

MAKING

DEVELOPMENT

INNOVATION

RESEARCH

SUCCESS

VISION

LEADERSHIP

THE

RIGHT

MANAGEMENT

PLANNING

TEAM

MARKETING

ANALYSIS

STRATEGY

MOVE

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# DR.DATSONS LABS LIMITED

[Formerly Known as Aanjaneya Lifecare Limited]

## 8<sup>th</sup> ANNUAL REPORT

### ➤ Board of Directors

Dr. Rajendra Kamat	-	Non Executive Chairman
Dr. Kannan Vishwanath	-	Vice Chairman & Managing Director
Mr. Shashikant Shinde	-	Executive - Whole-time Director
Mr. Prabhat Kumar Goyal	-	Non Executive Director
Mr. Giridhar Gopal Pulleti	-	Non Executive - Independent Director
Mr. Minhaj Khan	-	Non Executive - Independent Director

### ➤ Company Secretary & Compliance Officer

CS Yogesh Patel

### ➤ Registered Office

K-4/1 Additional MIDC , Mahad, Raigad  
Dist,- 403209. Maharashtra, India.

### ➤ Bankers

Bank of Baroda  
Oriental Bank of Commerce  
Canara Bank  
Punjab National Bank  
UCO Bank  
Corporation Bank  
Jammu & Kashmir Bank  
Bank of India  
State Bank of Hyderabad  
Allahabad Bank

### ➤ Corporate Office

Dr. Datsons House, Plot No W-91(D) MIDC  
Taloja -410208, Dist -Raigad,  
State- Maharashtra India  
Ph: (+91) 22-27402223/24  
Fax: (+91) 22-27411837 / 25223251  
WebSite :- [www.drdatsons.com](http://www.drdatsons.com)  
Email:- [info@drdatsons.com](mailto:info@drdatsons.com)

### ➤ Statutory Auditors

M/s. Agarwal, Desai & Shah, Chartered Accountants

### ➤ Manufacturing Facility -1 (API & R & D Centre)

K-4/1 Additional MIDC, Mahad,  
Raigad Dist,- 403209. Maharashtra, India.

### ➤ Internal Auditors

M/s. Milind Mehta & Co , Chartered Accountants

### ➤ Manufacturing Facility -2 (Formulations)

Gat no 123, Pirungut , Mulshi Taluka,  
Pune Dist -412108 Maharashtra, India.

### ➤ Cost Auditors

M/s. Aatish Dhatrak & Associates

### ➤ Wholly owned Subsidiaries

Eros Pharmachem Pte Limited- SINGAPORE  
Aanj Pharmed Labs Limited FZE-DUBAI  
Dr. Datsons Labs Limited- UNITED KINGDOM  
Fair Success (Hk) Limited- HONG KONG

### ➤ Corporate Advisors

M/s Athos Capital Pvt. Ltd.

### ➤ Registrar & Transfer Agents

M/s Link Intime India Private Limited  
C-13, Pannanlal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai-400078  
Tel: 022- 25963838 ; Fax: 022-25946969

### ➤ Solicitors

M/s Crawford Bayley & Co

# Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# ABOUT THE COMPANY

**Dr.Datsons Labs Ltd. An Integrated Pharmaceutical Company,With manufacturing and marketing capabilities in CRAMS and Active Pharmaceutical Ingredients.**

**With a focus on anti-malarial and finished dosage forms (FDFs).Catering to diverse therapeutic segments.**

## Vision

Dr.Datsons Labs Ltd. strives to be the premier provider to the pharmaceutical industry for the development and commercialization of new medical therapies in the anti-cancer and anti-malarial segments worldwide.

## Mission

To combine the strength of our expertise, experience and innovation to advance in the worldwide success of the pharmaceutical industries in preventing and curing disease.

## Values

We value doing what's right and demand honesty, maintenance of confidentiality and adherence to professional standards of excellence. We strive to understand our clients' requirements and meet or exceed their expectations with high-quality deliverables and service. We are flexible and always look for proactive, responsible solutions to ensure client satisfaction.

## Legacy

Dr. Datsons Labs Ltd. was originally incorporated as Aanjaneya Biotech Private Limited in 2006. The company changed its name to Dr. Datsons Labs Ltd in August, 2013.

## Offerings

The Company has two manufacturing facilities for API in Mahad; formulations

are manufactured in Pune. The Company has a dedicated R&D block in Mahad to manufacture potent anti-cancer products (100 to 500 grams).

## Therapeutic segments

**APIs:** The Company manufactures second generation anti-malarial APIs like quinine and salts as well as third-generation anti-malarial products like Artemisinin-based salts. The company also manufactures niche APIs as well as Ace Inhibitors, CNS, Anti Retro-virals and pain management products.

**FDFs:** The Company engages in contract manufacture for leading Indian pharmaceutical brands namely Wockhardt, Cipla, Zydus Cadila, Lupin and Glenmark, among others. The Company distributes branded generic products pan-India through a proprietary network; with 350 distributors & over 1200 stockiest the Company exports branded formulations to 60 countries.

**CRAMS:** The Company is engaged in the manufacture of advance intermediates and APIs for global clients.

**Technology Transfer & Dossier Development Services:** - The Company offers Technology Transfer for Key Intermediates & API's & Dossier Development Services from Its DSIR Approved R & D Centre at Mahad

## SHE Policy.....

Dr.Datsons Labs Limited is an environmentally responsible organi-

zation with a respect for the health of the world's ecology, employees and community. The company's environmental soundness begins with a superior understanding of its environmental footprint. The Company's 'green journey' focuses on three areas: Helping mitigate climate change and impact, minimizing environmental impact by advancing stewardship across the supply chain and products life cycle, and managing water resources in a sustainable way.

The Company addresses these areas through the Environmental Sustainability Programme, setting priorities for its environmental activities. The Company relies on guidance from business partners, engages with employees and communicates with stakeholders.

## Environment

The principles of the company's environmental agenda comprise the following:

- \* For waste elimination: The Company minimizes waste through the use superior technology and the maximized utilization of byproducts.
- \* Purchase of equipment: The Company purchases cutting-edge equipment (replacing legacy equipment wherever possible) with the lowest material consumption norms.

- \* Complete utilization: The Company maximizes the effective use of equipment with the objective to reduce consumption.

The key initiatives of the company's environmental agenda comprise the following:

**Energy and climate change:** The Company continues to actively reduce greenhouse gas emissions by increasing the energy efficiency and implementing clean energy projects, which make good business and environmental sense. The Company is committed to procure and use energy in an efficient, cost-effective and environmentally responsible way.

The Company's aim is to improve energy efficiencies across each business by at least 10 percent, use renewable energy technology where it makes business and environmental sense and focus on reducing emissions by 'greening our fleet'.

**Greener processes:** The Company intends to minimize the impact of its products from discovery through to use and disposal. As part of this, the Company finds innovative ways to reduce the waste generated and capitalize on recycling opportunities. The Company explores innovative ways to minimize its impact on the environment during the manufacturing of pharmaceuticals. The company leverages the 'Green Chemistry' program to advance scientific innovation - our core strength - to develop processes more sustainable, environmentally sound and cost-effective. Through our 'Green Chemistry' initiative based around the tenets Paul Anastas and John Warner's '12 Principles of Green Chemistry', we promote the use of environmentally safe chemicals, eliminating waste and conserving energy. The Company's aim is to proactively integrate 'Green Chemistry' into research and development, retroactively integrate 'Green Chemistry' into products wherever feasible, reduce the use of undesirable solvents in research, development and manufacturing phases, develop new drugs with

improved parameters (kilo of waste per kilo of product) and educate scientists and engineers about 'Green Chemistry' so that it becomes intrinsic to the way they work.

**Greener workplace:** Dr Datsons commercial office, manufacturing site and R&D facility minimize impact on the environment. Through 'Greener Workplace' platform, the Company strives for continuous improvement to maximize efficiency of operations and improve environmental performance. The Company is committed to designing and constructing 'greener' buildings that conserve energy and natural resources and help occupants engage in 'greener' lifestyle. The Company's aim is to minimize any adverse environmental impact across all facilities, apply engineering and sustainability innovations towards building management and construction, promote the best alternatives to standard building materials and office interiors that support healthier, more eco-friendly business and conserve natural resources and reduce energy use. The Company continues to assess the global water footprint, decrease water use and reuse water following recycling, wherever possible.

**Climate change:** The Company has long recognized the risks posed by global climate change, such as catastrophic weather events and potential adverse impacts on human health. We believe the corporates, government and the public all have a responsibility to address this evolving challenge. As a precautionary step, the Company has taken voluntary actions to reduce its own greenhouse gas (GHG) emissions and is transparent regarding its efforts towards mitigating climate change and its impacts. The Company's aim is to fulfill the responsibilities under the UN Global Compact 'Caring for Climate: Business Leadership Platform' and reduce our GHG emissions by setting public goals and internal targets.

**Consumption:** The Company is dedicated to collaborating across the supply chain to reduce the environmental footprint of its

packaging throughout its lifecycle. For this, the Company leverages innovative and functional packaging materials, designs and systems that minimise the impact on the environment, provide benefits to the patients, and reduce costs. The Company's aim comprises the following:

- \* Create cost-effective packaging that provides sufficient protection for the distribution, storage, sale and use for the product, while using the optimum packaging to mitigate our environmental footprint.
- \* Seek innovative ways to minimise materials used, maximise the use of recycled or renewable materials, avoid dangerous levels of toxic and other harmful materials
- Source materials from certified responsibly managed forests
- Optimise the number of products per package

**Preserving and restoring natural resources:** At many of the Company's sites and in the communities where they work, the Company supports and undertakes environmental projects that restore land, preserve wildlife, and help conserve natural resources. With the Company's acquisitions, Dr.Datsons is subject to requirements under Central, State, or local laws to address contamination resulting from the operations. When soil and groundwater contamination is found, we mitigate any immediate risk, assess the potential impact, and begin remediation activities. The Company's aim is to reduce overall waste footprint, prevent soil and groundwater contamination, implement rigorous waste management practices and perform due diligence on sites undergoing transaction.

## Safety

The Company's safety ethos comprises a responsibility to safeguard those in the workplace from potential hazards, protecting drivers and those who share

the roads with them while improving, maintaining and managing our colleagues' health and wellness. At Dr.Datsons, ergonomic injuries continue to be the leading cause of injury. To improve lost-time and total injury and illness rates, the Company focused on improving and prioritising education efforts. The Company's aim is to maintain the effective management of inherently high-risk operations ensure the health and wellness of colleagues by carefully managing workplace exposure and have rigorous procedures and controls to protect employees from chemicals exposure.

The Company has implemented programs to ensure employee safety and wellbeing, reducing the likelihood of any injury. The guiding principles comprise the following:

- Leaders actively engage and visibly demonstrate their commitment to an incident and injury-free culture at Dr. Datsons.
- The Company is accountable for the safety of the employees around us and has the right and duty to stop unsafe situations.

- The Company provides a safe workplace through effective risk management to identify and control all hazards to an acceptable level.
- The Company takes necessary steps to prevent the reoccurrence of injuries or incidents through thorough investigation, action plan completion and sharing information.
- There are lots of different routes which can be taken along the journey and our facilities implement various different local initiatives to reach our goal of 'injury-free'.

The result is that no injuries were reported in 2012-13 and situational awareness techniques were deployed at two of our manufacturing sites.

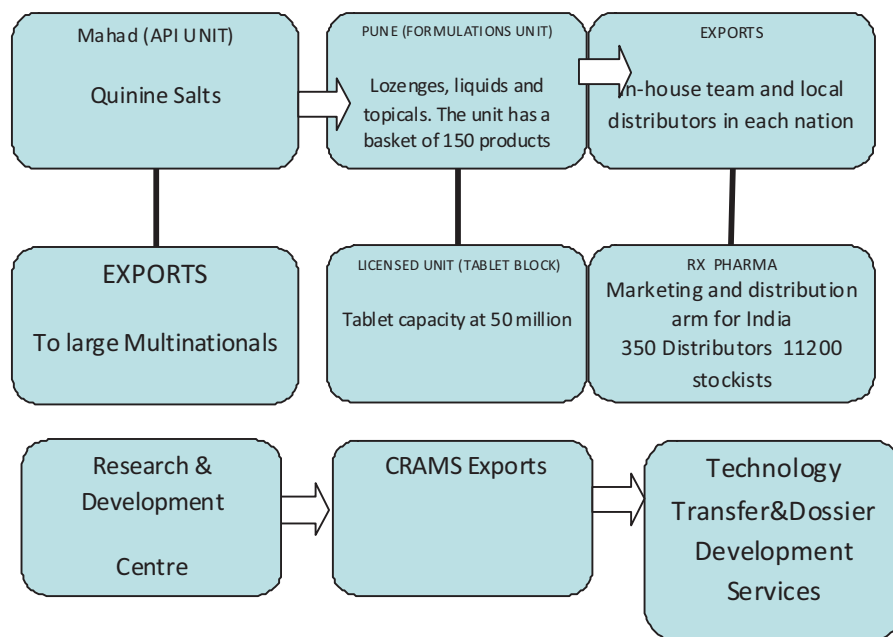
**Health**

The Company has always been committed to applying innovative scientific measures to improve health. As a part of the corporate wellness programme, the Company provides tools and resources for colleagues to

stay healthy or make measurable health improvements. The Company's aim covers the following:

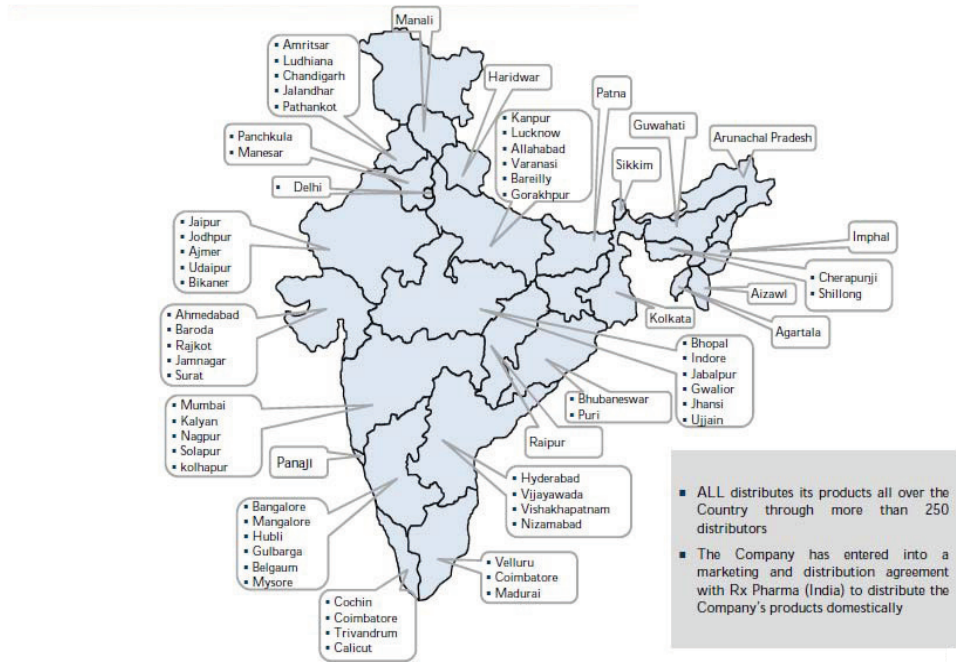
- \* Live the principles which are promoted as a company, and to set a new standard of employer-sponsored health improvement in today's work environment.
- \* Improve the health of our employees and their families - reducing health risks, identifying chronic conditions in early stages when treatment is more effective, and encouraging healthy behaviours (such as physical activity and good nutrition).
- \* Make wellness and prevention a part of our overall culture at Dr Datson's - a 'culture of health' - that is adopted company-wide as a core value for our organization and affects our ability to attract and retain the employees who are so important to our success.
- \* Support the business - directly, by reducing healthcare costs, and indirectly, by decreasing sick employees coming to work and improving productivity.

**Business Model of The Company**



# Our widespread distribution network

## India:



- ALL distributes its products all over the Country through more than 250 distributors
- The Company has entered into a marketing and distribution agreement with Rx Pharma (India) to distribute the Company's products domestically

## Global:



- ALL distributes its products in over 60 countries around the world, and ~15% of revenues were generated by sales to the International markets (LTM ending September 2012)
- The Company ties up with prominent local distributors to register and market its products in a particular geography
- The Company plans to expand its presence in the US, Europe and Japan



## MESSAGE FROM MANAGING DIRECTOR

At Dr. Datsons Labs Ltd, we believe that nothing toughens like the tough times. 2013-14 was a tough year as input cost continued to rise and key segments faced competitive pressures.

The rupee devaluation on account of fiscal challenges in the country resulted in further pushing up the costs. Delay in financial commitments led to deferred timelines and low capacity build-up.

**The company has been Facing Liquidity Issues for Its working Capital Requirement, hence performance of manufacturing operations are greatly affected , to overcome the same we have undertaken steps to raise equity through sale of stake , bringing in strategic investors and even selling the assets so that the company gets in required funding for its Working Capital & Capex Program. We are looking for long term investors who can take forward the legacy of the company**

**We chose not to stop, but to carry on; not be withered but to persist. Rough seas make better sailors.**

At Dr. Datsons we continued to wade through multiple challenges diligently, patiently and persistently. Our investments made over the years into an integrated business model also stemmed the decline.

In wake of growing competition and increased inflation, cost control emerged as the biggest challenge during 2013-14. We focused on critically analysing each process and product to clearly identify avoidable elements in the cost structures. This enabled us to improve efficiency, process time and capacity utilisation without any compromise on the end product/process quality. We continued to add new clients across all our divisions. We utilised the blend of our competitive cost structures with our global standards in R&D and synthetic chemistry skills to partner large pharma companies for long-term product development. Presently, we have forged four long-term

partnerships for our products and derive 37 per cent of our total revenues from these partnerships.

### Long-term growth still intact

The Emerging Markets are expected to grow at four times the growth rate of Established Market, largely on account of lower base as well as highly underpenetrated healthcare and large population. India remains attractive on both counts - being a large market and also the largest pharma hub outside US. We at Dr. Datsons had realised this opportunity few years ago. Our strategy to improve capacities, strengthen cost structures, fortify product/process quality, expand customer base and ensure presence in diverse yet integrated verticals of the pharma value chain makes us attractively poised to capitalise upon the impending upturn. We believe that the input costs have also peaked and are only expected to go southwards in the coming months. We look forward with optimism on fructification of new developments during the current year.

Our product pipeline comprising of more than 15 APIs under development will also propel our growth in the coming years. At the same time, our recent foray in domestic market for animal health formulations holds a huge latent potential in one of the fastest growing markets in the world. Tough times are not controllable. However, one's reaction to the tough times is. At Dr. Datsons, we believe that strong and respected organisations are built with a long-term vision and each adversity, obstacle and hardship plays an important role in shaping them, nurturing them and preparing them for bigger challenges to come.

Dr. Datsons Labs Ltd is getting ready for tomorrow. Every segment of the business is being refashioned, with intent to dominate the generics market of the future. The Company would like to retain its leadership, even as it ventures into the competitive global markets.

We at Dr. Datsons can take a wider view

of the future, largely because of the preparatory work done so far. A blue print was made mapping the future plans. This contained multi-tasking of activities, most of them being simultaneously implemented. Some of the major initiatives would need mention.

Our objective is to contain raw material costs and all the other costs including overheads. Improving margins on an increasing topline, would create excitement amongst our stakeholders.

These planned set of activities would effectively derisk the business. Along the way, during the year, low margin products have been shed, and the business model spruced up. All the changes are being put through simultaneously even as the existing strengths in products and markets are being consolidated.

Of course, there was a price attached to such massive change process. Dr. Datsons decided to charge off the costs to the revenue, with the result the year end showed a flat bottom line.

We will be controlling many levers of performance. We will have strategies that will improve the rate of growth. Product renewals, volume expansion and strong self-sustaining bottom line should result in predictable value creation.

One thing is certain. While the past has been solid on strong foundations, we cannot extrapolate the past into the future.

**Dr. Datsons of tomorrow will be totally different and growing at a faster clip with strategic infusion of equity**

Dr. Datsons is busy creating excitement in the interest of its stakeholders. The evolution now taking place is an essential part of this agenda.

With warm regards

Dr. Kannan Vishwanath

(Vice Chairman & Managing Director )

# Risk Management

## 1. INVESTOR PERCEPTION RISK

### What does it mean?

Since the Company has presence in diverse businesses; it may lead to a negative perception relating to core business focus in the minds of the investors.

### Mitigation measures

Pharmaceuticals segment is the Company's core business, comprising of growth-ready verticals in Human and Veterinary segments. Each business vertical is headed by core sector specialists and dedicated professionals, bringing the requisite expertise and focus. Over the years, the Company has invested in each of its core verticals and has attained a critical mass in each of them. The specialty chemicals business remains to be non-core and generates liquidity for the Company on accounts of its novel products.

## 2. ATTRITION RISK

### What does it mean?

For a company whose business model is entirely dependent on intellectual capital, any attrition at the key levels can result in an adverse impact for the business.

### Mitigation measures

The Company follows a principle of 'merit above all'. Every employee's level is appraised and rewarded in view of their ability to add value to the workplace. The Company ensures a progressive career path for each of its employees. High levels of interdepartmental and intra-departmental transparency allow speedy resolution of the employees' concerns. Performance linked

remuneration coupled with ESOPs help in retaining talent. The attrition rate in the Company is amongst the lowest in the industry.

## 3. COMPETITION RISK

### What does it mean?

Competition from global as well as local players can hit the Company's margins.

### Mitigation measures

Being a relatively new player in the segments ruled by global pharma companies, the Company has focused on offering niche products across all its business verticals. These products require dedicated expertise and specialisation that the global players are not willing to impart on account of their scale and cost-benefit parameters. The Company's ability to offer products has elevated it among the favoured producers of niche molecules and APIs in Human and Veterinary segments. As a result, the Company has emerged as a partner to the MNCs.

## 4. REGULATORY RISK

### What does it mean?

Getting approval on facilities and products from various authorities is a time-taking exercise. The delay caused can lead to loss of potential revenues in wake of opportunity.

### Mitigation measures

The Company's Mangalore unit has been awaiting inspection from the USFDA authorities. Of the Company's six manufacturing facilities, four plants are cGMP certified and one is ISO certified, reflecting the state-of-the-art processes and equipment. The risk

of delay in regulatory inspection is non-controllable; however, the Company has invested in highest standards of quality practices and control to be confident of clearing inspections.

## 5. QUALITY RISK

### What does it mean?

Any quality defect in the Company's products can lead to huge losses at client's end as well as its own loss of reputation.

### Mitigation measures

The Company has a 'zero tolerance' policy on quality. Each of its units is certified by credible authorities and has successfully passed key client audits. A dedicated department in each unit takes care of stringent quality control and quality assurance practices at every product/process level.

## 6. ENVIRONMENT AND SAFETY RISK

### What does it mean?

Non-compliance with environment protection policies or safety related issues could dent operation and can also impair quality standards.

### Mitigation measures

The Company lays a great emphasis on the proactive environment and health safety compliance. A dedicated EHS Policy is formulated and strictly adhered to protect its employees, the environment and the public at every stage of its business activity. Environment Management Systems are in place at each site to continuously monitor progress in this area.

## Corporate Performance Review of the Company

Ab Dr Datson's core strength lies in the research and manufacture of quality lozenges, controlled substances in formulations, anti-malarials and niche APIs. And CRAMS

The company's culture of manufacturing excellence is centred on quality control, quality assurance, in-process control guidelines and training.

The Company's manufacturing locations are integrated and linked by high-speed networks to deliver products to markets at the right time and price.

The Company's facilities are UK-MHRA and EU-GMP-compliant, and ISO 9001:2008, ISO 14001:2004 and ISO 22000-certified; these enhance the confidence of global pharma players.

The Company designed the quinine extraction equipment in-house while maintaining stringent quality parameters, emerging as one of the most cost-effective quinine manufacturers. The Quinine Sulphate and other salts received approvals from US, EU and Canadian customers.

### API MANUFACTURING FACILITY MAHAD

Equipment	Capabilities	Products
Spanning 35,000 sq metres	Addresses hazardous and complex gases	Multi-therapeutic product offerings
130 KL aggregate reactor capability; reactors of varied metallurgy	Undertakes complex synthesis and reactions	High-end alkaloids
World-class utilities, solvent recovery systems and quality control infrastructure	Globally-benchmarked safety and productivity standards	Quinine salts
High technology hydrogenator system	Handles high-end intermediates for CRAMS	Veterinary APIs and other highly potent API's
Extraction facility for all herbal products; quinine extraction from the cinchona bark	Extraction of herbs for supplements and syrups	Anti-retroviral, diabetics, CNS, pain management, highly potent APIs

### FORMULATIONS MANUFACTURING FACILITY - PUNE

Equipment	Capabilities	Products
Spanning 15,000 sq metres	Hard-boiled lozenges	Brands Like Rankores, Esy Hil, DrQure, Prosils, Nicco.Nil, Apticatch among others
Highest standards of aseptic manufacture	Ointments and gels with alcohol	
cGMP standards	Liquids and inhalers	
Advanced liquid filling line, comparable with the world's best	Quality commitment received the global watermark with the 'Quality Excellence Award' from Institute of Economic Studies	

The Company established a herbal garden in its Mahad facility comprising a variety of medicinal plants with ayurvedic applications.

## Manufacturing

- \* Manufacturing, processing, warehousing, packaging and labelling areas compatible with processing sequence. Adequately provided with working space to facilitate the orderly and logical placement of equipment and material and movement of personnel. Minimises contamination and cross-contamination through suitable mechanisms (change rooms, airlocks and pass boxes, among others)
- \* Ventilation equipped with HVAC systems. Dedicated AHUs designed for each critical area to control dust accumulation and cross-contamination in processing areas. Clean production corridors provide clean air with positive pressure; dust generating areas maintain pressure lower than in corridors to control cross-contamination
- \* Ventilation and exhaust systems (5 micron to 20 micron filters) provided in unclassified areas. Warehouses and other ancillary areas adequately ventilated
- \* The Company is upgrading facilities in line with CGMP standards. The manufacturing units enjoy national plant certifications (WHO GMP, ISO 9001, ISO 14001 and ISO 18001) and international certifications (OHSAS 18001, Zimbabwe GMP, Uganda GMP, Syrian GMP, Columbian GMP, Kenya GMP)

## Quality management

Dr Datsons follows stringent quality control to comply with demanding regulatory requirements. The quality control department is equipped with a globally benchmarked instrumentation lab to monitor critical systems like clean rooms, water systems, personnel flow, material flow and utilities. Quality control chromatographic instruments are supported by suitable validated software (21 CFR compliant).

Quality control computers are used for data acquisition from HPLC and integration. Stability chambers are provided to conduct stability studies at different environmental parameters as per ICH guidelines. The microbiology laboratory is equipped for microbiological testing (microbial limit testing, bacterial endotoxin testing, sterility testing and the other microbiological tests). The different incubators are maintained at 35±2°C, 25±2°C. The quality control and analytical lab conducts vigorous analytical tests at all levels (raw materials and ingredients to in-process and finished products). Analytical development scientists continuously develop and validate cleaning methods to detect residual product in formulation tanks and product contact equipment.

The Company's quality assurance system comprises a demarcated organisational structure, defined responsibilities, documented standard operating procedures, validated processes and periodic training. The quality assurance department monitors and maintains desired quality. The quality control department monitors and analyses data (testing, analysis, manufacture, in-process controls and any other monitoring like process, process conditions, services and utilities including water system, environment, hygiene and HVAC system, among others) used in medicinal product manufacture.

- Audit programmes: Periodic audits by internal and external teams ensure quality management system implementation.
- Continuous surveillance: Close-circuit cameras being introduced in critical areas (manufacturing and warehouse sections) accessible to authorised personnel anywhere in the world.
- Systems and automation: All departments inter-linked through a local area network system. Each user has a restricted access suitable to his job profile. The master batch

is fed in packages; requisitions are generated automatically following the receipt of schedules and the stock position updated automatically. A regular data backup system is reviewed at the time of batch review. The product is accessible at every stage through package, yield reconciliation, stock ledgers, batch wise stock, party wise stock, receiving and distribution records.

- Standards: Dr.Datsons addresses the qualification and validation strategy in the Validation Master Plan (VMP). The VMP provides a road map for validation; it specifies and coordinates all qualification/validation activities, ensuring that the quality of pharmaceutical products manufactured is internationally benchmarked. It also specifies the responsibilities for validation procedures and helps plan the necessary activities. The facility and all critical systems are validated in accordance with the procedure described under VMP. All aspects on the premises, facility/processes, operations which may affect product quality directly or indirectly will be validated.

## Marketing

Dr. Datsons selected to be present in product spaces marked by relatively low competition, ensuring sustainable growth. The Company's domestic and international departments build the Dr.Datsons brand worldwide.

Domestic: The Company identified the need to create a strong marketing team. Its marketing personnel possess a strong people-oriented approach, promotes a stress-free workplace, emphasises developed management, attractive incentives policy, round-the-clock open communication, niche positioning, strong customer relations, prompt supply chain, custom-made IT software, automation tools to facilitate informed decision-making and advance payment standards to strengthen marketing.

**Product management team:** The marketing was supported by a 12-member team that conducted market surveys, planned strategy, novel marketing and promotional tools.

**Strategic marketing tie-ups:** The department was actively engaged in partnering leading pharmaceutical companies for the launch of R&D products under marketing and distribution agreements. The Company enjoyed strategic marketing tie-ups with leading pharmaceutical companies like Universal Healthcare, Pharmed Europe Ltd. and Zenufa Labs among others.

**International business:** The Company focused on oncology products. The department comprised three segments that oversaw business in Asia, Africa, CIS, Europe, the Middle East, Latin American countries and the US. The department's qualified and experienced team ensured an active presence across 20 countries (total 60 countries), exporting 50 products for the demanding anti-cancer, anti-infective and cardiovascular segments. The Company established four global offices. The company participated in the CPPI trade fair in Europe and other international conferences.

### **Human resource**

Human capital is the Company's richest asset, comprising 400 professionally qualified, dedicated and committed members. The team is driven by target achievement, discipline, creativity, innovation, loyalty, hard work and service. The Company's human resource policies are aimed at sustaining an empowered, dedicated and motivated workforce.

**Recruitment:** Around 40% of the recruitment comprises beginners. The Company's employee referral program encourages employees to refer candidates followed by screening for aptitude, attitude and skill analysis.

**Induction:** The two-step process covers acquaintance with the Company's culture, rules and norms followed by induction in the allotted job profile and department.

**Appraisal:** The Company has structured and defined rules for performance appraisal and promotion hierarchy.

**Awards/rewards:** The Company devises awards and incentives based on performance. Various target-related incentives and schemes are declared for the marketing personnel apart from their annual incentives over and above their emoluments.

**De-centralisation and specialisation:** Complete decentralisation and delegation of authority and responsibility are the key strengths that get the optimum output from each member.

**Training philosophy:** The Company's training policy is based on continuous improvement.

**External training:** The employees attended various programmes including external training on Factory Act, training on L/C and Export Documentation, training/workshop on communication skills organised by CII, workshop on GMP by Hexa Training Services (Udaipur), training on cost reduction and export risk management by Indian Merchant Chambers

**Internal training program:** A total of 1,280 person-hours were invested in personality training; 29,808 hours were invested in computer training across 108 employees. Other programmes included training in cost reduction, CGMP, GLP, induction and on-job.

### **Safety Health Environment**

Dr.Datsons aggressively pursues safety, health and environment protection as an integral part of its business. The Company strives to minimise the adverse impact of its activities and products on the environment and maintain a safe work place for its team members.

The Company maintains a lawn and garden (shrubs and decorative plants) at its manufacturing units. More than 100 trees were planted over the five years leading to 2013-14

**Safety and health:** Dr.Datsons strives to maintain the highest safety and health standards. The Company received the ISO 14001 (for environment management) and OHSAS 18001:1999 (for safety and health) certifications, vindicating its endeavour of maintaining operating practices in line with international benchmarks; each team member is adequately trained in maintaining these standards. The Company completed all its expansion projects without a single accident. The Company constituted a six-member SHE committee.

**Training on safety:** The Company ensures that every team member is capable of handling emergency situations. It organises regular classroom and practical training from government approved agencies.

**Evacuation plan:** The Company's safety programs are based on emergency evacuation plans. The team is kept informed about the updated documents and displays and the facilities are well indicated with assembly points.

**Fire equipment:** The Company's facilities are equipped with sophisticated fire fighting infrastructure. It conducts three mock drills at its facilities annually. Critical areas like general warehouses and finished goods warehouses have smoke sensors with multiple alarms systems.

**Environment:** The Company is committed to comply with all applicable legal requirements through continual improvement in operational process for improving its environment measures. The Company does not generate any harmful/chemical wastes; it has a full-fledged effluent treatment plant for processing plant waste. The waste water is recycled for gardening purposes within the complex. All operating practices are based on the principle of efficient utilisation of material and energy .The Company practices a policy of substituting hazardous materials and recycling of resources to the maximum extent possible.

### **Information technology**

In a knowledge-intensive industry like pharmaceuticals, IT plays a key role in assimilating data from diverse sources and processing it into vital information. The Company implements the latest technologies in line with its organisational vision.

The Company is in process of building an efficient IT and communication team to minimise its dependence on third parties in the area of application software, technical know-how of system software and communication equipment.

The Company's IT team is in process of designing a unique state-of-the-art ERP software named. Based on open source programming, this eliminates dependence on unlicensed software. The custom-made software is fully compliant with the FDA requirements. The software will help to automate operations, integrating various units at different locations and making

provisions for further scaling. Based on the client-server model, it will employ centralised data storage and processing with distributed data entry system to eliminate activity duplication, eliminating tedious reconciling and reduction of manual errors. The Company's marketing field operations will be automated through ERP . Information regarding stock and sales from the pan-India distributor network can be accessed and monitored in real time from any location. The activities of the field staff have also been channelized with, increasing productivity and growth.

Open source technologies have enhanced security, integrity, portability and economy. Fully automatic PLC-based machinery and laboratory equipment have been installed in plants integrated with SPINE through in-house developed Supervisory Control and Data Acquisition (SCADA) system. ERP will capture PLC data of every second and generate graphs of that particular machine so that batch wise production,

working, output, breakdown and machine efficiency can be controlled online.

### **Internal audit and control**

Integrated Internal Control Systems, commensurate with the size and nature of its business, have been introduced by the management. The contribution of new ERP System in increasing productivity and ensuring accuracy has been significant. The team of Internal Auditors ensures the compliance of all statutory requirements and implementation of corporate policies in true spirit. The monthly audit reports are discussed with concerned departments and immediate corrective measures taken in case of any deviations. There were 22 committees at work in 2012-13 to manage various development projects. All meeting minutes are sent to the management; valuable suggestions by these committees as well as those of Statutory Auditors and the Audit Committee are implemented.

# SWOT ANALYSIS

## Strengths

- Presence in growth driven verticals – APIs, Formulations and CRAMS
- Each vertical has attained a respectable size
- Presence in human as well as veterinary pharmaceuticals segment
- 33 DMFs filed and more than 55 APIs under development
- Strong research, development and chemistry skills
- Qualified and experienced team of professionals and management
- State-of-the-art units having flexible production capacity
- World-class R&D centres at Mangalore and Bengaluru
- Continuous innovation and quality control
- Financially stable
- Preferred supplier to a world-class clientele

## Weakness

- Multiple non-global scale plants

## Opportunities

- Huge outsourcing opportunity in Indian APIs industry
- One of the few Indian players in a fast growing Veterinary segment
- Increased thrust on product partnerships by global pharma companies
- In the next two years, patent worth US\$ 68 bn are expiring, resulting in a huge potential opportunity

## Threats

- Higher competition from Chinese players in the under-regulated markets
- Dependence on China for raw material procurement

# Management Discussion & Analysis

## THE PHARMACEUTICAL INDUSTRY

The pharmaceutical value chain can be widely broken down into 3 distinct parts:

- Intermediates
- Active Pharmaceutical Ingredients also known as Bulk Drugs
- Formulations

Active Pharmaceutical Ingredient ("API") or Bulk Drug means any substance that is represented for use in a drug and that, when used in the manufacturing, processing, or packaging of a drug, becomes an active ingredient of the drug e.g. Paracetamol in Crocin, Ibuprofen in Combiflam. The starting or intermediate raw material for an API is a raw material called "Intermediate". Intermediate is a chemical substance that is produced during API processing that undergoes further molecular change or purification before it becomes the API. Formulations are the final medicinal product that includes an API and excipients which is made available for consumption.

## ORGANIZATION TYPES

The pharmaceutical industry is a complex matrix of various organizations specializing in different sections of the Pharmaceutical Value Chain, namely Intermediates or APIs or Formulations. There are companies that undertake a mix of all these activities and are typically known as "integrated" pharmaceutical companies. Pharmaceutical companies can be classified into two broad types:

- a) Innovators - involved in drug discovery, development, manufacturing and marketing of branded (patented) drugs usually found in developed countries like USA and Europe, and
- b) Generic Companies - involved in manufacturing and marketing of off-patent drugs (branded as well as unbranded)

The outsourcing phenomenon has given rise to a host of companies that undertake research and development

and manufacturing services on a contract basis. These are typically known as CRAMS companies.

## GLOBAL PHARMACEUTICAL INDUSTRY

According to IMS Health Incorporated ("IMS Health"), a leading industry body, the global pharmaceutical market is expected to grow at a compound annual growth rate ("CAGR") of 5-8% through 2015 to reach market size of USD1.1 trillion. This is backed by robust growth expected in 17 emerging markets led by China with increasing government support in these countries to make more medical facilities available to their citizens. This growth will, despite significant worldwide patent losses and fewer blockbuster drugs reaching the markets coupled with lower growth expected in the United States, be the largest pharmaceutical market.

## INDIAN PHARMA INDUSTRY

The Indian Pharmaceutical industry is highly fragmented with about 24,000 players (around 330 in the organised sector). The top ten companies make up for more than a third of the market. The Indian pharma industry (IPM) grew by 16% year-on-year in 2012 to Rs.629 bn. It accounts for about 1.4% of the world's pharma industry in value terms and 10% in volume terms.

The demand for pharmaceutical products in India is significant and is driven by low drug penetration, rising middle-class and disposable income, increased government and private spending on healthcare infrastructure, increasing medical insurance penetration etc. Besides the domestic market, Indian pharma companies also have a large chunk of their revenues coming from exports. While some are focusing on the generics market in the USA, Europe and semi-regulated markets, others are focusing on custom manufacturing for innovator companies. Biopharmaceuticals is also increasingly becoming an area of interest given the complexity in manufacture and limited competition.

The Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to "A Brief Report Pharmaceutical Industry in India," published in January 2011. The Pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are approximately 250 large units and about 8000 small scale units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

## CURRENT SCENARIO

Globally, India ranks third in terms of manufacturing pharma products by volume. According to McKinsey, the pharmaceutical market is ranked 14th in the world. By 2015 it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey. More importantly, the incremental market growth of US\$14 billion over the next decade is likely to be the third largest among all markets. The USA and China are expected to add US\$200bn and US\$23bn respectively.

McKinsey & Company's report, "India Pharma 2020: Propelling access and acceptance, realizing true potential," predicted that the Indian pharmaceuticals market will grow to US\$55 billion in 2020; and if aggressive growth strategies are implemented, it has further potential to reach US\$70 billion by 2020. Market Research firm Cygnus' report forecasts that the Indian bulk drug industry will expand at an annual growth rate of 21 percent to reach \$16.91 billion by 2014. The report also noted that India ranks third in terms of volume among the top 15 drug manufacturing countries.

Further, McKinsey reports Healthcare grew from 4 per cent of average household income in 1995 to 7 per cent in 2005 and is expected to grow to 13 per cent by 2025.

## INDIAN GENERICS MARKET



In the past five years, the Indian pharmaceutical industry has merged among the world's key markets. Generics have played a key role in this evolution. India - with a contribution of ~22 per cent in terms of value towards the global generic drug market, also is the leading exporter of generic medicines in the world, valued around US\$ 11 Billion. Indian firms manufacture about 60,000 generic brands across 60 therapeutic categories. The branded generics market will continue to dominate the Indian pharmaceutical industry. 61 drugs worth US\$80 Billion will go off patent at the US Patent and Trademark Office between 2011 and 2013. Indian pharmaceutical industry is all set to gain from the patent expiry of some blockbuster drugs by producing their generic equivalents. The Indian generic drug market is expected to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13. India tops the world in exporting generic medicines worth US\$ 11 billion. The Indian generic drug market is to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13. Over the next few years, it is expected that the patent laws will provide impetus to the launch of patent-protected products. Such products have the potential to capture upto a 10 per cent share of the market by 2015, implying the market size of US\$2 bn. Both the US and Europe together account for 53 per cent of the global pharmaceutical market, but the US is the more coveted territory for many reasons. It has a favourable regulatory environment compared to the stringent price control norms in key European markets. A depreciating rupee versus the dollar has also helped. Moreover, generic drugs are now a core part of how the US health system cuts its costs today. According to the Generic Pharmaceutical Association, during 1999-2008, generic drugs saved the American healthcare system more than US\$ 734 bn (₹ 41,80,192.49 crore). Expenditure on prescription medicines is one of the fastest-growing components of healthcare costs, and hence, is a prime target for cost reduction. According to industry estimates, Indian companies are filling an average of 1,000 abbreviated new

drug application (ANDAs) every year in the US to tap the opportunity. The bulk drug filings from Indian companies in US have also increased significantly. Of the total bulk drug filings in US, India accounted for 45 per cent in 2009 and 49 per cent in 2010, which further increased to 51 per cent last year.

#### APIs

In terms of global ranking, India is now the third largest API producers of the world just after China and Italy and by end 2011 was expected to be the second largest producer after China. However, in Drug Master File (DMF) filings India is currently ahead of China. In addition, India scores over China in 'documentation' and 'Environment, Health and Safety (EHS) compliance. All these have contributed to India having around 175 USFDA approved world class manufacturing facilities, which is considered the largest outside the US. India is likely to be the fastest growing API supplier during the next five years. Japan is the largest market for APIs in the Asia-Pacific region contributing 42.8 per cent of the region's total API market revenues. China is the second largest and the fastest growing API market in Asia-Pacific. China currently holds a share of 20.8 per cent in the region's total API market revenues. India accounts for 10.3 per cent, while South Korea holds an 8.1 per cent share of the market. The top three markets for APIs are the US, Europe and Asia Pacific in which Asia-Pacific is the fastest growing. The region is the third largest regional market for APIs by revenue in the world after North America and Europe.

#### CRAMS

According to industry estimates, India's CRAMS sector is likely to touch US\$ 7.6 bn by 2015 end from US\$ 3.5 bn in 2012. According to industry sources, outsourcing market is of ~US\$80 bn in 2014 and increasing at 15 per cent CAGR. Of this, 35 per cent is R&D outsourcing and remaining is for manufacturing. Considering competitive labor cost (skilled labor in emerging countries cost is as low as 20 per cent of manufacturing cost in US market), many MNCs are

shifting their manufacturing and R&D work to emerging countries including India. Approximately 64 per cent of the estimated US\$ 67 bn global CRAMS market in 2014 is dominated by contract manufacturing, which includes manufacturing of intermediates for new chemical entities (NCEs) or manufacturing of APIs. Contract Research predominantly consists of drug discovery, preclinical and clinical research and represent US\$ 25 bn opportunity globally. It is estimated that currently only ~20 per cent of global Pharma R&D spend is being outsourced. This represents a huge opportunity for the Indian Companies.

#### Advantage India

Between 2010 and 2015 patent drugs worth US\$ 171 bn are estimated to go off-patent leading to a huge surge in generic products.

High margin pharma export business is expected to grow at a higher rate than domestic market given increased in outsourcing activities.

Increased M&A activities is set to consolidate the market which widens geographic reach, strengthens distribution network and venture into new Geographies

Indian companies file the highest number of ANDAs with USFDA leading to greater chances of approvals and thereby increasing export to regulated markets especially the US.

There are currently approximately 175 USFDA and nearly 90 UK-MHRA approved pharma-manufacturing plants in India, which can supply high quality pharma products globally.

Growth from rural markets will outstrip overall pharma market growth, albeit at lower margins, given lower penetration of 18-19 per cent coupled with rising income level and awareness.

Biopharmaceuticals is another potential high growth segment for Indian pharma growing at double digit driven by the vaccines market and other therapeutic segments

#### THE COMPANY'S PERSPECTIVE

Dr. Datsons has a strong presence across

the pharmaceutical chain, manufacturing and marketing active pharma ingredients (also known as APIs/bulk actives/bulk drugs) and generics (also known as formulations). Both these market segments demonstrate growth trends every year with rising volume & value.

Dr.Datsons has robust product portfolio spread over major product areas encompassing CVS, CNS, anti-retroviral, antibiotics, gastroenterologicals, anti-diabetics and anti-allergic with approved manufacturing facilities by WHO GMP and having ISO certifications for both APIs & formulations and has global presence with own infrastructure, strategic alliances, and subsidiaries

Among the emerging vertically integrated pharmaceutical companies in India, the product portfolio includes over 300 finished dosage formulations and 50 APIs with diversified product portfolio in life-style disease, anti-AIDS, anti-infective's and pain management with paediatric products and technologies.

After creating a name for itself in the manufacture of bulk actives and ensuring a firm foundation of cost effective production capabilities together with a clutch of loyal customers, the Company has entered the high margin specialty generic formulations segment, with a global marketing network. The business is systematically organized with an identified accountability structure, and a focused team for each key international market. Dr.Datsons business strategy includes gaining volume and market share in every business/segment it enters.

Dr.Datsons has invested significant resources in building a mega infrastructure for APIs and formulation manufacture to emerge as a vertically-integrated pharmaceutical company. Dr. Datsons units (APIs and formulations) are being designed to address the regulated markets.

Over the years, the Dr Datsons has evolved into a knowledge driven company. It is R&D focused, has a multi-product portfolio with multi-country

manufacturing facilities, and is becoming a marketing conglomerate across the semi regulated markets

Dr Datsons R&D strengths lie in developing intellectual property in non-infringing processes and resolving complex chemistry challenges. In the process, Dr Datsons develops new drug delivery systems, dosage formulations and applies new technology for better processes.

The medium-term strategy of the Company is to globalize its intellectual property assets. The Company continues to enhance cost-efficient quality leadership in chosen segments (newer anti-infectives and lifestyle disease drugs). It is the endeavour of the Company to achieve this by resolving complex chemistry challenges, improving process efficiencies, adopting global scale manufacturing and using cost-effective market networks.

Dr.Datsons aims to repeat its success and emerge as a major player in regulated markets. In line with this stated objective, the long-term growth strategies include:

- \* Develop a broad portfolio of DMFs through non-infringing processes and intellectual properties and become a significant player in the generics market (especially semi-regulated);
- \* Manage cost-efficiently in a mega-manufacturing environment approved by WHO and other regulatory authorities; enhance the attractiveness as a partner of repute;
- \* Resolve complex chemical challenges and offer advanced drugs to the global markets;
- \* Globalize and penetrate through joint ventures/ subsidiaries/ organic means into China, Brazil and other Latin American countries; and,
- \* Emerge as a leading player in global high quality innovative specialty generic formulations and domestic brand segments.

The Company's competitive advantage is in capturing a large portfolio of

approvals, backed up by a global standard R&D effort that offers several patented non-infringing processes, intellectual properties and a cost-efficient mega manufacturing environment complying with various regulatory authorities.

### Threats and challenges

Dr. Datsons is present in a competitive market with challenges from manufacturers (India, Chinese and European) with similar production facilities. Indian manufacturers in general and Dr.Datson's in particular, have made a global impact.

Price sensitivities get tested in a crowded market where prices sag for volume-based businesses. Competing pharmaceutical companies possess several similar bio-equivalent products in the same market manufactured at facilities approved by the highest regulatory authorities. All of them stay focused on the same markets with the result that price elasticity is tested and margins eroded.

This threat, however, does not affect Dr. Datsons because of its control over raw material sourcing. The Company is a dominant player in the active ingredients business that has been able to control quality, save timelines, manage costs and deliver at a short notice. Dr Datson's enjoys a pricing power (ability to price lower and yet manage to get higher returns on sales than competitors).

The key strengths of the Company include its manufacturing infrastructure, the knowledge base at research centers and the ability to deal successfully with complex process chemistries strengths. All strengths have been tested from the perspective plan to manufacturing plant to market place. There is a powerful marketing infrastructure backed by state-of-the-art manufacturing systems driving the business.

Dr. Datsons has been timing launches to take advantage of products going off-patent and opportunities available in a first-mover market. This strategy is built around the in-house R&D capabilities, technology strength in

manufacturing facilities and the marketing infrastructure. The Company has worked on its speed-to-market abilities and is quick to convert product approvals into invoices.

Besides, the Company possesses unmatched strengths like its experienced competencies with the ability to anticipate market needs, plan for product launches with supportive documentation, create products that meet regulatory norms, and execute plans within tight cost and time budgets.

#### **Internal controls**

The Company is in process of implementing ERP which not only adds to the controls, but to lead to faster information, analysis and improved decision making.

Dr.Datsons has a well-defined internal

control system which is adequately monitored. Checks and balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account.

There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring.

These are supplemented by internal audit carried out by a firm of Chartered Accountants. The Company has an Audit Committee consisting of three Directors, all of whom are independent directors. This Committee reviews the internal audit reports, statutory audit reports, the quarterly and annual financial statements and discusses all significant audit observations and follow up actions arising from them.

#### **Outlook**

Dr. Datsons has set ambitious goals for the years through to 2015 in expectation of a moderate upward trend in the global economy.

The Company has world-class manufacturing facilities and an enviable basket of approved markets and relationships built with some of the best names in the pharma industry. The management team has set in motion a set of strategic initiatives to enhance revenues and profitability.

The focus will be on expanding markets; portfolio profitability will be analysed on a continuous basis. By implementing these strategies, Dr.Datsons aims to increase revenues and margins higher than the industry average. The Company is targeting to emerge as cash flow-positive, eliminate leverage and enhance shareholder returns.

# NOTICE

Notice is hereby given that the **Eighth Annual General Meeting** of the Members of **Dr. Datsons Labs Limited (Formerly Known as AANJANEYA LIFECARE LIMITED)** will be held on **Tuesday, September 30, 2014 at 3.00 P.M.** at its Registered Office at K-4/1 Additional MIDC, Mahad: 403209, Dist. Raigad, Maharashtra to transact the following business:

## **ORDINARY BUSINESS:**

1. To receive, consider, adopt and approve the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended as on that date along with Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Shashikant Shinde, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s. Agarwal Desai & Shah, Chartered Accountants, Mumbai as Auditors of the Company and to fix their remuneration.

## **SPECIAL BUSINESS:**

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Mr. Giridhar Pulleti **[DIN: 01594062]**, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Giridhar Pulleti as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."

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

**"RESOLVED THAT** in supersession of the resolution passed by the Shareholders of the Company and pursuant to Section 180 (1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the

Board of Directors of the Company for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable assets and properties of the Company, wherever situated, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial / investment institution(s), bank(s), insurance company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the loans, borrowings, debentures, hire purchase and / or working capital facilities and other credit facilities up to a sum not exceeding **Rs.1500,00,00,000/- (Rupees One thousand Five Hundred Crores only)."**

**"RESOLVED FURTHER THAT** the Board of Directors or such Committee or person/(s) as may be authorized by the Board be and is hereby authorized to finalize the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and / or movable properties of the Company on such terms and conditions and at such time(s) / tranche(s) as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 5, read with Section 14 Table F of Schedule I and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded for adoption of new set of Articles of Association of the Company as placed before the meeting by substituting the existing Articles of Association of Association of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall include any Committee(s) of the Board) be and is hereby authorized to sign and execute such Forms, papers, documents, deeds and instrument and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient by them for the purpose of giving effect to this resolution relating to adoption of a new set of Articles of Association by the Company."

**For and on behalf of the Board of Directors**

**KANNAN VISHWANATH                      YOGESH PATEL**  
**MANAGING DIRECTOR                      COMPANY SECRETARY**

**Place: Taloja**  
**Date: 14/08/2014**

**NOTES:**

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

- ii. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, 24<sup>th</sup> September 2014 to Tuesday, 30<sup>th</sup> September 2014** (both days inclusive.)
- iii. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- iv. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
- v. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.
- vi. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
- vii. 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 authorising their representative to attend and vote on their behalf at the Meeting.
- viii. Members are requested to bring their copies of the reports to Annual General Meeting.

- ix. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 for items of Special Businesses is annexed herewith.
- x. Members holding shares in physical form in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.
- xi. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- xii. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the Company/Registrars and Transfer Agents, M/s. Link Intime India Private Limited .
- xiii. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

**Link Intime India Private Limited**  
Registrar & Share Transfer Agent  
**Unit: Dr. Datsons Labs Limited**  
**(Formerly Known as Aanjaneya Lifecare Limited)**  
C-13, Pannanlal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai-400078  
Tel: 022- 25963838 ; Fax: 022-25946969

**Instructions for Voting through electronics means:**

- a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 8<sup>th</sup> Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL):

**The instructions for e-voting are as under:**

- (i) The voting period begins on Wednesday, September 24, 2014 (10:00 am) and ends on Friday, September, 26, 2014 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in

dematerialized form, as on the cut-off date **August 29, 2014**, may cast their vote electronically.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "Dr.Datsons Labs Limited" from the drop down menu and click on "SUBMIT"
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL Letters. Eg. If your name is Rajesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the date of Birth as recorded in your demat account or in the company records for the said demat amount or folio in dd/mm/yyyy format.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant Dr.Datsons Labs Limited on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Institutional Shareholders & Custodians:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- A scanned copy of the Registration Form

bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) The voting rights of the members shall be in proportion to their of paid-up equity share capital of the Company as on relevant date of August 29, 2014.
- (xxii) Mr. Deep Shukla, has been appointed as the scrutinizer to scrutinize the e-voting process in fair and transparent manner.
- (xxiii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Managing Director of the Company.
- (xxiv) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.drdatsons.com](http://www.drdatsons.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

##### **Item No.4:**

Mr. Giridhar Pulleti is a Non Executive Independent Director of the Company and was appointed on March 20, 2010. Mr. Giridhar Pulleti retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable of the Companies Act, 2013, Mr. Giridhar Pulleti being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Mr. Giridhar Pulleti for the office of independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Giridhar Pulleti the following:

- i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and
- iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Giridhar Pulleti as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Giridhar Pulleti, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Giridhar Pulleti in the capacity of Independent Director.

No Director, key managerial personnel or their relatives, except Mr. Giridhar Pulleti, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.4 for approval of the Members.

##### **Item No.5:**

The Company may borrow monies by way of debentures, bonds, loans, hire purchase finance either in rupee or in foreign currency from Financial Institutions / Banks / Insurance Companies and other Corporate Bodies apart from working capital facilities from banks in ordinary course of business. This in turn would necessitate further creation of securities by suitable mortgages and / or charges on all or some of the immovable and movable properties of the Company, both present and future, in favour of the lenders /

trustees. To create mortgage and / or charge upto the limit of **Rs.1500 crores**, approval of the Members is required to be obtained pursuant to Section 180 (1)(a) of the Companies Act, 2013 authorizing the Board of Directors of the Company in this regard. Hence the resolution is placed before the Members for their approval.

Your Directors recommend passing the above resolution.

None of the Directors is concerned or interested in the said resolution.

**Item No.6:**

The Directors at their meeting held on August 14, 2014 decided to incorporate/substitute provisions relating to newly enacted Companies Act, 2013 as applicable to the Company. As this would result in number of changes and amendments to the existing Articles of Association of the Company, it was considered desirable to adopt a comprehensive new set of Articles of Association in substitution and t the exclusion of

the existing set of the Articles of Association of the Company to have new articles as per the provisions of the Companies Act, 2013 and Table F of Schedule I.

Pursuant to the provisions of Section 5 of the Companies Act, 2013, alteration of Articles of Association requires approval of the members of the Company by way of passing a Special Resolution in general meeting.

A copy of new set of articles of association to be adopted, as referred to in the notice / explanatory statement hereto, is available at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day till the date of this meeting.

The Board of Directors recommend passing of the resolution for adoption of new set of Articles of Association as set out in the resolution under item no. 6 of the notice.

None of the Directors is concerned or interested in the said resolution.

**For and on behalf of the Board of Directors**

**Place: Taloja**  
**Date: 14/08/2014**

**KANNAN VISHWANATH**      **YOGESH PATEL**  
**MANAGING DIRECTOR**      **COMPANY SECRETARY**

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)**

Names of Directors	Age	Nature of expertise	Qualifications	Other Director-ships (Public & Private Co)	Membership in the committees of other Public Companies	Share Holding
Mr. Grirdhar Pulleti	46	He has an experience of 23 years in the pharmaceutical industry including Research & Development, product analytical, marketing & manufacturing areas .well versed with current GLP and GMP requirements.	Hold a Master degree in Science	5	3	Nil
Mr. Shashikant Shinde	62	He possesses more than 36 years of experience in the pharmaceutical industry. He is also the Secretary of All India Small Drug Manufacturers Association.	Hold a Masters degree in management from Marathwada University, Aurangabad	1	Nil	10



## **ADDITION TO NOTICE OF 8TH ANNUAL GENERAL MEETING**

The matter in this Addition to Notice of 8<sup>th</sup> Annual General Meeting should be read in conjunction with the matters included in the Notice of 8<sup>th</sup> Annual General Meeting of Dr. Datsons Labs Limited dated 14<sup>th</sup> August 2014:

**In Notice of 8<sup>th</sup> Annual General Meeting, the following agendas are included in addition to those already present:**

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Dr. Rajendra Kamat [DIN:02726340], was appointed as an additional Director of the company by the board of director w.e.f. 21/08/2014 who hold the office until the date of AGM in terms of Section 161 of the companies act 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. Rajendra Kamat as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto August 20, 2017, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to appoint Dr. Rajendra Kamat [DIN: 02726340] as the Non Executive Chairman of the Company for the period of Three years effective from August 21, 2014 till August 20, 2017, on the said terms and conditions as may be agreed to between the Company and

said Dr. Rajendra Kamat with the liberty to the Board of Directors to alter and vary such terms and conditions of such appointment, as may be agreed to by the Board of Directors and Dr. Rajendra Kamat.”

“RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do such acts, matters, deeds and things as may be necessary and incidental to give effect to this resolution including filing of relevant eForm(s) with the Registrar of Companies, Maharashtra at Mumbai under the Ministry of Corporate Affairs.”

**In Explanatory Statement to the Notice of 8<sup>th</sup> Annual General Meeting, the following is included in addition to those already present:**

**Item Nos.7 & 8:**

Dr. Rajendra Kamat was appointed as Non Executive Director of the Company w.e.f. August 21, 2014. In terms of Section 149 and any other applicable of the Companies Act, 2013, Dr. Rajendra Kamat being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company for a term of Three years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Dr. Rajendra Kamat for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Dr. Rajendra Kamat the following:

- i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and

- iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Dr. Rajendra Kamat as an Independent Director of the Company up to August 20, 2017 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Dr. Rajendra Kamat, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management.

Further, your Board proposes to designate Dr. Rajendra Kamat as the Non Executive Chairman of the Company with effect from his appointment as an Additional Director i.e. w.e.f. August 21, 2014 for a period of Three years.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Dr. Rajendra Kamat in the capacity of Independent Director.

No Director, key managerial personnel or their relatives, except Dr. Rajendra Kamat, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolutions set forth in Item nos.7 & 8 for approval of the Members.

**For and on behalf of  
DR.DATSONS LABS LIMITED**

SD/- <b>Kannan Vishwanath</b> Managing Director	SD/- <b>Yogesh Patel</b> Company Secretary
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**Date : 25.08.2014**

**Place: Taloja**

# DIRECTORS' REPORT

To,

The Members,

The Directors of your Company have pleasure in presenting their **Eighth** Annual Report together with the Audited Balance Sheet as on 31<sup>st</sup> March 2014, the related Statement of Profit and Loss for the year ended on that date and the Auditors Report thereon.

## ➤ **FINANCIAL RESULTS:-**

This fiscal has been an exciting year in terms of growth and profitability. To build further on the success achieved by the company we have embarked on increased investments in all aspects. We are confident that these spends will enable us to maintain our growth trajectory into the future.

**The Financial Highlights are given below:-**

Figures in (Rs.Lacs)

	2013-2014	2012-2013
Sales and Other Income	42892.42	52546.43
Earnings Before Interest, Taxes, Depreciation and Amortization	6474.52	6563.78
Less: Depreciation	2044.21	2022.15
Earnings Before Interest and Tax	4430.31	4541.63
Less: Finance Charges	4301.44	4264.50
Profit Before Tax	146.67	4767.76
Prior Period Expenses	17.80	4.43
Exceptional Item	0	4486.20
Less: Provision for Taxation		
Current Tax	25.78	55.64
Deferred Tax	61.52	222.17
Add: MAT U/S115JB	25.78	55.64
Net Profit after Tax as carried to Balance Sheet	67.35	54.96
Basic & Diluted Earnings Per Share	0.46	0.40
	0.19	0.37

## ➤ **YEAR IN RETROSPECT:-**

- The Company's Sales decreased from Rs. 52,546.43 Lacs in the previous year to Rs. 42,892.42 Lacs in the current year.
- EBITDA decreased from Rs. 6563.78 Lacs in the previous year to Rs. 6474.52 Lacs in the current year.
- Net Profit After Tax increased from Rs. 54.96 Lacs in the previous year to Rs. 67.35 Lacs in the current year.
- Debt equity ratio is 0.92 in current year as compare to previous year 1.07.

- Current Ratio is 1.02 in current year as compare to previous year 1.86.

➤ **BUSINESS OUTLOOK:-**

Dr. Datsons Labs Ltd, we believe that nothing toughens like the tough times. 2013-14 was a tough year as input cost continued to rise and key segments faced competitive pressures.

The rupee devaluation on account of fiscal challenges in the country resulted in further pushing up the costs. Delay in financial commitments led to deferred timelines and low capacity build-up.

We have undertaken steps to raise equity through sale of Stake so that the company gets in required funding for its Working Capital & Capex Program. We are looking for long term investors who can take forward the legacy of the company

We chose not to stop, but to carry on; not be withered but to persist. Rough seas make better sailors.

At Dr. Datsons we continued to wade through multiple challenges diligently, patiently and persistently. Our investments made over the years into an integrated business model also stemmed the decline.

In wake of growing competition and increased inflation, cost control emerged as the biggest challenge during 2013-14. We focused on critically analyzing each process and product to clearly identify avoidable elements in the cost structures. This enabled us to improve efficiency, process time and capacity utilization without any compromise on the end product/process quality. We continued to add new clients across all our divisions. We utilized the blend of our competitive cost structures with our global standards in R&D and synthetic chemistry skills to partner large pharma companies for long-term product development. Presently, we have forged four long-term partnerships for our products and derive 37 per cent of our total revenues from these partnerships.

➤ **RESEARCH & DEVELOPMENT:-**

A large investment in R&D could dent the bottom line especially when it does not create fresh revenues.

Risk mitigation

The Company created a strong R&D team dedicated to creating new products. The Company filed for more than 20 patents across different countries. Through R&D, the Company pioneered various oral lozenges in India. The Company's R&D centre has been recognised by DSIR, Government of India

➤ **ENVIRONMENT & SAFETY OUTLOOK:-**

Dr. Datsons aggressively pursues safety, health and environment protection as an integral part of its business. The Company strives to minimise the adverse impact of its activities and products on the environment and maintain a safe work place for its team members.

The Company maintains a lawn and garden (shrubs and decorative plants) at its manufacturing units. More than 800 trees were planted over the five years leading to 2012-13.

- Safety and health: Dr. Datsons strives to maintain the highest safety and health standards. The Company received the ISO 14001 (for environment management) and OHSAS 18001:1999 (for safety and health) certifications, vindicating its endeavour of maintaining operating practices in line with international benchmarks; each team member is adequately trained in maintaining these standards. The Company completed all its expansion projects without a single accident. The Company constituted a six-member SHE committee.
- Training on safety: The Company ensures that every team member is capable of handling emergency situations. It organises regular classroom and practical training from government approved agencies.
- Evacuation plan: The Company's safety programs are based on emergency evacuation plans. The team is kept informed about the updated documents and displays and the facilities are well indicated with assembly points.
- Fire equipment: The Company's facilities are equipped with sophisticated fire fighting infrastructure. It conducts three mock drills at its facilities annually. Critical areas like general warehouses and finished goods warehouses have smoke sensors with multiple alarms systems.
- Environment: The Company is committed to comply with all applicable legal requirements through continual improvement in operational process for improving its environment measures. The Company does not generate any harmful/chemical wastes; it has a full-fledged effluent treatment plant for processing plant waste. The waste water is recycled for gardening purposes within the complex. All operating practices are based on the principle of efficient utilisation of material and energy. The Company practices a policy of substituting hazardous materials and recycling of resources to the maximum extent possible.

➤ **DIVIDEND:-**

In order to conserve the resources of the Company for any future expansion, your Board deems fit not to recommend any dividend for the financial year 2013-2014.

➤ **FIXED DEPOSIT:-**

The company has not accepted any fixed deposits during the year under review.

➤ **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:-**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

➤ **SUBSIDIARY COMPANIES:-**

As per general exemption granted vide Government of India, Ministry of Corporate Affairs' general circular no. 2/2011 dated 8th February, 2011, the Company has not attached the annual accounts of its subsidiaries to this Annual Report. As required by the said circular, the relevant information for each subsidiary has been disclosed in the consolidated financial statements attached to this Annual Report.

The Company will make available the annual accounts of subsidiaries and the related information to any Member of the Company who may be interested in obtaining the same. The annual accounts of subsidiaries will also be kept for inspection by any Member of the Company at the registered office of the Company. The Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries.

Further Statement under Section 212 of the Companies Act, 1956 is enclosed herewith.

➤ **DIRECTORS:-**

During the year under review, Mr. Shashikant Shinde retires by rotation and being eligible offers himself for reappointment at the forthcoming Annual General Meeting.

Further Mr. Balkrishna Parab and Dr. Ullooppee Badade resigned as Directors of the Company w.e.f. 24<sup>th</sup> February 2014.

Further, Mr. Chandulal Shah who was nominated as the

Chairman-Emeritus of the Company stepped down as such w.e.f. 05<sup>th</sup> April 2014.

The Companies Act, 2013 (the Act) provides for appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective from April 1, 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the Board of a company; and shall be eligible for re-appointment on passing of ordinary resolution by the shareholders of the company.

Sub-section (1) states that no independent director shall be eligible for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

The non-executive independent directors were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. The Board of Directors has been advised that non executive (independent) directors so appointed would continue to serve the term that was ascertained at the time of appointment as per the resolution pursuant to which they were appointed. Therefore, it stands to reason that only those non-executive (independent) directors who will complete their present term at the ensuing AGM of the Company in September 2014, being eligible and seeking re-appointment, be considered by the shareholders for re-appointment for a term of upto five consecutive years.

Non-executive (independent) directors who do not complete their term at the ensuing AGM, will continue to hold office till the expiry of their term (based on retirement period calculation) and thereafter would be eligible for re-appointment for a fixed term in accordance with the Companies Act, 2013.

Further, Mr. Giridhar Pulleti is appointed as an Independent Director of the Company for a period of five years w.e.f. April 1, 2014 upto March 31, 2019.

➤ **COMPLIANCE OFFICER:-**

Mr. Yogesh Patel, an Associate Member of the Institute of Company Secretaries of India is the Company Secretary and Compliance Officer of the Company.

➤ **AUDITORS AND AUDITORS REPORT:-**

M/s. Agarwal, Desai & Shah, Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible offers themselves for reappointment.

Auditors Report:

Auditors Report as issued by M/s. Agarwal Desai & Shah, Chartered Accountants is self explanatory and do not call for further clarification by the Board.

➤ **COST AUDITORS:-**

Your Board has proposed the appointment of M/s. Aatish Dhattrak & Associates as Cost Auditors of the Company for conducting Cost Audit for the financial year 2014-2015.

➤ **PERSONNEL:-**

The Company considers human resources as its greatest asset and strength in the process of development and progress. In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Rules, 2011, the names and other particulars of the employees are set out in the Annexure-A to the Directors' Report.

➤ **DISCLOSURE OF PARTICULARS:-**

Information as per the Companies (Disclosure of Particulars on the report of the Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption, Forex Earnings & Outgo is provided in Annexure B forming part of this report.

➤ **DIRECTORS RESPONSIBILITY STATEMENT: -**

Pursuant to the requirement under section 217(2AA) of the Companies Act with respect to Directors Responsibility Statement, it is hereby confirmed.

- a. That in preparation of the accounts for the financial year ended 31<sup>st</sup> March 2014 the applicable accounting standards have been followed along with proper explanation relating to material departure.
- b. That the Directors have selected such accounting policies and adopted them consistently and made judgment and estimates that were reasonable and prudent so As to give a true and fair view of the state of affairs of the Company for the year under the review.
- c. That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provision of the companies Act, 1956 for safeguarding the assets and for preventing, detecting fraud and other irregularities.

- d. That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2014 on a going concern basis.

➤ **CORPORATE GOVERNANCE:-**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as generally prevalent.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Statutory Auditor confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

➤ **LISTING:-**

The shares of the Company are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company has paid the annual listing fees to the NSE and BSE for the year 2014-2015.

➤ **BOARD COMMITTEES:**

In Compliance with both the mandatory and non-mandatory requirements under the Listing Agreement and the applicable laws, the Board has maintained the following committees:

- (i) Audit Committee
- (ii) Shareholders/ Investor Grievance Committee
- (iii) Remuneration & Nomination Committee
- (iv) Investment Committee
- (v) Corporate Governance Committee
- (vi) Health, Safety, Environment & Corporate Social Responsibility Committee

➤ **FOREIGN CURRENCY CONVERTIBLE BONDS:**

The Company came out with the issue of Foreign Currency Convertible Bonds [FCCBs] aggregating to USD 40 million on 21<sup>st</sup> March 2013. However, the proceeds of the issue were fully utilized for which issue was made as mentioned in the Offering Circular dated March 21, 2013.

➤ **AUTHORISED CAPITAL:**

During the year under review, the authorized share capital of the Company was increased from Rs 50,00,00,000 (Rupees Fifty crores) to Rs. 110,00,00,000 (Rupees One Hundred Ten crores) divided into 11,00,00,000 Equity Shares of Rs. 10/- each.

➤ **ALLOTMENT OF SHARES:-**

During the year under review, the Company has allotted 3,94,84,717 equity shares consequent to the conversion notice(s) received from the Bondholder for conversion of the Foreign Currency Convertible Bonds ("FCCB") for total value of US\$ 40.00 million at a conversion price of Rs. 55 per share, in accordance with the terms of the Offering Circular dated March 21, 2013 for issue of US\$ 40 million unsecured foreign currency convertible bonds and the Supplemental Trust Deed dated February 21, 2014.

Consequently the paid up share capital of the Company has increased from Rs. 13,88,71,510 aggregating 1,38,87,151 equity shares of Rs. 10 each to Rs. 53,37,18,680 aggregating 5,33,71,868 equity shares of Rs. 10 each.

The Company has received approval from BSE Limited and the National Stock Exchange of India Limited for listing and dealing of all the above Equity Shares of the Company.

➤ **ACKNOWLEDGMENT:-**

Your Directors would like to express their appreciation for the assistance and co-operation received from Bankers, Govt authorities, customers, and vendors during the year. Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives, Staff and workers of the company.

We are on the verge of storming both the domestic and international markets with our innovative and specialty products and make a mark globally for the Company. We seek your active cooperation for all our future endeavors to make your Company a leading pharmaceutical Company.

**For and on behalf of the Board**

**Dr. KANNAN VISHWANATH  
MANAGING DIRECTOR**

**PRABHAT GOYAL  
DIRECTOR**

**Place: Talaja  
Date: 14/08/2014**

**ANNEXURE - A to the Directors' Report:**

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the year ended March 31, 2014.

Sl. No.	Name of the Employee	Designation	Remuneration (in ₹ )	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment held
1.	Dr. Kannan Vishwanath	Vice Chairman & Managing Director	1,00,00,000/-	Bachelor's degree in chemical engineering, Masters in Business Administration and having 15 yrs experience in pharmaceutical industry	04/05/2010	38	-

## Annexure -B to the Directors Report:

Information as per the The Companies (Disclosure of Particulars on the report of the Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption, Forex Earnings & Outgo

### A. Conservation of Energy:

#### i) Energy conservation measures taken-

- Monitoring closely high energy consuming equipments
- Optimum use of compressor thru shut down during low demand period
- Use of energy saving lighting arrangements.

#### ii) Additional investment/ proposals being implemented for reduction of consumption of

Energy - Exploring use of Solar AC.

#### iii) Impact of measures at (i) & (ii) for reduction of energy consumption and on cost of production of goods. - Energy conserved and cost of production reduced..

#### iv) Total Energy consumption and Energy consumption per unit of production as per Form A.

a). Total Fuel & oil consumed	:	18,163.51 Ltrs.
Expense	:	₹.11,74,069/-
Average rate per Ltr.	:	₹.64.64
Coal used	:	3,028.10 MT
Expense	:	₹.2,94,37,979/-
Average Rate per Kg.	:	₹.9.72/Kg
b) Total power consumed	:	321972.60 units in kwh
Expense	:	₹.3579780
Average rate per unit	:	₹.11.11/kwh

### B. Technology Absorption:-

Efforts made in technology absorption as per Form B

#### Research and Development:

1. Specific areas in which R & D carried out are in Anti-Cancer; Anti-Malarial and Niche APIs. Other Areas include process monitoring and development work to improve operating efficiencies.
2. The benefits derived are

- Opening up avenues for more business in future including export potential.
- Broadening of product range and opening new product lines for future growth of business
- Technology upgradation
- Generation of know-why as well as know -howi
- Winning International awards
- Saving of Forex and development of ability to compete Globally.

#### 3. Future Plan of Action\_

Development of New products and Process

Creation of Intellectual Property and leveraging to increase the value of business

Upgradation and new variants of existing products

#### Technology Absorption, Adaptation and Innovation:

#### 1. Efforts in brief made towards technology, absorption, adoption and innovation

- Using state of the art equipment, instrumentation and software.
- Deputation of Personnel for Training.
- Participation in symposium and exhibitions.
- Review of technical literature and patents in relevant technology areas
- Analysing feed back from users to improve process and services
- Use of alternate materials

#### 2. Benefits derived are-

- Product quality performance in view of new business opportunities.
- Expansion of product range and export opportunity
- Product improvement

- Cost reduction and reduced delivery time
- Exposure to international developments and opportunity to show case products developed
- Improvement in job knowledge and capability development for global acceptance

The company endeavours to have a diversified range of products and there is a dedicated cell for giving impetus to exports. The company regularly participates in prestigious international exhibitions and conducts market surveys. Company has agents in over 60 countries to boost exports. Company is intensifying efforts in selected countries and exploring new markets.

3. Information regarding Technology imported- Nil.

**Foreign exchange Earnings & Outgo:**

C. Forex:-

Earning : Rs. 9640.41 Lacs

Activities relating to exports

Expenditure : Rs. 52.82 Lacs

## Section 212

Statement pursuant to of the Companies Act, 1956

Sr. No.	Name of the Subsidiary	EROS PHARMACHEM PTE. LIMITED	AANJ PHARMALABS LIMITED FZE.	DR. DATSONS LABS LIMITED (U.K.)	FAIT SUCCESS (H.K.) LIMITED
1	Financial Year Ended	31/03/2014	31/03/2014	31/03/2014	31/03/2014
2	Date from which it became subsidiary company	28/02/2012	21/01/2013	23/07/2013	11/4/2013
3	Shares of Subsidiary held as on 31st March, 2014	200000	1	100	1
	Total Number of Share and Face Value	200000 (Face Value- 1 SGD)	1 (Face Value- 1 AED)	100 (Face Value - 1 GBP)	1 (Face Value- 0.12 USD)
b.	Extent of holding	100%	100%	100%	100%
4	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Aanjaneya Lifecare Limited for current financial year				
A	Dealt with in the accounts of Aanjaneya Lifecare Ltd.	NIL	NIL	NIL	NI
B	Not dealt with in the accounts of Dr. Datsons Labs Limited.	NIL	NIL	NIL	NIL
5	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Aanjaneya Lifecare Ltd. for the previous financial year				
a	Dealt with in the accounts of Aanjaneya Lifecare Ltd.	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE
b	Not dealt with in the accounts of Aanjaneya Lifecare Ltd.	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE

For and on behalf of the Board of Directors

Place: Talaja  
Date: 14/08/2014

KANNAN VISHWANATH  
MANAGING DIRECTOR

PRABHAT GOYAL  
DIRECTOR



# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY

The Management of your Company continues to strive for excellence in good governance and responsible management practices, benchmarking with best of global companies.

Your Company has been practicing corporate governance principles much before it became mandatory. Your Company believes that for a company to be successful it must maintain global standards of corporate conduct towards its stakeholders. The company believes that it is rewarding to be better managed and governed and to identify its activities with national interest. To that end, your Company has always focused on good corporate governance which is the key driver of sustainable corporate growth and long term value creation.

Your company views corporate governance in its widest sense almost like a trusteeship, a philosophy to be progressed, a value to be imbibed and an ideology to be ingrained into the corporate culture.

It is not merely compliance and simply a matter of creating checks and balances; it is an ongoing measure of superior delivery of company's objectives with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to national need, shareholders benefit and employee growth, thereby delighting all its stakeholders, while minimizing the risks. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, fairness, accountability, propriety, equity, sustainable value creation, ethical practices and to develop capabilities and identify opportunities that best serve the goal of value creation, thereby creating an outperforming organization

## 2. BOARD OF DIRECTORS

Your Company has a combination of Executive & Non-Executive Directors on Board. The Board comprises of two (2) Executive Directors & three (3) Non- Executive Directors. The necessary disclosures regarding committee position have been made by all the Directors.

### Board Procedure:

#### (A) Institutionalized decision making process:

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/ decisions by the Board , the Company has defined guidelines for the meetings of

the Board of Directors and Committees thereof. These Guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and efficient manner.

#### (B) Scheduling and selection of Agenda items for Board / Committee Meetings:

- (i) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/ Committee. Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. To address specific urgent need, meetings are also being called at a shorter notice. In case of exigencies or urgency Resolutions are passed by circulation.
- (ii) Where it is not practicable to attach any document or the agenda is of confidential nature, the same is tabled with the approval of VCMD. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated.
- (iii) The agenda papers are prepared by the concerned officials, sponsored by the concerned functional Directors and submitted for obtaining approval of the Vice Chairman and Managing Director, well in advance. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary and by the respective convener of the Committee.
- (iv) The meetings of the Board/Committees are generally held at the Company's Office in Mumbai.
- (v) The Board/Committee is given presentations covering Finance, Production, Operations, major Business Segments, Human Resources, Marketing, Joint Venture operations etc. of the Company and for taking on record quarterly / annual financial statements at the pre-scheduled Board/Committee meetings.
- (vi) The members of the Board/Committee have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items being discussed by the Board/ Committee, as and when necessary.

**(C) Recording minutes of proceedings at the Board Meeting:**

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/ Committee for their critical appreciations and comments. The comments are incorporated in the minutes, which are finally approved by the Chairman of the Board/Committee. These minutes are confirmed in the next Board/Committee Meeting. The finalized minutes of the proceedings of the meetings are entered in the Minutes Book.

**(D) Follow-up mechanism:**

The guidelines for the Board/Committee Meetings facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committee. Functional Directors submit follow-up Action Taken Report (ATR) on the areas of

their responsibilities, at least once in a quarter, on the decisions/ instructions/directions of the Board.

**(E) Compliance:**

Every functional Director while preparing the agenda notes is responsible for and is required to ensure adherence to all the applicable provisions of law, rules, guidelines etc. The Company Secretary has to ensure compliance to all the applicable provisions of the Companies Act, 1956, Companies Act, 2013 [to the extent notified], Secretarial Standards issued by ICSI, SEBI Guidelines, Listing Agreement, and other statutory requirements pertaining to capital market. A Quarterly Compliance Report (collected from all work centers) confirming adherence to all the applicable laws, rules, guidelines and internal instructions/manuals including on Corporate Governance is reviewed by the Audit & Ethics Committee and the Board.

The composition of the Board of Directors is as follows:

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of directorships and committee positions held by them in other Companies are given below:

DIRECTORS	CATEGORY	No. of Board Meetings attended during 2013-14	Attendance at AGM held on 30th Sept 2013	Directorship in other Companies (Public and Private Co)	All Mandatory Board Committees in which he /she is a Chairman/Member@		
					Chairman	Member	Total
Dr. Kannan Vishwanath	Managing Director	15	Yes	2	NIL	NIL	NIL
**Mr. Prabhat Kumar Goyal	Non Executive Non Independent Director	12	Yes	0	NIL	NIL	NIL
Mr. Shashikant Shinde	Whole time Director	15	Yes	1	NIL	NIL	NIL
Mr. Giridhar Pulleti	Non Executive & Independent Director	10	Yes	5	NIL	4	4
*Mr. Balkrishna Parab	Non Executive & Independent Director	12	Yes	1	4	NIL	4
*Dr. Ulloopee Badade	Non Executive & Independent Director	10	No	1	NIL	4	4
Mr. Minhaj Majid Khan	Non Executive & Independent Director	10	Yes	0	NIL	NIL	NIL

\* Resigned as Director w.e.f. 24<sup>th</sup> February, 2014.

\*\* Change in designation w.e.f. 24<sup>th</sup> February, 2014

@ In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees in all public limited companies.(excluding Dr.Datsons Labs Ltd) have been considered.

The Board of Directors of the Company met **15 times** during the financial year 2013-2014, the details of the same are as follows: 03-04-2013, 30-05-2013, 17-06-2013, 24-06-2013, 08-08-2013, 14-08-2013, 30-08-2013, 25-09-2013, 12-11-2013, 06-12-2013, 27-12-2013, 14-02-2014, 24-02-2014, 15-03-2014 and 18-03-2014.

None of the Non-Executive Directors of the Company have any pecuniary relationship or transactions with the Company other than sitting fees paid to them. The Shareholding of Non-Executive Directors 31<sup>st</sup> March, 2014 is as follows:

Sr. No.	Directors	No. of Shares held
1	Mr. Giridhar Pulleti	NIL
2	*Mr. Balkrishna Parab	NIL
3	*Dr. Ullooppee Badade	NIL
4	Mr. Minhaj Majid Khan	NIL
5	**Mr. Prabhat Kumar Goyal	10

*\* Resigned as Director w.e.f. 24<sup>th</sup> February 2014.*

**\*\*Re-designated as Non executive Director w.e.f. 24<sup>th</sup> February 2014.**

#### **Role of the Company Secretary in overall governance process:**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

#### **Board Committees:**

In Compliance with both the mandatory and non-mandatory requirements under the Listing Agreement and the applicable laws, the Board has maintained the following committees:

- (i) Audit Committee
- (ii) Shareholders/ Investor Grievance Committee
- (iii) Remuneration Committee & Nomination Committee
- (iv) Investment Committee
- (v) Corporate Governance Committee

(vi) Health, Safety, Environment & Corporate Social Responsibility Committee

#### **(i) Audit Committee**

The Audit Committee has been reconstituted as under:

Sr. No.	Name of the Director	Designation in the Committee	Nature of Directorship
1	Mr. Minhaj Khan	Chairman	Non-Executive and Independent Director
2	*Mr. Balkrishna Parab	Member	Non-Executive and Independent Director
3	*Dr. Ullooppee Badade	Member	Non-Executive and Independent Director
4	Dr. Giridhar Pulleti	Member	Non-Executive and Independent Director
5	**Mr. Prabhat Kumar Goyal	Member	Non Executive Non Independent Director

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

The Audit Committee Meetings were held **4(Four)** times during the financial year 2013-2014 on 30<sup>th</sup> May, 2013; 14<sup>th</sup> August, 2013; 12<sup>th</sup> November, 2013 and 14<sup>th</sup> February, 2014.

#### **Details of Audit Committee Meetings held & attended by Directors:**

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	Mr. Minhaj Khan	4	4
2	*Mr. Balkrishna Parab	4	4
3	*Dr. Ullooppee Badade	4	4
4	Mr. Giridhar Pulleti	4	4
5	**Mr. Prabhat Kumar Goyal	4	-

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

The terms of reference of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement.

The Audit Committee is headed under the stewardship of Mr. Minhaj Khan, an Independent non-executive Director. The ED-Chief-Corporate Finance and Head-Corporate Internal Audit are the permanent invitees. Representatives of Statutory Auditors were invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis.

The Chairman of the Audit Committee was present at the last AGM of the Company.

The Company Secretary of the Company acts as the Secretary to the Audit Committee.

The role of the Audit Committee includes the following:

- a) Overseeing financial reporting processes and the disclosure of financial information, to ensure that the financial statements are correct, sufficient and credible;
- b) Recommending to the Board, audit fees payable to Statutory Auditors appointed by C&AG and approving payments for any other services;
- c) Reviewing with management the periodic financial statements/results before submission to the Board, focusing primarily on:
  - matters required to be included in the Directors' Responsibility Statement ;
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgement by the management;
  - qualifications in draft audit report;
  - significant adjustments arising out of the audit;
  - the going concern assumption;
  - compliance with accounting standards;
  - compliance with listing agreement and legal requirements concerning financial statements;
  - any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large;

- d) Reviewing with the management, Statutory Auditors, Govt. Audit and Internal audit reports, adequacy of internal control systems and recommending improvements to the management;
- e) Reviewing the adequacy of internal audit function, approving internal audit plans and efficacy of the functions including the structure of the internal audit department, staffing, reporting structure, coverage and frequency of internal audits;
- f) Discussion with internal auditors any significant findings and follow-up thereon;
- g) Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- h) Discussion with the Statutory Auditors before the audit commences, the nature and scope of audit, as well as post-audit discussion including their observations to ascertain any area of concern;
- i) Reviewing the Company's financial and risk management policies;
- j) Reviewing Quarterly Compliance Report confirming adherence to all the applicable laws, rules, guidelines, instructions and internal instructions/manuals including on Corporate Governance principles;
- k) Reviewing the management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, management letters/letter of internal control weaknesses issued by the statutory auditors, internal audit reports; and
- l) Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of the Company.
- m) Matters relating to Corporate Governance including Ethics in business.

Minutes of the meetings of the Audit & Ethics Committee are approved by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

The terms of reference of the Audit Committee are as follows:

1. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to the financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report;
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Monitoring the use of the proceeds of the proposed initial public offering of our Company.
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
10. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
11. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
12. Discussion with internal and statutory auditors on any significant findings and follow up there on;
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
14. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
16. To review the functioning of the Whistle Blower mechanism, when the same is adopted by our Company and is existing;
17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;
18. The Audit Committee shall mandatory review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
  - Financial statements, in particular, the investments made by the unlisted subsidiary company.

Minutes of the meetings of the Audit Committee are approved by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

The Company came out with the issue of Foreign Currency Convertible Bonds [FCCBs] aggregating to USD 40 million on 21<sup>st</sup> March 2013. However, the proceeds of the issue were fully utilized for which issue was made as mentioned in the Offering Circular dated March 21, 2013.

During the year under review, the Company has allotted 3,94,84,717 equity shares consequent to the conversion notice(s) received from the Bondholder for conversion of the Foreign Currency Convertible Bonds ("FCCB") for total value of US\$ 40.00 million at a conversion price of Rs. 55 per share, in accordance with the terms of the Offering Circular dated March 21, 2013 for issue of US\$ 40 million unsecured foreign currency convertible bonds and the Supplemental Trust Deed dated February 21, 2014.

Consequently the paid up share capital of the Company has increased from Rs. 13,88,71,510 aggregating 1,38,87,151 equity shares of Rs. 10 each to Rs. 53,37,18,680 aggregating 5,33,71,868 equity shares of Rs. 10 each.

The Company has received approval from BSE Limited and the National Stock Exchange of India Limited for listing and dealing of all the above Equity Shares of the Company.

#### (ii) Shareholders/ Investor Grievance Committee

The Shareholders/Investor Grievance Committee is reconstituted as under:

Sr. No.	Name of the Director	Designation in the Committee	Nature of Directorship
1	*Dr. Ullooppee Badade	Chairperson	Non-Executive and Independent Director
2	**Mr. Giridhar Pulleti	Chairman	Non-Executive and Independent Director
3	*Mr. Balkrishna Parab	Member	Non Executive and Independent Director
4	Mr. Minhaj Khan	Member	Non Executive and Independent Director
5	***Mr. Prabhat Kumar Goyal	Member	Non Executive Non Independent Director

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

*\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

The Company Secretary of the Company acts as the Secretary to the Shareholders/Investor Grievance Committee.

#### Details of Shareholders/Investor Grievance Committee Meetings held & attended by Directors:

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	*Dr. Ullooppee Badade	4	4
2	**Mr. Giridhar Pulleti	-	-
3	*Mr. Balkrishna Parab	4	4
4	Mr. Minhaj Khan	4	4
5	***Mr. Prabhat Kumar Goyal	-	-

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

*\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

#### The terms of reference of the Shareholders/Investor Grievance Committee are as follows:

The Shareholders / Investors Grievance Committee is responsible for the redressal of shareholders and investors' grievances and oversees performance of the registrars and transfer agents of the Company and recommends measures for overall improvement in the quality of investor services. This committee also monitors the implementation and compliance of our Code of Conduct for Prohibition of Insider Trading pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. In compliance of the provisions of Clause 49 of the listing agreements with the Stock Exchanges, its terms of reference include the following:

1. Efficient transfer of Equity Shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company,

including review of cases for refusal of transfer/ transmission of shares and debentures;

4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances;
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers;
9. To review from time to time the secretarial department;
10. Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;
11. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Details/Status of shareholders complaints during the year ended 31<sup>st</sup> March, 2014:

Complaints Received: 17

Complaints Satisfied: 17

Complaints Pending: NIL

#### **Investor Relations Cell**

In line with global practices, the Company is committed to maintain, the highest standards of Corporate Governance, reinforcing the relationship between the Company and its Shareholders. 'Investor Service Center' with information frequently required by investors and analysis, launched from 9th May, 2005 on the Company's corporate website: [www.drdatsons.com](http://www.drdatsons.com). This website provides updates on financial statements, investor-related events and presentations, annual reports, dividend information and shareholding pattern along with media releases, company overview and report on Corporate Governance etc.

The in place reserve information will help tremendously in arriving at investment decision by FIIs, OCBs, NRIs, Institutional Investors and the small shareholders. Also existing and potential investors will be able to interact with the company through this link for their queries and seeking information.

A Core Team comprising of senior, seasoned and experienced officials, headed by Director (Finance) had been assigned the responsibilities for up-keeping the said link and also to serve as a platform for the shareholders to express their opinions, views, suggestions, etc. to understand the influencing factors in their investment decision-making process. Besides, the said team is also instrumental to maintain close liaison and to share information through periodic meets including tele-conferencing in India and abroad, regular press meets with investment bankers, research analysts, the media, institutional investors etc. The Company is committed to take such other steps as may be necessary to fulfill the expectations of the stakeholders.

#### **iii) Remuneration Committee & Nomination Committee**

The Remuneration Committee & Nomination Committee consists of:

Sr. No.	Name of the Director	Designation in the Committee	Nature of Directorship
1	*Mr. Balkrishna Parab	Chairman	Non-Executive and Independent Director
2	**Mr. Giridhar Pulleti	Chairman	Non-Executive and Independent Director
3	*Dr. Ulloopee Badade	Member	Non-Executive and Independent Director
4	Mr. Minhaj Khan	Member	Non-Executive and Independent Director
5	***Mr. Prabhat Kumar Goyal	Member	Non-Executive and Non Independent Director

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

*\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

The Company Secretary of the Company acts as the Secretary to the Remuneration Committee & Nomination Committee.

Details of Remuneration Committee & Nomination Committee Meetings held & attended by Directors:

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	*Mr. Balkrishna Parab	2	1
2	**Mr. Giridhar Pulleti	2	2
3	*Dr. Ullooppee Badade	2	1
4	Mr. Minhaj Khan	2	2
5	***Mr. Prabhat Kumar Goyal	2	1

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

*\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

The terms of reference of the Remuneration Committee and Nomination Committee. are as follows:

The Committee has powers of recommending remuneration package to for Executive Directors and other Board Members as per the requirements of the Clause 49 of the Listing Agreement for corporate governance.

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India, including:
  - The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
  - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
2. To recommend to the Board, the remuneration packages of our Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy

Managing/ Whole Time/ Executive Directors, including pension rights and any compensation payment;

4. Perform such functions as are required to be performed by the Remuneration Committee under the ESOP Guidelines, in particular, those stated in Clause 5 of the ESOP Guidelines; and
5. To implement, supervise and administer any share or stock option scheme of our Company
6. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.
7. Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Details of remuneration to all the directors:

The details of the remuneration paid to the Managing Director, Chairman and the whole- time Directors as approved by the Board & Remuneration Committee & Nomination Committee. are as follows:

Sr. No.	Name of the Director	Designation	Remuneration (Rs./Million)
1	Dr. Kannan Vishwanath	Managing Director	10
2	*Mr. Prabhat Kumar Goyal	Whole time Director	2.14
3	Mr. Shashikant Shinde	Whole time Director	2.04

*\*Whole time Director upto 24<sup>th</sup> February 2014*

The Non-Executive Directors of the Company are paid sitting fees Rs.2,50,000 p.a. for financial year ended March 31, 2014, only for the Board Meetings of the Company attended by them as approved by the Board.

**(iv) Investment Committee:-**

Investment committee consists of:

*Mr. Balkrishna Parab	Chairman	Non Executive and Independent Director
**Mr. Minhaj Khan	Chairman	Non Executive and Independent Director
Mr. Shashikant Shinde	Member	Executive and Non Independent Director
***Mr. Prabhat Kumar Goyal	Member	Non Executive and Non Independent Director

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*



**\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.**

**\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.**

Details of Investment committee Meetings held & attended by Directors:

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	*Mr. Balkrishna R. Parab	2	1
2	**Mr. Minhaj Khan	2	2
3	Mr. Shashikant Shinde	2	2
4	*** Mr. Prabhat Kumar Goyal	2	1

**\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.**

**\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.**

**\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.**

The Terms of Reference of Investment committee:

Subject to the powers and duties of the Board and to the requirements of the Companies Act, 1956, the Investment and Business Development committee will perform the following duties:

**1. Investment Statements and Risk Policy:**

Review and recommend to the Board at least annually:

- (a) the Investment Statements; and
- (b) the Risk Policy.

**2. Implementation of Investment Policies:**

Receive reports on the implementation of the Investment Statements and the Risk Policy.

**3. Compliance with Investment Statements and Risk Policy:**

Review, evaluate and approve procedures that Management has implemented to monitor compliance with the Investment Statements and the Risk Policy by receiving Management's annual report on specified internal controls audited by the external auditor.

**4. External Managers – Criteria and Process for Selection:**

Oversee the criteria and process for the selection of

external investment managers with discretionary authority to invest the assets of the CPP Investment Board.

**5. Engagements of External Managers:**

Approve the engagement of investment managers with discretionary authority to invest the assets of the CPP Investment Board.

**6. External Managers – Monitoring:**

Oversee the process for monitoring external investment managers with discretionary authority to invest the assets of the CPP Investment Board.

**7. Custodian:**

Approve the selection of custodians.

**8 Investment Transactions:**

Approve Investment Transactions (as defined in the Authorities Policy) specifically outlined in the Authorities Policy.

**9 Other:**

Carry out other duties as may be determined from time to time by the Board.

**10. Accountability:**

The Investment Committee shall report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral reports at Board meetings.

**11)** To assess the Plan recommended by the GEC and make appropriate recommendation to the Group Board.

**12)** To review on an ongoing basis the appropriateness of the Plan in the light of economic and business conditions affecting the Company, and make recommendations for Board approval as may be appropriate.

**13)** To ensure that investments are made in accordance with the Plan.

**14)** To provide the Board quarterly reports on investment performance.

**15)** To meet at least quarterly.

**16)** To monitor performance, including the performance of outside investments managers, to ensure that investment

returns fall within acceptable limits.

- 17) To provide independent input to the Board on overall investment strategy and portfolio positioning matters, as required.
- 18) To review the governance process and policies in place on an annual basis and provide appropriate assurance to the Board.
- 19) To consider and if appropriate approve any specific investments in excess of Plan limits.
- 20) To consider and if appropriate recommend to the Board for approval any changes in limit thresholds above which the Board refers to the Investment Committee.

**(v) Corporate Governance Committee:**

**Corporate Governance Committee consists of:**

*Mr. Balkrishna Parab	Chairman	Non Executive and Independent Director
**Mr. Minhaj Khan	Chairman	Non Executive and Independent Director
Mr. Shashikant Shinde	Member	Executive and Non Independent Director
***Mr. Prabhat Kumar Goyal	Member	Non Executive and Non Independent Director

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

*\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

**Details of Corporate Governance Committee Meetings held & attended by Directors:**

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	*Mr. Balkrishna Parab	3	2
2	**Mr. Minhaj Khan	3	3
3	Mr. Shashikant Shinde	3	3
4	***Mr. Prabhat Kumar Goyal	3	1

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\* Appointed as Chairman of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

*\*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

**Terms of Reference of Corporate Governance Committee:**

1. Observance of practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.
2. Provision of correct inputs to the media so as to preserve and protect the Company's image and standing.
3. Dissemination of factually correct information to the investors, institutions and public at large.
4. Interaction with the existing and prospective FIIs and rating agencies, etc.
5. Establishing oversight on important corporate communication on behalf of the Company with the assistance of consultants/advisors, if necessary.
6. Ensuring institution of standardized channels of internal communications across the Company to facilitate a high level of disciplined participation.
7. Recommendation for nomination of Directors on the Board.

**Selection of Independent Directors:**

Considering the requirement of the skill-sets on the Board, eminent persons having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Corporate Governance and Stakeholders' Interface Committee, which also acts as Nomination Committee, for appointment inter alia of independent directors on the Board. The number of directorships and memberships held in various committees of other companies by such persons is also considered.

The Board considers the recommendations of the Committee and takes appropriate decision.

**(vi) Health, Safety, Environment & Corporate Social Responsibility Committee**

**Health, Safety, Environment & Corporate Social Responsibility Committee consists of:**

Mr. Prabhat K. Goyal	Chairman	Non Executive and Non Independent Director
Mr. Giridhar Pulleti	Member	Non Executive and Independent Director
*Dr. Ulloopee Badade	Member	Non Executive and Independent Director
**Mr. Minhaj Khan	Member	Non Executive and Independent Director

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

**Details of Health, Safety, Environment & Corporate Social Responsibility Committee Meetings held & attended by Directors:**

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	Mr. Prabhat K. Goyal	2	2
2	Mr. Giridhar Pulleti	2	2
3	*Dr. Ullooppee Badade	2	1
4	**Mr. Minhaj Khan	2	1

*\*Resigned as Director of the Company w.e.f. 24<sup>th</sup> February, 2014.*

*\*\*Appointed as Member of the Committee w.e.f. 24<sup>th</sup> February, 2014 as a result of re-constitution.*

The Designing & the use of eco friendly construction material for construction of Building in Mahad & Pune were discussed.

The new development of eco friendly process for manufacturing Quinine Sulphate was discussed and filing of patent for this eco friendly green chemistry process was approved.

The completion of underground rain harvesting water tanks at Mahad & Pune manufacturing facilities were discussed & approved.

The successful implementation of ISO 9001:2008, for Quality ISO 14001:2008, for Environment ISO 18000 for Health & Safety & ISO 22000:2008 for Food Quality standards at Mahad Facility were discussed & approved at the committee.

**Terms of Reference of Health, Safety, Environment & Corporate Social Responsibility Committee:**

The Health, Safety and Environment Committee has been constituted, inter alia, to monitor and ensure maintaining the highest standards of environmental, health and safety norms and compliance with applicable pollution and environmental laws at all works / factories / locations of the Company and to recommend measures, if any, for

improvement in this regard.

The Committee reviews, inter alia, the Health, Safety and Environment Policy of the Company, performance on health, safety and environment matters and the procedures and controls being followed at various manufacturing facilities of the Company and compliance with the relevant statutory provisions.

**Environment, Health and Safety (EHS)**

Dr.Datsons Labs Limited [Formerly known as Aanjaneya Lifecare Limited] remains committed to excellence through the discipline of process and continual improvement in EHS performance aimed at minimizing risks. While there is a great emphasis and considerable investment being made in improving our EHS performance, we firmly believe that the nucleus of our excellence lies in the responsible behaviour of our employees. The involvement of management and staff in the collaborative development of solutions to improve EHS performance is a key strategy for excellence.

**Environment**

All equipment and infrastructure for environmental management was in conformity with regulatory standards throughout the year.

**Occupational Health and Safety**

Our inherent belief that all workplace illnesses and injuries are preventable has been the driving force in keeping our manufacturing sites, R&D and Corporate Office safe. Numerous positive initiatives were undertaken during the year to enhance workplace safety. Emergency preparedness was ensured at all manufacturing sites as well as at R&D. Extensive safety training programs, both by internal as well as external specialists, were also conducted at all manufacturing sites. Dr.Datsons 's abiding concern for society extends beyond its business. We remain committed to the communities we serve and amongst whom, we operate, with the desire to bring about long term well being.

**GENERAL BODY MEETINGS**

The details of the last three Annual General Meetings of your Company are presented in the following table:

Nature of the Meeting	Date and Time	Venue	Number of Special Resolutions passed, if any
Seventh Annual General Meeting	30 <sup>th</sup> September, 2013 at 3.00 p.m.	K-4/1 Additional MIDC, Mahad: 403209.	2
Sixth Annual General Meeting	10 <sup>th</sup> September, 2012 at 11.00 a.m.	Acres Club, 411-B, HemuKalani Marg, Sindhi Society, Chembur, Mumbai 400 071	0
Fifth Annual General Meeting	30 <sup>th</sup> September, 2011 at 11.00 a.m.	Acres Club, 411-B, HemuKalani Marg, Sindhi Society, Chembur, Mumbai 400 071	2

### Extra Ordinary General Meeting

No Extra Ordinary General Meeting was held during the year ended 31<sup>st</sup> March 2014.

### Postal Ballot

Nature of the Meeting	Date and Time	Venue	Type of resolutions
Postal Ballot	30 <sup>th</sup> July 2013 at 4.00 p.m.	Aanjaneya House, Plot No.34, Postal Colony, Chembur, Mumbai 400 071	Special Resolution

### DISCLOSURES

- The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have any potential conflict with the interest of the Company.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authority on all matters related to capital markets during the last three years. There were no penalties imposed nor any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.
- Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and the non-mandatory requirements relating to the constitution of the Remuneration Committee.
- The Management Discussion and Analysis Report is annexed and forms a part of the Directors' Report.

### CEO/CFO CERTIFICATION

The CEO/CFO of the Company have certified to the Board as required under Clause 49 (V) of the Listing Agreement.

### MEANS OF COMMUNICATION

- The quarterly and annual financial Results are published in English and Marathi daily newspaper viz.:

- o The Financial Express
- o Dainik Sagar

The results are also available on the website of your Company i.e. [www.drdatsons.com](http://www.drdatsons.com)

- The website of the Company consists of "Investor" section, which provides detailed information to the shareholders.
- The Press Releases issued are also displayed on the website of the Company.
- There are no presentations made to the institutional investors or to the analysts.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Certificate as received from Statutory Auditors of the Company with respect to compliance with Clause 49 of the Listing Agreement relating to Corporate Governance has been annexed to the Corporate Governance Report and will be sent to the Stock Exchanges at the time of filing of the Annual Report

### RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by Practicing Company Secretary on a quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialised mode, and the status of the Register of Members.

**MARKET PRICE DATA :-**
**> STOCK PRICE DATA:**

The following table set forth the reported monthly high and low closing prices of shares on **Bombay Stock Exchange Limited** during the financial year 2013-2014 are as follows:

Years	Month	High (Rs.)	Low (Rs.)	Average Daily Equity Share Trading Volume	
2013	April	125.55	72.85	154880	
	May	90.70	60.70	81375	
	June	61.40	49.50	30807	
	July	49.10	34.25	18265	
	August	38.85	32.00	8870	
	September	66.50	30.90	33529	
	October	84.70	56.70	9981	
	November	86.25	74.75	6623	
	December	78.00	71.50	4819	
	2014	January	82.20	70.65	22127
		February	75.05	61.70	2376
		March	66.00	42.15	14756

The following table set forth the reported monthly high and low closing prices of shares **National Stock Exchange of India Limited** during the financial year 2013-2014 are as follows:

Years	Month	High (Rs.)	Low (Rs.)	Average Daily Equity Share Trading Volume	
2013	April	126.90	73.85	181067	
	May	90.60	60.85	137764	
	June	61.65	49.50	50254	
	July	49.50	34.60	40972	
	August	39.35	32.75	37951	
	September	66.50	31.60	48120	
	October	86.00	56.90	22081	
	November	86.00	74.60	17362	
	December	76.95	71.40	13801	
	2014	January	82.15	71.45	65784
		February	75.75	61.25	8511
		March	66.80	42.45	25159

**Distribution of Shareholding as on 31<sup>ST</sup> March, 2014**

Sr.No.	Range	NO. OF SHAREHOLDERS	Percentage of total	Shares	Percentage of total
1	1 - 500	3119	87.9831	327839	1.0357
2	501 - 1000	187	5.2750	146741	0.4636
3	1001 - 2000	97	2.7362	146587	0.4631
4	2001 - 3000	38	1.0719	96587	0.3051
5	3001 - 4000	19	0.5360	64994	0.2053
6	4001- 5000	7	0.1975	32153	0.1016
7	5001 - 10000	18	0.5078	131402	0.4151
8	10001 and above	60	1.6925	30708972	97.0106
	<b>TOTAL</b>	<b>3545</b>	<b>100.0000</b>	<b>31655275</b>	<b>100.0000</b>

## SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2014

The Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2014 is as mentioned below:

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A + B)	As a % of (A+B+C)	No. of Shares	As a %
<b>(A)</b>	<b>Shareholding of promoter and promoter group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/Hindu undivided Family	1	2268400	2268400	7.17	7.17	1947500	85.85
(b)	Central Government/State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate#	2	900000	900000	2.84	2.84	900000	100.00
(d)	Financial Institutions/Banks	0	0	0	0	0	0	0
(e)	Any other	0	0	0	0	0	0	0
	<b>Sub-Total (A) (1)</b>	<b>3</b>	<b>3168400</b>	<b>3168400</b>	<b>10.01</b>	<b>10.01</b>	<b>2847500</b>	<b>89.87</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any Other	0	0	0	0	0	0	0
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and promoter group (A)=(A)(1)+ (A)(2)</b>	<b>3</b>	<b>3168400</b>	<b>3168400</b>	<b>10.01</b>	<b>10.01</b>	<b>2847500</b>	<b>89.87</b>
<b>(B)</b>	<b>Public Shareholding</b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0
(b)	Financial Institutions/Banks	0	0	0	0	0	0	0
(c)	Central Government/State Government(s)	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investor	7	17978124	17978124	56.79	46.79	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Any Other	0	0	0	0	0	0	0
	<b>Sub Total (B)(1)</b>	<b>7</b>	<b>17978124</b>	<b>17978124</b>	<b>56.79</b>	<b>46.79</b>	<b>0</b>	<b>0</b>
<b>(2)</b>	<b>Non Institutions</b>							
(a)	Bodies Corporate	182	9177259	9177259	28.99	28.99	0	0

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A + B)	As a % of (A+B+C)	No. of Shares	As a %
(b)	Individuals-							
	i) Individual shareholders holding nominal share capital up to Rs 1 lac	3199	767328	767328	2.42	2.42	0	0
	ii) Individual shareholders holding nominal share capital in excess of Rs1 lac	9	324648	324648	1.03	1.03	0	0
(c)	Any other [specify]							
	Non Resident Indians(Repat)	57	32374	32374	0.1	0.1	0	0
	Non Resident Indians(Non Repat)	19	5055	5055	0.02	0.02	0	0
	Clearing Members	69	202087	202087	0.64	0.64	0	0
	<b>Sub Total (B)(2)</b>	<b>3535</b>	<b>10508751</b>	<b>10508751</b>	<b>33.20</b>	<b>33.20</b>	<b>0</b>	<b>0</b>
	<b>Total Public shareholding (B)= (B)(1) + (B)(2)</b>	<b>3542</b>	<b>28486875</b>	<b>28486875</b>	<b>89.99</b>	<b>89.99</b>	<b>0</b>	<b>0</b>
	<b>Total (A) + (B)</b>	<b>3545</b>	<b>31655275</b>	<b>31655275</b>	<b>100.00</b>	<b>100.00</b>	<b>2847500</b>	<b>9.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	(1) Promoter and Promoter Group	-	-	-	-	-	-	-
	(2) Public	-	-	-	-	-	-	-
	<b>Grand Total (A)+(B)+(C)</b>	<b>3545</b>	<b>31655275</b>	<b>31655275</b>	<b>100.00</b>	<b>100.00</b>	<b>2847500</b>	<b>9.00</b>

#### SHAREHOLDERS' INFORMATION

1	<b>Annual General Meeting</b>	<b>Day : Tuesday</b>
		<b>Date : September 30, 2014</b>
		<b>Time : 3.00 P.M.</b>
		<b>Venue : K-4/1, Additional MIDC, Dist- Raigad, Mahad-402 309, Maharashtra</b>
2	<b>Financial year</b>	April 01, 2014 to March 31, 2015
	<b>Quarterly results will be declared as per the following tentative schedule:</b>	
	• Financial Reporting for the quarter ending June 30, 2013	First fortnight of August 2014
	• Financial Reporting for the half year ending September 30, 2013	First fortnight of November 2014
	• Financial reporting for the quarter ending December 31, 2013	First fortnight of February 2015
	• Audited Financial reporting for the year ending March 31, 2014	On or before May 2015
3	<b>Dates of Book Closure (both days inclusive)</b>	<b>September 24, 2014 to September 30, 2014</b>

4	<b>Listing on Stock Exchanges</b>	<p><b>The shares of the company are listed on:-</b></p> <p>1. The Bombay Stock Exchange Limited (“BSE”) Stock Code : <b>533412</b></p> <p>2. The National Stock Exchange of India Limited (“NSE”) Stock Code: <b>DRDATSONS</b></p> <p><b>The FCCBs Bonds of the company are listed on :-</b></p> <p>1. Singapore Exchange Securities Trading Limited(SGX) Abbreviated Name :- AANJCB18 ISIN CODE: XS0907573850</p>
5	<b>ISIN Number for NSDL &amp; CDSL</b>	INE928K01013
6	<b>Outstanding ADR/GDR/Warrant or any Convertible instruments</b>	NIL
7	<b>Registrar &amp; Share Transfer Agent</b>	<p><b>Link Intimae India Private Limited</b></p> <p><b>Add:</b> C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078. Phone: +91 - 22 - 2596 3838 Fax: +91 - 22 - 2596 0329</p>
8	<b>Share Transfer System</b>	The Board of Directors has delegated the power of share transfer to the Registrar and Share Transfer Agent, Link Intime India Private Limited (address mentioned above)
9	<b>Compliance Officer</b>	<p><b>CS. Yogesh Nanjibhai Patel</b></p> <p><b>Add:</b> Dr. Datsons House,Postal Colony, Chembur, Mumbai - 400 071. <b>Tel :</b> +91 22 2740 2223/24 <b>Fax:</b> +91 22 2741 2890 <b>Email - ID:</b> cs@drdatsons.com</p>
10	<b>Dematerialisation of shares and Liquidity</b>	100% shares of your Company are held in demat/ electronic mode.
11	<b>Registered Address</b>	<p>K-4/1 Additional MIDC, Mahad - 403209, Dist. - Raigad, Maharashtra <b>Tel :</b> + 91 - 2145 - 250115 <b>Fax:</b> + 91 - 2145 - 250116 <b>Email - ID:</b> info@drdatsons.com</p>
12	<b>Corporate Address</b>	<p>Dr. Datsons House, Plot No-91(D), Taloja, MIDC-410208, Raigad <b>Tel:</b> 91-22-2740 2223/24 <b>Fax:</b> 91-22-2741 1837 <b>Email - ID:</b> info@drdatsons.com</p>
13	<b>Plant Locations</b>	<p>1. K-4/1 Additional MIDC, Mahad - 403209, Dist. - Raigad, Maharashtra <b>Ph.:</b> + 91 - 2145 - 250115 <b>Fax:</b> + 91 - 2145 - 250116</p> <p>2. Gat. No. 123, Pirangut, Taluka- Mulshi, Dist. Pune - 41104 Maharashtra</p>



## Code of conduct for members of the Board and Senior Management:

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct, evolved in line with the industry practices was adopted by the Board on the recommendations of Audit Committee and all Members of the Board and Senior Management i.e. 'Key Executives' have confirmed compliance with the Code of Conduct for the year under review. A copy of the Code has been placed on the Company's website [www.drdatsons.com](http://www.drdatsons.com)

A declaration signed by Vice Chairman & Managing Director is given below:

"I hereby confirm that:

The Company has obtained from the Members of the Board and Key Executives, (Senior Management Personnel) affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2013-2014.

Place: Talaja  
 Date: 14/08/2014

**DR. KANNAN VISHWANATH**  
 MANAGING DIRECTOR

**PRABHAT GOYAL**  
 DIRECTOR

## CERTIFICATION BY MANAGING DIRECTOR:

I, Kannan Vishwanath, Managing Director of Dr. Datsons Labs Limited (*Formerly Known as AANJANEYA LIFECARE LIMITED*), to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the Company's disclosure, controls and procedures; and
  - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. I have disclosed based on my most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
  - a) all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;

- b) significant changes in internal controls during the year covered by this report;
- c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
- d) instances of significant fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal controls system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. I affirm that I have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to 'whistleblowers' from unfair termination and other unfair or prejudicial employment practices; and
9. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For and on behalf of the Board of Directors

Place: Taloja  
Date: 14/08/2014

KANNAN VISHWANATH  
MANAGING DIRECTOR

## CERTIFICATE ON CORPORATE GOVERNANCE:

TO THE SHAREHOLDERS OF  
DR. DATSONS LABS LIMITED  
(FORMERLY KNOWN AS AANJANEYA LIFECARE LIMITED)

We have examined the compliance of conditions of corporate governance by Dr.Datsons Labs Limited (Formerly known as Aanjaneya Lifecare Limited), for the year ended on March 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in majority of all material 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Agarwal Desai & Shah  
Chartered Accountants  
Firm's Regn. No.: 124850W

Place: Mumbai  
Date: 14/08/2014

Rishi A.Sekhri  
(Proprietor)  
M. No. 126656

## INDEPENDENT AUDITOR'S REPORT

To,

The Members of

**DR. DATSONS LABS LIMITED.**

**(FORMERLY KNOWN AS AANJANEYA LIFECARE LIMITED)**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **DR. DATSONS LABS LIMITED** (Formerly known as Aanjaneya Lifecare Limited) ("the Company"), which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these 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 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements."

4. 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:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - b. in the case of the of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

5. 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.
6. 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 purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of audit have been received from branches not visited by us.
  - C. The Company does not have any branch. Hence requirement for the report on the accounts of the branch offices under section 228 is not applicable.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account; and with the returns received from branches not visited us.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the

Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any

notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956, nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Agarwal Desai & Shah  
Chartered Accountants  
Firm's Regn. No.: 124850W**

**Rishi A.Sekhri  
Partner  
M. No. 126656**

**Place: Mumbai  
Date: 30<sup>th</sup> May, 2014.**

## Annexure to Auditors Report

referred to in paragraph 5 of our report of even date to the members of DR. Datsons Labs Limited (Formerly known as Aanjaneya Lifecare Limited) on the financial statements for the year ended 31<sup>st</sup> March, 2014.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the management in accordance with a regular program of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. (a) The inventory of raw material, finished/semi-finished and other traded materials have been physically verified by management at reasonable interval during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company & the nature of its business.
- (c) The Company has been maintaining proper records of inventory and no discrepancies were noticed on verification between the physical stocks and book records.
- iii. (a) The Company has not granted any loans ,secured or unsecured to companies ,firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (b) The Company has not taken any secured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 .The Company has taken unsecured loans from three parties covered in the register maintained under section 301 of the Act. The maximum amounts involved during the year was ₹.4395.64Lacs and the year end outstanding of loans taken from such parties was Rs.4384.00Lacs.
- (c) In our opinion and according to the information and explanations given to us, such unsecured loans taken by the company are interest free in nature and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
- (d) In our opinion and according to the information and explanations given to us, such unsecured loans taken by the company are repayable on demand. There has been no default in the repayment of such loans taken by the company. Such unsecured loans are interest free.
- (e) There is no overdue amount in respect of loans taken by the company from parties listed in the register maintained under section 301 of the Companies Act 1956.
- iv In our opinion and according to information & explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and with regard to sale of goods and services. Further on the basis of our examination of the books and records of the company we have not come across any major weakness or continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v In respect of transactions covered under section 301 of the Companies Act, 1956.
  - (a) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements that needed to be entered into the register maintained u/s. 301 of the Companies Act 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, these transaction made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
- vi. The Company has not accepted any deposits from public during the year, hence provision of sections 58-A & 58-AA of the Companies Act, 1956 are not applicable
- vii. The Company has an Internal Audit System Commensurate with the size and the 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 maintenance of cost records under section 209 (1) (d) of Companies Act, 1956 and are of the opinion that prima facie , the prescribed

- accounts and record have been made and maintained.
- ix. According to the information and explanations given to us in respect of statutory dues :
- (a) The Company has not been regular in depositing undisputed statutory dues including Provident Fund, Income Tax Deducted at Source, and Service Tax with the appropriate authorities during the year. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) There were arrears of undisputed statutory dues in respect of the Provident Fund Rs. 20.55 Lacs, Professional Tax Rs. 3.17 Lacs, Income Tax Deducted at Source Rs.107.87 Lacs and Service Tax Rs. 9.85 Lacs as at 31<sup>st</sup> March 2014 outstanding for a period of more than six months from the date they became payable .
- (c) There are no statutory dues which have not been deposited on account of any dispute.
- x. This is the Eighth year of the Companies existence .The company has no accumulated losses as at 31<sup>st</sup> March 2014 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year .
- xi. According to the records of the Company examined by us and the information and explanations given to us, there has been major default in repayments of dues to Banks amounting to ₹1197.54 Lacs in respect of Principal repayments of term loan and ₹488.26 Lacs in respect of interest thereof. Further the interest remaining due and unpaid on Working Capital Demand Loan (WC DL) / Cash Credit (CC) to Banks stands at ₹ 3305.16 lacs as at 31<sup>st</sup> March, 2014.The period of delay is ranging between One month to Seventeen months. There are no debenture holders.
- xii. The company has not granted any loans and advances on the basis of any security by way of pledge of shares, debentures and other securities..
- xiii. In our opinion, the Company is not a chit fund or Nidhi / Mutual benefit fund /society. Therefore the provisions of any special statute as specified under clause 4(xiii) of the said Order are not applicable to the company.
- xiv. In our opinion the Company is not a dealer or trader in shares, securities, debenture and other investments. Therefore the provisions of clause 4(xiv) of the Order 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 banks or financial institutions during the year.
- xvi. In our opinion and according to information and explanation given to us, term loans taken from banks were applied for the purpose for which such loans were obtained during the year.
- xvii. According to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet of the company , there are no funds raised on short-term basis that have been used for long-term investment.
- xviii. 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.
- xix. The company has not issued debentures since inception. During the year the company has not raised any money by issuing shares to the Public. However the company had issued Foreign Currency Convertible Bond (FCCB) aggregating to US \$ 40 Million during the financial year 2012-14 for acquisition of company overseas. During the current financial year under report FCCB aggregating to US \$ 18 Million were converted into 1,77,68,124 equity shares at conversion price of Rs 55 per share. The Management has disclose its end use and we have verified the same.
- xx. According to the information & explanation given to us and based on our examination of the books and records of the company, we have not come across any instance of significant fraud on or by the company noticed or reported during the course of our audit.

**For Agarwal Desai & Shah  
Chartered Accountants  
Firm's Regn. No.: 124850W**

**Rishi A.Sekhri  
Partner  
M. No. 126656**

**Place: Mumbai  
Date: 30<sup>th</sup> May, 2014.**

**Balance Sheet as at 31-03-2014**

(₹ in Lakhs)

Particulars	Note No.	31-Mar-14	31-Mar-13
<b>I. EQUITY AND LIABILITIES:</b>			
<b>1 Shareholders' Funds</b>			
(a.) Share capital	<b>A</b>	3,165.53	1,388.72
(b.) Reserve & Surplus	<b>B</b>	37,621.06	29,558.06
<b>2 Non-current liabilities</b>			
(a.) Long-term borrowings	<b>C</b>	16,700.14	35,881.29
(b.) Deferred tax liability (Net)		1,722.22	1,660.70
(c.) Other Long term liabilities		-	-
(d.) Long-term provisions	<b>D</b>	16.13	18.22
<b>3 Current Liabilities</b>			
(a.) Short- term borrowings	<b>E</b>	20,811.53	19,121.63
(b.) Trade Payables	<b>F</b>	31,246.22	15,886.29
(c.) Other Current Liabilities	<b>G</b>	14,563.02	431.96
(d.) Short- term provision	<b>H</b>	443.14	555.16
<b>TOTAL</b>		<b>126,289.00</b>	<b>104,502.03</b>
<b>II. ASSETS:</b>			
<b>1 Non Current assets</b>			
(a.) Fixed Assets			
(i) Tangible Assets	<b>I</b>	18,828.89	20,846.01
(ii) Intangible assets		-	-
(iii) Capital Work In Progress		17,901.22	16,409.09
(b.) Non - Current Investmetns	<b>J</b>	21,277.85	239.81
(c.) Long-term loans and advances		-	-
(d.) Other non-current assets	<b>K</b>	36.79	36.79
<b>2 Current Assets</b>			
(a.) Current investments		-	-
(b.) Inventories	<b>L</b>	18,553.35	16,649.43
(c.) Trade Receivables	<b>M</b>	36,590.99	27,237.13
(d.) Cash and Bank Balances	<b>N</b>	122.32	21,233.05
(e.) Short- term loans and advances	<b>O</b>	11,676.26	406.92
(f.) Other Current Assets	<b>P</b>	1,301.33	1,443.80
<b>TOTAL</b>		<b>126,289.00</b>	<b>104,502.03</b>
<b>Notes on Accounts</b>	<b>AA</b>		

The above mentioned notes attached form part of Balance Sheet

As per our Report of even Date

For DR. DATSONS LABS LIMITED

 For Agarwal Desai & Shah  
 Chartered Accountants  
 Firm Regn No. 124850W

 Sd/-  
 Rishi A. Sekhri  
 Partner  
 M.No. 126656

 Sd/-  
 Dr. Kannan Vishwanath  
 Vice Chairman & Managing Director

 Sd/-  
 Shashikant B Shinde  
 Executive Director

 Place: Mumbai  
 Date:30/05/2014

 Sd/-  
 Yogesh N Patel  
 Company Secretary

## Profit & Loss Account for the year ended 31-03-2014

(₹ in Lakhs)

Particulars	Note No.	2013-14	2012-13
I. Revenue from operations	Q	42,105.36	52,075.68
II. Other Income	R	787.06	470.75
<b>III. Total Revenue (I + II)</b>		<b>42,892.42</b>	<b>52,546.43</b>
IV. <u>Expenses:</u>			
Cost of materials consumed	S	18,207.33	39,788.96
Purchases of Stock-in-Trade		26,935.42	97.64
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	T	(10,151.88)	(1,199.10)
Manufacturing Expenses	U	629.51	968.47
Employee benefits expense	V	562.32	672.57
Finance Charges	W	4,301.44	4,264.50
Depreciation & Amortization	I	2,044.21	2,022.15
<u>Other Expenses:</u>			
Administration Expenses	X	172.78	1,012.05
Selling Expenses	Y	44.63	151.43
<b>Total expenses</b>		<b>42,745.75</b>	<b>47,778.67</b>
V. <b>Profit before Prior Period, Exceptional and Extraordinary items and tax (III-IV)</b>		<b>146.67</b>	<b>4,767.76</b>
VI. Prior Period Expenses		17.80	4.43
VII. Exceptional Items		-	4,486.20
VIII. <b>Profit before extraordinary items and tax (V - VI)</b>		<b>128.87</b>	<b>277.13</b>
IX. Extraordinary Items	-	-	-
X. <b>Profit before tax (VII- VIII)</b>		<b>128.87</b>	<b>277.13</b>
XI <u>Tax expense:</u>			
(1) Less: Current tax		25.78	55.64
(2) Less: Deferred tax		61.52	222.17
(3) Add: MAT U/s 115JB		25.78	55.64
XII <b>Profit (Loss) for the period (IX - X)</b>		<b>67.35</b>	<b>54.96</b>
XIII <u>Earnings per equity share:</u>	Z		
Basic & Diluted Earnings Per Share		<b>0.46</b>	<b>0.40</b>
Diluted Earnings Per Share		<b>0.19</b>	<b>0.37</b>
(Face value of Rs. 10/- each)			

As per our Report of even Date

For DR. DATSONS LABS LIMITED

For Agarwal Desai & Shah  
Chartered Accountants  
Firm Regn No. 124850W

Sd/-  
Rishi A. Sekhri  
Partner  
M.No. 126656

Sd/-  
Dr. Kannan Vishwanath  
Vice Chairman & Managing Director

Sd/-  
Shashikant B Shinde  
Executive Director

Place: Mumbai  
Date:30/05/2014

Sd/-  
Yogesh N Patel  
Company Secretary



## Cash Flow Statement for the Financial Year ended 31ST MARCH,2014

( ₹ in Lakhs)

PARTICULARS	April 13 to March 14		2012-13
	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before Tax as per P& L A/c		128.87	277.13
<b>Adjusted for:-</b>			
Depreciation		2,044.21	2,022.15
Bad Debts Written Off		-	4,486.20
Finance Charges		4,301.44	4,264.50
Less:( Interest Income)		(0.13)	(28.35)
Less:( Dividend Income)		(0.60)	-
<b>Operating Profit before Working capital changes</b>		<b>6,473.79</b>	<b>11,021.64</b>
<b>Movements in working capital :</b>			
Increase/(Decrease) in Trade payables	15,359.93		11,879.46
Increase/(Decrease) in long- term provisions	(2.10)		3.51
Increase/(Decrease) in short- term provisions	(112.02)		397.12
Increase/(Decrease) in other current liabilities	14,131.06		199.69
Increase/(Decrease) in other long- term liabilities	-		-
Decrease/ (Increase) in other Non Current Assets	-		145.46
Decrease/ (Increase) in short- term loans and advances	(11,269.34)		(313.24)
Decrease/ (Increase) in other current assets	144.09		130.96
Decrease/ (Increase) in inventories	(1,903.92)		(7,665.43)
Decrease/ (Increase) in trade receivables	(9,353.86)	6,993.84	(11,665.81)
<b>Cash (used in )/ Generated from Operations</b>		<b>13,467.63</b>	<b>4,133.36</b>
Taxes Paid		(1.62)	(166.63)
<b>Net Cash (used in )/From Operating Activities</b>		<b>13,466.02</b>	<b>3,966.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Increase) /Decrease in Fixed Assets		(1,519.22)	(3,468.05)
(Increase)/Decrease in non- current Investments		(21,038.05)	(162.07)
Interest Income Recd from current Investments		0.13	28.35
Dividend Income Recd from non- current Investments		0.60	-
(Increase) / Decrease in Misc. exps		-	-
<b>Net Cash (used in )/From Investing Activities</b>		<b>(22,556.54)</b>	<b>(3,601.77)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in Share Capital		1,776.81	-
Increase in Share Premium		7,995.66	(87.18)
Increase/(Decrease) in Long term borrowings		(19,181.14)	25,713.41
Increase/(Decrease) in short term borrowings		1,689.90	(569.28)
Finance charges paid		(4,301.44)	(4,264.50)
Dividend paid (incl distribution tax)		-	(338.94)
<b>Net Cash (used in )/From Financing Activities</b>		<b>(12,020.21)</b>	<b>20,453.51</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash equivalents</b>	<b>A+B+C</b>	<b>(21,110.73)</b>	<b>20,818.47</b>
Opening Balance of Cash & Cash Equivalents		21,233.05	414.59
<b>Closing Balance of Cash &amp; cash Equivalents</b>		<b>122.32</b>	<b>21,233.05</b>

Note: The cash flow statement has been prepared under the indirect method as per AS 3.

As per our Report of even Date

For DR. DATSONS LABS LIMITED

 For Agarwal Desai & Shah  
 Chartered Accountants  
 Firm Regn No. 124850W

 Sd/-  
 Rishi A. Sekhri  
 Partner  
 M.No. 126656

 Sd/-  
 Dr. Kannan Vishwanath  
 Vice Chairman & Managing Director

 Sd/-  
 Shashikant B Shinde  
 Executive Director

 Place: Mumbai  
 Date:30/05/2014

 Sd/-  
 Yogesh N Patel  
 Company Secretary

## Notes Forming Part of Balance Sheet as at 31-03-2014

Note: 'A' of Share Capital

( In Lakhs)

	31-Mar-14		31-Mar-13	
	No of Shares	Amount ₹	No of Shares	Amount ₹
<b>Authorised Capital:</b>				
Equity Shares of Rs 10 each	500.00	5,000.00	500.00	5,000.00
<b>Issued,Subscribed &amp; Paid up Equity Shares of Rs 10 each:</b>				
At the beginning of the year	138.87	1,388.72	138.87	1,388.72
Add: Issued during the year (Ref. Note AA(2.16))	177.68	1,776.81	-	-
<b>Total</b>	<b>316.55</b>	<b>3,165.53</b>	<b>138.87</b>	<b>1,388.72</b>

List of Shareholders holding more than 5% Shares

( In Lakhs)

	31-Mar-14		31-Mar-13	
	No of Shares	% of Holding	No of Shares	% of Holding
Davos International Fund	29.61	9.36%	-	-
Leman Diversified Fund	29.61	9.36%	-	-
Sparrow Asia diversified Opportunities Fund	29.61	9.36%	-	-
Stream Value Fund	29.61	9.36%	-	-
Kuvera Fund Ltd.	29.61	9.36%	-	-
Finaventure Capital Ltd	9.00	2.84%	34.52	24.86%
Kannan Vishwanath	22.68	7.17%	22.73	16.37%
Religare Securities Limited	18.66	5.89%	18.66	13.43%
Apex Drugs and Intermediates Limited	13.10	4.14%	13.10	9.44%
Prime Broking Company (India) Limited	9.61	3.04%	11.25	8.10%

Equity shares are having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders 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 in proportion to the number of equity shares held by the shareholders.

As per the records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

The company has neither issued any bonus shares nor any shares pursuant to contract without payment being received in cash during preceding five years. It has also not bought back any shares during these years.

## Notes Forming Part of Balance Sheet as at 31-03-2014

(₹ in Lakhs)

	NOTE	31-Mar-14	31-Mar-13
<b>Reserve &amp; Surplus :</b>	<b>B</b>		
Opening Balance Profit & Loss		5,007.35	9,954.47
Add : Surplus for the Current Year		67.35	54.96
Less: Dividend For FY 2011-12		-	277.74
Less: Proposed Dividend		-	13.89
Less: Corporate Dividend Tax		-	47.31
Less: Transferred to General reserves		-	1,000.94
Less: Reduction in Valuation of Opening Stock		-	4,767.67
Add: Excess Provision for Taxation of Earlier Year		-	1,105.47
.....Sub-Total Profit & Loss		<b>5,074.70</b>	<b>5,007.35</b>
<b>General Reserves</b>			-
Opening Balance		1,000.94	-
Add: Transfer From Profit & Loss		-	1,000.94
.....Sub-Total General Reserves		<b>1,000.94</b>	<b>1,000.94</b>
<b>Share Premium</b>			
Opening Balance		23,549.76	23,636.94
Less : IPO Expenses Written Off		-	87.18
Add : Share issued		7,995.66	-
.....Sub-Total Share Premium		<b>31,545.42</b>	<b>23,549.76</b>
<b>Total Reserves &amp; Surplus ...</b>		<b>37,621.51</b>	<b>29,558.06</b>
<b>Long-term Borrowings</b>	<b>C</b>		
<b>Secured Loan</b>			
<b>.....Term Loan</b>			
Term loan from banks		6,274.32	5,023.60
Interest accrued but not due on Term Loan		-	-
( All Secured against first charge on immovable assets and second charge on movable assets of the company)			
.....Sub-Total Term loan		<b>6,274.32</b>	<b>5,023.60</b>
<b>Unsecured Loan</b>			
<b>Loans &amp; Trade Advances Recd :</b>			
Loans from directors / shareholders		4,384.00	3,736.85
Loans & Advances from company /others		6,041.83	5,364.84
Foreign Currency Convertible Bonds		-	21,756.00
Total UnSecured Loans ...		<b>10,425.83</b>	<b>30,857.69</b>
<b>Total Long-term borrowings</b>		<b>16,700.14</b>	<b>35,881.29</b>
<b>Deferred tax liability :</b>			
On Account of Depreciation		1,721.78	1,660.70

## Notes Forming Part of Balance Sheet as at 31-03-2014

(₹ in Lakhs)

	NOTE	31-Mar-14	31-Mar-13
<b>Long-term provisions</b>	<b>D</b>		
For Gratuity		16.13	18.22
<b>Short-term Borrowings</b>	<b>E</b>		
<b>Secured Loan</b>			
<b>.....Bank CC /EPC</b>			
Working capital loan from banks		15,324.32	12,952.48
(All Secured against first charge on the current assets)			
.....Sub-Total Working capital Secured loan		<b>15,324.32</b>	<b>12,952.48</b>
<b>..... Unsecured Loan</b>			
WCDL from Other Banks		5,309.38	6,004.31
Director's Current A/c		177.83	164.84
.....Sub-Total Working capital Unsecured loan		<b>5,487.21</b>	<b>6,169.15</b>
<b>Total Short - term borrowings</b>		<b>20,811.53</b>	<b>19,121.63</b>
<b>Trade Payables</b>	<b>F</b>		
Creditors		31,246.22	15,886.29
<b>Other Current Liabilities</b>	<b>G</b>		
Current Maturities		11,944.13	-
Other Liabilities		2,618.89	431.96
<b>Total ...</b>		<b>14,563.02</b>	<b>431.96</b>
<b>Short- term provision</b>	<b>H</b>		
<b>Provisions</b>			
Income Tax		237.37	1,317.06
Less: Excess Tax Provision for the Earlier Year		-	1,105.47
Unpaid Dividend		152.93	290.59
Corporate Dividend Tax Payable		47.31	47.31
FBT		1.90	1.90
Gratuity		3.63	3.78
<b>Total ...</b>		<b>443.14</b>	<b>555.16</b>

## Notes Forming Part of Balance Sheet as at 31-03-2014

Depreciation Schedule as per Schedule XIV of Companies Act, 1956

### Notes - "I" of Fixed Assets

(₹ in Lakhs)

SR. NO.	ASSETS	GROSS BLOCK				Dep.	DEPRECIATION AS PER SLM			NET BLOCK	
		As at 01.04.2013	Additions	Deductions	As at 31.03.14	Rate %	Up To 01.04.2013	For F.Y. 2013-14	Up To 31.03.14	As at 31.03.14	As at 31.03.13
1	LAND	55.42	-	-	55.42	0.00%	-	-	-	55.42	55.42
2	FACTORY BUILDING	7,289.24	26.40	-	7,315.64	3.34%	543.00	243.88	786.88	6,528.76	6,746.24
3	PLANT & MACHINERY	14,803.04	0.30	-	14,803.34	10.34%	2,945.37	1,530.65	4,476.02	10,327.32	11,857.67
4	LABEQUPMENTS	1,358.55	-	-	1,358.55	10.34%	247.81	140.47	388.29	970.26	1,110.74
5	AIR CONDITINERS	896.33	-	-	896.33	10.34%	182.41	92.68	275.09	621.24	713.92
6	FURNITURE & FIXTURES	246.66	-	-	246.66	6.33%	41.37	15.61	56.98	189.68	205.29
7	COMPUTERS	51.99	0.39	-	52.38	16.21%	20.93	8.46	29.40	22.98	31.06
8	OFFICE EQUIPMENT	105.13	-	-	105.13	6.33%	14.94	6.65	21.59	83.53	90.19
9	MOTOR CAR	31.94	-	-	31.94	9.50%	8.67	3.03	11.70	20.24	23.28
10	SOFTWARE	16.97	-	-	16.97	16.21%	4.78	2.75	7.53	9.45	12.20
	<b>SUB-TOTAL</b>	<b>24,855.29</b>	<b>27.09</b>	<b>-</b>	<b>24,882.38</b>		<b>4,009.28</b>	<b>2,044.21</b>	<b>6,053.49</b>	<b>18,828.89</b>	<b>20,846.01</b>
	<b>CAPITAL - WIP</b>	<b>16,409.09</b>	<b>1,492.13</b>	<b>-</b>	<b>17,901.22</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>17,901.22</b>	<b>16,409.09</b>
	<b>GRAND TOTAL</b>	<b>41,264.38</b>	<b>1,519.22</b>	<b>-</b>	<b>42,783.59</b>		<b>4,009.28</b>	<b>2,044.21</b>	<b>6,053.49</b>	<b>36,730.10</b>	<b>37,255.10</b>

	NOTE	31-Mar-14	31-Mar-13
<b>Non - Current Investmetns :</b>	<b>J</b>		
Unquoted :			
20,000 Shares Of Shamrao Vithal Co-Op bank Ltd		5.02	5.02
@ Rs 25 per share fully paid up valued at cost			
Other Investment		21,272.84	234.79
<b>Total ...</b>		<b>21,277.85</b>	<b>239.81</b>
<b>Other Non Current Assets</b>	<b>K</b>		
Fixed Deposits		25.30	25.30
Other Deposits		11.49	11.49
<b>Total ...</b>		<b>36.79</b>	<b>36.79</b>
<b>Inventories :</b>	<b>L</b>		
( As taken, valued & certified by the Directors )			
Raw Materials		3,958.38	12,198.57
Packing Materials		30.91	38.68
Work in Progress		1.14	2,349.88
Finished Goods -Mfg		4.40	2,062.31
Trading		14,558.52	-
<b>Total ...</b>		<b>18,553.35</b>	<b>16,649.43</b>

## Notes Forming Part of Balance Sheet as at 31-03-2014

( ₹ in Lakhs)

	NOTE	31-Mar-14	31-Mar-13
<b>Trade Receivables :</b>	<b>M</b>		
Unsecured, considered good		36,590.99	27,237.13
Considered Bad		-	4,486.20
<b>Total Receivables</b>		<b>36,590.99</b>	<b>31,723.33</b>
Less: Bad Debts Written Off		-	4,486.20
<b>Total ...</b>		<b>36,590.99</b>	<b>27,237.13</b>
<b>Cash and Bank Balance</b>	<b>N</b>		
<b>1) Cash &amp; Cash Equivalent</b>			
<b>i) Cash</b>		2.44	32.11
<b>ii) Bank Balance</b>			
<i>a) With Scheduled bank</i>		93.58	21,114.80
<i>b) Others</i>		26.30	27.25
<i>c) Term Deposits</i>		-	21.81
Sub Total ...		<b>122.32</b>	<b>21,195.97</b>
<b>2) Others</b>			
Other Term Deposits With maturity Less than 12 Months		-	37.08
<b>Total ...</b>		<b>122.32</b>	<b>21,233.05</b>
<b>Short- term loans and advances :</b>	<b>O</b>		
( Unsecured Considered Good )			
Loan/ Advance to Companies		11,594.53	350.94
Loan/ Advance to Staff		0.31	0.34
MAT Credit		81.42	55.64
<b>Total ...</b>		<b>11,676.26</b>	<b>406.92</b>
<b>Other Current Assets</b>	<b>P</b>		
Deposits			
Balance with Revenue Authorities		1267.96	1,427.26
Prepaid Expenses		33.37	16.54
Interest Receivables		-	-
<b>Total ...</b>		<b>1,301.33</b>	<b>1,443.80</b>

**Notes forming Part of Profit & Loss Account for the year ended 31-03-2014**

(₹ in Lakhs)

	NOTE	2013-14	2012-13
<b>Revenue from operations :</b>	<b>Q</b>		
Manufacturing Sales		29,453.72	51,938.09
Trading Sales		12,651.64	137.59
<b>Grand Total Sales ...</b>		<b>42,105.36</b>	<b>52,075.68</b>
<b>Other Income :</b>	<b>R</b>		
Dividend Received		0.60	-
Duty Drawback		0.13	8.45
Exchange Rate Difference		783.32	433.81
Interest Received		3.01	28.35
Others		-	0.15
<b>Total ...</b>		<b>787.06</b>	<b>470.75</b>
<b>Cost of materials consumed :</b>	<b>S</b>		
Opening Stock of R.M.and Pkg. Material		12,237.24	5,770.91
Add :- Purchases		9,959.37	46,255.29
Less : Purchase Returns and Rounding Off		-	-
Opening Stock + Net Purchases		22,196.62	52,026.20
Less :Closing Stock of R.M.and Pkg. Materials		3,989.29	12,237.24
Raw Material Consumed in Mfg		18,207.33	39,788.96
<b>Total Consumption of Materials</b>		<b>18,207.33</b>	<b>39,788.96</b>
<b>Purchases of Stock-in-Trade:</b>			
Purchase trading		26,935.42	97.64
<b>Changes in inventories of finished goods work-in-progress &amp; Stock-in-Trade:</b>	<b>T</b>		
<b>Stock-in-Trade:</b>			
Closing Stock :			
...Finished Goods -Mfg		4.40	2,062.31
...Work in Progress		1.14	2,349.88
...Trading		14,558.52	-
<b>Closing Stock - Total</b>		<b>14,564.06</b>	<b>4,412.19</b>
Opening Stock :			
...Finished Goods -Mfg		2,062.31	2,068.05
...Work in Progress		2,349.88	1,145.04
...Trading		-	-
<b>Opening Stock -Total</b>		<b>4,412.19</b>	<b>3,213.09</b>
<b>Increase / ( Decrease) in Stock of FG &amp; WIP</b>		<b>10,151.88</b>	<b>1,199.10</b>

**Notes forming Part of Profit & Loss Account for the year ended 31-03-2014**

(₹ in Lakhs)

	NOTE	2013-14	2012-13
<b><u>Manufacturing Expenses :</u></b>	<b>U</b>		
Coal,Fuel & Oil		275.87	315.73
Consumable		57.94	91.08
Electricity Expenses		35.80	79.50
Factory Expenses		36.24	56.81
Freight, Transport, Coolie and Cartage		13.06	25.64
Import Clearing & Forwarding Expenses		-	14.89
Labour & Hamali Expenses		99.52	153.38
Loading & Unloading Expenses		0.07	2.67
M.P.C.B. Expenses		0.10	0.10
Packing & Forwarding Expenses		0.03	0.56
Product Development Expenses		52.82	42.18
Repairs & Maintenance Expenses - Factory & Plant		5.88	70.90
Research & Development Expenses		0.00	35.70
Security Expenses		18.44	22.16
Stores,Spares & Hardware		30.25	49.92
Water Expenses		3.48	7.26
<b>Total ...</b>		<b>629.51</b>	<b>968.47</b>
<b><u>Employee benefits expense :</u></b>	<b>V</b>		
Insurance Expenses		-	-
Employers Contribution & Administration Expenses to PF		12.08	14.18
Gratuity Provision		(2.25)	7.09
Leave Encashment		-	1.41
Salaries,Wages & Bonus		398.21	492.10
Remuneration to Directors		141.75	141.75
Staff Welfare Expenses		12.53	16.04
<b>Total ...</b>		<b>562.32</b>	<b>672.57</b>
<b><u>FINANCE CHARGES :</u></b>	<b>W</b>		
Interest - on Term Loan & Cash Credit		2,910.33	2,426.71
Interest - Others		1,361.78	1,714.19
Processing & Other Charges		29.33	123.60
<b>Total ....</b>		<b>4,301.44</b>	<b>4,264.50</b>



**Notes forming Part of Profit & Loss Account for the year ended 31-03-2014**

(₹ in Lakhs)

	NOTE	2013-14	2012-13
<b>Administration Expenses :</b>	X		
<b>Auditors Remuneration</b>			
Statutory and Tax Audit Fees		3.00	3.00
VAT Audit		1.00	1.00
Cost Audit		0.50	0.50
Books & Periodicals		0.07	0.61
Commission & Brokerage Expenses		10.99	29.52
Computer Expenses		0.03	0.99
Conference & Meeting		4.21	6.43
Conveyance Expenses		2.21	3.10
Courier Expenses		1.63	3.55
FCCB Exp		-	663.08
Donations		0.02	0.15
Electricity Expenses		5.79	5.90
Gardening Expenses		0.00	0.01
Insurance Expenses		3.67	44.53
Licence Fees		0.02	4.60
Membership & Subscription Fees		1.06	2.68
Mobile Expenses		7.67	8.35
Office Expenses		10.28	13.06
Printing & Stationary Expenses		14.63	17.93
Profession Tax Company		0.03	0.03
Professional Fees / Charges		34.81	104.25
Rates & Taxes		0.07	3.07
Rent		12.00	14.15
ROC Expenses and Franking Charges		10.33	16.86
Security Expenses		4.74	4.76
Software Expenses		0.12	0.90
Tax Expenses		7.76	2.69
Telecommunication & Internet		6.92	10.08
Vehicle Expenses & Repairs		10.37	12.11
Vehicle Hire Expenses		5.77	10.02
Website Development Expenses		4.98	2.37
Repairs & Maintenance - Office Equipment		4.40	6.32
Directors Sitting Fees		2.50	2.50
Other Expenses		1.23	12.93
<b>Total ...</b>		<b>172.78</b>	<b>1,012.05</b>

**Notes forming Part of Profit & Loss Account for the year ended 31-03-2014**

( ₹ in Lakhs)

	NOTE	2013-14	2012-13
<b><u>Selling Expenses :</u></b>	<b>Y</b>		
Advertisement Expenses		6.73	18.13
Bank Charges-International trade		1.09	3.58
Business Promotion & Marketing Expenses		4.99	43.94
Exhibition Expenses		-	4.73
Export Clearing & Forwarding Expenses		4.82	32.28
Travelling,Boarding & Lodging Expenses		2.67	41.30
Discount Allowed & ECGC Premium		24.32	7.48
<b>Total ...</b>		<b>44.63</b>	<b>151.43</b>
<b><u>Earning Per Share</u></b>	<b>Z</b>		
<b>Total operations from the year</b>			
Profit/loss after Tax		67.35	54.96
Less : Dividends on Compulsorily Convertible Participatory Preference Shares and tax thereon		-	-
<b>Net profit/(loss) for calculation of basic EPS</b>		<b>67.35</b>	<b>54.96</b>
Net profit as above		67.35	54.96
Add: Dividends on convertible preference shares & tax thereon		-	-
<b>Net profit/(loss) for calculation of basic EPS</b>		<b>67.35</b>	<b>54.96</b>
<b>Weighted average number of equity shares in calculating basic EPS</b>		14,568,668	13,887,151
Foreign Currency Convertible Bond		21,716,596	1,081,773
<b>Weighted average number of equity shares in calculating diluted EPS</b>		<b>36,285,264</b>	14,968,924
<b>Earnings Per Share</b>			
<b>(1) Basic</b>		0.46	0.40
<b>(2) Diluted</b>		0.19	0.37

Notes forming part of the Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

### 1 Significant Accounting Policies:

#### a. Basis of Accounting:-

The Financial Statements of the Company are prepared under historical cost convention and on accrual basis and in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956. Accounting policies, not specifically referred to hereunder is otherwise consistent with generally accepted accounting polices ["GAAP"].

#### b. Fixed Assets:-

Fixed Assets are stated at cost of acquisition inclusive of non refundable duties and taxes, freight and incidental expenses, if any. Cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress.

#### c. Depreciation:-

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation on additions made to fixed assets during the year is provided on pro-rata basis.

#### d. Valuation of Inventories:-

- i. Raw Materials (including packing material) are valued at cost or net, realizable value whichever is lower. Cost is determined by using the First In First out (FIFO) method.
- ii. Semi Finished Goods (Work in progress) are valued at cost.
- iii. Finished Goods:

Manufactured goods are valued at cost or net realisable value whichever is lower. Cost is determined by using the First In First out (FIFO) method. Cost includes cost of raw materials used and all the related overhead expenses.

Traded Goods are valued at cost or net realisable value whichever is lower. Cost is determined by using the First in First out (FIFO) method.

#### e. Revenue Recognition:-

- The Company follows the mercantile system of accounting and hence Revenue is recognized by the company on accrual basis.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is accrued at applicable interest rate.
- Export Benefits / incentives and other incomes are accounted on accrual basis except Dividend, which recognized when right to receive is established.

#### f. Segment Accounting

##### 1. Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

1. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. Expenses, which relate to the Company as a whole and not allocable to segments are included under "Unallocable Corporate Expenditure".
3. Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income".
4. Segment result includes margins on inter-segment transactions, which are reduced in arriving at the profit before tax of the Company.

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)

5. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.
2. Inter-segment transfer pricing:  
Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.
- g. Accounting for Foreign Exchange Transaction:-  
In accordance with Companies (Accounting Standards) Rules, 2006 the transaction in foreign exchange are accounted for at the exchange rates prevailing at the date of the transaction. In respect of the Assets and Liabilities remaining unsettled at the Balance sheet date same are translated at the closing rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date are recognized as income or expense in the period in which they arise.  
  
Where the company uses derivative financial instruments such as forward contracts to hedge its risk associated against foreign currency fluctuations, the Gain or loss on restatement of such contracts outstanding at the balance sheet date are recognized in the profit and loss account for the year in which it occurs. The premium or discount arising at the inception of forward contracts is amortized through the profit and loss account over the period of the contract.
- h. Leases:  
Lease arrangements, where the risk and rewards incidental to the ownership of asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating leases are recognized as an expense in the Profit and Loss Account. Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.
- i. Taxation:-  
Tax expenses is the aggregate of current tax and deferred tax charged, as the case may be to the Profit and Loss Account for the year in accordance with Companies (Accounting Standards) Rules, 2006 and measured at the tax rate that have been enacted or substantively enacted by the Balance Sheet date.
  - I. Current Tax:  
Tax on income for the current period is determined on the basis of assessable income computed in accordance with the provisions of the Income Tax Act, 1961.
  - II. Deferred Tax:  
Deferred income taxes are recognized for the future tax consequences attributable to timing difference between the financial statements and determination of income for their recognition for tax purposes. The effect on deferred tax liabilities of a change in tax rates is recognized in income using the rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.
- j. Contingent Liability:-  
Contingent liabilities, if any, are disclosed in the Notes to Accounts. Provisions have been made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the finalization of accounts and have a material effect on the position stated in the Balance Sheet.
- k. Borrowing Cost:-  
Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

## **Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

### **2 Notes on Accounts:**

#### **2.1 Fixed assets / Capital Work- in- progress:-**

The company is undertaking capital expenditure program at its Mahad and Pune Plants. An advance payment of ₹. 1,492.13 Lacs towards capital assets have been made in current year. The same is included in capital WIP. The Capital WIP stands at ₹. 17,901.22 Lacs as on 31<sup>st</sup> March 2014.

#### **2.2 Investments:-**

Long Term Investments are stated at cost less provision, if any, for diminution which is other than temporary in nature. Current investments are valued at lower of cost and net realizable value.

#### **2.3 Leases:**

The company has operating lease agreements, primarily for leasing office space and residential premises for its employees. Most of these lease agreements provide for cancellation by either party with a notice period ranging from 30 days to 120 days and contain a clause for renewal of lease agreement at the option of the company. There are no non-cancellable operating leases. There are no assets taken on finance lease.

#### **2.4 Subsidiary and Associate Company:-**

The Company is no longer an associate of Finaventure Capital Limited (formerly known as Aasda Lifecare Limited) during the year under report. Finaventure Capital Limited holds only 2.84 % shares of the company as at 31<sup>st</sup> March, 2014.

The Company had made investments in Eros Pharmaceuticals Pte. Ltd. (Singapore), Fair Success (Hong Kong ) Ltd and DR. Datsons Labs (UK) Ltd as also in Aanj Pharamalabs Ltd FZE Dubai thereby making these companies wholly owned Subsidiary.

#### **2.5 Leases:**

The company has operating lease agreements, primarily for leasing office space and residential premises for its employees. Most of these lease agreements provide for cancellation by either party with a notice period ranging from 30 days to 120 days and contain a clause for renewal of lease agreement at the option of the company. There are no non-cancellable operating leases. There are no assets taken on finance lease.

#### **2.6 Research & Development:-**

The costs are expensed when incurred. Capital expenditure when incurred for acquisition or construction of equipment and facilities for R&D and having alternate future uses will be capitalized.

#### **2.7 Default in repayment of Loans from Banks and payment of Statutory Dues:-**

As reported in Pt. No. ix (b) and Pt. No. xi in Annexure to the Independent Auditors Report, it may be noted that the business of our company is growing at rapid pace. Consequently, there is substantial increase in requirement of funds for working capital. However, during past few years, our bankers have not carried out fresh appraisal/ Assessment of our Working Capital requirement. Due to non-revision of credit facilities by our bankers, there is always financial pressure on the working capital. As a result of the same, there were defaults in repayment of Borrowed Funds from banks as well as payment of Statutory Dues. However, the Management has been continuously putting its efforts in raising funds from various sources both internal as well as external and is expecting to regularize the defaults in the next financial years.

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

2.8 Contingent Liabilities:-

(Rs. In Lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Service Tax liability (excluding Penalties) that may arise. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.	82.09	NIL

2.9 No commission on profits is paid at any time during the year to any of the directors of the Company.

2.10 Derivative Instruments:-

Company has not entered into any Forex Derivative Contracts at any time during the year.

During the year ended 31<sup>st</sup> March 2014 foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

- Amount receivable in foreign currency on account of export of goods- USD 302.87 Lacs (Previous Year USD 149.95 Lacs) INR 18,202.43 Lacs (Previous Year INR 8155.72 Lacs), GBP 0.10 Lacs (Previous Year GBP 0.10 Lacs) INR 9.99 Lacs (Previous Year INR 8.23 Lacs).
- Amount paid in foreign currency on account of import of goods-USD 74 Lacs (Previous Year USD 1.28 Lacs) INR 4,604.85 Lacs (Previous Year INR 72.31 Lacs).
- Amount payable in foreign currency on account of import of goods- USD 35.74 Lacs (Previous Year USD 2.02 Lacs) INR 2,147.74 Lacs (Previous Year INR 110 Lacs).

2.11 Cenvat:-

No Cenvat credit is availed in respect of finished goods manufactured and sold by the company which are exempt or free of Central Excise .Consequently duty paid on these inputs is expensed during the year. Where finished goods manufactured and sold by the company are excisable, Cenvat credit is availed on inputs used in the manufacture of such excisable goods

2.12 Related Party Disclosures:-

Name of the Key Managerial Personnel	Relationship
Kannan K. Vishwanath	Managing Director
Relatives of the Key Managerial Personnel	Relationship
Divya K. Vishwanath	Wife of Kannan K. Vishwanath
Companies / Firms in which the Key Managerial Personnel & their relatives are interested	
Eros Pharmaceuticals Pte. Ltd.	Subsidiary Company
AANJ Pharmalabs Limited FZE	Subsidiary Company
Finventure Capital Ltd (Aasda Life Care Limited) *	
Fair Success (H.K.) Limited	Subsidiary Company
DR. Datsons Labs Limited	Subsidiary Company

The Company has entered into the following related party transactions. As on March 31, 2014 such parties and transactions are identified as per Accounting Standard 18 issued by the 'The Institute of Chartered Accountants of India.'

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

Name of Related Party	Nature of transaction	(₹. Lacs)	(₹. Lacs)
		2013-14	2012-13
Kashi Vishwanathan	Loan from Director		5.00
	Repayment of Loans	-	-
	Remuneration to Director	-	1.50
Kannan K. Vishwanath	Loan from Director	2037.12	3175.99
	Repayment of Loans	1633.79	3541.51
	Equity Shares allotted	-	-
	Remuneration to Director	100.00	100.00
	Rent for Premises	13.24	13.24
Finaventure Capital Limited	Loan from the Company	243.81	1368.84
	Repayment of Loans	-	-
	Conversion of Loan to Equity	-	-
Divya Vishwanath	Remuneration as an Employee	1.53	6.12
		(₹. Lacs)	(₹. Lacs)
<b>Amount due to / from Related Parties:</b>			
<b>Nature of Transactions</b>		<b>2013-14</b>	<b>2012-13</b>
<b>Mr. Kashi Vishwanathan</b>			
Loan taken from Director		308.10	308.10
Rent & Remuneration Payable		56.55	56.75
<b>Mr. Kannan K. Vishwanath</b>			
Loan taken from Director		2463.25	2059.90
Rent & Remuneration Payable		121.27	108.08
<b>Finaventure Capital Limited</b>			
Loan taken from Company		1612.65	1368.84
<b>Fair Success (H.K.) Limited</b>			
For Investment in wholly owned subsidiary		21,037.96	-

2.13 *Disclosures pursuant to Accounting Standard - 15 "Employee Benefits":-*

**Defined Contribution Plan**

The company has made payments to the Government Provident Fund amounting to ₹. 14.18 Lacs and the same is expensed during the year ended 31st March, 2014.

**Defined Benefit Plan**

The following disclosures are made in accordance with AS 15 (Revised) pertaining to defined benefit plans regarding Gratuity.

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

**Table 1**

**AMOUNT TO BE RECOGNIZED IN BALANCE SHEET**

	Period Ended	
	31-Mar-13	31-Mar-14
	(in ₹)	
Present Value of Funded Obligations	0	0
Fair Value of Plan Assets	0	0
Present Value of Unfunded Obligations	2,200,108	1,975,290
Unrecognized Past Service Cost	0	0
Amount not Recognized as an Asset (limit in Para 59(b))	0	0
<b>Net Liability</b>	<b>2,200,108</b>	<b>1,975,290</b>
Amounts in Balance Sheet		
Liability	2,200,108	1,975,290
Assets	0	0
Net Liability is bifurcated as follows:		
Current	377,810	362,725
Non Current	1,822,298	1,612,565
<b>Net Liability</b>	<b>2,200,108</b>	<b>1,975,290</b>

**Table 2**

**Expense to be Recognized in Statement of Profit & Loss Account**

	Period Ended	
	31-Mar-13	31-Mar-14
	(in ₹)	
Current Service Cost	537,110	719,359
Interest on Defined Benefit Obligation	172,557	221,176
Expected Return on Plan Assets	0	0
Net Actuarial Losses / (Gains) Recognized in Year	(172)	(1,165,353)
Past Service Cost	0	0
Losses / (Gains) on "Curtailments & Settlements"	0	0
Losses / (Gains) on "Acquisition / Divestiture"	0	0
Effect of the limit in Para 59(b)	0	0
<b>Total, Included in "Employee Benefit Expense"</b>	<b>709,495</b>	<b>(224,818)</b>
Actual Return on Plan Assets	0	0



Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

**Table 3**

**Reconciliation of Benefit Obligation & Plan Assets for the Period**

	Period Ended	
	31-Mar-13	31-Mar-14
	(in ₹)	
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>1,490,613</b>	<b>2,200,108</b>
Current Service Cost	537,110	719,359
Interest Cost	172,557	221,176
Actuarial Losses / (Gain)	(172)	(1,165,353)
Past Service Cost	0	0
Actuarial Losses / (Gain) due to Curtailment	0	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
<b>Closing Defined Benefit Obligation</b>	<b>2,200,108</b>	<b>1,975,290</b>
<b>Change in Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>		
Expected Return on Plan Assets	0	0
Actuarial Gain / (Losses)	0	0
Assets Distributed on Settlements	0	0
Contributions by Employer	0	0
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
<b>Closing Fair Value of Plan Assets</b>	<b>0</b>	<b>0</b>
Expected Employer's Contribution Next Year	377,810	362,725

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

**Table 4**

**ASSETS INFORMATION**

	Period Ended		
	31-Mar-13	31-Mar-14	31-Mar-14
	(in ₹)		
Government of India Securities	0%	0%	0
Corporate Bonds	0%	0%	0
Special Deposit Scheme	0%	0%	0
Equity Shares of Listed Companies	0%	0%	0
Property	0%	0%	0
Insurer Managed Funds	0%	0%	0
Others	0%	0%	0
<b>Grand Total</b>	<b>0%</b>	<b>0%</b>	<b>0</b>

**TABLE 5**

**Experience Adjustments**

	Period Ended				
	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
	(in ₹)				
Defined Benefit Obligation	595,323	1,007,209	1,490,613	2,200,108	1,975,290
Plan Assets	0	0	0	0	0
Surplus / (Deficit)	(595,323)	(1,007,209)	(1,490,613)	(2,200,108)	(1,975,290)
Exp. Adj. on Plan Liabilities	23,253	77,281	(138,066)	(111,182)	(875,051)
Exp. Adj. on Plan Assets	0	0	0	0	0

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

**TABLE 6**

**Summary of Principal Actuarial Assumptions**

	Period Ended	
	31-Mar-13	31-Mar-14
	(in ₹)	
Discount Rate (p.a.)	8.10%	9.35%
Expected Rate of Return on Assets (p.a.)	0.00%	0.00%
Salary Escalation Rate (p.a.)	7.00%	7.00%

**Financial Assumptions at the Valuation Date:**

	<b><u>2013-14</u></b>	<b><u>2012-13</u></b>
<b>2.14 <u>C.I.F. Value of Imports:-</u></b>	<b>₹. Lacs</b>	<b>₹. Lacs</b>
Raw Material	-	299.45
Trading Goods	6018.63	-
Capital Goods	-	26.11
<b>2.15 <u>Expenditure in Foreign Currency:-</u></b>	<b>₹. Lacs</b>	<b>₹. Lacs</b>
Travel	-	3.77
Product Development	52.82	17.92
Research and Development	-	-
License/Registration Fees	-	3.32
Lodging & Boarding	-	0.82
FCCB Expenses	-	11.72
Professional Charges	-	13.84
<b>2.16 <u>Earnings in Foreign exchange:-</u></b>	<b>₹. Lacs</b>	<b>₹. Lacs</b>
FOB Value of goods exported	9640.41	7774.45

**2.17 FCCB-Foreign Currency Convertible Bonds:-**

The company had issued Foreign Currency Convertible Bond (FCCB) aggregating to US \$ 40 Million during the last financial year for acquisition of company overseas. During the current financial year under report FCCB aggregating to US \$ 18 Million were converted into 1,77,68,124 equity shares at conversion price of ₹. 55/- per share. Further on 15<sup>th</sup> May 2014 the company had converted FCCB amounting to US \$ 11.20 million into equity shares at conversion price of ₹. 55/- per share. Balance FCCB aggregating to US \$ 10.80 Million is included in unsecured loans under current liabilities.

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)

### 2.18 *Micro Small & Medium Enterprises Development Act 2006. {MSMED Act 2006}:-*

The company is outside the purview of MSMED Act 2006 as the investment in Plant & Machinery is greater than 10 crores as at the end of the year.

2.19 The previous year figures have been recast / regrouped whenever necessary in order to confirm to current year's presentation.

2.20 Prior Period expenses of ₹. 17.75 lacs pertains to Interest payable for FY 2012-13. It also includes ₹. 0.5 Lacs as Website Development Expenses for FY 2011-12.

### 2.21 *Segment Information:-*

The company has only one reportable segment and that is the business segment and there are no geographical segments. Segment information disclosure is made in accordance with Accounting standard (AS) -17 "Segment Reporting". It is identified based on products, organization structure, risk return profile and the reporting systems of the company. The business segment is organized into API manufacturing and Formulation manufacturing. Formulation manufacturing business has commenced only from 1<sup>st</sup> April 2010 and onwards.

#### Information about Business Segments

For the year ended 31/03/2014

	Particulars	Business Segments			Unallocable	Total
		API	Formulation	Trading		
		₹. lacs	₹. lacs	₹. lacs		
<b>A</b>	<b>Revenue :</b>					
	Total External Sales	19,757.03	9,696.70	12,651.64	-	42,105.36
	Inter Segment Sales	-	-	-	-	-
	<b>Total Revenue</b>	<b>19,757.03</b>	<b>9,696.70</b>	<b>12,651.64</b>	<b>-</b>	<b>42,105.36</b>
<b>B</b>	<b>Segment result before interest, exceptional items and tax</b>	2,340.79	1,084.82	253.95	(10.00)	3,669.58
	Less :- Interest Expenses					4,301.44
	Less :- Prior Period Expenses					17.80
	Less :- Exceptional Expenses					-
	Add :- Exceptional Income					787.06
	Unallocable Corporates items					-
	<b>Profit before Taxes</b>					137.41
	<b>Taxes :-</b>					
	Less :-Income Tax					27.49
	Less:-Deferred Tax					61.52
	Add: Mat Credit U/S 115 JAA					27.49
	<b>Profit after Taxes</b>					<b>75.89</b>
<b>C</b>	<b>Segment Assets</b>	50,214.57	14,977.25	25,553.22	34,462.77	1,25,207.80
<b>D</b>	<b>Segment Liabilities</b>	4,615.61	7,991.61	19,926.95	52,945.36	85,479.53
<b>E</b>	<b>Capital Expenditure</b>	0.28	474.48	-	0.34	475.10
<b>F</b>	<b>Segment Depreciation</b>	1,438.40	595.82	-	10.00	2,044.21
<b>G</b>	<b>Non - Cash Expenses other than depreciation</b>	NIL	NIL	NIL	NIL	NIL

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)

### 2.22. Consumption of Materials:-

Particulars	2013-14		2012-13	
	%	Amount	%	Amount
		(₹ Lacs)		(₹ Lacs)
<b>Consumption of Materials -Mfg</b>				
Indigenous	88%	14,880.28	99%	39,489.51
Imported	18%	3,327.05	1%	299.45
Raw Materials consumed in Mfg	100%	<b>18,207.33</b>	100%	<b>39,788.96</b>
Purchases- Trading		<b>26,935.42</b>		<b>97.64</b>
<b>Total Consumption of Materials</b>		<b>45,142.75</b>		<b>39,886.59</b>

### 2.23. Installed Capacity and Capacity Utilization for APIs and Formulation:-

#### Active pharmaceutical ingredients (API's/Bulk Drugs)

Particulars	Unit	2013-14	2012-13
		Bulk Drugs	Bulk Drugs
Installed capacity	MT	650	650
Actual Production	MT	114.23	203.7

**Note:** For API's, the reactors installed are to be of larger capacity so as to accommodate herbal based raw material inputs whose yield can vary from crop to crop. The reactors are also multipurpose in nature. Hence there is no direct correlation between installed capacity and actual production. During FY 12-13 the value of manufacturing API is high although quantity less.

#### Formulations

Particulars	Unit	2013-14	2012-13
		Actual Production	Installed Capacity
Installed capacity	Units in Thousands	15,71,650.00	15,71,650.00
Actual Production	Units in Thousands	3,85,475.67	7,84,579.24

#### **Note:**

- The Formulations business commenced only from 1<sup>st</sup> April 2010.
- In terms of press Note no. 4 (1994 series) dated October 25, 1994 issued by the department of Industrial Development, Ministry of Industry, Government of India and Notification no. S.O. 137 (E) dated March 01, 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, Industrial licencing has been abolished in respect of bulk drugs and formulations. Hence there are no registered / Licensed capacities for these bulk drugs and formulation

Notes forming part of the Balance Sheet as at 31st March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

2.24. *Disclosure as per amendment to clause 32 of the Listing Agreement*

(₹. in Lacs)

Sr. No.	Particulars	Outstanding Balance		Maximum Balance during the year	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Loans and advances in the nature of loans to subsidiaries:	NIL	NIL	NIL	NIL
2	Loans and advances in the nature of loans to associates :	NIL	NIL	NIL	NIL
3	Loans and advances in the nature of loans to firms/companies in which directors are interested:	NIL	NIL	NIL	NIL

2.25. *Particulars of Production, Trading Purchase, Sales and Stock:-*

2013-14

Particular	Units	Opening Stock		Trading Purchase	Production	Sales		Closing stock	
		Qty	₹.Lacs			₹.Lacs	Qty	Qty	₹.Lacs
Formulation	Units in Thousands	475.45	976.8	-	3,85,475.67	3,85,945.42	9,586.76	5.7	393.78
Bulk Drugs	Kg in Thousands	6.58	1085.51	-	114.23	120.76	19,757.03	0.05	5.7
Trading	-	-	-	26,935.42	-	-	12,651.64	-	14,558.52
Job Work	-	-	-	-	-	-	109.94	-	-
<b>Total</b>		<b>482.03</b>	<b>2062.31</b>	<b>26,935.42</b>	<b>3,85,589.90</b>	<b>3,86,066.18</b>	<b>42,105.36</b>	<b>5.75</b>	<b>18,553.35</b>

2012-13

Particular	Units	Opening Stock		Trading Purchase	Production	Sales		Closing stock	
		Qty	₹.Lacs			₹.Lacs	Qty	Qty	₹.Lacs
Formulation	Units in Thousands	47530.44	827.22	-	7,84,579.24	8,31,634.22	20,657.57	475.45	976.8
Bulk Drugs	Kg in Thousands	26.44	1240.83	-	203.7	223.56	31,157.25	6.58	1085.51
Trading	-	-	-	97.64	-	-	137.59	-	-
Job Work	-	-	-	-	-	-	123.27	-	-
<b>Total</b>		<b>47556.88</b>	<b>2068.05</b>	<b>97.64</b>	<b>2,29,379.07</b>	<b>2,76,453.92</b>	<b>52,075.68</b>	<b>482.03</b>	<b>2062.31</b>

# CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

**To**  
**The Members of**  
**DR. DATSONS LABS LIMITED**  
**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **DR. DATSONS LABS LIMITED** (the "Company"), its subsidiaries and Joint ventures (collectively referred to as the "Group") which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**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 accounting principles generally accepted in India including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2014 dated 13th September 2014 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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.

**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 entity'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.

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, 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

**Other Matters**

We have relied on the unaudited financial statements of certain subsidiaries and associates wherein the group's share of profit/(loss) aggregate to Rs. 19.48 Lakh. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amount included in respect of these subsidiaries and associate companies is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of other matters.

**For Agarwal Desai & Shah**  
**Chartered Accountants**  
**Firm's Regn. No.: 124850W**

**Place: Mumbai**  
**Date: 30<sup>th</sup> May, 2014.**

**Rishi A.Sekhri**  
**Partner**  
**M. No. 126656**



**Consolidated Balance Sheet as at 31-03-2014**

(₹ in Lakhs)

Particulars	Note No.	31-Mar-14	31-Mar-13
<b>I. EQUITY AND LIABILITIES:</b>			
<b>1 Shareholders' Funds</b>			
(a.) Share capital	<b>A</b>	3,165.53	1,388.72
(b.) Reserve & Surplus	<b>B</b>	37,609.53	29,542.59
<b>2 Non-current liabilities</b>			
(a.) Long-term borrowings	<b>C</b>	16,707.80	35,881.29
(b.) Deferred tax liability (Net)		1,721.78	1,660.70
(c.) Other Long term liabilities		-	-
(d.) Long-term provisions	<b>D</b>	16.13	18.22
<b>3 Current Liabilities</b>			
(a.) Short- term borrowings	<b>E</b>	20,826.35	19,121.63
(b.) Trade Payables	<b>F</b>	31,245.53	15,886.57
(c.) Other Current Liabilities	<b>G</b>	14,590.86	441.03
(d.) Short- term provision	<b>H</b>	443.14	555.16
<b>TOTAL</b>		<b>126,326.64</b>	<b>104,495.90</b>
<b>II. ASSETS:</b>			
<b>1 Non Current assets</b>			
(a.) Fixed Assets			
(i) Tangible Assets	<b>I</b>	18,828.89	20,846.01
(ii) Intangible assets		-	-
(iii) Capital Work In Progress		17,901.22	16,409.09
(b.) Non - Current Investmetns	<b>J</b>	21,043.08	5.12
(c.) Long-term loans and advances		-	-
(d.) Other non-current assets	<b>K</b>	36.79	25.30
<b>2 Current Assets</b>			
(a.) Current investments		-	-
(b.) Inventories	<b>L</b>	18,553.35	16,649.43
(c.) Trade Receivables	<b>M</b>	36,738.42	27,237.13
(d.) Cash and Bank Balances	<b>N</b>	148.46	21,254.69
(e.) Short- term loans and advances	<b>O</b>	11,771.97	605.39
(f.) Other Current Assets	<b>P</b>	1,304.47	1,463.75
<b>TOTAL</b>		<b>126,326.64</b>	<b>104,495.90</b>
<b>Notes on Accounts</b>	<b>AA</b>		

The above mentioned notes attached form part of Balance Sheet

As per our Report of even Date

For DR. DATSONS LABS LIMITED

 For Agarwal Desai & Shah  
 Chartered Accountants  
 Firm Regn No. 124850W

 Sd/-  
 Rishi A. Sekhri  
 Partner  
 M.No. 126656

 Sd/-  
 Dr. Kannan Vishwanath  
 Vice Chairman & Managing Director

 Sd/-  
 Shashikant B Shinde  
 Executive Director

 Place: Mumbai  
 Date:30/05/2014

 Sd/-  
 Yogesh N Patel  
 Company Secretary

## Consolidated Profit & Loss Account for the year ended 31-03-2014

(₹ in Lakhs)

Particulars	Note No.	2013-14	2012-13
I. Revenue from operations	Q	42,105.36	52,075.68
II. Other Income	R	787.06	470.75
<b>III. Total Revenue (I + II)</b>		<b>42,892.42</b>	<b>52,546.43</b>
IV. Expenses:			
Cost of materials consumed	S	18,207.33	39,788.96
Purchases of Stock-in-Trade		26,935.42	97.64
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	T	(10,151.88)	(1,199.10)
Manufacturing Expenses	U	629.51	968.47
Employee benefits expense	V	562.32	672.57
Finance Charges	W	4,301.53	4,264.64
Depreciation & Amortization	I	2,044.21	2,022.15
Other Expenses:			
Administration Expenses	X	192.16	1,024.32
Selling Expenses	Y	44.63	151.43
<b>Total expenses</b>		<b>42,765.23</b>	<b>47,791.08</b>
V. Profit before Prior Period, Exceptional and Extraordinary items and tax (III-IV)		<b>127.18</b>	<b>4,755.35</b>
VI. Prior Period Expenses		17.80	4.33
VII. Exceptional Items		-	4,486.20
VIII. Profit before extraordinary items and tax (V - VI)		<b>109.39</b>	<b>264.81</b>
IX. Extraordinary Items	-	-	-
X. Profit before tax (VII- VIII)		109.39	264.81
XI Tax expense:			
(1) Less: Current tax		25.78	55.64
(2) Less: Deferred tax		61.07	222.17
(3) Add: MAT U/s 115JB		25.78	55.64
XII Profit (Loss) for the period (IX - X)		<b>48.32</b>	<b>42.65</b>
XIII Earnings per equity share:	Z		
Basic & Diluted Earnings Per Share		<b>0.33</b>	<b>0.31</b>
Diluted Earnings Per Share		<b>0.13</b>	<b>0.28</b>
(Face value of Rs. 10/- each)			

As per our Report of even Date

For DR. DATSONS LABS LIMITED

For Agarwal Desai & Shah  
Chartered Accountants  
Firm Regn No. 124850W

Sd/-  
Rishi A. Sekhri  
Partner  
M.No. 126656

Sd/-  
Dr. Kannan Vishwanath  
Vice Chairman & Managing Director

Sd/-  
Shashikant B Shinde  
Executive Director

Place: Mumbai  
Date:30/05/2014

Sd/-  
Yogesh N Patel  
Company Secretary

## Consolidated Cash Flow Statement for the Financial Year ended 31ST MARCH,2014

(₹ in Lakhs)

PARTICULARS	April 13 to March 14		2012-13
	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before Tax as per P& L A/c		109.39	264.81
Adjusted for:-			
Depreciation		2,044.21	2,022.15
Bad Debts Written Off		-	4,486.20
Finance Charges		4,301.53	4,264.64
Less:( Interest Income)		(0.13)	(28.35)
Less:( Dividend Income)		(0.60)	-
<b>Operating Profit before Working capital changes</b>		<b>6,454.41</b>	<b>11,009.46</b>
<b>Movements in working capital :</b>			
Increase/(Decrease) in Trade payables	15,358.96		11,879.48
Increase/(Decrease) in long- term provisions	(2.10)		3.51
Increase/(Decrease) in short- term provisions	(112.02)		397.12
Increase/(Decrease) in other current liabilities	14,172.81		190.55
Increase/(Decrease) in other long- term liabilities	-		-
Decrease/ (Increase) in other Non Current Assets	(11.49)		(25.30)
Decrease/ (Increase) in short- term loans and advances	(11,166.58)		(434.98)
Decrease/ (Increase) in other current assets	160.90		270.65
Decrease/ (Increase) in inventories	(1,903.92)		(7,665.43)
Decrease/ (Increase) in trade receivables	(9,501.29)	6,995.26	(11,665.81)
<b>Cash (used in )/ Generated from Operations</b>		<b>13,449.67</b>	<b>3,959.24</b>
Taxes Paid	(1.62)	(166.63)	
<b>Net Cash (used in )/From Operating Activities</b>		<b>13,448.05</b>	<b>3,792.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Increase) /Decrease in Fixed Assets		(1,519.22)	(3,468.05)
(Increase)/Decrease in non- current Investments		(21,037.96)	-
Interest Income Recd from current Investments		0.13	28.35
Dividend Income Recd from non- current Investments		0.60	-
(Increase) / Decrease in Misc. exps		-	-
<b>Net Cash (used in )/From Investing Activities</b>		<b>(22,556.44)</b>	<b>(3,439.70)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in Share Capital		1,776.81	-
Increase in Share Premium		7,995.66	(87.18)
Increase/(Decrease) in Long term borrowings		(19,173.49)	25,713.41
Increase/(Decrease) in short term borrowings		1,704.72	(569.28)
Finance charges paid		(4,301.53)	(4,264.64)
Dividend paid (incl distribution tax)		-	(338.94)
<b>Net Cash (used in )/From Financing Activities</b>		<b>(11,997.84)</b>	<b>20,453.37</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash equivalents</b>	<b>A+B+C</b>	<b>(21,106.23)</b>	<b>20,806.28</b>
Opening Balance of Cash & Cash Equivalents		21,254.69	448.41
<b>Closing Balance of Cash &amp; cash Equivalents</b>		<b>148.46</b>	<b>21,254.69</b>

Note: The cash flow statement has been prepared under the indirect method as per AS 3.

As per our Report of even Date

For DR. DATSONS LABS LIMITED

For Agarwal Desai & Shah  
 Chartered Accountants  
 Firm Regn No. 124850W

Sd/-  
 Rishi A. Sekhri  
 Partner  
 M.No. 126656

Sd/-  
 Dr. Kannan Vishwanath  
 Vice Chairman & Managing Director

Sd/-  
 Shashikant B Shinde  
 Executive Director

Place: Mumbai  
 Date:30/05/2014

Sd/-  
 Yogesh N Patel  
 Company Secretary

## Notes Forming Part of Consolidated Balance Sheet as at 31-03-2014

Note: 'A' of Share Capital

( In Lakhs)

	31-Mar-14		31-Mar-13	
	No of Shares	Amount ₹	No of Shares	Amount ₹
<b>Authorised Capital:</b>				
Equity Shares of Rs 10 each	500.00	5,000.00	500.00	5,000.00
<b>Issued,Subscribed &amp; Paid up Equity Shares of Rs 10 each:</b>				
At the beginning of the year	138.87	1,388.72	138.87	1,388.72
Add: Issued during the year (Ref. Note AA(3.11))	177.68	1,776.81	-	-
<b>Total</b>	<b>316.55</b>	<b>3,165.53</b>	<b>138.87</b>	<b>1,388.72</b>

List of Shareholders holding more than 5% Shares

( In Lakhs)

	31-Mar-14		31-Mar-13	
	No of Shares	% of Holding	No of Shares	% of Holding
Davos International Fund	29.61	9.36%	-	-
Leman Diversified Fund	29.61	9.36%	-	-
Sparrow Asia diversified Opportunities Fund	29.61	9.36%	-	-
Stream Value Fund	29.61	9.36%	-	-
Kuvera Fund Ltd.	29.61	9.36%	-	-
Finaventure Capital Ltd	9.00	2.84%	34.52	24.86%
Kannan Vishwanath	22.68	7.17%	22.73	16.37%
Religare Securities Limited	18.66	5.89%	18.66	13.43%
Apex Drugs and Intermediates Limited	13.10	4.14%	13.10	9.44%
Prime Broking Company (India) Limited	9.61	3.04%	11.25	8.10%

Equity shares are having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders 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 in proportion to the number of equity shares held by the shareholders.

As per the records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

The company has neither issued any bonus shares nor any shares pursuant to contract without payment being received in cash during preceding five years. It has also not bought back any shares during these years.

## Notes Forming Part of Consolidated Balance Sheet as at 31-03-2014

(₹ in Lakhs)

	NOTE	31-Mar-14	31-Mar-13
<b>Reserve &amp; Surplus :</b>	<b>B</b>		
Opening Balance Profit & Loss		5,000.32	9,947.47
Add : Surplus for the Current Year		58.84	42.65
Less: Dividend For FY 2011-12		-	277.74
Less: Proposed Dividend		-	13.89
Less: Corporate Dividend Tax		-	47.31
Less: Transferred to General reserves		-	1,000.94
Less: Reduction in Valuation of Opening Stock		-	4,767.67
Add: Excess Provision for Taxation of Earlier Year			1,105.47
.....Sub-Total Profit & Loss		<b>5,059.16</b>	<b>4,988.03</b>
<b>General Reserves</b>			-
Opening Balance		1,000.94	1,000.94
Add: Transfer From Profit & Loss			
.....Sub-Total General Reserves		<b>1,000.94</b>	<b>1,000.94</b>
<b>Share Premium</b>			
Opening Balance		23,549.76	23,636.94
Less : IPO Expenses Written Off			87.18
Add : Share issued		7,995.66	-
.....Sub-Total Share Premium		<b>31,545.42</b>	<b>23,549.76</b>
Capital Reserve (On Consolidation)		3.52	3.52
Foreign Currency Translation Reserve		0.49	0.33
<b>Total Reserves &amp; Surplus ...</b>		<b>37,609.53</b>	<b>29,542.59</b>
<b>Long-term Borrowings</b>	<b>C</b>		
<b>Secured Loan</b>			
<b>.....Term Loan</b>			
Term loan from banks		6,274.32	5,023.60
Interest accrued but not due on Term Loan			-
( All Secured against first charge on immovable assets and second charge on movable assets of the company)			
.....Sub-Total Term loan		<b>6,274.32</b>	<b>5,023.60</b>
<b>Unsecured Loan</b>			
<b>Loans &amp; Trade Advances Recd :</b>			
Loans from directors / shareholders		4,384.00	3,736.85
Loans & Advances from company /others		6,049.48	5,364.84
Foreign Currency Convertible Bonds			21,756.00
Total UnSecured Loans ...		<b>10,433.48</b>	<b>30,857.69</b>
<b>Total Long-term borrowings</b>		<b>16,707.80</b>	<b>35,881.29</b>
<b>Deferred tax liability :</b>			
On Account of Depreciation		1,721.78	1,660.70

## Notes Forming Part of Consolidated Balance Sheet as at 31-03-2014

(₹ in Lakhs)

	NOTE	31-Mar-14	31-Mar-13
<b>Long-term provisions</b>	<b>D</b>		
For Gratuity		16.13	18.22
<b>Short-term Borrowings</b>	<b>E</b>		
<b>Secured Loan</b>			
<b>.....Bank CC/EPC</b>			
Working capital loan from banks		15,324.32	12,952.48
(All Secured against first charge on the current assets)			
.....Sub-Total Working capital Secured loan		<b>15,324.32</b>	<b>12,952.48</b>
<b>..... Unsecured Loan</b>			
WCDL from Other Banks		5,309.38	6,004.31
Director's Current A/c		192.64	164.84
.....Sub-Total Working capital Unsecured loan		<b>5,502.03</b>	<b>6,169.15</b>
<b>Total Short - term borrowings</b>		<b>20,826.35</b>	<b>19,121.63</b>
<b>Trade Payables</b>	<b>F</b>		
Creditors		31,245.53	15,886.57
<b>Other Current Liabilities</b>	<b>G</b>		
Current Maturities		11,944.13	-
Other Liabilities		2,646.73	441.03
<b>Total ...</b>		<b>14,590.86</b>	<b>441.03</b>
<b>Short- term provision</b>	<b>H</b>		
<b>Provisions</b>			
Income Tax		237.37	1,317.06
Less: Excess Provision for the Earlier Year		-	1,105.47
Unpaid Dividend		152.93	290.59
Corporate Dividend Tax Payable		47.31	47.31
FBT		1.90	1.90
Gratuity		3.63	3.78
<b>Total ...</b>		<b>443.14</b>	<b>555.16</b>

## Notes Forming Part of Consolidated Balance Sheet as at 31-03-2014

Consolidated Depreciation Schedule as per Schedule XIV of Companies Act, 1956

### Notes - "I" of Fixed Assets

(₹ in Lakhs)

SR. NO.	ASSETS	GROSS BLOCK				Dep.	DEPRECIATION AS PER SLM			NET BLOCK	
		As at 01.04.2013	Additions	Deductions	As at 31.03.14	Rate %	Up To 01.04.2013	For F.Y. 2013-14	Up To 31.03.14	As at 31.03.14	As at 31.03.13
1	LAND	55.42	-	-	55.42	0.00%	-	-	-	55.42	55.42
2	FACTORY BUILDING	7,289.24	26.40	-	7,315.64	3.34%	543.00	243.88	786.88	6,528.76	6,746.24
3	PLANT & MACHINERY	14,803.04	0.30	-	14,803.34	10.34%	2,945.37	1,530.65	4,476.02	10,327.32	11,857.67
4	LAB EQUIPMENTS	1,358.55	-	-	1,358.55	10.34%	247.81	140.47	388.29	970.26	1,110.74
5	AIR CONDITINERS	896.33	-	-	896.33	10.34%	182.41	92.68	275.09	621.24	713.92
6	FURNITURE & FIXTURES	246.66	-	-	246.66	6.33%	41.37	15.61	56.98	189.68	205.29
7	COMPUTERS	51.99	0.39	-	52.38	16.21%	20.93	8.46	29.40	22.98	31.06
8	OFFICE EQUIPMENT	105.13	-	-	105.13	6.33%	14.94	6.65	21.59	83.53	90.19
9	MOTOR CAR	31.94	-	-	31.94	9.50%	8.67	3.03	11.70	20.24	23.28
10	SOFTWARE	16.97	-	-	16.97	16.21%	4.78	2.75	7.53	9.45	12.20
	<b>SUB-TOTAL</b>	<b>24,855.29</b>	<b>27.09</b>	<b>-</b>	<b>24,882.38</b>		<b>4,009.28</b>	<b>2,044.21</b>	<b>6,053.49</b>	<b>18,828.89</b>	<b>20,846.01</b>
	<b>CAPITAL - WIP</b>	<b>16,409.09</b>	<b>1,492.13</b>	<b>-</b>	<b>17,901.22</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>17,901.22</b>	<b>16,409.09</b>
	<b>GRAND TOTAL</b>	<b>41,264.38</b>	<b>1,519.22</b>	<b>-</b>	<b>42,783.59</b>		<b>4,009.28</b>	<b>2,044.21</b>	<b>6,053.49</b>	<b>36,730.10</b>	<b>37,255.10</b>

	NOTE	31-Mar-14	31-Mar-13
<b>Non - Current Investmetns :</b>	<b>J</b>		
Unquoted :			
20,000 Shares Of Shamrao Vithal Co-Op bank Ltd		5.02	5.02
@ Rs 25 per share fully paid up valued at cost			
Other		21,038.06	0.10
<b>Total ...</b>		<b>21,043.08</b>	<b>5.12</b>
<b>Other Non Current Assets</b>	<b>K</b>		
Fixed Deposits		25.30	25.30
Other Deposits		11.49	-
<b>Total ...</b>		<b>36.79</b>	<b>25.30</b>
<b>Inventories :</b>	<b>L</b>		
( As taken, valued & certified by the Directors )			
Raw Materials		3,958.38	12,198.57
Packing Materials		30.91	38.68
Work in Progress		1.14	2,349.88
Finished Goods -Mfg		4.40	2,062.31
Trading - Stock in Transit		14,558.52	-
<b>Total ...</b>		<b>18,553.35</b>	<b>16,649.43</b>

## Notes Forming Part of Consolidated Balance Sheet as at 31-03-2014

(₹ in Lakhs)

	NOTE	31-Mar-14	2012-13
<b>Trade Receivables :</b>	<b>M</b>		
Unsecured, considered good		36,738.42	27,237.13
Considered Bad	-	4,486.20	
<b>Total Receivables</b>		36,738.42	31,723.33
Less: Bad Debts Written Off		-	4,486.20
<b>Total ...</b>		<b>36,738.42</b>	<b>27,237.13</b>
<b>Cash and Bank Balance</b>	<b>N</b>		
<b>1) Cash &amp; Cash Equivalent</b>			
<b>i) Cash</b>		28.57	32.11
<b>ii) Bank Balance</b>			
<i>a) With Scheduled bank</i>		93.58	21,136.44
<i>b) Others</i>		26.30	27.25
<i>c) Term Deposits</i>			21.81
Sub Total ...		<b>148.46</b>	<b>21,217.61</b>
<b>2) Others</b>			
Other Term Deposits With maturity Less than 12 Months		-	37.08
<b>Total ...</b>		<b>148.46</b>	<b>21,254.69</b>
<b>Short- term loans and advances :</b>	<b>O</b>		
( Unsecured Considered Good )			
Loan/ Advance to Companies		11,690.25	467.83
Loan/ Advance to Staff		0.31	81.92
MAT Credit		81.42	55.64
<b>Total ...</b>		<b>11,771.97</b>	<b>605.39</b>
<b>Other Current Assets</b>	<b>P</b>		
Deposits		-	12.87
Balance with Revenue Authorities		1267.96	1,427.26
Prepaid Expenses		36.50	23.62
Interest Receivables		-	-
<b>Total ...</b>		<b>1,304.47</b>	<b>1,463.75</b>



**Notes forming Part of Consolidated Profit & Loss Account for the year ended 31-03-2014**

(Amount in ₹ Lacs)

	NOTE	2013-14	2012-13
<b>Revenue from operations :</b>	<b>Q</b>		
Manufacturing Sales		29,453.72	51,938.09
Trading Sales		12,651.64	137.59
<b>Grand Total Sales ...</b>		<b>42,105.36</b>	<b>52,075.68</b>
<b>Other Income :</b>	<b>R</b>		
Dividend Received		0.60	-
Duty Drawback		-	8.45
Exchange Rate Difference		783.32	433.81
Interest Received		0.13	28.35
Others		3.01	0.15
<b>Total ...</b>		<b>787.06</b>	<b>470.75</b>
<b>Cost of materials consumed :</b>	<b>S</b>		
Opening Stock of R.M.and Pkg. Material		12,237.24	5,770.91
Add :- Purchases		9,959.37	46,255.29
Less : Purchase Returns and Rounding Off			-
Opening Stock + Net Purchases		22,196.62	52,026.20
Less :Closing Stock of R.M.and Pkg. Materials		3,989.29	12,237.24
Raw Material Consumed in Mfg		18,207.33	39,788.96
<b>Total Consumption of Materials</b>		<b>18,207.33</b>	<b>39,788.96</b>
<b>Purchases of Stock-in-Trade:</b>			
Purchase trading		26,935.42	97.64
<b>Changes in inventories of finished goods work-in-progress &amp; Stock-in-Trade:</b>	<b>T</b>		
Closing Stock :			
...Finished Goods -Mfg		4.40	2,062.31
...Work in Progress		1.14	2,349.88
...Trading - Stock in Transit		14,558.52	-
<b>Closing Stock - Total</b>		<b>14,564.06</b>	<b>4,412.19</b>
Opening Stock :			
...Finished Goods -Mfg		2,062.31	2,068.05
...Work in Progress		2,349.88	1,145.04
...Trading		-	
<b>Opening Stock -Total</b>		<b>4,412.19</b>	<b>3,213.09</b>
<b>Increase / ( Decrease) in Stock of FG &amp; WIP</b>		<b>10,151.88</b>	<b>1,199.10</b>

## Notes forming Part of Consolidated Profit & Loss Account for the year ended 31-03-2014

(Amount in ₹ Lacs)

	NOTE	2013-14	2012-13
<b><u>Manufacturing Expenses :</u></b>	<b>U</b>		
Coal,Fuel & Oil		275.87	315.73
Consumable		57.94	91.08
Electricity Expenses		35.80	79.50
Factory Expenses		36.24	56.81
Freight, Transport, Coolie and Cartage		13.06	25.64
Import Clearing & Forwarding Expenses		-	14.89
Labour & Hamali Expenses		99.52	153.38
Loading & Unloading Expenses		0.07	2.67
M.P.C.B. Expenses		0.10	0.10
Packing & Forwarding Expenses		0.03	0.56
Product Development Expenses		52.82	42.18
Repairs & Maintenance Expenses - Factory & Plant		5.88	70.90
Research & Development Expenses		0.00	35.70
Security Expenses		18.44	22.16
Stores,Spares & Hardware		30.25	49.92
Water Expenses		3.48	7.26
<b>Total ...</b>		<b>629.51</b>	<b>968.47</b>
<b><u>Employee benefits expense :</u></b>	<b>V</b>		
Insurance Expenses		-	-
Employers Contribution & Administration Expenses to PF		12.08	14.18
Gratuity Provision		(2.25)	7.09
Leave Encashment		-	1.41
Salaries,Wages & Bonus		398.21	492.10
Remuneration to Directors		141.75	141.75
Staff Welfare Expenses		12.53	16.04
<b>Total ...</b>		<b>562.32</b>	<b>672.57</b>
<b><u>FINANCE CHARGES :</u></b>	<b>W</b>		
Interest - on Term Loan & Cash Credit		2,910.33	2,426.71
Interest - Others		1,361.78	1,714.19
Processing & Other Charges		29.43	123.73
<b>Total ....</b>		<b>4,301.53</b>	<b>4,264.64</b>

## Notes forming Part of Consolidated Profit & Loss Account for the year ended 31-03-2014

(Amount in ₹ Lacs)

	NOTE	2013-14	2012-13
<b>Administration Expenses :</b>	<b>X</b>		
<b>Auditors Remuneration</b>			
Statutory and Tax Audit Fees		3.00	3.00
VAT Audit		1.00	1.00
Cost Audit		0.50	0.50
Books & Periodicals		0.07	0.61
Commission & Brokerage Expenses		10.99	29.52
Computer Expenses		0.03	0.99
Conference & Meeting		4.21	6.43
Conveyance Expenses		2.21	3.10
Courier Expenses		1.63	3.70
FCCB Exp		-	663.08
Donations		0.02	0.15
Electricity Expenses		5.79	5.90
Gardening Expenses		0.00	0.01
Insurance Expenses		3.67	44.53
Licence Fees		0.02	7.56
Membership & Subscription Fees		1.06	2.68
Mobile Expenses		7.67	8.35
Office Expenses		10.28	13.06
Printing & Stationary Expenses		14.63	17.93
Profession Tax Company		0.03	0.03
Professional Fees / Charges		35.81	104.82
Rates & Taxes		0.07	3.07
Rent		26.42	22.65
ROC Expenses and Franking Charges		10.33	16.86
Security Expenses		4.74	4.76
Software Expenses		0.12	0.90
Tax Expenses		7.76	2.69
Telecommunication & Internet		6.92	10.08
Vehicle Expenses & Repairs		10.37	12.11
Vehicle Hire Expenses		5.77	10.02
Website Development Expenses		4.98	2.37
Repairs & Maintenance - Office Equipment		4.40	6.42
Directors Sitting Fees		2.50	2.50
Other Expenses		5.19	12.93
<b>Total ...</b>		<b>192.16</b>	<b>1,024.32</b>

## Notes forming Part of Consolidated Profit & Loss Account for the year ended 31-03-2014

(Amount in ₹ Lacs)

	NOTE	2013-14	2012-13
<b><u>Selling Expenses :</u></b>	<b>Y</b>	-	
Advertisement Expenses		6.73	18.13
Bank Charges-International trade		1.09	3.58
Business Promotion & Marketing Expenses		4.99	43.94
Exhibition Expenses		-	4.73
Export Clearing & Forwarding Expenses		4.82	32.28
Travelling,Boarding & Lodging Expenses		2.67	41.30
Discount Allowed & ECGC Premium		24.32	7.48
<b>Total ...</b>		<b>44.63</b>	<b>151.43</b>
<b><u>Earning Per Share</u></b>	<b>Z</b>		
<b>Total operations from the year</b>			
Profit/loss after Tax		48.32	42.65
Less : Dividends on Compulsorily Convertible Participatory Preference Shares and tax thereon		-	-
<b>Net profit/(loss) for calculation of basic EPS</b>		<b>48.32</b>	<b>42.65</b>
Net profit as above		48.32	42.65
Add: Dividends on convertible preference shares & tax thereon		-	-
<b>Net profit/(loss) for calculation of basic EPS</b>		<b>48.32</b>	<b>42.65</b>
<b>Weighted average number of equity shares in calculating basic EPS</b>		14,568,668	13,887,151
Foreign Currency Convertible Bond		21,716,596	1,081,773
<b>Weighted average number of equity shares in calculating diluted EPS</b>		<b>36,285,264</b>	14,968,924
<b>Earnings Per Share</b>			
<b>(1) Basic</b>		0.33	0.31
<b>(2) Diluted</b>		0.13	0.28

Notes forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

### 1. Principles of consolidation

Investments in Consolidated Financial Statements are accounted in accordance with accounting principles as defined in AS 21 "Consolidated Financial Statements" notified by the companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements are prepared on the following basis:

- i. Subsidiary companies are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- ii. The excess of cost to the company of its investment in the subsidiary over its share of equity of the subsidiary as on the dates of investment in the subsidiary are made is recognized as "Goodwill" being an asset in the consolidated statements. Alternatively where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the company, it is recognized as "Capital Reserve" and shown under the head "Reserves and Surplus" in the consolidated financial statements.
- iii. Minorities interest in net profits of the consolidated subsidiary for the year is identified and adjusted against the income in order to arrive at the net income attributable to the Shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of contractual obligation on the minorities, the same is accounted for by the Company.
- iv. As far as possible the consolidated Financial Statements are prepared using 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 stand alone financial statements.
- v. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting dated as that of the Company i.e. year ended March 31, 2014.
- vi. As per Accounting Standard Interpretation (ASI - 15) on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or parent having no bearing on the true and fair view of the Consolidated Financial Statements need not be disclosed in the Consolidated Financial Statements.

The Consolidated Financial Statements as at and for the year ended on March 31, 2014 include the financial statements of the following entity:

Name of Consolidated Entity	Country of Incorporation	Nature of interest	Percentage of interest
Eros Pharmachem Pte. Ltd.	Singapore	Subsidiary	100%
DR. Datsons Labs Limited.	U.K.	Subsidiary	100%
AANJ Pharamalabs FZE Ltd	Dubai, UAE	Subsidiary	100%
Fair Success (H.K.) Limited	Hongkong	Subsidiary	100%

### 2. Significant Accounting Policies:

#### a. *Basis of Accounting:-*

The Financial Statements of the Company are prepared under historical cost convention and on accrual basis and in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956. Accounting policies, not specifically referred to hereunder is otherwise consistent with generally accepted accounting polices ["GAAP"].

Notes forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)

b. Fixed Assets:-

Fixed Assets are stated at cost of acquisition inclusive of non refundable duties and taxes, freight and incidental expenses, if any. Advances paid towards acquisition/construction of fixed assets outstanding at each balance sheet date and cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress.

c. Depreciation:-

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation on additions made to fixed assets during the year is provided on pro-rata basis.

d. Valuation of Inventories:-

i. Raw Materials are valued at cost or net, realizable value whichever is lower. Cost is determined by using the First In First out (FIFO) method.

ii. Semi Finished Goods (Work in progress) are valued at cost.

iii. Finished Goods:

Manufactured goods are valued at cost or net realisable value whichever is lower. Cost is determined by using the First In First out (FIFO) method. Cost includes cost of raw materials used and all the related overhead expenses.

Traded Goods are valued at cost or net realisable value whichever is lower. Cost is determined by using the First in First out (FIFO) method.

e. Revenue Recognition:-

- The Company follows the mercantile system of accounting and hence Revenue is recognized by the company on accrual basis.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is accrued at applicable interest rate.
- Export Benefits / incentives and other incomes are accounted on accrual basis except Dividend, which recognized when right to receive is established.

f. Segment Accounting

1. Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

1. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. Expenses, which relate to the Company as a whole and not allocable to segments are included under "Unallocable Corporate Expenditure".
3. Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income".
4. Segment result includes margins on inter-segment transactions, which are reduced in arriving at the profit before tax of the Company.
5. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable

Notes forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)

corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### 2. Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

### g. Accounting for Foreign Exchange Transaction:-

In accordance with Companies (Accounting Standards) Rules, 2006 the transaction in foreign exchange are accounted for at the exchange rates prevailing at the date of the transaction. In respect of the Assets and Liabilities remaining unsettled at the Balance sheet date same are translated at the closing rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date are recognized as income or expense in the period in which they arise.

Where the company uses derivative financial instruments such as forward contracts to hedge its risk associated against foreign currency fluctuations, the Gain or loss on restatement of such contracts outstanding at the balance sheet date are recognized in the profit and loss account for the year in which it occurs. The premium or discount arising at the inception of forward contracts is amortized through the profit and loss account over the period of the contract.

### h. Leases:

Lease arrangements, where the risk and rewards incidental to the ownership of asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating leases are recognized as an expense in the Profit and Loss Account. Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.

### i. Taxation:-

Tax expenses is the aggregate of current tax and deferred tax charged, as the case may be to the Profit and Loss Account for the year in accordance with Companies (Accounting Standards) Rules, 2006 and measured at the tax rate that have been enacted or substantively enacted by the Balance Sheet date.

#### I. Current Tax:

Tax on income for the current period is determined on the basis of assessable income computed in accordance with the provisions of the Income Tax Act, 1961.

#### II. Deferred Tax:

Deferred income taxes are recognized for the future tax consequences attributable to timing difference between the financial statements and determination of income for their recognition for tax purposes. The effect on deferred tax liabilities of a change in tax rates is recognized in income using the rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

### j. Contingent Liability:-

Contingent liabilities, if any, are disclosed in the Notes to Accounts. Provisions have been made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the finalization of accounts and have a material effect on the position stated in the Balance Sheet.

Notes forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended on that date.

## Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)

### k. Borrowing Cost:-

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

### 3 Notes on Accounts:

#### 3.1 Fixed assets / Capital Work- in- progress:-

The company is undertaking capital expenditure program at its Mahad and Pune Plants. An advance payment of ₹. 1,492.13 Lacs towards capital assets have been made in current year. The same is included in capital WIP. The Capital WIP stands at ₹ 17,901.22 Lacs as on 31<sup>st</sup> March 2014..

#### 3.2 Investments:-

Long Term Investments are stated at cost less provision, if any, for diminution which is other than temporary in nature. Current investments are valued at lower of cost and net realizable value.

#### 3.3 Leases:

The company has operating lease agreements, primarily for leasing office space and residential premises for its employees. Most of these lease agreements provide for cancellation by either party with a notice period ranging from 30 days to 120 days and contain a clause for renewal of lease agreement at the option of the company. There are no non-cancellable operating leases. There are no assets taken on finance lease.

#### 3.4 Default in repayment of Loans from Banks and payment of Statutory Dues :-

As reported in Pt. No. ix (b) and Pt. No. xi in Annexure to the Independent Auditors Report, it may be noted that the business of our company is growing at rapid pace. Consequently, there is substantial increase in requirement of funds for working capital. However, during past few years, our bankers have not carried out fresh appraisal/ Assessment of our Working Capital requirement. Due to non-revision of credit facilities by our bankers, there is always financial pressure on the working capital. As a result of the same, there were defaults in repayment of Borrowed Funds from banks as well as payment of Statutory Dues. However, the Management has been continuously putting its efforts in raising funds from various sources both internal as well as external and is expecting to regularize the defaults in the next financial years.

#### 3.5 Contingent Liabilities' :-

(Rs. in Lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Service Tax liability (excluding Penalties) that may arise. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.	82.09	

3.6 No commission on profits is paid at any time during the year to any of the directors of the Company.

#### 3.7 Cenvat:-

No Cenvat credit is availed in respect of finished goods manufactured and sold by the company which are exempt or free of Central Excise .Consequently duty paid on these inputs is expensed during the year. Where finished goods manufactured and sold by the company are excisable, Cenvat credit is availed on inputs used in the manufacture of such excisable goods.



Notes forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended on that date.

**Note AA: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.....)**

3.8 C.I.F. Value of Imports:-

	<u>2013-14</u> Rs. Lacs	<u>2012-13</u> Rs. Lacs
Raw Material	-	299.45
Trading Goods	6018.63	-
Capital Goods	-	26.11

3.9 Expenditure in Foreign Currency:-

	<u>2013-14</u> Rs. Lacs	<u>2012-13</u> Rs., Lacs
Travel	-	3.77
Product Development	52.82	17.92
Research and Development	-	-
License/Registration Fees	-	3.32
Lodging & Boarding	-	0.82
FCCB Expenses	-	11.72
Professional Charges	-	13.84

3.10 Earnings in Foreign exchange:-

	<u>2013-14</u> RS. Lacs	<u>2012-13</u> Rs. Lacs
FOB Value of goods exported	9640.41	7774.45

3.11 FCCB-Foreign Currency Convertible Bonds:-

The company had issued Foreign Currency Convertible Bond (FCCB) aggregating to US \$ 40 Million during the last financial year for acquisition of company overseas. During the current financial year under report FCCB aggregating to US \$ 18 Million were converted into 1,77,68,124 equity shares at conversion price of Rs. 55/- per share. Further on 15<sup>th</sup> May 2014 the company had converted FCCB amounting to US \$ 11.20 million into equity shares at conversion price of Rs. 55/- per share. Balance FCCB aggregating to US \$ 10.80 Million is included in unsecured loans under current liabilities.

3.12 Micro Small & Medium Enterprises Development Act 2006. {MSMED Act 2006}:-

The company is outside the purview of MSMED Act 2006 as the investment in Plant & Machinery is greater than 10 crores as at the end of the year.

3.13 The previous year figures have been recast / regrouped whenever necessary in order to confirm to current year's presentation.



**Attendance Slip**

8<sup>th</sup> Annual General Meeting  
**DR.DATSONS LABS LIMITED**

[CIN : L24230MH2006PLC158589]

**Registered office:** K-4/1 Additional MIDC, Mahad: 403209, Dist. Raigad, Maharashtra. Phone: +91 -2145-251123/250116  
Fax: +91-2145-250115 Website www.drdatsons.com email: info@drdatsons.com.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Date	Venue	Time
30-Sep-14	K-4/1 Additional MIDC, Mahad: 403209, Dist. Raigad, Maharashtra	03.00 P.M.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Folio No. \_\_\_\_\_ \*DP ID No. \_\_\_\_\_ \*Client ID No. \_\_\_\_\_

Name of the Member Mr./Mrs. \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxyholder Mr./Mrs. \_\_\_\_\_ Signature \_\_\_\_\_

*\* Applicable for investors holding shares in electronic form.*

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 8<sup>th</sup> Annual General Meeting of the Company held on **Tuesday, September 30, 2014 at 03.00 p.m** at K-4/1 Additional MIDC, Mahad: 403209, Dist. Raigad, Maharashtra.

\_\_\_\_\_  
**Signature of the Member/ Proxy**

*Note: Electronic copy of the Annual Report for 2014 and Notice of the 8<sup>th</sup> Annual General Meeting with the Attendance slip and Proxy form is being sent to all the members whose email id is registered with the Company/ Depository Participant unless any meeting has been requested for a hard copy of the same. Shareholders receiving electronic copy and attending the 8<sup>th</sup> Annual General Meeting can print copy of this Attendance Slip.*

*Physical copy of the Annual Report for 2014 and Notice of the 8<sup>th</sup> Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email Id is not registered or has requested for hard copy.*

8<sup>th</sup> Annual General Meeting

**DR.DATSONS LABS LIMITED**

[CIN : L24230MH2006PLC158589]

**Registered office:** K-4/1 Additional MIDC, Mahad: 403209, Dist. Raigad, Maharashtra. Phone: +91 -2145-251123/250116  
Fax: +91-2145-250115 Website www.drdatsons.com email: info@drdatsons.com.

Form No. MGT-11

**FORM OF PROXY**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) :	Email Id :
Registered Address :	Folio No. :
:	*DP Id. :
No. of Shares held :	*Client Id. :

\* Applicable for investors holding shares in electronic form.

I/We, being a member(s) of \_\_\_\_\_ shares of Dr.Datsons Labs Limited hereby appoint:

- Mr./Mrs. \_\_\_\_\_ Email Id: \_\_\_\_\_  
Address : \_\_\_\_\_  
Signature: \_\_\_\_\_
- Mr./Mrs. \_\_\_\_\_ Email Id: \_\_\_\_\_  
Address : \_\_\_\_\_  
Signature: \_\_\_\_\_
- Mr./Mrs. \_\_\_\_\_ Email Id: \_\_\_\_\_  
Address : \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8<sup>th</sup> Annual General Meeting of the Company to be held on **Tuesday, September 30, 2014 at 03.00 p.m.** at K-4/1 Additional MIDC, Mahad: 403209, Dist. Raigad, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Sl. No.	Resolutions	Number of Shares held	For	Against
<b>Ordinary Business</b>				
1	Adopt of audited Financial Statements for the financial year ended March 31, 2014 and reports of the Board of Directors and the Auditors thereon;			
2	Re-appointment of Mr. Shashikant Shinde, who retires by rotation			
3	Appointment of M/s. Agarwal Desai & Shah, Chartered Accountants, Mumbai as Auditors			
<b>Special Business</b>				
4	Appointment of Mr. Giridhar Pulleti as an Independent Director			
5	Special Resolution to authorize the Board to create mortgage/ charge for a sum not exceeding Rs.1500.00 crores			
6	Special Resolution for alteration in the Articles of Association of the Company for adoption of Table F as per Companies Act, 2013.			
7.	Ordinary Resolution for appointment of Dr. Rajendra Kamat <b>[DIN:02726340]</b> , as an Independent Director of the company.			
8.	Ordinary Resolution for appointment of Dr. Rajendra Kamat <b>[DIN: 02726340]</b> as the Non Executive Chairman of the Company			

*\*\* This is optional. Please put a tick mark (x) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all of the Resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on particular resolution, he/ she should write "Abstain" across the boxes against the Resolution.*

Signature(s) of the Member(s)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

**Notes:**

1. The Proxy to be effective should be deposited at the registered office of the company not less than Forty Eight (48) Hours before commencement of the meeting.
2. A proxy need not be a member of the company.
3. In the case of the Joint holders, the vote of the senior who tenders vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of the Members.
4. The form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the coloumns "For" or "Against" as appropriate.

*If undelivered, please return to:*

**Link Intime India Private Limited**

Registrar & Share Transfer Agent

**Unit: Dr. Datsons Labs Limited**

**(Formerly Known as Aanjaneya Lifecare Limited)**

C-13, Pannanlal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai-400078

Tel: 022- 25963838 ; Fax: 022-25946969



# DR. DATSONS LABS LTD

FORMERLY KNOWN AS AANJANEYA LIFECARE LIMITED  
ADDING GOOD HEALTH TO LIFE NATURALLY!!!  
CIN : L24230MH2006PLC158589



## FORM A

1.	Name of the Company	Dr. Datsons Labs Limited (Formerly known as Aanjaneya Lifecare Limited)
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation Un-qualified / <del>Matter of Emphasis</del>	Un-qualified
4.	Frequency of observation	Not Applicable

For Agarwal Desai & Shah  
Chartered Accountants  
Firm Registration Number: 124850W

Rishi A. Sekhri  
Partner

Membership no. 126656

For: Dr. Datsons Labs Limited

Kannan Vishwanath  
Vice Chairman & Managing Director

Place: Mumbai  
Date: 01/09/2014



For Dr. Datsons Labs Limited

Minhaj Khan  
Chairman of Audit Committee

For Dr. Datsons Labs Limited

Shashikant Shinde  
Executive Director & CFO

