Innovating for affordable healthCare

Shilpa Medicare Limited

27th Annual Report

2013-2014

Awards

ಕರ್ನಾಟಕ ಸರ್ಕಾರ
ರಾಜ್ಯ ರಫ್ತು ಪ್ರಶಸ್ತಿ

GOVT. OF KARNATAKA
STATE EXPORT
EXCELLENCE AWARD 2012-13

District Category
RAICHUR
GOLD

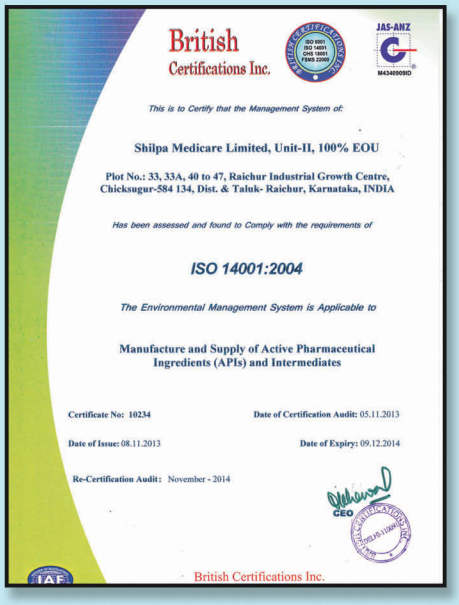
SHILPA MEDICARE LTD.
RAICHUR

21st February 2014, Bangalore

M. Maheshwar Rao, IAS
Commissioner for Industrial Development and Director of Industries & Commerce

K. L. Shivaswamy
Managing Director
Visvesvaraya Trade Promotion Centre

Best Export Excellence Award from VITC , Bangalore
Award presented by Sri Roshan Baig Welfare Minister Govt. of Karnataka



British Certifications Inc.

JAS-ANZ

This is to Certify that the Management System of:

Shilpa Medicare Limited, Unit-II, 100% EOU

Plot No.: 33, 33A, 40 to 47, Raichur Industrial Growth Centre, Chicksugur-584 134, Dist. & Taluk- Raichur, Karnataka, INDIA

Has been assessed and found to Comply with the requirements of

ISO 14001:2004

The Environmental Management System is Applicable to

Manufacture and Supply of Active Pharmaceutical Ingredients (APIs) and Intermediates

Certificate No: 10234 — Date of Certification Audit: 05.11.2013

Date of Issue: 08.11.2013 — Date of Expiry: 09.12.2014

Re-Certification Audit: November - 2014

CEO

British Certifications Inc.

Estd. 1916

Federation of Karnataka Chambers of Commerce & Industry

EXPORT EXCELLENCE AWARD 2014

Best District Exporter Award
Raichur

Shilpa Medicare Limited

21st June 2014

R. Krishna
Chairman
International Trade Committee
FKCCI

Sudarshan Tirunarayan
Secretary General
Federation of Karnataka Chambers of Commerce & Industry

R. Shiva Kumar
President
Federation of Karnataka Chambers of Commerce & Industry

Federation House, Kempegowda Road, Bangalore - 560009, India. www.fkcci.org

Best Export Excellence Award from FKCCI, Bangalore
Award presented by Sri Anant Kumar Union Minster of Chemicals Govt. of India

Shilpa Innovating for affordable healthCare

Registered Office :
1st Floor,10/80, Rajendra Gunj,
Raichur-584102 (Karnataka)

27th
ANNUAL GENERAL MEETING

Day : Saturday
Date : 20th September, 2014
Time : 11.30 A.M
Venue : Hotel Nrupatunga, Ambedkar Circle, Station Road, RAICHUR-584101 (Karnataka)

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COMPANY INFORMATION

Board of Directors

Omprakash Inani	:	Chairman
Vishnukant C Bhutada	:	Managing Director
Ajeet Singh Karan	:	Independent Director
Carlton Felix Pereira	:	Independent Director
Pramod Kasat	:	Independent Director
Rajender Sunki Reddy	:	Independent Director
N.P.S Shinh	:	Independent Director
Venugopal Loya	:	Independent Director

Board Committees :

Audit Committee
Venugopal Loya - Chairman
Omprakash Inani - Member
Pramod Kasat - Member
Rajender Sunki Reddy - Member

Nomination and Remuneration Committee
Pramod Kasat - Chairman
Venugopal Loya - Member
Omprakash Inani - Member

Stakeholders Relationship Committee
Omprakash Inani - Chairman
Vishnukant C Bhutada - Member

Corporate Social Responsibility Committee
Venugopal Loya - Chairman
Omprakash Inani - Member
Vishnukant C Bhutada - Member

Company Secretary
Vemuri Ajay

Auditors
Bohara Bhandari Bung And Associates
Chartered Accountants
Amar Complex, M.G. Road
Raichur – 584 101

Bankers
The Lakshmi Vilas Bank Ltd
Standard Chartered Bank Ltd
Axis Bank Ltd
State Bank Of India

Registered Office
1st Floor, 10/80, Rajendra Gunj
Raichur – 584102 (Karnataka)
Phone: 08532-235704, 236494
Fax: 08532-235876
Email: info@vbshilpa.com
Web : www.vbshilpa.com

Works
4-A, Deosugur Industrial Area,
Deosugur – 584 170.(Raichur District)

100 % Export Oriented Unit
33-33A, 40-47,
Raichur Growth Center,
Wadloor Road, Chicksugur Cross,
Chicksugur – 584134.(Raichur District)

SEZ Unit
Plot No. S-20 to S-24/A, Pharma SEZ
APIIC Green Industrial Park,
Pollepally village, Jadcherla Mandal,
Dist – Mahaboobnagar – 509301 (AP)

R&D Unit Vizag (Recognised by DSIR)
Survey No:207, Modavalasa Village
Denkada Mandalam, Dist:Vijayanagaram

R&D Unit Raichur (Recognised by DSIR)
33-33A, 40-47, Raichur Growth Center, Wadloor Road,
Chiksugur Cross, Chiksugur - 584 134. Raichur District

Subsidiary Companies
1. Loba Feinchemie GmbH, (Step-Down Subsidiary)
2. Zatortia Holdings Limited
3. Raichem Medicare Private Limited,
4. Nu Therapeutics Private Limited,
5. Makindus INC,USA

Associate Companies
1.Reva Pharmachem Private Limited

Joint Venture
1.Maia Pharmaceuticals Inc,USA

PERFORMANCE OF THE COMPANY STANDALONE AT A GLANCE FOR 5 YEARS

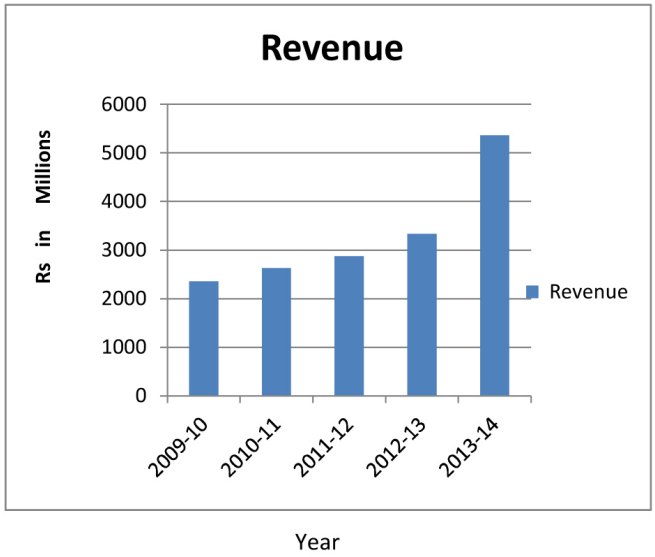
(Rs. In Lakhs)

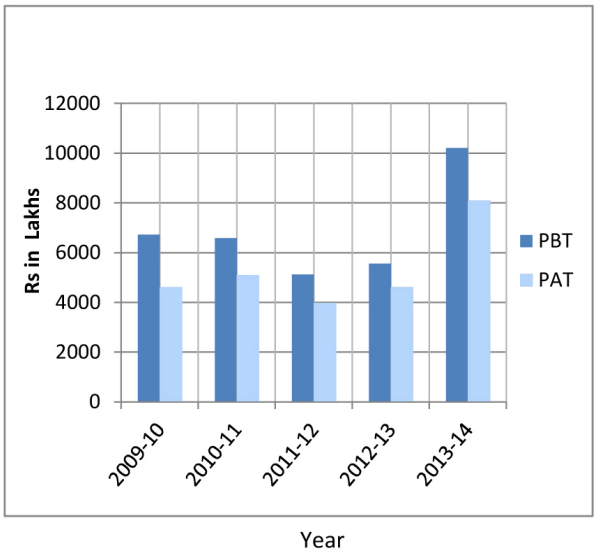
Year	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Revenue(Net of Excise duty)	23557.90	26285.60	28754.54	33320.22	53622.14
Profit before Depreciation, Extraordinary Item & Taxes	7700.89	7625.74	6210.34	6846.86	12317.41
Depreciation	976.47	1042.10	1143.84	1275.36	2109.20
PBT	6724.42	6583.64	5129.21	5561.13	10208.20
Taxes*	2123.15	1491.11	1154.45	965.17	2122.52
PAT & Extraordinary Item	4601.27	5092.53	# 3974.76	#4595.96	#8085.68
Dividend (Inc. Dividend Tax)	180.37	224.12	256.52	370.53	451.03

PERFORMANCE PARAMETERS

Net Fixed Assets	12793.88	12709.48	14084.14	15255.58	25766.05
Share Capital	440.48	480.48	490.48	490.58	735.72
Reserves & Surplus	10778.98	22603.09	28239.44	32588.13	40520.78
Net Worth (Net)	11219.46	23083.57	28729.92	33078.71	41256.51
Returns on Net Worth (%)	41.02	22.06	13.83	13.89	19.59
Borrowings	6746.74	5097.41	5486.43	9816.58	8007.76
Debt Equity Ratio (Gross)	0.60	0.22	0.19	0.30	0.15
Dividend (%)	35	40	45	65	50
Earning per share	20.89	22.08	16.54	12.49	21.98

* Includes Deferred taxes of the respective year.
# Effect of exchange fluctuation on Long Term Borrowings & investment in foreign subsidary Company considered as per option given vide MCA notification no GSR 914 (E) dt 29.12.2011





NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of the Company will be held on Saturday the 20th day of September, 2014 at 11.30 AM at Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka to transact the following items of business:

ORDINARY BUSINESS:

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. Omprakash Inani (DIN : 01301385) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there-under, and pursuant to the recommendation of the audit committee, M/s. Bohara Bhandari Bung & Associates, Chartered Accountants, Registration No. 008127S be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting for a period of 3 years, subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31,2015."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Narinder Pal Singh Shinh (DIN : 00023160), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from ensuing Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Carlton Felix Pereira (DIN : 00106962), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from ensuing Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ajeet Singh Karan (DIN : 00183622), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from ensuing Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pramod Kasat (DIN : 00819790), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from ensuing Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Venugopal Loya (DIN : 01270402), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from ensuing Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rajender Sunki Reddy (DIN : 02284057), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of two years with effect from ensuing Annual General Meeting."

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

"RESOLVED THAT pursuant to Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.200 (Rupees Two Hundred) Crores over and above the aggregate of the paid up share capital and free reserves of the Company."

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

"RESOLVED THAT pursuant to Section 180(1) (a) and any other applicable provisions of the Companies Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to authorize the Board to mortgage and /or create charge to the extent of Borrowing limits of the Board of Directors, on all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertakings of the Company to or in favour of any Financial Institutions, Banks, NBFCs or any other Agencies to secure the term loans and / or other financial assistance that has already been granted or may in future be granted by them to the Company from time to time."

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

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and Companies (cost records and audit) Rules, 2014 and thereon,the appointment of M/s.N.Ritesh & Associates, Cost Accountants, (Registration No.M/26963), Mr.Ritesh T, as Cost Auditors to audit the cost records maintained by the Company for the financial year ending March 31, 2015, on a remuneration of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, be and is here by approved and ratified."

By order of the Board of Directors

For SHILPA MEDICARE LIMITED

Vemuri Ajay
Company Secretary

Place: Raichur
Date : 14-08-2014

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. Proxy forms in order to be effective must be deposited at the Registered office of the Company not less than 48 hours before the meeting.
3. The Share Transfer Register and the Register of Members of the Company will remain closed **from 13-09-2014 to 19-09-2014 (both days inclusive) .**
4. M/s. Karvy Computershare Pvt. Ltd., Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad-500081, Telangana, is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
5. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
6. All the shareholders and beneficial owners who have not claimed the dividend for the **years 2007-08 to 2012-13** are requested to submit their claims immediately to the Company/ STA for respective dividends. The dividends unclaimed for 7 years will be transferred to Investor Education and Protection Fund.
7. The annual accounts of the subsidiary companies and the related detailed information are available for inspection of any shareholders at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.
8. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
9. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
10. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.
11. Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately.
12. **Process and manner for members opting for e-voting are as under :**

    The Company is offering e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with M/s Karvy Computershare Private Limited for facilitating e-voting to enable the shareholders to cast their votes electronically pursuant to Rule 20 of Companies (Management and Administration) Rules, 2014. The instructions for e-voting are as under:

A. In case a member receives an email from Karvy Computershare Private Limited (Karvy):

I. Launch internet browser by typing the URL: https://evoting.karvy.com.

II. Enter the login credentials (i.e., User ID and password mentioned in your email/AGM Notice). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

User ID:	**For Members holding shares in Demat form:**
	a. For NSDL: 8 character DP ID followed by 8 digit Client ID
	b. For CDSL: 16 digit Beneficiary ID/Client ID
	For Members holding shares in Physical form:
	Event No.(EVEN) followed by Folio No. registered with the Company.
Password:	Your unique password is printed on the AGM Notice/provided in the email forwarding the electronic notice.

III. After entering these details appropriately, Click on "LOGIN".

IV. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

V. You need to login again with the new credentials.

VI. On successful login, the system will prompt you to select the "EVEN" i.e., Shilpa Medicare Limited.

VII. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

VIII. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.

IX. Corporate/Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: cs.vbshilpa@gmail.com, with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVEN NO."

B. In case of Members receiving AGM Notice by Post:

I. User ID and initial password as provided in the AGM Notice Form.

II. Please follow all steps from Sr.No. (i) to (ix) as mentioned in (A) above, to cast your vote.

13. The e-voting period commences on **13th September at 9.00 A.M.** and ends on **15th September at 3.00 P.M.** In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.

14. Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then cannot vote by physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.

15. The Board of Directors has appointed Mr. B. Chagan Lal of M/s. B.Chagan Lal & Associates, a Practicing Company, as a Scrutinizer to process the e-voting and submit a report to the Chairman.

16. Mr. Ramakant Innani, Compliance Officer of the Company shall be responsible for addressing all the grievances in relation to this Annual General Meeting including e-voting. His contact details are Email:ramakant@vbshilpa.com, Phone Nos.08532-236494.

17. The members may download a copy of the notice of this meeting and the results declared along with the Scrutinizer's Report from the website of the Company (www.vbshilpa.com) or from https://evoting.karvy.com.

18. Brief Profile of Directors seeking re-appointment at the 27th Annual General Meeting (pursuant to Clause 49 of the Listing Agreement) is attached to this Notice as **Annexure - A**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

Item Nos. 5 to 10

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which came into effect from April 1, 2014, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation. The term shall be effective prospectively.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and the amended Listing Agreement.

All the Directors proposed to be appointed under these resolutions are Non-Executive Independent Directors of the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Narinder Pal Singh Shinh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy, being eligible, offer themselves for appointment, and are proposed to be appointed as Independent Directors for a term as stated in the Resolutions.

The Nomination and Remuneration Committee and the Board of Directors have recommended appointment of Mr. Narinder Pal Singh Shinh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy as Independent Directors of the Company.

Mr. Narinder Pal Singh Shinh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy, non-executive Independent Directors of the Company, have given declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfill the conditions specified in the Companies Act, 2013 and Rules made there-under for their appointment as Independent Directors of the Company and they are Independent of the management. These Directors are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director.

Copies of the draft letter for appointment of Mr. Narinder Pal Singh Shinh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Clause 49 of the Listing Agreement, is provided at **Annexure A** of this Notice.

Except these Directors, being appointees or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 5 to 10.

Item No. 11 & 12

As per the provisions of Section 180 of the Companies Act, 2013 the consent of members is required to be obtained by way of Special Resolution. Therefore, the board proposed the resolutions U/s. 180(1)(a) and 180(1)(c) to obtain the consent of members. Accordingly the resolutions were proposed authorizing the Board to borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.200 (Rupees Two Hundred) Crores excluding the working capital credit facilities and other temporary borrowings made in the ordinary course of business. It is also proposed to give authority U/s. 180(1)(a) to the Board to pledge create charge or mortgage, against the assets of the Company or to hypothecate the assets against the loans and other credit facilities provided to the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11 & 12 except to the extent of shares held by them in the Company.

Item No. 13 Appointment of Cost Auditor

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 29th May, 2014, approved the reappointment of the Cost Auditors, M/s.N.Ritesh & Associates, Cost Accountants (Registration No.M/26963) and remuneration payable to them, as set out in the Resolution under this Item of the Notice.

In accordance with Rule 14 of Companies (Audit and Auditors) Rules 2014, the appointment of and remuneration payable to the Cost Auditors requires ratification by the Shareholders and hence this resolution is put for the consideration of the shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

Annexure A

Details of Directors as on 31st March, 2014 seeking appointment/ re-appointment at the Annual General Meeting.
(Pursuant to Clause 49(IV)(E) and 49(IV)(G)(i) of the Listing Agreement)

Name of the Director	Mr. Omprakash Inani	Mr. Narinder Pal Singh	Mr. Carlton Felix Pereira	Mr. Ajeet Singh Karan	Mr. Pramod Kasat	Mr. Venugopal Loya	Mr. Rajender Sunki Reddy
Date of Birth	15/12/1956	04/01/1946	17/10/1967	09/12/1965	08/08/1969	03/08/1964	06/05/1964
Date of Appointment	23/03/1988	30/06/2008	05/09/2007	28/01/2011	16/03/2010	07/10/2002	30/06/2008
Relationship with Directors	Related to Mr.Vishnukant C. Bhutada	None	None	None	None	None	None
Expertise in specific functional area	Being Chairman of the Company since its formation he gained good knowledge of all the functional areas. He is one of the key persons in the management decisions, having very good experience in the field of business and functional aspects of the Company	Has long standing experience in the fields of management, administration and reviving loss making companies	Has good experience in the fields of finance and fund raising	Has good exposure to pharma industry as well as in the finance	Has rich exposure in finance and banking and raising funds	Has long standing experience in accounts and finance	Rich exposure in pharma, medical and education fields
Qualification	B.Com.	B.Com, LLB and MBA from Delhi University	B.Com., ACA	MBA	MBA	Commerce Graduate	Post Graduate in Pharma
Board Membership of other companies as on March 31,2014 @	1) Srinidhi Cottons Pvt. Ltd 2) Bhakara Investments Pvt. Ltd. 3) Jaijanaki Fabrics Pvt Ltd. 4) Mansarovar Health Club Pvt. Ltd.	1. National Standard (India) Limited 2. Avaya Holdings And Trading Pvt. Ltd 3. Mountain Holdings And Trading Pvt. Ltd 4. Ezra Trading And Finance Co., Ltd 5. Bakelite Coatings & Paints Pvt. Ltd 6. National Standard Tyre Moulds (India) Limited 7. Mountain Dew Properties Limited 8. Bakelite Hylam Limited. 9. Bakelite Properties Private Limited 10. Mystic Woods Holdings & Trading Private Limited 11. BLK Trading Private Limited 12. Adamas trading Private Ltd 13. Strawberry Trading Private Limited	1. Tano India Advisors Private Limited 2. SSIPL Retail Limited 3. Promac Engineering Industries Limited 4. Anil Printers Limited 5. Compact Travels Private Ltd 6. Chowgule Construction Chemicals Private Limited 7. Sanghvi Brands Promoters Private Limited	1. Ace Wealth Management Private Limited 2. Integra Software Services Private Limited 3. Bharat Serums And Vaccines Limited 4. Secova eServices Private Limited 5. Auro Mira Energy Company Private Limited 6. Kaushalya Vikas Kendra	1. Supreme Infrastructure India Limited	None	1.Raichem Medicare Private Limited 2. NU Therapeutics Pvt. Ltd. 3. Brass Agro Farms Private Limited 4. Sri Navodaya Superspeciality Hospitals Pvt. Ltd. 5. Sri Navodaya Institute of Medical Sciences Private Limited 6. Pavanam Green Fields Pvt. Ltd.,
Chairman/ Member of the Committee of the Board of Directors as on March 31, 2014.	3 Audit, Nomination & Remunerations and Stakeholders Relationship Committees	NIL	NIL	NIL	2 Audit and Nomination & Remunerations Committees	2 Audit and Nomination & Remunerations Committees	1 Audit Committee
Chairman/Member of the Committee of Directors of other companies in which he is a Director as on March 31, 2014							
a) Audit Committee	NIL	NIL	NIL	NIL	1	NIL	NIL
b) Stakeholders' Relationship Committee	NIL	2	NIL	NIL	NIL	NIL	NIL
c) Nomination and Remunerations Committee	NIL	NIL	NIL	NIL	1	NIL	NIL
Number of shares held in the Company as on March 31, 2014 #	1169664	6096	735	0	46500	0	17050

Note: @ This does not include position in foreign companies, position as an advisory board member and position in companies under Section 25 of the Companies Act, 1956 (corresponding to Section 8 of Companies Act, 2013) ,
Includes shares held by immediate family members.

DIRECTOR'S REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting herewith the 27th Annual Report on the business of your Company together with the Audited Accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS (Rs. In Lakhs)

PARTICULARS	Financial Year 2013-14		Financial Year 2012-13	
	Standalone	Consolidated	Standalone	Consolidated
Sales (Net of ED)	**52736.81**	**57137.62**	32819.59	37132.34
Other Income	**885.33**	**907.04**	500.64	501.05
Profit before Interest, Depreciation, Income Tax & Exchange Fluctuation	**13214.14**	**12772.81**	6852.32	7272.66
Interest	**339.74**	**352.41**	136.23	143.88
Depreciation	**2109.20**	**2321.79**	1275.36	1533.99
Exchange Fluctuation Loss(+)/ Income (-)	**557.00**	**553.41**	(120.40)	(104.81)
Net Profit before Tax	**10208.20**	**9545.20**	5561.13	5699.60
Provision for Taxation				
a. Current Tax(Including Previous year)	**2102.72**	**2143.77**	1061.11	1080.18
b. Less: MAT credit entitlement	**(614.65)**	**(614.65)**	(248.19)	(248.19)
c. Deferred tax	**634.45**	**501.13**	152.25	121.08
Profit after Tax	**8085.68**	**7514.95**	4595.96	4746.42
Less: Share in Losses of Associates	**-**	**-**	-	-
Prior Period adjustment (Loss)	**-**	**-**	-	
Brought forward from previous year	**18215.18**	**17277.51**	14514.76	13438.84
Profit available for appropriation	**26300.87**	**24792.47**	19110.72	18185.36
Transfer to General Reserve	**810.00**	**810.00**	525.00	525.00
Provision for proposed Dividend and dividend tax	**451.03**	**451.03**	370.53	370.53
Add: Loss pertaining to Minority Interest	**NA**	**51.98**	NA	(12.31)
Balance Carried to Balance Sheet	**25039.84**	**23583.42**	18215.19	17277.51

REVIEW OF OPERATIONS:

During the year under review the Company performed well in all fronts posting good growth over 60% in sales revenues and 76% in profit after tax. Timely decisions of management in taking-up expansion/new projects, launching new products/ processes and maintaining good long-standing relationship with customers have been giving good results and taking-up the Company to next level. The management continues to concentrate on expansion of operations into formulations, high-margin products, invention of new process, maintaining specified standards in production and quality of product and effective financial management to streamline the operations to continue with growth path. Export revenues have also shown good growth by posting of Rs.33470.80 Lakhs (PY Rs. 24517.05 Lakhs) an increase of 36.5% over previous year.

DIVIDEND:

Your Directors recommended a dividend of Rs.1 i.e. 50% per equity share of Rs.2/- each for the financial year under review, absorbing an amount of Rs.451.03 Lakhs inclusive of dividend distribution tax.

During the year under review the Company has issued and allotted 1,22,62,082 bonus shares in the ratio of 1 bonus share for every 2 existing shares.

RAISING OF FUNDS :

During the current financial year i.e. 2014-15 the Company has issued and allotted 17,64,705 equity shares of Rs.2/- each at a premium of Rs.423/- on preferential basis to raise an amount of Rs.75 Crores.

EXPANSION AND NEW PROJECTS

Operations of Formulation unit are expected to commence during the current financial year after completion of testing and validation batches.

Other expansion projects of the Company are also progressing as per the schedule including R&D Projects.

CERTIFICATES & AWARDS:

During the year, your Company received following important approvals/awards beside state award for Best Exporter:

1. Karnataka State Export Excellence Award-District Category-2011-12.
2. EOU has completed ISO 14001:2004 surveillance audit successfully.
3. Obtained EU-GMP Compliance from Germany for Unit I & II both for two of its API.

RESEARCH & DEVELOPMENT:

Your Company continues to be committed to Research and Development of new processes/ new materials for medicines that will reduce the cost of drug to make available expensive drugs to common man at affordable price. Your Company initiated various research studies in Oncology drugs.

To strengthen quality of drugs, the Company enhanced its existing quality standards to meet the requirements of various regulatory bodies.

DEVELOPMENTS AND ACHIEVEMENTS

Till date your Company has filed about 40 PATENT applications, of which about 15 International Patent Applications(PCT), ~ 20 Indian Patent Applications (IN) and few US Patent Applications. In our endeavor for "Innovating for Affordable Healthcare", the Company successfully crossed mark of 100 patent applications entirely with in-house efforts and has also successfully filed four US-DMFs. At present the Company has 13 Nos of US DMFs available as CA (Complete assessment)

The Company also contributed to the Generic Formulation D evelopment of Finished Dosage Forms (FDFs), both for Regulatory (US & EU) and Rest of World (ROW)markets and all new inventions for making FDFs are captured under 04 International Patent Applications (PCT) and 07 Indian Patent Applications (IN). In order to assist AIDs cure at affordable cost, the Company inked a pact with Medicine Patent Pool/ Gilead for HIV/AIDS drug. Necessary efforts are being made for the development of cost-effective and improved process of making ARVs and affordable FDFs containing ARVs.

During the year following new Projects and Expansion Projects have been taken-up:

1. Completed capacity enhancement / modification for Capacetabine.
2. Registered CDM project "Biomass Based Steam Generation Project at Raichur, India" (3926) and successfully completed the verification of the CERs earned. CDM Registry has been instructed to issue 24,294 CERs .
3. Expansion Projects of Unit-I at Raichur for new Production Block, Onco & Non Onco Ware-house are at an advanced stage of completion.
4. Formulation plant at Raichur is progressing as per schedule and expected to be completed during the current financial year.

OPERATIONS OF SUBSIDIARY COMPANIES:

During the year M/s. LOBA Feinchemie GmbH, Austria and Zatortia Holdings Ltd., has posted a loss of Rs.168.40 Lakhs as against profit of Rs.156.63 Lakhs in the previous year. The management is implementing various options to further improve the sales and turn to profitability taking into consideration the statutory regulations of Austria.

Nu Therapeutics Private Limited (NTPL), a Subsidiary Company has posted a loss of Rs.41.84 Lakhs against Profit of Rs. 3.06 Lakhs in the previous year. Installation of new packing machine has been completed. NTPL is awaiting for the approval of Government for its new products.

Raichem Medicare Private Limited (RMPL), a joint venture Company with Italian Company, has earned a profit of Rs. 62.85 Lakhs from investment of surplus funds. Civil construction works are in the final stage and the installation of plant and machinery is going on at the plant site at Raichur, Karnataka. RMPL may commence its commercial operations by end of this financial year after obtaining the necessary approvals.

DIRECTORS

Mr. Omprakash Inani, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

According to the provisions of section 149 and 152 of the Companies Act, 2013 all Independent Directors are proposed to be reappointed for a period of 2 years. Necessary resolutions have been incorporated in the notice to ensuing Annual General Meeting.

COMPLIANCE WITH GENERAL CIRCULAR No.2/2011 DATED 8TH FEBRUARY, 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

Since the Central Government had issued a general circular No. 2/2011 dated 8th February, 2011 granting general exemption from attaching annual accounts of subsidiary

companies subject to fulfillment of few conditions, your Company has duly complied with the respective conditions and opted for exemption. Your Board has passed necessary resolution at its meeting held on August 11, 2011 to comply with the conditions of the circular. Statements pursuant to Section 212 of the Companies Act, 1956 relating to performance/ financials of the subsidiary companies form part of this Annual Report.

Further, the Board undertakes that the annual accounts of the subsidiary companies and the related detailed information shall be made available for inspection by any shareholder at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.

EMPLOYEES INFORMATION U/S 217 (2A) OF THE COMPANIES ACT, 1956 :

Details of employees drawing remuneration exceeding limits prescribed U/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is attached with the report.

DEPOSITS :

The Company has not accepted any deposits which cover under the section 58A of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors' confirm that:

i. In preparation of annual accounts for the financial year ended 31st March, 2014 the applicable Accounting Standards have been followed.

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the Company at the end of the financial year ended 31st March, 2014 and of the profit and loss of the Company for the year.

iii. The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

iv. The Directors have prepared the annual accounts on a 'going concern' basis.

COSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information is given as Annexure to this report.

CORPORATE GOVERNANCE

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as Annexure to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management Discussion and Analysis for the year under review is annexed hereto and forms part of the Annual Report.

AUDITORS

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, on rotation of audit firms, and based on the recommendation of the Audit Committee, the Board recommends the re-appointment of M/s. Bohara Bhandari Bung and Associates, Chartered Accountants, as the Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting for a period of 3 years in accordance with the Act, subject to the ratification of shareholders at every Annual General Meeting. M/s. Bohara Bhandari Bung and Associates, Chartered Accountants, have confirmed that the appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013. Accordingly, the appointment of M/s. Bohara Bhandari Bung and Associates, Chartered Accountants, as the Statutory Auditors, is being proposed as an Ordinary Resolution.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude to the Central and State Governments, investors, analysts, financial institutions, banks, business associates and customers, the medical profession, distributors and suppliers for their whole-hearted support. Your Directors commend all the employees of your Company for their continued dedication, significant contributions, hardwork and commitment.

For and on behalf of the Board of Directors

Place : Raichur
Date : 14th August,2014

OMPRAKASH INANI
CHAIRMAN

ANNEXURES ATTACHED TO DIRECTORS REPORT

Form – "A"

Particulars under the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1998.

Conservation of Energy

A. Power and Fuel Consumption	2013-14	2012-13
1. Electricity		
a) Purchased unit (Kwh)	**9351354**	7482807
Total Amount (Rs.)	**56049552**	44052611
Rate/Unit (Rs.)	**5.99**	5.88
b) Own Generation		
Through Diesel Generator		
Unit (Kwh)	**125662**	749747
Units per Ltr of Diesel Oil (Kwh)	**3.35**	3.20
Cost/Unit (Rs)	**16.87**	14.43
2. Paddy Husk		
Qty (Kg)	**7424846**	7116854
Value (Rs.)	**20383179**	18796474
Rate/Kg (Rs.)	**2.75**	2.64
3. Fire Wood		
Qty (Kg)	**2884350**	2447452
Value (Rs)	**9025223**	6473048
Rate/Kg (Rs.)	**3.13**	2.64
B. Consumption * per unit of production		
Electricity (Kwh)	**21.47**	20.25
Paddy Husk (Kg)	**16.82**	17.51
Wood (Kg)	**6.54**	6.02

Note: *Production Unit is different for different kind of products. Hence, consumption per unit cannot be worked out precisely and not comparable.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE MANAGING DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

Name & age (Years)	Designation/ Nature of Duties	Remu-neration Rs. in Lakhs	Qualification	Experience (Years)	Date of Joining	Last Employer Name, Designation, Length of service
Vishnukant C Bhutada (51 Years)**	Managing Director	479.70	B. Pharm	27 years	Nov. 1987	None
V.K.Shrawat	Chief Operating Officer	84.85	MSC Ph.D (Organic Chemistry)	29 Years	Sept-2009	Fresenius Kabi Oncology Ltd (Formerly Dabur India) Head R& D & API operation- 20 years
Janak Kastia	GM-Mktg Business Development(USA & Global generic Cos)	87.97	MSC- (Organic Chemistry), MBA Marketing	28 Years	April-2010	Cadila Health Care Ltd. - GM API Division (Europe & Latin America) - 24 years

NOTES:**

1. Remuneration includes actual payment of salary, commission and/or taxable value of Perquisites, Company's contribution to Provident Fund.
2. Nature of Appointment- the appointment is on contractual basis.
3. Other terms and conditions – As per the resolution passed at the Annual General Meeting held on 29.09.2012.

Form-"B"

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)

The Company has two state of art R&D centers, one at Vizag and another at Raichur. Both are approved by the Department of Scientific and Industrial Research, (DSIR), Government Technology of India.

During the year 2014 R&D Centre at Vizag, has given more concentration for developing and optimizing the manufacturing processes of various products. R&D Centre at Raichur concentrated on Oncology and other molecules.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

SPECIFIC AREAS IN WHICH R&D WAS CARRIED OUT
Research & Development activity gained momentum during the financial year. Development stage of our Oncology products is satisfactory.

BENEFITS DERIVED
Product stabilization and reduction of cost found non-infringing process for Oncology products. Further, Company plans to develop new products to increase revenue from Oncology products and share in the market.

EXPENDITURE
Total R&D expenditure during the year was Rs.2709.34 Lakhs including capital expenditure of Rs. 536.27 Lakhs excluding first time investment in new equipments. The corresponding previous year spends were Rs. 2168.78 Lakhs including capital expenditure of Rs.551.22 Lakhs.

FOREIGN EXCHANGE EARNINGS AND OUTGO: Pl. refer Note no.36 & 37 of Notes to Accounts.

For and on behalf of the Board of Directors

Place : Raichur
Date : 14th August, 2014

OMPRAKASH INANI
CHAIRMAN

Management Discussion and Analysis

Global Industry Overview:

The global pharmaceutical industry is expected to be worth more than $ 1 trillion in 2014, growing at the compound annual growth rate of 4-5% over the five year period.

The global pharmaceutical industry is a multinational industry that is a highly regulated, capital intensive, and which is driven by large research and development expenditures. The industry is primarily privately owned and is technologically sophisticated. The strong growth in the developed and emerging countries will help to boostsales over the next five years.

Emerging markets such as China, South Korea, Brazil, Russia and Turkey have been experienced double-digit growth signaling an important shift occurring in the pharmaceutical industry. As growth in the mature markets is coming to flat, industry attention is shifting to smaller, developing markets that are doing exceptionally well. Many of these developing nations are experiencing significant gross domestic product growth which helps finance the healthcare systems, increase patient access and fuels the double digit growth. Pharmaceutical measures are gearing up to the challenges of meeting the unmet needs of these markets.

Indian Industry Overview:

India is among the top five emerging pharma markets and has grown at an estimated compound annual growth rate (CAGR) of 13 per cent during the period FY 2009–2013. The Indian pharmaceuticals market grew at a CAGR of more than 15 percent in 2013. According to the survey reports the Indian pharmaceutical market is poised to grow to US$ 55 billion by 2020 from the current levels.

India's pharma industry accounts for about 1.4 per cent of the global pharma industry in value terms and 10 per cent in volume terms. Among the fastest growing pharma industries in the world, India's pharmaceutical sector is expected to expand at a compound annual growth rate (CAGR) of 12.1 per cent during 2012–2020 and reach US$ 45 billion. By 2020, the country is expected to be within the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size.

A new cluster of countries is contributing to the growth of the pharma industry, resulting in a robust jump in exports of drugs. Both domestic and export-led demand contributed towards the robust performance of the sector. On improved utilisation of manufacturing facilities, the domestic pharmaceutical market is likely to see high revenue growth and profit margins.

Currently, Indian drugs are exported to more than 200 countries in the world, with the US as the key market. It is responsible for about 40 per cent of the generic and over-the-counter drugs consumed in the US. During the year 2013 Foreign Direct Investment (FDI) into the Indian pharmaceutical sector has more than doubled.

Substantial increase of expenditure by the Government of India and its states would definitely create further demand to the pharmaceuticals. With 70 per cent of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in these regions has seen a sharp growth, and various companies are investing in the distribution network in rural areas. The share of generic drugs is expected to continue increasing. Oncology will be a key area of growth in India's healthcare sector. With increase in emphasis on health coverage both by central and state governments, spending on coverage of medicines for oncology will see substantial rise in next 3-5 years.

Outlook on opportunities, Threats, Risk and concerns:

It is often said that the pharma sector has no cyclical factor attached to it. Irrespective of whether the economy is in a downturn or in an upturn, the general belief is that demand for drugs is likely to grow steadily over the long-term.

Opportunities :

1. The migration into a product patent based regime is likely to transform industry fortunes in the long term. The new patent product regime will bring with it new innovative drugs. This migration could result in consolidation as well. Small players may not be able to cope up with the challenging environment and may succumb to giants.

2. Number of drugs going off-patent in the developed countries offers a big opportunity for the Indian companies to capture this market. Since generic drugs are commodities by nature, Indian producers have the competitive advantage, as they are the lowest cost producers of drugs in the world.

3. Opening up of health insurance sector and the expected growth in per capita income are key growth drivers from a long-term perspective. This leads to the expansion of healthcare industry of which pharma industry is an integral part.

4. Being the lowest cost producer combined with FDA approved plants, Indian companies can become a global outsourcing hub for pharmaceutical products.

5. Government of India is poised to increase its spending on health care which would result more demand to pharmaceutical products.

Threats:

1. Threat from other low cost countries like China and others. However, on the quality front, India is better placed relative to China. So, differentiation in the contract manufacturing side may wane.

2. The Indian Government notified the National Pharmaceutical Policy and the new Drugs (Prices Control) Order, 2013 was implemented in May 2013. The new DPCO expanded the list of drugs from 74 to 348. This will certainly impact the pharmaceutical industry.

3. The short-term threat for the pharma industry is the uncertainty regarding the implementation of VAT. Though this is likely to have a negative impact in the short-term, the implications over the long-term are positive for the industry.

4. There are certain concerns over the patent regime regarding its current structure. It might be possible that the new government may change certain provisions of the patent act formulated by the preceding government

Financial Performance:

Prudent financial planning, effective resource allocation and tight financial control have ensured that the cash flows of the Company remain healthy. The ability of the Company to raise credit remains unimpaired. There is good improvement in the net operating working capital. The Company continues to invest in manufacturing and building new technologies/ process systems and during the year capital expenditure is Rs.12527.18 Lakhs along with a healthy debt equity ratio.

Internal Control Systems and Adequacy:

The Company has adopted strong and automated internal business controls and a process framework that is not only adequate for its current size of operations but can effectively support increases in growth and complexity across our business operations. A well-established and empowered system of internal financial audits and automated control procedures ensures prudent financial control, flexibility in terms of process changes to enable course correction.

Internal Auditors submit reports and updates to the Audit Committee of the Board, which conducts frequent reviews and provides direction and operational guidance on new processes to be implemented to further enhance efficiencies within the Company.

The Company is in the process of implementing an enterprise resource planning (SAP) along with various business controls which would have automatic internal control systems to identify errors and also provide better MIS.

Human Resources:

Capability Building, Talent Management and Employee Engagement remain the key focus of your company's Human Resource strategy. Your Company has continued to build on its capabilities in getting the right talent to support the different therapy areas in which it does business. These are backed by robust management training schemes, hiring of key management personnel, and sales training.

Human resources are the most valuable asset for the Company, and Shilpa Medicare continues to seek, retain and enrich the best available talent.

The human resource plays an important and vital role in the growth and success of an organization. Your Company has maintained cordial and harmonious relations with all employees.

The Company provides an environment which encourages initiative, innovative thinking, and rewards performance. The Company ensures training and development of its personnel through succession planning, job rotation, on- the- job training and various training programs and workshops.

Corporate Social Responsibility:

The Company and Management has, as a part of social responsibility, promoted a trust called Shilpa Foundation to provide financial assistance to the poor and needy and to give donations to promote various social, cultural and philanthropic activities. During the year 2013-14 the trust has spent an amount of Rs.1.77 Lakhs towards its social objectives.

Cautionary Statement:

Statements in the "Management Discussion and Analysis" describing the company's objectives, estimates, expectations or projections may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations; include Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the listing agreement)

The Company's shares were listed on BSE Limited w.e.f. 19.06.1995 and National Stock Exchange of India Limited w.e.f.03.12.2009. The Corporate Governance Report has been prepared in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of Corporate Governance Practices. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the Board and Management to carry out the objectives effectively for the benefit of the Company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the Organization.

The Company has complied with the requirements of the Corporate Governance code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed herein below.

2. BOARD OF DIRECTORS

The Board of Directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board presently comprises of Eight (8) Directors, having rich and vast experience with specialized skills in their respective fields, out of which Seven (7) are Non-Executive Directors. The Company has a Non-Executive (Promoter) Chairman. The Independent Directors are more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

During the year under review **Five** Board Meetings were held on **29.05.2013, 20.06.2013, 14.08.2013, 09.11.2013 and 10.02.2014.** The maximum gap between two consecutive meetings did not exceed four months. The details of the meetings held are as follows:

Name of the Director	Category	No of Board Meetings during the Year 2013-2014 and attendance		Attendance at last AGM 20-07-2013	@No of Directorships held in other Companies	#No of Member ships held in Committees
		Held	Attended			
Omprakash Inani	Chairman, Non-Executive -Promoter	5	5	Yes	4	2
Vishnukant C Bhutada	Managing Director -Promoter	5	5	Yes	5	1
Venugopal Loya	Independent Director	5	4	Yes	NIL	2
Carlton Felix Pereira	Independent Director	5	2	No	7	NIL
Narinder Pal Singh Shinh	Independent Director	5	3	No	13	NIL
Rajender Sunki Reddy	Independent Director	5	4	Yes	6	1
Pramod Badrinarayan Kasat	Independent Director	5	4	No	1	1
Ajeet Singh Karan	Independent Director	5	4	No	5	NIL

@ Note: Excluding Directorship in Foreign Companies and Companies incorporated u/s.8 of Companies Act, 2013.
# Only Membership of Audit and Stakeholders' Grievances Committees are considered.

1. COMMITTEES OF DIRECTORS

A. Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

S.No	Name of the Director	Category	No. of meetings held during the year	No. of meetings attended
1	Venugopal Loya	Chairman	4	4
2	Omprakash Inani	Member	4	4
3	Pramod Kasat	Member	4	3
4	Rajender Sunki Reddy	Member	4	2

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, Sr. Mgr. Finance, Internal Auditors and Statutory Auditors are also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meetings were held during the year under review on the following date's 28.05.2013, 13.08.2013, 08.11.2013 and 09.02.2014. The gap between two audit Committee meetings was not more than four months.

The necessary quorum was present at all the meetings.

B. Nomination And Remuneration Committee

The Nomination and Remuneration Committee comprises of Three (3) Non-Executive Directors. The composition of the Nomination and Remuneration Committee is as follows:

S.No	Name of the Director	Nature of Directorship	Category
1	Pramod Kasat	Independent Director	Chairman
2	Omprakash Inani	Non Executive Director	Member
3	Venugopal Loya	Independent Director	Member

The Nomination and Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and commission paid during the year to the Managing Director, is as follows:

(Rs. in Lakhs)

Salary	13350000
Allowances, Perquisites & others	39600
Commission	33500000
Companies Contribution to PF	1080000
Total	47969600

Apart from the above, he is also eligible for the Leave encashment, Leave Travel Concession, Gratuity, Superannuation and other benefits in terms of his appointment and rules of the Company.

Compensation paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Sitting fees paid Rs.	No. of shares held on 31-03-2014
Omprakash Inani	50000	1169664
N.P.S. Shinh	30000	6096
Carlton Felix Pereira	20000	Nil
Pramod Badrinarayan Kasat	Nil	46500
Venugopal Loya	40000	Nil
Rajender Sunki Reddy	Nil	17050
Ajit Singh Karan	Nil	Nil

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

C. Stakeholders' Relationship Committee

The present composition of the Stakeholders' relationship Committee (Stakeholders' Relationship Committee) is as under:

Name of the Director	Nature of Directorship	Membership
Omprakash Inani	Non-Executive Director	Chairman
Vishnukant C Bhutada	Managing Director	Member

The Stakeholders' Relationship Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investor's complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31st March, 2014.

D. Corporate Social Responsibility Committee.

The Board constituted CSR Committee as per the provisions of the Companies Act, 2013 and entrusted the responsibility to comply with the provisions of said act. The composition of the Corporate Social Responsibility Committee is as under :

Name of the Director	Nature of Directorship	Membership
Venugopal Loya	Independent Director	Chairman
Vishnukant C Bhutada	Managing Director	Member
Omprakash Inani	Non-Executive Director	Member

GENERAL BODY MEETINGS

i) The Details of the last three Annual General Meetings are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
March 31st, 2013	20th July, 2013.	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	No Special Resolution
March 31st 2012	29th September, 2012	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	a) For reappointment of Mr. Vishnukant C. Bhutada as Managing Director b) For consent U/s.314 of the Companies Act 1956 to Mr. Deepak Inani to hold an office or place of profit
March 31st, 2011	22nd September, 2011	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	No Special Resolution

ii) During the last three years no Extra-Ordinary General Meetings were held.

Year	Date	Time	Special Resolutions Passed
2013-2014	During the last three financial years no Special Resolution was passed at any Extra-ordinary General Meeting of the members or through postal ballot.		
2012-2013			
2011-2012			

4. DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. Details of Non-Compliance and Penalties

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. Neither any penalty was imposed nor stricture was passed on the Company by the Stock Exchanges, SEBI or any statutory Authority relating to Capital markets.

C. As per the Internal Code of Conduct the employees have been given access to the Audit Committee.

D. CEO/ CFO Certification

The Managing Director and Manager –finance (who is heading the finance functions) have certified to the Board in accordance with Clause 49 (v) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March, 2014.

E. Compliance Certificate

Compliance certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this report.

F. Code of Conduct

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the financial year ended 31st March, 2014. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

G. Details of Compliances with Mandatory Requirements and Adoption of the Non-Mandatory Requirements

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-Mandatory requirements.

H. Relationship inter-se among Directors

In accordance with the provisions of Section 2(77) of the Companies Act, 2013 and rules made there-under, Managing Director, Mr. Vishnukant C. Bhutada and Chairman of the Board Mr. Omprakash Inani belong to promoter group and are related to each other.

5. MEANS OF COMMUNICATION

A. Quarterly and half-yearly reports are published in two Newspapers- one in English (National) and one in Kannada.

B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.vbshilpa.com. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.

C. The Company is also displaying official news announcements on its website www.vbshilpa.com.

D. Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER'S INFORMATION

A. Annual General Meeting

Date and Time	20th, September, 2014- 11.30 AM
Venue	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101. Karnataka
Last Date of Proxy forms submission	11.30 AM on 18th September 2014

B. Financial Year : 1st April 2013 to 31st March 2014

C. Book Closure : 13th September , 2014 to 19th September, 2014

D. Dividend Payment Date : Within 15 days from the date of AGM's approval.

E. Listing on Stock Exchanges :

1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
2. National Stock Exchange of India Limited, "EXCHANGE PLAZA", 5th Floor, Plot No. C/1, G Block, Bhandra- Kurla Complex, Bandra (E), Mumbai

F. Stock Code

Name of the Stock Exchange	Stock Code	Scrip Code
BSE	530549	SHILPA MEDCA
NSE	N.A	SHILPAMED-EQ
Demat ISIN No. for NSDL & CDSL	INE790G01023	

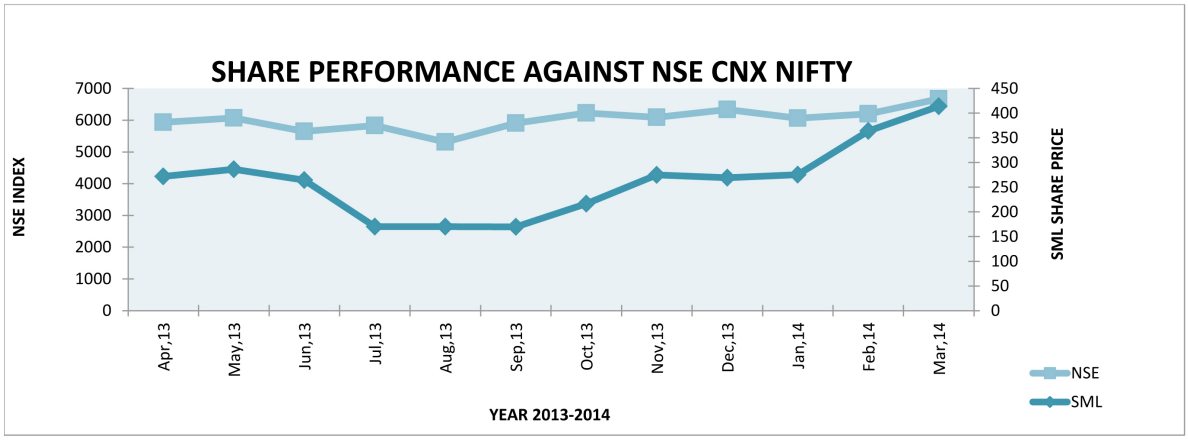
The Companies Securities are listed on the BSE Limited and the National Stock Exchange of India Limited. The listing fees for the year 2013-2014 have been paid to both the above said Stock Exchanges.

G. Market Price Data & Share Performance of the Company

Price details of monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2013-2014 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2013	285.00	245.00	96,023	274.90	245.00	1,21,330
May, 2013	318.90	270.00	62,031	307.80	274.85	1,26,295
June, 2013	291.65	217.75	1,46,411	285.80	250.10	1,02,196
July, 2013	292.85	168.35	1,91,913	284.10	170.05	95,098
August, 2013	186.00	136.15	37,667	179.60	144.10	70,643
September, 2013	180.10	161.00	10,415	177.45	167.95	34,257
October, 2013	224.00	168.00	31,639	220.95	171.05	1,32,937
November, 2013	289.00	213.50	77,271	275.00	215.15	2,14,918
December, 2013	279.15	260.25	57,110	273.60	265.05	1,17,668
January, 2014	292.95	240.10	1,80,932	286.20	259.85	2,95,070
February, 2014	372.70	273.00	1,03,128	365.80	285.10	241,424
March, 2014	423.10	325.00	1,89,813	414.00	337.70	310,643

H. Share Performance of the Company in Comparison with NSE CNX NIFTY



All Services relating to share transfer/transmissions and information may be addressed to:

I. Registrar and Share Transfer Agent

M/s. Karvy Computershare Private Limited,
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,
Hyderabad- 500081, Telangana.
Tel: 040-23420815-28
Fax: 040-23420814/ 23420857
Email: mailmanager@karvy.com
Website: www.karvycomputershare.com
The Company periodically audits the operations of share transfer agent.

J. Share Transfer System

Share Transfers in physical form shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary certifying the due compliance of shares transfer formalities.

K. Distribution of Equity Shares as on 31st March, 2014

CATEGORY		No. of Shareholders	% to Shareholders	No. of Shares Held	% to Capital
From	To				
1	5000	4014	90.60	1378830	3.75
5001	10000	191	4.31	671334	1.82
10001	20000	104	2.35	708287	1.93
20001	30000	33	0.74	419289	1.14
30001	40000	10	0.23	182047	0.49
40001	50000	7	0.16	154223	0.43
50001	100000	14	0.32	498375	1.35
100001	ABOVE	57	1.29	32773862	89.09
	TOTAL	**4430**	**100.00**	**36786247**	**100.00**

L. Shareholding Pattern as on 31st March, 2014

Category	No. of Shares held	% of Capital
Indian Promoters	20556658	55.88
Banks, Financial institutions, Insurance Companies & Mutual Funds	750	0.00
Foreign Institutional Investors	3930088	10.68
Indian Public & HUFs	6708454	18.24
Private Corporate Bodies	2401995	6.53
NRIs /OCBs/ FCBs	3091194	8.40
Others	97108	0.27
Total	**36786247**	**100.00**

M. Dematerialization of shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2014, 98.56% of the Company's Equity Shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE790G01023. Shareholders can open an account with any of the depository participants registered with any of these depositories.

N. Plant Locations

1. Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B
Deosugur Industrial Area,
Deosugur- 584170
(Dist. Raichur)

2. 100% EOU, Plot Nos. 33-33A, 40 to 47,
Raichur Industrial Growth Centre
Wadloor Road, Chicksugur Cross,
Chicksugur- 584134
(Dist. Raichur)

3. Vizag R & D Unit
Survey No:207,Modavalasa Village,
Denkada Mandalam, Dist: Vijayanagaram -531162 AP.

4.SEZ Unit
Plot No. S-20 to S-24/A, pharma SEZ
APIIC Green Industrial Park,
Pollepally village, Jadcherla mandal,
Dist – Mahaboobnagar – 509301 (AP)

5. Wind Mills

Machine- No.1	Machine-No.2	Machine- No.3	Machine- No.4
Madkaripura,	Jogimatti,	Vanivilas Sagar,	Kodameedipalli,
Dist. Chitradurga.	Dist. Chitradurga.	Dist. Chitradurga.	Dist. Kurnool.

O. Subsidiaries

1. LOBA Feinchemie GmbH, (Step-down Subsidiary)
   Fahragasse 7, A- 2401, Fischamend, Austria.

2. ZATORTIA HOLDINGS LIMITED
   70, Kennedy Ave, 4th Floor, 1076, Nicosia – Cyprus,

3. RAICHEM MEDICARE PRIVATE LIMITED,
   10/80, Rajendra Gunj, Raichur, Karnataka- 584102

4. NU THERAPEUTICS PRIVATE LIMITED,
   Plot No.118 Phase-III, IDA, Cherlapalli, Hyderabad – 500051

5. MAKINDUS INC
   206 Avondale Drive, North Wales, Pennsylvania 19454, County of Montgomery.

P. Address for Correspondence

Shilpa Medicare Limited
1st Floor, 10/80, Rajendra Gunj,
Raichur- 584102
Karnataka

For and on behalf of the Board

Place: Raichur
Date : 14.08.2014

Omprakash Inani
Chairman

Managing Director's and Finance Manager's Certification

We have reviewed the financial statements read with the cash flow statement of Shilpa Medicare Limited for the year ended March 31st, 2014 and that to the best of our knowledge and belief, we state that;

a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.

(ii) These statements present true and fair view of the Company's affairs and are in compliance with current Accounting standards, applicable laws and regulations.

b) There are, to the best of my knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluating the effectiveness of internal control systems of the Company and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

d) We have indicated to the Auditors and Audit Committee :

(i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements and

(ii)There are no instances of fraud involving the management or an employee.

Sd/-
N.C. Bhandari
Sr. Mgr. Finance

Sd/-
Vishnukant C. Bhutada
Managing Director

Place: Raichur
Date: 29-05-2014

Declaration by the Managing Director

I, Vishnukant C. Bhutada, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2013-2014.

Vishnukant C. Bhutada
Managing Director

Place: Raichur
Date:14-08-2014

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,

The Member of Shilpa Medicare Ltd.,

We have examined the compliance of Corporate Governance by Shilpa Medicare Ltd., (the "Company") for the financial year ended on 31st March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchange.

The Compliance of condition of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the company for ensuring compliance with the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company

In our opinion and to the best of our information and to the explanation given to us and based on the representations made by the Directors and the Management we certify that company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Bohara Bhandari Bung and Associates
Chartered Accountants
Firm Regn No 008127S

Place: Raichur
Date: 14-08-2014

CA Pankaj Kumar Bohara
Partner
M.No.215471

Independent Auditor's Opinion

To the Members of
Shilpa Medicare Limited

Report on the Financial Statements
We have audited the accompanying financial statements of Shilpa Medicare Limited("the Company"), which comprise the Balance Sheet as at 31st March , 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statementsthat give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("theAct") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenanceof internal control relevant to the preparation and presentation of the financialstatements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements basedon our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter
We draw attention to Note 50 to the Standalone financial statements. The Company has filed a lawsuit for recovering its amount paid as capital advance to its vendor for supply of Capital Assets, along with punitive damages. The Preliminary hearings of the case are in progress. As the ultimate outcome of the case cannot be determined presently, hence no provision for the outstanding balance receivable from the party has been made in the financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
d. In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash flow statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013;
e. On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Bohara Bhandari Bung & Associates
Chartered Accountants
Firm Registration No 008127S

CA.Pankajkumar Bohara
Partner
Membership No: 215471

Place/camp: Raichur
Date: 29th May, 2014

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

On the basis of such checks as we considered appropriate and in terms of information and explanation given to us, we further state that:

1. In respect of Fixed Assets:

a) The Company has maintained proper records, showing full particulars including Quantitative details and situation of Fixed Assets.

b) As explained to us, Fixed Assets have been physically verified wherever feasible by the Management and no material discrepancy with respect to book records was noticed on such verification.

c) During the year the company has not disposed off a substantial part of the Fixed Assets.

2. In respect of Inventories:

a) The Inventory in its possession has been physically verified by the management. In our opinion the frequency of the verification is reasonable. The Stocks lying with third parties have been verified with reference to Statements of Accounts or Subsequent return of goods.

b) The procedure as explained to us and followed by the Management for physical verification of Inventories is reasonable and adequate in relation to the size of the company and the nature of its business.

c) According to the information and explanations given to us, no material discrepancies were noticed on physical verification as compared to book records.

3. In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

a) The Company has not taken any secured / unsecured loan from any company or parties covered in the register maintained under section 301 of the Act.

During the year the Company has given unsecured loans of Rs.1,459.46Lakhs (Incl.Interest) to 03 subsidiaries and Rs.16.76 (Incl.Interest)Lakhs was given to 01 associate company during the year. Rs.84.48 Lakhs was repaid by 02 subsidiaries and Rs.2.50 Lakhs was repaid by 01 associates during the year. The total outstanding balance receivable from 02 of the Subsidiaries as on 31.03.2014 is Rs.2,380.48 Lakhs and Rs.185.00 Lakhs from 01 of its Associate Company respectively, covered in the register maintained under section 301 of the Act.

b) The rates of interest and the terms and conditions of the above said transactions where ever applicable, are prima-facie not prejudicial to the interest of the company.

c) The payment of Principal amount and interest thereon, where ever applicable are regular. There were no overdue amounts of the aforesaid transactions.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed Assets and also for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems,

5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act,1956:

a) According to information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needs to be entered in the Register maintained under sections 301 of the Companies Act, 1956, have been so entered.

b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Sec.301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to information and explanations given to us, the company has not accepted any deposits from the Public.

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

8. On the basis of records produced, we are of the opinion that prima-facie cost records and accounts prescribed by the central government under section 209(1) d of the Companies Act, 1956 in respect of the products of the company under the rules under said section are generally maintained / are under preparation. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete.

9. **In respect of statutory dues:**

a) According to the records of the company, undisputed statutory dues including Provident Fund, Investors Education Fund, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues has generally been regularly deposited with the appropriate authorities. According, to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than Six months from the date they became payable.

b) Details of dues under Income-tax Act and Workmen compensation Act which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (RsinLakhs)
Income-tax Act	Income-tax	Commissioner of Income tax (Appeals)	AY: 2010-11 & A.Y.2011-12	*1,372.51
Workmen Compensation Act	Accident Claim	Commissioner of Workmen Compensation &Labour Office	FY: 2007-08 & 2008-09	7.00

10. The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions or banks.

12. According to the information and explanation given to us and based on the information available, no loans and advances have been granted by the Company on the basis of Security by way of pledge of shares, debentures and other Securities.

13. In our opinion the company is not a chit fund or a nidhi fund/mutual Benefit fund/society. Therefore, provisions of clause4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

14. The Company did not either deal or trade in shares, securities, debentures and other Investment and hence clause 4(xiv) is not applicable

15. According to the information provided to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

16. In our opinion and according to information and explanation given to us, on an overall examination of the Balance Sheet of the Company,we are of the opinion that the term loans are being applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment and vice versa.

18. During the year, 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.

19. The Company has not raised funds by way of issue of Debentures. Hence, Clause 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.

20. The Company has not raised any funds through Public Issue during the year and hence Clause 4(xx) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.

21. Based upon the Audit procedures performed and information and Explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the course of our Audit.

For Bohara Bhandari Bung And Associates
Chartered Accountants
(Firm Regn No:008127S)

CA. Pankajkumar Bohara
Partner
M.No.215471

Place :Hyderabd
Dated: 29th May, 2014

Part - I - Balance Sheet as at 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share Capital	2	735.72	490.48
(b) Reserves and Surplus	3	40,520.78	32,588.13
Sub-Total Shareholder's funds		**41,256.51**	**33,078.61**
NON- CURRENT LIABILITIES			
(a) Long-Term Borrowings	4	3,737.99	4,321.86
(b) Deferred Tax Liabilities (Net)	5	2,697.47	2,063.02
(c) Long Term Provisions	6	87.89	31.24
Sub-Total Non Current Liabilities		**6,523.35**	**6,416.12**
CURRENT LIABILITIES			
(a) Short-Term Borrowings	7	2,202.24	3,892.33
(b) Trade Payables	8	8,661.15	4,773.84
(c) Other Current Liabilities	9	3,562.90	2,150.73
(d) Short Term Provisions	10	477.89	379.98
Sub-Total Current Liabilities		**14,904.18**	**11,196.88**
TOTAL EQUITY AND LIABILITIES		**62,684.03**	**50,691.61**
ASSETS			
NON- CURRENT ASSETS			
(a) Fixed Assets (Net Block)			
i) Tangible Assets	11	25,507.11	15,128.59
ii) Intangible Assets	11	258.94	126.99
iii)Tangible Assets under Development	12	4,923.52	11,417.90
iv) Intangible Assets under Development	12	-	9.25
		30,689.57	26,682.73
(b) Non Current Investments	13	6,506.51	3,700.73
(c) Long Term Loans and Advances	14	3,052.32	2,039.07
Sub-Total Non Current Assets		**40,248.40**	**32,422.52**
CURRENT ASSETS			
(a) Current Investments	15	1,013.90	5,028.16
(b) Inventories	16	10,895.03	6,612.96
(c) Trade Receivables	17	6,030.92	3,187.68
(d) Cash and Cash Equivalents	18	80.52	1,052.55
(e) Short Term Loan and Advances	19	4,318.69	2,311.05
(f) Other Current Assets	20	96.57	76.69
Sub-Total Current Assets		**22,435.63**	**18,269.09**
TOTAL ASSETS		**62,684.03**	**50,691.61**

Form an integral part of financial statement. Note : 1-51

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

Part - II - Standalone Statement of Profit and Loss for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

Particulars	Note	for the year ended 31st March, 2014	for the year ended 31st March, 2014
Revenue from Operations	21	51,116.22	33,528.04
Less: Excise Duty		699.39	708.45
Other Operating Revenues	22	2,319.98	0.00
Revenue from Operations (Net)		**52,736.81**	**32,819.59**
Other Income	23	885.33	500.64
TOTAL REVENUE		**53,622.14**	**33,320.22**
Expenses			
a) Cost of Materials Consumed	24	31,229.11	19,909.50
b) Purchases of Stock-in Trade	25	551.36	263.10
c) Change in Inventories of Finished Goods, Work-in-Progress and Stock-in- Trade	26	(1,182.83)	370.77
d) Employee Benefits Expense	27	4,212.52	2,559.86
e) Finance Costs	28	339.74	136.23
f) Depreciation and Amortisation Expense	11	2,109.20	1,275.36
g) Other Expenses	29	6,154.85	3,233.91
TOTAL EXPENSES		**43,413.94**	**27,748.72**
Profit before Extraordinary Items and Tax		**10,208.20**	**5,571.50**
Extraordinary (Income) / Expense	30	-	10.37
Profit Before Tax		**10,208.20**	**5,561.13**
Tax Expenses			
a) Current Tax		2,099.87	1,061.11
b) Less: Mat Credit Entitlement		(614.65)	(248.19)
c) Prior Period Tax		2.85	-
d) Deferred Tax		634.45	152.25
		2,122.52	**965.17**
Profit for the year		**8,085.68**	**4,595.96**
Earning per equity share for Rs.2/- each			
a) Before Extraordinary Item			
i) Basic-Rs		21.98	12.52
ii) Diluted-Rs		20.97	12.49
b) After Extraordinary Item			
i) Basic-Rs		21.98	12.49
ii) Diluted-Rs		20.97	12.49
c) Number of shares used in computing EPS (In Lakhs)			
i) Basic		367.86	367.86
ii) Diluted (Refer Note No. 51)		385.51	367.86
Form an integral part of financial statement Note 01 to 51			

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

Cash Flow Statement for the year ended March 31, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

Particulars	As at 31st March 2014	As at 31st March 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profits Before Tax (PBT)	10,208.20	5,561
Less: Adjustments		
Interest received	221.10	89.37
Dividend Income	195.94	210.63
Liabilities Written back	56.79	130.76
Provision written back	3.21	13.44
Excess gratuity provision written back	-	44.59
Unrealized Gain on reinstatement	97.95	122.25
Gain on sale of Mutual Funds	308.87	0.34
	9,324.35	**4,949.74**
Add: Adjustments		
Depreciation & Amortisation	2,109.20	1,275.36
Interest Paid	339.74	136.23
Loss on sale of Fixed Assets	9.16	16.38
Bad debts written off	1.30	17.08
Deposits Written off	0.91	-
Short Term Loss on Sale of Investments	30.47	-
Unrealized Exchange Loss on reinstatement	35.23	-
Operating profit before Working Capital changes & Other Adjustments	11,850.36	6,394.79
Adjustments for Increase / (Decrease) in Operating Liabilities		
- Trade Payables	4,017.03	(343.38)
- Other Current Liabilities & Short Term Provisions	1,405.77	279.94
- Long Term Provisions	56.65	-
Adjustments for (Increase) / Decrease in Operating Receivables	-	
- Inventories	(4,282.07)	(626.01)
- Trade Receivables	(2,861.28)	170.63
- Long Term Loans & Advances	(117.11)	(28.48)
- Short Term Loans & Advances & Other Current Assets	(2,040.56)	(1,163.70)
	8,028.79	4,683.80
Less: Income Taxes (Net)	(2,129.84)	(1,089.09)
Net Cash flow from Operating activities	**5,898.95**	**3,594.71**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Incl.CWIP)	(5,992.64)	(8,055.60)
Sale of Fixed Assets	10.93	12.02
Capital Advances	(300.90)	17.02
Interest received	221.54	87.00
Dividend Income	195.94	210.97
(Increase) / Decrease in Non-Current Investments	(2,247.54)	(349.11)
(Increase) / Decrease in Current Investments	4,292.66	1,774.01
Net cash outflow from Investing Activities	**(3,820.01)**	**(6,303.69)**

CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Long Term Borrowings	(673.73)	3,558.84
Increase in / (Decrease) Short Term Borrowings	(1,667.47)	319.18
Dividend and Corporate Dividend tax paid	(368.30)	(254.55)
Increase in Capital Subsidy	-	82.94
Interest paid	(341.46)	(139.78)
Net Cash flow Financing Activities	**(3,050.96)**	**3,566.63**
Net Increase/(decrease)in Cash and Cash Equivelants	**(972.03)**	**857.65**
Cash & Cash Equivelants at the Beginning of the year	1,052.55	194.90
Cash & Cash Equivelants at the End of the year	**80.52**	**1,052.55**

Components of Cash and Cash Equivalents	**As at 31st March 2014**	**As at 31st March 2013**
Cash on Hand	23.28	19.42
Cash at Banks		
a) In Current Account	29.05	66.46
b) In Fixed deposit Account (With maturity less than 3 months)	2.65	943.67
c) Unclaimed Dividend	12.88	10.65
d) Fixed Deposit held as Margin Money	12.66	12.36
Total Cash and Cash Equivalents	**80.52**	**1,052.55**

Note: -
1.Previous year figures have been Reclassed/Regrouped where ever necessary.
2.Cash Flow statement has been prepared under Indirect method as per AS-3 "Cash flow Statement" as prescribed under Companies (Accounting Standard) Rules, 2006.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

1. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared to comply with all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and as notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The Company generally follows mercantile system of accounting and recognizes all the income and expenditure on accrual basis.

The Accounting policies adopted in the presentation of financial statements are consistent with those of previous year.

1. Significant Accounting Policies

a) Presentation and disclosure of financial statements
The Company has presented its financial statements for the year ended March 31, 2014,as per the revised schedule VI notified under the Companies Act 1956. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year in view of the revised schedule VI.

b) Use of Estimates
The preparation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

c) Fixed Assets:

i. Tangible Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
ii. Intangible Assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.
iii. DMF costs represent expenses incurred on development of processes and compliance with regulatory procedures of the US FDA, in filing Drug Master Files (DMF), in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. This is in accordance with the requirements of Accounting Standard 26.

The cost of each DMF is amortized over a period of ten years from the date on which the expenses have been capitalized.

d) Depreciation:

i. Depreciation on Fixed Assets is provided on straight line method as prescribed in Schedule XIV of the Companies act 1956 of India.
ii. Intangible assets are amortized over their useful life/ a period of ten years.

e) Impairment of Assets:
An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

f) Investments:

i. Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.
ii. Current investments are stated at lower of cost and fair value.

g) Inventory:

i. Raw-Materials, Stores, and Packing Materials are valued at cost – Cost is determined on FIFO basis.
ii. Work-in-progress & Finished goods are valued at estimated cost or net realizable value whichever is lower.
iii. Provision for obsolescence if any, is made, wherever necessary.

h) Employee Benefits:

Provident Fund

Contribution towards Provident Fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

Gratuity

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC. The Company recognizes the actuarial gains & losses in the statement of profit & loss in the period in which they arise.

i) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement Profit & Loss on a straight-line basis over the lease term.

j) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Development Charges:

Development charges are earned over the time period of the development activity and are recognized on the basis of each mile-stones identified in the agreement

k) Other Income

i. Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
ii. Dividend income is recognized when right to receive is established.

l) Foreign Currency Transactions:

Initial Recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the Transaction.

Conversion

Foreign currency monetary Items are reinstated using the exchange rate prevailing at the reporting date.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or as expense for revenue items and are capitalized / transferred to Foreign Currency Monetary Item Translation Difference Account in case of Long Term Loans / Investments respectively.

m) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account. Further, interest earned out of borrowed funds from temporary investments is reduced from the borrowing cost

n) Derivative Instruments:

The Company uses derivative financial instrument such as forward contract to hedge its risk associated with foreign currency fluctuation. In respect of transactions covered by Forward Exchange Contract if any, the difference between the forward rate and the exchange rate at inception of contract is recognized as income or expense over the life of the contract.

o) Taxes on Income:

Tax expense comprises of Current and Deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is a convincing evidence that the Company will pay normal income tax during the specified period i.e, the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as “MAT Credit Entitlement”.

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

2. Share Capital **(Rs in lakhs)**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Authorised		
Equity shares		
4,25,00,000 (P.Y. 4,25,00,000), Rs. 2/- each par value	850.00	850.00
	850.00	850.00
Issued subscribed & fully paid up		
Equity shares		
3,67,86,247 (PY: 2,45,24,165), Rs. 2/- each par value	735.72	490.48

Share Capital (continued)

(a) Reconciliation of the number of shares.

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	24,524,165	490.48	24,524,165	490.48
Add :Bonus Shares Issued during the year	12,262,082	245.24	-	-
Shares outstanding at the end of the year	36,786,247	735.72	24,524,165	490.48

(b) Rights, Preferences and Restrictions attached to each class of Shares:

Equity Shares: The company has one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at March 31,2014		As at March 31,2013	
	No of Shares	%	No of Shares	%
1) Vishnukant .C. Bhutada	4,354,551	11.84	2,903,034	11.84
2) Baring India Private Equity III Limited	3,000,000	8.16	2,000,000	8.16
3) Dharmavati Bhutada	2,071,383	5.63	1,380,922	5.63
4) Kanta Bai Inani	1,919,820	5.22	1,279,880	5.22
5) Kamal Kishore Inani	1,884,414	5.12	1,256,276	5.12

(d) Details of equity shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the balance sheet date.

Particulars	As at 31st March,2013	A s at 31st March,2012	A s at 31st March,2011	A s at 31st March,2010	A s at 31st March,2009
A) Class of shares (Equity)					
Shares of Rs. 2/- fully paid issued pursuant to Amalgamation of Shilpa Organics Pvt Ltd., with the Company to its erstwhile shareholders without payment being received in cash.	-	-	-	-	3,916,664

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

3. Reserves and Surplus

Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
Opening balance	32.36	32.36
Add: Current year transfer	-	-
Less: Amount utilized	-	-
Closing Balance	**32.36**	**32.36**
Capital Subsidy		
Opening balance	220.64	137.70
Add: Received during the year	-	82.94
Less: Amount utilised	-	-
Closing Balance	**220.64**	**220.64**
Securities Premium Account		
Opening balance	11,446.25	11,446.25
Add: On Issue of shares	-	-
Less: Utilised on issue of Bonus shares	245.24	-
Closing Balance	**11,201.01**	**11,446.25**
General Reserves		
Opening balance	2,372.68	1,847.68
Add: Amount transferred from appropriations	810.00	525.00
Less: Amount utilised	-	-
Closing Balance	**3,182.68**	**2,372.68**
Surplus in Statement of Profit and Loss		
Opening Balance	18,215.18	14,514.76
Add: Profit for the year	8,085.68	4,595.96
Amount available for appropriations	26,300.87	19,110.72
Less: Amount utilised		
a) Proposed dividend @ Rs 1/- share (PY: Rs 1.30) share	(385.51)	(318.81)
b) Dividend Distribution Tax	(65.52)	(51.72)
c) Transfer to General Reserves	(810.00)	(525.00)
Closing Balance	**25,039.84**	**18,215.18**
Foreign Currency Monetary Translation Difference Account	844.25	301.02
TOTAL	**40,520.78**	**32,588.14**

Note :

The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting .

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

4. Long Term Borrowings

Particulars	As at 31st March, 2014	As at 31st March, 2013
(A) Term Loans (Secured)		
i. From Banks		
a) External Commercial Borrowings (ECB)	3,004.99	4,079.20
Nature of Security		
a) ECB of USD 10 Mn is taken from Standard Chartered Bank, London (SCB) and is secured by hypothecation of Immovable Fixed Asset (USD 6 Mn.) of SEZ and (USD 4 Mn) Movable Fixed Assets located at Raichur plant, including proposed Capex created out of such loan and guarantees given by 02 of its Directors.		
Terms of Repayment & Interest Rate:		
Above ECB is repayable in 8 equal half yearly installments with interest @ 5.28% p.a. Last installment falls due on 27.03.2017. Interest is payable quarterly.		
Two instalments amounting to 2.50 Mn. USD has been paid during the year.		
b) Deferred Payment Liabilities		
Buyer's Credit for Capital Goods from SCB Bangalore	-	242.66
Terms of Repayment & Interest Rate:		
It is repayable in 10 equal quarterly installments after six months of moratorium with interest @ Libor + 350 basis points. The last installment fall due on 15.01.2015.		
Nature of Security		
It is secured by exclusive charge on movable fixed assets of the Company and personal gurantee of 02 of its Directors.		
c) Term Loan : from The Lakshmi Vilas Bank Ltd, Raichur (LVB)	733.00	-
Nature of Security		
Term loan sanctioned during the year by LVB is Rs.13.00 Crs. Out of the said amount, the Company has availed Rs.10.15 Crs as at the Balance Sheet date. The said loan is secured against existing Wind Electric Converters and personal guarantee of 02 of its Directors.		
Terms of Repayment & Interest Rate:		
It is repayable in 36 equal monthly installments with a moratorium period of three months from the date of commissioning or six months from the date of first drawdown whichever is earlier alongwith interest @ LVB Base Rate + 0.75% margin p.a. Current Interest rate is 12%. The Last Instalment falls due in July 2017.		
TOTAL	**3,737.99**	**4,321.86**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

5. Deferred Tax Liability (Net)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred tax liability	2,727.34	2,073.40
(On account of timing difference of depreciation)		
Deferred tax asset	(29.87)	(10.38)
(On account of disallowable items under Income Tax Act)		
TOTAL	**2,697.47**	**2,063.02**

6. Long Term Provisions

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Gratuity	87.89	31.24
TOTAL	**87.89**	**31.24**

7. Short Term Borrowings

Particulars	As at 31st March, 2014	As at 31st March, 2013
Secured Loan		
Loans Repayable on Demand		
Working capital loan from Banks		
i) LVB [Refer below note"a" & c(i)]	-	892.08
ii) SCB [Refer below note "b" & c(ii) & c(iii)]	2,202.24	2,972.38
Nature of Security		
a) Working capital loan from LVB is secured by primary security against Stock of Raw materials, Work-in-Progress, Finished goods, Book debts & Guranteed by 02 of its Directors and collateral security of partial factory land, buildings, plant & machinery located at Deosugur unit.		
b) Working capital loan from SCB is secured by First Pari Passu charge on current assets and first charge on certain fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 of its Directors.		
c) Interest rate is as under:		
(i) Basic Rate +1%		
(ii) On PSFC/PCFC - Libor + 2%		
(iii)On overdraft - 13.5%		
iii) Bill Discounted from LVB	-	27.87
TOTAL	**2,202.24**	**3,892.33**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

8. Trade Payables

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Trade Paybles (Refer Note no 42 & 43)	8,033.66	3,877.45
(b) Others (Refer Note no 42 & 43)		
(i) Capital Creditors	414.68	477.35
(ii) Advances from Customers	212.81	419.04
TOTAL	**8,661.15**	**4,773.84**

9. Other Current Liabilities

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term debt (For nature of security , terms of repayment & rate of interest Refer note no : 4 above)	2,067.53	1,602.39
Interest accrued but not due on borrowings/ deposits	3.99	5.72
Unclaimed dividends	12.88	10.65
Employee benefit liability	477.15	226.93
Book overdraft	639.96	44.04
Provision for expenses	158.17	110.88
Income / Wealth Tax (Net)	3.10	30.22
Tax deduction at source	156.96	81.49
Service tax payable	2.96	1.00
VAT, Entry Tax ESI, & Professional Tax	26.70	23.93
Security / Trade deposit	13.50	13.50
TOTAL	**3,562.90**	**2,150.73**

10. Short Term Provisions

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Provident fund payable	26.86	9.44
b) Others		
i) Proposed Dividend	385.51	318.81
ii) Tax on Proposed Dividend	65.52	51.72
TOTAL	**477.89**	**379.98**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

11. Fixed Assets Schedule

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April 2013	Additions	Deduction/ Adjustment during the year	Balance as at 31-03-2014	As at 1st April 2013	For the year	Deduction/ Adjustment during the year	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Tangible Assets										
i) Owned										
a) Borewell	11.63	1.69	-	13.32	1.11	0.52	-	1.63	11.70	7.91
b) Buildings	4,207.08	2,994.20	-	7,201.28	643.99	234.43	-	878.41	6,322.86	3,565.71
c) Canteen Equipment	1.68	1.17	-	2.85	0.25	0.19	-	0.44	2.42	1.43
d) Computer	295.70	66.59	-	362.29	117.89	50.98	-	168.88	193.41	177.80
e) Electrical Installation	1,234.20	777.78	-	2,011.98	367.56	144.98	-	512.54	1,499.44	866.65
f) Empty Cylinders	4.00	0.67	-	4.67	4.00	0.06	-	4.06	0.61	-
g) ETP Building	453.58	0.97	-	454.55	74.75	15.17	-	89.92	364.63	378.83
h) ETP Machinery	203.37	12.42	-	215.78	54.59	15.19	-	69.78	146.00	148.77
i) Furniture	287.01	236.70	-	523.71	51.34	28.63	-	79.97	443.74	235.67
j) Generator	37.88	-	-	37.88	17.72	2.81	-	20.53	17.35	20.16
k) Lab Equipments	2,362.24	837.66	-	3,199.90	400.57	210.42	-	610.99	2,588.91	1,965.66
l) Office Equipment	11.74	9.01	-	20.75	1.56	1.68	-	3.24	17.51	10.18
m) Wind Power Generation Units	2,022.00	-	-	2,022.00	1,320.62	209.07	-	1,529.70	492.30	701.38
n) Pipeline	1,344.80	346.82	-	1,691.62	388.08	121.54	-	509.61	1,182.01	956.73
o) Plant & Machinery	6,961.25	7,046.95	-	14,008.20	2,316.77	1,003.40	-	3,320.17	10,688.03	4,640.48
p) Pollution Control Equip.	36.51	-	-	36.51	30.04	2.71	-	32.75	3.76	6.46
q) R & D Equipments	238.44	-	-	238.44	82.12	11.33	-	93.45	144.99	156.32
r) Storage Tank	63.57	0.82	-	64.39	33.17	6.94	-	40.10	24.28	30.40
s) Transformer	3.58	43.03	-	46.61	2.91	-	-	2.91	43.71	0.68
t) Unit-II Land & Buildings	5.86	-	-	5.86	2.40	-	-	2.40	3.46	3.46
u) Vehicle	248.61	82.44	36.52	294.52	74.23	26.06	16.43	83.86	210.67	174.38
v) Weigh Bridge	3.47	-	-	3.47	1.03	0.26	-	1.29	2.18	2.44
w) Xerox Machine	2.29	1.43	-	3.72	1.96	0.47	-	2.42	1.30	0.33
x) Land	502.60	15.38	-	517.98	-	-	-	-	517.98	502.60
	20,543.07	**12,475.72**	**36.52**	**32,982.27**	**5,988.65**	**2,086.83**	**16.43**	**8,059.05**	**24923.22**	**14554.42**

ii) Leased Assets			-	-						
a) Leasehold Land & Green Field	574.17	9.72	-	583.88	-	-	-	-	583.88	574.17
Total	**574.17**	**9.72**	**-**	**583.88**	**-**	**-**	**-**	**-**	**583.88**	**574.17**
Sub-Total (A)	**21,117.24**	**12,485.43**	**36.52**	**33,566.16**	**5,988.65**	**2,086.83**	**16.43**	**8,059.05**	**25,507.11**	**15,128.59**
Intangible Assets			-	-						
a) Goodwill	-	-	-	-	-	-	-	-	-	-
b) Computer Software	21.72	41.75	-	63.47	3.81	6.89	-	10.69	52.77	17.91
c) Technical Know How	21.88	-	-	21.88	21.88	-	-	21.88	0.00	0.00
d) DMF/ Patent Fees	109.11	112.58	-	221.69	0.03	15.49	-	15.52	206.17	109.08
Sub-Total (B)	152.71	154.33	-	307.04	25.72	22.38	-	48.09	258.94	126.99
Sub-Total (A+B)	**21,269.95**	**12,639.76**	**36.52**	**33,873.19**	**6,014.37**	**2,109.20**	**16.43**	**8,107.14**	**25,766.05**	**15,255.58**
Previous year figures	**18817.91**	**2489.32**	**37.28**	**21269.95**	**4733.77**	**1275.36**	**0.00**	**6014.37**	**15255.58**	**14084.14**

i) Out of total Land of 59.90 acres acquired from KIADB, 35.23 acres is on lease-cum-sale basis for a period of 10 years
ii) Following assets includes exchange difference arised on Re-instatement/Payment of ECB/Buyers' Credit Installments.

	Rs. In Lakhs	
Assets	**Current Year**	**Previous Year**
a) Buildings	144.28	43.18
b) Electrical Installation	33.52	-
c) Lab Equipments	11.26	-
d) Pipeline	14.01	-
e) Plant & Machineries	342.83	72.21
f) Leasehold Land & Green field	-	1.45

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

12. Tangible & Intangible Assets Under Development

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Tangible Assets Under Development		
i) Machinery Under Errection	592.59	689.49
ii) Lab Equipment Under Errection	0.55	148.94
iii) Projects under Errection	3,700.90	8,926.30
iv) Pre-operative expenses (pending capitalization)	629.48	1,653.17
	4,923.52	**11,417.90**
(b) Intangible Assets Under Development		
(i) Software under Installation	-	9.25
	-	**9.25**
TOTAL	**4,923.52**	**11,427.15**

13. Non Current Investments

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Investments (At Cost) Fully paid up		
i) In Subsidiary Companies		
a) Investments in Equity / Instruments (Unquoted)		
i) 2000 (2000) Equity Shares of Euro 1.71 each of Zatortia Holdings Ltd, Cyprus	2,766.55	2,329.92
ii) 1,248,549 (1,248,549) of Rs 10/- each in equity shares of Nu Therapeutic Pvt. Ltd, Hyderabad	713.18	713.18
iii) 6,48,455 (440,955) of Rs 10/- each in equity shares of Raichem Medicare Pvt. Ltd, Raichur.	958.68	647.43
b) Investments in Common Stock (Unquoted)		
i) 350000 (Nil) Common stock at par value of USD 0.01 each of Makindus INC. USA	601.00	-
c) Investments in Preference Instruments (Unquoted)		
i) 400000 (Nil) Preference shares of Rs 10/-each of NU-Therapeutics Pvt.Ltd	40.00	-
ii) 8760000 (Nil) Preference shares of Rs 10/- each of Raichem Medicare Pvt. Ltd.	876.00	-
ii) Associate Companies		
i) Investments in Equity Instruments (Unquoted)		
1) 100,000 (100,000) Equity Shares of Rs 10/- each of Reva Pharmachem Pvt. Ltd, Raichur	10.00	10.00
iii) Joint Venture		-
i) Investments in Preference Instruments (Unquoted)		
900000 (Nil) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC, USA	540.90	-
	6,506.31	**3,700.53**
Less: Provision for diminution in the value of investments	-	-
Net Amount of Investments	**6,506.31**	**3,700.53**
In Government securities (Unquoted)		
National Savings Certificate	0.20	0.20
TOTAL	**6,506.51**	**3,700.73**
Aggregate value of Unquoted investments	**6,506.51**	**3,700.73**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

14. Long Term Loans and Advances (Unsecured)

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Capital Advances		
i) Unsecured, considered good	1,542.84	1,260.43
Less: Provision for doubtful advances	-	-
	1,542.84	**1,260.43**
b)Security Deposits (Unsecured Considered Good)		
i) Electricity Deposits	82.53	65.53
ii) Rental Deposits	76.50	76.68
iii) Telephone Deposits	0.60	0.62
iv) Miscellaneous Deposits	10.07	6.54
	169.70	**149.36**
Less: Provision for doubtful deposits	0.91	-
	168.80	**149.36**
c) Other Loans and Advances (Unsecured considered Good)		
i) Income Tax paid under protest	123.28	23.28
ii) VAT on Capital Goods & others	32.83	30.48
iii) MAT Credit Entitlement Benefit	1,171.05	556.40
iv) Prepaid expenses	4.77	0.63
v) Service Tax (Under Protest)	8.76	8.76
vi) Advance to KIADB	-	9.72
	1,340.69	**629.27**
TOTAL	**3,052.32**	**2,039.07**

15. Current Investments (Quoted)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Investments in Mutual Funds		
i) HDFC Mutual Fund	-	1,000.00
ii) ICICI Prudential Mutual Fund	1,013.90	1,500.00
iii) PNB Fixed Maturity Plan	-	500.00
iv) SBI Mutual Fund	-	2,028.16
TOTAL	**1,013.90**	**5,028.16**

Aggregate market value of quoted investments for CY is Rs 1013.90 lakhs (Rs.5331.25) lakhs, Investments have been valued at lower of cost and fair market value.

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

16. Inventories

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Raw materials		
i) With Company	5,741.72	3,174.57
ii) In-Transit	192.70	-
b) Work- in- Progress	4,411.28	3,261.32
c) Finished Goods		
i) With Company / Consignment agent	31.67	1.92
ii) In-Transit	-	41.37
d) Stock-in-Trade	64.40	19.91
e) Stores and Spares	253.58	107.77
f) Packing Materials	199.69	6.10
TOTAL	**10,895.03**	**6,612.96**

17. Trade Receivables

Particulars	As at 31st March, 2014	As at 31st March, 2013
Unsecured, considered good (Refer note no 42)		
i)Trade receivable outstanding for the period more then six months	63.00	80.35
Unsecured, considered doubtful	1.30	17.08
	64.30	97.44
Less: Provision for doubtful debts	1.30	17.08
	61.69	63.27
Unsecured, considered good (Refer note no 42)		
i) Trade receivable outstanding for the period less than six months	5,967.93	3,107.33
	5,967.93	**3,107.33**
TOTAL	**6,029.62**	**3,170.60**

18. Cash and Cash Equivalents

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Cash on hand	23.28	19.42
b) Balance with banks in current account	29.05	66.46
c) Bank deposits having maturity of less than 03 months	2.65	943.67
d) Unclaimed dividends	12.88	10.65
e) Fixed deposits held as Margin money *	12.66	12.36
TOTAL	**80.52**	**1,052.55**

* Fixed deposit with original maturity of more than 3-months has been given in the form of Guarantee to " Chief Control Board Officer, "The Andhra Pradesh Pollution Control Board", Hyderabad and Standard Chartered Bank against LC/FLC

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

19. Short Term Loans and Advances

Particulars	As at 31st March, 2014	As at 31st March, 2013
Loans and advances to related parties (Unsecured)		
a) Considered Good		
i) Zatortia Holdings Ltd (Wholly Owned Subsidiary)	-	9.11
ii) Nu Therapeutics Pvt. Ltd (Subsidiary)	823.80	656.98
iii) Reva Pharma Chem Pvt. Ltd (Associate)	185.00	170.71
iv) Raichem Medicare Pvt. Ltd (Subsidiary)	1,556.68	339.40
	2,565.48	1,176.21
b) Others		
i) Cenvat receivable	1,210.23	703.73
ii) CST receivable	225.36	235.04
iii) Service tax receivable	246.76	134.17
iv) Prepaid expenses	48.92	40.78
v) Staff advance/against expenses	15.24	16.26
vi) Tender deposits	6.20	4.35
vii) Rent deposit	0.50	0.50
	1,753.21	1,134.84
TOTAL	**4,318.69**	**2,311.05**

20. Other Current Assets

Particulars	As at 31st March, 2014	As at 31st March, 2013
a)Unsecured (considered good)		
i) Interest accrued but not due on fixed deposits/ others .	7.09	7.52
ii) Advance recoverable in cash or kind.	89.48	69.16
	96.57	76.69
Less: Provision for doubtful receivables	-	-
TOTAL	**96.57**	**76.69**

21. Revenue from operations

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Sales of Manufactured Products	50,806.14	33,218.03
Less: Excise Duty	699.39	708.45
	50,106.76	32,509.58
b) Power sales	310.07	310.01
TOTAL	**50,416.83**	**32,819.59**
Sales comprises of :		
i) Bulk Drugs	26006.36	14163.95
ii) Intermediates	23395.40	17981.09
iii) Trading (Bulk Drug / Medicines)	647.32	346.52
iv) Power	310.07	310.01
v) Others	57.69	18.02
TOTAL	**50,416.83**	**32,819.59**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

22. Other operating Income

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Product Development	2,319.98	-
TOTAL	**2,319.98**	**-**

23. Other Income

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Interest Income		
i) Banks	28.06	0.24
ii) Others	193.04	89.13
b) Bad debts recovered	-	1.75
c) Liabilities written back	56.79	130.76
d) Provision written back	3.21	13.44
e) Sale of carbon credits (Net)	22.88	1.56
f) Dividend on current investment	195.94	210.63
g) Miscellaneous	76.54	52.78
h) Gain on maturity of fixed period mutual fund	308.87	0.34
TOTAL	**885.33**	**500.64**

24. Cost of Material Consumed

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Opening Stock	3,180.67	2,193.60
Add: Purchases	34,182.54	20,896.57
Less: Closing stock	6,134.11	3,180.67
Materials Consumed	31,229.11	19,909.50
Materials consumed comprises of :		
i) Raw material	31,134.65	19,866.24
ii) Packing material	94.46	43.25
TOTAL	**31,229.11**	**19,909.49**

25. Purchases of Stock -in -Trade

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Purchase of Bulk Drug / Medicines	551.36	263.10
TOTAL	**551.36**	**263.10**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

26. Change in Inventory of Finished Goods, Work-in-Progress & Stock- in -Trade

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Opening stock		
a) Finished goods	63.20	47.10
b) Work-in-progress	3,261.32	3,648.18
	3,324.52	**3,695.28**
Less: Closing stock		
a) Finished goods	96.07	63.20
b) Work-in-progress	4,411.28	3,261.32
	4,507.35	**3,324.52**
(Increase) / Decrease in Inventory	**(1,182.83)**	**370.77**

27. Employee Benefit Expenses

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Salaries and Wages	3,436.49	2,157.42
b) Contribution to Provident /Gratuity and other funds	233.41	71.69
c) Staff Welfare expenses	73.72	47.02
e) Managing Director Remuneration	468.90	283.73
TOTAL	**4,212.52**	**2,559.86**

28. Finance Cost

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Term loans	215.70	15.86
b) Working capital loans	78.53	118.11
c) Others	45.51	2.26
TOTAL	**339.74**	**120.37**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

29. Other Expenses

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Power and fuel	1,554.80	883.20
Repairs & Maintenance	-	-
i) Buildings	132.88	75.44
ii) Machinery	429.82	287.14
iii) Others	44.63	32.94
Rent	168.04	173.08
Exchange Loss /(Gain) Net	557.00	(120.40)
License fees	19.00	18.63
Insurance	64.96	37.82
Traveling and conveyance	165.49	134.68
Contract labour charges	497.25	311.60
Legal & Professional fees	181.62	65.93
Facility fees	30.80	44.61
Auditor's fees	9.75	7.81
Research & Development expenses	886.19	449.32
Transportation charges	186.76	126.29
Brokerage and commission	433.26	173.69
Job work charges	7.98	2.39
Directors sitting fees	1.40	1.20
Sales Promotion & Advertisement	35.41	47.54
Bank charges	95.06	58.28
Deposit written-off	0.91	-
Bad Debts / Accounts written-off	1.30	17.08
Clearing and Forwarding	245.10	171.04
Loss on sale of assets	9.16	16.38
VAT/ Entry / Profession tax	8.49	18.97
Miscellaneous Expenses	357.34	199.25
Short term capital loss	30.47	-
TOTAL	**6,154.85**	**3,233.91**

30. Extraordinary expense / loss

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Cash loss due to robbery	-	10.37
TOTAL	**-**	**10.37**

31. Payment to Statutory Auditors *

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Statutory Audit	5.50	4.35
b) Tax Audit	2.00	1.75
c) Certification	2.25	1.60
TOTAL	**9.75**	**7.70**

* Excluding service tax

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

32. Contingent Liabilities

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Foreign letter of credit	1,258.59	1,304.13
b) Bank Guarantees / Corporate Guarantee	10.00	10.90
c) Claims against the Company not acknowledeged as debts	1,194.44	492.15
d) Estimated amount of contracts remain to be executed on account of capital commitments not provided for (net of advance)	1,837.18	2,199.70
TOTAL	**4,300.21**	**4,006.88**

33. In respect of Gratuity, a defined benefit scheme (based on Actuarial Valuation)

Movement of present value of the defined benefit obligation	As at 31st March, 2014	As at 31st March, 2013
Obligations at period beginning	107.44	133.64
Service Cost	17.82	13.05
Interest on Defined benefit obligation	9.85	11.03
Benefits settled	-	-
Actuarial (gain)/loss	34.12	(50.29)
Obligations at period end	**169.23**	**107.44**
Change in plan assets	-	-
Plans assets at period beginning, at fair value	76.19	57.81
Difference in Opening balance	-	-
Expected return on plan assets	6.10	5.15
Actuarial gain/(loss)	(0.95)	0.14
Contributions	-	13.09
Benefits settled	-	-
Plans assets at period end, at fair value	**81.34**	**76.19**
Reconciliation of present value of the obligation and the fair value of the plan assets:	-	-
Closing PBO	169.23	107.44
Closing Fair value of plan assets	57.81	76.19
Closing Funded status	**(87.89)**	**(31.24)**
Unrecognised actuarial (gains).losses	-	-
Net asset/(Liability) recognized in the balance sheet	**(87.89)**	**(31.24)**
Expenses recognised in the P & L account	-	-
Service cost	17.82	13.05
Interest cost	9.85	11.03
Expected return on plan assets	(6.10)	(5.15)
Actuarial (gain)/loss	35.07	(50.43)
Net gratuity cost	56.65	(31.50)
Experience Adjustment on Plan Assets	0.95	(0.14)
Experience Adjustment on Plan Liabilities	**34.12**	**(50.29)**

Principal Actuarial Assumptions		
Interest Rate	9.17%	8.25%
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	9.17%	8.25%
Expected rate of return on assets	8%	8%
Salary increase (taking into account inflation, seniority, promotion And other relevant factors)	8%	6%
Attrition rate of employees	5%	5%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase,inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

34. Remittance in Foreign Currency on Account of Dividend

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Number of Share Holders	1	1
b) Number of Equity shares held by them	2000000	2000000
c) Amount of Dividend Paid	26.00	16.00
d) Year to which it relates	2012-13	2011-12

35. Import & Indigenous Material Consumed

Particulars	F.Y 31-03-2014	%	F.Y 31-03-2013	%
a) Raw Material				
i) Imported	25,713.90	82.34	16,159.33	81.16
ii) Indigenous	5,515.21	17.66	3,750.17	18.84
b) Stores & Spares				
i) Imported	5.75	1.63	5.71	2.51
ii) Indigenous	346.34	98.37	222.36	97.49

36. Earning in Foreign Currency

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Total Direct Export (FOB)	33,470.80	24,517.05
TOTAL	**33,470.80**	**24,517.05**

37. Expenditure in Foreign Currency

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
i) Foreign Travelling	18.55	22.97
ii) Import (CIF)	26,169.60	17,758.86
iii) Interest	287.84	108.37
iv) Others	1,146.66	614.08
TOTAL	**27,622.65**	**18,504.28**

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

38. Research & Development expenses eligible for weighted deduction under The Income Tax Act, 1961

Particulars	2013-14		2012-13	
	for Raichur Facility	for Vizag Facility	for Raichur Facility	for Vizag Facility
ELIGIBLE EXP				
I a) Capital Expenditure other than Land & Building	97.91	436.24	158.86	392.36
b) Revenue Expenditure	-	-	-	-
i) Employee cost	535.85	496.59	412.40	347.55
ii) Research & Development expenses	314.19	224.44	165.94	216.07
iii) Machinery Maintenance	22.67	23.20	4.98	11.34
iv) Power & Fuel	17.77	78.55	16.99	64.27
vi) Lease Rent	-	146.02	-	151.69
vii) Security Charges	-	22.35	-	20.45
viii) Other Expenses	44.22	78.97	31.17	44.06
TOTAL	**1,032.61**	**1,506.37**	**790.34**	**1,247.78**
Less : Revenue	-	78.10	-	-
TOTAL	**1,032.61**	**1,428.27**	**790.34**	**1,247.78**
IN-ELIGIBLE EXP				
II) a) Revenue Expenditure				
i) Misc Expenses	0.35	1.82	0.93	2.03
ii) Depreciation	74.28	93.91	65.39	62.31
TOTAL	**74.63**	**95.73**	**66.32**	**64.34**
b) Capital Expenditure for approved in house Research & Development.		2.12	-	-
	79.63	**97.85**	**66.32**	**64.34**
TOTAL	**1,107.24**	**1,526.12**	**856.66**	**1,312.12**

39. Figures of the previous year have been regrouped/rearranged wherever necessary.

40. The Company is mainly engaged in the business of Bulk Drugs Manufacturing. With a view to integrate its overall business, the Company from the financial year 2013-2014 has commissioned its formulation factilities alongwith development of few products in formulation business. This business, the Company considers as Inter-related and integrated business of "Pharmaceutical Products" and hence no separate segemental reporting is required.

41. In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business

42. Balances of Trade receivables / Trade payables / Advances and Security deposits are subject to confirmation.

43. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosures relating to amount unpaid as at the year end together with interest paid / payable under this Act cannot be ascertained.

Notes to the Financial Statements for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

44. The Company has exercised the option of capitalizing the exchange difference arising on reporting of long term foreign currency monetary items at rates difference from those at which they where initially recorded , so far as they related to the acquisition of depreciable capital assets as per para 46A to As-11" The effect of change in Foreign Exchange Rates' vide Notification No.GSR 914(E) dated 29th December ,2011 issued by The Ministry of Corporate Affairs. In other cases the difference has been accumulated in 'Foreign Monetary Iteam Transsalation Difference A/c" to be amortized over the balance period of such long term assets as per said notification. By virtueof above the Company has capitalized Rs 545.90 lakhs (P.Y Rs 116.84) lakhs to the Fixed Assets acquired out of such External Commercial Borrowings (ECB)being the Exchange difference. Further, exchange gain / loss on reinstatement of investments in Wholly owned Foregin subsidiary has been accumulated in "Foreign Monetary Iteam Transalation Difference A/c".

45. As on 31.03.2014 demands from Income Tax Department are as under:-

a) A.Y 2010-11 Rs 402.57 Lakhs (P.Y 420.57) Lakhs

b) A.Y 2011-12 Rs 951.94 Lakhs

Based on the judcial pronouncement and legal advises, the Company has contested the above demands before the CIT(Appeals), Hubli.

46. The Net worth of Reva Pharmachem Pvt Ltd (Associate Company) as at the Balance Sheet date has been completely eroded. However, the management is of the view that since the Investments are long term in nature no provision is required to be made.

47. An amount of Rs 23.28 Lakhs paid in the year 2010-11 pertaining to A.Y 2008-09 and Rs 100.00 Lakhs in 2013-14 pertaining to A.Y 2010-11 against the disputed tax demands for which the Company had filed an appeal before the relevant authorities. Case of A.Y. 2008-09 has been disposed - off in Company's favour, and of A.Y 2010-11 is pending before the authorities The same is shown under note no.14 c (i).

48. Out of the sum of Rs. 32.83 Lakhs (P.Y - Rs 30.48 lakhs) the Company had preferred an appeal for refund of input tax paid on capital goods amounting to Rs.26.88 lakhs (PY - Rs.26.88) lakhs before the Hon.Tribunal under Karnataka Value Added Tax Act, 2003,which has been remanded back by the Hon. Tribunal to the concerned Assessing Authority for fresh disposal. The same is shown under note 14C(ii)

49. "The Company has hedged the interest rate on ECB of US$ 10 million facility. The aggregate amount of loan covered under the said interest rate swap as at March 31, 2014 is Rs.4958.09 Lakhs (US$ 7.50million). The periodic net payments related to interest rate swap is recorded as finanace cost & finance cost- pre-operative, since the few assets purchased from such loan are pending for capatilization."

50. Capital advances includes a sum of Rs.366.88 lakhs P.Y 373.65 lakhs (reinstated value) paid to ISO Tech Design, Canada by the Company towards supply of machinery for its Formulation project at Jadcherla. Due to inordinate delay by vendor, the Company terminated its order and has filed a law suit for recovery of its amount alongwith interest and damages with the local courts in Canada. The preliminary hearing and recovery proceeding are under process. As the outcome of the case cannot be determined presently, the Company has not made any provision.

51. The Company had allotted 1764705 Equity shares on 15/05/2014 on preferential basis. The same have been considered for the purpose of computing Diluted EPS for the current year.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Shilpa Medicare Limited

Report on Consolidated Financial Statements

1) We have audited the accompanying Consolidated financial statements of SHILPA MEDICARE LIMITED (the Company) and its Subsidiaries and Jointly Controlled entities (collectively referred to as "The Group"), which comprises the Consolidated Balance sheet as at March 31, 2014 and the Consolidated statement of Profit and Loss account and also the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. The Consolidated financial statements include investments in Associates accounted on equity method in accordance with Accounting Standard 23(Accounting for Investments in Associates in Consolidated Financial Statements) as Notified under the Companies (Accounting Standards) Rules, 2006.

2) **Management's Responsibility for the Consolidated Financial Statements**
Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) **Auditor's Responsibility**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) **Opinion**
In our opinion and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit reports on the individual audited financial statements of Shilpa Medicare Limited, subsidiaries, joint ventures and associates subject to our notes below in paragraph 6, and read with other notes, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
(b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

5) Emphasis of Matter

We draw attention to 48 to the consolidated financial statements. The Company has filed a lawsuit for recovering its amount paid as capital advance to its vendor for supply of Capital Assets, along with punitive damages. The Preliminary hearings of the case are under progress. As the ultimate outcome of the case cannot be determined presently, hence no provision for the outstanding balance receivable from the party has been made in the financial statements. Our opinion is not qualified in respect of this matter.

6) Other Matters

We did not audit the financial statements of the following subsidiaries/Joint Venture:

a) The financial Statements of M/s. Nu Therapeutics Private Limited, Indian subsidiary, is audited by other auditor as per the requirement of The Companies Act 1956 and whose reports have been furnished to us and that our opinion is based solely on the reports of the other auditor. The financial statements of this entity reflect total assets of Rs.1564.62 Lakhs as at 31st March, 2014 and total revenue of Rs.203.77 Lakhs and net cash outflow amounting to Rs.158.03 Lakhs for the year then ended.

b) The financial Statements of M/s. Raichem Medicare Private Limited, Indian subsidiary, are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

The financial statements of this entity reflect total assets of Rs.7,481.71 Lakhs as at 31st March, 2014 and total revenue of Rs.92.61 Lakhs and net cash outflow amounting to Rs.283.78 Lakhs for the year then ended.

c) The financial Statements of M/s. Zatortia Holdings Limited, A wholly owned foreign subsidiary, is audited by other auditors as per the requirement of the International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law. These financial statements have been converted as per the requirements of Indian GAAP and it reflect total assets of Rs.2,745.28 Lakhs as at 31st March, 2014 and total revenue of Rs. Nil and net cash inflow amounting to Rs.6.47 Lakhs for the year then ended.

d) The financial Statements of M/s. Loba Feinchemie AG (GmbH), foreign sub-subsidiary, are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

As per the Austrian Act M/s. Loba Feinchemie AG (GmbH), foreign sub-subsidiary is a "small company with a limited liability (GmbH) and is exempted from audit for the period. The unaudited financial statement reflect total assets of Rs.3,331.42 Lakhs as at 31st March, 2014 and total revenue of Rs.4,301.62 Lakhs and net cash outflow amounting to Rs.3.73Lakhs for the year then ended.

e) The financial Statements of M/s. Makindus Inc foreign subsidiary are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

The financial statements of this entity reflect total assets of Rs.379.39 Lakhs as at 31st March, 2014 and total revenue of Rs.1.87 Lakhs and net cash flow amounting to Rs.362.96 Lakhs for the year then ended.

f) The financial Statements of M/s. Maia Pharmaceuticals Inc foreign Joint Venture are un-audited. They have been prepared and approved by the management and are presented to us and that our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such unaudited financial statements prepared and approved by the management and that we do not express an opinion thereto.

The consolidated financial statements of the group reflect total assets of Rs.178.44 Lakhs as at 31st March, 2014 and total revenue of Rs. Nil Lakhs and net cash flow amounting to Rs.133.14 Lakhs for the year then ended being the share of the Company.

For Bohara Bhandari Bung & Associates
Chartered Accountants
(Firm Regn No: 008127S)

CA. Pankajkumar Bohara
Partner
Membership No: 215471

Place/Camp: Hyderabad
Dated: 29th May, 2014

Part - I - Consolidated Balance Sheet as at 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

Particulars	Note	As at 31st March, 2014	As at 31st March,2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share Capital	2	735.72	490.48
(b) Reserves and Surplus	3	38,908.88	31,551.98
Sub-Total Shareholder's funds		**39,644.60**	**32,042.46**
Minority Interest		**1,001.35**	**872.14**
NON- CURRENT LIABILITIES			
(a) Long-Term Borrowings	4	6,747.57	7,046.55
(b) Deferred Tax Liabilities (net)	5	2,593.87	2,092.21
(c) Other Long Term Liabilities	6	118.71	19.51
(d) Long Term Provisions	7	992.83	692.29
Sub-Total Non Current Liabilities		**10,452.99**	**9,850.56**
CURRENT LIABILITIES			
(a) Short-Term Borrowings	8	3,026.73	4,506.59
(b) Trade Payables	9	9,296.46	5,126.20
(c) Other Current Liabilities	10	3,822.14	2,338.08
(d) Short Term Provisions	11	538.12	406.05
Sub-Total Current Liabilities		**16,683.44**	**12,376.92**
TOTAL EQUITY AND LIABILITIES		**67,782.38**	**55,142.08**
ASSETS			
NON- CURRENT ASSETS			
(a) Goodwill on Consolidation		1,305.08	523.46
(b) Fixed Assets (Net Block)		-	-
i) Tangible Assets	12	27,865.36	17,405.22
ii) Intangible Assets	12	271.66	138.35
iii)Tangible Assets under Development	13	11,102.53	12,906.10
iv) Intangible Assets under Development	13	-	9.25
Sub-Total Non Current Assets		**40,544.64**	**30,982.37**
(c) Non Current Investments	14	20.55	14.12
(d) Long Term Loans and Advances	15	3,822.97	2,921.64
(e) Other Non-Current Assets	16	20.30	25.15
Sub-Total Non Current Assets		**44,408.46**	**33,943.29**
CURRENT ASSETS			
(a) Current Investments	17	1,013.90	5,028.16
(b) Inventories	18	12,325.17	7,433.24
(c) Trade Receivables	19	6,795.68	4,178.79
(d) Cash and Cash Equivalents	20	932.00	1,687.27
(e) Short Term Loan and Advances	21	2,164.71	1,407.77
(f) Other Current Assets	22	142.45	1,463.57
Sub-Total Current Assets		**23,373.92**	**21,198 .80**
TOTAL ASSETS		**67,782.38**	**55,142.08**
Form an integral part of financial statement **Note 01 to 51**			

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

Part - II - Consolidated Statement of Profit and Loss for the Year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

PARTICULARS	Note	for the year ended 31st March, 2014	for the year ended 31st March, 2014
Revenue from Operations	23	55,529.44	37,842.51
Less: Excise Duty		711.81	710.17
Other Operating Revenues	24	2,319.98	-
Revenue from Operations (Net)		57,137.62	37,132.34
Other Income	25	907.04	501.05
TOTAL REVENUE		**58,044.66**	**37,633.38**
Expenses			
a) Cost of Materials Consumed	26	32,424.27	20,904.52
b) Purchases of Stock-in Trade	27	551.36	263.10
c) Change in Inventories of Finished Goods, Work-in-Progress and Stock-in- Trade	28	(1,534.07)	318.99
d) Employee Benefits Expense	28	6,782.60	4,551.27
e) Finance Costs	30	352.41	143.88
f) Depreciation and Amortisation Expense	11	2,321.79	1,533.99
g) Other Expenses	31	7,310.86	4,207.39
TOTAL EXPENSES		**48,209.22**	**31,923.13**
Profit before extraordinary items and tax		**9,835.44**	**5,710.25**
Extraordinary Expense	32	290.24	10.37
Prior period (Income)/ Expense	31	-	0.28
Profit Before Tax		**9,545.20**	**5,699.60**
Tax Expenses			-
a) Current Tax		2,140.92	1,080.18
b) Less: Mat Credit Entitlement		(614.65)	(248.19)
c) Deferred Tax		501.13	121.08
d) Prior Period Tax		2.85	-
		2,030.25	**953.07**
Profit for the year before minority interest		**7,514.95**	**4,746.52**
Share of Loss / (Profit) of minority Interest		**51.98**	**(12.31)**
Profit for the year after adjustment of minority Interest		**7,566.93**	**4,734.21**
Earning per equity share for Rs.2/- each par value			
a) Before Extraordinary Item			
i) Basic-Rs		21.36	12.90
ii) Diluted-Rs		20.38	12.90
b) After Extraordinary Item			
i) Basic-Rs		20.57	12.87
ii) Diluted-Rs		19.63	12.87
c) Number of shares used in computing EPS (In Lakhs)			
i) Basic		367.86	367.86
ii) Diluted (Refer Note no : 49)		385.51	367.86
Form an integral part of financial statement Note 01 to 51			

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

Consolidated Cash Flow Statement for the year ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

Particulars	As at 31st March, 2014	As at 31st March,2013
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Profits Before Tax (PBT)	9,545.20	5,699.60
Less: Adjustments	-	-
Interest received	139.68	38.08
Dividend Income	195.94	220.46
Liabilities Written back	56.79	130.84
Provision written back	3.21	13.44
Excess gratuity provision written back	-	44.59
Unrealized (Gain) / Loss on reinstatement (Net)	62.72	122.25
Gain on sale of Mutual Funds	308.87	0.34
	8,778.00	**5,129.59**
Add: Adjustments		
Depreciation & Amortisation	2,321.79	1,533.99
Interest Paid	352.41	143.60
Loss on sale of Fixed Assets	12.49	20.68
Deposits written off	0.91	-
Bad debts	15.14	17.08
Fixed Assets written off	-	6.42
Short Term Loss on Sale of Investments	25.25	-
Unamortized Expenditure Written off	4.09	-
Operating profit before Working Capital changes & Other Adjustments	**11,510.08**	**6,851.37**
Adjustments for Increase / (Decrease) in Operating Liabilities		
- Trade Payables	4,299.98	(357.02)
- Other Current Liabilities & Short Term Provisions	1,499.21	254.56
- Long Term Provisions	300.54	102.71
Adjustments for (Increase) / Decrease in Operating Receivables	-	-
- Inventories	(4,891.93)	(701.22)
- Trade Receivables	(2,648.77)	(86.51)
- Long Term Loans & Advances & Other Non-Current Assets	(113.12)	(70.38)
- Short Term Loans & Advances & Other Current Assets	(777.65)	(531.71)
	9,178.34	**5,461.79**
Less: Income Taxes (Net)	(2,158.27)	(1,097.95)
Net Cash inflow from Operating activities	**7,020.07**	**4,363.84**

II.CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Incl.CWIP)	(10,410.98)	(9,743.76)
Investment in Joint Venture	(272.21)	-
Sale of Fixed Assets	10.93	12.02
Capital Advances	(192.20)	(519.37)
Interest received	146.60	93.94
Dividend Income	195.94	220.81
Fixed Deposits	1,337.30	(1,356.00)
(Increase) / Decrease in Non-Current Investments	(6.43)	(2.65)
(Increase) / Decrease in Current Investments	4,297.88	1,774.01
Net cash outflow from Investing Activities	**(4,893.17)**	**(9,521.01)**
III.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Long Term Borrowings	(674.37)	6,277.25
Increase in / (Decrease) Short Term Borrowings	(1,457.24)	382.31
Dividend and Corporate Dividend tax paid	(368.30)	(254.55)
Proceeds from issue of Share Capital to Minority	-	36.01
Increase in Capital Subsidy	20.00	82.94
Increase in Securities Premium Account from issue of shares to minority	-	325.83
Interest paid	(354.14)	(218.92)
Net Cash outflow from Financing Activities	**(2,834.05)**	**6,630.88**
Net Increase/(decrease)in Cash and Cash Equivelants (I+II+III)	**(707.14)**	**1,473.71**
Foreign currency translation reserve/adjustments	48.12	13.64
Cash & Cash Equivelants at the Beginning of the year	1,687.27	227.20
Cash & Cash Equivelants at the End of the year	**932.00**	**1,687.27**

Components of Cash and Cash Equivalents	**31/03/2014**	**31/03/2013**
Cash on Hand	28.00	22.32
Cash at Banks	-	-
a) In Current Account	226.30	110.76
b) In Fixed deposit Account (With maturity less than 3 months)	652.18	1,531.17
c) Unclaimed Dividend	12.88	12.36
d) Fixed Deposit held as Margin Money	12.66	10.65
Total Cash and Cash Equivalents	**932.00**	**1,687.27**

Note:

1.Previous year figures have been Reclassed/Regrouped where ever necessary.

2.Cash Flow statement has been prepared under Indirect method as per AS-3 "Cash flow Statement" as prescribed under Companies (Accounting Standard) Rules, 2006.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

1. Significant Accounting Policies on Consolidated Accounts

a) Basis of Preparation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries and joint venture ("the Group").

b) Principles of consolidation

The financial statements of the Company and its subsidiary companies are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".

Interest in joint ventures has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) - 27 - "Financial Reporting of Interest in Joint Ventures". The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements.

Minority interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by them and further movements in their share in the Profit / (Loss) thereon.

c) Use of estimates

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, employee benefit plans, provision for income taxes, accounting of depreciation on fixed assets and provision for impairments.

i) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted at the average rates prevailing during the year. All Assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

iii) Minority Interest's share of net (profit)/losses of "Group" for the year is identified proportionately on the basis of their respective holdings and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

iv) Minority Interest's share of net assets of Consolidated Company is identified and presented in the consolidated balance sheet separate from liabilities and equity of the Company's share holders

v) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

vi) A) The subsidiaries considered in the Consolidated Financial Statements are as under:

	Name of the Subsidiary	Country	Extent of Holding
1.	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2.	Loba Feinchemie GmbH ('Loba') (Stepdown Subsidiary)	Austria	99.99%
3.	Raichem Medicate (P) Ltd ('RMPL')	India	50.01%
4.	Nu Therapeutics Private Ltd ('Nu Therapeutics')	India	68.27%
5.	Makindus . Inc ('Makindus')	Delaware(USA)	70.00%

B) The Associates considered in the Consolidated Financial Statements are as under:

Name of the Associate	Country	Extent of Holding
Reva Pharma Chem Private Limited ('Reva')	India	33.33%

C) Joint Venture considered in the Consolidated Financial Statements are as under:

Name of the Associate	Country	Extent of Holding
Maia Pharmaceuticals Inc. ('Maia)	Pennsylvania (USA)	49.66%

vii) Loss of Associate has been restricted to the extent of Investment in the said Associate in conformity with AS-23.

viii) Other significant accounting policies are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

2. Share Capital **(Rs in lakhs)**

Particulars	As at 31st March, 2014	As at 31st March,2013
Authorised		
Equity shares		
4,25,00,000 (P.Y. 4,25,00,000), Rs. 2/- each par value	850.00	850.00
	850.00	**850.00**
Issued subscribed and fully paid up		
Equity shares		
3,67,86,247 (PY: 2,45,24,165), Rs. 2/- each par value	735.72	490.48

2.1 Share Capital (continued)

(a) Reconciliation of the number of shares.

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	24,524,165	490.48	24,524,165	490.48
Shares Issued during the year on conversion of warrants	12,262,082	245.24	-	
Shares outstanding at the end of the year	**36,786,247**	**735.72**	**24,524,165**	**490.48**

(b) Rights, Preferences and Restrictions attached to each class of Shares :

Equity Shares: The company has one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31st March,2014		As at 31st March,2013	
	No of Shares	%	No of Shares	%
1) Vishnukant C Bhutada	4,354,551	11.84	2903034	11.84
2) Baring India Private Equity III Limited	3,000,000	8.16	2000000	8.16
3) Dharmavati Bhutada	2,071,383	5.63	1380922	5.63
4) Kanta Bai Inani	1,919,820	5.22	1279880	5.22
5) Kamal Kishore Inani	1,884,414	5.12	1256276	5.12

(d) Details of equity shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the balance sheet date is give below:

Particulars	As at 31st March,2013	A s at 31st March,2012	A s at 31st March,2011	A s at 31st March,2010	A s at 31st March,2009
A) Class of shares (Equity)					
No of shares of Rs. 2/- fully paid issued pursuant Amalgamation of Shilpa Organics Ltd., with the company to its erstwhile shareholders without payment being received in cash.	-	-	-	-	3,916,664

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

3. Reserves and Surplus

Particulars	As at 31st March, 2014	As at 31st March,2013
(a) Capital Reserve		
Opening Balance	32.36	32.36
Add: Current year transfer	-	-
Less: Amount utilized	-	-
Closing Balance	**32.36**	**32.36**
(b) Capital Subsidy		
Opening Balance	220.64	137.71
Add: Received during the year	20.00	82.94
Less: Amount utilised	-	-
Closing Balance	**240.64**	**220.64**
(c) Securities Premium Account		
Opening Balance	11,446.25	11,446.25
Add: On Issue of shares	268.63	-
Less: Utilised on issue of Bonus shares	245.24	-
Closing Balance	**11,469.64**	**11,446.25**
(d) General Reserves		
Opening Balance	2,372.68	1,847.68
Add: Amount transferred from appropriations.	810.00	525.00
Less: Amount utilised	-	-
Closing Balance	**3,182.68**	**2,372.68**
(e) Surplus in Statement of Profit and Loss		
Opening Balance	17,277.51	13,438.84
Add: Profit for the year	7,566.93	4,734.21
Amount available for appropriations	**24,844.45**	**18,173.05**
Less: Amount utilised		
a) Proposed Dividend @ Rs 1/- per share (P.Y 1.30) per shares	(385.51)	(318.81)
b) Dividend Distribution tax	(65.52)	(51.72)
c) Transfer to General Reserves	(810.00)	(525.00)
Closing Balance	**23,583.42**	**17,277.51**
Foreign Currency Monetary Translation Difference Account	400.14	202.53
TOTAL	**38,908.88**	**31,551.98**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

4. Long Term Borrowings

Particulars	As at 31st March, 2014	As at 31st March,2013
(A) Term Loans (Secured)		
i. From Banks		
a) External Commercial Borrowings (ECB)	2,999.99	6,798.66
b) Vehicle Loan	4.59	5.23
c) Deferred Payment Credit		
i) Buyers Credit for Capital Goods from SCB	-	242.66
d) Term Loan : Wind Turbine Generators Machine	733.00	-
ii. From Others (Unsecured)		
a) External Commercial Borrowings (ECB)	3,009.99	

Nature of Security

a) External Commercial Borrowings (ECB)

ECB of USD 10 Mn is taken from Standard Chartered Bank, London (SCB) and is secured by hypothecation of Immovable Fixed Asset (USD 6 Mn.) of SEZ and (USD 4 Mn) Movable Fixed Assets located at Raichur plant, including proposed Capex created out of such loan and guarantees given by 02 of its Directors.

Terms of Repayment

Above ECB is repayable in 8 equal half yearly installments with interest @ LIBOR + 350 basis point. Last installment falls due on 27.03.2017. Interest is payable quarterly.

Two instalments amounting to 2.50 Mn. USD has been paid during the year.

b)Vehical loan

Nature of Security

Loan is taken from Bank of Baroda against hypothecation of Vehical and personal gurantee of Director.

Terms of Repayment

Repayble of vehical loan is in EMI Installment & interest on such loan is charge @ 11.50% .

c) Deferred Payment Liabilities

Buyer's Credit for Capital Goods from SCB Bangalore

Terms of Repayment

It is repayable in 10 equal quarterly installments after six months of moratorium with interest @ Libor + 350 basis points payable quarterly. The last installment falling due on 15.01.2015.

Nature of Security It is secured by exclusive charge on movable fixed assets of the Company and personal gurantee of 02 of its Directors. **d) Term Loan : From the Lakshmi Vilas Bank Ltd, Raichur** **Nature of Security** Term loan sanctioned during the year by LVB is Rs.13.00 Crs. Out of the said amount, the Company has availed Rs.10.15 Crs as at the Balance Sheet date. The said loan is secured against existing Wind electric Converters and personal guarantees of 02 of its Director. **Terms of Repayment & Interest :** It is repayable in 36 equal monthly installments with a moratorium period of three months from the date of commissioning or six months from the date of first drawdown whichever is earlier alongwith interest @ LVB Base Rate + 0.75% margin p.a. . Current Interest rate is 12%. The Last Installment falls due on July 2017. **Unsecured** ECB of USD 05 MN is taken from ICE SPA Italy **Terms of Repayment** Loan is repayable in 4 equal installments, with first installment due on 30.10.2017 and the last installment due on 15.03.2018. Interest is payable at 1 Year LIBOR + 250 basis points.	-	-
TOTAL	**6,747.57**	**7,046.55**

5. Deferred Tax Liability (Net)

Particulars	As at 31st March, 2014	As at 31st March,2013
Deferred tax liability (On account of timing difference of depreciation)	2,825.58	2,154.69
Deferred tax asset (On account of disallowable items under Income Tax Act)	(231.71)	(62.48)
TOTAL	**2,593.87**	**2,092.21**

6. Other Long Term Liabilities

Particulars	As at 31st March, 2014	As at 31st March,2013
Interest accrued but not due on ECB	118.71	19.51
TOTAL	**118.71**	**19.51**

7. Long Term Provisions

Particulars	As at 31st March, 2014	As at 31st March,2013
Gratuity /Severance pay / Others	992.83	692.29
TOTAL	**992.83**	**692.29**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

8. Short Term Borrowings

Particulars	As at 31st March, 2014	As at 31st March,2013
Secured Loan		
(a) Loans Repayable on Demand		
Working capital loan from banks		
i) LVB [Refer below note"a" & d(i)]	-	892.08
ii) SCB [Refer below note "b" & d(ii) & (iii)]	2,202.24	2,972.38
iii) Other's Bank [Refer below note"c " & d (iv)]	824.42	614.25
(b) Others		
a) Bill Discounted from LVB	-	27.87
b) Loans from Directors / Silent Partner	0.06	-
Nature of Security		
a) Working capital loan from LVB is secured by primary security against Stock of Raw materials, Work-in-Progress, Finished goods, Book debts & Guranteed by 02 of its Directors and collateral security of partial factory land & buildings & plant & machinery located at Deosugur plant.		
b) Working capital loan from SCB is secured by First Pari Passu charge on current assets and first charge on certain fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 of its Directors.		
c) Working capital loan from "ERSTE" Bank, Austria is taken by foreign stepdown subsidiary and is secured against mortage of movable & immovable assets & trade receivable.		
d) Interest rate is as under:		
(i) Basic Rate +1%		
(ii)'On PSFC/PCFC - Libor + 2%		
(iii)'On overdraft - 13.5%		
(iv)'On overdraft i) in USD @3.65%, ii) in Euro @ 3.06%		
TOTAL	**3,026.73**	**4,506.59**

9. Trade Payables

Particulars	As at 31st March, 2014	As at 31st March,2013
(a) Trade Paybles (Refer Note no. 40 & 41)	8,490.00	4,208.59
(b) Others (Refer Note no. 40 & 41)		
(i) Capital Creditors	581.74	492.16
(ii) Advances from Customers	224.72	425.45
TOTAL	**9,296.46**	**5,126.20**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

10. Other Current Liabilities

Particulars	As at 31st March, 2014	As at 31st March,2013
Current maturities of long-term debt (for Nature of Security, terms of repayment & rate of interest refer note : 4 above)	2,068.17	1,602.97
Interest accrued but not due on borrowings/ deposits	3.99	5.72
Application money for allotment of securities /due for refund	-	0.08
Books overdraft	640.04	44.04
Unclaimed dividends	12.88	10.65
Provision for expenses	283.69	206.06
Employee benefit liability	489.67	238.62
Income / Wealth Tax (Net)	41.31	55.82
Service tax payable	3.05	1.00
Tax deduction at source	222.84	128.18
VAT, Entry Tax ESI & Professional Tax	27.09	24.34
Security / Trade deposit	29.40	20.62
TOTAL	**3,822.14**	**2,338.08**

11. Short Term Provisions

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Provident fund payable	87.09	35.51
b) Others		
i) Proposed Dividend	385.51	318.81
ii) Tax on Proposed Dividend	65.52	51.72
TOTAL	**538.12**	**406.05**

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

12. Consolidated Fixed Assets Schedule

Fixed Assets	Gross Block					Accumulated Depreciation					Net Block	
	As at 1st April 2013	Additions	Deduction/ Adjustment during the year	FCTR	Balance as at 31-03-2014	As at 1st April 2013	For the year	Deduction/ Adjustment during the year	FCTR	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Tangible Assets												
i) Owned												
a) Borewell	13.87	2.23	-	-	16.10	1.13	0.60	-	-	1.74	14.37	10.12
b) Buildings	7,044.97	2,994.20	-	484.37	10,523.54	2,602.08	320.09	-	371.07	3,293.24	7,230.29	4,445.51
c) Canteen Equipment	1.68	1.17	-	-	2.85	0.25	0.19	-	-	0.44	2.42	1.43
d) Computer	308.16	70.27	-	(0.02)	378.42	119.26	53.43	-	(0.00)	172.69	205.72	188.90
e) Electrical Installation	1,239.33	778.07	-	-	2,017.40	367.89	145.24	-	-	513.13	1,504.28	871.44
f) Empty Cylinders	4.00	0.67	-	-	4.67	4.00	0.06	-	-	4.06	0.61	-
g) ETP Building	453.58	0.97	-	-	454.55	74.75	15.17	-	-	89.92	364.63	378.83
h) ETP Machinery	203.37	12.42	-	-	215.78	54.59	15.19	-	-	69.78	146.00	148.77
i) Furniture	1,755.78	286.41	19.82	271.92	2,294.29	1,405.26	64.68	21.69	254.54	1,702.79	591.49	350.52
j) Generator	52.71	-	-	-	52.71	18.81	3.52	-	-	22.32	30.39	33.90
k) Lab Equipments	2,395.97	840.36	-	-	3,228.09	402.97	212.71	-	-	615.26	2,612.83	1,997.06
l) Office Equipment	66.43	15.67	0.69	10.29	91.71	47.45	6.73	0.75	8.93	62.36	29.35	18.98
m) Wind Power Generation Units	2,022.00	-	-	-	2,022.00	1,320.62	209.07	-	-	1,529.70	492.30	701.38
n) Pipeline	1,344.80	346.82	-	-	1,691.62	388.08	121.54	-	-	509.61	1,182.01	956.73
o) Plant & Machinery	10,222.04	7,068.75	30.79	490.07	17,758.32	4,831.97	1,077.40	33.69	465.60	6,341.63	11,416.69	5,386.08
p) Pollution Control Equip.	36.51	-	-	-	36.51	30.04	2.71	-	-	32.75	3.76	6.46
q) R & D Equipments	238.44	-	-	-	238.44	82.19	11.33	-	-	93.52	144.92	156.24
r) Storage Tank	63.57	0.82	-	-	64.39	33.09	6.94	-	-	40.10	24.28	30.40
s) Transformer	3.58	43.03	-	-	46.61	2.91	-	-	-	2.91	43.71	0.68
t) Unit-II Land & Buildings	5.86	-	-	-	5.86	2.40	-	-	-	2.40	3.46	3.46
u) Vehicle	262.28	100.89	36.52	1.10	327.75	75.40	29.45	16.43	0.42	88.84	238.90	186.87

Shilpa Innovating for affordable healthCare

v) Weigh Bridge	3.47	-	-	-	3.47	1.03	0.26	-	-	1.29	2.18	2.44
w) Xerox Machine	2.29	1.43	-	-	3.72	1.96	0.47	-	-	2.42	1.30	0.33
x) Land	837.86	19.71	-	21.39	878.96	-	-	-	-	-	878.96	837.86
	28,582.55	12,583.90	87.81	1,279.11	42,357.75	11,868.14	2,296.76	72.55	1,100.56	15,192.91	27,164.84	16,714.41
ii) Leased Assets												-
a) Leasehold Land & Green Field (Refer Note No.01)	690.81	9.72	-	-	700.53	-	-	-		-	700.53	690.81
Total	**690.81**	**9.72**	**-**	**-**	**700.53**	**-**	**-**	**-**	**-**	**-**	**700.53**	**690.81**
Sub-Total (A)	**29,273.36**	**12,593.62**	**87.81**	**1,279.11**	**43,058.28**	**11,868.14**	**2,296.76**	**72.55**	**1,100.56**	**15,192.91**	**27,865.37**	**17,405.22**
Intangible Assets												
a) Computer Software	96.94	44.48	2.07	13.94	153.29	68.97	10.67	0.57	12.49	91.56	61.73	27.97
b) Technical Know How	21.88	-	-	-	21.88	21.88	-	-	-	21.88	-	-
c) DMF/ Patents Fees	110.46	115.27	-	-	225.72	0.09	15.71	-	-	15.79	209.93	110.37
d) Other	62.51	-	-	11.71	74.22	62.51	-	-	11.71	74.22	-	-
Sub-Total (B)	**291.79**	**159.74**	**2.07**	**25.66**	**475.11**	**153.44**	**26.38**	**0.57**	**24.20**	**203.46**	**271.66**	**138.34**
Sub-Total (A+B)	**29,565.15**	**12,753.36**	**89.89**	**1,304.76**	**43,533.39**	**12,021.58**	**2,323.15**	**73.12**	**1,124.76**	**15,396.37**	**28,137.02**	**17,543.56**
Previous year figures	**26,612.34**	**2,966.61**	**129.94**	**116.15**	**29,565.15**	**10,469.54**	**1,534.03**	**8.88**	**98.95**	**12,021.59**	**17,543.56**	**16,142.80**

i) Out of total Land of 59.90 acres acquired from KIADB, 35.23 acres is on lease-cum-sale basis for a period of 10 years

ii) Following assets includes exchange difference arised on Re-instatement/Payment of ECB/Buyers' Credit Installments.

Rs. In Lakhs

Assets	**Current Year**	**Previous Year**
a) Buildings	144.28	43.18
b) Electrical Installation	33.52	-
c) Lab Equipments	11.26	-
d) Pipeline	14.01	-
e) Plant & Machineries	342.83	72.21
f) Leasehold Land & Green field	-	1.45

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

13. Tangible & Intangible Assets Under Development

Particulars	As at 31st March, 2014	As at 31st March,2013
(a) Tangible Assets Under Development		
i) Machinery under Errection	772.95	685.08
ii) Land Development Expenses	13.76	5.75
iii) Lab Equipment under Errection	0.55	148.94
iv) Projects under Errection	9,019.48	10,285.59
v) Pre-operative expenses (pending capitalization)	1,295.80	1,780.73
	11,102.53	**12,906.10**
(b) Intangible Assets Under Development		
(i) Software under Installation	-	9.25
	-	**9.25**
TOTAL	**11,102.53**	**12,915.35**

14. Non Current Investments

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Government securities (Unquoted)		
i) National Savings Certificate	0.25	0.25
ii) Repurchase value of insurance	20.30	13.87
TOTAL	**20.55**	**14.12**
Aggregate value of unquoted investment	**20.55**	**14.12**

15. Long Term Loans and Advances (Unsecured)

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Capital Advances		
i) Unsecured, considered good	2,295.73	2,122.02
Less: Provision for doubtful advances	-	-
	2,295.73	**2,122.02**
b)Security Deposits (Unsecured Considered Good)		
i) Electricity Deposits	84.90	69.19
ii) Rental Deposits	77.57	76.68
iii) Telephone Deposits	0.65	0.67
iv) Miscellaneous Deposits	20.80	21.12
	183.93	167.66
Less: Provision for doubtful advances	0.91	-
	183.02	**167.66**
c) Other Loans and Advances (Unsecured considered Good)		
i) MAT Credit Entitlement Benefit	1,173.64	558.99
ii) Income Tax paid under protest	123.28	23.28
iii) Service Tax (Under Protest)	8.76	8.76
iv) VAT on Capital Goods & others	32.83	30.48
v) Prepaid expenses	5.62	0.63
vi) Advance to KIADB	0.10	9.82
	1,344.22	**631.96**
TOTAL	**3,822.97**	**2,921.64**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

16. Other Non-Current Assets

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Unamortized Expenditure	20.30	25.15
TOTAL	**20.30**	**25.15**

17. Current investments (Quoted)

Particulars	As at 31st March, 2014	As at 31st March,2013
Investments in Mutual Funds		
i) HDFC Mutual Fund	-	1,000.00
ii) ICICI Prudential Mutual Fund	1,013.90	1,500.00
iii) PNB Fixed Maturity Plan	-	500.00
iv) SBI Mutual Fund	-	2,028.16
TOTAL	**1,013.90**	**5,028.16**

Aggregate market value of quoted investments for CY is Rs 1013.90 lakhs /- (P.Y: Rs.5331.25) lakhs
Investments have been valued at lower of cost and fair market value.

18. Inventories

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Raw materials		
i) With Company	6,197.37	3,374.04
ii) In-Transit	192.70	-
b) Work- in- Progress	4,447.17	3,288.48
c) Finished Goods		
i) In-Transit	-	41.37
ii) Company / Consignment agent	951.45	579.22
d)Stock-in-Trade	64.40	19.91
e) Stores and Spares	254.44	108.23
f) Packing Materials	217.63	21.99
TOTAL	**12,325.17**	**7,433.24**

19. Trade Receivables

Particulars	As at 31st March, 2014	As at 31st March,2013
Unsecured, considered good (Refer note: 41)		
i) Trade receivable outstanding for the period more than six months	95.62	129.92
Unsecured, considered doubtful	15.14	17.08
	110.77	147.00
Less: Provision for doubtful debts	15.14	17.08
	95.62	**129.92**
Unsecured, considered good (Refer note :41)		
i) Trade receivable outstanding for the period less than six months	6,700.06	4,048.87
	6,700.06	**4,048.87**
TOTAL	**6,795.68**	**4,178.79**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

20. Cash and Cash Equivalents

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Cash on hand	28.00	22.32
b) Balance with banks in current account	226.30	110.76
c) Bank deposits having maturity of less than 03 months	652.18	1,531.17
d) Unclaimed dividends	12.88	10.65
e) Fixed deposits held as Margin money *	12.66	12.36
TOTAL	**932.00**	**1,687.27**

* Fixed deposit with original maturity of more than 3-months has been given in the form of Guarantees to " Chief Control Board Officer , "The Andhra Pradesh Pollution Control Board", Hyderabad and Standard chartered bank against LC/FLC

21. Short Term Loans and Advances

Particulars	As at 31st March, 2014	As at 31st March,2013
Loans and advances to related parties (Unsecured)		
a. Considered Good		
i) Reva Pharma Chem Pvt Ltd (Associate)	185.00	170.71
ii) Directors	-	1.26
	185.00	**171.97**
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	185.00	**171.97**
b.Others		
i) Cenvat receivable	1,245.75	729.39
ii) VAT receivable	88.07	62.47
iii) CST receivable	280.40	238.16
iv) Service tax receivable	246.76	134.17
v) Prepaid expenses	93.20	50.50
vi) Staff advance/against expenses	15.24	16.26
vii) Others misc receivable	3.60	-
viii) Tender deposits	6.20	4.35
ix) Rent deposits	0.50	0.50
	1,979.71	**1,235.80**
TOTAL	**2,164.71**	**1,407.77**

22. Other Current Assets

Particulars	As at 31st March, 2014	As at 31st March,2013
a)Unsecured (considered good)		
i) Interest accrued but not due on fixed deposits/ others .	7.90	14.82
ii) Advance recoverable in cash or kind.	115.86	92.75
iii) Fixed Deposit having maturity more then 03 months	18.70	1,356.00
	142.45	**1,463.57**
Less: Provision for doubtful receivables	-	-
TOTAL	**142.45**	**1,463.57**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

23. Revenue from operations

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Sales of Manufactured Products	55,219.37	37,532.50
Less: Excise Duty	711.82	710.17
	54,507.56	**36,822.33**
b) Power Sales	310.07	310.01
TOTAL	**54,817.63**	**37,132.34**
i) Bulk Drugs	30,203.83	18,189.11
ii) Intermediates	23,395.40	17,981.09
iii) Trading (Bulk Drug / Medicines)	647.32	346.52
iv) Power	310.07	310.01
v) Medicines	203.33	287.60
vi) Others	57.69	18.01
TOTAL	**54,817.63**	**37,132.34**

24. Other operating Income

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Product Development	2,319.98	-
TOTAL	**2,319.98**	**-**

25. Other Income

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Interest Income		
i) Banks	117.61	19.41
ii) Others	22.07	18.73
b) Liabilities written back	56.79	130.84
c) Provision written back	3.21	13.44
d) Sale of carbon credits (Net)	22.88	1.56
e) Dividend on current investment.	195.94	220.38
f) Miscellaneous	179.67	94.50
g) Bad debts recovered	-	1.75
h) Gain on maturity of fixed period mutual fund	308.87	0.43
TOTAL	**907.04**	**501.05**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

26. Cost of Material Consumed

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Opening stock	3,396.03	2,385.70
Add: Purchases	35,635.95	21,914.84
Less: Closing stock	6,607.71	3,396.03
Materials Consumed	**32,424.27**	**20,904.52**
Materials Consumed comprises of:		
i) Raw Materials	32,308.35	20,812.53
ii) Packing Materials	115.92	91.99
TOTAL	**32,424.27**	**20,904.52**

27. Purchases of Stock -in -Trade

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Purchase of Bulk Drug / Medicines	551.36	263.10
TOTAL	**551.36**	**263.10**

28. Change in Inventory of Finished Goods, Work-in-Progress & Stock- in -Trade

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Opening stock		
a) Finished goods	640.47	579.48
b)Work-in-progress	3,288.48	3,668.49
Less: Closing stock		
a) Finished goods	1,015.85	640.51
b)Work-in-progress	4,447.17	3,288.48
(Increase) / Decrease in Inventory	**(1,534.07)**	**318.99**

29. Employee Benefit Expenses

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Salaries and Wages	5,451.79	3,711.40
b) Contribution to Provident /Gratuity and Other Funds	711.13	460.80
c) Staff Welfare Expenses	138.73	83.49
e) Managing Director Remuneration	480.95	295.58
TOTAL	**6,782.60**	**4,551.27**

30. Finance Cost

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Term loans	90.49	125.75
b) Working capital loans	216.35	15.87
c) Others	45.58	2.26
TOTAL	**352.41**	**143.88**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

31. Other Expenses

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
Power and fuel	1,736.91	1,067.17
Rent/ Lease machine rent	180.19	174.32
Repairs and Maintenance:		
i) Buildings	231.98	127.47
ii) Machinery	580.16	418.78
iii) Others	97.99	95.58
Exchange Loss /(Gain) Net	553.41	(104.81)
Rates and Taxes	60.13	26.92
Licence fees	41.89	18.63
Insurance Charges	117.04	77.31
Travelling & conveyance	205.17	161.80
Contract labour charges	517.29	322.34
Legal & Professional fees	299.67	140.64
Facility fees	30.80	44.61
Auditor's fees	11.49	9.99
Research & Development expenses	952.18	458.99
Transportation charges	251.37	174.47
Brokerage and commission	436.62	186.48
Job work charges	7.98	2.39
Sales Promotion & Advertisement	39.10	50.39
Director's sitting fees	1.40	1.20
Bank charges	120.76	82.91
Loss on sale of assets	9.16	20.68
Deposit written-off	0.91	-
Bad Debts / Accounts written-off	15.14	17.08
Clearing and Forwarding	245.10	171.04
VAT/ Entry /Profession tax	8.49	35.54
Miscellaneous expenses	529.19	421.38
Unamortized expenditure written off	4.09	4.08
Short term capital loss	25.25	-
TOTAL	**7,310.86**	**4,207.39**

32. Extraordinary items

Particulars	for the year ended 31st March, 2014	for the year ended 31st March, 2013
a) Cash loss due to robbery	-	10.37
b) Compensation paid	290.29	-
TOTAL	**290.29**	**10.37**

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

33. Consolidated Balance Sheet and Profit & Loss account includes figure of Joint Venture to the extent of Companies share are as follow:

Particluars	As at 31st March, 2014	As at 31st March,2013
(i) Assets		
i)Fixed Assets	0.99	-
ii)Non Current Assets	35.62	-
iii)Current Assets	137.82	-
(ii) Liabilities		
i) Current Liabilities	10.36	-
Particluars	**for the year ended 31st March, 2014**	**for the year ended 31st March, 2013**
(i) Income	-	-
(ii) Expenses	**106.18**	-

34. In view of different sets of environment in which Cyprus Austrian & USA Subsidiaries (Foreign) namely Zatortia, Loba, Makindus & Maia (Joint Venture) respectively, Raichem Medicare (Pvt) Ltd., & Nu-Therapeutics (Pvt) Ltd (Indian Subsidiaries) are operating, Accounting policies followed in respect of following items by them are different from the accounting policies mentioned in Schedule 17 notes to accounts of the Financial statements of the parent Unit:

Particulars	Accounting Policies		F.Y. 2013-14		F.Y. 2012-13	
	Company	Subsidiaries & Associates	Amount	Proportion	Amount	Proportion
Depreciation and Amortization	Depreciation is charged on the basis of rates and manner specified for each class of assets in Schedule XIV of the Companies Act, 1956.	Depreciation is charged based on balance useful life of assets (ranging from 10% -50%) on straight line basis depending on the item of assets.	57.75	99.99% *	152.46	99.99%
			(0.07)	49.66% $	-	-

i)* Subsidiaries ii) $ Joint Venture

35. In respect of accounting of employee benefits AS-15 has been strictly complied with by the respective Company in respect of all the employee benefits. The details of which are given elsewhere in their standalone notes.In respect of subsidiary companies employee benefits i.e. pension plan where ever the employees of the Company qualify, it is fully funded by way of reinsurance with the Insurance Company. In respect of provision for severance payments / jubilee payments in case of foreign subsidiary have been provided for based on the valuation of that Company.

36. RELATED PARTIES DISCLOSURES PURSUANT TO ACCOUNTING STANDARD 18:

List of related parties

1. Associates
a) Reva Pharmachem Pvt Ltd

2. Key Management Personnel
a) Omprakash Inani
b) Vishnukanth .C. Bhutada

3. Relatives
a) Dharmavati Bhutada
b) Deepak Kumar Inani

Sl. No.	Particulars	Current Year				Previous Year			
		Sub sidiaries	Asso ciates	KMP	Relatives	Sub sidiaries	Asso ciates	KMP	Relatives
1	Reimbursement of expenses-Received								
	Reva Pharmachem Pvt Ltd	-	3.00	-	-	-	-	-	-
2	Interest Received								
	Reva Pharmachem Pvt Ltd	-	15.04	-	-	-	14.50	-	-
3	Commission Paid								
	Reva Pharmachem Pvt Ltd	-	8.98	-	-	-	13.59	-	-
4	Product Promotion Expenses								
	Reva Pharmachem Pvt Ltd	-	-	-	-	-	3.54	-	-
5	Rent paid								
	Dharmavati Bhutada	-	-	-	6.19	-	-	-	8.25
6	Remuneration								
	Deepak Innani	-	-	-	5.59	-	-	-	17.04
7	Managerial Remuneration								
	Vishnukanth .C. Bhutada	-	-	479.70	-	-	-	293.03	-
8	Sitting Fees								
	Omprakash Inani	-	-	0.50	-	-	-	0.40	-

9	Movement of Loans / Advances								
9.01	Opening Balance								
	Reva Pharmachem Pvt Ltd	-	170.74	-	-	-	152.44	-	-
9.02	Given during the year $								
	Reva Pharmachem Pvt Ltd	-	16.76	-	-	-	18.30	-	-
9.03	Received back during the year								
	Reva Pharmachem Pvt Ltd	-	2.50						
9.04	Closing Balance								
	Receivables								
	Reva Pharmachem Pvt Ltd	-	185.00	-	-	-	170.74	-	-
9.05	Maximum balance outstanding during the year								
	Reva Pharmachem Pvt Ltd@	-	185.00	-	-	-	170.74	-	-
10	Payables								
	Vishnukanth C Bhutada			221.10				111.00	

Note:
$ including interest (Net of TDS) and /or Exchange gain/loss
@ including interest accrued

37. Contingent Liabilities

Particulars	As at 31st March, 2014	As at 31st March,2013
a) Foreign letter of credit	1,258.59	1,304.13
b) Bank guarantees/ Corporate guarantee	47.40	10.90
c) Claims against the company not acknowledged as debts	1,194.44	442.97
d) Other Gurantees	109.13	106.52
e) Estimated amount of contract remain to be executed on account of capital not provided for (net of advance)	3,639.21	4,373.30
TOTAL	**6,248.77**	**6,237.82**

38. The Company is mainly engaged in the business of Bulk Drugs Manufacturing. With a view to integrate its overall business the Company from the financial year 2013-2014 has commissioned its formulation factilities alongwith development of few products in formulation business. This business the Company considers as Inter-related and integrated business of "Pharmaceutical products" and hence no separate segemental reporting is required.

39. In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

40. Balances of Trade receivables / Trade payables and security deposits are subject to confirmation.

41. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosures relating to amount unpaid as at the year end together with interest paid / payable under this Act cannot be ascertained.

42. The Company has exercised the option of capitalizing the exchange difference arising on reporting of long term foreign currency monetary item at rates difference from those at which they where initially recorded , so far as they related to the acquisition of depreciable capital assets as per para 46A to As-11" The effect of change in Foreign Exchange Rates' vide Notification No.GSR 914(E) dated 29th December ,2011 issued by The Ministry of Corporate Affairs. In other cases the difference has been accumulated in 'Foreign Monetary Iteam Transsalation Difference A/c" to be amortized over the balance period of such long term assets as per said notification. By virtueof above the Company has capitalized Rs 545.90 lakhs (P.Y Rs 116.84) lakhs to the Fixed Assets acquired out of such External Commercial Borrowings (ECB)being the Exchange difference. Further, exchange gain / loss on reinstatement of investments in Wholly owned Foregin subsidiary has been accumulated in "Foreign Monetary Iteam Transalation Difference A/c".

43. As on 31.03.2014 demands from Income Tax Department are as under:-

a) A.Y 2010-11 Rs 402.57 Lakhs (P.Y 420.57) Lakhs

b) A.Y 2011-12 Rs 951.94 Lakhs

Based on the judcial pronouncement and legal advises, the Company has contested the above demands before the CIT(Appeals), Hubli.

44. The Net worth of Reva Pharmachem Pvt Ltd (Associate Company) as at the Balance Sheet date has been completely eroded. However, the management is of the view that since the Investments are long term in nature no provision is required to be made.

45. An amount of Rs 23.28 Lakhs paid in the year 2010-11 pertaining to A.Y 2008-09 and Rs 100.00 Lakhs in 2013-14 pertaining to A.Y 2010-11 against the disputed tax demands for which the Company had filed an appeal before the relevant authorities. Case of A.Y. 2008-09 has been disposed - off in Company's favour, and of A.Y 2010-11 is pending before the authorities The same is shown under note no.14 c (i).

46. Out of the sum of Rs. 32.83 Lakhs (P.Y - Rs 30.48 lakhs) the Company had preferred an appeal for refund of input tax paid on capital goods amounting to Rs.26.88 lakhs (PY - Rs.26.88) lakhs before the Hon.Tribunal under Karnataka Value Added Tax Act, 2003,which has been remanded back by the Hon. Tribunal to the concerned Assessing Authority for fresh disposal. The same is shown under note 14C(ii)

47. "The Company has hedged the interest rate on ECB of US$ 10 million facility. The aggregate amount of loan covered under the said interest rate swap as at March 31, 2014 is Rs.4958.09 Lakhs (US$ 7.50million). The periodic net payments related to interest rate swap is recorded as finanace cost & finance cost- pre-operative, since the few assets purchased from such loan are pending for capatilization."

48. Capital advances includes a sum of Rs.366.88 lakhs P.Y 373.65 lakhs (reinstated value) paid to ISO Tech Design, Canada by the Company towards supply of machinery for its Formulation project at Jadcherla. Due to inordinate delay by vendor, the Company terminated its order and has filed a law suit for recovery of its amount alongwith interest and damages with the local courts in Canada. The preliminary hearing and recovery proceeding are under process. As the outcome of the case cannot be determined presently, the Company has not made any provision.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2014

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)

49. The Company had allotted 1764705 Equity shares on 15/05/2014 on preferential basis. The same have been considered for the purpose of computing Diluted EPS for the current year.

50. Figures of the previous year have been regrouped/rearranged wherever necessary.

51. All others notes to accounts are as appearing in the notes to account of the parent Company.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**
Chartered Accountants
Firm's Registration No.008127S

CA.Pankajkumar Bohara
Partner - M.No.215471

Place/Camp : Hyderabad
Date: 29th May, 2014

For and on behalf of the Board of Directors

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C. Bhandari
Sr.Manager - Finance

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH,2014

(All amounts in Indian rupees in lakhs , except share data and where otherwise stated)

Name of the Subsidiary Company	Financial Year/ period of the subsidiary company	Date from which it became subsidiary	Extent of the interest of the holding Company in the Capital and Reserves of the Subsidiary Company at the end of the financial year/period of the subsidiary company.		Net aggregate amount of the subsidiary company's profit/(loss) not dealt within the holding company's accounts.		Net aggregate amount of the subsidiary company's profit/(loss) dealt within the holding Company's accounts.	
			a) Number of shares held	b) Extent of holding	Current Year/ Period	Previous Year/Period	Current Year/ period	Previous Year/period
Zatortia Holding Limited	2013-2014	31.03.2008	2000	100%	NA	NA	-2.89	-4.38
Loba Feinchemie GmbH	2013-2014	31.03.2008	Step downsub-sidiary (invested through Zatortia Holdings Limited	99.99%	-0.01	0.01	-165.50	161.01
Raichem Medicare Private Limted $	2013-2014	19.03.2011	648455	59.52%	31.43	11.34	31.43	11.34
Nu Therapeutics Private Limted	2013-2014	07.09.2012	12,48,549	68.27%	-13.28	0.98	-28.56	2.08
Makindus LLC	2013-2014	12.04.2013	3500	70.00%	-1.12	NA	-2.62	NA

FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2014

						Investment in **						
SI No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabili-ties	Govern-ment Securities	Mutual Fund/ Insurance Company	Turnover/ Revenue	Profit/ (Loss) before taxes	Provision for income & Deferred Tax	Profit/ (Loss) After Tax	Dividend
1)	Zatortia Holding Limited $$	2.82	2740.75	2745.28	2745.28	0	0	0	(2.89)	0.00	(2.89)	0
2)	Loba Feinchemie GMBH $$	591.60	272.54	3331.42	3331.42	20.30	0	4301.63	(152.48)	13.03	(165.51)	0
3)	Raichem Medicare Private Limted $	984.94	1596.71	7481.71	7481.71	0.05	0	92.61	92.61	29.76	62.85	0
4)	Nu Therapeutics Private Limted	223.76	461.83	1564.62	1564.62	0	0	203.77	(140.97)	-99.13	(41.84)	0
5)	Makindus LLC	3.00	373.31	379.39	379.39	0	0	1.87	(214.01)	0	(214.01)	0

** Excluding investment in subsidiaries

$ Business not yet commenced, income includes interest received on Fixed deposits & Capital Gain from investment in mutual fund.

$$ Conversion rate 1 Euro=82.5765 for Balance sheet Items & Rs 76.0953 for P&L iteam. Conversion adopted from RBI website .

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 29 th May, 2014

Omprakash Inani
Chairman

Vishnukant.C. Bhutada
Managing Director

Nagalakshmi Popuri
Company Secretary

N.C Bhandari
Sr. Mgr. Fin

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Shilpa Medicare Limited

CIN : L85110KA1987PLC008739
Registered Office : Plot No.10, Shop No.80, Rajendra Gunj, RAICHUR, Karnataka- 584102
● E-mail : info@vbshilpa.com ● Website : www.vbshilpa.com

27th ANNUAL GENERAL MEETING

ADMISSION SLIP

DATE	VENUE	TIME
20th Sept 2014	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 A.M.

Name & Address of Member

Serial No. :

I certify that I am a Member / Proxy for the Member holding _____ shares.

Please (√) in the box

☐ Member ☐ Proxy

Name of the Proxy in Block Letters

Signature of Member / Proxy attending

NOTES: i) Member / Proxy attending the Annual General Meeting (AGM) must bring his / her Admission Slip which should be signed and deposited before entry into the meeting hall.

ii) Duplicate Admission Slip will not be issued at the venue.

ELECTRONIC VOTING

Electronic voting (e-voting) facility is being provided in respect of the Resolutions proposed at the 27th AGM, in accordance with Section`108 of the Companies Act, 2013 read with Rule`20 of the Companies (Management and Administration) Rules, 2014. Please see Note (ix) to the Notice dated _____ convening the AGM for the procedure with respect to e-voting.

Your e-voting user ID and password are provided below:

Electronic Voting Event Number (EVEN)	User ID	Password
		Use your existing password

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Innovating for affordable healthCare

Shilpa Medicare Limited

CIN : L85110KA1987PLC008739

Registered Office : Plot No.10, Shop No.80, Rajendra Gunj, RAICHUR, Karnataka- 584102.

● E-mail : info@vbshilpa.com ● Website : www.vbshilpa.com

27th ANNUAL GENERAL MEETING

PROXY FORM

Serial No. :

1. Name(s) of Member(s) including joint holders, if any :
2. Registered address of the sole / first named Member :
3. E-mail ID :
4. DP ID No. & Client ID No. / Registered Folio No. :

I / We, being the Member(s) of _____ shares of Shilpa Medicare Limited, hereby appoint

(1) Name : _____ Address : _____

_____

E-mail ID : _____ Signature : _____, or failing him

(2) Name : _____ Address : _____

_____

E-mail ID : _____ Signature : _____, or failing him

(3) Name : _____ Address : _____

_____

E-mail ID : _____ Signature : _____, or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 27th Annual General Meeting (AGM) of the Company to be held on the 20th September, 2014 at 11.30 a.m. Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur, Karnataka - 584102 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional (√)	
		For	Against
Ordinary Business			
1	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.		
2	Declaration of Dividend for the financial year ended 31st March, 2014.		
3	Re-appointment of Mr. Omprakash Inani who retires by rotation.		
4	Appointment of M/s. Bohara Bhandari Bung & Associates, Chartered Accountants, as Auditors, and authorize the Board of Directors to fix their remuneration.		
Special Business			
5	Appointment of Mr. Narinder Pal Singh Shinh as an Independent Director for a period of Two years with effect from the date of this AGM.		
6	Appointment of Mr. Carlton Felix Pereira as an Independent Director for a period of Two years with effect from the date of this AGM.		
7	Appointment of Mr. Ajeet Singh Karan as an Independent Director for a period of Two years with effect from the date of this AGM.		
8	Appointment of Mr. Pramod Kasat as an Independent Director for a period of Two years with effect from the date of this AGM.		
9	Appointment of Mr. Venugopal Loya as an Independent Director for a period of Two years with effect from the date of this AGM.		
10	Appointment of Mr. Rajender Sunki Reddy as an Independent Director for a period of Two years with effect from the date of this AGM.		
11	To Authorize Board of Directors to Borrow money, together with the money already borrowed by the company, to the extent of Rs.200 (Rupees Two Hundred) Crores.		
12	To Authorize Board of Directors to sell, lease or otherwise dispose of the whole or substantially whole of the undertakings of the Company.		
13	Appointment of M/s. N.Ritesh And Associates, Cost Accountant, as Cost Auditors and approve their remuneration.		

Signed this _____ day of ____2014. Signature of Shareholder :

Affix ₹ 1/- Revenue Stamp

NOTE : This form of proxy, in order to be effective, should be duly completed and deposited at the Investor Service Centre, Shilpa Medicare Limited, PLOT NO.10, SHOP NO.80, Rajendra Gunj, Raichur, Karnataka- 584102 not less than 48 hours before the commencement of the AGM i.e. by 11.30 a.m. on 20th September 2014.

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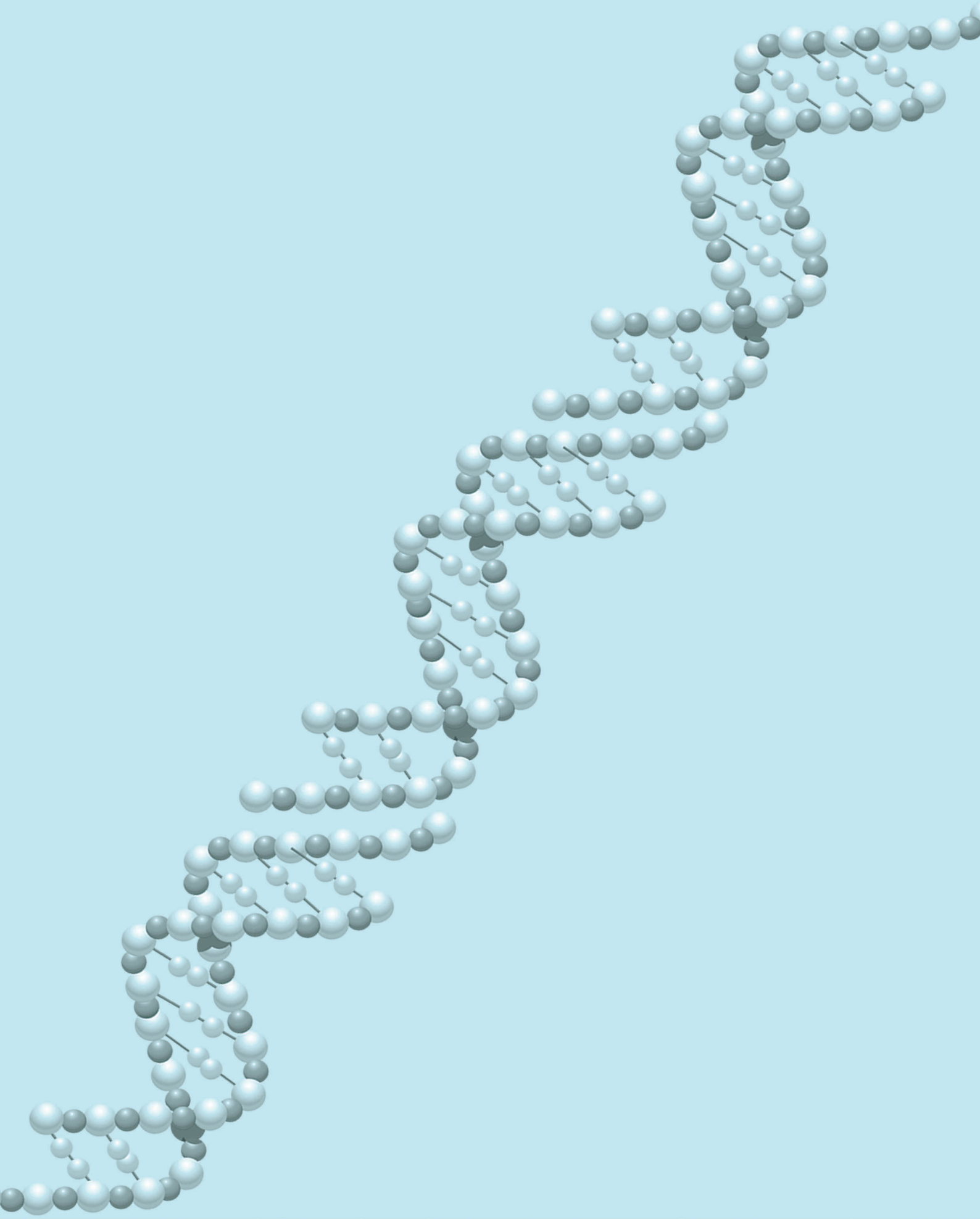

Shilpa

Innovating for
affordable healthCare

Shilpa Medicare Limited

First Floor, 10/80, Rajendra Gunj,
RAICHUR - 584 102. (Karnataka) (India)
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Web : www.vbshilpa.com