

IN THE SPOT LIGHT

VENUS REMEDIES LIMITED 10
ANNUAL REPORT 11

Forward Looking Statements

In our report we have disclosed forward-looking information so that investors can comprehend the Company's prospects and make informed investment decisions. This annual report and other written and oral statements that we make periodically contain such forward-looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried, wherever possible, to qualify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion of future operating or financial performance. We do not guarantee that any forward-looking statement will be realised, although we believe we have been diligent and prudent in our plans and assumptions. The achievement of future results is subject to risks, uncertainties and validity of inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

70
PLUS
GLOBAL PATENTS

60
PLUS
NATION PRESENCE

310
PLUS
GLOBAL REGISTRATIONS

10
PLUS
GLOBAL BRANDS

20
PLUS
INTERNATIONAL
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GLOBAL AWARDS

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Launching the world's first once-a-day pain killer injection

02

Receiving India's first anti-infective patent approval from the US

03

Receiving marketing authorisation from Europe

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Receiving The BIZZ – Business Excellence Award 2011 from the US

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Receiving the prestigious international QC-100 TQM Award 2011 in the gold category from BID, Geneva (Switzerland)

09

Emerging as the first Indian company to receive GCC approval

AT VENUS REMEDIES LIMITED, THE

SPOTLIGHT

IS ON US FOR VARIOUS REASONS

04

Receiving 42 global patents for a blockbuster product

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Receiving India's first anti-infective patent approval from the EU

06

Emerging as India's first company to get GMP certification from Saudi Arabia

10

Completing phase-III clinical trials for an in-licensed innovator molecule

11

Receiving UK MHRA and German approval for an anti-cancer drug

12

Successfully completed Phase I and II clinical trial for a cancer detection molecule

GLOBAL APPROVALS

FROM ONE-AMONG-THE-CROWD TO ONE-AMONG-THE-TOP-TEN IN THE GLOBAL PHARMACEUTICAL INJECTABLES LANDSCAPE IN LAST SIX YEARS

- Received 70-plus patent approvals from regulated and emerging markets
- Received 42 patents for Sulbactamax a mere six years from launch
- Received patents for four research products from regulated markets (55 patents from the EU, four patents from South Africa, one patent from South Korea, three patents from New Zealand, two patent from Australia, three patents from Ukraine, one patent from Russia, one patent from the US, three patents from India and one patent from Mexico)
- Received 17 product registrations in regulated markets (108 CTDs filed)
- Received 310 market authorisations in emerging markets (600 ACTDs filed)

THESE APPROVALS POSITIONED VENUS REMEDIES AS A GLOBALLY-RESPECTED PLAYER, OPENING IT TO ATTRACTIVE OPPORTUNITIES.

**260
PLUS**

Patent application repository which are at various stages of approval, expected to be cleared by 2015

VISION

- We are in the business of preserving and improving human life through innovation
- We exist to provide value to our customer

MULTI-REGIONAL PRESENCE

FROM A LARGELY DOMESTIC PRESENCE TO A GLOBALLY DISPERSED POSITIONING IN LAST SIX YEARS

- Established a 60-nation footprint (19 in 2007-08)
- Entered into alliances with over 20 leading international marketing companies
- Established 11 overseas marketing offices
- Out-licensed Sulbactamax to a renowned South Korean pharmaceutical company to capitalise on a US\$25 million opportunity
- Engaged in discussions with global pharmaceutical companies to out-license patented products in specific geographies

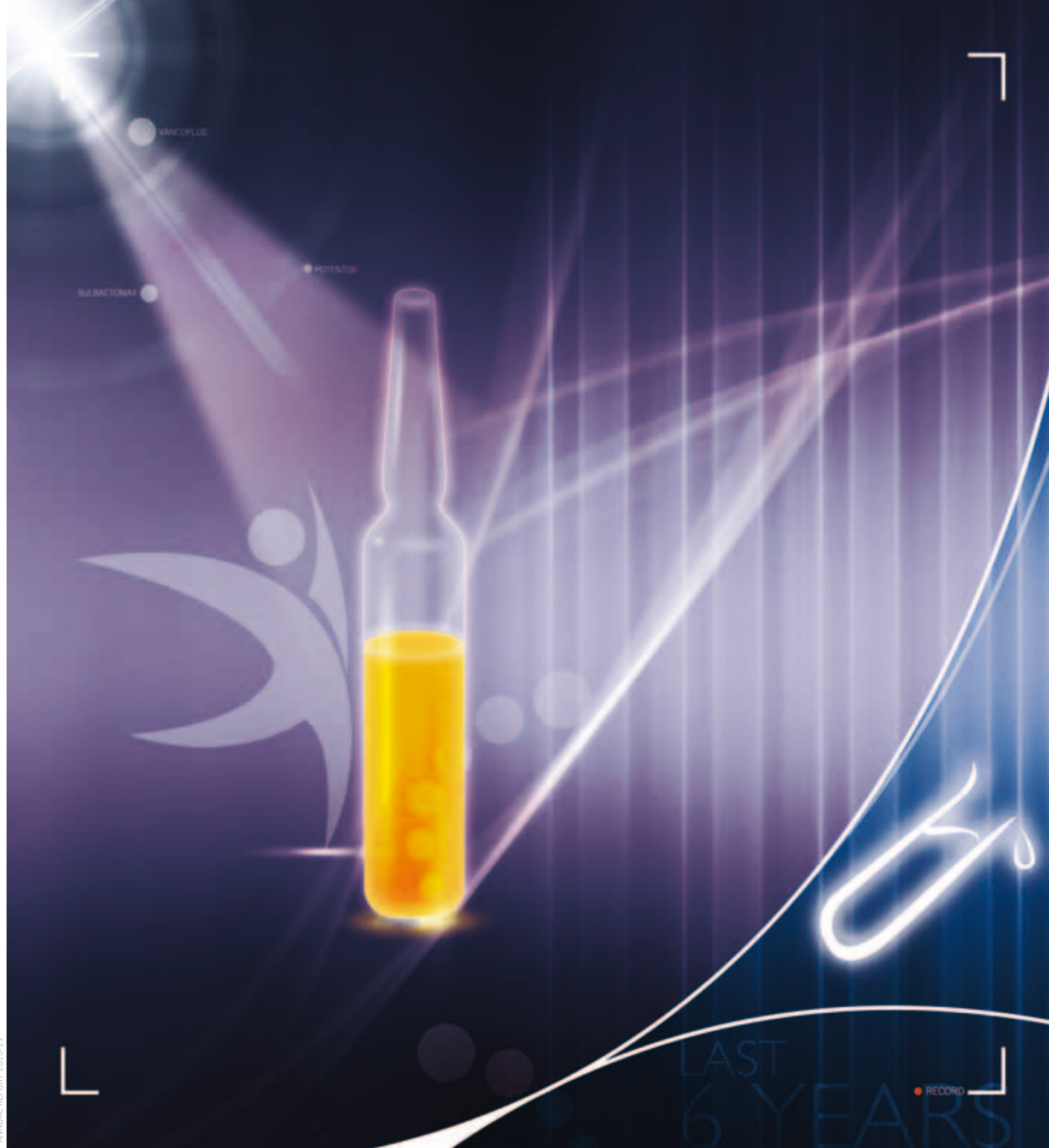
₹500 million

The quantum of Venus' proposed investment in an global marketing trade centre

VISION

- We ensure product quality, safety, reliability and excellence
- We manufacture medicines for patients, not for profits; profits follow





BLOCKBUSTER PRODUCTS

FROM A ME-TOO-PRODUCT PRESENCE TO REMEDY-REDEFINING BLOCKBUSTER BRANDS IN LAST SIX YEARS

- **Sulbactamax** is the only product in its category to prevent bacterial resistance, breaking bacterial bio-film produced by cephalosporin-resistant bacterial strains; this research blockbuster emerged as a US\$12-million opportunity
- **Vancoplus** (annual sales of US\$2.4 million) is the only remedy after vaccination to treat MSRA and multi-drug-resistant microbes causing meningitis
- **Potentox**, a research-based super-specialty product, achieved annual sales of US\$3.33 million
- **Tobrcef**, a research-based anti-infective product, achieved 2% annual sales (US\$1.6 million)
- **Achnil**, the world's first once-a-day pain killer injection, received EU and India patent approvals
- A nano technology-based arthritic topical application product, received the gold medal in the DST-Lockheed Martin India Innovation Growth Program 2011 from among 1,000 participants

THESE PRODUCTS ARE EXPECTED TO ACCELERATE PROFITABILITY AS SOON AS THEY GAIN WORLDWIDE TRACTION.

Research products that enjoy patent protection from various nations

VISION

- We work with passion, commitment and enthusiasm
- We believe in hard work, productivity and continuous improvement

INTERNATIONAL ALLIANCES

FROM AN IN-HOUSE CAPABILITY-CENTRIC MODEL TO BUSINESS-ENHANCING GLOBAL PARTNERSHIPS IN LAST SIX YEARS

- Venus Remedies partnered with global pharmaceutical majors for site variation projects comprising Cell Pharm, Germany, Pharmachemie, Teva, Netherlands and Medicus Sa, Greece
- Collaborated with Logenex Pharma, Germany and Stada Pharma, Germany
- Entered into in-licensing agreements for two molecules - Novel Amino Glycoside (with patent rights from a Chinese innovator company) and solid tumor detection technology (from the University of Illinois, Chicago)
- Entered into an MoU with Lockheed Martin Foundation and the University of Texas for marketing assistance of a super-specialty, wound healing product in the US

IN DOING SO, VENUS REMEDIES ELEVATED ITS R&D TO A GLOBAL STANDARD AND TRANSFORMED ITS R&D UNIT INTO AN IMPORTANT REVENUE DRIVER.

₹1,500
million

Venus' projected annual R&D outlay for five years

VISION

- We encourage and respect initiative, ability and creativity to develop people as the source of our strength
- We practice honesty, integrity and ethics in all aspects of business and strive to be the best corporate citizen



VENUS IS AMONG THE WORLD'S 10 LEADING FIXED DOSAGE INJECTABLE MANUFACTURERS

2010-11 SNAPSHOT

PROMOTER HOLDING

30.46%

MARCH 31, 2011

PATENTS HELD

74

MARCH 31, 2011

The corporate

PRODUCTS

Specialises in injectables, catering to high-growth therapeutic segments (anti-infective, oncology, cardiovascular and neurology) with 75 products.

FACILITIES

Three manufacturing units (two in India and one in Germany) certified for ISO 9001, ISO 14001, ISO 18001 and OHSAS; approved by European-GMP, WHO-GMP, Latin American GMP (Invima), Saudi Arabian GMP, Ukrainian GMP, Uganda GMP, Columbian GMP, Kenya GMP, Iranian GMP, Botswana GMP and Ethiopia GMP, Zimbabwe GMP, Yemen GMP, Syrian GMP.

PRESENCE

Eleven marketing offices in over 60 countries (including the US and Germany)

CORPORATE

Headquartered in Panchkula; day-to-day operations managed by a 30-member strategic management group; shares listed on the Bombay and National Stock Exchanges.

MARKET CAPITALISATION

₹ 181 cr

MARCH 31, 2011

Mission, 2015

- To establish Venus as an innovator company
- To create intellectual property wealth of US\$1 billion
- To ensure commercialisation of intellectual property rights worldwide
- To establish Sulbactamax as a ₹ 1 billion brand
- To ensure Venus' presence in 60 countries
- To make Sulbactamax, Potentox and

Vancoplus global brands

- To make every department an independent profit centre
- To achieve new heights by the creation of a Venus Industrial Complex
- To develop and sustain a highly motivated and empowered team for realisation of self progressive society dream
- To be a globally-admired pharmaceutical company respected for world-class quality and innovation

LAUNCHED
27
PRODUCTS

RECEIVED

45

GLOBAL PATENTS FOR
RESEARCH PRODUCTS

EXTENDED GLOBAL
FOOTPRINT TO

15

NATIONS

ENTERED INTO

20

ALLIANCES WITH GLOBAL
MARKETING COMPANIES

INVESTED

₹ 40 million

FOR A RESEARCH CENTRE
ON CELL CULTURE

INVESTED

₹ 102.19

million
IN UPGRADING
MANUFACTURING FACILITIES

CTDS FILED

4

2010-11

ACTDS FILED

39

2010-11

PRODUCT REGISTRATION

95

2010-11



Global recognition!

Venus Remedies was awarded the prestigious gold-category QC-100 TQM International Award 2011 in recognition of its commitment to quality, systems, efficiency, leadership, technology and innovation by BID, Geneva (Switzerland)

Received The BIZZ – Business Excellence Award 2011 from the US

GOING GLOBAL IS PROFITABLE



2010-11 ACHIEVEMENTS

April 2010

- Received GMP certification from Botswana
- The German arm received the approval to market the Carbenem injection in Portugal

May 2010

- Tied-up with IMTECH, a renowned research center of the Council of Scientific and Industrial Research and Department of Microbiology, Punjab University, to jointly develop a typhoid diagnostic kit for disease detection reduction time from 48 hours (under the conventional Vidal test) to a few minutes. This kit is expected to be launched in 2013.
- Launched the world's first once-a-day pain killer injection Aceclofenac OD and received a corresponding patent from the Indian patent office

June 2010

- Received assistance from Lockheed Martin Foundation and the University of Texas for commercialising the advanced wound healing product in the US
- Received patent approval from New Zealand to market antibiotic Potentox in Australasia

July 2010

- Received GMP accreditation from Sudan for seven facilities including oncology liquid, oncology lyophilised,

cephalosporin, carbapenem, cardiovascular, small volume infusion and specialty injections

August 2010

- Received marketing authorisation from Portugal (western European nation) for its specialty antibiotic penem product imipenem+cilistatin

September 2010

- Received patent approval from the EU for research blockbuster Sulbactamax, India's first researched anti-infective to get a patent approval from the EU
- Received the compulsory license from Thailand for the supply of anti-cancer Docetaxel, expected to generate sizeable business from 2013

Launched the world's first once-a-day pain killer injection Aceclofenac OD and received a corresponding patent from the Indian patent office

October 2010

- Received patents from Australia and Ukraine for Potentox

November 2010

- Emerged as the first Indian company to get GMP certification from Saudi Arabia in the oncology and carbapenem injectables space

- Received a patent for Vancoplus from South Africa and New Zealand

December 2010

- Completed phase-III clinical trials of a novel aminoglycoside molecule Etimicin Sulphate, in-licensed from the innovator company in 2007
- Received patents for Sulbactamax from Russia and Ukraine

February 2011

- Received market authorisation for Gemcitabine, a key product for cancer treatment via decentralised procedure
- Granted Sulbactamax patent by Mexico, strengthening its Latin American presence

March 2011

Emerged as the first Indian company to receive GCC approval to market oncology and carbapenem products in the Gulf

OPPORTUNITIES WORLDWIDE

Typhoid detection kit

Typhoid affects 17 million annually, causing nearly 0.6 million deaths due to poor early detection. Venus possesses the mandate to globally market the early detection kit following successful trials.

Accelofenac OD launch

A novel formulation (based on NDDS technology) that acts immediately and remains effective for 24 hours compared with a conventional dosage of three injections every eight hours. The product is designed in a way that it is never released in super- or sub-therapeutic zones, hence considered safe and side effects-free.

US wound healing market

The global wound care market is estimated at US\$11 billion, of which 56% comprises advanced wound care technology. In the US (wound care market of US\$2.6 billion), an estimated 1.7 million people have had an amputation and around 0.135 million new amputation cases are reported every year. Venus's wound-healing product is under patent protection in 50 countries (India, the US, China, Japan and the EU, among others).

GMP from Sudan

The US\$520-million Sudanese pharmaceutical market is growing 11% annually and largely import-dependent. In terms of a pharmacological group, the two major segments comprise anti-

infective (28.6%) and CVS (13.7%), cumulatively accounting for 42.3% of the market and representing a significant opportunity.

Portugal penem approval

Penem enjoyed global sales of US\$800 million in 2008 with rapidly growing demand, and Europe alone contributing 30% of global sales.

EU Sulbactamax approval

The global antibiotic market is estimated at US\$9.62 billion, of which Ceftriaxone is pegged at US\$1.2 billion, with US\$300 million coming from the EU. Sulbactamax is capable of replacing a large share of the Ceftriaxone market. The patent will provide Venus access to 37 EU countries.

Anti-cancer product compulsory license

Despite a patent for this product being valid in India, the government gave a

one-year supply opportunity to Venus on account of its product being low-cost and of a high quality.

Saudi GMP approval

The Saudi pharmaceutical market is valued at US\$2.7 billion and expected to grow at a 6.32% CAGR to US\$7.6 billion by 2014. Nearly 85% of this market's requirement is addressed by imports.

Vancoplus patent approval from SA and NZ

A globally-respected database shows that South Africa had a MRSA prevalence of 33.3%. The 21-country African meningitis belt reported more than 0.7 million meningitis cases over the past decade with 10-20% mortality. Vancoplus is the only post-vaccination remedy for multi-drug-resistant microbes that cause meningitis.

Successful Etimicin Sulphate Phase-III trials

This product captured 80% of the total Chinese aminoglycoside market. Venus owns exclusive manufacturing and marketing rights in India and expects to garner a similar share post launch in 2011-12.

GCC approval

The combined GCC pharmaceutical market is estimated at US\$8 billion, growing at an 8% CAGR, an attractive opportunity.

The global wound care market is estimated at US\$11 billion, of which 56% comprises advanced wound care technology.

GLOBAL WATERMARK



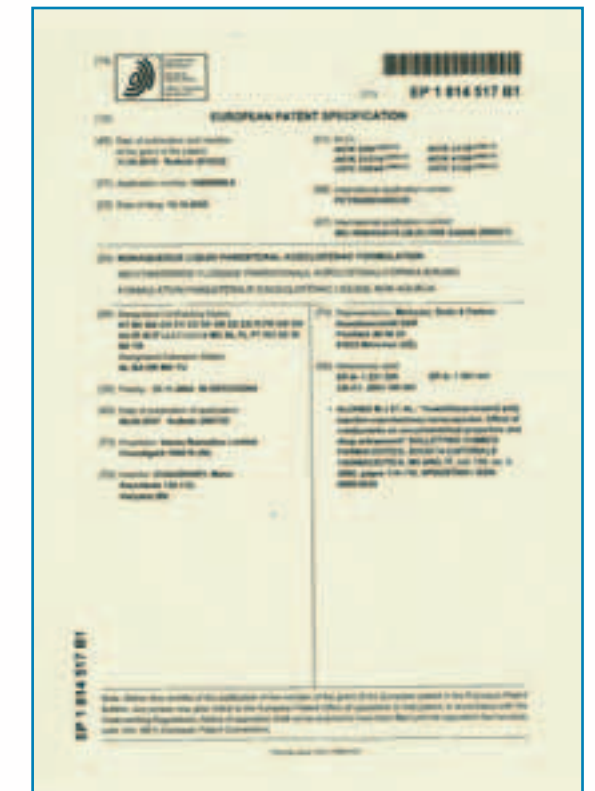
Vancoplus US patent



Sulbactamax - New Zealand



Sulbactamax - Europe



Aceclofenac Europe



Pawan Chaudhary, Chairman and Managing Director

“VENUS IS CHALLENGING CONVENTIONAL THINKING AND TRANSFORMING ITS IDENTITY FROM A DOMESTIC PLAYER INTO A GLOBALLY-RESPECTED INDIAN PHARMACEUTICAL MULTINATIONAL.”

Pear shareholders,

IT WAS ANOTHER EXCITING YEAR AT VENUS AS WE FORGED GLOBAL ALLIANCES, RECEIVED MULTI-COUNTRY MARKETING APPROVALS, STRENGTHENED INTERNATIONAL ALLIANCES AND WON SEVERAL AWARDS, TURNING THE GLOBAL SPOTLIGHT ON US.

In doing so, we grew revenues 14.54%, EBITDA 19.31% and profit after tax 15.66%.

What enthuses me is our future, which is based on significant inroads into key regulated and emerging nations.

The big leap

The year 2010-11 was one when we strengthened our future-readiness through various EU regulatory authority approvals, leading to attractive emerging opportunities.

- We received the EU patent for Sulbactamax, which is India's first researched anti-infective to receive the regulatory sales nod in the EU, the world's largest regulated market
- Other research products like Vancoplus and Potentox received patent approvals from the regulated markets of South Africa and Australia
- We received the marketing authorisation for Meropenem, a carbapenem injection; this approval positions us among the world's top-three EU GMP carbapenem antibiotic manufacturer-marketers, leading to a Euro 150 million opportunity
- We received the marketing authorisation for Gemcitabine (US\$1.5 billion worldwide sales with 30% contribution by Europe) from UK MHRA; this is the only drug approved by US FDA and was established as the gold standard drug therapy for pancreatic cancer (about 0.2 million cases annually with survival rate of under 3%)

These approvals, in addition to catalysing growth, will help Venus enhance its presence in two of the largest regulated markets – the US and Japan.

Other achievements

Entry into the Middle East: Venus emerged as the first Indian company to receive the GCC approval to market

oncology and carbapenem products in Saudi Arabia, the UAE, Kuwait, Qatar, Bahrain, and Oman. The combined GCC pharmaceutical market is pegged at over US\$8 billion, opening up tremendous opportunities for us. We expect this approval to yield returns in 2013.

R&D success

Our R&D team executed Phase-III clinical trial of a novel aminoglycoside molecule Etimicin Sulphate, which we in-licensed in 2007 from a Chinese innovator company. Etimicin is a new generation semi-synthetic aminoglycoside antibiotic with high efficiency, low toxicity and anti-drug resistance. This molecule is under patent protection in India, China and major world markets. Etimicin captured an 80% share of the total Chinese aminoglycoside market. Currently, the Indian retail aminoglycoside formulations market is estimated at ₹6 billion, growing 6-8% per annum. We possess exclusive Indian manufacturing and marketing rights for this product, expecting to capture significant share following its launch in 2011-12.

Unique award

We were awarded a supply contract of our anti-cancer product Docetaxel in Thailand by the Government Pharmaceutical Organisation (GPO), Thailand. The award's uniqueness comprises the innovator's product patent

VISION

- We acknowledge our responsibilities towards our customers, employees, the society at large and last but not the least our shareholders
- We shall build Venus as a nation

₹ **6** billion

Indian retail aminoglycoside formulations market

Euro **150** million

Our marketing authorisation for Meropenem opens a sizeable opportunity



We launched Passion Oncobiz, a new dedicated sub-business unit with a portfolio of 21 injectables for practically all cancer types.



continuing to be valid in Thailand. We were given the award on the basis of providing quality products at affordable prices with the GPO enhancing availability among those who cannot afford high-cost drugs. This award underscores our ability to develop and manufacture world-class products cost-effectively.

Next steps

We received over 74 patents for our research products across regulated and emerging markets and possess 15 global certifications for our facilities. This combined advantage will enable us to take our products to markets in which we earned exclusivity, leading to attractive returns. Going ahead, we expect to combine our projected five-year R&D investment of ₹1,500 million with direct marketing and alliances, leading to a larger global presence.

Direct marketing: We established 11 marketing offices in key geographies and appointed executives as country heads to facilitate market penetration. We expect to increase our international marketing network in line with the receipt of patent approvals. We are investing ₹500 million to create a 0.16-million sq. ft global trade centre to enhance marketing effectiveness.

Alliances: To maximise returns from patent approvals, we plan to out-license products to large global players with a multinational presence and

some regional pharmaceutical companies focused on specific geographies. The out-licensing of Sulbactamax to a renowned South Korean pharmaceutical company was a step in that direction which we expect to follow up with more initiatives.

Leveraging our strength

To strengthen our presence in the super specialty oncology segment, we launched Passion Oncobiz, a new dedicated sub-business unit with a portfolio of 21 injectables for practically all cancer types. In doing so, we expect to enhance our anti-

cancer segment from 30% of revenues by about 10% by 2015.

Message to shareholders

We are excited about our prospects as we challenge conventional thinking and transform our identity from a domestic player into a globally-respected pharmaceutical multinational, enhancing revenues and profitability.

Warm regards,

Pawan Chaudhary



In the spotlight!

- Awarded Best Innovation Award, 2010 in Gold Category by the India Innovation Programme, organised by Lockheed Martin (USA), FICCI and DST (India) for its wound-healing products
- Awarded Best Innovation Award, 2011 in Gold Category by the India Innovation Programme, organised by Lockheed Martin (USA) and FICCI for its arthritis product
- Received Quality Award 2011 in the gold category from BID at an international convention in Geneva, Switzerland
- The BIZZ-Business excellence Award-2011, from the US



Why oncology?

- Oncology is a large global pharmaceutical therapeutic category
- The economic toll from cancer estimated at US\$895 billion is nearly 20% higher than heart disease
- The global anti-cancer market of US\$56.7 billion in 2007 is forecast to grow to US\$76.9 billion by 2013
- The Indian oncology market of US\$150-200 million grew 30% CAGR over the past three years
- The entry bar in this segment is chemistry complexity, challenges in undertaking trials and large investments required in establishing dedicated facilities

OUR COMPETITIVE EDGE

Segment presence

Presence in the relatively uncluttered fixed dosage injectables space with Asia's largest injectable manufacturing capacity

Therapeutic segments

Presence in high-value, high-growth therapeutic segments like oncology, anti-infective and neurology

Portfolio

Products with an increasingly global acceptance, leading to the prospect of increasing revenues

Product basket

Venus has always 75+ product available and has a rich basket of further 20+ products in its pipeline

Human capital

Venus possesses a highly qualified, well-trained teams comprising R&D, DRA and CQA. R&D team regularly provides innovative products to the Company. DRA team has versatile

knowledge of dealing with international drug related issues and the CQA team effectively handles the international GMP and other accreditations

R&D

State-of-the-art 1 lakh sq. ft R&D centre, complies with GLP standards and is accredited by the Department of Scientific & Industrial Research

Patents

Received 74 patents from global and domestic authorities out of 341 patents filed in over 51 countries

Facilities

Three manufacturing facilities received national and international GMP certifications

Reach

Marketing footprint across 60 countries (regulated and emerging) with an export presence across 25 countries, supported by 11 overseas offices

Distribution network

Marketing network of 40 distributors, 2,000 stockists, 40,000 chemists and 1,20,000 doctors

Partnering

Established strategic marketing alliances with leading Indian pharmaceutical companies like Abbot, IPCA, Glenmark, Lupin, Elder, among others

Gearing

Modest debt-equity ratio of 0.76 as on March 31, 2011, providing adequate scope to mobilise additional resources

Tax cover

Manufacturing unit in Baddi enjoys a tax holiday of 10 years; the R&D center's DSIR approval provides a weighted tax benefit of 200% on revenue and capital expenditure and enables R&D material and equipment import at zero duty

GLOBAL
REACH



North America	South America	Europe	Africa	Asia (CIS and the Middle East)	Asia (South East)	Australia and New Zealand
Country: 9	Countries: 4	Countries: 20	Countries: 7	Countries: 8	Countries: 10	Countries: 2
Dossiers	Dossiers	Dossiers	Dossiers	Dossiers	Dossiers	Dossiers
• Filed: 52	• Filed: 94	• Filed: 102	• Filed: 146	• Filed: 170	• Filed: 140	• Filed: 4
• Registered: 22	• Registered: 44	• Registered: 17	• Registered: 87	• Registered: 106	• Registered: 51	• Registered: 0

MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

The global economy grew at a robust 5.1% in 2010 against -0.5% in 2009. The advanced economies sustained their moderate growth owing to stronger-than-expected consumption in the US and Japan. Growth in emerging and developing economies was buoyed by private demand, accommodative policy stances and resurgent capital inflows.

Indian economy

India's GDP grew 8.5% in 2010-11 (8% during 2009-10), primarily driven by significant agricultural sector growth. Net capital inflows increased US\$36.7 billion as on March 31, 2010 to US\$52.7 billion (April-December 2010); foreign exchange reserves grew US\$20 billion to US\$305.49 billion. However, headline inflation remained in double digits for almost five months in 2010 on account of uneven monsoons of 2009, domestic supply-side constraints and rising food grain and oil prices.

Global pharmaceutical sector

The global pharmaceutical market was estimated at US\$875 billion, of which the US accounted for around 38%. The global generics market of about US\$89 billion in 2009-10 is expected to reach US\$135 billion by 2015 following low costs, increasing disease prevalence and rising per capita income. Going ahead, the global pharmaceutical market is expected to grow 5-7% in 2011 to US\$880 billion compared with 4-5% in 2010 (IMS

Health) with a 6.5% CAGR during 2011-13. The US is the world's largest generics market estimated at US\$30 billion. Drugs worth US\$68 billion should witness generic competition in the US over the next two years, higher than the average annual patent expiry of US\$16 billion over CY06-10. The 17 emerging pharmaceutical countries are expected to record a 15-17% growth in 2011 to reach US\$170-180 billion,

with China being the major growth centre with 25-27% growth and market size of US\$50 billion. This growth will be strengthened by increased government healthcare expenses and broader public and private healthcare funding. The Asia-Pacific region is expected to grow 12.6% CAGR during 2010-12, owing to increased R&D activities in the region, low costs and a favourable regulatory environment.

Indian pharmaceutical sector

The Indian pharmaceutical industry ranks third by drug volume (10% of global share) and fourteenth by value of about US\$24.8 billion (3% of global sales). The industry is growing at around 1.5-1.6x GDP growth (Source: Financial Express). The Indian pharmaceutical industry's growth was catalysed primarily by exports, expanding 18.7% CAGR to US\$9 billion in 2009-10. Domestic consumption grew 13.5% CAGR to US\$13.8 billion during the period.

India possesses 25% of the drug master files (DMFs) with the US FDA and has the world's highest number of FDA-approved production facilities outside the US. In India, the bulk drug market, which grew 18.5% CAGR during the last five years to US\$7.69 billion in 2010, is expected to grow to US\$16.91 billion by 2014 (Source: IMS Health). About 30% of bulk drugs manufactured in India are used domestically with the rest exported. India accounts for about 25% of the world's generic drug production and is ranked third in the global generics market behind the US and China,

accounting for 6% of the global generics markets. Since branded generics are the single-largest sub-segment, doctors will remain key influencing factors in this segment's growth.

The Indian pharmaceutical market growth continues to be driven by formulations for chronic therapies; acute therapies are expected to be largely driven by Tier-III cities and rural penetration.

Growth drivers

Correction to the global average: India's per capita health expenditure is a low US\$43 compared with US\$142 in China and US\$7,536 in the US. This is expected to correct consequent to GDP growth, increase in disposable incomes and growing health awareness.

Per capita income: The number of households with incomes above US\$5,000 per annum is expected to increase at an 18.8% CAGR from 14.4 million to 63.8 million by 2015 (Source: McKinsey Global Institute). Household population with an annual

income of US\$2,250-5,000 will stand at 106 million. Increased income will provide easier access to medicinal remedies.

Rural prosperity: India's per capita rural income of ₹19,000 is expected to increase to ₹24,000 by 2015 (Source: McKinsey), which should enhance pharmaceutical spending.

Demographics: Working age group population (30-60 years) is expected to increase from 32% in 2007 to 36% in 2026, sustaining the uptrend in lifestyle diseases. Besides, India's ageing population (over 60 years) is likely to increase from 7.5% in 2007 to 9% by 2026.

Growing health infrastructure: India's 5.8 doctors per 10,000 are lower than the global average of 12.3. The government embarked on an initiative to build medical infrastructure, allocating US\$1.23 billion for six upcoming AIIMS centres. India's hospital market is expected to grow to US\$14 billion by 2020 from US\$1.7 billion in 2009, which will drive pharmaceutical consumption.

Per capita expenditure on health

(US\$)

India	Brazil	USA	China	UK	South Africa	Japan	Germany
43	722	7,536	142	3,942	464	3,102	4,628

Source: WHO (in 2008)

Physician density

(per 10,000 people)

Germany	Japan	South Africa	UK	China	US	Brazil	India
34.8	21.2	7.7	21.4	14.2	26.7	16.9	5.8

(Source: IndiaNivesh research)

Income level and pharmaceutical products expense

	Household income level (₹)	Pharmaceutical spending as percentage of income	Pharmaceutical spending per household (₹)
Deprived * (all-India average)	95,000	0.75	713
Rural	180,000	0.35	630
Aspirers** (all-India average)	240,000	1.05	2,520

* Annual income < 100,000 per household at 2011 price level. ** Annual income > 100,000 per household at 2011 price level

Source: Mint

Opportunity in numbers

SIZE OF THE GLOBAL GENERICS MARKET BY 2015

US\$150 billion

(Source: businesswire.com, January 24, 2011)

SIZE OF THE GLOBAL API MARKET BY 2014

US\$139.2 billion

(Source: Pharmabiz, August 12, 2010)

INVESTMENT IN THE INDIAN PHARMACEUTICAL INDUSTRY BY 2015

US\$6.31 billion

(Source: IBEF, March, 2011)

SIZE OF INDIAN CRAMS MARKET BY 2012

US\$7.6 billion

(Source: ICRA Research, June, 2011)

GLOBAL ONCOLOGY SPENDING BY 2015

US\$75 billion

(Source: IMS, May, 2011)

Credible estimates

India and China are expected to catalyse the global pharmaceutical market to US\$1.1 trillion by 2014 (Source: Money Control)

The Indian pharmaceutical industry is expected to record a 14.2% CAGR

to touch US\$50 billion by 2015-16

By 2015, India is expected to rank among the 10 leading global pharmaceutical markets with the industry growing 1.6x the country's GDP growth (Source: The Financial Express)



Favourable government policies

- In Union Budget 2010-11, weighted deduction on in-house R&D increased from 150% to 200%, which is likely to reduce the tax liability of drug companies, leading to enhanced ploughback
- The government plans to create a ₹3,000-crore pharmaceutical fund to promote innovative drug discovery like biologics



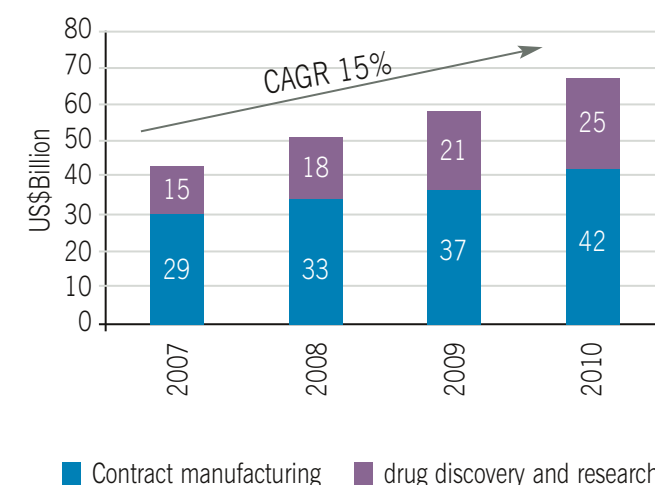
Indian CRAMS sector

Some US companies reduced their R&D spending and are outsourcing R&D to reduce operating expenses, shifting to low-cost destinations (which possess robust chemistry skills), making India and China preferred outsourcing destinations.

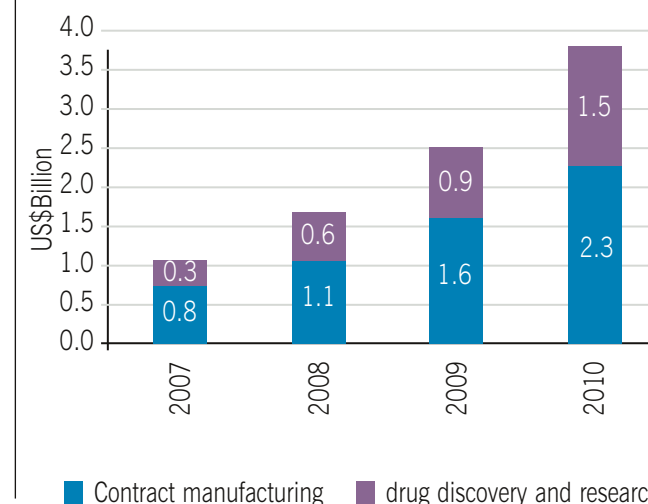
Indian pharmaceutical outsourcing providers possess the capability to provide late-stage discovery (research chemistry) and drug development services. However, they are in the process of building research biology skills to facilitate early stage discovery.

The Indian contract research industry grew 65% CAGR (2007-10) to around US\$1.5 billion in 2010, outpacing the 15% growth in the global contract research market (US\$25 billion in 2010) over the same period.

Global CRAMS market



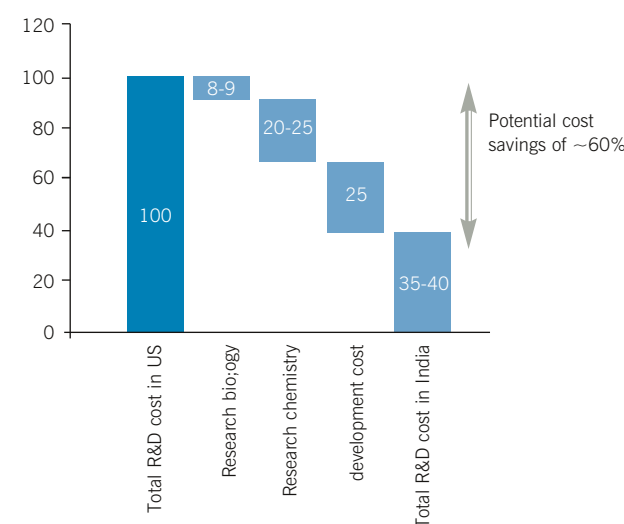
Indian CRAMS market



Source: ICRA report (June 2011)



India, an enabler for contract research outsourcing



Source: ICRA, June 2011

Contract manufacturing operations are the largest contributors (over 60%) to CRAMS earnings. India reinforced its position in value engineering products, similar to patented products in a non-infringing manner, strengthening its expertise to challenge patents in the US FDA, which was perceived as a threat to global companies. However, the Indian Patent Protection Amendment Act, 2005, addressed these threats and created larger opportunities for contract research operations from regulated markets. Credible estimates suggest that the Indian CRAMS space is expected to grow 15% annually over the medium term.

BUSINESS ENABLERS

01 RESEARCH AND DEVELOPMENT

RESEARCH CENTRE

100,000
sq. ft.

RESEARCH LABORATORIES

9

MEMBERS

60

March 31, 2011

PRODUCTS DEVELOPED

12

March 31, 2011

INVESTMENT IN
RESEARCH-IPR

₹

685.54
million

March 31, 2011



Highlights, 2010-11

- Launched one research product in 2010-11
- Received 74 patents from various countries across the globe – most significant is the EU, comprising 37 nations
- Received the FICCI gold medal for best innovation for its novel arthritis product
- Completed Phase-III clinical trial of the novel in-licensed aminoglycoside molecule etimicin sulphate from a Chinese pharmaceutical major

Overview

At Venus, research comprises novel

solutions that fill the gap between challenging ailments and available molecules.

Vision: To establish Venus as an innovator company worldwide by developing and commercialising products that provides a complete solution for serious or life-threatening medical conditions

Research infrastructure

Venus Medicine Research Centre (VMRC) is dedicated to breakthrough innovations by balancing basic biomedical and translational research to develop medicines that treat serious medical conditions. The research

centre is recognised by DSIR for the development of globally competitive technologies with high commercial potential.

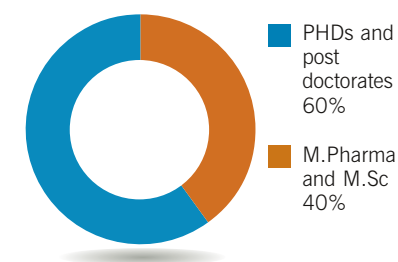
The research centre comprises nine high-tech testing laboratories at par with stringent cGLP standards. These laboratories cover microbiology, toxicology, molecular biology, biochemistry, pharmacognosy and biotechnology including tissue culture, stability and chemical analyses. These units are equipped with sophisticated ultra-sensitive instruments and include an international standard animal house approved by the Committee for the Purpose of Control and Supervision on Experiments on Animals (CPCSEA). The research team comprises 60 scientists and supporting staff, of which 60% are PhDs and Post-Doctorates and 40% are M.Pharma and M.Sc.

Research capabilities

Venus divided its intellectual capital into focused teams.

Process development and technology transfer: The team facilitates the

Analysis of the research team (%)



transfer of technology for scaling a successful molecule from laboratory to pilot plant to manufacturing locations.

Analytical research division: The division develops methods for novel formulations, converting the challenges of analytical development to support the team in drug design.

Chemical and stability testing division: This team enhances product quality through stability tests as per ICH guidelines, and undertakes validated analytical services for research, enabling the Company to meet international quality and regulatory requirements.

Pre-clinical division: This team handles all pre-clinical trials and toxicological studies under GLP environment. Vet pathologists assist the team in preparing requisite disease models in-vivo by ensuring a compliance with OECD guidelines.

Clinical research services: This team is involved in Phase-I, II, III, IV and BA/BE studies monitoring (as per GCP) for research products.

Natural product research: This team specialises in screening natural

products which can be used for drug development as per pharmacopoeial and medicine standards.

Office of research support: This wing bridges the gap between research and marketing through interactions with the field force, training of marketing teams and reply to queries raised by the marketing team.

Areas of focus

Novel Drug Delivery System (NDDS): Development of nanotechnology-based, sustained release and targeted delivery formulations with NDDS to reduce adverse drug reaction and side effects in therapeutic areas of oncology, NSAID, neuroscience, arthritic disorders, stress and lifestyle-related diseases, immuno chemistry, infectious diseases and wound healing.

Formulation development: Development of non-infringing formulations to reduce the impact of generic competition, revitalise established brands, fill product pipeline gaps and enhance patient compliance. This, along with the strong regulatory team, facilitated CTD development and a first-mover generic presence in leading markets.



Making it work!

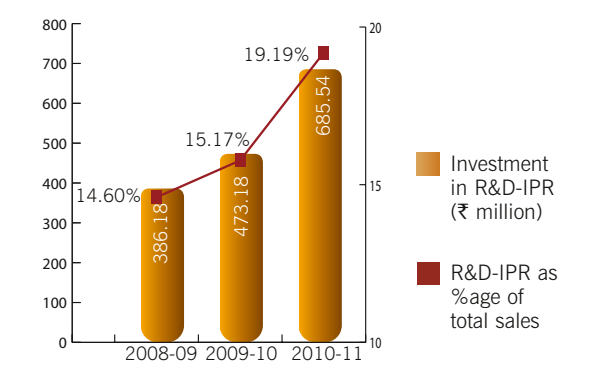
Venus is the only company in India and among few in the world to have mastered the Chemical Vector Mediated Compatibility (CVMC) technology by which incompatible molecules are combined following the addition of a chemical vector in a manner that both molecules maintain their independent activity and work together as a combined therapy with superior efficacy and reduced toxicity.

Products with international patents

Sulbactomax	Potentox	Vancoplus	Tobracef	Achnil
Revenue: About 15% of total sales (2010-11) Position: Ranked No.1 by sales Patent: South Africa (November 2025); India (December 2024); Europe (December 2025); Russia, Ukraine, Mexico, Australia and New Zealand Pipeline: Patents awaited from six other nations including the US and Japan	Revenue: About 4.20% of total sales (2010-11) Patent: South Africa, New Zealand, South Korea, Australia, Ukraine (December 2025); India (December 2024) Pipeline: Patents awaited from 44 other nations including the US, Europe and Japan	Revenue: About 3% of total sales (2010-11) Patent: The US, South Africa, New Zealand and Ukraine (December 2025) Pipeline: Patents awaited from 46 other nations including Europe and Japan.	Revenue: About 2% of total sales (2010-11) Patent: South Africa (November 2026) Pipeline: Patents awaited from 49 other nations including the US, Europe and Japan	Launched in 2011-12 Patent: Europe (December 2025); India (November 2024) Pipeline: Patents awaited from 20 other nations including the US and Japan

Investment in research-IPR

The Company invested 16.54% of its turnover in research-IPR on an average across the last three years leading to 2010-11. Of the total R&D investment, about 13% was used for creating intellectual property, the rest for revenue expenses.



Venus: Among the leading R&D spenders in India

Venus Ranked 46th among top companies (all sectors)
Ranked 18th among pharmaceuticals
Ranked 2nd by %age-wise among pharmaceuticals
(Source: Economic Times, 27.12.2010)



The BIZZ Excellence Award 2011 (USA)



Quality Award 2011 Geneva, (Switzerland)



Best SME Award 2007



Best Innovation Award 2010 & 2011

Product launches

The Company launched Achnil, a novel therapy for relief against acute pain. This once-a-day, sustained release injectable pain killer replaces the three injections per day therapy. The uniqueness of the product lies in its differentiation from other sustained release (SR) solutions. In other SR products, the medication takes some time to provide patient relief as the medicine needs to sustain its healing over a long duration. Achnil is a combination of burst release for immediate patient relief coupled with sustained drug release, making it the preferred pain management therapy.

Council of Scientific and Industrial Research (CSIR) and Department of Microbiology Punjab University to jointly develop a diagnostic kit for typhoid. The kit is expected to reduce disease detection time from 48 hours (conventional Vidal test) to a few minutes. The project has a lot of social importance attached to it as typhoid affects roughly 17 million people annually, causing nearly 600,000 deaths in the world. Most of the deaths are caused due to delayed detection. The Company has the mandate to market this kit worldwide after necessary trials.

Key initiatives, 2010-11

- Venus set up a Cell Culture Molecular Biology (CCMB) laboratory, among a few Indian pharmaceutical companies with this facility. This facility will enable the research team to significantly hasten the testing of cancer drugs. The Company is creating a novel cancer drug for target-specific treatment (90% of the drug will go to the affected area against the present 10%), reducing the adverse impact of these drugs on the human body, and treatment costs. This facility will facilitate in testing this and other new drug concepts that need proof of mutagenicity and carcinogenicity. The Company created a pipeline of 4-5 products, expected to be launched over the coming years.

- Venus upgraded the entire product pipeline of 75 products to the Asian CTD (standardisation and characterisation to match global standards), preparing the entire portfolio for international markets. This three-year project was completed in 18 months by a dedicated team.

Intellectual property

To protect the R&D work, the IPR wing at Venus is actively engaged in filing, procuring and maintaining trademarks, copyrights and patents (nationally and internationally). The team is also involved in in-licensing new innovative technologies and out-licensing the Company's research products to regulated markets.

Patents: The team filed 341 patents globally, of which 74 were granted and 267 are at advanced approval stages. The patents cover 51 countries across Europe, North America, the Far East, Australia, South America, Africa and the ASEAN.

Trademarks: The team filed for 108 trademarks, of which 77 were registered and 31 were under various stages of registration.

Product development progress

PHASE IV TRIALS
IN PROGRESS

8 products

March 31, 2011

PHASE III TRIALS
IN PROGRESS

9 products

March 31, 2011

PHASE III MULTI-CENTRIC
TRIALS IN PROGRESS

3 products

March 31, 2011

PRODUCT PIPELINE

20+

March 31, 2011

- Venus successfully completed Phase I & II clinical trial for VRP1620, a cancer detection molecule. The clinical study showed excellent results in breast cancer detection, making it possible to detect with a simple X-ray using a dye.

- Venus tied-up with IMTECH, a renowned Research Center of the

Venus in-licensed the technology for solid tumour detection from the University of Illinois (US), helping in early detection and staging of solid tumours using conventional modes. The Company developed the formulation for this technology, protected by IPR.



Copyrights: The team received nine copyrights in 2010-11, while two copyrights were under process.

Research publications: The intellectual scientific division is engaged in value-addition to research products through research papers in various journals. A total of 135+ research papers were communicated in various national and international journals of repute such as Current Drug Therapy (Netherlands), Asian Journal of Biochemistry (the US), Current Drug Safety (the US), Experiment Lung Research (the UK) Current Clinical Pharmacology (Netherlands), Journal of Pharmacology & Toxicology (the US), Current Enzyme Inhibition (Scotland) and International Journal of Biomedical Sciences (the US).

In-licensing: The Company in-licensed the technology for solid tumour detection from the University of Illinois (US), helping in early detection and staging of solid tumours using conventional modes. Venus developed the formulation for this technology, protected by IPR.

Out-licensing: The IPR department out-licensed its patented research product Sulbactamax to a renowned pharmaceutical company in South Korea. Besides, the IPR department is at advanced stages of discussion with a number of large pharmaceutical MNCs and some regional-focused pharmaceutical corporates for out-licensing key patented research products.

Intellectual property snapshot

PATENT APPLICATIONS

341

March 31, 2011

ACTDS FILED IN EMERGING MARKETS

600

March 31, 2011

CTDS FILED IN REGULATED MARKETS

108

March 31, 2011

MARKET AUTHORISATIONS IN EMERGING MARKETS

310

March 31, 2011

MARKET AUTHORISATIONS IN REGULATED MARKETS

17

March 31, 2011

RESEARCH PAPERS PUBLISHED IN INTERNATIONAL JOURNALS

135+

March 31, 2011

BUSINESS ENABLERS

02 PLANT OPERATIONS

LOCATIONS

3

FACILITIES

9

MANUFACTURING CAPACITY

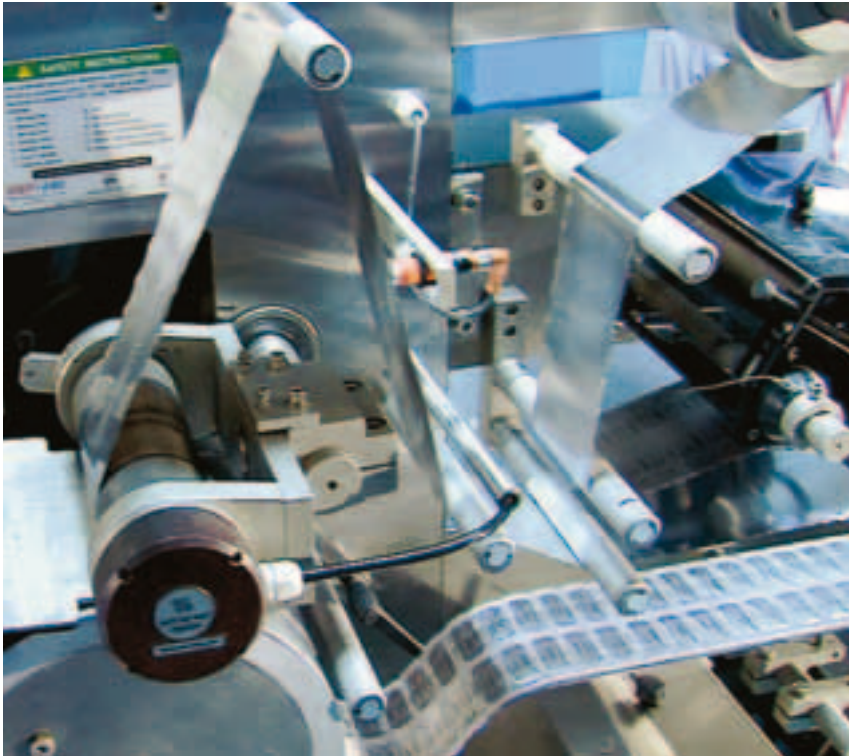
100 million units in injectable form

GMP APPROVALS

15+ nations

PRODUCTS MANUFACTURED

75+



Highlights, 2010-11

- Increased the production of research outcomes such as Sulbactamax, Potentox, Vancoplus, Tobracef, Supime and Pyrotum in the Cephalosporin and Carbapenem operating facilities
- Received regulatory approvals from Saudi Arabian GMP, while the EU and WHO GMP authorities renewed their approvals
- Received market authorisation approval for Meropenem, Imipenem + Cilastatin, Gemcitabine and Irinotecan in the European Union

Overview

Venus has three manufacturing units (two in India, one in Germany) which are integrated and networked for timely production and product dispatch. The Company's competence lies in quality assurance, quality control, in-process control guidelines and staff training.

1. Panchkula

- Manufacturing site for large volume parenterals (capacity 7.5 million units per annum)
- Parenteral facility for super specialty intravenous fluids with state-of-the-art laboratories

- Accredited with WHO-GMP, Yemen-GMP, ISO 9001, ISO 14001 and OHSAS 18001

- Products manufactured at this facility include Mebatic, Calridol, Moximicin, Neurotol, Glutapep, among others

- Locational advantage in manufacturing strategic products like antibiotics and plasma expanders, among others

- Operations managed by a team of 300 members

2. Baddi

- Production unit of small volume parenterals, catering to the super speciality segments

- Manufactures complex and novel formulations for oncology injections, oncology lyophilised, lyophilised injections, pre-filled syringes and cephalosporins, among others

- Accredited with more than 15 GMPs from regulated and emerging nations

- Responsible for generating key brands like Doxol, Paxol, Citabol, Epirol, Ronem, Immunox, Pimcef, Fejet IV, Parin-E, Vanconex, Dobutacard, Sulbactamax, Supime, Tobracef and Pirotum

- Warehousing capacity handles 1,900 pallets

- Operations managed by a team of 430 members

3. Germany

- Wholly-owned by the Company's subsidiary Venus Pharma GmbH.

- Situated in the heart of Europe, a strategic advantage

- Accredited with EU-GMP; possesses world-class QA, QC laboratories leading to high quality control

- Engages in out-licencing CTDs site

variation projects, testing and batch release for Europe and warehousing and logistics support

- Warehousing capacity of 3,000 pallets under controlled temperatures

- Batch release facility for local manufacturers and pharma exporters and four dedicated packaging sections, customising product packaging into local languages

Key features at the operating facilities

- All operations are carried out under Luminar Air Flow work station to provide 100% product quality assurance

- For aseptic filling and terminal sterilisation, the Company interlocks lines along with automatic controls and designs

- Circumvents contamination and cross-contamination through facilities like change room, pass boxes and airlocks

- Maintains an integrated vial and ampoule line for tunnel sterilisation, filling, washing, external cleaning and sealing operations

- Installed proper ventilation systems in critical and unclassified areas

Key initiatives, 2010-11

Productivity: Institutionalised standard work procedures for all activities and introduced new machines and equipment to automate production and packaging processes.



The Baddi facility was awarded the GCC certification from the Gulf Cooperation Council for the Company's Cephalosporins, Carbapenem and Oncology facilities. The Company is the first in India to be accredited with this certification for oncology products.

Cost optimisation: Standardised batch size for products; introduced scientific production planning process to handle large-sized lots and reduced changeover time; successfully completed the energy audit by government-approved teams – corrective actions were successfully implemented.

Investment: Invested a considerable amount in procuring equipment that increased process automation – ensuring enhanced productivity and zero defect quality; introduced the closed system for sterility testing; added automatic synchronisation panel of power in DG sets for improved fuel efficiency; invested in a new blister packaging machine for packing PFS; introduced electronic balance on every packing line to ensure allotted quantities in final packs; invested in inkjet printers for seal printing.

Product commercialisation: The team commercialised (move from the lab/pilot scale to plant scale) six products including Aceclofenac, Isoprenaline injection, Milrinon Lactate injection, Cardioplegia solution, Phenoxybenzamine HCL and Piperacillin tazobactam.

Regulatory filings: Filed CTD application for Docetaxel, Topotecan, Sulbarctomax; three more CTD dossiers for oncology and the Cephalosporin segments are in the pipeline.

BUSINESS ENABLERS

03 QUALITY MANAGEMENT

Highlights, 2010-11

- Invested ₹16.57 million in new equipment

- In-plant rejection declined in the three years leading to 2010-11

Overview

Venus adheres to stringent quality control norms benchmarked with global GMP standards, leading to international product quality.

The Company's Validation Master Plan (VMP) addresses the stated validation and qualification strategy. Quality verification for all manufactured products meets international benchmarks; the VMP outlines and coordinates the qualifications and validation activities. Besides, it also allocates the responsibilities for validation and assists in critical path planning.

The quality control and analytical laboratory conducts stringent tests starting from raw materials and ingredients to in-process and finished products. The Company set up microbiology laboratories to enforce microbiological testing including microbial limit testing, bacterial endotoxin testing and sterility testing.

Stability studies check for different environmental parameters as per ICH guidelines.

The quality control team monitors and analyses data in terms of testing, analysis, manufacture, in-process



controls and other aspects (process, process conditions, services and utilities including water system, environment, hygiene and HVAC system, among others) used in medicinal product manufacture. The analytical development scientists devised and validated different cleaning methods to detect residual products in formulation tanks and product contact equipment. Quality control chromatographic instruments are sustained by reliable validated software formats that follow 21CFR.

Venus's quality assurance system pursues clearly defined responsibilities, updated processes, standard operating

procedures and cyclic training, among others. The Company provides round-the-clock video surveillance in manufacturing sites and warehousing facilities. Such records are accessible to authorised persons. Periodic audits ensure strict systemic adherence.

Key initiatives, 2010-11

Process improvement: Introduced closed sterility testing to minimise human intervention during the sterility testing of finished products; implemented the Six Sigma across manufacturing facilities for zero error.

Investment: Introduced video jet machines to print a batch-wise unique

code on seal to maintain the unique identity of the products; introduced the sophisticated integrity tester to automate the bubble point test for accurate results; invested in the Head Space GC to comply with the latest

requirements in drug analysis and generate accurate results; added the Rapid Resolution Liquid Chromatography (RRLC) to optimise analysis time and provide accurate results.

Packaging: Invested in automated cartonator machines and blister packaging machines to minimise human intervention during product packing.



Venus was awarded a contract to supply its anti-cancer product Docetaxel to Thailand by the Government Pharmaceutical Organisation (GPO) under the Ministry of Health, Thailand. The patent of the product Docetaxel is still valid in Thailand and the award was given on the basis of product quality at affordable prices. The GPO will make the product available among those who cannot afford expensive anti-cancer drugs.

BUSINESS ENABLERS

04MARKETING

GLOBAL PRESENCE

60+

March 31, 2011

GLOBAL MARKETING OFFICE

11

March 31, 2011

DOMESTIC STOCK POINTS

2,000stockists

March 31, 2011

DOMESTIC AVAILABILITY

40,000Chemists

March 31, 2011



Highlights, 2010-11

- Sales volumes climbed significantly consequent to an expanding global footprint and deeper penetration in existing markets
- Volumes of Sulbactamax surged in Africa, Asia, the Middle East and in the CIS countries

- Received nine Market Authorisations from European regulatory authorities
- Received a sizeable tender for oncology products from Ethiopia and a large volume order for one oncology product from the Thai government
- Won a contract from the Thai government for anti-cancer drug

PRODUCTS

75+

March 31, 2011

THERAPEUTIC SEGMENTS OF PRESENCE

21

March 31, 2011

RESEARCH PRODUCTS

10

March 31, 2011

NEW PRODUCT ADDITION IN TRAILING 3 YEARS

30

March 31, 2011

Docetaxel, a product that continues to enjoy patent protection in Thailand. The one-year contract was awarded after a detailed plant audit as per international standards. The contract should generate estimated revenues of ₹100 million

- Domestic sales volume surged owing to deeper and wider marketing

Overview

Venus' product spaces are marked by relatively low competition and international relevance.

Domestic marketing

- The domestic network comprised 650 members, supported by a robust network (2,000 stockists, 40,000 chemists and 120,000 medical practitioners)
- The supply chain delivered goods to customers across India within 48 hours
- The in-house software (SPINE) maintains online vigilance across all distributor stocks and sales
- The automated field staff reporting system facilitates swift decision making
- The distribution and marketing support department is the backbone for domestic marketing. This department manages product distribution, provides logistics support to field staff and acts as an information centre for sales-related information

- The Company created 'Passion OncoBiz' aimed at offering affordable life-saving medicines to the Indian masses – it comprises two sections: Strategic tie-ups and institutional sales
- The Company enjoys strategic tie-ups with leading Indian pharmaceutical companies like Abbot, IPCA, Glenmark, Lupin, Elder, among others
- The institutional segment markets products to Indian government/ government-aided hospitals

International marketing

- The Company markets 44 products in the international markets, of which three are proprietary research-based products
- The Company's 60-nation footprint spans Africa, the Middle East, Asia-Pacific, CIS, Europe and Latin America
- International marketing is managed through 11 global marketing offices and a 50-member marketing team
- The Company has 20-plus alliances with international pharmaceutical companies to market products globally
- The Company participates in overseas tenders with local distributors' assistance
- The Company created a special team to promote products worldwide

Venus – global product portfolio

Category	No. of products	Presence
R&D products	7 products	12 nations
Oncology liquid	10 products (in various dosage forms)	19 nations
Oncology lypholised	9 products	23 nations
Carbapenem	3 products	38 nations
Cephalosporin and other injectables	9 products	14 nations
PFS and infusions	5 products	11 nations

The Company is enhancing its presence in high-growth, high-value therapeutic segments with novel products namely nephrology, urology, pulmotherapy, neonatology, paediatrics, physician, ENT specialists, diabetologists, psychiatrists and reconstructive plastic, orthopedic and general surgery, among others.

The Company plans to expand its field presence in coming years; four new

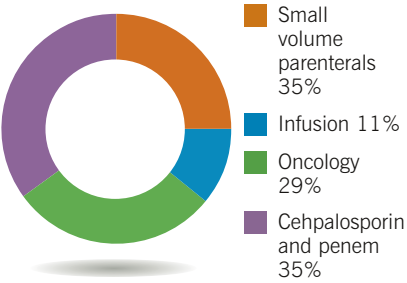
products (two Venus R&D products and two import substitutes) are in the pipeline.

Key initiatives, 2010-11

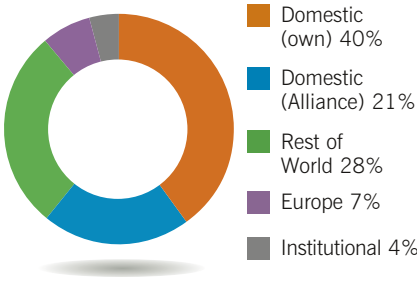
Product launches: Introduced six products in the global market; introduced 21 new products in the domestic markets; launched one research product in Uganda and registered one research product in Malaysia

Alliances: Forged business relations with leading global pharmaceuticals companies to expand its global footprint. They include Panacea Biotec for Australia and New Zealand, PharmaScience (Canada), Pharmasin (Cyrus), Laboratórios Azevedos (Portugal), Biomaxx (Philippines), Commonwealth Drugs (Bahamas), Biokal (Barbados), Homos Medical (Colombia), Medicamentos Avanzados (Guatemala), among others.

Revenue segmentation by product



Revenue segmentation by product



The anti-cancer drug segment contributes 29% of the Company's sales with more than 300 Market Authorisations from 25 countries (including the UK, Germany, Poland and Portugal).

BUSINESS ENABLERS

05HUMAN CAPITAL

Highlights, 2010-11

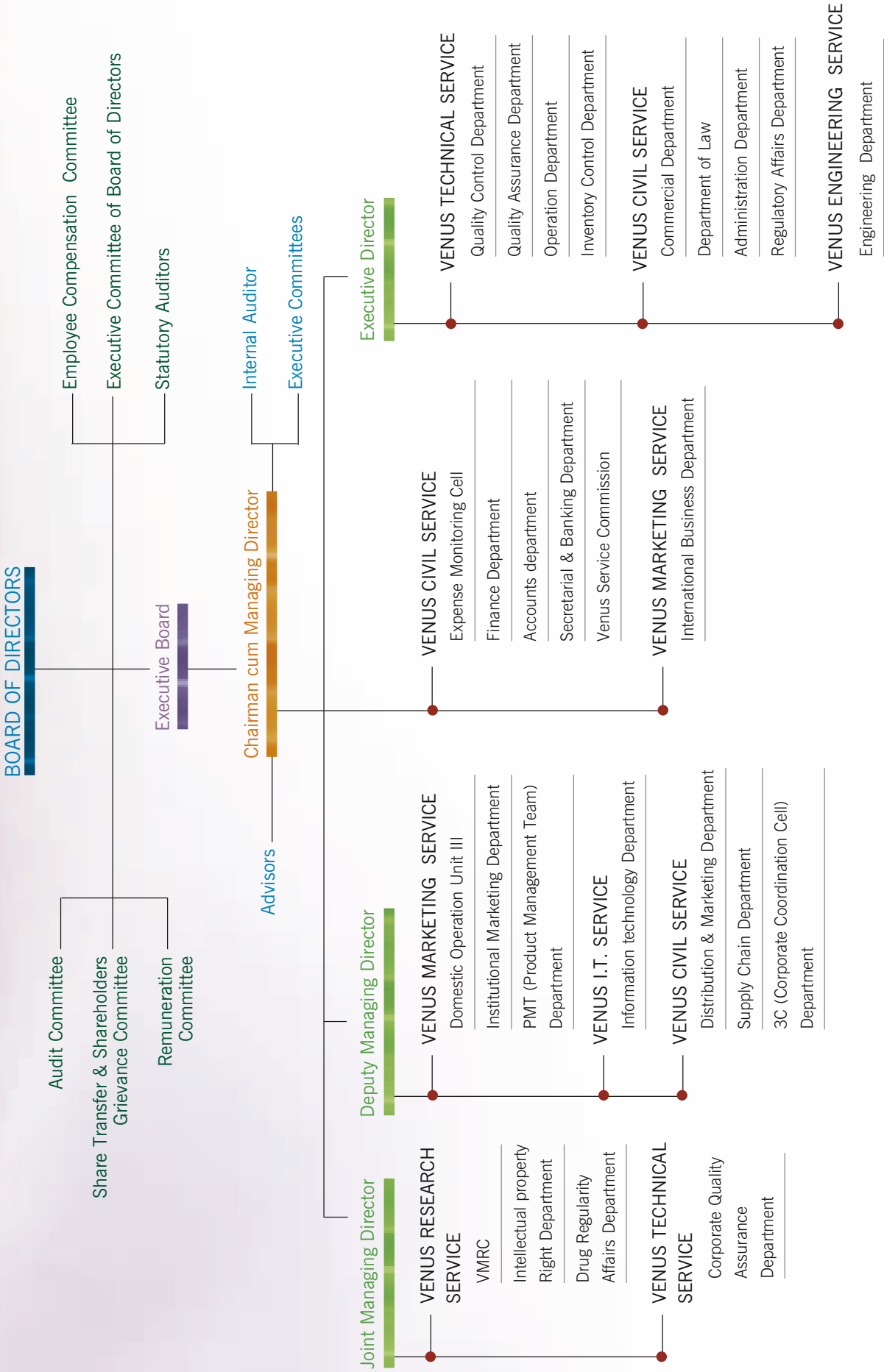
- Recruited 150 new members to the organisation
- Conducted 7,130 person hours of training
- Invested ₹11.1 million in various training programmes for the team
- Formed 10 committees to manage different departmental projects

Overview

The Company's human capital comprised 1,400 professionally-qualified and dedicated members. The team is driven by target achievement, discipline, creativity and hard work.



ORGANISATIONAL STRUCTURE



The Company's human resource policies aimed at developing an empowered, dedicated and motivated workforce, preserving the Company's global positioning.

Recruitment: Through the employee referral platform, existing employees are encouraged to suggest candidates. Homegrown management is preferred wherein recruitments largely happen at the lower level; senior positions are plugged through internal promotions. The Company institutionalised the Venus Service Commission (VSC) as an independent body for impartial consideration on all service matters and having the final authority in all people-related issues.

Training: The Company's training philosophy is 'Each one understand and teach another'. Training is provided at various levels with the aim of refining existing employee skills and knowledge.

External training: The Company encourages staff members to obtain various research degrees and refresh their subject understanding by participating in various national and international conferences/seminars/workshops. PhD and M Phil degrees were awarded to staff members under different collaborations. Besides, staff members are sent to international conferences, national conferences and workshops. Venus Medicine Research Centre provides training to the team members.

Internal training: Internal training programmes are designed and imparted by HRM training cell.

Tutor and Trainee Programme: The Venus Institute of Management launched the Tutor and Trainee Programme in 2008 to catalyse continuous learning. It ensures the

transmission of experience and methods specific to the Company from seniors to juniors, enabling the organisation to develop and preserve internal expertise. Since its inception, the T&T programme addresses the training needs of participants.

Departmental training (Mini T&T): Under this unique training concept, all departments invest in internal training. The programme comprises meditation, general lecture, inspirational topic-based lecture, feedback exam and an intellect-testing game.

Self learning: The Company encourages team members to participate in challenging projects through cross-functional teams – an opportunity to demonstrate their technical competence and team spirit. It also allows the Company to hand-pick next generation leaders for diverse operational functions.

Fortune 500
Venus Fortune 500, a ten-year project (2008-2018) has reached to Fortune-100 people and will further help identify the next top-50 entrants to the Fortune 500 camp of dedicated and talented employees.

Infrastructure
The Company provides the best working infrastructure and environment. The Company provides well-designed work stations comprising advanced IT systems. Besides, the Company's internal websites, Enjoy Innovation and Venus ERP, provide real-time updated organisational information. Its canteen provides quality subsidised food; transportation is also provided to team members.

Social schemes
The Company instituted various

employee welfare schemes, including the marriage policy, education policy, Shagun policy and the policy for condolence events in which the Company extends financial assistance to the employee or his/her family members as per the terms of the scheme.

Awards
The Company rewards high performance; marketing personnel were offered target-related incentives and schemes in addition to salary. At the Annual Day, the Company recognised the Best Employee, Best in-Discipline, Best Newcomer and Best Team, among others.

Venus as a nation
Venus constitution: The Company, to be a globally admired organisation, has well-laid vision and mission statements, laying the foundation for each of its activities. Our Company Vision depicts the statement 'We Shall build Venus as a Nation'. Every nation is run with some defined laws, rules and regulations. Keeping this in view, it is important that all its acts, policies and procedures are enshrined in its constitution which will become a document for generations to follow.

VENUS army: Venus Army's motto 'Organisation is Supreme, not the Individual', highlights the true strength of the organisation – the strength that lies within each and every employee as a soldier. Venus Army, on the completion of its third successful year of establishment, with a strength of 150 soldiers celebrated its Army Day on December 27, 2010 with great enthusiasm.

Venus' emblem: On July 28, 2009, the 'Venus Logo' was renamed 'Venus Emblem', depicting an elated man

expressing joy and showcasing the Company's products, services, aspirations, ethics and values. The pyramid in the emblem represents employee energy.

Venus song: Venus Song was adopted under the banner of the Venus Constitution in 2009. This song enshrines the Company's core values. Every organisational function/event begins with the recital of this song

Venus Museum: The Venus Museum enshrines documents, presentation files, slides and other information. It records the Company's legacy for the benefit of existing and prospective members.

BUSINESS ENABLERS

06 SUPPLY CHAIN

TEAM
20+

DOMESTIC TOUCH POINTS
48 distributors

INTERNATIONAL DESTINATIONS
60 nations

CARGO MANAGEMENT
15 companies

VEHICLES MANAGED PER DAY
15



Highlights, 2010-11

- Invested in warehousing and logistics upgrades including world-class racking systems, sophisticated product handling equipment, enhanced cold storage infrastructure and air-conditioning systems to comply with stringent GMP norms
- Constructed a 7,000 sq. ft warehouse to store wholesale products

Overview

Domestic logistics

- The supply chain team operates three warehouses in Baddi and

Panchkula (cumulative 14,000 sq. m. and 2,500 pallets capacity).

- The facilities are equipped with sophisticated temperature-controlled environments (temperatures up to 25 degree Celsius as per WHO-GMP norms), cold rooms (temperatures 2-8 degree Celsius) for cold chain products, sophisticated stackers and trolleys for material handling

- The Company's product movement is handled by 15 reputed cargo management operators that provide online cargo tracking and auto messaging facilities

BUSINESS ENABLERS

08INFORMATION TECHNOLOGY

Highlights, 2010-11

Invested about ₹ 40 million in enhancing the effectiveness of the Company's IT solutions

Overview

Information technology plays a pivotal role in a knowledge-driven industry, converging data from diverse sources and processing it into critical information. The Company invested in cutting-edge technology for its IT systems in keeping with increasing business complexity and growing scale. It reinforced its competent IT and communication team to upgrade the system software, communication equipment know-how and application software, reducing outsourcing.

Venus's unique state-of-the art software (SPINE) fulfils all FDA requirements. The software facilitates automation, locational integration and provisions. Besides, the Company's marketing field operation is also automated via SPINE; pan-India distributor sales and stock information is monitored in real-time; the field staff operations are connected through SPINE to enhance productivity. Based on the client-server model, it centralises data storage and processing with distributed data entry system to minimise duplication, manual errors and reconciliation.



What makes Venus' IT infrastructure unique?

- Open source technology strengthened integrity, security and portability
- Fully automatic PLC-controlled equipment was installed at all plants, integrated with SPINE through an in-house designed supervisory control and data acquisition (SCADA) system.
- SPINE captured data from every machine, processed the same and highlighted important production and productivity data (batch-wise production, machine working hours, output per machine, machine breakdown and efficiency, among others)
- An auto barcode and pallet identification system monitored materials across India

- The automated supply chain covers material receipt, dispatch, product tracking and identification
- Colour-coded decals bearing client name and product destination are pasted on each consignment box to reduce consignment and destination mismatches

International logistics

- The international logistics and sample section is specialised in intercontinental cargo delivery, covering a range of services from document to charter-load shipments
- The Company's international logistics and sample section provides logistics services to clients across 60 nations; shipments are tracked hourly to ensure timely delivery
- The Company deploys a dedicated team for customs clearance of all regulated and semi-regulated markets. The team offers diverse service options: DTD (Door-to-Door), DTA (Door-to-Airport), ATD (Airport-to-Door), ATA (Airport-to-Airport), Ex works, DDU (Duty-Delivery-Unpaid) and DDP

(Duty-Delivery-Paid) to its customers

- The international logistics team handles numerous temperature-controlled shipments (2°C –8°C) to international destinations
- The team has a ready reckoner of air freights to 72 nations through multiple airline options for each destination, optimising logistics expenses; direct air haul from India to destination countries are preferred.
- The Company uses the International Packaging Standards for safe product delivery. Pallet packaging helps standardise product packaging and optimises international logistics costs

Key initiatives 2010-11

Cost optimisation: The Company relies on rail roads to dispatch its products

across India as against the conventional practice of air-lifting material. This ensures that the Company's products are delivered within 24-72 hours in addition to significantly reducing logistics costs by a factor of 4 to 5.

Airline tie-ups: The Company tied-up with leading global airline companies (Lufthansa, British Airways, Emirates, KLM, Cathay Pacific and Thai Airways) to de-risk its international logistics operations.

Communication: The Company assigned a specialist for each country to manage liaison communications with customers and to provide updates on the status of their shipments regularly.



The Company streamlined its supply chain planning by publishing domestic and global distribution maps (shared with every client) marking the road, rail, air and sea routes specifying distances to be covered and the corresponding ETAs to reach the destination.

BUSINESS ENABLERS

07INTERNAL AUDIT

The Company introduced an integrated internal control system in line with the nature and size of the business. The internal auditors ensured that the Company complied with all statutory requirements and implementation of corporate policies. Within departments, the monthly audit

reports were discussed to bridge discrepancies if noted. To look after the various development projects (including human resource development), 10 committees were formed in 2010-11. The minutes of the monthly committees meetings were delivered to the management to

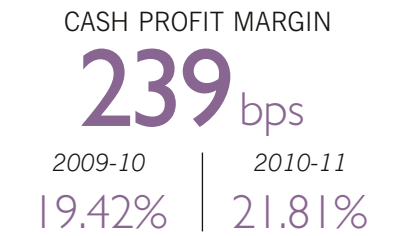
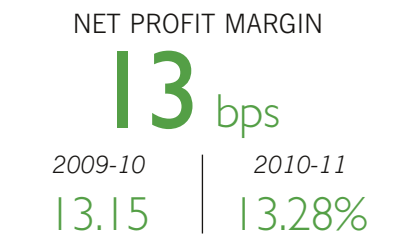
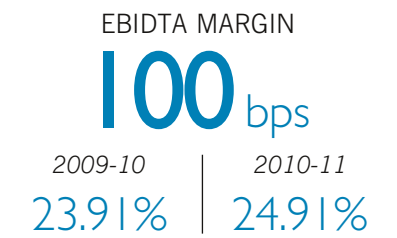
acquaint them with the plans and developments. Increasing productivity and accuracy was achieved through a new ERP. Suggestions by the statutory auditors, the Audit Committee of the Board and above mentioned committees were taken into account.

ANALYSIS OF THE FINANCIAL STATEMENTS

VENUS REGISTERED A ROBUST PERFORMANCE IN 2010-11 MARKED BY A 15% TOPLINE GROWTH AND SIMILAR BOTTOMLINE GROWTH. AND THIS IS JUST THE BEGINNING OF A SUSTAINED UPTICK IN THE COMPANY'S COMMERCIAL FORTUNES AS ITS PATENTS GET CONVERTED INTO HIGH VOLUME, HIGH-VALUE REVENUE INFLOWS OVER THE COMING YEARS.

A. PROFIT AND LOSS ACCOUNT

Profitability



Highlights, 2010-11

Business operations

- Net sales grew 14.54% from ₹3,119.30 million in 2009-10 to ₹3,572.73 million in 2010-11
- EBIDTA grew 19.31% from ₹745.97 million in 2009-10 to ₹890.01 million in 2010-11
- Profit after tax increased 15.66% from ₹410. 49 million in 2009-10 to ₹474.78 million in 2010-11
- Earning per share (basic) increased from ₹48.45 in 2009-10 to ₹52.01 in 2010-11

Total income

Income from business operations: Net sales climbed 14.54% from ₹3,119.30 million in 2009-10 to ₹3,572.73 million in 2010-11, owing to increased offtake of the Company's innovations in both domestic and international markets – the proportion of revenue from innovations increased from 26.56% in 2009-10 to 31.47% in 2010-11. Exports increased 23.78% from ₹997.86 million in 2009-10 to ₹1,235.18 million in 2010-11

2010-11; domestic sales increased 10.19% from ₹2,121.44million in 2009-10 to ₹2,337.55 million in 2010-11.

Cost analysis

Total expenditure (excluding taxation) increased 15.10% from ₹2,630.92 million in 2009-10 to ₹3,028.38 million in 2010-11, largely driven by increased operational scales.

Operating expenses

Total operating expenses increased in line with growing business operations, and the Company's focus on establishing an expansive global footprint.

Raw material cost: The cost of raw material in percentage to sales decreased from 58.41% in 2009-10 to 55.95% in 2010-11, due to efficient raw material use and the manufacture of research and specialised products.

Manufacturing expenses: Additional expenditure on power and fuel and emoluments were the key drivers behind the 22.66% increase in

manufacturing expenses. While the increase in power and fuel had a direct co-relation with growing business operations, escalations in employee expenses was due to the recruitment of a higher headcount to manage shop-floor operations and periodic salary increases.

R&D expenses: R&D investments boosted R&D capabilities. R&D expenses increased 15.86% in 2010-11 over the previous year – it stood at 3.59% of net sales in 2010-11 against 3.55% in 2009-10.

Selling expenses: With patent approvals gaining steam at a fast pace, the Company strengthened its focus on marketing research-based products worldwide. This resulted in a 27.37% increase in selling expenses from ₹261.35 million in 2009-10 to ₹332.88 million in 2010-11 – the key cost drivers being advertisement, sales

promotion expenses, traveling and conveyance (to boost brand recall). These expenses will yield significant returns.

Financial expenses

Interest and financial charges increased 34.04% from ₹139.56 million in 2009-10 to ₹187.07 million in 2010-11. This increase was largely on account of the increase in the interest rate and other banking services charges.

Non-cash expenses

The total non-cash expenses (depreciation and miscellaneous expenditure w/off) increased largely due to an increase in the depreciation provision by 45.84% from ₹116.87 million in 2009-10 to ₹170.44 million in 2010-11. This was due to a 33% increase in the gross block and writing off the IPR as per the accounting

standards.

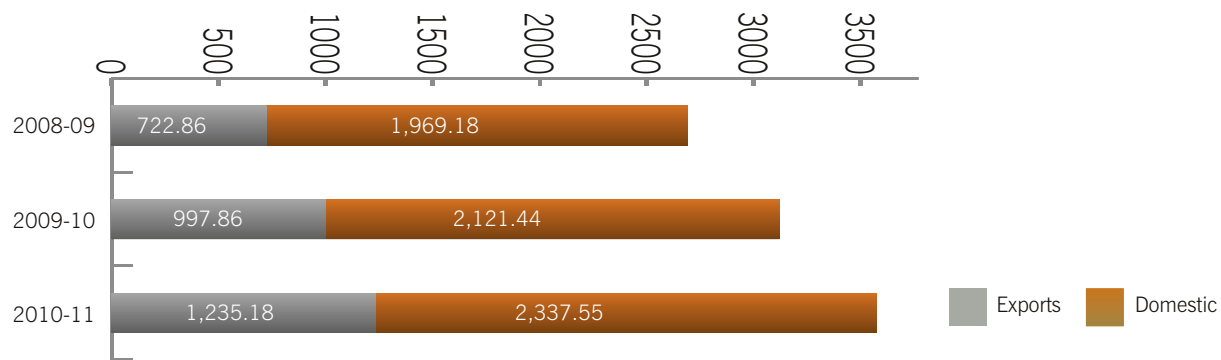
Margins

The Company consolidated its business margins at the operating and net levels. Consequent to improved business, EBIDTA expanded 19.31% from ₹745.97 million in 2009-10 to ₹890.01 million in 2010-11. EBIDTA margin improved 100 bps from 23.91% in 2009-10 to 24.91% in 2010-11. The net margin during the year improved marginally by 13 bps.

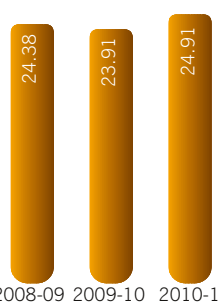
Taxation

The Company's current tax liability decreased about 11% from ₹63.20 million in 2009-10 to ₹56.14 million in 2010-11, largely due to increased MAT credit availed by the Company. This was largely due to the increased R&D investment in initiatives where the Company enjoyed a 200% weighted deduction u/s 35 (2ab).

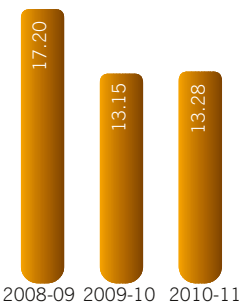
Revenue segmentation by region (₹ million)



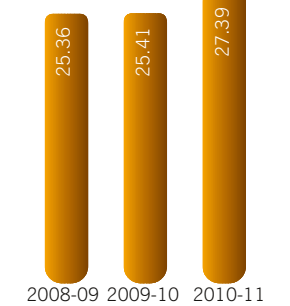
EBIDTA margin (%)



Net Profit margin (%)



Dividend payout (₹ million)



Operating cost matrix

	2010-11	% of total cost	2009-10	% of total cost	Increase y-o-y (%)
Operating expenses	2,662.23	87.91	2,361.77	89.77	12.72
Financial expenses	187.07	6.18	139.56	5.30	34.04
Non-cash expenses	179.08	5.91	129.59	4.93	38.19
Total	3,028.38		2,630.92		

B. BALANCE SHEET

Highlights, 2010-11

- Reserves and surplus balance increased 36.04% from ₹1,714.72 million as on March 31, 2010 to ₹2,332.69 million as on March 31, 2011.
- Book value per share strengthened from ₹211.14 as on March 31, 2010 to ₹269.90 as on March 31, 2011
- Debt-equity ratio improved from 0.84 as on March 31, 2010 to 0.76 as on March 31, 2011

Capital employed

The capital employed (net worth and external liabilities) increased 31.75% from ₹3,358.65 million as on March 31, 2010 to ₹4,424.92 million as on March 31, 2011. The growth was mainly contributed by higher reserves and increased external debt during the year. Much of the additional funds were deployed in asset building which will yield sizeable returns in the current year.

Shareholders' funds: Net worth increased 37.73% from ₹1,788.97 million as on March 31, 2010 to ₹2,463.91 million as on March 31, 2011. Net worth as a proportion of total capital employed climbed from 53.26% as on March 31, 2010 to 55.68% as on March 31, 2011, reflecting a muscular Balance Sheet. As a result, the intrinsic value or book value per share increased from ₹211.14 as on March 31, 2010 to ₹269.90 as on March 31, 2011.

Equity share capital: It increased from ₹84.73 million as on March 31, 2010 to ₹91.29 million as on March 31, 2011, as the Company issued 12, 00,000 share warrants to Sunev Pharma Solutions, out of which 600,000 warrants were converted into 6,00,000 equity shares. The Company also allotted 37,137 equity shares to FCCB holders for converting FCCB bonds. The promoter holding and FII holding as on March 31, 2011 stood at 30.46% and 15.27% respectively.

Reserves and surplus: Reserves and surplus increased 36.04% from ₹1,714.72 million as on March 31, 2010 to ₹2,332.69 million as on March 31, 2011, owing to the premium on issue of capital as well as transfer of ₹442.97 million (93.3%) from the net profit earned during the year.

Loan funds: Total loan funds increased 25.08% from ₹1,493.90 million as on March 31, 2010 to ₹1,868.59 million as on March 31, 2011. The additional debt was invested in additional operating facilities, R&D capabilities and the creation of a global trade centre.

Interestingly, the Company altered its debt management strategy – it replaced unsecured loans with secured loans clearly reflected in the alteration in the debt portfolio.

Despite an increase in external funds, debt-equity ratio escalated from 0.84 as on March 31, 2010 to 0.76 as on March 31, 2011.

Application of funds

	2010-11		2009-10		Y-o-y growth (%)
	Amount	% of total	Amount	% of total	
Net block	2,740.42	61.90	2,108.36	62.58	29.98
Capital work-in-progress	153.06	3.46	8.59	0.25	1,681.84
Investment	283.71	6.41	247.89	7.36	14.45
Net current assets	1,247.73	28.18	993.81	29.50	25.55
Miscellaneous expenditure not w/off	2.03	0.05	10.67	0.32	(80.97)
TOTAL	4,426.95	100	3,369.32	100	

March 31, 2011, reflecting the sound health of the Company's Balance Sheet.

Fixed assets: The gross block increase was primarily due to an addition of equipment to the existing facilities to meet international regulatory benchmarks and strengthen manufacturing capability in terms of volume and product quality. This will enable the Company to manufacture additional volumes for the domestic market and exports. The contemporariness of the fixed assets was reflected in an important statistic – accumulated depreciation accounted for about 14% of the gross block – a competitive edge in the pharmaceutical space. The sizeable growth is capital work-in-progress was largely due to the

global trade centre under construction and the cell culture laboratory expected to be fully commissioned in the current year.

Investments: The investment portfolio grew marginally due to the increased investment in the Company subsidiary Venus Pharma GmbH. This investment is long-term in nature.

Net current assets: Net current assets increased largely on account of increased regulatory filings, necessitating the team to create product batches that need to be stored till approvals are received and increased operational scale – this signifies an increase in financial commitment to support expanding the

pace and scope of business operations.

The current ratio increased marginally from 1.53 as on March 31, 2010 to 1.68 as on March 31, 2011. The working capital as a proportion of capital employed declined from 29.59% as on March 31, 2010 to 28.20% as on March 31, 2011. While the average inventory cycle increased from 72 days in 2009-10 to 77 days in 2010-11 (largely owing to product batches creation and storage pending approvals), the debtors cycle remains at the same level inspite of the increase in the sale volume from about 37 days in 2009-10 to about 37 days in 2010-11 – signifying a faster churn of financial resources, thereby boosting business liquidity.

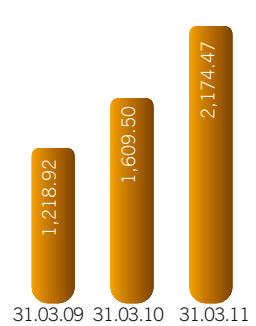
Sources of funds

	2010-11		2009-10		Y-o-y growth (%)
	Amount	% of total	Amount	% of total	
Equity capital	91.29	2.06	84.73	2.51	7.74
Share application money	41.96	0.95	0.19	0.01	
Reserves and surplus	2,332.69	52.69	1714.72	50.89	36.04
Loan funds	1,868.59	42.21	1,493.90	44.34	25.08
Deferred tax liability	92.42	2.09	75.78	2.25	21.96
TOTAL	4,426.95	100	3,369.32	100	

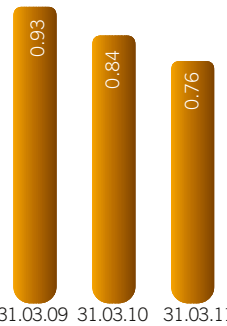
Debt mix

	2010-11		2009-10		Y-o-y growth (%)
	Amount	% of total	Amount	% of total	
Equity Secured loans	1,647.92	88.19	916.65	61.36	79.78
Unsecured loans	220.67	11.81	577.25	38.64	(61.77)
TOTAL	1,868.59	100	1,493.90	100	

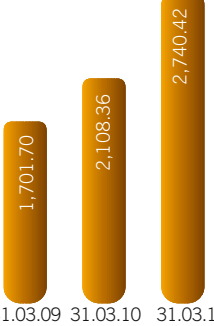
Free reserves (₹ million)



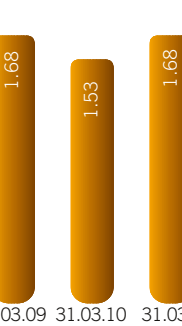
Debt-equity ratio (x)



Net block (₹ million)



Current ratio (x)



DE-RISKING THE BUSINESS

DE-RISKING THE BUSINESS

RISK REPRESENTS THE FACE OF BUSINESS UNCERTAINTY, AFFECTING CORPORATE PERFORMANCE AND PROSPECTS. AT VENUS, THE OVERARCHING OBJECTIVE IS TO REINFORCE A CULTURE OF RESPONSIBLE RISK MANAGEMENT. THANKS TO ITS RICH EXPERIENCE ACQUIRED OVER THE YEARS, THE COMPANY DEVELOPED A RISK MANAGEMENT FRAMEWORK ENCOMPASSING EFFECTIVE PROCESSES, CATALYSED BY QUALIFIED PROFESSIONALS. AS A RESULT, BUSINESS DECISIONS BALANCE RISK AND REWARD FOR A PROFITABLE AND SUSTAINABLE GROWTH.

01 A POSSIBLE GLOBAL ECONOMIC SLOWDOWN COULD HAMPER GROWTH

Mitigation: The pharmaceutical sector is largely unaffected by economic slowdowns; its growth could be marginally impacted at best.	Venus has chosen to be in high-growth therapeutic segments comprising anti-infective, oncology and neurology where demand increases with improving lifestyles. Having mastered	the CVMC technology, it delivers unique, first-time products that fill gap between critical ailments and available therapies, creating new markets and sustaining long-term growth.
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02 EXCESSIVE DEPENDENCE ON FEW NATIONS COULD IMPACT REVENUE GROWTH

Mitigation: Venus's revenue was prudently divided between the domestic market (60%) and exports (40%). In global markets, the Company enjoyed a 60-nation presence, mitigating geographic	concentration risks. With increasing global regulatory approvals, export income as a proportion of total revenue is expected to increase. The Company's global presence facilitates in de-risking growth against an	economic slowdown in particular geographies. The Company's recent investment in the global trade centre is focused on driving global export volumes.
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03 GLOBAL PRESENCE SKEWED IN FAVOUR OF EMERGING NATIONS COULD IMPACT EXPORTS GROWTH AND PROFITABILITY

Mitigation: As a first step, Venus created a wide footprint in emerging markets. With patent approvals from	the EU, South Africa, the UK, Australia and New Zealand and market authorisations for novel products from	the EU, the Company will strengthen its presence in regulated markets, shoring volumes and enhancing profitability.
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04 LACK OF SOPHISTICATED MANUFACTURING COULD IMPACT OPPORTUNITY CAPITALISATION

Mitigation: Venus consistently invested in modernising and upgrading facilities with best-in-class equipment. It invested ₹102.19 million in upgrading units to global standards. The	Company's world-class infrastructure is reflected in 15 GMP approvals received over the past three years. The GCC approval, GMP Sudan approval and contract from the Thailand	Government under compulsory licensing in 2010-11 bear testimony to its world-class facilities.
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05 INABILITY TO LEVERAGE ON PRODUCT PATENTS COULD DAMPEN ABILITY TO TRANSLATE OPPORTUNITY INTO REVENUE

Mitigation: Venus understands the need to transform patent approvals into revenue with speed as exclusivity is for a fixed time period. For this, it strategised to enhance marketing focus. The Company adopted a dual strategy, direct marketing and out-	licensing, for capitalising on patent approvals received so far. As a first step, it is filing dossiers with regulatory authorities of nations from whom it received patent approvals allowing it to market products. Additionally, it invested in a sophisticated trade centre	for focused global marketing and is also discussing with large global pharmaceutical players for out-licensing patented products in key markets, which should yield business accretive results in the current year.
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06 AN INABILITY TO PROVIDE LONG-TERM GROWTH COULD IMPACT VALUE-CREATION

Mitigation: Venus has a large repository of patent approvals, which provide marketing exclusivity in those	nations for over a decade. Besides, it has a huge repository of patent applications (over 250 filings), which	are at various stages of approval and should be cleared by 2015.
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07 LIMITED CAPABILITY TO LAUNCH NOVEL PRODUCTS CAN DILUTE GLOBAL BRAND EQUITY

Mitigation: Venus created a cell within the R&D team to identify ailments with no	complete therapeutic solution. This forms the base for onward research, leading to a	robust product pipeline, which is always maintained at 20-plus unique products.
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08 A PRESENCE IN RELATIVELY SIMPLE BUSINESS SPACES COULD AFFECT PROFITABILITY

Mitigation: Venus is present in complex therapeutic segments like oncology, which provide higher profitability than other therapeutic	segments. The Company launched Passion Oncobiz, a new business division, to focus on specialty anti-cancer products. The Company is	present in the knowledge-intensive niche injectables space and is among India's 10 leading injectables manufacturers.
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"Often the difference between a successful man and a failure is not one's better abilities or ideas, but the courage that one has to bet on his ideas, to take a calculated risk and to act."

Maxwell Maltz

BETTER INDIA. BETTER WORLD.

SAFETY AND HEALTH

"Hard work and a safe environment will accelerate our passion to deliver" - Anonymous

At Venus, we believe that he who has health has hope, and that hope will drive us ahead. This belief has translated into maintaining the highest safety and health standards at the Company's facilities. The Company received the OHSAS 18001:1999 (for safety and health) certification, vindicating its international benchmarks. The Company's 12-member dedicated SHE committee ensures that the each member is fully aware of the safety principles and standards and that the safety infrastructure is fully functional at all times.

Safety training: The Company ensures that every team member is capable of handling emergency situations at all times. It organises regular classroom and practical training through government-approved agencies.

Evacuation plan: The Company's safety programs are based on emergency evacuation plans. The team is kept informed about updated documents; the facilities are well indicated with assembly points.

Fire equipment: The Company's facilities are equipped with sophisticated fire fighting infrastructure. It conducts mock drills periodically and

upto 150 members are trained to manage the fire fighting equipment. Its critical areas (general warehouses and finished goods warehouses) possess smoke sensors with multiple alarm systems.

The results of these painstaking initiatives are:

- Venus completed all its major expansion projects without a single accident.
- Venus was awarded the Haryana Safety and Welfare Award by the Haryana Industrial Safety Council for the least number of accidents for the second consecutive year.

ENVIRONMENT MANAGEMENT

"Waste not the smallest thing created, for grains of sand make mountains and atoms infinity." - E. Knight

Venus is committed to comply with all applicable legal environment requirements and has taken a number of initiatives to benchmark its environment management standards to international levels for which it is accredited with the ISO 14001:2004 (for environment management) certification.

All its operating practices are based on

the principle of efficient resource (material and energy) utilisation. The Company substitutes hazardous materials and recycles resources to the extent possible. It does not generate harmful and chemical wastes; it possesses a full-fledged effluent treatment plant to process plant waste. The waste water is recycled for in-complex gardening.

The Company maintains a garden of different shrubs and decorative plants at its manufacturing units and encourages its team and visitors to plant trees in the surrounding areas. In addition, the Company established a herbal garden at its Baddi facility (Unit II) with a variety of medicinal plants for ayurvedic use.

SOCIALLY RESPONSIBLE

"We have always held to the hope, the belief, the conviction that there is a better life, a better world, beyond the horizon." - Franklin D. Roosevelt.

Venus provides inclusive opportunities for communities proximate to its manufacturing facilities.

Healthcare initiatives

Charitable trust: Venus created Hanuman Chaudhary Charitable Trust funded by 0.75% of the annual salary of every Venus employee to provide healthcare services for public benefit.

Hospital: Laxmi Devi Charitable Hospital completed ten years of its existence in Sirsa district (Haryana) to provide primary level healthcare. Qualified doctors provide free advice and medicines to more than 20,000 patients annually. Every Venus employee contributes towards this initiative.

Health camps: The Laxmi Devi Charitable Hospital organises health camps to enhance general health

awareness as well as diagnostic multidisciplinary camps for free diagnosis. The Company engages in diabetes detection camps with IMA/Lions Clubs/Rotary Clubs, covering free diagnosis and medical facilities.

Patient awareness: The Company publishes a half yearly magazine 'Passion Oncobiz' for creating awareness among cancer patients.

Blood donation camp: Venus organises yearly blood donation camps involving its employees.

Eye donation camp: Venus organised eye donation camps on its premises. Majority of its employees participated in this noble cause.

Training and sponsorships

Venus provides training to students for

their projects across various disciplines. Venus Medicine Research Centre trained its members in M. Pharm, M. Tech Biotechnology and M Sc. The Company also entered into tie-ups with NIPER and the Punjab University to sponsor deserving students for higher studies.

Social activities

Spreading literacy: The Company aids employees' children through fees, uniforms and books. An annual prize distribution function funded and organised by the Company motivated outstanding talent.

Village development: The Company invested in rural infrastructure. It installed a village water system and supported the village panchayat in various community development activities.



DIRECTORS' REPORT



To the esteemed stakeholders of Venus Remedies Limited.

IT GIVES YOUR DIRECTORS GREAT PLEASURE TO PRESENT THE TWENTY SECOND ANNUAL REPORT TOGETHER WITH THE AUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

Financial Highlights

(₹in Millions)

	2010-11	2009-10
Sales & Other Income	3,575.95	3,120.46
Operating Surplus	905.07	745.97
Finance Charges	187.07	139.55
Depreciation	170.43	116.87
Profit before Tax	547.57	489.54
Provision for Tax	72.79	79.04
Profit After Tax (PAT)	474.78	410.49
Provision for Dividend	31.79	29.74
Profit Transferred to General Reserve	300.00	250.00

Operations

During the year under review, your Company achieved a turnover ₹357.27 crores compared to ₹311.93 crores in 2009-2010 registering a 14.52% growth. The Company has

made commendable efforts to meet projected targets and has delivered excellent corporate performance during the year under review. The Company is fully integrated starting from research and development, markets, world class manufacturing facilities (accredited by national and international certifications), state-of-the-art research center (Venus Medicine Research Centre), strong marketing networks and competent manpower.

This growth can be attributed to the following driving factors:

- Reinforced its industry position by launching a dedicated sub-business unit 'PASSION ONCOBIZ' with a product basket of 21 injectibles aimed at all types of cancer.
- Venus became first Indian Company to win GMP certification from Saudi Arabia (SFDA) in Oncology & Carbapenem injectibles space. The Company also received GMP approval from Botswana, Sudan for four of its manufacturing facilities.
- The Company expanded innovation by adding patents for its antibiotic research product Potentox™ from New Zealand, Australia and the Ukraine. Patents for Sulbactamax™ from Europe, Mexico, Russia, Ukraine; in addition, patents have been received from Australasia and New Zealand for research product Vancoplus™. An Indian patent has been granted to Aceclofenac™.

● Venus won a prestigious international award QC-100 TQM (Total Quality Management) in Gold Category in recognition of its commitment to quality, system efficiency, leadership, technology and innovation. The awards were given by Business Initiative Directions (BID) International Quality Convention 2011, held in Geneva, Switzerland.

● Venus has developed a research product "Arthritis" which starred in the India Innovation Growth Program 2011, organised by FICCI, Department of Science and Technology, Government of India, Lockheed Martin Corporation, IC2 Institute at the University of Texas and the Indo-US Science & Technology Forum

The Company created yet another landmark, by getting Marketing Authorisation from the Western European nation, Portugal for its high specialty antibiotic penem pharmaceutical product Imipenem+Cilistatin™. And Market Authorisation for GEMCITABINE, one of the key products for the treatment of Cancer via de-centralised procedure from Medicine and Healthcare Regulatory Agency (MHRA) in the United Kingdom.

● Venus successfully completed Phase III clinical trials of new Aminoglycoside molecule, Etimicin Sulphate™. Venus owns the exclusive manufacturing and marketing rights for this product in India.

● First Indian Company to receive GCC approval to market its Oncology & Carbapenem range of products in the Gulf Co-operation Council region.

Management discussion and analysis

A detailed report on the Management discussion and analysis is provided as a separate section in the annual report.

Pledge of Promoter's shareholding

The promoters have pledged 19.30 lakh shares as collateral security to banks for credit facilities sanctioned to the Company.

Dividend

The Board has recommended a Dividend of ₹3/- per share for the year 2010-2011.

Fixed Deposits

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, and the Rules made there under.

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

The prescribed particulars as required under Section 217(2)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure forming a part of this Report.

DISCLOSURES UNDER SEBI (EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME) GUIDELINES, 1999

The particulars are set out in annexure forming part of the report.

Particulars of Employees

The Company does not fall under these guidelines as per Ministry of Corporate Affairs Notification dated March 31, 2011.

Directors' Responsibility Statement

Your Directors pursuant to Section 217(2AA) of the Companies Act, 1956 state as follows:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had 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 at the end of the financial year and of the profit or loss of the Company for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors had prepared the annual accounts on a going concern basis.

Directors

Mr. S.K. Chadha and Mr. Hari Pal Verma retire at the ensuing Annual General Meeting and have offered themselves for re-appointment. The details of the appointment are mentioned in the Notice of the meeting.

Auditors

The statutory auditors, M/S J.K. Jain & Associates retire at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. The Audit Committee has also recommended their re-appointment. The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not require further explanation.

The Company has appointed M/s C.L. Bansal & Associates, Cost Accountants as Cost Auditor for the financial year 2011-2012 and the central government has approved the said appointment.

Corporate Governance

Your Company has complied with the mandatory provisions of the corporate governance as per the requirement of Clause 49 of the Listing Agreement. A separate detailed report on Corporate Governance and Auditor's certificate on its compliance form part of this Annual Report.

Acknowledgements

The Board sincerely thanks employees for their dedicated services at all levels. We also acknowledge the support and wise counsel extended to us by the analysts, bankers, government agencies, shareholders and investors at large, the advisers on our panel, all concerned regulatory authorities, our business associates, suppliers, the medical fraternity, patients and last but not the least, our shareholder's family for their unflinching support, constant guidance and trust in Venus Remedies Limited.

For and on behalf of Board of Directors,
For **VENUS REMEDIES LIMITED**

Place: Panchkula
Date: July 26, 2011

Pawan Chaudhary
*Chairman
& Managing Director*

C. Total energy consumption and energy consumption per unit of production:

FORM A		
A. Power and Fuel Consumption:	2010-11	2009-10
1. Electricity		
a) Purchased		
Units	27,93,675	20,81,765
Total amount (₹)	1,54,71,703	1,09,32,690
Rate/Unit (₹)	5.54	5.25
b) Own Generation		
(i) Through diesel generator set		
Units	7,24,262	6,76,471
Total amount (₹)	63,72,672	59,28,067
Rate/Unit (₹)	8.79	8.76
ii) Through steam turbine/generator	Nil	Nil
2. Coal consumption	Nil	Nil
3. Furnace oil & LDO		
Quantity (Ltr.)	86,394	1,89,264
Total amount (₹)	22,77,951	49,09,581
Average Rate (₹ / Unit)	26.37	25.94
4. Other/Internal Generation	Nil	Nil
B. Consumption per unit of Production:		
There are no specific standards as the consumption per unit depends on the product mix.		

ANNEXURE TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

1. Conservation of Energy

A. During the year under review, approx. ₹60 lakhs was invested in energy conservation:

1. The areas in Unit-II like warehouse-I, reception and office block have been connected with a central chilled water cooling system instead of packaged air conditioning units. An average saving of 56 units of electrical energy per hour was achieved in addition to better temperature control.

2. Likewise for the areas in Unit-I such as administration office block where an average saving of 36 units of electrical energy per hour has been achieved in addition to better temperature control.

3. The old re-winded motors are being replaced with new energy efficient star-rated motors to save electrical energy.

4. A new high efficiency package type steam generator (boiler) of capacity 850 Kg/Hr. replaced in place of the old boiler of capacity 600 Kg/Hr in Unit-I which is having low electrical consumption and higher capacity on less fuel consumption.

5. A SCADA-based synchronisng control panel has been installed at Unit-II to control the running of all the diesel generator sets as per the load requirements resulting in fuel savings and better load management.

B) Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods:

A saving of approximately 20% has been achieved on average energy costs through the measures outlined above.

2. Technology Absorption

FORM B

R&D in Venus:

Venus Medicine Research Center (VMRC) duly approved from DSIR Government.of India is fully equipped with modern infrastructure. VMRC has established itself as an intellectual property (IP) wealth generation source for the corporate parent. It is driven by a team of intellectuals which includes more than 50 well-qualified and experienced scientists discovering formulations and medicines which are safe and cost effective. VMRC aims at developing and formulating new and medically required fixed-dose combinations, novel drug delivery systems including target-based delivery of drugs, especially for tumours and nanotechnology-based innovation.

Modern Research Infrastructure:

- 8 dedicated pilot plants for sterile products handling
- Well developed animal house approved by Committee for the Purpose of Control and Supervision on Experiments on Animals (CPCSEA)

- Team of more than 60 scientists & support staff
- 9 high-tech testing laboratories of international standards benchmarked to cGLP
- Well equipped e-library
- Cell Culture and Molecular Biology (CCMB) laboratory

The R&D centre is working on developing formulations in the oncology segments, broad spectrum antibiotics and NSAIDs.

VMRC is specialised into developing novel formulations for oncology, neurology, cardiometabolic, emergency care medicines, pain management and antibiotics. VMRC has made significant breakthrough in combating the menace of antibiotic resistance.

The Major area of Research work includes:

1. NDDS (Novel Drug Delivery System)
2. Formulation Development
3. Process Development and Technology Transfer
4. Analytical and Chemical Research
5. Stability, Toxicity and Pre- Clinical Studies

- 6. Natural product Research
- 7. Clinical Research Division
- 8. ORS-Office of Research Support

Cell Culture and Molecular Biology

The Cell Culture and Molecular Biology (CCMB) laboratory meets international standards through the use of modern laboratory equipment like PCR, RT-PCR, gel doc, blotting apparatus, CO2 incubator, microscopes (inverted and upright), cooling centrifuge, cell counter etc. CCMB is certainly a prestigious department at VMRC, all is set to give innovative solutions to human diseases. Cell Culture and Molecular Biology lab is a practical resource for molecular biology, animal cell culture, cell biology, and medical genetics and is equipped with the most ultra-modern life science instrumentation and apparatus. CCMB lab is equipped to carry out following studies:

- Protein / Enzyme / DNA/RNA purification and characterisation
- Electrophoresis (Native & SDS-PAGE, Agarose gel)
- Blotting (Southern, Northern and Western)
- Differential gene expression study
- Cell metabolism studies
- Cell viability, proliferation and inhibition study
- Hybridisation techniques

- Proof of concept at molecular level for NDDS

b. Benefits derived as a result of the above R & D.

Our Research Centre has enhanced value addition in terms of our capabilities and creativity. It has a promising product discovery pipeline of 25 products and 11 research products under Patent Protection worldwide. The Company could expand its patent basket by receiving more patents for its research products. It enjoys a number of tax and duty exemptions as well. Venus Remedies is now eligible for a weighted tax deduction of 200% on its R&D expenses in addition to complete duty exemption on imported materials/equipment and machines.

c. Future plan of action.

- Biotechnology research
- Development of monoclonal anti-bodies
- Polymer-based research
- Peptide research
- Cell-line research

The Research and Development program of the Company has now been refined with a dedicated programme. New vistas of innovation will include the development of monoclonal anti-bodies and biotechnology research. New techniques will aid cost savings and in replenishing the product basket of the Company.

Benefits derived as a result of the above efforts e.g. product development, import-substitution etc.

- a) Commercial launch of new products from manufacturing facilities of the Company
- b) Adding to the Company's product basket for attracting top MNCs into collaboration for specialised product development
- c) Supply of high quality, research products with great

potential to strategic partners

d) The Company's sales and profit margins have been positively impacted by new product launches offering better margins since there is negligible competition for the products being launched by Venus.

Import of Technology

The Company has not imported any technology during the financial year under review.

FORM C

3. Foreign Exchange Earnings and Outgo

Particulars	Currency	Current Year	Previous Year
A. Total Foreign exchange earned	US\$	2,16,76,078	1,98,80,323
	EURO	42,28,190	6,51,085
B. Total foreign exchange used			
i) On import of raw material/ spares and capital goods	US\$	89,32,516	54,52,332
	EURO	1,04,498	56,633
	JPN	37,80,000	–
ii) Expenditure in foreign currency for :			
Salary/incentives	US\$	83,450	31,450
Travel	US\$	15,445	23,900
	EURO	5,912	–
	POUND	–	5200
Regulatory fees for patent/product & plant registration	US\$	21,57,310	17,56,140
	EURO	11,10,478	76,700
	JPN	1,24,650	6,80,020
	GBN	309	–
Exhibition expenses (CPHI)	US\$	1,579	1,180
	EURO	19,376	45,234
Remittance on account of dividends	US\$	1,525	1,614
Subscription	US\$	280	3,966
Commission	US\$	1,77,602	1,83,750
Director sitting fees	EURO	–	76

Disclosures Under SEBI (Employees Stock Option Scheme And Employees Stock Purchase Scheme) Guidelines, 1999

During the year, the Company has allotted 18,866 equity shares pursuant to the exercise of stock options by employees. This was the fourth and last installments of the 1,00,000 Options i.e. 25,000 Options exercised in 2009-10 and out of them 6,134 options were lapsed.

For and on behalf of Board of Directors,
For **VENUS REMEDIES LIMITED**

Sd/-

Place: Panchkula
Date: July 26, 2011

Pawan Chaudhary
Chairman & Managing Director

The annual spending on research would be kept incremental in proportion to the increase in the sales as per the Company's plans:

Particulars	2010-11		2009-10	
	₹ in million	% to turnover	₹ in million	% to turnover
a) Capital Expenditure (R&D-IPR)	557.19	15.60	362.40	11.62
b) Recurring Expenditure (R&D)	128.35	3.59	110.78	3.55

Technology absorption, adaptation and innovation

Technology Transfer Cell

The Company will continue to increase the need for additional product pipelines. In an effort to meet this demand, a technology transfer cell in VMRC examines critical barriers to smooth technology transfers along the entire scale-up process.

In Licensing

- i) Venus has in licensed a Novel Aminoglycoside™ (a new antibiotic) with patent rights from the Chinese innovator
- ii) It licensed technology for Solid Tumor Detection from the University of Illinois, Chicago which would help in early detection and staging of solid tumors using conventional modes. Venus has developed formulations for above technology, protected by IPR
- iii) Joint Research with NIPER for development of Sustained Release Formulations

Important Innovations

- 1. High quality translational research, developing medicines based on market and healthcare needs
- 2. Developed CVMC technology for incompatible products
- 3. Developed 8 novel FDCs to treat mixed multi bacterial infections causing life threatening diseases; this is a global first
- 4. Sustained release single dose NSAID formulations in injectible form
- 5. Nanotechnology-based formulations for treatment of Arthritic disorders
- 6. Successfully developed solvent systems to overcome drug and disease-induced toxicities
- 7. Novel oncology drug polymer protein conjugates for targetted delivery, better efficiency and safety

CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)



Your Company is committed towards good Corporate Governance and works to create an organisation which adopts best practices to ensure that the Company operates not only within the regulatory framework, but is also guided by broader business ethics. The Company believes that good Corporate Governance practices should be followed in the true spirit. The idea is to ensure good conscience, transparency, integrity and openness, which will lead to greater accountability of the persons in charge of the Company and bring benefits to investors, customers, creditors, employees and the society at large.

1. Board of Directors:

A. Composition, category, attendance and number of other directorships of the Directors are furnished below:

As at March 31, 2011 the Board consisted of eight members. The composition, category of Directors and directorships held in other companies by the Directors on the Board of the Company was as under:

Name of Director	Category of Director	No. of outside directorships in Indian Public Companies	No. of Board Committee other than Venus Remedies Limited in which chairman/member
Mr. Pawan Chaudhary (Chairman & Managing Director)	Promoter, Whole time	Suenv Pharma Solutions Ltd	Nil
Mrs. Manu Chaudhary (Joint Managing Director)	Promoter, Whole time	Suenv Pharma Solutions Ltd	Nil
Mr. Peeyush Jain (Dy. Managing Director)	Whole time	Nil	Nil
Mr. Ashutosh (Executive Director)	Whole time	Suenv Pharma Solutions Ltd	Nil
Mr. Jagdish Chander	Independent Non-Executive	Nil	Nil
Mr. Hari Pal Verma	Independent Non-Executive	Nil	Nil
Dr. S. K. Chadha	Independent Non-Executive	Nil	Nil
Dr. Gilbert Wenzel	Independent Non- Executive	Nil	Nil

B. Details of Board Meetings held during the year:

Sr. No.	Date	Board strength	No. of Directors present
1.	April 24, 2010	8	7
2.	May 22, 2010	8	4
3.	June 07, 2010	8	4
4.	July 31, 2010	8	7
5.	August 24, 2010	8	7
6.	October 15, 2010	8	6
7.	December 18, 2010	8	4
8.	January 12, 2011	8	6
9.	January 28, 2011	8	8
10.	March 30, 2011	8	6

C. Attendance of Directors of Board Meetings and at the last Annual General Meeting:

Directors	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Pawan Chaudhary (Chairman & Managing Director)	10	10	Yes
Mrs. Manu Chaudhary (Joint Managing Director)	10	10	No
Mr. Peeyush Jain (Dy. Managing Director)	10	9	Yes
Mr. Ashutosh Jain (Executive Director)	10	9	Yes
Mr. Jagdish Chander	10	7	Yes
Mr. Hari Pal Verma	10	7	No
Dr. S. K. Chadha	10	6	Yes
Dr. Gilbert Wenzel	10	1	No

D. Remuneration Committee

The Remuneration Committee comprises Mr. Jagdish Chander, Mr. Hari Pal Verma and Dr. S. K. Chadha.

Mr. Jagdish Chander is the Chairman of the Committee. The role of the said Committee is to fix the remunerations of the managerial personnel.

Details of the Remuneration Committee meetings held during the year:

S.No.	Date	Committee strength	No. of members present
1.	April 24, 2010	3	3

Attendance at Remuneration Committee Meetings:

Directors	No. of meetings held	No. of meetings attended
Mr. Jagdish Chander	1	1
Dr. S. K. Chadha	1	1
Mr. Hari Pal Verma	1	1

E. Remuneration of Directors

Name of Director	Salary	Sitting Fee	Perquisites	Superannuation	PF	Commission	Total
Mr. Pawan Chaudhary (Chairman & Managing Director)	49,68,000	Nil	80,728	Nil	Nil	Nil	50,48,728
Mrs. Manu Chaudhary (Joint Managing Director)	36,57,000	Nil	Nil	Nil	Nil	Nil	36,57,000
Mr. Peeyush Jain (Dy. Managing Director)	20,01,000	Nil	36,116	Nil	Nil	Nil	20,37,116
Mr. Ashtosh Jain (Executive Director)	16,69,800	Nil	8,302	Nil	Nil	Nil	16,78,102
Mr. Jagdish Chander	Nil	52,500	Nil	Nil	Nil	Nil	52,500
Mr. Hari Pal Verma	Nil	42,500	Nil	Nil	Nil	Nil	42,500
Dr. S. K. Chadha	Nil	42,500	Nil	Nil	Nil	Nil	42,500
Dr. Gilbert Wenzel	Nil	5,000	Nil	Nil	Nil	Nil	5,000

None of the Non-Executive Directors hold any shares or convertible instruments in the Company.

The Non-Executive Directors are paid only sitting fees for attending the Board/Committee meetings.

2. Audit Committee:

The Audit Committee performs the following functions:

- a) Overseeing the Company's financial process and disclosure of financial information to ensure that the financial statement is correct.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any services.
- c) Reviewing with the management, the annual financial statement before submission to the Board.
- d) Reviewing with the management and external and internal auditors, the adequacy of internal control system
- e) Reviewing the adequacy of internal audit function

- f) Discussing with internal auditors any significant finding and follow up on such issues.
- g) Discussing with external auditors before the audit commences on the nature and scope of audit, as well as a post-audit discussion to ascertain any area of concern.
- h) Reviewing the Company's financial and risk management policies.
- i) Examining reasons for substantial default in the payment to depositors, debenture holders, shareholders and creditors, if any.

Composition:
The Committee comprises three Directors. The Committee is headed by a Non-Executive Independent Director.

Details of Audit Committee meetings held during the year:

S.No.	Date	Committee strength	No. of members present
1.	April 24, 2010	3	3
2.	July 31, 2010	3	3
3.	October 15, 2010	3	3
4.	January 28, 2011	3	3

Attendance at Audit Committee Meetings:

Directors	No. of meetings held	No. of meetings attended
Mr. Jagdish Chander	4	4
Dr. S. K. Chadha	4	4
Mr. Pawan Chaudhary	4	4

3. Code of Conduct for Directors

The Company has also put into operation, in terms of SEBI guidelines, a Code of Insider Trading and the same is duly complied by all concerned.

4. Share Transfer & Shareholders' Grievance Committee

Terms of Reference:

- To approve transfer, transmission, sub-division and issue of duplicate shares/debentures and for redressal of investor complaints on all matters
- Name of the Non-Executive Director heading the Committee: Mr. Jagdish Chander

- Name and designation of compliance officer: Ms. Neha Kodan, Company Secretary
- Details of shareholder complaints received, solved, not solved and pending share transfers:

● There was no complaint pending as of close of March 31, 2011. A total of five investor grievances were received for the period April 01, 2010 to March 31, 2011. All complaints were redressed under the supervision of the Committee, no complaint was outstanding as on March 31, 2011
- All the valid share transfer requests received during the above period were duly attended to and processed in time. There were no valid requests pending for share transfers as on March 31, 2011.

5. General Meeting

Details of General Meetings held in last three years:

Financial Year	Meeting	Date	Time	Location
2007-08	AGM	September 22, 2008	10.00 AM	Bal Bhawan, Sector- 23, Chandigarh
2008-09	AGM	September 30, 2009	10.00 AM	Bal Bhawan, Sector- 23, Chandigarh
2009-10	AGM	September 27, 2010	10.00 AM	Bal Bhawan, Sector- 23, Chandigarh
2009-10	EGM	February 15, 2011	10.00 AM	Bal Bhawan, Sector- 23, Chandigarh
● Special resolutions put through postal ballot last year			NIL	
● Items proposed to be conducted through postal ballot this year			NIL	

6. Means of communication:

- a) Publication of quarterly results: Wide publicity in print media.
- b) Management discussion and analysis: Published as part of the annual report under the Director's Report
- c) Shareholders Information Section: Published as part of the annual report under the Corporate Governance report
- d) Company website: The Company has its own website viz. www.venusremedies.com
www.vmmcindia.com
www.venuspharmagmbh.de

where information relating to financial results, launch of new products and official releases to news agencies are

- made available.
- f) Information to stock exchange: All the material developments in the Company informed the stock exchanges where the Company's shares are listed.

7 Disclosures:

- a) There are no materially significant related party transactions made by the Company with its promoters, Directors or management, their relatives, its subsidiaries, among others, that may have potential conflict with the interest of the Company at large. Transactions with related parties during the period are disclosed in Note No.B-19 of Schedule 12 to the Accounts.
- b) Details of non-compliance by the Company, penalties, and

strictures imposed on the Company by stock exchanges/SEBI/statutory authorities on matters related to capital markets during the last three years:

During the last three years, no penalty or stricture was imposed on the Company by stock exchanges/SEBI/statutory authorities on matters related to capital markets.

8. Disclosure of the compliance with adoption/non-adoption of the non-mandatory requirements as per Annexure ID

- 1. The Board – Adopted
- 2. Remuneration Committee – Adopted
- 3. Shareholder rights – Not adopted
- 4. Audit qualifications – Adopted (The financial statements are unqualified)
- 5. Training of Board members – Adopted
- 6. Mechanism for evaluating Non-Executive Board members – Not Adopted
- 7. Whistle Blower Policy – Adopted

9. General Shareholders Information :

A. AGM details:

Date : September 30, 2011

Venue : Bal Bhawan, Sector- 23, Chandigarh

Time : 10 A.M.

Book closure dates : From September 25, 2011 to September 30, 2011 (both days inclusive)

B. Financial Calendar:

Financial year of Company : April 01, 2011 to March 31, 2012.

First quarter results : On or before July 31, 2011

Second quarter results : On or before October 31, 2011

Third quarter results : On or before January 31, 2012

Fourth quarter results : On or before April 30, 2012

C. Share Transfer System:

The Link Intime India Pvt. Ltd (formerly known as Intime Spectrum Registry Ltd) is working as Registrar & Share Transfer Agents.

D. Registered Office

SCO 857, 2nd Floor, Cabin No. 10, NAC Manimajra, Chandigarh.

E. Corporate Office

51-52, Ind. Area, Ph.-I, Panchkula (Haryana)

E-mail: corpsec@venusremedies.com, info@vensuremedies.com

F. Plant Locations

Unit-I Plot 51-52, Industrial Area, Phase-I, Panchkula - 134 113, India

Unit-II Hill Top Industrial Estate, Jharmajri EPIP, Phase-I (Extn.), Village- Bhatoli Kalan, Baddi (H.P), India - 173 205

G. E-mail – Investor Grievance:

investorgrievance@venusremedies.com

H.R & TA

Link Intime India P Ltd

A-40, 2nd Floor,Naraina Ind. Area

Phase-II, New Delhi, India 110 028

E-mail: delhi@linkintime.co.in

Phone: 011-41410592, Fax: 011-41410591

I. Dividend Payment Date

The Board of Directors at its meeting held on July 26, 2011 recommended 30% dividend for the year March 31, 2011, if approved by the shareholders at the ensuing Annual General Meeting to be held on September 30, 2011 will be paid on or by October 25, 2011.

J. Status of dematerialisation of shares as on March 31, 2011

Mode	No. of shares	Percentage
DEMAT	80,14,308	87.79
PHYSICAL	11,14,786	12.21

K. Listing on Stock Exchanges

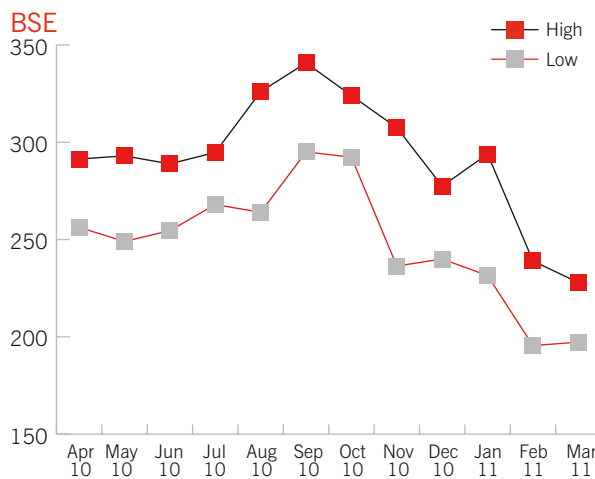
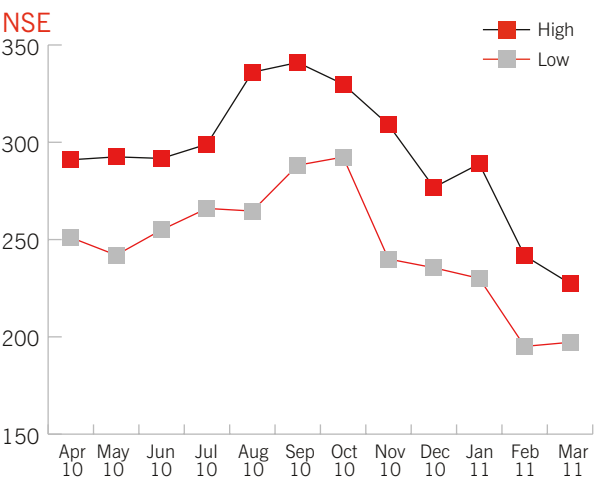
The Company's securities are listed on the following stock exchanges,

Place	Address
Mumbai	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023 ● Scrip Code: 526953
Mumbai	The National Stock Exchange of India Limited 5th Floor, Exchange Plaza, Bandar (E), Mumbai ● Scrip Code: VENUSREM

L. Distribution of shareholding as on March 31, 2011:

Share or debenture holding of nominal value ₹	Share/Debenture holders		Share/Debenture amount	
	Number	% of total	Amount in ₹	% to total
Upto 2,500	8282	80.89	6861140	7.52
2,501 – 5,000	947	9.25	3657470	4.01
5,001 – 10,000	526	5.14	4227060	4.63
10,001 – 20,000	249	2.43	3678840	4.03
20,001 – 30,000	80	0.78	2047880	2.24
30,001 – 40,000	42	0.41	1538940	1.69
40,001 – 50,000	23	0.23	1077370	1.18
50,001 – 1,00,000	46	0.45	3448100	3.78
1,00,000 & above	44	0.43	64754140	70.93
Total	10239	100	91290940	100

M. Market price data (High/Low) during each month in the year 2010-11 in the Bombay Stock and National Stock Exchange



10. Depository services

The shares of the Company are in compulsory demat mode.

National Securities Depository Limited

Trade World, 4th Floor, A Wing Kamala Mills Compound

Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

E-mail: info@nsdl.co.in, Website: www.nsdl.co.in

Central Depository Services (India) Limited

17th Floor, Phiroze Jeejeebhoy Towers, Dalal Street,

Mumbai – 400 001 • Website: www.centraldepository.com

11. Nomination facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed form

12. Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity:

The Company has not issued GDRs/ADRs. US Dollar Five million Zero Coupon Fully Convertible Foreign Currency Convertible Bonds (FCCBs) are due in February 2015 and the conversion price is ₹364 per share. During the year 37,137 shares were allotted on December 18, 2010 on conversion of Zero Coupon Fully Convertible Foreign Currency Convertible Bonds (FCCBs) amounting to US\$3,00,000. During 2010-11, the Company issued and allotted 12,00,000 fully convertible warrants to a promoter group company and out of these 6,00,000 warrants were converted into equity shares on March 30, 2011. The remaining 6,00,000 warrants are to be converted on or before March 31, 2012. The paid up capital increased pursuant to the conversion of 6,00,000 warrants into equity shares and will also go up on the conversion of the remaining warrants.

13. Management discussion and analysis:

The Directors' Report covers the management analysis of the performance and outlook. The report also covers future projections in the current environment

CEO CERTIFICATE

To the Board of Directors,

I, Pawan Chaudhary, CEO, Chairman & Managing Director, certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year ended March 31, 2011, and that to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that:
 - (i) There has not been any significant changes in internal control over financial reporting during the year under reference;
 - (ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements;
 - (iii) There has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Panchkula
Date: July 26, 2011

Pawan Chaudhary
CEO, Chairman & Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of the Board,
Venus Remedies Limited

We have examined the compliance of conditions of Corporate Governance by Venus Remedies Ltd for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company, with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 by the Directors and the management, we certify that the Company complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

Based on the certificate received from Share Transfer Agent and the minutes of the Share Transfer and Shareholders' Grievance Committee, we state that no investor grievance is pending for a period exceeding six months.

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 J.K. Jain & Associates
Chartered Accountants
Firm Registration No. 004025N

Panchkula
Date: July 26, 2011

J. K. Jain
Partner
Membership No. 083140

Auditors' Report

To
The Members of
VENUS REMEDIES LIMITED
PANCHKULA

1. We have examined the attached Balance Sheet of M/s Venus Remedies Limited as at 31st March 2011, Profit & 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.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) order, 2004 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph (3) above, we report that:-
 - (i) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purpose of audit;
 - (ii) In our opinion, proper Books of Accounts as required by law have been kept by the company so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this Report are in agreement with the Books of accounts.

(iv) In our opinion, the said Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 except otherwise stated in the Notes to the Accounts.

(v) Pursuant to the provisions of sub section (1) (g) of section 274 of the Companies Act 1956, we report as under :-

On the basis of confirmations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director of the company in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

(vi) In our opinion and to the best to our information and according to the explanation given to us, the said statements of account read together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

(a) in the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2011 ,

(b) in the case of Profit & Loss Account of the Profit for the year ended on that date and

(c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **J. K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

J.K. Jain
Partner

Place : Panchkula

Date : 26.07.2011

Membership No. 083140

FINANCIAL SECTION

(Referred to in Para (3) of our report of even date)

<p>i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>b) According to information and explanations given to us, the company has a system of physical verification of all its fixed assets once in a year, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No serious discrepancies were noticed on such verification.</p> <p>c) During the year company has not disposed off any substantial/ major part of fixed assets.</p> <p>ii) a) As explained to us, the stock of stores, spare parts, raw material and finished goods have been physically verified by the management at regular intervals during the year .</p> <p>b) In our opinion and according to the information & explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable & adequate in relation to the size of the company and the nature of its business.</p> <p>c) In our opinion & according to the information & explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of stock of store, spare parts, raw material and finished goods were not significant in relation to the operation of the company and the same have been properly dealt with in the books of accounts.</p> <p>iii) According to the information and explanation given to us, the company has granted / taken loan, secured or unsecured to / from the companies, firm & other parties listed in the register maintained under section 301 of the Companies Act, 1956.</p>	<p>iv) 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 its nature of business for purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for the sale of goods.</p> <p>v) In respect of transactions to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :-</p> <p>a) To the best of our knowledge and belief and according to the information and explanations given to us, company have transaction that needed to be entered into the register.</p> <p>b) According to the information and explanations given to us, there are transactions exceeding ₹ 5,00,000/-(Rupees five lacs only).</p> <p>vi) The company has not accepted any public deposits during the previous year.</p> <p>vii) In our opinion and to the best of our knowledge & belief, internal audit system followed by the management is commensurate with the size of the company and nature of its business.</p> <p>viii) The Company is required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company and according to the information & explanations given to us, the company has maintained the records as prescribed by the Central Government but we have not carried out the examination of these records.</p> <p>ix) a) According to the information & explanations given to us, and the records of the company examined by us, the company has been regular in depositing undisputed statutory dues of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax,</p>	<p>Wealth Tax, Custom Duty, Excise Duty, Cess, Labour Welfare Fund, Investor Education Protection Fund and other statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.</p> <p>There were no dues on account of cess under section 441A of the Companies Act, 1956, since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.</p> <p>x) The company does not have any accumulated losses as at the end of the financial year March 31, 2011.</p> <p>xi) According to the records of the company examined by us and the information and explanation given to us, the company during the year has not defaulted in repayment of dues to financial institution or banks.</p> <p>xii) According to the information & explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>xiii) The provisions of any special statute as specified under paragraph 4 of the Order are not applicable to the Company.</p> <p>xiii) In our opinion and according to the information and explanations given to us the company has maintained proper records of the transactions relating to dealing in shares, securities & other investments & also entries have been made therein timely. Also all the shares, securities etc. have been held by the company in its own name.</p> <p>xiv) In our opinion and according to the information & explanations given to us, the company has not given any guarantee during the year for loans taken by others from banks or financial institutions.</p>	<p>xv) In our opinion and according to the explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.</p> <p>xvi) According to the information & explanations given to us and on overall examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments and vice versa.</p> <p>xvii) During the year the company has made preferential allotment of 6,00,000 equity shares to Sunev Pharma solution limited at ₹ 279.72. The above allotment is covered under the register maintained under section 301 of the Companies Act, 1956.</p> <p>xviii) During the year since the company has not raised any debentures, paragraph 4 of the Order is not applicable.</p> <p>xix) During the year since the company has not raised any money by way of public issue, paragraph 4 (xx) of the order is not applicable.</p> <p>xx) Based upon the audit procedures performed and information & explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended March 31, 2011.</p>
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For **J. K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

J.K. Jain
Partner
Place : Panchkula
Date : 26.07.2011
Membership No. 083140

Balance Sheet AS ON MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	As on 31.03.2011	As on 31.03.2010
SOURCES OF FUNDS			
Shareholder's Funds			
a) Share Capital	A	133,248,940	84,919,570
b) Reserves & Surplus	B	2,332,688,996	1,714,726,690
		2,465,937,936	1,799,646,260
Loan Funds			
a) Secured Loans	C	1,647,920,273	916,652,043
b) Unsecured Loans	D	220,672,872	577,251,325
		1,868,593,145	1,493,903,368
Deferred Tax Liability		92,423,106	75,776,366
Grand Total		4,426,954,187	3,369,325,994
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	3,193,249,280	2,390,753,776
Less: Depreciation		452,831,547	282,394,890
Net Block		2,740,417,733	2,108,358,886
Add : Capital Work-in-Progress		144,844,965	7,331,528
Add : Capital Work-in-Progress (R&D Block)		8,215,278	1,259,278
Total		2,893,477,976	2,116,949,692
Investments	F	283,711,375	247,892,262
Current Assets, Loans & Advances			
Inventories	G	754,299,482	619,416,908
Sundry Debtors	H	364,135,523	319,310,970
Cash & Bank Balances	I	29,137,109	20,037,378
Loans & Advances	J	376,521,842	259,693,183
		1,524,093,957	1,218,458,439
Less : Current Liabilities & Provisions			
Current Liabilities	K	105,550,629	92,844,189
Provisions	L	170,809,343	131,802,040
Total		276,359,972	224,646,229
Net Current Assets		1,247,733,985	993,812,210
Miscellaneous Expenditure	M	2,030,852	10,671,828
(To the extent not written off or adjusted)			
Grand Total		4,426,954,187	3,369,325,994
Significant Accounting Policies & Notes on Accounts	V		

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)

Partner

Membership No. 083140

(Peeyush Jain)

Deputy Managing Director

(Pawan Chaudhary)

Chairman cum Managing Director

Place: Panchkula

Dated: 26.07.2011

(Neha Kodan)

Company Secretary

(Ajeet Kapoor)

AGM (Accounts)

Profit and Loss Account FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	As on 31.03.2011	As on 31.03.2010
INCOME			
Sales & Other Income.	N	3,575,954,817	3,120,460,373
Total (A)		3,575,954,817	3,120,460,373
EXPENDITURE			
Cost of Material Consumed	O	1,998,847,344	1,822,004,399
Manufacturing Expenses	P	93,934,825	76,581,104
Administration & Other Expenses	Q	108,216,225	91,052,828
Financial Expenses	R	187,069,154	139,553,538
Selling & Distribution Expenses	S	332,881,968	261,351,152
Research and Development Expenses	T	128,354,601	110,783,541
Misc. Expenditure written off	U	8,640,976	12,718,850
Total (B)		2,857,945,094	2,514,045,412
PROFIT			
Profit before Depreciation (A-B)		718,009,723	606,414,961
Depreciation	E	170,436,657	116,874,185
Profit after Depreciation but before Tax		547,573,066	489,540,776
Less : Provision for Taxation			
– Current Tax		109,134,050	83,197,455
– Deferred Tax		16,646,739	15,851,163
Add: Mat credit		52,994,880	20,000,000
Profit after Depreciation & Tax		474,787,157	410,492,158
Less : Provision For Dividend		27,387,282	25,419,273
Less : Provision for Tax on Dividend		4,416,199	4,320,005
Profit After Dividend		442,983,676	380,752,880
Add : Balance brought forward from Previous year		616,329,949	485,577,070
Balance available for Appropriation		1,059,313,625	866,329,949
APPROPRIATION			
Transferred to General Reserve		300,000,000	250,000,000
Profit Carried to Balance sheet		759,313,625	616,329,949
Earning per share (equity share)			
Nominal value ₹ 10/- each			
Basic		52.01	48.45
Diluted		52.01	48.45

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)

Partner

Membership No. 083140

(Peeyush Jain)

Deputy Managing Director

(Pawan Chaudhary)

Chairman cum Managing Director

Place: Panchkula

Dated: 26.07.2011

(Neha Kodan)

Company Secretary

(Ajeet Kapoor)

AGM (Accounts)

Schedules forming part of the Balance Sheet & Profit and Loss Account

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "A" SHARE CAPITAL		
Authorized Capital		
12000000 Equity shares of ₹ 10/- each (Previous year 12000000 Equity Shares of ₹ 10/- each)	120,000,000	120,000,000
Issued, Subscribed and Paid-up		
9129094 Equity Shares of ₹ 10/- each fully paid up Previous year 8473091 Equity Shares	91,290,940	84,730,910
Add: Share Application Money (For allotment of shares including premium)	41,958,000	188,660
Total	133,248,940	84,919,570

SCHEDULE "B" RESERVES & SURPLUS

General Reserves	1,077,296,741	827,296,741
Add: Additions During the Year	300,000,000	250,000,000
Total	1,377,296,741	1,077,296,741
Share Premium Account	174,978,630	-
Profit & Loss Account	759,313,625	616,329,949
Employee Stock Option	21,100,000	21,100,000
Total	2,332,688,996	1,714,726,690

SCHEDULE "C" SECURED LOANS

Term Loans	1,008,353,115	341,385,092
(Secured by mortgage of fixed, hypothecation of current assets of the Company & personal guarantee of the Directors)		
From Others	7,908,554	4,100,387
(Secured by hypothecation of vehicles)		
Working Capital Loan from Banks		
(Secured by hypothetication of current assets of the company & second charge on fixed assets & further secured by personal Guranantee of Directors)	631,658,604	571,166,564
Total	1,647,920,273	916,652,043

SCHEDULE "D" UNSECURED LOANS

Security from stockists	491,032	24,276,325
Foreign Currency Convertible Bonds	220,181,840	552,975,000
Total	220,672,872	577,251,325

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "E" FIXED ASSETS (Amount in ₹)

S. No.	Fixed Essets	Balance as on 01.04.2010	Additions	Sales/ W/Off	Total Cost	Rate %Age	Depreciation up to 31/03/2010	Depreciation for the Period	Total Depreciation	Current Year Net Block	Previous Year Net Block
1	R & D Pilot Plant	51,630,146	5,900,604	-	57,530,750	4.75	5,355,812	2,468,509	7,824,321	49,706,429	46,274,334
2	Building	397,595,560	21,850,794	-	419,446,354	3.34	30,601,157	13,568,559	44,169,716	375,276,638	366,994,403
3	Building For R & D	113,643,251	6,128,120	-	119,771,371	3.34	11,995,792	3,895,797	15,891,589	103,879,782	101,647,459
4	Computer, It and Communication Equipment	77,328,607	38,984,944	-	116,313,551	16.21	33,902,432	13,827,767	47,730,199	68,583,353	43,426,176
5	Dg Set	8,587,830	5,754,620	-	14,342,450	13.91	4,028,201	1,356,931	5,385,132	8,957,318	4,559,629
6	Electrical Installation	32,333,829	20,859,036	-	53,192,865	4.75	7,034,373	1,791,883	8,826,256	44,366,609	25,299,456
7	Furniture & Fixture	29,086,787	14,132,364	-	43,219,151	6.33	8,068,023	1,986,112	10,054,134	33,165,016	21,018,764
8	Lab Equipment	35,919,410	16,572,178	-	52,491,588	7.07	9,261,524	3,263,549	12,525,072	39,966,515	26,657,886
9	Land	13,523,062	45,321,860	-	58,844,922	0.00	-	-	-	58,844,922	13,523,062
10	Misc. Fixed Essets	27,299,938	5,782,747	-	33,082,685	4.75	5,406,565	1,453,255	6,859,820	26,222,865	21,893,373
11	Office Equipment/Security Eqp.	12,669,356	7,772,889	-	20,442,245	7.07	3,717,733	1,014,231	4,731,964	15,710,280	8,951,622
12	Patent Ipr Technologies	836,475,374	514,200,520	-	1,350,675,894	0.00	45,905,147	86,077,932	131,983,079	1,218,692,815	790,570,227
13	Plant & Machinery	534,935,960	59,015,930	-	593,951,890	4.75	64,849,509	26,405,992	91,255,501	502,696,389	470,086,451
14	Pollution Control	22,425,656	720,071	-	23,145,727	4.75	2,032,966	1,076,200	3,109,166	20,036,561	20,392,690
15	R & D Equipment	162,998,328	29,149,784	-	192,148,112	4.75	38,547,657	8,450,494	46,998,151	145,149,961	124,450,670
16	Vehicle	34,300,682	10,919,043	570,000	44,649,725	9.50	11,687,999	3,799,448	15,487,447	29,162,278	22,612,683
	Total	2,390,753,776	803,065,504	570,000	3,193,249,280		282,394,890	170,436,657	452,831,547	2,740,417,733	2,108,358,886
	Previous Year	1,867,221,062	524,410,014	877,300	2,390,753,776		165,520,707	70,969,036	236,489,743	2,108,358,886	1,701,700,356

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "F" INVESTMENTS		
Quoted:		
Investment in WOS-Venus Pharma GmbH	283,711,375	247,892,262
Total	283,711,375	247,892,262

SCHEDULE "G" INVENTORIES

(As taken, valued and certified by Management)		
Raw Material and Packing Material	399,819,587	310,675,644
Work - in - Progress	158,837,361	134,365,175
Finished goods	178,525,400	163,967,891
Consumable	2,119,204	1,040,751
Store & Spares	2,974,365	1,539,675
Printing & Stationery	2,387,265	1,220,505
Material In Transit	9,636,300	6,607,267
Total	754,299,482	619,416,908

SCHEDULE "H" SUNDRY DEBTORS

(Unsecured but considered good)		
- Outstanding for a period exceeding 6 months	782,840	908,011
- Others	363,352,683	318,402,959
Total	364,135,523	319,310,970

Schedules forming part of the Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "I" CASH & BANK BALANCE		
Cash in Hand	575,586	609,400
Balance with Scheduled Banks		
- In Current Accounts	20,717,310	10,637,978
- In Fixed Deposits Accounts	7,844,212	8,790,000
Total	29,137,109	20,037,378

SCHEDULE "J" LOANS & ADVANCES

(Unsecured but considered good)		
Advances recoverable in cash or in kind or for value to be received	223,092,427	165,303,246
Loans to Staff	13,455,756	8,031,150
Security deposits	1,947,271	1,321,695
Balances with central Excise	907,638	913,222
MAT Credit	30,000,000	20,000,000
MAT Credit Previous Years	107,118,750	64,123,870
Total	376,521,842	259,693,183

SCHEDULE "K" CURRENT LIABILITES

Sundry Creditors	61,127,250	47,994,039
Creditors for Capital Goods	4,205,020	7,955,848
Other Liabilities	33,586,390	29,941,851
Creditors for Expenses & Provisions	6,631,969	6,952,451
Total	105,550,629	92,844,189

SCHEDULE "L" PROVISIONS

Provision for Dividend	27,387,282	25,419,273
Provision for Taxation on Dividend	4,416,199	4,320,005
Provision for Taxation	109,134,050	83,197,455
Provision for Retirement Benefit	19,423,196	11,815,760
Provision for M.I.T.	9,636,300	6,607,267
Provision for Excise Duty on Finished Goods	812,316	442,280
Total	170,809,343	131,802,040

SCHEDULE "M" MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Research & Development	2,030,852	7,168,975
Marketing seed Capital Expenditure	-	1,138,990
FCCB issue Expenses	-	2,363,863
Total	2,030,852	10,671,828

Schedules forming part of the Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "N" SALES & OTHER INCOME		
Sales	3,572,731,941	3,119,301,973
Other Income	3,222,876	1,158,400
Total	3,575,954,817	3,120,460,373

SCHEDULE "O" COST OF MATERIAL CONSUMED

Opening Stock	310,675,644	198,560,010
Add : Purchases	2,127,020,982	1,995,984,027
	2,437,696,626	2,194,544,037
Less : Closing Stock	399,819,587	310,675,644
Total A	2,037,877,039	1,883,868,393
Add / (Less) Increase / (Decrease) in Inventory		
Closing Stock		
Finished Goods	178,525,400	163,967,891
Work In Progress	158,837,361	134,365,175
Total	337,362,761	298,333,066
Opening Stock		
Finished Goods	163,967,891	127,238,570
Work In Progress	134,365,175	109,230,502
Total	298,333,066	236,469,072
Increase / Decrease in Inventory (B)	39,029,695	61,863,994
Total (A - B)	1,998,847,344	1,822,004,399

SCHEDULE "P" MANUFACTURING EXPENSES

Power & Fuel	22,800,668	16,380,231
Consumables	8,922,726	7,449,734
Repair & Maintenance		
- Building	3,815,111	2,682,514
- Electrical	1,472,996	1,657,263
- Plant & Machinery	5,361,866	5,146,153
Salary & Other benefits	41,536,236	34,900,941
Other Manufacturing Expenses	10,025,221	8,364,268
Total	93,934,825	76,581,104

Schedules forming part of the Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "Q" ADMINISTRATIVE & OTHER EXPENSES		
Rent	305,968	122,880
Rates, Fee & Taxes	348,493	632,162
Insurance	1,103,226	911,465
Salary and other benefits	42,633,116	37,713,169
Legal and Professional Expenses	5,845,608	4,528,748
Postage, Telex & Telegram	462,073	457,919
Printing & Stationery	6,164,616	6,020,957
Telephone Expenses	2,841,764	2,705,375
Employees Compensation Expenses	111,498	1,930,528
Traveling & Conveyance:		
- Staff	3,014,664	2,981,565
- Directors	1,558,752	1,209,846
- Others	1,041,355	1,037,963
Running, Repair & Maintenance :		
- Vehicles	6,740,180	4,811,574
- Computer	1,277,443	1,041,435
- Others	792,129	762,349
Auditors' Fees	1,175,070	979,225
Directors Remuneration	8,906,446	7,005,067
Other Administrative Expenses	10,813,792	9,854,051
Other Corporate Expenses	13,080,032	6,346,550
Total	108,216,225	91,052,828

SCHEDULE "R" FINANCE EXPENSES

Interest & other charges on Term Loans	103,336,030	33,233,771
Interest & other charges on Working Capital Loans	66,171,246	62,551,892
Interest to Others	2,494,595	29,877,474
Exchange Fluctuation	1,095,146	5,453,786
Bank charges	13,972,137	8,436,615
Total	187,069,154	139,553,538

SCHEDULE "S" SELLING & DISTRIBUTION EXPENSES

Salary and other benefit	88,985,513	75,969,471
Discount / Commission	64,780,974	53,230,428
Other Selling Expenses	42,447,959	30,407,946
Advertisement & Sales Promotion	47,915,043	30,009,575
Sample Distribution	17,957,608	19,126,676
Incentive to Field Force	16,058,569	15,208,925
Traveling and conveyance Field Staff (Incl. Hotel)	48,805,551	33,162,929
Excise Duty	5,930,750	4,235,202
Total	332,881,968	261,351,152

Schedules forming part of the Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "T" RESEARCH AND DEVELOPMENT EXPENSES		
Remuneration of R & D staff	35,641,274	30,562,448
R & D Expenses	35,712,137	29,434,743
Material used for Development of new products	48,160,820	43,130,100
R & D Consumables	8,840,370	7,656,250
Total	128,354,601	110,783,541

SCHEDULE "U" MISC. EXPENDITURE WRITTEN OFF

Preliminary / Public Issue Expenses	-	50,100
FCCB issue Expenses	2,363,863	2,363,863
Research & Development written off	5,138,123	7,157,973
Seed Capital Marketing written off	1,138,990	3,146,914
Total	8,640,976	12,718,850

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
A) SIGNIFICANT ACCOUNTING POLICIES
I) Accounting Concepts

The accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and incomes to the extent ascertainable are accounted for on mercantile basis unless otherwise stated in accordance of Accounting Standard – 1 (i.e. Disclosure of Accounting Policies)

II) Fixed Assets

Fixed Assets are stated at historical cost (including expenses incurred on putting them in use) less depreciation in accordance of Accounting Standard -10 i.e. Accounting for Fixed Assets.

III) Depreciation (As-6)

Depreciation has been provided on straight -line method and on single shift basis at the rates specified in the schedule XIV of the Companies Act, 1956.

IV) Inventories

The inventories are valued in accordance, with the revised Accounting Standard-2 “(AS- 2)” Valuation of Inventories” and the revised “ Guidance Note on Accounting Treatment for Excise Duty” issued by the Institute of Chartered Accountants of India. According the method of valuation adopted are as under :-

- Stock Raw Material and Packing Material: - At cost price.
- Stock of Work in Progress: - At material cost plus apportioned manufacturing overheads.
- Stock of Finished Goods: - At material cost plus apportioned manufacturing overheads plus excise duty and other costs incurred in brining the inventories to their present location and condition or Net Realizable value whichever is lower.
- Spares and consumables: - at cost.

V) Investments (AS-13)

- Long term investments are stated at cost of acquisition, provision for Diminution is made only to recognize a decline other than temporary, if any, in the value of investments.
- Current investments are carried at lower of cost and fair market value.
- Dividends are accounted for as and when received.

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

VI) Retirement Benefits (AS-15)

- A short term employees benefits are recognized as an expenses at the undiscounted Amount in the profit and loss accounts of the year in which the related is rendered.
- Post employees and other long term employees benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expenses are recognized at the present value of the amount payable determined using actuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to profit and loss account.
- In respect of Employees Stock Option, the Reserve has already been created over the years of option and is shown under the General reserve.

VII) Revenue Recognition (AS-9)

Sales of goods and services are recognized upon passage of the title to the customer, which generally coincides with the delivery. Sale is net of sale returns but includes excise duty.

VIII) Research and Development Costs

- Capital Expenditure on assets for research and development is included in cost of fixed assets.
- The revenue expenditure incurred on research & development up to research phase comprising cost of materials consumed, salary & wages and other related costs, as identified have been charged to Profit & Loss account and expenditure on development phase in which the activity converts the results to a marketable product doesn't result in to any intangible assets so expenses incurred are not capitalized but otherwise charged to Profit & Loss account in accordance with AS-26 (Accounting Standard on Intangible Assets).

IX) Borrowing Costs (AS-16)

Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalized as part of costs of such assets till such time as the assets is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which incurred.

X) Translation of Foreign Exchange Transactions (AS-11)

- Foreign exchange transactions in respect of import payments are stated at the exchange rate prevailing at the time of transaction and variation, if any, accounted for on the date of payment is squared during the same accounting year.
- Monetary items denominated in foreign currencies remaining unsettled at the year end if not covered by forward exchange contracts are translated at year end rates.
- Any income / expense arising from foreign currency transactions is dealt in the profit and loss account for the year except in cases where they relate to acquisition of fixed assets in which case they are adjusted in the carrying cost of such assets.

XI) Income Tax

- Current Tax:** Provision is made for income tax based on the liability as computed after taking credit for allowance and exemptions. Adjustments in books are made only after the completion of the assessment.
- Deferred Tax :** Consequent to the Accounting Standard 22 "Accounting for taxes on income" the differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax liability is recorded for timing differences, namely the differences that originate is one accounting period and reverse in another. The tax effect is calculated on the accumulated timing difference at the end of an accounting period based on prevailing enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.
- MAT:** Minimum Alternative Tax payable under the provisions of the income tax Act, 1961 is recognized as an asset in the year in which credit becomes eligible and is set off in the year in which the Company becomes liable to pay income taxes at the enacted tax rates and shall be reversed in the year in which it lapses.

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

XII) Amortisation of Intangible Assets and Miscellaneous Expenditure (AS-26)

- Public issue expenses, Bond issue expenses and preliminary expenses are amortized over a period of five years.
- Seed Marketing Expenses incurred during the year are written off equally in the subsequent five years. Seed marketing expenses comprises of expenses Relating to marketing and launching of new products, development of new products, development of new market and area, the benefits of which in the opinion of the management, will accrue to the company over the next five years.
- Expenses relating to Patents & Trademarks are written off in ten subsequent years.

XIII) Provisions, Contingent Liabilities and Contigent Assets (AS-29)

Provisions involving substantial degree of estimation in management are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

XIV) Impairment of Assets (AS-28)

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. Accounting policies not specially referred to are consistent with generally accepted accounting principals.

XV) Forward Exchange Contracts (AS-30)

A company may enter into a forward exchange contract or another financial Instrument that is in substance a forward exchange contract, Which are not intended for trading or speculation purposes, to establish the amount of the reporting currency required or available at the settlement date of the traction. As per AS-11 (R) any premiums or discount at the inception of such a forward exchange contract are amortized over the life of the contract and exchange difference on such contracts are recognized in the statement of profit or loss in the reporting period.

XVI) In accordance with the guidance notes of the ICAI, the company has recognized Minimum Alternative Tax of ₹ 3.00 crores related to the current year and ₹ 2.29 crores pertaining to the previous year as assets during the year.

B) NOTES ON ACCOUNTS

- The figures for the year have been re-grouped / re-arranged / re-cast wherever necessary to make it comparable.

2. Director's Remuneration

(Amount in ₹)

Particulars	Current Year	Previous Year
Salary (Gross)	12,295,800	9,384,000
Perquisites including Allowances	125,146	264,096
Sitting Fee	142,500	116,971
Total	12,563,446	9,765,067

3. Auditor's Remuneration

(Amount in ₹)

Particulars	Current Year	Previous Year
Statutory Audit Fees	590,000	490,000
Tax Audit Fee	100,000	85,000
Management Matters	414,000	345,000
Add: Service tax	71,070	59,225
Total	1,175,070	979,225

- A sum of ₹ NIL (Previous Year 82,998) (Maximum outstanding during the year ₹ 78,536/- Previous year 418,055/-) is due from Directors of the company being imprest for traveling, conveyance and other charges.
- Fixed deposits with banks of ₹ 7,844,212 (previous year ₹ 8,790,000) as pledged as Margin Money with banks.

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

6. Expenses includes ₹ 124,180/- (P/Y ₹ 76,100-) as expenses relating to previous years.
7. Income includes ₹ NIL/- (P/Y ₹ 600) as income related to previous year.
8. Disclosure as required by AS-18 (Related Party) issued by ICAI
- i) List of related parties where control exist and related parties with whom transactions have taken place and relationship:

S. No.	Name of Related Party	Relationship
1	Venus Pharma GmbH	Wholly owned Subsidiary Company
2	Sunev Pharma Solutions Ltd.	Associates
3	Mr. Pawan Chaudhary Mrs. Manu Chaudhary Mr. Peeyush Jain Mr. Ashutosh Jain	Key Managerial Personnel

ii) Transactions during the year with related parties: (₹ in lacs)

S No.	Nature of Transaction	Subsidiaries	Associates	Key Managerial Personnel	Total
1	Investment in Share Capital	2,837.11	-	-	2,837.11
2	Allotment of Share Capital	-	1,678.32	-	1,678.32
3	Share Application Money	-	419.58	-	419.58
4	Sales	557.58	139.99	-	697.57
5	Purchases and reimbursement	12.98	336.66	-	349.64
6	Loan Repaid	-	230.00	-	230.00
7	Interest Paid	-	11.50	-	11.50
8	In licensing of Technology	-	250.00	-	250.00
9	Advance for In licensing of Technology	-	748.74	-	748.74
10	Payment to Key Managerial Personnel	-	-	122.96	122.96

9. Earning Per Share (AS-20)

Particulars	Current Year	Previous Year
PAT	₹ 474,787,157	₹ 410,492,158
Weighted Average Number of Ordinary Shares	9,129,094 Shares	8,473,091 Shares
Basic / diluted EPS	₹ 52.01	₹ 48.45

10. The company operates only in one business segment viz. "Pharmaceutical Formulation" and is engaged in manufacturing and trading of medicines. Since in the opinion of management, the inherent nature of activities engaged by the company are governed by the same set of risks and rewards, so these have been grouped and identified as a single segment in accordance with the Accounting Standard on Segment Reporting (AS-17) issued by ICAI.
11. In the opinion of the board, and to the best of their knowledge and belief, the value on realization of the current assets, loans & advance shown in the Balance Sheet in the ordinary course of business will be at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities has been made.
12. Some of suppliers of material have been identified as small scale industrial undertaking on the basis of information available with the company. However none of these parties has an outstanding credit balance exceeding ₹ 100,000.00 as on 31.03.2011

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

13. Contingent Liabilities (AS-29)

Particulars	Current Year	Previous Year
(Not provided for in the books of accounts)		
(a) Letter of Credit / Bank Guarantees-Inland	204.82 Lacs	423.01 Lacs
(b) Bank Guarantee Foreign	53.53 Lacs	73.42 Lacs
(c) Letter of Credit Foreign	189.95 Lacs	248.74 Lacs

14. During the year the company has issued 12, 00,000 Share warrants to Sunev Pharma Solutions Limited out of which 6, 00,000 warrants are converted into 6,00,000 equity shares. The company has also allotted 37,137 equity shares to FCCB holders.
15. The Company has taken a step towards advancement, and has decided to set up a global marketing chamber at Derabassi, Mohali.
16. During the year, the company has undertaken a review of all fixed assets in line with the requirements of AS-28 on "Impairment of Assets" issued by the Institute of Chartered Accountant of India. Based on such review, no provision for impairment is required to be recognized for the year.
17. The figures in the Balance Sheet and Profit & Loss Account for the year have been rounded off to nearest multiple of rupee.
18. The company has provided for gratuity and leave encasement as per valuation which was done as required under accounting standard (AS-15) "accounting for retirement benefits".
19. The company is continuously making investments in its intellectual Property rights wealth. This year company has filed more patents in different countries for its Research products. As a result of huge past and present investments in R&D Pilot Plant and equipment, the R&D wing of the company is day by day giving new products to the company and has also got renewal of recognition from Department of Scientific and Industrial Research, New Delhi for a period of five years.
20. Additional information pursuant to the provision of paragraph 3, 4C & 4D of PartI of schedule VI of the Companies Act, 1956. (as certified by the management)

Particulars	Current Year	Previous Year
i) Licensed Capacity	N.A.	N.A.
ii) Installed Capacity (as certified by management)		
Anti Cancer Injectables	45 Lacs p.a.	45 Lacs p.a.
Dry powder Lyophilized Injectables	10 Lacs p.a.	10 Lacs p.a.
Dry powder Injectables	240 Lacs p.a.	240 Lacs p.a.
Dry powder Carbapenem Injectables	75 Lacs. p.a.	75 Lacs. p.a.
SVPS (Ampoules)	125 Lacs p.a.	125 Lacs p.a.
SVPS (VIALS)	125 Lacs p.a.	125 Lacs p.a.
Harmones Injectable	60 Lacs p.a.	60 Lacs p.a.
Injections in Prefilled Syringes	30 Lacs p.a.	30 Lacs p.a.
LVPS (I/V Fluids)	75 Lacs p.a.	75 Lacs p.a.

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

iii) Detail of Production / purchases, Sales and Closing Stock for the year 2010-11

Sr. No.	Group	Unit	Year	Prod./Per Qty	Opening Stock		Closing Stock		Sale	
					QTY	Value	QTY	Value	QTY	Value
					(In Kgs.)	(In ₹)	(In Kgs.)	(In ₹)	(In Kgs.)	(In ₹)
1.	I.V Fluids	NOS	2010-11	4,096,271	212,348	11,191,531	89,260	6,585,839	4,219,359	400,137,017
			2009-10	4,681,452	148,888	5,920,826	212,348	11,191,531	4,617,992	337,293,438
2.	Anti- Cancer	NOS	2010-11	465,185	67,324	24,482,920	36,091	36,436,932	496,418	1,047,858,814
			2009-10	448,706	50,000	18,503,925	67,324	24,482,920	431,382	853,609,472
3.	Dry Powders	NOS	2010-11	8,656,381	1,018,453	78,478,421	797,192	94,138,747	8,877,642	1,248,641,853
			2009-10	10,855,174	951,228	77,223,000	1,018,453	78,478,421	10,787,949	1,115,329,358
4.	S.V.P(Injections/ Amp/PFS)	NOS	2010-11	6,849,592	1,017,664	34,384,234	615,705	29,072,097	7,251,551	436,935,332
			2009-10	8,218,060	671,374	15,512,487	1,017,664	34,384,234	7,871,770	393,711,779
5.	Others	NOS	2010-11	9,666,855	697,969	15,430,785	354,570	12,291,786	10,010,254	428,346,824
			2009-10	12,488,046	692,901	10,078,332	697,969	15,430,785	12,482,978	396,556,324
	Total		2010-11	29,734,284	3,013,758	163,967,891	1,892,818	178,525,401	30,855,224	3,561,919,841
			2009-10	36,691,438	2,514,391	127,238,570	3,013,758	163,967,891	36,192,071	3,096,500,371

iv) Detail of Raw Material Consumption

Sl. No.	Particulars	2010-11		2009-10	
		Quantity	Value	Quantity	Value
		(In Kgs.)	(In ₹)	(In Kgs.)	(In ₹)
1.	Anti – Biotics/Anti –Bacterial	11,138.19	132,048,110	10,050.40	121,725,113
2.	Anti- Inflammatory/Analgesics	13,025.98	52,345,563	12,313.68	49,526,953
3.	Osmotic Diuretics	152,041.60	55,665,471	142,105.02	52,658,790
4.	Anti –Blood Coagulant	1,935.03	18,702,990	1,829.07	17,692,696
5.	Cephalosporins/FDC	49,506.08	676,558,952	46,134.90	630,854,687
6.	Carbapenem	497.03	122,589,349	458.19	114,311,062
7.	Anti- Cancer	47.67	183,323,626	38.37	150,091,087
8.	Other Material	–	271,873,198	–	246,448,221
9.	Packing Material	–	485,740,085	–	438,695,790
	Total	228,191.57	1,998,847,344	212,929.63	1,822,004,399

v) CIF Value of Imports

Particulars	Currency	2010-11	2009-10
Raw Material	INR	420,716,099	253,596,045
Capital Goods	INR	13,824,514	6,344,746

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

vi) Expenditure in Foreign Currency

Particulars	Currency	2010-11	2009-10
Salary/Incentive	\$	83,450	31,450
Traveling	\$	15,445	23,900
	€	5,912	Nil
	£	Nil	5,200
Regulatory Fee for patent/Product & Plant Registration /Export registration	\$	2,157,310	1,756,140
	€	1,110,478	76,700
	¥	124,650	680,020
	£	309	Nil
Exhibition Expenses (CPHI)	\$	1,579	1,180
	€	19,376	45,234
Remittance on account of Dividend	\$	1,525	1,614
Subscription	\$	280	3,966
Commission	\$	177,602	183,750
Directors Sitting Fee	€	Nil	76

vii) Earnings in Foreign Exchange

Particulars	Currency	2010-11	2009-10
Value of Export	\$	2,16,76,078	19,880,323
	€	42,28,190	6,51,085

viii) Research & Development (inclusive of Intellectual Property Rights)

Particulars	2010-11	2009-10
(a) Capital Expenditure	₹ 557,128,067	₹ 362,403,112
(b) Revenue Expenditure	₹ 128,354,601	₹ 110,783,541

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)

Partner

Membership No. 083140

(Peeyush Jain)

Deputy Managing Director

(Pawan Chaudhary)

Chairman cum Managing Director

Place: Panchkula

Dated: 26.07.2011

(Neha Kodan)

Company Secretary

(Ajeet Kapoor)

AGM (Accounts)

Cash Flow Statement FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹ thousand)		
Particulars	As on 31.03.2011	As on 31.03.2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	547,573	489,541
Adjustment for Depreciation	170,437	116,874
Deferred Employee Compensations	0	1,808
Expenses Amortised	8,641	12,719
Adjustmant of excess mat Trafnsfered to gen reserve	52995	-15,114
Interest Received	-454	-83
Operating Profit before working capital changes	779,192	605,745
Adjustments for increase /decrease in Current Assets	-296,536	-205,753
Decrease / Increase in Current Liabilities/ Provisions	-89,224	-47,528
Net Cash Flow from operating activities (A)	393,432	352,464
B) Cash Flow from Investment Activities		
Sale/Purchase of Fixed Assets Including		
Capitalization of Expenses(NET)	-802,496	-523,533
Increase/ Decrease in Capital work in progress	-144,469	-15
Sale/Purchase of Investment	-35,819	0
Interest Received	454	83
Net Cash Flow from Investing Activities (B)	-982,330	-523,465
C) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	48,329	189
proceed from share capital(share premium)	174,979	0
Proceeds from Long Term Borrowing(Net)	314,198	25,359
Proceeds from Short term Borrowing(Net)	60,492	152,592
Net Cash from Financing Activities (C)	597,998	178,140
Net Increase in Cash & Cash Equivalents (A+B+C)	9,100	7,139
Cash & Cash Equivalents as at 31.03.2011	29137	
Cash & Cash Equivalents as at 31.03.2010	20,037	20,037
Cash & Cash Equivalents as at 31.03.2009		12,898

Auditors' Report
In terms of our separate report of even date annexed hereto.

For J.K. Jain & Associates <i>Chartered Accountants</i> Firm Registration No. 004025N	For and on behalf of the Board of Directors
 (J.K. Jain) <i>Partner</i> Membership No. 083140	 (Peeyush Jain) <i>Deputy Managing Director</i>
	(Pawan Chaudhary) <i>Chairman cum Managing Director</i>
 Place: Panchkula Dated: 26.07.2011	 (Neha Kodan) <i>Company Secretary</i>
	(Ajeet Kapoor) <i>AGM (Accounts)</i>

Auditors' Certificate

We have verified the above Cash Flow Statement of M/s. Venus Remedies Limited for the year ended on 31st March 2011 from the books and records maintained by the Company and have found it in accordance therewith.

For J.K. Jain & Associates <i>Chartered Accountants</i> Firm Registration No. 004025N
 (J.K. Jain) <i>Partner</i> Membership No. 083140

Place: Panchkula
Dated: 26.07.2011

Balance Sheet Abstract and Company's Business Profile

As per Schedule VI, Part IV of the Companies Act, 1956

I. Registration Details	
Registration No.	<div><div></div><div></div><div></div><div></div><div>9</div><div>7</div><div>0</div><div>5</div></div> State Code <div><div></div><div></div><div></div><div></div><div></div><div></div><div>5</div><div>3</div></div>
Balance Sheet Date	<div><div><div>3</div><div>1</div></div><div><div>0</div><div>3</div></div><div><div>2</div><div>0</div><div>1</div><div>1</div></div></div> <div>DateMonthYear</div>
II. Capital Raised during the year (Amount in ₹ Thousands)	
Public Issue	<div><div></div><div></div><div></div><div></div><div></div><div>N</div><div>I</div><div>L</div></div> Rights Issue <div><div></div><div></div><div></div><div></div><div></div><div>N</div><div>I</div><div>L</div></div>
Bonus Issue	<div><div></div><div></div><div></div><div></div><div></div><div>N</div><div>I</div><div>L</div></div> Private Placement <div><div></div><div></div><div></div><div>6</div><div>5</div><div>6</div><div>0</div></div>
III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)	
Total Liabilities	<div><div></div><div>4</div><div>4</div><div>2</div><div>6</div><div>9</div><div>5</div><div>4</div></div> Total Assets <div><div></div><div>4</div><div>4</div><div>2</div><div>6</div><div>9</div><div>5</div><div>4</div></div>
Sources of Funds	
Paid-up Capital	<div><div></div><div></div><div>1</div><div>3</div><div>3</div><div>2</div><div>4</div><div>9</div></div> **Reserves & Surplus <div><div></div><div>2</div><div>4</div><div>2</div><div>5</div><div>1</div><div>1</div><div>2</div></div> **
<i>**Includes Advance against Share Capital</i>	
Secured Loans	<div><div></div><div>1</div><div>6</div><div>4</div><div>7</div><div>9</div><div>2</div><div>0</div></div> Unsecured Loans <div><div></div><div></div><div>2</div><div>2</div><div>0</div><div>6</div><div>7</div><div>3</div></div>
Application of Funds	
Net Fixed Assets	<div><div></div><div>2</div><div>7</div><div>4</div><div>0</div><div>4</div><div>1</div><div>8</div></div> Investments <div><div></div><div></div><div>2</div><div>8</div><div>3</div><div>7</div><div>1</div><div>1</div></div>
Net Current Assets	<div><div></div><div>1</div><div>2</div><div>4</div><div>7</div><div>7</div><div>3</div><div>4</div></div> Misc. Expenditure (Net) <div><div></div><div></div><div></div><div></div><div>2</div><div>0</div><div>3</div><div>1</div></div>
Accumulated Losses	<div><div></div><div></div><div></div><div></div><div></div><div>N</div><div>I</div><div>L</div></div>
IV. Performance of the Company (Amount in ₹ Thousands)	
Turnover	<div><div></div><div>3</div><div>5</div><div>7</div><div>5</div><div>9</div><div>5</div><div>5</div></div> Total Expenditure <div><div></div><div>3</div><div>0</div><div>2</div><div>8</div><div>3</div><div>8</div><div>2</div></div>
<i>(including other income)</i>	
Profit/Loss before Tax	<div><div></div><div></div><div>5</div><div>4</div><div>7</div><div>5</div><div>7</div><div>3</div></div> Profit/Loss after Tax <div><div></div><div></div><div>4</div><div>7</div><div>4</div><div>7</div><div>8</div><div>7</div></div>
Earning per share in ₹	<div><div></div><div></div><div></div><div>5</div><div>2</div><div>.</div><div>0</div><div>1</div></div> Dividend Rate (%) <div><div></div><div></div><div></div><div></div><div></div><div></div><div>3</div><div>0</div></div>
V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)	
ITC Code No. (ITC Code)	<div><div>N</div><div>O</div><div>T</div><div></div><div>A</div><div>P</div><div>P</div><div>L</div><div>I</div><div>C</div><div>A</div><div>B</div><div>L</div><div>E</div></div>
Product Description	<div><div>P</div><div>H</div><div>A</div><div>R</div><div>M</div><div>A</div><div>C</div><div>E</div><div>U</div><div>T</div><div>I</div><div>C</div><div>A</div><div>L</div></div> <div><div>F</div><div>O</div><div>R</div><div>M</div><div>U</div><div>L</div><div>A</div><div>T</div><div>I</div><div>O</div><div>N</div><div>S</div><div></div><div></div></div>

Auditors' Report

In terms of our separate report of even date annexed hereto.

For J.K. Jain & Associates <i>Chartered Accountants</i> Firm Registration No. 004025N	For and on behalf of the Board of Directors
 (J.K. Jain) <i>Partner</i> Membership No. 083140	 (Peeyush Jain) <i>Deputy Managing Director</i>
	(Pawan Chaudhary) <i>Chairman cum Managing Director</i>
 Place: Panchkula Dated: 26.07.2011	 (Neha Kodan) <i>Company Secretary</i>
	(Ajeet Kapoor) <i>AGM (Accounts)</i>

Directors' Report

To
The Members of
Venus Pharma GmbH

It gives us great pleasure to present the Sixth Annual Report of the Company together with Audited Statement of Accounts for the year ended March 31, 2011

Financial Highlights

(€ in Thousands)			
S. no.	Particulars	2010-2011	2009-10
1.	Sales & Other Income	1,868.72	1,472.89
2.	Operating Deficit	(188.18)	(174.50)
3.	Finance Charges	24.99	18.96
4.	Depreciation	170.26	129.18
5.	Net Loss in Operations	(383.43)	(322.64)

Operations

Venus Pharma GmbH, has completed its 6 years of existence and has spread its wings in entire European, Middle East, North American West African pharmaceutical markets. It has world class quality assurance and quality control laboratories, manufacturing facilities and a high capacity warehouse and logistics facilities. It is engaged in the out-licensed of CTD, site variation projects, marketing associates, testing and batch release for Europe.

Some of the major highlights are as follows :

- A) Seven (7) CTD Dossiers filed in European Union namely Meropenem, Gemcitabine, Irinotecan, Imipenem+ Cilastatin, Docetaxel, Sulbactamax & Topotecan.
- B) Proud Owner of 21 Market Authorizations for Meropenem, Gemcitabine, Irinotecan, Imipenem+ Cilastatin & Docetaxel from U.K. , Germany poland Slovenia, Porugal and Macedonia
- C) Many more Market Authorizations in hand from the ongoing DCP slot of Imipenem+ Cilastatin & Meropenem and various national filings.
- D) Pursuing Site Variation & CTD Development for various Generic European Companies. Aslo executed various site transfer projects for Vincristine, Etoposide, Irinotecan, Paclitaxel, Cisplatin and Doctexel
- E) QC Laboratories to analyze oncology products as per EU Regulation.

Management Discussion & Analysis

Industry Structure and development: Overview:

Germany offers the perfect location for research, production

and sales of world-class pharmaceuticals and most of the pharma companies in Germany are focused on research, which has led the country to become one of the most advanced pharma markets in the world. The German pharmaceutical industry is distinguished by a highly innovative environment that places a high value on technology and research resources.

Opportunities

Germany is one of Europe's leading pharmaceutical research and production hubs. Research-based pharmaceutical companies have proven to be a stable anchor of the German economy. In comparison with other industries, pharmaceutical companies are leaders in the areas of product and process innovations. The German pharmaceutical industry is distinguished by a highly innovative environment that places a high value on technology and research resources.

Threats

In the opinion of the management, the Company does not foresee any immediate threat to its plans. The Company's strength lies in strong manufacturing base for specialized products in parenterals with international accreditations certifying conformance to cGMP and systems.

Directors

Mr. Pawan Chaudhary, Chairman & Managing Director, represent the present Board of Directors of the Company that includes Mrs. Manu Chaudhary as Joint Managing Director, Mr. Peeyush Jain as Deputy Managing Director, Mr. Ashutosh Jain as Executive Director and chief Executive Officer.

Auditors

The statutory auditors, M/S J.K. Jain & Associates, who are also the Statutory Auditors for the Parent Company, retire at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not require further explanation.

For and on behalf of Board of Directors
For VENUS PHARMA GmbH

Place: Panchkula (Pawan Chaudhary)
Date: 26.07.2011 Chairman & Managing Director

Auditor's Report

To
The Members of
Venus Pharma GmbH

1. We have examined and audited the attached Balance Sheet of Venus Pharma GmbH which is wholly owned subsidiary of Venus Remedies Limited as on 31st March 2011, and also the Profit & Loss Account for the year ended on 31st March 2011 annexed thereto. These financial statements are the responsibility of the company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board which are generally accepted in Germany. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further to our comments in the Annexure referred to in Paragraph (2) above, we report that:-
 - (i) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purpose of audit;

- (ii) In our opinion, proper Books of Accounts as required by law have been kept by the company so far as it appears from our examination of those books:
- (iii) The Balance Sheet and Profit & Loss Account and referred to in this Report are in agreement with the Books of Account.
- (iv) In our opinion, the said Balance Sheet and Profit & Loss Account dealt with by this report comply with the requirements of International Accounting Standards except otherwise stated in the Notes to the Accounts.
- (v) In our opinion and to the best to our information and according to the explanation given to us, the said statements of account read together with the Significant Accounting Policies and Notes thereon give a true and fair view.
 - (a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2011
 - (b) In the case of Profit & Loss Account of the loss of the company for the year ended on 31st March 2011

For J. K. Jain & Associates
Chartered Accountants
Firm Registration No. 004025N

J.K. Jain
Partner
Place : Panchkula
Date : 26.07.2011 Membership No. 083140

Balance Sheet AS ON MARCH 31, 2011

Particulars	Schedule	As on 31.03.2011		As on 31.03.2010	
		(Amount in €)	(Amount in ₹)	(Amount in €)	(Amount in ₹)
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	A	4,887,795	307,588,966	4,292,795	259,757,051
		4,887,795	307,588,966	4,292,795	259,757,051
Loan Funds		-	-	-	-
Grand Total		4,887,795	307,588,966	4,292,795	259,757,051
APPLICATION OF FUNDS					
Fixed Assets	B				
Gross Block		3,742,705	235,528,439	3,599,038	217,777,781
Less: Depreciation		685,328	43,127,671	515,070	31,166,896
Net Block		3,057,377	192,400,768	3,083,968	186,610,885
Current Assets, Loans & Advances					
Prepaid Expenses		3,835	241,367	8,491	513,804
Loans & Advances		16,270	1,023,884	944	57,150
Sundry Debtors	C	420,365	26,453,594	230,092	13,922,843
Cash & Bank Balances	D	32,513	2,046,051	65,164	3,943,067
		472,984	29,764,896	304,691	18,436,863
Less : Current Liabilities & Provisions					
Current Liabilities	E	655,916	41,276,778	725,786	43,917,314
Net Current Assets		(182,932)	(11,511,881)	(421,095)	(25,480,450)
Miscellaneous Expenditure					
(To the extent not written off or adjusted)	F	-	-	-	-
- Profit & Loss A/c		2,013,353	126,700,080	1,629,923	98,626,616
		2,013,353	126,700,080	1,629,923	98,626,616
Grand Total		4,887,795	307,588,966	4,292,795	259,757,051
Significant Accounting Policies & Notes on Accounts	M				

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)
Partner
Membership No. 083140

(Pawan Chaudhary)
Chairman cum Managing Director

(Ashutosh Jain)
Chief Operating Officer

Place: Panchkula
Dated: 26.07.2011

Profit and Loss Account FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	As on 31.03.2011		As on 31.03.2010	
		(Amount in €)	(Amount in ₹)	(Amount in €)	(Amount in ₹)
Sales & Other Income	G	1,868,718	117,598,452	1,472,890	89,124,601
Total (A)		1,868,718	117,598,452	1,472,890	89,124,601
EXPENDITURE					
Cost of Material Consumed	H	1,140,609	71,778,500	959,359	58,050,796
Manufacturing Expenses	I	626,918	39,451,947	424,852	25,707,818
Selling & Distribution Expenses	J	156,821	9,868,772	99,895	6,044,675
Administration & other Expenses	K	132,553	8,341,568	163,278	9,879,899
Financial Expenses	L	24,989	1,572,563	18,958	1,147,147
Total (B)		2,081,890	131,013,350	1,666,342	100,830,336
Profit (Loss) before Depreciation (A-B)		(213,172)	(13,414,898)	(193,452)	(11,705,735)
Depreciation	B	170,258	10,714,316	129,187	7,817,127
Profit after Depreciation but before tax		(383,430)	(24,129,214)	(322,639)	(19,522,861)
Profit after Depreciation & tax		(383,430)	(24,129,214)	(322,639)	(19,522,861)
Balance Available for Appropriation		(383,430)	(24,129,214)	(322,639)	(19,522,861)
APPROPRIATION					
Add : Previous Year Profit or Loss		(1,629,923)	(98,626,616)	(1,307,284)	(88,379,018)
Less : Reserve on account of traslation of previous year's profit		-	(3,944,250)	-	9,275,263
Profit / Loss carried to Balance Sheet		(2,013,353)	(126,700,080)	(1,629,923)	(98,626,616)
Significant Accounting Policies & Notes on Accounts	M				

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)
Partner
Membership No. 083140

(Pawan Chaudhary)
Chairman cum Managing Director

(Ashutosh Jain)
Chief Operating Officer

Place: Panchkula
Dated: 26.07.2011

Schedules forming part of the Balance Sheet & Profit and Loss Account

Particulars	As on 31.03.2011		As on 31.03.2010	
	(Amount in €)	(Amount in ₹)	(Amount in €)	(Amount in ₹)
SCHEDULE "A" SHARE CAPITAL				
Authorized Capital	25,000	1,573,250	25,000	1,512,750
Issued, Subscribed and Paid-up	25,000	1,573,250	25,000	1,512,750
Share Application Money				
- Venus Remedies Limited	4,862,795	306,015,716	4,267,795	258,244,301
Total	4,887,795	307,588,966	4,292,795	259,757,051

SCHEDULE "B" FIXED ASSETS (Amount in €)

S. No.	Fixed Essets	Balance as on 01.04.2010	Additions	Sales/ W/Off	Total Cost	Rate %Age	Depreciation up to 31/03/2010	Depreciation for the Period	Total Depreciation	Current Year Net Block	Previous Year Net Block
1	Land	279,865	-	-	279,865	-	-	-	-	279,865	279,865
2	Building	2,653,982	-	-	2,653,982	3.00	345,016	79,619	424,635	2,229,347	2,308,966
3	Building Premises	56,400	-	-	56,400	10.00	21,729	5,640	27,369	29,031	34,671
4	Out Door Facilities	111,458	-	-	111,458	6.67	32,203	7,431	39,634	71,824	79,255
5	Plant & Machinery	221,000	-	-	221,000	7.69	73,339	16,995	90,334	130,666	147,661
6	Plant & Equip- I	8,724	3,502	-	12,226	33.00	2,963	2,706	5,669	6,557	5,761
7	Plant & Equip – II	1,675	5,249	-	6,924	10.00	768	272	1,040	5,884	907
8	Plant & Equip – III	1,375	-	-	1,375	20.00	779	275	1,054	321	596
9	Plant & Equip – IV	12,695	-	-	12,695	12.50	3,801	1,587	5,388	7,307	8,894
10	Plant & Equip – V	-	5,399	-	5,399	16.67	-	900	900	4,499	-
11	Plant & Equip – VI	-	419	-	419	14.29	-	50	50	369	-
12	Warehouse Equipment – I	924	-	-	924	9.09	330	84	414	510	594
13	Warehouse Equipment – II	23,484	-	-	23,484	6.67	5,444	1,565	7,009	16,475	18,037
14	Computer	3,200	141	-	3,341	33.00	3,200	16	3,216	125	-
15	Miscellaneous Fixed Assets	9,076	-	-	9,076	20.00	8,277	343	8,620	456	799
16	Office Equipment / F & F	11,601	-	-	11,601	10.00	4,485	1,160	5,645	5,956	7,116
17	Intellectual Property Rights	203,580	128,956	-	332,536	20.00	12,735	51,613	64,349	268,187	190,845
	Total	3,599,039	143,666	-	3,742,705		515,070	170,258	685,328	3,057,378	3,083,967
	Previous Year	3,388,667	210,371	-	3,599,038		385,885	129,186	515,070	3,083,967	3,002,782

SCHEDULE "B" FIXED ASSETS (Amount in ₹)

S. No.	Fixed Essets	Balance as on 01.04.2010	Additions	Sales/ W/Off	Total Cost	Rate %Age	Depreciation up to 31/03/2010	Depreciation for the Period	Total Depreciation	Current Year Net Block	Previous Year Net Block
1	Land	17,611,904	-	-	17,611,904	-	-	-	-	17,611,904	16,934,631
2	Building	167,015,087	-	-	167,015,087	3.00	21,711,857	5,010,453	26,722,309	140,292,778	139,715,450
3	Building Premises	3,549,252	-	-	3,549,252	10.00	1,367,406	354,925	1,722,331	1,826,921	2,097,942
4	Out Door Facilities	7,014,052	-	-	7,014,052	6.67	2,026,535	467,648	2,494,183	4,519,869	4,795,705
5	Plant & Machinery	13,907,530	-	-	13,907,530	7.69	4,615,223	1,069,489	5,684,712	8,222,818	8,934,967
6	Plant & Equip- I	549,001	220,383	-	769,384	33.33	186,462	170,291	356,752	412,632	348,608
7	Plant & Equip – II	105,408	330,321	-	435,729	10.00	48,330	17,111	65,441	370,288	54,913
8	Plant & Equip – III	86,529	-	-	86,529	20.00	49,022	17,306	66,328	20,201	36,064
9	Plant & Equip – IV	798,896	-	-	798,896	12.50	239,197	99,862	339,059	459,837	538,176
10	Plant & Equip – V	-	339,738	-	339,738	16.67	-	56,634	56,634	283,104	-
11	Plant & Equip – VI	-	26,388	-	26,388	14.29	-	3,172	3,172	23,217	-
12	Warehouse Equipment – I	58,147	-	-	58,147	9.09	20,767	5,286	26,052	32,095	35,943
13	Warehouse Equipment – Iii	1,477,848	-	-	1,477,848	6.67	342,591	98,510	441,100	1,036,748	1,091,574
14	Computer	201,376	8,884	-	210,260	33.00	201,376	1,036	202,412	7,848	-
15	Miscellaneous Fixed Assets	571,153	-	-	571,153	20.00	520,872	21,579	542,450	28,702	48,347
16	Office Equipment / F & F	730,051	-	-	730,051	10.00	282,241	73,005	355,246	374,805	430,556
17	Intellectual Property Rights	12,811,289	8,115,199	-	20,926,489	20.00	801,414	3,248,010	4,049,424	16,877,065	11,548,009
	Total	226,487,524	9,040,915	-	235,528,439		32,413,292	10,714,316	43,127,671	192,400,768	186,610,885
	Previous Year	205,048,215	12,729,566	-	217,777,781	-	23,349,708	7,817,127	31,166,896	186,610,885	203,003,067

Schedules forming part of the Balance Sheet & Profit and Loss Account

Particulars	As on 31.03.2011		As on 31.03.2010	
	(Amount in €)	(Amount in ₹)	(Amount in €)	(Amount in ₹)
SCHEDULE "C" SUNDRY DEBTORS				
(Unsecured but considered good)				
- Outstanding for a period exceeding six months	-	-	-	-
- Others Debtors	420,365	26,453,594	230,092	13,922,843
Total	420,365	26,453,594	230,092	13,922,843

SCHEDULE "D" CASH & BANK BALANCE

Cash in Hand	504	31,715	365	22,079
Balance with Bank				
Bank Sparkasse	23,134	1,455,792	64,799	3,920,988
Commerz Bank	8,876	558,544	-	-
Total	32,513	2,046,051	65,164	3,943,067

SCHEDULE "E" CURRENT LIABILITES

Sundry Creditors	630,700	39,689,962	644,944	39,025,574
Vat Payable on Sales	-	-	9,240	559,095
Other Liabilities	25,216	1,586,815	71,602	4,332,645
Total	655,916	41,276,778	725,786	43,917,314

SCHEDULE "F" MISCELLANEOUS EXPENDITURE

(To the extend not written off or adjusted)				
Preliminary Expenses	-	-	-	-
Profit and Loss Account	2,013,353	126,700,080	1,629,923	98,626,616
Total	2,013,353	126,700,080	1,629,923	98,626,616

SCHEDULE "G" SALES & OTHER INCOME

Sales	1,857,112	116,868,076	1,465,084	88,652,241
Other Income	11,606	730,376	7,806	472,360
Total	1,868,718	117,598,452	1,472,890	89,124,601

SCHEDULE "H" COST OF SALES

Trading Purchase	1,140,609	71,778,500	959,359	58,050,796
Total	1,140,609	71,778,500	959,359	58,050,796

SCHEDULE "I" MANUFACTURING EXPENSES

Insurance	8,324	523,851	7,031	425,431
Salary & Other Benefits	485,971	30,582,176	321,075	19,428,269
Electricity & Water Expenses	32,135	2,022,236	14,180	858,006
Trashing Cost	5,143	323,636	2,094	126,678
Freight Inwards	2,826	177,820	31,663	1,915,898
Heating Gas Expenses	37,803	2,378,962	19,438	1,176,164
Repair & Maintenance				
- Plant & Machinery	6,092	383,358	701	42,416
- Building	4,704	295,999	1,176	71,183
- Lab	7,532	473,980	5,816	351,926
Lab Consumables	26,195	1,648,452	12,852	777,702
Washing Expenses	2,643	166,354	660	39,918
Production Consumables	7,550	475,122	8,168	494,226
Total	626,918	39,451,947	424,852	25,707,818

Schedules forming part of the Balance Sheet & Profit and Loss Account

Particulars	As on 31.03.2011		As on 31.03.2010	
	(Amount in €)	(Amount in ₹)	(Amount in €)	(Amount in ₹)
SCHEDULE "J" SELLING & DISTRIBUTION EXPENSES				
CPHI Expenses	28,321	1,782,234	29,442	1,781,514
Advertisement Expenses	950	59,787	2,212	133,861
Traveling & Conveyance	13,691	861,549	14,962	905,358
Business Promotion Expenses	1,510	95,017	331	20,000
Other Selling Expenses	112,350	7,070,185	52,949	3,203,943
Total	156,821	9,868,772	99,895	6,044,675

SCHEDULE "K" ADMINISTRATIVE & OTHER EXPENSES

Legal & Professional Charges	33,611	2,115,169	42,566	2,575,666
Postage, Telex & Telegrams	401	25,260	769	46,502
Printing & Stationery	3,008	189,276	4,615	279,281
Car Leasing Expenses	10,876	684,408	11,436	691,963
Telephone Expenses	6,334	398,570	9,057	548,039
Entertainment Expenses	721	45,381	2,937	177,700
Security	–	–	289	17,492
Rent for Equipment	5,977	376,162	6,225	376,703
Rate Fees & Taxes	8,471	533,072	8,516	515,289
Vehicle Running & Maintenance	11,184	703,812	11,832	715,939
Repair & Maintenance – Computer	2,019	127,044	375	22,677
Repair & Maintenance – Others	601	37,815	2,872	173,773
Inspection & Maintt. Charges	5,104	321,209	2,332	141,129
Land Tax	17,450	1,098,145	17,250	1,043,753
Software	8,400	528,612	8,400	508,284
Newspaper Books & Periodicals	57	3,566	252	15,223
Staff Welfare Expenses	1,534	96,503	1,100	66,564
Prior Period Expenses	–	–	21,092	1,276,277
Audit Fee	5,729	360,513	2,910	176,108
Other Administrative Expenses	11,077	697,053	8,454	511,536
Total	132,553	8,341,568	163,278	9,879,899

SCHEDULE "L" FINANCIAL EXPENSES

Bank Charges	18,165	1,143,117	15,335	927,894
Exchange Fluctuation	806	50,752	–	–
Interest Paid	6,018	378,694	3,623	219,253
Total	24,989	1,572,563	18,958	1,147,147

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "M" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) Significant Accounting Policies

I) Accounting Concepts

The accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and incomes to the extent ascertainable are accounted for on mercantile basis unless otherwise stated.

II) Fixed Assets

Fixed Assets are stated at historical cost (including expenses incurred on putting them to use) less accumulated depreciation and any accumulated impairment losses.

III) Depreciation

Depreciation amount of an asset is allocated on a systematic basis over the useful life of the asset. Impairment is recognized in accordance with IAS–36 'Impairment of Assets'.

IV) Inventories

- (a) Stock of Work in Process: - At material cost plus apportioned manufacturing overheads.
- (b) Stock of Finished Goods: - At material cost plus apportioned manufacturing overheads and other costs incurred in bringing the inventories to their present location and condition or Net realizable value whichever is lower.
- (c) Spares and Consumable – At Cost

V) Revenue Recognition

Sale of goods and services are recognized when significant risks & rewards. of ownership are transferred to the buyer which generally coincides with the delivery. It is measured at the fair value of the consideration received or receivable. Sale is net of sale returns.

VI) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalized as part of cost of such assets till such time as the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which incurred.

VII) Translation of Foreign Exchange Transactions

VIII)Amortisation of Intangible Assets and Miscellaneous Expenditure

As per IAS 38 An Entity assesses whether the useful life of an intangible asset is finite or infinite; the useful life is infinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows. The depreciable amount of an intangible asset with a finite life is amortized on a systematic basis over its useful life. An intangible asset with an indefinite useful life is not amortized, but is tested for impairment at least annually. Impairment of intangible asset is recognized in accordance with IAS 36 "Impairment of Assets".

The gain or loss on derecognition of an intangible asset is the difference between the net disposal proceeds, if any and the carrying amount of the item. The gain or loss is recognized in profit or loss.

IX) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recogrecognized when there is present obligation as a result of past events and it is probaprobable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recogrecognized nor disclosed in the financial statements.

X) Impairment of Assets

An Asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

XI) Related Party Disclosures

The related party disclosures like nature of relationship, information about transaction and outstanding balances with related parties, compensation of key Management personnel etc. are reported in accordance with IAS 24.

XII) Accounting policies not specifically referred to are consistent with generally accepted accounting principles.

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE "M" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

B) NOTES ON ACCOUNTS

- The company is wholly owned subsidiary of Venus Remedies Limited,. Panchkula, India. The entire share capital is from the parent company.
- In the opinion of the Board, and to the best of their knowledge and belief the value on realization of the current assets, loans & advances shown in the Balance Sheet in the ordinary course of business will be at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities has been made.
- The Related party disclosure as required by IAS-24 (Related Party) issued by IASB.

Related Party	Relationship	Nature of Transaction	Amount of Transaction
Venus Remedies Ltd	Parent Company	Trading purchase (Incl. CTD)	€ 856,861
Sunev Pharma Solution Ltd	Associates	Trading Purchase	€ 256,454
		Freight	€ 19,409

- In the books of Subsidiary Company a sum of NIL is recorded as Prior Period Expenses Previous year it was € 21,092.
- Contingent Liabilities:** Nil
- The figures in the Balance Sheet and Profit & Loss Account for the year have been translated from € to at an average of closing TT buying and TT selling rate of 1 € = ₹ 62.93 as on 31.03.2011 for the purpose of conversion and is also rounded off to nearest multiple of ₹

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)
Partner
Membership No. 083140

(Pawan Chaudhary)
Chairman cum Managing Director

(Ashutosh Jain)
Chief Operating Officer

Place: Panchkula
Dated: 26.07.2011

Cash Flow Statement FOR THE YEAR ENDED MARCH 31, 2011

Particulars	As on 31.03.2011		As on 31.03.2010	
	(Amount in €)	(Amount in ₹ in thousand)	(Amount in €)	(Amount in ₹ in thousand)
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & extraordinary items	-383,430	-24,129	-322,639	-19,523
Adjustment for Depreciation	170,258	10,714	129,187	5,079
Interest received	-65	-4,097		
Extraordinary Expenses		-2,697		9,275
Operating Profit before working capital changes	-213,237	-20,210	-193,452	-5,169
Adjustments for increase /decrease in Current Assets	-200,944	-13,225	80,555	7,145
Decrease / Increase in Current Liabilities/ Provisions	-69,868	-2,641	343,744	18,089
Extraordinary items				
Net Cash Flow from operating activities (A)	-484,049	-36,075	230,847	20,065
B) CASH FLOW FROM INVESTMENT ACTIVITIES				
Capitalization of Expenses(NET)	-143,667	-17,751	-210,371	11,313
Increase/ Decrease in Capital work in progress				
Interest Received	65	4,097		
Net Cash Flow from Investing Activities (B)	-143,602	-13,653	-210,371	11,313
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	595,000	47,832		-30,457
Net Cash from Financing Activities (C)	595,000	47,832		-30,457
Net Increase in Cash & Cash Equivalents (A+B+C)	-32,651	-1,896	20,476	921
Cash & Cash Equivalents as at 31.03.2011	32513	2046		
Cash & Cash Equivalents as at 31.03.2010	65,164	3,943	65,164	3,943
Cash & Cash Equivalents as at 31.03.2009			44,688	3,021

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)
Partner
Membership No. 083140

(Pawan Chaudhary)
Chairman cum Managing Director

(Ashutosh Jain)
Chief Operating Officer

Place: Panchkula
Dated: 26.07.2011

Auditors' Certificate

We have verified the above Cash Flow Statement of M/s. Venus Pharma GmbH for the year ended on 31st March 2011 from the books and records maintained by the Company and have found it in accordance therewith.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

Place: Panchkula
Dated: 26.07.2011

(J.K. Jain)
Partner
Membership No. 083140

Auditor's Report on Consolidated Financial Statements of Venus Remedies Limited and its wholly owned subsidiary Venus Pharma GmbH.

THE BOARD OF DIRECTORS OF
VENUS REMEDIES LIMITED
PANCHKULA

1. We have examined and audited the attached Consolidated Balance Sheet of M/s Venus Remedies Limited and its wholly owned subsidiary Venus Pharma GmbH as at 31st March 2011, and also the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted audit of Venus Remedies Ltd. in accordance with auditing standards generally accepted in India and also we have conducted audit of subsidiary, Venus Pharma GmbH according to generally accepted audit standards in Germany i.e “International Accounting Standards”. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21,

- “Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
- (a) in the case of the Consolidated Balance Sheet of the consolidated state of affairs of the company and its subsidiary as at 31st March, 2011,
- (b) in the case of Consolidated Profit & Loss Account, of the Consolidated Profit of the company and its subsidiary for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the company and its subsidiary for the year then ended.

For **J. K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

J.K. Jain
Partner
Place : Panchkula
Date : 26.07.2011

Membership No. 083140

Consolidated Balance Sheet AS ON MARCH 31, 2011

		(Amount in ₹)	
Particulars	Schedule	As on 31.03.2011	As on 31.03.2010
SOURCES OF FUNDS			
Shareholder's Funds			
a) Share Capital	A	133,248,940	84,919,570
b) Reserves & Surplus	B	2,235,935,122	1,626,897,525
		2,369,184,062	1,711,817,095
Loan Funds			
a) Secured Loans	C	1,647,920,273	916,652,043
b) Unsecured Loans	D	220,672,872	577,251,325
		1,868,593,145	1,493,903,368
Deferred Tax Liability		92,423,106	75,662,546
Grand Total		4,330,200,314	3,281,383,009
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	3,428,777,719	2,608,531,557
Less: Depreciation		495,959,218	313,561,786
Net Block		2,932,818,501	2,294,969,771
Add : Capital Work-in-Progress		144,844,965	7,331,528
Add : Capital Work-in-Progress (R&D Block)		8,215,278	1,259,278
Total		3,085,878,743	2,303,560,577
Investments			
Current Assets, Loans & Advances			
Inventories	G	754,299,482	619,416,908
Sundry Debtors	H	357,430,629	282,979,813
Cash & Bank Balances	I	31,183,160	23,980,445
Loans & Advances	J	377,787,093	260,264,137
		1,520,700,364	1,186,641,303
Less : Current Liabilities & Provisions			
Current Liabilities	K	116,237,517	98,427,330
Provisions	L	162,172,129	121,063,369
Total		278,409,646	219,490,701
Net Current Assets		1,242,290,718	967,150,602
Miscellaneous Expenditure	M	2,030,852	10,671,828
(To the extent not written off or adjusted)			
Grand Total		4,330,200,314	3,281,383,009
Significant Accounting Policies & Notes on Accounts	V		

Auditors’ Report
In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

(J.K. Jain)
Partner
Membership No. 083140

Place: Panchkula
Dated: 26.07.2011

For and on behalf of the Board of Directors

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
AGM (Accounts)

Consolidated Profit and Loss Account FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹)

Particulars	Schedule	As on 31.03.2011	As on 31.03.2010
INCOME			
Sales & Other Income	N	3,640,739,505	3,146,116,228
Total (A)		3,640,739,505	3,146,116,228
EXPENDITURE			
Cost of Material Consumed	O	2,014,925,796	1,823,100,884
Manufacturing Expenses	P	133,386,772	102,288,923
Administration & Other Expenses	Q	116,557,793	100,932,727
Financial Expenses	R	188,641,716	140,700,685
Selling & Distribution Expenses	S	342,750,740	267,114,316
Research And Development Expenses	T	128,354,601	110,783,541
Misc. Expenditure written off	U	8,640,976	12,718,850
Total (B)		2,933,258,395	2,557,639,926
PROFIT			
Profit before Depreciation (A-B)		707,481,110	588,476,302
Depreciation	E	181,150,973	124,691,312
Profit after Depreciation but before Tax		526,330,137	463,784,990
Less : Provision for Taxation			
– Current Tax		100,496,836	72,458,784
– Deferred Tax		16,646,739	15,737,342
Add: Mat credit		52,994,880	20,000,000
Profit after Depreciation & Tax		462,181,442	395,588,864
Less : Provision For Dividend		27,387,282	25,419,273
Less : Provision for Tax on Dividend		4,416,199	4,320,005
Profit After Dividend		430,377,960	365,849,586
Add : Balance brought forward from Previous year		517,703,333	397,198,051
Add : Reserve on account of translation of reserve		(3,944,250)	-
Balance available for Appropriation		944,137,043	763,047,636
APPROPRIATION			
Transferred to General Reserve		300,000,000	250,000,000
Profit Carried to Balance sheet		644,137,043	513,047,636
		644,137,043	513,047,636
Earning per share (equity share)			
Nominal value ₹ 10/- each			
Basic		50.62	46.69

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)

Partner

Membership No. 083140

(Peeyush Jain)

Deputy Managing Director

(Pawan Chaudhary)

Chairman cum Managing Director

Place: Panchkula

Dated: 26.07.2011

(Neha Kodan)

Company Secretary

(Ajeet Kapoor)

AGM (Accounts)

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "A" SHARE CAPITAL		
Authorized Capital		
12000000 Equity shares of ₹ 10/- each		
(Previous year 12000000 Equity Shares of ₹ 10/- each)	121,573,250	121,512,750
Issued, Subscribed and Paid-up		
9129094 Equity Shares of ₹ 10/- each fully paid up	91,290,940	84,732,910
Previous year 8473091 Equity Shares		
Less: 200Equity Share Forfeited		(2,000)
Add : Share Application Money	41,958,000	188,660
Total	133,248,940	84,919,570

SCHEDULE "B" RESERVES & SURPLUS

General Reserves	1,077,296,741	827,296,741
Add : Additions During the Year	300,000,000	250,000,000
Exchange Fluctuation	18,422,708	15,453,147
Total	1,395,719,449	1,092,749,888
Share Premium Account	174,978,630	-
Profit & Loss Account	644,137,043	513,047,637
Employee Stock Option	21,100,000	21,100,000
Total	2,235,935,122	1,626,897,525

SCHEDULE "C" SECURED LOANS

Term Loans	1,008,353,115	341,385,092
(Secured by mortgage of fixed, hypothecation of current assets of the Company & personal guarantee of the Directors)		
From Others	7,908,554	4,100,387
(Secured by hypothecation of vehicles)		
Working Capital Loan From Banks		
(Secured by hypothecation of current assets of the company & second charge on fixed assets & further secured by personal Guranntee of Directors)	631,658,604	571,166,564
Total	1,647,920,273	916,652,043

SCHEDULE "D" UNSECURED LOANS

Security from stockists	491,032	24,276,325
Foreign Currency Convertible Bonds	220,181,840	552,975,000
Total	220,672,872	577,251,325

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE "E" FIXED ASSETS – Parent Company (Amount in ₹)

S. No.	Fixed Essets	Balance as on 01.04.2010	Additions	Sales/ W/Off	Total Cost	Rate %Age	Depreciation up to 31/03/2010	Depreciation for the Period	Total Depreciation	Current Year Net Block	Previous Year Net Block
1	R & D Pilot Plant	51,630,146	5,900,604	-	57,530,750	4.75	5,355,812	2,468,509	7,824,321	49,706,429	46,274,334
2	Building	397,595,560	21,850,794	-	419,446,354	3.34	30,601,157	13,568,559	44,169,716	375,276,638	366,994,403
3	Building For R & D	113,643,251	6,128,120	-	119,771,371	3.34	11,995,792	3,895,797	15,891,589	103,879,782	101,647,459
4	Computer ,It and Communication Equipment	77,328,607	38,984,944	-	116,313,551	16.21	33,902,432	13,827,767	47,730,199	68,583,353	43,426,176
5	Dg Set	8,587,830	5,754,620	-	14,342,450	13.91	4,028,201	1,356,931	5,385,132	8,957,318	4,559,629
6	Electrical Installation	32,333,829	20,859,036	-	53,192,865	4.75	7,034,373	1,791,883	8,826,256	44,366,609	25,299,456
7	Furniture & Fixture	29,086,787	14,132,364	-	43,219,151	6.33	8,068,023	1,986,112	10,054,134	33,165,016	21,018,764
8	Lab Equipment	35,919,410	16,572,178	-	52,491,588	7.07	9,261,524	3,263,549	12,525,072	39,966,515	26,657,886
9	Land	13,523,062	45,321,860	-	58,844,922	0.00	-	-	-	58,844,922	13,523,062
10	Misc. Fixed Essets	27,299,938	5,782,747	-	33,082,685	4.75	5,406,565	1,453,255	6,859,820	26,222,865	21,893,373
11	Office Equipment/Security Eqp.	12,669,356	7,772,889	-	20,442,245	7.07	3,717,733	1,014,231	4,731,964	15,710,280	8,951,622
12	Patent lpr Technologies	836,475,374	514,200,520	-	1,350,675,894	0.00	45,905,147	86,077,932	131,983,079	1,218,692,815	790,570,227
13	Plant & Machinery	534,935,960	59,015,930	-	593,951,890	4.75	64,849,509	26,405,992	91,255,501	502,696,389	470,086,451
14	Pollution Control	22,425,656	720,071	-	23,145,727	4.75	2,032,966	1,076,200	3,109,166	20,036,561	20,392,690
15	R & D Equipment	162,998,328	29,149,784	-	192,148,112	4.75	38,547,657	8,450,494	46,998,151	145,149,961	124,450,670
16	Vehicle	34,300,682	10,919,043	570,000	44,649,725	9.50	11,687,999	3,799,448	15,487,447	29,162,278	22,612,683
	Total	2,390,753,776	803,065,504	570,000	3,193,249,280		282,394,890	170,436,657	452,831,547	2,740,417,733	2,108,358,886
	Previous Year	1,867,221,062	524,410,014	877,300	2,390,753,776		165,520,707	70,969,036	236,489,743	2,108,358,886	1,701,700,356

SCHEDULE "E" FIXED ASSETS – Subsidiary Company (Amount in ₹)

S. No.	Fixed Essets	Balance as on 01.04.2010	Additions	Sales/ W/Off	Total Cost	Rate %Age	Depreciation up to 31/03/2010	Depreciation for the Period	Total Depreciation	Current Year Net Block	Previous Year Net Block
1	Land	17,611,904	-	-	17,611,904	-	-	-	-	17,611,904	16,934,631
2	Building	167,015,087	-	-	167,015,087	3.00	21,711,857	5,010,453	26,722,309	140,292,778	139,715,450
3	Building Premises	3,549,252	-	-	3,549,252	10.00	1,367,406	354,925	1,722,331	1,826,921	2,097,942
4	Out Door Facilities	7,014,052	-	-	7,014,052	6.67	2,026,535	467,648	2,494,183	4,519,869	4,795,705
5	Plant & Machinery	13,907,530	-	-	13,907,530	7.69	4,615,223	1,069,489	5,684,712	8,222,818	8,934,967
6	Plant & Equip- I	549,001	220,383	-	769,384	33.33	186,462	170,291	356,752	412,632	348,608
7	Plant & Equip – II	105,408	330,321	-	435,729	10.00	48,330	17,111	65,441	370,288	54,913
8	Plant & Equip – III	86,529	-	-	86,529	20.00	49,022	17,306	66,328	20,201	36,064
9	Plant & Equip – IV	798,896	-	-	798,896	12.50	239,197	99,862	339,059	459,837	538,176
10	Plant & Equip – V	-	339,738	-	339,738	16.67	-	56,634	56,634	283,104	-
11	Plant & Equip – VI	-	26,388	-	26,388	14.29	-	3,172	3,172	23,217	-
12	Warehouse Equipment – I	58,147	-	-	58,147	9.09	20,767	5,286	26,052	32,095	35,943
13	Warehouse Equipment – II	1,477,848	-	-	1,477,848	6.67	342,591	98,510	441,100	1,036,748	1,091,574
14	Computer	201,376	8,884	-	210,260	33.00	201,376	1,036	202,412	7,848	-
15	Miscellaneous Fixed Assets	571,153	-	-	571,153	20.00	520,872	21,579	542,450	28,702	48,347
16	Office Equipment / F & F	730,051	-	-	730,051	10.00	282,241	73,005	355,246	374,805	430,556
17	Intellectual Property Rights	12,811,289	8,115,199	-	20,926,489	20.00	801,414	3,248,010	4,049,424	16,877,065	11,548,009
	Total	226,487,524	9,040,915	-	235,528,439		32,413,292	10,714,316	43,127,671	192,400,768	186,610,885
	Previous Year	205,048,215	12,729,566	-	217,777,781	-	23,349,708	7,817,127	31,166,896	186,610,885	203,003,067

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "G" INVENTORIES		
(As taken, valued and certified by Management)		
Raw Material and Packing Material	399,819,587	310,675,644
Work - in - Progress	158,837,361	134,365,175
Finished goods	178,525,400	163,967,891
Consumable	2,119,204	1,040,751
Store & Spares	2,974,365	1,539,675
Printing & Stationery	2,387,265	1,220,505
Material In Transit	9,636,300	6,607,267
Total	754,299,482	619,416,908

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "H" SUNDRY DEBTORS		
(Unsecured but considered good)		
- Outstanding for a period exceeding 6 months	782,840	908,011
- Others	356,647,789	282,071,802
Total	357,430,629	282,979,813

SCHEDULE "I" CASH & BANK BALANCE

Cash in Hand	607,301	631,479
Balance with Scheduled Banks		
- In Current Accounts	22,731,646	14,558,966
- In Fixed Deposits Accounts	7,844,212	8,790,000
Total	31,183,160	23,980,445

SCHEDULE "J" LOANS & ADVANCES

(Unsecured but considered good)		
Advances recoverable in cash or in kind or for value to be received	224,357,678	165,874,200
Loans to Staff	13,455,756	8,031,150
Security deposits	1,947,271	1,321,695
Balances with central Excise	907,638	913,222
MAT Credit Current Year	30,000,000	20,000,000
MAT Credit Previous Years	107,118,750	64,123,870
Total	377,787,093	260,264,137

SCHEDULE "K" CURRENT LIABILITES

Sundry Creditors	70,227,323	48,685,440
Creditors for Capital Goods	4,205,020	7,955,848
Other Liabilities	35,173,205	34,274,496
Creditors for Expenses & Provisions	6,631,968	6,952,451
VAT Payable on Sales		559,095
Total	116,237,517	98,427,330

SCHEDULE "L" PROVISIONS

Provision for Dividend	27,387,282	25,419,273
Provision for Taxation on Dividend	4,416,199	4,320,005
Provision for Taxation	100,496,836	72,458,784
Provision for Retirement Benefit	19,423,196	11,815,760
Provision for M.I.T.	9,636,300	6,607,267
Provision for Excise Duty on Finished Goods	812,316	442,280
Total	162,172,129	121,063,369

SCHEDULE "M" MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Research & Development	2,030,852	7,168,975
Marketing seed Capital Expenditure	-	1,138,990
FCCB issue Expenses	-	2,363,863
Total	2,030,852	10,671,828

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "N" SALES & OTHER INCOME		
Sales	3,636,786,253	3,144,485,468
Other Income	3,953,252	1,630,760
Total	3,640,739,505	3,146,116,228

SCHEDULE "O" COST OF MATERIAL CONSUMED

Opening Stock	310,675,644	198,560,010
Add : Purchases	2,143,099,434	1,997,080,512
	2,453,775,078	2,195,640,522
Less : Closing Stock	399,819,587	310,675,644
Total A	2,053,955,491	1,884,964,878
Add / (Less) Increase / (Decrease) In Inventory		
Closing Stock		
Finished Goods	178,525,400	163,967,891
Work In Progress	158,837,361	134,365,175
Total	337,362,761	298,333,066
Opening Stock		
Finished Goods	163,967,891	127,238,570
Work In Progress	134,365,175	109,230,502
Total	298,333,066	236,469,072
Increase / Decrease In Inventory (B)	39,029,695	61,863,994
Total (A - B)	2,014,925,796	1,823,100,884

SCHEDULE "P" MANUFACTURING EXPENSES

Power & Fuel	27,201,866	17,238,237
Consumables	11,046,300	8,721,663
Repair & Maintenance		
- Building	4,111,110	2,753,697
- Electrical	1,472,996	1,657,263
- Plant & Machinery	5,745,224	5,188,569
- Lab	473,980	351,926
Salary & Other benefits	72,118,412	54,329,210
Other Manufacturing Expenses	11,216,883	12,048,358
Total	133,386,772	102,288,923

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "Q" ADMINISTRATIVE & OTHER EXPENSES		
Rent	305,968	499,583
Rates, Fee & Taxes	881,565	1,147,451
Insurance	1,103,226	911,465
Salary and other benefits	42,633,116	37,713,169
Legal and Professional Expenses	7,960,777	7,104,414
Postage, Telex & Telegram	487,333	504,421
Printing & Stationery	6,353,892	6,300,239
Telephone Expenses	3,240,334	3,253,414
Employees Compensation Expenses	111,498	1,930,528
Traveling & Conveyance:		
- Staff	3,014,664	2,981,565
- Directors	1,558,752	1,209,846
- Others	1,041,355	1,037,963
Running, Repair & Maintenance :		
- Vehicles	8,128,400	5,527,513
- Computer	1,933,099	1,064,111
- Others	829,944	936,122
Auditors' Fees	1,535,583	1,155,333
Directors Remuneration	8,906,446	7,005,067
Other Administrative Expenses	13,451,809	13,012,473
Prior Period Expenses	-	1,276,277
Other Corporate Expenses	13,080,032	6,361,773
Total	116,557,793	100,932,727

SCHEDULE "R" FINANCE EXPENSES

Interest & other charges on Term Loans	103,336,030	33,233,771
Interest & other charges on Working Capital Loans	66,549,940	62,551,892
Interest to Others	2,545,347	30,096,727
Exchange Fluctuation	2,238,263	5,453,786
Bank charges	13,972,137	9,364,509
Total	188,641,716	140,700,685

SCHEDULE "S" SELLING & DISTRIBUTION EXPENSES

Salary and other benefit	88,985,513	75,969,471
Discount / Commission	64,780,974	52,948,916
Other Selling Expenses	49,613,161	33,611,889
Advertisement & Sales Promotion	49,757,064	31,944,950
Sample Distribution	17,957,608	19,126,676
Incentive to Field Force	16,058,569	15,208,925
Traveling and conveyance Field Staff (Incl. Hotel)	49,667,100	34,068,287
Excise Duty	5,930,750	4,235,202
Total	342,750,740	267,114,316

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

(Amount in ₹)

Particulars	As on 31.03.2011	As on 31.03.2010
SCHEDULE "T" RESEARCH AND DEVELOPMENT EXPENSES		
Remuneration of R & D staff	35,641,274	30,562,448
R & D Expenses	35,712,137	29,434,743
Material used for Development of new products	48,160,820	43,130,100
R & D Consumables	8,840,370	7,656,250
Total	128,354,601	110,783,541

SCHEDULE "U" MISC. EXPENDITURE WRITTEN OFF

Preliminary / Public Issue Expenses	-	50,100
FCCB issue Expenses	2,363,863	2,363,863
Research & Development written off	5,138,123	7,157,973
Seed Capital Marketing written off	1,138,990	3,146,914
Total	8,640,976	12,718,850

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2011

- The consolidated financial statements relates to Venus Remedies Limited ('the Company') and its subsidiary "Venus Pharma GmbH" ('the Subsidiary'). The consolidated financial statements have been prepared on the following basis:
 - The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard(AS)21-"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - In case of foreign subsidiary, being non-integral foreign operations, revenue items and assets and liabilities are consolidated at the closing rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
 - The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
 - The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and loss account as the profit or loss on disposal of investment in subsidiary.
 - Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to share holders of the company.
 - In case of associated companies where the company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with accounting Standard (AS) 23-"Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
 - The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associated to the extent of its share, through its profit and loss account to the extent such change is attributable to the associated' profit and loss account and through its reserves for the balance, based on available information.

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- Investment other than in subsidiaries and associates has been accounted as per Accounting Standard (AS-13) on "Accounting for Investments".
- Other significant accounting policies:-**
These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Venus Remedies Limited and its subsidiary.

B) CONSOLIDATED NOTES ON ACCOUNTS

- The figures for the previous year have been re-grouped / re-arranged / re-cast wherever necessary to make it comparable in the books of parent company and subsidiary company.

2. Director's Remuneration

In the Books of Parent Company

(Amount in ₹)

Particulars	Current Year	Previous Year
Salary (Gross)	12,295,800	9,384,000
Perquisites including Allowances	125,146	264,096
Sitting Fee	142,500	116,971
	12,563,446	9,765,067

3. Auditor's Remuneration

(Amount in ₹)

Particulars	Current Year	Previous Year
Statutory Audit Fees	590,000	490,000
Tax Audit Fee	100,000	85,000
Management Matters	414,000	345,000
Add : Service tax	71,070	59,225
Total	1,175,070	979,225

- In the books of Parent company a sum of ₹ Nil (Previous Year ₹ 82,998). Maximum outstanding during the year ₹ 78,536/- (Previous year 4,18,055/-) is due from Directors of the company being imprest for traveling, conveyance and other charges.
- In Parent company Fixed deposits with banks of ₹ 7,844,212 (Previous year ₹ 8,790,000) are pledged as Margin Money with banks.
- In the books of Parent company Expenses includes ₹ 124,180/- (Previous year ₹ 76,100) as expenses relating to previous years.
- In the books of Subsidiary Company a sum of ₹ Nil is recorded as Prior Period expenses. Previous year it was ₹ 21,092.
- In the books of Parent company Income includes ₹ Nil (Previous year ₹ 600) as income related to previous year.
- In the Parent Company disclosure as required by AS-18 (Related Party) issued by ICAI
 - List of related parties where control exist and related parties with whom transactions have taken place and relationship:

S. No.	Name of Related Party	Relationship
1	Sunev Pharma Solutions Ltd.	Associates
2	Mr. Pawan Chaudhary Mrs. Manu Chaudhary Mr. Peeyush Jain Mr. Ashutosh Jain	Key Managerial Personnel

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

ii) Transactions during the year with related parties: (₹ in lacs)

S No.	Nature of Transaction	Subsidiaries	Associates	Key Managerial Personnel	Total
1	Allotment of Share Capital	-	1,678.32	-	1,678.32
2	Share Application Money	-	419.58	-	419.58
3	Sales	-	139.99	-	139.99
4	Purchases and reimbursement	-	336.66	-	336.66
5	Loan Repaid	-	230.00	-	230.00
6	Interest Paid	-	11.50	-	11.50
7	In licensing of Technology	-	250.00	-	250.00
8	Advance for In licensing of Technology	-	748.74	-	748.74
9	Payment to Key Managerial Personnel	-	-	122.96	122.96

10. The Parent company operates only in one business segment viz. "Pharmaceutical Formulation" and is engaged in manufacturing and trading of medicines. Since in the opinion of management, the inherent nature of activities engaged by the company are governed by the same set of risks and rewards, so these have been grouped and identified as a single segment in accordance with the Accounting Standard on Segment Reporting (AS-17) issued by ICAI.
11. In the opinion of the board, and to the best of their knowledge and belief, the value on realization of the current assets, loans & advance shown in the Balance Sheet in the ordinary course of business will be at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities has been made.
12. The wholly Owned Subsidiary "Venus Pharma GmbH" was operated at Werne, Germany, Accordingly, the Balance Sheet of Wholly Owned Subsidiary has been consolidated along with the Parent Company in accordance with the Accounting Standard on Consolidated Financial Statement" (AS-21)
13. During the year the parent Company has issued 1,200,000 share warrants to Sunev Pharma Solutions Limited out of which 600,000 share warrants are converted into 600,000 equity Shares. The Parent company has allotted 37,137 equity Shares to FCCB holders.
14. Some of suppliers of material have been identified as small scale industrial undertaking on the basis of information available with the company. However none of these parties has an outstanding credit balance exceeding ₹ 100,000.00 as on 31.03.2011

15. Contingent Liabilities

Particulars	Current Year	Previous Year
(Not provided for in the books of accounts)		
(In the books of Parent Company)		
(a) Letter of Credit / Bank Guarantees-Inland	204.82 Lacs	423.01 Lacs
(b) Bank Guarantee Foreign	53.53 Lacs	73.42 Lacs
(c) Letter of Credit Foreign	189.95 Lacs	248.74 Lacs

There is no liability in the books of Subsidiary Company.

16. During the year, both the parent & subsidiary company has undertaken a review of all fixed assets in line with the requirements of AS-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Based on such review, no provision for impairment is required to be recognized for the year.
17. The figures in the Balance Sheet and Profit & Loss Account for the year have been rounded off to nearest multiple of rupee.
18. In the books, Parent company has provided for gratuity and leave encashment as per valuation which was done as required under accounting standard (AS-15) "accounting for retirement benefits". Whereas in subsidiary the Employee law prevailing in the state are complied with.

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

19. The Parent Company is continuously making investments in its intellectual Property rights wealth. This year company has filed more patents in different countries for its Research products. As a result of huge past and present investments in R&D Pilot Plant and equipment, the R&D wing of the company is day by day giving new products to the company and has also got renewal of recognition from Department of Scientific and Industrial Research, New Delhi for a period of five years.
20. The Parent Company has taken a step towards advancement, and has decided to set up a global marketing Centre at Derabassi, Mohali.
21. For Parent company Additional information pursuant to the provision of paragraph 3, 4C & 4D of Part II of schedule VI of the Companies Act, 1956. (as certified by the management)

Particulars	Current Year	Previous Year
i) Licensed Capacity	N.A.	N.A.
ii) Installed Capacity (as certified by management)		
Anti Cancer Injectables	45 Lacs p.a	45 Lacs p.a
Dry powder Lyophilized Injectables	10 Lacs p.a.	10 Lacs p.a
Dry powder Injectables	240 Lacs p.a.	240 Lacs p.a
Dry powder Carbapenem Injectables	75 Lacs. p.a.	75 Lacs. p.a
SVPS (Ampoules)	125 Lacs p.a.	125 Lacs p.a
SVPS (VIALS)	125 Lacs p.a.	125 Lacs p.a
Harmones Injectable	60 Lacs p.a	60 Lacs p.a
Injections in Prefilled Syringes	30 Lacs p.a	30 Lacs p.a
LVPS (I/V Fluids)	75 Lacs p.a	75 Lacs p.a

iii) Detail of Production / purchases, Sales and Closing Stock for the year 2010-11

Sr. No.	Group	Unit	Year	Prod./Per Qty	Opening Stock		Closing Stock		Sale	
					QTY (In Kgs.)	Value (In ₹)	QTY (In Kgs.)	Value (In ₹)	QTY (In Kgs.)	Value (In ₹)
1.	I.V Fluids	NOS	2010-11	4,096,271	212,348	11,191,531	89,260	6,585,839	4,219,359	400,137,017
			2009-10	4,681,452	148,888	5,920,826	212,348	11,191,531	4,617,992	337,293,438
2.	Anti- Cancer	NOS	2010-11	465,185	67,324	24,482,920	36,091	36,436,932	496,418	1,047,858,814
			2009-10	448,706	50,000	18,503,925	67,324	24,482,920	431,382	853,609,472
3.	Dry Powders	NOS	2010-11	8,656,381	1,018,453	78,478,421	797,192	94,138,747	8,877,642	1,248,641,853
			2009-10	10,855,174	951,228	77,223,000	1,018,453	78,478,421	10,787,949	1,115,329,358
4.	S.V.P.(Injections/ Amp/PFS)	NOS	2010-11	6,849,592	1,017,664	34,384,234	615,705	29,072,097	7,251,551	436,935,332
			2009-10	8,218,060	671,374	15,512,487	1,017,664	34,384,234	7,871,770	393,711,779
5.	Others	NOS	2010-11	9,666,855	697,969	15,430,785	354,570	12,291,786	10,010,254	428,346,824
			2009-10	12,488,046	692,901	10,078,332	697,969	15,430,785	12,482,978	396,556,324
	Total		2010-11	29,734,284	3,013,758	163,967,891	1,892,818	178,525,401	30,855,224	3,561,919,841
			2009-10	36,691,438	2,514,391	127,238,570	3,013,758	163,967,891	36,192,071	3,096,500,371

iv) Detail of Raw Material Consumption

Sl. No.	Particulars	2010-11		2009-10	
		Quantity (In Kgs.)	Value (In ₹)	Quantity (In Kgs.)	Value (In ₹)
1.	Anti – Biotics/Anti –Bacterial	11,138.19	132,048,110	10,050.40	121,725,113
2.	Anti- Inflammatory/Analgesics	13,025.98	52,345,563	12,313.68	49,526,953
3.	Osmotic Diuretics	152,041.60	55,665,471	142,105.02	52,658,790
4.	Anti –Blood Coagulant	1,935.03	18,702,990	1,829.07	17,692,696
5.	Cephalosporins/FDC	49,506.08	676,558,952	46,134.90	630,854,687
6.	Carbapenem	497.03	122,589,349	458.19	114,311,062
7.	Anti- Cancer	47.67	183,323,626	38.37	150,091,087
8.	Other Material	–	271,873,198	–	246,448,221
9.	Packing Material	–	485,740,085	–	438,695,790
	Total	228,191.57	1,998,847,344	212,929.63	1,822,004,399

Schedules forming part of the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE "V" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

v) CIF Value of Imports

Particulars	Currency	2010-11	2009-10
Raw Material	INR	420,716,099	253,596,045
Capital Goods	INR	13,824,514	6,344,746

vi) Expenditure in Foreign Currency

Particulars	Currency	2010-11	2009-10
Salary/Incentive	\$	83,450	31,450
Travelling	\$	15,445	23,900
	€	5,912	Nil
	£	Nil	5,200
Regulatory Fee for patent/Product & Plant Registration /Export registration	\$	2,157,310	1,756,140
	€	1,110,478	76,700
	¥	124,650	680,020
	£	309	Nil
Exhibition Expenses (CPHI)	\$	1,579	1,180
	€	19,376	45,234
Remittance on account of Dividend	\$	1,525	1,614
Subscription	\$	280	3,966
Commission	\$	177,602	183,750
Directors Sitting Fee	€	Nil	76

vii) Earnings in Foreign Exchange

Particulars	Currency	2010-11	2009-10
Value of Export	\$	21,676,078	19,880,323
	€	4,228,190	651,085

viii) Research & Development

Particulars	2010-11	2009-10
(a) Capital Expenditure	₹ 557,128,067	₹ 362,403,112
(b) Revenue Expenditure	₹ 128,354,601	₹ 110,783,541

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)
Partner
Membership No. 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

Place: Panchkula
Dated: 26.07.2011

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
AGM (Accounts)

Consolidated Cash Flow Statement FOR THE YEAR ENDED MARCH 31, 2011

(Amount in ₹ thousand)

Particulars	As on 31.03.2011	As on 31.03.2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	526,330	463,785
Adjustment for Depreciation	182,397	124,691
Deferred Employee Compensations	-	1,808
Expenses Amortised	8,641	12,719
Adjustment of excess mat Transferred to gen reserve	52995	-15,114
Interest Received	-455	-83
Exchange reserve (Net)	3795	
Operating Profit before working capital changes	773,703	587,806
Adjustments for increase /decrease in Current Assets	-326,856	-148,353
Decrease / Increase in Current Liabilities/ Provisions	-73,381	-122,622
Net Cash Flow from operating activities (A)	373,466	316,831
B) Cash Flow from Investment Activities		
Capitalization of Expenses(NET)	-820,246	-512,220
Increase/ Decrease in Capital work in progress	-144,469	-15
Sale/Purchase of Investment	-	-
Interest Received	455	83
Net Cash Flow from Investing Activities (B)	-964,261	-512,152
C) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	48,329	189
proceed from share capital(share premium)	174,979	-
Proceeds from Long Term Borrowing(Net)	731,268	25,359
Proceeds from Short term Borrowing(Net)	-356,578	152,592
Exchange Fluctuation		25,241
Net Cash from Financing Activities (C)	597,998	203,381
Net Increase in Cash & Cash Equivalents (A+B+C)	7,203	8,060
Cash & Cash Equivalents as at 31.03.2011	31183	-
Cash & Cash Equivalents as at 31.03.2010	23,980	23,980
Cash & Cash Equivalents as at 31.03.2009	-	12,898

Auditors' Report

In terms of our separate report of even date annexed hereto.

For **J.K. Jain & Associates**

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)
Partner
Membership No. 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

Place: Panchkula
Dated: 26.07.2011

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
AGM (Accounts)

Auditors' Certificate

We have verified the above consolidated Cash Flow Statement of M/s. Venus Remedies Limited for the year ended on 31st March 2011 from the books and records maintained by the Company and have found it in accordance therewith.

For **J.K. Jain & Associates**
Chartered Accountants
Firm Registration No. 004025N

Place: Panchkula
Dated: 26.07.2011

(J.K. Jain)
Partner
Membership No. 083140

Consolidated Balance Sheet Abstract and Company's Business Profile

As per Schedule VI, Part IV of the Companies Act, 1956

I. Registration Details

Registration No.

			9	7	0	5
--	--	--	---	---	---	---

 State Code

						5	3
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1
---	---

0	3
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2	0	1	1
---	---	---	---

Date Month Year

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

				6	5	6	0
--	--	--	--	---	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

	4	3	3	0	2	0	0
--	---	---	---	---	---	---	---

 Total Assets

	4	3	3	0	2	0	0
--	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		1	3	3	2	4	9
--	--	---	---	---	---	---	---

 ** Reserves & Surplus

	2	3	2	8	3	5	8
--	---	---	---	---	---	---	---

 **

**Includes Advance against Share Capital

**Includes Deferred Tax Liability & Deferred Employee Compensation Fund against ESOS

Secured Loans

	1	6	4	7	9	2	0
--	---	---	---	---	---	---	---

 Unsecured Loans

		2	2	0	6	7	3
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	3	0	8	5	8	7	8
--	---	---	---	---	---	---	---

 Investments

					N	I	L
--	--	--	--	--	---	---	---

Net Current Assets

	1	2	4	2	2	9	0
--	---	---	---	---	---	---	---

 Misc. Expenditure (Net)

				2	0	3	1
--	--	--	--	---	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover

	3	6	4	0	7	4	0
--	---	---	---	---	---	---	---

 Total Expenditure

	3	1	1	4	4	0	9
--	---	---	---	---	---	---	---

(including other income)

Profit/Loss before Tax

		5	2	6	3	3	0
--	--	---	---	---	---	---	---

 Profit/Loss after Tax

		4	6	2	1	8	1
--	--	---	---	---	---	---	---

Earning per share in ₹

			5	0	.	6	3
--	--	--	---	---	---	---	---

 Dividend Rate (%)

						3	0
--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

ITC Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	B	L	E
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Product Description

P	H	A	R	M	A	C	E	U	T	I	C	A	L
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F	O	R	M	U	L	A	T	I	O	N	S		
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Auditors' Report

In terms of our separate report of even date annexed hereto.

For J.K. Jain & Associates

Chartered Accountants

Firm Registration No. 004025N

For and on behalf of the Board of Directors

(J.K. Jain)

Partner

Membership No. 083140

(Peeyush Jain)

Deputy Managing Director

(Pawan Chaudhary)

Chairman cum Managing Director

Place: Panchkula

Dated: 26.07.2011

(Neha Kodan)

Company Secretary

(Ajeet Kapoor)

AGM (Accounts)

CORPORATE INFORMATION

Board of Directors

Mr. Pawan Chaudhary, *Chairman & Managing Director*

Mrs. Manu Chaudhary, *Joint Managing Director*

Mr. Peeyush Jain, *Dy. Managing Director*

Mr. Ashutosh Jain, *Executive Director*

Dr. Gilbert Wenzel

Dr. S. K. Chadha

Mr. Jagdish Chander

Mr. Hari Pal Verma

Bankers

State Bank of India

IDBI Bank Ltd

Allahabad Bank

HDFC Bank Ltd

State Bank of Hyderabad

Statutory Auditors

M/s J. K. Jain & Associates

Internal Auditors

M/s Prem Garg & Associates

Cost Auditors

M/s C. L. Bansal & Associates

Advisors - Corporate Finance

M/s Emm Bee Financial Services Ltd

Corporate Advisor

Mr. Atul V. Sood

Registered Office

S.C.O. 857, C. No. 10, IInd Floor, NAC Manimajra
Chandigarh - 160101 (INDIA)

Corporate Office and Unit – I

Plot 51-52, Industrial Area, Phase-I,
Panchkula (Haryana) - 134 113 (INDIA)

Unit-II

Hill Top Industrial Estate, Near Jharmajri, E.P.I.P.

Phase - I, (Extention) Village Bhatoli Kalan,
Baddi, Himachal Pradesh - 173 205 (INDIA)

Venus Medicine Research Centre

Hill Top Industrial Estate, Near Jharmajri, E.P.I.P.

Phase - I, (Extention) Village Bhatoli Kalan,
Baddi, Himachal Pradesh - 173 205 (INDIA)

Wholly owned Subsidiary

Venus Pharma GmbH

Am Bahnhof 1-3,D-59368

Werne, Germany

Website: www.venuspharma.de

Board Committees

Audit Committee

Share Transfer & Shareholders Grievance Committee

Remuneration Committee

Employees Compensation Committee

Executive Committee of Board of Directors

Executive Committees

Co-Management Committee

Second Line Value Addition Committee

Asset Management Committee

Administrative Reforms Committee

Quality Harmonisation Committee

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

A-40, 2nd Floor, Phase-II, Naraina Ind.

Area, New Delhi - 110 028

Visit us at : www.venusremedies.com

www.vmrindia.com

www.venuspharma.de

www.potentoxvmrc.com

www.sulbactomax.com

www.vancoplus.com



VENUS REMEDIES LIMITED

51-52, Ind. Area, Ph.-I, Panchkula (Haryana)

www.venusremedies.com