

Auditors' Report

To
The Members of Fermenta Biotech Limited

1. We have audited the attached balance sheet of Fermenta Biotech Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Fermenta Biotech Limited

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- v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

S R Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Firm Registration No. 101049W
Chartered Accountants

Vikram Mehta
per **Vikram Mehta**
Partner
Membership No. 105938



Place : Mumbai
Date : May 29 , 2012

Fermenta Biotech Limited
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**Annexure referred to in paragraph 3 of our report of even date
Re: Fermenta Biotech Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during the year except for the inventory lying with third parties. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (e) The Company has taken loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 257.50 lakhs and the year-end balance of loan taken from such party was Rs. 157.50 lakhs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) (a) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Fermenta Biotech Limited

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- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, related to the manufacture of Bulk Drug and Formulations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have been regularly deposited with the appropriate authorities. The provisions relating to investor education and protection fund are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	150,000	2005-06	Customs, Excise & Service Tax Appellate Tribunal (cestat), Delhi

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Fermenta Biotech Limited

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- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S R Batliboi & Associates
For S.R. BATLIBOI & ASSOCIATES
Firm Registration No. 101049W
Chartered Accountants

Vikram Mehta
per **Vikram Mehta**
Partner

Membership No. 105938



Place: Mumbai

Date : May 29, 2012

FERMENTA BIOTECH LIMITED

Balance Sheet as at March 31, 2012

	Note No.	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	5,163.73	4,100.35
		6,934.18	5,870.80
Non current liabilities			
Long term borrowings	5	1,906.00	1,021.70
Deferred tax liability (net)	6	6.33	8.82
Long term provisions	7	152.71	149.55
		2,065.04	1,180.07
Current liabilities			
Short term borrowings	8	1,416.77	713.44
Trade payables	9	1,343.70	793.59
Other current liabilities	9	478.54	299.11
Short term provisions	7	64.82	94.34
		3,303.83	1,900.48
TOTAL		12,303.05	8,951.35
Assets			
Non current assets			
Fixed assets			
Tangible assets	10	5,440.69	2,660.75
Intangible assets	11	347.14	221.69
Capital work in progress		545.11	1,377.94
Intangible assets under development		87.07	-
Non current investments	12	186.62	186.62
Long term loans and advances	13	386.78	526.88
Other non current assets	14.2	8.43	2.14
		7,001.84	4,976.02
Current assets			
Inventories	15	2,089.01	1,045.37
Trade receivables	14.1	2,309.63	1,559.22
Cash and bank balances	16	604.38	1,036.05
Short term loans and advances	13	298.19	334.69
		5,301.21	3,975.33
TOTAL		12,303.05	8,951.35

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

S R Batliboi & Associates

For S.R.Batliboi & Associates

Firm Registration Number 101049W

Chartered Accountants

Vikram Mehta

per Vikram Mehta
Partner

Membership No.: 105938



For and on behalf of the Board of Directors

Peter Bains

Chairman

Sanjay Buch

Director

Rajendra Gaitonde
Whole Time Director
Operations

Satish Varma

Managing Director

Anupama Datla

Executive Director

Ranabir Sanyal
Company Secretary

Krishna Datla

Director

T. P. Devarajan

Director

Sudarshan G. Kamath
Chief Financial Officer

Place: Mumbai
Date : May 29, 2012

Place: Thane
Date : May 29, 2012



FERMENTA BIOTECH LIMITED

Statement of Profit and Loss for the year ended March 31, 2012

	Note No.	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Income			
Revenue from operations (gross)	17	10,324.06	6,589.13
Less : excise duty		182.98	144.98
Revenue from operations (net)		10,141.08	6,444.15
Other income	18	388.50	113.27
Total Revenue	(I)	10,529.58	6,557.42
Expenses:			
Cost of materials consumed	19	3,846.97	2,077.98
Purchase of traded goods	19	104.03	5.53
(Increase) in the inventory of finished goods and work-in-progress	20	(161.38)	(255.06)
Employee benefit expense	21	1,369.89	1,017.49
Other expenses	22	3,043.29	1,989.63
Total	(II)	8,202.80	4,835.57
Earning before interest, tax, depreciation and amortisation (EBITDA)	(I - II)	2,326.78	1,721.85
Depreciation and amortization expense	23	601.49	294.73
Finance costs	24	398.40	191.48
Profit before tax		1,326.89	1,235.64
Tax expense:			
Current tax (MAT payable)		266.00	249.50
Deferred tax {charge / (credit)}		(2.49)	41.58
Total tax expense		263.51	291.08
Profit for the year		1,063.38	944.56
Earnings per equity share (nominal value of share Rs. 10)	25		
(31st March 2011: Rs. 10)			
(1) Basic		5.85	6.64
(2) Diluted		5.85	6.64
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

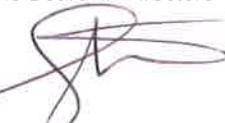
S R Batliboi & Associates
For S.R. Batliboi & Associates
Firm Registration Number 101049W
Chartered Accountants


per Vikram Mehta
Partner
Membership No.: 105938

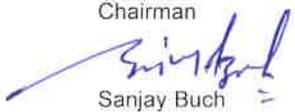


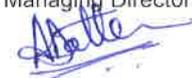
For and on behalf of the Board of Directors


Peter Bains
Chairman


Satish Varma
Managing Director


Krishna Datta
Director

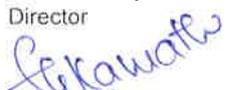

Sanjay Buch
Director


Anupama Datta
Executive Director


T. P. Devarajan
Director


Rajendra Gaitonde
Whole Time Director
Operations


Ranabir Sanyal
Company Secretary


Sudarshan G. Kamath
Chief Financial Officer

Place: Mumbai
Date : May 29, 2012

Place: Thane
Date : May 29, 2012



FERMENTA BIOTECH LIMITED

Cash Flow statement for the year ended March 31, 2012

	March 31, 2012 (Rs. In Lakhs)	March 31, 2011 (Rs. In Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,326.89	1,235.64
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisations	601.49	294.73
Foreign exchange (gain)/loss (net) - unrealised	(100.36)	(60.82)
(Profit) / Loss on sale of fixed assets (net)	8.26	-
Interest expense	398.40	191.48
Interest income	(45.75)	(9.07)
Operating profit before working capital changes	2,188.93	1,651.96
Movements in working capital changes:		
Increase/ (Decrease) in trade payables	548.99	356.79
Increase/ (Decrease) in long term provisions	3.17	103.82
Increase/ (Decrease) in short term provisions	(29.52)	10.71
Increase/ (Decrease) in other current liabilities	(0.64)	151.19
(Increase)/ Decrease in trade receivables	(649.18)	(373.03)
(Increase)/ Decrease in inventories	(1,043.64)	(330.74)
(Increase)/ Decrease in long term loans and advances	14.00	(319.89)
(Increase)/ Decrease in short term loans and advances	36.50	65.85
(Increase)/ Decrease in other non-current assets	(14.72)	(4.29)
Cash generated from operations	1,053.89	1,312.37
Direct taxes paid (net of refund)	(310.71)	(131.54)
Net cash flow from operating activities	743.18	1,180.83
CASH FLOW FROM INVESTING ACTIVITIES		
B. Purchase of fixed assets (including intangible assets, adjustments for capital work-in-progress and capital advances)	(2,601.74)	(2,370.00)
Proceeds from sale of fixed assets	3.17	-
Investment in bank deposits having maturity of more than three months	8.43	2.14
Interest received	45.75	9.07
Interest capitalised	49.56	-
Net cash used in investing activities	(2,494.83)	(2,358.79)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	-	900.45
Premium received on issue of shares (net of share issue expenses)	-	1,076.46
Proceeds from long term borrowings	1,306.19	392.84
Repayment of long term borrowings	(242.28)	-
Proceeds from short term borrowings	703.33	(285.90)
Interest paid	(447.50)	(189.11)
Net cash flow (used in)/from financing activities	1,319.74	1,894.74
Net increase in Cash and Cash equivalents	(431.91)	716.78
Cash and Cash equivalents at the beginning of the year	1,036.10	319.32
Cash and Cash equivalents at the end of the year	604.19	1,036.10

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FERMENTA BIOTECH LIMITED

Cash Flow statement for the year ended March 31, 2012

	March 31, 2012 (Rs. In Lakhs)	March 31, 2011 (Rs. In Lakhs)
Components of Cash and Cash equivalents		
Cash on hand	3.03	0.54
Balances with scheduled banks on:		
Current accounts	270.21	28.99
Deposit accounts	331.14	1,006.52
Total cash and cash equivalents (note 16)	604.38	1,036.05
Add / Less Unrealised loss / (gain) on foreign currency cash and cash equivalents	(0.19)	0.05
Cash and cash equivalents at the end of the year	604.19	1,036.10

Summary of significant accounting policies

2.1

As per our report of even date

S R Batliboi & Associates

For S.R.Batliboi & Associates

Firm Registration Number 101049W

Chartered Accountants

Vikram Mehta

per Vikram Mehta
Partner

Membership No.: 105938



For and on behalf of the Board of Directors

Peter Bains

Peter Bains
Chairman

Sanjay Buch

Sanjay Buch
Director

Rajendra Gaitonde

Rajendra Gaitonde
Whole Time Director
Operations

Satish Varma

Satish Varma
Managing Director

Anupama Datla

Anupama Datla
Executive Director

R. Sanyal

Ranabir Sanyal
Company Secretary

Krishna Datla

Krishna Datla
Director

T.P. Devarajan

T. P. Devarajan
Director

Sudarshan G. Kamath

Sudarshan G. Kamath
Chief Financial Officer

Place: Mumbai

Date : May 29, 2012

Place: Thane

Date : May 29, 2012



FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

1 Background:

Fermenta Biotech Limited ("the Company") is a public company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs and enzymes. The Company caters to both domestic and international markets.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the notified Accounting Standards issued by Companies (Accounting Standards), Rule, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below in point 2.1(a).

2.1 Summary of significant accounting policies:**a) Change in accounting policies***Presentation and disclosure of financial statements*

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. For further details, refer note 39.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the rates based on following estimated useful life of fixed assets

Assets	Estimated useful life (in years)
Lease hold land	30
Building	30
Lease hold improvements (included in buildings)	10
Plant and equipment	10
Office equipments	21
Computers	6
Furniture and fixtures	6
Vehicles	11



e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company has used the rates based on following estimated useful lives of Intangible assets.

Assets	Estimated useful life (in years)
Software including licences	3-5
Product know how	3-5

Software including licences

Costs relating to licenses, which are acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three to five years.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over their estimated useful lives of three to five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable

During the year research and development expenditure of Rs.344.47 lakhs (2011 - Rs.170.38 lakhs) has been charged/amortised to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to Rs. 64.65 lakhs (2011- Rs. 32.33 lakhs)

f) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Handwritten signatures and initials in blue ink.



FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined as follows:

(a) Stores and spare parts: - First-in-first-out method.

(b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

(c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) 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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. 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.

Income from services

Revenues from environmental project consultancy contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Profit Sharing on Joint Marketing

Revenue is recognised on an accrual basis in accordance with the terms of the relevant agreement.

j) Foreign currency transactions

Initial Recognition

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

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Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

k) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund is defined contribution scheme. The contributions to the respective funds are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates two defined benefit plans for its employee viz. gratuity and long term compensated absences.

Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan covering employees of the Company. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum of Rs.10.00 lakhs per employee.

The gratuity liability and net periodic gratuity cost is actuarially determined based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels.

All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred.

The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) Income taxes

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 Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred taxes measured using the tax rates and tax laws enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. For recognition of deferred taxes, the timing difference which originate first are considered to reverse first.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liability are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.





FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

The Company's bulk drugs production facility in Kullu, Himachal Pradesh, is eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly the Company's bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act, 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available to the Company. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares and hence the basic earnings per share and diluted earnings per share are the same.

n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

o) Contingent liabilities

Contingent asset are not recognised in the financial statement of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating Lease payments are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

q) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Segment Reporting*Identification of segments :*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

s) Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

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3 Share capital

March 31, 2012
Rs. in Lakhs

March 31, 2011
Rs. In Lakhs

Authorised shares:

19,010,000 (2011 - 19,010,000) equity shares of Rs. 10 each	1,901.00	1,901.00
990,000 (2011- 990,000) preference shares of Rs.10 each	99.00	99.00
	2,000.00	2,000.00

Issued, subscribed and fully paid-up shares:

18,192,844 (2011-18,192,844) equity shares of Rs. 10 each	1,819.28	1,819.28
Less : Amount recoverable from ESOP trust (refer note (g) below)	(48.83)	(48.83)
	1,770.45	1,770.45

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	March 31, 2012		March 31, 2011	
	No in Lakhs	Rs. in Lakhs	No in Lakhs	Rs. in Lakhs
At the beginning of the period	181.93	1,819.28	80.00	800.00
i Issued as a fully paid-up equity shares of Rs. 10 each for consideration other than cash by converting redeemable convertible preference shares held by holding company, DIL Ltd.	-	-	70.00	700.00
ii Issued to Evolve India Life Sciences Fund LLC at a price of Rs. 104.44 per equity share of Rs 10 each	-	-	19.15	191.50
iii Issued to investment advisors as a part of the professional fees at face value of Rs. 10 each against cash.*	-	-	7.90	78.95
iv Issued to - ESOP Trust pending implementation of ESOP plan	-	-	4.88	48.83
Outstanding at the end of the period	181.93	1,819.28	181.93	1,819.28

* Issued 789,474 equity shares at face value of Rs.10 each against cash to its investment advisors. As these shares have been issued to its investment advisors as a part of the professional fees, based on the accounting pronouncement, the difference between the fair value and the face value amounting to Rs.118.02 lakhs has been considered as security premium and treated as share issue expenses. (refer note 4)

Preference shares

	March 31, 2012		March 31, 2011	
	No in Lakhs	Rs. in Lakhs	No in Lakhs	Rs. in Lakhs
Redeemable non convertible				
At the beginning of the period	-	-	7.00	70.00
Less :- Non convertible preference shares of Rs.10 each together with shares issue premium of Rs. 90 each invested by DIL Ltd converted into redeemable convertible preference shares of Rs. 10 each together with share premium of Rs 90 per shares	-	-	7.00	70.00
Outstanding at the end of the period	-	-	-	-
Redeemable convertible				
At the beginning of the period	-	-	-	-
Add :- Non convertible preference shares of Rs. 10 each together with shares issue premium of Rs. 90 each invested by DIL Ltd converted into redeemable convertible preference shares of Rs. 10 each together with share premium of Rs 90 per shares	-	-	7.00	70.00
Less :- convertible redeemable preference shares of Rs. 10 each together with the premium of Rs. 90 each issued to DIL Ltd. converted into 70,00,000 equity shares of Rs. 10 each	-	-	7.00	70.00
Outstanding at the end of the period	-	-	-	-

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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

b. Shares held by holding company and its ultimate holding company

Out of equity shares issued by the Company, shares held by the holding company is as follow

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
DIL Limited, the holding company	1,276.25	1,276.25
12,762,464 (2011-12,762,464) equity shares of Rs 10 each fully paid		
DVK investment Pvt. Ltd., the ultimate holding company	8.70	8.70
87,024 (2011-87,024) equity shares of Rs 10 each fully paid		

c. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay the dividend in Indian rupees. The dividend proposed by the board of directors is subject to shareholder's approval in the ensuing Annual General Meeting

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be as per the terms of the Articles of Association of the Company.

d. Terms of conversion / redemption of redeemable non convertible preference shares / redeemable convertible preference shares

The Company had issued 700,000 Redeemable non convertible preference shares of Rs 10/- ('shares') each issued at a premium of Rs. 90/- per share to DIL Ltd. (DIL) in the year ended 31st March, 2005. These share were redeemable at the issue price of Rs. 100 per share along with a redemption premium coupon of 100% p.a. on the face value ('additional premium').The prorata additional redemption premium until March 31,2010 was Rs.367.50 lakhs. During the previous year with the consent of DIL, the Company converted the said 700,000 redeemable non convertible preference shares of Rs.10 each together with share issue premium of Rs.90 each invested by DIL to redeemable convertible preference shares by waiving the additional premium that was due pursuant to the preference share issue documents. Subsequent to this, these convertible preference shares have been converted into 70,00,000 equity shares of Rs.10 each at face value and issued to DIL.

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2012	March 31, 2011
	No. in Lakhs	No. in Lakhs
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	70.00

f. Details of shareholders holding more than 5% shares in the Company

	March 31, 2012		March 31, 2011	
	No. in Lakhs	% holding in the class	No. in Lakhs	% holding in the class
Equity shares of Rs 10 each fully paid				
DIL Limited	127.62	70.15%	127.62	70.15%
Evolve India Life Sciences Fund LLC	38.30	21.05%	38.30	21.05%

g. Shares reserved for issue under options

During the previous year, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of Rs.10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan.

	March 31, 2012	March 31, 2011
	No. in Lakhs	No. in Lakhs
At the beginning of the period	4.88	-
Add: Issued during the period	-	4.88
Outstanding at the end of the period	4.88	4.88

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4 Reserve and surplus	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Capital redemption reserve:		
Balance as per the last financial statements	103.38	33.38
Add :- transferred from statement of profit and loss (refer note 3 (d))	-	70.00
Closing balance	103.38	103.38
Securities premium account:		
Balance as per the last financial statements	1,706.46	630.00
Add: Premium on issue of shares (refer note 3 (a) (ii) and (iii))	-	1,926.59
Less: Share issue expenses written off (refer note 3 (a) (iii))	-	(220.13)
Less: Refund of share issue premium on redemption of preference shares (refer note 3 (d))	-	(630.00)
Closing balance	1,706.46	1,706.46
General Reserve:	92.32	92.32
Surplus in the statement of profit and loss		
Balance as per the last financial statements	2,198.19	1,323.63
Profit for the year	1,063.38	944.56
Less :- Appropriations - Transferred to capital redemption reserves	-	(70.00)
Net surplus in the statement of profit and loss	3,261.57	2,198.19
Total reserves and surplus	5,163.73	4,100.35

5 Long term borrowings	Non-current		Current	
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
<u>Term Loans</u>				
From bank (secured) for Kullu facility	123.53	239.73	125.87	232.32
From bank (secured) for Dahej facility	1,733.34	739.00	281.88	-
<u>Vehicle Loans</u>				
From bank (secured)	43.18	42.97	25.37	19.94
From financial institutions (secured)	5.95	-	2.19	3.44
Total	1,906.00	1,021.70	435.31	255.70
The above amount includes				
Secured borrowings	1,906.00	1,021.70	435.31	255.70
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(435.31)	(255.70)
Net Amount	1,906.00	1,021.70	-	-

- a Term loans for expansion of Kullu facility are taken from Union Bank of India with interest rates (BR + 4.75%) ranging from 15% to 16% repayable in 48 equal monthly instalments. The said term loans are secured by way of first charge on fixed assets procured with financial assistance of the term loan and by equitable mortgage of factory land and building at Kullu.
- b Term loans for setting up a new facility at Dahej SEZ are taken from Union Bank of India with interest rates (BR + 4.75%) ranging from 15% to 16% repayable in 60 equal monthly instalments. The said term loans is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej.
- c Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

6 Deferred tax liability (net)	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	202.51	204.30
Others	0.45	0.45
Gross deferred tax liability	202.96	204.75
Deferred tax assets		
Provision for doubtful debts and advances	137.97	141.26
Provision for gratuity and long term compensated absences	58.66	54.67
Gross deferred tax assets	196.63	195.93
Net deferred tax liability	6.33	8.82



FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

7 Provisions

	Long-Term		Short-Term	
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Provision for employee benefits				
Provision for long term compensated absences (Refer Note 1 (k))	131.25	109.21	18.09	15.05
Provision for gratuity (refer note 26 (iii))	21.46	40.34	20.72	-
Provision for tax (net)	-	-	26.01	79.29
	152.71	149.55	64.82	94.34

8 Short term borrowings

	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Cash credit from bank (secured)	459.27	155.94
Packing and post shipment credit from bank (secured)	800.00	400.00
Short term loan from holding company (unsecured) (refer note 11 and note 30 (d) - (14a))	157.50	157.50
	1,416.77	713.44
The above amount includes		
Secured borrowings	1,259.27	555.94
Unsecured borrowings	157.50	157.50

Packing credit, post shipment credit and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit and cash credit are repayable on demand and carry interest @ 12% and 15% (BR+3.75%) p.a. respectively.

Short term loan is repayable within a period of three years and carries interest @ 8% p.a.

9 Trade payables and other current liabilities

	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Trade payables (refer note 34 and note 30 (d) - (14b))	1,343.70	793.59
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	435.31	255.70
Interest accrued and due on borrowings (refer note 30 (d) - (14c))	2.83	2.37
Statutory dues	28.06	24.59
Others	12.34	16.45
	478.54	299.11
	1,822.24	1,092.70



FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

(Rs. in Lakhs)

10 Tangible assets:

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost at April 1, 2010	36.04	-	717.30	2,351.60	41.62	116.36	3,262.92
Additions	-	308.93	17.36	452.75	40.16	81.78	900.98
Disposal	-	-	-	-	-	-	-
At March 31, 2011	36.04	308.93	734.66	2,804.35	81.78	198.14	4,163.90
Additions	-	-	1,394.63	1,771.06	50.82	52.19	3,268.70
Disposal	-	-	-	42.22	-	9.62	51.84
At March 31, 2012	36.04	308.93	2,129.29	4,533.19	132.60	240.71	7,380.76
Depreciation							
At April 1, 2010	-	-	149.08	1,046.91	13.13	26.61	1,235.73
Charge for the year	-	10.30	26.84	203.97	11.73	14.58	267.42
Disposal	-	-	-	-	-	-	-
At March 31, 2011	-	10.30	175.92	1,250.88	24.86	41.19	1,503.15
Charge for the year	-	10.30	62.90	364.65	19.12	21.25	478.22
Disposal	-	-	-	35.51	-	5.79	41.30
At March 31, 2012	-	20.60	238.82	1,580.02	43.98	56.65	1,940.07
Net Block							
At March 31, 2011	36.04	298.63	558.74	1,553.47	56.92	156.95	2,660.75
At March 31, 2012	36.04	288.33	1,890.47	2,953.17	88.62	184.06	5,440.69

11 Intangible assets:

	Softwares	Product know-how	Total
Gross Block			
Cost at April 1, 2010	9.51	65.99	75.50
Purchase *	28.03	159.50	187.53
Disposal	-	-	-
At March 31, 2011	37.54	225.49	263.03
Purchase	30.41	218.85	249.26
Disposal	0.65	-	0.65
At March 31, 2012	67.30	444.34	511.64
Amortization			
At April 1, 2010	1.20	12.83	14.03
Charge for the year	5.15	22.16	27.31
At March 31, 2011	6.35	34.99	41.34
Charge for the year	11.48	111.79	123.27
Disposal	0.11	-	0.11
At March 31, 2012	17.72	146.78	164.50
Net Block			
At March 31, 2011	31.19	190.50	221.69
At March 31, 2012	49.58	297.56	347.14

* During the previous year, the Company has entered into Technology sale/transfer agreement and acquired Bulk Drug Technology from DIL Limited for a consideration of Rs.150.00 lakhs (net) (refer note 8).

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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

12 Non current investments

	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity investments		
a) Investment in equity instruments of subsidiaries		
6,250 (2011-6,250) Equity shares of Rs. 10/- each in G I Biotech Pvt. Ltd. At cost (refer note below)	0.63	0.63
220,001(2011-220,001) Shares of G.B.Pound 1/- each in Fermenta Biotech (UK) Limited at cost	183.99	183.99
	<u>184.62</u>	<u>184.62</u>
Non-trade investments (valued at cost unless stated otherwise)		
b) Other entities		
20,000 (2011 - 20,000) Equity shares of Rs.10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	<u>186.62</u>	<u>186.62</u>

Note :-

During the year ended March 31,2009 the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark " Astrasept" and the related moveable assets for a consideration of Rs. 8.00 lakhs, to its wholly owned subsidiary G.I.Biotech Private Limited (G.I). Simultaneously the Company has also entered into a share transfer agreement with Ronator Investments Limited (R I), a company incorporated under the legal provisions of Cyprus , to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 lakhs. In accordance with the share transfer agreement the Company sold 3750 shares for consideration of USD 1.50 lakhs and recorded a profit of Rs 70.60 lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to March 31, 2013.

13 Long term loans and advances

	Non-current		Current	
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Capital advances -				
Unsecured considered good	301.24	472.06		
Security deposit -				
Unsecured considered good	39.03	38.31	10.25	10.25
Advances to related party (refer note 30 (d) - (14d))				
Unsecured considered good	6.24	6.24		
Loans and advances to employees				
Unsecured considered good	40.00	10.00	8.62	15.46
Advance recoverable in cash or kind -				
Unsecured considered good	-	-	181.60	198.25
Unsecured considered doubtful	5.08	5.08	-	-
	<u>5.08</u>	<u>5.08</u>	<u>181.60</u>	<u>198.25</u>
Provision for doubtful advance	<u>(5.08)</u>	<u>(5.08)</u>	<u>-</u>	<u>-</u>
	-	-	181.60	198.25
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	<u>(267.83)</u>	<u>(267.83)</u>	<u>-</u>	<u>-</u>
Prepaid expenses			40.94	8.30
Balance with government authorities			54.40	96.59
Advance to ESOP Trust	0.27	0.27	-	-
Others	-	-	2.38	5.84
	<u>386.78</u>	<u>526.88</u>	<u>298.19</u>	<u>334.69</u>
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Loans and advances to related parties include				
Dues from G I Biotech Private Limited, a subsidiary of the Company	6.24	6.24	-	-



FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

14 Trade receivables and other assets
14.1 Trade receivables

	Non-current		Current	
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	80.54	21.14
Doubtful	152.33	152.33	-	-
	152.33	152.33	80.54	21.14
Provision for doubtful receivables	(152.33)	(152.33)	-	-
	-	-	80.54	21.14
Other receivables	-	-	2,229.09	1,538.08
Unsecured considered good	-	-	2,309.63	1,559.22

Trade receivables include :-

- I) Dues from a Company in which the Company's director is a director
Dupen Laboratories Private Limited (refer note 30 (d) - (14e))
- II) Dues from holding company - DIL Ltd.(refer note 30 (d) - (14e))

23.53 0.15

0.19 0.03

14.2 Other assets

	Non-current		Current	
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Unsecured, considered good unless stated otherwise				
Non current bank balance (refer note 16)	8.43	2.14	-	-
	8.43	2.14	-	-

15 Inventories (valued at lower of cost and net realizable value)

	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Raw materials and packing materials (includes stock in transit of Rs. 81.23 lakhs (2011 Rs. 42.53 lakhs)) (refer note 19)	1,162.72	403.30
Work in progress (refer note 20)	433.28	265.05
Finished goods (refer note 20)	329.03	335.88
Stores and spares	163.98	41.14
	2,089.01	1,045.37

16 Cash and bank balances

	Non-current		Current	
	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. In Lakhs
Cash and cash equivalents				
Balances with banks				
On current account	-	-	270.21	28.99
Deposits with original maturity of less than three months	-	-	331.14	1,006.52
Cash on hand	-	-	3.03	0.54
Other bank balances				
Margin money deposits	8.43	2.14	-	-
	8.43	2.14	604.38	1,036.05
Amount disclosed under other assets as non current (refer note 14.2)	(8.43)	(2.14)	-	-
	-	-	604.38	1,036.05

Margin money deposits with a carrying amount of Rs. 8.43 lakhs (2011 Rs. 2.14 lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

17 Revenue from operations

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Revenue from operations		
Sale of products		
Finished goods	10,202.35	6,569.17
Traded goods	111.92	5.29
Sale of services	9.06	5.82
Other operating revenue		
Profit from joint marketing of products	-	7.36
Scrap sales	0.73	1.49
Revenue from operations (gross)	10,324.06	6,589.13
Less: Excise duty #	182.98	144.98
Revenue from operations (net)	10,141.08	6,444.15

Excise duty on sales amounting to 182.98 lakhs (2011 Rs. 144.98 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to Rs.17.17 lakhs (2011 Rs. 21.47 lakhs) has been considered as expenses in note 22 of the financial statements.

Details of product sold

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Finished goods sold		
Vitamine D3 Product	6,605.35	3,912.57
Silicon dry powder	366.17	410.09
Phenyramidol Hcl	2,209.90	1,898.62
Fermsept	86.31	104.79
Biocatalyst and Enzymes	920.24	207.72
Others	14.38	35.38
	10,202.35	6,569.17
Traded goods sold		
Formulation - coated tablets	81.54	5.29
Granules	30.38	-
	111.92	5.29
	10,314.27	6,574.46

Details of service rendered

Environmental project consultancy fees	9.06	5.82
	9.06	5.82

18 Other Income

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Interest Income on		
Bank deposits [tax deducted at source Rs 4.52 lakhs (2011 Rs. 0.18 lakhs)]	45.75	9.07
Income tax refund	1.63	1.60
	47.38	10.67
Foreign exchange fluctuation gain (net)	340.07	101.34
Other non-operating income	1.05	1.26
	388.50	113.27











FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

19 Cost of raw materials and packing materials consumed

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Inventories of raw materials / packing materials at the beginning of the year	403.30	328.40
Add : Purchases	4,606.39	2,152.88
	5,009.69	2,481.28
Less : Inventories of raw materials / packing materials at the end of the year (refer note 15)	1,162.72	403.30
Cost of raw materials and packing materials consumed	3,846.97	2,077.98

Details of raw materials and packing materials consumed

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Cholesterol	1,626.78	533.60
Lithium Amide	266.94	165.17
2-Amino Pyridine	32.00	161.65
Iso Propyl Alcohol	187.26	133.88
Denatured Spirit	147.19	103.41
Resin	236.28	89.00
Styrene Oxide	112.52	87.27
Dimethyl formamide	93.17	61.45
Acetone	73.39	34.37
Petroleum Ether	150.84	30.87
Other materials	920.60	677.31
	3,846.97	2,077.98

Details of inventory

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Raw materials and packing materials		
Pyridine styrene oxide derivative	79.85	70.83
Cholesterol	234.30	23.59
Collidene	57.89	33.98
Methyl Formate	31.49	19.89
2- Amino Pyridine	26.10	19.31
Lithium Amide	28.94	18.95
Dibromo Dimethyl Hydantion	14.35	15.74
Others	689.80	201.01
	1,162.72	403.30

Details of purchase of traded goods

Formulation - coated tablets	81.50	5.53
Granules	22.53	-
	104.03	5.53

20 (Increase)/decrease in inventories

	March 31, 2012	March 31, 2011	(Increase) / decrease
	Rs. in Lakhs	Rs. In Lakhs	Rs. In Lakhs
Inventories at the end of the year (refer note 15)			March 31, 2012
Work in progress	433.28	265.05	(168.23)
Finished goods	329.03	335.88	6.85
	762.31	600.93	(161.38)
Inventories at the beginning of the year (refer note 15)			March 31, 2011
Work in progress	265.05	201.98	(63.07)
Finished goods	335.88	143.89	(191.99)
	600.93	345.87	(255.06)
	(161.38)	(255.06)	



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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

Details of inventory

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Work in progress		
Vitamine D3 Product range	264.17	109.19
Silicon dry powder	10.17	0.06
Phenyramidol Hcl	62.95	61.10
Biocatalyst and Enzymes	36.30	8.74
Others	59.69	85.96
	433.28	265.05
Finished goods		
Vitamine D3 Product range	69.46	181.26
Silicon dry powder	1.15	0.38
Phenyramidol Hcl	2.93	-
Biocatalyst and Enzymes	246.53	135.47
Others	8.96	18.77
	329.03	335.88

21 Employee benefit expense

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Salaries, wages and bonus	1,151.97	861.88
Contribution to provident and other fund	70.79	55.79
Gratuity expense (refer note 26 (iv))	2.14	27.65
Staff welfare expenses	144.99	72.17
	1,369.89	1,017.49

22 Other expenses

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Stores and spare parts consumed	288.69	128.82
Power, fuel and gas	607.75	361.06
Water charges	9.10	0.25
Rent (refer note 27)	136.11	125.87
Repairs to building	19.69	10.55
Repairs to machinery	29.55	5.24
Repairs and maintenance - others	54.99	27.48
Insurance	65.73	43.42
Rates and taxes	91.97	62.56
Advertising and sales promotions	48.54	23.87
Sales commission	5.94	5.29
Freight and forwarding charges	271.21	202.07
Directors sitting fee	3.55	6.95
Processing charges	464.26	318.70
Travelling and conveyance	318.02	209.51
Professional and legal fees	235.18	220.36
Payment to auditors (Refer details below)	20.67	13.80
Labour charges	118.30	65.82
Postage and telephone	38.71	24.44
Printing & stationery	40.99	24.15
Staff recruitment expenses	38.79	15.99
Excise duty other than recovered on sales	17.17	21.47
Loss on sale of fixed assets	8.26	-
Donations	0.86	9.49
Lump sum technical know-how fees	-	2.59
Miscellaneous expenses	109.26	59.88
	3,043.29	1,989.63
Above expenditure include research and development expenses	344.47	170.38



FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

Payment to auditors

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
As Auditor		
Audit fee	11.25	6.25
Tax audit fee*	2.75	1.35
Limited review	5.25	5.25
Reimbursement of expense*	1.42	0.95
	20.67	13.80

* includes amount paid to the auditors other than statutory auditors

23 Depreciation and amortisation expense

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Depreciation of tangible assets	478.22	267.42
Amortisation of intangible assets	123.27	27.31
	601.49	294.73

24 Finance costs

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Interest:		
- On term loans	212.05	75.76
- Others	155.50	95.19
Bank charges	30.85	20.53
	398.40	191.48

25 Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. In Lakhs
Net profit for calculating basic and diluted EPS	1,063.38	944.56
	No of shares	No of shares
Weighted average number of equity shares in calculating basic and diluted EPS	1,81,92,844	1,42,30,199

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26 Employee benefits

The Company operates two employee benefit plans

- I Defined contribution plan which includes contribution to provident and superannuation fund
- II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

	As at March 31, 2012 Rs. in Lakhs	As at March 31, 2011 Rs. in Lakhs
Defined Contribution Plan		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under personnel expenses on note 21 for the year are as under-		
Employer's contribution to provident fund	68.84	54.03
Employer's contribution to superannuation fund	1.95	1.76

Defined Benefit Plan

The Company operates two defined plans, viz., gratuity and long term compensated benefit plans, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of services, subject to maximum of Rs. 10.00 lakhs per employee.

Under long term compensated absences benefits, the Company provides those employees who leave the services of the Company on retirement or otherwise the facility of encashing the accumulated compensatory absences as per the rules of the Company. The plan is not funded by the Company.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

	As at March 31, 2012 Rs. in Lakhs	As at March 31, 2011 Rs. in Lakhs
i) Changes in the present value of the defined benefit obligation		
Opening	117.95	88.38
Interest cost	10.25	6.55
Current service cost	18.69	28.35
Benefits paid	(0.69)	(5.10)
Net actuarial gain / (loss)	22.28	0.23
Closing	<u>123.92</u>	<u>117.95</u>
ii) Changes in fair value of plan assets		
Opening	77.61	42.65
Actual return on plan assets	7.06	5.64
Net actuarial gain/ (loss)	(2.54)	1.38
Employer's contribution	0.30	33.04
Benefits paid	(0.69)	(5.10)
Closing	<u>81.74</u>	<u>77.61</u>
iii) Amounts recognised in balance sheet		
Present value of defined benefit obligation	123.92	117.95
Fair value of plan assets	81.74	77.61
Net liability recognised in balance sheet (refer note 7)	<u>42.18</u>	<u>40.34</u>
iv) Amounts recognised in profit and loss account		
Interest cost	10.25	6.55
Current service cost	18.69	28.35
Expected return on plan assets	(7.06)	(5.64)
Net actuarial (gain) / loss recognised	(19.74)	(1.61)
Gratuity expense	<u>2.14</u>	<u>27.65</u>
v) Actual return on plan assets	7.06	5.64
vi) Principal assumptions used in actuarial valuation		
Discount rate	8.50%	7.50%
Expected return on plan assets	9.15%	9.15%
Salary escalation rate	10.00%	10.00%
Withdrawal rate (as per age group for 2011-12)	21 to 30 - 7%, 31 to 40 - 4%, 41 to 57 - 0.33%	1.00%
vii) Investments with insurers	98.00%	100.00%
Investments with others	2.00%	0.00%

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		Gratuity Funded as at				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
viii)	Amounts for the current and previous four periods are as under :-					
	Defined benefit obligations	123.92	117.95	88.38	71.40	47.30
	Plan assets	81.74	77.61	42.65	31.98	19.87
	Surplus/(Deficit)	(42.18)	(40.34)	(45.73)	(39.42)	(27.43)
	Experience adjustments on plan liabilities	(6.86)	1.61	7.91	2.25	17.03
	Experience adjustments on plan assets	(2.54)	1.38	0.20	0.78	0.44
ix)	a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.					
	b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India					
	c The estimates of rate escalation in salary considered in the actuarial valuation take in to account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.					
	d The Company expects to contribute Rs 30.00 lakhs to the Gratuity fund in 2012-13. (2011-Rs 12.45 lakhs during 2011-12)					

27 The Company has entered into arrangements for taking on leave and license basis certain office premises and guest houses. The agreements have cancellable, escalation clauses and are renewable and have rent escalation of 5% at Thane and 10% at Dahej

		Year ended March 31, 2012	Year ended March 31, 2011
		Rs. in Lakhs	Rs. in Lakhs
(a)	Lease payments recognized in the statement of profit and loss for the year.	136.11	125.87
(b)	Future minimum lease payments under the leases in the aggregate and for each of the following periods:		
	Not later than one year	-	-
	Later than one year and not later than five years	-	-

28 Capitalisation of expenditure

During the year, the Company has capitalized the following expense of revenue nature to the cost of fixed asset/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the finance cost are net of amounts capitalized by the Company.

	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. in Lakhs	Rs. in Lakhs
Finance costs	49.56	29.18

29 Segment Information:

- a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment
- b Secondary segments – Geographical segments

Segment revenue from external customers, based on geographical location of customers (Sales)

	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. in Lakhs	Rs. in Lakhs
India	2,369.57	1,988.33
Europe	6,690.88	4,254.63
Others	1,263.61	346.17
TOTAL	10,324.06	6,589.13

Assets and additions to fixed and intangible assets

Segment assets

	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. in Lakhs	Rs. in Lakhs
India	10,530.40	7,600.82
Europe	780.82	1,307.56
Others	991.83	42.97
TOTAL	12,303.05	8,951.35

Additions to fixed and intangible assets

	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. in Lakhs	Rs. in Lakhs
India	3,517.96	1,088.51
Europe	-	-
Others	-	-
TOTAL	3,517.96	1,088.51

Note:

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment result/liabilities by geographical segment.

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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

30 Related party disclosure:

- a) Parties where control exists
Holding company:-
DIL Limited

Subsidiaries:-

- a) Fermenta Biotech (UK) Limited
b) G.I. Biotech Pvt Limited

- b) Related party relationships where transactions have taken place during the year:-

Key Management Personnel

- Mr. Satish Varma-Managing Director.
Mr. Rajendra Gaitonde-Whole Time Director (Operations).
Ms. Anupama Datla – Executive Director.

Enterprises owned or significantly influenced by key management personnel or their relatives:-

- Dupen Laboratories Pvt Limited
Lacto Cosmetics (Vapi) Pvt. Ltd.

- c) An individual directly controlling the holding company, namely DIL limited and can exercise significant influence:-
Mr. Krishna Datla – Director

- d) Transactions with related parties

Following table provides the total amount of transactions that have been entered in to with related parties for the relevant financial year.

Sr.No	Particulars	Rs. in Lakhs		
		Holding Company	Subsidiaries	Key Management Personnel Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales			
	Dupen Laboratories Pvt Ltd.			67.88 (0.54)
2	Purchase of raw materials and spares			
	Dupen Laboratories Pvt Limited			90.65 (24.76)
	Lacto Cosmetics (Vapi) Pvt. Ltd.			3.23 (2.82)
3	Interest on loan taken	18.38 (50.14)		
4	Royalty expenses			
	G.I Biotech Pvt Ltd.		(1.42)	
5	Rent paid	120.17 (113.98)		
6	Processing Charges Paid			
	Lacto Cosmetics (Vapi) Pvt. Ltd.			9.34 (12.90)

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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

Sr.No	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives
7	Company's share of expenses paid	46.16 (59.68)			
8	Other reimbursements received	1.60 (6.55)			
9	Other reimbursements paid				
	Dupen Laboratories Pvt Ltd				- (0.11)
10	Loan taken	100.00 (600.00)			
11	Loan repaid	100.00 (900.00)			
12	Remuneration to key management personnel:				
	Mr. Rajendra Gaitonde - Salary, bonus and contribution to PF			34.28 (31.42)	
	Ms. Anupama Datla - Salary, bonus and contribution to PF			41.90 (37.77)	
	Mr. Satish Varma - Salary, bonus and contribution to PF			68.26 (66.94)	
	Directors sitting fees			3.55 (6.95)	
13	Purchase of bulk drugs technology	- (157.50)			
14	Balance outstanding as at the year end				
	a. Loan payable	157.50 (157.50)			
	b. Trade payables				
	DIL Ltd	6.61 (1.38)			
	Mr. Rajendra Gaitonde			4.00 (4.00)	
	Mr. Satish Varma			12.50 (15.00)	
	Dupen Laboratories Pvt Ltd				- (6.59)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				1.67 (2.99)
	c. Other liabilities				
	DIL Ltd	2.83 (2.37)			

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FERMENTA BIOTECH LIMITED

Notes to financial statements for the year ended March 31, 2012

Sr.No	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	d. Receivables				
	G.I Biotech Pvt Ltd. (refer note 13)		6.24 (6.24)		
	e. Trade receivables				
	DIL Ltd. (refer note 14.1)	0.19 (0.03)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				23.53 (0.15)

(Figures in brackets are the corresponding figures in respect of the previous year.)

31 Capital and other commitments

- a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 853.06 lakhs (2011 Rs. 638.59 lakhs).

32 Contingent liabilities

	March 31, 2012	March 31, 2011
	Rs. in Lakhs	Rs. in Lakhs

Claims against the company not acknowledged as debts

- | | | | |
|---|--|------|------|
| a | Excise department had issued show cause notice against credit taken by Company of Rs 3.60 lakhs on Pencilin G Amidase which was captively consumed in the manufacture of finished goods. Later on the Commissioner (Appeals) reduced the penalty to Rs 1.50 lakhs. The Company had filed an appeal against the order on 25th March, 2008. Notice for final hearing not yet received. | 1.50 | 1.50 |
| b | Mr. R. K Kaushal had filed an appeal in labour court for his dismissal from service. The judgement is against the Company and Company has filed an appeal against the said order. | 4.99 | - |

33 Derivative instruments

- a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use forward contracts for speculative purposes. There are no foreign exchange forward contracts outstanding as at March 31, 2012 and as at March 31, 2011.
- b) Particulars of "un-hedged foreign currency exposure" as at March 31, 2012

Particulars		March 31, 2012		March 31, 2011	
		Amount (Foreign Currency in Lakhs)	Amount (Rs in Lakhs)	Amount (Foreign Currency in Lakhs)	Amount (Rs in Lakhs)
Trade receivables	\$	9.04	468.84	1.72	77.72
	Euro	18.13	1,253.75	18.59	1,187.10
Trade payables	\$	-	-	0.05	2.43
	Euro	4.98	346.31	1.26	80.71
Cash and bank balances	\$	0.02	0.89	0.02	0.78
	Euro	0.02	1.07	0.02	0.99



34 Details of dues to micro and small enterprises as per MSMED Act, 2006

Particulars	March 31, 2012 Rs. in Lakhs	March 31, 2011 Rs. in Lakhs
a (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	8.04	11.50
(ii) Interest due on above	Nil	Nil
The Total of (i) & (ii)	8.04	11.50
b The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil
d The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
e The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil

35 C. I. F. value of imports:

	Year ended March 31, 2012 Rs. in Lakhs	Year ended March 31, 2011 Rs. in Lakhs
Raw materials and packing materials	2,413.75	761.17
Stores and spare parts	139.40	1.73
Capital goods	81.36	46.61

36 Expenditure in foreign currency (accrual basis)

	Year ended March 31, 2012 Rs. in Lakhs	Year ended March 31, 2011 Rs. in Lakhs
Royalty expenses	-	0.78
Technical know-how fees	218.85	4.05
Professional fees	111.52	38.23
Analytical fees	19.42	31.98
Travelling	25.36	8.54
Others	29.28	33.01

37 Imported and indigenous raw materials, components and spare parts consumed

	Year ended March 31, 2012		Year ended March 31, 2011	
	%	Rs. in Lakhs	%	Rs. in Lakhs
Raw materials consumed:				
Imported	57%	2,222.81	46%	881.99
Indigenous	43%	1,685.04	54%	1,045.45
	100%	3,907.85	100%	1,927.44
Stores and spare parts				
Imported	8%	22.53	0%	-
Indigenous	92%	266.16	100%	128.82
	100%	288.69	100%	128.82

38 Earnings in foreign currency:

	Year ended March 31, 2012 Rs. in Lakhs	Year ended March 31, 2011 Rs. in Lakhs
F. O. B. value of exports	7,820.53	4,434.49
Freight and insurance on exports	218.13	184.02



39 Previous year figures

Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. It significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. The following is a summary of the effects that revised Schedule VI had on presentation of balance sheet of the Company for the year ended 31 March 2011:

Pre-revised Schedule VI			Revised Schedule VI		
Heading	Amount Rs. in Lakhs	Adjustment	Amount Rs. in Lakhs	Heading	Nature of adjustment
Sources of funds				Equity and liabilities	
Shareholders' funds				Shareholders' Funds	
Share capital	1,770.45	-	1,770.45		
Reserves and surplus	4,100.35	-	4,100.35		
	5,870.80	-	5,870.80		
Loan funds					
Secured loans	1,833.34			Long term borrowings	Refer note 1
Unsecured loans	159.87				
	1,993.21	(971.51)	1,021.70		
Deferred tax liability (net)	8.82	-	8.82	Deferred tax liability (net)	
		149.55	149.55	Long term provisions	
	2,002.03	(821.96)	1,180.07		
	-	713.44	713.44	Short term borrowings	Refer note 1
Sundry creditors	793.59	-	793.59	Trade payables	
Current liabilities	41.04	258.07	299.11	Other current liabilities	Refer note 2
Provisions	243.89	(149.55)	94.34	Short term provisions	Non current considered as long term provision
	1,078.52	821.96	1,900.48		
TOTAL	8,951.35	-	8,951.35		
Application of funds				Assets	
Fixed assets				Tangible assets	
Net block	2,882.44	(221.69)	2,660.75	Intangible assets	
	-	221.69	221.69	Capital work in progress	Capital advances disclosed under long term loans and advances
Capital work-in-progress	1,850.00	(472.06)	1,377.94		
Investments				Non Current investments	
	186.62	-	186.62	Long term loans and advances	Non current loans and advances
	-	526.88	526.88	Other non current assets	Non current bank balance
	-	2.14	2.14		
	4,919.06	56.96	4,976.02		
Inventories	1,045.37	-	1,045.37	Inventories	
Sundry debtors	1,559.22	-	1,559.22	Trade receivables	
Cash and bank balances	1,038.19	(2.14)	1,036.05	Cash and bank balances	Considered under other non current assets
Loans and advances	389.51	(54.82)	334.69	Short term loans and advances	Refer note 3
	4,032.29	(56.96)	3,975.33		
	8,951.35	-	8,951.35		

See (w) AA Jan PD PL



Working notes

	Amount Rs. in Lakhs	Amount Rs. in Lakhs
1 Long-term borrowings		
Secured and unsecured loans as per pre-revised schedule VI		1993.21
Less: loans from banks having maturity of less than 12 months Regrouped as Short-term borrowing	(555.94)	
Less: loans from holding company having maturity of less than 12 months Regrouped as Short-term borrowing	(157.50)	(713.44)
Less: current portion of long term borrowings from bank. Regrouped as Other current liabilities	(252.26)	
Less: current portion of long term borrowings from financial institutions. Regrouped as Other current liabilities	(3.44)	
Less: Interest accrued and due on borrowings. Regrouped as Other current liabilities	(2.37)	(258.07)
		1021.70
	Amount Rs. in Lakhs	Amount Rs. in Lakhs
2 Other current liabilities		
Amount as per pre-revised Schedule VI		41.04
Add: current portion of long term borrowings from bank. Regrouped as Other current liabilities	252.26	
Add: current portion of long term borrowings from financial institutions. Regrouped as Other current liabilities	3.44	
Add: Interest accrued and due on borrowings. Regrouped as Other current liabilities	2.37	258.07
		299.11
	Amount Rs. in Lakhs	Amount Rs. in Lakhs
3 Short-term loans and advances		
Loans and advances as per pre-revised Schedule VI		389.51
Add: capital advances regrouped from capital work in progress		472.06
Less: long term loans and advances - non-current reclassified		(526.88)
		334.69

As per our report of even date

S R Batliboi & Associates

For S R Batliboi & Associates

Firm Registration Number 101049W

Chartered Accountants

Vikram Mehta
per Vikram Mehta
Partner
Membership No.: 105938



For and on behalf of the Board of Directors

Peter Bains

Chairman

Sanjay Buch

Director

Rajendra Gaitonde
Whole Time Director
Operations

Satish Varma

Managing Director

Anupama Datla

Executive Director

R. Sanyal
Ranabir Sanyal
Company Secretary

Krishna Datla

Director

T. P. Devarajan

Director

Sudarshan G Kamath
Chief Financial Officer

Place: Mumbai

Date : May 29, 2012

Place: Thane

Date : May 29, 2012

