

26th
ANNUAL REPORT
2010-2011



GUJARAT TERCE LABORATORIES LTD.

**BOARD OF DIRECTORS**

Shri Natwarbhai P. Prajapati
Chairman & Managing Director

Shri Amrutbhai P. Prajapati
Whole Time Director (CFO)

Shri Sureshbhai P. Prajapati
Director

Shri Gordhanbhai G. Patel
Director

Shri Kanubhai S. Patel
Director

Shri Jayantibhai S. Prajapati
Director

Shri Paresh D. Patel
Managing Director (w.e.f. 01.06.2011)

REGISTERED OFFICE/FACTORY :

122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. : Gandhinagar (N.G.)

ADMINISTRATIVE OFFICE :

301/314, Akashrath Complex, Opp. National Handloom Corporation, Law Garden,
Off. C.G. Road, Ahmedabad - 380009.

AUDITORS :

M/S. P A R Y & CO.
CHARTERED ACCOUNTANTS

SECRETARIAL AUDITOR:

Pinakin Shah & Co.
Practicing Company Secretary
C-103, Panchdhara Plaza, Satellite Road, Ahmedabad - 380015.

BANKERS :

BANK OF BARODA
Ellisbridge Branch, Ahmedabad.

REGISTRAR & SHARE TRANSFER AGENT:

Bigshare Services Pvt. Ltd.
E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka. Andheri(E), Mumbai - 400 072.

GUJARAT TERCE LABORATORIES LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty Sixth Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2011.

FINANCIAL RESULTS:

	2010-11 (Rs. in Lac)	2009-10 (Rs. in Lac)
Gross Income	3590.58	1872.42
Profit before Depreciation & Tax	90.67	48.29
Depreciation	19.17	18.74
Profit after Depreciation	71.50	29.55
Tax- Current	27.36	4.28
Deferred	0.00	12.26
Profit after tax	41.42	13.02
Profit brought forward from previous year.	62.76	49.74
Balance Carried To Balance Sheet	104.18	62.76

PERFORMANCE REVIEW

The Company has more than one business segments namely pharmaceutical formulations and metal recycling division.

PHARMACEUTICAL DIVISION:

There is a marginal decrease in sales due to restructuring of marketing setup. The restructuring yielded in better profitability and the profit of the Company was Rs 36.74 Lacs before providing for bad debts. The Company has written off Rs 88.50 Lacs recoverable from certain parties after filing legal suits against them.

METAL RECYCLING DIVISION:

The Company put up metal recycling plant to manufacture Copper Sulphate at a cost of Rs 406 Lacs which was financed through the preferential issue of warrants of Rs 400 Lacs. The commercial production commenced on 1/01/2011.

APPROPRIATIONS

The Company has not recommended any dividend and hence the Board has recommended a transfer of Rs NIL to General Reserve and an amount of Rs 41.42 Lacs has been retained in Profit and Loss Account.

LISTING OF SHARES

The Company's share continues to remain listed with The Stock Exchange, Mumbai, where the share is actively traded. Listing of 2500,000 Equity Shares of Rs 10/- each issued at a premium of Rs 6/- per share and allotted against exercise of warrants issued to promoters and non promoters on preferential basis, were listed on BSE w. e. f 25/07/2011

RIGHTS ISSUE

In the last Annual General Meeting it was proposed to issue 32,64,932 equity shares on rights basis at a premium of Rs 5/- per Equity Share. The proceeds of rights issue were to be utilized to put up a copper sulphate and detergent projects. The copper sulfate project was implemented through proceeds of 2500,000 warrants issued on a preferential basis. The Board has decided to cancel the rights issue for the time being.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis have been reviewed by the Audit Committee and the same is forming a part of this Annual Report.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a report on corporate governance along with auditors' certificate of its compliance is included as part of the annual report.



DIRECTORS

The Clause 65 of Articles of Association of the Company provide that at least two-thirds of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election.

Shri Jayantibhai Prajapati and Shri Sureshbhai Prajapati retire by rotation at the ensuing Annual General Meeting and, being eligible, offers themselves for reappointment.

Your Board at its meeting held on 28/07/2011 recommended for the approval of the Members respectively:

re-appointment of Shri Amrutbhai Prajapati as a Whole time Director, not liable to retire by rotation, of your Company, for a period of five years from 1/8//2011.

Directors at its meeting held on 28/07/2011 appointed Miss Monica Patel, Mr M. N. Singh and Mr S. P. Pareek as additional Directors who will vacate their office at the ensuing Annual General Meeting. The Company has received notices from certain members seeking their re-appointment. The Board recommends their re-appointment.

STATUTORY DISCLOSURES:

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

A. Conservation of Energy

- I. The company has not made any investment [for energy conservation] and taken any specific measures to reduce energy cost per unit. However, it intends to conserve energy for future generation.
- II. Part A pertaining to conservation of energy is applicable to the Company.

Power and fuel consumption :

I. Electricity

	<u>Current Year</u>	<u>Previous Year</u>
• Purchased		
Unit	57165	27360
Total Amount	347078	194420
Average Cost	6.07	7.11
Per unit of Production	0.0056	0.0154
• Own generation: N.A.		

NOTE: The Company has not used coal/furnace oil as fuel during the year and has not generated electricity internally.

B. Technology Absorption

There is no Research and Development activity carried out by the Company.

C. Foreign Exchange Earnings and Outgo:

The Company has earned total Foreign Exchange of Rs 6.89 Lacs by way of exports in the year 2010-11 (7.21 Lacs P.Y) and no amount was spent on import of raw material, traveling expenses and other matters.

PARTICULARS OF EMPLOYEES:

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time is nil.

HUMAN RESOURCE

The Human Resource plays an important and vital role in the growth and success of an organization. The Human Resource Development is an integral part of the Company's Corporate Philosophy. The Company is committed to provide career oriented training to its employees at all levels with an added impetus to build leaders. The company continues to have extremely cordial personnel relations.

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DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sub-Section (2AA) of Section 217 of Companies Act 1956 the Board of Directors of the Company hereby state and confirm that:

- (i) in preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year and of the profit or loss of the Company for that period;
- (iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) We have prepared the annual accounts on a going concern basis.

CASH FLOW

A Cash Flow statement for the year ended March 31, 2011 is attached to the Balance Sheet.

AUDITORS AND AUDITORS' REPORT:

The retiring Auditor M/s Pary & Co, Chartered Accountants, Ahmedabad has indicated their willingness to continue as auditor of the Company. It is proposed to reappoint M/s Pary & Co., Chartered Accountants, Ahmedabad as auditors of the Company till the conclusion of Twenty Sixth Annual General Meeting. The Company has received certificate from auditor to the effect that the reappointment if made, would be within prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

EXPLANATION TO COMMENTS OF AUDITORS' REPORT:

The auditors have qualified their report in respect of retirement benefits, foreign currency transaction and doubtful debts.

- a) The gratuity liability could not be worked out since company is not having the availability of actuary services.
- b) The management has not considered the profit of exchange rate fluctuation under the principles of conservatism.
- c) The provision for bad & doubtful debt is not made as the matters are under dispute.
- d) The Company has not disclosed the total outstanding dues of Small & Micro Enterprises due to unavailability of data.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public.

INSURANCE

The Company's assets are adequately insured against major risks.

ACKNOWLEDGMENTS:

The Board expresses their appreciation for continued co-operation and support extended to the Company by Bank of Baroda and customers. The Board also thanks the Medical Profession, the Trade and Consumers for their patronage of the Company's products. The Board also records its deep appreciation of the creditable services rendered by the Company's employees at all levels.

For and on behalf of the Board of Directors

28th July, 2011

Registered office:

122/2, Ravi Estate,

Bileshwarpura, Chhatral Dist: Gandhinagar

Shri N.P. Prajapati

Managing Director



MANAGEMENT DISCUSSION & ANALYSIS

This Report includes discussion on the following matters within the limits set by the Company's competitive position:

INDUSTRY STRUCTURE & DEVELOPMENT

The Indian pharmaceutical industry currently ranks 3 in terms of volume of production (10% of global share) and 14 by value. India's Domestic Pharma Market offers immense potential, which is currently, valued at approximately 48,239 crores, reflecting strong growth of 15.3% for the twelve months ending March 2011. (IMS MAT March, 2011). As per the latest report of Pricewaterhouse Coopers (PwC) - 'India's Pharma Inc: Capitalising on India's growth potential', estimates that over the next 10 years, domestic market will grow to US\$ 49 billion @ CAGR of 15%, with the potential to reach US\$ 74 billion @ CAGR of 20%, if aggressive growth drivers kick in.

One of the drivers behind this potential growth expectation is that India's pharmaceutical industry has a favorable macro environment to grow in.: Indian economy has rebounded from the global economic downturn, with real gross domestic product (GDP) growth reaching 10.4% in 2010 (IMF World Economic Outlook April, 2011). Presently around 67% of India's population or 742 million people live in rural areas, but rural markets contribute to only 17% of the overall pharma market's sales. Further, this penetration represents a huge opportunity for the pharmaceutical companies to expand in the rural markets which are expected to be the growth drivers for the domestic pharma industry in the coming years.

Your company is considering shifting manufacturing facilities of copper sulphate from Kalol to some other place due to negative policy of Government of Gujarat on industries within the five kilometer radius of city population.

OPPORTUNITIES

- Aging of the world population.
- Growing incomes.
- Growing attention for health.
- New diagnoses and new social diseases.

THREATS

- Containment of rising health-care cost.
- High Cost of discovering new products and fewer discoveries.
- Stricter registration procedures.
- High entry cost in newer markets.
- High cost of sales and marketing.

SEGMENT WISE REPORTING:

Pharmaceutical Division:

Sales:

The total sales amounted to 1833.79 Lacs in comparison to 1854.79 Lacs during the previous year. The marginal decrease in sales from previous year is due to restructuring of marketing setup.

Profit before tax and interest:

The profit/ (loss) before tax and interest but after writing off bad debts of Rs 88.50 Lacs amounted to (11.52) Lacs. The profit for the last Year was 48.83 Lacs as no bad debts were written off during the previous Year.

Employees Cost:

The Employees cost was Rs 422.58 lacs in comparison to 334.28 Lacs in the previous Year. The increase in employees cost is due to normal increments/promotions.

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Metal Division:

The commercial production of the division started in 2011 only. So no previous figures are available.

Sales:

The total sales of the division amounted to 1754.42 lacs.

RISK & CONCERNS

The Company has adopted risk management approach with an objective to balance risk & cost. The policy lays down a detailed structure for risk management & control in the company. There are few risk factors that are relevant to the business of your Company. The Company operates in a highly regulated industry & must comply with a broad range of dynamic regulatory controls, particularly in the regulated markets.

INTERNAL CONTROL SYSTEM

The Internal Control System of the Company is adequate. The Company has set up detailed systems & procedure in all-important areas which act as guideline to its employees. The recommendations of the auditors on the efficacy of the internal control are implemented. Audit committee constituted by the Board of Directors continuously reviews the reports of the internal audit team. The shortcomings observed in the system are regularly monitored for corrections as well as prevention.

CAUTIONARY STATEMENT

Statement in the Management Discussion & Analysis Report describing the Company's objective, expectations or predictions may be forward looking within the meaning of applicable Securities Laws & Regulations. Actual performance may differ from those expressed or implied depending upon the economic conditions, the Government Policies & the other incidental/related factors.



REPORT ON CORPORATE GOVERNANCE

(As required by clause 49 of the Listing Agreement with the stock exchange)

MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

Your Company is committed to achieve and maintain highest standards of corporate governance on a sustained basis so as to be an exemplary corporate citizen. It believes that corporate governance is not a destination but a continuous journey with an upward moving target. It firmly believes that good corporate governance does not mean a mere drafting a code of corporate governance but practicing it in the true spirit. The Company ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness, trusteeship and accountability. Its actions are aligned and resources leveraged with a view to become one of the most valued and respected companies.

All mandatory requirements as also a few non-mandatory requirements prescribed by Clause 49 of the Listing Agreement have been implemented by the Company. Non-mandatory requirements such as formation of Remuneration Committee and Whistle Blower Policy have been implemented. Codes of business conduct, adopted by the directors and senior management personnel, are posted on the website of the Company (www.gtll.in).

All board members and senior management personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2011. In terms of Clause 49 (I) (D) of the Listing Agreement, the Managing Director has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Managing Director and President - Finance & Planning have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

2. BOARD OF DIRECTORS

COMPOSITION OF BOARD:

The strength of the Board as on March 31, 2011 was six, of which, two are executive promoter directors, one is a non-executive promoter director and three are independent directors. The requisite particulars are given below: -

Directors	Category	Attendance Particulars			Other Committee Membership	
		Board Meeting	Last AGM	Other Directorships	Member	Chairman
Shri Natwarbhai P. Prajapati	CM & MD Executive	10	YES	NIL	NIL	NIL
Shri Sureshbhai P. Prajapati	DIR-NON IND	10	YES	NIL	NIL	NIL
Shri Amrutbhai P. Prajapati	WTD-FINANCECFO	10	YES	NIL	NIL	NIL
Shri Kanubhai S. Patel	DIR-IND	10	YES	NIL	NIL	NIL
Shri Gordhanbhai G. Patel	DIR- IND	10	YES	NIL	NIL	NIL
Shri Jayantibhai S. Prajapati	DIR-IND	10	YES	NIL	NIL	NIL

CM- Chairman, DIR-IND- Director Independent, MD- Managing Director, DIR-NON IND- Director Non Independent, WTD- Whole Time Director.

BOARD MEETINGS

The Board of Directors oversees management performance in order to ensure adherence to highest standards of corporate governance. The Board evaluates the strategic direction, management policies and their effectiveness and provides guidance and leadership to the management in achieving set goals. Board meeting dates are finalised in consultation with all directors. The Board is regularly apprised about important business related information and developments. Board members express opinions and bring up matters for discussion at its meetings. Board meeting minutes are circulated to all Directors in advance and confirmed at the subsequent Board meeting. Copies of signed minutes of the various Committees of the Board and Board meetings of subsidiaries of the Company are tabled at Board meetings.

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DETAILS OF BOARD MEETINGS

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board meetings are held atleast once every quarter and the time gap between two meetings is not more than four months. During the year, ten Board Meetings were held.

Date of Meeting	No. of Directors Present
29/05/2010	6
29/06/2010	6
12/07/2010	6
30/07/2010	6
13/10/2010	6
26/10/2010	6
19/01/2011	6
28/01/2011	6
04/02/2011	6
21/02/2011	6

3. AUDIT COMMITTEE

The Audit Committee comprises of following members:

Name	Position	Category	Attendance
Shri Jayantibhai S Prajapati	Chairman	Non executive Chairman Independent Director	4
Shri Kanubhai S Patel	Member	Non executive Independent Director	4
Shri Gordhanbhai G Patel	Member	Non executive Independent Director	4

The Audit Committee was re constituted as under in the Board meeting held on 28/07/2011:

Name	Position	Category
Shri M.N. Singh	Chairman	Non executive Chairman Independent Director
Shri Jayantibhai Prajapati	Member	Non executive Independent Director
Shri S. P. Pareek	Member	Non executive Independent Director

Compliance officer acts as the Secretary of the Committee. All the members of the Audit Committee are financially literate. The Chairman of the Committee attended the last Annual General Meeting of the Company held on August 13th, 2010. The meetings of the Audit Committee are attended by the finance head, representatives of accounts, statutory and internal auditors. The Audit Committee addresses matters pertaining to appropriateness of audit tests and checks, reliability of financial statements, adequacy of provisions for liabilities and internal controls. The Committee lays emphasis on adequate disclosures and compliance with all relevant statues. The Committee performs the functions enumerated in Clause 49 of the Listing Agreement, Section 292A of the Companies Act, 1956 and duties cast upon from time to time by the Ministry of Corporate Affairs through its circulars and notifications. The matters deliberated upon by the Committee include:-

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. Recommending to the Board, the appointment of statutory auditors, fixation of audit fees and approval of payments for any other services rendered by them. Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval with particular reference to: - matters required to be included in the Directors' Responsibility Statement 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 financial



statements; disclosure of related party transactions; and qualifications in the draft audit report, if any. Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, its staffing, reporting structure, coverage and frequency of audits. Discussion with the internal auditors significant findings and follow-up thereon. Reviewing the findings of internal auditors and reporting them to the Board. Discussion with statutory auditors before the audit commences about the nature and scope of audit as also post-audit discussion to ascertain areas of concern.

Details of Audit Committee Meetings:

The Audit Committee met four times during the year under review on 29/6/10, 30/7/10, 26/10/10 & 28/1/11 and was attended by all members.

4. REMUNERATION OF DIRECTORS

The Remuneration Committee comprised of following members:

Name of The Director	Position	Category
Shri Jayantibhai S Prajapati	Chairman	Non Executive Independent Chairman
Shri Kanubhai S Patel	Member	Independent- Non Executive
Shri Gordhanbhai G Patel	Member	Independent- Non Executive

The Remuneration Committee was re constituted as under in the Board meeting held on 28/07/2011

Name of The Director	Position	Category
Shri S. P. Pareek	Chairman	Non Executive Independent Chairman
Shri Jayantibhai Prajapati	Member	Independent- Non Executive
Shri M. N. Singh	Member	Independent- Non Executive

The Committee performs functions enumerated in Clause 49 of the Listing Agreement as also Schedule XIII of the Companies Act, 1956 and recommends to the Board the remuneration payable to executive directors. The Committee recommends the remuneration package after considering factors such as experience, expertise, position, responsibilities to be shouldered by the individual, leadership qualities, the volume of Company's business and profits earned by it. Presently, the company does not have a scheme for grant for stock option or performance-linked incentives for its Directors.

Details of Remuneration Committee Meetings:

The Remuneration Committee met on 25/10/2010 and 31/12/2010 during the year under review and was attended by all members.

5. SHAREHOLDERS/INVESTOR'S GRIEVANCES COMMITTEE

The Investors' Grievances Committee comprises three directors, namely Shri Jayantilal Prajapati, Shri Kanubhai Patel and Shri Gordhanbhai Patel. Meetings of the Investors' Grievances Committee are also attended by the head of Investors' Services Department. The Committee oversees functioning of the Investors' Services Department covering all facets of the operations including transfer of shares in physical form, dematerialisation of shares and activities related to dividend and depository operations. The Committee also closely monitors investor grievance redressal system of the department. Your Company received and resolved 7(seven) complaints from shareholders during the year. As on March 31, 2011, no complaints remained pending/un-attended and no share transfers remained pending for over 30 days, during the year.

Details of the Investors' Grievances Committee Meetings

It met 24 times during the year on 15/04/2010, 30/04/2010, 15/05/2010, 31/05/2010, 15/06/2010, 30/06/2010, 15/07/2010, 30/07/2010, 16/08/2010, 31/08/2010, 15/09/2010, 30/09/2010, 13/10/2010, 26/10/2010, 15/11/2010, 30/11/2010, 15/12/2010, 31/12/2010, 15/01/2011, 28/01/2011, 15/02/2011, 28/02/2011, 15/03/2011, 31/03/2011 during the year and approved transfer of equity shares.

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6. DETAILS OF LAST THREE ANNUAL GENERAL MEETING

Meeting	Year	Venue of AGM	Date	Time	No. of Special Resolution Passed
23rd AGM	2007-2008	122/2 Ravi estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	30/09/08	10.00 a.m.	1
24th AGM	2008-2009	122/2, Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	30/09/09	10.00 a.m.	1
25th AGM	2009-2010	122/2, Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	13/08/10	10.00 a.m.	2

Business to alter object clause of the Memorandum of Association was required to be transacted through postal ballot at 25th Annual General meeting. No business is required to be transacted through postal ballot at the forthcoming Annual General Meeting.

7. DISCLOSURE

During the year under review, there were no materially significant related party transactions between the Company and its promoters, directors, management or their relatives, etc. which may have potential conflict with the interests of the Company. Statements of transactions in summary form with related parties in the ordinary course of business and material individual transactions with related parties, which were not in the normal course of business, were placed at meetings of the Audit Committee. The Audit Committee reviews statements of related party transactions submitted by the management. Details of transactions in which Directors are interested are recorded in the Register of Contracts maintained pursuant to the provisions of Section 301 of the Companies Act, 1956 and the same is placed at Board meetings and is signed by the Directors present. In compliance with Accounting Standard AS 18, details of related party transactions are disclosed in the notes to accounts that form part of the balance sheet and profit and loss account.

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

8. MEANS OF COMMUNICATION QUARTERLY RESULTS:

Quarterly and annual financial results of the Company are submitted to the stock exchanges immediately after the Board approves them. Thereafter, the same are published in English (The Economic Times, Ahmedabad) and Gujarati (Economic Times, Ahmedabad edition) newspapers. Disclosures pursuant to various clauses of the Listing Agreement are promptly communicated to the stock exchanges. No formal presentation was made to the institutional investors or to the analysts during the year under review. Management Discussion and Analysis forms Part of the annual report, which is posted to the shareholders of the company.

9. GENERAL SHAREHOLDER INFORMATION:

1. Exclusive email id for investor grievances

Pursuant to Clause 47 (f) of the Listing Agreement, the following email id has been exclusively designated for communicating investor grievances: investors@gtll.in

2. Person in-charge of the Department : Mr Rajesh Prajapati

3. Annual General Meeting

The 26th Annual General Meeting will be held at 03:30 p.m. on Wednesday, September 07, 2011, at 122/2 Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar.

4. Financial Calendar

First quarter results : July 2011
Second quarter results : October 2011
Third quarter results : January 2012
Annual results : April/May 2012
Annual General Meeting : August/September 2012

5. Book Closure

The Register of Members and the Share Transfer Register will remain closed from Tuesday, 30/08/2011 to Wednesday, 07/09/2011 (Both days inclusive).



6. **Dividend Payment Date** : Not Applicable

7. **Shares Listed At**

The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai Samachar Marg, Mumbai - 400 001.

8. Annual Listing fees for the year 2011-12 have been paid to stock exchanges. The Company has also paid the Annual Custodial fees to both the depositories.

9. **Stock Codes**

The stock codes of the Company is : 524314

10. **International Securities Identification Number (ISIN)**

ISIN is a unique identification number allotted to dematerialised scrip. The ISIN has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN of the equity shares of the Company is INE499G01013.

11. **Corporate Identity Number (CIN)**

CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India:

L28112GJ1985PLC007753

12. **High/Low of monthly Market Price of the Company's Equity Shares Traded on the Mumbai Stock Exchanges during the financial year 2010-11 is furnished below:**

Month	High	Low
April-10	14.65	11.73
May-10	13.59	10.00
June-10	18.10	9.75
July-10	17.45	13.65
August-10	15.00	12.55
September-10	14.40	12.00
October-10	14.90	12.12
November-10	16.00	12.60
December-10	19.40	11.47
January-11	22.40	15.40
February-11	19.00	14.90
March-11	17.95	13.10

13. **EVOLUTION OF CAPITAL**

Particulars of Equity shares issued by the Company:

Year of issue	Allotment of shares	Total issued Capital at the end of financial year(no of shares)
1985	20	20
1989	10	30
1990	12470	12500
1992	850300	975300
1993	2920000	3895300
2008	1025000	4920300
2011	2500000	7420300

14. **Share Transfer System**

Company's shares in dematerialised form are transferrable through depositories. Shares in physical form are transferred by the Registrar & Transfer Agent and placed before the Share Transfer Committee for its approval. The Investor Grievance

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Committee meets at a regular interval to consider and approve the transfer, transmission, issuance of duplicate / consolidated / sub-divided share certificates and requests for dematerialization / rematerialisation of Company's shares.

In terms of Clause 47 (c) of the Listing Agreement, every six months, a qualified Practising Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the stock exchange.

Distribution of Shareholding (as on March 31, 2011) a on the basis of Share held

a On the basis of Shares held

	Balance	PHYSICAL Holders	SHARES	D-MAT Holders	SHARES	TOTAL Holders	%	TOTAL Shares	%
1	500	10609	1209350	3283	516355	13892	95.19	1725705	23.26
501	1000	112	95800	261	228412	373	2.56	324212	4.37
1001	2000	21	34000	128	202899	149	1.02	236899	3.20
2001	3000	3	7600	44	108975	47	0.32	116575	1.57
3001	4000	3	10100	26	92946	29	0.20	103046	1.39
4001	5000	3	14200	19	90800	22	0.16	105000	1.41
5001	10000	0	0	51	363541	51	0.35	363541	4.90
10001	9999999	0	0	31	4445322	29	0.20	4445322	59.90
		10751	1371050	3843	6049250	14594	100	7420300	100

b. On the basis of category

Category	No. of Shares Held	% to total Shares held
Promoters	2598000	35.01
Private Corporate Bodies	1556167	20.97
Individual	3262536	43.97
N. R. I.	3597	0.05
TOTAL	7420300	100.00

16. Dematerialisation Of Shares And Liquidity

Shares of the Company are traded compulsorily in dematerialised form and are available for trading with both the depositories with whom the Company has established direct connectivity. The demat requests received by the Company are continually monitored to expedite the process of dematerialisation. The demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed demat requests for 32800 equity shares. As on March 31, 2011, 81.52% of the total shares issued by the Company were held in dematerialised form.

17. Code Of Conduct For Prevention Of Insider Trading

The Company has adopted a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, for prevention of insider trading in shares of the Company.

The Code of Conduct is implemented diligently mandating initial and continual disclosures from the senior officials, directors and auditors of the Company upon trading in the shares of the Company. The Code also restricts specified employees to deal in the shares of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company.

The transactions of the insiders in the shares of the Company are subjected to trading window closures, pre-clearance of trades etc. as envisaged in the Code. The Code has been disseminated through the Company's intranet for easy access to the employees and is updated from time to time.



18. Reconciliation Of Share Capital Audit Report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practising Company Secretary for reconciliation of share capital of the Company.

The audit report inter alia covers and certifies that the total shares held in NSDL, CDSL and those in physical form tally with the issued and paid-up capital of the Company, the Register of Members is duly updated, demat requests are confirmed within stipulated time etc. The Reconciliation of Share Capital Audit Report is submitted with BSE and is also placed before the meetings of the Board of Directors and the Investors' Grievances Committee.

19. Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-11

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2011.

20. Plant Locations

122/2 & 3, Ravi Estate, Bileshwarpura, Chattral Dist: Gandhinagar.

21. Address for Correspondence

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

(1) All enquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

301 & 314 Akashrath Complex, Opp National Handloom House, C.G Road, Navrangpura, Ahmedabad – 380009
E-mail : gujtercead1@sancharnet.in or ho@gujaratterce.com or investors@gtll.in

(2) Bigshare Services Private Limited

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri (E), Mumbai, 400072.

Tel: 91-22-2847 0652 | 40430200 | 2847 0653 Fax: 91-22-2847 5207 E-mail: marketing@bigshareonline.com

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of Gujarat Terce Laboratories Limited

We have examined the compliance of the conditions of corporate governance by Gujarat Terce Laboratories Limited ("the Company") for the year ended on March 31, 2011, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management.

Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned listing agreements.

We 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.

Place : Ahmedabad
Date : 29th June, 2011

Pinakin Shah
Practising Company Secretary
F.C.S. 2562, C.P. No 2932

DECLARATION PURSUANT TO CLAUSE 49 1 (D) (ii) OF THE LISTING AGREEMENT

In accordance with Clause 49 1(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended March 31, 2011.

For and behalf of Board of Directors

Place : Ahmedabad
Dated : 28/07/2011

(N. P. Prajapati)
Managing Director

GUJARAT TERCE LABORATORIES LTD.

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

We, Shri N. P. Prajapati, Managing Director (CEO) and Shri A. P. Prajapati, Chief Financial Officer (CFO) do hereby certify to the Board that:

- a) We have reviewed the Balance Sheet as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
 - i) the said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year, if any;
 - ii) 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
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Gujarat Terce laboratories Limited

N. P. Prajapati (CEO)
Ahmedabad, July 28, 2011

For Gujarat Terce laboratories Limited

A. P. Prajapati (CFO)
Ahmedabad, July 28, 2011



AUDITORS' REPORT

To,
The Members,
Gujarat Terce Laboratories Limited
Ahmedabad

We have audited the attached Balance Sheet of Gujarat Terce Laboratories Limited as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the **Annexure A** Statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
- ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of such books.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the Books of Account.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read in conjunction with the notes on accounts, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 **except for Note No. 1 c & 1 j of Schedule R.**
- v) On the basis of the written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to :
 - a) **Note No. 1 c of Schedule "R" regarding accounting for retirement benefits on cash basis.**
 - b) **Note No. 1 j of Schedule "R" regarding exchange rate fluctuation of foreign currency transactions.**
 - c) **The Company has not considered provision for bad & doubtful debts to the tune of Rs. 15,01,563, which are outstanding for more than 10 years from export sales of the company.**
 - d) **Note No. 12 of Schedule "R" regarding Not disclosing the total outstanding dues of Small & Micro Enterprises.**

read together with the notes thereon, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
- ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
- iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For, P A R Y & Co.
Chartered Accountants
FRN - 007288C

(Sushil Goenka)
Partner
M.No. 115465

Date : 30.05.2011
Place : Ahmedabad

GUJARAT TERCE LABORATORIES LTD.

Annexure to Auditor's Report of even date on the accounts for the year ended 31st March, 2011 of Gujarat Terce Laboratories Limited

1. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification program which, in our opinion, is reasonable looking to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c. The Company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
2. a. As explained to us, inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have, however, been confirmed by them. In our opinion, the frequency of verification is reasonable.
b. The procedures explained to us, which were followed by the management for physical verification of inventories, are in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
c. On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.
3. a. The Company has not given any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clauses (iii)(b),(c) and (d) of the Order are not applicable.
b. The Company has taken interest free unsecured loans from the two Directors which is not prejudicial to the interest of the company. Maximum balance outstanding during the year is Rs. 4.83 lacs while the year end balance is Rs. 4.83 lacs.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods. During the course of our audit, no major weakness in internal control has come to our notice.
5. a. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that the transactions in which directors were interested and which were required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has not entered into any transactions exceeding the value of Five Lacs Rupees in respect of any party during the year that need to be entered in the Register in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public and thus, paragraph 4(vi) of the said order is not applicable
7. In our opinion, the company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
9. a. The company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it, **except in few cases there has been delay in depositing such dues.** According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.



- b. According to the information and explanation given to us, the dues outstanding of sales tax, income tax, customs duty, wealth tax, excise duty and cess on any account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount of disallowance (Rs. in lacs)	Period to the amount Relates	Forum where dispute is pending
Gujarat Sales Tax	Reg Assesment	Rs. 466886	A.Y.2003-04	Dep.CommOf Sales Tax (Appeals)
Gujarat Sales Tax	Reg Assesment	Rs. 1068607	A.Y.2004-05	Dep.CommOf Sales Tax (Appeals)

10. The Company has neither accumulated losses at the end of the financial year nor has incurred cash losses in the financial year under report and in the immediately preceding financial year.
11. On the basis of the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and any other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order are not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order are not applicable to the company.
15. According to information and explanations given to us and the representations made by the management, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. The company issued 25 Lakhs share warrants convertible in to equity shares of Rs 10/- each at the price of Rs 16/- to promoters and others covered in the register maintained under section 301 of the Companies Act on preferential basis during the year under review. Here mentioned share warrants were converted in to the share capital subsequent to the issue but before the end of year under review.
- The price of Rs 16/- at which shares have been issued is in the accordance with the pricing norms prescribed by the SEBI (Disclosure and investor protection) guidelines, 2000 and on this basis we conclude that prices of the shares issued is not prejudicial to the interest of the company.
19. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.
20. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the course of our audit during the year.
21. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided in the Notes on accounts.

For, P A R Y & Co.
Chartered Accountants
FRN - 007288C

(Sushil Goenka)
Partner
M.No. 115465

Date : 30.05.2011
Place : Ahmedabad

GUJARAT TERCE LABORATORIES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2011**

Particulars	Schedule	As at 31.03.2011		As at 31.03.2010	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. SHAREHOLDER'S FUND					
(a) Share Capital	A	74203000		48995200	
(b) Reserves & Surplus	B	29594368		10451818	
			103797368		59447018
2. DEFERRED TAX LIABILITY (NET)			3395930		3573843
3. LOAN FUNDS					
(a) Secured Loans	C	24154509		22020615	
(b) Unsecured Loans	D	8732865		8732865	
			32887374		30753480
TOTAL			140080672		93774341
II APPLICATION OF FUNDS					
1. FIXED ASSETS					
(a) Gross Block	E	78506061		36996189	
(b) Less : Depreciation		22799364		21015534	
(c) Net Block			55706697		15980655
2. INVESTMENTS	F		500		500
3. CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	G	43881651		32023727	
(b) Sundry Debtors	H	96251005		59675567	
(c) Cash & Bank balances	I	23620907		4478053	
(d) Loans & Advances	J	39804688		18822548	
			203558251		114999895
Less : Current Liabilities & Provisions	K		121106166		40407279
Net Current Assets			82452085		74592616
4. Miscellaneous Expenditure	L		1921390		3200570
TOTAL			140080672		93774341
Significant Accounting Policies & Notes on Accounts	R				

As per our Audit Report of even date attached
For P A R Y & CO.

Chartered Accountants
FRN-007288C

(Sushil Goenka)
Partner

Mem. No. 115465
Date : 30-05-2011
Place : Ahmedabad

For and on behalf of the Board of Directors
Gujarat Terce Laboratories Limited

N. P. Prajapati
Chairman & M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For the year ended 31.03.2011		For the year ended 31.03.2010	
		Rs.	Rs.	Rs.	Rs.
I INCOME :					
Sales & Other Income	M		359058909		187241601
Increase/ (Decrease) in Stock	N		8758519		-14815540
TOTAL			367817428		172426061
II EXPENDITURE :					
Purchases			189900172		60576130
Consumption of Raw Materials	O		50840365		9218295
Manufacturing & Other Expenses	P		114163572		93493044
Interest & other Finance charges	Q		3845955		4310037
TOTAL			358750064		167597506
Profit before Depreciation & Tax			9067364		4828556
Less : Depreciation	E		1917039		1873552
Profit after Depreciation but before Tax			7150325		2955004
Less : Current Tax		2736560		427500	
Excess/Less Provision of Income Tax of PY		449128	3185688	0	427500
Deferred Tax Liability			-177913		1225605
Profit after Taxation			4142550		1301899
Balance of profit			4142550		1301899
Profit Brought forward from last year			6276186		4974287
Amount available for appropriation			10418736		6276186
Surplus carried to Balance Sheet			10418736		6276186
Earning per Share (Basic & Diluted)			0.558		0.265
Significant Accounting Policies & Notes on Accounts	R				

As per our Audit Report of even date attached
For P A R Y & CO.

Chartered Accountants
FRN-007288C

(Sushil Goenka)
Partner

Mem. No. 115465
Date : 30-05-2011
Place : Ahmedabad

For and on behalf of the Board of Directors
Gujarat Terce Laboratories Limited

N. P. Prajapati
Chairman & M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director

GUJARAT TERCE LABORATORIES LTD.**SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE A		
SHARE CAPITAL		
AUTHORISED		
11000000 Equity shares of Rs. 10 each	110000000	50000000
ISSUED, SUBSCRIBED & PAID UP		
74,20,300 (Previous year 49,20,300 Equity shares of Rs. 10 each) Equity shares of Rs. 10 each	74203000	49203000
Less : Call in arrears	0	207800
TOTAL	74203000	48995200
SCHEDULE B		
RESERVES & SURPLUS		
Profit & Loss Account	10418736	6276186
Investment Subsidy	438458	438458
General Reserve	3737174	3737174
Share Premium	15000000	0
TOTAL	29594368	10451818
SCHEDULE C		
SECURED LOANS		
Bank of Baroda - Cash Credit	23785019	21708679
Bank Of Baroda (T/L)	0	311936
(Secured by way of Equitable mortgage of Land & Building, Office premises and hypothecation of all the existing and future movable machineries, Stock and Book Debts of the Company. Also secured by personal guarantee of the Directors Shri N.P. Prajapati, Shri A.P.Prajapati and Shri S.P.Prajapati. It is further secured by the equitable mortgage of residential bungalow of Director Shri N.P. Prajapati)		
ICICI Car Finance	369490	0
TOTAL	24154509	22020615
SCHEDULE D		
UNSECURED LOANS		
From Directors (Maximum outstanding during the year Rs. 482865/-, Previous year Rs. 1127865/-)	482865	482865
From Others	8250000	8250000
TOTAL	8732865	8732865



**SCHEDULE E
FIXED ASSETS**

Particulars	Gross Block					Depreciation				Net Block	
	Rate	Op. Bal. as on 01.04.10	Addition during the year	Sales / subsidy dur.the year	Balance as on 31.03.11	Op. Bal. as on 01.04.10	Prov. During the year	Dep. write off back	Balance as on 31.03.11	As on 31.03.11	As on 31.03.10
Factory Land		309909	15980120	0	16290029	0	0	0	0	16290029	309909
Factory & Building	3.34%	10037058	4510105	0	14547163	4470798	0	372898	4843696	9703467	5566260
Office Building	1.63%	250030	0	0	250030	83560	0	4075	87635	162395	166470
Vehicles	9.50%	1197119	611728	0	1808847	1154679	0	143486	1298165	510682	42440
Laboratory Equipments	4.75%	3207489	0	0	3207489	2364654	0	152356	2517010	690479	842835
Electric Installation	4.75%	1979387	0	68839	1910548	1477060	48876	90751	1518935	391613	502327
Machineries	4.75%	11322813	20434441	0	31757254	6784044	0	763079	7547123	24210131	4538769
Furniture	6.33%	3532866	30700	0	3563566	860394	0	225308	1085702	2477864	2672472
Block & Design	4.75%	3289230	0	0	3289230	2056192	0	156238	2212430	1076800	1233038
Computer	16.21%	1636725	95950	0	1732675	1601239	0	8848	1610087	122588	35486
Communication Appliances	4.75%	162913	0	84333	78580	162913	84333	0	78580	0	0
Sterlin Resort (Time Share)		70650	0	0	70650	0	0	0	0	70650	70650
Total		36996189	41663044	153172	78506061	21015534	133209	1917039	22799364	55706697	15980655
Previous Year		34238637	2757552	0	36996189	19141982	0	1873552	21015534	15980655	15096655

As at
31.03.2011
Rs.

As at
31.03.2010
Rs.

**SCHEDULE F
INVESTMENTS**

Samir Members Association	500	500
TOTAL	500	500

**SCHEDULE G
INVENTORIES**

(As Valued, Verified and certified by the management of the Company)

Raw Material (At Cost)	2960763	1283188
Advertisement Article Stock (at cost)	12213153	11820154
Stock in Process (at estimated cost)	530986	417018
Finished Goods (at cost or realisable value whichever is lower)	25205140	16560589
Stores, Spares & Other items (At cost)	2971609	1942778
TOTAL	43881651	32023727

GUJARAT TERCE LABORATORIES LTD.

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE H		
<u>SUNDRY DEBTORS</u>		
(Unsecured but considered good)		
- Outstanding for more than 6 months	15976760	41374826
- Outstanding for less than 6 months	80274245	18300741
TOTAL	96251005	59675567
SCHEDULE I		
<u>CASH & BANK BALANCES</u>		
Cash on hand	476937	713041
Balances with Schedule Bank		
(a) In Current Account	19225623	9436
(b) In Fixed Deposit	3022473	2859702
(c) In Share Issue Account	888406	888406
(d) In Foreign Currency Account	7468	7468
TOTAL	23620907	4478053
SCHEDULE J		
<u>LOANS & ADVANCES</u>		
(Unsecured but considered good)		
Advances recoverable in cash or in kind or for value to be received	37599658	9147384
Staff Loan	1239022	8773531
Service Tax on Expense	212496	
Deposit	730823	328298
Advance Tax (Direct And Indirect)	4603	8799
TDS Recivable	18086	564536
TOTAL	39804688	18822548
SCHEDULE K		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
Due to Micro and Small Enterprises	109123838	35061488
Sundry Creditors other than Micro and Small Enterprise	0	0
Sundry Creditors for capital goods	500000	0
Duties And Taxes	1247391	1547753
Provision for taxes	2736560	427500
Other Provisions	915230	654899
Other Liabilities	6583147	2715639
TOTAL	121106166	40407279
SCHEDULE L		
<u>MISCELLANEOUS EXPENDITURE (To the extent not w/off)</u>		
Preliminary Expense	612000	
Deferred Revenue Expenditure	1309390	3200570
	1921390	3200570



For the
Year Ended
31.03.2011 Rs.

For the
Year Ended
31.03.2010 Rs.

SCHEDULE M
SALES & OTHER INCOME

Domestic Sales	358131297	178894762
Export Sales	689934	720944
Commission Income	0	5493379
Rate difference	50699	369296
Profit on Sale of Office Work inProcess	0	1475190
Profit on sale of capital items	2500	0
Interest	184479	279393
Dividend Income	0	8637
TOTAL	359058909	187241601

SCHEDULE N
INCREASE / (DECREASE) IN STOCK

Work in Process		
Closing Stock	530986	417018
Less : Opening Stock	417018	9944
	113968	407074
Finished Goods		
Closing Stock	25205140	16560589
Less : Opening Stock	16560589	31783203
	8644551	-15222614
TOTAL	8758519	-14815540

SCHEDULE O
CONSUMPTION OF RAW MATERIALS

Opening Stock	1283188	946957
Add : Purchase (Net)	52517940	9554526
	53801128	10501483
Less : Closing Stock	2960763	1283188
TOTAL	50840365	9218295

GUJARAT TERCE LABORATORIES LTD.

	For the Year Ended 31.03.2011 Rs.	For the Year Ended 31.03.2010 Rs.
SCHEDULE P		
MANUFACTURING & OTHER EXPENSES		
Printing & Stationary Exp.	373281	979417
Postage & Telephone Exp.	1609866	1830998
Travelling & Conveyance	88377	100825
Insurance Exp.	382946	131122
Travelling Expenses (Director) (Foreign Travelling - Current year - Nil, Previous Year - Rs. Nil)	22054	45071
Advertisement Exp.	98517	27226821
Power & Fuel	967633	594411
Sales Promotion Exp.	38204337	1867343
Sales Tax	2556387	2403323
Service Tax on expense	0	363276
Personnel Exp.	41155065	37289571
Directors' Remuneration & Sitting Fees	2082000	2021898
Packing Exp. (Net)	3748514	3549065
Stores & Spares (Net)	92567	57357
Excise duty expense	276409	1202316
Laboratory Exps	202057	176195
Freight, forwarding & Procurement Exp.	3177729	2924137
Machinery Repairs	53041	137885
Repairs & Maintenance (others)	156366	274237
Registration Exp.	19432	19050
Legal & Professional Charges	1508916	917400
Auditors Remuneration		
- For Statutory and Tax Audit	60708	36000
Consultancy fees	130000	0
Exchange Rate Fluctuation	28927	11556
Expired Goods	775676	1335106
Block & Design Exps.	49164	47493
Municipal Tax	7998	7998
Loss on sale of Capital Assets	15963	0
Product Lonching Exps. W/off	564695	564695
Preliminary(ROC) w/off	198000	0
Market Development exp.	1506485	1506485
Commissison exps	3390476	3550712
Rent Exps	415679	111000
Software Exps	36748	442300
Loss on sale of Master Share	0	31041
Bad Debt W/off	8850909	0
Misc. Exp.	1356650	1736941
TOTAL	114163572	93493044
SCHEDULE Q		
INTEREST & OTHER FINANCE CHARGES		
Interest		
- on Bank working capital	2614676	2766915
- on Bank Term Loan	5683	119379
- on other borrowings	944924	1089480
Bank Charges	280672	334263
TOTAL	3845955	4310037



SCHEDULE – R

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting policies forming part of the Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended on that date.

a) Basis for preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis in compliance with all material aspect of the applicable Accounting Standards in India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company, and are consistent with those used in the previous year.

b) Income Recognition

All Income are accounted for on accrual basis. Sales are accounted including Sales Tax.

c) Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities. Gratuity is accounted on payment basis or as and when the liability to pay arises, whichever event occurs earlier.

d) Fixed Assets

Fixed Assets are stated at cost of acquisition less the accumulated depreciation and impairment of loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e) Depreciation

Depreciation on Fixed assets has been provided under the Straight line method as per rates prescribed in Schedule XIV of the Companies Act, 1956.

f) Investments

Investments are classified as long term investments. It is carried at cost. Provision for diminution in value of long term investment is made on each investment individually only if such decline is other than temporary.

g) Inventories

Inventories are valued as under

Raw Material	: At Cost
Stock in Process	: At estimated Cost
Finished Goods	: At cost or realizable value whichever is less
Stores, Spares & other items	: At Cost

h) Raw Material

Raw Material is accounted net of Excise Duty.

i) Miscellaneous Expenditure

Expenditure incurred for the Product Launching and Market Development to develop the new market division of Central U.P. and Madhya Pradesh in earlier years have been treated as deferred revenue expenditure as it has enduring benefits. The management envisages the enduring benefits from Product Launching to the business for five years and from Market Development for two years, it is amortized over a period of five years and two years respectively from the year of expenditure. Expenditure relating to market Development Expenditure was fully written off this year.

j) Foreign Currency Transactions

- i) Current assets and current liabilities are translated at the exchange rate prevailing on the last day of the year except the debtors amounting Rs 1501563/- which are outstanding for more than 10 years from the export sales of the company since they are bad and doubtful.
- ii) Gains or losses arising out of remittance/ translations at the year end are credited / debited to the profit and loss account for the year except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of such assets
- iii) Foreign Exchange transactions are converted into Indian rupees at the prevailing rate on the date of the transaction.
- iv) Exchange differences arising on contracts are recognized in the period in which they arise and the premium paid / received is accounted as expense/ income over the period of contract.

k) Taxes on Income

Tax expense comprises of current and deferred tax.

GUJARAT TERCE LABORATORIES LTD.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the income tax act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets in case of unabsorbed losses and unabsorbed depreciation are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

l) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceed its recoverable value. An impairment loss, if any is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

m) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset up to the date when such assets are ready for its intended use.

Other borrowing costs are charged to the profit and loss account.

n) Contingent Liabilities and Provisions

Contingent liabilities are possible but not probable obligations as on the balance sheet date based on the available evidence.

Provisions are recognized when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are determined based on best estimate required to settle the obligation at the balance sheet date.

2. Contingent Liabilities not provided for

	2010-11	2009-10
	Rs.	Rs.
a) Unutilized Letter of Credit	Nil	Nil
b) Counter guarantees furnished by the Company in respect of Bank Guarantee	1100000	1100000
c) Estimated amount of contracts to be executed on capital account and not provided for	1500000	1500000
3. Previous year's figures have been regrouped/ rearranged wherever necessary to confirm to the current years classification.		
4. None of the employees of the Company was in receipt of or entitled to receive emoluments in aggregate at a rate of not less than Rs. 200000/- p.m. (P.Y. - Rs. 200000/- p.m.) (If employed for part of the year) or Rs. 2400000/- or more p.a. (P.Y. - Rs. 2400000/- or more p.a.) (If employed for full year) (Previous Year - Nil).		
5. Details of C.I.F. Value of Imports, Expenditure in Foreign currency and earnings in foreign currency are as under :		
	2010-11	2009-10
	Rs.	Rs.
a. C.I.F Value of Imports		
Raw Material	Nil	Nil
Machineries	Nil	Nil
b. Expenditure in foreign currency less Commission & Other Expenses	Nil	Nil
c. Earning in Foreign Currency - Export Sales	689934	720944
6. Sundry Creditors, Sundry Debtors, Deposits, Loans & Advances recoverable in Cash or kind are subject to confirmation.		
7. The amount in Balance Sheet and Profit & Loss account are rounded off to the nearest rupee.		
8. Managerial Remuneration		
a. The Company has been advised that the computation of net profit (for the purpose of calculation of Directors remuneration u/s 349 of the Companies Act, 1956) need not be enumerated since no commission has been paid to the directors and only remuneration has been paid to the directors.		
b. Details of payments and provisions on account of remuneration to Managing Director and Whole time Director are included in Profit & Loss account being in the limit of minimum managerial remuneration prescribed by Central Government		



- | | 2010-11
Rs. | 2009-10
Rs. |
|------------------------|----------------|----------------|
| (i) Salary | 2022000 | 2004000 |
| (ii) Other perquisites | 15000 | 15000 |
9. Balances in Share Allotment money, foreign currency account and current account with Bank of Baroda is subject to reconciliation. It is taken on the basis of balances as per the books of the Company, as the Statement and certificates are not provided by the Bank.
10. Liability for Excise Duty on Finished Goods is accounted as and when they are cleared from factory premises. No provision for Excise Duty is made in the accounts for goods manufactured and lying in bonded warehouses in Factory premises.
11. Company has adopted method of treatment of Cenvat Credit in account as prescribed in guidance note on accounting treatment for CENVAT by ICAI. Excise Duty paid on inputs is debited to Cenvat credit receivable account, so the Purchase cost of inputs (Raw Material) is net of Excise duty. Therefore the inputs consumed (Raw Material) and the inventory of inputs (Raw Material) is valued on the basis of purchase cost net of Excise duty. The debit balance in Cenvat credit receivable account is shown on the Assets side under the head "Loans & Advances"
12. Due to unavailability of data, the management has not been able to ascertain as to whether there are any Small and Micro Enterprises to whom, the company owes any sum for more than 30 days.
13. As per AS 22 on Accounting for taxes on income issued by ICAI, the Company has provided deferred tax liabilities as on 31st March, 2011 of Rs. (177913/-) for the year by debiting to Profit & Loss A/c. The components of deferred tax liability for the current financial year are:

Deferred Tax Liability	Deferred Tax Liability / (assets) as at 1.4.2010 Amount Rs.	Current year change / (credit) Amount Rs.	Deferred Tax Liability / (assets) as at 31.3.2011 Amount Rs.
(A) Difference between book and Tax depreciation	2584867	462081	3046948
Tax liability on Deferred Revenue Expenditure	988976	(639994)	348982
(A)	3573843	(177913)	3395930
(B) Deferred Tax Assets	Nil	Nil	Nil
(B)	Nil	Nil	Nil
Deferred Tax Liability Net (A-B)	3573843	(177913)	3395930

14. Related Party Disclosure

Information about related parties as required by AS – 18 are as under

Related Party	Relationship	Description of Transaction	Payment (Rs.)
1. Mr.N.P. Prajapati	Chairman & M.D.	Managerial Remuneration	1800000 (1800000)
2. Mr. A.P. Prajapati	Director	Managerial Remuneration	222000 (192000)
3. Mr. Sureshbhai P. Prajapati	Director	Sitting Fees	15000
4. Mr. Gordhanbhai G. Patel	Director	Sitting Fees	15000
5. Mr. Kanubhai S. Patel	Director	Sitting Fees	15000
6. Mr. Jayantibhai S. Prajapati	Director	Sitting Fees	15000

Previous years' figures are given in bracket

15. Segment Reporting

The Company has identified two reportable segments viz Pharmaceutical and Metal Divisions. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

GREAT TERCE LABORATORIES LTD.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

The Company is engaged in manufacturing of Tablets, Capsules, and Syrup & Injection pertaining to the product group Pharmaceuticals.

Particulars	Pharmaceutical		Metal		Unallocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Segment Revenue								
Domestic Sales	182688718		175442579				358131297	
Export Sales	689934						689934	
Rate Differences	50699						50699	
Change in Stock	1943639		6814880				8758519	
	185372990		182257459		0		367630449	
Segment Expenses								
Purchases	51304046		138596126				189900172	
Consumption Of Raw Materials	20561077		30279288				50840365	
Manufacturing & Other Exps	113098215		1065357		0		114163572	
Depriciation	1656582		260457				1917039	
	186619920		170201228		0		356821148	
Segment Results Before Interest and Taxes	-1246930		12056231		0		10809301	
Less :Interest and Financial Charges					3845955		3845955	
Add: Interest Income					184479		184479	
Add : Exceptional items	2500						2500	
Profit Before Taxes	-1244430		12056231		-3661476		7150325	
Current Taxes							2736560	
Previous Year Taxes							449128	
Deffered Taxes							-177913	
Profit After Taxes							4142550	
Other information								
Segment Assets	134759371		126427467.00					
Unallocated Assets	0		0					
Total Assets	134759371		126427467					
Segment Liabilities	56565385		97428155					
Unallocated Liabilities	0		0					
Total Liabilities	56565385		97428155					
Capital Expenditure	1077633		40585411					
Depriciation	1656582		260457					
Non-Cash Expenses other than Depreciation	11119979		45000					



16. Earning per Share

The numerators and denominators used to calculate the Basic and Diluted Earning per Share are as follows:

	31.03.2011	31.03.2010
a) Earning for the year (Rs.)	4142550	1301899
b) Basic and Weighted average No. of Equity Shares outstanding During the year	7420300	4920300
c) Nominal value of Equity Shares	Rs. 10	Rs.10
d) Basic and Diluted Earning per Share	0.558	0.265

17. Details of Raw Material consumed

	As on 31.03.2011		As on 31.03.2010	
	% of total Consumption	Value (Rs.)	% of total Consumption	Value (Rs.)
a) Imported	—	—	—	—
b) Indigenous	100%	50840365	100%	9218295
Total		50840365		9218295

18. Consumption of Raw Materials and Packing Materials during the period under review :

	As on 31.03.2011		As on 31.03.2010	
	Qty. (in kgs)	Amount Rs.	Qty. (in kgs.)	Amount Rs.
Pharma Division				
Cefixime	397.00	3541211	163.020	2102240
Azithromycin	351.62	3332431	190.720	1897132
Others (none of which individually accounts for more than 10% of the total consumption)		13687435		5218923
Total	20561077		9218295	
Metal Division				
Copper Sulphate	211000.00	21389070	0.00	0.00
Hydrochloric Acid	10000.00	25000.00	0.00	0.00
Others (none of which individually accounts for more than 10% of the total consumption)		8865218	0.00	0.00
Total		30279288		0.00

19. Details of Capacity, Production, Stock and Sale

Pharma

	Tablets (in Lacs)				Capsules (in Lacs)				Syrup (in Lacs)			
	31.03.11		31.03.10		31.03.11		31.03.10		31.03.11		31.03.10	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Installed Capacity	2700	NIL	2700	Nil	1080	NIL	1080	Nil	—	—	—	—
Licensed Capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	—	—	—	—
Production	298.00	—	14.61	—	20.86	—	1.39	—	1.79	—	—	—
Purchases	—	—	—	—	—	—	—	—	—	—	—	—
Op. Stock	0.00	0.00	2.04	2.72	0.00	0.00	0.03	0.24	0.00	0.00	0.002	0.01
Cl. Stock	55.68	51.24	NIL	NIL	2.72	2.75	NIL	NIL	0.37	6.33	NIL	NIL
Sales	242.32	553.65	16.65	117.88	18.14	46.48	1.42	14.11	1.42	48.69	0.002	0.01

GUJARAT TERCE LABORATORIES LTD.

	Injection (in Lacs)				Trading Capsules (in Lacs)				Trading Tin (in Lacs)			
	31.03.11		31.03.10		31.03.11		31.03.10		31.03.11		31.03.10	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Installed Capacity	—	—	—	—	—	—	—	—	—	—	—	—
Licensed Capacity	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
Purchases	—	—	—	—	54.10	36.20	51.08	46.61	0.13	3.10	0.26	5.39
Op. Stock	0.00	0.00	0.06	0.01	17.37	13.75	15.42	13.86	0.11	2.89	0.05	1.41
Cl. Stock	0.00	0.00	NIL	NIL	12.49	7.02	17.37	13.75	0.04	0.99	0.11	2.89
Sales	0.00	0.00	0.06	0.01	58.98	99.50	49.13	146.76	0.20	11.65	0.20	13.97

	Trading Injection (in Lacs)				Trading Syrup (in Lacs)				Trading Tablets (in Lacs)			
	31.03.11		31.03.10		31.03.11		31.03.10		31.03.11		31.03.10	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Installed Capacity	—	—	—	—	—	—	—	—	—	—	—	—
Licensed Capacity	—	—	—	—	—	—	—	—	—	—	—	—
Production	—	—	—	—	—	—	—	—	—	—	—	—
Purchases	14.81	173.13	10.18	138.83	18.16	155.54	15.01	148.47	149.61	145.07	276.35	382.68
Op. Stock	2.69	30.31	4.17	66.59	3.08	29.68	3.31	43.47	90.06	88.97	109.04	189.52
Cl. Stock	3.69	42.12	2.69	30.31	3.32	30.36	3.08	29.68	43.09	43.10	90.06	88.97
Sales	13.82	361.55	11.66	353.73	17.92	337.70	15.24	496.83	196.57	374.56	295.33	785.65

Metal

	Trading (in lacs)			
	31.03.11		31.03.10	
	Qty. Kg	Rs.	Qty. Kg	Rs.
Installed Capacity	—	—	—	—
Licensed Capacity	—	—	—	—
Production	—	—	—	—
Purchases	5.51	1385.96	0.00	0.00
Op. Stock	0.00	0.00	0.00	0.00
Cl. Stock	0.22	68.15	0.00	0.00
Sales	5.29	1754.43	0.00	0.00

Signature to Schedule A to R

As per our Audit Report of even date attached
For P A R Y & CO.
Chartered Accountants
 FRN-007288C
(Sushil Goenka)
Partner
 Mem. No. 115465
 Date : 30-05-2011
 Place : Ahmedabad

For and on behalf of the Board of Directors
Gujarat Terce Laboratories Limited

N. P. Prajapati
 Chairman & M.D.

A. P. Prajapati
 Wholetime Director

S. P. Prajapati
 Director



**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**

1 Registration Details

Registration No.	L28112GJ1985PLC007753
State Code No.	04
Balance Sheet Date	31-03-2011

2 Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
Preferential Allotment	25000

3. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	140081
Total Assets	140081
Sources of Funds	
Paid up Capital	74203
Reserves & Surplus	29594
Secured Loans	24155
Unsecured Loans	8733
Deferred Tax Liabilities	3396
Application of Funds	
Net Fixed Assets	55707
Investments	1
Net Current Assets	82452
Misc Expenditure	1921

4 Performance of Company (Amount in Rs. Thousands)

Turnover/ (Incl. Other Income)	351909
Total Expenditure	184286
Profit before Tax	7150
Profit / (Loss) after Tax	4143
Earning per Share	0.558
Dividend (Proposed)	Nil

5 Generic Names of Three Principal Products/Services of company (as per monetary term)

Item Code No. (ITC Code)	:	30041000
Product Description	:	Pharmaceutical Formulations
Item Code No. (ITC Code)	:	30039001
Product Description	:	Ayurvedic Medicines

As per our Audit Report of even date attached
For P A R Y & CO.

Chartered Accountants
FRN-007288C

(Sushil Goenka)
Partner

Mem. No. 115465
Date : 30-05-2011
Place : Ahmedabad

For and on behalf of the Board of Directors
Gujarat Terce Laboratories Limited

N. P. Prajapati
Chairman & M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director

GUJARAT TERCE LABORATORIES LTD.**STATEMENT OF CASH FLOWS FOR THE YEAR ENDING MARCH 31, 2011**

(Rs. in Thousand)

	2011 Rs.	2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	7150.33	2955.00
Adjustments for :		
Deferred Revenue Expenditure incurred	(990.00)	(3012.97)
Depreciation	1917.04	1873.55
Deferred Revenue Expenditure written off	2269.18	2071.19
Provision for tax	(3185.69)	(427.50)
Income / expenses treated separately :		
Interest Income	184.48	279.39
Interest Expenses	3845.96	4310.04
Profit on sale of Assets	2.50	1475.19
Loss on Sale of Assets	15.97	31.04
	13.47	(1444.15)
Operating Profit before working Capital changes	10835.80	6045.77
Changes in Working Capital		
(Increase)/ Decrease in Inventories	(11857.92)	12451.57
(Increase)/ Decrease in Trade Receivables	(36575.44)	(18427.43)
(Increase)/ Decrease in Loans & Advances	(20982.14)	3614.43
Increase/ (Decrease) in Current Liabilities	80698.89	3120.15
Net change in working capital	11283.39	758.72
Net cash flow from operating activities (A)	22119.19	6804.49
B. Cash flow from Investing activities		
Purchase of Fixed Assets	(41663.04)	(2850.93)
Subsidy of Fixed Assets	0	438.46
Interest Income	184.48	279.39
Proceeds from Sale of Investments	0	85.11
Proceeds from sale of Fixed Assets	6.50	2344.37
	(41472.06)	296.40
Net Cash flow used in investing activities (B)		
C. Cash flows from financing activities		
Increase/ (Decrease) in Bank working capital	2076.34	(1149.28)
Increase / (Repayment) of Term Loans	57.55	(1230.15)
Increase / (Decrease) in Share Capital	40207.8	0.00
Increase/ (Decrease) in Unsecured loans	0.00	(406.95)
Interest Expenses	(3845.96)	(4310.04)
	38495.73	(7096.42)
Net Cash flow from financing activities (C)		
Net Increase/ (decrease) in cash & cash equivalent (A+B+C)	19142.86	4.47
Cash & cash equivalent at the beginning of the year	4478.05	4473.58
Cash & cash equivalent at the end of the year	23620.91	4478.05

For and on behalf of the Board
Gujarat Terce Laboratories Limited

Date : 30-05-2011
Place : Ahmedabad

N. P. Prajapati
Chairman & M.D.

A. P. Prajapati
Wholtime Director

S. P. Prajapati
Director

AUDITORS CERTIFICATE

We have examined the attached Cash Flow Statement of Gujarat Terce Laboratories Limited for the year ended March 31, 2011. The Statement has been prepared by the Company in accordance with the requirements of Clause No. 32 of the listing agreement with various Stock Exchanges and is based on and is derived from the Audited Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2011 covered by our Report dated 30.05.2011 to the members of the Company.

For, P A R Y & Co.
Chartered Accountants
FRN-007288C
(SUSHIL GOENKA)
Partner
M.No. 115465

Date : 30-05-2011
Place : Ahmedabad

BOOK - POSI

If undelivered please return to :

Gujarat Terce Laboratories Limited
Registered Office : 122/2, Ravi Estate,
Bileshwarpura, Chhatral, Dist. Gandhinag