



**KILITCH DRUGS (INDIA) LTD.**  
**21st ANNUAL REPORT**  
**2012 - 2013**

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।  
मा कर्मफलहेतुर्भूर्मा ते सङ्गोऽस्त्वकर्मणि ॥





**KILITCH DRUGS (INDIA) LTD.**





## **FROM THE DESK OF MANAGING DIRECTOR!!**

Dear Valued Shareholders,

On behalf of the Board of Directors,

I Welcome you all to the 21st AGM of our Company.

This year was a period of ups and downs in the history of Kilitch. Most importantly, we share with you all about the vacuum created by the sad demise of our Chairman Mr. Pratap K. Mehta. He was the visionary who had visualized the growth of Kilitch to this level. We miss his professional as well his parental guidance.

Now coming to the brighter part of the year, Kilitch has been focusing on the growth of exports and have received registration for more than 100 products during this year. This enables Kilitch to make substantial exports to these West African Countries specifically and thereby carving a name for itself in the global exports market.

We are also happy to inform you all that, we have been able to revive the business in the market of Sudan this year, which used to be one of our strong export markets.

We also would like to share with you that Pharmexcil hosted a function named IPHEX, which was the first time of its kind in India. Our Director, Mr. Bhavin M. Mehta was the Chairman of the organizing Committee for this event and due to his untiring efforts, 557 foreign buyers from various countries visited India to have one to one business discussion with Indian Exporters. This is truly an achievement for us and for Mr. Bhavin M. Mehta.

We are sure that business opportunities generated during IPHEX too will further boost our export opportunities.

Expecting a fruitful business for the future year.

**Mukund P. Mehta**  
Managing Director

**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mukund P.Mehta	Managing Director
Paresh P. Mehta	Joint Managing Director
Bhavin M. Mehta	Executive Director
Nilima Waingankar	Whole time Director
Pankaj Kamdar	Independent Director
Shailesh Chheda	Independent Director
Hemang Engineer	Independent Director
Mukesh Shah	Independent Director

**COMPANY SECRETARY**

Kanika Bareja

**REGISTERED OFFICE**

C-301/2, M.I.D.C. TTC Industrial Area,  
Pawane Village, Thane: 400 705.  
Tel.: 022-27670322, 27680913, 65144185  
Fax: 022-27680912

**ADMINISTRATIVE OFFICE**

Kilitch Drugs (India) Limited  
Ujagar Industrial Estate, Unit No. 37,  
W.T. Patil Marg, Deonar, Mumbai - 400 088  
Tel.: 022-67033322 / Fax: 022-67031658  
Website: www.killitch.com  
e-mail: info@killitch.com

**AUDITORS**

**R.N.R. IYER & CO.**

**BANKERS**

The Shamrao Vithal Co-Op Bank Ltd  
State Bank of India  
Axis Bank Ltd  
ICICI Bank Ltd

**REGISTRAR & SHARE TRANSFER AGENTS**

**LINK INTIME INDIA PRIVATE LIMITED**

C -13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai-400 078.  
Tel.:022-25963838 / Fax: 022-25946969

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## NOTICE

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of **KILITCH DRUGS (INDIA) LIMITED** will be held at C-301/2, MIDC, TTC Industrial Area, Pawane Village, Thane-400701, on **Monday, 30<sup>th</sup> September, 2013 at 9.30 A.M.** to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pankaj Kamdar, who retires by rotation, and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  
"RESOLVED THAT M/s. A. M. Ghelani & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting in place of M/s. R.N.R. Iyer & Co., Chartered Accountants, the existing Statutory Auditors of the Company who retire at the conclusion of the forthcoming Annual General Meeting."  
"RESOLVED FURTHER THAT M/s. A. M. Ghelani & Co., Chartered Accountants be remunerated by way of such fees as the Board of Directors may determine, after the approval of their appointment by the Members of the Company."
5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:  
"RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company, Section 81 and other applicable provisions of Companies Act, 1956, if any, and the provisions contained in Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force and subject to other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the authorities while granting such approvals, permissions and sanctions which are agreed to by Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee of the Board which supervises ESOS), approval and consent of the Company be and is hereby accorded to the Board to re-price the Options to be granted under "KDIL ESOS 2007" which was approved by the Members in their Annual General Meeting held on 29<sup>th</sup> September 2007.

**RESOLVED FURTHER THAT** such re-pricing of the Options will be applicable for further grant of options as may be decided by the Compensation Committee at the time of each Grant. However, the grant price shall not be less than the face value of the share."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give full effect to this resolution and/ or to settle any question or difficulty that may arise with regard to the re-pricing of the said Options."

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:  
"RESOLVED that the consent of the Company be and is hereby accorded to the re-pricing of Options mentioned in the Resolution No. 5 under "KDIL ESOS 2007" for the Options granted to which may be granted to the Employees and Directors of its Subsidiaries".

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

**Place : Mumbai**

**Date : 14/08/2013**

**MUKUND MEHTA  
MANAGING DIRECTOR**

### **NOTES:**

- 1) 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.
- 2) The Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, 26<sup>th</sup> September 2013 to Monday, 30<sup>th</sup> September, 2013** [both days inclusive] for the purpose of 21st Annual General Meeting.
- 3) Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- 4) 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.
- 5) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company in advance a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- 6) 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'.
- 7) 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.
- 8) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for Item Nos.4 to 6 is annexed to the Notice.
- 9) Members are requested to bring their copies of the reports to Annual General Meeting.



10) 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.

11) In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

**UNIT: KILITCH DRUGS (INDIA) LIMITED**

**C/o. Link Intime India Private Limited**

**Registrar & Share Transfer Agent**

C-13, Pannanlal Silk Mills Compound,

L.B.S. Marg, Bhandup(W), Mumbai-400078.

Tel: 022- 25963838; Fax: 022-25946969

**Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**

**Item No: 4**

M/s. R.N.R. Iyer & Co., Chartered Accountants have expressed their unwillingness vide their letter dated 12th August 2013, to continue as the Statutory Auditors of the Company upon conclusion of the forthcoming Annual General Meeting.

Consequently, your Board have approached M/s. A.M. Ghelani & Co., Chartered Accountants, for their consent to act as the new Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting, in place of M/s. R.N.R. Iyer & Co., Chartered Accountants.

An eligibility certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been obtained from M/s. A.M. Ghelani & Co., Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, it will be in accordance with the limits prescribed therein.

Your Directors recommend the Resolution for your approval.

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

**Item No: 5 & 6:**

The pricing formula in "KDIL ESOS 2007" is Rs.47.50 per option as approved by the Members on 31st May 2010 at Extra Ordinary Meeting of shareholders.

The total number of Options as per the "KDIL ESOS 2007" is

3,50,000 Options.

Total 3,29,700 Options granted in 2008 and 2009 have been vested and only 29,706 Options have been exercised. Employees are holding 1,29,535 options which are vested and pending exercise. The exercise price of such options is Rs.47.50 per share. It is not sought to revise this price.

Re-pricing of the Options already granted but not exercised is permissible under Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") subject to approval of Members. The proposed re-pricing is in conformity with SEBI Guidelines.

Disclosures as required under by Clause 7.4 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is as under:

1. **Details of variation:** Re-pricing of Options at such price as may be decided by the Board at the time of each grant instead of Rs.47.50 per share.
2. **Rational for re-pricing:** To give flexibility to the Directors to price the Options. This will enable Directors to grant options and make the same attractive enough to the employees so that the objective of retention and attraction of Talent is achieved.
3. **Details of Employees:**
  - a. 3,29,700 Options have been granted to 303 employees and are vested as on date.
  - b. 29,706 Options have been already exercised.
  - c. 1,29,535 Options are held by existing employees as vested options.
  - d. 1,90,759 Options are available for fresh issue. This is made up of Options not yet granted and Options granted earlier which have lapsed. The resolution vide Item nos. 5 & 6 is therefore proposed for approval of the members.
  - e. There is no proposal to grant Options to any Director of the Company.

**Existing Pricing Formula :**

Rs.47.50 per Option

**New Pricing Formula :**

The Options will be priced by Directors at such discount to the market price as they may deem fit. However, the price shall not be less than face value of the share.

None of the Directors may be deemed to be concerned in or interested in the Resolution.

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

**Place : Mumbai**

**Date : 14/08/2013**

**MUKUND MEHTA**

**MANAGING DIRECTOR**

**As required by Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed / reappointed are given below:**

Name of Directors	Age [in yrs.]	Qualifications	Experience	No. of shares held
Mr. Mukesh Shah	58	B.Com	Mr. Mukesh Shah is a Partner in Navdeep Enterprises having vast experience of Pharmaceutical Distribution. Navdeep Enterprises is handling distribution of leading 48 pharma companies in the city of Mumbai.	4000
Mr. Pankaj Kamdar	60	B.Com	28 years of experience in Retail pharmaceutical business.	NIL

**DIRECTORS' REPORT**

To

The Members

Your Directors have pleasure in presenting their 21<sup>st</sup> Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2013.

**FINANCIAL RESULTS:**

PARTICULARS	[ ` in Lacs]	
	F.Y. 2012-13	F.Y. 2011-12
Total Income	4233.13	10,796.24
Profit (Loss) before Interest, Tax, Depreciation and Exceptional Items	554.32	1,520.14
Less: Depreciation	122.90	483.37
Less: Interest Charges	8.39	288.77
Profit/(Loss) before exceptional and extraordinary items and Taxation	423.03	748.00
Add/(Less): Exceptional Items	-	(1,552.82)
Add/(Less): Extraordinary Items	(95.46)	10,704.79
Profit/(Loss) before Taxation	327.57	9,899.97
Less : Provision for Taxation		
- Current Year	-	2,105.00
- Deferred Tax	(0.71)	-
Profit/(Loss) after Taxation	328.28	7,794.97
Balance brought forward	5761.12	3,379.96
Less : Appropriations		
- Proposed dividend	-	3969.55
- Dividend distribution tax	-	644.26
- Transfer to Reserves	-	800.00
Balance Carried to Balance Sheet	6089.40	5,761.12
Earnings Per Share (` per share)		
- Basic	2.48	58.91
- Diluted	2.48	53.68

**REVIEW OF PERFORMANCE:**

During the year under review, Net Profit after Tax was ` 328.28 lacs as against Net Profit after Tax of ` 7,794.97 lacs for the corresponding previous year. Previous year includes surplus on sale of an undertaking.

**DIVIDEND:**

In order to conserve the resources for the further growth of the Company, your Directors think fit not to recommend any dividend for the financial year under review.

**FUTURE OUTLOOK:**

The countries where your Board has targeted the export business are some of the fast developing countries with ample scope for business enhancement. Your Company has already registered many products in these markets and expect to receive further registrations in the coming financial year. Your Board expect to launch the products of the Company in other eight countries in the coming year thereby increasing the export volumes substantially. Your company is also on the continuous lookout of new avenues for business development in these countries.

**FOCUS ON GLOBAL BUSINESS:**

Your company has ear marked exports as the key focus area for future growth of the company. Having an enthusiastic and experienced marketing team your company has already penetrated into the lucrative Francophone countries already. In order to increase the export business volumes various activities are planned as the potential business growth in export has been already envisaged and formulated by the senior management. Your Board expects to take your company to greater heights in the coming years.

**FOCUS ON HUMAN RESOURCE**

The year 2012-2013, was the year of innovation for Human Resource Department. A good team of working professionals is the backbone of a successful organization. Human Resource Department incorporated modern HR practices in terms of Talent Management, Employee Engagement and Employee Development.

**Our motto is to recognize, maintain and develop the existing resource.** We have also taken initiatives to use new methodologies whereby the efficiency and the productivity is enhanced.

**DIRECTORS:**

During the year under review, Mr. Mukesh Shah and Mr. Pankaj Kamdar, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting.

**FIXED DEPOSITS:**

The Company has not accepted any loans or deposits from public in pursuant to Section 58A of the Companies Act, 1956, and rules framed under the Companies (Acceptance of Deposits) Rules, 1975.

**AUDITORS:**

M/s. R.N.R. Iyer & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of ensuing Annual General Meeting and has expressed their unwillingness to continue as the Statutory Auditors of the Company.

Consequently, necessary arrangements are made and eligibility certificate under Section 224 (1B) of the Companies Act, 1956 from M/s. A.M. Ghelani & Co., Chartered Accountants, has been received for their appointment subject to approval of the members of the Company.

**AUDITORS' REPORT:**

Auditors Report as issued by M/s.R.N.R. Iyer & Co., Chartered Accountants, Auditors' of the Company is self explanatory and need not call for any explanation by your Board.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:**

	<u>2012-13</u>	<u>2011-12</u>
<b>POWER AND FUEL CONSUMPTION</b>		
<b>a) Electricity</b>		
Purchased Unit ( ` in Thousand)	<b>1061.84</b>	7,207.62
Total Amount ( ` in Thousand)	<b>7778.75</b>	38,427.66
Rate/ Unit (Amount in `)	<b>7.33</b>	5.33
<b>b) Own Generator</b>		
Fuel (Diesel)	<b>289.55</b>	1,54,109.00
Total Amount ( ` in Thousand)	<b>11.58</b>	5,477.77
Rate per Litre ( `)	<b>40.00</b>	35.54
Fuel (Furnace Oil)	<b>94.95</b>	21,444.10
Total Amount ( ` in Thousand)	<b>40,63,203</b>	4,80,805.00
Rate per Litre ( `)	<b>42.78</b>	44.60

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:**

During the year under review, the Company has not imported any technology.

**FOREIGN EXCHANGE EARNING & OUTGO:**

	[ ` In Lacs]	
<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
Earnings in Foreign Exchange	<b>1716.86</b>	<b>668.18</b>
Outgo in Foreign Exchange	<b>663.15</b>	<b>390.02</b>

**PARTICULARS OF EMPLOYEES:**

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, none of the employees of the company are in receipt of remuneration exceeding ` 60,00,000/- per annum, if employed for whole of the year or ` 5,00,000/- per month if employed for part of the year.

**INSURANCE:**

All properties of the Company including factory, building, plant & machinery, Stock are adequately insured.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

The Report on Management Discussion and Analysis as required under the Listing Agreement with The Stock Exchanges is enclosed to this Report. Certain statements in this section may be forward

looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook

**EMPLOYEE STOCK OPTION SCHEME:**

During the year under review, Options were not exercised under Kilitch ESOS 2007. Further options were not granted during the year. Details of the same are given in the annexure to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In pursuant to Sec. 217(2AA), the Board do and hereby states:

- i. that in the preparation of annual accounts for the Financial year 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- iii. that the directors had 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. that the Directors had prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE:**

The Company is committed to maintain the highest standard of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company continued to believe in and accordingly upgrade itself with concept of Corporate Governance. The company has successfully maintained a code of Corporate Governance in all its concerned operations comprehensively. Corporate Governance and Management Discussion & Analysis Report forms part of this Annual Report. The Company has obtained a Certificate from Practicing Company Secretary for maintenance of Code of Corporate Governance.

**APPRECIATION:**

Your Directors place on record their sincere appreciation of the service rendered by the employees of the Company and the Banks. Your Directors are also grateful to shareholders of the Company and local authorities for their continued valuable support and co-operation to the Company.

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

**Place : Mumbai      Mukund P.Mehta      Paresh P.Mehta  
Date : 14/08/2013    Managing Director    Joint Managing Director**





**Annexure to the Directors' Report**

		<b>Kilitch ESOS 2007</b>				
		<b>Grant I</b>	<b>Grant II</b>	<b>Grant III</b>	<b>Grant IV</b>	<b>Total</b>
(a)	Options granted (in the previous years and nil in current year)	186600	14000	64575	64525	329700
(b)	Pricing Formula	₹ 47.50	₹ 47.50	₹ 47.50	₹ 47.50	-
(c)	Options vested (upto March 2013)	186600	14000	64575	64525	329700
(d)	Options exercised (upto March 2013)	25206	2415	908	1177	29706
(e)	Total number of shares arising as a result of exercise of options	25206	2415	908	1177	29706
(f)	Options lapsed (upto March 2013)	24500	3000	33925	25725	87150
(g)	Variation of terms options (upto March 2013)	Nil	Nil	Nil	Nil	Nil
(h)	Money realized by exercise of options	1197285	114713	43130	55908	1411035
(I)	Total number of options in force (upto March 2013)	136894	8585	29742	37623	212844
(j)	Employee wise details of options granted to					
	2 Employees to whom more than 5% options granted during the year	Nil	Nil	Nil	Nil	-
	3 Employees to whom options more than 1% of issued capital granted during the year	Nil	Nil	Nil	Nil	-
(k)	Diluted EPS,pursuant to issue of shares on exercise of options	<b>2.44*</b>				
(l)	1 Method of calculation of employee compensation cost	Calculation is based on intrinsic value method				
	2 Intrinsic Value per share	₹ 67.50	₹ 61.60	₹ 22.75	₹ 89.00	-
	3 Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options	Employee compensation cost would have been higher by ₹ 2,12,582/- had the Company used fair value method for accounting the options issued under ESOS.				
	4 Impact of this difference on Profits and on EPS of the Company	Profits would have been lower by ₹ 2,12,582/- and EPS would have been lower by ₹ 0.02, had the Company used fair value method of accounting the options issued under ESOS.				
(m)	1 Weighted average exercise price	₹ 47.50	₹ 47.50	₹ 47.50	₹ 47.50	-
	2 Weighted average fair value of options based on Black Scholes methodology	₹ 85.13	₹ 79.89	₹ 43.12	₹ 108.30	-
(n)	Significant assumptions used to estimate fair value of options including weighted average					
	1 Risk free interest rate	7%	7%	7%	7%	-
	2 Expected life	Average life taken as 2 years from date of grant				
	3 Expected volatility	70%	71%	65%	81%	-
	4 Expected dividends	Not separately included, factored in volatility working				
	5 Closing market price of share on a date prior to date of grant	₹ 115.00	₹ 109.10	₹ 70.25	₹ 136.50	-

\* As worked based on profits of 2012-13

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**A. INDUSTRY STRUCTURE AND DEVELOPMENT:**

The Pharmaceutical industry in India is the world's third-largest in terms of volume and stands 14th in terms of value. Pharmaceutical sales are growing at a fast rate in India, China, Malaysia, South Korea and Indonesia due to the rising disposable income, several health insurance schemes (that ensures the sales of branded drugs), and intense competition among top pharmaceutical companies in the region (that has boosted the availability of low cost drugs). China's pharmaceutical market will continue to grow at more than 20% annually, and will contribute 21% of overall global growth through 2013. India - 3rd Largest Producer of Pharmaceuticals across the World- is already a US\$ 8.2 Billion pharmaceutical market. The Indian pharmaceutical industry is further expected to grow by 10% in the year 2013.

S.W.O.T.(Strengths Weakness Opportunities Threats)  
ANALYSIS OF PHARMACEUTICAL

**INDUSTRY:**

**Strengths :**

- 1] Strong Network
- 2] New Registrations of around 100 products in the West African region and distributor appointed in France will boost the revenue of the company.

**Weakness:**

- 1] Largely dependent on exports
- 2] The company does not have sufficient approvals of various health ministries.
- 3] Very Low R & D activities

**Opportunities:**

- 1] Increasing business opportunity in West African Region.
- 2] Globalise the newly launched products to expand the customer base
- 3] Improving R & D section

**Threats:**

- 1] Depreciating value of currency will affect exports
- 2] Major competition from big players in the markets

**CAUTIONARY STATEMENT:**

Statement in Management discussion and analysis describing the Company's objective and expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual result may differ materially from those expressed in the statement.

**CORPORATE GOVERNANCE REPORT**

In accordance with Clause 49 of the Listing Agreement with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) (Clause 49) also by applicable provisions of the Companies (Amendment) Act, 2000, their report containing the details of Corporate Governance system and process at Kilitch Drugs (India) Limited is as under:

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. Your Company has committed to bring about the good corporate governance practices. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interaction with stakeholders including shareholders, employees, the government and the lenders.

**2. BOARD OF DIRECTORS:**

As on 31<sup>st</sup> March, 2013 the strength of Board of Directors was 08, comprising of 04 Executive Directors, 04 Non-Executive Directors including 02 Promoter Directors and 04 Independent Directors.

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49(1)(A) of the Listing Agreement. None of the Directors on the Board is a member in more than ten Committees and Chairman of more than five Committees as per Clause 49(I)(c)(ii) across all Companies in which they are Directors.

The composition of the Board of Directors and also the number of other Companies of which he/she is a Director and Member/ Chairman as on March 31, 2013, are as under:

Names of Directors	Category of Directorship	Directorship in othercompanies	Committee Membership(s) of other Companies		No. of shares held
			Member	Chairman	
*Mr. PratapKeshavji Mehta	Chairman, Non Executive Director	-	-	-	-
Mr. Mukund Prataprai Mehta	Managing Director	3	-	-	5,49,978
Mr. Paresh Prataprai Mehta	Jt. Managing Director	3	-	-	9,48,047
Mr. Bhavin Mukund Mehta	Executive Director	3	-	-	1,03,300
Ms. Nilima Abhay Waingankar	Whole time Director	-	-	-	-
Mr. Mukesh Damji Shah	Independent and Non Executive Director	1	-	-	4000
Mr. Pankaj Ottamchand Kamdar	Independent and Non Executive Director	-	-	-	-
Mr. Hemang Jagdish Engineer	Independent and Non Executive Director	1	-	-	-
Mr. Shailesh Hansraj Chheda	Independent and Non Executive Director	1	-	-	-

\* Ceased to be Director w.e.f. 01.02.2013.

None of the Directors holds directorships in more than 15 Companies, membership in committee of Board in more than 10 Companies and Chairmanship of more than 5 Committees.

**BOARD PROCEDURE:**

The Board meets at least once every quarter to review the quarterly performance and the financial results. The Board's role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans, annual operating budgets, compliance with statutory requirements, major accounting provisions and write-offs are considered by the Board.

**ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:**

During the year **06 (Six)** Board Meetings were held during the financial year ended March 31, 2013, the dates of which are 14/05/2012, 09/08/2012, 30/08/2012, 09/11/2012, 15/01/2013 and 12/02/2013.

The attendance of each Director at Board Meetings and at the last Annual General Meeting is as under:

<b>Name of the Director</b>	<b>No. of Board meetings attended</b>	<b>Attendance of last AGM held on 29/09/2012.</b>
*Mr. Pratap Keshavji Mehta	8	Absent
Mr. Mukund Prataprai Mehta	8	Present
Mr. Paresh Prataprai Mehta	8	Present
Mr. Bhavin Mukund Mehta	8	Present
Mr. Mukesh Damji Shah	5	Present
Mr. Pankaj Ottamchand Kamdar	4	Present
Mr. Hemang Jagdish Engineer	3	Absent
Mr. Shailesh Hansraj Chheda	NIL	Absent
Ms. Nilima Abhay Waingankar	NIL	Absent

\* Ceased to be Director w.e.f. 01.02.2013.

**3. AUDIT COMMITTEE:**

**BROAD TERMS OF REFERENCE:**

The Audit Committee of the Company, inter-alia, acts as a control mechanism in the financial and other important departments of the Company. The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49(II) of the Listing Agreement and as specified by the Board of Directors of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year. The role of the Audit Committee includes the following:

- Overseeing 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 the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other service.
- Reviewing with management the financial statements before submission to the Board.
- Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function and procedures.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with External Auditors before the audit commence the nature and the scope of Audit as well as have post audit discussion.
- Reviewing the Company's financial and risk management policies.

**COMPOSITION:**

The Audit Committee comprises of Four Directors, all are non executive and independent Directors. All these Directors possess knowledge by corporate finance, accounts and company law.

The constitution of the Audit Committee is as follows:

Sr. No.	Name of Director	Executive/Non-Executive Independent
1.	Mr. Mukesh Damji Shah	Chairman, Independent
2.	Mr. Shailesh Hansraj Chheda	Independent
3.	Mr. Hemang Jagdish Engineer	Independent
4.	Mr. Pankaj Ottamchand Kamdar	Independent

#### MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2013, Five Audit Committee Meetings were held on 14/05/2012, 09/08/2012, 30/08/2012, 11/11/2012 and 12/02/2013.

The attendance at the Audit Committee Meetings is as under:

Sr. No.	Name of Director	Executive/Non-Executive Independent	No. of meetings attended
1.	Mr. Mukesh Damji Shah	Chairman, Independent	5
2.	Mr. Shailesh Hansraj Chheda	Independent	5
3.	Mr. Hemang Jagdish Engineer	Independent	5
4.	.Mr. Pankaj Ottamchand Kamdar	Independent	5

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 29/09/2012 to attend the shareholders' queries.

#### 4. SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE:

##### FUNCTIONS:

The Board of Directors of the Company has constituted a Committee of Directors which also functions as 'Shareholders'/Investors Grievances Committee', consisting of four members, chaired by Non executive Independent Director. The Committee *interalia*, deals with various matters relating to:

- transfer/transmission of shares;
- issue of duplicate share certificates;
- investors' grievances and redressal mechanism and recommend measures to improve the level of investor services.

Details of shares transfer/transmission approved by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

##### COMPOSITION:

The constitution of the Committee of Directors is as under :

Sr. No.	Name of Director	Executive/Non-Executive Independent
1.	Mr. Mukesh Damji Shah	Chairman, Independent
2.	Mr. Shailesh Hansraj Chheda	Independent
3.	Mr. Hemang Jagdish Engineer	Independent
4.	Mr. Pankaj Ottamchand Kamdar	Independent

#### 5. COMPENSATION COMMITTEE:

The Board of Directors of the Company has constituted Compensation Committee to administer Kilitch ESOS 2007.

The composition of the said Compensation Committee is as under:



Sr. No.	Name of Director	Executive/Non-Executive Independent	No. of meetings attended
1.	Mr. Mukesh Damji Shah.	Chairman, Independent	2
2.	Mr. Pankaj Ottamchand Kamdar	Independent	2
3.	Mr. Bhavin Mehta	Executive Director	2

No further options were granted during the year. Employees did not exercise any Options during the year. The number of options outstanding was 212844. Each option represents a right but not obligation to apply for 1 fully paid equity share of `10/- each at the exercise price of `47.50. The options granted vest over 3 year from the date of grant. Disclosure as required by SEBI guidelines on ESOS is annexed to the Directors' report.

#### 6. REMUNERATION POLICY:

The Board of Directors is authorized to decide Remuneration to Executive Directors. The Remuneration structure comprises of Salary and Perquisites. Salary is paid to Executive Directors within the Salary grade approved by the Members.

The details of Remuneration paid to Executive Directors for the Financial Year 2012-13.

Sr. No.	Names of Directors	Executive/Non-Executive Independent	Amt. (in `)
1.	Mr. Mukund Prataprai Mehta	Managing Director	9,00,000
2.	Mr. Paresh Prataprai Mehta	Jt. Managing Director	9,00,000
3.	Ms. Nilima Abhay Waingankar	Executive Director	9,19,946

#### DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS:

The Company had received 40 investor complaints, which were resolved to the satisfaction of the said investors. Thus there are no investor complaints which are pending for the year ended 31<sup>st</sup> March 2013.

#### 7. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of the Meeting	Time	Special Resolution Passed
2009-2010	20/09/2010	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M	NIL
2010-2011	10/09/2011	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M.	NIL
2011-2012	29/09/2012	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M.	NIL

#### 8. DISCLOSURES:

There were no transactions of material nature between the Company and its Directors or Senior Management and their relatives or Promoters that may have potential conflict with interest of the Company. The Register of Contracts containing transactions, in which Directors are interested, have been placed before the Board regularly.

Transactions with related parties, as per requirements of Accounting Standard 18 are disclosed elsewhere in this Annual Report.

During the last Three years there has been no instance of non compliance by the Company on any matter related to capital market. Hence there were no strictures or penalties imposed either by SEBI or Stock Exchanges or any Statutory Authority for non compliance of any matter related to capital market.

#### 9. MEANS OF COMMUNICATION :

The Quarterly Reports of the Company are published in accordance with the Requirements of the Listing Agreement of the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd.

##### News Papers in which results are normally published:

1. Free Press Journal (English)
2. Navshakti (Marathi)



**10. IMPLEMENTATION OF CODE OF CONDUCT FOR INSIDER TRADING:**

Kilitch Drugs (India) Limited has adopted Code of Conduct for Insider Trading and is based on the SEBI framework and is stringent than the statutory code being enforced by the SEBI. Kilitch Drugs (India) Limited follows strict guidelines in respect of insiders' stock trading and related disclosures Ms. Kanika Bareja, Company Secretary is designated as the Compliance Officer to over see its implementation. Periodic disclosures have been obtained from all the Directors and 'designated employees' Under the aforesaid code all Directors and Designated Employees are required to conduct all their dealing in securities of the Company only in valid trading window after obtaining pre clearance form the Company as per the pre dealing procedure described in the Code.

**11. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:**

As stipulated by SEBI, a Compliance officer carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total Listed and paid up capital is in agreement with the aggregate of the total number of Shares in dematerialised form (held by NSDL and CDSL) and total number of Shares in physical form.

**12. GENERAL SHAREHOLDERS' INFORMATION:**

**1. Annual General Meeting Scheduled to be Held:**

**Day & Date** : Monday, 30<sup>th</sup> September, 2013

**Time** : 9.30 A.M.

**Venue [Regd. Off.]** : C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane- 400 705.

**2. Date of Book Closure** : Thursday, 26<sup>th</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 [both days inclusive]

**3. Financial Calendar:**

The next financial calendar year of the Company will be from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014.

<b>Audited/Unaudited</b>	<b>Particulars of Financial Reporting</b>	<b>Date</b>
Unaudited	Financial Reporting for the quarter ending 30 <sup>th</sup> June, 2013.	Up to 15 <sup>th</sup> August, 2013
Unaudited	Financial Reporting for the quarter ending 30 <sup>th</sup> September, 2013.	Up to 15 <sup>th</sup> November 2013
Unaudited	Financial Reporting for the quarter ending 31 <sup>st</sup> December, 2013.	Up to 15 <sup>th</sup> February 2014
Audited	Financial Reporting for the Audited Financial Result as on 31 <sup>st</sup> March, 2014.	Up to 30 <sup>th</sup> May 2014

**4. Listing on Stock Exchanges:**

Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

**5. Stock Codes:**

- National Stock Exchange of India Limited : **KILITCH**
- Bombay Stock Exchange Limited : **B2 - 524500**

**6. Stock Price Data:**

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited is as follows:

MONTH	BSE, MUMBAI		
	High (₹)	Low (₹)	No. of shares Traded
April, 2012	63.90	53.30	25,282
May, 2012	61.50	38.10	51,178
June, 2012	59.95	42.20	1,35,842
July, 2012	58.90	45.05	68,044
August, 2012	81.00	53.55	5,06,311
Sept, 2012	90.45	36.00	27,63,560
Oct, 2012	43.50	35.75	2,73,215
Nov, 2012	38.95	35.10	1,45,491
Dec, 2012	38.00	34.50	1,11,239
Jan, 2013	37.55	32.15	1,27,717
Feb, 2013	34.50	27.60	59,225
March, 2013	29.80	19.50	1,48,014

The monthly high and low quotations and volume of shares traded on National Stock Exchange of India Ltd. is as follows:

MONTH	NSE, MUMBAI		
	High (₹)	Low (₹)	No. of shares Traded
April, 2012	64.45	54.00	21375
May, 2012	63.00	38.05	57812
June, 2012	59.25	42.15	65659
July, 2012	60.00	47.40	67012
August, 2012	83.45	51.25	603033
Sept, 2012	90.50	35.00	2979801
Oct, 2012	43.90	35.80	390212
Nov, 2012	39.55	34.35	289160
Dec, 2012	37.80	34.50	219608
Jan, 2013	37.95	32.20	251117
Feb, 2013	37.00	27.50	154007
March, 2013	29.00	19.80	165810

**7. Address for Correspondence:**

Administrative Office

Share Transfer in physical form and in other communication in that regards including share certificates, dividends and change of address etc. may be addressed.

Ujagar Industrial Estate, 37, W.T. Patil Marg, Deonar, Mumbai: 400 088.

Link Intime India Private Limited  
C-13, Pannanal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai - 400 078. Tel. No. : 022-25963838  
Fax No. : 022-25946969. Web Site : www.kilitch.com  
e-mail : investor\_complaints@kilitch.com

**8. Share Transfer System:**

Shares sent for transfer in physical to Link Intime India Private Limited (R&T Agents), are registered and returned with a period of **15 days** from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposal. All requests for dematerialisation of shares are processed by the Company and Link Intime India Private Limited within **21 days**.

**9. Dematerialisation of shares:**

As on 31<sup>st</sup> March, 2013, 1,24,38,617 Equity Shares are held in dematerialized form with NSDL and CDSL out of total Equity Shares of 1,32,31,828 aggregating to 94.01%.

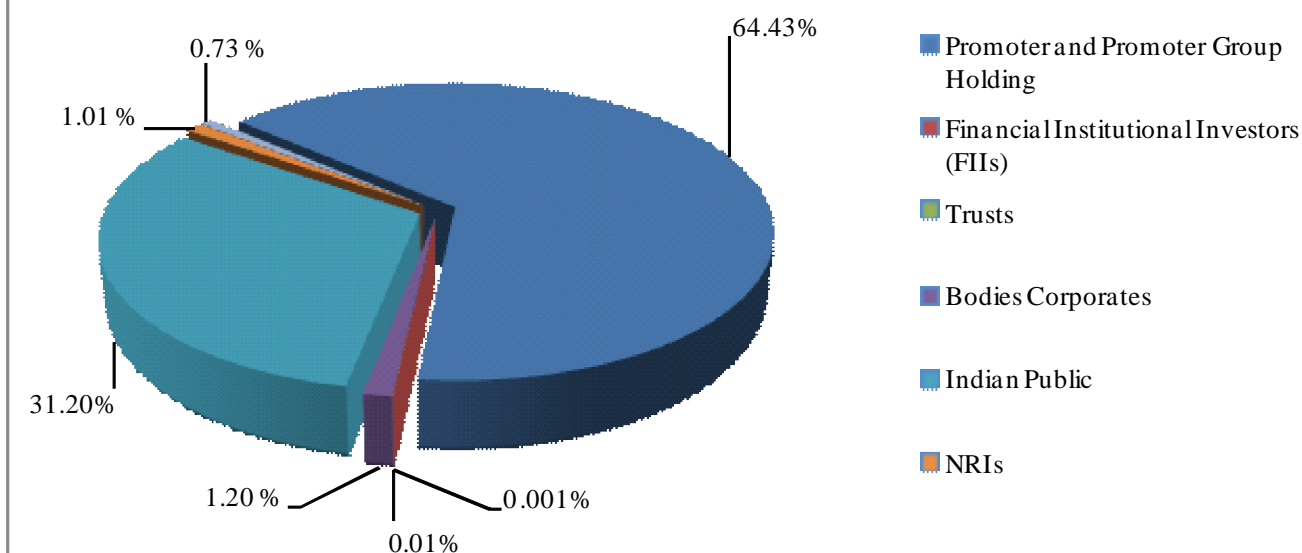
**10. Distribution of shareholding as on 31<sup>st</sup> March, 2013:**

No. of shares held	No. of shareholders	No. of shares held	% of shareholding
1 to 500	9568	16,99,679	12.845
501 to 1000	808	6,67,127	5.0420
1001 to 2000	334	5,20,602	3.9340
2001 to 3000	96	2,43,496	1.8400
3001 to 4000	48	1,73,253	1.3090
4001 to 5000	36	1,70,092	1.2850
5001 to 10000	52	3,70,771	2.8020
10001 and above	43	93,86,808	70.9410
<b>TOTAL</b>	<b>10985</b>	<b>1,32,31,828</b>	<b>100.00</b>

**11. Shareholding Pattern as on 31<sup>st</sup> March, 2013:**

Particulars of Category		Number of Shareholders	Shares	Number % to total Capital
<b>(A)</b>	<b>Promoter and Promoter Group Holding</b>			
	1. Individual / Hindu Undivided Family	2	1498025	11.32
	Bodies Corporate	1	6629342	50.10
	Others	2	3,98,068	3.01
	<b>Total (A)</b>	<b>5</b>	<b>85,25,435</b>	<b>64.43</b>
<b>(B)</b>	<b>Non – Promoter Holding</b>			
	<b>Institutions</b>			
	Financial Institutional Investors (FIIs)	1	100	—
	Trusts	1	1000	0.01
	<b>Non-Institutions</b>			
	Bodies Corporates	169	347195	2.62
	Indian Public	10630	4128067	31.20
	NRI's	99	133894	1.01
	Clearing Members	80	96137	0.73
	<b>Total (B)</b>	<b>10980</b>	<b>47,06,393</b>	<b>35.57</b>
	<b>Grand Total (A)+(B)</b>	<b>10985</b>	<b>1,32,31,828</b>	<b>100.00</b>

### Share Holding Pattern as 31st March, 2013



**Note:**

The total foreign shareholding for the year ended 31<sup>st</sup> March, 2013 is 1,33,894 shares which in percentage terms is 1.01% of the issued and subscribed capital.

There is no any Equity Shares under Lock-in for the period as on 31/03/2013.

Shareholding pattern in case of demated shares has been prepared based on download of data received from NSDL / CDSL as on 31<sup>st</sup> March 2013.

#### DECLARATION

I, Mukund Mehta, Managing Director of Kilitch Drugs (India) Limited, based on confirmations received from all the Directors and Senior Management of the Company, do hereby state that all Board Members and senior management personnel have affirmed compliances with the Code of Conduct of the Company for the financial year ended 31<sup>st</sup> March 2013.

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

Place : Mumbai  
Date : 14/08/2013

**MUKUND MEHTA  
MANAGING DIRECTOR**





**CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of

**KILITCH DRUGS (INDIA) LIMITED**

We have examined the compliance of conditions of Corporate Governance by **KILITCH DRUGS (INDIA) LIMITED** for the year ended on 31<sup>st</sup> March, 2013 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 procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and 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 Agreement.

We have to state that in respect of investor's grievances, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders/investor's Grievance Committee.

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: M/s. Deep Shukla & Associates  
Company Secretaries**

**Deep Shukla  
(Proprietor)  
FCS No. 5652  
CP No. 5364**

**Place : Mumbai  
Date : 14/08/2013**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Kilitch Drugs (India) Limited**

We have audited the accompanying financial statements of Kilitch Drugs (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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.

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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2013;
  - b) in the case of the Profit and Loss Account, of the profit/ loss 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.
1. 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.
  2. 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.
    - 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.
    - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
    - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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 M/s. R. N. R. Iyer and Co.**  
**Chartered Accountants**  
FRN: 103786W

**Rajkumar Iyer**  
**(Proprietor)**  
Membership No. :33964

Place : Mumbai  
Date : 30<sup>th</sup> May 2013.

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Kilitch Drugs (India) Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.  
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2012 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2012, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For M/s. R. N. R. Iyer and Co.**  
**Chartered Accountants**  
FRN: 103786W

**Rajkumar Iyer**  
**(Proprietor)**  
Membership No. :33964

Place : Mumbai  
Date : 30<sup>th</sup> May 2013.



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2013**

in lacs

Particulars	Note No.	2012-13	2011-12
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	<b>1,323.18</b>	1,323.18
(b) Reserves and surplus	4	<b>10,581.99</b>	10,253.71
(c) Money received against share warrants			
<b>2 Share application money pending allotment</b>			
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)	5	<b>25.43</b>	26.14
(c) Other Long term liabilities	6	<b>37.03</b>	37.03
(d) Long-term provisions		-	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	-	88.50
(b) Trade payables	8	<b>1,347.77</b>	478.61
(c) Other current liabilities	9	<b>326.70</b>	913.39
(d) Short-term provisions	10	<b>36.30</b>	4,644.78
<b>TOTAL</b>		<b>13,678.40</b>	17,765.34
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>	11		
(i) Tangible assets		<b>874.61</b>	836.55
(ii) Intangible assets		<b>12.77</b>	10.69
(iii) Capital work-in-progress		-	-
(b) Non-current investments	12	<b>71.59</b>	441.08
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	13	<b>111.83</b>	24.59
(e) Other non-current assets		-	-
<b>2 Current assets</b>			
(a) Current investments	14	<b>10,827.71</b>	13,577.37
(b) Inventories	15	<b>153.92</b>	193.81
(c) Trade receivables	16	<b>1,239.79</b>	1,447.19
(d) Cash and cash equivalents	17	<b>294.07</b>	1,164.28
(e) Short-term loans and advances	18	<b>29.80</b>	20.10
(f) Other current assets	19	<b>62.31</b>	49.68
<b>TOTAL</b>		<b>13,678.40</b>	17,765.34

This is the Balance Sheet referred to in our Report of even date

For and on behalf of Board of Directors

For **R. N. R. IYER & CO.**

Firm Registration No. 103786W  
Chartered Accountants

**Mukund P. Mehta** : Managing Director  
**Paresh P. Mehta** : Joint Managing Director  
**Bhavin M. Mehta** : Director  
**Mukesh Shah** : Director  
**Kanika Bareja (Ms.)** : Company Secretary

**Rajkumar Iyer**

Proprietor  
Membership No.33964  
Place : Mumbai  
Dated : 30/05/2013



**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

Particulars	Note No.	` in lacs	
		2012-13	2011-12
I. Revenue from operations	20	<b>3,318.08</b>	10,685.99
II. Other income <sup>21</sup>		<b>915.05</b>	110.25
<b>III. Total Revenue (I + II)</b>		<b>4,233.13</b>	10,796.24
IV. Expenses:			
Cost of materials consumed	22	<b>2,659.83</b>	7,058.99
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	<b>26.12</b>	135.13
Employee benefits expense	24	<b>303.45</b>	499.78
Finance costs	25	<b>1.91</b>	295.33
Depreciation and amortization expense	11	<b>122.90</b>	483.37
Other expenses	26	<b>695.89</b>	1,575.64
Prior Period			
Total expenses		<b>3,810.10</b>	10,048.24
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>423.03</b>	748.00
VI. Exceptional items	27	-	(1,552.82)
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>423.03</b>	(804.82)
VIII. Extraordinary Items	28	(95.46)	10,704.79
<b>IX. Profit before tax (VII- VIII)</b>		<b>327.57</b>	9,899.97
X Tax expense:			
(1) Current tax		-	2,105.00
(2) Deferred tax		(0.71)	-
<b>XI Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>328.28</b>	7,794.97
XII Profit/(loss) from discontinuing operations	29	-	1,726.93
XIII Earnings per equity share:			
(1) Basic	30	2.48	58.91
(2) Diluted		2.44	53.68

This is the Profit and Loss Account referred to in our Report of even date For and on behalf of Board of Directors

For **R. N. R. IYER & CO.**

Firm Registration No. 103786W

Chartered Accountants

**Mukund P. Mehta** : Managing Director

**Paresh P. Mehta** : Joint Managing Director

**Bhavin M. Mehta** : Director

**Mukesh Shah** : Director

**Kanika Bareja (Ms.)** : Company Secretary

**Rajkumar Iyer**

Proprietor

Membership No.33964

Place : Mumbai

Dated : 30/05/2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013**

(₹ in lakhs)

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		423.03		(804.82)
<i>Adjustments for:</i>				
Depreciation and amortisation	122.90		483.37	
Expense on employee stock option scheme	(8.95)		18.57	
Finance costs	1.91		295.33	
Interest income	(56.28)		(46.53)	
Dividend income	(761.35)		(58.12)	
Rental income from operating leases	(6.00)		(6.00)	
Provision for doubtful trade and other receivables, loans and advances	-		24.40	
Net unrealised exchange (gain) / loss				
		(707.77)		711.02
Operating profit / (loss) before working capital changes		(284.74)		(93.80)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	39.89		1,481.81	
Trade receivables	207.40		2,397.67	
Short-term loans and advances	(9.69)		103.97	
Long-term loans and advances	(87.24)		(7.04)	
Other current assets	(3.69)		(2,178.15)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	869.16		(783.30)	
Other current liabilities	(586.69)		(3,673.54)	
Short-term provisions	5.33		(187.55)	
		434.47		(2,846.13)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>149.74</b>		<b>(2,939.93)</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(163.05)		(2,727.58)	
Current investments not considered as Cash and cash equivalents				
- Purchased			(13,577.37)	
Proceeds from sale of long-term investments				
- Subsidiaries	369.49		(173.00)	
- Others	2,749.66		(50.00)	
Interest received				
- Others	56.28		46.53	
Dividend received				
- Others	761.35		58.12	
Rental income from operating leases	6.00		6.00	
		3,779.73		(16,417.30)
Cash flow from extraordinary items		(95.46)		20,720.89
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>3684.27</b>		<b>4303.59</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013**

(` in lakhs)

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
<b>C. Cash flow from financing activities</b>				
Increase in Share Capital	-		-	
Repayment of long-term borrowings	-		(1.00)	
Repayment of other short-term borrowings	(88.50)		(686.56)	
Finance cost	(1.91)		(295.33)	
Dividends paid(Inclusive of tax)	(4,613.81)		(149.41)	
		(4,704.21)		(1,132.30)
Cash flow from extraordinary items				
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(4,704.21)</b>		<b>(1,132.30)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(870.21)</b>		<b>231.36</b>
Cash and cash equivalents at the beginning of the year		<b>1,164.28</b>		<b>932.92</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>294.07</b>		<b>1,164.28</b>
<b>Cash and cash equivalents at the end of the year *</b>				
* Comprises:				
(a) Cash on hand		<b>0.83</b>		0.84
(b) Balances with banks				
(i) In current accounts		<b>178.75</b>		570.56
(iv) In earmarked accounts (give details) (Refer Note (ii) below)		<b>114.49</b>		592.88
		<b>294.07</b>		<b>1,164.28</b>

**Notes:**

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.  
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

For **R. N. R. IYER & CO.**  
Firm Registration No. 103786W  
Chartered Accountants

**Rajkumar Iyer**  
Proprietor  
Membership No.33964  
Place : Mumbai  
Dated : 30/05/2013

**Mukund P. Mehta** : Managing Director  
**Paresh P. Mehta** : Joint Managing Director  
**Bhavin M. Mehta** : Director  
**Mukesh Shah** : Director  
**Kanika Bareja (Ms.)** : Company Secretary



**Note: 1**

**Significant Accounting Policies**

**A. Accounting Convention(AS -1)**

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in conformity with the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules,2006 issued by the Central Government to the extent applicable and the relevant provisions of the Companies Act, 1956.

**B. Use of Estimates**

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles(GAAP) in India requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements and of the reported amounts of the revenues and expenses for the year. Actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively in current and future periods.

**C. Revenue Recognition (AS-9)**

- a) Sales which include services are recognized net of returns, trade discounts, rebates and include excise duty on manufactured products.
- b) Revenue in respect of export sales is recognized on shipment of products.
- c) Service Income (Processing Charges) is recognised as per contractual terms.
- d) Dividend Income is recognised on receipt basis
- e) Interest Income is recognised on time proportionate method.

**D. Fixed Assets and Depreciation (AS-6)(AS-10)**

- a) Fixed Assets are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Cost (net of input tax credit received/receivable) includes related expenditure and pre-operative and project expenses for the period up to completion of the construction/assets are put to use.
- b) Depreciation is provided on Written Down Value Method as per Section 205(2)(b), at the rates prescribed for single shift in Schedule XIV of The Companies Act, 1956.
- c) Depreciation on addition/disposal of the Fixed Assets during the year is provided on prorata basis according to the period during which the assets are put to use.

**E. Impairment of Assets(AS-28)**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**F. Investments (AS-13)**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**G. Inventories (AS -2)**

Raw Material, Packing Material, Stores and spare parts are valued at cost or net realizable value whichever is lower. Work-in-progress and Finished Goods inventories include production overheads, to the extent applicable. Cost of Raw Materials, Packing Materials and Stores & Spare part are determined on last purchase price.

**H. Borrowing Costs(AS-16)**

Borrowing Costs are recognized as an expense in the period in which they are incurred except the borrowing cost attributable to the acquisition/construction of a qualifying asset which are capitalized as part of the cost of such asset, up to the date, the assets are ready for their intended use.

**I. Foreign Currency Transactions(AS-11)**

The transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. The exchange difference resulting from settled transaction is adjusted in the profit and loss account. Year end balances of monetary items are restated at the year end exchange rates and the resultant net gain or loss is adjusted in the profit and loss account.

**J. Taxation(AS-22)**

Excise Duty and Value Added Tax(VAT) :- Excise Duty and VAT is accounted net of purchase tax benefit availed on purchase inputs, fixed assets and eligible service.

Taxes on Income

- a) Tax expenses comprises current and deferred tax.
- b) Current Tax is measured as the amount expected to be paid in accordance with the provisions of The Income Tax Act, 1961.
- c) Deferred Tax reflects the impact of current year timing differences between book and tax profits and reversal of timing difference of earlier years. Deferred Tax is measured based on the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date.
- d) Deferred Tax Assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**K. Retirement Benefits (AS-15)**

Contributions in respect of defined retirement schemes such as Provident Funds are charged to the Profit and loss Account as incurred. The company does not provide for gratuity as required under AS 15 accounting guidelines prescribed by Institute of Chartered Accountants of India (ICAI). However, whenever an eligible employee retires/ resigns services the company computes liability for gratuity as per payment of gratuity Act, and charges it to the profit and loss account.

**L. Employee Stock Option Plan**

Employee Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed by Guidance Note on 'Accounting for Employee Share-based payments' issued by Institute of Chartered Accountants of India (ICAI) read with Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 issued by SEBI. The excess of market value if any, of the stock options as on the date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the Profit and Loss Account on vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding, which is shown under Reserves and Surplus.

**M. Provisions, Contingent Liabilities and Contingent Assets (AS-29)**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**N. Earnings Per Share (AS-20)**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earnings per share is computed by dividing the net Profit for the period by the weighted average number of Equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net Profit for the period by the number of Equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares.

**O. Cash Flow Statement (AS-3)**

The cash Flow Statement is prepared by the indirect method as set out in Accounting Standard 3 on Cash Flow statements and present cash flows by operating, investing & financing activities of the company.

**P. Contingencies and Events occurring after the Balance sheet date (AS-4)**

There have been no contingent losses after the Balance sheet date, which need to be disclosed in the financial statement. There have been no events occurring after the balance sheet date that affect the figures stated in the Financial Statements and that represent material changes and commitments affecting the financial position of the Company.



**Note 2**

**Business Transfer and Product Transfer -**

The Company entered into a Business Transfer Agreement (BTA) on 6th October 2011 with Akorn India Private Limited (AIPL), a Company incorporated under the Companies Act 1956 and having its registered office at 101-104, Banaji House, First Floor, Flora Fountain, Fort Mumbai 400001(Purchaser). The Company has been restricted from exporting the products sold to AIPL under the PTA to all the countries except to 13 countries where they are allowed to export their other products. Profit on sale and export sale of products under the PTA will have to be paid to AIPL. During the year the company had to transfer Profit on sale of products amounting to ` 32,03,048 to Akorn Private Limited.

The Company's net working capital at Paonta Sahib on the date of transfer of business i.e. (28<sup>th</sup> February, 2012) was estimated at ` 14.40 crores which was to be identified after 180 days from the date of the transfer by adjusting the net realized working capital from the purchase value based on which the amount payable or receivable by the Company would be determined mutually between the Company and AIPL. These were identified after 180 days from the date of transfer, in November 2012. The company had to make excess payment against the estimated working capital of ` 14.40 crores to the tune of ` 63,42,494 to AIPL.

Thus the profit on sale of products of ` 32,03,048 and ` 63,42,494 towards working capital totaling to ` 95,45,542 have been written off as **Extraordinary items** during the current year as these were to be settled in the current year as per the Business Transfer and Product Transfer agreement with AIPL.

Note 3

Share capital

₹ In lacs

Share Capital	2012-13		2011-12	
	Number	Amount	Number	Amount
<b>Authorised</b>				
20,00,000 Equity Shares of ₹ 10 each fully paid	<b>20,00,000</b>	<b>2,000.00</b>	20,00,000	2,000.00
<b>Issued</b>				
1,32,31,828 Equity Shares of ₹ 10 each	<b>13,231,828</b>	<b>1,323.18</b>	13,231,828	1,323.18
<b>Subscribed &amp; Paid up</b>				
1,32,31,828 Equity Shares of ₹ 10 each	<b>13,231,828</b>	<b>1,323.18</b>	13,231,828	1,323.18
<b>Total</b>	<b>13,231,828</b>	<b>1,323.18</b>	13,231,828	1,323.18

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particular	2012-13		2011-12	
	Number	Amount	Number	Amount
Opening	<b>13,231,828</b>	<b>1,323</b>	13,231,828	1,323
Additions -				
Shares bought back during the year				
Shares outstanding at the end of the year	<b>13,231,828</b>	<b>1,323</b>	13,231,828	1,323

Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	2012-13		2011-12	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
NBZ Pharma Ltd.	<b>0</b>	<b>0</b>	6012742	45.44
Paresh P. Mehta	<b>948047</b>	<b>7.16</b>	1256347	9.49
Mukund P. Mehta	<b>0</b>	<b>0</b>	858278	6.49
Kilitch Company Pharma Limited	<b>6629342</b>	<b>50.1</b>	0	0





Particulars	` in lacs	
	2012-13	2011-12
<b>Note 4</b>		
<b>Reserves and surplus</b>		
<b>a. Capital Reserves</b>		
Opening Balance	-	30.00
(+) Current Year Transfer		
(-) Written Back in Current Year	-	30.00
Closing Balance	-	-
<b>c. Securities Premium Account</b>		
Opening Balance	2,778.13	2,778.13
Closing Balance	2,778.13	2,778.13
<b>e. Revaluation Reserve ( General Reserve)</b>		
Opening Balance	1,518.51	688.51
(+) Current Year Transfer	-	830.00
Closing Balance	1,518.51	1,518.51
<b>f. Share Options Outstanding Account</b>		
Opening Balance	137.94	186.94
(-) Written Back in Current Year	-	48.99
Closing Balance	137.94	137.95
<b>g. Other Reserves (Call on shares)</b>		
Opening Balance	58.00	58.00
Closing Balance	58.00	58.00
<b>h. Surplus</b>		
Opening balance	5,761.13	3,379.96
(+) Net Profit/(Net Loss) For the current year	328.28	7,794.97
(-) Proposed Dividends	-	4,613.81
(-) Transfer to Reserves	-	800.00
Closing Balance	6,089.41	5,761.12
<b>Total</b>	<b>10,581.99</b>	<b>10,253.72</b>

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 5</b>		
<b>Deferred Tax Liability (Net)</b>		
Deferred tax liability on account of timing differences arising on Depreciation of fixed assets	25.43	26.14
	25.43	26.14

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 6</b>		
<b>Other Long Term Liabilities</b>		
(a) Trade Payables		
(b) Others	37.03	37.03
<b>Total</b>	<b>37.03</b>	<b>37.03</b>

in lacs

Particulars	2012-13	2011-12
<b>Note 7</b>		
<b>Short Term Borrowings</b>		
<b>Secured</b>		
<b>(a) Loans repayable on demand</b>		
from banks	-	88.50
(Secured By Fixed deposits))		
from other parties	-	-
<b>Total</b>	<b>-</b>	<b>88.50</b>

**Notes:**

Secured loans from bank:

These are Buyers Credit received from bank last year against imports, which has been repaid this year.

in lacs

Particulars	2012-13	2011-12
<b>Note 8</b>		
<b>Trade Payables</b>		
Micro & Small Enterprises ( Refer note 31)		
Others	<b>1,347.77</b>	478.61
<b>Total</b>	<b>1,347.77</b>	<b>478.61</b>

**Notes:**

1) The company has a trade policy of paying creditors within 90/120 days from the date of receipt of material.

2) Trade creditors are unsecured,unconfirmed and fully payable.

3) The company follows a trade policy as determined by them within purchase orders.

Based on the information available with the company,there are no dues payable to micro, small and medium enterprises as defined in the micro,small and medium enterprises development act, 2006.

Trade Payable stated above include due to:

Particulars	2012-13	2011-12
Private Company in which director/relative is a member	<b>12.46</b>	-
Subsidiary Company	-	133.17
	<b>12.46</b>	133.17

in lacs

Particulars	2012-13	2011-12
<b>Note 9</b>		
<b>Other Current Liabilities</b>		
(a) Unpaid dividends	<b>114.51</b>	19.30
(b) Other payables	<b>27.05</b>	788.41
Others	<b>10.10</b>	14.51
Advance from customers	<b>86.16</b>	-
Statutory dues	<b>88.88</b>	91.17
<b>Total</b>	<b>326.70</b>	<b>913.39</b>

**Notes:**

Other payables are advances received from Akorn India Pvt. Ltd against exports for purchase of material and performance bank guarantee.

Others are Advance received for sale of investment and payment of outstanding expenses.



in lacs

Particulars	2012-13	2011-12
<b>Note 10</b>		
<b>Short Term Provisions</b>		
(a) Provision for employee benefits		
Salary & Reimbursements	36.30	30.97
(b) Others (Specify nature)		
Provision for Dividend	-	4,613.81
<b>Total</b>	<b>36.30</b>	<b>4,644.78</b>

Notes

Salary and Benefits payable to employees

in lacs

**Note 11**

**Fixed Assets**

Particular	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2012	Additions/ (Disposals)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	On disposals	Balance as at 31 March 2013	Balance as at 31 March 2013	Balance as at 1 April 2012
<b>a Tangible Assets</b>									
Land	29.87	-	29.87	-	-	-	-	29.87	29.87
Assets under lease									
Buildings	394.25	-	394.25	258.58	9.52	-	268.11	135.68	126.14
Assets under lease									
Plant and Equipment	970.97	44.03	1,015.00	484.75	67.87	-	552.62	486.22	462.38
Assets under lease									
Furniture and Fixtures	95.25	2.15	97.39	64.78	5.52	-	70.30	30.47	27.09
Assets under lease									
Vehicles	29.95	106.52	136.47	23.95	11.57	-	35.52	6.00	100.95
Assets under lease									
Office equipment	516.98	3.72	520.70	368.68	23.85	-	392.53	148.30	128.17
Assets under lease									
Others (specify nature)									
<b>Total</b>	<b>2,037.27</b>	<b>156.41</b>	<b>2,193.67</b>	<b>1,200.74</b>	<b>118.33</b>	<b>-</b>	<b>1,319.07</b>	<b>836.55</b>	<b>874.61</b>
Previous year	7,416.04	(5,378.77)	2,037.27	3,230.93	477.25	2,507.46	1,200.72	4,185.10	836.55
<b>b Intangible Assets</b>									
Computer software	17.34	6.65	23.99	6.65	4.57	-	11.22	10.69	12.77
<b>Total</b>	<b>17.34</b>	<b>6.65</b>	<b>23.99</b>	<b>6.65</b>	<b>4.57</b>	<b>-</b>	<b>11.22</b>	<b>10.69</b>	<b>12.77</b>
Previous year	8.15	9.19	17.34	0.53	6.12	-	6.65	7.62	10.69
<b>GRAND TOTAL</b>	<b>2,054.61</b>	<b>163.05</b>	<b>2,217.66</b>	<b>1,207.39</b>	<b>122.90</b>	<b>-</b>	<b>1,330.29</b>	<b>847.24</b>	<b>887.37</b>
Previous year	7,424.19	(5,369.58)	2,054.61	3,231.46	483.37	2,507.46	1,207.37	4,192.72	847.24

₹ in lacs

Particulars	2012-13	2011-12
<b>Note 12</b>		
<b>Non-current investments</b>		
<b>Trade Investments (Refer A below)</b>		
Investment in Equity instruments	71.59	441.08
<b>Total (A)</b>	<u>71.59</u>	<u>441.08</u>

Particulars	2012-13	2011-12
Aggregate amount of quoted investments (Market value of ₹ 1064512 (Previous Year ₹ 1243604))	21.59	21.59
Aggregate amount of unquoted investments	50.00	419.49

**A. Details of Trade Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Basis of Valuation
			2012-13	2011-12			2012-13	2011-12	2012-13	2011-12	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	<b>Investment in Equity Instruments</b>										
	Century Enka Ltd	-	1000	1000	Quoted	Fully Paid	-	-	0.74	0.74	At cost
	Colgate Pamolive India Ltd	-	100	100	Quoted	Fully Paid	-	-	0.95	0.95	At cost
	JK Lakshmi Cement Ltd	-	720	720	Quoted	Fully Paid	-	-	0.33	0.33	At cost
	Century Textile & Industries Ltd	-	500	500	Quoted	Fully Paid	-	-	2.28	2.28	At cost
	Pfizer Ltd	-	400	400	Quoted	Fully Paid	-	-	4.94	4.94	At cost
	Reliance Power Ltd	-	2616	2616	Quoted	Fully Paid	-	-	7.36	7.36	At cost
	Bengal & Assam Company Ltd	-	15	15	Quoted	Fully Paid	-	-	4.99	4.99	At cost
	Eye Kare Kilitch Ltd.	Subsidiary	-	3294930	Unquoted	Fully Paid	-	-	-	369.49	At cost
(b)	<b>Investments in Debentures or Bonds</b>										
	Rural Electrification Bonds	-	500	500	unquoted	-	-	-	50.00	50.00	-
	<b>Total</b>	-	-	-	-	-	-	-	<b>71.59</b>	<b>441.08</b>	-



Particulars	` in lacs	
	2012-13	2011-12
<b>Note 13</b>		
<b>Long Term Loans and Advances</b>		
a. Security Deposits		
Unsecured, considered good	111.83	24.59
	<u>111.83</u>	<u>24.59</u>
<b>Notes:</b>		
Deposits with Excise and Service tax department, Electricity department, etc.		

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 14</b>		
<b>Current Investments</b>		
Investments in Mutual Funds	10827.71	13577.37
<b>Total</b>	<u>10,827.71</u>	<u>13,577.37</u>
Aggregate amount of quoted investments (Market value of 10963.43(Previous Year 13577.37))	10827.71	13577.37
Aggregate amount of unquoted investments	-	-

**A. Details of Current Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Basis of Valuation
			2012-13	2011-12			2012-13	2011-12	2012-13	2011-12	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	<b>Investment in Equity Instruments</b>										
	Birla Sunlife Short Term FMP Series 30 Dividend Payout	Others	-	81890534.18	Quoted	Fully Paid	-	-	-	8189.05	At Cost
	ICICI Prudential Plan B Institutional Daily Dividend Option II	Others	-	35192412.88	Quoted	Fully Paid	-	-	-	3521.88	At Cost
	Axis Liquid Fund-Institutional Daily dividend Reinvestment	Others	104504.246	66636.908	Quoted	Fully Paid	-	-	1358.49	666.44	At Cost
	Axis Fixed Term Plan-Series 23	Others	-	12000000	Quoted	Fully Paid	-	-	-	1200.00	At Cost
	Axis Treasury Advance MF	Others	18343.918	-	Quoted	Fully Paid	-	-	239.00	-	At Cost
	ICICI Prudential Ultra Short term regular Plan	Others	26330319.32	-	Quoted	Fully Paid	-	-	3108.03	-	At Cost
	ICICI FRP Plan Regular Growth	Others	-	-	Quoted	Fully Paid	-	-	5100.00	-	At Cost
	ICICI Monthly Dividend BPB Plan	Others	10126649.11	-	Quoted	Fully Paid	-	-	1022.19	-	At Cost
	<b>Total</b>		-	-					<b>10,827.71</b>	<b>13,577.37</b>	-

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 15</b>		
<b>Inventories</b>		
a. Raw Materials and components (Valued at cost)	136.85	136.12
b. Work-in-progress	8.00	11.67
c. Finished goods	9.07	31.52
d. Stores and spares	-	14.50
<b>Total</b>	<b>153.92</b>	<b>193.81</b>

**Notes**

As certified and valued by the management

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 16</b>		
<b>Trade Receivables</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Unsecured, considered good	780.28	1,447.19
	<u>780.28</u>	<u>1,447.19</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	459.51	-
Unsecured, considered doubtful	-	24.40
Less: Provision for doubtful debts	-	24.40
	<u>459.51</u>	<u>-</u>
<b>Total</b>	<b>1,239.79</b>	<b>1,447.19</b>

**Notes:**

- The company allows 30 days payment terms from the date the bills are raised for local sales and 90 days from the date bills are raised in case of exports.
- Trade receivables are unsecured, considered goods and unconfirmed. Trade Receivable stated above include debts due by:

Particulars	2012-13	2011-12
Firm in which director is a partner *	-	302.12
Private Company in which director is a member	201.12	717.89
	<u>201.12</u>	<u>1,020.01</u>

\*Either severally or jointly



Particulars	` in lacs	
	2012-13	2011-12
<b>Note 17</b>		
<b>Cash and cash equivalents</b>		
a. Balances with banks*	<b>293.24</b>	1,163.44
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)	<b>114.49</b>	19.30
Security against borrowings	-	226.98
LC/Bank Guarantees	<b>87.13</b>	346.60
c. Cash on hand*	<b>0.83</b>	0.84
<b>Total</b>	<b>294.07</b>	<b>1,164.28</b>

**Notes:**

- 1) Cash on hand is certified by the management
- 2) All bank deposits are confirmed on the date of the balance sheet.
- 3) Deposits and Margin money kept separately are not confirmed by the bank.

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 18</b>		
<b>Short-term loans and advances</b>		
a. Others (specify nature)		
Unsecured, considered good	<b>20.52</b>	20.10
Advance paid to Suppliers	<b>9.28</b>	-
<b>Total</b>	<b>29.80</b>	20.10

**Notes:**

Other loans and advances include advance paid to suppliers and imprest amount given to employees for travel

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 19</b>		
<b>Other Current Assets</b>		
Prepaid Exp	<b>0.60</b>	0.76
<b>Tax recoverable from revenue authorities</b>	<b>61.71</b>	39.98
Deffer employee compensation	-	8.94
<b>Total</b>	<b>62.31</b>	<b>49.68</b>

**Notes:**

These include advance tax paid and TDS deducted which has been adjusted by Provision of Tax.



Particulars	` in lacs	
	2012-13	2011-12
<b>Note 20</b>		
<b>Revenue from operations</b>		
Sale of products/services	3,541.04	10,914.40
Other operating revenues	119.07	25.07
Less:		
Excise duty	342.03	253.48
<b>Total</b>	<b>3,318.08</b>	<b>10,685.99</b>
Sales are inclusive of exports ` 1427.93 lacs made on behalf of Akorn		

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 21</b>		
<b>Other income</b>		
<b>Particulars</b>		
Interest Income (in case of a company other than a finance company)	56.28	46.53
Dividend Income	761.35	58.12
Net gain/loss on sale of investments	58.85	(0.40)
Other non-operating income (net of expenses directly attributable to such income)	38.58	6.00
<b>Total</b>	<b>915.05</b>	<b>110.25</b>

**Notes:**

- 1) Dividend income pertains to dividend received from mutual funds/shares.
- 2) Net gain on sale of investments pertains to profit received on sale of Eyekare shares.
- 3) Other non operating income includes rent from Eyekare Kilitch.

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 22</b>		
<b>Cost of materials consumed</b>		
Opening Stock	136.12	1,165.34
Purchases of Stock-in-Trade	2,660.57	6,554.83
Freight charges	-	66.60
Less: Closing Stock	136.85	727.78
<b>Total</b>	<b>2659.83</b>	<b>7058.99</b>
Purchases include ` 1466.38 lacs for exports on behalf of Akorn		



in lacs

Particulars	2012-13	2011-12
<b>Note 23</b>		
<b>Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>		
<b>Opening Stock :</b>		
Work-in-Process	11.67	340.54
Finished Goods	31.52	137.42
	<u>43.19</u>	<u>477.96</u>
<b>Closing Stock :</b>		
Work-in-Process	8.00	238.12
Finished Goods	9.07	104.71
	<u>17.07</u>	<u>342.83</u>
<b>Total</b>	<u>26.12</u>	<u>135.13</u>

**Notes:**

- 1) The above stocks have been certified by the management.
- 2) Stocks are valued at cost or market value whichever is lower.
- 3) Work in Process and Finished Goods include production overheads, to the extent possible.
- 4) Cost of Raw Materials, Packing Materials are determined on last purchase price.

in lacs

Particulars	2012-13	2011-12
<b>Note 24</b>		
<b>Employee Benefits Expense</b>		
(a) Salaries and incentives	271.95	483.76
(b) Contributions to -		
(i) Provident fund(ii) Superannuation scheme	5.36	11.09
(ii) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	8.95	(18.57)
(iii) Staff welfare expenses	17.19	23.50
<b>Total</b>	<u>303.45</u>	<u>499.78</u>

in lacs

Particulars	2012-13	2011-12
<b>Note 25</b>		
<b>Finance costs</b>		
Interest expense	1.39	246.17
Other borrowing costs	7.00	42.60
Applicable net gain/loss on foreign currency transactions and translation	(6.48)	6.56
<b>Total</b>	<u>1.91</u>	<u>295.33</u>

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 26</b>		
<b>Other expenses</b>		
Consumption of stores and spare parts.	54.90	60.08
Labour Charges	88.46	311.65
Power and fuel.	113.75	629.80
water Charges	5.71	5.53
Lab Consumbales	0.99	66.14
Repairs to buildings.	0.11	3.24
Repairs to machinery.	40.13	90.41
Insurance .	1.17	5.12
Rent,Rates and taxes, excluding, taxes on income.	13.80	19.28
Audit Fees (Refer Note 32)	5.11	3.25
Miscellaneous expenses,	38.08	119.49
Foreign Travelling Expensess	-	35.21
Printing & stationery	7.92	14.10
Professional charges	67.55	65.12
Communication	17.74	14.12
VehicLEl Exp	4.58	16.98
Travelling Expenses	109.22	35.72
<b>Selling &amp; Distribution Expenses</b>		
Freight Outward	-	7.59
Business Promotion	15.40	57.57
Advertising / Sales Comm.	3.26	4.15
Discount Allowed [Sales]	-	6.38
Export Expenses	13.43	4.71
Export product registration	94.57	-
<b>Total</b>	<b>695.89</b>	<b>1,575.65</b>



in lacs

Particulars	2012-13	2011-12
<b>Note 27</b>		
<b>Exceptional Item</b>		
Bad Debts written off	-	1,571.02
Provision for doubtful debts	-	24.40
In the earlier year provision made for expenses no longer required now written back	-	(42.60)
<b>Total</b>	<b>-</b>	<b>1,552.82</b>

in lacs

Particulars	2012-13		2011-12	
<b>Note 28</b>				
<b>Extraordinary Items</b>				
This consists of Profit on products manufactured from April to September 2012 as per PTA agreement and balance paid as per Net working capital as per Business Transfer agreement during this year.- Refer Note No 2 (above).				
Consideration received as per Business Transfer Agreement	-		20749.39	
Consideration received as per Product Transfer Agreement	-		1411.40	
Less:			-	22160.79
Profit on products manufactured from April to September 2012	<b>32.03</b>		11.60	
Professional Fees for Business Transfer	-		486.11	
Towards Net Working capital(to be determined separately)	<b>63.43</b>		1440.00	
Net Written Down value of Fixed Assets as on 28.02.2012 (including capital work in progress)	-		9518.29	
	<b>(95.46)</b>		-	11456.00
<b>Total</b>		<b>(95.46)</b>		<b>10704.79</b>

in lacs

Particulars	2012-13	2011-12
<b>Note 29</b>		
<b>Profit on Discontinued Operations</b>		
For the previous year, based on the business transfer agreement between the Company and AIPL, the transfer was completed on 28 <sup>th</sup> February 2012 and the Company discontinued its manufacturing activity from 28 <sup>th</sup> February 2012 at Paonta sahib but the manufacturing activity at the Mumbai plant continues. The profit on the discontinued operations as per AS 24 up to 28 <sup>th</sup> February 2012 is given below:		
Revenue from operations	-	8838.54
Total Expenses	-	7111.61
Net Profit before Tax	-	1726.93
Taxes (including MAT)	-	-
Net Profit after Tax	-	1726.93

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 30</b>		
<b>Earnings per share (AS-20)</b>		
Net Profit attributable to equity shareholders	328.28	7794.97
Weighted average number of equity shares outstanding during the year (based on date of issue of shares)	1,32,31,828	1,32,31,828
Basic earnings per equity share (Face value of Rs 10 per share)	2.48	58.91
Diluted Number of Shares	1,34,44,672	1,45,21,791
Diluted Earnings per share	2.44	53.68

**Note 31**

**Micro, Small and Medium Enterprises**

The company follows a trade policy as determined by them within Purchase Orders/ Sales Order for Trade Payables and Trade Receivables. The company has sent request to its creditors asking them if they are covered under micro small and medium industries. As no confirmation from the creditors were received the company has not classified creditors in to micro, small and medium industries and outstanding payable to them has not been shown separately.

Based on the information available with the Company, there are no dues payable to micro, small and medium enterprises as defined in The Micro, Small & Medium Enterprises Development Act, 2006. This information has been relied upon by the statutory auditors of the Company.

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 32</b>		
<b>Auditors' remuneration (excluding service tax)</b>		
Audit fees	4,00,000	300,000
Certification	74,045	5,000
Others	37,080	20,000
<b>Total</b>	<b>5,11,125</b>	<b>3,25,000</b>

**Note 33**

**Employee Stock Option Plan**

- As per Employee stock options Scheme (Kilitch ESOS 2007), each option is convertible into one equity shares `10/- each at exercise price of `47.50/- per share. During the year fresh options were not granted and employees did not exercise any options.
- The employee compensation cost on account of this grant applicable for the year is ` 8,94,624/-.

Particulars	` in lacs	
	2012-13	2011-12
<b>Note 34</b>		
<b>Contingent liabilities to the extent not provided for</b>		
(a) Claims against the company not acknowledged as debt	-	816.81
(b) Guarantees and Letter of credits	63.08	-
	<b>63.08</b>	<b>816.81</b>



**Note 35**

**Related Party Transactions (AS-18)**

**Name of the related parties and Nature of Relationship**

**a) Subsidiary Companies/ Concerns**

Nil

**b) Directors and their Relatives**

Mr. Mukund Mehta - Managing Director

Mr. Paresh Mehta - Joint Managing Director

Mr. Bhavin Mehta - Director

Mr. Divya Mehta - Relative of Director

Mrs. Mira B. Mehta - Relative of Director

**c) Enterprises significantly influenced by Directors and/or their relatives**

NBZ Pharma Ltd.

J.D. Enterprises

EyeKare Kilitch Ltd.(The shares of the company were sold on 12/02/2013)

Kilitch Pharma (Co.) Ltd –Holding company acquired 66,29,342 equity shares(50.10%) on 21/09/2012 (a company in which the Directors are substantially interested)

**Related Party Transactions**

**In Lakhs**

Nature of Transaction	Subsidiary company		Directors and Their Relatives		Enterprises significantly influenced by Directors and their relatives	
	2013	2012	2013	2012	2013	2012
Purchases	NIL	NIL	NIL	NIL	12.46	1804.74
Sales	NIL	87.68	NIL	NIL	201.12	769.79
Director's Remuneration and Sitting Fees	NIL	NIL	27.20	26.78	NIL	NIL
Rent Received	NIL	6.00	NIL	NIL	6.00	NIL
Interest Paid	NIL	NIL	NIL	NIL	NIL	NIL
Profit on sale of Shares	NIL	NIL	NIL	NIL	58.85	NIL
In Shares including Premium	NIL	180.00	NIL	NIL	NIL	NIL
<b>Outstanding</b>						
a) Payable	NIL	133.16	NIL	NIL	0.80	NIL
b) Receivable	NIL	NIL	NIL	NIL	63.76	1020.01

Particulars	` in lacs			
	2012-13	%	2011-12	%
<b>Note No. 36</b>				
<b>Value of Imported and Indigenous Raw Materials, Packing Materials, Stores and Spare Parts consumed:</b>				
Raw Materials, Packing Materials and Stores and Spares				
Imported	524.16	20%	332.85	5%
Indigenous	2161.79	80%	6861.27	95%
<b>Total</b>	<b>2685.95</b>	<b>100%</b>	<b>7194.12</b>	<b>100%</b>

Particulars	` in lacs	
	2012-13	2011-12
<b>Note No. 37</b>		
<b>Expenditure in Foreign Currency</b>		
Raw Material and Packing Material Purchase	524.16	332.85
Business Promotion and Travelling	44.42	57.17
Export Registration	94.57	NIL

Particulars	` in lacs	
	2012-13	2011-12
<b>Note No.38</b>		
<b>Earnings in Foreign Currency</b>		
Exports	1716.86	668.18

**Note No.39**

**Segment information**

The company is predominantly engaged in Pharmaceutical business and this constitutes the only reportable business segment in accordance with the requirement of Accounting Standard 17- Segment Reporting issued by the Institute of Chartered Accountants of India.

**Note No.40**

**Trade Payable & Trade Receivables**

The Trade payables are unsecured, unconfirmed and fully payable by the Company

**Trade Receivable :** The Trade Receivables, Loan and advance are unsecured, considered good but not confirmed.

**Note 41**

**Previous year figures**

The Company has reclassified previous year's figures to conform to this year's classification.

**For R. N. R. IYER & CO.**

Firm Registration No. 103786W  
Chartered Accountants

**Rajkumar Iyer**

Proprietor  
Membership No.33964  
Place : Mumbai  
Dated : 30/05/2013

**Mukund P. Mehta** : Managing Director  
**Paresh P. Mehta** : Joint Managing Director  
**Bhavin M. Mehta** : Director  
**Mukesh Shah** : Director  
**Kanika Bareja (Ms.)** : Company Secretary





**KILITCH DRUGS (INDIA) LIMITED**

Regd. Office: C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705.

**PROXY FORM**

I/We ..... of ..... being a Member/

Members of the **Kilitch Drugs (India) Limited**, hereby appoint ..... or failing him..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held on **Monday, 30<sup>th</sup>September, 2013** at its Registered Office at C-301/2, M.I.D.C., Industrial Area, Pawane Village, Thane: 400 705 at **9.30 a.m.** and at any adjournment thereof.

Folio No ..... DP-ID\* .....

No. of Shares held ..... Client ID\* .....

Signed this .....day of ..... 2013.

Affix Re.  
1.00  
Revenue  
Stamp

**Signature**

\* Applicable for members holding Shares in electronic form

**Note:**

- i. This proxy must be deposited at the Registered Office of the Company at C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane: 400 705. at least 48 hours before the aforesaid meeting. The proxy need not be a member of the Company.
- ii. Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.



**KILITCH DRUGS (INDIA) LIMITED**

Regd. Office: C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705.

**ATTENDANCE SLIP**

***(Please Fill In Attendance Slip And Hand It Over At The Entrance Of The Meeting Hall.)***

I hereby record my presence at the 21<sup>st</sup>Annual General Meeting of the Company being held on **Monday, 30<sup>th</sup>September, 2013 at 9.30 a.m.** at its Registered Office at C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705 and at any adjournment thereof.

Member's/ Proxy' Name.....  
(in Block Letters)

.....  
(Member's/ Proxy's Signature)

(To be signed at the time of handing over this slip)

\* Applicable for Members holding Shares in electronic form.

**Note :** Shareholders/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.





**ROIVIT**



# BOOK-POST



KILITCH DRUGS (INDIA) LTD.

To, .....

.....

If undelivered, please return to :

**LINK INTIME INDIA PVT.LTD.**


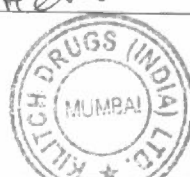
C-13,Pannalal Silk Mills Compound, L.B.S. Marg,Bhandup (W), Mumbai - 400 078.  
Tel.:22-2596 3838 Fax : 22-2594 6969



# Kilitch Drugs (India) Ltd.

Admin. Off.: 37, Ujagar Industrial Estate, W. T. Patil Marg, Deonar, Mumbai - 400 088.  
• Tel.: +91-22-6121 4100 • Fax: +91-22-6703 1658  
Regd. Off.: C-301/2, M.I.D.C., T.T.C. Industrial Area, Pawane Village, Navi Mumbai - 400 705. Maharashtra  
& Factory • Tel.: +91-22-6514 4185 / 2768 0913 • Fax: +91-22-2768 0912  
• E-mail: info@kilitch.com • Website: www.kilitch.com

## FORM B

1.	Name of the Company	<b>Kilitch Drugs (India) Limited</b>
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	Except for
4.	Frequency of observation	Repetitive
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report.	<b>Note No. 2(d) of Report on other Legal and Regulatory requirements of Auditors' Report:</b>  (Please refer page no. 18 of Annual Report)  <b><u>Management response to the above observation:</u></b>  In the opinion of the Management, the said audit observation is self explanatory as it is explained in Note No. K to Note No.1 in Significant Accounting Policies and hence do not call for any explanation in the Directors' Report by the Board.
6.	Additional comments from the board/audit committee chair	The explanation of the Auditors of the Company in Note No. K to Note No.1 in Significant Accounting Policies is self explanatory in nature.
7.	To be signed by-	
	<b>Mr. Mukund Mehta</b> Managing Director	



CONTINUATION SHEET

	<p><b>Mr. Shailesh Mirgal</b> Sr. Accounts Officer</p>	<p><i>SSM</i></p>
	<p>For: M/s. R.N.R. Iyer &amp; Co. Chartered Accountants</p> <p><b>Mr. Rajkumar Iyer</b> Proprietor Membership No. 033964</p>	<p><i>Certifying Form B .</i> <i>Iyer Rajkumar</i></p>
	<p><b>Mr. Mukesh Shah</b> Audit Committee Chairman</p>	<p><i>M Shah</i></p>



**KILITCH DRUGS (INDIA) LTD.**

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