



*Quality Keeps us Moving*

# KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LTD.

**230.89 Cr.**



## Annual Report

2011 - 12







Hon'ble Chairman with other members of Standing Committee on Chemicals & Fertilizers and officers during their visit to Mysore and Bangalore



Hon'ble Chairman, Committee on Govt. Assurances, Rajya Sabha with the other members of the Committee and officers during their visit to Bangalore.





Shri M. Madan Gopal, IAS



Dr. Rajneesh Goel, IAS



Dr. Raja Sekhar Vundru, IAS



Dr. B.R. Jagashetty



Shri R.K. Kureel





## BOARD OF DIRECTORS (AS ON 29.11.2012)

### SHRI M. MADAN GOPAL, IAS

Chairman – KAPL and Principal Secretary  
Health & Family Welfare Department  
Government of Karnataka, Vikas Soudha  
BANGALORE – 560 001  
From: 03.10.2012

### DR. RAJNEESH GOEL, IAS

Managing Director, Karnataka State Industrial and  
Infrastructure Development Corporation Ltd.,  
Khanija Bhavan, 4th Floor, East Wing, 49  
Race Course Road, Bangalore – 560 001  
From: 27.02.2012

### DR. RAJA SEKHAR VUNDRU, IAS

Joint Secretary  
Ministry of Chemicals & Fertilizers  
Department of Pharmaceuticals  
Shastri Bhavan, New Delhi – 110 001  
From : 09.12.2011

### SHRI R K KUREEL

Under Secretary (IFD)  
Ministry of Chemicals & Fertilizers  
Department of Pharmaceuticals  
Shastri Bhavan  
New Delhi – 110 001  
From: 09.12.2011

### DR.B.R.JAGASHETTY

Drugs Controller for the State of Karnataka  
Palace Road  
Bangalore – 560 001  
From 22.05.2008

### SHRI S L PHADKE

Managing Director  
Karnataka Antibiotics & Pharmaceuticals Limited  
Dr Rajkumar Road, 1<sup>st</sup> Block, Rajajinagar,  
BANGALORE – 560 010  
Upto : 31.03.2012

### DR. RAJ KUMAR KHATRI, IAS

Managing Director  
Karnataka State Industrial and Infrastructure  
Development Corporation Ltd., Khanija Bhavan, 4th Floor  
East Wing, 49, Race Course Road, Bangalore – 560 001  
Upto : 22.09.2011

### SHRI R.C. JHA

Director  
Ministry of Chemicals & Fertilizers, Department of  
Pharmaceuticals, Shastri Bhavan, New Delhi – 110 001  
Upto: 22.09.2011

### DR. E.V. RAMANA REDDY, IAS

Chairman – KAPL and Secretary, Health & Family  
Welfare Dept. Government of Karnataka, Vikas Soudha  
BANGALORE – 560 001  
Upto : 03.10.2012

### JAGADEESH C HIEMATH

Company Secretary & Dy. Gen. Manager (Admn.)

### STATUTORY AUDITORS

M/s. Vasan & Sampath  
Jupiter-1, 30 : 1, 4th Cross, Jayanagar  
7th Block (west), Bangalore – 560 070

### INTERNAL AUDITORS

M/s. Rao & Swami  
Chartered Accountants  
2/1, Cannought Road, Bangalore-560 052

### BANKERS

Vijaya Bank, Mayo Hall Branch &  
West of Chord Road Branch  
Bangalore

### STATE BANK OF INDIA

Industrial Finance Branch  
Residency Road  
Bangalore – 560 025

### REGISTERED & CORPORATE OFFICE

Dr.Rajkumar Road (80 Feet Road) , 1st Block, Rajajinagar, Bangalore – 560 010  
Website: [www.kaplindia.com](http://www.kaplindia.com)



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## NOTICE OF THE THIRTY FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty First Annual General Meeting of the Members of the Company will be held as under:

DAY : THURSDAY  
DATE : 29<sup>th</sup> NOVEMBER 2012  
TIME : 1230 HOURS  
VENUE : Regd. & Corp. Office,  
Dr. Rajkumar Road, 1st Block, Rajajinagar, Bangalore – 560 010.

to transact the following business:

**A. Ordinary Business**

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as on 31st March 2012 and the Audited Profit and Loss Statement for the year ended on that date along with the Auditors' Report thereon.
2. To declare dividend.

By Order of the Board of Directors

**(JAGADEESH C HIREMATH)**

Company Secretary and  
Dy. General Manager (Admn).

Place : Bangalore  
Date : 29.10.2012

To:

1. The Members of the Company
2. Statutory Auditors

**Note:**

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote on his behalf, only on a poll. Such a proxy need not be a member of the Company.
2. As per Section 619(2) of the Companies Act, 1956, the Comptroller and Auditor General of India will be appointing the Statutory Auditors for the year ending 31.03.2013.

### VISION

TO ACHIEVE EXCELLENCE IN THE FIELD OF MANUFACTURE AND MARKETING OF QUALITY DRUGS AND HEALTH CARE PRODUCTS AT AFFORDABLE PRICES FOR ALL.

### MISSION

1. TO HAVE MANUFACTURING FACILITIES COMPLYING WITH INTERNATIONAL STANDARDS.
2. TO STRENGTHEN THE MARKETING EFFORTS TO ACHIEVE 10% GROWTH IN EXPORTS AND PRIVATE TRADE MARKET EVERY YEAR.
3. TO CONTINUOUSLY IMPROVE THE QUALITY OF PRODUCTS AND SERVICES TO ENHANCE CUSTOMER SATISFACTION.
4. TO DEVELOP HIGHLY MOTIVATED MULTI SKILLED HUMAN RESOURCES TO INCREASE PRODUCTIVITY.



## CHAIRMAN'S STATEMENT



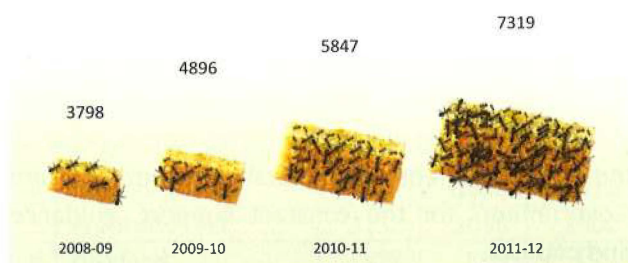
### SPEECH DELIVERED BY CHAIRMAN, AT THE 31<sup>ST</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BANGALORE ON 29-11-2012

1. On behalf of the Board of Directors and on my personal behalf, I take pleasure in extending a warm welcome to each one of you to the Annual General Meeting of your Company.

2. It gives me immense pleasure to report to you on the performance of your Company in fiscal year 2011-12. Company's turnover in 2011-12 grew by almost 10% as compared to last year. Your Company has got "MOU Excellence Award" for the year

#### RESERVES & SURPLUS

(Rs. in Lakhs)



2009-10 for achieving Excellent rating. The Directors' Report and the Accounts of the Company for the year ended 31st March, 2012 have already been provided to all the share-holders, and with permission of all present here, I shall consider them as read.



Senior Officers attending  
"Vigilance Awareness Week" Programme



Hindi Workshop in progress

### 3. MACRO ECONOMIC SETTING:

During the year 2011-12, the Indian Economy grew at 6.9% as compared to 8.5% in 2010-11. Services, Agriculture and exports have shown good growth as compared to previous year.



### 4. OPERATIONAL PERFORMANCE:

I am delighted in informing you that, your Company achieved production of the value of Rs. 25100 lakhs – the annual production per factory employee being Rs. 117 lakhs (previous year Rs.112 lakhs). The Company achieved sales turnover of Rs.23089 lakhs .

### 5. FINANCIAL RESULTS:

Your Company achieved a cash profit of Rs.25.99 crores (previous year Rs. 20.32 crores). The Company has achieved a profit before tax of Rs. 24.10 crores (previous year Rs. 18.38 crores)



## CHAIRMAN'S STATEMENT



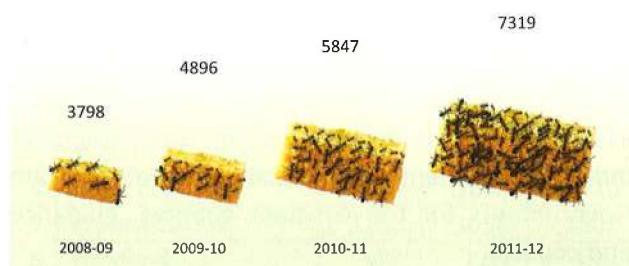
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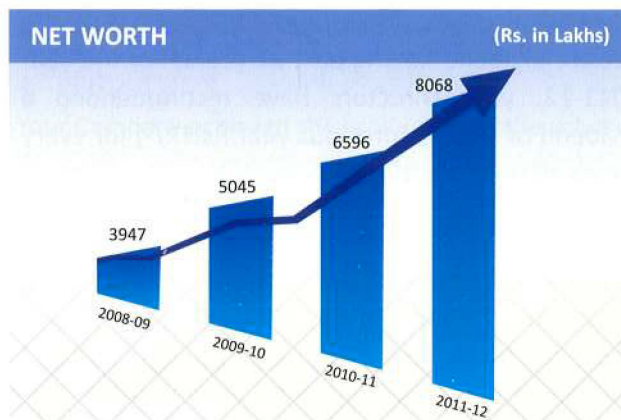
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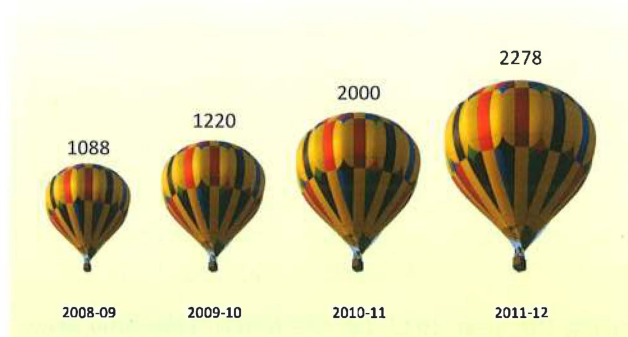


## CHAIRMAN'S STATEMENT

and profit after tax of Rs.16.02 crores. The book value per share (a face value of Rs.100/-) is Rs.1077 (previous year Rs.881). The earning per share is Rs. 214 on a face value of Rs.100/-.

### EXPORT TURNOVER

(Rs. in Lakhs)



### 6. DIVIDEND:

As you are aware, KAPL is the only pharmaceutical Company in the Central Drug Sector to consistently declare dividend for the past 21 years. For the year 2011-12, your Directors have recommended a dividend of Rs.15/- (previous year Rs.12/-) for every equity share of Rs. 100/-.

### 7. "VERY GOOD" RATING :

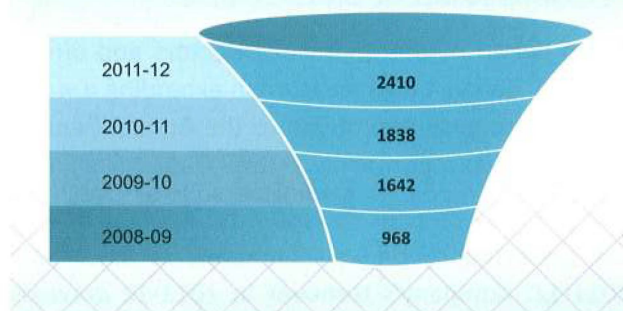
Based on self appraisal, your Company has achieved "Very Good" rating for the achievement of targets under the Memorandum of Understanding [ MOU ] entered into by the Company for the year 2011-12.



Non-Officers attending training programme at Training Centre

### PROFIT BEFORE TAX

(Rs. in Lakhs)



### 8. CORPORATE GOVERNANCE:

The Company has been maintaining the highest standards of Corporate Governance. Company has been adhering to the Corporate Governance guidelines issued by Department of Public Enterprises, Government of India.

### 9. ACKNOWLEDGEMENT:

9.1 At the outset, I place on record my sincere thanks to various departments of Government of India, Government of Karnataka and other State Governments for the constant support, guidance and counsel.

9.2 My deep gratitude is due to your valued customers for their trust in the Company.

9.3 On behalf of the Board as well as on my personal behalf, I thank all the employees and the Management for having helped the Company to reach greater heights.

9.4 I am grateful for the immense contribution made by your Auditors and the Legal Advisors.

9.5 I am failing in my duty if I do not thank the Directors on the Board for their invaluable support and contribution in steering the Company to achieve glorious performance.

10. I now commend the Balance Sheet as on 31.03.2012, Profit and Loss Statement for the year ended on that date and the Directors' Report for adoption.

Place: Bangalore

Date : 17.09.2012

Chairman

## DIRECTORS' REPORT

To

The Shareholders,  
Karnataka Antibiotics & Pharmaceuticals Limited

Gentlemen,

We are delighted to present our Report on behalf of the Board, on the business and operations of the Company for year ended 31st March, 2012.

### 1. HIGHLIGHTS

The performance highlights of the Company are furnished in the Table-I:

Table I

PERFORMANCE HIGHLIGHTS		Rs. in Lakhs		
Sl. No.	Particulars	2009-2010	2010-2011	2011-2012
1.	Production*	21875	23927	25100
2.	Sales	21203	20901	23089
3.	Exports (included in Sl. No.2 above)	1220	2000	2278
4.	Profit before Tax	1642	1838	2410
5.	Profit after Tax	1150	1056	1602
6.	Dividend	30%	12%	15%
7.	Reserves and Surplus	4896	5847	7319
8.	Paid up Share Capital	149	749	749
9.	Earning per Share(Rs.) (Face value Rs.100/-)	772	141	214
10.	Book value of the Share (Rs.) (Face value Rs.100/-)	3386	881	1077

\*includes the value of Contract manufacturing

### 2. SHARE CAPITAL

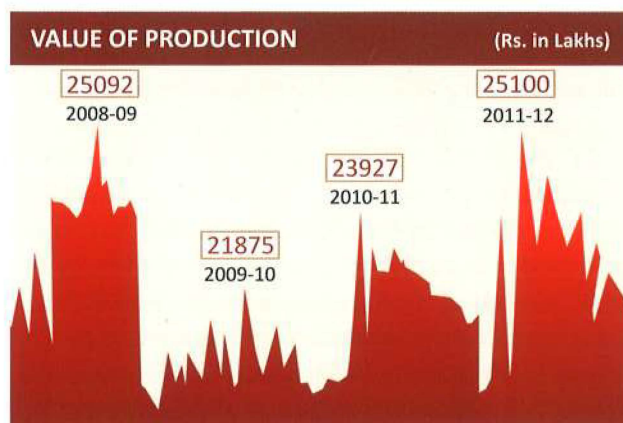
The authorised capital is Rs. 1500 lakhs and the paid-up capital continues to be Rs. 749 lakhs.

### 3. FINANCE

The Company availed Rs. 246.00 lakhs from Vijaya Bank towards term loan in order to upgrade its facilities.

Further your Company has been sanctioned Rs. 800 lakhs term loan for Cephalosporin Project by Vijaya Bank and as on 31.03.2012 an amount of Rs.257 lakhs is drawn by the Company.

As on 31.03.2012, the borrowing from Banks for working capital requirements was Rs. 784 lakhs. (previous year Rs.271.00 lakhs). Due to continuous monitoring of funds position, inventory levels and improved sales realization, the interest burden, was at Rs.26 lakhs (previous year Rs.9 lakhs).



### 4. PRODUCTION

Your Company achieved the production of the value of Rs. 25100 lakhs (previous year Rs. 23927 lakhs). The annual production value per factory employee per annum was Rs.117 lakhs (previous year Rs.112 lakhs).

### 5. CAPACITY UTILISATION

The details of capacity utilisation, for the last three years, are furnished in the Table-II.

Table II

CAPACITY UTILISATION		(in %)		
Sl. No.	Particulars	2009-2010	2010-2011	2011-2012
1.	Liquid Parenterals	123	145	146
2.	Vials	74	100	95
3.	Tablets	192	178	203
4.	Capsules	177	205	182

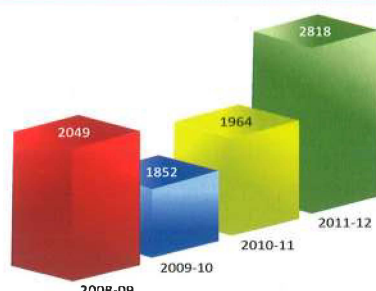
### 6. SALES TURNOVER

You will be glad to know that your Company achieved a sales turnover of Rs. 23089 Lakhs as against Rs. 20901 lakhs achieved during 2010-11, a growth of 10% over the previous year.



**CONTRIBUTION TO EXCHEQUER**

(Rs. in Lakhs)



The performance in Branded and Generic segments was excellent. You will be delighted to know that the sales under the Brand "Grenil" achieved Rs. 1022 lakhs compared to previous year Rs. 941 lakhs. The sales of "Remcc" brands achieved sales of Rs. 601 lakhs compared to sales of Rs. 586 lakhs in the previous year. Sales Turnover of Cyfolac group achieved Rs. 410 lakhs as against 391 lakhs in the previous year and sales turn over of "Verclav" has touched to Rs. 294 lacs. Sales turnover of each of the brands viz "Maxiflam group" "Verixime", "Cefpar", "Zinfe", "Lotace", "Numol", "Cetrix" (both Pharma & Veterinary), "K-Live" (Agro) & "K-cycline" (Agro) exceeded Rs. 100 lakhs each.

The comparative figures of sales turnover are furnished in the Table – III.

**Table III**

SALES TURNOVER		Rs. in lakhs		
Sl. No.	Particulars	2009-2010	2010-2011	2011-2012
1	Liquid Parenterals	1943	2048	2232
2	Liquid Orals and Dry Syrup	379	544	613
3	Vials	4852	5796	6920
4	Tablets	3185	3410	4906
5	Capsules	831	1009	1958
6	Others	10013	8094	6460
	<b>Total</b>	<b>21203</b>	<b>20901</b>	<b>23089</b>

**7. NEW PRODUCTS**

To improve the sales volume and the margins, the company introduced the following products :-

- TAB REMCC - LM
- TAB NUMOL MR4 & MR8

- TAB GLIMKAP - M1 & M2
- HUSKY SACHET - 5.4 GMS
- INJ CETRIAX - TAZO
- CAL-K PLUS SUSPENSION
- TASPIN - MP BOLUS

**8. EXPORTS**

Your Company achieved an export turnover of Rs. 2278 lakhs. Exports were made to 18 countries such as Botswana, Costa Rica, Guatemala, Honduras, Malaysia, Mozambique, Namibia, Netherlands, Philippines, Russia, Sri Lanka, Sudan, Tajikistan, Thailand, Uganda, Vietnam, Zambia, Zimbabwe. Efforts for registration of products in non-tapped countries are being made on continuing basis.

**9. FINANCIAL RESULTS**

The Company earned pretax profit of Rs. 2410 during 2011-12 as against Rs. 1838 lakhs during 2010-11. The summarised financial results for the year 2011-12 are furnished below in Table – IV.

**Table IV**

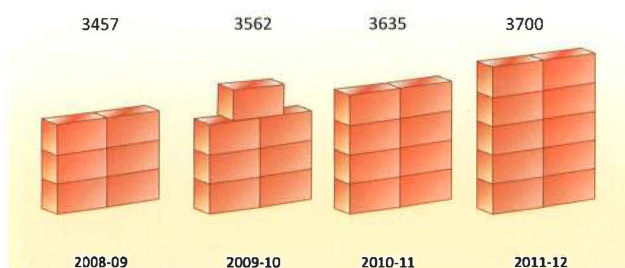
FINANCIAL RESULTS		(Rs. in lakhs)		
Particulars	2009-2010	2010-2011	2011-2012	
Profit before interest, depreciation and tax:	1922	2142	2711	
Less : Interest and other financial charges	98	110	112	
Cash Profit	1824	2032	2599	
Less : Depreciation	182	194	189	
Profit before tax	1642	1838	2410	
Less : Provision for taxation	492	782	808	
Profit after tax and adjustment	1150	1056	1602	



Non-Officers attending Training Programme at Training Centre

## GROSS BLOCK

(Rs. in Lakhs)



### 18. FOREIGN TRAVEL

During the year 2011-12, two employees were deputed abroad for business purposes. The expenditure incurred in this connection by the Company was Rs. 2.37 lakhs.

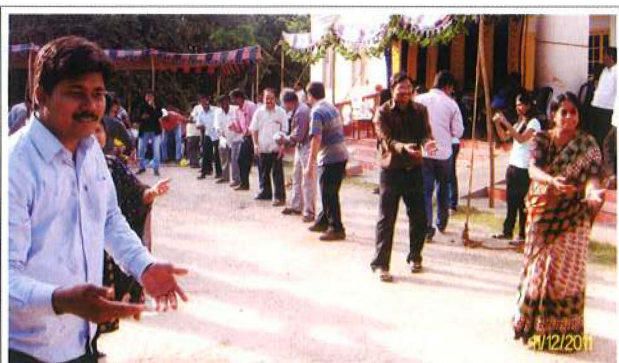
### 19. HUMAN RESOURCES

The total manpower of the Company, as on 31.03.2012 was 714 Nos consisting of 229 Officers and 485 Non-Officers.

### 20. HUMAN RESOURCE DEVELOPMENT

Employees are most valuable tangible assets of the Company. We have created a favourable work environment. Investing in peoples' competencies for the business requirements of tomorrow is very much important. In order to keep pace with the fast changing scenario, and the need to update the knowledge and skills of human resources to stay ahead and emerge as a successful organization, the Company has taken various initiatives.

The Company continues to organize the training programmes both in house as well as through



Kapilites enjoying during Picnic to "Nimishamba"

Institutes/Consultants enabling the employees to interact with other Professionals and to acquire better capabilities and skills.

During 2011-12 training was provided to extent of 997 man days. The Company got excellent rating for exceeding the training target set under the MOU. The expenditure incurred for Training and Development during the year amounted to Rs. 11.81 lakhs.

### 21. REPRESENTATION OF SC& ST CANDIDATES

The Company continued special drives for recruitment of candidates belonging to SC/ST category. The strength of employees belonging to SC/ST category, as on 31.03.2012, was 101 Nos (previous year 103 employees).

### 22. HUMAN RELATIONS

During the year under review, the industrial relation scenario in the Company was peaceful, cordial and healthy.

### 23. EMPLOYEE WELFARE

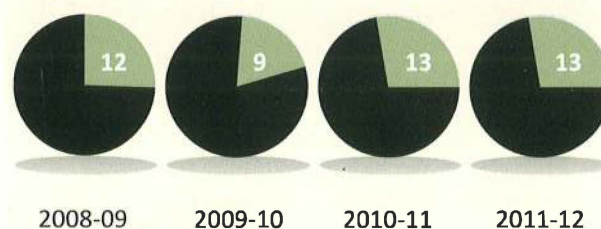
The Company continues various welfare facilities such as reimbursement of medical expenses, subsidized canteen, washing allowance, education allowance, incentives for higher education. The expenditure on the provision of welfare and other amenities amounted to Rs. 430 lakhs (Rs. 383 lakhs during 2010-11).

### 24. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

The particulars of employees to be furnished as per Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of Employees) Rules, 1975 are Nil.

### VALUE OF CLOSING INVENTORY TO SALES

(%)







## 25. RESPONSIBILITY STATEMENT OF BOARD OF DIRECTORS

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956;

- 25.1** That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 25.2** That such accounting policies as mentioned in the Annual Accounts have been selected and applied consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2012 and of the profit of the Company for that year.
- 25.3** That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 25.4.** That the annual accounts for the year ended 31<sup>st</sup> March 2012 have been prepared on a going concern basis.
- 26.** In terms of Notification No: GSR/829(E) dated 21.10.03, issued by Department of Company Affairs, Ministry of Law, Justice and Company Affairs, the

nominee Directors appointed on the Boards by the Central Government are exempted from the provisions of Section 274(1)(g) of the Companies Act, 1956.

## 27. SAFETY

We are glad to inform you that there were no fatal accidents during the year. The Company continues its focus on safety in operation. Employees have been provided with safety gadgets. The Company has taken initiative to conduct safety audit.

## 28. ENVIRONMENT PROTECTION MEASURES

The following steps have been taken for the environment Protection;

- i. Planting of saplings of trees in factory premises and at Kadabgere land.
- ii. Regular maintenance of garden within the factory premises and lawn development for reduction of dust in environment.
- iii. Effluent treatment plant is being maintained to treat industrial waste water, round the clock at factory premises.
- iv. Systematic scrap disposal through scrap vendor.

## 28A. SUSTAINABLE DEVELOPMENT

Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility.

An amount of Rs. 5 lakhs is appropriated towards Sustainable Development in 2011-12. Considering



Officers attending Training Programme at Training Centre



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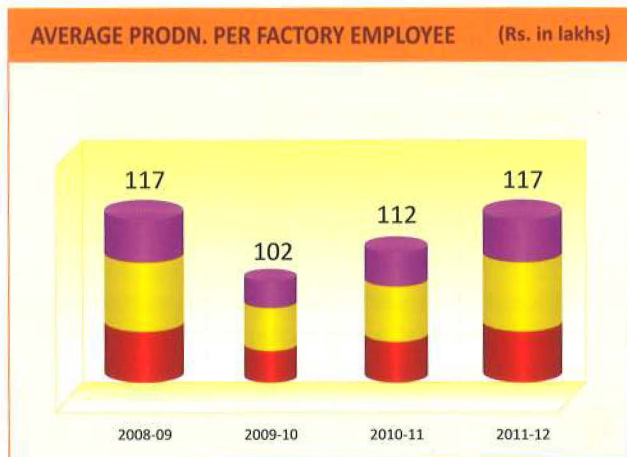
Officers attending Training Programme at Training Centre



these, Company has undertaken some activities like creating Rain Water Harvesting facilities at the Factory and Solar Street Lights both at Factory and Kadabagere land. The Company has made a beginning in a very small way.

### 29. FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the Public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.



### 30. ENTERTAINMENT AND PUBLICITY

During the year under review, the Company has incurred Rs. 24.48 Lakhs on Entertainment and advertisement and publicity.

### 31. CHANGES IN THE BOARD

**31.1** The Board welcomed the appointment of the following new Directors on the Board:

Sl.No.	Name	Wef
01	Dr. Raja Sekhar Vundru, IAS	09.12.2011
02	Shri R.K. Kureel	09.12.2011
03	Dr. B.R. Jagashetty	09.12.2011
04	Dr. Rajneesh Goel, IAS	27.02.2012

**31.2** The following ceased to be the Directors on the Board with effect from 22.09.2011

Sl.No.	Name	Wef
01	Dr. Raj Kumar Khatri, IAS	22.09.2011
02	Shri R.C. Jha	22.09.2011

The Board placed on record its deep appreciation of the services rendered by the above outgoing Directors during their tenure on the Board.



Shri S.L. Phadke, MD seen along with other officers during "Hindi Pakhwada" at Corporate Office

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

The particulars, as prescribed under Sub-Section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, are set out in the annexure included in this report.

### 33. ENERGY CONSERVATION MEASURES

Following steps have been taken in this direction;

- 33.1. Installation of Water Level Controllers at DPP I (2 Nos.), Water Plant (1 No.) and Canteen (1 No.) has resulted in energy and water saving by auto control.
- 33.2. Installation of Solar Lamps – 5 Nos. in factory premises and 5 Nos. at Kadabagere Land of KAPL. Hence reduction in Street Lighting power requirement by 10%.
- 33.3. Installation of energy – efficient Cooling Towers for Compressors (2 Nos.) to reduce electrical energy and water consumption.

### 34. BOARD MEETING

During the year 2011–12, five Board Meetings were held. The 30th Annual General Meeting of the Company was held on 22.09.2011.

### 35. OFFICIAL LANGUAGE

Your Company has taken steps for implementation of the Official Language Policy of the Government. Workshops and essay writing competitions were held during the year under review. The Company has been deputing employees for Hindi examination conducted by the Hindi Teaching Scheme, Government of India. Forms and Circulars, Notices have been made bilingual.



Annual report of the Company for 2010-11 has been printed in Hindi also.

### 36. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an integral part of the Company's business strategy. As a responsible corporate citizen, we take charge of our social and environmental footprint. The social welfare activities undertaken by the Company include

- Distribution of free Medicines during emergency situation like Flood and Earthquake and other natural calamities.
- Conduct of free Cardiac/Diabetic camp. An amount of Rs. 32 lakhs was approved as CSR Budget by the Board at its 138<sup>th</sup> Board Meeting. An amount of Rs. 11.38 lakhs has been spent towards CSR activities.

### 37. VISIT OF DIGNITARIES

Shri G Balachandhran, IAS, Chairman, NPPA, Dept. of Pharmaceuticals, Government of India, New Delhi.

Shri V Rajagopalan, IAS, Additional Secretary and Financial Adviser, Ministry of Chemicals & Fertilizers, New Delhi.

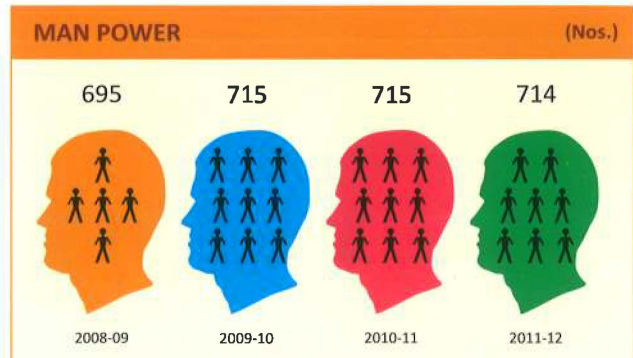
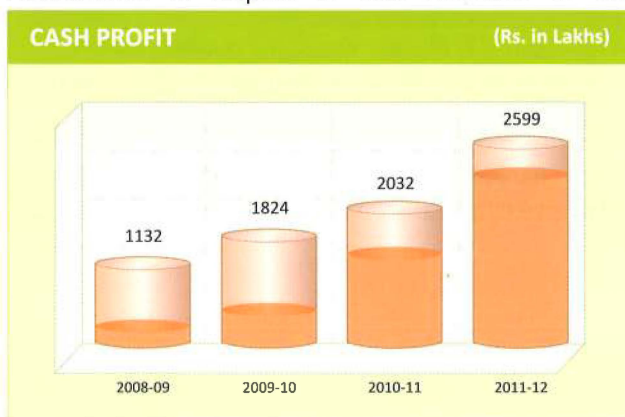
Shri R K Maggo, Deputy Secretary, Department of Pharmaceuticals, New Delhi.

### 38. AUDITORS

The Comptroller and Auditor General of India, appointed M/s. Vasan & Sampath, Chartered Accountants, as Statutory Auditors for auditing the accounts of the Company for the year 2011-12.

### 39. COST AUDITOR

The reports of M/s. Rao, Murthy & Associates, Cost Accountants in respect of Cost Accounts of the



formulations of the Company for the year ended 31.03.2012 will be submitted to the Central Government in due course.

### 40. COMMENTS ON THE ACCOUNTS BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Comments if any, under section 619(4) of the Companies Act, 1956, of the Comptroller and Auditor General of India on the accounts of the Company, for the year ended 31.03.2012 will be appended on receipt of the same.

### 41. COMPUTERIZATION ACTIVITIES

During 2011-12, the following activities were undertaken;

- Implementation of additional point to point OFC leased line between Head Office, Rajajinagar to Factory Peenya.
- Installed McAfee Anti Virus Server at Factory premises located at Peenya to safeguard Factory Systems from Virus infection.
- Provided training on Migration from IPv4 to IPv6 to core members of information service Department.



Shri S.L. Phadke, MD is seen with other Dignitaries during Kannada Rajyotsava Celebration at Factory





121<sup>st</sup> Birth Anniversary Function of Dr. B.R. Ambedkar - Guest of Honours on dias (L to R): Prof. B.C. Mylarappa, Registrar, Bangalore University, Sri Tulasi Das, Regional PF Commissioner, Hon'ble Minister Sri S. Suresh Kumar, Govt. of Karnataka, GM Finance Sri R. Radhakrishnan and KAPSC/ST Welfare Assn. President Sri Ragulakumar.

#### **42. ACKNOWLEDGEMENTS**

42.1 Your Directors place on record their gratitude to Government of India, particularly Department of Pharmaceuticals and other Departments of Government of India and Government of Karnataka, particularly Health and Family Welfare Department including Drugs Controller, Commissioner for Health & Family Welfare Services, Additional Director, Karnataka State Drugs Logistics & Warehousing Society and Karnataka State Industrial & Infrastructure Development Corporation Limited for their active support and co-operation.

42.2 The Board is grateful to the Comptroller and Auditor General of India and Principal Director of Commercial Audit, M/s. Vasan & Sampath, Chartered Accountants, the Statutory Auditors, M/s. Rao & Swami, the Internal Auditors, Central as well as Karnataka State Pollution control Boards and the others.

42.3 The Board extends thanks to M/s Vijaya Bank, State Bank of India, ICICI Bank Ltd., HDFC Bank and Corporation Bank for their support.

42.4 The Directors are thankful to the valued customers and suppliers in India and outside India for their support and confidence. We look forward to their continued support in future.

42.5 Your Directors place on record its appreciation for the dedicated work put forth by the employees at all levels without which the better operating results would not have been possible.



Shri S. L. Phadke, Managing Director, KAPL hoisting National Flag on "Republic Day" at factory.

#### **FOR AND ON BEHALF OF BOARD OF DIRECTORS**

Place : Bangalore	<b>Dr. B.R. Jagashetty</b>	<b>R.K. Kureel</b>
Date : 19.07.2012	Director	Director

## ANNEXURE TO DIRECTORS' REPORT



### ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988.

#### 1 CONSERVATION OF ENERGY

Following steps have been taken in this direction:

Installation of Water Level Controllers at DPP I (2 Nos.), Water Plant (1 No.) and Canteen (1 No.) has resulted in energy and water saving by auto control.

Installation of Solar Lamps – 5 Nos. in factory premises and 5 Nos. at Kadabagere Land of KAPL. Hence reduction in Street Lighting power requirement by 10%.

Installation of energy – efficient Cooling Towers for Compressors (2 Nos.) to reduce electrical energy and water consumption.

#### POWER AND FUEL CONSUMPTION

PARTICULARS	Current Year	Previous Year
Electricity		
a. Purchase (units)	35,77,750	35,25,750
Total amount (Rs.)	2,07,09,120	1,91,28,341
Rate / Unit (Rs.)	5.79	5.43
b. Own Generation		
i. Through diesel generator Units	1,66,000	3,20,000
Diesel cost (Rs.)	14,01,728	25,78,368
Unit per litre of diesel oil	4.61	4.44
Cost / Unit (Rs.)	8.44	8.06
ii. Coal		
Quantity (Tonnes)	—	—
Total Cost (Rs.)	—	—
Average rate (Rs.)	—	—
iii. Furnace Oil		
Quantity (litres)	1,05,920	94,500
Total Cost (Rs.)	47,13,018	30,64,034
Average rate(Rs.)	44.50	32.42
iv. Others / Internal Generation		
Quantity	—	—
Total Cost (Rs.)	—	—
Rate / Unit (Rs.)	—	—

### CONSUMPTION, PER LAKH OF PRODUCTION VALUE:

Particulars	Current Year	Previous year
<b>Electricity :</b>		
Rupees	886	903
Units	150	160
<b>Furnace Oil :</b>		
Rupees	189	128
Ltrs	4.20	3.90

### 2.0 TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION RESEARCH AND DEVELOPMENT (R&D ACTIVITIES)

During the year Company continued strategic alliance with premier research institutions for R & D activity. The Company has not manufactured any Bulk drug. However, your Company is developing new formulations, year after year, in order to meet the competition.

### 3.0 TOTAL FOREIGN EXCHANGE USED AND EARNED

Rs. in Lakhs

Particulars	Current Year	Previous Year
<b>TOTAL FOREIGN EXCHANGE USED AND EARNED</b>		
On import of raw material spare parts and capital goods	399	646
Expenditure in foreign currencies for business travels, subscription, goods for resale, commission on export sale, etc.	32	62
Remittance during the year in foreign currency on account of dividend	—	—
<b>TOTAL FOREIGN EXCHANGE EARNED</b>	2209	1944

#### FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore

Dr. B.R. Jagashetty

R.K. Kureel

Date : 19.07.2012

Director

Director





## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance:

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

### 2. Board of Directors:

- As on 31st March 2012 the Board consisted of 6 Directors of which one Non-Executive Chairman and one Whole time Managing Director, Two part-time Non-Executive Directors from Government of India, New Delhi and two part time Non-Executive Directors from Government of Karnataka.
- During the year 2011-12 , five Board Meetings were held on 28.06.2011, 09.08.2011, 22.09.2011, 22.12.2011 and 15.03.2012
- Constitution of Board of Directors and related information:

Name of the Director	Category	No.of Board Meetings with Attendance	Attendance at last AGM	No.of outside Director-ships as on 31.03.12	No.of outside Board Committee Membership/ Chairmanship as on 31.03.12
Dr. E.V. Ramana Reddy, IAS	Chairman	5/5	Yes	Nil	Nil
Shri. S.L.Phadke	Managing Director	5/5	Yes	Nil	Nil
Dr. Raja Kumar Khatri, IAS	Non-Executive Director	0/2	No	11	4
Dr. Rajneesh Goel, IAS	Non-Executive Director	0/1	No	11	4
Dr. Raja Sekhar Vundru, IAS	Non-Executive Director	1/2	No	Nil	Nil
Dr. B.R. Jagashetty	Non-Executive Director	5/5	Yes	Nil	Nil
Shri R.K. Kureel	Non-Executive Director	2/3	Yes	Nil	Nil

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

**d) Code of Conduct:**

Board of Directors of your Company have laid down the Code of Conduct for all Board Members and Senior Management for maintaining standards of business conduct and ensure compliance with legal requirements. The Code of Conduct has been posted on your Company's Website : [www.kaplindia.com](http://www.kaplindia.com).

**3. Audit Committee:**

The Paid up Capital of Company as on date is Rs. 7.49 crores. As per the provisions of Section 292A of Companies Act 1956, Audit Committee has been constituted. Dr. B.R. Jagashetty is the Chairman of Audit Committee. Four meetings were held during 2011-12.

**4. Disclosures:**

**Remuneration of Directors:**

The remuneration payable to Whole-time Managing Director and his terms of service are fixed by the Central Government. The remuneration paid to Managing Director for the financial year 2011-12 was as follows:

Rs. in lakhs

Name of the Director	Salary	Benefits	PF Contribution	Perquisites	Total
S.L.Phadke	14.83	1.08	1.45	0.48	17.84

Part time Directors are not paid any Remuneration/Commission except sitting fee paid for attending Board/Audit Committee Meetings which are as under:

Sl. No.	Name of the Director	Sitting Fee paid (Rs.)	Audit Committee Sitting Fee (Rs.)
01.	Dr. E. V. Ramana Reddy, IAS	2500/-	N.A.
02.	Dr. Rajneesh Goel, IAS	Nil	N.A.
03.	Dr. Raja Sekhar Vundru, IAS	500/-	N.A.
04.	Dr. B.R. Jagashetty	2500/-	1500/-
05.	Shri R.K. Kureel	1000/-	1000/-

Part time Directors hold shares as nominee of Govt of India /KSIIDC in the Company.





## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 5. ANNUAL GENERAL MEETINGS

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

Financial Year	Date	Time	Venue
2010-2011	22.09.11	1600 hrs	Corp Office, Bangalore
2009-2010	23.09.10	1300 hrs	Corp Office, Bangalore
2008-2009	23.09.09	1300 hrs	Corp Office, Bangalore

b) No special resolutions were taken up in the last three Annual General Meetings.

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

### 6. Means of Communication:

a) Annual financial results are displayed on the Company's Website : [www.kaplindia.com](http://www.kaplindia.com)

b) **Plant Location :**

Plot No: 14, 2nd Phase,  
Peenya Industrial Area  
Bangalore – 560 058

c) **Address for Correspondence:**

The address of the Regd. Office of the Company is  
Dr. Rajkumar Road  
1st Block, Rajajinagar  
Bangalore – 560 010

The Shareholders may send correspondence to the above address.

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

Place : Bangalore  
Date : 19.07.2012

**Dr. B.R. Jagashetty**  
Director

**R.K. Kureel**  
Director

## ADDENDUM TO DIRECTORS' REPORT



REPLY OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS CONTAINED IN THEIR REPORT DATED 11.07.2012.

Ref	COMMENTS OF THE STATUTORY AUDITORS	MANAGEMENT REPLY
e (i)	<p>As more fully disclosed in Note No. 15.2 to the financial statements, the net sundry debtors as at March 31, 2012 include receivables from the Madhya Pradesh State Government aggregating Rs. 1216.52 lakhs (March 31, 2011 – Rs. 1216.52 lakhs) which are overdue, which is net of Rs. 1000 lakhs received as an 'Interim payment which would be subject to the final outcome of the case' as directed by the Honourable High Court of MP. Against the amount receivable, the company has a corresponding net payable of Rs. 1572.94 lakhs (March 31, 2011 – Rs. 1573.01 lakhs) to the vendor on a back-to-back arrangement, resulting in a net exposure of Rs. 643.58 lakhs (March 31, 2011 – Rs. 643.51 lakhs) (without considering the 'Interim Payment') as at the Balance Sheet date against which no provision has been made. In view of the above, and having regard to the uncertainty involved, we are unable to comment on the adequacy of Provisions made for doubtful debts.</p>	<p>The outstanding sum of Rs. 1216.52 lakhs is against the supply of Medicine Kits to Madhya Pradesh State Government after adjusting a sum of Rs. 1000 lakhs received pursuant to the interim order of Hon'ble High Court of Madhya Pradesh in the writ petition filed by the Company. Against the amount receivable as stated herein, there is a corresponding liability of Rs. 1572.94 lakhs to be paid to the vendor. As per the agreement with the vendor, the said amount is payable only upon realization of full outstanding. In view of the above facts and also based on the legal advice, the Management believes that the balance outstanding with the Madhya Pradesh State Government is wholly recoverable and as such no provision is considered necessary.</p>

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore  
Dated: 31.07.2012

**Dr. B R JAGASHETTY**  
Director

**R K KUREEL**  
Director





AUDITOR'S REPORT TO THE MEMBERS OF KARNATAKA  
ANTIBIOTICS & PHARMACEUTICALS LTD., BANGALORE.

We have audited the attached balance sheet of M/s **KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED, BANGALORE** ("the Company") as at **March 31, 2012** and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure A, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

Further to our comments in the Annexure referred 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, the Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

(e) We further report that:

- (i) *As more fully disclosed in Note No 15.2 to the financial statements, the net sundry debtors as at March 31, 2012 include receivables from the Madhya Pradesh state government aggregating Rs.1216.52 lakhs (March 31, 2011 – Rs 1216.52 lakhs) which are overdue, which is net of Rs.1000 lakhs received as an 'Interim payment which would be subject to the final outcome of the case' as directed by the Honorable High Court of MP. Against the amount receivable, the company has a corresponding net payable of Rs.1572.94 lakhs (March 31, 2011 – Rs 1573.01 lakhs) to the vendor on a back-to-back arrangement, resulting in a net exposure of Rs 643.58 lakhs (March 31, 2011 – Rs 643.51 lakhs) (without considering the 'Interim Payment') as at the Balance Sheet date against which no provision has been made. In view of the above, and having regard to the uncertainty involved, we are unable to comment on the adequacy of Provisions made for doubtful debts.*

(f) As the company is a Government Company, the provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 regarding disqualification of directors do not apply.

(g) Subject to above and in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement read together with the Notes thereon, give the information required by the Companies Act, 1956 in the manner so required 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.
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **VASAN & SAMPATH,**  
Chartered Accountants  
(Firm Registration Number : 004542S)

**Unnikrishnan Menon**  
Partner

Bangalore  
Date : 11th July, 2012

Membership No: 205703

ANNEXURE A REFERRED TO IN THE AUDITORS' REPORT TO THE MEMBERS OF KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED ("THE COMPANY") FOR THE YEAR ENDED MARCH 31, 2012

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
- b) The Company has a regular system of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification during the year.
- c) No substantial part of fixed assets has been disposed off during the year.
- ii. a) The inventory other than those in transit has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedure being followed by the management with regard to physical verification of inventory is reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material.
- iii.a) During the year, the company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently the related clauses under paragraph 4(iii) are not applicable.
- iv. In our opinion and according to information and explanation given to us, there are adequate internal control procedures 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 and services. Further, on the basis of our examination of the books and records of the company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal controls in these areas.
- v. a) In our opinion and according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence the related clauses under paragraph (v) are not applicable.
- vi. The Company has not accepted deposits from the public.
- vii. The company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed books of account maintained by the company pursuant to rules made by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the maintenance of cost records and we 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 the accuracy or completeness of the same.
- ix. a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period exceeding six months from the date they became payable as at Balance Sheet date.
- b) In our opinion and according to information and explanations given to us, there are no dues of provident fund, employees' state insurance, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues which have not been deposited on account of any dispute with the exception of Sales Tax as detailed below:



**ANNEXURE TO THE AUDITORS' REPORT (Contd.)**

Nature of Dues	Financial Year to which the matter pertains	Forum where dispute is pending	Amount Rs in Lacs
Sales returns disallowed – Feed supplements and agro chemicals taxed at higher rate – Tamilnadu Sales Tax Act	2003-04	Appellate Assistant Commissioner (CT) V - Chennai	0.89
Supplies to Government departments at concessional rate of tax – Forms submitted not considered in assessment – Uttar Pradesh Vat Act	2005-06	Assistant Commissioner of Commercial Taxes (Appeals) - Lucknow	11.87
Calculation error at the time of Assessment – West Bengal Sales Tax Act	2005-06	Senior Commissioner of Commercial Taxes- Behala, Kolkata	1.74
Value of Stock transfer excess taken in the assessment – West Bengal Sales Tax Act	2008-09	Senior Commissioner of Commercial Taxes - Behala, Kolkata	15.71

- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in this financial year and in the immediately preceding financial year.
- xi. According to the information and explanations given to us and on the basis of examination of books of accounts, the Company has not defaulted in repayment of dues to financial institutions or banks during the year. The company has not issued any debentures.
- xii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- xiv. According to the information and explanations given to us and on the basis of examination of books of accounts, the Company is not dealing in shares, securities, debentures and other investments.
- xv. As explained to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, during the year, the term loans taken by the Company have been applied for the purposes for which they were obtained.
- xvii. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the explanations given to us, there are no funds raised on a short term basis which have been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (xviii) of the Order is not applicable.
- xix. No debentures have been issued by the company during the year and thus creation of securities for the same is not applicable to the company.
- xx. There was no public issue of shares, debentures, etc during the year.
- xxi. As explained to us and based on our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **VASAN & SAMPATH,**  
Chartered Accountants  
(Firm Registration Number : 004542S)

(**Unnikrishnan M**)  
Partner  
Membership No: 205703

Bangalore  
Date : 11th July, 2012

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

The preparation of financial statements of Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), Bangalore for the year ended on 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 July 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of Statutory Auditor on the accounts of Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), Bangalore for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

**Y.N. Thakare**

Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board,  
Hyderabad

Place : Hyderabad  
Dated: 24 July 2012





## SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis for preparation of financial statements:

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure, are recognised on accrual basis.

### 2. Fixed Assets:

Fixed assets values stated are at the historical cost.

#### 2.1 Capitalisation:

All direct expenses identifiable to the project during the construction period are capitalised. In respect of project activities which are carried on concurrently with production, expenses on administration and supervision incurred (the bifurcation of which between production and construction is not ascertained) are charged to revenue. Initial spares supplied alongwith equipment/machinery by the suppliers are capitalised.

### 3. Depreciation:

Fixed assets are depreciated on straight line method in accordance with the rates provided under schedule XIV of the Companies Act. Fixed assets acquired/put to use after 16.12.93 are depreciated at the revised rates notified vide GSR No.756(E)/16.12.93.

### 4. Investments:

Long term investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary. Current investments are stated at lower of cost and fair value. Cost includes brokerage, fees and duties. On disposal of investments, the difference between the carrying amount and net proceeds is charged off or credited to the Profit and Loss Account.

### 5. Inventory Valuation:

- 5.1 Raw materials are valued at lower of cost and net realisable value. The cost is determined on First-in-First out basis. Cost includes taxes, duties and

freight and is net of Cenvat. Raw materials identified as obsolete have been provided for.

- 5.2 Work in process is valued at lower of cost and net realisable value. Cost represents materials plus fixed percentage of direct labour and appropriate fixed and variable production overheads.
- 5.3 Finished goods are valued at lower of cost and net realisable value. Cost represents materials, direct labour and appropriate fixed and variable production overheads.

The value of stock of Finished Goods whose shelf life expires within six months from the date of Balance Sheet is taken as NIL.

- 5.4 Stock of spares and tools of unit value Rs.5000/- and above (based on materiality) is valued and reckoned as at the end of the year.
- 5.5 Closing stock of Physician samples is valued as NIL. The value of Physician samples is included/ accounted under material consumption, excise duty, etc.

### 6. Revenue Recognition:

- 6.1 Revenue from sales is recognised on transfer of property in the goods to the customer in terms of sales contract and in the case of loan licence conversion contracts, on completed service contract method. Accordingly,

- i) in the case of " F.O.R. Destination" sale contracts, where acknowledgements from customer/certificate of delivery are not on hand, sale is recognized based on the estimated average time taken for the consignment to reach the destination.
- ii) in the case of " FOB " sale contracts, sale is recognised based on the date of shipment of goods on Board.
- iii) in the case of sale contracts (other than "FOB" sale contracts) where documents against payment/acceptance are sent through bank, the sale is recognised based on the date of receipt of payment/notice of acceptance by the company.

6.2 Sales returns are accounted for in the year of return.

**7. Employee Benefits:**

- a) Employee Benefits are recognised, measured and disclosed as per Accounting Standard-15 (Revised 2005) – "Employee Benefits".
- b) Measurement of obligation towards Post Employment Benefits under Defined Benefit Plans such as Gratuity and Long Term Benefits such as Leave and Sickness Benefits are determined on actuarial basis using Projected Unit Credit Method. Actuarial gains or losses are recognized in the Profit and Loss Account.
- c) Termination Benefits (including under VRS) are charged in the year of termination of employment.
- d) The benefits are after taking into consideration actuarial gains or losses.

**8. Exchange Rate Fluctuation:**

Monetary items under assets and liabilities denominated in a foreign currency are reported at the closing exchange rate and the resultant loss/gain is charged/credited to the profit and loss account.

**9. Borrowing Costs:**

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset

are capitalised as a part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit and Loss Account of the year in which they are incurred.

**10. Prior years Income and Expenditure:**

Prior years income and expenditure, above Rs.25,000/- in each case, on the concept of materiality, is accounted under the head "Prior Years adjustments".

**11. Provisions and Contingent Liabilities:**

Obligations, which in assessment of the company exist on the Balance sheet date and probably require an outflow of resources are considered as liabilities and provided for. Disputed legal cases and statutory demands, which in the assessment of the company may probably require an outflow of funds, or where the decision of the initial adjudicating authority/appellate authority has gone against the company, are considered as present obligations and provided for, notwithstanding the fact that the company has preferred further appeal. Any other disputed legal claims or disputed statutory demands are considered as claims against the company not acknowledged as debts and disclosed as contingent liabilities.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Dr. B.R. JAGASHETTY**  
DIRECTOR

**R.K. KUREEL**  
DIRECTOR

**R. RADHAKRISHNAN**  
General Manager - Finance

**JAGADEESH C. HIREMATH**  
Dy. General Manager (Admn) and  
Company Secretary

Place : Bangalore  
Date : 02.07.2012





## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2012	AS AT 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
Share holders' funds			
Share Capital	1	749	749
Reserves and Surplus	2	7319	5847
		<b>8068</b>	<b>6596</b>
Share application money pending allotment		600	600
Non-current liabilities			
Long term borrowings	3	369	294
Long term provisions	4	1009	921
		<b>1378</b>	<b>1215</b>
Current liabilities			
Short term borrowings	5	784	271
Trade payables	6	7105	7750
Other current Liabilities	7	1502	1340
Short-term provisions	8	1137	1167
		10528	10528
<b>Grand Total</b>		<b>20574</b>	<b>18939</b>

# BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012



(Rs.in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2012	AS AT 31.03.2011
<b>ASSETS</b>			
<b>Non-current Assets :</b>			
Fixed assets			
Tangible assets	9	2164	2277
Capital work-in-progress	10	1004	789
Deferred tax assets (net)	11	226	197
Long-term loans and advances	12	386	236
Other Non-Current Assets	13	5	0
<b>Total</b>		<b>3785</b>	<b>3499</b>
<b>Current assets:</b>			
Inventories	14	2903	2717
Trade receivables	15	9184	7611
Cash and Bank balances	16	4209	4569
Short-term loans and advances	17	419	490
Other current assets	18	74	53
<b>Total</b>		<b>16789</b>	<b>15440</b>
<b>Grand Total</b>		<b>20574</b>	<b>18939</b>
Significant Accounting Policies and Notes on financial statements 1 to 36 form an integral part of accounts.			

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Dr. B.R. JAGASHETTY**  
DIRECTOR

**R.K. KUREEL**  
DIRECTOR

Refer our report of even date  
**For VASAN & SAMPATH**  
Chartered Accountants

**R. RADHAKRISHNAN**  
General Manager-Finance

**JAGADEESH C.HIREMATH**  
Deputy Gen.Manager (Admn)  
and Company Secretary

**UNNIKRISHNAN MENON**  
Membership No. 205703

PLACE : BANGALORE  
DATE : 02.07.2012

PLACE : BANGALORE  
DATE : 11<sup>th</sup> July, 2012





## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
<b>INCOME</b>			
Revenue from operations	20	22446	20741
Other Income	21	386	338
<b>Total Revenue</b>		<b>22832</b>	<b>21079</b>
<b>EXPENDITURE</b>			
Cost of materials consumed	22	8236	6709
Purchases of Stock-in-Trade	23	3424	5026
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	-42	-268
Employee benefits expense	25	4313	3710
Finance costs	26	112	110
Depreciation and amortization expense		189	194
Prior period items	27	-19	62
Other expenses	28	4209	3698
<b>Total Expenses</b>		<b>20422</b>	<b>19241</b>
Profit before Tax		2410	1838
Tax Expense :			
1) Current tax	29	837	584
2) Deferred tax		-29	198
<b>Profit for the Year</b>		<b>1602</b>	<b>1056</b>

# PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012



(Rs.in Lakhs)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Earnings per equity share :			
1) Basic Earnings per share (Rs.)		214	141
2) Diluted Earnings per share (Rs.)		119	78
3) Nominal value per Equity share (Rs.)		100	100
Number of shares considered for calculating Earnings per share:			
1) Basic Nos.		749000	749000
2) Diluted Nos.		1349000	1349000
Significant Accounting Policies and Notes on financial statements 1 to 36 form an integral part of accounts.			

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Dr. B.R. JAGASHETTY**  
DIRECTOR

**R.K. KUREEL**  
DIRECTOR

Refer our report of even date  
**For VASAN & SAMPATH**  
Chartered Accountants

**R. RADHAKRISHNAN**  
General Manager-Finance

**JAGADEESH C.HIREMATH**  
Deputy Gen.Manager (Admn)  
and Company Secretary

**UNNIKRISHNAN MENON**  
Membership No. 205703

PLACE : BANGALORE  
DATE : 02.07.2012

PLACE : BANGALORE  
DATE : 11<sup>th</sup> July, 2012





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>1 SHARE CAPITAL :</b>		
<b>Authorised :</b>		
15,00,000 (previous year 15,00,000) Equity shares of Rs. 100/-each	1500	1500
<b>Issued, subscribed and fully paid up :</b>		
7,49,000 (previous year 7,49,000) Equity shares of Rs. 100/- each fully paid up	749	749
<b>Total</b>	<b>749</b>	<b>749</b>
<b>1.1 The details of the shareholders holding more than 5% of the shares :</b>		
a) President of India		
No.of Shares	443180.00	443180.00
% held	59.17	59.17
b) KSIIDC Limited		
No. of Shares	305820.00	305820.00
% held	40.83	40.83
<b>1.2 SHARE APPLICATION MONEY :</b>		
Pursuant to the decision of the Board, the management had requested for additional Equity share capital of Rs.1200 lakhs from its promoters in the existing share holding pattern towards financing Cephalosporin project. The said amount of Rs.1200 lakhs has been received from the promoters as per the details hereunder:		
a) Government of India	Rs.710 lakhs	600
b) KSIIDC	Rs.490 lakhs	600

No interest is to be levied till the date of allotment. 50% of the application money is to be converted into equity on 01.10.2010 and balance 50% to be converted into equity on 01.10.2012 at par value. Accordingly, 3,55,000 shares have been allotted to the President of India on 01.10.2010 and 245000 shares have been allotted to KSIIDC on 01.10.2010 at par value. Further, 3,55,000 shares are to be allotted to President of India at par value on 01.10.2012 and 2,45,000 shares are to be allotted to KSIIDC at par value on 01.10.2012. Accordingly, the amount pending for conversion to equity shares as on 31st March, 2012 is Rs. 600 lakhs which has been exhibited under share application money pending allotment. The paid up equity capital after full allotment shall be Rs.1349 lakhs as against the Authorised share capital of Rs. 1500 lakhs.

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>2 RESERVES AND SURPLUS :</b>		
<b>Reserves :</b>		
General Reserve :		
As per last Balance Sheet	5736	4806
Add: Transfer from statement of Profit & Loss	1330	930
<b>Total</b>	<b>7066</b>	<b>5736</b>
CSR fund Reserve	42	0
Sustainable Development Fund Reserve	5	0
	7113	5736
Surplus in Profit and Loss statement :		
As per last Balance Sheet	111	90
Add:Balance in Profit & Loss statement	1602	1056
	<b>1713</b>	<b>1146</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>Appropriations :</b>		
Transfer to General Reserve	1330	930
Proposed Dividend	113	90
Tax on Proposed Dividend	18	15
Transfer to CSR Fund Reserve 2010-11	22	0
2011-12	20	0
Transfer to Sustainable Development Fund Reserve	5	0
	<b>1508</b>	<b>1035</b>
Balance in Statement of Profit & Loss	205	111
<b>Total</b>	<b>7319</b>	<b>5847</b>

- 2.1 As per the requirement of O.M.No.F.No.15(3)/2007 - DPE (GM)-99 dated 9th April, 2010 issued by Department of Public Enterprises , Government of India, the company is required to allocate 3% of the profit after tax of the previous year towards Corporate Social Responsibility (CSR) activities.

Accordingly, the company has appropriated a sum of Rs. 20.30 lakhs for the year 2011-12 after considering the actual amount spent during the year 2011-12 ie., Rs. 11.38 lakhs towards CSR activities in the nature of expenses on Medical camps, supply of free medicines during Mega Health camps and Pollution control activities.

- 2.2 As per the requirement of O.M.No.F.No.3(9)/2010 - DPE (MOU) dated 23rd September, 2011 issued by Department of Public Enterprises , Government of India, the company is required to allocate 0.50% of the profit after tax of the previous year towards Sustainable Development fund.

Accordingly, the company has appropriated a sum of Rs. 5.00 lakhs being 0.50 % of the profit after tax of the previous year.

- 2.3 As per the requirement of O.M.No.F.No.3(9)/2010 - DPE (MOU) dated 23rd September, 2011 issued by Department of Public Enterprises, Government of India, the company is required to allocate 0.50 % of the profit after tax for the year towards Research and Development Fund.

As the company has already spent the required amount, no appropriation has been made towards this fund.

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>3. LONG TERM BORROWINGS :</b>		
<b>Term Loan:</b>		
From banks : Secured Refer Note No. 7		
From Vijaya Bank		
Secured against hypothecation of specific fixed assets and continuing security of the Company's other fixed assets on pari passu basis with State Bank of India	369	294
	<b>369</b>	<b>294</b>

**3.1 The Company has been sanctioned two term loans from Vijaya Bank. The details of balances of each term loan as at 31st March, 2012 and the terms of repayment is as under:**

PARTICULARS	Balance outstanding As on 31st March, 2012	Balance outstanding As on 31st March, 2011
<b>Term Loan No.1</b>	137	247
Current Rs. 109.10 lakhs (Refer Note. No. 7) (Previous year Rs. 99.88 lakhs)		
Non-Current Rs. 137.07 lakhs (previous year Rs. 247.21 lakhs)		
Terms of repayment :		
84 equated monthly instalment after 12 months repayment holiday-Rate of Interest - 12.50% - As on 31st March 2012, 25 Instalments are remaining to be paid		
<b>Term Loan No.2</b>	232	47
Current Rs. 24.65 lakhs (Refer Note. No. 7) (Previous year Rs. 1.37 lakhs)		
Non-Current Rs. 231.98 lakhs (previous year Rs. 46.63 lakhs)		
Terms of repayment :		
84 equated monthly instalment after 18 months repayment holiday-Rate of Interest - 12.75% - As on 31st March 2012, 83 Instalments are remaining to be paid		
There is no default in repayment of the above Term Loans		
<b>Total</b>	<b>369</b>	<b>294</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	Balance Outstanding As on 31st March, 2012	Balance Outstanding As on 31st March, 2011
<b>4. LONG-TERM PROVISIONS :</b> (Refer Note No. 8.1 )		
<b>Provision for employee benefits:</b>		
<b>Provision for Earned Leave</b>	813	741
Current Rs. 46.31 lakhs (Refer Note. No. 8) (Previous year Rs. 37.85 lakhs)		
Non-Current Rs. 812.71 lakhs (previous year Rs. 741.46 lakhs)		
<b>Provision for Sick Leave</b>	196	180
Current Rs. 8.91 lakhs (Refer Note. No. 8) (Previous year Rs. 7.58 lakhs)		
Non-Current Rs. 195.95 lakhs (previous year Rs. 179.53 lakhs)		
<b>Total</b>	<b>1009</b>	<b>921</b>

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>5. SHORT-TERM BORROWINGS :</b>		
Loans repayable on demand:		
From Banks :		
Secured :		
Cash credit/overdraft from scheduled banks secured against hypothecation of stock-in-trade and book debts on pari passu basis and pari passu first charge on Company's entire fixed assets other than fixed assets charged to Vijaya Bank for Term loan	784	271
<b>Total</b>	<b>784</b>	<b>271</b>
<b>6. TRADE PAYABLES :</b>		
Acceptances	15	166
Dues to Micro, Small and Medium enterprises ( Refer Note No. 6.1 )	81	42
Others	7009	7542
<b>Total</b>	<b>7105</b>	<b>7750</b>

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
6.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as follows :		
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
<b>7. OTHER CURRENT LIABILITIES :</b>		
Current maturities of term loan (Refer Note no.3)		
Term Loan 1	109	100
Term Loan 2	25	1
EMD and security deposits received	225	216
Sundry Creditors for Capital Works	177	167
Other payables		
Statutory	197	205
Outstanding Expenses	487	460
Others	65	62
Advance received from customers	217	129
<b>Total</b>	<b>1502</b>	<b>1340</b>

- 7.1 "Others" under Other Payables include Rs. 7.49 Lakhs (Previous year Rs.7.46 laks) being the amount payable towards Executive Welfare Fund Rs. 2.63 lakhs (previous year Rs. 1.89 lakhs) and Non-executive welfare fund Rs. 4.86 Lakhs (Previous year Rs. 5.57 lakhs) which are administered by the committee consisting of the members from Management and the employees. Out of Rs. 4.86 lakhs (Previous year 5.57 lakhs) non-executive welfare fund, a sum of Rs. 2.00 Lakhs (previous year 2.00 lakhs) is held in the form of Term Deposit with Vijaya Bank, Bangalore.





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>8 SHORT TERM PROVISIONS :</b>		
Provision for Taxation (Net)	481	422
Provision for proposed dividend (Dividend proposed is Rs. 15 Per Equity share of face value Rs. 100, Previous year Rs. 12 per equity share of face value Rs. 100)	113	90
Provision for tax on proposed dividend	18	15
Provision for Gratuity	355	512
Provision for Earned leave (Refer Note No.4)	46	38
Provision for sick leave (Refer Note No.4)	9	7
Provision for CSR fund	0	23
Provision for contingencies	115	60
<b>TOTAL</b>	<b>1137</b>	<b>1167</b>

### 8.1 MOVEMENT OF PROVISIONS DURING THE YEAR

(Refer Note 4 and 8)

(Rs.in Lakhs)

Particulars	Balance at the begin- ing of the year	Amount provided during the year	Amount paid/adjus- ted during the year	Balance at the end of the year
Provision for Taxation (Net)	422	860	801	481
Proposed Dividend	90	113	90	113
Provision for tax on proposed dividend	15	18	15	18
Provision for Earned Leave	779	200	120	859
Provision for Gratuity	512	112	269	355
Provision for Sick Leave	187	18	0	205
Provision for CSR Fund (Refer note 8.2)	23	0	23	0
Provision for Contingencies :				
a) Disputed legal cases	20	75	0	95
b) Disputed statutory demands	40	0	20	20
<b>Total</b>	<b>2088</b>	<b>1396</b>	<b>1338</b>	<b>2146</b>

8.2 As per the requirements of O.M.No.F.No.15(3)/2007-DPE(GM)GL-99 dated 9th April 2010, issued by the Department of Public Enterprises, Government of India, the Company is required to allocate 3% of the Profit after tax of the previous year towards Corporate Social Responsibility (CSR) activities.

Accordingly, the company had made a provision of Rs. 23.20 Lakhs as on 31.3.2011 after considering the actual amount spent during the year towards CSR activities. The Company has further spent a sum of Rs. 1.24 lakhs towards CSR activities during the year 2011-12. The balance unspent amount of Rs. 21.96 Lakhs has been withdrawn as provision no longer required and the said sum of Rs. 21.96 lakhs has been appropriated from the surplus during the year.

## 9 TANGIBLE ASSETS :

(Rs.in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	TOTAL AS AT 1.4.11	ADDITIONS DURING THE YEAR	ADJUST-MENTS DELETIONS/IMPAIRMENT DURING THE YEAR	TOTAL AS AT 31.3.12	TOTAL AS AT 1.4.11	FOR THE YEAR	ADJUST-MENTS DELETIONS/IMPAIRMENT DURING THE YEAR	TOTAL AS AT 31.3.12	AS AT 31.3.12	AS AT 31.3.11
LAND :										
FREE HOLD	23	0	0	23	0	0	0	0	23	23
BUILDINGS	1033	6	0	1039	286	33	0	319	720	747
PLANT AND MACHINERY	2217	59	11	2265	866	129	10	985	1280	1350
FURNITURE & FIXTURES	125	2	1	126	75	5	0	80	46	50
OFFICE EQUIPMENTS	215	12	2	225	123	20	1	142	83	92
CANTEEN EQUIPMENTS	9	0	0	9	5	1	0	6	3	4
VEHICLES	13	0	0	13	3	1	0	4	9	11
<b>TOTAL</b>	<b>3635</b>	<b>79</b>	<b>14</b>	<b>3700</b>	<b>1358</b>	<b>189</b>	<b>11</b>	<b>1536</b>	<b>2164</b>	<b>2277</b>
<b>PREVIOUS YEAR</b>	<b>3563</b>	<b>96</b>	<b>24</b>	<b>3635</b>	<b>1172</b>	<b>194</b>	<b>8</b>	<b>1358</b>	<b>2277</b>	<b>2391</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

- 9.1 Government of Karnataka has granted 20 acres of land in Survey No.80 (New No.197) and 4 acres and 20 guntas in Survey No. 22 (New No. 196) at Kadabagere village, Dasanpura Hobli, Bangalore North Taluk, Bangalore. The RTC in respect of Survey No.80 (New No.197) has been received and in respect of Survey No. 22 (New No.196) is yet to be received. The Company had applied for survey report from the Government of Karnataka for the above survey numbers. Survey report in respect of Survey No. 80(New No. 197) has been received and encroachment to the extent of 3 acres and 25 guntas is reported. Besides the encroachment shown in survey report, there is an encroachment to the extent 1 Acre (approx.) in Survey No. 80 (New No.197) which has not been shown in survey report. The Company has taken up the matter with revenue authorities for mentioning this additional encroachment in the report and eviction of all encroachments. The Company has since fenced the remaining portion of the land. Out of the encroachments of 3 acres and 25 guntas shown in the survey report, one of the encroached party has filed a Civil Suit in Civil Judge Court, Bangalore against the Company, which is being contested by the Company. The Company has applied for survey of Survey No.22 (New No. 196) during Dec,2008 and survey is yet to be carried out. Matter is being pursued. Board, at its 131st Board Meeting held on 19.02.2010, decided to grow medicinal Plants in 10 acres in Phase I. Accordingly Medicinal Plants are being grown at Kadabagere land.
10. Board, at its 126th meeting held on 18.12.2008, approved Cephalosporin project at a cost of Rs. 2223 lakhs. The promoters have contributed Rs. 1200 lakhs as additional equity. The balance amount is to be funded by way of Term loan of Rs. 800 lakhs and internal accruals of Rs. 223 lakhs. The project work is under progress.
- 10.1 Capital work in progress includes a sum of Rs. 16.96 lakhs (previous year Rs. 5.47 lakhs) being the borrowing costs incurred during the year towards the term loan borrowed for the Cephalosporin project.

- 11 Major components of deferred tax assets and liabilities arising on account of timing differences are as under :

(Rs.in Lakhs)

PARTICULARS	Upto 31.03.2012	Upto 31.03.2011
<b>Deferred Tax Liabilities :</b>		
a) Fixed Assets - Written Down Value Difference	335	332
	335	332
<b>Less : Deferred Tax Assets :</b>		
a) Provisions for doubtful debts, claims etc.,	23	16
b) Leave Salary	345	314
c) Gratuity	115	166
d) Others	78	33
	561	529
Deferred Tax Asset (Net)	226	197

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>12. LONG TERM LOANS AND ADVANCES :</b>		
<b>Capital Advances:</b>		
Unsecured, Considered good Advance for capital items	337	188
Advance to employees	2	3
Current Rs. 64.93 lakhs (Refer Note. No. 17) (Previous year Rs. 65.50 lakhs)		
Non-Current Rs. 1.52 lakhs (Previous year Rs. 2.52 lakhs)		
Prepaid expenses	2	0
Current Rs. 26.50 lakhs (Refer Note. No. 17) (Previous year Rs. 11.09 lakhs)		
Non-Current Rs. 1.90 lakhs (previous year Rs. NIL)		
Deposit Rent - Non current	5	5
Deposit with Government Departments	40	40
Current Rs. 251.44 lakhs (Refer Note. No. 17) (Previous year Rs. 369.22 lakhs)		
Non-Current Rs. 40.08 lakhs (previous year Rs.40.08 lakhs)		
<b>Total</b>	<b>386</b>	<b>236</b>
<b>13. OTHER NON-CURRENT ASSETS :</b>		
<b>Others</b> (Refer Note No. 16)	5	0
Held as Fixed Deposit with the State Bank of India as Margin Money		
<b>Total</b>	<b>5</b>	<b>0</b>
<b>14. INVENTORIES :</b>		
Raw materials - in stock	1092	1026
- in transit	152	86
Less : Provision for obsolescence	25	23
	1219	1089
Work-in-progress	419	357
Finished Goods - in stock	1010	1031
- in Transit	238	224
Stores and spares	17	16
<b>Total</b>	<b>2903</b>	<b>2717</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>15. TRADE RECEIVABLES :</b>		
Unsecured		
Over six months		
Considered good	2130	2143
Considered doubtful	71	48
Less : Provision for doubtful	71	48
	<b>2130</b>	<b>2143</b>
Others - Considered good	7054	5468
<b>Total</b>	<b>9184</b>	<b>7611</b>

15.1 'Sundry Debtors' includes Rs. 6497.41 Lakhs(Previous year Rs. 4947.96 lakhs) due from Government Institutions /bodies in respect of which confirmation of balances is awaited.

15.2 Included in the above, a sum of Rs.1216.52 Lakhs (Previous year Rs. 1216.52 Lakhs) is due from Government of Madhya Pradesh (M.P.Govt) against supply of Medicine Kits during financial year 2007-08. The Company has filed a Writ petition for recovery of the above dues before the Honourable High Court of Madhya Pradesh. In its order dated 20th March 2010, the Court had directed the M.P.Govt. to make an interim payment of Rs.1000 lakhs which would be subject to the final outcome of the case. The said sum of Rs.1000 lakhs has since been received during the year 2010-11. The High court of Madhya Pradesh had further directed the parties to form a committee to resolve the matter. Against the interim order of the Honourable High Court, M.P.Government had approached Supreme Court by filing an SLP. The SLP was disposed off on 02.05.2011 by the Supreme Court. The matter is pending before Honourable High Court of Madhya Pradesh

Corresponding to the receivables referred to above, there exists a net liability of Rs.1572.94 lakhs (Previous year Rs.1573.01 lakhs) due to the vendor payable only against realisation of the sale proceeds. Considering the facts of the case and based on the legal advise, the management believes that the balance is wholly recoverable and hence of the opinion that no provision for doubtful debts is required in this regard.

15.3 Confirmation of balances called for by the Company from sundry debtors other than Government institutions/bodies is awaited to an aggregate extent of Rs. 1063.47 lakhs(previous year Rs. 847.81 lakhs) of such debtors. Confirmation of balances from sundry creditors is awaited to an aggregate extent of Rs. 6103.07 lakhs (Previous year Rs. 6036.85 lakhs). In the cases where differences are noticed in the confirmations received from Debtors and Creditors, the Company has adopted the balance as per Books of Accounts for preparation of Financial Statements, after carrying out necessary reconciliations.

15.4 Confirmation of balances in respect of Deposit with Government departments amounting to Rs. 47.97 lakhs is awaited (Previous Year Rs. 29.78 lakhs).

15.5 However, in the opinion of the Company, non receipt of confirmation of balances will not have any material effect on the financial position of the Company.

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>16. CASH AND BANK BALANCES :</b>		
<b>Cash and cash equivalents:</b>		
Balances with banks		
- in current Account	164	399
- in fixed deposit account		
With maturity less than 3 months	3050	3714
Other Bank balances		
- in fixed deposit account		
With maturity more than 3 months	803	225
a) An amount of Rs. 1.42 Lakhs (previous year Rs.1.42 lakhs) held in Vijaya Bank, Secunderabad as per the orders of High Court of Andhra Pradesh in connection with a case filed by an employee.		
b) An amount of Rs. 2.00 Lakhs (previous year Rs.2.00 Lakhs) held with Vijaya Bank, Bangalore in respect of a welfare fund constituted for the welfare of the employees.		
Cash, Stamps and Coupons on hand	6	6
Margin money in fixed deposits		
- With maturity more than 3 months	53	65
Rs. 5.00 Lakhs, being Non-current portion of margin money, is reflected under other Non-current Asset - Refer Note No. 13		
Remittances - in - transit	133	160
<b>Total</b>	<b>4209</b>	<b>4569</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>17 SHORT TERM LOANS AND ADVANCES :</b>		
Advances		
Others		
Unsecured, recoverable in cash or kind or for value to be received Considered good		
Advance to employees including imprest to field employees (Refer Note No.12)	65	65
Pre-paid expenses (Refer Note No.12)	27	11
Other advances	19	18
Other receivables	62	32
<b>Total</b>	<b>173</b>	<b>126</b>
Deposits with Government Departments (Refer Note No.12)		
Considered good	246	364
Considered doubtful	5	5
	251	369
Less: Provision for Doubtful deposits	5	5
	246	364
<b>Total</b>	<b>419</b>	<b>490</b>
<b>18 OTHER CURRENT ASSETS :</b>		
Interest Accrued on deposits	74	53
<b>Total</b>	<b>74</b>	<b>53</b>
<b>19 CONTINGENT LIABILITIES AND COMMITMENTS :</b> (to the extent not provided for)		
19.1 Contingent Liabilities:		
19.1.1 Claims against the company not acknowledged as debts	53	3
19.1.2 Bank guarantees	124	243
19.1.3 Letter of Credit	33	195
19.1.4 Difference in sales tax for non-receipt of Statutory forms	404	339
19.1.5 Liability towards sales tax pending appeal before various appellate Authorities relating to earlier years:		

(Rs.in Lakhs)

NATURE OF DUES	AMOUNT Rs. Lakhs	Period to which the amount relates
Supplies to Government departments at concessional rate of tax - Forms not received from the departments - Maharashtra Sales Tax Act	0.00 (1.67) 0.00 (1.96)	2003-2004 2004-2005
Sales returns disallowed. Feed supplement and Agro Chemicals Taxed at higher rate - Tamil Nadu Sales Tax Act	0.89 (0.89)	2003-2004
The Dispute is pending with Appellate Assistant Commissioner (CT)V(Chennai)		
Supplies to government departments at concessional rate of tax-Forms submitted not considered in assessment - Uttar Pradesh VAT Act	11.87 (0.00)	2005-2006
The Dispute is pending with Assistant Commissioner of Commercial Taxes (Appeals) Lucknow.		
Calculation error at the time of assessment - West Bengal Sales Tax act	1.74 (1.74)	2005-2006
Value of Stock transfer excess taken in the assessment West Bengal Sales Tax act	15.71 (0.00)	2008-2009
The Disputes are pending with Senior Commissioner of Commercial Taxes , Behala, Kolkatta (figures in brackets represent previous year figures)	30.21 (6.26)	
<b>19.2 COMMITMENTS:</b>		
19.2.1 Estimated amount of contracts remaining to be executed on capital account and not provided for	720	924





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
<b>20. REVENUE FROM OPERATIONS :</b>		
Sale of Products	23089	20901
Other Operating revenues	266	419
	23355	21320
Less : Excise Duty	909	579
<b>Total</b>	<b>22446</b>	<b>20741</b>
<b>20.1 Particulars of Sale of products :</b>		
Dry Powder Vials	6920	5796
Liquid Parenterals (Vials/Ampoules)	2232	2048
Tablets	4906	3410
Capsules	1958	1009
Dry Syrup & Suspension	613	544
Others	6460	8094
<b>Total</b>	<b>23089</b>	<b>20901</b>
<b>21. OTHER INCOME :</b>		
Interest received	320	310
Profit on sale of assets	0	0
Miscellaneous receipts	49	8
Exchange rate fluctuation	17	20
<b>Total</b>	<b>386</b>	<b>338</b>

**22. MATERIALS CONSUMED :**

Sl. No.	PRODUCT NAME	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY (Kgs/Bus)	VALUE Rs. Lakhs	%	QUANTITY (Kgs/Bus)	VALUE Rs. Lakhs	%
A.	RAW MATERIALS :						
I.	INDIGENOUS :						
	1. CEFOTAXIME SODIUM	8319.510	513		5938.030	552	
	2. CEFTRIAXONE	6590.000	414		6502.991	497	
	3. CIPROFLOXACIN	25917.623	411		16024.687	259	
	4. AMOXYCILLIN TH (COMP)	25550.320	391		15871.570	248	
	5. CEFADROXYL IP (COMP)	9104.400	267		6239.000	179	
	6. PARACETAMOL	110613.678	238		99910.750	205	
	7. AMPICILLIN SOD.ST.	8391.033	218		6268.960	191	
	8. AMIKACIN SULPHATE	3797.487	179		3647.638	169	
	9. CEFTAZADINE IP/USP ST.	1105.030	157		775.705	121	
	10. ALBENDAZOLE	12507.496	148		9791.499	110	
	11. OTHERS		3234			2249	
	TOTAL		6170	93		4180	90
II.	IMPORTED :						
	1 POTTASIMUM CLAUVALNATE	493.260	74		1221.240	176	
	2 HYDROCARTISONE SOD.	150.000	54		260.000	89	
	3 STREPTOMYCIN SULPHATE	5000.000	101		2895.000	47	
	4 BENZATHENE PENCILLIN	1475.160	30		2089.545	43	
	5 CEFTAZADIME	700.000	81		0.000	0	
	6 OTHERS		103			201	
	TOTAL		443	7		556	10
TOTAL OF I & II			6613 100		5336 100		





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 22. MATERIALS CONSUMED : (Contd.)

Sl. No.	PRODUCT NAME	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY (Kgs/Bus)	VALUE Rs. in Lakhs	QUANTITY (Kgs/Bus)	VALUE Rs. in Lakhs
<b>B.</b>	<b>PACKING MATERIALS :</b>				
	(all indigenous)	(Nos.in Lakhs)		(Nos. in Lakhs)	
1	VIALS, AMPOULES & BOTTLES	941.64	815	970.79	804
2	OTHERS		1649		1195
	TOTAL		2464		1999
	TOTAL OF A & B		9077		7335
	LESS : CENVAT CREDIT		791		596
	LESS : VAT CREDIT		50		30
	NET CONSUMPTION		8236		6709

### 23. PURCHASES OF STOCK-IN-TRADE

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY No. in Lakhs	VALUE Rs. in Lakhs	QUANTITY No. in Lakhs	VALUE Rs. in Lakhs
Medical and Surgical Kits	*	1083	*	684
Others	*	2341	*	4342
<b>Total</b>		<b>3424</b>		<b>5026</b>

\*Enumeration of quantities not practicable

(Rs.in Lakhs)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
FINISHED GOODS AND STOCK-IN-TRADE :		
Opening Stock	1255	1034
Closing Stock	1248	1255
	7	-221
WORK-IN-PROCESS :		
Opening Stock	357	281
Closing Stock	419	357
	-62	-76
(Increase) / Decrease	-55	-297
Excise Duty on Inventory Change	13	29
Net (Increase) / Decrease	-42	-268
<b>25. EMPLOYEE BENEFITS EXPENSE :</b>		
Salaries and Wages	3363	3076
Voluntary Retirement Scheme Expenses	138	0
Contribution to provident and other funds	382	251
Staff welfare expenses	430	383
<b>Total</b>	<b>4313</b>	<b>3710</b>
<b>25.1 Employee benefit expenses include Managing Director's remuneration as under :</b>		
PARTICULARS		
a) Salary	17	13
b) Contribution to PF	1	1
<b>Total</b>	<b>18</b>	<b>14</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

25.2 a) Employees' benefits are recognised on accrual basis. Liability towards compensated absence such as leave encashment and sick leave and liability towards defined benefit plan viz. Gratuity are valued on actuarial basis under Projected Unit Credit Method. Liability under defined contribution schemes such as contribution to Provident Fund, ESI, Death Relief Fund, etc., are measured based on the contribution due for the year.

b) The amounts recognised in the Balance Sheet are as follows :

(Rs.in Lakhs)

Particulars	Defined Benefit Gratuity		Earned Leave				Sick Leave Availment	
			Availment		Encashment			
	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011
Present value of obligations	1860	1737	46	38	813	741	205	187
Fair value of Plan Assets	1505	1225	0	0	0	0	0	0
Present value of unfunded obligations (Net Liability)	355	512	46	38	813	741	205	187
Net Assets/(Liability) recognised in Balance Sheet	-355	-512	-46	-38	-813	-741	-205	-187

c) The amounts recognised in the Profit and Loss Account are as follows :

(Rs.in Lakhs)

Particulars	Defined Benefit Gratuity		Earned Leave				Sick Leave Availment	
			Availment		Encashment			
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Current Service Cost	92	124	39	44	154	184	41	56
Interest on obligation	143	139	0	-2	58	46	14	13
Expected Return on Plan Assets	-119	-72	0	0	0	0	0	0
Net Actuarial Losses/(gains) recognised in the year	-10	-214	34	61	-20	-11	2	-30
Total included in Employee benefits	106	-23	73	103	192	219	57	39
Benefits availed included under Salaries, Wages & Bonus	0	0	-65	-88	-120	-219	-39	-35
Net charged to Profit and Loss Account	106	-23	8	15	72	0	18	4
Actual Return on Plan Assets for the year	9.40%	9.30%	0	0	0	0	0	0

- d) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

(Rs.in Lakhs)

Particulars	Defined Benefit Gratuity		Earned Leave				Sick Leave Availment	
			Availment		Encashment			
	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011	As at 31.3.2012	As at 31.3.2011
Opening Obligation	1737	1739	38	23	741	630	187	183
Current Service Cost	92	124	39	44	154	184	41	56
Interest Cost	143	139	0	-2	58	46	14	13
Actuarial Losses/(gains)	-10	-214	34	61	-20	-11	2	-30
Benefits Paid/Availed	-102	-51	-65	-88	-120	-108	-39	-35
Closing Obligation	1860	1737	46	38	813	741	205	187

- e) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

(Rs.in Lakhs)

Particulars	Gratuity	
	As at 31.3.2012	As at 31.3.2011
Opening Balance	1225	540
Interest credited	119	72
Assets distributed on Settlement/Benefits paid	-102	-51
Contribution by company	263	664
Closing Balance	1505	1225

Gratuity is funded through a policy with Life Insurance Corporation of India.





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

- f) The particulars regarding present value of the defined benefit obligation, the fair value of plan assets and surplus/deficit in the plan are as under :

(Rs.in Lakhs)

YEAR	Present value of defined benefit obligation			Fair Value of Plan assets			Surplus/deficit in the Plan		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
2007-2008	805	336	92	396	0	0	409	336	92
2008-2009	1162	445	118	493	0	0	669	445	118
2009-2010	1739	653	183	540	0	0	1199	653	183
2010-2011	1737	779	187	1225	0	0	512	779	187
2011-2012	1860	859	205	1505	0	0	355	859	205

- g) Principal Actuarial assumptions at the Balance Sheet Date :

PARTICULARS	Gratuity		Earned Leave		Sick Leave	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Mortality Rate	LIC (1994-96)					
Discount Rate	8.50%	8.00%	8.50%	8.00%	8.50%	8.00%
Estimate of salary increases	10.00%	13.00%	10.00%	13.00%	10.00%	13.00%

The estimates of salary increases considered in actuarial valuation takes into account inflation, Seniority, Promotion and other relevant factors.

(Rs.in Lakhs)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
<b>26. FINANCE COSTS :</b>		
Interest Expenses (refer Note No. 26.1)	83	62
Other Borrowing cost	25	42
Exchange Rate fluctuation	4	6
<b>Total</b>	<b>112</b>	<b>110</b>
26.1 Interest expenses include a sum of Rs. 20.22 lakhs (Previous year 12.62 lakhs) being the interest under section 234C of the Income Tax Act, 1961.		
<b>27. PRIOR PERIOD ADJUSTMENTS :</b>		
<b>PRIOR YEARS INCOME :</b>		
Travelling and Conveyance	1	0
Purchase of Finished Goods	6	0
Withdrawal of Provision for CSR Fund	22	0
Sales tax paid	15	0
	44	0
<b>PRIOR YEARS EXPENDITURE :</b>		
Commission and discounts	23	10
Purchase of Finished Goods	0	42
Repairs and Maintenance - Machinery and electrical	1	1
Salaries, Wages and Bonus	0	2
Export Marketing Expenses	0	2
Legal & Professional charges	0	4
Rent	1	0
Sales reversal	0	1
	25	62
<b>Total</b>	<b>-19</b>	<b>62</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>28. OTHER EXPENSES :</b>		
Consumption of stores and spare parts	50	39
Power and fuel	268	248
Rent	49	44
Repairs to buildings	15	8
Repairs to machinery	40	45
Insurance	9	9
Rates and taxes	35	48
Auditor's remuneration: as auditor (including service tax)	2	2
Travelling and Conveyance	527	466
Commission and discounts	1592	1559
Carriage outwards	296	222
Loss on sale/discarding of assets	1	3
Other manufacturing expenses	318	202
Laboratory expenses	27	23
Communication expenses	27	29
Legal and professional charges	40	44
General maintenance expenses	97	72
Printing and Stationery	47	67
Recruitment and training expenses	36	24
Other selling expenses	318	322
Sundry Receivables written off	24	19
Other provisions	111	74
Other miscellaneous expenditure	280	129
<b>Total</b>	<b>4209</b>	<b>3698</b>

- 28.1 The Company has no leasing arrangements under finance lease. In respect of premises obtained under operating lease, the leases are cancellable at the option of the Company.
- 28.2 Loss on sale/discarding of assets includes 0.99 lakhs (previous year Rs. 2.93 lakhs) and Rs.0.13 lakhs (Previous year Rs. 0.29 lakhs) of certain obsolete Fixed assets recognised as impaired and charged off.



(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
<b>29. TAX EXPENSE - CURRENT TAX</b>		
Current Tax Provision	840	587
Excess provision for taxes of earlier years	-3	-3
<b>Total</b>	<b>837</b>	<b>584</b>

**30. STATEMENT OF SALES AND STOCK :**

Sl.No.	PARTICULARS	VALUE RS. LAKHS		
		SALES	CLOSING STOCK	OPENING STOCK
1	Dry Powder Vials	6920 (5796)	407 (413)	413 (309)
2	Liquid Parenterals (Vials/Ampoules)	2232 (2048)	56 (125)	125 (96)
3	Tablets	4906 (3410)	157 (97)	97 (60)
4	Capsules	1958 (1009)	58 (30)	30 (21)
5	Dry Syrup & Suspension	613 (544)	47 (45)	45 (25)
6	Others	6460 (8094)	523 (545)	545 (523)
	<b>TOTAL</b>	<b>23089 (20901)</b>	<b>1248 (1255)</b>	<b>1255 (1034)</b>





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs.in Lakhs)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
<b>31.</b>	<b>SPARES CONSUMED</b>				
	Indigenous	47	94	39	100
	Imported	3	6	0	0
		50	100	39	100
<b>32.</b>	<b>VALUE OF IMPORTS ON CIF BASIS</b>				
	1. Raw Materials	394		600	
	2. Capital goods	0		46	
	3. Others	5		0	
<b>33.</b>	<b>EARNINGS IN FOREIGN EXCHANGE</b>				
	F.O.B. Value of Exports	2209		1944	
<b>34.</b>	<b>EXPENDITURE IN FOREIGN CURRENCY</b>				
	Travel and others	32		62	

**35. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH 2012**
**PRIMARY SEGMENT : BUSINESS SEGMENT**

(Rs.in Lakhs)

PARTICULARS	PHARMACEUTICALS		OTHERS		TOTAL	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011	31.3.2012	31.3.2011
<b>REVENUE</b>						
Sales	21726	19924	1363	977	23089	20901
Income from Contract Manufacturing			131	161	131	161
Total Revenue	21726	19924	1494	1138	23220	21062
Segment Result	3034	2202	240	229	3274	2431
Unallocated Corporate Expenses					1099	834
Operating Profit					2175	1597
Interest Expense					85	69
Interest Income					320	310
Income Tax					840	587
Deferred Tax					-29	198
Profit from Ordinary Activities					1599	1053
Taxation Adjustments of Previous Year					3	3
Net Profit					1602	1056
<b>OTHER INFORMATION</b>						
Segment Assets	12319	11079	3454	2749	15773	13828
Unallocated Corporate Assets					4801	5111
Total Assets					20574	18939
Segment Liabilities	6793	7749	2843	2541	9636	10290
Unallocated Corporate Liabilities					10938	8649
Total Liabilities					20574	18939
Capital Expenditure	280	445	0	0	280	445
Unallocated Capital Expenditure					14	23
Total Capital Expenditure	280	445	0	0	294	468
Depreciation*	161	165	1	1	162	166
Non-cash Expenses other than Depreciation	0	0	0	0	0	0

\* does not include depreciation on common assets





## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### SECONDARY SEGMENT: GEOGRAPHICAL SEGMENT

(Rs.in Lakhs)

	31.3.2012	31.3.2011
<b>REVENUE :</b>		
INDIA	20942	19062
OUTSIDE INDIA	2278	2000
<b>TOTAL</b>	<b>23220</b>	<b>21062</b>
<b>CARRYING AMOUNT OF SEGMENT ASSETS :</b>		
INDIA	14875	13353
OUTSIDE INDIA	898	475
<b>TOTAL</b>	<b>15773</b>	<b>13828</b>
<b>ADDITIONS TO FIXED ASSETS</b>		
INDIA	294	468
OUTSIDE INDIA	0.00	0.00
<b>TOTAL</b>	<b>294</b>	<b>468</b>

### NOTES :

#### 1. BUSINESS SEGMENTS :

The business segment has been considered as the primary segment for disclosure. The products included in each of the reported business segments are as follows:

- 1.1) PHARMACEUTICALS comprises of formulations of various dosage forms.
- 1.2) OTHERS comprises of agrochemicals, medical equipment, medical kits, diagnostics and income from contract manufacturing.

#### 2. GEOGRAPHICAL SEGMENTS :

The geographical segments considered for disclosure are as follows :

- 2.1) Sales within India
- 2.2) Sales outside India

#### 3. SEGMENTAL ACCOUNTING POLICIES :

- 3.1 Segment accounting policies are in line with the accounting policies of the Company.
- 3.2 Segment revenue, expenses, assets and liabilities which are directly attributable to the segment, are disclosed accordingly.
- 3.3 Unallocable corporate expenses, assets and liabilities relate to the Company as a whole and are not practicable to allocate to any segment.



36. a) Previous year's figures have been regrouped wherever necessary to make them comparable with current year figures.
- b) Figures have been rounded off to nearest lakh rupees.

Signature to Note Nos. 1 to 36

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Dr. B.R. JAGASHETTY**  
DIRECTOR

**R.K. KUREEL**  
DIRECTOR

Refer our report of even date  
**For VASAN & SAMPATH**  
Chartered Accountants

**R. RADHAKRISHNAN**  
General Manager-Finance

**JAGADEESH C. HIREMATH**  
Deputy Gen. Manager (Admn)  
and Company Secretary

**UNNIKRISHNAN MENON**  
Membership No. 205703

PLACE : BANGALORE  
DATE : 02.07.2012

PLACE : BANGALORE  
DATE : 11<sup>th</sup> July, 2012





# **CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012**

(Rs.in Lakhs)

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	2,410	1,851
Adjustment for :		
Depreciation	189	194
Interest Income	(320)	(332)
Interest expenditure	83	49
(Profit)/ Loss on discarding of Assets	1	3
	(47)	(86)
Operating Profit before Working Capital Change	2,363	1,765
Adjustment for :		
(Increase)/Decrease in Trade and other receivables	(1,678)	1,301
(Increase)/Decrease in inventories	(186)	(897)
Increase/(Decrease) in creditors & other liabilities	(524)	(371)
	(2,388)	33
Cash generated from operations	(25)	1,798
Direct Taxes paid (Net of refund)	(764)	(517)
Net cash from operating activities (A)	(789)	1,281
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	320	310
Purchase of Fixed assets	(293)	(468)
Sale of Assets	2	13
Net cash from investing activities (B)	29	(145)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in long term loan	75	(46)
Increase in short term loan	513	93
Dividend paid	(90)	(90)
Tax on distributed profits	(15)	(15)
Share Application Money received	-	290
Interest paid	(83)	(49)
Net cash from financing activities (C)	400	183
<b>D. NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(360)	1,319

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012 (Contd.)****(Rs.in Lakhs)**

	<b>Current Year</b>	<b>Previous Year</b>
E. CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	4,569	3,249
F. CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	4,209	4,568
Cash and Cash equivalents represent the Cash and Bank balances		
Direct Taxes are considered as operating activity		
Previous Year Figures are regrouped wherever necessary		

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Dr. B.R. JAGASHETTY**  
DIRECTOR**R.K. KUREEL**  
DIRECTORRefer our report of even date  
**For VASAN & SAMPATH**  
Chartered Accountants**R. RADHAKRISHNAN**  
General Manager-Finance**JAGADEESH C.HIREMATH**  
Deputy Gen.Manager (Admn)  
and Company Secretary**UNNIKRISHNAN MENON**  
Membership No. 205703PLACE : BANGALORE  
DATE : 02.07.2012PLACE : BANGALORE  
DATE : 11<sup>th</sup> July, 2012



(Rs. in Lakhs)

SL NO	PARTICULARS	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
01	Value of Production	15493	22633	25092	21875	23927	25100
02	Sales Turnover	13112	19645	22501	21282	20901	23089
03	Exports (included in 2 above)	786	616	1088	1220	2000	2278
04	Cash Profit	746	1008	1132	1824	2032	2599
05	Profit before tax	674	852	968	1642	1838	2410
06	Profit after tax	419	519	600	1150	1056	1602
07	Share Capital	149	149	149	149	749	749
08	Reserves & Surplus	3098	3241	3798	4896	5847	7319
09	Net Worth	3247	3390	3947	5045	6596	8068
10	Gross Block	2892	3191	3457	3562	3635	3700
11	Long term borrowings	641	596	526	441	395	503
12	Contribution to Exchequer	1724	2064	2049	1852	1964	2818
13	Manpower (Nos.)	629	655	695	715	715	714
14	Average Sales per employee (Rs.)	21	30	32	30	29	32
15	Average production per factory employee (Rs.)	71	95	117	102	112	117
16	Dividend(%)	25	25	25	30	12	15
17	Book Value per share (Rs.) (Face value of Rs.100)	2179	2275	2649	3386	881	1077
18	Earning per Share (Rs.) (Face value of Rs.100)	281	349	403	772	141	214
19	Sundry Debtors to sales (%)	22	29	31	44	36	40
20	Turnover to Gross Fixed assets (%)	453	615	651	597	575	624
21	Value of closing inventory to Sales (%)	14	12	12	9	13	13
22	Finance cost to turnover (%)	0.35	0.49	0.50	0.46	0.53	0.49
23	Material cost to turnover (%)	60	68	65	56	56	51





Shri S. L. Phadke, MD and other Sr. Officers of KAPL seen with Hon'ble Chairman and other members of Standing Committee on Chemicals & Fertilizers during their visit to Mysore and Bangalore.



Shri S.L. Phadke, MD, KAPL seen with officer of Dept. of Pharmaceuticals and other officers of KAPL during Meeting with Committee on Govt. Assurance, Rajya Sabha during their visit to Bangalore.





Shri S.L. Phadke, Managing Director, KAPL  
welcoming Shri H.S. Upendra Kamath, CMD, Vijaya Bank to Corporate Office.



Shri S.L. Phadke, Managing Director planting a Tree  
at Kadabagere Land.