RPG

5th Annual Report

2011-12

RPG LIFE SCIENCES LIMITED

BOARD OF DIRECTORS

Mr. H.V. Goenka	Chairman
Mr. R.A. Shah	Alternate to Mr. C. Vinayaraghavan
Mr. C.L. Jain	
Mr. Ajit Gulabchand	
Dr. Lalit S. Kanodia	
Mr. Mahesh S. Gupta	
Mr. Manoj K. Maheshwari	
Mr. P.K. Mohapatra	
Mr. C. Vinayaraghavan	
Mr. Ajit Singh Chouhan	Managing Director

AUDIT COMMITTEE

Mr. C.L. Jain

Mr. Mahesh S. Gupta

Mr. P.K. Mohapatra

Mr. Ajit Singh Chouhan

HEAD – LEGAL & COMPANY SECRETARY

Mr. Rajesh Shirambekar

AUDITORS

Lovelock & Lewes
Chartered Accountants

REGISTERED OFFICE

RPG House
463, Dr. Annie Besant Road
Worli
Mumbai 400 030

MANAGEMENT TEAM

Mr. Ajit Singh Chouhan
Managing Director

Mr. Rajindrra Patkar
Chief Executive – Global Formulations

Mr. Vimalendu K. Singh
Chief Executive – API, Global Generics & Biotech

Mr. Sachin Raole
CFO & Sr. Vice President – Corporate Services

Dr. Uday R. Bapat
Chief Scientific Officer

Ms. Suchitra Tiwari
General Manager – QA/QC & Regulatory Affairs

SOLICITORS

Crawford Bayley & Co.

BANKERS

Union Bank of India

State Bank of India

IDBI Bank

Export-Import Bank of India

REGISTRARS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078

CONTENTS

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG LIFE SCIENCES LIMITED WILL BE HELD ON THURSDAY, AUGUST 9, 2012 AT 3.30 P.M. AT RAVINDRA NATYA MANDIR, P.L. DESHPANDE MAHARASHTRA KALA ACADEMY, SAYANI ROAD, PRABHADEVI, MUMBAI 400 025 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend for the year ended on March 31, 2012.
3. To appoint a Director in place of Mr. H.V. Goenka, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajit Gulabchand, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Lalit S. Kanodia, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s. Lovelock & Lewes, Chartered Accountants (Registration No.301056E), be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

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

   "RESOLVED THAT in partial modification of the resolution passed at the 4th Annual General Meeting of the Company held on July 28, 2011, pursuant to Section II of Part II of Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, and in terms of such Circulars/Notifications issued by the Ministry of Corporate Affairs, Government of India, from time to time and subject to such approvals as may be necessary, the members hereby authorize the Company to pay Mr. Ajit Singh Chouhan, Managing Director, such remuneration as set out in the resolution passed at the said meeting, as minimum remuneration in case the Company has no profits or its profits are inadequate during any of the financial years during his tenure as the Managing Director.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to increase, vary, amend the remuneration and other terms of appointment as deemed expedient or necessary during the tenure of Mr. Ajit Singh Chouhan as Managing Director or as may be prescribed by the authorities giving their sanction or approval.

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions or doubts that may arise in this regard."

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

   "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the existing Article 165 of the Articles of Association of the Company, be and is hereby substituted with the following new Article 165:

   The Seal, its custody, use and execution

   165.(a) The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu of the same, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

   (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

(c) Every Deed or other instrument, to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney, be signed by any one Director or some other person authorised by the Board for the purpose. Provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 19(1)."

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include a Committee thereof) be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient, to give effect to the above resolution including but not limited to filing of necessary forms with the Registrar of Companies and other deeds/documents/writings as may be required and to delegate all or any of the powers herein vested, to the Officials of the Company, to give effect to the aforesaid resolution and for any matters connected herewith or incidental hereto."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members/proxies should bring duly filled attendance slip sent herewith to attend the meeting.
3. The explanatory statement setting out material facts concerning the Special Business mentioned under Item Nos.7 and 8 of the Notice as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. The details of Directors seeking re-appointment at the Annual General Meeting as required under Clause 49 of the listing agreement is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 26, 2012 to Thursday, August 9, 2012 (both days inclusive).
6. The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on or after August 9, 2012, to those members whose names stand registered on the Company's Register of Members:
   i) as Beneficial Owners as at the end of business hours on July 25, 2012 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in dematerialized form.
   ii) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company/Registrar and Share Transfer Agents, on or before July 25, 2012.
7. Members holding shares in electronic form are hereby informed that the Company or its Registrar and Share Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of address and bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participant of the members.
8. Members holding shares in physical form are requested to notify the change, if any, in their address and bank mandate details to the Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.
9. Members who have not encashed their dividend warrant for the previous years, may approach the Company or the Registrar and Share Transfer Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of seven (7) years shall be transferred to the Investor Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
10. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
11. Members seeking any information on the Accounts are requested to write to the Company, which should reach the Company atleast one week before the date of the Annual General Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Annual General Meeting.

By Order of the Board of Directors

Rajesh Shirambekar
Head – Legal & Company Secretary

Registered office:
RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400 030

Place: Mumbai
Date: April 27, 2012

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

Item No.7:

At the Annual General Meeting (AGM) held on July 29, 2010, Mr. Ajit Singh Chouhan was appointed as Managing Director of the Company for a period of 3 years from April 9, 2010 to April 8, 2013. At the AGM held on July 28, 2011, the members approved revision in remuneration not exceeding Rs.1.75 Crores per annum with effect from July 1, 2011. In view of inadequacy of profit for the financial year 2011-12 and thereafter, if any, approval of the members is sought for payment of remuneration to Mr. Ajit Singh Chouhan, in terms of Circular No.46/2011 dated July 14, 2011 issued by the Ministry of Corporate Affairs, Government of India, New Delhi, requiring necessary compliance to the other general conditions specified in para (c) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

The following is the statement of information for the members pursuant to paragraph 1 of Section II of Part II of Schedule XIII to the Act.

I. GENERAL INFORMATION

1. **Nature of industry:**

   Pharmaceutical. The Company manufactures bulk drugs using both synthetic as well as complex fermentation technology and also a wide range of pharmaceutical formulations.

2. **Date of commencement of commercial production:**

   The pharmaceutical business acquired by the Company commenced production on May 15, 1969.

3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.**

   Not applicable.

4. **Financial performance:**

(Rs. in crores)

Particulars	2011-12	2010-11
Total Income	193.51	187.55
Profit before interest, depreciation and tax	18.84	33.27
Interest	6.88	6.28
Depreciation	10.22	9.52
Profit before tax	1.74	17.47
Profit after tax	0.85	12.71
Equity capital (face value Rs.8/-)	13.23	13.23
Earnings per share (Rs.)	0.51	8.04

5. **Export performance and net foreign exchange collaborations:**

(Rs. in crores)

Particulars	2011-12	2010-11
Foreign Exchange Earnings	51.81	56.74
Foreign Exchange Outgo	14.44	16.19

6. **Foreign investments or collaboration, if any:**

   The Company did not have any foreign investment or collaboration.

II. INFORMATION ABOUT THE APPOINTEE

1. **Background details:**

   Mr. Ajit Singh Chouhan is a Bachelor of Mechanical Engineering, a qualified Marine Engineer and a MBA from FMS, New Delhi. He did his Engineering from M.S. University, Baroda and passed out with a distinction in 1982. He has over 29 years of varied experience working in India and overseas. He has worked across various Industries in Engineering, Marine, Telecom and Power. Prior to joining the RPG Group in 2002, he worked with Ingersoll Rand, a US multinational in the Engineering industry and with Emerson, another US multinational company in their Network Power Group. Mr. Ajit Singh Chouhan is a member of the Transmission and Distribution Division of IEEMA (Indian Electrical and Electronics Manufacturers' Association). He is also a member of the IEEMA Council, an apex body of the Association. Mr. Ajit Singh Chouhan has also successfully participated in several Advanced Management Programs at the Mahler, USA and The London Business School.

2. **Past remuneration:**

   The remuneration paid to Mr. Ajit Singh Chouhan for the financial year 2010-11 was Rs.68.60 lacs excluding the Company maintained car for official use.

3. **Recognition or awards:**

   Mr. Ajit Singh Chouhan was honoured with the prestigious award of "CEO with HR Orientation" in recognition to the outstanding contribution to human resources development in the Company, at a glittering awards ceremony of the "Asia Pacific HRM Congress 2011".

   Under the leadership of Mr. Ajit Singh Chouhan, the Company was awarded 'The Most Popular HR Showcase Exhibit Award' at the 15th National HRD Network Conference held at Bangalore in November 2011. The Company was one of the 50 companies chosen to showcase its differentiating HR practice. The reward and recognition process adopted by the Company was exhibited at the HR Showcase Event.

4. **Job Profile and his suitability:**

Mr. Ajit Singh Chouhan is a professional with high academic background. Mr. Ajit Singh Chouhan is responsible for the overall conduct and management of business and affairs of the Company. This includes broad development of domestic and international business; providing strategic direction to the three business units of the Company; review of product portfolio in light of patent laws and continual introduction of new products; enhancement of manufacturing efficiencies and rationalization of costs; and the Company's proposed entry in regulated markets and setting up of appropriate manufacturing facilities and development thereof. Mr. Ajit Singh Chouhan has successfully handled and overlooked domestic and international business of RPG Group Companies for many years. This coupled with his strong resources management capability makes him fully suitable for the position.

5. **Remuneration:**

The details of remuneration are as stated above.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

The Company has a paid up capital of Rs.13.23 crores. The equity shares of the Company are listed on National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. The turnover of the Company is Rs.193.51 crores in the year 2011-12. The Company has three factories. The factory at Navi Mumbai, Maharashtra manufactures bulk drugs using synthetic process. The bulk drugs factory at Ankleshwar, Gujarat manufactures bulk drugs using complex fermentation process. The formulation factory at Ankleshwar, Gujarat, manufactures pharmaceutical formulations of various dosage forms. The Company also undertakes contract product development on the back of strong R&D division. The Company has work force of 1,230 people. Given the size, complexity of the Company and sheer knowledge driven nature of business and also the profile of the position and Mr. Ajit Singh Chouhan as given above, the remuneration is in line with remuneration prevalent in the pharmaceutical industry for companies with similar size, complexity and profile of the position and position holder.

7. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Mr. Ajit Singh Chouhan does not have any other pecuniary relationship, directly or indirectly, with the Company or any nature of relationship with the managerial personnel of the Company.

III. OTHER INFORMATION

1. **Reasons of loss or inadequate profits:**

During the year under review, operations of the Company were adversely affected due to non-receipt of EU GMP certification for API facility at Navi Mumbai plant.

2. **Steps taken or proposed to be taken for improvement:**

The Company is resolving the issues raised by the said authority by taking remedial measures. The Company continues to hold a valid WHO GMP and TGA, Australia certification for the API facility at Navi Mumbai plant and is also confident to achieve the EU GMP certification in the near future.

3. **Expected increase in productivity and profits in measurable terms:**

With new business initiatives undertaken by the Company, the productivity and profits are expected to improve in near term subject to favourable market conditions.

IV. DISCLOSURES

1. The remuneration package of Mr. Ajit Singh Chouhan, Managing Director is as stated above.
2. The disclosures as required on all elements of remuneration, service contract details, stock option details, etc. have been made in the Directors' Report under the heading "Corporate Governance" attached to in this annual report.

The Board recommends the passing of the Special Resolution as set out in Item No.7 of the accompanied notice. Mr. Ajit Singh Chouhan, being concerned, is interested in the resolution.

None of the other Directors are concerned or interested in the resolution.

Item No.8:

The existing Article 165 of the Articles of Association of the Company regarding affixation of the Common Seal on any documents provides that the instrument to which the Common Seal is affixed shall be signed by at least two Directors or by a Director and some other person appointed by the Board for this purpose.

For administrative convenience, the Board of Directors propose to amend Article 165 of the Articles of Association of the Company, to authorize any other person on behalf of the Board for the purpose of affixation of Common Seal.

Pursuant to provisions of Section 31 of the Companies Act, 1956, any amendment to the provisions of Articles of Association of the Company requires the approval of the members by way of Special Resolution.

The Board recommends passing of the Special Resolution as set out in Item No.8 of the accompanied notice. None of the Directors are concerned or interested in the resolution

By Order of the Board of Directors

Rajesh Shirambekar
Head – Legal & Company Secretary

Registered office:
RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400 030

Place: Mumbai
Date: April 27, 2012

Important communication – Support Green Initiative
Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications/ documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report, etc. via electronic mode. In connection with the same, we request you to provide your latest/updated e-mail address on which future communication/correspondence/documents can be sent to you. Shareholders holding shares in demat mode, are requested to register their e-mail ID with the concerned Depository Participant. The shareholders holding shares in physical mode are requested to register their e-mail ID with Link Intime India Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder. We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

ANNEXURE TO NOTICE

Details of Directors' seeking re-appointment at the Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Mr. H.V. Goenka	Mr. Harsh Vardhan Goenka is the Chairman of RPG Enterprises Ltd., one of the largest industrial groups in India. RPG Enterprises has interests in sectors like Tyres, Infrastructure, Information Technology and Plantations. Mr. Goenka graduated in Economics before undergoing his MBA from IMD, Switzerland. He is past President of the Indian Merchant's Chamber (IMC), serves on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI) and is a Member of the Foundation Board of IMD, Lausanne, Switzerland. Mr. Goenka is also the Chairman of KEC International Ltd. and Zensar Technologies Ltd. and Vice Chairman of CEAT Ltd. Mr. Goenka is also a Director of Bajaj Electricals Ltd. and Spencer International Hotels Ltd. Mr. Goenka does not hold any equity share in the Company.
Mr. Ajit Gulabchand	Mr. Ajit Gulabchand is a B.Com. (Hons.) from Mumbai University. A leading industrialist, he is Chairman and Managing Director of Hindustan Construction Co. Ltd. He has over 35 years of experience in the construction business. Mr. Gulabchand is a Member of the Confederation of Indian Industry (CII) − National Council and Chair of the CII National Committee on Urbanization and Future Cities. He is a founding member of the Construction Industry Development Council of India (CIDC). He initiated the formation of the Construction Federation of India (CFI) with other construction companies and is the Founder President since its inception in 2001. He is a Member of the Governor's Steering Board of the Infrastructure and Urban Development (IU) Community at the World Economic Forum, Geneva. He is also a Founder Member of the Disaster Resource Network (DRN) in collaboration with the World Economic Forum, the United Nations and International Red Cross. Mr. Gulabchand is a signatory member of the United Nations Global Compact's CEO Water Mandate. He is also an Executive Committee member of the TERI (The Energy and Resources Institute) - Business Council for Sustainable Development (BCSD). Mr. Gulabchand also holds Directorships in prominent public companies such as Bajaj Electricals Ltd., The Indian Hume Pipe Co. Ltd., Lavasa Corporation Ltd, Steiner AG, HCC Real Estate Ltd., HCC Infrastructure Co. Ltd., Hincon Finance Ltd. and Hincon Holdings Ltd. Mr. Gulabchand is a member of the Shareholders'/ Investors' Grievance Committee of Hindustan Construction Co. Ltd. and The Indian Hume Pipe Co. Ltd. He is also a member of the Audit Committee and Remuneration Committee of Bajaj Electricals Ltd. and is Chairman of the Audit Committee of Charosa Wineries Ltd. Mr. Ajit Gulabchand does not hold any equity share in the Company.
Dr. Lalit S. Kanodia	Dr. Lalit S. Kanodia is B. Tech (Honours) from IIT, Mumbai. He completed his MBA and obtained his Ph.D in Management from Massachusetts Institute of Technology (MIT), USA, and also taught statistical decision theory at MIT during 1964-65. He was also the visiting faculty for MBA students at the Jamnalal Bajaj Institute of Management, Mumbai during 1968-70. He is the founder Chairman of Datamatics Ltd. Dr. Kanodia won Ford Foundation Fellowship (on the basis of national selection in USA) for his Ph.D. He won the distinguished alumnus award of IIT Mumbai in 1983 for "Entrepreneurship", and was also awarded Order of Merit for Management and honoured as "Samajshree" by the Council of Management Executives in 1994 in recognition of services rendered to the public. He was included by Dataquest, an Indian computer magazine, in their January 1995 issue, as one of the ten persons in their "Hall of Fame". He has served as President of the Management Consultants Association of India and is a member of various committees and councils. He is an international consultant and has held the post of consultant to Ford Motor Co. and Arthur D. Little, USA. Prior to founding Datamatics Group, Dr. Kanodia worked with TCS and held overall charge of the organization during 1967-69. Dr. Lalit S. Kanodia is a director of Datamatics Software Services Ltd., Datamatics Global Services Ltd. and Matix Fertilisers & Chemicals Ltd. in addition to several private limited companies and companies incorporated outside India. Dr. Kanodia is on the Executive Board of MIT (USA). He is also the President of the Indo American Chamber of Commerce (WIC). Dr. Lalit S. Kanodia does not hold any equity share in the Company.

DIRECTORS' REPORT

Your directors present the annual report and audited statement of accounts of the Company for the year ended on March 31, 2012.

1. **FINANCIAL RESULTS**

The summary of financial performance of the Company for the year under review is given below:

(Rs. in Crores)

	2011-12	2010-11
Total Income	**193.51**	187.55
Profit before depreciation, interest and tax	**18.84**	33.27
Less: Interest	**6.88**	6.28
Less: Depreciation	**10.22**	9.52
Profit for the year before tax	**1.74**	17.47
Provision for tax	**0.34**	3.88
Less: MAT Credit Entitlement	**0.31**	-
Deferred Tax Liability	**0.86**	0.88
Profit for the year after tax	**0.85**	12.71
Appropriations:		
Proposed dividend	**1.32**	2.65
Tax on proposed dividend	**0.22**	0.43
Transfer to General Reserve	**-**	0.95
Balance carried forward to balance sheet	**23.35**	24.04

2. **DIVIDEND**

Your Directors recommend a dividend of Rs.0.80 (10%) per equity share of Rs.8/- each for the financial year ended March 31, 2012.

3. **OPERATIONS**

The Company earned a total income of Rs.193.51 crores for the year as compared to Rs.187.55 crores during the previous year. The profit after tax for the year stood at Rs.0.85 crores as compared to Rs.12.71 crores for the previous year. In December, 2011, the Company received a communication from the Ministry of Social and Family Affairs, Health and Consumer Protection, Hamburg, Germany that it was not being granted EU GMP for the Company's Active Pharmaceutical Ingredient (API) facility at Navi Mumbai, Maharashtra, citing certain deficiencies noticed during inspection. Consequently some of the key customers cancelled their orders for shipment to be done during the quarter ended March 31, 2012. Though the Company has promptly initiated remedial measures for the same, the API facility was only partially functional during the last quarter of the year and this has adversely affected the export business of the Company. Overall, this has led to significant erosion in the profits of the Company for the year under review. The Company continues to progressively resolve the issues raised by the said authority. The Company continues to hold a valid WHO GMP and TGA, Australia certification for the API facility at Navi Mumbai plant and is also working towards achieving recertification of its EU GMP status at the earliest.

Active Pharmaceutical Ingredients (API/Bulk Drugs) Business:

<u>Performance</u>

The API business achieved sales revenue of Rs.27.48 crores, which is 2.20% below that of the previous year. The performance was adversely impacted mainly due to non-granting of EU GMP certification as cited earlier. Upon completion of remedial measures, the re-audit of the API facility at Navi Mumbai is expected to be conducted in the third quarter of the financial year 2012-13. The traditional markets of Latin America where the Company enjoys a favourable market share for Quinfamide, Haloperidol and Lamotrigine continued to out-perform and the Company was able to ward off significant price erosion. The sales of Nicorandil, a key export API, grew 136% over the previous year.

<u>Outlook</u>

One of the key objectives of the Company is to build a strong and sustainable product portfolio. The primary focus during the current year will be to re-establish the licensing approvals in the EU and further to progress with the US FDA audit as well. Therefore, while growth in business will be constrained until the approvals are in place, the Company plans to continue launching new bulk drug products and explore new geographies. The focus would be on products in cardiovascular therapies. Within the segment of Cardiology the new products would address niche therapeutic areas like Pulmonary Arterial Hypertension and Hyponatremia. These are two fast growing segments in the international markets and the Company expects to garner good market share in the same.

Global Generics Business:

Performance

The Global Generics business achieved sales revenue of Rs.13.23 crores, which was 24% below that of the previous year. The key factor for the slowdown was the non granting of EU GMP certification and consequently, reduced orders from key clients. Also, more generic companies are entering the market with Azathioprine formulations, increasing the competition in this product. The Company is actively pursuing various markets to maintain its position in the Azathioprine formulation business.

Outlook

The Generics market worldwide is poised to touch USD 250 bn in the year 2012, and is expected to post a healthy growth rate in the medium term. During the period upto the year 2020, patented drugs worth USD 200 bn which are currently patented will be opened to generic manufacture, giving manufacturers an immense opportunity for growth in the generics space. Opportunities are also being evaluated to develop and manufacture private label products for pharmacy chains.

The Company has a robust business plan for Azathioprine formulations. Globally the product generates revenues of about USD 150 mn, with the largest markets being USA, Germany and UK. The Company has drawn up its entry strategy for all these markets for Azathioprine and is exploring new markets in Australia, New Zealand, Germany and other EU Countries which will result in a global presence.

However, during the current year, there will be limitations on the volume of business due to suspension of EU GMP certification of API facility. The reaudit of the API facility is expected only by the end of third quarter of FY 2012-13. Marketing dossier (ANDA) for Azathioprine has already been filed in the US during May 2010 and US FDA Audit of the facilities is also expected in 2012-13.

Biotech Business:

Performance

The Biotech business at Rs.12.76 crores was lower by 41% as compared to the previous year mainly due to two reasons. Firstly, intense competition from domestic as well as Chinese and Korean companies, led to pricing pressures. Secondly, a slowdown in the market for these products coupled with delay in the opening of tenders in Latin American markets adversely affected sales. Sales began to improve towards end of the financial year as a result of new tenders in Latin America, which were won by the Company. Should the trend continue in FY 2012-13, the business could return to earlier levels by the third quarter of the year. The Company made several improvements and upgrades in its Biotech facility, to meet the requirements of various markets in emerging geographies. In line with its strategy to take the products to regulated markets, the Company also plans to file DMFs for its products in the current financial year.

Outlook

During the year, the Biotech facility was successfully audited and approved by several multinational companies, which has further instilled confidence in the facility and its quality systems. The quality of the product has been substantially improved by continuous R&D efforts. Both, Doxorubicin and Epirubicin, used in the treatment of cancer and which are manufactured by the Company, comply with major pharmcopoeial specifications and compete with the best in class in their category.

The oncology market is one of the fastest growing markets, and is poised to surpass USD 50 bn during the current year. The Indian oncology market is also poised for significant growth. The Company has decided to add synthetic oncology products to its existing portfolio of fermentation oncology products. As an outcome, four synthetic oncology APIs are already under scale up. The APIs so manufactured will be sold to major Oncology players in Emerging market and will also be consumed captively for its own oncology franchise targeted at the INR 1500 crore Indian oncology market. The Company will continue to market its products in the MENA region and the Far East where it has already made inroads.

Formulations Business:

Performance

The formulations business achieved sales revenue of Rs.135.76 crores during the year registering a growth of 16% as compared to the previous year. During the year under review, the Company has improved its rank in the Indian Pharmaceutical market by 8 ranks. The flagship divisions like Nephrocare, Lomo group and Chronic Care achieved accelerated growth. Oncology, the new business segment which was launched in 2010-11, has strengthened patient-focus image of the Company amongst Oncologists. The Company is a leading player in Nephrology with Azoran having leadership position.

New brands such as Alfalog, Minmin, Frastim, Rinostat, Naprosyn Tab, etc. which were launched in last few years, have contributed 9.40% to sales in financial year 2011-12. Key products like Aldactone, Serenace, Naprosyn and Azoran have shown good growth.

Focus on key brands and field force expansion has helped the Company grow its business. The year witnessed launch of several new products to enhance the depth and width of the product portfolio. Various initiatives have also been taken to develop new export markets in Africa, South East Asia and Latin America.

Outlook

The business verticals have been restructured to optimize profitable and sustainable sales. The year will see consolidation of the formulation business with improved productivity of sales force. Focus on systems and processes with increased activities at clinic level with strong monitoring and sales force automation will be the key drivers for consolidation.

During the current year, the Company would focus on continuous leveraging of legacy brands with additional emphasis on select brands as Focus Brands fuelling growth. Sharp positioning of products coupled with innovative promotional strategies will be implemented with emphasis on micro-management across levels. New products are being planned as line extension of existing popular brands. The Company would focus on strengthening of Nephrology portfolio in the African and South East Asian markets. The business will have major thrust on two therapy areas i.e. - Acute Care and Chronic Care and Chronic Care growth would come from the Specialty Divisions namely Nephrology, Oncology and Cardiac-diabetic-neuro/psychiatry, where customer retention and acquisition programs will help to achieve strong sustainable foothold. The traditional anti-diarrheoal range Lomo group will have further increased sales through exploiting new packs and new market opportunities.

Exports:

Exports sales for the year amounted to Rs.51.81 crores as against Rs.56.74 crores in the previous year. The Company has taken several key initiatives to gain access to new markets and is confident that these will yield results in the current year in terms of substantially increasing exports.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors would like to affirm that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956.

As stipulated in Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

(i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable Accounting Standards have been followed;

(ii) such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

(iii) 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;

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

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

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

6. PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the report of the Board is required to include a statement containing names and other particulars of the employees in receipt of certain remuneration. However, as per provisions of Section 219, the annual report is being sent to all the members excluding the aforesaid statement. Any member who is desirous of obtaining such statement may write to the Company Secretary of the Company.

7. MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the listing agreement, Management Discussion and Analysis and Corporate Governance Report, as approved by the Board of Directors, together with a certificate from a Practising Company Secretary confirming the compliance with the requirements of Corporate Governance policies are set out in the Annexure forming part of this annual report.

8. **PUBLIC DEPOSITS**

During 2011-12, the Company did not accept/renew any fixed deposit. As on March 31, 2012, the aggregate amount of fixed deposit was Rs.5.89 crores collected from 1,317 depositors. The Company has no overdue deposit other than unclaimed deposits amounting to Rs.0.01 crores at the year end.

9. **EMPLOYEE STOCK OPTION PLAN**

Information in terms of Clause 12 of the SEBI (Employees' Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure 'B' to this report.

10. **DIRECTORS**

Mr. Dilip Sen, Director, has resigned from the directorship of the Company with effect from April 18, 2012. Mr. C. Vinayaraghavan has been appointed as Director of the Company w.e.f. April 27, 2012 in the casual vacancy caused due to the resignation of Mr. Dilip Sen. Mr. R.A. Shah has been appointed as Alternate Director to Mr. C. Vinayaraghavan. The Board of Directors of the Company records its appreciation for the contribution made by Mr. Sen during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and Article 141 of the Articles of Association, Mr. H.V. Goenka, Mr. Ajit Gulabchand and Dr. Lalit S. Kanodia, Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The resolutions for their re-appointment as Directors of the Company are included in the notice of Annual General Meeting.

The Board of Directors recommend the re-appointment of Mr. H.V. Goenka, Mr. Ajit Gulabchand and Dr. Lalit S. Kanodia.

In compliance with Clause 49IV(G) of the listing agreement, brief resume, expertise and other details of Directors proposed to be re-appointed are attached alongwith the notice of the Annual General Meeting.

None of these directors are related to other directors of the Company.

11. **SAFETY**

The safety inspection and audits were periodically carried out during the year across all factories. The safety awareness programmes were organised and concerned employees were also imparted safety training.

12. **AUDITORS**

Statutory Auditors:

M/s Lovelock & Lewes, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. M/s Lovelock & Lewes have expressed their willingness and confirmed their eligibility for reappointment as auditors of the Company.

Cost Auditors:

The Central Government has approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants as Cost Auditors, for conducting Cost Audit in relation to pharmaceutical activities of the Company for the financial year ended March 31, 2012 and for issuance of Compliance Report, for the financial year ended March 31, 2012, under The Companies (Cost Accounting Records) Rules, 2011.

13. **CORPORATE SOCIAL RESPONSIBILITY**

During the year, the Company's CSR Team initiated RPG Akshar Programme in the field of education. The project's primary goal is to develop functional English Skills (i.e. reading and spoken English) among Navi Mumbai Municipal Corporation (NMMC) school children from Class IV to Class IX.

Currently, Akshar reaches out to 9 NMMC schools and 694 students. The project also aims at an expansion in various other NMMC Schools and to the higher classes.

14. **AWARDS & RECOGNITION**

During the year, Mr. Ajit Singh Chouhan, Managing Director was honoured with the prestigious award of "CEO with HR Orientation" in recognition to the outstanding contribution to human resources development in the Company, at a glittering awards ceremony of the "Asia Pacific HRM Congress 2011". The Company was also awarded The Most Popular HR Showcase Exhibit Award at the 15th National HRD Network Conference for its differentiating HR practice.

15. **APPRECIATION**

Your directors record their appreciation of the valuable services rendered by all employees of the Company, their gratitude to the banks for their assistance and to the Company's shareholders, customers and suppliers for their continued support.

For and on behalf of the Board of Directors

H.V. Goenka
Chairman

Place: Mumbai
Date: April 27, 2012

Annexure 'A' to the Directors' Report

Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) **Energy conservation measures taken during the year:**

During the year, a host of energy conservation measures were taken across all manufacturing locations and the combined use of devices, training for awareness creation and process change was made to conserve energy. The various measures were taken during the year include (i) Replacement of wooden cooling towers with FPR cooling tower, (ii) Replacement of cooling tower pump with energy efficient pump, (iii) Installation of capacitor bank in store section (iv) Installation of PRV (Regulator) on hydrogen supply line for maintaining constant pressure during the reaction in reactor R1001, (v) Dedicated brine plant provision for manufacturing unit 2 and 3 at Navi Mumbai facility (vi) Removal of flash mixer from Effluent Treatment Plant.

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

(i) Replacement of existing boiler fuel (Furnace Oil) with Pipe Line gas using (dual fired burner) (ii) VFD installation for cooling water and process water pumps (iii) Replacing cooling tower circulation pump from 20 hp to energy efficient 10 HP pumps, (iv) Replacement of Jet milling machine with Conta mill.

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

The energy conservation measures undertaken during the year has resulted in saving of approximately Rs.0.38 crores and has thereby contributed in reducing the cost of production.

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

		Current Year
A	Power & Fuel Consumption	Current Year
1	Electricity	
	(a) Purchased	
	Units (in 000 kWh)	7,424.00
	Total amount (Rs. in crores)	4.65
	Rate / Unit (Rs.)	6.27
	(b) Own Generation	
	(i) Through Diesel Generator (Unit in '000)	179.00
	Total amount (Rs. In crores)	0.30
	Cost per unit (Rs.)	16.64
	(ii) Through Steam Testing Generator	
	Gas (Units in '000)	435.00
	Total amount (Rs. In crores)	0.94
	Cost per unit (Rs.)	21.63
2	Coal	
	Quantity (Tonnes)	-
	Total Cost	-
	Average Rate	-
3	Furnace Oil	
	Quantity (litres) (in '000)	290.00
	Total amount (Rs. in crores)	1.01
	Average Rate (Rs./ litre)	34.89
4	Other Internal Generation	
	Quantity (units in '000 kwh)	-
	Total Cost (Rs. in crores)	-
	Rate per litre (Rs.)	-

B Consumption per unit of production

	Std if any	Current year
Products, Unit Electricity Furnace Oil Coal Others	From the records and other books maintained by the Company, in accordance with the provisions of the Companies Act, 1956, the Company is not in a position to give the information required as per this format.	

B. TECHNOLOGY ABSORPTION:

Research and Development (R&D)

1. **Specific areas in which R&D has been carried out by the Company are :**

a) Process development of Active Pharmaceutical Ingredients (APIs) using non-infringing synthetic routes for Global Markets.

b) Dosage forms (tablets, capsules and syrups) development involving development of bioequivalent formulations meeting stringent quality standards for domestic as well as European and Rest of the World markets.

c) Development of upstream fermentation processes for anticancer & immunosuppressant drugs on lab/ pilot scale.

d) Process excellence exercise aimed at optimizing existing commercial processes with a view to improve yield and quality.

2. **Benefits derived as a result of above R&D**

The R&D supports two businesses of the Company namely, Active Pharmaceutical Ingredient (API) and Global Generics Business and Global Formulations business. API research is focused on developing new products and also on optimizing existing processes to make them environmental friendly and cost effective. During the year processes for one Anti Cancer drug and one immunosuppressant drug were scaled up at Ankleshwar and at Thane factory respectively.

During the year, Drug Controller General of India (DCGI) granted permission to manufacture and market in India a novel dosage form of a cardiovascular drug developed by formulation development department.

The fermentation R&D team successfully developed upstream processes for one antifungal drug intermediate and one anti cancer drug intermediate on a laboratory scale.

3. **Future plan of action**

Development work on several new products in API that include cardiovascular drugs, antiemetic drug and anticancer drug will be carried out. The process optimization work for existing processes will continue. The formulation development research will be focussed on harmonised formulation development by Quality By Design (QBD) approach for global markets with special emphasis on Platform Technologies and Novel drug delivery systems. Work on several dosage forms in the Immunosuppressant, Cardiovascular and Anti-diarrhoeal therapeutic areas will be carried out at our formulation development laboratory. Focus will be on process optimization aimed at reducing cost and improving quality so as to consolidate our position in market in Fermentation.

4. **Expenditure on R&D**

		(Rs. in Crores)
(a)	Capital	1.35
(b)	Recurring	5.70
(c)	Total	7.05
(d)	Total R&D expenditure as a percentage of total turnover	3.60%

Technology absorption, adaptation and innovation

The Company is continuously developing non-infringing products and synthesis methods and simultaneously protecting the key inventions generated during the process.

C **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

The Company is continuously taking initiatives to increase exports and development of new markets by alliances and launch of products with significant export potential, renewal of accreditation by international regulatory agency, filing of drug master files and product dossiers, execution of new contracts for supply of products to customers from new markets, overseas product promotion and customer development activity, participation in summits and conferences organised by industry related bodies, both nationally and internationally and employment of qualified manpower for development of export market.

(b) **Total foreign exchange used and earned:**

During the year under review, the Company earned foreign exchange amounting to Rs.51.81 crores, while the outgo in foreign exchange amounted to Rs.14.44 crores.

For and on behalf of the Board of Directors

H.V. Goenka
Chairman

Place : Mumbai
Date : April, 27, 2012

Annexure 'B' to the Directors' Report

	Name of the Scheme	2005 Employees Stock Option Plan	
		2011-12	
		Tranche -1 (First Grant)	Tranche – 2 (Second Grant)
(a)	Options granted during the year	20,000	30,000
(b)	Pricing formula	The exercise price is determined by the Compensation Committee in respect of each grant of Option. However the exercise price shall be with premium or discount of a maximum of 20% on the market price as defined under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the condition that the exercise price shall not be lower than the face value of the equity shares of the Company.	
(c)	Options vested during the year	Nil	Nil
(d)	Options exercised during the year	Nil	Nil
(e)	Total no. of shares arising as a result of exercise of options	Nil	Nil
(f)	Options lapsed during the year ended March 31, 2012	Nil	5000
(g)	Variation of terms of options	None	None
(h)	Money realised by exercise of options (Rs. lacs)	Nil	Nil
(i)	Total no. of options in force	20000	25000
(j)	Employee wise details of options granted		
	(i) Senior Managerial Personnel:		
	• Dr. Uday R. Bapat	20000	-
	• Mr. Sachin Raole	-	5000
	• Mr. Ratish Jha	-	5000
	• Mr. V.K. Singh	-	20000
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	Nil
(k)	Diluted Earnings Per Share (EPS) as per AS 20	0.51	
(l)	Difference between the employee compensation cost based on intrinsic value of the stock options and the fair value of the options and impact of this difference on profits and on EPS of the Company	If the Company had followed fair value method for accounting the stock options, compensation cost would have been higher by Rs.0.07 crores for the year 2011-12. Consequently, Profit after tax for the year 2011-12 would have been lower by Rs.0.07 crores and accordingly earnings per share would be Rs.0.47.	

	Name of the Scheme	2005 Employees Stock Option Plan	
		2011-12	
		Tranche -1 (First Grant)	Tranche – 2 (Second Grant)
(m)	a) Weighted-average exercise prices of options granted during the year	90.70	
	b) weighted-average fair values of options granted during the year	41.34	
(n)	Description of the method and significant assumptions used during the year to estimate the fair values of options	The fair value of the options has been calculated using the Black Scholes Options Pricing Model and the significant assumptions used for the two grants are as follows	
	Risk-free interest rate (%)	8.14	8.32
	Expected life (years)	8	8
	Expected volatility (%)	49.58	49.58
	Expected dividend yield (%)	3.29	3.29
	Exercise Price (Rs.)	80	76
	Market Price (Rs.)	79.50	75.85

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry structure and developments

The Indian healthcare industry has evolved rapidly from being a product centric industry to a service driven sector with delivery (hospitals) and medical insurance segments gaining prominence. India ranks 12th globally in terms of value and 3rd in volumes. The Indian pharmaceutical market is projected to grow at a Compounded Annual Growth Rate (CAGR) of 12-14% to about US $ 55 billion by 2020.

2) Opportunities and Threats

There are signs that health awareness has increased due to higher disposable incomes, urbanisation and greater health insurance coverage, which could improve further with acceleration in Government spending on healthcare infrastructure. The adoption of intellectual property rights has encouraged innovation. The industry continues to remain under price control. The scope and coverage of the Government's new pharmaceuticals policy cannot be ascertained, since it is pending review by the Government and remains an area of uncertainty for the pharmaceutical industry. It is hoped that the Government will consider several representations made by industry associations in finalizing the policy.

The industry growth is largely driven by chronic disease segments viz. cardiovascular, diabetes, asthma, cancer, and largely influenced by changing lifestyles.

Intense price pressure in emerging markets, delay in approval of manufacturing facilities by US FDA / EU and increased regulatory intervention in price fixation for domestic formulation are threats which the Company faces.

3) Segment wise performance

The Company is exclusively engaged in pharmaceutical business.

Global Formulation division catering to domestic market and rest of the world market achieved sales of Rs.135.76 crores registering a growth of 16%. The Company has strengthened its presence in the market through introduction of speciality divisions to cater to the Oncology and Cardio Vascular segment.

The Company also took number of initiatives such as training to field staff to improve technical and communication skills, integration of sales force, field force automation, redesign of communication plans and promotional strategy that are expected to improve the sales in the current year and bring consistency in performance. Special emphasis has also been put on export of immunosuppressant products to Asian, African and Latin American markets where these products would find competitive edge due to the Company's technology and cost.

The Global Generics business achieved net sales of Rs.13.23 crores registering a de-growth of 22% during the year. New agreements have been executed with customers in Germany and other EU Markets for Azathioprine tablets and are also under discussion in Australia and New Zealand. A marketing application has been filed by the Company simultaneously in several EU markets. New products development has been undertaken for the regulated markets. Clopidogrel Bisulphate Form I tablet and Risperidone tablet for which Company already manufactures the bulk drug have been identified for the dossier development for EU and US markets.

The Bulk Drug business achieved net sales of Rs.27.48 crores registering a de-growth of 2.20% during the year. In the current year the Company plans to launch new bulk drugs and also plans to foray into new markets with existing products. With these initiatives the bulk drugs business is expected to perform better in the current year.

Sales in the Biotech business at Rs.12.76 crores were lower by 41% as compared to the previous year mainly due to pressure from Indian, Chinese and Korean competition. Though major customers continue to procure from the Company the sales realisation per unit has come down significantly.

4) Outlook

The outlook for the domestic pharmaceutical industry is positive. In view of the strengths and initiatives discussed above, the outlook for the Company's business is promising.

5) **Risks and Concerns**

The customer concentration in global generics business and regulation of prices in domestic market by DPCO remain concerns. In order to mitigate the risk of customer concentration, the Company has undertaken a rigorous and extensive exercise to develop new customers in regulated markets. The Company is actively pursuing binding commercial relationships with major players in the regulated markets. This initiative will however, require some more time to completely insulate against the said risk. Manpower attrition at field level is high and continues to remain a concern. Regulators across the world have become stricter with the pharmaceutical industry. Regulatory requirements and consequences for non-compliance are also getting more severe. The risks discussed here are in addition to other business risks that are common across the industry.

6) **Internal Control Systems and their adequacy**

The Company conducts its business with integrity and high standards of ethical behaviour, and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self assessment exercises. In addition to external audit, the financial and operating controls of your Company at various locations are reviewed by the Internal Auditors, who report significant findings to the Audit Committee of the Board. Compliance with laws and regulations is also monitored.

Your Company's Code of Conduct sets out the fundamental standards, the Directors and Senior Managerial Personnel are committed to the principle of performance with integrity and ensuring that activities comply with all applicable laws.

Additionally, Directors and Senior Management Personnel are required to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violative of the Code of Conduct. Strong oversight and self monitoring policies and procedures demonstrate your Company's commitment to the highest standards of integrity.

7) **Financial performance with respect to operational performance**

The total income during the year stood at Rs.193.51 crores, while Profit Before Depreciation, Interest and Tax (PBDIT) and Profit Before Tax (PBT) stood at Rs.18.84 crores and Rs.1.74 crores, respectively. The net profit was Rs.0.85 crores as against Rs.12.71 crores in the previous year. During the year, the Company repaid long term borrowing to the extent of Rs.8.04 crores.

8) **Material developments in human resources / industrial front**

The Company continues to accord high priority to human resource. Employee engagement activities along with employee events are organized regularly. Technology is harnessed for employee welfare and development with an e-learning portal that is used with innovation to motivate employees, to learn and grow and upgrade themselves with the market and technology. The Company's overall manpower strength is 1230. The relationship with employee's union continues to be cordial.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations and tax laws.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Company lays emphasis on the values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of the stakeholders.

During the year, the Company continued its pursuit of achieving these objectives through adoption and monitoring of prudent business plans, monitoring of major risks to the Company's business and pursuing policies and procedures to satisfy its commercial, social, legal and ethical responsibilities. These practices endeavour to attain a balance between enhancement of stakeholder value, achievement of financial objective and corporate social responsibility.

2. Board of Directors

The responsibilities of the Board include formulation of policies, new initiatives, performance review and control. The Board has constituted Committees and delegated powers for different functional areas. The Board as well as its Committees meet at periodic intervals.

The present strength of the Board is nine directors. Mr. H.V. Goenka, Chairman, is a Non-Executive Director. Mr. Ajit Singh Chouhan is the Managing Director. The composition of the Board meets the requirement of the listing agreement.

3. Board / Committee meetings and proceedings

3.1 Scheduling and selection of agenda items

All Board / Committee members are given notice of the meetings in advance. The meetings are governed by a structured agenda. The agenda along with the explanatory notes are distributed well in advance.

3.2 Availability of information to the members

All items in the agenda are supported by detailed background information to enable the members to take informed decisions.

3.3 Recording minutes of the proceedings

Minutes of the proceedings of each Board / Committee meetings are recorded. Draft minutes are circulated amongst all Directors for their comments. The minutes of the proceedings of the meetings are entered in the minutes book.

3.4 Follow up mechanism

The Company has an effective mechanism for post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.

3.5 Compliance

The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

3.6 Board Meetings

During the financial year, four meetings of the Board of Directors were held on April 28, 2011, July 28, 2011, October 19, 2011 and January 23, 2012.

3.7 The composition, nature of directorship, number of meetings attended and their directorship in other public companies of the Board of Directors as on March 31, 2012 are as under:

Name	Category	No. of Board meetings held	No. of Board meetings attended	Whether attended last AGM held on 28.07.2011	No. of directorship in other public limited companies	Committee positions in other companies**	
						Chairman	Member
Mr. H. V. Goenka *Chairman*	Non-Executive & Non-Independent	4	4	Yes	7	-	-
Mr. C.L. Jain	Non-Executive & Independent	4	4	Yes	4	1	2
Mr. Ajit Gulabchand	Non-Executive & Independent	4	NIL	No	14	1	3
Dr. Lalit S. Kanodia	Non-Executive & Independent	4	4	Yes	3	-	-
Mr. Mahesh S. Gupta	Non-Executive & Independent	4	4	Yes	8	3	4
Mr. Manoj Maheshwari	Non-Executive & Independent	4	1	No	5	-	4
Mr. P.K. Mohapatra	Non-Executive & Independent	4	4	Yes	6	-	3
Mr. Dilip Sen	Non-Executive & Independent	4	NIL*	No	3	-	-
Mr. R.A. Shah *Alternate Director*	Non-Executive & Independent	4	2	No	14	4	5
Mr. Ajit Singh Chouhan *Managing Director*	Executive	4	4	Yes	2	-	1

* Mr. R.A. Shah was Alternate Director to Mr. Dilip Sen.

** Only Audit Committee and Shareholders'/Investors' Grievance Committee positions are considered.

Note: Mr. C. Vinayaraghavan has joined the Board w.e.f. April 27, 2012 as Non-Executive & Non-Independent Director. Mr. R.A. Shah is Alternate Director to Mr. C. Vinayaraghavan.

4. Audit Committee

The Audit Committee consists of three Independent and Non-Executive Directors and the Managing Director, namely, Mr. C.L. Jain, Mr. Mahesh S. Gupta, Mr. P.K. Mohapatra and Mr.Ajit Singh Chouhan. Mr. C.L. Jain is the Chairman of the Audit Committee.

The composition of the Audit Committee complies with the requirements laid down in Clause 49 of the listing agreement with the stock exchanges. The terms of reference and powers of the Audit Committee are those prescribed under Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956.

The Chief Financial Officer, Statutory Auditors and Internal Auditors are invitees to the Audit Committee meetings. The Company Secretary acts as Secretary to the Audit Committee.

During the financial year, four meetings of the Audit Committee were held on April 28, 2011, July 28, 2011, October 19, 2011 and January 23, 2012.

Attendance of Directors at the Audit Committee Meetings held during the financial year is as under:

Name of the Director	No. of meetings attended
Mr. C. L. Jain	4
Mr. Mahesh S. Gupta	4
Mr. P. K. Mohapatra	4
Mr. Ajit Singh Chouhan	4

5. Remuneration/Compensation Committee

The Remuneration/Compensation Committee consists of three Independent and Non-Executive Directors, namely, Mr. C.L. Jain, Dr. Lalit S. Kanodia and Mr. P.K. Mohapatra. Mr. C.L. Jain is the Chairman of the Remuneration/ Compensation Committee. The Committee is appointed with the terms of reference of deciding the remuneration of Executive and Non-Executive Directors and to administer and superintend the ESOP Scheme of the Company.

During the financial year, two meetings of the Remuneration/Compensation Committee were held on April 28, 2011 and August 19, 2011.

Attendance of Directors at the Remuneration/Compensation Committee Meetings held during the financial year is as under:

Name of the Director	No. of Meetings attended
Mr. C.L. Jain	2
Dr. Lalit S. Kanodia	2
Mr. P.K. Mohapatra	1

6. Remuneration of Directors

(i) Non-Executive Directors

The Non-Executive Directors at present are only paid sitting fees for attending meetings of the Board and Committee(s) thereof. Each Non-Executive Director is paid a sitting fee of Rs.20,000/- per Board Meeting and Rs.10,000/- per Committee Meeting. Keeping in view industry practices, the Board unanimously decides the amount of sitting fees to be paid from time to time, based on the power conferred by the Articles of Association of the Company. The sitting fees presently fixed does not require prior approval of the shareholders.

Details of remuneration of the Directors during the financial year 2011-12 are as under:

Name of the Director	Sitting Fees (Rs.)
Mr. H.V. Goenka	80,000
Mr. C.L. Jain	1,40,000
Mr. Ajit Gulabchand	NIL
Dr. Lalit S. Kanodia	1,00,000
Mr. Mahesh S. Gupta	1,20,000
Mr. Manoj Maheshwari	20,000
Mr. P.K. Mohapatra	1,30,000
Mr. Dilip Sen	NIL
Mr. R.A. Shah	40,000

None of the Non-Executive Directors hold any equity shares in the Company.

(ii) Executive Director

Remuneration of Executive Director is decided by the Board based on the recommendation of the Remuneration/ Compensation Committee within the ceiling fixed by the shareholders.

The elements of remuneration paid to Mr. Ajit Singh Chouhan, Managing Director during the financial year 2011-12 are as under:

(Rs. in lacs)

Name of the Director	Salary	Perquisites	Retiral Benefits
Mr. Ajit Singh Chouhan	121.53	0.32	10.59

All components of the above remuneration are fixed in nature. The Managing Director is also entitled to performance incentive that will be considered for payment during the current year. The above remuneration does not include provision for future liability for retrial benefit made based on actuarial valuation, which is done on overall Company basis.

Mr. Ajit Singh Chouhan has been granted option for 40,000 equity shares under the Employees Stock Option Plan. Out of this, option for 6,240 equity shares have been vested and is unexercised.

The contract entered into by the Company with Mr. Ajit Singh Chouhan for his appointment as Managing Director is for three years from April 9, 2010. The earlier termination of this contract requires not less than three months' written notice from either side.

7. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of three Directors, namely, Mr. Mahesh S. Gupta, Mr. P.K. Mohapatra and Mr. Ajit Singh Chouhan. Mr. Mahesh S. Gupta is the Chairman of the Shareholders'/Investors' Grievance Committee.

The functioning and terms of reference of the Committee are as prescribed and in due compliance with the listing agreement with the stock exchanges and include reviewing existing investor redressal system, redressing of shareholder complaints like delay in transfer of shares, non-receipt of declared dividend, etc.

During the financial year, four meetings of the Shareholders'/Investors' Grievance Committee were held on April 28, 2011, July 28, 2011, October 19, 2011 and January 23, 2012.

Attendance of Directors at the Shareholders'/Investors' Committee Meeting held during the financial year is as under:

Name of the Director	No. of Meetings attended
Mr. Mahesh S. Gupta	4
Mr. P.K. Mohapatra	4
Mr. Ajit Singh Chouhan	4

Mr. Rajesh Shirambekar, Head – Legal & Company Secretary is the Compliance Officer in terms of Clause 47 of the listing agreement.

The Company's shares are tradable only in demat form. As regards transfer of shares in physical form, the Board of Directors have delegated the power to the Company Secretary in order to expedite share transfers.

Statement of the various complaints received and resolved by the Company during the year ended March 31, 2012 are as under:

Sr. No.	Type of complaints	Number of Complaints		
		Received	**Resolved**	**Pending**
1	Non-receipt of share certificates	3	3	0
2	Non-receipt of dividend warrant	18	18	0
3	Non-receipt of rejected DRF	1	1	0
	Total:	**22**	**22**	**0**

8. **General Body Meeting**

The details of the last three Annual General Meetings are as under:

AGM for the year ended	Venue	Date	Time	Special Resolutions passed
2nd AGM, March 31, 2009	Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy Sayani Road, Prabhadevi Mumbai 400 025	August 26, 2009	11:30 a.m.	1*
3rd AGM, March 31, 2010	Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy Sayani Road, Prabhadevi Mumbai 400 025	July 29, 2010	11:30 a.m.	NIL
4th AGM, March 31, 2011	Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy Sayani Road, Prabhadevi Mumbai 400 025	July 28, 2011	3.30 p.m.	1**

* The details of Special Resolution passed at the 2nd AGM are as under:

1) Resolution pursuant to Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for increase in remuneration of Mr. Arvind Vasudeva, Managing Director.

** The details of Special Resolution passed at the 4th AGM are as under:

1) Resolution pursuant to Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for increase in remuneration of Mr. Ajit Singh Chouhan, Managing Director.

During the financial year 2011-12, no Special Resolution was passed by postal ballot. There is no immediate proposal for passing any resolution by postal ballot this year.

9. **Disclosures**

(i) The Company has not entered into any materially significant related party transaction that may have potential conflict with the interest of the Company at large. The Company has received disclosures from the Senior Management Personnel confirming that they have not entered into any financial or commercial transaction, which may have potential conflict with the interest of the Company.

(ii) To the best of the Company's knowledge, there has neither been any incidence of non-compliance with laws governing capital market nor has any penalty or stricture been imposed on the Company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.

(iii) The Board of Directors has laid down the Code of Conduct for Board Members and Senior Management Personnel, which they are bound to observe in the course of conduct of business of the Company. The Code of Conduct has also been posted on the website of the Company. Each Director and Senior Management Personnel including all functional heads, to which the code has been made applicable, have affirmed their compliance with the Code. A declaration by Mr. Ajit Singh Chouhan, Managing Director, to this effect forms part of this report.

(iv) The Managing Director and Chief Financial Officer of the Company have submitted the certificate as required under Clause 49V of the listing agreement, to the Board of Directors.

(v) The Company is yet to adopt Whistle Blower Policy.

(vi) The Company is in compliance with all the mandatory requirements of Clause 49 of the listing agreement. The status on adoption of non-mandatory requirement is set out in this report.

10. Means of Communication

The quarterly, half-yearly and annual results are published in 'The Free Press Journal' and 'Nav Shakti' newspapers. The financial results and official news releases are also available on the Company's website **www.rpglifesciences.com**

11. General Shareholder Information

(i)	AGM: Date, time and venue	5th Annual General Meeting on Thursday, August 9, 2012 at 3.30 p.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.
(ii)	Financial Year	The next financial year of the Company is from April 1, 2012 to March 31, 2013.
(iii)	Date of Book Closure	Thursday, July 26, 2012 to Thursday, August 9, 2012 (both days inclusive).
(iv)	Dividend Payment Date	The dividend recommended by the Board, if declared at the ensuing Annual General Meeting will be paid within 30 days from the date of declaration.
(v)	Listing on Stock Exchanges	The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The listing fees have been paid to both the Stock Exchanges for the financial year 2012-13.
(vi)	Stock Code	BSE - 532983 NSE - RPGLIFE
(vii)	ISIN Code	INE105J01010

(viii) Market Price Data

Month	BSE		NSE		SENSEX	
	High	Low	High	Low	High	Low
April 2011	84.00	65.10	84.80	75.55	19,811.14	18,976.19
May	84.90	73.05	85.95	73.45	19,253.87	17,786.13
June	88.95	72.30	89.95	77.20	18,873.39	17,314.38
July	91.75	73.05	88.55	80.05	19,131.70	18,131.86
August	92.75	66.05	88.45	73.00	18,440.07	15,765.53
September	84.90	73.05	84.65	77.10	17,211.80	15,801.01
October	85.85	74.05	85.25	75.25	17,908.13	15,745.43
November	89.95	59.00	80.85	65.75	17,702.26	15,478.69
December	79.95	57.00	80.00	65.10	17,003.71	15,135.86
January 2012	76.90	67.00	78.95	66.00	17,258.97	15,358.02
February	85.00	67.40	78.00	67.10	18,523.78	17,061.55
March	74.95	60.00	73.90	60.25	18,040.69	16,920.61

(ix) Registrar and Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Tel No. (022) 2594 6970
Fax No. (022) 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in
Contact Person: Ms. Udaya Rao

Grievance Redressal

The investors may register their grievance on **investorservices@rpgls.com**, an exclusive E-mail ID for registration of complaints by the investors.

(x) Share Transfer System

In order to expedite the process of share transfer, the Board of Directors has delegated the power of transfer of shares to the Company Secretary who considers and approves transfers every fifteen days.

(xi) Distribution of Shareholding

The distribution of shareholding as on March 31, 2012 was as under:

Nominal Value of Shareholding (Rs.)	No. of Shareholders	% of Shareholders	Share Amount (Rs.)	% of Share Amount
Upto 5000	14,653	93.02	1,63,91,200	12.39
5001 to 10000	542	3.44	39,69,664	3.00
10001 to 20000	276	1.75	41,10,248	3.11
20001 to 30000	78	0.49	19,08,520	1.44
30001 to 40000	56	0.36	19,71,072	1.49
40001 to 50000	30	0.19	13,85,496	1.05
50001 to 100000	53	0.34	37,92,120	2.87
100001 and above	64	0.41	9,87,53,608	74.65
Total:	**15,752**	**100.00**	**13,22,81,928**	**100.00**

- Shareholding Pattern as on March 31, 2012

Category	No. of Shares	%
Promoters	87,80,948	53.10
Insurance Companies	3,89,979	2.36
Foreign Institutional Investors	5,650	0.03
Mutual Funds/ Banks	4,392	0.03
Non Resident Indians	98,580	0.60
Public	72,55,692	43.88
Total:	**1,65,35,241**	**100.00**

(xii) Dematerialisation of Shares and Liquidity

Category	No. of Shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	1,59,63,015	96.54	11,344	72.02
Physical Form	5,72,226	3.46	4,408	27.98
Total:	**1,65,35,241**	**100.00**	**15,752**	**100.00**

(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has not issued GDRs/ADRs/Warrants. As of March 31, 2012, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company except Stock Options granted under the ESOP Scheme, details of which have been disclosed in the Directors' Report.

(xiv) Plant Locations

Bulk Drugs (Biotech)	Bulk Drugs (Synthetic)	Pharma Formulations
Plot No.2702/A GIDC Industrial Estate Ankleshwar 393 002 Dist. Bharuch (Gujarat)	25, M.I.D.C. Land Thane–Belapur Road Navi Mumbai 400 705 Maharashtra	Plot No.3102/A GIDC Industrial Estate Ankleshwar 393 002 Dist. Bharuch (Gujarat)

(xv) Address for Correspondence

Mr. Rajesh Shirambekar
Head – Legal & Company Secretary
25, M.I.D.C. Land
Thane – Belapur Road
Navi Mumbai 400 705
Tel No. (022) 6795 5400 / 6795 5555
Fax No. (022) 2763 3269
Email: investorservices@rpgls.com

(xvi) Non-Mandatory Requirements

The Board

The Chairman has not sought any reimbursement of expenses incurred for maintenance of his office or performance of his duties. The tenure of all Independent Directors on the Board is less than nine years. The Board ensures before appointment of Independent Directors that they have the requisite qualifications and experience that would be of use to the Company and would enable them to contribute effectively to the Company in their capacity as Independent Directors.

Shareholders' Rights

The quarterly, half-yearly and annual financial results are published in the newspapers and also displayed on Company's website. In view of this, the Company does not send the financial results to the shareholders separately.

Training and Evaluation

The training of Board members and evaluation of performance of Non-Executive Directors as envisaged under Clause 49 of the listing agreement will be considered as and when such need arises.

Whistle Blower Policy

The Company has not yet adopted whistle blower policy mechanism. This would be evaluated and adopted on need basis.

Declaration - Code of Conduct

I hereby declare that all the Directors and Senior Management Personnel including all functional heads of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2012.

Place: Mumbai
Date: April 27, 2012

Ajit Singh Chouhan
Managing Director

Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement

To the Members of
RPG Life Sciences Limited

I have examined the compliance of conditions of Corporate Governance by RPG Life Sciences Limited for the year ended March 31, 2012, as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Vikram P. Gandhi
Practicing Company Secretary

Vikram Gandhi
Proprietor
Membership No.:2074
C.P. No.: 651

Place : Mumbai
Date : April 27, 2012

AUDITORS' REPORT TO THE MEMBERS OF RPG LIFE SCIENCES LIMITED

1. We have audited the attached Balance Sheet of RPG Life Sciences Limited (the 'company'), as at 31st March, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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 of 'The Companies Act, 1956' of India (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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

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

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668

Mumbai, 27th April, 2012

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of RPG Life Sciences Limited on the financial statements for the year ended 31st March, 2012]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. In our opinion, the discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the company for the current year.

   (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the company for the current year.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

   (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.

6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the company in respect of the products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty and other material statutory dues as applicable with the appropriate authorities in India.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, wealth-tax, service tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales tax and excise duty as at 31st March, 2012 which have not been deposited on account of a dispute, are as follows –

Name of the statute	Nature of dues	Amount* Rs. in lakhs	Period to which the amount relates	Forum where the dispute is pending
Local Sales Tax Acts and Central Sales Tax Act	Sales/Purchase tax including interest and penalty as applicable	75	1994-1995, 1997-1998, 1999-2000 and 2000-2001	Appellate Authority – up to Commissioner's level
		43	1998-1999	Sales Tax Tribunal
The Central Excise Act, 1944	Excise duty including interest and penalty as applicable	78	March 1994 to June 1996 and 2006-2007	Appellate Authority – up to Commissioner's level
		15	1991-1992, 1992-1993 and October 2006 to December 2009	Customs, Excise & Service Tax Appellate Tribunal

*Net of amounts paid including under protest.

10. The company has no accumulated losses as at 31st March, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
14. The company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Mumbai, 27th April, 2012 Membership No. 45668

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note	As at 31st March, 2012 Rs. in lakhs	As at 31st March, 2012 Rs. in lakhs	As at 31st March, 2011 Rs. in lakhs	As at 31st March, 2011 Rs. in lakhs
Equity and Liabilities					
Shareholders' Funds					
Share Capital	3	1,323		1,323	
Reserves and Surplus	4	6,091		6,160	
			7,414		7,483
Non-Current Liabilities					
Long-term Borrowings	5	2,067		2,480	
Deferred Tax Liabilities (Net)	6	682		596	
Other Long-term Liabilities	7	722		706	
Long-term Provisions	8	118		76	
			3,589		3,858
Current Liabilities					
Short-term Borrowings	9	2,439		2,034	
Trade Payables	10	3,323		3,985	
Other Current Liabilities	11	1,288		1,108	
Short-term Provisions	12	237		468	
			7,287		7,595
Total			18,290		18,936
Assets					
Non-Current Assets					
Fixed Assets	13				
Tangible Assets		8,754		8,881	
Intangible Assets		2,115		2,369	
Capital Work-in-Progress		128		25	
		10,997		11,275	
Long-term Loans and Advances	14	147		260	
Other Non-Current Assets	15	67		59	
			11,211		11,594
Current Assets					
Inventories	16	2,899		2,631	
Trade Receivables	17	3,009		3,835	
Cash and Bank Balances	18	56		48	
Short-term Loans and Advances	19	1,115		828	
			7,079		7,342
Total			18,290		18,936

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 27th April, 2012

For and on behalf of the Board

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

C. L. Jain
Director

Mahesh S. Gupta
Director

Rajesh Shirambekar
Head - Legal & Company Secretary
Mumbai, 27th April, 2012

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

	Note	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
Revenue					
Revenue from Operations (Gross)	23	19,923		19,168	
Less: Excise Duty		641		485	
Revenue from Operations (Net)		19,282		18,683	
Other Income	24	69		72	
Total Revenue			19,351		18,755
Expenses					
Cost of Materials Consumed		4,465		4,500	
Purchases of Stock-in-Trade		1,195		1,429	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(140)		(957)	
Employee Benefits Expense	26	4,999		4,024	
Finance Costs	27	688		628	
Depreciation and Amortisation Expense		1,022		952	
Other Expenses	28	6,948		6,432	
Total Expenses			19,177		17,008
Profit Before Tax			174		1,747
Tax Expense					
For the year					
Current Tax		34		387	
Less: Minimum Alternate Tax Credit Entitlement		31		-	
Net Current Tax		3		387	
Deferred Tax		86		88	
		89		475	
For earlier years					
Current Tax		3		1	
Less: Minimum Alternate Tax Credit Entitlement		3		-	
Net Current Tax		-		1	
			89		476
Profit for the year			85		1,271
Earnings per Share - Rs. per Equity Share of Rs. 8 each [Refer Note 45]					
Basic			0.51		8.04
Diluted			0.51		7.69

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 27th April, 2012

For and on behalf of the Board

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

C. L. Jain
Director

Mahesh S. Gupta
Director

Rajesh Shirambekar
Head - Legal & Company Secretary
Mumbai, 27th April, 2012

Notes forming part of the Financial Statements for the year ended 31st March, 2012

1. **Background**

RPG Life Sciences Limited (the 'company') was incorporated on 29th March, 2007 as RPG Pharmaceuticals Limited. The name of the company was subsequently changed to RPG Life Sciences Limited on 13th February, 2008.

Pursuant to a Scheme of Arrangement, the company acquired the pharmaceuticals business of Brabourne Enterprises Limited (formerly RPG Life Sciences Limited) with retrospective effect from the appointed date of 2nd April, 2007.

2. **Significant Accounting Policies**

(a) Basis of Preparation

The financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. The financial statements are prepared to comply in all material aspects with the accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the other relevant provisions of the Act.

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment loss. Cost comprises of purchase/acquisition price, taxes (net of CENVAT availed), borrowing costs and any directly attributable cost for bringing the asset to its working condition for its intended use.

Depreciation is provided on Straight Line Method, pro-rata to the period of use, at the rates specified in Schedule XIV of the Act or the rates based on useful lives of the fixed assets as estimated by the management, whichever are higher except for the fixed assets acquired under the Scheme of Arrangement [Refer Note 1] which are depreciated based on estimated useful lives as per the Scheme of Arrangement. The estimated useful lives of the fixed assets are as under:

Description	Useful Life
Tangible Assets	
Buildings	25 years
Plant and Equipment	4 to 8 years
Furniture and Fixtures	4 to 5 years
Vehicles	5 years
Office Equipment	4 to 8 years
Computers	2 years
Intangible Assets	
Goodwill	5 years
Computer Software	5 years
Technical Knowhow	5 and 20 years

Leasehold Lands are amortised on Straight Line Method, pro-rata to the period of use, over the remaining lease terms.

Assets costing Rs. 5,000 or less are fully depreciated in the year of acquisition.

Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and form its disposal at the end of its useful life.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

(c) Inventories

Inventories are valued at lower of cost and net realisable value. Raw and Packing Material cost is determined on weighted average basis. Cost of work-in-progress and finished goods includes labour and manufacturing overheads, where applicable.

(d) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

(e) Forward Contracts

Premium or discount arising at the inception of forward contract is amortised as expense or income over the life of the contract. Exchange difference on forward contract is recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense in the Statement of Profit and Loss.

(f) Revenue Recognition

Sales are recognised when goods are supplied to customers and are inclusive of excise duty but net of returns, discounts and sales tax.

(g) Employee Benefits

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

The company has Defined Contribution Plans for post employment benefits in the form of Superannuation Fund, Provident Fund, Employees' Pension Scheme and Employees State Insurance Scheme which are administered through Government of India and/or trustees. Superannuation Fund, Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme are classified as Defined Contribution Plans as the company has no further obligation beyond making the contributions. The company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

(b) Defined Benefit Plan

The company has Defined Benefit Plan for post employment benefits in the form of Gratuity. Gratuity Scheme of the company is administered through trustees. Liability for Defined Benefit Plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

(c) Other Long-term Employee Benefits

The employees of the company are entitled to other long-term benefits in the form of Leave Encashment and Compensated Absences as per the policy of the company. Liability for such benefits is provided on the basis of valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

(ii) Termination benefits are recognised as an expense as and when incurred.

(iii) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

(h) Expenditure on Research and Development

Revenue expenditure is recognised as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

(i) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the year in which they are incurred.

(j) Taxes on Income

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

3. Share Capital

	As at 31st March, 2012	As at 31st March, 2011
	Rs. in lakhs	Rs. in lakhs
Authorised		
18,750,000 Equity Shares of Rs. 8 each	1,500	1,500
Issued, Subscribed and Paid-up		
16,535,241 Equity Shares of Rs. 8 each fully paid-up	1,323	1,323

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	Rs. in lakhs	No. of Shares	Rs. in lakhs
(a) Reconciliation of Number of Shares				
Number of shares outstanding as at the beginning of the year	16,535,241	1,323	15,068,850	1,206
Add: Shares issued on conversion of Share Warrants	-	-	1,438,000	115
Add: Shares allotted under the Employee Stock Option Plan	-	-	28,391	2
Number of shares outstanding as at the end of the year	16,535,241	1,323	16,535,241	1,323

(b) The company has only one class of shares i.e. Equity Shares having a face value of Rs. 8 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) List of shareholders holding more than 5% shares as at the Balance Sheet date

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Swallow Associates Limited	4,228,089	25.57	-	-
Instant Holdings Limited	2,701,200	16.34	2,688,200	16.26
Summit Securities Limited	1,216,159	7.35	1,064,560	6.44
RPG Cellular Investments and Holdings Private Limited	-	-	2,055,140	12.43
Petrochem International Limited	-	-	1,551,950	9.39

Notes forming part of the Financial Statements for the year ended 31st March, 2012

(d) Shares reserved for issue under options

Refer Note 29 for details of shares to be issued under the Employee Stock Option Plan.

(e) Shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012)

14,368,850 shares were allotted in the last 5 years as fully paid-up pursuant to a Scheme of Arrangement without payments being received in cash [Refer Note 1].

	As at 31st March, 2012		As at 31st March, 2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
4. Reserves and Surplus				
Capital Reserve		5		5
General Reserve				
Balance as at the beginning of the year	239		144	
Add: Transferred from Contingency Reserve	69		-	
Add: Transferred from Surplus in Statement of Profit and Loss during the year	-		95	
Balance as at the end of the year		308		239
Securities Premium Account				
Balance as at the beginning of the year	3,443		3,210	
Add: Credited during the year on conversion of Share Warrants	-		226	
Add: Credited during the year on issue of equity shares under the Employee Stock Option Plan	-		7	
Balance as at the end of the year		3,443		3,443
Contingency Reserve				
Balance as at the beginning of the year	69		258	
Less: Transferred to General Reserve	69		-	
Less: Expenses in connection with the Scheme of Arrangement [Refer Note 1]	-		18 9	
Balance as at the end of the year		-		69
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	2,404		1,536	
Profit for the year	85		1,271	
	2,489		2,807	
Less: Appropriations				
Proposed Dividend	132		265	
Tax on Proposed Dividend	22		43	
Transfer to General Reserve	-		95	
Balance as at the end of the year		2,335		2,404
		6,091		6,160

Notes forming part of the Financial Statements for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
5. Long-term Borrowings				
Secured				
Term Loans				
From Banks	32		-	
From a Financial Institution	1,566		1,858	
	1,598		1,858	
Finance Lease Obligations	13		30	
		1,611		1,888
Unsecured - Fixed Deposits		456		592
		2,067		2,480

(a) Nature of security and terms of repayment for secured borrowings

	Nature of Security	Terms of Repayment
(i)	Terms Loans from Banks are secured by hypothecation of specific assets purchased under loans.	Repayable in 36 Equated Monthly Installments beginning from the time loan is taken along with interest ranging from 10.75% to 11.25%.
(ii)	Terms Loans from a Financial Institution are secured by first charge on all fixed assets (movable and immovable) at Ankleshwar Factory and second charge on entire current assets at Thane / Ankleshwar Factory. The loan mentioned in (c) is also secured by a first charge on the specific moveable fixed assets to be financed out of the term loan at Thane.	(a) Loan of Rs. 667 lakhs (Previous year Rs. 1,333 lakhs) is repayable in 12 equal quarterly installments from 28th April, 2011 along with interest at 12% per annum. (b) Loan of Rs. 656 lakhs (Previous year Rs. 525 lakhs) is repayable in 16 quarterly installments beginning from 14th February, 2013 along with interest at 11.5% per annum. (c) Loan of Rs. 243 lakhs (Previous year - Nil) is repayable in 16 quarterly installments beginning from 20th February, 2013 along with interest at 12.7% per annum.
(iii)	Finance Lease Obligations are secured by hypothecation of assets underlying the leases.	Monthly payment of Equated Monthly Installments beginning from the month subsequent to taking the lease.

(b) Terms of repayment for unsecured borrowings (Fixed Deposits)	Repayable on maturity ranging from 2 years to 3 years along with interest ranging from 9% to 10% per annum.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		As at 31st March, 2012		As at 31st March, 2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
6.	**Deferred Tax Liabilities (Net)**				
	Deferred Tax Liabilities				
	Depreciation/Amortisation	773		699	
	Others	75		51	
			848		750
	Less: Deferred Tax Assets				
	Disallowances under Section 40(a) of the Income-tax Act, 1961	85		81	
	Statutory Liabilities	59		49	
	Provision for Doubtful Debts and Advances	22		24	
			166		154
			682		596
	Note: Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.				
7.	**Other Long-term Liabilities**				
	Trade Payables				
	Micro and Small Enterprises [Refer Note 10]	-		-	
	Others	433		415	
			433		415
	Others				
	Payables for Fixed Assets	1		14	
	Deposits from Dealers	288		277	
			289		291
			722		706
8.	**Long-term Provisions**				
	Provision for Employee Benefits - Provision for Leave Encashment and Compensated Absences [Refer Note 41(C)]		118		76
9.	**Short-term Borrowings**				
	Secured Working Capital Loans Repayable on Demand				
	From Banks		1,441		1,116
	From a Financial Institution		998		918
			2,439		2,034
	Working Capital Loans are secured by hypothecation of inventory and book debts and second charge on immoveable assets at Thane / Ankleshwar Factory.				

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		As at 31st March, 2012	As at 31st March, 2011
		Rs. in lakhs	Rs. in lakhs
10.	**Trade Payables**		
	Micro and Small Enterprises	-	-
	Others	3,323	3,985
		3,323	3,985

Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

		As at 31st March, 2012		As at 31st March, 2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
11.	**Other Current Liabilities**				
	Current Maturities of Long-term Borrowings [Refer Note 5]				
	Term Loans from a Bank	16		2	
	Term Loans from a Financial Institution	757		667	
			773		669
	Current Maturities of Finance Lease Obligations [Refer Note 5]		11		90
	Current Maturities of Fixed Deposits [Refer Note 5]		133		7
	Interest accrued but not due on Borrowings		41		17
	Unpaid Dividends*		36		32
	Unpaid Matured Fixed Deposits and Interest accrued thereon*		1		2
	Unpaid Interest on Fixed Deposits*		9		9
	Statutory Dues		241		193
	Advances from Customers		43		75
	Book Overdraft		-		14
			1,288		1,108

*There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Act as at the year end.

		As at 31st March, 2012	As at 31st March, 2011
12.	**Short-term Provisions**		
	Provision for Employee Benefits - Provision for Leave Encashment and Compensated Absences [Refer Note 41(C)]	83	115
	Provision for Current Taxation [Net of Payments of - Nil (Previous year Rs. 565 lakhs)]	-	45
	Proposed Dividend	132	265
	Tax on Proposed Dividend	22	43
		237	468

Notes forming part of the Financial Statements for the year ended 31st March, 2012

13. Fixed Assets

(Rs. in lakhs)

Description	Gross Block (at cost)				Depreciation/Amortisation				Net Block	
	As at 1.4.2011	Additions	Deductions	As at 31.3.2012	As at 1.4.2011	For the year	On Deductions	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
Tangible Assets										
Leasehold Lands	3,320	-	-	3,320	217	54	-	271	3,049	3,103
Buildings	2,640	116	91	2,665	310	96	7	399	2,266	2,330
Plant and Equipment - Owned	4,515	486	3	4,998	1,544	509	2	2,051	2,947	2,971
Plant and Equipment - Under Lease	265	-	-	265	69	27	-	96	169	196
Furniture and Fixtures	306	30	-	336	111	42	-	153	183	195
Vehicles - Owned	10	69	9	70	6	5	5	6	64	4
Vehicles - Under Lease	70	-	25	45	34	12	18	28	17	36
Office Equipment	106	35	-	141	60	22	-	82	59	46
	11,232	736	128	11,840	2,351	767	32	3,086	8,754	8,881
Intangible Assets										
Goodwill	349	-	-	349	279	70	-	349	-	70
Computer Software	140	1	-	141	104	28	-	132	9	36
Technical Knowhow	2,885	-	-	2,885	622	157	-	779	2,106	2,263
	3,374	1	-	3,375	1,005	255	-	1,260	2,115	2,369
	14,606	737	128	15,215	3,356	1,022	32	4,346	10,869	11,250
Previous year	13,264	1,378	36	14,606	2,425	952	21	3,356		
Capital Work-in-Progress									128	25
									10,997	11,275

1. Intangible Assets are other than internally generated.
2. Buildings include - Nil (Previous year Rs. 250) being cost of shares in a co-operative housing society.
3. Additions to Plant and Equipment - Owned and Office Equipment include Rs. 132 lakhs (Previous year Rs. 21 lakhs) and Rs. 4 lakhs (Previous year Rs. 2 lakhs) respectively pertaining to Research and Development activities.
4. Plant and Equipment - Owned include assets held for disposal - Gross Block Rs. 76 lakhs (Previous year Rs. 76 lakhs) and Accumulated Depreciation Rs. 76 lakhs (Previous year Rs. 76 lakhs).
5. Office Equipment include assets held for disposal - Gross Block Rs. 1 lakh (Previous year Rs. 1 lakh) and Accumulated Depreciation Rs. 1 lakh (Previous year Rs. 1 lakh).
6. Plant and Equipment - Under Lease and Vehicles - Under Lease represent assets acquired under finance lease.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		As at 31st March, 2012		As at 31st March, 2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
14.	**Long-term Loans and Advances**				
	(Unsecured, Considered Good unless otherwise stated)				
	Capital Advances		27		13
	Security Deposits				
	Considered Good	104		80	
	Considered Doubtful	7		7	
		111		87	
	Less: Provision for Doubtful Security Deposits	7		7	
			104		80
	Advances recoverable in cash or in kind or for value to be received		16		18
	Minimum Alternate Tax Credit Entitlement		-		149
			147		260
15.	**Other Non-Current Assets**				
	(Unsecured, Considered Good)				
	Long-term Trade Receivables		67		59
16.	**Inventories**				
	(At lower of cost and net realisable value)				
	Raw and Packing Materials		574		465
	Work-in-Progress		632		623
	Finished Goods		1,201		960
	Stock-in-Trade		444		554
	Stores and Spares		48		29
			2,899		2,631
17.	**Trade Receivables**				
	Outstanding for a period exceeding six months from the date they were due for payment				
	Secured, Considered Good	6		-	
	Unsecured, Considered Good	76		5	
	Unsecured, Considered Doubtful	233		239	
		315		244	
	Less: Provision for Doubtful Debts	233		239	
			82		5
	Others				
	Secured, Considered Good	30		10	
	Unsecured, Considered Good	2,897		3,820	
			2,927		3,830
			3,009		3,835
18.	**Cash and Bank Balances**				
	Cash and Cash Equivalents				
	Balances with Banks				
	Current Accounts	18		14	
	Deposit (less than 3 months maturity)	1		-	
		19		14	
	Cash on Hand	1		2	
			20		16
	Other Bank Balances - Unpaid Dividend Accounts		36		32
			56		48

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		As at 31st March, 2012		As at 31st March, 2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
19.	**Short-term Loans and Advances**				
	(Unsecured, Considered Good unless otherwise stated)				
	Security Deposits				
	Considered Good	41		54	
	Considered Doubtful	15		15	
		56		69	
	Less: Provision for Doubtful Security Deposits	15		15	
			41		54
	Advances recoverable in cash or in kind or for value to be received				
	Considered Good	785		773	
	Considered Doubtful	8		8	
		793		781	
	Less: Provision for Doubtful Advances	8		8	
			785		773
	Minimum Alternate Tax Credit Entitlement		183		-
	Advance Income-tax [Net of Provision of Rs. 647 lakhs (Previous year - Nil)]		105		-
	Fringe Benefits Tax [Net of Provision of Rs. 109 lakhs (Previous year Rs. 109 lakhs)]		1		1
			1,115		828
20.	**Contingent Liabilities**				
(a)	Claims against the company not acknowledged as debts				
	(i) Sales tax matters		118		118
	(ii) Excise matters		93		72
(b)	Guarantee given to Gujarat Industrial Development Corporation		15		15
(c)	Bank guarantees given to third parties		47		46

Notes:

(i) Future cash outflows in respect of (a)(i) and (a)(ii) above are determinable only on receipt of judgments/decisions pending with various authorities/forums and/or final outcome of the matters.

(ii) The management is of opinion that there will be no impact on future cash outflow of the company in respect of (b) and (c) above.

21. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 202 lakhs (Previous year Rs. 62 lakhs).

		As at 31st March, 2012	As at 31st March, 2011
22.	**Proposed Dividend**		
	Proposed Dividend (Rs. in lakhs)	132	265
	Number of shares outstanding as at the end of the year	16,535,241	16,535,241
	Dividend per Share (Rs. per Equity Share of Rs. 8 each)	0.80	1.60

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		Year ended 31st March, 2012		Year ended 31st March, 2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
23.	**Revenue from Operations**				
	Sale of Products		19,564		18,840
	Other Operating Revenue				
	Export Incentives	229		188	
	Sales tax Refunds	1		38	
	Sale of Scrap	105		83	
	Miscellaneous Income	24		19	
			359		328
	Revenue from Operations (Gross)		19,923		19,168
	Less: Excise Duty		641		485
	Revenue from Operations (Net)		19,282		18,683
24.	**Other Income**				
	Interest Income		2		2
	Profit on Sale/Disposal of Fixed Assets (Net)		-		5
	Net Gain on Foreign Currency Transactions and Translation (other than considered as Finance Cost)		24		3
	Provision for Doubtful Debts written back (Net)		6		4
	Liabilities no longer required written back		26		21
	Provision for Gratuity written back		-		1
	Insurance Claims		11		31
	Miscellaneous Income		-		5
			69		72
25.	**Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**				
	Opening Stock				
	Work-in-Progress	623		364	
	Finished Goods	960		648	
	Stock-in-Trade	554		168	
			2,137		1,180
	Closing Stock				
	Work-in-Progress	632		623	
	Finished Goods	1,201		960	
	Stock-in-Trade	444		554	
			2,277		2,137
			(140)		(957)
26.	**Employee Benefits Expense**				
	Salaries, Wages and Bonus		4,220		3,328
	Contribution to Provident and Other Funds [Refer Note 41(A)]		183		152
	Gratuity [Refer Note 41(B)]		35		-
	Leave Encashment and Compensated Absences [Refer Note 41(C)]		38		56
	Staff Welfare Expenses		523		488
			4,999		4,024
27.	**Finance Costs**				
	Interest on Borrowings		637		578
	Interest on Income-tax		1		-
	Other Borrowing Costs		4		5
	Net Loss on Foreign Currency Transactions and Translation		46		45
			688		628

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		Year ended 31st March, 2012		Year ended 31st March, 2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
28.	**Other Expenses**				
	Consumption of Stores and Spare Parts		572		553
	Power and Fuel		723		661
	Rent [Refer Note 44(II)]		113		106
	Repairs and Maintenance				
	Buildings	211		201	
	Plant and Machinery	98		112	
	Others	85		69	
			394		382
	Insurance		137		123
	Rates and Taxes				
	Excise Duty	66		85	
	Others	237		261	
			303		346
	Processing Charges		230		193
	Legal and Professional Charges		220		192
	Travelling and Conveyance		958		916
	License Fees		70		106
	Directors' Fees		6		8
	Printing and Stationery		72		72
	Postage and Telephone		196		184
	Freight and Distribution		434		368
	Commission on Sales		392		330
	Advertisement		5		8
	Sales Promotion		338		430
	Royalty		13		52
	Loss on Sale/Disposal of Fixed Assets (Net)		2		-
	Spoilages		284		173
	Miscellaneous Expenses [Refer Note 30]		1,486		1,229
			6,948		6,432

29. 2005 Employee Stock Option Plan

Pursuant to a special resolution passed by the Shareholders at the Annual General Meeting held on 27th August, 2008, the company adopted the Employee Stock Option Scheme titled '2005 Employee Stock Option Plan' (ESOP 2005) for employees and directors of the company including those employees and directors who were to be granted options, pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay on 14th December, 2007, in lieu of options that were granted by Brabourne Enterprise Limited (the transferor company) under its ESOP 2005. The total number of equity shares reserved under the said plan is 250,000 equity shares of Rs. 8 each. The details of such equity shares granted are as follows:

(A) The Remuneration/Compensation Committee at its meeting held on 6th August, 2010 -

(a) Granted and vested 30,119 equity stock options to employees, in lieu of options that were granted to them by Brabourne Enterprise Limited. The employee had an option to apply for one equity share of Rs. 8 each at an exercise price of Rs. 32.06.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

Of these options, 28,391 equity stock options have been exercised and 1,728 options remain outstanding as on 31st March, 2012.

(b) Granted 95,000 equity stock options to the eligible director and employees of the company, with an option for one equity share of Rs. 8 each at an exercise price of Rs. 100 being the price higher than the closing price quoted on the National Stock Exchange prior to the date of meeting of the Remuneration/Compensation Committee. These equity stock options shall vest, in case of employees of General Manager grade and above, equally but conditionally on linear scale based on performance, over five years beginning from one year after the date of grant. Barring certain eventualities, the exercise period to subscribe to the equity shares would be 10 years from the dates of vesting except otherwise mentioned in ESOP 2005.

Of these options, 41,114 equity stock options remain outstanding as on 31st March, 2012 and the remaining equity stock options have lapsed.

(B) The Remuneration/Compensation Committee at its meeting held on 20th October, 2010 -

Granted 15,000 equity stock options to an eligible employee with an option for one equity share of Rs. 8 each at an exercise price of Rs. 104 being the price higher than the closing price quoted on the National Stock Exchange prior to the date of meeting of the Remuneration/Compensation Committee. These equity stock options shall vest, in case of employees of General Manager grade and above, equally but conditionally on linear scale based on performance, over five years beginning from one year after the date of grant. Barring certain eventualities, the exercise period to subscribe to the equity shares would be 10 years from the dates of vesting except otherwise mentioned in ESOP 2005.

Of these options, 15,000 equity stock options remain outstanding as on 31st March, 2012.

(C) The Remuneration/Compensation Committee at its meeting held on 28th April, 2011 -

Granted 20,000 equity stock options to an eligible employee with an option for one equity share of Rs. 8 each at an exercise price of Rs. 80 being the price higher than the closing price quoted on the National Stock Exchange prior to the date of meeting of the Remuneration/Compensation Committee. These equity stock options shall vest, in case of employees of General Manager grade and above, equally but conditionally on linear scale based on performance, over five years beginning from one year after the date of grant. Barring certain eventualities, the exercise period to subscribe to the equity shares would be 10 years from the dates of vesting except otherwise mentioned in ESOP 2005.

Of these options, 20,000 equity stock options remain outstanding as on 31st March, 2012.

(D) The Remuneration/Compensation Committee at its meeting held on 19th August, 2011 -

Granted 30,000 equity stock options to eligible employees with an option for one equity share of Rs. 8 each at an exercise price of Rs. 76 being the price higher than the closing price quoted on the National Stock Exchange prior to the date of meeting of the Remuneration/Compensation Committee. These equity stock options shall vest, in case of employees of General Manager grade and above, equally but conditionally on linear scale based on performance, over five years beginning from one year after the date of grant. Barring certain eventualities, the exercise period to subscribe to the equity shares would be 10 years from the dates of vesting except otherwise mentioned in ESOP 2005.

Of these options, 25,000 equity stock options remain outstanding as on 31st March, 2012 and the remaining equity stock options have lapsed.

The company has used intrinsic value method to account for the cost of stock options to employees and a director of the company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of the exercise price being higher than the closing market price on the day prior to the date of grant, the intrinsic value of the option is Nil. Consequently, the accounting value of the option (compensation cost) is also Nil.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

Movement in the Options under ESOP 2005:

Particulars	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	111,728	Rs. 99.49	Nil	Not Applicable
Granted during the year	50,000	Rs. 77.60	140,119	Rs. 85.82
Forfeited during the year	Nil	Not Applicable	Nil	Not Applicable
Exercised during the year	Nil	Not Applicable	28,391	Rs. 32.06
Expired/lapsed during the year	58,886	Rs. 97.96	Nil	Not Applicable
Outstanding at the end of the year	102,842	Rs. 89.72	111,728	Rs. 99.49
Exercisable at the end of the year	10,842	Rs. 89.17	1,728	Rs. 32.06

The weighted average fair value of each stock option on the date of its grant is Rs. 41.34, which has been vetted by an independent valuer. This fair value has been calculated using Black-Scholes Option Pricing Model. The inputs used for this calculation are (i) Average Share Price: Rs. 91.33 on the date of grant (ii) Average Exercise Price: Rs. 90.70 (iii) Average Expected Volatility: 47.98% (iv) Average Option Life: 8 years (v) Average Expected Dividend Yield: 3.50%, and (vi) Average Risk Free Interest Rate: 8.08%. The daily volatility of the company's shares on the National Stock Exchange over a period of time prior to the date of grant, corresponding with the expected life of the options, has also been considered for determining the fair value.

Had compensation cost for the stock options granted under ESOP 2005 been determined based on the fair value method, the company's Profit for the year and Earnings per Share would have been as per the pro-forma amounts indicated below:

	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
Profit for the year (as reported)	85	1,271
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock based employee compensation expense determined under fair value method	7	14
Net Profit for the year (under fair value method)	78	1,257
Weighted average number of equity shares (Basic)	16,535,241	15,805,505
Weighted average number of equity shares (Diluted)	16,536,198	16,523,590
Pro-forma Earnings per Share (Basic) (Rs.)	0.47	7.95
Pro-forma Earnings per Share (Diluted) (Rs.)	0.47	7.61

Notes forming part of the Financial Statements for the year ended 31st March, 2012

	Year ended 31st March, 2012	Year ended 31st March, 2011
	Rs. in lakhs	Rs. in lakhs
30. Auditors' Remuneration#		
Audit Fees	15	15
Tax Audit Fees	5	5
Other Services	12	11
Reimbursement of Expenses	1	-*
	33	31

#Included in Miscellaneous Expenses in Note 28.

*Rs. 0.31 lakhs

	Unit	Year ended 31st March, 2012		Year ended 31st March, 2011	
		Quantity	Rs. in lakhs	Quantity	Rs. in lakhs
31. Consumption of Raw and Packing Materials					
Furazodoline I. P.	Tonnes	26.60	155	28.88	154
Naproxen I. P.	Tonnes	32.71	531	29.36	463
4 - Androstene - 3, 17-Dione (AD)	Tonnes	5.17	390	5.12	361
4 - Chloro Phenyl 4hydroxy Piperidine (CPP)	Tonnes	2.16	103	1.44	49
Others			3,286		3,473
			4,465		4,500

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	%	Rs. in lakhs	%	Rs. in lakhs
Imported	20.29	906	22.67	1,020
Indigenous	79.71	3,559	77.33	3,480
	100.00	4,465	100.00	4,500

Notes:

(a) Consumption of Raw and Packing Materials includes consumption by third parties under contract with the company and consumption in respect of physician samples.

(b) Components and spare parts referred to in Paragraph (viii)(c) of Additional Information (Paragraph 5) under General Instructions for Preparation of Statement of Profit and Loss in Part II of Revised Schedule VI of the Act are assumed to be those forming part of the finished goods produced and not those used for maintenance of plant and machinery.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

	Unit	Year ended 31st March, 2012		Year ended 31st March, 2011	
		Quantity	Rs. in lakhs	Quantity	Rs. in lakhs
32. Opening Stock					
Pharmaceutical Preparations					
Tablets	Million Nos.	159	714	66	331
Liquids	Kilolitres	45	67	60	72
Injections - Ampoules	Thousands	719	167	291	31
Capsules	Million Nos.	4	111	2	66
Powder Pouches	Thousands	514	22	296	7
Ointments	Thousands	52	7	24	3
			1,088		510
Bulk Drugs and Chemicals	Tonnes	3	426	3	306
			1,514		816
33. Sales*					
Pharmaceutical Preparations					
Tablets	Million Nos.	2,468	12,493	2,119	11,250
Liquids	Kilolitres	625	1,115	535	1,010
Injections - Ampoules	Thousands	2,374	832	2,120	606
Capsules	Million Nos.	16	818	21	710
Powder Pouches	Thousands	2,914	190	2,568	176
Ointments	Thousands	166	60	166	61
			15,508		13,813
Bulk Drugs and Chemicals	Tonnes	14	4,056	14	5,027
Consumer Products					
Tablets	Million Nos.	-	-	#	#
			19,564		18,840

*Sales quantity in respect of Bulk Drugs and Chemicals excludes quantities used for captive consumption.
#0.11 Million Nos. and Rs. 0.41 lakhs

	Unit	Quantity	Rs. in lakhs	Quantity	Rs. in lakhs
34. Purchases of Stock-in-Trade					
Pharmaceutical Preparations					
Tablets	Million Nos.	40	383	49	623
Liquids	Kilolitres	54	108	36	106
Injections - Ampoules	Thousands	532	472	415	496
Capsules	Million Nos.	15	134	7	93
Powder Pouches	Thousands	3,470	83	3,227	90
Ointments	Thousands	159	15	191	21
			1,195		1,429
35. Closing Stock*					
Pharmaceutical Preparations					
Tablets	Million Nos.	265	767	159	714
Liquids	Kilolitres	92	99	45	67
Injections - Ampoules	Thousands	746	189	719	167
Capsules	Million Nos.	5	86	4	111
Powder Pouches	Thousands	315	13	514	22
Ointments	Thousands	42	6	52	7
			1,160		1,088
Bulk Drugs and Chemicals	Tonnes	3	485	3	426
			1,645		1,514

*Net of date expired stocks, free goods, damages, in-transit breakages, samples, etc.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
36. CIF Value of Imports		
Raw Materials	928	1,087
Components and Spare Parts	19	23
Capital Goods	145	127
37. Expenditure in Foreign Currency		
Travelling	57	67
Professional and Consultation Fees	20	15
Royalty	-	40
Commission on Sales	139	108
Interest	16	60
Others	120	31
38. Earnings in Foreign Exchange		
FOB Value of Exports	5,069	5,568
Freight and Insurance	112	106
39. Expenditure on Research and Development		
Salaries and Wages	278	189
Consumable Stores	80	67
Utilities	52	43
Others	160	131
	570	430

40. Forward Contracts and Unhedged Foreign Currency Outstanding Balances

The company uses forward contracts to hedge its risks of net exposure associated with foreign currency fluctuations. The company does not enter into any forward contract which is intended for trading or speculative purposes.

(a) The details of forward contracts outstanding as at the Balance Sheet date are as follows:

	As at 31st March, 2012			As at 31st March, 2011		
Currency	Number of Contracts	Sale Amount in lakhs	Rupees Equivalent in lakhs	Number of Contracts	Sale Amount in lakhs	Rupees Equivalent in lakhs
US Dollar	6	14	691	16	(1)	(37)
GBP	-	-	-	3	5	324
Euro	-	-	-	4	2	126

Notes forming part of the Financial Statements for the year ended 31st March, 2012

(b) The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Amount in Foreign Currency in lakhs	Amount in Rupees in lakhs	Amount in Foreign Currency in lakhs	Amount in Rupees in lakhs
Receivables				
US Dollar	6	319	2	73
GBP	1	50	1	77
Euro	6	395	*	31
Payables				
US Dollar	1	45	4	192
GBP	-	-	*	17
Euro	1	82	*	26
Japanese Yen	-	-	*	*

*Amount is below the rounding off norm adopted by the company.

41. Employee Benefits

The company has classified various employee benefits as under:

(A) Defined Contribution Plans

The company has recognised the following amounts in the Statement of Profit and Loss for the year:

		Year ended 31st March, 2012	Year ended 31st March, 2011
		Rs. in lakhs	Rs. in lakhs
(i)	Contribution to Provident Fund	97	80
(ii)	Contribution to Employee's Superannuation Fund	22	18
(iii)	Contribution to Employees' State Insurance Scheme	38	31
(iv)	Contribution to Employees' Pension Scheme	64	54

(B) Defined Benefit Plan

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

		Year ended 31st March, 2012	Year ended 31st March, 2011
(a)	Discount Rate (per annum)	8.75%	8.25%
(b)	Rate of increase in Compensation Levels	5.50%	5.50%
(c)	Rate of Return on Plan Assets	8.60%	8.00%
(d)	Expected Average remaining working lives of employees in number of years	13	19

Notes forming part of the Financial Statements for the year ended 31st March, 2012

		Year ended 31st March, 2012	Year ended 31st March, 2011
		Gratuity	Gratuity
		Rs. in lakhs	Rs. in lakhs
(i)	Changes in the Present Value of Obligation		
	(a) Opening Present Value of Obligation	302	337
	(b) Interest Cost	25	27
	(c) Past Service Cost	-	-
	(d) Current Service Cost	37	27
	(e) Curtailment Cost/(Credit)	-	-
	(f) Settlement Cost/(Credit)	-	-
	(g) Benefits Paid	(31)	(62)
	(h) Actuarial (Gain)/Loss	(2)	(27)
	(i) Closing Present Value of Obligation	331	302
(ii)	Changes in the Fair Value of Plan Assets		
	(a) Opening Fair Value of Plan Assets	302	337
	(b) Expected Return on Plan Assets	24	27
	(c) Actuarial Gain/(Loss)	1	1
	(d) Employers' Contributions	35	(1)
	(e) Benefits Paid	(31)	(62)
	(f) Closing Fair Value of Plan Assets	331	302
(iii)	Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at the year end		
	(a) Bank Deposits (Special Deposit Scheme, 1975)	57%	61%
	(b) Debt Instruments	33%	34%
	(c) Others	10%	5%

		As at 31st March,				
		2012	2011	2010	2009	2008
		Gratuity	Gratuity	Gratuity	Gratuity	Gratuity
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
(iv)	Amount recognised in the Balance Sheet					
	(a) Present Value of Obligation as at the year end	331	302	337	338	320
	(b) Fair Value of Plan Assets as at the year end	331	302	337	338	342
	(c) (Asset)/Liability recognised in the Balance Sheet	-	-	-	-	(22)

Notes forming part of the Financial Statements for the year ended 31st March, 2012

	Year ended 31st March, 2012 Gratuity Rs. in lakhs	Year ended 31st March, 2011 Gratuity Rs. in lakhs
(v) Expenses recognised in the Statement of Profit and Loss		
(a) Current Service Cost	37	27
(b) Past Service Cost	-	-
(c) Interest Cost	25	27
(d) Expected Return on Plan Assets	(24)	(27)
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Net Actuarial (Gain)/Loss	(3)	(28)
(h) Employees' Contribution	-	-
(i) Total Expenses recognised in the Statement of Profit and Loss	35	(1)

(C) Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at the Balance Sheet date were Rs. 136 lakhs (Previous year Rs. 104 lakhs) and Rs. 65 lakhs (Previous year Rs. 87 lakhs) respectively.

	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
42. Segment Information		
(A) Information in respect of Primary Segments Refer Note (a) below		
(B) Information in respect of Secondary Segments		
(I) Segment Revenue		
India	14,170	13,081
Other Countries	5,181	5,674
	19,351	18,755
(II) Carrying Amount of Segment Assets		
India	18,456	19,090
Other Countries	-	-
	18,456	19,090
(III) Capital Expenditure		
India	854	1,134
Other Countries	-	-
	854	1,134

Notes:

(a) The primary reporting of the company is based on the business segment. The company has only one reportable business segment which is manufacturing and marketing of pharmaceutical products. Accordingly, the figures appearing in these financial statements relate to pharmaceutical products.

(b) Secondary segment reporting is based on the geographical location of customers. Revenue is segregated in to two segments namely India and Other Countries for the purpose of reporting geographical segments.

(c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 2.

Notes forming part of the Financial Statements for the year ended 31st March, 2012

43. Related Party Disclosures

Related parties with whom the company had transactions during the year

Key Management Personnel — Arvind Vasudeva (up to 9th April, 2010)

Ajit Singh Chouhan (from 9th April, 2010)

Disclosure of transactions between the company and related parties

	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
Key Management Personnel - Remuneration		
Arvind Vasudeva	-	12
Ajit Singh Chouhan	133	68
	133	80

44. Leases

(I) Disclosures for Finance Leases

The company has acquired certain Vehicles and Plant and Equipment under Finance Lease. The details of minimum lease payments outstanding as at the Balance Sheet date in respect of these assets are as under:

	As at 31st March, 2012			As at 31st March, 2011		
	Not later than one year	Later than one year and not later than five years	Later than five years	Not later than one year	Later than one year and not later than five years	Later than five years
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Minimum Lease Payments outstanding as at the year end	10	15	-	77	34	-
Finance Charges to be recognised in subsequent years	3	4	-	11	10	-
Present Value of Minimum Lease Payments	7	11	-	66	24	-

(II) Disclosures for Operating Leases

Disclosures in respect of Residential Premises, Office Equipment, Server and Laptops taken on lease

	Year ended 31st March, 2012 Rs. in lakhs	Year ended 31st March, 2011 Rs. in lakhs
(a) Lease payments recognised in the Statement of Profit and Loss	113	106
(b) Significant leasing arrangements The terms of lease include terms of renewals, increase in rent in future period, terms of cancellation, etc.		
(c) Future minimum lease payments under non cancellable agreements		
(i) Not later than one year	45	50
(ii) Later than one year and not later than five years	18	45
(iii) Later than five years	-	-

Notes forming part of the Financial Statements for the year ended 31st March, 2012

45. Earnings per Share

Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year. Diluted earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. Dilutive potential equity shares that have been converted in to equity shares during the year are included in the calculation of diluted earnings per share from the beginning of the year to the date of conversion and from the date of conversion, the resulting equity shares are included in computing both basic and diluted earnings per share. Earnings per Share has been computed as under:

	Year ended 31st March, 2012	Year ended 31st March, 2011
Profit for the year (Rs. in lakhs)	85	1,271
Weighted average number of Shares for Basic Earnings per Share	16,535,241	15,805,505
Add: Effect of Dilutive Potential Shares (Share Warrants)	-	713,090
Add: Effect of Dilutive Potential Shares (Employee Stock Options)	957	4,995
Weighted average number of Shares for Diluted Earnings per Share	16,536,198	16,523,590
Earnings per Share (Rs. per Equity Share of Rs. 8 each)		
Basic	0.51	8.04
Diluted	0.51	7.69

46. The financial statements for the year ended 31st March, 2011 were prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes 1 to 46

In terms of our report of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 27th April, 2012

For and on behalf of the Board

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

C. L. Jain
Director

Mahesh S. Gupta
Director

Rajesh Shirambekar
Head - Legal & Company Secretary
Mumbai, 27th April, 2012

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

		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**				
	Net Profit before Tax		174		1,747
	Adjustments for -				
	Depreciation and Amortisation Expense	1,022		952	
	Interest Income	(2)		(2)	
	Loss/(Profit) on Sale/Disposal of Fixed Assets (Net)	2		(5)	
	Interest Expense	638		578	
	Unrealised Exchange Gain (Net)	(29)		(16)	
			1,631		1,507
	Operating profit before working capital changes		1,805		3,254
	Adjustments for -				
	Trade and Other Receivables	834		(1,005)	
	Inventories	(268)		(1,141)	
	Trade and Other Payables	(609)		704	
			(43)		(1,442)
	Cash generated from operations		1,762		1,812
	Direct Taxes paid (net of refund of taxes)		(187)		(370)
	Net cash from operating activities		1,575		1,442
B.	**Cash flow from investing activities**				
	Purchases of Fixed Assets (including advances for capital expenditure)	(867)		(1,128)	
	Sale of Fixed Assets	94		20	
	Interest received	2		2	
	Expenses in connection with the Scheme of Arrangement	(12)		(177)	
	Net cash used in investing activities		(783)		(1,283)
C.	**Cash flow from financing activities**				
	Proceeds from issue of Share Capital	-		265	
	Proceeds from Long-term Borrowings	541		1,109	
	Repayment of Long-term Borrowings	(804)		(516)	
	Proceeds from/(Repayment of) Short-term Borrowings	397		(205)	
	Dividend paid	(261)		(214)	
	Tax paid on Dividend	(43)		(36)	
	Interest paid	(614)		(594)	
	Net cash used in financing activities		(784)		(191)
	Net increase/(decrease) in cash and cash equivalents		8		(32)
Cash and Cash Equivalents - Opening Balance			48		80
Cash and Cash Equivalents - Closing Balance [Refer Note 2 below]			56		48

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
2. Cash and Cash Equivalents - Closing Balance include balances aggregating to Rs. 36 lakhs (Previous year Rs. 32 lakhs) with banks on current accounts in respect of unpaid dividend, which are not available for use by the company.
3. Previous year figures have been regrouped where necessary.

In terms of our report of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 27th April, 2012

For and on behalf of the Board

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

C. L. Jain
Director

Mahesh S. Gupta
Director

Rajesh Shirambekar
Head - Legal & Company Secretary
Mumbai, 27th April, 2012

RPG LIFE SCIENCES LIMITED

Regd. Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

DP ID No.		Registered Folio No.	
Client ID No.		No. of Shares	

I/We hereby record my / our presence at the 5th Annual General Meeting of the Company on Thursday, August 9, 2012 at 3.30 p.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

Name/s of the Shareholder (in Block letters)	
Name of the Proxy (in Block letters)	
Signature of the shareholder/proxy	

NOTE: Members/Proxies are requested to bring the attendance slip with them.

RPG LIFE SCIENCES LIMITED

Regd. Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030.

PROXY

DP ID No.		Registered Folio No.	
Client ID No.		No. of Shares	

I/We ____ of ____________________

being a member / members of RPG Life Sciences Limited, hereby appoint ____

____ of ____

or failing him ____ of ____________________ as my/our proxy to attend and vote for me/us on my/our behalf at the 5th Annual General Meeting of the Company to be held on Thursday, August 9, 2012, at 3.30 p.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 and at any adjournment thereof.

Signed this ____________ day of ____________ 2012

Affix Revenue Stamp

NOTE: THE PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER AT THE COMPANY.