23		
SURYA PHARMACEUTICAL INC					17.90		
Surya Pharmaceutical (Singapore) Pte. Ltd.					738.43		
SURYA HEATHWAY LTD						0.00	40.95
SURYA MEDIWELL LTD						0.00	43.66
SURYA HEALTHCARE LTD				0.11		(293.22)	0.00
EMSONS ORGANICS LTD	0.00	36.62		10.94	916.90		
RAJIV GOYAL			172.80	11.76			
ALKA GOYAL			172.80	9.26			
TOTAL	0.54	36.62	345.60	470.39	1,775.46	8,196.73	4,961.95

28.18 During the year Company has received insurance claim of Rs 402.72 lacs caused by fire in banur Plant 2009-10.



Auditor's Report on the Consolidated Financial Statements

To
The Board of Directors of
Surya Pharmaceutical Limited

1. We have audited the attached Consolidated Balance Sheet of Surya Pharmaceutical Limited and its Subsidiaries as at 31st March, 2012 and the consolidated Profit and Loss Account 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 and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. 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 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. We have audited the financial statement of subsidiary namely Surya Healthcare Limited.
4. We have not audited the financial statements of three overseas subsidiaries included in the consolidated financial results whose financial statement reflects total assets of Rs.58.86 Crore as at March 31, 2012; as well as the total revenue of Rs. 24.82 Crores for the year ended March 31, 2012. Our opinion is solely based on the management certificate provided to us.
5. The Company has defaulted in repayment of dues amounting to Rs. 22.20 crore principal and Rs. 39.78 crore interest to banks and financial institutions. The company has approached the Corporate Debt Restructuring cell for restructuring of loans and working capital limits, where its application has been accepted and is in process of approval.
6. As stated in note 28.10 of the financial statement, the managerial remuneration to directors exceeded the limits specified in the relevant provisions of the Companies Act, 1956, by Rs. 270.62 lacs. As informed to us, the company taken necessary steps to seek approval from central Government and expects such approval. Pending such approval the impact thereof on the financial statement has not been determined.
7. We report that the consolidated financial statement have been prepared by Group's management in accordance with the requirement of Accounting Standard 21 –Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules 2006.
8. On the basis of the information and explanation given to us, we are opinion that the attached Consolidated Financial Statement together with the notes thereon and attached thereto give, a true and fair view.
- I. In the case of the Consolidated Balance Sheet of the State of affairs of the Group as at 31st March, 2012.
- II. In the case of the Consolidated Profit and Loss Account, of the Consolidated profit of the group for the year ended on that date; and
- III. In the case of Consolidated Cash Flow Statement, of the Consolidated cash flows for the year ended on that date.

**For AAD & Associates
Chartered Accountants**

**Place: Chandigarh
Date: 7th July, 2012**

**Sd/-
Shamsher Singh
(Prop)
M.NO. 083898
FRN -0202624N**



SURYA PHARMACEUTICAL LIMITED

Regd. office : 1596, 1st floor, Bhagirath Palace, Chandni Chowk, Delhi-110 006 (INDIA)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in ₹)

	Notes	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
I EQUITY AND LIABILITIES			
1 ShareHolders' Funds			
i Share Capital	1	248,052,439	220,252,440
ii Reserves & Surplus	2	2,031,907,355	4,883,827,776
iii Minority Interest		(14,207,634)	33,377,211
iv Money Received against share warrants		-	65,625,000
Shareholder's Funds		2,265,752,160	5,203,082,426
2 Share Application Money Pending Allotment		2,252,000	11,035,000
3 Non Current Liabilities			
i Long Term Borrowings	3	3,106,744,035	2,814,196,694
ii Deferred tax Liabilities (Net)	4	-	170,853,566
iii Other Long Term Liabilities	5	222,005,989	531,660,667
iv Long term provisions	6	34,730,269	26,931,388
Non Current Liabilities		3,363,480,293	3,543,642,315
4 Current Liabilities			
i Short Term Borrowings	7	14,756,919,246	11,243,757,519
ii Trade Payables	8	774,630,005	864,639,962
iii Other Current Liabilities	9	1,720,246,309	1,394,838,231
iv Short Term Provisions	10	9,411,330	38,592,984
Current Liabilities		17,261,206,890	13,541,828,697
TOTAL		22,892,691,343	22,299,588,437
II ASSETS			
Non Current Assets			
1 Fixed Assets			
i Tangible Assets	11	7,731,494,402	4,263,488,472
ii Intangible Assets		153,218,481	55,704,902
iii Capital Work in Progress		182,435,406	2,445,081,978
Fixed Assets		8,067,148,289	6,764,275,352
Goodwill		22,744,428	23,503,319
2 Non Current Investments	12	588,560,775	35,105,880
3 Deferred Tax (Net)	4	1,110,818,403	-
4 Long Term Loans and Advances	13	858,928,983	9,405,088
5 Other Non Current Assets	14	-	-
Non Current Assets		2,581,052,589	68,014,287
Current Assets			
i Current Investments	12	2,046,275	52,146,275
ii Inventories	15	8,318,348,048	10,611,661,073
iii Trade Receivables	16	2,503,649,726	3,042,183,418
iv Cash and Cash Equivalents	17	159,914,394	160,911,100
v Short Term loans and Advances	18	830,624,514	704,361,146
vi Other Current Assets	19	429,907,509	896,035,786
Current Assets		12,244,490,465	15,467,298,798
TOTAL		22,892,691,343	22,299,588,437

Significant Accounting Policies-A
Notes to Financial Statements -B(1 to 28)

For and on behalf of the Board

Sd/-
Rajiv Goyal
Managing Director
Place : Chandigarh
Dated : 7th July, 2012

Sd/-
Alka Goyal
Executive Director

Sd/-
B.B.Jain
CFO cum CS

AUDITORS' REPORT
As per our Report of even date annexed
For AAD & Associates
Chartered Accountants
Sd/-
Shamsher Singh
Prop.



Empowering Life

SURYA PHARMACEUTICAL LIMITED

Regd. office : 1596, 1st floor, Bhagirath Palace, Chandni Chowk, Delhi-110 006 (INDIA)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	Notes	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
I Revenue from operations	20	17,492,112,320	16,576,920,643
II Other Income	21	(365,485,307)	42,336,075
III Total Revenue (I + II)		17,126,627,013	16,619,256,718
IV Expenses			
i Cost of Material Consumed	22	16,849,213,967	15,645,361,343
ii Changes in Inventories of FG,WIP and Stock in Trade	23	598,234,660	(2,845,137,395)
iii Other Manufacturing Expenses	24	387,191,705	408,978,060
iv Employee Benefit Expense	25	574,670,052	481,367,916
v Finance Cost	26	1,732,360,500	985,240,506
vi Depreciation and Amortisation Expense	11	393,465,467	281,057,119
vii Other Expenses	27	921,326,572	434,495,137
Total Expense		21,456,462,923	15,391,362,687
V Profit before exceptional and extraordinary items and tax (III - IV)		(4,329,835,910)	1,227,894,032
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		(4,329,835,910)	1,227,894,032
VIII Extraordinary Items		-	-
IX Profit before Tax (VII - VIII)		(4,329,835,910)	1,227,894,032
X Tax Expense			
i Current Tax		-	262,510,175
ii Deferred Tax	4	1,281,979,475	77,011,592
iii MAT Credit Entitlement		-	(8,360,640)
XI Profit (Loss) for the period		(3,047,856,435)	927,890,585
Less: Minority Interest-SHL		27,317,545	33,377,211
:Minority Interest-Medimart		(13,109,911)	(36,332,163)
XII Profit (Loss) for the period after Minority Interest		(3,033,648,801)	930,845,537
XIII Prior Period Items		-	12,459,989
XIV Proposed Dividend(Including DDT)		6,551,575	32,517,372
XV Balance Transfer to General Reserve		(3,040,200,376)	885,868,176
XVI Earnings per equity share of Rs. 1/- each			
i Basic		(14.64)	4.66
ii Diluted		(14.64)	4.56

Significant Accounting Policies-A

Notes to Financial Statements -B(1 to 28)

AUDITORS' REPORT

As per our Report of even date annexed

For AAD & Associates

Chartered Accountants

For and on behalf of the Board

Sd/-
Rajiv Goyal
Managing Director

Sd/-
Alka Goyal
Executive Director

Sd/-
B.B.Jain
CFO cum CS

Sd/-
Shamsher Singh
Prop.

Place : Chandigarh
Dated : 7th July, 2012



SURYA PHARMACEUTICAL LIMITED

Regd. office : 1596, 1st floor, Bhagirath Palace, Chandni Chowk, Delhi-110 006 (INDIA)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2012

PARTICULARS	(Amount in ₹)	
	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	(4,32,983,5910)	1,227,894,031
Adjustments for :		
Depreciation	393,465,647	281,057,119
Misc. Expenditure W/Off	14,557,855	14,490,589
Interest On Borrowings (WIP)	1,732,360,500	985,240,506
Provision for Gratuity	4,708,881	4,072,842
Interest / Dividend Received	(6,464,013)	(1,361,369)
Operating Profit Before Working Capital Changes	(2,191,207,040)	2,511,393,719
Adjustments for :		
(Increase)/Decrease in Current Assets	3,171,711,627	(5,797,118,595)
Increase / (Decrease) in current Liabilities	206,216,467	1,552,205,548
Working Capital Borrowings	3,513,161,727	2,615,911,867
Cash Generated From Operations	4,699,882,781	882,392,539
Direct Taxes Paid/Deferred Tax Liability	(193604496)	(161,401,197)
Cash Generated Before Extra-ordinary Items	4,506,278,285	720,991,342
Net Cash Flow From Operating Activities (A)	4,506,278,285	720,991,342
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,310,021,497)	(2,618,530,538)
Sale of Fixed Assets	7,148,560	1,808
Purchase of Investments	(503,354,895)	(85,112,691)
Increase in Long Term L&A	(8,49,523,895)	-
Decrease in Goodwill	694,820	-
Interest Received	6,393,285	1,189,094
Dividend Received	70,728	172,275
Net Cash Used In Investing Activities (B)	(2,648,592,894)	(2,702,280,052)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / Decrease In Reserves	104,500,000	1,126,792,972
Proceeds from Issue of Share Capital	27,799,999	63,069,000
Share Application Money Received	(74,408,000)	38,625,000
Proceeds from Long Term Borrowings	(180,162,022)	1,727,220,452
Interest Paid	(1,732,360,500)	(985,240,506)
Subsidy Received	2,500,000	-
Dividend Paid	(6,551,575)	(21,702,507)
Net Cash Paid In Financing Activities (C)	(1,858,682,098)	1,948,764,411
Net Increase/ (decrease) In Cash & Cash Equivalents (A+B+C)	(996,707)	(32,524,301)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	160,911,101	193,435,402
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	159914394	160,911,101

For and on behalf of the Board

Sd/-
Rajiv Goyal
Managing Director

Sd/-
Alka Goyal
Executive Director

Sd/-
B.B.Jain
CFO cum CS

We have examined the attached Consolidated cash flow statement of Surya Pharmaceutical Limited for the period ended March 31, 2012. The statement has been prepared by the Group Company in accordance with the requirements of the Accounting Standard 3 and is based on and derived from the audited accounts of the Company for the period ended March 31, 2012

AUDITORS' REPORT
As per our report of even date annexed
For AAD & Associates
Chartered Accountants

Place : Chandigarh
Dated : 07.07.2012

Sd/-
SHAMSHER SINGH
PROP.

A - SIGNIFICANT ACCOUNTING POLICIES

1 Basis of consolidation:

The consolidated financial statement relate to Surya Pharmaceutical Limited (the company) and its subsidiaries (the group). The consolidated financial statements have been prepared in accordance with Accounting standard 21 "consolidated financial statement" specified in the companies (accounting standard) rules, 2006 notified by the central government in the terms of section 211 (3C) of the companies act 1956.

B. Principle of Consolidation

1) The Consolidated financial statements have been combined on a line by line basis by adding the book values of the like items of assets, liabilities, income and expenses of the subsidiary companies after eliminating intra group balance/ transaction and unrealized profits in full. The amounts shown in respect of reserve comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the relevant reserves of consolidated entities.

2) Excess of cost to the company of its investment in the subsidiaries companies is recognized in the financial accounts as goodwill, which is tested for impairment on every balancesheet date. The excess of company's share of equity and reserves of the subsidiary companies over the cost of acquisition is treated as capital reserve. The Consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company"

1 Basis for preparation of financial statements :

- (i) The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of a going concern.
- (ii) All the Income & expenditure are recognized on accrual basis.
- (iii) Figures have been taken to nearest rupee.
- (iv) Previous year figures have been re-grouped and re-arranged wherever considered necessary.

2 Fixed Assets

- (i) Fixed Assets have been stated at original cost less depreciation.
- (ii) Depreciation has been provided during the year on straight line method at revised rates, vide Notification GSR No. 756 E Dated: 16.12.93, as non continuous process pro-rata on triple shift basis as per schedule XIV to the Companies Act, 1956.
- (iii) Depreciation on fixed assets of SHL has been provided pro-rata to the period of use, on the straight-line method, using rates based on the management's assessment of economic useful lives of the assets. The useful lives of the assets are reviewed by the management periodically and in case the useful lives is revised, the unamortized depreciable amount is charged over the revised remaining useful lives. The useful lives of all assets currently has been estimated at 9 (nine) years.
- (iv) Retail shops of SHL are considered to be operated on test marketing basis for 12 months, thereafter retail shops are considered to be commercially operative and accordingly all expenses until the month of commencement of commercial operation are being capitalized.

3 Valuation of Inventories

Raw materials have been valued at cost or market price, whichever is less, Work in progress and other misc. Stocks have been valued on estimated basis, In respect of Finished Goods and Work in Progress, applicable manufacturing overheads and other cost incurred in bringing the items of inventory to their present location and condition are also include. Finished Goods have been valued at cost inclusive of the provision of excise duty thereon, in accordance with the guidance note on accounting treatment for excise duty issued by the Institute of Chartered Accountants of India & other professional pronouncements. However, the same has no effect on the profits for the year.

4 Foreign Exchange Transactions

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The resultant gain/loss, if any, is recognized in the Profit and Loss Account, except exchange differences on liabilities incurred for acquisition of fixed assets, which are adjusted to the carrying amounts of respective amounts of the respective assets. Non-monetary assets and liabilities related to foreign currency transactions are reported at the rate on the date of the transaction.

5 Revenue Recognition

- (i) Sales are stated net of returns, inclusive of excise duty, job work charges , export incentives and Mercantile sales.
- (ii) Dividend income has been accounted for on receipt basis.
- (iii) Export benefits are accounted for on accrual basis.

6 Employees Benefits

- (i) The Contribution to the Provident Fund, under the defined contribution plans are charged to revenue.
- (ii) The accrued liability towards gratuity has been calculated at Rs.187.57 lacs as per actuarial valuation (Rs. 150.75 lacs) and has been provided upto 31st March 2012
- (iii) The leave encashment has been provided amounting to Rs 124.55 lacs (Rs. 96.19 lacs) upto 31st March 2012.

7 Apportionment of Indirect Expenses

- (i) Indirect expenses incurred by the company have been apportioned amongst all the units, on the following basis:- Fixed Administrative Expenses - on the basis of sales value, Export expenses - on the basis of exports in value Other Expenses - on the basis of sales value

8 Miscellaneous Expenditure

Deferred Revenue expenses are written off over a period of 5 years.

9 Lease Commitments:

- i) There is no future lease commitments under Finance leases.
- ii) Future lease commitments under non-cancellable Operating leases:
 - Upto one year
 - From one year to five year

31.03.2012

166634

-

31.03.2011

10801566.73

4294340.565

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

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
1 SHARE CAPITAL		
1(a) AUTHORISED SHARE CAPITAL		
1000000000 Equity Shares Of Rs.1/- (Previous Year 1000000000 Equity Shares of Rs.1/-) SHL-15000000 Equity Shares Of Rs.10/ (Previous Year 5000000 Equity Shares of Rs.10/-) SBP-Authorised Equity Share Capital (1000Common Stock @.01\$) SPI-Authorised Equity Share Capital (10,000 Shares of USD 1 each) SPI-Authorised Preference Share Capital (500 Preferred Stock @ .01\$)	1,164,761,428	1,150,451,677
TOTAL	1,164,761,428	1,150,451,677
1(b) ISSUED, SUBSCRIBED SHARE CAPITAL		
A ISSUED SHARE CAPITAL		
202752380 (Previous year 192752380)Equity Shares of Rs.1/- each Fully paid up SHL-10710006 Equity Shares Of Rs.10/- (Previous Year 6500006 Equity Shares of Rs.10/-) SBP-Issued Equity Share Capital (1000Common Stock @.01\$) SPI-Issued Equity Share Capital (10,000 Shares of USD 1 each) SPI-Issued Preference Share Capital (500 Preferred Stock @ .01\$)	324,613,868	220,252,440
TOTAL	324,613,867	220,252,440
B SUBSCRIBED SHARE CAPITAL		
202752380 (Previous Year 192752380)Equity Shares of Rs.1/- each Fully paid up SHL-10710006 Equity Shares Of Rs. 10/- (Previous Year 6500006 Equity Shares of Rs.10/-) SBP-Subscribed Equity Share Capital (1000Common Stock @.01\$) SPI-Subscribed Equity Share Capital (10,000 Shares of USD 1 each) SPI-Subscribed Preference Share Capital (500 Preferred Stock @ .01\$)	324,613,867	220,252,440
TOTAL	324,613,867	220,252,440
1(C) PAID UP SHARE CAPITAL		
A 202752380 (Previous Year 192752380)Equity Shares of Rs.1/- each Fully paid up SHL-10710006 Equity Shares Of Rs.10/ (Previous Year 6500006 Equity Shares of Rs.10/-) SBP-Paid Equity Share Capital (1000Common Stock @.01\$) SPI-Paid Equity Share Capital (10,000 Shares of USD 1 each) SPI-Paid Preference Share Capital (500 Preferred Stock @ .01\$)	248,052,439	220,252,440
TOTAL	248,052,439	220,252,440
1.1 Paid Up Share Capital has been shown net of Subscription by Surya Pharmaceutical Ltd in its Subsidiaries		

1.1 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5 % (Surya Pharmaceuticals Ltd)	As at 31.03.2012 No. of shares	As at 31.03.2012 %age of shares	As at 31.03.2011 No. of shares	As at 31.03.2011 %age of shares
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Equity Shares				
Alka Goyal	20804570	10.26%	20804570	10.79%
Futuristics Garments pvt. Ltd.	24787180	12.23%	14787180	7.67%
Dynamic Finvest Services Pvt. Ltd.	21250000	10.48%	21250000	11.02%
Creative Capital Services Ltd.	15830000	7.81%	14580000	7.56%

1.2 RECONCILLATION OF SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
Equity Shares at the beginning of the year	192,752,380	144,683,380
Add; shares issued on conversion of share warrants	10,000,000	9,500,000
Add: Issue of GDR	-	38,569,000
Equity Shares at the end of the period 31.03.2012	202752380	192,752,380

1.3 CONVERTIBLE SECURITIES	01.04.2010-31.03.2011
Zero Coupon Convertible Share Warrants Issued on 22.04.2010	47000,00
Warrants converted on 31.03.2011	(950,000)
Balance as on 31.03.2011	3,750,000

	01.04.2011-31.03.2012
Opening outstanding warrants	3,750,000
Warrants converted on 07.04.2011	(1,000,000)
Balance as on 28.10.2011	2,750,000

During the year 10,000,00 warrants were converted into 100,00,000 equity shares on 07.04.2011. Meanwhile an appeal was filled before the SEBI to convert equity shares more than 5 % of the total share capital without making open offer under Regulation 3(2) of SEBI Regulation 3(2) of SEBI(Substantial Acquisition of shares and takeover) Regulations - 2011.SEBI vide its order dated 09.01.2012 refused to allow any exemption.

As on 31.03.2012 appeal was still pending before the SAT for exemption under Regulation 3(2) of SEBI (Substantial Acquisition of shares and Takeover) Regulations -2011 and for extension of exercisable date

1.1 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5 % (Surya Healthcare Ltd)	As at 31.03.2012 No. of shares	As at 31.03.2012 % of shares	As at 31.03.2011 No. of shares	As at 31.03.2011 % of shares
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Equity Shares				
Mr.Rajiv Goyal	1467001	13.70	1050001	16.15
Mrs.Alka Goyal	574001	5.36	200001	8.08
Surya Pharmaceuticals Ltd.	6180000	57.70	3750000	57.69
Ess Ess Exim Pvt. Ltd.	2489000	23.24	1500000	23.08

1.2 RECONCILIATIONS OF SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
Equity Shares at the beginning of the year	6500006	3050006
Add; shares issued on conversion of share warrants	4210000	3450000
Add: Issue of GDR	-	-
Equity Shares at the end of the period	10710006	6500006

(Amount in ₹)

2 RESERVE & SURPLUS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
Surplus in Profit (Loss),Opening Balance	3,406,240,559	2,439,092,427
Changes in Profit (Loss)		
i Additions Profit (Loss) during the year	(3,040,200,376)	885,868,176
Closing Balance	366,040,182	3,324,960,603
Share Premium,Opening Balance	1,558,863,992	1,529,363,992
i Additions during the year	104,500,000	29,500,000
(Premium on conversion of Covertible share warrants at a premium of Rs.60.00 per share)		
Closing Balance	1,663,363,992	1,558,863,992
State Subsidy	2,500,000	-
	3,181	3,181
Total	2,031,907,355	4,883,827,776

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
NON CURRENT LIABILITIES		
3 LONG TERM BORROWINGS		
Secured		
i) Term Loans		
Rupee term loans from banks	2,320,398,591	2,674,393,691
Unsecured	454,196,964	-
ii) Deferred payment liabilities		
Deferred payment for acquisition of fixed assets	60,753,934	-
iii) Other loans and advances	1,474,912	-
iv) Deposits		
Deposits from others	92,776,753	-
v) Other Unsecured borrowings	177,142,881	139,803,003
TOTAL	3,106,744,035	2,814,196,694
3.1 Excluding current maturities of term loans of Rs.97.69 cr of SPL and Rs.3.79 cr of SHL.		
3.2 SPL Term Loans of Rs.94.03 crs (including current maturities)are secured by 1st Pari-Passu charge on Fixed Assets and 2nd Pari-Passu Charge on Current Assets of the Company and Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal and Equitable Mortgage of H. No. 64, Sector 9-A, Chandigarh, in the name of Mrs & Mr Rajiv Goyal		
3.21 SHL Term loan of Rs. 1887.50 lac from State Bank of India and Rs. 2804.29 lac from Bank of Baroda is secured against first charge on entire fixed assets (both present and future) of the company and second charge on the company's current assets. The same is further secured by personal guarantee of two directors Mr. Rajiv Goyal, #64., Sector-9A, Chandigarh & Mrs. Alka Goyal, #64., Sector-9A, Chandigarh and corporate guarantee of Surya Pharmaceutical Ltd. and collateral security of a residential House No.1232, Sector-18C, Chandigarh and corporate guarantee by Surya Hi-tech Infrastructure Ltd. to the extent of value of Property offered as security. Further The Term Loan of Rs. 29.45 lac from State Bank of Hyderabad is secured against hypothecation of entire fixed assets of the company and further secured by personal guarantees of erstwhile Directors and collaterals provided by erstwhile Directors/their relatives (i.e. MR. R.R. Reddy his father in law Mr. N. Krishna Reddy and M/s D.S.R. Construction.)		
3.3 SPL Term Loans of Rs.182.68 crs (Including current maturities)are secured by 1st Pari-Passu charge on Fixed Assets and 2nd Pari-Passu Charge on Current Assets of the Company and Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal		
3.4 SPL Term loan of Rs. 10.94 crs (including current maturities) is secured by SCO 8, Sector-11, PKL		
3.41 SPL Singapore Term Loan of Rs.45.42 crs is secured by Charge on Brand ActiveON along with first charge on entire assets of AIC and FFP.This is additionally secured by pledge of entire shareholding of SPL and its subsidiaries including SPSP in AIC and FFP,Corporate Guarantee of SPL, Personal Guarantee of Promoter Directors viz. Mr. Rajiv Goyal and Mrs. Alka Goyal.In addition a mandate in favour of Exim Bank has been given for dividend and other payments to be made by AIC and FFP to SPL singapore.		
3.5 Deferred payment for acquisition of fixed assets are secured by the respective assets financed by them		
3.6 Other loans and advances are taken on long term basis from the parties not related with the directors		
3.7 Deposit from other exclude current maturities of deposits taken from the public of Rs.0.81 lacs		
3.8 Deposits from others include suppliers deposits of Rs. 1.97 crs taken from the distributors and C & F agents		
3.9 Other unsecured borrowing are inter corporate deposits taken on the basis of PDC cheques.		
3.10 Current maturities of long term debts includes Rs. 97.69 crs towards term loans and Rs.0.81 lacs towards taken from the public.Rest of the long term debts have maturity of 2-3 years as on date.		
3.11 As on 31-03-2012 ,there was principal default of Rs. 22.20 crs and interest default of Rs. 13.30 crs in the term loan account since Jan,2012		
4 DEFERRED TAX LIABILITY		
DEFERRED TAX LIABILITIES		
i) On account of Depreciation	235,555,126	211,476,230
ii) On account of Dividend Received u/s 10(34)	-	172,275
DEFERRED TAX ASSETS		
i) On account of Retirement Benefits	(2,745,286)	12,211,382
ii)On account of Profit (Loss) During the year	(4,329,835,910)	(51,406,710)
Net Deferred Tax Liabilities/Assets	3,504,720,891	141,844,764
Tax Impact	1,132,511,994	45,853,912
Amount Brought forward from previous year	171,161,071	124,999,654
TOTAL DEFERRED TAX LIABILITIES (ASSETS)	(1,110,818,403)	170,853,566

4.1 Deferred tax assets of Rs. 109.32 crs has been created consequently to the loss incurred, Company assume that with reasonable certainty it will be able to set off against its future tax .

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
5 OTHER LONG TERM LIABILITIES		
1 Trade Payable	-	-
2 Other	222,005,989	531,660,667
5.1 Others are related to liabilities on capital contracts		
TOTAL	222,005,989	531,660,667
6 LONG TERM PROVISIONS		
1 Employee Benefits	31,640,269	26,931,388
2 Provision for Excise Duty on Finished Goods Stock	3,090,000	-
TOTAL	34,730,269	26,931,388
6.1 Long term provision of employee benefits relates to gratuity and earned leave		
6.2 Excise duty on finished goods stock has been provided at the closing excise rate applicable, this does not the profit and loss account of the company		
NON CURRENT LIABILITIES	2,324,801,986	3,603,995,287
Details of Borrowings		
1 Nature of security	Pari Passu charge on Fixed assets and current assets of the company as 1st pari passu, 2nd pari passu and guaranteed by personal guarantee of Alka Goyal and Rajeev Goyal	
2 Aggregate amount of loans guaranteed by directors	₹190322 Lacs	
3 Aggregate amount of loans guaranteed by others	Nil	
4 Terms of repayment of long term loans	Long term loans have a maturity of 2-7 years	
CURRENT LIABILITIES		
7 SHORT TERM BORROWINGS		
SECURED		
i) Loans repayable on demand		
From Banks	13,752,988,544	9,784,469,339
From Others	3,930,703	9,505,018
ii) Others (From Banks)	1,000,000,000	1,449,783,162
Unsecured		
i) Others		
	14,756,919,246	11,243,757,519
7.1 SPL Working Capital Facilities are secured by 1st Pari-Passu charge on Current Assets and 2nd Pari-Passu Charge on Fixed Assets of the Company and Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal and Working capital facilities are further secured by Equitable Mortgage of H. No. 64, Sector 9-A, Chandigarh in the name of Mrs. and Mr. Rajiv Goyal		
7.2 Working Capital Loan of Rs. 2354.40 lac from State Bank of India Rs. 1500.00 lac from Bank of Baroda is secured against first charge on entire current assets (both present and future) of the company and second charge on the company's fixed assets. The same is further secured by personal guarantee of two directors Mr. Rajiv Goyal, House No. 64., Sector-9A, Chandigarh & Mrs. Alka Goyal, House No. 64., Sector-9A, Chandigarh and corporate guarantee by Surya Pharmaceutical Ltd. and collateral security of a residential House No. 1232, Sector-18C, Chandigarh and corporate guarantee by Surya Hi-tech Infrastructure Ltd. to the extent of value of Property offered as security. Further The Working Capital Loan of Rs. 90.32 lac from State Bank of Hyderabad is secured against first charge on all current assets and hypothecation of all fixed assets of the company and further secured by personal guarantee of erstwhile Directors and collaterals provided by erstwhile Directors/their relatives (i.e. MR. R.R. Reddy his father in law Mr. N. Krishna Reddy and M/s D.S.R. Construction.)		
7.3 Vehicle loans of Rs. 2.01 cr included in from banks are secured by hypothecation of respective vehicles, they have maturity of 2-3 years as on date		
7.4 From others relates to vehicle loans taken from NBFC which are secured by the respective vehicles		
7.5 Secured from others are short term loans taken from banks secured by the subservient charge on the fixed assets/current assets of the company		
7.6 As on 31-03-2012, there is default of Rs. 26.48 crs in interest since Jan, 2012		
8 TRADE PAYABLES		
- For Raw Material	652,112,332	778,992,620
- Others	122,517,673	85,647,342
TOTAL	774,630,005	864,639,962

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
8.1 Other trade payables relates to consumables, packing material and fuel suppliers		
8.2 Trade Payables includes for material in transit liability of Rs. 0.08 lacs		
9 OTHER CURRENT LIABILITIES		
i) Current Maturities of Long term Debts	1,115,892,463	700,284,184
ii) Interest accrued and due on borrowing-working capital	271,464,484	8,022,690
iii) Interest accrued and due on borrowing-term loan	141,158,659	1,025,918
iv) Application money received for allotment of Equity Shares under Warrants	48,125,000	-
v) Other payables	143,605,703	685,505,437
TOTAL	1,720,246,309	1,394,838,229

9.1 Current maturities of long term debts includes Rs.97.69 crs towards term loans and Rs. 0.81 lacs towards deposits taken from the public

9.2 Interest accrued and due includes overdues since Jan,2012 to the respective banks and institutions

9.3 Other payables relates to payment to be made to contractors, commission and other liabilities

9.4 Application money to be refunded relates to balance of convertible warrants expired, this has to be refunded to warrant holders for non extension of warrant allotment period by the stock exchange as agreed with warrant holders subject to permission

10 SHORT TERM PROVISIONS

1 Employee Benefits	9,411,330	9,680,127
2 Dividend on Equity Shares(Including Dividend Distribution Tax)	-	28,912,857
TOTAL	9,411,330	38,592,984

CURRENT LIABILITIES

17,261,206,890	13,541,828,695
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10.1 Short term provisions for employee benefits relates to bonus and performance incentive for employees .

10.2 No dividend is proposed in this year, the dividend mentioned in Profit and loss is on account last year as no provision was made for shares allotted consequent to warrant conversion.

11 FIXED ASSETS

CONSOLIDATED DEPRECIATION SCHEDULE AS PER COMPANIES ACT AS ON 31.03.2012.

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 1/4/2011	Additions	Sales/ Transfer	TOTAL	As on 1/4/2011	During the Year	Dep on Addition	Adjust.	TOTAL	AS ON 31.03.2012	AS ON 31.03.2011
Land	179,327,079	24,289,888	-	203,616,967	-	-	-	-	-	203,616,967	179,327,079
Building	934,910,807	798,906,492	-	1,733,817,298	54,781,265	23,419,516	8,516,626	-	86,717,406	1,647,099,892	880,129,542
Plant & Machinery	2,625,566,824	1,633,439,444	6,338,892	4,252,667,377	811,692,407	203,612,707	54,113,585	-	1,069,418,698	3,183,248,678	1,813,874,418
Plant & Machinery R & D	1,008,197,046	688,720,991	-	1,696,918,037	162,872,809	34,868,443	10,781	-	197,752,034	1,499,166,004	845,324,237
Misc. Assets	136,541,092	203,923,542	20,600	340,444,034	31,419,937	8,203,021	126,788	-	39,749,746	300,694,288	105,121,155
Electricals	156,523,305	162,754,281	-	319,277,586	16,495,039	5,576,516	1,410,702	-	23,482,257	295,795,329	140,028,266
Computers	51,432,801	44,553,222	-	95,986,023	14,257,989	8,135,126	630,372	-	23,023,487	72,962,536	37,174,812
Pollution Control Equipments	41,642,504	-	-	41,642,504	10,567,599	1,483,514	-	-	12,051,113	29,591,391	31,074,905
Furniture & Fixture	189,203,622	216,496,639	-	405,700,261	16,009,611	32,002,550	173,509	-	48,185,669	357,514,592	173,194,011
Motor Vehicle	39,009,994	34,301,482	1,693,577	71,617,899	14,643,638	3,085,270	1,608,922	904,509	18,433,322	53,184,577	24,366,356
Leashold Improvements	35,636,071	61,038,884	-	96,674,955	3,310,350	6,487,518	-	-	9,797,868	86,877,087	32,325,721
	5,397,991,145	3,868,424,865	8,053,069	9,258,362,941	1,136,050,643	326,874,181	66,591,285	904,509	1,528,611,601	7,729,751,340	4,261,940,502
Surya Biopharma/SPL INC											
Tangible Assets	1,547,969	195,093	-	1,743,062	-	-	-	-	-	1,743,062	1,547,969
	5,399,539,114	3,868,619,958	8,053,069	9,260,106,003	1,136,050,643	326,874,181	66,591,285	904,509	1,528,611,601	7,731,494,402	4,263,488,471
Capital Work In Progress	2,445,081,980	542,064,732	2,788,676,803	198,469,909	-	-	-	-	-	182,435,405	2,445,081,980
TOTAL	7,844,621,094	4,410,684,690	2,796,729,872	9,458,575,912	1,136,050,643	326,874,181	66,591,285	904,509	1,528,611,601	7,913,929,807	6,708,570,451

11.1 Fixed Assets includes assets held for R & D Purposes of the company

11.2 Intangible assets relates to Deferred revenue expenditure incurred with respect to brand promotion and other long term activities. and includes Preliminary Expenditure

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
12 INVESTMENTS		
NON-CURRENT INVESTMENTS		
Surya Pharmaceutical inc	2,449,000	-
Surya Pharmaceutical Singapore Pte. Ltd.	494,422,500	35,105,880
Emsons Organics Ltd	91,689,275	-
TOTAL	588,560,775	35,105,880
CURRENT INVESTMENTS		
GCDB Grindlay Cash Fund	148,859	148,859
Equity Shares of Allahabad Bank	876,416	876,416
Mutual Fund-Tax Saver PNB	1,000,000	1,000,000
Mutual fund SBI	50,000,000	
Shares of Canara Bank	21,000	21,000
Surya Eduquest Ltd	-	100,000
TOTAL	2,046,275	52,146,275
12.1 Investments are stated at cost of acquisition & they are unquoted.		
NON CURRENT ASSETS		
13 LONG TERM LOANS AND ADVANCES		
1 Security deposits	9,934,509	9,405,088
2 Loans and Advances to related parties	848,994,474	-
3 Other loans & advances		
TOTAL	858,928,983	9,405,088
13.1 Security Deposits relates to deposit given to the electricity deptt, telephone deptt, services suppliers		
13.2 Loans and Advances to related parties(Refer note no. 23.12)		
14 OTHER NON CURRENT ASSETS		
1 Long term receivables	-	-
2 Others	-	-
TOTAL	-	-
CURRENT ASSETS		
15 INVENTORIES		
(As valued and certified by the management)		
1 Raw Materials	1,290,615,206	3,013,002,624
2 Finished Goods	388,179,458	761,142,076
3 Other Misc. Stocks	65,914,113	51,420,174
4 Work-in-Progress	6,573,639,271	6,786,096,199
TOTAL	8,318,348,048	10,611,661,073
15.1 The inventory includes slow moving stock of Rs. 538.62 crs as per stock audit report, these will be realised over a period of time as per the management.		
16 TRADE RECEIVABLES		
1 Outstanding for a period exceeding six months		
Secured - Considered Good		
Unsecured - Considered Good	1,745,475,688	64,981,847
Doubtful or Bad	-	2,838,629
2 Others		
Secured - Considered Good	24,720,162	-
Unsecured - Considered Good	733,453,877	2,974,362,942
Doubtful or Bad		
TOTAL	2,503,649,726	3,042,183,418

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
17 CASH AND CASH EQUIVALENTS		
1 Balances with Banks		
Unpaid Dividend Accounts	575,032	458,565
Deposit Accounts	80,000	80,000
Margin Money	74,098,203	58,860,497
Current Accounts	78,799,620	94,236,919
2 Cheques/Drafts in hand	-	-
3 Cash in hand & as Imprest	6,361,539	7,275,119
4 Others	-	-
TOTAL	159,914,394	160,911,100
18 SHORT TERM LOANS & ADVANCES		
1 Loans & advances to related parties		
Secured-considered good		
Unsecured-considered good	9,151,521	635,555
Doubtful		
2 Loans & advances to employees	-	-
Secured-considered good		
Unsecured-considered good	2,497,468	4,059,901
Doubtful		
3 Deposits		
4 Deposits/Balances with Excise	405,129,598	395,204,502
/Sales Tax Authorities		
5 Others	413,845,928	304,461,188
TOTAL	830,624,515	704,361,146
18.1 Deposits/Balances relates to balances with sales tax authorities that are refundable to the company, for which the company is continuously following up with the relevant authorities. Deposits/Balances with excise deptt relates to cenvat credit lying with the company and excise duty/service tax refundable		
18.2 Others relates to export incentives that are refundable/recoverable from the govt and duty free scrips under Focus marketing scheme, Vishesh Krishni yozna scrip, DEPB and other export incentives. and included rental security recoverable from owner of Leasehold premises in Surya Healthcare Ltd		
19 OTHER CURRENT ASSETS		
Other Current Assets	429,907,509	896,035,787
TOTAL	429,907,509	896,035,787
20 REVENUE		
1 Revenue from operations		
Sale of products	17,818,510,563	16,925,764,929
Sale of services	-	-
Other operating revenues	23,708,868	18,871,355
Less: Excise Duty	350,107,111	367,715,641
Net Sales	17,492,112,320	16,576,920,643
21 OTHER INCOME		
1 Interest income	6,393,285	1,193,184
2 Dividend income		
From Subsidiaries	-	-
From Others	70,728	172,275
3 Net gain/loss on sale on investments	79,028	-
4 Other non operating income	-	-
(net of expenses directly attributable to income)	54,102,665	33,906,211
5 Net gain/loss on foreign currency		

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
translation & transaction (other than considered as finance cost)	(426,131,013)	7,064,405
TOTAL	(365,485,037)	42,336,075
REVENUE	17,126,627,013	16,619,256,718
EXPENSES :		
22 COST OF MATERIAL CONSUMED		
1 Raw Materials consumed	16,792,080,618	16,619,256,718
2 Packing Materials Consumed	57,133,349	59,598,415
TOTAL	16,849,213,967	15,645,361,343
22.1 Raw Material Consumed includes goods consumed on merchantile basis.		
23 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND STOCK IN TRADE		
Stock at Close- Work in Process	6,573,639,271	6,786,096,199
Stock at Close-Finished	375,364,345	761,142,076
	<u>6,949,003,616</u>	<u>7,547,238,275</u>
Stock at commencement- Work in Process	6,786,096,199	4,559,333,143
Stock at commencement-Finished	761,142,076	142,767,738
	<u>7,547,238,275</u>	<u>4,702,100,881</u>
(Increase)/Decrease in stock	598,234,660	(2,845,137,395)
24 OTHER MANUFACTURING EXPENSES		
1 Power & Fuel	94,334,653	59,725,580
2 Consumables	69,995,325	40,571,367
3 Repair & Maintenance	50,100,612	67,328,497
4 Factory Security Expenses	5,699,263	3,230,679
5 Job Work Charges	21,274,487	49,393,637
6 Petrol and Diesel Expenses	145,008,663	188,391,475
7 Testing Fee	778,702	336,825
	<u>387,191,705</u>	<u>408,978,060</u>
24.1 Consumables relates to indigeniously procured goods.		
25 EMPLOYEE BENEFIT EXPENSES		
1 Salaries, Wages & Allowances	518,596,175	440,814,065
2 Provident Fund & ESI	22,438,027	15,832,995
3 Staff Welfare expenses	33,635,850	24,720,856
TOTAL	574,670,052	481,367,916
26 FINANCE COST		
1 Interest expense on Term loans	433,591,499	187,670,015
2 Interest expense on Overdrafts & other borrowings	1,246,400,624	793,488,760
3 Other borrowing cost	34,079,694	5,132,274
4 Net gain/(loss) on foreign currency transactions	18,288,683	(1,050,543)
TOTAL	1,732,360,500	985,240,506
27 OTHER EXPENSES		
1 Auditors remuneration		
As Auditor	465,220	419,120
For Tax Audit	100,000	100,000
Service Tax	45,200	45,200

(Amount in ₹)

PARTICULARS	AMOUNT AS AT 31.03.2012	AMOUNT AS AT 31.03.2011
Others	300,000	300,000
2 Donation	141,000	113,502
3 Fees, Taxes & Subscription	8,722,197	10,360,251
4 Insurance	36,201,224	18,178,255
5 Legal and Professional	49,936,335	30,373,825
6 Loss on sale of Fixed Assets	41,074,879	-
7 Misc Expenses	12,463,372	16,158,627
8 Membership Fees	1,641,249	1,862,402
9 Postage & Telegram	3,735,972	2,427,822
10 Printing & Stationery	8,774,076	8,098,179
11 Rent	110,558,161	59,270,374
12 Telephone Expenses	15,482,312	11,700,730
13 Travelling Expenses	63,395,669	47,267,526
14 Vehicle Running & Maintenance	3,356,078	2,520,024
15 Advertisement Expenses	204,537,279	21,531,021
16 Business Promotion	14,551,184	19,514,581
17 Carriage Outward	35,082,529	(6,536,416)
18 Discount	29,163,578	11,961,426
19 Preliminary Expenses Written off	14,557,855	14,490,589
20 Bank Charges	133,531,597	101,898,489
21 Hire Charges	3,407,294	2,625,069
22 Export commission	17,203,426	24,589,220
23 Export Expenses	36,379,410	20,143,228
24 Commission	15,696,692	687,359
25 Sundry Debtors w/off	29,943,063	-
26 Repair Maintenance	5,017,197	2,948,171
27 Power & Fuel	9,514,332	3,449,306
28 Office Expenses	9,886,797	6,539,621
29 Consumables	6,434,149	1,447,197
30 Others	27,247	10,439
TOTAL	921,326,572	434,495,137

28.1 EXPENDITURE IN FOREIGN CURRENCY

Sr. No	Particulars	2011-2012 (Rs. In lacs)	2010-2011 (Rs. In lacs)
1	Traveling Expenses	17.90	55.47
2	Exhibition Expenses	22.92	32.96
3	Export Commission	154.85	203.73
4	Salaries	0.00	4.25
5	Subscription	7.79	10.01

28.2 EARNINGS IN FOREIGN CURRENCY

1	Exports	31,772.01	42,278.06
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28.3 CIF VALUE OF IMPORTS

1	Raw Material	26,994.94	32,958.63
2	Capital Items	21.52	2,846.45

28.4 RAW MATERIAL CONSUMED

Sr. No	Particulars	Value (Rs. In lacs)	2011-2012 (%age) (Rs. In lacs)	Value (Rs. In lacs)	2010-2011 (%age)
1	Imported	26,994.94	17%	32,949.13	25.83%
2	Indigenous	132,149.09	83%	94,612.36	74.16%

(Amount in ₹)

- 28.5 Packing material consumed relates to indigenously procured materials.
- 28.6 Emsons organics Ltd came under the same management w.e.f. 25th Feb,2012
- 28.7 The Company has made an reference to CDR on 10-03-2012 with a cut off date of 31-12-2011
- 28.8 The Scheme is yet to be approved as on 31-03-2012,however the impairment in stocks of Rs.328.02 crs as per stock auditor report has been given effect in the inventory
- 28.9 The promoters and their associates have pledged their entire shareholding with IFCI, the IFCI has invoked the pledge.
- 28.10 The company has paid managerial remuneration in excess of prescribed limits by Rs.270.62 lacs, after the audit of the balance sheet the company will make an application to the central govt. for condonation of the same.
- 28.11 The company has outstanding derivative contract of US \$1.45 cr at an average rate of Rs.50.09 per US\$ with an maturity up to 31/10/2012.

28.12 CONTINGENT LIABILITIES

Sr. No.	Particulars	31.03.2012 (Rs. in lacs)	31.03.2011 (Rs. in lacs)
i.	Foreign/ Inland Letter of Credit	0	2,117
ii.	Bank Guarantees	258	1,418
iii.	Corporate Guarantee (Subsidiaries)	17,732	11,365
iv.	Bills Discounted (FOBN)	746	2,327
v.	Claims against the Company not acknowledged as debt as on 31.03.2012 in respect of:		
a.	Income Tax matters, pending decisions on various appeals made by the company and by the department		
i.	Cases for A.Y. 2000-01,2001-02,2004-05 & 2005-06 are remanded back by ITAT to Assessing Officer for reframing the case.	No Demand Pending	No Demand Pending
i.	Cases for A.Y. 2006-07 are pending with Tribunal.	Appeal Pending at ITAT	Appeal Pending at ITAT
iii.	Case for A.Y. 2007-08 is under processing with ITAT.	Appeal Pending at ITAT	CIT (A) has allowed our appeals and company has applied for appeal affect asking for refund of (Rs 555.61 Lacs)
b.	Excise matters, under dispute	2,039.5	734.5
c.	Sales Tax matters, under dispute	--	--
d.	Service Tax, under dispute	201.8	173.9
e.	Customs Act	313.3	313.3

- 28.13 There was a search and seizure operation at various premises of the company and its employees on 17.09.2010. The necessary entries/adjustment in respect of the same, If any, will be made as an when assessment are completed under Chapter XIV of Income Tax Act, 1961 in pursuance of provision of Section 153A of the said Act.
- 28.14 Sales Tax Assessments for previous years are in progress. No provision has been made on account of sales tax liability and the same, if any, will be provided at the time of assessment.
- 28.15 Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares during the year. Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.
- 28.16 There is not more than one reportable segment; hence information as per AS 17 is not required to be disclosed
- 28.17 Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:-
- a) Relationship
- i) Subsidiary Companies
- M/s. Surya Healthcare Ltd.
- M/s. Surya Pharmaceutical INC. U.S.A.
- M/s. Surya pharmaceutical (singapore) INC
- M/s. Surya Bio Pharma. U.S.A INC
- ii) Key Management Personnel (Director/Whole-time directors)
- Sh. Rajiv Goyal
- Smt. Alka Goyal
- Entities over which key management personnel/their relatives are able to exercise significant influence
- M/s. Surya Healthcare Ltd
- M/s. Surya Pharmaceutical INC. U.S.A



M/s. Ess Ess Exim Pvt. Ltd.
 M/s. Surya Healthway Ltd
 M/s. Surya Mediwell Ltd
 M/s Surya Tradewings Pvt Ltd
 M/s Mediwell Healthcare Ltd
 M/s Surya Softedge Ltd
 M/s Emsons Organics Ltd
 M/s Emm Bee Fincap Pvt Ltd
 M/s Futuristics Garments Pvt Ltd
 M/s Value Edutech Ltd
 M/s. Surya pharmaceutical (singapore) Pte. Ltd.
 M/s. Surya Bio Pharma. U.S.A INC
 M/s Raja Forgings & Gears Ltd
 M/s Surya Automotives Ltd
 M/s Surya World Educational and Research Charitable Initiative(SWERCi)
 b) The following transactions were carried out with related parties in the ordinary course of business.
 i) Subsidiary Companies, Joint Ventures and associates

PARTY'S NAME	SALE	PURCHASE	SALARY	EXPENSE REBURSEMENT	INVESTMENT	LOAN & ADANCE (OUTSTANDING)	L&A (Returned)
MEDIWELL HEALTHCARE LTD				1.93			
Ess Ess Exim Pvt. Ltd.				3.68		54.36	118.25
Emm Bee Fincap Pvt Ltd				1.56			
Futuristics Garments Pvt Ltd				0.61	0.00		
SURYA SOFTEDGE LTD				1.01			
RAJA FORGINGS & GEARS LTD	0.54			117.99		0.00	570.0
SURYA AUTOMOTIVES LIMITED				0.41			
Surya Tradewings Pvt. Ltd.				0.00		0.00	35.00
Surya World Educational Research (SWERCi)						8,435.59	4,060.13
Value Edutech Ltd				311.13		0.00	93.96
Surya Biopharma USA INC					102.23		
SURYA PHARMACEUTICAL INC					17.90		
Surya Pharmaceutical (Singapore) Pte. Ltd.					738.43		
SURYA HEALTHWAY LTD						0.00	40.95
SURYA MEDIWELL LTD						0.00	43.66
SURYA HEALTHCARE LTD				0.11		(293.22)	0.00
EMSONS ORGANICS LTD	0.00	36.62		10.94	916.90		
RAJIV GOYAL			172.80	11.76			
ALKA GOYAL			172.80	9.26			
TOTAL	0.54	36.62	345.60	470.39	1,775.46	8,196.73	4,961.95

Transactions with related parties-Surya Healthcare Ltd

PARTY'S NAME	SALE	PURCHASE	SALARY	EXPENSE	REBURSEMENT	INVESTMENT	"LOAN & ADANCE(OUTSTANDING)"
MEDIWELL HEALTHCARE P. LTD.							8485810
SURYA TRADEWINGS PVT. LTD.		7432133					
SURYA HEALTHWAY LTD		1113420					
SURYA PHARMACEUTICAL LTD.							227069
MEDI MART INDIA PRIVATE LTD.							96629599

28.18 During the year Company has received insurance claim of Rs 402.72 lacs caused by fire in banur Plant 2009-10.

28.19 The Results of Foreign Subsidiaries has been incorporated based on management accounts.

INFORMATION ON SUBSIDIARIES

Sr. No.	Name of Subsidiary	Reporting Currency	Exchange Rate as on 31.03.2012	Paid up Capital	Share Application Money Received	Reserve & Surplus	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit Before Tax	Provision for Deferred Tax	Profit After Tax	Proposed Dividend	Country
1	Surya Healthcare Ltd.	INR	1	10.71	0.22	-1.77	127.03	127.03	0.24	101.44	-23.16	7	-16.16	-	INDIA
2	Surya Biopharma USA	USD	50.71	-	-	-	1.14	1.14		-	-	-	-	-	USA
3	Surya Pharma Inc	USD	50.71	0.05	-	-	0.25	0.25		-	-	-	-	-	USA
4	Surya Pharma Singapore Pte. Ltd.	USD	50.71	1.43	-	-11.33	57.47	57.47		24.82	-16.6	0.48	-16.12	-	SINGAPORE



SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE: 1596, 1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI-110006

ATTENDANCE SLIP

20th Annual General Meeting : Saturday, The 29th day of September, 2012
Full Name of Member :
Proxy, if any :
Folio No. :
DP ID No. :
Client ID No. :
No. of Shares held : Equity Shares

I/We hereby record my/our presence at the 20th Annual General Meeting of the Company on Saturday, 29th day of September, 2012 at 9.00 A.M. at Plot No. 332, Jonapur, Mandi Road, New Delhi – 110047.

.....
Member/Proxy's Signature

Member/Proxy attending the meeting should bring the Attendance Slip and submit it at the entrance hall duly filled up and signed.

----- TEAR HERE -----

SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE: 1596, 1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI-110006

PROXY FORM

FOLIO NO. :
DP ID NO. :
Client ID No. :
No. of Shares Held : Equity Shares.....

I/We.....of.....being a member/members of Surya Pharmaceutical Limited hereby appointof.....as my/our proxy falling him/herof.....as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Saturday, the 29th day of September, 2012 at 9.00 A.M. or any adjournment thereof.

Signed this day of 2012

FOLIO NO.

NO. OF SHARES HELD SIGNATURE

NOTES :

1. The Member (s) should sign across the revenue Stamp as per specimen Signatures.
2. The proxy, in order to be valid, should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the Meeting.

Affix
One
Rupee
Revenue
Stamp

BOOK POST

(Printed Matter)

If not delivered, please return to :



SURYA PHARMACEUTICAL LIMITED

Corporate office :
SCO 164-165, Sector 9-C, Madhya Marg,
Chandigarh-160 009.

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