

**22<sup>nd</sup> Annual Report**

2010-11

**In search of new CNS therapies for better living**



**2010-11**



**Suven Life Sciences Limited**



## CEO'S COMMUNIQUE

*Dear Shareholders,*

As all of you are aware that your company is engaged in discovering drugs for unmet medical needs in Central Nervous System (CNS) disorders. I would like to bring to your kind attention the rationale of why Suven is in this field and what are the challenges & opportunities to Suven and benefits to the patients (globally).

### **Central Nervous System disorders: Global Scenario**

The World Health Organization predicts that central nervous system (CNS) disorders will become the major medical need of the 21st Century. CNS disorders represent the largest and fastest growing area of unmet medical need and account for about 35% of the disease burden and the **global CNS market is upwards of \$120 billion. Over 1.5 billion people worldwide suffer from them.** These disorders represent over 15% of the global cost of treating all diseases.



**The central nervous system (CNS) consists of the brain and spinal cord.**

Disorders of this system can be severely debilitating, often causing significant deterioration of quality of life and fatalities. These incapacitating disorders include degenerative conditions such as Alzheimer's disease, Parkinson's disease, Huntington's disease; psychiatric disorders such as depression and schizophrenia as well as other disorders like impaired cognition, epilepsy, and pain.

### **Alzheimer's disease (AD):**

**Alzheimer's disease is one of the scourges of modern day health care** and your company is in the forefront of developing a drug for the symptomatic treatment of this debilitating disease.

Alzheimer's is a dementia that causes problems with memory, thinking and behavior. **Alzheimer's is not just a memory loss as everyone thinks. Alzheimer's kills.**

Alzheimer's is not a normal part of aging, Alzheimer's worsens over time.

Alzheimer's disease is the 5th leading cause of death for those aged 65 and older

Alzheimer's is the only cause of death among the top 10 diseases without a way to prevent, cure, or even slow its progression. Deaths from Alzheimer's increased 66 percent between 2000 and 2008, while deaths from other major diseases, including the number one cause of death (heart disease), decreased substantially

Alzheimer's disease has profound implications for family and government budgets.

**According to Alzheimer's Disease International, the total estimated worldwide cost of the disease in 2010 was 604 billion dollars, or nearly one per cent of global GDP.**



"If Alzheimer's were a country, it would be the 18th largest economy based on GDP," said Daisy Acosta, the chair of ADI, describing Alzheimer's as "the single most important health and social crisis of the 21st century."

Your company's foray into discovering drugs for cognitive improvement in AD, ADHD, Schizophrenia, Parkinson's and Huntington's disease in addition to other CNS disorders like depressive disorders and pain is a risky business and it can take decades to turn a new product concept into something of real value.

Often commercial value is not realized until the first evidence of that the drug works in patients is demonstrated which is referred to as the 'clinical proof of concept'. Thereafter, additional millions of dollars of investment are required to conduct the clinical trials necessary to substantiate safety and efficacy claims for market approval.

**The rewards for successful CNS research in general and Alzheimer's in particular are clearly high, but are associated with significant challenges.**

It takes 13 to 16 years to get a CNS drug to market compared with 10 to 12 years for a non-CNS drug. Approximately 11% of all new drugs that enter clinical trials make it to the market but for central nervous system (CNS) drugs only about 8% becoming available to the public.

When the people are living longer there exists huge unmet medical needs for the treatment of Alzheimer's disease, other cognitive disorders, stroke, multiple sclerosis, Parkinson's disease, and major psychiatric disorders, hence the demand for innovative CNS therapeutics will grow rapidly in the years ahead which is why your company is focusing for the benefit of the patients and shareholders of Suven its research efforts in these debilitating disease areas.

**So far your Company has twelve (12) internally-discovered therapeutic drug candidates currently in pre-clinical stage of development targeting conditions such as ADHD, dementia, depression, Huntington's disease, Parkinson's disease and obesity in addition to developmental candidate SUVN-502 for Alzheimer's disease and Schizophrenia.**

It is my pleasure to inform you **that your company is a self funded drug discovery company** and utilized the internal accruals **without borrowing any money from the banks** for all the Discovery activity. Over the years we could generate this kind of pipeline (13 molecules in all) while filing of 37 product patents globally. I thank all of you for your patience and support all these years and we hope to achieve the clinical proof of concept success in one of the molecules in the very near future.

**We at Suven, know the risk very well for this drug discovery activity which we are undertaking** but we also know how the success can bring the relief to many millions of patients afflicted with these debilitating diseases and huge rewards to us, the shareholders. The magnitude of success can be illustrated by an example of how a **working cure for Alzheimer's can make up to \$20 billion in revenue annually** according to market estimates and we at Suven hope to capture some of that revenue.

Yours sincerely  
Venkat Jasti



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Shri Venkateswarlu Jasti	Chairman & CEO
Smt. Sudha Rani Jasti	Wholetime Director
Dr. M.R. Naidu	Director
Dr. K.V. Raghavan	Director
Shri D.G. Prasad	Director
Dr. Martin Tolar	Director
Dr. Syed E Hasnain	Director

### REGISTERED OFFICE

SDE Serene Chambers,  
Road No.5,  
Banjara Hills  
Hyderabad - 500 034.

### FACTORY

Unit 1 : Dasaigudem (V), Suryapet (M),  
Nalgonda Dist, Andhra Pradesh - 508 213

Unit 2 : Plot No.262, 263 IDA, Pashamylaram,  
Isnapur, Medak Dist. Pin - 502 300.

### RESEARCH CENTRE - I

Plot No.18/B, Phase III  
IDA Jeedimetla  
Hyderabad - 500 055.

### RESEARCH CENTRE - II

Bio-Pharmaceutical Lab  
5th Floor, SDE Serene Chambers,  
Road No.5, Banjara Hills, Hyderabad

### BANKERS

State Bank of India  
Overseas Branch  
Abids, Hyderabad.

State Bank of Patiala  
Commercial Branch  
Atlanta, Narimanpoint  
Mumbai - 400 021.

Bank of India  
CMC Branch  
Tarapore Towers  
Anna Salai  
Chennai - 600 002.

### STATUTORY AUDITORS

Karvy & Company  
Chartered Accountants  
No.2, Bhooma Plaza, Street No.4  
Avenue 7, Banjara Hills, Hyderabad - 500 034.

### COST AUDITOR

DZR & Co., Cost Accountants  
216, HMT Satavahana Nagar  
Kukatpally, Hyderabad - 500 072.

### REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Limited  
Plot No. 17 to 24  
Vittal Rao Nagar, Madhapur,  
Hyderabad - 500 081.

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## NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Suven Life Sciences Limited will be held on **Saturday the 13th day of August 2011 at 10.00 a.m. at Hotel Green Park, Green Lands, Begumpet, Hyderabad - 500 016** to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Audited Profit & Loss Account for year ended 31st March 2011 together with Director's Report and Auditor's Report thereon.
2. To declare a Dividend
3. To appoint a director in place of Dr K V Raghavan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr D.G.Prasad, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Karvy & Co., Chartered Accountants, Hyderabad, the retiring Auditors as Statutory Auditors for the year 2011-12 and to fix their remuneration.

### SPECIAL BUSINESS

#### ITEM NO 6

*To consider and if thought fit, to pass with or without modification, the following as a special resolution*

"RESOLVED THAT in partial modification of the resolution passed by the members at the Annual General Meeting held on 27th July 2010 re-appointing Mr. Venkateswarlu Jasti as Chairman & CEO, pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to such other consents or approvals as may be necessary, the Company hereby approves the payment of remuneration on the terms as set out in the explanatory Statement annexed hereto for a period of 3 years commencing from 4th January 2010 till 3rd January 2013 in accordance with the provisions of Section I of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT where in any financial year during the currency of above said tenure of Mr. Venkateswarlu Jasti as Chairman & CEO, the company has no profits or its profits are inadequate, then the company shall pay the remuneration in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956."

#### ITEM NO. 7

*To consider and if thought fit, to pass with or without modification, the following as a special resolution*

"RESOLVED THAT in partial modification of the resolution passed by the members at the Annual General Meeting held on 27th July 2010 re-appointing Mrs Sudha Rani Jasti as Wholetime Director, pursuant to the provisions of Sections

198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to such other consents or approvals as may be necessary, the Company hereby approves the payment of remuneration on the terms as set out in the explanatory Statement annexed hereto for a period of 3 years commencing from 4th January 2010 till 3rd January 2013 in accordance with the provisions of Section I of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT where in any financial year during the currency of above said tenure of Mrs. Sudha Rani Jasti as Whole-time Director, the company has no profits or its profits are inadequate, then the company shall pay the remuneration in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956."

#### ITEM NO. 8

*To consider and if thought fit, to pass, with or without modification, the following as a special resolution*

"RESOLVED THAT pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, the Company hereby give consent for the appointment of Mrs. Sirisha Jasti, a relative of director of the Company as General Manager (HR & ADMN.) of the Company for a period of 3 years w.e.f 1st June 2011 on the salary, allowances and perquisites as under:  
Salary: Rs 150,000 p.m."

"RESOLVED FURTHER THAT Mrs. Sirisha Jasti shall also be entitled for the reimbursement of actual traveling, boarding and lodging expenses and other amenities as may be incurred by her from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/ or which may become applicable in the future and / or any other allowance, perquisite as the Board may decide from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to sanction at their discretion increment to Mrs. Sirisha Jasti not exceeding 15% of salary and the Board be and is hereby further empowered to withhold the annual increment as it may consider in the best interest of the Company from time to time."

"RESOLVED FURTHER THAT Mrs. Sirisha Jasti shall be in the exclusive employment of the company and will not hold a place of profit in any other company during her employment in the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution."

By Order of the Board

Place : Hyderabad  
Date : 30th May 2011

K. HANUMANTHA RAO  
Company Secretary



## NOTES

1. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself on a poll and Proxy need not be a member of the Company. The instrument of Proxy in order to be valid, duly completed and signed must be deposited at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special businesses is annexed hereto.
3. Members holding shares in physical form are requested to notify any change in their address/bank details immediately to the Registrars and Transfer Agents, Karvy Computershare Pvt. Ltd., Hyderabad and in case of Members holding shares in electronic form are requested to notify any change in mailing address/bank/ details to their respective Depository Participants.
4. The Members are requested to bring their copies of the Annual Report to the meeting, and handover the attendance slips at the entrance hall of the meeting.
5. The Register of Members of the Company and share transfer books will remain closed from 03rd August 2011 to 05th August 2011 (both days inclusive). Share transfer requisitions received at M/s. Karvy Computershare Pvt. Ltd., or at the Registered Office of the Company by 5.30 p.m. on 2nd August 2011 will be in time for payment of dividend subject to provisions of section 206A of the Companies Act, 1956.
6. Dividend if declared at the Annual General Meeting, will be paid to the members whose names appear on the Register of Members as on the Book Closure date in respect of shares held in physical form and in respect of shares held in electronic form (Demat), dividend will be paid to the beneficial owners as per the list to be provided by the Depositories, as on the book closure date.
7. Members desiring to have any information on the accounts are requested to make a request for the same at least one week before the date of meeting. So that the requisite information will be made available at the meeting.
8. Corporate Members are requested to send a duly certified copy of the Board Resolution / power of attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting
9. Members are requested to send all correspondence concerning registration of transfers, transmission, subdivision or any other shares related matter to Company's Registrars.
10. Members are requested to register their email IDs with the Company's RTA, Karvy Computershare Pvt. Ltd for the purpose of servicing of documents in electronic form.

## EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

### ITEM NO 6

It may be recalled that the members at the 21st Annual General Meeting held on 27th July 2010 have approved the re-appointment of Mr Venkateswarlu Jasti, as Chairman & CEO of the Company for a period of 5 years w.e.f. 4th January 2010 on the following terms and conditions.

#### Salary

Rs 6,90,000 (Rupees Six lakhs Ninety Thousand only) per month with an annual increment not exceeding 15% of salary effective from the month of January every year as may be decided by the Board of Directors.

#### Commission

Not more than 1% on net profits of the company calculated as per section 349 and 350 of the Companies Act, 1956.

#### Perquisites

In addition to salary and commission as above said, the following perquisites will be paid and / or provided. Valuation of all perquisites shall be done in accordance with the provisions of the Income Tax Act 1961 and rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

#### Part - A

##### a) Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and his family members including dependant parents of appointee.

##### b) Leave Travel Concession

For self and family including dependant parents of appointee to and from any place in India once in a year in accordance with the rules of the Company.

##### c) Club Fees

Club fees subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid

##### d) Personal Accident Insurance

Personal accident insurance for a premium amount, which shall not exceed Rs 10,000 per annum.

#### Part - B

##### a) Provident Fund

Company's contribution to Provident Fund as per the rules of the Company

##### b) Pension/Superannuation Fund

Company's contribution to Pension / Superannuation fund as per rules of the Company



c) **Gratuity**

Payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service as per rules of the Company.

**Part - C**

a) **Car**

Use of Company's car with driver for business purposes

b) **Telephone and other communication facilities**

Use of telephone and other communication facilities at residence for business purposes

**Other Benefits**

**Leave**

One month full pay and allowances as per rules of the company, for every 11 months of service. Encashment of leave at the end of tenure as per rules of the Company

**Overall Remuneration**

The overall remuneration payable to the Chairman and CEO shall not exceed the ceilings prescribed under section 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act including any re-enactment and modifications thereto.

**Minimum Remuneration**

In the event of company having no profits or its profits are inadequate in any financial year during the tenure of the appointment, then the remuneration of the Chairman and CEO shall be governed by the Section II of Part II of the Schedule XIII of the Companies Act, 1956 as amended from time to time.

The profits reported for the financial year ended 31-03-2011 are inadequate to pay the above remuneration to Chairman & CEO, therefore the remuneration committee in its meeting held on 30th May 2011 has approved the above remuneration package as stipulated under the provisions of Section II of Part II of the Schedule XIII of the Act to Mr Venkateswarlu Jasti, Chairman & CEO and recommended the same to the Board of Directors.

The information as required under Section II of Part II of the Schedule XIII to the Companies Act, 1956 is furnished hereunder

**I. General Information**

- a) Nature of industry : Pharmaceuticals
- b) Year of Commencement of commercial production: 1989
- c) Financial performance based on given indicators

₹ in lakhs

Particulars	2010-11	2009-10	2008-09
Sales and other income	15222.56	13388.33	14614.6
Gross profit	1480.51	1393.73	2276.7
Interest	610.52	494.03	674.94
Depreciation	544.55	529.14	502.15
Profit before tax	325.44	370.55	1099.68
Income Tax	-714.51	-329.51	-202.55
Profit after tax	1039.95	700.06	712.22
Dividend (%)	25	25	25
Dividend payout	291.83	289.69	289.69
Share Capital	1167.32	1158.74	1158.74
Reserves	11506.42	10647.29	10285.03
Net Worth	12673.74	11806.03	11443.77
Gross Block	15976.83	15579.09	15079.26
Net Block	10567.78	10956.08	11225.97
Borrowings	6415.68	4345.80	4311.05

d) **Export performance and net foreign exchange**

The Company has achieved an export turnover of ₹ 13601.37 lakhs for the year ended 31st March 2011 representing 90.05% to total turnover. Foreign exchange earnings were ₹ 11195.89 lakhs.

e) **Foreign investments or collaborators, if any.**

Company has no foreign investments and there are no foreign collaborations.

**II. Information about the appointee**

a) **Background details and recognitions**

Mr. Venkateswarlu Jasti is a Post Graduate in Pharmacy from Andhra University, Visakhapatnam, and also a Post Graduate in Pharmacy from St. John University, New York, specializing in Industrial Pharmacy. Having registered himself as a Registered Pharmacist, he successfully managed M/s Clinton Bergen Drug Company, M/s Park Way Central Pharma and M/s Kayes Drug Company, NJ, USA. He was the president elect of Essex County Pharmaceutical Society of NJ which no other Indian occupied till now.

He returned from USA to India in 1988-89 and promoted this company in 1989. Since then, he has been successfully managing the company as



Managing Director providing the right direction and leadership in developing technologies, upgrading the facilities, development of export markets etc.

Mr. Jasti has been the Past President of Indian Pharmaceutical Association, and Chairman of Local Organizing Committee for the 52nd Indian Pharmaceutical Congress held at Hyderabad and was President of Bulk Drug Manufacturers Association of India (BDMA) till September, 2004.

He was the past Chairman for Pharmexcil (Pharmaceutical Export Promotion Council) an exclusive statutory body for the promotion of exports of all pharma and biotech products which was set up by Govt. of India.

Mr. Jasti is the Chief architect for the formation of A.P. Chief Minister's task force for Pharma during 2001 and responsible for the creation of Pharma City at Vizag by Govt. of Andhra Pradesh and Pharmexcil (Pharmaceutical Export Promotion Council) head quartered at Hyderabad by Govt. of India.

**b) Past remuneration**

₹ in lakhs

Particulars	2010-11	2009-10	2008-09
Salary	48.00	14.83	36.00
Commission	0.00	0.00	11.96
Contribution to Provident Fund	5.76	5.76	4.32
<b>Total</b>	<b>53.76</b>	<b>20.59</b>	<b>52.28</b>

**c) Job profile and his suitability**

Chairman & CEO has an overall responsibility of the company in terms of its strategic growth and business development. Mr. Venkateswarlu Jasti had been on the Board since inception of the company.

**d) Comparative remuneration profile with respect to industry, size of the company, profile of position**

Mr. Venkateswarlu Jasti, had been on the Board since inception of the company, he bought out a sick company and propelled its growth. He has streamlined the business operations of the company and has been a strategic management person. His skill set and experience place him in a corresponding major pharma industry in India. Considering general industry structure and specific company profile, the proposed remuneration is in line with industry standards and that of comparatively placed companies in India.

**e) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any.**

Mr. Venkateswarlu Jasti is the promoter director in the company; he is spouse of Mrs. Sudha Rani Jasti, Whole-time Director of the company.

**III. Other information**

**a) Reasons of loss or inadequate profits**

Your company made a pre R&D EBIDTA of ₹ 45.17 Cr for the financial year ended 31st March 2011 and during the same period your company spent ₹ 31.14 Cr on discovery R&D which instead of capitalizing like most other Indian companies, is written off in the balance sheet so that the balance sheet is strong. This write off affecting the profit before tax which is the reason for inadequate profits on the books.

Steps taken or proposed to be taken for improvement

Your Company is hopeful of achieving the breakthrough in its Drug Discovery R&D efforts with outlicensing of at least 1 molecule out of the 13 molecules in the pipeline which are at various stages of discovery and development. Also your company taking all possible steps to achieve higher turnover in CRAMS, DDDSS and CRP business models in the years to come so that profitability will increase.

**b) Expected increase in productivity and profits in measurable terms.**

With the unique business models in place, it would be difficult to forecast the productivity and profits in measurable terms, however, on a conservative basis, your company will achieve normal performance ranging from 15% to 20% growth on year over year basis.

**Disclosures**

The remuneration paid to the Chairman & CEO is as stated above at point II (b). The details of all elements of remuneration paid to the Chairman & CEO are also presented in the Report on Corporate Governance which is attached to the Annual Report.

The tenure of office of Chairman & CEO has been reduced from a period of 5 years to 3 years to suit the requirements of Schedule XIII of the Companies Act, 1956 for payment of minimum remuneration as envisaged in the said schedule. The variation of terms of appointment would require approval of the members in the general meeting. Hence the Board commends the resolution for the approval of the members.





None of the directors is interested in the resolution, except Shri Venkateswarlu Jasti, Chairman & CEO and Smt Sudha Rani Jasti, Whole-time Director of the Company.

#### ITEM NO. 7

It may also be recalled that the members at the 21st Annual General Meeting held on 27th July 2010 have approved the re-appointment of Mrs Sudha Rani Jasti, as Wholetime Director of the Company for a period of 5 years w.e.f 4th January 2010 on the following terms and conditions

#### Salary

₹ 3,05,000 (Rupees Three lakh Five Thousand only) per month with an annual increment not exceeding 15% of salary effective from the month of January every year as may be decided by the Board.

#### Commission

Not more than 0.5% on net profits of the company calculated as per section 349 and 350 of the Companies Act, 1956.

#### Perquisites

In addition to salary and commission as above said, the following perquisites will be paid and / or provided. Valuation of all perquisites shall be done in accordance with the provisions of the Income Tax Act 1961 and rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

#### PART - A

- a) Medical Reimbursement  
Reimbursement of medical expenses actually incurred for self and her family members including dependant parents of appointee.
- b) Leave Travel Concession  
For self and family including dependant parents of the appointee to and from any place in India once in a year in accordance with the rules of the Company.
- c) Club Fees  
Club fees subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid
- d) Personal Accident Insurance  
Personal accident insurance for a premium amount, which shall not exceed ₹ 10,000 per annum.

#### PART - B

- a) Provident Fund  
Company's contribution to Provident Fund as per the rules of the Company
- b) Pension/Superannuation Fund

Company's contribution to Pension / Superannuation fund as per rules of the Company.

#### c) Gratuity

Payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service as per rules of the Company.

#### PART - C

- a) Car  
Use of Company's car with driver for business purposes
- b) Telephone and other communication facilities  
Use of telephone and other communication facilities at residence for business purposes.

#### Other Benefits

##### Leave

One month full pay and allowances as per rules of the company, for every 11 months of service. Encashment of leave at the end of tenure as per rules of the Company

##### Overall Remuneration

The overall remuneration payable to the Whole-time Director shall not exceed the ceilings prescribed under section 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act including any re-enactment and modifications thereto.

##### Minimum Remuneration

In the event of company having no profits or its profits are inadequate in any financial year during the tenure of the appointment, then the remuneration of the Whole-time Director shall be governed by the Section II of Part II of the Schedule XIII of the Companies Act, 1956 as amended from time to time.

The profits reported for the financial year ended 31-03-2011 are inadequate to pay the above remuneration to Whole-time Director, therefore the remuneration committee in its meeting held on 30/05/2011 has approved the above remuneration package as stipulated under the provisions of Section II of Part II of the Schedule XIII of the Act to Mrs. Sudha Rani Jasti, Whole-time Director and recommended the same to the Board of Directors.

The information as required under Section II of Part II of the Schedule XIII to the Companies Act, 1956 is furnished hereunder

#### I. General Information

- a) Nature of industry : Pharmaceuticals
- b) Year of Commencement of commercial production: 1989
- c) Financial performance based on given indicators



₹ in lakhs

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Dividend (%)	25	25	25
Dividend payout	291.83	289.69	289.69
Share Capital	1167.32	1158.74	1158.74
Reserves	11506.42	10647.29	10285.03
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Gross Block	15976.83	15579.09	15079.26
Net Block	10567.78	10956.08	11225.97
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d) Export performance and net foreign exchange

The Company has achieved an export turnover of ₹ 13601.37 lakhs for the year ended 31st March 2011 representing 90.05% to total turnover. Foreign exchange earnings were ₹ 11195.89 lakhs.

e) Foreign investments or collaborators, if any.

Company has no foreign investments and there are no foreign collaborations.

II. Information about the appointee

a) Background details and recognitions

Mrs. Sudha Rani Jasti is a Graduate in Science from Andhra University; she returned from USA to India in 1988-89 and promoted this company in 1989. Since then, she has been successfully managing the company as Whole-time Director providing the right direction and leadership in all administrative matters.

b) Past remuneration

₹ in lakhs

Particulars	2010-11	2009-10	2008-09
Salary	36.60	16.55	32.78
Commission	0.00	0.00	5.98
Contribution to Provident Fund	4.39	3.95	3.93
Perquisites	-	0.08	0.04
<b>Total</b>	<b>40.99</b>	<b>20.58</b>	<b>42.73</b>

c) Job profile and his suitability

Whole-time Director has an overall responsibility of the company in terms of its administrative matters. Mrs. Sudha Rani Jasti had been on the Board since inception of the company.

d) Comparative remuneration profile with respect to industry, size of the company, profile of position

Mrs. Sudha Rani Jasti, had been on the Board since inception of the company, she bought out a sick company and propelled its growth. She has streamlined the administrative operations of the company. Her skill set and experience place her in a corresponding major pharma industry in India. Considering general industry structure and specific company profile, the proposed remuneration is in line with industry standards and that of comparatively placed companies in India.

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Mrs. Sudha Rani Jasti is the promoter director in the Company, she is spouse of Mr Venkateswarlu Jasti, Chairman & CEO of the company.

III. Other information

a) Reasons of loss or inadequate profits

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Steps taken or proposed to be taken for improvement

Your Company is hopeful of achieving the breakthrough in its Drug Discovery R&D efforts with outlicensing of at least 1 molecule out of the 13 molecules in the pipeline which are at various stages of discovery and development. Also your company taking all possible steps to achieve higher turnover in CRAMS, DDDSS and CRP business models in the years to come so that profitability will increase.

b) Expected increase in productivity and profits in measurable terms.

With the unique business models in place, it would be difficult to forecast the productivity and profits in measurable terms, however, on a conservative basis, your company will achieve normal performance ranging from 15% to 20% growth on year over year basis.



## Disclosures

The remuneration paid to the Whole-time Director is as stated above at point II (b). The details of all elements of remuneration paid to the Whole-time Director are also presented in the Report on Corporate Governance which is attached to the Annual Report.

The tenure of office of Whole-time Director has been reduced from a period of 5 years to 3 years to suit the requirements of Schedule XIII of the Companies Act, 1956 for payment of minimum remuneration as envisaged in the said schedule. The variation of terms of appointment would require approval of the members in the general meeting. Hence the Board commends the resolution for the approval of the members.

None of the directors is interested in the resolution, except Shri Venkateswarlu Jasti, Chairman & CEO and Smt Sudha Rani Jasti, Whole-time Director of the Company.

## ITEM NO. 8

Looking into the growing business activities of the Company, the Board of Directors at their meeting held on 30th May 2011 has considered that the Company should appoint a qualified, dynamic and experienced person to head the HR & ADMN functions of the Company. The Board proposed the name of Mrs Sirisha Jasti daughter of Shri Venkateswarlu Jasti, the Chairman & CEO of the Company and Smt Sudha Rani Jasti, the Whole-time Director of the Company for appointment as the General Manager (HR & ADMN) for a period of 3 years w.e.f 1st June 2011.

The Board considered that Mrs Sirisha Jasti aged at 29 years having MS degree in Management qualification with 3 years

of practical experience in managerial activities at Sipra Labs Ltd will strengthen the management in HR & ADMN functions of the Company.

Mrs Sirisha Jasti shall be the General Manager (HR & ADMN) of the Company and will be responsible for all the HR policies and Administration functions of the Company and she will be reporting to Chairman & CEO of the Company.

The remuneration proposed to be paid to Mrs Sirisha Jasti is commensurate with her experience and is in line with industry standards prevalent in the country.

The Selection Committee of the Independent Directors approved the proposed appointment of Mrs Sirisha Jasti at their meeting held on 30th May 2011.

In terms of the provisions of Section 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 as amended, the appointment of relative of Director of the Company on a remuneration upto ₹ 2,50,000/- p.m. requires the approval of the members by way of special resolution. Accordingly, The Board recommends this resolution for approval of the members

Except Shri Venkateswarlu Jasti and Smt Sudha Rani Jasti being relatives of the proposed appointee, none of the Directors of the Company is concerned or interested in the above said resolution.

By Order of the Board

Place : Hyderabad  
Date : 30th May 2011

K HANUMANTHA RAO  
Company Secretary

## BRIEF PROFILE OF THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

1. Dr. K.V. Raghavan is a Fellow of the National Academy of Engineering, Indian Institute of Chemical Engineers (IChE) and A.P. Academy of Sciences and a Distinguished Fellow of University of Grants Commission (UGC). He was appointed as the Director of Central Leather Research Institute (CLRI), Chennai in 1994. He took over the Directorship of Indian Institute of Chemical Technology, Hyderabad in 1996. On successful completion of this tenure, he was appointed as Scientist in Director's Grade at IICT in October 2003. He took over as the Chairmanship of Recruitment and Assessment Centre of DRDO in May 2004. He is currently the INAE Distinguished Professor and Vice President of INAE for International Scientific Collaboration.

Dr. K.V. Raghavan is also Director on the Board of Godavari Biorefineries Limited. Dr. K.V. Raghavan holds 2000 shares in the Company.

2. Mr Prasad is a qualified Chartered Accountant and had been a career banker for over 33 years. After being with

Canara Bank for over 8 years, Mr. Prasad served Exim Bank for over 25 years having joined in 1983, in its formative phase. While being with Exim Bank, as a Chief General Manager, he was the head of Corporate Banking, Agri Business and SME Business Groups in Exim Bank. He holds considerable expertise in trade finance, international finance, merchant banking, corporate strategies, mergers and acquisitions, loan syndications, forfeiting, international negotiations and co-financing with multilateral agencies. He was trained in 'Treasury Management' at Credit Suisse, Switzerland; 'International Banking and Development' at the International Development Ireland at Dublin and London and 'Advanced Agribusiness Management' at Cornell University, Ithaca, New York, USA. He has been a guest faculty at business schools on international finance and international marketing.

Mr Prasad is also Director on the Board of Asian Electronics Limited, Mediaone Global Entertainment Ltd and Apollo Solar Energy Pte Ltd, Singapore. He does not hold any shares in your Company.



## DIRECTORS' REPORT

Your Company's Board of Directors has pleasure in presenting this 22nd Annual Report together with Audited Accounts of the Company for the financial year 2010-11.

### FINANCIAL RESULTS

	Current Year Ended 31-03-11 (₹ in Lakhs)	Previous Year Ended 31-03-10 (₹ in Lakhs)
Sales and other incomes	15222.56	13388.83
Gross Profit	1480.51	1393.73
Less: Interest	610.52	494.03
Depreciation	544.55	529.14
Profit before Tax	325.44	370.56
Less: Provision for Taxation	(714.51)	(329.50)
Profit after Tax	1039.95	700.06
Add: Balance brought forward	1764.81	1473.55
Profit available for appropriation	2804.76	2173.61
<b>Appropriations:</b>		
Dividend	291.82	289.69
Dividend tax	47.34	48.11
Difference in final dividend plus tax (09-10)	1.97	0.00
Transfer to General Reserve	110.00	71.00
Balance carried forward	2353.62	1764.81

### REVIEW OF OPERATIONS

During the year under review, your company has recorded a total income of ₹ 15222.56 lakhs comprising exports revenue of ₹ 13601.37 lakhs, domestic revenue of ₹ 1442.02 lakhs, other income of ₹ 125.74 lakhs and increase in stocks of ₹ 53.43 lakhs. Your company made profit after tax of ₹ 1039.95 lakhs for the financial year ended 31st March 2011, despite regular spend on Discovery R&D activities to the tune of ₹ 3338.79 lakhs representing nearly 22.10% to turnover of your company.

### EXPORTS

Your Company has continued to achieve 90% export turnover which is to the tune of ₹ 13601.37 lakhs out of the total turnover of ₹ 15104.23 lakhs

### DIVIDEND

Your Directors are pleased to recommend a dividend ₹ 0.25 paise per share on face value of equity share of ₹ 1/- each

(@ 25%) for the financial year 2010-11 which will absorb a sum of ₹ 339.17 lakhs including tax on dividend on paid up capital of the Company. If approved in the Annual General Meeting the dividend will be paid to the shareholders who are on the Register of Members of the Company as on the book closure date.

### RESEARCH AND DEVELOPMENT

Suven is continuing its thrust on innovative R&D in the area of CNS disorders. The spend on this account is ₹ 3338.79 lakhs which is 22.10% of the turnover during the year under retrospect. Suven's lead clinical candidate SUVN-502 has successfully completed long term regulatory safety toxicology studies. These regulatory tox studies are essential for FDA approval to initiate human phase 2a clinical trials in patient population. These studies have demonstrated very high Margin of Safety (MOS) paving the way to commence Phase 2a PoC (Proof of Concept) studies during the fiscal 2011/12. Your Company has twelve internally-discovered therapeutic drug candidates currently, in pre-clinical stage of development targeting conditions such as ADHD, dementia, depression, Huntington's disease, Parkinson's disease and 2 out of that pipeline is expected to move into Phase 1 clinical studies during the fiscal 2011/12.

### SOCIAL RESPONSIBILITY

At Suven, we view Social Responsibility as a true effort to influence society in a manner that earns the trust and respect of stakeholders and society. We believe that economic performance and social responsibility can go hand in hand, when there is a genuine consideration of our impact on the communities and the environment in which we live and work. Your company has made contributions to various charities like schools for education, health centers and old age homes etc during the year.

### DIRECTORS

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Dr K V Raghavan and Mr D G Prasad retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The brief profiles of the director(s) seeking appointment/re-appointment at the ensuing Annual General Meeting are presented in the Annual Report.





#### INVESTOR SERVICE

Your Company's share registry operations (physical as well as electronic form of holdings) will continue with Karvy Computershare Private Limited, Registrars and Transfer Agents. They can be contacted at Plot No-17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 (Phone Nos. 040-23420818, 23420828 Fax No. 040 -23420814) for any query relating to Shares.

The shares of the Company are listed on National Stock exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE)

#### REPORT ON CORPORATE GOVERNANCE

A detailed Report on Corporate Governance prepared in substantial compliance with the provisions of Listing Agreements with the Stock Exchanges together with the Auditors' Certificate regarding the compliance of conditions of corporate governance, forms part of Annual Report. A Report on Management Discussion and Analysis is prepared and attached to the Director's Report.

#### COST AUDIT

In pursuance of Section 233(B) of the Companies Act, 1956, the Central Government has directed audit of the Cost Accounting Records of your Company. The Cost Audit Report for the Financial Year 2010-11 is in process and the Report will be submitted to the Central Government within the prescribed time limit.

#### PERSONNEL

Statement of particulars of employees pursuant to the provision of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended.

Name of Employee	Age	Designation/ Nature of Duties	Gross Remuneration Rs. in Lakhs	Qualification	Experience in years	Date of Commence- ment	Particulars of last Employment
Dr N.V.S.Ramakrishna	49	Vice-President (Discovery Research)	97.50	M.Sc, PhD	22 Years	04-03-2002	Vice-President (Discovery Research) Zydus Cadila

#### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Board of Directors confirms that:

- i) The applicable accounting standards have been followed in the preparation of the Annual Accounts.
- ii) Accounting policies have been selected and applied consistently and judgements and estimates made when required 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) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.

#### PUBLIC DEPOSITS

Your Company has not accepted any Deposits from the Public during the year under review.

#### AUDITORS

The Auditors, Karvy & Company, Chartered Accountants retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.



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#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO**

The information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 with respect to these matters is enclosed herewith and forms part of the Report.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude to Shareholders for the confidence reposed by them and thank all the shareholders, customers, dealers, suppliers and other business associates for their contribution to your Company's growth. The Directors also wish to place on record their appreciation of the valuable services rendered by the executives, staff and workers of the Company.

Your Directors also thank the Central Government and State Government, the Financial Institutions and Banks for their support during the year and we look forward to its continuance.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 30th May 2011

**VENKATESWARLU JASTI**  
Chairman & CEO



## ANNEXURE TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

Power and Fuel Consumption

#### Power and Fuel Consumption

Particulars		Current year ending 31.03.2011	Previous year ending 31.03.2010	
1	Power and fuel Consumption			
a)	Purchased Units	In KWH	11,139,848.00	9,088,622.00
	Total Amount	₹	49,526,991.00	34,325,060.00
	Rate/Unit	₹	4.45	3.78
b)	Own Generation -	Units		
	Diesel Generator	In KWH	999,452.00	1,285,309.00
	Units / Liter of Diesel Oil	In KWH	3.09	3.01
	Cost/Unit	₹	13.42	11.85
2	a) Steam coal 'C' Grade Used in Boiler to generate steam for the process			
	Quantity	In Mts	6,505.245	5,352.250
	Total Cost	₹	28,166,759.00	18,450,776.00
	Average Rate/MT	₹	4,329.85	3,447.29
	b) Furnace Oil			
	Quantity	In KL	467.163	513.435
	Total Cost	₹	15,533,443.00	13,637,911.00
	Average Rate/KL	₹	33,250.58	26,562.10
	c) Consumption per unit of Production	Company is manufacturing different products using the same facilities concurrently. Therefore it is not possible to give consumption per unit of production.		

### TECHNOLOGY ABSORPTION

#### I Research and Development

##### 1. Specific areas in which R&D is carried out by the Company.

Suven's innovative R&D continues to focus on unmet medical needs in the area of Central Nervous System (CNS) disorders.

During the year our clinical drug candidate SUVN-502 completed all the long term chronic studies like 6-month rat tox, 9-month dog tox and developmental tox studies like prenatal development tox in rats and rabbits, embryo-fetal development tox in rats and male fertility tox in rats very successfully and demonstrated very high margin of safety (MOS).

##### 2. Benefits derived as a result of the above R&D.

Our continued innovative drug discovery resulted in the grant of 18 product patents from various countries.

With high margin of safety achieved from the long term regulatory tox studies enabled us to prepare for the submission of IND to conduct phase 2a Proof of Concept clinical trials for our clinical candidate SUVN-502 in patient population.

##### 3. Future plan of Action.

Plan to submit IND with US FDA for Phase 2 a clinical trial of SUVN-502.

Advance 2 of the preclinical candidates into Phase 1 clinical trials.



#### 4. Expenditure on Research and Development.

	Current Year Ended 31-03-11 (₹ in Lakhs)	Previous Year Ended 31-03-10 (₹ in Lakhs)
a) Capital	224.44	245.24
b) Recurring	3114.35	3415.07
c) Total	3338.79	3660.31
d) Total R&D Expenditure as a percentage of total turnover	22.10 %	28.19 %

#### II Technology Absorption, Adoption and Innovation

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

Suven's CRAMS division has done innovative process R&D resulted in the development of non infringing process for some of the intermediates.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

Efforts of innovative process R&D resulted in the grant of 5 process patents and also achieved revenue generation.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.

a) Technology imported	Nil
b) Year of import	NA
c) Has technology been fully absorbed	NA
d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	NA

#### FOREIGN EXCHANGE EARNINGS & OUTGO

For details of foreign Exchange Earnings and out go, please refer to Notes on Accounts- Schedule 'U'

On behalf of the Board of Directors

Place : Hyderabad  
Date : 30th May 2011

VENKATESWARLU JASTI  
Chairman & CEO





## ANNEXURE TO THE DIRECTORS' REPORT

### Details of Stock Options

Pursuant to SEBI guidelines on Stock Options

Employees Stock Option Plan - 2004 as on 31st March 2011

Sl.No	Description	2004 Plan
(a)	Options granted (net of lapses)	3942850
(b)	The pricing formula	At Market price; as per SEBI pricing formula
(c)	Options vested	3570000
(d)	Options exercised	1648738
(e)	The total number of shares arising as a result of exercise of option	1648738
(f)	Options lapsed	757150
(g)	Variation of terms of options	NIL
(h)	Money realised by exercise of options	₹ 3,54,55,180
(i)	Total number of options in force	1735812
(j)	i) Employee wise details of options granted to Senior managerial personnel during the year.	Nil
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on Exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share'].	₹ 0.89
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee Compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on Profits and on EPS of the company shall also be disclosed.	The company has used the intrinsic value method to compute the employee Compensation cost on account of ESOP in the financial year 2010-11. Had the company used the fair value method, the ESOP cost in the financial year would have been ₹ 1,88,47,195 and net profit would have reduced by this amount. The EPS (in ₹) would have been 0.73



Sl.No	Description	2004 Plan	
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Number of outstanding options as on March 31st 2011 were - 1735812. The weighted average exercise price of the outstanding options as on March 31st 2011 was ₹ 24.78 and the weighted average fair value of the outstanding options as on March 31st 2011 was ₹ 15.85	
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The company has opted to use the Intrinsic value method for accounting of compensation cost arising out of ESOP. However for disclosures in Para 12 above the following assumptions have been made	
(i)	risk-free interest rate,	6.5%	
(ii)	expected life,	48 months	
(iii)	expected volatility,	50%	
(iv)	expected dividends, and	1.33%	
(v)	The price of the underlying share in market at the time of option grant.	<b>Date of grant</b>	<b>Market price</b>
		18-09-2004	₹ 74.85
		30-07-2005	₹ 88.65
		29-04-2006	₹ 82.45
		30-09-2006	₹ 101.15
		03-05-2007	₹ 41.00
		28-01-2008	₹ 36.40
		12-07-2010	₹ 29.75



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OUTLOOK AND OPPORTUNITIES — GLOBAL

The global pharmaceutical market sales are expected to grow at a 4 - 7% compound annual growth rate (CAGR) through 2013. Global pharmaceutical market value is expected to expand to \$975+ billion by 2013.

The pharma market world over will experience significant shifts. Asia-Pacific region will emerge as the fastest growing pharmaceutical market over the recent past. The reason for this positive shift can be attributed to the low costs and favorable regulatory environment. This region has experienced important developments regarding contract manufacturing, especially in generics and APIs. Increased R&D activities in the region may be expected grow at a CAGR of around 12.6% during 2010-2012 in the Asia-Pacific pharmaceutical industry. It can, in fact, become the global API production hub in next few years.

The year 2010 was shaped with challenges for the pharmaceutical industry post global recession continuing to put pressure on drug discovery, compliance and customer interactions. These pressures have been further escalated by ongoing industry challenges including an anemic drug pipeline.

In addition, most large pharmaceutical companies are facing a high proportion of patent expirations between 2011 and 2014, which is expected to have negative impact over \$150 billion of revenues of branded drugs. Demand from emerging markets is also shifting traditional sales and marketing practices.

**Technology will help pharmaceutical companies overcome the big challenges** with shrinking drug pipelines; companies are investing in better collaboration, standardization and analytical tools to improve R&D productivity. Discovery centric companies are using next generation sequencing technologies to fail fast and fail cheaper in their quest to identify the right target drug candidate. Global pharma majors are collaborating with external partners for research as in-house research is not delivering results as quickly.

SUVEN has already gained experience in Collaborative Research Partnership (CRP) with Eli Lilly a global pharma major and endeavors to sign up more such collaborative research partnerships with global pharma majors in the years to come.

### INDUSTRY OUTLOOK AND OPPORTUNITIES — INDIA

The Indian pharmaceutical industry is one of the fast growing sectors of the Indian economy and has made rapid strides over the years. From being an import dependent industry in the 1950s, the industry has achieved self-sufficiency and gained global recognition as a producer of low cost high quality bulk drugs and formulations. Leading Indian

companies have developed infrastructure in over 60 countries including developed markets like US and Europe. In the recent past, several pharmaceutical companies have demonstrated that they possess the ability to engage in commercially viable research and development activities and become significant players in the international market.

### SWOT ANALYSIS

#### STRENGTHS

- Low labor costs as well as highly educated people are the major strengths of the Indian Pharmaceutical Industry. With a very well developed and diverse education system, India produces students who can meet these requirements of Indian Pharmaceutical Industry.
- Indian Pharmaceutical industry employs Cost effective technology and has Strong and well-developed manufacturing base
- Cost effective Clinical research and trials
- Availability of strong Knowledge based, low- cost manpower in science & technology
- Proficiency in path-breaking research
- High-quality formulations and drugs

#### WEAKNESSES

- Low Indian share in world pharmaceutical market (about 2%)
- Lack of strategic planning
- Fragmented capacities
- Low R&D investments
- Absence of association between institutes and industry

#### OPPORTUNITIES

- Incredible export potential
- Increasing health consciousness
- New innovative therapeutic products
- Globalization
- Drug delivery system management
- Contract manufacturing
- Clinical trials & research
- Drug molecules

#### THREATS

- Small number of discoveries
- Competition from MNCs
- Transformation of process patent to product patent (TRIPS)
- Outdated Sales and marketing methods
- Non-tariff barriers imposed by developed countries



## FINANCIAL AND OPERATING PERFORMANCE

During the year under review, your company has recorded a total income of ₹ 15222.56 lakhs comprising exports revenue of ₹ 13601.37 lakhs, domestic revenue of ₹ 1442.02 lakhs, other income of ₹ 125.74 lakhs and increase in stocks of ₹ 53.43 lakhs. Your company made profit after tax of ₹ 1039.95 lakhs for the financial year ended 31st March 2011, despite regular spend on Discovery R&D activities to the tune of ₹ 3338.79 lakhs representing nearly 22.10% to turnover of your company.

## INTERNAL CONTROLS

The company has put in place sound internal controls. Qualified team ensures that the internal controls are complied with. The objectives of the internal control system is to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: transactions are executed in accordance with management's general or specific authorization; transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles/standards or any other criteria applicable to such statements, and (2) to maintain accountability for assets; access to assets is permitted only in accordance with management's general or specific authorization; action taken with respect to any differences. in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets that could have a material effect on the financial statements

An independent firm of chartered accountants conducts the internal audit. The Audit Committee of the Board of Directors monitors the internal audit performance and places special emphasis on the protection of Intellectual Property developed.

## HUMAN RESOURCES

Suven invest heavily in their people. The challenge is to ensure that the investment is effective, attracting and retaining people with great skills, and motivating them to do the right things in the right way. To handle these challenges Suven has put in place a continuous training process to keep employees updated of latest developments in the R&D space. Since we are in drug discovery arena not many trained people are available, hence the focus at Suven has been to train the fresh graduates to meet our requirements by training new recruits before they get into a specific area of research.

## RISK MANAGEMENT

Suven endeavors to adopt best compliance practices to extremely stringent process standards of Good Laboratory Practice (GLP), Good Manufacturing Practice (GMP) and pharmacovigilance. The company is complying with high standards of multiple regulators such as US FDA, DCGI etc which increases efforts on the part of the company but also builds up trust of its clients. The Company has also taken appropriate insurance covers to safeguard its assets and its various operations.

## SAFETY, HEALTH AND ENVIRONMENT

Your company has adopted comprehensive Safety, Health and Environment (SHE) systems. To validate SHE policy as a global standard, your Company has carried out the audit of systems through an external agency to ensure that they comply with our own policies and standards and applicable regulatory requirements. Your Company's comprehensive environmental management system complies with the requirements as stipulated in the standard: ISO 14001: 2004 and Occupational Health and Safety management system (OHSAS) complies with the requirements as stipulated in the standard: OHSAS 18001: 2007, for all three units of Suven.





## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY

Your Company firmly believes that good corporate governance practices are ingredients for the balanced development of an organization which would not only maximize the shareholder's value but also contributed to sustained and long lasting development of the organization. The Board of Directors believes in ethical values and high moral standards in achieving the highest standards of corporate governance. All the **SUVEN** activities are carried out in accordance with good corporate Practices and the Company is constantly striving to better them and adopt the best practices.

Simultaneously, in keeping with best practices, your Company committed to provide full spectrum of quality services and products in Drug Discovery and Development Services (**DDDSS**), Contract Research and Manufacturing Services (**C-R-A-M-S**), Clinical Research Operations (**CRO**) and Collaborative Research Partnership (**CRP**) by fulfilling customer's satisfaction.

### II. BOARD OF DIRECTORS

#### a) COMPOSITION OF BOARD

The Board represents an optimum mix of professionalism, knowledge and experience. As on March 31, 2011, we had a total strength of 7 Directors in the Board, comprising of: 2 Executive Directors, 5 Non-Executive and Independent Directors. The Company immensely benefits from the professional expertise of the Independent Directors. The Board has an adequate combination of Executive Directors, Non-Executive and Independent Directors.

Category of Directors	No of Directors	% of Total No of Directors
Executive Directors	2	30 %
Independent and Non-Executive	5	70 %

#### Key information pertaining to Directors as on 31st March, 2011

Name of the Director	Category	Directorship in other Public Companies	No. of Committee positions held in all companies as Chairman	No. of Committee positions held in all companies as Member	No. of Board Meetings held/ attended	Attendance at the last AGM held on July 27, 2010
Shri Venkateswarlu Jasti	Chairman & CEO Promoter	-	-	-	4/4	Yes
Smt Sudha Rani Jasti	Whole-time Director Promoter	-	-	1	4/4	Yes
Dr. M. R. Naidu	Independent & Non-Executive Director	2	1	2	4/2	Yes
Dr K V Raghavan	Independent & Non-Executive Director	1	1	1	4/4	Yes
Shri D G Prasad	Independent & Non-Executive Director	3	2	1	4/4	Yes
Dr Martin Tolar	Independent & Non-Executive Director	-	-	-	4/1	Yes
Dr Syed E Hasnain	Independent & Non-Executive Director	1	-	-	4/2	Yes

#### b) BOARD MEETINGS

The Board met Four times in the Financial Year 2010-11, on 30th April 2010, 27th July 2010, 27th October 2010 and 31st January 2011.



None of the Directors is related to other Directors, except Shri Venkateswarlu Jasti who is spouse of Smt Sudha Rani Jasti.

The time gap between any two meetings did not exceed four months as per the requirements of clause 49 of the Listing Agreement and the required information was suitably placed before the board meetings. The details relating to financial and commercial transactions where Directors may have a potential interest, if any, were provided to the Board and interested Directors abstained from the proceedings.

Your Company's Director Dr. S Ramachandran had resigned from the Board due to superannuation w.e.f. 27th July 2010. Hence attendance of this director and his other directorships were not presented.

### III. AUDIT COMMITTEE

a) **The present composition of the Audit Committee is as follows**

Name of Directors & Designation	Category of Director	No. of Meetings	
		Held	Attended
Shri D G Prasad - Chairman	Independent & Non-Executive	4	4
Dr. M R Naidu - Member	Independent & Non-Executive	4	2
Dr K V Raghavan - Member	Independent & Non-Executive	4	4

In addition to the members of the audit committee, these meetings are attended by the Heads of Accounts & Finance, Internal Auditors and Statutory Auditors of the Company and the Company Secretary acts as the Secretary of the Audit Committee.

b) **Terms of reference**

The Committee reviews all matters such as Reports of Internal Auditors/Statutory Auditors, and discusses their findings, suggestions and other related issues. The Committee also determines major accounting policies followed by the Company and sets out control systems, scope of audit etc. The entire internal audit process has been reviewed by the Committee and Internal Auditors role induced with requisite adequacy.

c) **Meetings held during the year**

During the year Audit Committee met 4 times April 30th 2010, July 27th 2010, October 27th 2010 and January 31st 2011. The attendance of the Committee Members was presented at point (a) above.

### IV. REMUNERATION COMMITTEE

a) During the year, the Board has constituted the Remuneration Committee. The present Remuneration Committee composed of independent directors namely Shri D G Prasad, Dr K V Raghavan, Dr M R Naidu and Prof Seyed E Hasnain. The terms of reference of the Committee cover evaluation of compensation and benefits payable to executive directors under the provisions of the Companies Act, 1956 and to recommend the same to the Board.

b) **Remuneration paid to the Executive Directors and sitting fees paid to Non-Executive Directors during 2010-2011 is as under:**

i. Executive Directors

(₹ in Lakhs)

Particulars	Chairman & CEO		Wholetime Director	
	2010-11	2009-10	2010-11	2009-10
Salary & Allowances	48.00	14.83	36.60	16.55
Commission	0.00	0.00	0.00	0.00
Contribution to Provident Fund	5.76	5.76	4.39	3.95
Perquisites	0.00	0.00	0.00	0.08
<b>TOTAL</b>	<b>53.76</b>	<b>20.59</b>	<b>40.99</b>	<b>20.58</b>



ii. Non-Executive Directors:

Name of the Director	Sitting fee (₹)	No of shares held. as on 31st March 2011	No of Stock Options
Dr. M.R. Naidu	32,000.00	9,800	3,200
Dr. K.V. Raghavan	63,000.00	2,000	6,000
Shri D.G. Prasad	60,000.00	Nil	Nil
Prof Seyed E Hasnain	20,000.00	Nil	Nil
Dr. Martin Tolar	10,000.00	Nil	Nil

V. I. INVESTOR GRIEVANCES COMMITTEE

a) *Investors Grievance Committee of Directors reviews the following:*

Expeditious redressal of investor's grievances, Transfer of shares, Dematerialization/Rematerialization, Non receipt of Annual Reports and declared dividend, all other matters related to shares/debentures

b) *The Constitution of Investors Grievance Committee is as follows:*

Name of the Director	No. of Investors Grievance Committee Meetings	
	Held	Attended
Dr K V Raghavan - Chairman	4	3
Dr. M R Naidu - Member	4	2
Smt Sudha Rani Jasti - Member	4	3

c) *Name and Address of Compliance Officer*

CS K. HANUMANTHA RAO has been designated as Compliance Officer of the Company to monitor the share transfer process and to address various queries/ grievances of investors. For this purpose an exclusive email Id has been created namely investorservices@suven.com. Investors / shareholders may write their quires / grievances, if any to this designated email Id.

d) *Details of complaints/requests received and redressed :*

During the year 2010-2011, 116 complaints were received pertaining to the dividends, annual reports, change of bank details/address and split shares etc from shareholder and the complaints have been resolved to the satisfaction of the Complainants. As on 31.03.2011 there were no pending Complaints to be resolved.

II. SHARE TRANSFERS COMMITTEE

To ensure quicker investor services and expeditious disposal of the share transfer approvals, this Committee has been constituted with the following members of the Board.

Shri Venkateswarlu Jasti, Chairman & CEO is heading the Committee and

Smt. Sudha Rani Jasti, Whole Time Director is a member

The Committee meets as and when the memorandum of transfers date is intimated by the Karvy Computershare Pvt. Ltd. (Registrars and Transfer Agents) and accords its approvals accordingly.

The Committee met 8 times during the financial year 2010-11.

VI. ESOP COMPENSATION COMMITTEE

The Committee has been authorized to frame suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India including, The Securities and Exchange Board of India (Insider Trading) regulations 1992; and perform such functions required to be performed by the Compensation Committee under the SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999.

ESOP Compensation Committee composed of Dr M.R. Naidu as Chairman, Dr K.V. Raghavan as Member and Shri Venkateswarlu Jasti as Member of the Committee. The Committee met on 30th April 2010 and 12th July 2010.



## VII. GENERAL BODY MEETINGS

### A) Annual General Meeting

Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed there at:

Year	Venue	Date and Time	No. of Special Resolutions passed
2009-10	Hotel Green Park, Greenlands, Begumpet, Hyderabad	27/07/2010 2.30 PM	Two
2008-09	Hotel Green Park, Greenlands, Begumpet, Hyderabad	22/09/2009 3.00 PM	One
2007-08	KLN Prasad Auditorium, FAPCCI, Hyderabad	18/09/2008 3.00 PM	One

### B) Postal Ballot:

No item of business relating to matters specified under clause 49 of the Listing agreement with the Stock Exchanges/ or the provisions contained in section 192A of the Companies Act 1956, requiring voting by postal ballot is included in the Notice Convening the 22nd Annual General Meeting of the Company

## VIII. DISCLOSURES

- (i) Disclosure of material, financial and commercial transactions where management has personal interest that may have a potential conflict with the interest of the company at large

During the year 2010-11, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or material transactions with the Company for the year ended March 31, 2011.

- (ii) There were no instances of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- (iii) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and is being reviewed from time to time.

## IX. MEANS OF COMMUNICATION

### Quarterly Results, Press Releases, Presentations and Publications:

The quarterly results are generally published in widely circulated national newspapers the Business Standard and in one vernacular Language newspaper Andhra Prabha (Telugu Daily). And also the half yearly and Annual Audited Financial Results are published in the same manner.

The Financial Results are also displayed on the Company's web site [www.suven.com](http://www.suven.com) official news releases, presentations made to media are also displayed on the Company's website.

Management Discussion and Analysis detailed report is forming part of this Annual Report

The Company is filing /submitting its Shareholding pattern, Financial Results, Report on Corporate Governance on quarterly basis and are posted on the website of BSE/NSE in accordance with the Listing Agreement with the Stock Exchanges which may be accessed by the shareholders

## X. GENERAL INFORMATION FOR SHAREHOLDERS

### a) Annual General Meeting :

Financial Year	:	2010 - 2011
Day and Date	:	Saturday, 13th August 2011
Time	:	10.00 a.m.
Venue	:	Hotel Green Park, Green Lands, Begumpet, Hyderabad - 500 016



b) **Financial Calendar (tentative): Financial Year April 01, 2011 to March 31, 2012 Calendar for Reporting**

Quarter Ending	Release of Results
June 30, 2011	latest by August 15, 2011
September 30, 2011	latest by November 15, 2011
December 31, 2011	latest by February 15, 2011
March 31, 2012	May 15, 2012*

\*instead of publishing quarterly un-audited results, the Company may opt to publish Audited Annual Accounts within 60 days from the end of the financial year as per Stock Exchange Guidelines.

c) **Dates of Book Closure :**

The Share Transfer Books shall be closed from 3rd August, 2011 to 5th August 2011 (both days inclusive)

d) **Dividend Disclosure :**

The Board of Directors has recommended a dividend of 25%, i.e. ₹ 0.25 paisa per share subject to approval of the shareholders at the Annual General Meeting.

**Mode of Dividend payment and date**

Dividend shall be remitted through Electronic Clearing Service (ECS) at approved locations, wherever ECS details are available with the Company; and in all other cases, through warrants payable at par. These warrants shall be valid for a period of 90 days. Post expiry of validity period, these may be sent to the Company's Office at # 8-2-334, SDE Serene Chambers, Avenue 7, Road No. 5, Banjara Hills, Hyderabad - 500 034 for issue of demand drafts in lieu of expired dividend warrants.

Date of payment: On and from 28th August 2011, but within the statutory time limit of 30 days

e) **Listing on Stock Exchanges:**

The shares of the Company are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Limited  
The Company confirms that it has paid annual listing fees due to the stock exchanges for the financial year 2011-2012

f) **Stock Code:**

(i) **Trading Symbol**

Exchange	Scrip Code	Scrip ID
Bombay Stock Exchange Limited	530239	SUVEN
National Stock Exchange of India Limited	SUVEN-EQ	SUVEN

(ii) Depository for Equity Shares : NSDL and CDSL

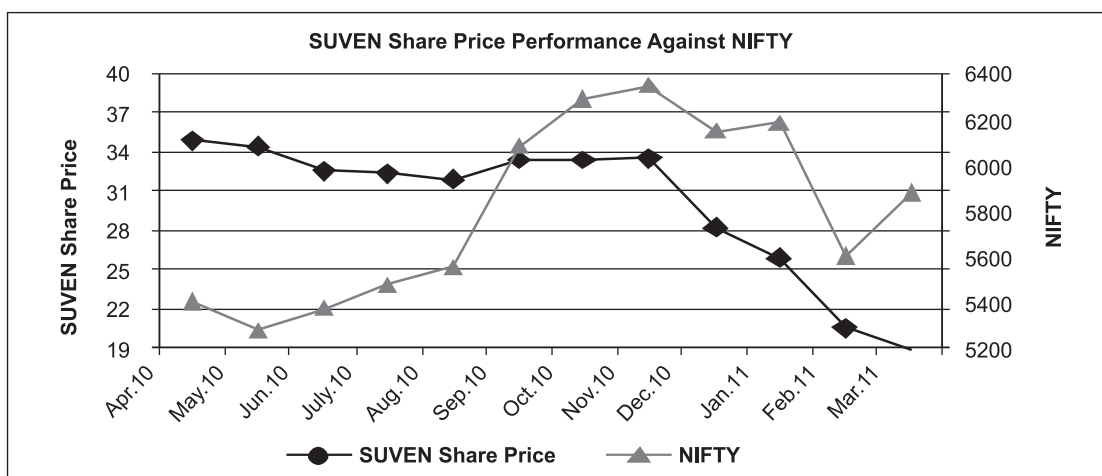
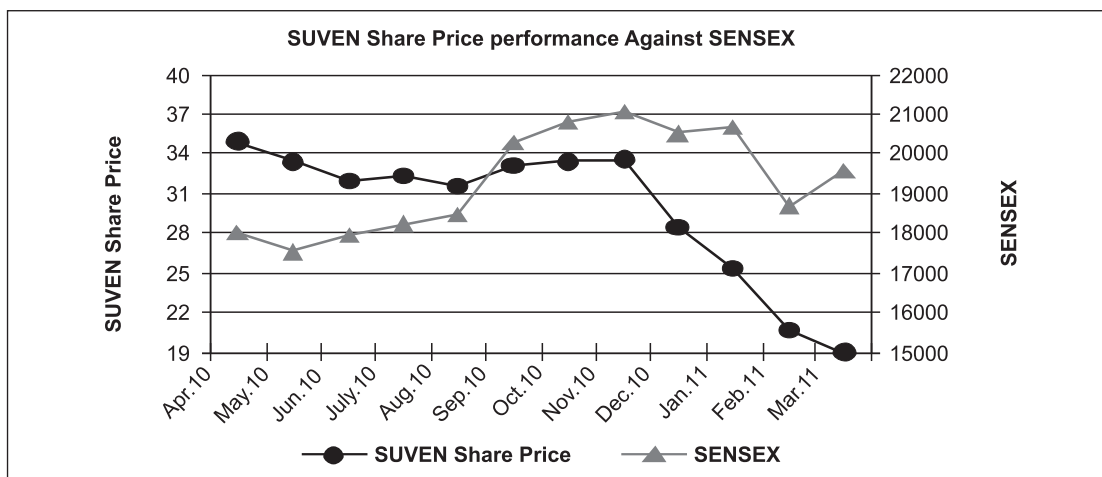
(iii) Demat ISIN Number : INE495B01038



g) Stock Market Price Data:

Month	Bombay Stock Exchange (BSE) Month Share Prices (In ₹)		BSE SENSEX	
	HIGH	LOW	HIGH	LOW
Apr-10	35.00	30.00	18047.86	17276.80
May-10	33.40	26.30	17536.86	15960.15
Jun-10	31.95	26.50	17919.62	16318.39
Jul-10	32.40	27.75	18237.56	17395.58
Aug-10	31.65	26.90	18475.27	17819.99
Sep-10	33.10	28.10	20267.98	18027.12
Oct-10	33.40	28.25	20854.55	19768.96
Nov-10	33.55	25.50	21108.64	18954.82
Dec-10	28.40	22.90	20552.03	19074.57
Jan-11	25.40	19.10	20664.80	18038.48
Feb-11	20.60	16.75	18690.97	17295.62
Mar-11	19.00	16.20	19575.16	17792.17

Stock Price Performance in comparison with BSE SENSEX & NSE NIFTY







**h) Stock Price Performance in comparison with NSE NIFTY**

Month	National Stock Exchange (NSE) Month Share Prices (In ₹)		NSE NIFTY	
	HIGH	LOW	HIGH	LOW
Apr-10	34.80	30.00	5399.65	5160.90
May-10	34.40	26.00	5278.70	4786.45
Jun-10	32.45	26.50	5366.75	4961.05
Jul-10	32.35	27.75	5477.50	5225.60
Aug-10	31.80	26.90	5549.80	5348.90
Sep-10	33.40	27.20	6073.50	5403.05
Oct-10	33.40	28.15	6284.10	5937.10
Nov-10	33.50	25.50	6338.50	5690.35
Dec-10	28.10	23.50	6147.30	5721.15
Jan-11	25.90	19.25	6181.05	5416.65
Feb-11	20.50	16.75	5599.25	5177.70
Mar-11	18.90	16.30	5872.00	5348.20

**i) Registrar and Transfer Agents : (RTA)  
KARVY COMPUTERSHARE PRIVATE LIMITED**

**Unit: Suven Life Sciences Ltd**  
Plot No.17 to 24, Vittal Rao Nagar  
Madhapur, Hyderabad - 500 081  
Phone No. 040 2342 0818, 2342 0828  
Fax No. 040 2342 0814  
Email: mailmanager@karvy.com

**j) Share Transfer System**

Karvy Computershare Pvt. Ltd, (RTA) has been authorized to process all the valid transfer requisitions on a weekly basis and a memorandum of transfers, if any, will be submitted to the Company. The share certificates duly transferred will be dispatched to the transferees. For this purpose the Company has authorized the Company Secretary of the Company to monitor the Memorandum of Share Transfers (MOT) as and when reported by RTA and he will report to Share Transfer Committee for its approval.

The Company has obtained and filed with the Stock Exchange(s), the half yearly certificates from Company secretary in practice for due Compliance with the share transfer formalities as required under clause 47(c) of listing agreement

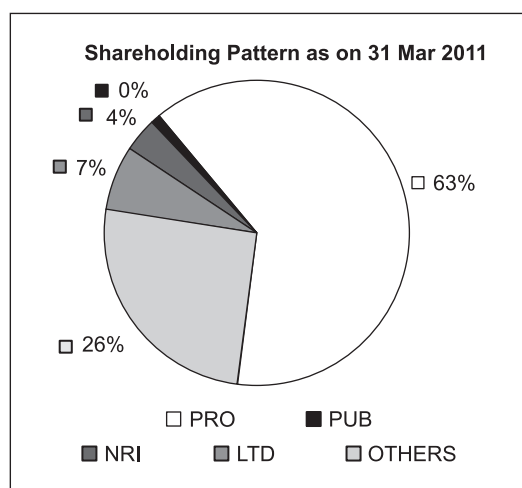
**k) Distribution Shareholding pattern as on 31st March 2011**

Category (Amount)	Shareholders		Share Amount	
	Number	% to Total	Amount	% to total
0001 — 5000	40475	97.73%	20009618	17.14%
5001 — 10000	531	1.28%	4106382	3.52%
10001 — 20000	220	0.53%	3284788	2.81%
20001 — 30000	61	0.15%	1508418	1.29%
30001 — 40000	34	0.08%	1229400	1.05%
40001 — 50000	22	0.05%	1012533	0.87%
50001 — 100000	37	0.09%	2713968	2.32%
100001 and above	24	0.08%	82866881	70.99%
<b>TOTAL</b>	<b>41404</b>	<b>100.00</b>	<b>116731988</b>	<b>100.00%</b>



l) **Categories of shareholders as on 31st March, 2011**

Sl. No	Category	Cases	Holding	%To Equity
1	PROMOTERS	6	73873028	63.28%
2	RESIDENT INDIVIDUALS	40172	29854714	25.58%
3	NON RESIDENT INDIANS	477	7702282	6.60%
4	BODIES CORPORATES	693	4737490	4.06%
5	H U F	717	884383	0.76%
6	FOREIGN INSTITUTIONAL INVESTORS	2	427517	0.37%
7	CLEARING MEMBERS	54	136957	0.12%
	<b>TOTAL</b>	<b>41404</b>	<b>116731988</b>	<b>100.00%</b>



m) **Dematerialization of shares and liquidity**

As on 31st March 2011, 85.85% of the paid up equity capital of the Company has been dematerialized and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialization.

Members are encouraged to opt for dematerialization of shares to eliminate bad deliveries, forgery, fake transfers etc., in the market.

n) **Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity**

- NIL -

o) **Plant Locations**

- Unit 1** : Dasaigudem (V), Suryapet (M), Nalgonda Dist, Andhra Pradesh - 508 213  
**Unit 2** : Pashamylaram, Medak Dist. Andhra Pradesh  
**Research Centre (1)** : 18/B, Phase III, IDA, Jeedimetla, Hyderabad - 500 055  
**Research Centre (2)** : Bio-Pharmaceutical Lab, 5th Floor, Serene Chambers, Road No. 5, Banjara Hills, Hyderabad - 500 034

p) **Address for correspondence**

**CS K. HANUMANTHA RAO**  
 Company Secretary  
 Regd. Office: SDE Serene Chambers,  
 Road No 5, Banjara Hills, Hyderabad - 500 034  
 Tel No(s): (040) 2354 1142 / 2354 3311 Fax No: (040) 2354 1152  
 E-mail: info@suven.com, investorservices@suven.com

q) **Unclaimed shares :**

Pursuant to clause 5A of the listing agreements with the stock exchanges, the process initiated by the company as envisaged in the said clause is yet to be completed. Therefore, the necessary disclosures relating to the suspense account for the unclaimed shares, if any, will be presented in the next annual report.

r) **Unpaid / Unclaimed Dividend**

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by Company to the Investor Education and Protection Fund, established by the Central Government under the provisions of Section 205C of the Companies Act, 1956.

Shareholders of the Company who have either not received or have not encashed their dividend warrants, for the financial years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 are requested to claim the unpaid/unclaimed dividend from the Company before transfer to the fund.



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## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

To  
The Members of Suven Life Sciences Limited

As required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2011.

For **SUVEN LIFE SCIENCES LIMITED**

Place : Hyderabad  
Date : 30.05.2011

**Venkateswarlu Jasti**  
Chairman &CEO

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## CERTIFICATE OF COMPLIANCE

To the Members of  
M/s. Suven Life Sciences Limited

We have examined the Compliance of conditions of Corporate Governance by M/s. **SUVEN LIFE SCIENCES LIMITED** ("the Company"), for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For **KARVY & CO**  
Chartered Accountants  
(Firm Regn.No.001757S)

**K. Ajay Kumar**  
Partner  
(M. No. 021989)

Place : Hyderabad  
Date : 30.05.2011



## AUDITORS' REPORT

To  
The Members of  
M/s. SUVEN LIFE SCIENCES LIMITED

We have audited the attached Balance sheet of M/s. Suven Life Sciences Limited ("the Company") as at 31st March, 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government Of India, in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books of the company;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and Notes hereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the company as on 31st March, 2011;
  - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **KARVY & CO**  
Chartered Accountants  
(Firm Reg. No 001757S)

**K. Ajay Kumar**  
Partner  
(M. No. 021989)

Place : Hyderabad  
Date : 30.05.2011



## ANNEXURE TO THE AUDITORS' REPORT

### Referred to in paragraph 2 of our report

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the management has physically verified all the fixed assets during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. In respect of its inventories:
  - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical inventory and book records were not material.
- iii.
  - a) According to the information and explanations given to us, during the year the Company has not granted any loans to companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (a) to (iii) (d) of the paragraph 4 of the Order are not applicable.
  - b) According to the information and explanations given to us, the Company has taken an unsecured loan from the party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 660 lakhs and the year end balance is Rs. 160 lakhs.
  - c) In our opinion and according to the information and explanation given to us, the said loan is interest free loan and other terms and conditions are prima facie not prejudicial to the interest of the company.
  - d) According to the information and explanations given to us, the said loan is repayable on demand and there is no repayment schedule.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. In respect of the contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us:
  - a) The particulars of the contracts or arrangements referred to in Section 301 that need to be entered in the register maintained under the said section have been so entered.
  - b) In our opinion, and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of Bulk Drugs, pursuant to Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records for any other product/services rendered by the Company.
- ix. In respect of statutory dues:
  - a) According to the records of the company and information and explanations given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service



Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the above are in arrears as at the year end for a period of more than six months from the date on which they become payable.

- b) According to the information and explanations given to us, the following amounts have not been deposited with the appropriate authorities on account of dispute :

Nature of the Statute	Amount Rs. in Lakhs	Period to which amount relates	Forum where pending
Service Tax	38.25	2005-06	Commissioner of Central Exice, customs and Service tax (Appeals III) - Hyderabad.
AP VAT	7.53	2007-08	Additional Commissioner Appeals Hyderabad.

- x. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to Financial Institutions and Banks. The company did not have any outstanding debentures during the year.
- xii. In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a Chit fund or a Nidhi/ Mutual Benefit fund/ Society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.

- xiv. The Company has not dealt or traded in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order are not applicable to the company.
- xv. In our opinion and as per the information and explanations given to us, the terms and conditions of the guarantees given by the company for loans taken by M/S Suven Nishtaa Pharma Pvt. Ltd. from banks are not prima facie prejudicial to the interest of the Company.
- xvi. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long term investment.
- xviii. The Company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of the Companies Act, 1956.
- xix. The Company during the year has not issued any debentures. Accordingly, clause 4 (xix) of the Order are not applicable to the company.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **KARVY & CO**  
Chartered Accountants  
(Firm Reg. No 001757S)

**K. Ajay Kumar**  
Partner  
(M. No. 021989)

Place : Hyderabad  
Date : 30.05.2011





## BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT 31/03/2011 ₹ in Lakhs	AS AT 31/03/2010 ₹ in Lakhs
<b>I. SOURCES OF FUNDS</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
a) Share Capital	A	1167.32	1158.74
b) Reserves & Surplus	B	11506.42	10647.29
<b>2 LOAN FUNDS</b>			
a) Secured Loans	C	6415.68	4345.80
b) Unsecured Loans	D	160.00	660.46
<b>TOTAL</b>		<b>19249.42</b>	<b>16812.29</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>			
a) Gross block		15976.83	15579.09
b) Less: Depreciation		5409.06	4623.01
c) Net block		10567.77	10956.08
d) Capital work-in-progress		339.57	340.01
<b>2 INVESTMENTS</b>			
<b>3 DEFERRED TAX ASSET (NET)</b>			
<b>4 CURRENT ASSETS, LOANS AND ADVANCES</b>			
a) Inventories	G	3336.56	3049.00
b) Trade Receivables	H	3137.38	3260.99
c) Cash and Bank balances	I	294.63	223.09
d) Loans and Advances	J	1872.10	1433.67
e) Interest Accrued		9.75	7.95
		8650.42	7974.70
Less :Current Liabilities and Provisions	K	3113.96	3662.62
Net Current Assets		5536.46	4312.08
<b>TOTAL</b>		<b>19249.42</b>	<b>16812.29</b>
Notes on Accounts	U		

As per our report of even date

for and on behalf of the Board of Directors

for **KARVY & CO**  
Chartered Accountants  
(Firm Regn.No.001757S)

**K. AJAY KUMAR**  
Partner  
M. No. 021989

**VENKATESWARLU JASTI**  
Chairman & CEO

**SUDHA RANI JASTI**  
Wholetime Director

Place : Hyderabad  
Date : 30.05.2011

**K. HANUMANTHA RAO**  
Company Secretary



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

	SCHEDULE	FOR THE YEAR ENDED 31st Mar 2011 ₹ in Lakhs	FOR THE YEAR ENDED 31st Mar 2010 ₹ in Lakhs
<b>INCOME</b>			
Gross Income from Operations	L	15104.23	12982.22
Less: Excise Duty on Sales		(60.84)	(51.06)
Net Income from Operations		15043.39	12931.16
Other Income	M	125.74	49.39
Increase/(Decrease) in Stocks	N	53.43	408.28
<b>TOTAL</b>		<b>15222.56</b>	<b>13388.83</b>
<b>EXPENDITURE</b>			
Materials Consumed	O	5549.85	4294.30
Manufacturing Expenses	P	2082.72	1594.82
Research & Development Expenses		3114.35	3415.07
Clinical Projects Expenses		30.21	31.16
Personnel Expenses	Q	1782.08	1534.10
Selling Expenses	R	261.95	192.75
Financial Expenses	S	610.52	494.03
Administrative & Other Expenses	T	920.88	932.90
Depreciation		544.56	529.14
<b>TOTAL</b>		<b>14897.12</b>	<b>13018.27</b>
<b>Profit before Tax</b>		<b>325.44</b>	<b>370.56</b>
Less: Provision for			
- Current Tax		8.36	62.67
- Previous year tax		7.81	0.00
- Deferred Tax asset		(722.32)	(329.50)
- MAT Credit entitlement		(8.36)	(62.67)
<b>Profit after Tax</b>		<b>1039.95</b>	<b>700.06</b>
Profit brought forward from previous year		1764.81	1473.55
<b>Profit available for appropriation</b>		<b>2804.76</b>	<b>2173.61</b>
<b>Appropriations</b>			
Proposed dividend		291.83	289.69
Difference in Final Dividend for 2009-10		1.69	0.00
Tax on proposed dividend		47.34	48.11
Tax on Difference in Final Dividend for 2009-10		0.28	0.00
Transfer to General Reserve		110.00	71.00
Surplus carried to Balance Sheet		2353.62	1764.81
		<b>2804.76</b>	<b>2173.61</b>
Basic and Diluted Earnings per share (in ₹)		0.89	0.60
Notes on Accounts	U		

As per our report of even date  
for **KARVY & CO**  
Chartered Accountants  
(Firm Regn.No.001757S)

for and on behalf of the Board of Directors

**K. AJAY KUMAR**  
Partner  
M. No. 021989

**VENKATESWARLU JASTI**  
Chairman & CEO

**SUDHA RANI JASTI**  
Wholetime Director

Place : Hyderabad  
Date : 30.05.2011

**K. HANUMANTHA RAO**  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in lakhs)

	As at 31st March, 2011		As at 31st March, 2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Net Profit before Tax and Extraordinary Items</b>		325.44		370.55
<b>Adjustments for :</b>				
Depreciation	790.58		769.72	
Interest Income	10.81		(11.97)	
Interest on Borrowings	610.52		443.54	
Profit on Disposal of Assets	(6.39)		0.00	
Dividend Income	(19.11)		(1.81)	
MTM Losses	0.00		50.49	
		1,386.41		1,249.97
<b>Operating Profit Before Working Capital Changes</b>		1,711.85		1,620.52
<b>Adjustments for :</b>				
Trade and Other Receivables	(350.71)		(821.34)	
Inventories	(287.56)		(328.55)	
Trade Payables and Other Liabilities	(503.52)		860.12	
<b>Increase/(Decrease) in Net Current Assets</b>		(1,141.79)		(289.77)
<b>Cash Generated From Operations</b>		570.06		1,330.75
<b>Adjustments for :</b>				
Income Tax	18.45		38.26	
		18.45		38.26
<b>Net Cash From Operating Activities</b>	A	551.61		1,292.49
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale/(Purchase) of Investments	(879.18)		(536.70)	
Purchase of Fixed Assets	(403.54)		(482.67)	
Sale of Fixed Assets	8.10		0.00	
Interest Received	(12.60)		12.98	
Dividends Received	19.11		1.81	
<b>Net Cash Used In Investing Activities</b>	B	(1,268.11)		(1,004.58)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)

(₹ in lakhs)

	As at 31st March, 2011		As at 31st March, 2010	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Borrowings (Net)	1,569.42		695.21	
Interest Paid on borrowings	(610.52)		(544.38)	
Issue of capital with Premium	168.91		0.00	
Dividend Payouts (including Dividend Tax)	(339.77)		(338.92)	
Net Cash used in financing Activities		788.04		(188.09)
Net Increase in Cash and Cash Equivalents (A+B+C)		71.54		99.82
Cash and Cash Equivalents at the beginning the year		223.09		123.27
Cash and Cash Equivalents at the end of the year		294.63		223.09

As per our report of even date

for and on behalf of the Board of Directors

for **KARVY & CO**  
Chartered Accountants  
(Firm Regn.No.001757S)

**K. AJAY KUMAR**  
Partner  
M. No. 021989

**VENKATESWARLU JASTI**  
Chairman & CEO

**SUDHA RANI JASTI**  
Wholetime Director

Place : Hyderabad  
Date : 30.05.2011

**K. HANUMANTHA RAO**  
Company Secretary



## SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2011 ₹ in Lakhs	AS AT 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
20,00,00,000 Equity Shares of ₹ 1/- each	2000.00	2000.00
<b>Issued, Subscribed and Paid up</b>		
11,67,31,988 Equity Shares of ₹ 1/- each (Previous year 11,58,74,400 Equity Shares of ₹ 1/- each)	1167.32	1158.74
<b>TOTAL</b>	<b>1167.32</b>	<b>1158.74</b>
<b>SCHEDULE-B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Opening Balance	5039.71	4968.71
Add: Additions during the year	110.00	71.00
	5149.71	5039.71
<b>Share Premium</b>	3842.76	3842.77
Add: Additions	160.33	0.00
	4003.09	3842.77
<b>Surplus in Profit &amp; Loss A/c.</b>	2353.62	1764.81
<b>TOTAL</b>	<b>11506.42</b>	<b>10647.29</b>
<b>SCHEDULE-C</b>		
<b>SECURED LOANS</b>		
<b>Corporate Loan From S.B.I.</b> (Foreign Currency Loan)	0.00	375.88
<b>Corporate Loan From S.B.I.</b> secured by first and Pari-pasu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets.	707.31	2005.40
<b>Corporate Loan From State Bank of Patiala</b> secured by first and Pari-pasu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets.	2000.00	0.00
<b>Corporate Loan From Bank of India</b> secured by first and Pari-pasu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets.	1499.96	0.00
<b>Working Capital Loans from S.B.I.</b> Secured by first charge on Raw Materials, Stock in Process, Finished Goods, Receivables and Book Debts and second charge on Land, Buildings and Plant & Machinery.	2208.41	1964.52
<b>TOTAL</b>	<b>6415.68</b>	<b>4345.80</b>
<b>SCHEDULE-D</b>		
<b>SECURED LOANS</b>		
<b>UNSECURED LOANS</b>		
-- From Directors	160.00	660.46
<b>TOTAL</b>	<b>160.00</b>	<b>660.46</b>



## SCHEDULES TO BALANCE SHEET

SCHEDULE-E FIXED ASSETS (₹ in Lakhs)		GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 31.03.2010	ADDITIONS	DEDUC- TIONS	AS ON 31.03.2011	UPTO 31.03.2010	FOR THE YEAR	DEDUC- TIONS	Upto 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
1	FREE HOLD LAND	316.51		0.66	315.85	0.00	0.00	0.00	0.00	315.85	316.51
2	BUILDINGS-OFFICE AT FACTORY	44.78	0.00	0.00	44.78	9.91	0.73	0.00	10.64	34.14	34.87
3	BUILDINGS-FACTORY	1883.97	19.31	0.00	1903.28	316.66	62.92	0.00	379.59	1523.69	1567.31
4	PLANT & MACHINERY	6992.85	73.51	0.00	7066.36	2604.50	370.97	0.00	2975.47	4090.89	4388.36
5	FURNITURE & FIXTURES	192.82	0.86	0.00	193.67	88.36	12.23	0.00	100.58	93.09	104.46
6	OFFICE EQUIPMENT	87.03	0.71	0.00	87.74	34.44	4.16	0.00	38.60	49.14	52.59
7	LABORATORY EQUIPMENT	378.85	1.08	0.00	379.93	106.57	18.00	0.00	124.57	255.36	272.28
8	VEHICLES	120.78	39.10	5.57	154.31	69.38	11.41	4.52	76.27	78.04	51.40
9	E.T.P. WORKS	134.00	0.00	0.00	134.00	88.22	7.08	0.00	95.30	38.70	45.77
10	MISC FIXED ASSETS	4.62	0.00	0.00	4.62	3.60	0.22	0.00	3.82	0.80	1.02
11	EDP-EQUIPMENTS	322.02	44.98	0.00	367.00	262.68	56.84	0.00	319.52	47.48	59.34
	<b>SUB TOTAL</b>	10478.24	179.54	6.23	10651.55	3584.32	544.56	4.52	4124.36	6527.19	6893.92
12	R & D EQUIPMENT	5100.84	224.44	0.00	5325.28	1038.68	246.02	0.00	1284.70	4040.59	4062.16
	<b>GRAND TOTAL</b>	15579.09	403.98	6.23	15976.83	4623.00	790.58	4.52	5409.06	10567.78	10956.08

Note: Depreciation on R & D Equipment of ₹ 246.02 Lakhs has been added to R & D Expenses (Previous Year ₹ 240.57 Lakhs)  
Additions and Depreciation thereon for Lab Equipment are on account of AS -II Revised 2009





## SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2011 ₹ in Lakhs	AS AT 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-F</b>		
<b>INVESTMENTS: AT COST</b>		
<b>I. Trade Investments – (Long Term &amp; Unquoted) :</b>		
<b>Equity shares:</b>		
(6000000 Equity Shares of ₹ 10/- each fully paid up in Suven Nishtaa Pharma pvt ltd)	600.00	0.00
Share Application - in Suven Nishtaa Pharma Pvt Ltd	468.46	828.39
<b>2. Non-Trade Investments :</b>		
<b>Long Term &amp; Unquoted:</b>		
<b>a) Equity Shares:</b>		
100 Equity Shares of ₹ 20/- each in G.S.F.C.Limited	0.02	0.02
<b>b) National Savings Certificates</b>	0.13	0.13
<b>Long Term &amp; quoted:</b>		
<b>Mutual Funds:</b>		
SBI Infrastructure fund	5.00	5.00
50000 units of ₹ 10/- each ( Previous year 50000 units)		
SBI Premier Liquid Fund	965.42	326.31
9622923.1207 units of ₹ 10.0325/- each (Previous year 3252519.5335)		
<b>TOTAL</b>	<b>2039.03</b>	<b>1159.85</b>
<b>Aggregate value of Investments :</b>		
<b>Quoted :</b>		
- Book Value	970.42	331.31
- Market Value	970.10	331.48
<b>Un-quoted :</b>		
- Book Value	1068.61	828.54
<b>Investment Purchased and sold during the year</b>		
	<b>Units</b>	<b>Cost (₹ In Lakhs)</b>
SBI Premier Liquid Fund	17978479.7259	1803.69



## SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2011 ₹ in Lakhs	AS AT 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-G</b>		
<b>INVENTORIES</b>		
(As valued and certified by the Management)		
Raw Materials	944.92	733.59
Stores and Spares	177.15	154.35
Finished Goods	1003.43	1210.71
Stocks in Process	1211.06	950.35
<b>TOTAL</b>	<b>3336.56</b>	<b>3049.00</b>
<b>SCHEDULE-H</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Exceeding six months	34.98	102.13
Others	3102.40	3158.86
<b>TOTAL</b>	<b>3137.38</b>	<b>3260.99</b>
<b>SCHEDULE-I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	1.68	2.87
Balances with Scheduled Banks		
--- in current accounts	177.39	110.80
--- in unpaid dividend accounts	14.96	12.99
--- in Margin Money Deposits for Bank Guarantee and Letter of Credit	100.60	96.43
<b>TOTAL</b>	<b>294.63</b>	<b>223.09</b>
<b>SCHEDULE-J</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good, advances recoverable in cash or in kind or for value to be received)		
Advances for Purchases	96.08	59.17
Advances for Expenses	182.19	81.61
Other Advances	133.65	75.44
Receivables from Government authorities	858.49	581.34
Deposits	168.43	166.98
MAT Credit Entitlement	382.06	373.69
Advance Tax and TDS	51.20	95.44
<b>TOTAL</b>	<b>1872.10</b>	<b>1433.67</b>



## SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2011 ₹ in Lakhs	AS AT 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-K</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Liabilities for Capital Works	5.61	6.73
Liabilities for Trade Creditors:		
a) Due to micro, small and medium enterprises	0.00	0.00
b) Due to others	1892.45	2107.67
Liabilities for Expenses	424.65	499.50
Unclaimed Dividend	14.90	12.93
Liabilities for statutory dues	59.78	104.03
Advance Received from Customers	14.71	304.28
	<b>(A)</b>	<b>3035.14</b>
<b>B. PROVISIONS</b>		
-- for Taxation	16.18	62.67
-- for Dividend	291.83	289.69
-- for Corporate Dividend Tax	47.34	48.11
-- for Gratuity	204.45	127.92
-- for Leave encashment	142.06	99.08
	<b>(B)</b>	<b>627.47</b>
<b>TOTAL</b>	<b>(A+B)</b>	<b>3662.61</b>



## SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year 31st Mar 2011 ₹ in Lakhs	Previous Year 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-L</b>		
<b>INCOME FROM OPERATIONS</b>		
Exports	13601.37	11687.17
Domestic	1502.86	1295.05
<b>TOTAL</b>	<b>15104.23</b>	<b>12982.22</b>
<b>SCHEDULE-M</b>		
<b>OTHER INCOME</b>		
Interest from bank deposit & others (Gross) (Tax Deducted at Source ₹ 1,09,879/- Previous year ₹ 1,78,219/-)	10.81	11.97
Dividend Income from Mutual Funds	19.11	1.81
Foreign Exchange Fluctuations Gain (Net)	60.93	0.00
Miscellaneous Receipts	28.50	35.61
Profit on sale of assets	6.39	0.00
<b>TOTAL</b>	<b>125.74</b>	<b>49.39</b>
<b>SCHEDULE-N</b>		
<b>INCREASE/DECREASE IN STOCKS</b>		
Opening Stock :		
Work - in - Progress	950.35	679.74
Finished Goods	1210.71	1073.04
<b>A</b>	<b>2161.06</b>	<b>1752.78</b>
Closing Stock :		
Work - in - Progress	1211.06	950.35
Finished Goods	1003.43	1210.71
<b>B</b>	<b>2214.49</b>	<b>2161.06</b>
<b>Increase in Stocks (B-A)</b>	<b>53.43</b>	<b>408.28</b>



## SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year 31st Mar 2011 ₹ in Lakhs	Previous Year 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-O</b>		
<b>MATERIALS CONSUMED</b>		
1) Raw Materials		
Opening Stock	709.71	814.36
Purchases	5728.65	4108.23
Less: Closing Stock	944.92	709.71
	<b>(A)</b>	<b>4212.88</b>
2) Trading Materials :		
Purchases	0.00	44.84
	<b>(B)</b>	<b>44.84</b>
3) Packing Materials		
Opening Stock	10.62	9.73
Purchases	57.74	37.47
Less: Closing Stock	11.95	10.62
	<b>(C)</b>	<b>36.58</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	<b>4294.30</b>

### SCHEDULE-P MANUFACTURING EXPENSES

Power & Fuel	1066.40	816.39
Consumable Stores	32.66	27.77
Factory Upkeep Expenses	352.46	281.82
Environment Management Expenses	125.28	93.35
Safety Expenses	36.54	33.74
Quality Control Expenses	135.95	94.02
Repairs & Maintenance :		
-- Buildings	5.04	3.41
-- Plant & Machinery	328.39	244.32
<b>TOTAL</b>	<b>2082.72</b>	<b>1594.82</b>

### SCHEDULE-Q PERSONNEL EXPENSES

Salaries, Wages & Bonus	1351.91	1193.08
Staff Welfare Expenses	155.99	156.60
Contribution to PF & Other Funds	274.18	184.42
<b>TOTAL</b>	<b>1782.08</b>	<b>1534.10</b>



## SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year 31st Mar 2011 ₹ in Lakhs	Previous Year 31st Mar 2010 ₹ in Lakhs
<b>SCHEDULE-R</b>		
<b>SELLING EXPENSES</b>		
Sales Promotion	21.32	26.81
Advertisement	4.02	3.84
Carriage Outwards	122.40	84.88
Commission on Sales	114.21	77.22
<b>TOTAL</b>	<b>261.95</b>	<b>192.75</b>
<b>SCHEDULE-S</b>		
<b>FINANCIAL EXPENSES</b>		
Interest -- on Fixed Loans	381.92	234.68
-- on Others	150.25	170.69
Finance Charges	78.35	38.17
Derivative Loss (MTM)	0.00	50.49
<b>TOTAL</b>	<b>610.52</b>	<b>494.03</b>
<b>SCHEDULE-T</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	89.65	85.64
Rates & Taxes	10.65	10.82
Service Tax	7.98	24.28
Insurance	71.93	64.50
Communication Charges	54.90	69.49
Travelling & Conveyance	234.46	213.69
Printing & Stationery	51.47	60.75
Vehicle Maintenance	29.93	25.79
Directors Remuneration	94.75	41.17
Professional Charges	87.25	41.76
Payments to Auditors :		
-- As Auditors	4.25	3.00
-- for Tax Matters	1.50	1.25
-- for other Services	0.75	0.75
-- for Expenses	0.05	0.09
Security Charges	60.01	52.74
Donations	1.45	1.82
Repairs & Maintenance - Others	23.02	15.54
Foreign Exchange Fluctuations Loss (Net)	0.00	124.98
General Expenses	96.88	94.84
<b>TOTAL</b>	<b>920.88</b>	<b>932.90</b>





## SCHEDULE - U SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### I. Significant Accounting Policies :

#### (a) Basis of Accounting

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the accounting standards notified under section 211(3C) of the Companies Act, 1956 of India (the Act) and the relevant provisions of the Act.

#### (b) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported value of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenditure for the year. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### (c) Revenue Recognition

- i. Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers.
- ii. Revenue from Collaborative Research Projects, Contract Technical Services, Clinical Trials Services and Process Development Services are recognized on completion of the work.
- iii. Income from Investments
  - i. The Company recognises Interest on investments on accrual basis.
  - ii. Dividend income on investments is accounted for when the right to receive the payment is established

#### (d) Fixed Assets

Fixed assets are stated at cost and as reduced by accumulated depreciation. All costs including financing costs, up to the date of commissioning and attributable to the fixed assets are capitalised. Exchange difference arising on Long Term Foreign currency monetary items relating to acquisition of fixed assets are adjusted to the carrying cost of such assets

#### (e) Events Occurring After Balance Sheet Date

Events occurring after the date of balance sheet are considered up to the date of adoption of the accounts, where material and are taken into cognizance.

#### (f) Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

#### (g) Investments

Long-term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

Investments other than Long Term Investments are stated at cost or market value whichever is less. Any increase/reduction in the carrying cost is credited / charged to the Profit and Loss account.

#### (h) Inventories

- i. Stock of raw materials, Stores, spares and fuel are stated at cost and are valued on FIFO basis.
- ii. Work in process is stated at cost.
- iii. Finished Goods are valued at the lower of the Cost or net realisable value.

#### (i) Research & Development expenses

- i. Revenue expenditure on research and development activities is expensed as and when incurred.
- ii. The expenditure on capital assets having alternative use either in R&D activity or otherwise are capitalised and amortized at the rate specified in Schedule XIV of the Companies Act 1956.
- iii. Depreciation on R&D assets is included in R&D expenses.

#### (j) Foreign Currency Transactions

- i. Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account, except exchange difference arising on Long Term Foreign currency monetary items relating to acquisition of fixed assets which are adjusted to the carrying cost of such assets.



iii. In case of Monetary items which are covered by forward exchange contracts, premium or discount on forward exchange contracts are amortised and recognized in the profits and loss account over the period of the contract. Forward Exchange Contracts outstanding at the balance sheet date, are stated at fair value and any gains or losses are recognized in the profit and loss account.

iv. Financial Derivative Contracts :

The realized gain/loss in respect of settled contracts are recognized in the Profit and loss account.

**(k) Retirement benefits to employees**

The company has Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund and Employees Pension Scheme, 1995. The Company contributes to State Plans namely Employees' State Insurance Scheme.

The Company has Defined Benefit Plan comprising of Gratuity Fund and Leave Encashment. The Company contributes to Gratuity Fund administered by LIC. The liability for the Gratuity Fund and Leave Encashment are determined on the basis of an independent actuarial valuation done at the year end. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss Account as income or expense.

**(l) Borrowing cost**

Borrowing Costs that are directly attributable to the acquisition of a fixed asset are capitalised as part of the cost of the asset till the date the asset is ready for commercial use. All other borrowing costs are charged to revenue.

**(m) Income taxes**

The current charge for taxes is calculated in accordance with relevant tax regulations applicable to the company.

The deferred tax for the timing differences between the book and tax profits for the year end is accounted for, using the tax rates and laws that have been substantially enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognized and carried forward only if there is reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date.

**(n) Earnings per share**

The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

**(o) Impairment of Assets**

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

**(p) Provisions**

Provisions are recognised when the company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation.

**(q) Segmental information - Basis of preparation**

**i. Segment Revenue and Expenses**

Revenues and expenses are allocated on a reasonable basis to segments being common manufacturing facilities and sales force.

**ii. Segment Assets and Liabilities**

Segment assets and liabilities which can be identified to a segment are allocated to the respective segment. The fixed assets and net current assets are not identifiable for particular segment except R & D segment, because these assets can be used interchangeable among the segments. Hence the management feels that the assets cannot be segregated to particular segment and to disclose these under Un allocated assets.

**(r) Employee Stock Option Schemes**

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortized on a straight-line basis over the vesting period.



## II. NOTES TO ACCOUNTS :

### 1. Contingent Liabilities

Particulars	₹ in Lakhs	
	Year ended 2010-11	Year ended 2009-10
Guarantees given by Banks	53.18	87.66
Corporate Guarantee given on behalf of Suven Nishtaa Pharma Private Limited	2375.00	2375.00
Un expired Letters of Credit	478.31	481.17
Disputed Service Tax demands against which company is in appeal	38.25	Nil
Disputed VAT demands against which company is in appeal	7.53	Nil

2. Capital commitments not provided for on account of pending execution [net of advance Rs. 2.80 Lakhs (Previous year ₹ 3.53 Lakhs)]

3. During the year Unclaimed Dividend pertaining to 2002-03 amounting to ₹ 1.04 Lakhs has been transferred to Investor Education and Protection Fund. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as of 31st March 2011 (Previous year Nil).

4. There are no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

### 5. Managerial Remuneration:

Particulars	₹ in Lakhs			
	Chairman & CEO		Wholetime Director	
	2010-11	2009-10	2010-11	2009-10
Salary & Allowances	48.00	14.83	36.60	16.55
Commission	0.00	0.00	0.00	0.00
Contribution to Provident Fund	5.76	5.76	4.39	3.95
Perquisites	---	---	---	0.08
<b>TOTAL</b>	<b>53.76</b>	<b>20.59</b>	<b>40.99</b>	<b>20.58</b>

The Company has paid a minimum remuneration of Rs.4.00 Lakhs per month to Mr. Venkateswarlu Jasti, Chairman & CEO of the Company and Rs.3.05 Lakhs per month to Mrs. Sudha Rani Jasti, Wholetime Director of the Company for the financial year ending 31st March 2011.

The Company is seeking approval of the members by way of special resolution(s) in the Annual General Meeting for payment of remuneration as stipulated under the provisions of Section II of Part II of the Schedule XIII to the Companies Act, 1956.

The above remuneration excludes provision for gratuity, since the liability is determined for all the employees on an independent actuarial valuation basis. The specific amount of gratuity Directors cannot be ascertained separately.

6. Material consumption includes material destroyed in fire accident in the godown of unit - II.

7. National Savings Certificates to the extent of ₹ 3,000/- have been pledged with Government Authorities.

### 8. Employee Stock Option Scheme

The Company instituted the Employees Stock Option 2004 plan for all eligible employees. The Scheme covers all eligible employees of Suven Life Sciences Limited and its subsidiary.



The movement in options during the year ended March 31, 2011 is set out below:

Particulars	Year ended	Year ended
	2010-11 (No. of Shares)	2009-10 (No. of Shares)
Options outstanding at the beginning of the year	24,19,880	24,70,680
Add : Granted during the year	2,00,000	-
<b>TOTAL</b>	<b>26,19,880</b>	<b>24,70,680</b>
Less: Lapsed	26,480	50,800
Converted into equity shares	8,57,588	-
Options outstanding at the end of the year	17,35,812	24,19,880

9. Excise Duty amounting to Rs. 10.86 Lakhs on Closing Stock of finished Goods has been provided during the year to comply with' Guidance Note on Accounting treatment for Excise duty' issued by Institute of Chartered Accountants of India.

#### 10. Hedging and Derivatives

Company has entered into Forward Exchange contract, being derivative instruments for hedging purpose and not intended for trading or speculation purposes , to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables . The following are the outstanding Forward Exchange Contracts as on 31st March 2011, entered into by the company;

Foreign Currency	Buy or Sell	No. of Contracts	Cross Currency	Amounts in USD	
				2010-11	2009-10
USD	Sell	3	Indian Rupees	\$12,50,000	NIL

#### 11. Employee Benefits

In accordance with Accounting Standard 15 "Employees Benefits", the Company has classified various benefits provided to employees as under:

##### I. Defined Contribution Plans and respective Contributions

₹ in lakhs

Particulars	Employers contribution debited to P& L A/c	
	Year ended March 31, 2011	Year ended March 31, 2010
a. Provident Fund	111.71	90.31
b. State Defined Contribution Plans		
i. Employees' State Insurance	17.56	9.91
ii. Employees' Pension Scheme, 1995	36.64	35.01



## II. Defined Benefit Plans

### a. Disclosure relating to Employee benefits - As per AS 15 (Revised) For defined benefit plan - Gratuity (Projected Unit Credit Method)

Particulars	₹ in Lakhs	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>A. Change in present value of obligation</b>		
Present value of obligation at the beginning of the year	221.40	168.31
Current Service cost	9.38	14.34
Interest cost	17.71	13.47
Benefits paid	(3.36)	(1.32)
Net Actuarial ( Gain ) / Loss Recognized during the year	86.86	26.60
<b>Present value of obligation at the end of the year</b>	<b>331.99</b>	<b>221.40</b>
<b>B. Changes in the Fair Value of Plan Assets</b>		
Present Value of Plan Assets at the beginning of the year	93.48	73.73
Expected Return on Plan Assets	8.74	6.73
Actuarial Gain / (Loss)	0.00	0.00
Contributions	25.36	13.31
Benefits Paid	(0.45)	(0.29)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>127.54</b>	<b>93.48</b>
<b>C. Net (Asset) / Liability recognized in the Balance Sheet</b>		
Present value of obligation at the end of the year	127.92	221.40
Fair value of Plan Assets at the end of the year	76.53	(93.48)
Funded status (surplus) / deficit	204.45	127.92
<b>Net (Asset) / Liability recognized in the Balance Sheet</b>	<b>204.45</b>	<b>127.92</b>
<b>D. Expenses recognized in the Profit &amp; Loss Account</b>		
Service Cost	9.38	14.34
Interest Cost	17.71	13.47
Expected return on Plan Assets	(8.74)	(6.73)
Net Actuarial (Gain) / Loss recognized during the year	86.86	26.59
<b>Total Expenses recognised in Profit and Loss account</b>	<b>105.21</b>	<b>47.67</b>
<b>Assumptions Used</b>		
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in Compensation levels	9.00%	9.00%
Rate of Return on Plan Assets (for Funded Scheme)	9.00%	9.00%
Expected Average remaining working lives of employees (years)	25.48	26.07



**b. Other Employee Benefit Plan**

The liability for Leave Encashment as at the year end is ₹ 142.06 Lakhs (previous year ₹ 99.08 Lakhs) and the assumptions are as same as above.

**12. Segment Reporting (2010-11)**

**Business Segment**

Segments have been identified and reported taking into account the nature of products, the differing risk and returns, the organisation structure, and the internal financial reporting scheme

The company has identified the following segments as its reportable segments:

- a) Manufacturing (CRAMS)
- b) Services (DDDSS)
- c) Research and Development
  - I. Manufacturing (CRAMS) - Intermediates under contract services products are developed and produced on an exclusive basis under contract manufacturing services
  - II. Services (DDDSS) - Which consists of Collaborative Research Projects (CRP)?  
Clinical Trials and Testing and Analysis services

**Geographical Segment**

The Company has identified the following geographical reportable segments:

- a) India-The Company sells Bulk Drugs and Intermediates and Fine Chemicals.
- b) U.S.A -The Company sells Intermediates
- c) Europe-The Company sells Bulk Drugs and Intermediates
- d) Asia-The Company sells Bulk Drugs and Intermediates

	₹ in Lakhs				
	Manufacturing (CRAMS)	Services (DDDSS)	Research and Development	Un allocated	Total
<b>Segment Revenue</b>					
External Sales	12675.22	2429.01	--	--	15104.23
	(9632.50)	(3326.52)	(23.20)	--	(12982.22)
Inter Segmental Adj.	--	--	--	--	--
<b>Total</b>	<b>12675.22</b>	<b>2429.01</b>	<b>--</b>	<b>--</b>	<b>15104.23</b>
	(9632.50)	(3326.52)	(23.20)	--	(12982.22)
<b>Segment Result</b>					
Operating Profit	3494.25	1063.51	-3114.35	-711.53	731.88
	(2727.49)	(2127.09)	(-3392.80)	(-735.24)	(726.54)
Other Income	--	--	--	--	125.74
	--	--	--	--	(49.39)
Interest Expense	--	--	--	--	532.17
	--	--	--	--	(405.38)
Income Tax -Current Tax	--	--	--	--	8.36
Previous Current Tax	--	--	--	--	7.82
	--	--	--	--	(62.67)
-Deferred Tax Credit	--	--	--	--	-722.32
	--	--	--	--	(-18.48)
- MAT Credit entitlement	--	--	--	--	-8.36
	--	--	--	--	(-373.69)
<b>Net Profit</b>					<b>1039.95</b>
					<b>(700.06)</b>



	₹ in Lakhs				
	Manufacturing (CRAMS)	Services (DDDSS)	Research and Development	Un allocated	Total
Other Information					
Segment Assets	14024.31 (13191.55)	919.78 (1275.04)	4167.95 (4046.17)	3251.34 (1544.19)	22363.38 (20056.95)
Segment Liabilities	1948.60 (2001.15)	289.82 (347.61)	661.00 (990.00)	214.54 (323.86)	3113.96 (3662.62)
Capital employed	11831.65 (11190.40)	593.67 (927.43)	3424.16 (3056.17)	3400.79 (1220.33)	19250.27 (16394.33)
Capital Expenditure	179.54 (254.59)	--	224.44 (245.24)	--	403.98 (499.83)
Depreciation	458.97 (450.04)	42.79 (39.55)	246.02 (240.57)	42.79 (39.56)	790.57 (769.72)

c) Geographical Information

	₹ in Lakhs					
	Revenue		Location Assets		Additions to Fixed Assets	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
INDIA	1503.13	1295.06	15953.43	15561.77	403.98	499.83
U S A	4483.97	5115.70	17.32	17.32	--	--
EUROPE	6783.95	4442.65	--	--	--	--
ASIA	2333.45	2128.82	--	--	--	--
<b>TOTAL</b>	<b>15104.50</b>	<b>12982.23</b>	<b>15970.75</b>	<b>15579.09</b>	<b>403.98</b>	<b>499.83</b>

13. Related Party Disclosures

List of and relationship with related parties with whom transactions have taken place during the year:

Key Managerial Persons : Mr. Venkateswarlu Jasti  
Mrs. Sudha Rani Jasti

Enterprises in which the company has substantial interest : M/s. Suven Nishtaa Pharma Pvt Ltd

(₹ in Lakhs)

Particulars	Enterprises in which the company has substantial interest	Key Managerial Person	Total
Remuneration	-	94.90 (41.17)	94.90 (41.17)
Guarantees and Collaterals	2375.00 (2375.00)	-	2375.00 (2375.00)
Finance (Equity contributions in cash)	1068.46 (828.39)	* 160.00 * (660.46)	1228.46 (1438.85)
Sale transaction	10.71 (Nil)		10.71 (Nil)
Balance outstanding		* 160.00 * (660.46)	* 160.00 * (660.46)

Note: Figures in bracket indicates previous year figures

\* This belongs to unsecured loan taken from the director





#### 14. Earnings per Share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax available for Equity shareholders (₹ in Lakhs)	1023.18	700.06
Weighted average of number of Equity shares outstanding during the year	11,65,47,325	11,58,74,400
Basic and Diluted Earnings per Equity share (₹ 1/- Face Value)	0.89	0.60

#### 15. Deferred tax Liabilities / Deferred tax Assets

Particulars	₹ in Lakhs	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>Deferred Tax Liabilities</b>		
Depreciation	2319.20	2439.52
<b>Total</b>	<b>2319.20</b>	<b>2439.52</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Losses	3036.87	2463.92
MAT Credit entitlement	----	---
Provision for Gratuity and Leave Encashment	43.56	19.86
In admissible expenses	5.35	---
<b>Total</b>	<b>3469.55</b>	<b>2857.48</b>
<b>Net Deferred Tax Liability / (Asset)</b>	<b>(766.58)</b>	<b>(44.26)</b>

Note: MAT credit has been reclassified and shown as current asset.

#### 16. Particulars required under Part II of Schedule VI to the Companies Act,1956 to the extent applicable :

##### i) Production

	Installed Capacity MT	Production for the year ended 31-03-2011 MT		Installed Capacity MT	Production for the year ended 31-03-2010 MT	
		For Sales	For Captive		For Sales	For Captive
a) Bulk Drugs *	162.000	36.514	0.778	162.000	42.833	0.064
b) Intermediates *	1144.000	591.080	21.662	1144.000	351.201	12.036
<b>TOTAL</b>	<b>1306.000</b>	<b>627.594</b>	<b>22.440</b>	<b>1306.000</b>	<b>394.034</b>	<b>12.100</b>

\* Installed Capacities are as certified by the Management and have not been verified by the Auditors as this is a technical matter.

**ii) Turnover**

	Year ended 31.03.2011		Year ended 31.03.2010	
	Quantity MT.	Value ₹ in Lakhs	Quantity MT.	Value ₹ in Lakhs
a) Bulk Drugs	48.305	1202.26	31.686	1123.13
b) Intermediates	579.788	11464.36	389.593	8435.83
c) Recoveries	---	8.60	---	8.69
d) Collaborative Research Project	---	1099.81	---	2250.38
e) Contract Technical Services	---	452.33	---	539.93
f) Clinical Trials Services	---	122.13	---	146.16
g) Process Development Charges	---	747.51	---	413.26
h) Trading Sales	---	---	---	64.85
i) Job works	---	7.50	---	---
<b>TOTAL</b>	<b>628.093</b>	<b>15104.50</b>	<b>421.279</b>	<b>12982.23</b>

**iii) Stocks - Finished Goods**

	Year ended 31.03.2011		Year ended 31.03.2010	
	Quantity MT.	Value ₹ in Lakhs	Quantity MT.	Value ₹ in Lakhs
a) Bulk Drugs	1.324	31.08	13.893	150.53
b) Intermediates	73.841	972.35	84.211	1060.18
<b>TOTAL</b>	<b>75.165</b>	<b>1003.43</b>	<b>98.104</b>	<b>1210.71</b>

**iv) Raw Materials Consumed**

	Year ended 31.03.2011		Year ended 31.03.2010	
	Quantity MT.	Value ₹ in Lakhs	Quantity MT.	Value ₹ in Lakhs
a) 2-Amino-5-chloro-2-Flurobenzophenone	10.250	210.90	6.250	140.63
b) Monochloro Acetic acid	281.962	111.04	175.475	58.42
c) 3- Isochromanone	184.600	1823.05	77.561	809.01
d) Others		3348.45		3204.83
<b>TOTAL</b>		<b>5493.44</b>		<b>4212.89</b>

**v) C I F value of Imports**

	Year ended 31.03.2011		Year ended 31.03.2010	
	Quantity MT.	Value ₹ in Lakhs	Quantity MT.	Value ₹ in Lakhs
a) Raw Materials		2146.12		1515.39
b) Components and Spare Parts		257.86		104.39



vi) Value of Imported and Indigeneous Raw Materials Stores and Spares consumed and percentage of each to total consumption.

a) Raw Materials :

	Year ended 31.03.2011		Year ended 31.03.2010	
	Value ₹ in Lakhs	% to Total	Value ₹ in Lakhs	% to Total
i) Imported	1966.07	35.79	1325.25	31.44
i) Indegenious	3527.37	64.21	2889.59	68.56
<b>TOTAL</b>	<b>5493.44</b>	<b>100.00</b>	<b>4214.84</b>	<b>100.00</b>

b) Stores and Spares :

i) Imported	--	--	--	--
ii) Indegenious	32.66	100.00	27.77	100.00
<b>TOTAL</b>	<b>32.66</b>	<b>100.00</b>	<b>27.77</b>	<b>100.00</b>

vii) Expenditure in Foreign Currency

	₹ in Lakhs	
	Year ended 31.03.2011	Year ended 31.03.2010
Travel	71.85	64.82
Dividend	1.40	1.40
Sales Commission	111.24	69.81
Foreign Branch Expenses	271.23	298.43
Research & Development Expenses	406.53	434.99
<b>TOTAL</b>	<b>862.25</b>	<b>869.45</b>

viii) Earnings in Foreign Currency

	₹ in Lakhs	
	Year ended 31.03.2011	Year ended 31.03.2010
FOB Value of Exports	11195.89	8340.31

17. Previous year figures have been regrouped and reclassified wherever considered necessary to conform to this year's classification.  
Signatures of Schedules A to U

As per our report of even date  
for **KARVY & CO**  
Chartered Accountants  
(Firm Regn.No.001757S)

for and on behalf of the Board of Directors

**K. AJAY KUMAR**  
Partner  
M. No. 021989

**VENKATESWARLU JASTI**  
Chairman & CEO

**SUDHA RANI JASTI**  
Wholetime Director

Place : Hyderabad  
Date : 30.05.2011

**K. HANUMANTHA RAO**  
Company Secretary



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No. 

		0	0	9	7	1	3
--	--	---	---	---	---	---	---

 State Code 

0	1
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Balance Sheet Date 

3	1		0	3		2	0	1	1
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### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS):

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Right Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
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Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Bonus & ESOP <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>8</td><td>5</td><td>8</td></tr></table>						8	5	8
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### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ THOUSANDS):

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>9</td><td>2</td><td>4</td><td>9</td><td>4</td><td>2</td></tr></table>		1	9	2	4	9	4	2	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>9</td><td>2</td><td>4</td><td>9</td><td>4</td><td>2</td></tr></table>		1	9	2	4	9	4	2
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#### SOURCES OF FUNDS

Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>1</td><td>6</td><td>7</td><td>3</td><td>2</td></tr></table>			1	1	6	7	3	2	Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>1</td><td>5</td><td>0</td><td>6</td><td>4</td><td>2</td></tr></table>			1	1	5	0	6	4	2
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		1	1	5	0	6	4	2										
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>4</td><td>1</td><td>5</td><td>6</td><td>8</td></tr></table>			6	4	1	5	6	8	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>6</td><td>0</td><td>0</td><td>0</td></tr></table>					1	6	0	0	0
		6	4	1	5	6	8											
				1	6	0	0	0										

#### APPLICATION OF FUNDS

Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>9</td><td>0</td><td>7</td><td>3</td><td>4</td></tr></table>			1	0	9	0	7	3	4	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>3</td><td>9</td><td>0</td><td>3</td></tr></table>				2	0	3	9	0	3
		1	0	9	0	7	3	4											
			2	0	3	9	0	3											
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>5</td><td>3</td><td>6</td><td>4</td><td>6</td></tr></table>			5	5	3	6	4	6	Miscellaneous Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L		
		5	5	3	6	4	6												
					N	I	L												
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Deferred Tax Asset <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>7</td><td>6</td><td>6</td><td>5</td><td>9</td></tr></table>					7	6	6	5	9	
					N	I	L												
				7	6	6	5	9											

### IV. PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS):

Turnover (Gross Revenue) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>2</td><td>2</td><td>2</td><td>5</td><td>6</td></tr></table>			1	5	2	2	2	5	6	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>8</td><td>9</td><td>7</td><td>1</td><td>2</td></tr></table>			1	4	8	9	7	1	2
		1	5	2	2	2	5	6											
		1	4	8	9	7	1	2											
Profit Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>2</td><td>5</td><td>4</td><td>4</td></tr></table>				3	2	5	4	4	Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>(7</td><td>1</td><td>4</td><td>5</td><td>1)</td></tr></table>	(7	1	4	5	1)					
			3	2	5	4	4												
(7	1	4	5	1)															
Earning per share ₹ <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>0</td><td>.</td><td>8</td><td>9</td></tr></table>					0	.	8	9	Profit After Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>3</td><td>9</td><td>9</td><td>5</td></tr></table>				1	0	3	9	9	5	
				0	.	8	9												
			1	0	3	9	9	5											
	Dividend Rate (%) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>.</td><td>0</td><td>0</td></tr></table>					2	5	.	0	0									
				2	5	.	0	0											

### V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS):

Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>4</td><td>2</td><td>0</td><td>0</td><td>3</td><td>1</td></tr></table>	2	9	4	2	0	0	3	1									
2	9	4	2	0	0	3	1											
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>T</td><td>H</td><td>E</td><td>O</td><td>B</td><td>R</td><td>O</td><td>M</td><td>I</td><td>N</td><td>E</td></tr></table>	T	H	E	O	B	R	O	M	I	N	E						
T	H	E	O	B	R	O	M	I	N	E								
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>4</td><td>2</td><td>0</td><td>0</td><td>9</td><td>0</td></tr></table>	2	9	4	2	0	0	9	0									
2	9	4	2	0	0	9	0											
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>D</td><td>O</td><td>X</td><td>O</td><td>F</td><td>Y</td><td>L</td><td>L</td><td>I</td><td>N</td><td>E</td></tr></table>	D	O	X	O	F	Y	L	L	I	N	E						
D	O	X	O	F	Y	L	L	I	N	E								
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>2</td><td>6</td><td>9</td><td>0</td><td>0</td><td>0</td></tr></table>	2	9	2	6	9	0	0	0									
2	9	2	6	9	0	0	0											
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>C</td><td>Y</td><td>A</td><td>N</td><td>O</td><td> </td><td>A</td><td>C</td><td>E</td><td>T</td><td>I</td><td>C</td><td> </td><td>A</td><td>C</td><td>I</td><td>D</td></tr></table>	C	Y	A	N	O		A	C	E	T	I	C		A	C	I	D
C	Y	A	N	O		A	C	E	T	I	C		A	C	I	D		

for and on behalf of the Board of Directors

VENKATESWARLU JASTI      SUDHA RANI JASTI  
Chairman & CEO      Wholetime Director

K. HANUMANTHA RAO  
Company Secretary

Place : Hyderabad  
Date : 30.05.2011



## SUVEN LIFE SCIENCES LIMITED

SDE Serene Chambers, Road No.5, Banjara Hills, Hyderabad - 500 034.

### ATTENDANCE SLIP

No. of Shares \_\_\_\_\_

Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

I / We hereby record my / our presence at the 22nd Annual General Meeting to be held on Saturday the 13th day of August 2011 at 10.00 a.m. at Hotel Green Park, Green Lands, Begumpet, Hyderabad - 500 016.

NAME/S OF THE SHAREHOLDER/S OR PROXY

SIGNATURE OF THE SHARE HOLDER/S OR PROXY

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## SUVEN LIFE SCIENCES LIMITED

SDE Serene Chambers, Road No.5, Banjara Hills, Hyderabad - 500 034.

### PROXY

I/ We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a Member / Members of  
SUVEN LIFE SCIENCES LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my / our Proxy to attend and vote for me / us and on my / our  
behalf at the 22nd Annual General Meeting to be held on Saturday the 13th day of August 2011 at 10.00 a.m. at Hotel Green Park, Green Lands,  
Begumpet, Hyderabad - 500 016, and at any adjournment thereof

Signature \_\_\_\_\_

Affix  
₹ 1.00  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

PROXY NO. \_\_\_\_\_

REGD. FOLIO NO. \_\_\_\_\_

NO. OF SHARES \_\_\_\_\_

Note: This form duly completed and signed as per specimen registered with the Company should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.



## E-COMMUNICATION REGISTRATION FORM

To

**Karvy Computershare Private Limited**  
(Unit: Suven Life Sciences Limited)  
Plot no.17 to 24, Vittalrao Nagar,  
Madhapur, Hyderabad - 500 081

Dear Sir/Madam,

**RE: Green Initiative in Corporate Governance**

I agree to receive all communication from the Company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail.

Folio No. : \_\_\_\_\_

DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

PAN : \_\_\_\_\_

Name of 1st Registered Holder : \_\_\_\_\_

Name of Joint Holder(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

E-mail ID : \_\_\_\_\_

Date: \_\_\_\_\_ Signature of the first holder : \_\_\_\_\_

Important Notes:

- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio/DP ID & Client ID.
- 2) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email Id given above is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID.