



हिंदुस्तान एंटीबायोटिक्स लिमिटेड
HINDUSTAN ANTIBIOTICS LIMITED

58 वाँ वार्षिक प्रतिवेदन 2011-2012
58th ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS

1. **DR. V. RAJAGOPALAN, IAS**
(Director, HAL)
Sp. Secretary & Financial Adviser
to the Govt. of India,
Ministry of Chemicals & Fertilizers
(From 5.8.2010 to 8.1.2013)
2. **DR. RAJA SEKHAR VUNDRU, IAS**
(Director, HAL)
Joint Secretary, Dept. of Pharmaceuticals
Ministry of Chemicals & Fertilizers
(From 23.11.2011 to 8.1.2013)
3. **SHRI OM KUMAR,**
Special Director Appointed by BIFR
(Appointed 24.10.2011)
4. **SHRI PRAVEEN KUMAR**
CMD (IDPL), Additional charge of MD,
(From 9.12.2011 to 2.11.2012)
5. **SHRI A. S. VAIDYA**
Director (Finance)
6. **MS. MONIKA VERMA**
Director (Coordination)
Department of Pharmaceuticals
(appointed on 9.1.2013)
7. **SHRI K. V. VARKEY**
Managing Director
(Appointed on 2.11.2012)
8. **DR. AJV PRASAD, IAS**
Joint Secretary (Additional Charge),
Ministry of Chemicals & Fertilizers,
(appointed on 9.1.2013)
9. **SHRI DEVENDRA CHAUDHRY, IAS**
(Director, Hindustan Antibiotics Limited)
Joint Secretary, Govt. of India,
Ministry of Chemicals & Fertilizers
(From 8.11.2010 to 5.8.2011)

AUDITORS

M/s A. R. Sulakhe & Co.
Chartered Accountants
H.O. : Anand Apartment,
1180/2, Shivajinagar, Pune - 411005
Tel. No. 25535600 / 30281845

BANKERS

Punjab National Bank
Bank of Maharashtra
Vijaya Bank
Oriental Bank of Commerce
Central Bank of India
United Commercial Bank

REGISTERED & CORPORATE OFFICE

HINDUSTAN ANTIBIOTICS LIMITED,
PIMPRI, PUNE 411 018.

Web Site : www.hindantibiotics.gov.in

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NOTICE

FIFTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fiftyeighth Annual General Meeting of the Company will be held on Thursday the 21st February, 2013 at Shastri Bhavan, New Delhi at 12.30 p.m. to transact the following :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2012 and the Audited Profit and Loss Account for the year ended 31st March, 2012 alongwith the Reports of the Statutory Auditors and Comptroller and Auditor General of India thereon.

By Order of the Board of Directors
of Hindustan Antibiotics Limited

(VIRENDRA SINGH)
COMPANY SECRETARY

Date : 14-02-2013
Place : Pimpri, Pune.

To,

- 1) The Members of the Company
- 2) M/s A. R. Sulakhe & Co.
Chartered Accountants
H.O. : Anand Apartment,
1180/2, Shivajinagar, Pune - 411005

Note :

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
- 2) Consent of the members has been obtained for issue of a shorter notice.

DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting the 58th Annual Report of the working of the Company for the year ended 31st March 2012, together with the Audited Statements of Accounts, Auditors' Report and Comments of Comptroller and Auditor General of India

2. PERFORMANCE HIGHLIGHTS :

- 2.1 The overall performance of the Company as compared to the previous year is summarized below:-

(Rs. in lakhs)

| PARTICULARS | 2011-12 | 2010-11 |
|-------------------------------|-------------|-------------|
| I Sales | 7202 | 8904 |
| II. Value of Production | 5385 | |
| i. Bulk Drugs | 47 | 83 |
| ii. Formulations | | |
| Vials | 1575 | 1530 |
| Tablets | 802 | 977 |
| Capsules | 350 | 254 |
| I.V. Fluid | 1171 | 1214 |
| Others | 1440 | 4434 |
| iii. Utilities | - | - |
| TOTAL: | 5385 | 8492 |
| III Operating Profit/(Loss)* | (4373) | (2624) |
| IV Profit/(Loss) for the year | (7227) | (5016) |
| V. Net Profit/(Net Loss) | (7227) | (5019) |

* Before interest, depreciation and provisions.

3. REHABILITATION SCHEME :

- 3.1 The Rehabilitation Scheme sanctioned by BIFR vide its order dated 5.6.2007 is being implemented by the Company in right earnest. Most of the funds received by the Company under the Rehabilitation Scheme have been used for the purpose for which they were sanctioned under the Scheme and the Company is now in the process of consolidating its operations.
- 3.2 As per the direction of the Govt. in order to cover the deficiencies in the Rehabilitation Scheme sanctioned by BIFR, the Company has submitted

the 2nd Rehabilitation Plan asking for fund to the tune of Rs.502 Crores from the Govt. and this proposal is under active consideration of the Govt. of India.

4. JOINT VENTURE:HINDUSTAN MAX GB LTD.(HMGB):

- 4.1 After termination of the Agreements with HMGB by the Company w.e.f. 21.6.2004 the possession of the Penicillin G Manufacturing Facilities has been taken over by the Company. HAL issued a notice to DAI India for breach of the Agreement and was constrained to initiate Arbitration proceedings against DAI India. HAL has filed its claim of Rs.303.25 crores towards the losses and damages against DAI India. The arbitration proceedings are in progress.

5. SHARE CAPITAL :

- 5.1 The authorised share capital of the Company is ₹ 100 crores. As on 31st March,2012, the subscribed and paid-up share capital was ₹ 71.71 crores.

6. PRODUCTION :

- 6.1. The total value of production including outsourcing during the year 2011-12 was ₹ 53.85 crores. The production of various products were affected due to non-availability of bulk and packing material as per the plan, due to shortage of working capital. The Powder Injectable Facility which was constructed for manufacturing Cephalosporin products plant received WHO-GMP approval in July-2010. In this facility, provision for blending and formulation also was created so that combination products like Cefotaxime + Sulbactam, Ceftriaxone + Sulbactam, Cefaparazone + Sulbactam etc. can be manufactured. In addition to Cephalosporine Powder Injectable facility, formulation products such as Betalactum tablets and capsules, non-betalactum tablets, liquid syrups, Aureofungin, I.V. Fluid, Agricultural products etc. contributed to production.
- 6.2 Out of the total value of production of ₹ 53.85 crores, formulations and bulk constituted ₹ 53.38 crores and ₹ 0.47 crores respectively.

7. SALES :

- 7.1 During the year, the Company achieved sales

turnover of ₹ 72.02 crores compared to ₹ 89.04 crores during the previous year.

- 7.2 The Company introduced new product in the market viz, Inj.HALTAM 1gm. during the year 2011-12.

8. PROJECTS, ENGINEERING AND MAINTENANCE :

- 8.1 The Project of New Powder Injectable Facility for Cephalosporin has been completed with WHO - GMP compliance certificate and commercial production has commenced. The project for upgradation to WHO-GMP requirement of existing Powder Injectable Facility for Betalactum upgradation of vials has been completed and the same is under validation process, upgradation of Non-Parenteral Plant, I.V. Fluid Plant, Quality Control Laboratory etc. to WHO - GMP requirements is in process.
- 8.2 Installation & Commissioning of energy efficient boiler completed which has resulted into reduction in the furnace oil consumption due to optimum loading.
- 8.3 The Company has taken measures to enhance the production and productivity by effectively planning and implementing preventive maintenance schedules, attending breakdowns promptly, proper monitoring, carrying out necessary modifications and developing import substitutes.

9. MEASURES TAKEN FOR ENVIRONMENT PROTECTION :

- 9.1 The following steps have been taken for the environment protection:
- Planting of Trees in Factory and colony premises.
 - Growing of green grass on available open land.
 - Running of effluent treatment plant regularly and satisfying MPCB consent conditions.
 - Air and noise pollution control achieved as per MPCB requirements.
 - Disposal of solid waste generated as per MPCB consent conditions.
 - Zero discharge of water to outside common water discharge nalla is achieved by discharging all treated effluent to gardening and other requirement within factory premises.

10. MANAGEMENT AND TECHNICAL SERVICES :

- 10.1 The activities undertaken by the Management and Technical Services section during the year include New Projects, various energy conservation activities debottlenecking / troubleshooting in plants, Production Planning & Control and preparation of various MIS report to various Ministries. Major activities for the year 2011-12 are as under :

I. Major Projects

- "Execution of Project for upgradation of Penicillin Powder Injectable facilities complying to WHO-GMP. Project activities completed.
- "After Evaluation of global tenders for technology for manufacture of Erythromycin Thiocyanate, it was found that the manufacture of Erythromycin Thiocyanate is not feasible considering input cost with the technology offered viz-a-viz imported cost of the product from China. Project feasibility is also evaluated by IFCI. Project was dropped after approval of the Board in its 295th Board meeting in 31st May 2011.
- "Preparation of Business Plan for the Company.
- "Preparation of Draft Rehabilitation Scheme-II.
- "Preparation of various project reports for the project envisaged in the Rehabilitation Scheme-II.

11. QUALITY CONTROL AND QUALITY ASSURANCE :

- 11.1 Quality Control and Quality Assurance Department maintains vigil on various products and processes to ensure the highest quality and standards of drugs and pharmaceuticals that goes to patients. The Quality Control and Quality Assurance department also conduct advanced training so that latest knowledge in the area of analytical techniques and methods is imparted to its staff. Further, the Quality Control has been a guiding force for material, production and marketing and trying to build in Zero Rejection System for finished products.

12. RESEARCH AND DEVELOPMENT :

- 12.1 During 2011-12 Research and Development developed new drug formulations such as Arstesune Tablets, Ranitidine Tablets, Fenbendazole Oral powder (2.5% for Veterinary use) Ivermectine Oral Solution (0.08% for Veterinary use) Ofloxacin Tablets, Glipizide Tablets and modified narcotics Control Bureau Kits. The work is in progress to improve production of Hamycin, Azotomeal, Phosphomeal and Pencillinase Enzyme.

13. SUBSIDIARIES :

- 13.1 Maharashtra Antibiotics & Pharmaceuticals Ltd. (MAPL) has been ordered for winding up by BIFR and the said order has been confirmed by AAIFR. The winding up order has been stayed by the Hon'ble High Court at Bombay, Nagpur Bench on the Writ Petition filed by the Group of Employees of MAPL. As per the order of the Hon'ble High Court at Bombay, Nagpur Bench, the Voluntary Separation Scheme (VSS) in MAPL has been implemented and all the employees have been relieved under the VSS with the help of the funds released by the Govt. of India. Additionally, the Govt. of India has also released non-plan loan amounting to ₹ 8.5 crores for payment of outstanding dues of the employees of MAPL through your Company and the amount has been disbursed to the employees of MAPL.

- 13.2 The operations of Manipur State Drugs & Pharmaceuticals Ltd. (MSDPL) have been closed as per the decision made by its Board of Directors and necessary compensation on closure of MSDPL has been paid to the employees of MSDPL through the funds released by the Govt. of Manipur.

- 13.3 Due to the aforesaid problems being faced by MSDPL the accounts for the Twelve years 1998-99 to 2011-12 could not be attached to the Balance Sheet of the Company and of MAPL for the years 2004-2005 to 2009-2010 will be attached to the Balance Sheet of the Company as required under Section 212(8) of the Companies Act, 1956.

14. PERSONNEL :**14.1 SECURITY:**

After the withdrawal of the CISF Security covered by the Government of India in October 2009, a private agency has been engaged to provide security

to the factory premises since November, 2009. This measure has proven to be a cost saving exercise.

14.2 INDUSTRIAL RELATIONS:

The management has maintained cordial and harmonious Industrial Relation with active co-operation from recognised Union and officers Association and effective working of participative forums.

15. RESERVATION FOR SC/ST/OBC :

- 15.1 The directives of the Government with regard to reservation of posts for SC/ST/OBC were followed. The detailed statistics regarding employment and shortfall in the strength of SC/ST/OBC categories during the year is given below:

**MANPOWER STATUS OF SC/ST EMPLOYEES
AS ON 31.03.2012**

| Category | Total No. of Employees | No. of Employees Belonging to | | Shortfall | |
|---------------|------------------------|-------------------------------|-----------|-----------|-----------|
| | | SC | ST | SC | ST |
| 'A' | 140 | 24 | 08 | 0 | 03 |
| 'B' | 131 | 11 | 01 | 09 | 09 |
| 'C' | 539 | 74 | 21 | 0 | 28 |
| 'D' | 333 | 76 | 15 | 0 | 15 |
| 'D' (Sweeper) | 04 | | -- | | 0 |
| TOTAL | 1147 | 185 | 45 | 09 | 55 |

**RECRUITMENT MADE IN THE CATEGORY OF
OBC AS ON 31.3.2012**

| Group | Total No. of vacancies filled | No of vacancies filled by OBC |
|--------------|-------------------------------|-------------------------------|
| 'A' | 3 | 01 |
| 'B' | NIL | NIL |
| 'C' | NIL | NIL |
| 'D' | NIL | NIL |
| TOTAL | 3 | 01 |

16. TRAINING PROGRAMMES :

- 16.1 During the year 2011-12, Training Centre organised 21 training programmes on different categories of employees, which were attended by about 600 participants at all levels.

- 16.2 For 2012-2013 all round efforts of HR activities will

be taken to optimize and re-energize Human Resource by skill development programmes to meet the challenges faced by the organisation.

16.3 Also in 2011-2012, in all 41 apprentices had undergone training under the Apprentices Act, 1961, 1973, & 1986.

16.4 Company continues its efforts in Human Resource Development by organising various training programmes to upgrade Managerial, Supervisory, Behavioural as well as Technical skills of employees at all levels. As training is a key differentiator in enhancing and sustaining individual and organisational growth, the training programmes are designed to meet the requirements in various functional areas of the organisation. The training is aimed at enhancing overall efficiency, productivity and turnover.

17. COMPUTERISATION :

17.1 The big- breakthrough Internet- based software launched during 2011-2012 designed for the latest and live accounting of Finished Products Stock - and - Sales is running fine at HO and all sale points across India. The same is being fine tuned to the exact requirements of the Management and users. The software is a very powerful tool for the Management to know the latest position of the Inventory, Sales, Collection, Outstanding Amounts, Targets etc and generates very strong MIS which the Management finds very useful to take right decisions.

17.2 Software for Payroll, Financial Accounting and Materials is running well and updation as suggested by user departments and the Management are being done from time to time.

17.3 Stand-alone software modules written for individual departments like QCL, IVF etc are also running well and modified / tuned to exact requirements of users.

17.4 Training programmes are being arranged to educate related staff on technology used.

17.5 Old stand-alone machines are being replaced by latest hardware & software.

18. FIRE AND SAFETY :

18.1 The Fire and Safety Department of your Company continued to fulfill the statutory requirements under

the Factories Act, 1948.

18.2 The Company's operations were carried out with utmost safety. There was no reportable accident during the year.

19. ENERGY CONSERVATION :

19.1 The Company has undertaken various Energy Conservation measures to reduce the generation and distribution cost of various utilities. Some of the measures undertaken are:-

a) Rationalisation of steam distribution network. New Headers of appropriate line size are laid down and taken in commission.

b) Good Housekeeping measures

1. Prompt rectification of leakages in the network of steam, chilled water, compressed air, etc.

2. Regular maintenance of steam traps

3. Regular rectification of Insulation of steam headers, chilled water lines, etc.

4. Monitoring pumping pressures for chilled water and tower water in the range of 2.5 to 3.5 Kg/cm² (g)

5. Monitoring chilled water temperature in the range of 9°C to 10°C.

c) Monitoring/analysis of utilities generation vis-a-vis Energy Consumption in production plants by the way of daily and monthly Energy audit and taking corrective measures.

ENERGY CONSERVATION MEASURES UNDER IMPLEMENTATION FOR THE YEAR 2011-12

| Sr. No. | Particulars | Estimated investment (Rs. Lacs) Approx. |
|---------|--|--|
| 1. | Good Housekeeping measures. *Rectification of steam leakage *Maintenance of steam traps *Insulation of steam and chilled water lines. | 5.00 |
| 2. | Monitoring/Analysis of generation of utilities vis-à-vis Energy consumption in Production Plants by the way of daily and monthly Energy audit. | Nil |

19.2 The impact of various energy conservation

measures on the cost of production during the year has been given at Para A and C of Annexure-I of this report.

20. EMPLOYEES REMUNERATION :

None of the employees is in receipt of remuneration in excess of limits prescribed under the Companies Act, 1956 during the year under review.

21. DIRECTORS' RESPONSIBILITY STATEMENT :

21.1 Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 (Amendment Act, 2000), with respect to Directors' Financial Statements it is hereby confirmed:-

- 1) That in the preparation of Annual Accounts for the year ended 31st March, 2012 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 2) That such accounting policies as mentioned in the Annual Accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2012 and of the loss of the Company for the year 2011-12.
- 3) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) That the Annual Accounts for the year ended 31st March, 2012 have been prepared on a going concern basis.

22. VIGILANCE ACTIVITIES :

22.1 The Vigilance department continued to keep vigil on various activities of the company during the year and preventive and punitive actions were taken by the Department in order to ensure that proper procedures, as per the various directives issued by the Central Vigilance Commission and other agencies are duly followed.

22.2 The Vigilance wing handled complaints as per the prescribed guidelines / procedures and co-ordinated with CBI, CVC and other Government agencies. The focus of the Vigilance wing is on the preventive vigilance and accordingly emphasis is given to the streamlining / updating of the rules and manuals.

22.3 During the year "Vigilance Awareness Week" was observed and various seminars and competitions were organised to improve the vigilance awareness.

23. MATERIALS MANAGEMENT :

23.1 Various Bulk Drugs, Raw-Materials, Packaging Materials, Excipients etc. were required for Production during the year were procured within the stipulated time with lowest possible price to minimize production losses by following standard tendering procedure. As far as possible, materials were directly purchased from manufacturers only. Efforts were made for developing new sources of supply to have competition so as to get material at reasonable rates.

24. FOREIGN EXCHANGE EARNING AND OUTGO AND EXPORTS :

24.1 Since all our plants were under the upgradation of WHO- GMP facility, we could export our Pharmaceutical products worth ₹ 163.00 lakhs R.O. Yemen during the year 2011-12.

Efforts are being made for getting our products registered in various countries, for which we have sent product dossiers for Cephalosporin injectables to Uganda, Tanzania, Kenya, Malawi, Mozambique, Philippines, Sri Lanka & Nepal last year i.e. in 2010-11 for which the evaluation reports from Drugs Authorities of respective countries are awaited.. After getting Plants & Products WHO-GMP accreditations for Beta lactum & I.V.F. products and registration of above products export will boost up.

25. OFFICIAL LANGUAGE IMPLEMENTATION :

25.1 The Company continued to follow various directives and implement various programmes for progressive use of Hindi in official work as stipulated by the Government of India. Arrangements for training of employees for the Hindi typing were made to facilitate the use of Hindi in official work. Hindi week was also celebrated during the year.

26. PUBLICITY AND PUBLIC RELATIONS :

- 26.1 The Public Relations Department carried out corporate image building and corporate communications exercises through the media channels. In order to create a positive impact about the organization in the public mind, factory visits were encouraged and about 15 visits were conducted covering people of diverse interest, academicians and professionals including High Level Delegation visit of National Defence College's Economy, Science & Technology Tour - 2012, New Delhi

27. HOSPITAL :

Periodic medical check-up of the employees, apprentice and Trainee was completed. Hypertension, Diabities and Ischaemic Heart clinic were run efficiently. Family Planning clinic running well. As per MPCB norms, Hospital Biomedical Waste is disposed off properly. Anti-Natal clinic was running well. We had also implemented Vaccination Programme of the Government of India also. Vaccination programmes for SWINE FLU (H1,N1) was implemented succesfully. "The Haemoglobin Checking Camp" for "Detection of Anemia" for females was organised at H.A. hospital, & total 161 numbers women Haemoglobin was checked.

28. BOARD MEETINGS :

- 28.1 During the year 2011-2012, four(04) meetings of the Board of Directors were held.

29. BOARD OF DIRECTORS :

- 29.1 Dr. V Rajagopalan, Dr. Rajashekhar Vundru were re-appointed as part-time Directors by the Govt. of India after the 57th Annual General Meeting of the Company held on 04.05.2012.

- 29.2 Shri K. V. Varkey has been appointed as Managing Director of our Company w.e.f. 02.11.2012 in place of Shri Praveen Kumar.

- 29.3 Shri A S Vaidya, Director(Finance) continued to be Director of our Company.

- 29.4 Shri Om Kumar, BIFR Special Director continues to be Director of our Company.

30. AUDITORS :

- 30.1 M/s. A.R. Sulakhe, Chartered Accountants, Pune were appointed as Statutory Auditors of the Company for the year 2011-12.

31. AUDIT COMMITTEE :

- 31.1 The Audit Committee has been constituted as per the provisions of Section 292-A of the Companies Act, 1956.

- 31.2 The Audit Committee has been functioning as per the requirement of the Companies Act, 1956 and during the year one meeting of the Audit Committee was held.

32. ACKNOWLEDGEMENT :

- 32.1 The Directors wish to acknowledge the continued support and guidance received from the different wings of Government of India, IDBI, Local Statutory Authorities, I.F.C.I., Statutory Auditors, Member, Commercial Audit Board and the Company's Bankers. The Directors extend thanks to HA Mazdoors Sangh, HA Officers' Association and other organisations of the employees for their co-operation.

For and on behalf of Board of Directors

(A. S. VAIDYA)
DIRECTOR (FINANCE)

(K. V. VARKEY)
MANAGING DIRECTOR

Place : Pune

Date : 03.01.2013

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. The Company is committed to achieve and maintain good standards of corporate governance.

2. BOARD OF DIRECTORS :

- (a) As on 31st March, 2012, the Board consisted of 04 Directors including Whole Time Managing Director.
- (b) During the year 2011-12, four(4) Board Meetings were held.
- (c) Constitution of Board of Directors and related information:

| Name of the Director | Category | No. of Board Meetings with Attendance | Attendance at last AGM | No. of outside Directorships as on 31.03.2012 | No. of outside Board Committee Membership/ Chairmanship as on 31.03.2012 |
|---|--------------------------------|---------------------------------------|------------------------|---|--|
| Dr. V Rajagopalan (app.on 18.5.2010) | Non-Executive Director | 03 | - | 05 | - |
| Shri Devendra Chaudhry (ceased to be Director on 5.8.2011) | Non-Executive Director | 02 | - | 03 | - |
| Dr. Rajashekhar Vundru (appointed as Director on 23.11.2011) | Non-Executive Director | 02 | - | 03 | - |
| Shri C.M. Dixit (ceased to be Director on 29.7.2011) | Special Director | - | - | 06 | - |
| Shri Om Kumar (app.on 24.10.2011) | Spl. Director | 02 | - | 03 | - |
| Shri A S Vaidya | Director (Finance) | 04 | YES | - | - |
| Shri Praveen Kumar (Ceased to be MD on 2.11.2012) | Managing Director Addl. Charge | 02 | No | - | - |
| Shri K.V. Varkey (appointed as MD on 2.11.2012) | Managing Director | - | - | - | - |

Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company and its management. They do not receive any remuneration from the Company.

3. AUDIT COMMITTEE :

The Audit Committee has been constituted as per the provisions of Section 292-A of the Companies Act, 1956. The Audit Committee has been functioning as per the requirement of the Companies Act, 1956 and during the year one meeting of the Audit Committee was held.

4. DISCLOSURES :

1. REMUNERATION OF DIRECTORS :

The remuneration payable to Whole Time Managing Director and Director (Finance) and their terms of service are fixed by the Government of India. The remuneration paid to them for the financial year 2011-2012 was as follows:-

| Sr. No. | Particulars | 2011-12 (₹) |
|---------|---|------------------|
| (a) | Salary including contribution to Provident Fund | 6,92,502 |
| (b) | Reimbursement of Medical Expenses | 872 |
| (c) | Personal Accident Insurance Premium | NIL |
| (d) | Perquisites | 4,58,952 |
| | TOTAL: | 11,52,326 |

Part Time Directors are not paid any remuneration / commission except sitting fees paid to the Special Directors appointed by BIFR for attending the Board Meetings which are as under:-

| Sr. No. | Name of the Director | Sitting Fee paid (Rs.) |
|---------|----------------------|------------------------|
| 01 | Shri OM KUMAR | ₹ 5000 per meeting |

5. ANNUAL GENERAL MEETINGS:

a) The last three Annual General Meetings were held as under:-

| Financial Year | Date | Time | Venue |
|----------------|------------|------------|----------------------|
| 2010-11 | 04.05.2012 | 12.30 p.m. | Regd. Office, Pimpri |
| 2009-10 | 05.08.2011 | 12.30 p.m. | Regd. Office, Pimpri |
| 2008-09 | 29.06.2010 | 01.00 p.m. | Regd. Office, Pimpri |

b) No resolutions were put through postal ballot last year and no Postal ballot is contemplated this year also.

6. MEANS OF COMMUNICATION :

a) Annual financial results are displayed on the Company's Website- www.hindantibiotics.gov.in

b) **PLANT LOCATION :**
Mumbai-Pune Highway,
Pimpri, Pune-411018.

c) **ADDRESS FOR CORRESPONDENCE :**

The address of the Regd. Office of the Company is
Mumbai-Pune Highway,
Pimpri, Pune-411018.

The Shareholders may send correspondence to the above address.

For and on behalf of Directors

(A. S. VAIDYA)
DIRECTOR (FINANCE)

(K. V. VARKEY)
MANAGING DIRECTOR

Place : Pune
Date : 03.01.2013

ANNEXURE - I

FORM - A (See Rule -2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A) POWER AND FUEL CONSUMPTION

| | Current Year 2011-2012 | Previous Year 2010-2011 |
|--|---------------------------|----------------------------|
| 1) ELECTRICITY: | | |
| a) Purchased (Factory) Unit LKWH* | 70.78 | 74.15 |
| Total Amount (₹ in lakhs) | 467.14 | 476.78 |
| Rate / Unit (₹/ KWH) | 6.60 | 6.43 |
| b) Own Generation | | |
| i) Through Diesel Generator | N.A. | N.A. |
| Units | | |
| Units per Ltr. of Diesel Oil | | N.A. |
| Cost / Unit | | |
| ii) Through Steam Turbine /Generator | N.A. | N.A. |
| Units | | |
| Units per Ltr. of Fuel Oil/Gas | | |
| Cost/ Unit | | |
| 2) COAL (Specify Quality and where used) | | |
| Quantity (Tonnes) | | N.A. |
| Total Cost | | |
| Avg. Rate (₹) | | |
| 3) FURNACE OIL | | |
| Quantity (K.Litrs) | 1181.52 | 1404.20 |
| Total amount (₹ in lakhs) | 540.49 | 471.01 |
| Avg. Rate (₹/KL) | 45744.76 | 33543.04 |
| 4) OTHERS / INTERNAL GENERATION | N.A. | N.A. |
| (Please give details) | | |
| Quantity | | |
| Total Cost | | |
| Rate/ Unit | | |

B) CONSUMPTION PER UNIT OF PRODUCTION

| Sr. No. | Product | Production | | | Specific Power Consumption | | | Specific Furnace Oil Consumption | | | |
|---------|---------------------------------------|--------------|-----------|-----------|----------------------------|-----------|-----------|----------------------------------|---------------------|-----------|-----------|
| | | Unit | 2010-2011 | 2011-2012 | Standard/ Normative | 2010-2011 | 2011-2012 | Unit | Standard/ Normative | 2010-2011 | 2011-2012 |
| 1. | Tablet(Non Pen) | KWH/ Tablet | 991.59 | 946.75 | 106 | 480 | 463 | KG/Lac tablet | 21 | 49 | 67 |
| 1.1 | Tablet(Pen) | KWH/ Capsule | 167.125 | 30.911 | 99 | 254 | 265 | KG/Lac tablet | 11 | 60 | 42 |
| 2. | Capsule(Pen) | KWH/Bottle | 202.55 | 249.041 | 120 | 140 | 130 | KG/ Lac Cap. | 0 | 0 | 0 |
| 3. | IV Fluid (500 ml) | KWH/Bottle | 41.751 | 36.117 | 13960 | 18890 | 21870 | KG/ Lac Bottle | 0.0034 | 0.054 | 0.056 |
| 3.1 | IV Fluid (100 ml) | KWH/Vial | 42.426 | 47.15 | 11950 | 16160 | 18700 | KG/ Lac Bottle | 0.013 | 0.021 | 0.02 |
| 4 | Dry Powder injectible (Betalactum) | KWH/Vial | 25.512 | 0 | 3359 | *13650 | 0 | KG / Lac Vial | 0.015 | 0.021 | 0 |
| 4.1. | Dry powder Injectible (Cephalosporin) | KWH/Pouch | 122.76 | 141.276 | 3359 | *13220 | *10620 | KG / Lac Vial | 0.015 | 0.026 | 0.02 |

* Consumption of electricity to chillers in FR II plant were taken as direct power for the year 2010-2011 and 2011-2012

C) IMPACT OF ENERGY CONSERVATION MEASURES ON THE COST OF PRODUCTION OF GOODS FOR THE YEAR 2011-2012

The impact of energy conservation measures taken on the cost of production of bulk as well as formulations during 2011-2012 can be seen by comparing utilities cost as a percentage of total value of production (VOP) for the previous years :-

Rs. in lakhs

| Sr. No. | PARTICULARS | 2011-2012 | 2010-2011 |
|---------|-----------------------------------|-----------|-----------|
| 1) | TOTAL VOP | 5385.00 | 8492.38 |
| 2) | UTILITY COST* | 995.82 | 873.71 |
| 3) | UTILITY COST AS % OF TOTAL VOP | 19.01 | 10.28 |

* Excluding utilities consumption of Serum Institute of India Ltd. & National Center for Cell Science.

Rise in % utility cost is due to following:

- F.O. Cost increased from 33543.04 Rs/KL to 45744.76 Rs/KL which is 36.37% rise in F.O. cost.
- In year 2011-12 operations were on low scale, VOP was less by 61.67% as compared to VOP for the year 2010-11. Hence utility consumption are on higher side.

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT

RESEARCH AND DEVELOPMENT :

- | | |
|--|--|
| 1) Specific areas in which R&D carried out by the Company. | The R&D activities are carried out in various areas like Pharmaceuticals, Agricultural and Veterinary products. |
| 2) Benefits derived as a result of the above R&D. | <ul style="list-style-type: none"> • Newer drug formulation of Cephalosporins such as Cefepime Inj., Cefpodoxime Proxetil Tablet, Antibacterial such as Ofloxacin Tablet, Ofloxacin Plus Orindazole tablet, Azithromycin Tablet, Norfloxacin plus tinidazole Tablet developed. • Improvement and production of hamycin, Azotomeal, Pdosphomeal, Pnicillin Enzyme, Narcotics Drug Detection Kits and Precursor Chemicals Detection Kits. • Improvement and increased production of Aureofungin, Hamycin, Azotomeal, Phosphomeal and humaur. |
| 3) Future plan of Action | <ul style="list-style-type: none"> • Development of newer Antibacterial, Anti-inflammatory, Antidiabetic, Development and new products with collaboration of INMAS Ministry of Defence, India. • Development of new high value IVF products. • Production of antifungal, antibiotics and biotertilizers. • Production of industrial enzymes and biotechnology products. • Improvement of Antifungal antibiotic producing strains by natural selection. Increase the production of Azotomeal and Phosphomeal. • Development and formulation of Cellulose degrading bacteria, Potash degrading bacteria and Biopesticide verticillium Lecanni. Field trial to be taken & implement it to large-scale production. |
| 4) Expenditure of R&D | |
| a) Capital | Nil |
| b) Recurring | Rs. 157.85 lacs |
| c) TOTAL | Rs. 157.85 lacs |
| d) Total R&D expenditure as a percentage of total Turnovers. | 0.018% |

TECHNOLOGY ABSORPTION ADAPTATION & INNOVATION :

- 1) Efforts, in brief, made towards technology absorption, adaptation and innovation.
- 2) Benefits derived as result of the above efforts, e.g. product improvement, cost reduction, import substitution etc.
- 3) In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year)

Continuous adaptive R & D of the existing products and the process with main objective of cost reduction was carried out.

Changes in the processes have helped the company in improving cost effectiveness.

NO

Following information may be furnished:

NO

- a) Technology imported
- b) Year of Import
- c) Has technology been fully absorbed ?
- d) If not fully absorbed, areas where this has not taken place, reasons thereof.

FOREIGN EXCHANGE EARNING AND OUTGO :

- e) Activities relating to exports initiative taken to increase exports, development of new markets for products and services and export plans.

Activities relating to exports initiatives to increase exports development, Products registration undertaken in various countries like Philippines, Nepal, Peru, Malawi, Zambia, Mongolia, Tanzania & Uganda. Also given advertisement in Arab World Trade edition, and taken membership of M/s Elucid Infotech(P)Ltd., New Delhi for online tenders information for global as well as domestic purpose.

- f) Total Foreign Exchange :

Used 648.57 lacs

Earned 159.68 lacs

AUDITORS' REPORT

To,
The Members of
Hindustan Antibiotics Ltd.,
Pune

1. We have audited the attached Balance sheet of Hindustan Antibiotics Ltd. as at 31st March 2012, the Profit & Loss Statement for the year ended on that date annexed thereto and the Cash flow statement for the year ended on that date. 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 the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall 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 the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227(4A) of the Companies Act 1956, (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

Further to our comments in the Annexure referred to above, we report that:
4. Excepting the balance confirmation statements from debtors, creditors, other parties and for some loan and bank accounts, we have obtained all the information and explanations to the best of our knowledge and belief that were necessary for the purpose of the audit.

5. Subject to our Report, in our opinion the Company has kept proper books of accounts as required by law, so far as it appears from our examination of the books. Proper records, adequate for the purpose of our audit have been received from the branches not visited by us.
6. The Balance sheet, Profit And Loss Statement and the Cash flow statement dealt with by this report are in agreement with the books of accounts.
7. In our opinion, the Balance Sheet, Profit and Loss Statement and cash Flow statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for Accounting Standard 2, Accounting standard 15(revised), and Accounting Standard 29.

NON-COMPLIANCE OF ACCOUNTING STANDARD - 2 VALUATION OF INVENTORIES

- (i) Raw Material in WIP i.e. mixture of various input materials lying at the shop floor is valued at purchase rate of respective input. The processing charges for the mixing of the material are not added for the valuation
- (ii) While arriving at the cost price of the Raw Materials, Packing Materials, Work in Process and Finished goods for the purpose of valuation of opening and closing stock, the set off availed in respect of VAT included in cost of purchase price of materials has not been deducted and is shown separately in income.

NON - COMPLIANCE OF ACCOUNTING STANDARD - 15 (REVISED) EMPLOYEE BENEFITS

- (a) In case of accounting Standard -15 (Revised) Employee Benefit; it should be noted that the treatment and disclosure given in books of accounts is as per old accounting standard 15 and the changes in revised AS -15 are not incorporated in books of account.
- (b) Employee Contribution to Provident Fund deducted but not paid for the current year is Rs 509.9 Lacs

AUDITORS' REPORT (Contd.)

NON-COMPLIANCE OF ACCOUNTING STANDARD-29 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As per Para I, order no 27 dated 29th June 09' there is revision of pay scale and allowances of executives holding office at the Board level from 01.01.1997 to 31.12.2006 and below Board level from 01.01.1999 to 31.12.2006. The management has implemented revised scales and allowances from June 2009 but the provision regarding 01.01.1997 to 31.05.2009 amounting to Rs. 6084.00 lacs has not been made. This has resulted in understating of the loss to that extent.

8. Being a Government Company clause (g) of section (1) of Section 274 of the Companies Act, 1956 relating to disqualifications of directors is not applicable to the Company in view of notification G.S.R.829 (E) dt 21st October 2003 issued by the Department of Company Affairs ministry of Finance, Government of India.

9. We draw your attention to the following:

(i) We have relied upon the representation made by the management that the Company does not have effective control on joint venture-Hindustan Max GB Ltd as envisaged in Accounting Standard-27 "Accounting for interest in joint ventures" & therefore non-applicability of said accounting standard.

(ii) We have relied on the perception of management regarding adequacy of provision for non-moving items of inventories being technical matter regarding usefulness of such items in future. Total amount of non-moving inventory for more than three years at the end of the year was Rs. 320.18 Lacs (including insurance item) against which the provision of Rs.87.03lakhs is made.

(iii) We have relied on the representation of the management that considering the refunds due, the provision towards sales tax/ VAT and CST appearing in the books as on 31/03/12 is adequate.

(iv) No provision has been made for overdue interest, penal interest & service charges if any for the previous year and for the current year payable to

Kirloskar Investment and leasing Ltd. The amount of such provision has not been ascertained.

(v) Balances of Sundry Debtors, Sundry Creditors, and some loan accounts, Loans and Advances and various other debit/credit balances are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non-recovery or partial recovery of such dues is not ascertained. We are unable to express an opinion about the impact thereof on the accounts and the loss for the period.

(vi) No provision for Loans and Advances outstanding for more than 3 years is made and the amount is not ascertained.

(vii) As stated in Note no. 26 (f) no provision has been made in respect of losses on discontinuation of operation of joint venture. The quantification of such losses has not been made.

(viii) As mentioned in Para 7 above no provision has been made in respect of revision of pay scales and allowances on employee amounting to Rs. 6084.00 lakhs. This has resulted in understating of the loss to that extent.

(ix) No provision is made in respect of net dues of Rs 363.73 lakhs recoverable from the subsidiary company, Maharashtra Antibiotics and Pharmaceuticals Limited

(x) Provision of Interest and Penalty on non payment of Income tax deducted at source has not been made. The amount of such interest and penalty has not been ascertained

(xi) No provision has been made by the company in respect of advance to C& F Agent Bhopal, Recovery of dues to staff and old outstanding entry in bank account of Kolkata Branch totaling to Rs 41.68 lakhs.

Effect of items reported in sub clause (i) to (vii) above on the loss for the year could not be determined. Items reported in sub clauses (viii) and (ix) have resulted in the understatement of loss for the year as well as accumulated losses by Rs.6489.41 lakhs.

AUDITORS' REPORT (Contd.)**11. INTERNAL CONTROL SYSTEM:****PURCHASE:**

The figure shown towards purchases is derived i.e. balancing figure by taking into consideration opening stock, closing stock and consumption. There is no separate account of purchases in General Ledger.

12. SUNDRY DEBTORS:

There is need to strengthen control on Debtors. There are negative balances in the Debtors Ledger lying since many years. These should be linked to correct parties' account. Lack of party wise accounting of debtors at H.O level makes recovery and follow up difficult.

13. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and subject to the effect on the financial statements of the matters referred to in the paragraph 10 gives 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 2012.
- (b) In the case of Profit and loss Account of the loss of the Company for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR A.R.SULAKHE & CO
CHARTERED ACCOUNTANTS
FIRM REG. NO: 110540W

(J. V. Dhongde)
PARTNER

M.No.37290

Place : Pune
Date : 03.01.2013

ANNEXURE TO THE AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2012 (REFERENCE TO PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- | | |
|--|---|
| <p>(i) (a) The Company has maintained computerized records of fixed assets to show full particulars including quantitative details except situation of its fixed assets. Incorporation of further detailed particulars like individual value of the units, quantitative details, precise location within the cost center or otherwise, additions / deletions and other adjustments are not made since 1975-76 till 31st March 1989.</p> <p>(b) We were informed that during the year some of the fixed assets have been physically verified by the management. As the verification and reconciliation of assets with book record is not properly documented, the discrepancies, if any, are not ascertained. The frequency and coverage of physical verification of assets needs to be strengthened.</p> <p>(c) The company has not disposed off substantial part of fixed assets during the year.</p> <p>(ii) (a) The Company has an Internal Audit Division, which carries out half yearly physical verification of the finished goods, stores, spares and raw materials at head office. Reconciliation between physical stock lying at various branches / depots and stock record maintained at Head Office is not done.</p> <p>(b) The procedures for physical verification of stock followed by the Management and by the firms of Chartered Accountants are adequate in relation to the size and locations of the Company and nature of its business.</p> <p>(c) The company has maintained proper records of its inventories. We were informed that, the discrepancies noticed on physical verification of stocks compared with the book records were not material and the same has been dealt with in the books of account.</p> <p>(iii) (a) In our opinion and according to the information and explanation given to us, the Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Act.</p> <p>(b) In our opinion and according to the information and explanations given to us, the Company has not taken any loan, secured or unsecured from</p> | <p>the companies, firms or other parties covered in the register maintained under Section 301 of the Act.</p> <p>(iv) In our opinion, internal control system needs to be strengthened commensurating with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the audit of this year we have not noticed any continuing failure to correct major weaknesses in internal control system.</p> <p>(v) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements, which are required to be entered in the register to be maintained u/s 301 of the Companies Act</p> <p>(vi) The Company has not accepted any deposits from public and consequently, the provisions of Sec 58A & Section 58AA or other relevant provisions of the Companies Act and the rules framed there under regarding acceptance of deposits are not applicable to the company.</p> <p>(vii) The Company has appointed various independent chartered accountants to conduct the internal audit at head office and depots. The Company also has an Internal Audit Department at head office to audit, review, coordinate, comply and follow up on the work of all the firms of chartered accountants. In our opinion the internal audit system should be strengthened so as to make it commensurate with the size of the company and nature of its business.</p> <p>(viii) The Central Government has prescribed the maintenance of cost records u/s 209 (I) (d) of the Companies Act, 1956, in respect of certain products of the Company. As informed to us proper records and accounts in this regard have been made & maintained by the Company.</p> <p>(ix) According to information & explanation given to us in respect of Statutory and other dues:</p> <p>(a) The Company has not been regular in depositing undisputed statutory dues including Provident Fund, Income tax, sales tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year</p> |
|--|---|

The total arrears in respect of such dues as on 31/03/2012 are as under :

| Particulars | Amounts of arrears as on 31.03.2012 (Rs in lakhs) |
|----------------------------------|---|
| Sales Tax | 817.59 |
| Central Sales tax | 83.48 |
| Income tax deducted at source | 331.22 |
| Provident Fund | 838.33 |

As informed to us The Employees' State Insurance scheme is not applicable to the Company.

(b) According to information and explanation given to us, the dues of Sales Tax, that have not been deposited with appropriate authorities on account of any dispute and the forum where the disputes are pending are given below:

| Particulars | Financial Years to which the matter pertains | Forum where dispute is pending | Disputed Amount (net of payments made) Rs in lakh |
|-------------|--|---|---|
| Sales Tax | 2001-02 | Jt. Commissioner Sales Tax | 406.37 |
| | 2002-03 | Sales Tax Tribunal Mumbai | 270.71 |
| | 2003-04 | Joint Commissioner Sales Tax Appeal, Pune | 354.84 |
| | 2004-05 | Joint Commissioner Sales Tax Appeal, Pune | 225.35 |

(x) The accumulated losses of the Company have exceeded its net worth as at 31.03.2012. The Company has incurred a cash loss of Rs.6808.91 lakhs in the current financial year and Rs.4469.33 lakhs in the immediately preceding financial year. In arriving at the accumulated losses and net worth as above, we have not considered the qualification, which are quantifiable in the audit reports of the years to which these losses pertain.

(xi) The company has defaulted in repayment of dues to Bank of Maharashtra and Oriental Bank of Commerce. The amount of default being Rs.289.31 lacs and Rs. 66.95 lacs respectively. The company has also defaulted in payment of interest on the loan taken from Punjab National Bank and UCO Bank. The Company has defaulted in paying interest of Rs.149 lakhs of Punjab National Bank for the months of February and March and of Rs.47 lakhs of UCO Bank.

- (xii) Based on our examination of records and information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Hence clause 4(XIII) of the order is not applicable.
- (xiv) The Company is not dealing or trading in shares securities or debentures and other investments. Accordingly clause 4 (XIV) of the order is not applicable.
- (xv) The Company has not given guarantees for loan taken by others from banks or financial institutions during the year.
- (xvi) The company has not taken any fresh loans during the year.
- (xvii) According to the information and explanation given to us by the company, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Companies Act, 1956 during the year.
- (xix) Based on our examination of records and information and explanation given to us the company has not issued any debentures during the year.
- (xx) The company has not raised any moneys by public issues during the year.

FOR A.R.SULAKHE & CO
CHARTERED ACCOUNTANTS
FIRM REG. NO: 110540W

(J. V. Dhongde)
PARTNER
M.No.37290

Place : Pune
Date : 03.01.2013

**REPORT OF THE STATUTORY AUDITOR AND REPLIES OF THE MANAGEMENT ON THE OBSERVATIONS OF THE STATUTORY AUDITORS FOR THE YEAR ENDED 31ST MARCH 2012
STATEMENT ON REPORTING UNDER SECTION 227 (A) OF THE COMPANIES ACT, 1956**

Auditors' Report

Management Replies

7. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report complying with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for Accounting Standard 2, Accounting Standard 15 (Revised) and Accounting Standard 29.

NON - COMPLIANCE OF ACCOUNTING STANDARD -2 VALUATION OF INVENTORIES

- (i) Raw Material in WIP i.e. mixture of various input materials lying at the shop floor is valued at purchase rate of respective input. The processing charges for the mixing of the material are not added for the valuation.
- (ii) While arriving at the cost price of the Raw Materials, Packing Materials, Work in Process and Finished goods for the purpose of valuation of opening and closing stock, the set off availed in respect of VAT included in cost of purchase price of materials has not been deducted and is shown separately in income.

NON-COMPLIANCE OF ACCOUNTING STANDARD -15 (REVISED) EMPLOYEE BENEFITS

- (a) In case of accounting Standard -15 (Revised) Employee Benefit; it should be noted that the treatment and disclosure given in books of accounts is as per old accounting standard 15 and the changes in revised AS -15 are not incorporated in books of account.
- (b) Employee Contribution to Provident Fund deducted but not paid for the current year is Rs 509.9 Lacs

NON-COMPLIANCE OF ACCOUNTING STANDARD- 29 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As per Para I, order no 27 dated 29th June 09' there is revision of pay scale and allowances of executives holding office at the Board level from 01.01.1997 to 31.12.2006 and below Board level from 01.01.1999

Overall cost of processing in WIP is negligible and therefore, cost of Raw material is considered for valuation of WIP.

This practice is consistently followed for many years for accounting convenience. However, the same changes will be incorporated while implementing new Advance ERP system.

The Company is having its own Provident Fund Trust, which manages the investment of the Provident Fund contributions. As per the rules of the Provident Fund Trust, any deficit in the books of Provident Fund Trust is to be made good by the Company including the deficit on account of interest accrued to the Provident Fund Trust.

The contribution towards PF could not be deposited in time due to paucity of working capital. However, the outstanding PF contributions have been included in the second Rehabilitation Plan which is under consideration of the Government.

This fact has been adequately disclosed in Note 27.

REPORT OF THE STATUTORY AUDITORS AND MANAGEMENT REPLIES

| Auditors' Report | Management Replies |
|---|---|
| <p>to 31.12.2006. The management has implemented revised scales and allowances from June 2009 but the provision regarding 01.01.1997 to 31.05.2009 amounting to Rs. 60.84 Crores has not been made. This has resulted in understating of the loss to that extent.</p> <p>9. Without qualifying our opinion we draw attention to the following:</p> <p>(ii) We have relied on the perception of management regarding adequacy of provision for non-moving items of inventories being technical matter regarding usefulness of such items in future. Total amount of non-moving inventory for more than three years at the end of the year was Rs. 320.18 Lacs (including insurance item) against which the provision of Rs 87.03 lakhs is made.</p> <p>(iv) No provision has been made for overdue interest, penal interest & service charges if any for the previous year and for the current year payable to Kirloskar Investment and Leasing Ltd. The amount of such provision has not been ascertained.</p> <p>(v) Balances of Sundry Debtors, Sundry Creditors, and some loan accounts, Loans and Advances and various other debit/credit balances are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non-recovery or partial recovery of such dues is not ascertained. We are unable to express an opinion about the impact thereof on the accounts and the loss for the period.</p> <p>(vi) No provision for Loans and Advances outstanding for more than 3 years is made and the amount is not ascertained.</p> <p>(ix) No provision is made in respect of net dues of Rs 363.73 lakhs recoverable from the subsidiary company, Maharashtra Antibiotics and Pharmaceuticals Limited.</p> | <p>The provision made for non-moving inventory for more than 3 years is adequate. These inventory items are mainly the insurance spares required for maintenance of the equipments and machineries and have to be stored by the Company for future requirements.</p> <p>This is in view of one time settlement. An adequate provision already exists as the company has been covered under SICA, the penal interest is not payable on the dues of Kirloskar Investment and Leasing Co. Ltd.</p> <p>Letters have been sent to the parties for confirmation of the balances. However, confirmation are not received from all the parties. Since most of the debtors are from Govt Institutional Sector, response is not encouraging. However efforts are being made to get maximum response from these parties.</p> <p>No provisions considered necessary for loans and advances merely on the basis of dues outstanding for more than three years. Adequate provisions are made against debts, which are not likely to be recovered.</p> <p>Provision is not considered necessary in view of the fact that amount due from MAPL has been secured by way of charge on their Fixed Assets.</p> |

REPORT OF THE STATUTORY AUDITORS AND MANAGEMENT REPLIES

| Auditors' Report | Management Replies |
|--|--|
| (x) Provision of Interest and Penalty on non-payment of Income tax deducted at source has not been made. The amount of such interest and penalty has not been ascertained. | We receive Income tax refund which is adjusted against arrears and we have not yet received interest and penalty demand from Income Tax Dept. |
| 11. INTERNAL CONTROL SYSTEM: PURCHASE: The figure shown towards purchases is derived i.e. balancing figure by taking into consideration opening stock, closing stock and consumption. There is no separate account of purchases in General Ledger. | The present practice has been followed for many years for accounting convenience. However separate ledger account for purchases will be introduced in the new ERP based computer system contemplated in second Rehabilitation Plan. |
| 12. SUNDRY DEBTORS: There is need to strengthen control on Debtors. There are negative balances in the Debtors Ledger lying since many years. These should be linked to correct parties' account. Lack of party wise accounting of debtor's at H.O level makes recovery and follow up difficult. | Noted. The negative balances in debtors mostly include advances received from customers for supplies yet to be effected. However, the credit balances are grouped under Current Liabilities and Provision. A detailed exercise to reconcile the linking between sales and recovery is already in process. We have also initiated strong efforts for recovery of old debts. |

**ANNEXURE TO THE AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2012
(REFERENCE TO PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)**

Audit Report

Management Replies

- i. (b) We were informed that during the year some of the fixed assets have been physically verified by the management. As the verification and reconciliation of assets with book record is not properly documented, the discrepancies, if any, are not ascertained. The frequency and coverage of physical verification of assets needs to be strengthened.

Noted

- ii (a) The Company has an Internal Audit Division, which carries out half yearly physical verification of the finished goods, stores, spares and raw materials at head office. Reconciliation between physical stock lying at various branches /depots and stock record maintained at Head Office is not done.

Stock records are maintained at H.O for the stock lying at H.O. When the stocks are transferred to depots/ agents they are properly accounted for, in both, H.O and branches on online system. Physical reconciliation of stocks lying at depots / agents is being done periodically by the Internal Auditors of the depots' / branches.

- ix According to information & explanation given to us in respect of Statutory and other dues:

- (a) The Company has not been regular in depositing undisputed statutory dues including Provident Fund, Income tax, sales tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.

The total arrears in respect of such dues as on 31/03/2012 are as under :

| Particulars | Amounts of arrears as on 31.03.2012 (Rs.in lakhs) |
|-------------------------------|---|
| Sales Tax | 817.59 |
| Central Sales Tax | 83.48 |
| Income tax deducted at source | 331.22 |
| Provident Fund | 838.33 |

The Company could not pay the arrears of Sales Tax, Income Tax and Provident Fund mainly on account of financial difficulties and the paucity of working capital. All the outstanding statutory dues have been covered under the second Rehabilitation Plan which is under consideration of Government of India.

MANAGEMENT REPLIES TO THE ANNEXURE TO THE AUDITORS REPORT

| Audit Report | Management Replies |
|--------------|--------------------|
|--------------|--------------------|

- (b) According to information and explanation given to us, the dues of Sales Tax that have not been deposited with appropriate authorities on account of any dispute and the forum where the disputes are pending are given below:

| Particulars | Financial year to which the matter pertains | Forum where dispute is pending | Disputed Amount (net of payments made) Rs. in lacs |
|-------------|---|--|--|
| Sales Tax | 2001-02 | Joint Commissioner Sales Tax | 406.37 |
| | 2002-03 | Sales Tax Tribunal Mumbai | 270.71 |
| | 2003-04 | Joint Commissioner, Sales Tax Appeal, Pune | 354.84 |
| | 2004-05 | Joint Commissioner, Sales Tax Appeal, Pune | 225.35 |

These cases are pending with the Department for decision.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
HINDUSTAN ANTIBIOTICS LIMITED FOR THE YEAR ENDED 31 MARCH, 2012.**

The preparation of financial statements of Hindustan Antibiotics Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 January 2013.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Hindustan Antibiotics Limited for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India

(Dhiren Mathur)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT &
EX-OFFICIO MEMBER, AUDIT BOARD-I, MUMBAI

Place : Mumbai

Date : 6 February 2013

BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in lakhs)

| PARTICULARS | NOTE NO. | Rupees | As at 31st March, 2012 | As at 31st March, 2011 |
|--|----------|-------------|------------------------|------------------------|
| I EQUITY AND LIABILITIES | | | | |
| (1) Shareholder's Funds | | | | |
| (a) Share Capital | 1 | 7,171.91 | | 4,440.91 |
| (b) Reserves and Surplus | 2 | (28,105.50) | | (20,878.52) |
| | | | (20,933.59) | (16,437.61) |
| (2) Share application money pending allotment | 3 | | – | 2,731.00 |
| (3) Non-Current Liabilities | | | | |
| (a) Long-term borrowings | 4 | 17,110.77 | | 16,260.37 |
| (b) Deferred tax liabilities (Net) | | – | | – |
| (c) Long term provisions | 5 | 2,739.25 | | 2,286.25 |
| | | | 19,850.02 | 18,546.62 |
| (4) Current Liabilities | | | | |
| (a) Short-term borrowings | 6 | 13,354.47 | | 13,090.32 |
| (b) Trade payables | 7 | 5,995.40 | | 6,289.57 |
| (c) Other current liabilities | 8 | 1,256.11 | | 1,939.85 |
| (d) Short-term provisions | 9 | 2,095.53 | | 1,529.17 |
| | | | 22,701.51 | 22,848.91 |
| Total | | | 21,617.94 | 27,688.92 |
| II ASSETS | | | | |
| (1) Non-current assets | | | | |
| (a) Fixed assets | | | | |
| (i) Tangible assets | 10 | 5,596.14 | | 6,082.69 |
| (ii) Capital work-in-progress | 11 | 1,841.85 | | 1,422.68 |
| | | | 7,437.99 | 7,505.37 |
| (b) Non-current investments | 12 | | – | – |
| (c) Deferred tax assets (net) | | | | |
| (2) Current assets | | | | |
| (a) Inventories | 13 | 1,644.67 | | 3,049.80 |
| (b) Trade receivables | 14 | 1,579.64 | | 3,044.79 |
| (c) Cash and Cash Equivalents | 15 | 1,181.05 | | 3,984.90 |
| (d) Short-term loans and advances | 16 | 9,504.62 | | 9,737.04 |
| (e) Other current assets | 17 | 269.97 | | 367.02 |
| | | | 14,179.95 | 20,183.55 |
| Total | | | 21,617.94 | 27,688.92 |

SIGNIFICANT ACCOUNTING POLICIES 25
NOTES FORMING PART OF THE ACCOUNTS 26-37

As per our Report of even date

For & on behalf of the Board

For A. R. Sulakhe & Co.

Chartered Accountants

Firm Reg. No. 110540W

(JAGDEESH DHONGDE)
PARTNER

(VIRENDRA SINGH)
COMPANY SECRETARY

(A. S. VAIDYA)
DIRECTOR (FINANCE)

(K. V. VARKEY)
MANAGING DIRECTOR

Place : Pune

Date : 03.01.2013

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

(Rs.in lakhs)

| PARTICULARS | NOTE NO. | Rupees | For the Year Ended 31st March, 2012 | For the Year Ended 31st March, 2011 |
|--|----------|----------|-------------------------------------|-------------------------------------|
| I. Revenue from operations- Gross | | 7,201.89 | | 8,904.10 |
| Less: Excise Duty | | (398.39) | | (365.98) |
| Revenue from operations- Net | 18 | | 6,803.50 | 8,538.12 |
| II. Other Income | 19 | | 803.22 | 1,343.34 |
| III. Total Revenue (I +II) | | | 7,606.72 | 9,881.46 |
| IV. Expenses: | | | | |
| Cost of materials consumed | 20 | 2,968.42 | | 4,059.51 |
| Changes in inventories of finished goods and work-in-progress | 21 | 1,217.56 | | 950.83 |
| Employee benefit expense | 22 | 4,017.81 | | 3,909.46 |
| Finance costs | 23 | 2,395.58 | | 1,887.44 |
| Depreciation | 10 | 458.08 | | 549.47 |
| Other expenses | 24 | 3,776.26 | | 3,543.55 |
| Total Expenses | | | 14,833.71 | 14,900.26 |
| V. Profit before tax (III - IV) | | | (7,226.99) | (5,018.80) |
| VI. Tax expense: | | | | |
| (1) Current tax | | - | | - |
| (2) Deferred tax | | - | | - |
| VII. Profit/(Loss) for the period (V-VI) | | | (7,226.99) | (5,018.80) |
| VIII. Earning per equity share (Face Value per share Rs.100): | | | | |
| Basic | | | (1,007.68) | (1,130.36) |
| SIGNIFICANT ACCOUNTING POLICIES | 25 | | | |
| NOTES FORMING PART OF THE ACCOUNTS | 26-37 | | | |

As per our Report of even date

For & on behalf of the Board

For A. R. Sulakhe & Co.

Chartered Accountants

Firm Reg. No. 110540W

 (JAGDEESH DHONGDE)
 PARTNER

 (VIRENDRA SINGH)
 COMPANY SECRETARY

 (A. S. VAIDYA)
 DIRECTOR (FINANCE)

 (K. V. VARKEY)
 MANAGING DIRECTOR

Place : Pune

Date : 03.01.2013

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

| PARTICULARS | Year Ended 31st March, 2012 | | Year Ended 31st March, 2011 | |
|---|-----------------------------|-------------------|-----------------------------|-----------------|
| | Rs. in Lakhs | Rs. in Lakhs | Rs. in Lakhs | Rs. in Lakhs |
| A CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit/(Loss) before tax: | (7,226.99) | | (5,018.80) | |
| Adjustment for: | | | | |
| Depreciation | 458.08 | | 549.47 | |
| Interest expense | 2,328.42 | | 1,769.44 | |
| Reserves | — | | 700.00 | |
| Profit on sale of fixed assets | (30.91) | | — | |
| Interest income | (162.09) | | (238.42) | |
| Dividend Income | — | | — | |
| | | | | |
| Operating profit before Working Capital changes | | (4,633.49) | | (2,238.31) |
| Adjustments for changes in Working capital | | | | |
| Inventories | 1,405.13 | | 817.53 | |
| Trade Receivables | 1,465.15 | | 989.57 | |
| Loans and advances & Other Current assets | 329.47 | | 501.02 | |
| Long term Provisions | 41.45 | | (486.09) | |
| | | 3,241.20 | | 1,822.03 |
| Cash generated from operations | | (1,392.29) | | (416.28) |
| Income taxes paid (including fringe benefit tax) | | — | | — |
| Net Cash from Operating activities | | (1,392.29) | | (416.28) |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Fixed Assets: | | | | |
| Purchase | (13.99) | | (13.75) | |
| Sale | | 421.60 | | — |
| Other Adjustment in Fixed Assets | (379.17) | | — | |
| Increase in Capital WIP | (419.17) | | (1,008.87) | |
| Interest received | 162.09 | | 238.42 | |
| Profit on sale of fixed assets | 30.91 | | — | (784.20) |
| Net Cash from/used in investing activities | | (197.73) | | |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Term Loan & Bank Loan | 1,114.55 | | 2,867.02 | |
| Interest expense | (2,328.42) | | (1,769.44) | |
| Net Cash from financing activities | | (1,213.87) | | 1,097.58 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTINUED)

| PARTICULARS | Year Ended 31st March, 2012 | | Year Ended 31st March, 2011 | |
|---|-----------------------------|--------------|-----------------------------|--------------|
| | Rs. in Lakhs | Rs. in Lakhs | Rs. in Lakhs | Rs. in Lakhs |
| D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | |
| Cash and Cash Equivalents (Opening balance) | 3,984.90 | | 4,087.79 | |
| Cash and Cash Equivalents (Closing balance) | 1,181.05 | (2,803.85) | 3,984.89 | (102.90) |

Notes :

- Figures in brackets represent outflows of cash and cash equivalents.
- Cash and cash equivalents comprise of :

| | As at 31st Mar, 2012 | As at 31st Mar, 2011 |
|---------------------|----------------------|----------------------|
| | Rs. | Rs. |
| Cash on hand | 5.60 | 3.52 |
| Balances with Banks | 1,175.45 | 3,981.38 |
| | <u>1,181.05</u> | <u>3,984.90</u> |

As per our Report of even date

For & on behalf of the Board

For A. R. Sulakhe & Co.

Chartered Accountants

Firm Reg. No. 110540W

(JAGDEESH DHONGDE)
PARTNER(VIRENDRA SINGH)
COMPANY SECRETARY(A. S. VAIDYA)
DIRECTOR (FINANCE)(K. V. VARKEY)
MANAGING DIRECTOR

Place : Pune

Date : 03.01.2013



Notes forming part of the Financial Statements

(Rs.in lakhs)

NOTE 1 - SHARE CAPITAL

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|-----|---------------------------------|---------------------------------|
| Authorised: | | | |
| 10,00,000 equity shares of Rs. 1000/- each | | 10,000.00 | 10,000.00 |
| | | 10,000.00 | 10,000.00 |
| Issued, Subscribed and Paid up: | | | |
| 7,17,191 Equity Shares of Rs. 1000/- each fully paid (includes 9,426 shares allotted for consideration other than cash) | | 7,171.91 | 4,440.91 |
| Total | | 7,171.91 | 4,440.91 |

| | As at 31st March 2012 No of shares | As at 31st March 2012 Amount in lakhs | As at 31st March 2011 No of shares | As at 31st March 2011 Amount in lakhs |
|---|--|---|--|---|
| Reconciliation of the no. of shares outstanding at the beginning and at the end of the year: | | | | |
| No of shares outstanding at the beginning of the year - Equity shares | 444091 | 4440.91 | 444091 | 4440.91 |
| Add: Additional shares issued during the year - Equity shares | 273100 | 2731 | 0 | 0 |
| Less: Shares forfeited/Bought back during the year - Equity shares | 0 | 0 | 0 | 0 |
| No of shares outstanding at the end of the year - Equity shares | 717191 | 7171.91 | 444091 | 4440.91 |

Notes:

- Of the above shares 9426 shares are allotted as fully paid-up pursuant to a contract without payments being received in cash.
- Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

| Particulars | % of Holding | Number of shares as at 31st March, 2012 | Number of shares as at 31st March, 2011 |
|------------------------|--------------|---|---|
| Equity Shares: | | | |
| The President of India | 100.00 | 717188 | 444088 |

Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 2 - RESERVES AND SURPLUS

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|-------------|---------------------------------|---------------------------------|
| Profit and Loss Account | | | |
| Profit / (Loss) as per previous Balance Sheet | (23,230.10) | | (18,225.59) |
| Add : Profit / (Loss) during the year | (7,226.99) | | (5,018.80) |
| Add : Transfer from Reserves | 14.29 | | 14.29 |
| | | (30,442.80) | (23,230.10) |
| Other Reserves | | | |
| (i) Grant for Projects | | | |
| a) WHO - GMP | 1,000.00 | | 1,000.00 |
| b) Erythromycine Thiocyanate | 1,279.00 | | 1,279.00 |
| | | 2,279.00 | 2,279.00 |
| (ii) School Rajat Manch | | | |
| As per last Balance Sheet | 1.22 | | 1.27 |
| Less:transferred to Profit & Loss Account | (0.05) | | (0.05) |
| | | 1.17 | 1.22 |
| (iii) Bio-Technology Programme | | | |
| As per last Balance Sheet | 69.36 | | 83.09 |
| Less:transferred to Profit & Loss Account | (13.73) | | (13.73) |
| | | 55.63 | 69.36 |
| (iv) NSAIDS Programme | | | |
| As per last Balance Sheet | 2.00 | | 2.51 |
| Less:transferred to Profit & Loss Account | (0.50) | | (0.51) |
| | | 1.50 | 2.00 |
| Total | | (28,105.50) | (20,878.52) |

Explanatory Notes:

Purpose of the Other Reserves : -

- 1) WHO - GMP : Company has to follow World Health Organisation rules for Good Manufacturing Practices (GMP) applicable for all plants.
- 2) Erythromycine Thiocyanate : Feasibility studies for manufacturing of Erythromycine Thiocyanate
- 3) School Rajat Manch : For Development of School in the colony
- 4) Bio-Technology Programme : Project funded under Antibiotics development consortium at HAL
- 5) NSAIDS Programme : Purchase of Laboratory Equipments vide Govt. sanction no. 03 F no. 28(1)/99 - PI

Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 3- SHARE APPLICATION MONEY PENDING ALLOTMENT

| | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|---------------------------------|---------------------------------|
| Share Application Money Pending Allotment | - | 2,731.00 |
| Total | - | 2,731.00 |

Explanatory notes:

| | |
|---|------------------------|
| Name of the Shareholder | The President of India |
| Number of shares proposed to be Issued | 273100 |
| Amount of Premium | Nil |
| Interest on Refund | NA |
| Period before which shares are to be allotted | 31 st March 2013 |
| Authorisation | Board of Director |

NOTE 4 - LONG TERM BORROWINGS

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|-----------|---------------------------------|---------------------------------|
| Borrowings from related parties | | | |
| Unsecured | 12,735.00 | | 12,735.00 |
| From Government of India | - | | - |
| [Repayable within one year Rs.5047 Lakhs] (Previous Year Rs.4837 lakhs) | | 12,735.00 | 12,735.00 |
| Interest accrued & due on loans/deposit from Government of India and others. | | 4,375.77 | 3,525.37 |
| Total | | 17,110.77 | 16,260.37 |

NOTE 5 - LONG- TERM PROVISIONS

Provision for Employee Benefits:

| | | |
|--------------------------------|-----------------|-----------------|
| Provision for Leave Encashment | 790.13 | 655.33 |
| Provision for Gratuity | 1,949.12 | 1,630.92 |
| Total | 2,739.25 | 2,286.25 |

Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 6 - SHORT TERM BORROWINGS

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|----------|---------------------------------|---------------------------------|
| Borrowings from other than related parties: | | | |
| Secured from Bank | | | |
| Cash Credit (Secured by hypothecation of stocks, book debts and other receivables) | 3,989.44 | | 3,932.63 |
| Short Term Loan (against mortgage of land earmarked for sale) | 6,196.03 | | 6073.15 |
| Interest Accrued and due on Cash Credit | 607.74 | | 422.63 |
| | | 10,793.21 | 10,428.41 |
| Unsecured loan from Others | | | |
| From others (short term loans) [Repayable within one year Rs.1364 lakhs] (Previous year Rs.1023 lakhs) | | 2,205.00 | 2,205.00 |
| Borrowings from other than related parties: | | | |
| Secured | | | |
| Short Term Loans | | | |
| Funded Interest Term Loan | 356.26 | | 456.91 |
| | | 356.26 | 456.91 |
| Total | | 13,354.47 | 13,090.32 |

Notes:**Details of repayment of Term Loans, Cash credit loans**

| Lender | Nature of facility | Rate of Interest | Security |
|---------------------------|--------------------|------------------|---|
| UCO Bank | Short Term Loan | 17.25 | Land & Building |
| Punjab National Bank | Short Term Loan | 17.25 | Land & Building |
| Bank of Maharashtra | Cash Credit | 16.25 | Stock, Book debts & Other receivables |
| Central Bank of India | Cash Credit | 16.25 | |
| Oriental Bank of Commerce | Cash Credit | 16.25 | |
| Punjab National Bank | Cash Credit | 17.25 | |
| Vijaya Bank | Cash Credit | 16.25 | |
| UCO Bank | Cash Credit | 17.25 | |
| UCO Bank | Cash Credit | 17.25 | |
| Bank of Maharashtra | WCDL | 16.25 | |
| Central Bank of India | WCDL | 16.25 | |
| Oriental Bank of Commerce | WCDL | 16.25 | |
| Vijaya Bank | WCDL | 16.25 | |
| Vijaya Bank | LTD | 16.25 | |



Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 7 - TRADE PAYABLES

| | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|----------------|---------------------------------|---------------------------------|
| Trade payables | 5,995.40 | 6,289.57 |
| Total | 5,995.40 | 6,289.57 |

Explanatory Notes:

The Company has certain dues to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows : -

| Sl. No. | Supplier Code | Party Name | Amount (Rs.) As at 31.3.2012 | Amount (Rs.) As at 31.3.2011 |
|---------|---------------|----------------------|---------------------------------|---------------------------------|
| 1 | 1278 | M/s Aarti Foils | 31186 | 31186 |
| 2 | 2505 | M/s Divish Packaging | 168488 | 199463 |
| 3 | 4481 | Imprint India | 587736 | 587736 |
| 4 | 5209 | Kanchan Offset | 227858 | 227858 |
| 5 | 6132 | Maxim Adhesive | 50116 | 50116 |
| 6 | 6180 | Mayura Offset | 141073 | 141073 |
| 7 | 6444 | Neha Packaging | 66308 | 66308 |
| 8 | 7170 | Print Pack | 5136 | 5136 |
| 9 | 7168 | Prakash Corrugating | 167315 | 167315 |
| 10 | 7236 | Pawan Packaging | 400699 | 385475 |
| 11 | 7432 | Patwa Printing Press | 213473 | 743356 |
| 12 | 8168 | Radha Krishana | 35557 | 35557 |
| 13 | 8104 | Ranjeet Printer | 1687742 | 1539370 |
| 14 | 8562 | Sagar Rubber Prod. | 51730 | 49706 |
| 15 | 8287 | Sumaru Packaging | 7830 | 153793 |
| 16 | 8656 | Samarth Enterprise | 8409 | 8409 |
| 17 | 9161 | Unity Printer | 672820 | 197851 |
| 18 | 9587 | Vial Seal | 94921 | 205923 |
| 19 | 8655 | Shree packaging | 3962 | 3962 |
| 20 | 3827 | H&H Packaging | 84717 | 454882 |
| | | Total | 4707076 | 5254475 |

2011-2012



Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 8 - OTHER CURRENT LIABILITIES

| | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|--|---------------------------------|---------------------------------|
| Acceptances | 191.10 | 113.06 |
| Subsidiary Companies (KAPL Loan Licence Work) | 4.41 | 4.41 |
| Advances & deposits from customers & others | 525.25 | 1,358.10 |
| Other Liabilities | 535.35 | 464.28 |
| Total | 1,256.11 | 1,939.85 |

NOTE 9 - SHORT-TERM PROVISIONS

| | | |
|---|-----------------|-----------------|
| a. Provision for Employee Benefits: | | |
| Provision for Leave Encashment | 67.70 | 43.68 |
| Provision for PF and other contribution payable | 658.37 | 112.61 |
| b. Provision-Others: | | |
| TDS payable | 98.62 | 46.39 |
| Sales tax payable | 901.07 | 975.52 |
| Service tax payable | 49.08 | 33.09 |
| Rent Payable | 119.78 | 119.78 |
| Other Provisions | 200.91 | 198.10 |
| Total | 2,095.53 | 1,529.17 |

Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 10 - FIXED ASSETS

| Description of Assets | Gross Block | | | | Depreciation | | | | Net Block | |
|--------------------------------|----------------|---------------------------|---------------------------|---------------|----------------|----------------------|---------------------------|---------------|---------------|---------------|
| | As at 1/4/2011 | Additions during the year | Deletions during the year | As at 31/3/12 | As at 1/4/2011 | Charges for the year | Deletions during the year | As at 31/3/12 | As at 31/3/12 | As at 31/3/11 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Land(freehold)* | 5.32 | | | 5.32 | | | | | 5.32 | 5.32 |
| Development of Site | 1.67 | | | 1.67 | | | | | 1.67 | 1.67 |
| Roads | 9.93 | | | 9.93 | 7.20 | 0.07 | | 7.27 | 2.66 | 2.73 |
| Building | 3689.86 | 0.00 | 58.06 | 3631.80 | 1732.80 | 95.05 | 39.42 | 1788.43 | 1843.37 | 1957.06 |
| Railway siding | 3.62 | | | 3.62 | 3.59 | 0.00 | | 3.59 | 0.03 | 0.03 |
| Plant and Machinery | 14483.58 | 10.17 | 290.13 | 14203.62 | 11132.89 | 270.05 | 275.06 | 11127.88 | 3075.74 | 3350.69 |
| Electrical Installations | 1515.90 | 0.16 | 53.18 | 1462.88 | 1240.17 | 28.61 | 49.57 | 1219.21 | 243.67 | 275.73 |
| Laboratory Equipment | 1075.06 | 0.00 | 0.56 | 1074.50 | 874.57 | 29.21 | 0.51 | 903.27 | 171.23 | 200.49 |
| Motor Vehicles | 59.72 | 0.00 | | 59.72 | 49.60 | 2.00 | | 51.60 | 8.12 | 10.12 |
| Furniture and Office equipment | 829.31 | 3.66 | 19.69 | 813.28 | 571.15 | 30.64 | 14.61 | 587.18 | 226.10 | 258.16 |
| Library Books | 133.50 | 0.00 | | 133.50 | 112.82 | 2.45 | | 115.27 | 18.23 | 20.68 |
| | 21807.47 | 13.99 | 421.60 | 21399.84 | 15724.78 | 458.08 | 379.17 | 15803.70 | 5596.14 | 6082.69 |
| Previous year | 21793.71 | 13.75 | | 21807.46 | 15175.29 | 549.47 | | 15724.78 | 6082.69 | 6618.41 |

1. Gross Block includes Assets of Rs.2395.62 lakhs (Rs.2363.74 lakhs Plant & Machinery & Rs.31.87 lakhs furniture) taken over on 21.6.2004 from HMGB, consequent to termination of the JVC Agreement with Hindustan Max-GB Ltd.
2. Gross Block of Laboratory Equipments include Rs. 289 lakhs at original cost procured out of Department of Bio-Technology Funds.
3. Net Block of Laboratory Equipment includes Rs. 25.52 lakhs (Previous year Rs. 25.95 Lakhs) at original cost procured out of Rs. 33.15 lakhs funds for Enzyme Engineering.
4. Net Block of Lab Equipment include Rs.3.02 lakh (Previous year Rs.3.52 Lakhs) at original cost procured out of NSAIDS Grant.

Notes forming part of the Financial Statements (Contd.)

(Rs. in lakhs)

NOTE 11 - CAPITAL WORK - IN - PROGRESS

| | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|---------------------------------|---------------------------------|
| Building | 457.96 | 337.66 |
| Plant & Machinery | 1,114.23 | 821.52 |
| Plant & Machinery under inspection/installation | 2.30 | 66.37 |
| Electric Installation | 174.74 | 128.84 |
| Laboratory Equipment | 0.27 | 0.20 |
| Furniture Fixture | 92.35 | 68.09 |
| Total | 1,841.85 | 1,422.68 |

NOTE 12 - NON CURRENT INVESTMENTS

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|-------|---------------------------------|---------------------------------|
| Investments in Subsidiary Companies (Fully Paid-up) (Non trade, unquoted, at cost) | | | |
| 1. 73,440 Equity Shares (previous year 73,440) in Maharashtra Antibiotics & Pharmaceuticals Ltd. of Rs. 100/- each.* | 73.44 | | 73.44 |
| 2. 43,350 Equity Shares (previous year 43,350) in Manipur State Drugs & Pharmaceuticals Limited of Rs.100/- each.* | 43.35 | 116.79 | 43.35 116.79 |
| Investments in Joint Venture Company (Trade, unquoted, at cost, fully paid up) | | | |
| 3. 50,00,000 equity shares (previous year 50,00,000) in Hindustan Max GB Ltd., of Rs.10/-each ** | | 500.00 | 500.00 |
| * 4 Equity Shares in subsidiary companies of Rs.100/- each are held in the name of the nominees of the Company. | | - | - |
| ** 40 equity shares in Joint Venture Company (previous year 40) of Rs. 10/- each are held in the name of the nominees of the company. | | - | - |
| Less: Provision for Diminution in investments in MAPL, MSDPL, HMGB. | | (616.79) | (616.79) |
| Total | | - | - |

Notes forming part of the Financial Statements (Contd.)

(Rs. in lakhs)

NOTE 13 - INVENTORIES

(at cost or net realisable value whichever is lower)

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|---------|---------------------------------|---------------------------------|
| General Stores and Spares | 344.15 | | 399.37 |
| Less: Provision for obsolescence | (2.55) | | (3.58) |
| | | 341.60 | 395.79 |
| Tools | | 3.42 | 2.86 |
| Raw Materials (net of Set off & Modvat) | 665.11 | | 766.63 |
| Less : Provision for obsolescence | (84.45) | | (52.03) |
| | | 580.66 | 714.60 |
| Work in Process | | 245.30 | 477.04 |
| Finished Products | | 473.69 | 1,459.51 |
| Total | | 1,644.67 | 3,049.80 |

Explanatory Notes:

Inventories include Material in transit/under inspection Rs.175.27 lacs (Previous year Rs 182.25 lacs)

NOTE 14 -TRADE RECEIVABLES

| | | | |
|--|----------|-----------------|-----------------|
| 1) Trade receivables due for a period exceeding six months | | | |
| Considered Good | 826.54 | | 460.25 |
| Considered Doubtful | 2,396.81 | | 2,370.07 |
| | | 3,223.35 | 2,830.32 |
| 2) Other Trade Receivables: | | | |
| Considered Good | 753.10 | | 2,584.54 |
| Considered Doubtful | - | | - |
| | | 753.10 | 2,584.54 |
| Less: Provision for Doubtful Debts | | (2,396.81) | (2,370.07) |
| Total | | 1,579.64 | 3,044.79 |

Explanatory Notes:

1.Includes dues from Subsidiary Companies Rs. 37.54 lakhs (Previous year Rs 37.54 lakhs)

NOTE 15 - CASH AND CASH EQUIVALENTS

| | | |
|---------------------------|-----------------|-----------------|
| Balances with banks | 511.93 | 431.47 |
| Cheques, drafts on hand | 4.75 | 87.81 |
| Cash on hand | 5.60 | 3.52 |
| Other Bank Balance | | |
| Deposits | 658.77 | 3,462.10 |
| Total | 1,181.05 | 3,984.90 |

Explanatory Notes:

Deposits includes deposit against margin money

Notes forming part of the Financial Statements (Contd.)

(Rs. in lakhs)

NOTE 16 - SHORT TERM LOANS AND ADVANCES

| | Rs. | As at 31st March 2012 Rs. | As at 31st March 2011 Rs. |
|---|------------|---------------------------------|---------------------------------|
| Loans and Advances to related parties | | | |
| With Subsidiary Co | | | |
| Considered Good | 2,131.36 | | 1,979.46 |
| Considered Doubtful | 888.38 | | 888.38 |
| | 3,019.74 | | 2,867.84 |
| Less: Provision for Doubtful advances | (888.38) | | (888.38) |
| | | 2,131.36 | 1,979.46 |
| With Joint Venture | | | |
| Considered Good | 6,190.92 | | 6,190.92 |
| Considered Doubtful | 1,333.66 | | 1,334.15 |
| | 7,524.58 | | 7,525.07 |
| Less: Provision for Doubtful advances | (1,334.15) | | (1,334.15) |
| | | 6,190.43 | 6,190.92 |
| Loans and Advances to other than related parties: | | | |
| Considered Good | 973.39 | | 1,289.01 |
| Considered Doubtful | 209.95 | | 167.10 |
| | 1,183.34 | | 1,456.11 |
| Less: Provision for Doubtful Advances and Loans | (209.95) | | (167.10) |
| | | 973.39 | 1,289.01 |
| Taxes paid in advance less provisions | | 57.88 | 48.82 |
| Deposits with Customs, Port Trusts and other Govt. Bodies (Unsecured, considered good) | | 151.56 | 228.83 |
| Total | | 9,504.62 | 9,737.04 |

NOTE 17 - OTHER CURRENT ASSETS

| | | |
|--|---------------|---------------|
| Sundry Charges Recoverable from Branches | 145.68 | 145.68 |
| Rent Receivable from Employees | 9.54 | 9.70 |
| Interest Accrued on Deposits | 24.68 | 108.46 |
| Other Receivables | 90.07 | 103.18 |
| Total | 269.97 | 367.02 |



Notes forming part of the Financial Statements (Contd.)

(Rs. in lakhs)

NOTE 18 - REVENUE FROM OPERATIONS- NET

| | For the year ended 31st March 2012 Rs. | For the year ended 31st March 2011 Rs. |
|-------------------|--|--|
| Sale of products | 7,188.52 | 8,892.03 |
| Sale of Utilities | 13.37 | 12.07 |
| | 7,201.89 | 8,904.10 |
| | (398.39) | (365.98) |
| Less: Excise Duty | | |
| Total | 6,803.50 | 8,538.12 |

NOTE 19 - OTHER INCOME

| | | |
|------------------------------|---------------|-----------------|
| Interest Income | 162.09 | 238.42 |
| Rent Income | 157.28 | 129.33 |
| VRS Grant Received | 57.86 | 99.95 |
| Profit on sale of Assets | 30.91 | - |
| Electricity Charges Received | 23.85 | 20.37 |
| Sales of Misc Items | 211.67 | 341.77 |
| Misc Receipts | 159.56 | 513.50 |
| Total | 803.22 | 1,343.34 |

NOTE 20 - COST OF MATERIAL CONSUMED

| | | |
|-----------------------|-----------------|-----------------|
| Raw Material Consumed | 2,968.42 | 4,059.51 |
| Total | 2,968.42 | 4,059.51 |

Notes forming part of the Financial Statements (Contd.)

(Rs. in lakhs)

NOTE 21 - (INCREASE) / DECREASE STOCKS OF FINISHED GOODS AND WORK - IN - PROGRESS

| | | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
|----------------------|----------|---------------------------------------|---------------------------------------|
| | Rs. | Rs. | Rs. |
| Opening stock | | | |
| Work - in - progress | 477.04 | | 79.47 |
| Finished goods | 1,459.51 | | 2,807.94 |
| | | 1,936.55 | 2,887.41 |
| Closing stock | | | |
| Work - in - progress | 245.30 | | 477.04 |
| Finished goods | 473.69 | | 1,459.54 |
| | | 718.99 | 1,936.58 |
| Total | | 1,217.56 | 950.83 |

NOTE 22 - EMPLOYEE BENEFIT EXPENSE

| | | |
|---|-----------------|-----------------|
| Salaries and wages | 2,855.88 | 2,661.94 |
| Leave Encashment | 245.46 | 230.33 |
| Ex - Gratia | 17.30 | 3.56 |
| Incentives | 11.47 | 11.77 |
| Gratuity | 339.98 | 444.24 |
| Contribution to provident and other funds | 280.52 | 256.25 |
| Staff welfare expenses | 267.20 | 301.37 |
| Total | 4,017.81 | 3,909.46 |

NOTE 23 - FINANCE COSTS

| | | |
|------------------|----------------|----------------|
| Interest expense | 2328.42 | 1834.97 |
| Bank Charges | 67.16 | 52.47 |
| Total | 2395.58 | 1887.44 |

Notes forming part of the Financial Statements (Contd.)

(Rs. in lakhs)

NOTE 24 - OTHER EXPENSES

| | Rupees | For the year ended 31st March 2012 Rs. | For the year ended 31st March 2011 Rs. |
|---|--------|--|--|
| Consumption of stores and spare parts | | 91.27 | 109.17 |
| Power and fuel | | 1,143.71 | 1,036.92 |
| Payment to Auditors: | | | |
| Audit Fees | 1.38 | | 1.21 |
| Certification Fees | 0.30 | | — |
| Out of Pocket Exp | 3.74 | | 4.59 |
| | | 5.42 | 5.80 |
| Commission paid | | 399.17 | 355.34 |
| Freight Expenses | | 335.57 | 322.60 |
| Rent | | 15.57 | 13.30 |
| Repairs and maintenance - | | | |
| Buildings | 33.53 | | 46.68 |
| Machinery | 87.23 | | 113.45 |
| Others | 57.74 | | 45.75 |
| | | 178.50 | 205.88 |
| Travelling & Conveyance Expenses | | 166.73 | 193.85 |
| Insurance | | 2.72 | 0.77 |
| Telephone Exp | | 37.08 | 28.98 |
| Job Contract Charges | | 73.93 | 58.23 |
| Sales Promotion Exp | | 279.19 | 464.69 |
| Rates & Taxes | | 101.40 | 13.17 |
| Net loss on foreign currency transaction and translation (other than considered as finance cost) | | 19.95 | (4.21) |
| Quantity Rebate | | 573.77 | 477.66 |
| Provision for Doubtful Debt and Advances | | 101.01 | 72.36 |
| Miscellaneous expenses | | 251.27 | 189.04 |
| Total | | 3,776.26 | 3,543.55 |

Notes forming part of the Financial Statements (Contd.)

NOTE 25- SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING:

Accounts have been prepared using historical cost convention and on the basis of going concern. Accounting Policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.

B. REVENUE RECOGNITION: -

- (i) Bills for supplementary claims due to price revision on various States and Central Government agencies are raised after confirmation of the revised prices by them and accounted for in the books accordingly.
- (ii) The difference between the estimated domestic prices and import prices of Raw Material (on account of Custom Duty) to be imported against Advance license available, applied and awaited as on the date of Balance Sheet are accounted as export benefit irrespective of the year of exports. Export benefit other than that mentioned is accounted as income in the year in which the export takes place.
- (iii) Sales returns are accounted for in the year of returns.
- (iv) Sales include Sales under loan licensing, trading sales and conversion charges.
- (v) Dividend income received is accounted on right to receive basis.
- (vi) Sales of ascertained goods are accounted on the basis of confirmed orders and acceptance of Sales invoices by the buyers irrespective of actual dispatches in subsequent month.

C. FIXED ASSETS / CAPITAL WORKS IN PROGRESS

- (i) The technical know-how expenditure is capitalized by way of allocation, to Plant and Machinery, on successful completion of the project concerned and on commencement of commercial production.
- (ii) Financing costs on fixed assets including interest paid on Deferred Commercial Credit or on funds borrowed attributable to such asset are capitalized till the assets are ready / put to use.
- (iii) Power consumed on projects during the construction period is allocated based on technical estimates of consumption.
- (iv) Employees Salary and benefits relating to projects under construction is allocated based on technical estimates.
- (v) Lease rentals paid during construction period are included in allocable overheads for capitalization.
- (vi) Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation. All expenses relating to acquisition / construction of fixed assets are capitalized including financing costs.
- (vii) The depreciation charged to Profit & Loss Account on the Assets procured from Grant-in-Aid for the year is reduced from the capital reserves.

D. DEPRECIATION

- (i) All the assets acquired / put to use prior to 1st April 1960 and Furniture and Fixtures acquired / put to use prior to 1st April 1979 are depreciated on written-down-value method and all acquisitions subsequent to these dates are depreciated on Straight Line Method.

Notes forming part of the Financial Statements (Contd.)

- (ii) Depreciation on fixed assets acquired /put to use on or before 31st March, 1987 is provided at the rates worked on the basis of the specified periods as per Section 205(2)(b) of the Companies Act 1956.
- (iii) Assets acquired / put into use on or after 2nd April, 1987 are depreciated at the rate prescribed in Schedule XIV of the Companies Act 1956 at the time of capitalization of asset, subsequent change in the rate of depreciation as mentioned in Schedule XIV is not incorporated in books of accounts.
- (iv) Depreciation on Fixed Assets existing and acquired from 1st April, 1993 is provided at the rates worked out on the basis of specified period vide Govt. notification GSR No.756/(E) dated 16th December, 1993 read with circular No. 14 dated 20th December, 1993.
- (v) Depreciation on certain items of Furniture and Fixtures at library, welfare center, canteen and recreation center in the absence of proper identification in the Fixed Assets Register, has been provided at a general rate of depreciation.
- (vi) Major additions to the existing fixed assets unidentifiable as separate items are added to the original cost of the assets and are depreciated at the rates applicable to the original assets. In case of partial dismantling/ scrapping of assets, no credit is given to particular asset. Amounts realized against disposal of unidentified assets are credited to Miscellaneous Receipts.

E. VALUATION OF INVENTORIES :

- (a) Raw Material : Purchase cost (Net of modvat and sales tax set Off).
- (b) Stock in process at finished stage : At cost or selling Price, whichever is lower.
- (c) Stock in process of non parentals Filled/
Compressed but awaiting final packing. : At cost or selling Price whichever is lower,
Excluding cost of packing material & Excise Duty.
- (d) Products awaiting reprocessing. : Cost up to fermentation stage only.
- (e) Finished product : At cost including Excise Duty and average transportation
cost up to depot (irrespective of its Location)or selling price,
whichever is lower.
- (f) Material in transit / under inspection : At estimated cost based on purchase order.
- (g) General Stores and spares : At Cost or market price, whichever is lower.
- (h) Tools, General stores ,spares etc.
At shop Floors/ Sections and returnable canister : At estimated cost.
- (i) In calculating cost of formulations and Intermediates, bulk drugs manufactured in house and consumed are valued
at cost or material price whichever is less.
- (j) In calculating the cost of finished goods and semi-finished goods, total fixed cost is allocated to products based
on machine hours relevant to those products as certified by technical personnel.
- (k) Quantity of material under test (included in Raw Material, Finished goods and stock in process) are taken as
certified by technical personnel.
- (l) Surplus materials are carried in the inventories at cost and any profit or loss on the disposal is accounted for in the
year of their disposal. Also as per recommendations of Surplus Stock and Review & Disposal Committee provision
for obsolete raw materials is made.

Notes forming part of the Financial Statements (Contd.)

(m) Cost of expired goods is valued at Nil.

(n) Difference in value of material received / given on loan are accounted for in the year of return of materials.

(o) Issues of Raw Material, General stores & Spares are valued on weighted average basis.

F. CENVAT ACCOUNTING:

Purchase and Fixed Assets are recorded net of cenvat benefit as per the policy consistently followed by the Company. In few cases cenvat amount is neither capitalized nor availed and such amount is kept in Deferred Excise Duty Receivable shown as Current Asset in Balance Sheet.

G. FOREIGN CURRENCY TRANSACTION:

- Export sales are accounted at the exchange rates prevailing on the date of export invoices. Foreign exchange gains/losses arising due to difference between the rate prevailing on the date of export invoice and the date of realisation of invoice are accounted for separately under the head "difference in exchange rates" and recognized as other income/ expenditure on its crystallisation.
- Exchange differences arising on payment of import of material and liabilities at the year-end are included in the purchase price of material and charged to consumption, if not in stock.
- Outstanding receivable at the year end are accounted at the exchange rates prevailing on the date of the Balance Sheet, the difference being adjusted in the accounts as " Difference in exchange rates".

H. EMPLOYEE BENEFITS

- Gratuity liability is based on actuarial valuation of **Rs.166,397,365/-** as certified by an Actuary using Projected Unit Credit Method
- Liability on account of encashment of leave entitlement of employees (long term) in accordance with the rules of the Company is provided on actuarial valuation as certified by an actuary using Projected Unit Credit method (**Rs.714,100,91/-**)

Assumptions considered in actuarial valuation are: Mortality Rate: LIC (1994-96) Ultimate, Attrition Rate: 2%, Discount Rate: 8.25%, Salary Escalation: 1%, Retirement Age: 60 years.

- VRS expenditure incurred during the year is directly debited to Profit and Loss account and the grant received for VRS is treated as income in the year in which the related expenditure is incurred.
- Provident Fund contribution made during the year is charged to Profit & Loss account.
- Medical Leave provided to employees is seven days per year and the same is accumulated till retirement but it cannot be en-cashed during the service period or at the time of retirement, as per Para 132 of AS 15 revised liability for Medical Leave is provided as per actuarial valuation report (**Rs.45,12,994/-**).

I. BORROWING COST :

Borrowing costs that are directly attributable to the acquisition, construction or production of asset are capitalized as part of the cost of the assets. Other borrowing costs are recognized as expense in the year in which they are incurred.

J. LEASE INCOME

Lease rentals income is accounted on accrual basis as per the terms and conditions of the agreement entered in to with the lessees.

Notes forming part of the Financial Statements (Contd.)

K. TAXATION

Income Tax-Current Tax- Provision for income tax is determined in accordance with the provision of Income Tax Act 1961. Deferred Tax- The Company Accounts for Deferred Taxes in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountant of India, where by Deferred Tax Assets & Liabilities are recognized based on the expected future tax consequences of event that have been included in the financial statement or Tax Returns. Under this method Deferred Tax Assets & Liabilities are determined based on the difference between the financial reporting and Tax basis of Assets & Liabilities using enacted or substantively enacted tax rate expected to apply to taxable income in the year.

In view of large brought forward losses & principle of accounting prudence, no cognizance is taken of the probable effect of Deferred Tax Asset as envisaged by Accounting Standard 22 issued by the Institute of Chartered Accountant of India.

L. RESEARCH & DEVELOPMENT

Revenue expenditure on Research & Development is charged to Profit & Loss A/c during the respective year.

M. CONTINGENT LIABILITIES:

These are disclosed in the Notes to Accounts. Provision is made in the accounts in respect of those contingencies, which are likely to materialize into liabilities after the year-end till the finalization of the accounts and have material effect on the position stated in the balance sheet.

N. INVESTMENTS:

Long term trade / non- trade, unquoted fully paid investments are valued at cost less permanent diminution if any in value

O. IMPAIRMENT OF ASSET

No provision towards impairment of Assets as per AS-28 is considered necessary, as the book value of the Assets does not exceed the amount to be recovered through use or disposal of Assets.

P. GENERAL

- (i) The transactions pertaining to the earlier/future years NOT exceeding Rs.5000/- in each case are treated as current year's transactions.
- (ii) Revenue in respect of various claims is accounted on settlement of the claims.

NOTE 26 - OTHER NOTES :

- (a) Accounts are prepared on the basis of going concern concept though the Company was declared sick under the provisions of section 3(1) (O) of SICA. The management is making all out efforts to improve the performance as well as profitability of the company.
- (b) Confirmation of balances/statement of accounts from sundry debtors, sundry creditors, unsecured loans, Joint Venture and in respect of other receivables and payables have not been received in some cases during the year. The balances outstanding are under continuous review and reconciliation. The company has also taken effective steps to recover the old outstanding dues.

Notes forming part of the Financial Statements (Contd.)

- (c) Government of India vide its letter No.34018/13/2011-PSU dated 26.03.2012 directed to the Company to prepared second rehabilitation plan and accordingly Company has prepared the second rehabilitation plan and submitted to Government of India for Rs. 502.09 Crores which is under active consideration of Government of India and BIFR.
- (d) The inter corporate loan from ONGC has been restructured. Accordingly ONGC has been paid Rs.678.00 lacs towards the part payment of the loan in the financial year 2007-08. The balance amount of Rs.1705.00 lacs was to be repaid in 5 equal annual installments commencing from 2008-09 with interest moratorium till 31.03.2008 and with interest at PLR from 01.04.2008. However, no amount has been paid till date. This amount is to be secured by way of second charge on the tangible movable assets of the Company.
- (e) The provision of Rs.60.84 crores in respect of the arrears arising out of the implementation of the pay revision from 1/1/97 in case of officers & from 1/1/99 in case of non-officers will be made by the company once the final decision to pay the arrears is made on the improvement of the financial position of the company.
- (f) Company's Penicillin manufacturing facilities were leased out on right to use basis to a joint-venture company viz, HMGB Ltd., (In which HAL has 50% shares) with effect from 8.10.1995 for a period of fifteen years for annual Lease Rent of Rs.17 crores. HMGB had been incurring losses in its operations and suspended the manufacturing operations w.e.f 15.12.2003 and the agreements with HMGB were terminated w.e.f 21.6.2004. Two arbitration proceedings claiming the amount of Rs.303.25 crores have already been initiated against HMGB for recovery of the outstanding dues as well as the damages claimed due to premature termination of the agreements. After the termination of the agreement the fixed assets of HMGB amounting to Rs.23.96 crores have been taken over by the company in the year 2004-05. Subsequently, the **Arbitral Tribunal** has passed an award in the **first arbitration** against HMGB by which an amount of Rs.49.00 crores have been awarded to the company. The Company had filed an appeal in the District Court at Pune(case no. 949/06).The second arbitration proceeding against HMGB is **in process**. The amount of Rs.23.96 crores towards Plant and Machinery etc and Rs.4.91 crores towards sale proceeds of Pen G. and other raw material has been adjusted against the outstanding amount due from HMGB. As on 31.03.2011, the outstanding amount from HMGB is **Rs.75.25 crores** after making the aforesaid adjustments.

As per the joint venture agreement between DSM Anti-Infectives India Ltd., (DAI India), formerly known as Max-GB, the responsibility to manage the operations of HMGB for a period of 15 years has been vested with DAI India. Since DAI India failed to comply with its obligations to manage the operations of HMGB, the arbitration claim has been made by the company against DAI India for recovering the outstanding amount due from HMGB and the damages suffered due to the premature termination of the agreement amounting to Rs.303.25 crores, which is pending before the **Arbitral Tribunal**. In view of this, no provision for outstanding amount due from HMGB has been made in the accounts.

- (g) An amount of Rs.119 lakhs is outstanding for payment to Kirloskar Investment & Leasing Ltd. as balance EMI amount. The party had also given a proposal for one time settlement of the outstanding dues accepting an amount of Rs. 92.00 lakhs i.e. below outstanding EMI amount.
- (h) Interest on delayed payments on small scale and ancillary units as required under provisions of "The interest on delayed payment to Small Scale and Ancillary Undertakings Act,1993" has not been made during the year on delayed payments as no party has claimed for the same.
- (i) The company applied for exemption of Cost Audit under section 233 B of the Companies Act,1956 Bulk Drugs & Formulations for the year 2009-10 but the exemption is not allowed.

Notes forming part of the Financial Statements (Contd.)

- (j) Sundry Debtors of Rs.3976.45 lakhs include Debtors Rs.2396.81 lakhs which are outstanding for more than 3 years. Majority of this outstanding pertains to Govt. supplies, which is realizable in the ordinary course of business. In respect of some others, necessary legal proceedings have been initiated.
- (k) Sales Tax liability / refund is subject to VAT Audit / final orders.
- (l) Adjustment have been made in the accounts in respects of surplus realised from compensation received / agreed to on 4050 sq. metres of land acquired by PCMC for Pimpri-Bhosari Road and 19533.75 sq. metres of land acquired by PCMC for Mumbai- Pune Road. However, in case of Pimpri-Bhosari road land, the dispute regarding final compensation to be received is referred to Director, Town Planning based on whose valuation a final sale deed will be executed between the parties. As regards Mumbai-Pune Road land the company has disputed the compensation awarded by referring the matter to court. Consequently , additional compensation that may be received later, if any, will be accounted for appropriately if and when received.
- (m) Land admeasuring 4100 sq mtrs. acquired by Special Land Acquisition Officer 14 for the Telephone Exchange Office & their Staff. Quarters, Compensation received is Rs. 45,14,510/-booked in the year 2005-06. The company has disputed the compensation awarded by referring the matter to court. Consequently, additional compensation that may be received later, if any, will be accounted for appropriately if and when received.
- (n) The Company has not received information from vendor/ suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure regarding to amount unpaid at the year end together with interest paid or payable under this act has not been given. However the amount outstanding more than 30 days as on 31.03.2012 to Small Scale Industries have been disclosed.
- (o) Previous year figures have been regrouped and re-arranged to correspond with the current year figures wherever necessary.

Notes forming part of the Financial Statements (Contd.)

(Rs, in Lakhs)

NOTE 27 -

| Particulars | As at 2011-12 | As at 2010-11 |
|---|------------------|------------------|
| 1. CONTINGENT LIABILITIES IN RESPECT OF : | | |
| (a) Bank Guarantee . | 108.03 | 165.21 |
| (b) Claims against the Company not acknowledged as debts, matters in appeal at various courts and hence subjudice | 506.35 | 506.35 |
| (c) Amounts claimed by Irrigation Department of Maharashtra State on water charges not acknowledged as debts . | 87.82 | 87.82 |
| (d) Pending Sales Tax Assessments appeals of depots and Head Office. | 777.14 | 774.14 |
| (e) Labour court matters pending with various courts and hence subjudice | 70.09 | 70.09 |
| (f) Octroi Liability A/C No 20 Inspection demand for 1/4/89 to 31/3/97 P.C.M.C. Letter dt. 9/2/98. Amount from 1/4/97 to 31/3/2006 is not quantifiable. | 88.52 | 88.52 |
| (g) CISF INTEREST | 145.27 | 145.27 |
| 2. OTHERS : | | |
| (a) Claims filed against parties by the Company pending in appeals. | 1114.20 | 1114.20 |
| (b) Claims filed by the Company pending in Arbitration | 30325.00 | 30325.00 |

Notes forming part of the Financial Statements (Contd.)

NOTE 28 -

| PARTICULARS | 2011-12 Value (Rs.in Lakhs) | 2010-11 Value (Rs.in Lakhs) |
|--|-----------------------------------|-----------------------------------|
| 5 DETAILS OF CONSUMPTION OF RAW MATERIALS | | |
| A) I) INDIGENOUS | | |
| 1 Albendazole USP | 9.32 | 10.62 |
| 2 Amoxycillin Trihydrate | 159.28 | 92.23 |
| 3 Ampicillin Sodium | 0.00 | |
| 4 Ampicillin Trihydrate | 12.77 | 45.52 |
| 5 Benzathine Pen | 0.00 | |
| 6 Benzyl sodium Pen | 0.00 | 2.74 |
| 7 Bulk Tinidazole | 0.96 | 11.35 |
| 8 Cefadroxil Monohydrate | 0.00 | |
| 9 Cefixime Bulk | 10.72 | |
| 10 Cefoperazone sodium | 0.00 | 4.81 |
| 11 Cefotaxime Sodium | 262.28 | 309.02 |
| 12 Ceftazidime IP Sterile | 14.98 | 38.86 |
| 13 Ceftriaxone Sodium | 247.64 | 330.49 |
| 14 Cephalexin I.P. | 0.00 | |
| 15 Ciprofloxacin HCL | 243.53 | 296.05 |
| 16 Ciprofloxacin Lactate | 17.55 | 7.78 |
| 17 Diclofenac Sodium | 10.32 | 6.83 |
| 18 Erythromycin Stearate | 0.00 | |
| 19 Fluconazole USP | 0.00 | 5.94 |
| 20 Levofloxacin Hemithydrate | 11.45 | 27.68 |
| 21 Metronidazole IP | 8.32 | 10.09 |
| 22 Norfloxacin | 1.10 | |
| 23 Paracetamol IP | 10.81 | 9.07 |
| 24 Pen. G. Ist Crystals | 0.00 | |
| 25 Penicillin V Pot | 0.00 | 9.46 |
| 26 Piperazine Hexahydrate I P | 0.57 | 8.58 |
| 27 Ranitidine Hydrochloride | 29.59 | 28.35 |
| 28 Sparfloxacin | 0.00 | 11.07 |
| 29 Streptomycin sulphate | 0.00 | 0.26 |
| 30 Sulbactam Sodium Sterile U | 1.70 | 4.48 |
| 31 Sulphamethazole | 0.00 | |
| 32 Tetracycline HCL | 34.64 | 22.27 |
| 33 Others | 522.92 | 682.85 |
| TOTAL | 1610.45 | 1976.40 |

Notes forming part of the Financial Statements (Contd.)

NOTE 28 (Continued)

| PARTICULARS | 2011-12 Value (Rs.in Lakhs) | 2010-11 Value (Rs.in Lakhs) |
|---------------------------------|-----------------------------------|-----------------------------------|
| II) OTHER TRADING | | |
| Loan Licence - Out Source | 13.08 | 0.00 |
| | 521.28 | 1549.47 |
| | 534.36 | 1549.47 |
| TOTAL A (I + II) | 2144.81 | 3525.87 |
| B) IMPORTED | | |
| I) PURCHASED ANTIBIOTICS | | |
| 1 Pencillin V Pot | 0.00 | 45.24 |
| 2 Streptomycin Sulphate | 491.52 | 261.03 |
| 3 Fortified Procaine Pen. | 0.00 | 0.00 |
| 4 Benzyl Sodium Pen. | 0.00 | 0.00 |
| 5 Benzathine Pen | 0.00 | 22.02 |
| TOTAL (I) | 491.52 | 328.29 |
| II) RAW MATERIAL | | |
| 1 LECITHINE SOYA | 0.00 | 0.00 |
| 2 DESMODUR | 0.62 | 0.55 |
| 3 LUPOLENE 3020D | 331.23 | 205.22 |
| TOTAL (II) | 331.85 | 205.77 |
| TOTAL B(I+II) | 823.37 | 534.06 |
| GRAND TOTAL(A+B) | 2968.18 | 4059.93 |

Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 29 - VALUE OF RAW MATERIALS CONSUMED :

| PARTICULARS | 2011-2012 | | 2010-2011 | |
|----------------------------|----------------|---------------|----------------|---------------|
| | Value | Percentage | Value | Percentage |
| (a) Imported (Landed Cost) | 823.37 | 27.74 | 534.06 | 13.15 |
| Indigenous | 2144.81 | 72.26 | 3525.87 | 86.85 |
| | <u>2968.18</u> | <u>100.00</u> | <u>4059.93</u> | <u>100.00</u> |

- (b) The value of consumption of the spare parts and components shown in Note 21 could not be segregated as imported and indigenous in the absence of separate accounting records.

Note 30 - VALUE OF IMPORTS ON C.I.F. BASIS :

| PARTICULARS | 2011-2012 | 2010-2011 |
|-----------------------|---------------|---------------|
| Raw Materials | 646.28 | 480.29 |
| Components and Spares | 2.29 | 2.39 |
| | <u>648.57</u> | <u>482.68</u> |

Note 31 - EXPENDITURE INCURRED IN FOREIGN CURRENCY :

| PARTICULARS | 2011-2012 | 2010-2011 |
|--------------------------------|-------------|-------------|
| Commission on Exports | 0.00 | 0.71 |
| Advertise for global tech-know | 0.00 | 3.90 |
| | <u>0.00</u> | <u>0.71</u> |

Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

Note 32 - EARNINGS IN FOREIGN EXCHANGE :

| PARTICULARS | 2011-2012 | 2010-2011 |
|---|---------------|---------------|
| Export of goods on F.O.B. basis (Inclusive of Exchange difference) | 159.68 | 171.29 |
| | <u>159.68</u> | <u>171.29</u> |

NOTE 33 - RELATED PARTY DISCLOSURE:

The Company has transactions with the following Related Parties :

Maharashtra Antibiotics Pharmaceuticals Ltd. [MAPL]

| Particulars | MAPL | |
|-------------|---------|---------|
| | 2011-12 | 2010-11 |
| Interest | 149.16 | 149.14 |
| | - | - |

NOTE 34 - EARNING PER SHARE

Calculation of Basic EPS

Year ended 31.03.12

| | |
|---|-----------|
| Total Shares considered for calculation of EPS | 717191.00 |
| Profit/(Loss) after Tax but before Extra ordinary & Prior Period items (Rs.in lacs) | -7138.60 |
| Profit/(Loss) after Tax and Extra ordinary & Prior Period items (Rs.in lacs) | -7226.99 |
| EPS before Extra Ordinary Item (Rs. per share) | -995.00 |
| EPS after Extra Ordinary Item (Rs. per share) | -1008.00 |



Notes forming part of the Financial Statements (Contd.)

(Rs.in lakhs)

NOTE 35 - SEGMENT REPORTING

SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2012
INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS :

| Particulars | Pharma | Agro-vet | Total (1 to 2) | Consolidated |
|----------------------------------|----------------------|----------------------|------------------------|------------------------|
| | 1 | 2 | 3 | 4 |
| Revenue | | | | |
| Domestic sales | 5229.47 (6931.67) | 1801.15 (1801.15) | | |
| Export sales | 171.27 (171.27) | | | |
| | 5400.74 (7102.94) | 1801.15 (1801.15) | 7201.89 (8904.09) | 6389.17 (8967.96) |
| Segment Results | | | | |
| Corporate Cost | | | 13426.76 (13911.27) | 13426.76 (13911.27) |
| Unallocated Corporate cost | | | | 101.01 (72.36) |
| Profit before Prior Period (Net) | | | | (7138.60) (5015.67) |
| Prior Period Income/Expenditure | | | | (88.39) (3.13) |
| Net Profit/ (Loss) | | | | (7226.99) 5018.80 |
| OTHER INFORMATION | | | | |
| Segment Assets | | | | 21617.93 (27688.91) |
| Segment Liabilities | | | | 42551.52 (41395.52) |

Note: The Assets & Liabilities of the company are used interchangeably between segments hence, it is not possible to allocate corporate cost over segments. Additionally, Assets and liabilities are also not identifiable to any specific segment.

NOTE 36 - STATEMENT OF SUBSIDIARIES

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

| Sr. No. | Particulars | *MAPL | *MSDPL |
|---------|---|-------|--------|
| 1. | In compliance with the requirement of section 212(1) of The Companies Act, 1956, the Audited Account of the Subsidiary are to be attached. | | |
| 2. | Net aggregate amount so far as it concerns members of the holding Company and is not dealt within the Company's accounts, of the subsidiaries profits after deducting its losses or vice versa dealt within the Company's accounts. (i) For 2010-2011 (ii) For previous financial year (iii) Cumulative total | | |
| 3. | Net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa dealt within the company's accounts. (i) For 2010-2011 (ii) For previous financial year (iii) Cumulative total | | |
| 4. | Whether there has been any change in the Company's interest in any subsidiary between the end of the preceding financial year of the subsidiary and the end of the Company's financial year. | | |
| 5. | Details of any material changes that have occurred between the end of the preceding financial year of subsidiary and the end of Company's financial year in respect of subsidiaries (i) Fixed Assets -(Additions) (ii) Investments(FDRs with Banks) - - Tax Free Bonds (iii) Money lent by it (iv) The money borrowed by it for any purpose other than that of meeting current liabilities | | |

* Accounts of MAPL and MSDPL are not yet finalised and audited. Necessary exemption from Department of Company Affairs for not attaching the Accounts of MAPL and MSDPL is awaited.

(VIRENDRA SINGH)
COMPANY SECRETARY

(A. S. VAIDYA)
DIRECTOR (FINANCE)

(K. V. VARKEY)
MANAGING DIRECTOR

Place : Pune

Date : 03.01.2013

NOTE 37 - CAPITAL AND REVENUE ACCOUNT ON SOCIAL OVERHEADS INCLUDING TOWNSHIP FOR THE YEAR ENDED 31ST MARCH 2012

(Rs. in lakhs)

| Sr. No. | Particulars on Capital | Gross Block As at 01.04.12 | Additions(+) Adjustment/ deduction(-) during the year | Depreciation during the year | Accumulated depreciation upto 31.3.2012 | Net block As at 31.3.2012 (2+3)-(5) |
|---------|---|----------------------------|---|------------------------------|---|-------------------------------------|
| 1 | | 2 | 3 | 4 | 5 | 6 |
| 1. | Township | 41.04 | — | 0.32 | 12.11 | 28.93 |
| 2. | Hospital | 16.06 | — | 0.40 | 10.09 | 5.97 |
| 3. | School | 40.33 | — | 0.65 | 17.87 | 22.46 |
| 4. | Other facilities like shopping centre, post office bank & amenities like open air theatre, welfare centre, etc. | 122.22 | — | 1.42 | 100.64 | 21.58 |
| 5. | Subsidised transport | 25.01 | 0.00 | 0.00 | 24.32 | 0.69 |
| | | 244.66 | — | 2.79 | 165.03 | 79.63 |

| | Net Revenue expenditure for the year 2011-12 | Direct expenses including depreciation | Service Charges allocated | Total expenses (2+3) | Less receipts | Less Tfr. to the Head | Net expenses |
|----|--|--|---------------------------|----------------------|---------------|-----------------------|---------------|
| 1. | Township | 156.46 | 31.00 | 187.46 | 69.82 | 0.00 | 117.64 |
| 2. | Hospital | 203.76 | 3.91 | 207.67 | 0.78 | 0.00 | 206.89 |
| 3. | Grants & expenses on other amenities & facilities, recreation club, ladies club etc. | 0.00 | 6.42 | 6.42 | 0.00 | 0.00 | 6.42 |
| 4. | School * | 0.64 | 0.00 | 0.64 | 0.00 | 0.00 | 0.64 |
| 5. | Subsidised transport | 96.15 | 1.45 | 97.60 | 1.23 | 0.00 | 96.37 |
| | TOTAL | 457.01 | 42.78 | 499.79 | 71.83 | 0.00 | 427.96 |

Notes : Managed by Deccan Education Society with effect from 01.04.97 without any financial support by HAL.

(VIRENDRA SINGH)
COMPANY SECRETARY

(A. S. VAIDYA)
DIRECTOR - FINANCE

(K. V. VARKEY)
MANAGING DIRECTOR

(J. V. DHONGDE)
STATUTORY AUDITOR

Place : Pune
Date : 03.01.2013



**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

1

REGISTRATION DETAILS

Registration No. : 9265

State Code : 11

Balance Sheet Date : 31.03.2012

2

CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)

Public issue Rights issue Bonus share Private placement

Nil Nil Nil Nil

3

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)

Total Liabilities Total Assets

3997444 3997444

Sources of funds Paid up Capital Reserves and Surplus

717191 233730

Secured Loans Unsecured Loans

1114946 1931577

Application of Funds Net fixed assets Investments

743748 0

Net current assets Misc expenditure

209416 0

Accumulated losses

3044280

4

Performance of Company (Amount in Rs. thousands)

Turnover (Gross revenue) Total expenditure

638917 1352777

+/- Profit/Loss before tax +/- Profit/Loss after tax

-713860 -713860

Earnings per share in Rs. Dividend Rate %

* Nil

*Basic EPS before Extra Ordinary Item -995

Basic EPS after Extra Ordinary Item -1008

5

Generic names of three principal products/services of Company (as per monetary terms)

Product Description : Excise Chapter Code

(I) PENICILLIN AND ITS SALTS (Inj, Tab.) 30041010

Phenoxymethyl Penicillin

Benzathine Penicillin

Benzyle Penicillin

Procaine Penicillin

Strepto Penicillin

(II) CEPHALOSPORINS (Inj, Tab, Cap.) 30042011

Cefotaxime Sodium

Cephalexin

Ceftriaxone

Cefadroxyl

Cefaperazone

(III) FLUOROQUINOLONES (Tab, IV) 30042039

Ciprofloxacin

Norfloxacin

Sparfloxacin

