
# AMAR® REMEDIES LTD.

# ANNUAL REPORT 2011 - 2012

Amar®

Fresh Smiles®

THE NATURE'S CO.™
Creations for body and bath

## “AMAR” - RANGE OF PRODUCTS





## "AMAR"- RANGE OF PRODUCTS

# "AMAR" - RANGE OF PRODUCTS

# BOARD OF DIRECTORS

**MR. PRAVIN N. SHAH - CHAIRMAN**

**EXECUTIVE DIRECTORS**

- MR. SAGAR P. SHAH - MANAGING DIRECTOR
- MR. RAJIV M. CHITNIS - WHOLE TIME DIRECTOR

**NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS**

- NON EXECUTIVE DIRECTORS
- MRS. NATASHA S. SHAH
- MRS. PRATIMA P. SHAH

- NON EXECUTIVE INDEPENDENT DIRECTORS
- MR. GAURAV M . DOSHI
- MR. YUSUF IQBAL YUSUF
- MR. DILIP S. MEHTA
- MR. JYOTIRMAY P. VARMA
- MRS. PREETI A. PATEL

## COMPANY SECRETARY

Mr. Jagdish Nagpal

## AUDITORS

M/s.Shyam C.Agrawal & Co.
Chartered Accountants
Mumbai

## BANKERS

State Bank of India Ltd.
The Saraswat Co-operative Bank Ltd.

## REGISTERED OFFICE

Unit-2, B-G01, Marathon Innova,
Marathon Nextgen, Ganpatrao Kadam Marg,
Lower Parel, Mumbai -13

## REGISTRAR & TRANSFER AGENT

Link Intime India Pvt Ltd
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (w), Mumbai - 400 078

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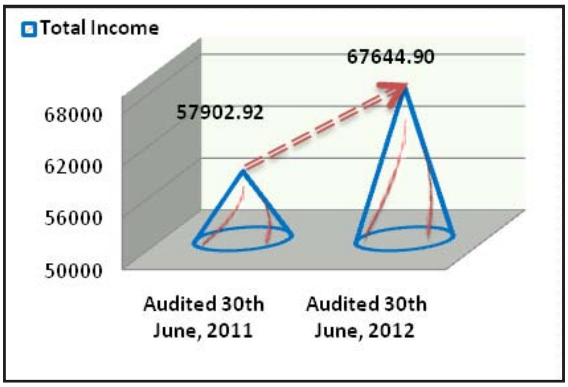
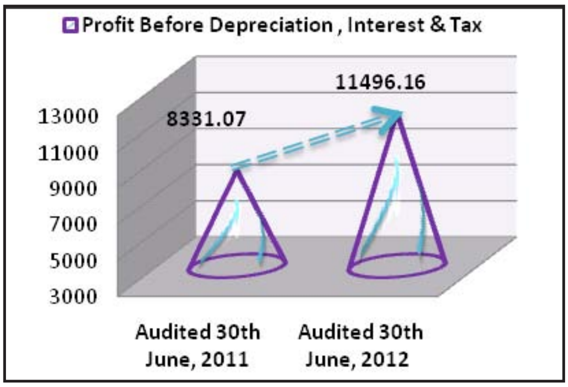
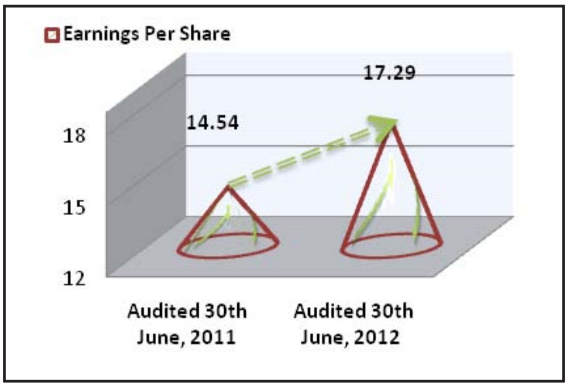
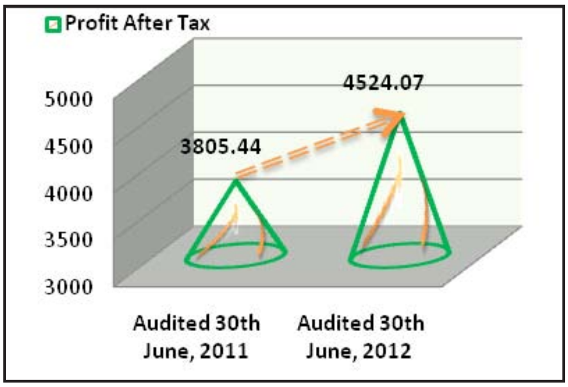
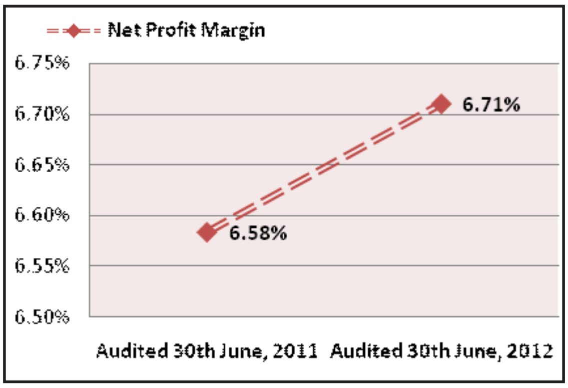
# GROWTH ANALYSIS - 2 YEARS ( ₹ IN LACS)

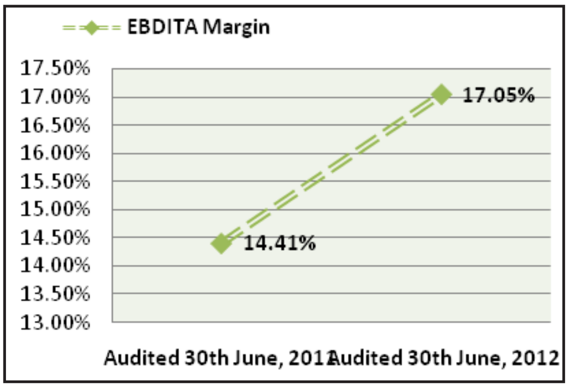



International Star For Quality Award (Paris)

ISO 9001:2008 Certified Company

"Best Vegan Toothpaste." PETA CERTIFIED

Star Export House recognised by Govt. of India

# NOTICE

Notice is hereby given that the Annual General Meeting of the members of Amar Remedies Limited will be held on Wednesday, 26th December, 2012 at 9:30 a.m. at Saina Resort, Madh-Marve Road, Malad (W), Mumbai - 400061 to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt the Audited Profit & Loss Account for the year ended 30th June, 2012 and the Balance Sheet as on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pravin N. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Dilip S. Mehta who retires by rotation and being eligible offers him for reappointment.
4. To appoint a Director in place of Mrs. Preeti A. Patel who retires by rotation and being eligible offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**BY ORDER OF THE BOARD OF DIRECTORS**
**FOR AMAR REMEDIES LIMITED.**

**SD/-**

**PLACE: MUMBAI** — **SAGAR P. SHAH**
**DATE: 28TH NOVEMBER, 2012** — **MANAGING DIRECTOR**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. Members/ Proxies should bring the attendance slip duly filled in, for attending the meeting, along with Annual Report.
3. The Register of Members and the Share Transfer register of the Company shall be remained closed from 19th December, 2012 to 26th December, 2012 (both days inclusive).
4. Nomination Facility:
   (a) Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar and Share Transfer Agents.
   (b) Members holding in electronic form may obtain the Nomination forms from their respective Depository Participants.
5. The members are requested to:
   a) Intimate changes if any in their registered address to the Registrar and Transfer agents of the Company.
   b) Quote ledger folio in all their correspondence.
   c) Get the multiple folios consolidated and also get the shares transferred in joint names if they are held in single name to avoid inconvenience in future.
   d) Write at least 10 days prior to the date of meeting, any information that they desire on accounts, to enable the management to keep the information ready.

6. Given below are the brief resumes of the directors seeking for appointment/ reappointment at the Annual General Meeting as required in terms of sub clause 49 of the listing agreement:

| DIRECTORS | MR. PRAVIN N. SHAH | MR. DILIP S. MEHTA | MRS. PREETI A. PATEL |
|---|---|---|---|
| AGE | 71 | 61 | 33 |
| QUALIFICATION | B.COM | B.COM | B.COM, C.A. |
| DATE OF APPOINTMENT | 17/3/2005 | 20/01/2005 | 22/6/2010 |
| EXPERTISE | AS MENTIONED BELOW | | |
| DETAILS OF DIRECTORSHIP | NIL | 1 | NIL |
| CHAIRMAN/MEMBERS OF COMMITTEE | NIL | 2 | NIL |
| NO. OF SHARES HELD IN THE COMPANY | 170 | 170 | 0 |

**EXPERTISE OF DIRECTORS**

**Mr. Pravin N. Shah**

Mr. Pravin N. Shah aged 71 years is a Commerce graduate by qualification. He has studied Ayurveda for over 36 years. Our Company was incorporated in 1984 under his guidance. The primary aim of our Company to do Research into Ayurvedic products was his vision. Under his supervision and guidance, our Company had its first breakthrough in research into Oral Care products and as a result our Company launched its first product 'Amar toothpowder' in the year 1989. Subsequently he developed an Ayurvedic and Vegetarian toothpaste which was launched in 1991. He further developed new variants of toothpaste and also products like ointment for joint pain & backaches and balm. He continued his efforts and researched & developed several other products over the years. He is till date involved with the research and development of the company with the same dedication.

**Mr. Dilip S. Mehta**

Mr. Dilip Mehta aged 61 years is a Non-Executive Independent Director. He is a Commerce graduate and started his career with International Firm which was engaged in Import and Export of FMCG products. He has vast experience of International Trade and his services are useful to the Company with a view to expand the Company's Export business in foreign market.

**Mrs. Preeti A. Patel**

Mrs. Preeti Patel aged 33 years is a Non-Executive Independent Director. She is B.com Graduate and Member of Institute of Chartered Accountant. Her Knowledge and Expertise will help to contribute in improving accounting system and taxation related matters.

**BY ORDER OF THE BOARD**
**FOR AMAR REMEDIES LIMITED**

**SD/-**

**PLACE: MUMBAI**
**DATE: 28TH NOVEMBER, 2012**

**SAGAR P. SHAH**
**MANAGING DIRECTOR**

## “AMAR” - RANGE OF PRODUCTS

# "FRESH SMILES" - RANGE OF PRODUCTS

# DIRECTORS' REPORT

To,

The Members,

Your Directors are glad to present the Annual Report of the Company and Audited Accounts along with Auditors Report for the year ended 30th June, 2012.

**FINANCIAL RESULTS**

**( ₹ in Lacs)**

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| **Total Income** | **67644.89** | 57902.93 |
| **Profit before depreciation, interest and tax** | **10993.04** | 8331.07 |
| **Less: Depreciation** | **1281.96** | 1104.21 |
| **Interest** | **3975.61** | 2742.79 |
| **Profit before tax** | **5735.47** | 4484.07 |
| **Less: Provision for taxation** | **1211.40** | 678.63 |
| **Profit after tax** | **4524.07** | 3805.44 |
| **Earnings Per Share** | **17.29** | 14.54 |

**OPERATIONAL REVIEW**

**We take pride to inform you that, in the span of 7 years by introducing a Plethora of Products, under 3 brands - "AMAR", "SMILES" and "FRESH SMILES" in Domestic and International markets and by taking a plunge into Premium Luxury Cosmetic Products your Company has taken another upward step towards success and has achieved the Total Income of ₹ 67644.89 Lacs in the year 2011-12 as compared to ₹ 57801.18 Lacs in previous year 2010-11, thereby reflecting as growth of 16.82% in the year 2011-12 as compared to previous year 2010-11. The Turnover, PAT and PBDIT of the Company is also on upward graph and is representing growth. The Turnover of ₹ 67437.08 Lacs registered in the year 2011-12 as compared to ₹ 57801.18 Lacs in previous year 2010-11, reflected growth by 16.67 % compared to previous year. The Company's PAT grew by 18.88 % as compared to previous year. The PBDIT of the Company was on high rise with an excellent growth by 37.99 % as compared to previous year.**

**The uninterrupted success is the result of extended contribution and co-operation from Consumers, Bankers & Institutions, Distributors, Super Stockist, C & F Agents, 3 Ultra Modern Plants located 2 at Daman and 1 at Dehradun, and our Brands.**

The management has also given tremendous support to the Company with their expertise in respective fields which has helped the Company to grow in this yet another year.

However, the management is of the view that, the economy is expected to face pressure due to increase in raw material costs, high labor cost and increased packing material costs, and hence will put in additional efforts in curtailing the costs to maintain the bottom line.

Skin Care and Hair Care have always been a rage and consumers are willing to spend more part of their earnings towards luxurious lifestyle, thereby spending on Premium Cosmetics, SPA treatments and Personal Care. Our firm, The Nature's Co. has been engaged into fulfilling consumer demands and has successfully served variety of consumers with its existing 9 Stores located at Premium Malls. The upward demand curve and outstanding response from consumers has motivated The Nature's Co. to launch additional 3 stores in FY 2011-12 - 1 at Bangalore- Phoenix Market City, 2nd at Mumbai - Infinity Mall 2, Malad and 3rd at Mumbai - R-City Mall, Ghatkopar. Mumbai has always been a centre for consumers intending to live a luxurious lifestyle, thus supported by huge consumer demand and high purchasing power, TNC launched total 3 stores in Mumbai in span of 3 years.

**The Nature's Co.(TNC) has used the web to its advantage for not just branding and promoting but also selling. The Nature's Co. website is doing excellent online sales and has become a virtual store by itself. It's Facebook page also has *more than 17,000* no of Followers following each product and activity of TNC extremely closely.**

The Nature's Co, during the year launched many Festive Packages like- Mother's Day Package, Dassehra Package, Diwali Packages and such other packages for various other festivals and events.  All these activities have helped in increasing the consumer base for our Luxury Cosmetic brand.

**ACHIEVEMENTS**


International Star For Quality Award (Paris)

Certified Company

"Best Vegan Toothpaste." PETA CERTIFIED

Star Export House recognised by Govt. of India

**CREDIT RATINGS**

During the year 2011-12, the Long Term Credit Rating of the Company assigned by CARE, was "CARE A" and Short term Rating was PR1.

**DIVIDEND**

The management of the Company is foreseeing tremendous pressure on margin due to increasing input cost. The economy slowdown might also affect expansion, Sales and Profitability. Therefore, the management has decided to conserve the funds and not declare dividend for the Financial Year ended 30th June 2012.

**CONSOLIDATED FINANCIAL STATEMENTS AND SUBSIDIARY COMPANY**

In accordance with the Accounting Standard 21 on Consolidated Financial Statements issued by Institute of Chartered Accountants of India, your Directors provide the Audited Consolidated Financial Statements in the Annual Reports.

Ministry of Corporate affairs, Government of India (MCA) has on 8th February, 2011 issued directions through general circular, exempting Holding Companies from attaching specified particulars of its Subsidiary Companies with Balance Sheet of holding Company. The directions have been issued by MCA in terms of Section 212(8) of the Companies Act, 1956.

The annual accounts of the Subsidiary Companies and the related detailed information shall be made available to shareholders of the holding subsidiary and Subsidiary Companies seeking such information at any point of time at the registered office of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS**

“Management Discussion and Analysis report" as required under the Listing Agreements with the Stock Exchanges has been furnished separately in this Annual Report.

**LISTING AT STOCK EXCHANGE**

The equity shares of the Company continued to be listed on the Bombay Stock Exchange and the National Stock Exchange of India Ltd. The Annual Listing fees for the year (2011-12) have been paid to these Stock Exchanges.

**FIXED DEPOSITS**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act 1956, from the public during the year under review.

**INSURANCE**

The assets of the Company including Buildings, Plant & Machinery, Stocks, etc. have been adequately insured.

**INDUSTRIAL RELATIONS**

The Employees and Workmen of the entire Company form basis for the infinite success of the Company and hence the Directors express their gratitude towards the dedication, support, enthusiasm, and hard work of the employees.

**PARTICULARS OF EMPLOYEES**

None of the employees are getting the remuneration exceeding the ₹ 5.00 Lacs per month hence so disclosures of particulars of employees are not given.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pravin N. Shah, Mr. Dilip S. Mehta and Mrs. Preeti A. Patel, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

## AUDITORS

M/s. Shyam C. Agrawal & Co., Chartered Accountants, retire as Auditor of the Company at the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re-appointed. Accordingly, the said Auditors may be reappointed as Auditors of the Company at the forthcoming Annual General Meeting.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges a separate section titled "Corporate Governance" has been included in this Annual Report.

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

As required u/s. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988, the particulars in respect of conservation of Energy Resources, Technology Absorption and Foreign Exchange Earnings & Outgo are set out in the Annexure I to the Directors' Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along-with proper explanation to material departure, wherever applicable;

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2012 and of the profit for the year ended on that date;

iii) The Directors have taken proper and sufficient care 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 Directors have prepared the annual accounts for the financial year ended 30th June, 2012 on a going concern basis.

## ACKNOWLEDGEMENTS

The Board of Directors would like to thank and appreciate all its Employees who have contributed towards the success of the Company. The Directors are also grateful to the Government, Statutory Authorities, Shareholders, Banking & Financial institutions, Consumers, Suppliers and Business Associates for their support and co-operation put forth for the Company's excellent growth.

**BY ORDER OF THE BOARD OF DIRECTORS**
**FOR AMAR REMEDIES LIMITED**

**SD/-**
**SAGAR P. SHAH**
**MANAGING DIRECTOR**

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

# ANNEXURE I TO THE DIRECTORS' REPORT

**Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

**FORM A**

**PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

The operations of the Company are not energy intensive. However, all the necessary steps are taken to use the energy conservatively. Measures introduced include preventive maintenance programme for all electrical and mechanical equipments.

**A. Average Power and Fuel consumption:**

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Power and Fuel - Purchased: | | |
| Units | 9237439 | 8174725 |
| Total amount ( ₹ in Lacs) | 345.48 | 305.73 |
| Average rate/ Unit ₹ | 3.74 | 3.74 |

**FORM B**

**TECHNOLOGY ABSORPTION: NOT APPLICABLE**

**FORM C**

(₹ in Lacs)

| | EARNINGS & OUTGO | 2011-12 | 2010- 2011 |
|---|---|---|---|
| A. | **Earnings:** Realisation value of Exports | 2728.86 | 801.82 |
| B. | **Outgo :** CIF Value of Import and other expenses | 19.08 | 8.73 |
| | **TOTAL** | **2747.94** | **810.55** |

**BY ORDER OF THE BOARD OF DIRECTORS**
**FOR AMAR REMEDIES LIMITED.**

**SD/-**
**SAGAR P. SHAH**
**MANAGING DIRECTOR**

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## INDUSTRY STRUCTURE AND DEVELOPMENTS

## FMCG OVERVIEW 2012

**Current Scenario**

The FMCG sector in India is at present, the fourth largest sector with a total market size in excess of USD 13 billion as of 2012. This sector is expected to grow to a USD 33 billion industry by 2015. Indian FMCG industry constitutes the largest segment in India with considerable contribution to the GDP. It can be categorized into primarily personal care, health care, home care and food and beverage.

In India, Personal Care products traditionally only comprised of toothpaste, soaps and shampoos. However, cosmetics such as beauty creams and lotions or even Oral Care products such as mouthwash are fast gaining popularity in the Personal Care market. Expenditure on these emerging products has shown exponential growth. Media penetration and rising consciousness to global fashion and trends have sculpted the course of consumer spending. Acted upon by the availability of international products and aided with rising disposable income, the sector is poised for further growth.

**Some of the challenges this sector is likely to face are:**

- ✓ Increasing rate of inflation, which is likely to lead to higher cost of raw materials.
- ✓ The standardization of packaging norms that is likely to be implemented by the Government by Jan 2013 is expected to increase cost of beverages, cereals, edible oil, detergent, flour, salt, aerated drinks and mineral water.
- ✓ Steadily rising fuel costs, leading to increased distribution costs.
- ✓ The present slow-down in the economy may lower demand of FMCG products, particularly in the premium sector, leading to reduced volumes.
- ✓ The declining value of rupee against other currencies may reduce margins of many Companies.

According to a sector specific analysis of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) a sharp depreciation in the value of rupee and new packaging norms from July 1 are going to have a drastic effect on the FMCG industry which is likely to increase cost of regular products like biscuits, coffee, tea, toiletries and personal care items by about 10 per cent and more by first quarter of the next financial year.

"All of these factors might pinch the FMCG industry which will go for a fresh round of price hikes as we usher in the New Year," said Mr Rawat. "The sector might take a hit of about 10 to 15 per cent in sales including the semi-urban and rural market as the burden might be shifted to the price-conscious end consumers or else companies will have to opt for down trading."

**Many industry experts said that the consumption pattern will be moderate as price sensitive Indian consumers will tighten their budget and keep a close watch on their expenses and might even switch over to cheaper variants, regional or local brands to save money.** While nearly 35 out of 100 respondents agreed that soaring inflation and rising interest rates have been adversely impacting the margins of FMCG companies. About 30 per cent said that interest rates and inflation will abate gradually and the growth will continue despite certain hiccups.

**FMCG categories, with low per capita and low penetration level i.e. skin care, shampoo, oral care, deodorant and packaged juices are the opportunities for FMCG companies. While categories like soaps and detergents which have high penetration level can also show healthy growth due to their low per capita consumption.** Rise in urban population couple with improvement in urban income mix is positive for FMCG companies. Urban market has higher appetite for premiumisation. Apart from the better value growth in the urban market, FMCG companies also enjoy launching innovative premium growth. However, **second half of FY13 is likely to be hit by drought impacting rural incomes and demand.**

Fitch, the global ratings agency, has recently opined that Indian consumer spending is at its weakest in seven years, we at FICCI, believe that India's retail sector will become a USD 1.3 trillion opportunity by 2020. By that time, there will be close to 200 cities with population of over 0.5 million that will fuel retail growth. The estimated value of the Indian retail sector is about USD 500 billion presently. Further, modern retail, which currently stands at 5 percent, will grow about six times from the current USD 27 billion to USD 220 Billion in the next 8 years. Fast moving consumer goods (FMCG) majors, have on the other hand, have tried to enhance distribution reach. FMCG firms have a lot to gain with the advent of multi-channel retailing. However, the depth of retail FMCG collaboration will be one of the key success factors for multi-channel retailing. It is imperative for retailers and FMCG majors to collaborate for assortment planning, replenishment, space planning and promotion as they have a lot to gain.

Fast moving consumer goods (FMCG) companies reported a strong 15-20 per cent growth in revenue for the June quarter, as the demand for daily-use items remained buoyant despite inflationary pressure. Companies aided the process by pushing offers and promotions aggressively, resulting in their advertising and sales promotion expenditure remaining steady at 12-13 per cent of sales. Offers could be found in categories such as soaps & detergents, hair oils and shampoos, among other segments, as firms tried to keep the momentum going.

Analysts attribute the single-digit growth in hair color to the fall in discretionary spending, the first casualty in an inflationary scenario. "Consumers tend to keep out items that are not pressing in nature.

**The FMCG sector has traditionally grown at a very fast rate and has generally out-performed the rest of the industry. Over the last one year, however the rate of growth has slowed down and the sector has recorded sales growth of just five per cent in the last four quarters.**

Still, companies are beginning to sound a note of caution as the dry spell continues into the second half of the monsoon season. The weather office has declared 2012 a drought year, meaning an impact on crop output and, hence, rural income and demand. Analysts and companies alike expect the second half of 2012-13 to be tough, as slowdown pangs begin to bother. "There is always a lag effect in FMCG and that will begin to show in the second half," says Kaustubh Pawaskar, FMCG analyst, Sharekhan.)

However, Slowdown blues aren't plaguing fast-moving consumer goods companies. Sales and profits for FMCG companies clocked yet another quarter of strong growth. This spurt was not driven by product price increases alone; sales volumes showed that FMCG products continued to fly off the shelves. Segment-wise, soaps and detergents were robust. However, companies aren't gung-ho about the next few quarters, following the uncertain monsoon. Poor rains deliver a double whammy - squeezing consumer demand while rendering agri-commodity inputs costlier. A weak rupee is also playing spoilsport with key raw materials such as palm oil imported. Many companies noted both future cost pressures and scepticism over near-term consumer demand)

**Growth of FMCG**

**The estimated value of the Indian retail sector is about USD 500 billion presently. Further, modern retail, which currently stands at 5 percent, will grow about six times from the current USD 27 billion to USD 220 Billion in the next 8 years. It is believed that integrated multi-channel retailing will drive consumption in India.** A.T. Kearney has estimated India's total retail market at $202.6 billion, is expected to grow at a compounded 30 per cent over the next five years. The share of modern retail is likely to grow from its current 2 per cent to 15-20 percent over the next decade, analysts feel.

**Modern retailers have in the past tried to capitalize on this opportunity by increasing their store presence across major cities. Fast moving consumer goods (FMCG) majors, have on the other hand, have tried to enhance distribution reach.**

However, achieving these robust growth projections requires the industry to look beyond the conventional brick-and-mortar stores, **and consider other avenues like digital and mobile sales.** This is because expensive real estate costs are already playing spoilsport for retailers. Real estate costs, especially, high rentals that are in range of 10 - 15% of revenue, render breaking even a daunting task. Retailers need to rethink their business plans and shift a chunk of their sales from stores to alternate low-cost channels. Digital sales points are increasingly becoming a preferred option for retailers. Sales through digital channels, notably websites and mobile applications, which at present are miniscule, will increase to 6-8 % of the total modern retail, by amounting to about USD 13.3-17.6 Billion by 2020.

Time has also come for a more robust and symbiotic relationship between retailers and FMCG companies. FMCG firms have a lot to gain with the advent of multi-channel retailing. However, the depth of retail FMCG collaboration will be one of the key success factors for multi-channel retailing. It is imperative for retailers and FMCG majors to collaborate for assortment planning, replenishment, space planning and promotion as they have a lot to gain. However, The growth potential for FMCG companies looks promising over the long-term horizon, as the per-capita consumption of almost all products in the country is amongst the lowest in the world. As per the Consumer Survey by KSA Technopak, of the total consumption expenditure, almost 40% and 8% was accounted by groceries and personal care products respectively. Around 45% of the population in India is below 20 years of age and the proportion of the young population is expected to increase in the next five years. Aspiration levels in this age group have been fuelled by greater media exposure, unleashing a latent demand with more money and a new mindset. In this backdrop, industry estimates suggest that the industry could triple in value by 2015.

Testing times for the FMCG sector are over and driving rural penetration will be the key going forward as earlier, due to infrastructure constraints (this influences the cost-effectiveness of the supply chain), companies were unable to grow faster.

The bottlenecks of the conventional distribution system are likely to be removed once organized retailing gains in scale. Currently, organized retailing accounts for just 3% of total retail sales and is likely to touch 10% over the next 3-5 years. In our view, organized retailing results in discounted prices, forced-buying by offering many choices and also opens up new avenues for growth for the FMCG sector.

**India is rated as the fifth most attractive emerging retail market. It has been ranked second in a Global Retail Development Index of 30 developing countries drawn up by A T Kearney.**

India is one of the world's largest producers for a number of FMCG products but its FMCG exports are languishing at around Rs 1,000 crore only. There is significant potential for increasing exports but there are certain factors inhibiting this -

**Export - "Leveraging the Cost Advantage"**

Cheap labor and quality product & services have helped India to represent as a cost ad-vantage over other Countries. Even the Government has offered zero import duty on capital goods and raw material for 100% export oriented units. Multi National Companies out-source its product requirements from its Indian company to have a cost advantage.

India is the largest producer of livestock, milk, sugarcane, coconut, spices and cashew apart from being the second largest producer of rice, wheat, fruits & vegetables. It adds a cost advantage as well as easily available raw materials.

**Sectoral Opportunities**

Major Key Sectoral opportunities for Indian FMCG Sector are mentioned below:

**Dairy Based Products**

India is the largest milk producer in the world, yet only around 15 per cent of the milk is processed. The organized liquid milk business is in its infancy and also has large long-term growth potential. Even investment opportunities exist in value-added products like desserts, puddings etc.

**Packaged Food**

Only about 10-12 per cent of output is processed and consumed in packaged form, thus highlighting the huge potential for expansion of this industry.

**Oral-Care**

**The oral care industry, especially toothpastes, remains under penetrated in India with penetration rates around 50 per cent. With rise in per capita incomes and awareness of oral hygiene, the growth potential is huge. Lower price and smaller packs are also likely to drive potential up trading**

**Ayurvedic and Wellness Care**

Ayurvedic treatments are 5,000 years old in India with the bulk of the ayurvedic treatment market concentrated in South India, mostly in Kerala. PE firms are also investing in this space while mergers with ayurveda pharmacies are also taking place. Ayurvedic market (which is a part of the Beauty and Rejuvenation market) is estimated at INR 40 Billion in 2009. India is a popular destination for ayurvedic therapies leading to a large number of foreign tourists visiting local spas and ayurvedic treatment centres. Inbound medical tourism in India is therefore growing at a 12 percent CAGR.

The State government of Kerala also has taken certain initiatives to encourage Ayurvedic spas and resorts as a tourist destination. Spas in Kerala receive government approval when they are set up. Ayurveda centres which are approved/ certified by the State Department of Tourism are eligible for claiming 10 percent state investment subsidy or electric tariff concession are considered during publicity and promotional activities through print and electronic media by the Department Kerala Government and has even collaborated with large private players in order to develop resort spas. In order to attract tourists into India, the Government has introduced various schemes and to implement them it has also tied up with leading wellness centres. Tourism ministry launched a promotional scheme offering one night free stay at a spa centre in India if a tourist books three nights at a certain wellness centres

The following factors make India a competitive player in FMCG sector:

**Availability of raw materials**

Because of the diverse agro-climatic conditions in India, there is a large raw material base suitable for food processing industries. India is the largest producer of livestock, milk, sugarcane, coconut, spices and cashew and is the second largest producer of rice, wheat and fruits & vegetables. India also produces caustic soda and soda ash, which are required for the production of soaps and detergents. The availability of these raw materials gives India the location advantage.

**Presence across value chain**

Indian companies have their presence across the value chain of FMCG sector, right from the supply of raw materials to packaged goods in the food-processing sector. This brings India a more cost competitive advantage. For example, Amul supplies milk as well as dairy products like cheese, butter, etc.

**Opportunities**

- ✓ Untapped rural market
- ✓ Rising income levels, i.e. increase in purchasing power of consumers
- ✓ Large domestic market- a population of over one billion.
- ✓ Export potential
- ✓ High consumer goods spending

## PERSONAL CARE

The Indian economy, Asia's third-largest, has been growing briskly at above 8 percent for the last couple of years. Indian cities dominate a new catalog of the world's fastest-growing 100 cities in terms of urbanization, with three cities in the top 10. Globally, despite the worldwide economic slump, the personal care market in India has been growing at 13 percent per annum. **The personal care product market is valued at USD 5.7 billion; its wellness service market was assessed at USD 2.9 billion in 2010. The personal care industry is directly aligned to the demographics of the region that it serves.** With the median age at 25 years, India is among the world's youngest nations, as compared to 43 years in Japan and 36 years in the US. In addition, the country's population base of 1.2 billion is estimated to rise to 1.5 billion by the end of 2030.

Urbanization will also increase by 45 percent in the next 30 years. In recent times, Indian consumers have been looking for newer shopping experiences and products. Consumer concentration has shifted from traditional offerings to new generational ones; for instance, demand for soap cakes has shifted to liquid soaps, and shaving creams to foams and gels. It is quite evident that the cosmetics and toiletries industry in the developed markets is close to saturation and growth has slowed down. Meanwhile, countries such as India, with its growing economy, offer a lucrative market for large multinationals.

**According to some researchers the Indian personal care industry will witness 25 percent growth rate in the next few years.** The Emerging Market Forum declared that the per capita income of India is expected to increase about 18 times by 2039, while disposable income for households is estimated to grow three times by 2025. Globalization, rise in incomes, greater awareness about self needs and a change in consumption patterns of households are the accelerating factors behind this rapid growth. However, even with double-digit growth rates, penetration of cosmetics and toiletries products is very low. Current per capita expenditure on cosmetics is about USD 1, compared to USD 36.65 in the other Asian countries. This low market penetration for cosmetics and personal care products offers an immense opportunity. India's B and C class towns have mass-market product users and are yet to see much focused approach from vendors. This is a segment that presents a big opportunity for brands both national and international. Further, there is a huge scope for international and national Spa chains as most of the spas are concentrated in the Southern part of the country.

The sizable Indian population base with rising disposable income offers the personal care industry a burgeoning middle class to market a large variety of consumer products. As compared to China, India has a fairly similar personal disposable income per household and a growing population of women in the 25-44 age group, the key consumer segment. However, China spends almost 10 times as much on skin care, 6 times as much on cosmetics and more than 2 times on hair care on a per capita basis.

From soaps and shampoos in the morning to overnight repair face creams, from sunscreen products in summers to moisturizing lotions in winters; personal care products literally touch our daily lives. The personal care products we use are in some measure the signature of our lifestyles and standards of living.

**Personal Care Packaging Market**

The personal care packaging market is composed of three segments - plastic, glass and aluminum. Many consumers spend their time in evaluating the packaging and brand name of personal care products. **They are highly attracted towards these products because of its packaging or brand name. The packaging of products differentiates the brand from other brands. This market has six main sectors - flexible tubes, plastic bottles, aerosol cans, glass containers, plastic jars and other metal and plastic.**

Personal care packaging market has registered revenue of USD 6.6 billion with a CAGR of 6.05% in 2011 and is expected to reach USD 9 billion in 2016 with a CAGR of 6.62%. Consumers are looking for hygienic and attractive packaging options. Demand has increased in the end user product market since consumers are spending more on personal care products.

Increasing demand in the personal care market, increasing consumer spending, increasing demand for new products in the market, stable economic conditions, robust growth in the gross domestic product rate and government subsidies are the factors that drive the growth and market demand of the personal care packaging market.

Some of the key players dominating the market are L'oreal, Estée Lauder, Shiseido, Beiersdorf, Johnson & Johnson, Alberto-Culver, Henkel, Kao, Limited, LVMH, Kanebo, Coty, Yves Rocher, Mary Kay, Kosé, Alticor, HUL, Dabur India, Godrej consumer, Marico, Colgate, Godrej India, Emami, Gillette India, Procter and Gamble, Jyothy labs, Amar Remedies

**GLOBAL PERSONAL CARE**

Reports estimate Global Personal Care industry to reach C 487 billion by 2017. The health of these sectors is closely correlated to GDP, consumer spending, consumer sentiment, disposable personal income, unemployment, household net worth and inflation," said Standard & Poor's credit analyst Diane Shand. **"Though we expect economic growth to pick up, we believe the U.S. recovery will remain modest and sluggish.**

Standard & Poor's base-case forecast for continued slow growth in consumer confidence and spending. This, together with worsening economic conditions in Europe and continued deceleration in emerging market growth, will moderate the global demand for consumer products, according to the report. Also, participants in these sectors will likely face headwinds from foreign currency translation and still-high costs of some commodities (such as fuel and oil based resins), though some will begin to benefit from lower commodity costs (such as cotton and natural gas) during the second half of 2012.

The deteriorating macroeconomic conditions in Europe have led to a shift in consumer spending trends in the continent. Consumer goods companies have seen an unfavorable change in the mix of products sold, with a larger proportion of customers going for products priced in the lower range. As consumers transform their shopping habits amid the financial crisis that has left Greece stalled in recession for the past five years, Revenue from European countries grew by just 0.2% in Q2 compared to a growth of close to 16% in Asia and other emerging economies. We believe that this modified strategy could help prevent a steep decline in the company's European revenues going forward.

0The global personal care products industry is concentrated in nature, with the top 50 companies holding a combined market share of around 85%, reports Hoovers. In the US alone, there are as many as 800 firms operating on the market.

**The US, EU, UK, Brazil and Russia dominate the global personal care products industry.**

The personal care industry encompasses a variety of products, including fragrances, makeup, hair care and coloring products, sunscreen, toothpaste, and products for bathing, nail care, and shaving. The industry overlaps with other markets like chemical, health care, and petroleum. The latter is important as personal care product raw materials, such as propylene glycol, come from petroleum products.

**Given the risks associated with toxic materials in personal care products, companies have to invest in research and development to render products safe or to explore alternative raw materials like natural and herbal products.**

Demand for women's beauty products grows at about 7 times the rate of the global cosmetics market, according to industry data. Factors fuelling the personal care products market include higher consumer spending power, new products, better consumer awareness, advertising and lifestyle changes.-

**Fragrance Market -**

**Global deodorant demand** will push the market to break the $12.5 billion mark by 2015, according to **Global Industry Analysts**. Factors driving market expansion include new product formats, gender-specific products and technological developments. Companies are focusing on new products and extending established product lines, with innovative offerings for product applications and formulations. **The US and the EU are both mature markets, with the EU accounting for**

**the largest share of the global deodorant market.**

**Market-Line** predicts the world fragrances market will be worth almost $46 billion in 2015, representing an increase of more than 25% in five years. Market volume exceeded 1.3 billion units in 2010, and is expected to reach 1.64 billion units in 2015. Fragrances for women represent almost 64% of the market, and the EU has more than a 45% market share. Coty Inc is the top company operating in the global market, with over 10% of overall market value.

**Skin Care Market -**

**The world suncare market** is expected to reach almost $9 billion in 2015, reports **Market-Line**, representing almost 24% expansion in five years. Market volume reached close to 815 million units in 2010, and is expected to exceed 1 billion units in 2015. Sun protection represents the largest market segment, with 66% of the overall market. The EU has a near 42% share of the global market. L'Oreal S.A. is the top company operating in the global market, with almost 15% of the market's overall value. The market is moderately fragmented, with the three leading companies holding a combined share of 73%. **TechNavio** expects the world skincare market to exceed $90 billion by 2014, fuelled by consumer affluence and demand for organic and natural products.

**Bath and Shower Product Market -**

**The global bath and shower product market** is expected to exceed $12.85 billion in 2015, reports **Market-Line**, representing a near 19% increase in five years. Shower products represent over 70% of the market. The EU holds a 54% share in the global market, and Unilever is the leading company with more than 17% of overall market value.

**Hair Care Market -**

**Market-Line** predicts the global hair care market will record slowing growth of less than 3.5% yearly through 2015 to reach almost $58 billion. Shampoo represents the leading product on the market, registering yearly sales of $19 billion.

**Toiletries Market -**

The world male toiletries market is expected to reach almost $24.75 billion by 2015, reports **Market-Line**. Shaving blades and razors account for almost 77% of the market. The EU holds a 45% share in the global market.

Indian FMCG industry constitutes the largest segment in India with considerable contribution to the GDP. It can be categorized into primarily personal care, health care, home care and food and beverage. In India, personal care products traditionally only comprised of toothpaste, soaps and shampoos. However, cosmetics such as beauty creams and lotions or even oral care products such as mouthwash are fast gaining popularity in the personal care market. Expenditure on these emerging products has shown exponential growth. Media penetration and rising consciousness to global fashion and trends have sculpted the course of consumer spending. Acted upon by the availability of international products and aided with rising disposable income, the sector is poised for further growth.

**Another reason for growth is the emergence of the male grooming sector. Women category has always been a driving force, but the added percentage in terms of male segment has only furthered growth in this sector. As men pay more attention to their appearance and image, this category has attracted a host of products delineated strictly for their needs.**

**Media penetration acts a chief stimulant in this aspect as it results in heightened awareness among the masses. Players continue to advertise and look to provide promotional offers in order to create visibility and awareness regarding products to further off-takes.**

**The rural segment has also played an imperative role in the markets growth story.** Majority of India's population resides in rural areas and the means to tap this segment spells higher margins. Indian Government has enforced certain regulations that contribute to growth in rural income. Growth in rural income, affecting this market, has been noticed in the usage of toothpaste from that of toothpowders. Rise in agricultural outputs aided with non-agricultural income is only to sculpt success for personal care sector.

Further, organized retail poses as a chief driver especially in the urban segment. An organized retail presents with it an opportunity to showcase products, both domestic and international, on a larger platform. Availability and penetration of products determine a brand's success which is aptly sourced through retail outlets. However, the sector is also facing certain challenges. Factors such as harmful effects of chemicals, depreciation of rupee and rise in packaging cost pose as impediments for this sector.

Government participation in this sector covers Drugs and Cosmetics Act 1940, Bureau of Indian Standards and Drugs and Cosmetics Rules 2010. The major trends identified include innovation, personal care appliance, improved marketing strategies, products with dual benefits, rise in organic products and teens' market.

***Market Outlook***

Just as consumer awareness leads to a trend towards organic and herbal products, greater corporate awareness means companies are committing to environmental protection by reducing packaging, conserving water, reducing carbon emissions and stressing recycling. Companies have built eco-smart facilities, and research and distribution buildings approved by Leadership in Energy and Environmental Design (LEED).

Over the coming years companies are likely to continue investing in eco-friendly practices. Manufacturers will also respond to demand for more natural products, widening their natural and herbal product lines. Marketing efforts will likely be increasingly geared to stress environmental protection and respect for hair and skin through non-toxic ingredients.

## ORAL CARE

The Oral Care Market in India Accounts for about 16% of the Overall Personal Care Market. The global oral care market is presently estimated at US$12.6 billion. Currently nearly 97% of the population in developed countries uses at least one variety of toothpaste and 87% of this population, brushes twice daily. This gives marketers virtually no space to expand the market with new users in this region. In stark contrast, only 55% of the Indian population uses toothpaste and less than 15 percent of the Indian toothpaste users brush twice a day, only indicating that the market here remains largely untapped. As per data provided by FDI World Dental Federation, the dental care reported per capita in India is about twice of that reported in Scandinavian countries, whereas the annual consumption of sugar by a person in India is half of that of someone in Sweden. This can be attributed to the fact that the per capita consumption of oral care products like toothpaste in India is a meagre 127 grams as compared to Europe, where it is over 300 grams. With steady growth of Indian Economy, the per capita income of India has increased from Rs 18,885 in 2002-03 to Rs 54,527 in FY'11, hence purchasing power of the Indian consumers is constantly increasing. After factoring in all these points, one can't help but conclude that a tremendous opportunity lies in the oral care market of India. Competition is tightening between local and global players in the Rs 4500 crore branded oral care sector.

**For Urban Market**

For a market that is already loyal to its brands, innovation and value addition are required to win new customers. Also "brushing twice a day" as a habit, needs to be endorsed for increasing the consumption of toothpaste.

Consumers can't resist the word FREE. So many a times, marketers give something FREE with a product to increase or push its sales. Oral care brands could hand out a free oral care health booklet with certain products, which could be used for spreading awareness about various oral problems and how products in their offering could help cure/prevent these problems.

Oral products specifically targeting special needs like for gum problems, bad breath, or segmenting customers into specific age bands might also find many takers. Coupling oral care products like toothpaste and mouth wash, that complement each other well, can also be sold as a "combo" pack to push sales.

Smart endorsements targeting the young urban consumer should be devised as it's no longer possible to mislead urban consumers with tall claims. In India, oral care segment holds a substantial share in the overall cosmetic market. On back of increasing awareness about oral hygiene, improving income, and high advertising expenditure by players, the Indian oral care market has shown stupendous growth.

**According to our latest research report, tooth paste and tooth powders hold the majority share of the market, and this is expected to remain the major sub-segment in future. It is estimated that the Indian oral care market will register a strong CAGR of around 14% during 2011-2015.**

As per the report, "**Indian Oral Care Market Forecast to 2015**", there exists an immense potential for tooth brush market in rural areas. During our study, we also observed that dental health camps and free dental checkups have raised awareness about dental infections and diseases, especially in sub-urban and rural parts. The Indian Oral Care market is derived by analyzing and studying its sub-segments including: tooth paste, tooth powder, tooth brush, and mouth wash.

The Oral, Personal and Home Care segment continued its robust performance with y-o-y organic sales growth of 5% driven by volume growth and price increases of 2.5% each. A strong dollar had an unfavorable impact of 6% though leading to a net sales decline of 1%.

The worst performing region for the segment was Europe/South Pacific where a combination of volume and price declines along with unfavorable currency movements resulted in net sales declining by 11%. Volume gains in Australia were not enough to prevent a net decline due to volume declines in Western Europe. However, this was more than offset by growth in other regions with Greater Asia/Africa being the strongest performer. The region saw an impressive 7.5% growth in volumes and a 4% increase in prices. Sales in the region increased by 5% despite an unfavorable currency impact of 6.5%. Growth in the region was driven by countries including India, China and Russia.

The Per capita consumption appears to be rising, leading to high penetration levels for the toothpaste category in India. As the trend is expected to continue, industry analysts expect more marketing battles in the oral care market with advertising spends rising on this count, going forward.

The British pharmaceutical and consumer healthcare major is said to be weighing the option of introducing more oral care products from its international portfolio following the success of Sensodyne in India.

## HEALTH CARE

**The healthcare sector remains one of the fastest growing parts of the global economy and one of the biggest challenges facing policy makers and the private sector. The cost of healthcare continues to outpace inflation in virtually every country in the world, and efforts at reform and cost containment make operating a commercial venture in the sector a continually dynamic enterprise. Despite the challenges, though, the sector holds great opportunities driven by the aging population in developed countries, increasing demand for sophisticated therapies and care systems in developing countries, rapidly advancing health technologies.**

According to a report by an industry body, The Indian health care sector is reckoned to be the engine of the economy in the coming years. Health care industry in India is predicted to reach US $150 billion by 2017 and approx. US $ 250 billion by 2020, contributing an expected Gross Domestic Product spend of 8 % by 2012 from 5.5 % in 2009.

The large population growth of 15-20 million a year and rising living standards are two important indicators that lead to an increasing demand for more and better healthcare facilities in India.

The healthcare category covers the array of market products and services that form the environment in which clinical care is provided, including the financial side of medical markets from private healthcare financing (insurance, managed care, and reimbursement schemes) to public regulation and policy (government programs and subsidies). It also covers issues in care delivery and settings (hospitals, clinics, long-term care facilities, personnel, improvement initiatives, and prevention/ wellness programs) and technological product categories that will impact the entire system (hospital information systems, telemedicine, and electronic medical records [EMR]).

Health care industry in India has seen a phenomenal growth in the last decade. The market comprises healthcare organizations (hospitals, nursing homes, diagnostic centers, dental hospitals, clinics, Ayurveda, hospitals, etc.), persons (doctors, dentists, nurses, and other caregivers), and health insurance providers. Private companies play a greater role than the public sector in providing healthcare services as this sector is expected to be financially stronger and well managed. With the growth of the Indian middle class segment, shift toward private healthcare services to obtain more value and service is expected. Indian healthcare industry is at growing stage and is thereby not subjected to strict regulations by the government. There is a general liberalization of trade and investment owing to which most devices do not need import license.

**Health care industry** plays an important part in the economy of a country. The health care industry determines the GDP or the Gross Domestic Product of any country. It also determines exports status, employment, capital investment etc. Health care segment provides employment openings to many individuals directly associated with the health care sector or other associated sectors, related to the healthcare industry in some way or the other. Efforts are usually made to keep the dollars rolling within the country's economic set up. Businesses dealing in health care add to the already existing economy by buying utility programs, by paying taxes for property etc.

**Facts about the health care industry trends:**

- ✓ The cost related to health care was seen to rise in the 90s. Americans not possessing any health care coverage or any kind of health insurance attained the 42 million mark.
- ✓ It has been anticipated that the elderly sick people will impose considerable stress on the health care sector of US.
- ✓ The total number of different health care programs and different health care insurance coverages are likely to increase in the coming years. There has been an escalation in the medical plans from 42.5million in the year

2006. The health care industry trends also show that it is likely to attain 70.2 million in the year 2025.

- ✓ The health care industry trends also indicate that the expenses for preventive measures is negligible as compared to the amount spent on treating chronic diseases which accounts for 70% of the fund used for health care.

**World health care industry** is catching up with the other leading industries of the world. World health care industry is one of the largest industries catering to the medical needs of innumerable people around the globe. Statistics show that in the year 2004, employment provided by the health care industry accounted for 13.5 million job opportunities. Out of the 13.5 million jobs, some of the people opted for self employment while others remained salaried workers related to the health care. It has been predicted that between 2004 through 2014, increase in the healthcare jobs would be by approximately 19% or as many as 3.6 million job opening would be produced. The statistics provided above reflect the health care scenario in the USA.

**Health care industry in India** is moving ahead neck to neck with the pharmaceutical industry and the software industry of the country. Much has been said and done in the health care sector for bringing about improvement. Till date, approximately 12% of the scope offered by the health care industry in India has been tapped. The health care industry in India is reckoned to be the engine of the economy in the years to come. Health care industry in India is worth $17 billion and is anticipated to grow by 13% every year.

**Health care industry in India and the GDP or Gross Domestic Product:**

Expenses incurred by the Indian Government on health care are the highest amongst developing countries. India's expenses on health care sector comprise 5.25% of the GDP. Chances are that the health care market could experience a hike and attain a figure ranging between $53 to $73 billion five years from now. This in turn will reflect an increase in the Gross Domestic Product to 6.2% GDP. The health care industry in India earns revenues accounting for 5.2% of Gross Domestic Product. Employment opportunities are provided to as many as 4 million people in the health care segment or other related sectors catering to the health care industry in India in some way or the other. Owing to the vast differences in medical expenses in western countries and that of India, India has become one of the favorites for health care treatments. Due to the progressive nature of the health care sector in India, several foreign companies are intending to invest in the country.

The rural healthcare sector has added around 15,000 health sub-centers and 28,000 nurses and midwives during the last 5 years. The number of primary health centers has increased by 84%, taking the number to 20,107.

Globally, the industry is amongst fastest growing sectors, with approximate revenues of USD 5.5 trillion in 2010. Within this context, India is viewed as one of the most promising markets among the developing countries and is projected to reach USD 140 billion by 2017. The market for healthcare in India has a significant and large potential in the coming years. The healthcare industry is growing at a rapid pace and is expected to become a US $280 billion industry by 2020. As stated earlier, the Indian Healthcare Industry is currently estimated at USD 40 Billion. The industry is expected to grow to ~USD 79 Billion by 2012 and ~ USD 280 Billion by 2023. The average CAGR for the next 10 years, therefore, has been estimated at ~ 21 percent. India's economic growth and rapid urbanization is bringing with it an expected health transition in terms of shifting demographics, increasing ability to afford quality healthcare, changes in morbidity pattern with growing degenerative and lifestyle diseases, and increasing penetration of health insurance.

By 2021, over 143 million population in the country will be above 60 years of age; close to 16 million households will fall in the category of high-income (annual income more than Rs 5,00,000); towns with million plus population will increase from 35 to 65; heart diseases, diabetes, and cancer will show a combined average decadal growth of 47 per cent; health insurance market will grow at an average 42 per cent CAGR. Such factors have caught the interest and attention of investors, big and small; and have necessitated our healthcare landscape to constantly evolve and mature. Another area which needs the government's urgent attention is R&D which should include areas like diagnostics, therapeutics, vaccines, medical devices, regenerative medicine, public engagement, education and the application of research in improving patient care. For significant breakthroughs to emerge in this field, it is essential that the government provide researchers, the resources and freedom they need to pursue their studies, and also suitably reward institutes like ICMR for promoting research activities. Such encouragement will pave the way for development of innovative, low-cost, high quality technology and models of delivery that are specifically suitable to India's needs. In order to effectively address the issues of poor access, high cost it is imperative that the government pay due attention to the above measures.

Baby care products market has passed through cosmic changes over the years. Earlier the baby care market featured selected products such as baby powders and diaper rash creams with select brands. However, today variety of baby products are made available to choose from such as scented massage oils, calming lotions and cradle cap treatments to go with the earlier existing products.

Of late, manufacturers of baby care products modified their approach to develop innovative and novel products and more importantly, realized the necessity and importance of producing traditional powders and creams. The trend is to extend the existing range of products and develop baby care products other than simple baby soaps, creams.

## RURAL MARKET

Rural India accounts for more than 700 Million consumers, or 70 per cent of the Indian population and accounts for 50 per cent of the total FMCG market. The working rural population is approximately 400 Millions. There is an untapped market and most of the FMCG Companies are taking different steps to capture rural market share. The market for FMCG products in rural India is estimated to be 52 per cent and is projected to touch ~ 60 per cent within a year. To build a strong rural distribution network, local distributers who know the community, villages, understand public sentiments need to be involved and given some extra perks to make efforts to create a market where it does not exist.

**As a part of brand promotion, road-shows, street theatres, sports events for youths, and oral health care camps in schools can be organised or sponsored where locals can be educated about Oral care and their products.**

**The brands need to rethink about the products for rural consumer and come out with cheaper options, for example by spending less on packaging, by selling smaller quantity i.e. sachets in larger numbers.**

**Retailers and medical practitioners can be talked to, and given compensation for pushing and a particular product as their opinion might influence consumer choice.**

A concerted effort to penetrate the fragmented and untapped huge rural market, which houses 2/3rd of the total population, is must for the growth of FMCG sector as a whole.

***Various FMCG companies to come together and tie up in targeting the fragmented and broken rural market to reduce their marketing costs and raise efficiency through "Van sales" or creating "Rural supermarkets".***

Companies that are innovative, agile and responsive to the needs of consumers would stand out. The consumer goods sector had benefited in the past few years from a rise in disposable income in rural areas, where nearly 70 per cent of the country resides. FMCG firms net half their sales from rural markets now and continue to pursue expansion in rural areas. The Budget proposal to increase the allocation to the Bharat Nirman programme could further drive rural growth and boost sales, he noted.

The FMCG sector is divided into two distinct segments - the premium segment catering mostly to the urban upper middle class and the popular segment with prices as low as 40% of the premium segment, catering to mass segments in urban and rural markets. The premium segment is less price-sensitive and more brand conscious.

The industry is volume driven and is characterized by low margins. The products are branded and backed by marketing, heavy advertising, slick packaging and strong distribution networks. Also, raw material prices play an important role in determining the pricing of the final product. In most categories, the unorganized sector is almost as big if not bigger as the organized sector. Unorganized players offer higher margins to stockiest in order to gain market share.

At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene will keep growing at relatively attractive rates. Rural penetration, sustainability and infrastructure development are keys to the FMCG sector's growth.

### Growth Prospects of FMCG in Rural India

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain.

FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future.

The demand in urban areas would be the key growth driver over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas maintain their position in terms of consumption. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas.

**Companies leverage the deep-rooted FMCG firms' network in rural India**

As corporate partnerships to push rural growth are on an upswing, the recent Reserve Bank of India (RBI) decision to allow "for profit" companies to be business correspondents of banks has encouraged such tie-ups. Creating a distribution network from scratch is a costly affair and hence arrangements with FMCG players are a win-win for both parties as network costs are shared. However, companies leveraging the FMCG's network will be successful only if they come up with a differential pricing mechanism, keeping in mind the sensitivity of the market.

Nonetheless, such tie-ups will induce further consumer brand engagements giving further exposure to the rural folks and also make them aware of various products and services available in the market.

(Courtesy- http://info.shine.com, http://www.assocham.org, http://www.business-standard.com, http://www.thehindubusinessline.com, gyan 2012, http://www.sbwire.com, cosmetic-designseurope.com,http://www.trefis.com,http://www.reuters.com,https://www.researchonindia.com,http://www.reportlinker.com,https://www.researchonindia.com,http://www.researchandmarkets.com, www.ideasmakemarket.com, www.financialexpress.com, http://www.rncos.com, http://timesofindia.indiatimes.com, http://www.marketresearch.com, http://www.scribd.com, http://www.expresshealthcare.in,www.indiainfoline.com,articles.economictimes.indiatimes.com)

## OUTLOOK ON THREATS OF THE INDUSTRY

FMCG Industry does not have any measures which can control the entry of new firms. The resistance is very low and the structure of the industry is so complex that new firms can easily enter and also offer tough competition due to cost effectiveness. Hence potential entry of new firms is highly viable.

FMCG packaging market undergoes regional shifts and demographic changes and the industry is likely to experience several challenges. Sluggish growth in mature North American and Western Europe markets pose challenges to FMCG brands. FMCG packaging manufacturers will have to adapt sizes and target both the lower income segment of the population in emerging market and its growing middle class. The economic downturn has impacted consumer's way of spending in developed markets. With price focused consumers and increasing raw materials price, FMCG packaging companies are forced to lower margins. In the mean time, innovation continues to drive growth in these margins pushing up cost in research and development.

**At the same time, fall of rupee against major currencies, new norms of standard-size packaging, increase in raw material costs due to upward spiraling interest rates and inflation together might dent the performance of the fast moving consumer goods (FMCG) sector which ruled the bourses in the current calendar year.**

## SEGMENT WISE PERFORMANCE

| Segment Analysis | | | |
|---|---|---|---|
| **Particulars** | **Audited 30.06.2011 ( ₹ in Lacs)** | **Audited 30.06.2012 ( ₹ in Lacs)** | **% change in growth as compared to previous year 2010-11** |
| Oral Care | 34,696.81 | 38,445.18 | ↑ 10.80 % |
| Health Care | 14,303.55 | 17,307.04 | ↑ 21.00 % |
| Others | 8,800.82 | 11,684.86 | ↑ 32.77 % |

## INTERNAL CONTROL SYSTEMS AND ADEQUACY

There are well established internal control systems in the Company for the purchase of inventory and fixed assets and for the sale of goods and services. The company always follows the documented operating procedures at each and every step of the transaction to the largest extent. The Internal Audit function, is headed by Mr. Gaurav Doshi, and he reports directly to the MD and the Audit committee. The department consists of a team of well qualified and experienced professionals that conduct regular audit covering the global operations of the company. The internal control system in the company is adequate and effectively in operation.

## FINANCIAL PERFORMANCE

## FINANCIAL ANALYSIS AS ON JUNE 2012

( ₹ in Lacs)

| Particulars | Audited 30th June, 2011 | Audited 30th June, 2012 | % change in growth for the Financial Year Ended 30th June, 2012 |
|---|---|---|---|
| Share Capital | 2616.42 | **2616.42** | ↑ **0.00** |
| Total Income | 57902.92 | **67644.90** | ↑ **16.82** |
| Profit Before Depreciation , Interest & Tax | 8331.07 | **11496.16** | ↑ **37.99** |
| EBDITA Margin | 14.41% | **17.05%** | ↑ **2.64%** |
| Profit Before Tax | 4484.07 | **5735.47** | ↑ **27.91** |
| Profit After Tax | 3805.44 | **4524.07** | ↑ **18.88** |
| Earnings Per Share | 14.54 | **17.29** | ↑ **18.91** |
| Net Profit Margin | 6.58% | **6.71%** | ↑ **0.13%** |

### HUMAN RESOURCES

Human Resource is an integral part of any organization and the term Human Resource Development has two parts namely "Human Resource" and "Development". The Company takes various efforts to improve and enhance the total knowledge, skills, creative abilities, talents and aptitudes of the entire work force also it nurtures the values, attitudes and beliefs of the employees so as to motivate and encourage them for better performances. The Company conducts various "Performance Appraisal Programmes" at regular intervals to make the subordinates aware of their strengths and weaknesses in addition to their positive contributions to the Company.

In addition to this, the Company also conducts "**Quality-of-work-life Programmes**" to provide a feasible working environment to the employees and also continuously examines the needs of the employees and tries to fulfill them in-order to improve the quality of work of the employees. Also the top management of the Company has continued the legacy of rewarding the employees by certifying them every month - "**Best Employee of the Month", "Best Salesman of the month and so on. These motivational activities** encourage the employees to work efficiently and effectively.

### CAUTIONARY STATEMENT

Statements in this " Management Discussion and Analysis " describing the company's objectives, estimates, expectations or projections may be " forward looking statements " within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The Important factors that can make difference to the Company's performance include- Government Regulations, Tax regimes, economic development within India and countries in which the company conducts business, litigations, competitions and other allied factors.

# REPORT ON CORPORATE GOVERNANCE

## THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company has adopted the best practices of corporate governance for ensuring protection of the rights and interests of its stakeholders. It always follows the basic principles of corporate governance -transparency, fairness, accountability and integrity. The company's corporate governance policies and practices have not only complied with the statutory and regulatory requirements but also gone beyond the legal mandate with a view to build up trust with shareholders, employees, customers, suppliers, Government and diverse stakeholders. Given below are the company's corporate governance policies and practices pursuant to the clause 49 of the Listing Agreements.

## BOARD OF DIRECTORS

The business of the Company is conducted by the management under the directions of the Board. The board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis.

• **Composition**

The Board comprises of Chairman, Managing Director, Whole Time Director and Non-Executive Directors, representing an optimum combination of Executive, Non-Executive and Independent Directors. All Non-Executive Directors including Chairman are persons of eminence and bring a wide range of expertise and experience to the Board.

**Composition of the Board and Directorships / committee positions as on 30th June, 2012**

| Name of Directors | Category | Directors Liable to retire by rotation | No. of Directorship held in other Companies | No. of Membership/ Chairmanship held in Committee | |
|---|---|---|---|---|---|
| | | | | Chairman | Member |
| **Mr. Pravin N. Shah** | Chairman, Non-Executive | Yes | 0 | - | - |
| **Mrs. Pratima P. Shah** | Non-Executive | Yes | 1 | - | - |
| **Mr. Sagar P. Shah** | Managing Director | No | 2 | - | 1 |
| **Mrs. Natasha S. Shah** | Non-Executive | Yes | 1 | - | - |
| **Mr. Rajiv M. Chitnis** | Whole Time Director | No | 0 | - | 1 |
| **Mr. Gaurav M. Doshi** | Non-Executive Independent | Yes | 2 | 2 | - |
| **Mr. Dilip S. Mehta** | Non-Executive Independent | Yes | 1 | - | 2 |
| **Mr. Yusuf Iqbal Yusuf** | Non-Executive Independent | Yes | - | - | - |
| **Mr. Jyotirmay P. Varma** | Non-Executive Independent | Yes | 1 | - | - |
| **Mrs. Preeti A. Patel** | Non-Executive Independent | Yes | - | - | - |

• **Board Procedures**

During the year the Board of Directors met 14 times on the following dates: 12th July 2011, 17th August 2011, 26th August, 2011, 26th September, 2011, 30th September, 2011, 6th October, 2011, 14th October, 2011, 14th November 2011, 6th December, 2011, 9th February, 2012, 14th February, 2012, 20th February, 2012 13th April, 2012 and 15th May, 2012.

The gap between any two meetings never exceeded 4 months as required in clause 49.

• **Attendance Record of Directors**

The following Table gives the attendance record of all the Directors at 14 Board Meetings held during the year, as well as at the last Annual General Meeting held on 30th September, 2011

**Attendance Record of Directors at the Board Meetings and last AGM during 2011-12**

| Name of Directors | Category | Liable to retire by rotation | No. of Board Meetings attended | Whether attended last AGM |
|---|---|---|---|---|
| Mr. Pravin N. Shah | Chairman, Non-Executive | Yes | 14/14 | No |
| Mrs. Pratima P. Shah | Non-Executive, Independent | Yes | 14/14 | No |
| Mr. Sagar P. Shah | Managing Director | No | 14/14 | Yes |
| Mrs. Natasha S. Shah | Non-Executive | Yes | 13/14 | No |
| Mr. Rajiv M. Chitnis | Whole Time Director | No | 14/14 | Yes |
| Mr. Gaurav M. Doshi | Non-Executive, Independent | Yes | 13/14 | Yes |
| Mr. Yusuf Iqbal Yusuf | Non-Executive, Independent | Yes | 8/14 | No |
| Mr. Dilip S. Mehta | Non-Executive, Independent | Yes | 7/14 | No |
| Mr. Jyotirmay P. Varma | Non-Executive, Independent | Yes | 9/14 | No |
| Mrs. Preeti A. Patel | Non-Executive, Independent | Yes | 9/14 | No |

## AUDIT COMMITTEE

• **Constitution and the terms of reference:**

With a view to achieve effective Internal control and Financial reporting system within the Company the Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in clause 49 of the Listing Agreements with the Stock Exchanges. It consists of 3 Directors out of which two are independent having strong financial and accounting background or related financial management expertise. The terms of reference are extensive and include:

- Overseeing the Financial reporting system within the Company and monitoring un-audited and audited financial results for the relevant quarter, half year and the year, before being adopted by the Board.
- Review of Internal control system, its adequacy and effectiveness.
- Approval of Internal Audit Plans and review of audit methodology and process, major accounting policies and practices, compliance with Accounting Standards.
- Discussion with External Auditor about the scope of Audit, including observations.
- Review of Legal compliance reporting system and Risk Managements.
- Discussing with Statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

• **Composition and Attendance:**

During 2011-12 the Audit committee has met 5 times - on 12th July 2011, 26th August, 2011, 14th November 2011, 14th February 2012 & 15th May, 2012. The meetings were scheduled well in advance.

| NAME OF THE MEMBERS | CATEGORY | STATUS | NO. OF MEETINGS ATTENDED |
|---|---|---|---|
| Gaurav M. Doshi, Chairman | Non-Executive Director | Independent | 5/5 |
| Sagar P. Shah | Managing Director | Non Independent | 5/5 |
| Dilip S. Mehta | Non-Executive Director | Independent | 5/5 |

## REMUNERATION COMMITTEE

The remuneration payable to Managing Director & Executive Directors is decided by the Board, based on the terms & conditions of appointment approved by the shareholders. Hence no separate Remuneration Committee has been constituted.

Remuneration for the Executive Directors during the year is as follows:

**(₹ In lacs)**

| NAME OF DIRECTORS | RELATIONSHIP WITH OTHER DIRECTORS | SALARIES & PERQUISITES | TOTAL |
|---|---|---|---|
| **SAGAR P. SHAH – MD** | Son of Mr. Pravin N. Shah & Mrs. Pratima P. Shah, Spouse of Mrs. Natasha S. Shah | 26.00 | 26.00 |
| **RAJIV M. CHITNIS - EXECUTIVE DIRECTOR** | N.A. | 10.40 | 10.40 |

## SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

- **Composition and the Terms of reference:**

The Board has constituted the Shareholders' / Investors' Grievance Committee to look into investors' queries and complaints regarding transfer of shares, Annual Report, Dividend, etc. The present committee consists of 3 Directors: - (1) Gaurav Doshi - Chairman (2) Rajiv Chitnis (3) Dilip Mehta

- **Meetings, attendance and topics discussed:**

During the year, the committee met at frequent intervals to review the status of services rendered to Investors. All the members of the committee were present at the meeting. Mr. Rajiv Chitnis, who is the Compliance Officer for looking into Investors' grievances on a day-to-day basis, was also present.

The Company promptly (usually within 21 days except in case of dispute over facts or legal constraints) attends to all shareholders' and investors' queries / grievances through correspondence, fax, phone or e-mail.

As such during the year, the Company has received 53 complaints / requests and not a single query / complaint received during the year remained unattended. The Company has appointed Link Intime India Pvt Ltd. as Registrar and Share Transfer Agent.

## CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

The Company has framed a code of conduct in accordance with SEBI (Insider Trading) Regulations, directing and cautioning the directors, officers and designated employees of the Company on the procedures to be followed while dealing in shares of the Company. The code, besides other relevant matters, prohibits insiders from trading in shares of the Company, while in possession of the unpublished price sensitive information in relation to the Company.

Further, the Trading windows for dealing in shares of the Company are periodically closed for the Directors, officers and designated employees of the Company as per insider trading code in force in the Company. In nutshell, the code of conduct is derived from 3 essential fundamental principles which form the ingredient of a growing company viz. Good Corporate Governance, Good Corporate Citizenship and Good Ethic.

## WHISTLE BLOWER AND PROTECTION POLICY

With a view to build and strengthen a culture of transparency and trust, the company has framed a policy through which employees and business associates may report fraud, unethical business practices at work place without fear of reprisal, directly to Managing Director and all the members of Audit Committee.

The MD and Audit Committee periodically review the existence and functioning of the mechanism.

## CEO/CFO CERTIFICATION

In terms of the requirement of clause 49(v) of the Listing Agreement the Managing Director and Whole-time Director have submitted necessary certificate to the Board of Directors stating the particulars specified under the said clause.

This certificate has been reviewed and taken on record by the Board of Directors at its meeting held on 28th November, 2012.

## GENERAL BODY MEETINGS

**a) The last 3 Annual General Meetings of the company were held as per details given below :**

| Year | Venue | Date | Day | Time |
|---|---|---|---|---|
| 2008-09 | **Saina Resort, Madh-Marve Road, Malad (W), Mumbai-400061.** | Dec. 26, 2009 | Saturday | 3.00 p.m. |
| 2009-10 | **Saina Resort, Madh-Marve Road, Malad (W), Mumbai-400061.** | Sept. 30, 2010 | Saturday | 9.30 a.m. |
| 2010-11 | **Saina Resort, Madh-Marve Road, Malad (W), Mumbai-400061.** | Sept. 29, 2011 | Saturday | 9.30 a.m. |

b) 1 Special Resolutions was passed through Postal Ballot during the year 2011-12 and was voted in favor by 100.00% by members. Postal Ballot was conducted by practicing Company Secretary duly appointed by the Board.

**c) Whether any special resolution is proposed to be conducted through postal ballot**
No

**d) Procedure for postal ballot:**
Prescribed procedure for postal Ballot as per the provisions contained in this behalf in the Companies Act, 1956 and the rules made thereunder namely Companies (Passing of resolution by Postal Ballot) Rules, 2001 shall be complied with whenever necessary.

## DISCLOSURES

- **Related Party Transactions:**

The Company is engaged into related party transaction and details of the same are given in Notes to Accounts (Note 29.7.a and Note 29.7.b)

## COMPLIANCES BY THE COMPANY:

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there has been no penalty or stricture imposed by the Stock Exchanges, SEBI or any other statutory / regulatory body or authority.

## MEANS OF COMMUNICATION

The Company regularly intimates unaudited as well as audited Financial Results to the Stock Exchanges, immediately after these are taken on record by the Board. These Financial Results are normally published in newspapers-Free Press Journal (English) and Navshakti (Marathi).

Management Discussion and Analysis Report forms part of Annual Report and is furnished separately.

## SHAREHOLDERS INFORMATION

- **Annual General Meeting:**

**Date : 26th December, 2012**
**Time : 9:30 a.m.**
**Venue : Saina Resort, Madh-Marve Road, Malad (w), Mumbai - 400061.**

- **Financial Calendar:**

Adoption of Unaudited Quarterly Financial Results for -
The First quarter ending 30th September, 2011: - By the Third week of November, 2011.
The Second quarter ending 31st December, 2011: - By the Third week of February, 2012
The Third quarter ending 31st March, 2012: - By the Third week of May, 2012
The Fourth quarter ending 30th June, 2012: - By the Third week of August, 2012*

Audited Annual Financial Results for the year ending 30th June, 2012:- By 28th November, 2012.

• **Date of Book Closure:**

The Register of members and share transfer books of company remains closed from 19th December, 2012 to 26th December, 2012 (both days inclusive).

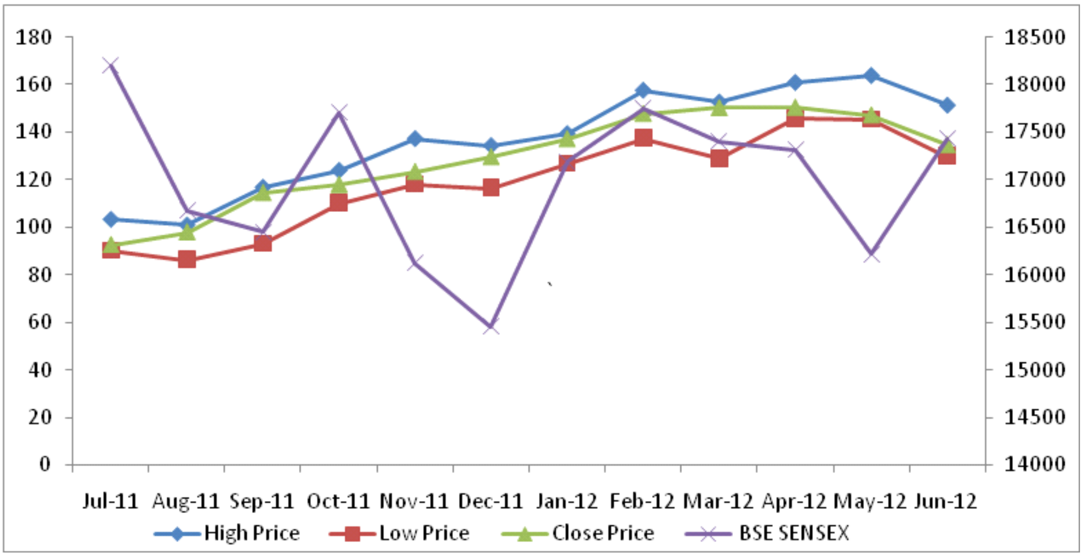
• **LISTING ON STOCK EXCHANGES & STOCK CODE NOS**

| Name | Address | Stock Code No. | Payment of Listing fees for 2011-2012 |
|---|---|---|---|
| Bombay Stock Exchange | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. | 532664 | Yes |
| National Stock Exchange of India Ltd. | Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051. | Amar | Yes |

International Securities Identification Number (ISIN) - INE787G01011 (with NSDL & CDSL)

**Stock Price Data**

| Month | BSE (in ₹ / Share) | | | BSE SENSEX |
|---|---|---|---|---|
| | High Price | Low Price | Close Price | |
| Jul-11 | 103.4 | 90.2 | 92.6 | 18,197.20 |
| Aug-11 | 101 | 86.2 | 98 | 16,676.75 |
| Sep-11 | 116.9 | 93 | 114.55 | 16,453.76 |
| Oct-11 | 123.95 | 110.25 | 118 | 17,705.01 |
| Nov-11 | 137.3 | 118.1 | 123.5 | 16,123.46 |
| Dec-11 | 134.4 | 116.6 | 129.75 | 15,454.92 |
| Jan-12 | 139.45 | 127 | 137.35 | 17,193.55 |
| Feb-12 | 157.7 | 137.55 | 147.95 | 17,752.68 |
| Mar-12 | 152.75 | 129 | 150.45 | 17,404.20 |
| Apr-12 | 160.95 | 146 | 150.65 | 17,318.81 |
| May-12 | 163.9 | 145.5 | 147.4 | 16,218.53 |
| Jun-12 | 151.4 | 130 | 134.85 | 17,429.98 |



• **REGISTRAR AND SHARE TRANSFER AGENT**

**Link Intime India Pvt. Ltd.**
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W),
Mumbai - 400 078.

• **SHARE TRANSFER SYSTEM**

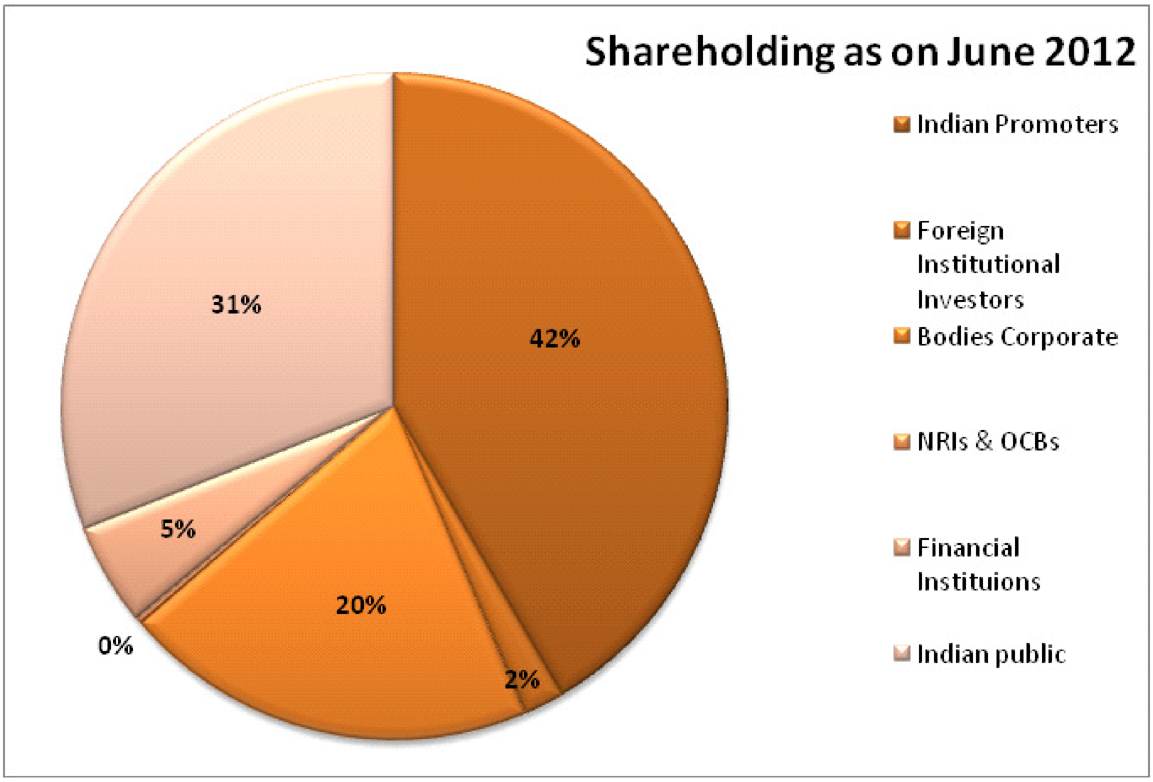
Share transfers in physical form are registered by the Registrars and returned to the respective transferee within a period of 15 days, provided the documents lodged with the Registrars/ company are clear in all respects. In case of Shares in electronic form, the transfers are processed by NSDL and CDSL through respective Depository participants. In compliance with the Listing Agreement with the Stock Exchanges, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

• **DEMATERIALISATION OF SHARES**

The Shares of company are in compulsory demat segment and are available for trading in depository systems of both NSDL & CDSL. As on 30th June, 2012 26163459 Equity Shares of Company forming 99.99% of Share Capital of the company stand dematerialized.

**Liquidity**

The Shares of your company are actively traded at the Stock Exchanges (BSE & NSE), Mumbai and thus considered as Liquid securities.



**DISTRIBUTION OF SHAREHOLDINGS ACCORDING TO SIZE CLASS AS ON 30TH JUNE, 2011:**

| SIZE CLASS | NO. OF SHAREHOLDERS | | SHARES HELD IN EACH CLASS | |
|---|---|---|---|---|
| | NUMBERS | % TO TOTAL | NUMBERS | % TO TOTAL |
| 1 to 500 | 7178 | 87.3555 | 1004076 | 3.8376 |
| 501 to 1000 | 422 | 5.1357 | 352791 | 1.3484 |
| 1001 to 2000 | 214 | 2.6044 | 330060 | 1.2615 |
| 2001 to 3000 | 81 | 0.9858 | 210942 | 0.8062 |
| 3001 to 4000 | 42 | 0.5111 | 154560 | 0.5907 |
| 4001 to 5000 | 50 | 0.6085 | 240399 | 0.9188 |
| 5001 to 10000 | 67 | 0.8154 | 508995 | 1.9454 |
| 10001 and above | 163 | 1.9837 | 23362327 | 89.2914 |
| **Total** | **8217** | **100.00** | **26164150** | **100.00** |

Outstanding GDRs/ ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity.

- Not Applicable.

• **PLANT LOCATIONS:**

1) **Daman 1 : 375/14, Hill Industrial Estates, Kachigam, Zari Road, Daman & Diu (U.T.)-396210.**

2) **Daman 2 : Survey No. 168/31, Dabhel Industrial Co-op. Society Ltd., Dabhel, Daman (UT) - 396219, India**

3) **Dehradun : Plot No.1051-1/2, Central Hope Town, Selaqui, Dehradun-248001. (Uttarakhand)**

• **ADDRESS FOR CORRESPONDENCE**

**AMAR REMEDIES LIMITED**
Block No-3, 2nd Floor,
Sane Guruji Premises,
386, S.V.Savarkar Marg,
Opp. Siddhivinayak Temple,
Prabhadevi, Mumbai-400 025.
Website : www.amarremedies.com

**COMPLIANCE OF NON-MANDATORY REQUIREMENT**

(1) A Director's office with requisite facilities has been provided and maintained by the Company for use by its Chairman / Directors.

(2) As the Quarterly financial Results of the company are published in the Newspapers having wide coverage, the same are not separately circulated to the shareholders.

**Declaration**

All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct as laid down by the Company for the Year ended 30th June, 2012

**BY ORDER OF THE BOARD OF DIRECTORS**
**FOR AMAR REMEDIES LIMITED**

**SD/-**

**PLACE: MUMBAI** — **SAGAR P. SHAH**
**DATE: 28TH NOVEMBER, 2012** — **MANAGING DIRECTOR**

# CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:

To,

The Members of **Amar Remedies Ltd.**

We have reviewed the records concerning the company's compliance of condition of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the company, with the Stock Exchanges of India, for the year ended 30th June, 2012.

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

In our opinion and to the best of our information and according to the explanation given to us by the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that based on the records maintained by the Company and confirmation received from its Registrar & Share Transfer Agents, no Investor Grievances are pending for a period exceeding one month against the Company as at 30th June, 2012.

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

**FOR SHYAM C. AGRAWAL & CO.**
**CHARTERED ACCOUNTANTS**

**SD/-**
**SHYAM C. AGRAWAL**
**(PROPRIETOR)**
**( MEMBERSHIP NO. 31774)**

**PLACE: MUMBAI**
**DATE: 28TH NOVEMBER, 2012**

# AUDITOR'S REPORT

**To,**
**THE MEMBERS OF AMAR REMEDIES LIMITED**

We have audited the attached Balance Sheet of AMAR REMDIES LIMITED as at 30th June, 2012, the statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above we report as follows:

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 appears from our examination of the books;

c) The Balance Sheet, the statement of Profit & Loss Account and the cash flow statement dealt with by this report are in agreement with the books of accounts;

d) In our opinion, the Balance Sheet, the statement of Profit & Loss Account and the 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) Directors of the Company do not, prima facie, have any disqualification as referred to clause (g) of sub section (1) of section 274 of the Companies Act 1956 which is based on written representation received from them.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2012;

   ii) In the case of the statement of Profit & 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 flow for the year ended on that date.

**FOR SHYAM C. AGRAWAL & CO.**
**CHARTERED ACCOUNTANTS**
**FIRMS REGISTRATION NO.110243W**

**SD/-**
**SHYAM C. AGRAWAL**
**(PROPRIETOR)**
**(MEMBERSHIP NO. 31774)**

**PLACE: MUMBAI**
**DATE: 28TH NOVEMBER, 2012**

## ANNEXURE TO THE AUDITORS REPORT

**{Referred to in paragraph (3) thereof}**

i (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed Assets were physically verified by the management during the period ended on June 30, 2012.

(b) We were informed that no material discrepancies were noticed by the management on such verification. In our opinion, the frequency of verification is reasonable having regards to the size of the company and the nature of the assets. None of the fixed assets have been revalued during the period ended on June 30,2012

(c) Fixed Assets disposed of during the year were not substantial, and therefore, do not affect going concern assumption.

ii (a) The inventory have been physically verified during the year by the management . in our opinion the frequency of the verification is reasonable.

(b) The procedure for physical verification of stock followed by the company are reasonable and adequate in relation to the size of the company and nature of its business.

(c) The company has maintained proper records of inventories. The Discrepancies, if any, noticed on the physical verification of stock as compared to book records have been properly dealt within the books of accounts

iii (a) The Company has granted interest free unsecured loans, to Two (Nos. 2) Parties Namely a wholly owned subsidiary company and associate firm. The Maximum amount outstanding during the year was ₹ 3419.25 Lacs and balance at the end of the year is ₹ 3419.25 Lacs.

(b) In our opinion, other terms and conditions on which loans have been granted to wholly owned subsidiary company and associate firm are not, prime facie, prejudicial to the interest of the company.

(c) In case of loans granted to wholly owned subsidiary company and associate firm, where stipulation have been made, no repayment schedule have been specified.

(d) There is no overdue amount of more than Rupees One Lakh in respect of loan granted to parties covered in the register maintained under section 301 of the companies act, 1956.

(e) As per information furnished, the company has taken interest free unsecured loan from the Three ( Nos. 3) parties covered in the register maintained under section 301 of the companies Act, 1956. The Maximum amount outstanding during the year was ₹ 1223.80 Lacs and balance at the end of the year is ₹ 1223.80 Lacs.

(f) In our opinion, other terms and conditions on which loans have taken from the parties are not, prime facie, prejudicial to the interest of the company.

(g) In case of interest free loan taken from the parties, where stipulation have been made, no repayment schedule have been specified.

iv In our opinion and accounting to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regards to the purchase of inventory, fixed assets and also for the sale of goods. In our opinion and according to explanation given to us during the course of audit no major weakness has been noticed in the internal control system in respect of these areas.

v (a) In our opinion, and according to the information and explanations given to us, the particulars of the contracts or arrangements referred to section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion, and according to the information and explanations given to us, the transaction made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi According to information and explanation given to us, the Company has not accepted any deposit during the year from the public within the meaning of the provision of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under. Hence, clause 4(vi) of the order is not applicable.

vii In our opinion, the internal audit system of the company is commensurate with the size and its nature of business.

viii We have broadly reviewed the cost records maintained by the company including pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956, and are of opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made detailed examination of the cost records with view to determine whether they are accurate or complete.

ix (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanation given to us, there are no undisputed amount payable in respect of Such statutory dues which have remained outstanding as at 30th June 2012 for a period of more than six months from the date they become payable.

x The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xi Based on our examination and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debentures.

xii Based on our examination and as per the information and explanation given to us, the Company has not granted loans and advances on the basis of security by the 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 In our opinion and according to the explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investment. Therefore, the provision of the clause 4(xiv) of the order is not applicable to the company.

xv According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi According to the information and explanations given to us and the records examined by us, on an overall basis, the term loans have been applied for the purpose for which the loans were obtained.

xvii Based on the information and explanation given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no fund raised on a short-term basis which have been used for the long-term investment.

xviii According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.

xix According to the information and explanations given to us, the company had not issued debenture during the year.

xx According to the information and explanations given to us, the company has not raised any money by public issues during the year.

xxi During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

**FOR SHYAM C. AGRAWAL & CO.**
**CHARTERED ACCOUNTANTS**
**FIRMS REGISTRATION NO.110243W**

**SD/-**
**SHYAM C. AGRAWAL**
**(PROPRIETOR)**
**(MEMBERSHIP NO. 31774)**

**PLACE: MUMBAI**
**DATE: 28TH NOVEMBER, 2012**

# Balance Sheet as at 30 June, 2012

| | Particulars | Note No. | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|---|
| A | **EQUITY AND LIABILITIES** | | | |
| 1 | **Shareholders' funds** | | | |
| | (a) Share capital | 3 | 261,641,500.00 | 261,641,500.00 |
| | (b) Reserves and surplus | 4 | 2,349,781,389.01 | 1,897,942,665.14 |
| | | | **2,611,422,889.01** | **2,159,584,165.14** |
| 2 | **Non-current liabilities** | | | |
| | (a) Long-term borrowings | 5 | 506,911,539.45 | 275,214,835.06 |
| | (b) Deferred tax liabilities (net) | 6 | 17,246,647.26 | 6,106,586.00 |
| | (c) Other long-term liabilities | 7 | 122,379,977.99 | - |
| | | | **646,538,164.70** | **281,321,421.06** |
| 3 | **Current liabilities** | | | |
| | (a) Short-term borrowings | 8 | 3,147,323,849.92 | 2,216,613,136.32 |
| | (b) Trade payables | 9 | 159,750,181.47 | 129,365,161.60 |
| | (c) Other current liabilities | 10 | 142,599,901.92 | 9,870,777.29 |
| | (d) Short-term provisions | 11 | 121,002,622.00 | 105,242,415.23 |
| | | | **3,570,676,555.31** | **2,461,091,490.44** |
| | **TOTAL** | | **6,828,637,609.02** | **4,901,997,076.64** |
| B | **ASSETS** | | | |
| 1 | **Non-current assets** | | | |
| | (a) Fixed assets | 12 | | |
| | (i) Tangible assets | | 1,645,621,779.71 | 1,239,480,388.61 |
| | (ii) Intangible assets | | 1,372,896.17 | - |
| | (iii) Capital work-in-progress | | - | 112,896,354.00 |
| | | | **1,646,994,675.88** | **1,352,376,742.61** |
| | (b) Non-current investments | 13 | 6,567,500.00 | 6,567,500.00 |
| | (c) Long-term loans and advances | 14 | 400,078,172.88 | 231,432,170.55 |
| | (d) Other non-current assets | 15 | 18,609,795.01 | 23,262,243.77 |
| | | | **425,255,467.89** | **261,261,914.32** |
| 2 | **Current assets** | | | |
| | (a) Inventories | 16 | 2,330,389,310.82 | 1,520,810,146.82 |
| | (b) Trade receivables | 17 | 1,843,375,747.42 | 1,394,039,972.27 |
| | (c) Cash and cash equivalents | 18 | 86,471,403.00 | 116,417,196.80 |
| | (d) Short-term loans and advances | 19 | 493,268,496.01 | 254,208,595.82 |
| | (e) Other current assets | 20 | 2,882,508.00 | 2,882,508.00 |
| | | | **4,756,387,465.25** | **3,288,358,419.71** |
| | | | **6,828,637,609.02** | **4,901,997,076.64** |
| | **See accompanying notes forming part of the financial statements** | **1 to 29** | | |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

***SD/-***
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

***SD/-***
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

***SD/-***
**PRATIMA P. SHAH**
***(DIRECTOR)***

***SD/-***
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

## Statement of Profit and Loss for the year ended 30 June, 2012

| | Particulars | Note No. | For the year ended 30th June, 2012 Amount ₹ | For the year ended 30th June, 2011 Amount ₹ |
|---|---|---|---|---|
| A | **CONTINUING OPERATIONS** | | | |
| 1 | Revenue from operations (gross) | 21 | 6,789,110,353.59 | 5,812,556,108.67 |
| | Less: Excise duty | | 45,402,048.37 | 32,438,304.00 |
| | Revenue from operations (net) | | 6,743,708,305.22 | 5,780,117,804.67 |
| 2 | Other income | 22 | 20,781,853.00 | 10,174,680.76 |
| 3 | **Total revenue (1 ± 2)** | | **6,764,490,158.22** | **5,790,292,485.43** |
| 4 | **Expenses** | | | |
| | (a) Cost of materials consumed | 23 | 4,676,393,061.58 | 3,777,434,367.29 |
| | (b) Purchases of stock-in-trade | | 759,369,846.00 | 880,082,439.00 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade & stores & spares | 24 | (338,564,437.58) | (90,615,070.44) |
| | (d) Employee benefits expense | 25 | 161,260,590.25 | 126,908,205.50 |
| | (e) Finance costs | 26 | 397,561,484.39 | 274,278,926.53 |
| | (f) Depreciation and amortisation expense | | 128,195,865.29 | 110,421,052.27 |
| | (g) Other expenses | 27 | 356,414,042.18 | 263,376,180.54 |
| | **Total expenses** | | **6,140,630,452.11** | **5,341,886,100.69** |
| 5 | **Profit / (Loss) before exceptional and extraordinary items and tax (3 ± 4)** | | 623,859,706.11 | 448,406,384.74 |
| 6 | Exceptional items | 28 | (50,312,292.98) | - |
| 7 | **Profit / (Loss) before extraordinary items and tax (5 ± 6)** | | 573,547,413.13 | 448,406,384.74 |
| 8 | Extraordinary items | | - | - |
| 9 | **Profit / (Loss) before tax (7 ± 8)** | | 573,547,413.13 | 448,406,384.74 |
| 10 | Tax expense: | | | |
| | (a) Current tax expense for current year | | 110,000,000.00 | 65,000,000.00 |
| | (b) Deferred tax | | 11,140,061.26 | 2,862,831.00 |
| | | | **121,140,061.26** | **67,862,831.00** |
| 11 | **Profit / (Loss) for the year (9 ± 10)** | | **452,407,351.87** | **380,543,553.74** |
| | **Earnings per Equity share (Nominal Value of share ₹ 10/- each):** | | | |
| | **(a) Basic** | | 17.29 | 14.54 |
| | **(b) Diluted** | | 17.29 | 14.54 |
| | **See accompanying notes forming part of the financial statements** | **1 to 29** | | |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

***SD/-***
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

***SD/-***
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

***SD/-***
**PRATIMA P. SHAH**
***(DIRECTOR)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

***SD/-***
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

## Cash Flow Statement for the year ended 30 June, 2012

| | Particulars | For the year ended 30th June, 2012 | | For the year ended 30th June, 2011 | |
|---|---|---|---|---|---|
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| A | **Cash flow from operating activities** | | | | |
| | Net Profit / (Loss) before extraordinary items and tax | | 623,859,706.11 | | 448,406,384.74 |
| | *Adjustments for:* | | | | |
| | Depreciation and amortisation | 128,195,865.29 | | 110,421,052.27 | |
| | Provision for impairment of fixed assets and intangibles | - | | | |
| | Amortisation of share issue expenses and discount on shares | 4,652,448.76 | | 4,870,131.15 | |
| | (Profit) / loss on sale / write off of assets | (50,312,292.98) | | - | |
| | Expense on employee stock option scheme | - | | | |
| | Finance costs | 397,561,484.39 | | 274,278,926.53 | |
| | | | 480,097,505.46 | | 389,570,109.95 |
| | Operating profit / (loss) before working capital changes | | 1,103,957,211.57 | | 837,976,494.69 |
| | *Changes in working capital:* | | | | |
| | Adjustments for (increase) / decrease in operating assets: | | | | |
| | Inventories | (809,579,164.00) | | (382,775,543.33) | |
| | Trade receivables | (449,335,775.15) | | (313,878,118.24) | |
| | Short-term loans and advances | (239,059,900.19) | | (83,277,048.79) | |
| | Long-term loans and advances | (8,567,412.33) | | (45,017,783.74) | |
| | Adjustments for increase / (decrease) in operating liabilities: | | | | |
| | Trade payables | 30,385,019.87 | | 37,434,806.17 | |
| | Other current liabilities | 132,729,124.63 | | 1,089,075.58 | |
| | Other long-term liabilities | 122,379,977.99 | | - | |
| | Short-term provisions | 15,760,206.77 | | 12,041,725.23 | |
| | | | (1,205,287,922.41) | | (774,382,887.12) |
| | | | (101,330,710.84) | | 63,593,607.57 |
| | Cash generated from operations | | | | |
| | Provision of Tax | | (110,000,000.00) | | (65,000,000.00) |
| | **Net cash flow from / (used in) operating activities (A)** | | **(211,330,710.84)** | | **(1,406,392.43)** |
| B. | **Cash flow from investing activities** | | | | |
| | Capital expenditure on fixed assets, including capital advances | (501,225,719.55) | | (309,606,305.00) | |
| | Proceeds from sale of fixed assets | 77,843,292.98 | | | |
| | Non current Investment made | | | (47,500.00) | |
| | Loans given | | | | |
| | - Subsidiaries | (107,842,042.00) | | (38,309,833.58) | |
| | - Associates | (52,236,548.00) | | (140,016,467.00) | |
| | | | (583,461,016.57) | | (487,980,105.58) |
| | **Net cash flow from / (used in) investing activities (B)** | | **(583,461,016.57)** | | **(487,980,105.58)** |

## Cash Flow Statement for the year ended 30 June, 2012 (Cont.)

| | | | | |
|---|---|---|---|---|
| **C. Cash flow from financing activities** | | | | |
| Proceeds from long-term borrowings | 231,696,704.40 | | 257,624,891.19 | |
| Net increase / (decrease) in working capital borrowings | | | | |
| Proceeds from other short-term borrowings | 930,710,713.60 | | 618,249,939.79 | |
| Finance cost | (397561484.39) | | (274,278,926.53) | |
| Dividends paid | - | | (26,164,150.00) | |
| Tax on dividend | - | | (4,244,479.23) | |
| **Net cash flow from / (used in) financing activities (C)** | | **764,845,933.61** | | **571,187,275.22** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | | **(29,945,793.80)** | | **81,800,777.21** |
| Cash and cash equivalents at the beginning of the year | | 116,417,196.80 | | 34,616,419.59 |
| **Cash and cash equivalents at the end of the year** | | **86,471,403.00** | | **116,417,196.80** |
| **Cash and cash equivalents at the end of the year** | | **86,471,403.00** | | **116,417,196.80** |
| Comprises: | | | | |
| (a) Cash on hand | 2,358,892.00 | | 2,425,364.00 | |
| (b) Balances with banks | | | | |
| (i) In current accounts | 75,055,103.00 | | 83,261,601.80 | |
| (iii) In deposit accounts | 9,057,408.00 | | 30,730,231.00 | |
| | | 86,471,403.00 | | 116,417,196.80 |
| **See accompanying notes forming part of the financial statements** | | | | |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

*SD/-*
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

*SD/-*
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

*SD/-*
**PRATIMA P. SHAH**
***(DIRECTOR)***

*SD/-*
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

## Notes forming part of the financial statements

| Note | Particulars |
|---|---|
| 1 | **Corporate information** |
| | Amar Remedies Limited is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two(2) stock exchanges in India. The Company was incorporated on April 18, 1984 and is engaged in the business of Manufacuring and Trading of Ayurvedic Products and FMCG. |
| 2 | **Significant accounting policies** |
| 2.1 | **Basis of accounting and preparation of financial statements** |
| | These financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the provisions of the Companies Act, 1956 ('the Act'), the accounting principles generally accepted in India (Indian GAAP) and comply with the Accounting Standards notified under Section 211(3C) prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.<br>All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956 notified by MCA vide its Notification no. 447(E) dated 28th February, 2011. Based on the nature of Operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as less than 12 months for the purpose of current - non-current classification of assets and liabilities.<br>The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. |
| 2.2 | **Use of estimates** |
| | The Preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of Financial Statements and reported amounts of revenue and expenses during the reported period. Although such estimates are on a reasonable and prudent basis taking into account all available information, actual results could differ from estimates. Differences on account of revision of estimates / actual outcome and existing estimates are recognized prospectively once such results are known / materialized in accordance with the requirements of the respective accounting standard, as may be applicable. |
| 2.3 | **Inventories** |
| | Items of inventories are valued on the basis given below:<br>**Raw Materials and Packing Materials:** at Cost net of CENVAT/VAT computed on first-in -first out method.<br>**Work in process and Finished Goods:** at Cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in- process and the same or realizable value, whichever is lower in case of finish goods except physician samples which are valued at cost as computed above.<br>**Stores and Spares:** Stores and spares parts are valued at purchase cost. |
| 2.4 | **Cash and cash equivalents (for purposes of Cash Flow Statement)** |
| | Cash and Cash Equivalents for the purpose of cash flow statement comprises of cash at bank and in hand and bank deposit. |
| 2.5 | **Cash flow statement** |
| | Cash Flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, such as deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are separately mentioned. |
| 2.6 | **Depreciation and amortisation** |
| | Depreciation on fixed assets is provided using the written down value method and as per rate provided in the XIV schedule of the Companies Act, 1956,based on the useful life as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. |

| | |
|---|---|
| **2.7** | **Revenue recognition** |
| | Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Exports sale are recognized on the basis of Shipping/ Airway Bills. Sales stated are excluding sales tax and net of returns. |
| **2.8** | **Other income** |
| | Interest and other income is accounted on accrual basis. |
| **2.9** | **Tangible fixed assets** |
| | Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, non refundable taxes, borrowing costs, if capitalisation criteria are met and directly attributable cost of bringing the asset to its present location and condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.<br>Capital work-in-progress:<br>Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest. |
| **2.10** | **Intangible assets** |
| | Intangible fixed assets are recognised only if they are separately identifiable and the Company expects to receive the future economic benefits arising out of them and cost of the assets can be measured reliably. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. |
| **2.11** | **Foreign currency transactions and translations** |
| | Foreign currency assets and liabilities are translated at exchange rate prevailing on the last working day of accounting year. Gain or loss on the restatement of foreign currency transaction or on cancellation of forward contract if any is reflected in the Profit and Loss account except gain or loss relating to acquisition of fixed assets which is adjusted to the carrying cost of fixed assets.<br>Transaction in Foreign Currency is recorded in the Books of Account in Indian Rupee at the rate of exchange prevailing on the date of transaction. |
| **2.12** | **Investments** |
| | Investments that are readily realisable and intended to be held as on date of investment for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is recognised if it is other than temporary. |
| **2.13** | **Employee benefits** |
| | **a. Short Term Employee Benefits**<br>All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.<br>**b. Long Term Employee Benefits**<br>• Retirement Benefits in the for of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss account for the year/period when the contributions are due.<br>• Leave Encashment is recognized on the basis of payment at the end of the year |
| **2.14** | **Borrowing costs** |
| | Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are capitalised as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the year in which they are incurred. |
| **2.15** | **Segment reporting** |
| | The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate |

| | |
|---|---|
| | financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.<br>The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.<br>Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.<br>Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities". |
| **2.16** | **Earnings per share** |
| | Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate. |
| **2.17** | **Taxes on income** |
| | Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.<br>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.<br>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.<br>Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss. |
| **2.18** | **Research and development expenses** |
| | Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets. |

| 2.19 | **Provisions and contingencies** |
|---|---|
| | A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. |

**Note 3 Share capital**

| **Particulars** | **As at 30th June, 2012** | | **As at 30th June, 2011** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount ₹** | **Number of shares** | **Amount ₹** |
| (a) Authorised | | | | |
| Equity shares of ₹ 10/- each with voting rights | 50,000,000.00 | 500,000,000.00 | 50,000,000.00 | 500,000,000.00 |
| (b) Issued, Subscribed and fully paid up Equity shares of ₹ 10/- each with voting rights | 26,164,150.00 | 261,641,500.00 | 26,164,150.00 | 261,641,500.00 |
| **Total** | **26,164,150.00** | **261,641,500.00** | **26,164,150.00** | **261,641,500.00** |

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| **Particulars** | **As at 30th June, 2012** | | **As at 30th June, 2011** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount ₹** | **Number of shares** | **Amount ₹** |
| Equity shares with voting rights | | | | |
| Opening Balance | 26,164,150.00 | 261,641,500.00 | 26,164,150.00 | 261,641,500.00 |
| Add: Issued During the year | - | - | - | - |
| Less: Bought Back During the Year | - | - | - | - |
| Closing Balance | 26,164,150.00 | 261,641,500.00 | 26,164,150.00 | 261,641,500.00 |

(b) Details of shares held by each shareholder holding more than 5% shares:

| | **As at 30th June, 2012** | | **As at 30th June, 2011** | |
|---|---|---|---|---|
| **Class of shares / Name of shareholder** | **Number of shares held** | **% holding in that class of shares** | **Number of shares held** | **% holding in that class of shares** |
| Equity shares with voting rights | | | | |
| Sagar P. Shah | 6443261 | 24.63 | 6443361 | 25.39 |
| Pratima P. Shah | 4437626 | 16.96 | 4437626 | 16.96 |

The Company has only one class of shares referred to as Equity Shares having a par value of ₹ 10 each. Each holder of Equity Share is entitled to one vote per share held.The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

The Board of Directors, in their meeting on 28th November 2012 have not recommended any dividend for the year 2011-12.

During the year ended 30th June, 2011, the amount of per Share dividend recognised as distributions to Equity Shareholders was ₹ 2616.41 towards final dividend. The total dividend appropriation for the year ended 30th June, 2011 amounted to ₹ 2616.41 lakhs including dividend distribution tax of ₹ 42.44 lakhs.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts.The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

### Note 4 Reserves and Surplus

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Securities premium account | | |
| Opening balance | 275,000,000.00 | 275,000,000.00 |
| Add : Premium on shares issued during the year | - | - |
| Less : Utilised during the year for: | - | - |
| Closing balance | 275,000,000.00 | 275,000,000.00 |
| (b) Revaluation reserve | | |
| Opening balance | 11,527,532.50 | 12,159,341.50 |
| Add: Addition on revaluations during the year | - | - |
| Less: Utilised for set off against depreciation | 568,628.00 | 631,809.00 |
| Written back/other utilisations during the year (give details) | - | - |
| Closing balance | 10,958,904.50 | 11,527,532.50 |
| (c) General reserve | | |
| Opening balance | 120,000,000.00 | 90,000,000.00 |
| Add: Transferred from surplus in Statement of Profit and Loss | 30,000,000.00 | 30,000,000.00 |
| Less: Utilised / transferred during the year for: | - | - |
| Closing balance | 150,000,000.00 | 120,000,000.00 |
| (d) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening balance | 1,491,415,132.64 | 1,171,280,208.13 |
| Add: Profit / (Loss) for the year | 452,407,351.87 | 380,543,553.74 |
| Less: Dividends proposed to be distributed to equity shareholders ( ₹ 1/- per share) | - | 26,164,150.00 |
| Tax on dividend | - | 4,244,479.23 |
| Transferred to: | | |
| General reserve | 30,000,000.00 | 30,000,000.00 |
| Closing balance | 1,913,822,484.51 | 1,491,415,132.64 |
| **Total** | **2,349,781,389.01** | **1,897,942,665.14** |

### Note 5 Long-term borrowings

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Term loans | | |
| From banks | | |
| Secured | 253,491,996.00 | 152,476,726.00 |
| (b) Commercial Loan | | |
| Secured | | |
| Vehicles Loan | 1,900,864.02 | 3,024,410.06 |
| (c) Other Borrowings | | |
| Unsecured | | |
| From Bank | 251,518,679.43 | 119,713,699.00 |
| **Total** | **506,911,539.45** | **275,214,835.06** |

**Details of Terms Loan**

**Nature of Security**

Term Loan aggregating to ₹ 391491996/- are secured by way of first charge on moveable & immoveable assets of the present and future of the company.

**Rate of Interest**

Rate of Interest on above term loan varies from 14% to 15%

**Repayment Terms**

The above Term loan will be repayable in structure monthly installment within five years from the date of disbursement.

**Details of Vehicle Loan**

**Nature of Security**

Term Loan aggregating to ₹. 4508637.02/- are secured by way of first charge on Vehicle assets of the present and future of the company.

**Rate of Interest**

Rate of Interest on above Vehicle loan varies from 14% to 15%

**Repayment Terms**

The above Vehicle Loan will be repayable in structure monthly installment within five years from the date of disbursement.

**Note 6 Deferred Tax Liability**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| on Difference between book balance and tax balance of fixed assets | | |
| Opening Balance | 6,106,586.00 | 3,243,755.00 |
| Add: Addition During the Year | 11,140,061.26 | 2,862,831.00 |
| **Closing Balance** | **17,246,647.26** | **6,106,586.00** |

**Note 7 Other long-term liabilities**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Others: | | |
| (i) from Promoters | 122,379,977.99 | - |
| **Total** | **122,379,977.99** | **-** |

**Note 8 Short-term borrowings**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Loans repayable on demand | | |
| **From Banks** | | |
| Secured - Cash Credit | 2,121,807,835.34 | 1,616,385,404.32 |
| Unsecured | 1,025,516,014.58 | 600,227,732.00 |
| **Total** | **3,147,323,849.92** | **2,216,613,136.32** |

**Details of Cash Credit**

**Nature of Security**

Cash Credit facilities are Secured by mortgage of fixed assets of the Company and hypothecation of inventories and Book Debts of the company, both present and future, along with mortgage flat of promoters.

**Rate of Interest**

Rate of Interest on above varies from 13.50% to 14.50%

### Note 9 Trade payables

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Trade payables: | | |
| Current - (refer Note No.29.2 ) | 159,750,181.47 | 129,365,161.60 |
| **Total** | **159,750,181.47** | **129,365,161.60** |

### Note 10 Other current liabilities

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| From Bank | | |
| Secured - Term Loan Repayment due within a Year | 138,000,000.00 | 3,000,000.00 |
| Secured -Vehicle loan Repayment due within a Year | 2,607,773.00 | 4,583,165.00 |
| Other payables | | |
| (i) Payables on purchase of fixed assets | 1,992,128.92 | 2,287,612.29 |
| **Total** | **142,599,901.92** | **9,870,777.29** |

### Note 11 Short-term provisions

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Provision - Others: | | |
| (i) Provision for tax | 110,000,000.00 | 65,000,000.00 |
| (ii) Provision for proposed equity dividend | - | 26,164,150.00 |
| (iii) Provision for tax on proposed dividends | - | 4,244,479.23 |
| (iv) Provision for Expenses | 11,002,622.00 | 9,833,786.00 |
| **Total** | **121,002,622.00** | **105,242,415.23** |

## Notes forming part of the financial statements
## Note 12 Fixed assets

| A | | Gross block | | | | Accumulated depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tangible assets | Balance as at 1 July, 2011 | Additions | Disposals | Balance as at 30 June, 2012 | Balance as at 1 July, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 30 June, 2012 | Balance as at 30 June, 2012 | Balance as at 30 June, 2011 |
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| | (a) Land | 111,692,142.00 | 88,014,808.55 | 2,562,731.00 | 197,144,219.55 | - | | | - | 197,144,219.55 | 111,692,142.00 |
| | (b) Buildings | 798,209,534.55 | 36,861,864.00 | 79,771,205.82 | 755,300,192.73 | 214,787,982.30 | 52,433,427.84 | 11,090,161.58 | 256,131,248.56 | 499,168,944.17 | 583,421,552.27 |
| | (c) Plant and Equipment | 363,558,509.12 | 257,941,585.00 | 7,142,924.72 | 614,357,169.40 | 96,551,502.64 | 43,045,031.52 | 543,406.98 | 139,053,127.18 | 475,304,042.22 | 267,007,006.48 |
| | (d) Furniture and Fixtures | 14,668,754.50 | 60,428,093.00 | - | 75,096,847.50 | 6,392,645.73 | 7,149,933.27 | - | 13,542,579.00 | 61,554,268.50 | 8,276,108.77 |
| | (e) Vehicles | 32,258,612.70 | - | - | 32,258,612.70 | 19,900,809.52 | 3,199,435.24 | - | 23,100,244.76 | 9,158,367.94 | 12,357,803.18 |
| | (f) Office Premises | 373,107,046.50 | 41,040,834.00 | - | 414,147,880.50 | 15,954,670.89 | 18,912,856.91 | - | 34,867,527.79 | 379,280,352.71 | 244,256,021.60 |
| | (g) Computer, | 8,159,121.59 | 515,073.00 | - | 8,674,194.59 | 6,792,055.83 | 711,340.90 | - | 7,503,396.74 | 1,170,797.85 | 1,367,065.76 |
| | (h)Telephone System | 1,325,252.00 | 1,023,657.00 | - | 2,348,909.00 | 908,322.50 | 185,751.60 | - | 1,094,074.10 | 1,254,834.90 | 416,929.50 |
| | (i)Air Condition | 1,181,284.77 | 1,523,698.00 | - | 2,704,982.77 | 759,492.32 | 164,644.53 | - | 924,136.84 | 1,780,845.93 | 421,792.45 |
| | (j)Rrefrigerator | 207,150.00 | - | - | 207,150.00 | 158,863.09 | 6,716.71 | - | 165,579.80 | 41,570.20 | 48,286.91 |
| | (k)Electrical Installation | 7,345,551.50 | 12,196,354.00 | - | 19,541,905.50 | 2,504,407.04 | 1,980,017.18 | - | 4,484,424.22 | 15,057,481.28 | 4,841,144.46 |
| | (l)Laboratory Instruments | 10,095,925.00 | - | - | 10,095,925.00 | 5,278,537.71 | 670,098.57 | - | 5,948,636.28 | 4,147,288.72 | 4,817,387.29 |
| | (m)Office Equipment | 1,099,760.00 | 85,031.00 | - | 1,184,791.00 | 542,612.06 | 83,413.18 | - | 626,025.25 | 558,765.75 | 557,147.94 |
| | **Total** | **1,722,908,644.23** | **499,630,997.55** | **89,476,861.54** | **2,133,062,780.24** | **370,531,901.62** | **128,542,667.46** | **11,633,568.56** | **487,441,000.52** | **1,645,621,779.71** | **1,239,480,388.61** |
| | **Previous year** | **1,413,302,339.23** | **196,709,951.00** | **-** | **1,610,012,290.23** | **259,479,040.35** | **111,052,861.27** | **-** | **370,531,901.62** | **1,239,480,388.61** | |

| B | | Gross block | | | | Accumulated depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Intangible assets | Balance as at 1 July, 2011 | Additions | Disposals | Balance as at 30 June, 2012 | Balance as at 1 July, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 30 June, 2012 | Balance as at 30 June, 2012 | Balance as at 30 June, 2011 |
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| | (a) Brands / trademarks | - | 1,594,722.00 | - | 1,594,722.00 | - | 221,825.83 | - | 221,825.83 | 1,372,896.17 | - |
| | **Total** | - | 1,594,722.00 | - | 1,594,722.00 | - | 221,825.83 | - | 221,825.83 | 1,372,896.17 | - |
| | **Previous year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |

| C. | Depreciation and amortisation relating to continuing operations: | | |
|---|---|---|---|
| | **Particulars** | **For the year ended 30 June, 2012** | **For the year ended 30 June, 2011** |
| | Depreciation and amortisation for the year on tangible assets | 128,542,667.46 | 111,052,861.27 |
| | Depreciation and amortisation for the year on intangible assets | 221,825.83 | - |
| | Less: Utilised from revaluation reserve | 568,628.00 | 631,809.00 |
| | **Depreciation and amortisation relating to continuing operations** | **128,195,865.29** | **110,421,052.27** |

**Note 13 Non-current investments-Long Term Investments valued at Cost**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Other investments- Non -Trade (Unquoted) | | |
| (i) Investment property (specify nature), (net off accumulated depreciation and impairment, if any) | | |
| 5 Equity shares of AED 1,00,000 each fully paid up in Amar Remedies FZE, UAE. | 6,520,000.00 | 6,520,000.00 |
| (ii) Investment in partnership firms The Nature's Co. | 47,500.00 | 47,500.00 |
| Aggregate amount of unquoted non- current Investments | **6,567,500.00** | **6,567,500.00** |

**Note 14 Long-term loans and advances**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Loans and advances to related parties | | |
| Unsecured, considered good | | |
| Subsidiary co. | 149,672,037.97 | 41,829,995.97 |
| Associate Firms | 192,253,015.00 | 140,016,467.00 |
| | **341,925,052.97** | **181,846,462.97** |
| (b) Other loans and advances | | |
| Advance to parties | 58,153,119.91 | 49,585,707.58 |
| | **58,153,119.91** | **49,585,707.58** |
| **Total** | **400,078,172.88** | **231,432,170.55** |

**Note 15 Other non-current assets**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Unamortized expenses | | |
| (i) Share issue expenses | 18,609,795.01 | 23,262,243.77 |
| | **18,609,795.01** | **23,262,243.77** |

**Note 16 Inventories**

(At lower of cost and net realisable value)

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Raw materials | 1,773,990,363.93 | 1,302,975,637.51 |
| (b) Work-in-progress | 47,656,469.69 | 32,699,228.27 |
| (c) Finished goods | 282,890,554.20 | 154,265,843.04 |
| (d) Stores and spares | 52,289,436.00 | 30,869,438.00 |
| (e) Stock in Trade | 173,562,487.00 | - - |
| **Total** | **2,330,389,310.82** | **1,520,810,146.82** |

### Note 17 Trade receivables

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Unsecured, considered good | 78,186,127.00 | 15,389,564.00 |
| Others | 78,186,127.00 | 15,389,564.00 |
| Unsecured, considered good | 1,765,189,620.42 | 1,378,650,408.27 |
| **Total** | **1,843,375,747.42** | **1,394,039,972.27** |

### Note 18 Cash and cash equivalents

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Cash on hand | 2,358,892.00 | 2,425,364.00 |
| (b) Balances with banks | | |
| (i) In current accounts | 75,055,103.00 | 83,261,601.80 |
| (ii) In deposit accounts | 9,057,408.00 | 30,730,231.00 |
| **Total** | **86,471,403.00** | **116,417,196.80** |

### Note 19 Short-term loans and advances

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Loans and advances to employees | | |
| Secured, considered good | | |
| Unsecured, considered good | 2,322,618.00 | 3,896,127.82 |
| | **2,322,618.00** | **3,896,127.82** |
| (b) Prepaid expenses | | |
| Unsecured, considered good | 106,342.77 | 65,720.46 |
| | **106,342.77** | **65,720.46** |
| (c) Balances with government authorities | | |
| Unsecured, considered good | 2,688,663.64 | 2,095,697.00 |
| | **2,688,663.64** | **2,095,697.00** |
| (d) Others -party | | |
| Unsecured, considered good | 485,828,253.60 | 244,254,922.72 |
| | **485,828,253.60** | **244,254,922.72** |
| **Total** | **493,268,496.01** | **254,208,595.82** |

### Note 20 Other current assets

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Others | | |
| (i) Keyman insurance | 2,882,508.00 | 2,882,508.00 |
| **Total** | **2,882,508.00** | **2,882,508.00** |

### Note 21 Revenue from operations

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Sale of products | 6,789,110,353.59 | 5,812,556,108.67 |
| Less: | | |
| (b) Excise duty | 45,402,048.37 | 32,438,304.00 |
| **Total** | **6,743,708,305.22** | **5,780,117,804.67** |

### Note 22 Other income

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Interest income | 7,741,899.00 | 4,483,883.33 |
| (b) Scrap Sales | 1,568,934.00 | 474,136.00 |
| (c) Net gain on foreign currency transactions and translation (other than considered as finance cost) | - | 1,711,351.89 |
| (d) DEPB License sale | 11,471,020.00 | 3,505,309.54 |
| **Total** | **20,781,853.00** | **10,174,680.76** |

### Note 23 Cost of materials consumed

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Opening stock | 1,302,975,637.51 | 1,010,815,164.62 |
| Add: Purchases | 5,147,407,788.00 | 4,069,594,840.18 |
| | 6,450,383,425.51 | 5,080,410,004.80 |
| Less: Closing stock | 1,773,990,363.93 | 1,302,975,637.51 |
| Cost of material consumed | **4,676,393,061.58** | **3,777,434,367.29** |

### Note 24.Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Inventories at the beginning of the year: | | |
| Finished goods | 154,265,843.04 | 118,812,102.48 |
| Work-in-progress | 32,699,228.27 | 8,407,336.39 |
| Stores & Spares | 30,869,438.00 | - |
| Stock-in-trade | - | - |
| | **217,834,509.31** | **127,219,438.87** |
| Inventories at the end of the year: | | |
| Finished goods | 282,890,554.20 | 154,265,843.04 |
| Work-in-progress | 47,656,469.69 | 32,699,228.27 |
| Stores & Spares | 52,289,436.00 | 30,869,438.00 |
| Stock-in-trade | 173,562,487.00 | - |
| | **556,398,946.89** | **217,834,509.31** |
| **Net (increase) / decrease** | **(338,564,437.58)** | **(90,615,070.44)** |

**Note 25 Employee benefits expense**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Salaries and wages | 159,398,752.25 | 124,950,658.00 |
| Staff welfare expenses | 1,861,838.00 | 1,957,547.50 |
| **Total** | **161,260,590.25** | **126,908,205.50** |

**Note 26 Finance costs**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (i) Interest Expenses and Bank Processing Fees/Charges | 397,561,484.39 | 274,278,926.53 |
| **Total** | **397,561,484.39** | **274,278,926.53** |

**Note 27 Other expenses**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Power and fuel | 39,446,789.48 | 30,573,472.50 |
| Repairs and maintenance - Machinery | 1,512,245.44 | 9,827,916.80 |
| Insurance | 1,071,156.52 | 1,188,097.00 |
| Rates and taxes | 18,115,745.00 | 8,715,262.00 |
| Communication | 2,469,579.15 | 3,073,116.21 |
| Travelling and conveyance | 22,914,087.00 | 20,330,348.50 |
| Printing and stationery | 1,696,037.00 | 2,154,159.25 |
| Freight and forwarding | 36,653,357.64 | 21,904,860.19 |
| Sales commission | 16,469,187.00 | 12,881,719.74 |
| Business promotion | 30,019,934.08 | 20,197,546.62 |
| Legal and professional | 12,880,036.10 | 13,537,321.00 |
| Payments to auditors (Refer Note (i) below) | 600,000.00 | 600,000.00 |
| Bad trade and other receivables, loans and advances written off | 30,464,731.00 | 14,692,358.00 |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | 22,066,392.00 | - |
| Amortisation of share issue expenses and discount on shares | 4,652,448.76 | 4,652,448.76 |
| Conveyance | 2,407,127.00 | 1,583,023.00 |
| Director & sitting fees | 3,280,000.00 | 4,255,000.00 |
| Legal & statutory expenses | 9,085,088.00 | 6,530,968.00 |
| Motor car expenses | 2,089,434.50 | 1,321,329.50 |
| Advertisement & publicity | 58,870,124.13 | 52,822,196.00 |
| Factory Expenses | 13,019,472.48 | 10,162,786.08 |
| Research & Development | 18,647,458.45 | 15,198,677.00 |
| Postate, Telephone & Telegram | 3,090,260.45 | 1,837,321.00 |
| Preliminary Expenses | - | 217,916.39 |
| Office Expenses | 3,337,082.00 | 2,590,491.00 |
| Miscellaneous expenses | 1,556,269.00 | 2,527,846.00 |
| **Total** | **356,414,042.18** | **263,376,180.54** |

**Note 27 Other expenses (contd.)**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| As auditors - statutory audit | 300,000.00 | 300,000.00 |
| For taxation matters | 200,000.00 | 200,000.00 |
| For other services | 100,000.00 | 100,000.00 |
| **Total** | **600,000.00** | **600,000.00** |

**Note 28 Exceptional items**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Loss on Sale of Fixed Assets Situated at 364, New GIDC, Katargam, Surat. | (50,312,292.98) | - |
| **Total** | **(50,312,292.98)** | **-** |

**Note 29 Additional information to the financial statements**

| Note | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|
| 29.1 | **Contingent liabilities and commitments (to the extent not provided for)** | | |
| (i) | Contingent liabilities | | |
| | (a) Guarantees | 15,580,000.00 | 15,000,000.00 |
| 29.2 | **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**<br>In the absence of information as regards to the status/classification of the relavant enterprises into Micro, Small and Medium Enterprises, information as required under Notification No. G.S.R. 719(E) dated 16.11.2007 issued by the Department of the Company Affairs in respect of the total amount payable and amount of interest thereon paid during the year and payable at the end of the year to the Sundry Creditors could not be disclosed. | | |
| 29.3 | **Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges**<br>Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties: | | |

| | Name of the party | Relationship | Amount outstanding as at 30th June, 2012 | Maximum balance outstanding during the year |
|---|---|---|---|---|
| | The Nature's Co. | Associates | 192,253,015.00 | 192,253,015.00 |
| | | | (140,016,467.00) | (140,016,467.00) |
| | Amar Remedies FZE | Wholly Owned Subsidiary | 149,672,037.97 | 149,672,037.97 |
| | | | (74,327,907.62) | (74,327,907.62) |
| | Note: Figures in bracket relate to the previous year. | | | |

| 29.4 | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|
| | **Expenditure in foreign currency :** | | |
| | Professional and consultation fees | 1,907,982.00 | 872,351.00 |

| | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|
| 29.5 | **Earnings in foreign exchange:** | | |
| | Export of goods calculated on FOB basis | 272,886,196.00 | 80,182,458.00 |

**29.6 Segment information**

**Segment wise Revenue Results for the year ended 30th June, 2012** (₹ in Lacs)

| | | STAND ALONE | | | | | CONSOLIDATION | |
|---|---|---|---|---|---|---|---|---|
| Sr. No. | Particulars | Quarter Ended 30.06.2012 (Audited) | Quarter Ended 31.03.2012 (Audited) | Quarter Ended 30.06.2011 (Audited) | Year Ended 30.06.2012 (Audited) | Year Ended 30.06.2011 (Audited) | Year Ended 30.03.2012 (Audited) | Year Ended 30.06.2011 (Audited) |
| **1** | **Segment Revenue** | | | | | | | |
| i | Oral Care | 10,290.39 | 9,525.76 | 8,386.80 | 38,445.18 | 34,696.81 | 38,620.18 | 34,696.81 |
| ii | Health Care | 4,686.89 | 4,405.37 | 4,676.69 | 17,307.04 | 14,303.55 | 17,392.04 | 14,303.55 |
| iii | Others | 3,132.02 | 2,997.80 | 2,606.88 | 11,684.86 | 8,800.82 | 12,424.84 | 10,699.29 |
| | **Total** | **18,109.30** | **16,928.93** | **15,670.37** | **67,437.08** | **57,801.18** | **68,437.06** | **59,699.65** |
| **2** | **Segment Results before Tax & Interest** | | | | | | | |
| i | Oral Care | 1,505.29 | 1,389.22 | 1,251.97 | 5,503.80 | 4,484.89 | 5,503.80 | 4,484.89 |
| ii | Health Care | 787.99 | 733.26 | 462.12 | 2,900.14 | 1,798.07 | 2,900.14 | 1,798.08 |
| iii | Others | 613.07 | 491.88 | 488.87 | 1,499.32 | 1,197.24 | 1,524.71 | 1,221.20 |
| | **Total** | **2,906.35** | **2,614.36** | **2,202.96** | **9,903.26** | **7,480.20** | **9,928.65** | **7,504.17** |
| | Add : Other Income | 14.96 | 46.93 | 70.03 | 207.81 | 101.74 | 207.86 | 104.05 |
| | Less : Interest | 1,158.84 | 1,036.92 | 948.70 | 3,975.61 | 2,742.79 | 3,976.42 | 2,743.44 |
| | Less : Other unallocable Expenditure net off | 104.66 | 102.43 | 94.16 | 399.99 | 355.09 | 399.99 | 355.09 |
| | **Profit Before Taxes** | **1,657.81** | **1,521.94** | **1,230.13** | **5,735.47** | **4,484.06** | **5,760.10** | **4,509.69** |

| | | |
|---|---|---|
| 29.7 | **Related party transactions** | |
| 29.7.a | **Details of related parties:** | |
| | **Description of relationship** | **Names of related parties** |
| | Key Management Personnel | Mrs. Natasha S. Shah<br>Mrs Pratima P. Shah<br>Mr. Pravin N. Shah<br>Mr. Sagar P. Shah |
| | Subsidiary Company | M/s. Amar Remedies FZE, UAE |
| | Associate Firm | M/s. The Nature's Co. |
| | Note: Related parties have been identified by the Management. | |

| | Details of related party transactions during the year ended 30th June, 2012 | | | | |
|---|---|---|---|---|---|
| 29.7.b | | **KMP** | **Subsidiary Company** | **Associate Firm** | **Total Amount ₹** |
| | Remuneration & Siting Fees | 3,280,000 | Nil | Nil | 3,280,000 |
| | | (4,255,000) | (Nil) | (Nil) | (4,255,000) |
| | Loans & Advances | | 107,842,043<br>(38,309,834) | 52,236,548<br>(140,016,467) | 160,078,591<br>(178,326,301) |
| | Investment made | | Nil | Nil | Nil |
| | | | (Nil) | (47,500) | (47,500) |
| | Unsecured Loan | 122,379,978 | Nil | Nil | 122,379,978 |
| | | (Nil) | (Nil) | (Nil) | (Nil) |
| | **Details of related party balances outstanding as at 30th June, 2012:** | | | | |
| | | **KMP** | **Subsidiary Company** | **Associate Firm** | **Total Amount ₹** |
| | Loans & Advances | | 149,672,037.97 | 192,253,015.00 | 341,925,053 |
| | | | (4,182,996.00) | (140,016,467.00) | (144,199,463) |
| | Investment made | | 6,520,000.00 | 47,500.00 | 6,567,500 |
| | | | (6,520,000.00) | (47,500.00) | (6,567,500) |
| | Unsecured Loan | 122379978 | Nil | Nil | 122,379,978 |
| | | (Nil) | (Nil) | (Nil) | (Nil) |
| | **Note: Figures in bracket relates to the previous year.** | | | | |

| Note | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|
| 29.8 | **Earnings per share** | | |
| | Less: Preference dividend and tax thereon | | |
| | Net profit / (loss) for the year attributable to the equity shareholders | 452407351.87 | 380543553.74 |
| | Weighted average number of equity shares-Basic | 26164150 | 26164150 |
| | Weighted average number of equity shares-Diluted | 26164150 | 26164150 |
| | Par value per share | 10 | 10 |
| | Earnings per share - Basic | 17.29 | 14.54 |
| | Earnings per share - Diluted | 17.29 | 14.54 |

| Note | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|
| 29.9 | **Deferred tax (liability) / asset** | | |
| | Tax effect of items constituting deferred tax liability | | |
| | On difference between book balance and tax balance of fixed assets | 11,140,061.26 | 2,862,831.00 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 29.10 | **Interest in Subsidiary Company** | | | | | | | |
| | **The Company has interests in the following Subsidiary Company** | | | | | | | Amount ₹ |
| | **Name of companies and country of incorporation** | **% of share-holding** | **Amount of interest based on accounts for the year ended 30 June, 2012** | | | | | |
| | | | **Assets** | **Liabilities** | **Income** | **Expenditure** | **Contingent liabilities** | **Capital commit-ments** |
| | Amar Remedies FZE, United Arab of Emirates | 100% | 189,781,060.29 | 189,781,060.29 | 100,002,498.15 | 97,539,944.80 | Nil | Nil |
| | | (100%) | (74,491,650.19) | (74,491,650.19) | (190,077,612.79) | (179,165,008.19) | (Nil) | (Nil) |
| | Note: Figures in brackets relate to the previous year | | | | | | | |
| | **Previous year's figures** | | | | | | | |
| **Note** | **Particulars** | | | | | | | |
| 29.11 | The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. | | | | | | | |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

***SD/-***
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

***SD/-***
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

***SD/-***
**PRATIMA P. SHAH**
***(DIRECTOR)***

***SD/-***
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

Additional Information in Pursuant to Part iv of the Schedule VI to the Companies Act, 1956.

Balance Sheet Abstracted and Company's General Business Profile

**I. Registration Details:**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| a) | Registration No. | : | 32687 | b) | State Code | : | 11 |
| c) | Balance Sheet Date | : | 30.06.2012 | | | | |

**II. Capital raised during the year ( Amount in ₹ Thousands):**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| a) | Public Issue | : | NIL | b) | Right Issue | : | NIL |
| c) | Bonus Issue | : | NIL | d) | Private Placement | : | NIL |

**III. Position of Moblisation and Development of Funds: (Amount in ₹ Thousands)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| a) | Total Liabilities | : | 6828638 | b) | Total Assets | : | 6828638 |
| c) | Sources of Fund | : | | | | | |
| i) | Paid Up Capital: | : | 261642 | ii) | Reserves & Surplus | : | 2349781 |
| iii) | Long Term Borrowings | : | 506912 | iv) | Other Long Term Liabilities | : | 122380 |
| v) | Deferred Tax | : | 17246 | iv) | Current Liabilities | : | 3570677 |
| d) | Application of Funds: | | | | | | |
| i) | Net Fixed Assets | : | 1646995 | ii) | Capital Work In Progress | : | Nil |
| iii) | Non Current Investments | : | 6568 | iv) | Long Term Loan & Advances | : | 400078 |
| v) | Other Non Current Assets | : | 18610 | vi) | Current Assets | : | 4756387 |
| vi) | Accumulated Losses | : | Nil | | | | |

**IV. Performance of the Company ( Amount in ₹ Thousands):**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| a) | Turnover ( Sales) | : | 6743708 | b) | Total Expenditure | : | 6140630 |
| c) | Profit Before Tax | : | 573547 | d) | Profit After Tax | : | 452407 |
| e) | Earnings per Share | : | 17.29 | f) | Dividend per Share | : | Nil |

**V. Generic Names of three principal products of the Company:**

| Sr. No. | Product | Description Item Code No.(ITC) |
|---|---|---|
| 1 | Tooth paste | 330610.02 |
| 2 | Tooth Powder | 330610.01 |
| 3 | Ointment | - |

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

***SD/-***
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

***SD/-***
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

***SD/-***
**PRATIMA P. SHAH**
***(DIRECTOR)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

***SD/-***
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

## AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENT

## TO THE BOARD OF DIRECTORS OF AMAR REMEDIES LIMITED

To,
The Board of Directors,
**Amar Remedies Limited**

1. We have audited the attached Consolidated Balance Sheet of Amar Remedies Limited and its subsidiary as at 30th June, 2012, the Consolidated Statement of Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We conducted our audit of Amar Remedies FZE, UAE in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Rao & Ross, Chartered International Accountant, UAE and have carried out such further checks as we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statement of Amar Remedies FZE included in the consolidated financial statements, which constitute total assets of ₹ 1897.81 Lacs as at June 30,2011, Total revenue of ₹ 1000.02 Lacs, Net profit of ₹ 24.63 Lacs, net cash flow amounting to ₹ 11.98 Lacs as for the year ended June 30,2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We Report that the consolidated financial statement have been prepared by the Group's Management in accordance with the requirements of Accounting Standard issued by the Institute of Chartered Accountants of India viz. Accounting Standard 21 ' Consolidated Financial Statements' and on the basis of the separate financial statements of Amar Remedies Limited and its subsidiary included in the consolidated financial statement.
5. Based on our audit and on consideration of the reports of other auditors on seperate financial statements and on other financial information of the component, in our opinion and to the best of the information and according to explanations given to us , the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:-

   i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Amar Remedies Limited and its subsidiary as at 30th June, 2012.

   ii) In the case of the Consolidated Statement of Profit and Loss Account, of the profit of the Amar Remedies Limited and its subsidiary for the year ended on that date.

   iii) In the case of Consolidated Cash Flow Statement, of the cash flow of the Amar Remedies Limited and its subsidiary for the year ended on that date.

**FOR SHYAM C. AGRAWAL & CO**
**CHARTERED ACCOUNTANTS**
**FIRMS REGISTRATION NO. 110243W**

**SD/-**
**SHYAM C. AGRAWAL**
**(PROPRIETOR)**
**(MEMBERSHIP NO. 31774)**

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

## Consolidation Balance Sheet as at 30 June, 2012

| | Particulars | Note No. | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|---|
| A | **EQUITY AND LIABILITIES** | | | |
| 1 | **Shareholders' funds** | | | |
| | (a) Share capital | 3 | 261,641,500.00 | 261,641,500.00 |
| | (b) Reserves and surplus | 4 | 2,373,033,147.96 | 1,914,988,860.60 |
| | | | **2,634,674,647.96** | **2,176,630,360.60** |
| 2 | **Non-current liabilities** | | | |
| | (a) Long-term borrowings | 5 | 506,911,539.45 | 275,214,835.06 |
| | (b) Deferred tax liabilities (net) | 6 | 17,246,647.26 | 6,106,586.00 |
| | (c) Other long-term liabilities | 7 | 122,379,977.99 | - |
| | | | **646,538,164.70** | **281,321,421.06** |
| 3 | **Current liabilities** | | | |
| | (a) Short-term borrowings | 8 | 3,147,323,849.92 | 2,216,613,136.32 |
| | (b) Trade payables | 9 | 169,767,908.97 | 138,460,620.36 |
| | (c) Other current liabilities | 10 | 142,599,901.92 | 9,870,777.29 |
| | (d) Short-term provisions | 11 | 121,322,157.87 | 105,242,415.23 |
| | | | **3,581,013,818.68** | **2,470,186,949.20** |
| | **TOTAL** | | **6,862,226,631.34** | **4,928,138,730.86** |
| B | **ASSETS** | | | |
| 1 | **Non-current assets** | | | |
| | (a) Fixed assets | 12 | | |
| | (i) Tangible assets | | 1,645,656,175.19 | 1,239,547,519.56 |
| | (ii) Intangible assets | | 1,372,896.17 | - |
| | (iii) Capital work-in-progress | | 42,119,483.54 | 142,151,488.48 |
| | | | **1,689,148,554.90** | **1,381,699,008.04** |
| | (b) Non-current investments | 13 | 47,500.00 | 47,500.00 |
| | (c) Long-term loans and advances | 14 | 250,406,134.91 | 189,602,174.58 |
| | (d) Other non-current assets | 15 | 18,609,795.01 | 23,262,243.77 |
| | | | **269,063,429.92** | **212,911,918.35** |
| 2 | **Current assets** | | | |
| | (a) Inventories | 16 | 2,330,389,310.82 | 1,524,998,760.18 |
| | (b) Trade receivables | 17 | 1,877,810,240.23 | 1,425,418,925.25 |
| | (c) Cash and cash equivalents | 18 | 87,668,926.21 | 120,152,043.06 |
| | (d) Short-term loans and advances | 19 | 605,263,661.26 | 260,075,567.98 |
| | (e) Other current assets | 20 | 2,882,508.00 | 2,882,508.00 |
| | | | **4,904,014,646.52** | **3,333,527,804.47** |
| | **TOTAL** | | **6,862,226,631.34** | **4,928,138,730.86** |
| | **See accompanying notes forming part of the financial statements** | **1 to 29** | | |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

*SD/-*
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

*SD/-*
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

*SD/-*
**PRATIMA P. SHAH**
***(DIRECTOR)***

*SD/-*
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

## Statement of Consolidation Profit and Loss for the year ended 30th June, 2012

| | Particulars | Note No. | For the year ended 30th June, 2012 Amount ₹ | For the year ended 30th June, 2011 Amount ₹ |
|---|---|---|---|---|
| A | **CONTINUING OPERATIONS** | | | |
| 1 | Revenue from operations (gross) | 21 | 6,889,108,573.44 | 6,002,403,206.59 |
| | Less: Excise duty | | 45,402,048.37 | 32,438,304.00 |
| | Revenue from operations (net) | | 6,843,706,525.07 | 5,969,964,902.59 |
| 2 | Other income | 22 | 20,786,131.30 | 10,405,195.63 |
| 3 | **Total revenue (1+2)** | | **6,864,492,656.37** | **5,980,370,098.22** |
| 4 | **Expenses** | | | |
| | (a) Cost of materials consumed | 23 | 4,676,393,061.58 | 3,777,434,367.29 |
| | (b) Purchases of stock-in-trade | | 847,756,344.43 | 1,055,609,284.39 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade & stores & spares | 24 | (334,375,824.22) | (94,803,683.80) |
| | (d) Employee benefits expense | 25 | 163,139,642.88 | 128,491,352.53 |
| | (e) Finance costs | 26 | 397,641,897.12 | 274,343,954.55 |
| | (f) Depreciation and amortisation expense | 27 | 128,228,600.76 | 110,448,097.50 |
| | (g) Other expenses | 28 | 359,386,674.36 | 269,527,736.42 |
| | **Total expenses** | | **6,238,170,396.91** | **5,521,051,108.88** |
| 5 | **Profit / (Loss) before exceptional and extraordinary items and tax (3 ± 4)** | | 626,322,259.46 | 459,318,989.34 |
| 6 | Exceptional items | 29 | (50,312,292.98) | - |
| 7 | **Profit / (Loss) before extraordinary items and tax (5 ± 6)** | | 576,009,966.48 | 459,318,989.34 |
| 8 | Extraordinary items | | - | - |
| 9 | **Profit / (Loss) before tax (7 ± 8)** | | 576,009,966.48 | 459,318,989.34 |
| 10 | **Tax expense:** | | | |
| | (a) Current tax expense for current year | | 110,000,000.00 | 65,000,000.00 |
| | (b) Deferred tax | | 11,140,061.26 | 2,862,831.00 |
| | | | 121,140,061.26 | 67,862,831.00 |
| 11 | **Profit / (Loss) for the year (9 ± 10)** | | **454,869,905.22** | **391,456,158.34** |
| | **Earnings per Equity share (Nominal Value of share ₹ 10/- each):** | | | |
| | **(a) Basic** | | 17.39 | 14.96 |
| | **(b) Diluted** | | 17.39 | 14.96 |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR* SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

*SD/-*
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

*SD/-*
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

*SD/-*
**PRATIMA P. SHAH**
***(DIRECTOR)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

*SD/-*
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

## Consolidation Cash Flow Statement for the year ended 30 June, 2012

| | Particulars | For the year ended 30th June, 2012 | | For the year ended 30th June, 2011 | |
|---|---|---|---|---|---|
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| A | **Cash flow from operating activities** | | | | |
| | Net Profit / (Loss) before extraordinary items and tax | | 626,322,259.46 | | 459,318,989.37 |
| | Adjustments for: | | | | |
| | Depreciation and amortization | 128,228,600.76 | | 110,448,097.48 | |
| | Provision for impairment of fixed assets and intangibles | - | | | |
| | Amortization of share issue expenses and discount on shares | 4,652,448.76 | | 4,870,131.15 | |
| | (Profit) / loss on sale / write off of assets | (50,312,292.98) | | - | |
| | Expense on employee stock option scheme | - | | | |
| | Finance costs | 397,641,897.12 | | 274,343,954.55 | |
| | | | 480,210,653.66 | | 389,662,183.18 |
| | Operating profit / (loss) before working capital changes | | 1,106,532,913.12 | | 848,981,172.55 |
| | Changes in working capital: | | | | |
| | Adjustments for (increase) / decrease in operating assets: | | | | |
| | Inventories | (805,390,550.64) | | (386,964,156.69) | |
| | Trade receivables | (452,391,314.98) | | (314,774,502.84) | |
| | Short-term loans and advances | (345,188,093.28) | | (82,893,494.81) | |
| | Long-term loans and advances | (8,567,412.33) | | (45,017,783.74) | |
| | Adjustments for increase / (decrease) in operating liabilities: | | | | |
| | Trade payables | 31,307,288.61 | | 14,270,079.37 | |
| | Other current liabilities | 132,729,124.63 | | 1,089,075.58 | |
| | Other long-term liabilities | 122,379,977.99 | | - | |
| | Short-term provisions | 16,079,742.64 | | 12,041,725.23 | |
| | | | (1,309,041,237.36) | | (802,249,057.90) |
| | | | (202,508,324.24) | | 46,732,114.65 |
| | Cash generated from operations | | | | |
| | Net income tax (paid) / refunds | | (110,000,000.00) | | (65,000,000.00) |
| | **Net cash flow from / (used in) operating activities (A)** | | **(312,508,324.24)** | | **(18,267,885.35)** |
| B. | **Cash flow from investing activities** | | | | |
| | Capital expenditure on fixed assets, including capital advances | (514,090,068.60) | | (330,707,015.84) | |
| | Proceeds from sale of fixed assets | 77,843,292.98 | | - | |
| | Non-current Investment made in Associate Company | - | | (47,500.00) | |
| | Loans given | | | | |
| | - Associates | (52,236,548.00) | | (140,016,467.00) | |
| | | | (488,483,323.62) | | (470,770,982.84) |
| | **Net cash flow from / (used in) investing activities (B)** | | **(488,483,323.62)** | | **(470,770,982.84)** |

## Consolidation Cash Flow Statement for the year ended 30 June, 2012 (Cont.)

| | | | | |
|---|---|---|---|---|
| **C. Cash flow from financing activities** | | | | |
| Proceeds from long-term borrowings | 231,696,704.40 | | 257,624,891.19 | |
| Net increase / (decrease) in working capital borrowings | | | | |
| Proceeds from other short-term borrowings | 930,710,713.60 | | 618,249,939.79 | |
| Finance cost | (397641897.12) | | (274343954.55) | |
| Changes in Foreign Exchange Fluctuation Reserve | 3,743,010.14 | | 137,004.93 | |
| Dividends paid | - | | (26,164,150.00) | |
| Tax on dividend | - | | (4244479.23) | |
| **Net cash flow from / (used in) financing activities (C)** | | **768,508,531.01** | | **571,259,252.13** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | | **(32,483,116.85)** | | **82,220,383.94** |
| Cash and cash equivalents at the beginning of the year | | 120,152,043.06 | | 37,931,659.12 |
| **Cash and cash equivalents at the end of the year** | | **87,668,926.21** | | **120,152,043.06** |
| **Cash and cash equivalents at the end of the year** | | **87,668,926.21** | | **120,152,043.06** |
| * Comprises: | | | | |
| (a) Cash on hand | 3,344,072.57 | | 5,137,529.01 | |
| (b) Balances with banks | | | | |
| (i) In current accounts | 75,267,445.64 | | 84,284,283.05 | |
| (iii) In deposit accounts | 9,057,408.00 | | 30,730,231.00 | |
| | | 87,668,926.21 | | 120,152,043.06 |
| **See accompanying notes forming part of the financial statements** | | | | |

**IN TERMS OF OUR REPORT ATTACHED.**

***FOR*** **SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

*SD/-*
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

*SD/-*
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

*SD/-*
**PRATIMA P. SHAH**
***(DIRECTOR)***

*SD/-*
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

### Notes forming part of the Consolidated financial statements

| Note | Particulars |
|---|---|
| 1 | **Corporate information** |
| | Amar Remedies Limited is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two(2) stock exchanges in India. The Company was incorporated on April 18, 1984. The consolidated financial statements relates to the company , its subsidiary Amar Remedies FZE, UAE.( collectively referred to as " The Group"). The Group is engaged in the business of Manufacturing, Trading & Marketing of Ayurvedic , FMCG Product and other items. |
| 2 | **Significant accounting policies** |
| 2.1 | **Basis of accounting and preparation of financial statements** |
| | These financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the provisions of the Companies Act, 1956 ('the Act'), the accounting principles generally accepted in India (Indian GAAP) and comply with the Accounting Standards notified under Section 211(3C) prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.<br>All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956 notified by MCA vide its Notification no. 447(E) dated 28th February, 2011. Based on the nature of Operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as less than 12 months for the purpose of current - non-current classification of assets and liabilities.<br>The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. |
| 2.2 | **Principles of Consolidation:** |
| | The Consolidated Financial Statement have been prepared in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statement'. The Consolidated Financial Statements are based on the audited financial statements of the subsidiary companies for the year ended on 30th June, 2012. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the holding Company's financial statements. The Subsidiaries are consolidated on a line-by-line basis in accordance with Accounting Standard 21 on "Consolidated Financial Statements". Intercompany transactions and balances are eliminated on consolidation. The excess of the cost of investment in Subsidiary Companies over the parent's portion of equity is recognized in the financial statements as goodwill. When the cost to the parent of its investment in Subsidiary Companies is less than the parent's portion of Equity, the difference is recognized in the financial statements as Capital Reserve.<br>The Subsidiary Companies considered in the preparation of their consolidated financial statements is as follows.<br>Amar Remedies FZE incorporated in Ras-Al-Khaimah,United Arab of Emirates as wholly owned subsidiary company on November 17,2008. The Period of Subsidiary company is from July 2011 to June 2012 for consolidation purpose. |
| 2.3 | **Use of Estimates** |
| | The Preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of Financial Statements and reported amounts of revenue and expenses during the reported period. Although such estimates are on a reasonable and prudent basis taking into account all available information, actual results could differ from estimates. Differences on account of revision of estimates / actual outcome and existing estimates are recognised prospectively once such results are known / materialised in accordance with the requirements of the respective accounting standard, as may be applicable. |

| | |
|---|---|
| **2.4** | **Inventories** |
| | Items of inventories are valued on the basis given below:<br>**Raw Materials and Packing Materials:** at Cost net of CENVAT/VAT computed on first-in -first out method.<br>**Work in process and Finished Goods:** at Cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in- process and the same or realizable value, whichever is lower in case of finish goods except physician samples which are valued at cost as computed above.<br>**Stores and Spares:** Stores and spares parts are valued at purchase cost. |
| **2.5** | **Cash and cash equivalents (for purposes of Cash Flow Statement)** |
| | Cash and Cash Equivalents for the purpose of cash flow statement comprises of cash at bank and in hand and bank deposit |
| **2.6** | **Cash flow statement** |
| | Cash Flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, such as deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are separately mentioned. |
| **2.7** | **Depreciation and amortization** |
| | Depreciation on fixed assets is provided using the written down value method and as per rate provided in the XIV schedule of the Companies Act, 1956,based on the useful life as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. |
| **2.8** | **Revenue recognition** |
| | Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Exports sale are recognized on the basis of Shipping/ Airway Bills. Sales stated are excluding sales tax and net of returns. |
| **2.9** | **Other income** |
| | Interest and other income is accounted on accrual basis. |
| **2.10** | **Tangible fixed assets** |
| | Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, non refundable taxes, borrowing costs, if capitalization criteria are met and directly attributable cost of bringing the asset to its present location and condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. |
| | **Capital work-in-progress:** |
| | Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest. |
| **2.11** | **Intangible assets** |
| | Intangible fixed assets are recognized only if they are separately identifiable and the Company expects to receive the future economic benefits arising out of them and cost of the assets can be measured reliably. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. |
| **2.12** | **Foreign currency transactions and translations** |
| | Foreign currency assets and liabilities are translated at exchange rate prevailing on the last working day of accounting year. Gain or loss on the restatement of foreign currency transaction or on cancellation of forward contract if any is reflected in the Profit and Loss account except gain or loss relating to acquisition of fixed assets which is adjusted to the carrying cost of fixed assets.<br>Transaction in Foreign Currency is recorded in the Books of Account in Indian Rupee at the rate of exchange prevailing on the date of transaction.<br>For the Preparation and the Translation of Financial Statements of the Subsidiary Company, the Translation into Indian Rupee is done in accordance with AS-11 ( Revised the Effect of changes in Foreign Exchange Rate issued by the ICAI, which is mandatory w.e.f. 01.04.2004). The resultant Foreign Exchange Fluctuation |

| | |
|---|---|
| | Reserve is shown separately under Reserve and Surplus. The Assets, Liabilities, Income and Expenditure Translated at Closing rate. For the purpose of conversion of local currency (AED) into Indian Currency(INR), the exchange rate applied prevailing as on June 30,2012 |
| **2.13** | **Investments** |
| | Investments that are readily realizable and intended to be held as on date of investment for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is recognized if it is other than temporary. |
| **2.14** | **Employee benefits** |
| | **a. Short Term Employee Benefits**<br>All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service. |
| | **b. Long Term Employee Benefits** |
| | • Retirement Benefits in the for of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss account for the year/period when the contributions are due. |
| | • Leave Encashment is recognized on the basis of payment at the end of the year |
| **2.15** | **Borrowing costs** |
| | Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are capitalised as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the year in which they are incurred. |
| **2.16** | **Segment reporting** |
| | The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.<br>The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.<br>Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.<br>Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities". |
| **2.17** | **Earnings per share** |
| | Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate. |

| | |
|---|---|
| **2.18** | **Taxes on income** |
| | Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.<br>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.<br>Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.<br>Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss. |
| **2.19** | **Research and Development expenses** |
| | Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets. |
| **2.20** | **Provisions and contingencies** |
| | A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. |

**Note 3 Share capital**

| Particulars | As at 30th June, 2012 | | As at 30th June, 2011 | |
|---|---|---|---|---|
| | Number of shares | Amount ₹ | Number of shares | Amount ₹ |
| (a) Authorised<br>Equity shares of ₹ 10/- each with voting rights | 50,000,000.00 | 500,000,000.00 | 50,000,000.00 | 500,000,000.00 |
| (b) Issued, Subscribed and fully paid up Equity shares of ₹ 10/- each with voting rights | 26,164,150.00 | 261,641,500.00 | 26,164,150.00 | 261,641,500.00 |
| **Total** | **26,164,150.00** | **261,641,500.00** | **26,164,150.00** | **261,641,500.00** |

(A) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | As at 30th June, 2012 | | As at 30th June, 2011 | |
|---|---|---|---|---|
| | Number of shares | Amount ₹ | Number of shares | Amount ₹ |
| Equity shares with voting rights | | | | |
| **Opening Balance** | 26,164,150.00 | 261,641,500.00 | 26,164,150.00 | 261,641,500.00 |
| Add: Issued During the year | - | - | - | - |
| Less: Bought Back During the Year | - | - | - | - |
| **Closing Balance** | 26,164,150.00 | 261,641,500.00 | 26,164,150.00 | 261,641,500.00 |

(B) Details of shares held by each shareholder holding more than 5% shares:

| | As at 30th June, 2012 | | As at 30th June, 2011 | |
|---|---|---|---|---|
| **Class of shares / Name of shareholder** | **Number of shares held** | **% holding in that class of shares** | **Number of shares held** | **% holding in that class of shares** |
| Equity shares with voting rights | | | | |
| Sagar P. Shah | 6443261 | 24.63 | 6443361 | 25.39 |
| Pratima P. Shah | 4437626 | 16.96 | 4437626 | 16.96 |

**Note 4 Reserves and surplus**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Securities premium account | | |
| Opening balance | 275,000,000.00 | 275,000,000.00 |
| Add : Premium on shares issued during the year | - | - |
| Less : Utilised during the year for: | - | - |
| Closing balance | 275,000,000.00 | 275,000,000.00 |
| (b) Revaluation reserve | | |
| Opening balance | 11,527,532.50 | 12,159,341.50 |
| Add: Addition on revaluations during the year | - | - |
| Less: Utilised for set off against depreciation | 568,628.00 | 631,809.00 |
| Closing balance | 10,958,904.50 | 11,527,532.50 |
| (c) General reserve | | |
| Opening balance | 120,000,000.00 | 90,000,000.00 |
| Add: Transferred from surplus in Statement of Profit and Loss | 30,000,000.00 | 30,000,000.00 |
| Less: Utilised / transferred during the year for: | - | - |
| Closing balance | 150,000,000.00 | 120,000,000.00 |
| (d) Capital Fluctuation Reserve | | |
| Opening balance | (47,194.64) | 15,800.43 |
| Add: Additions / transfers during the year | 3,743,010.14 | - |
| Less: Utilisations / transfers during the year | - | (62,995.07) |
| Closing balance | 3,695,815.50 | (47,194.64) |
| (e) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening balance | 1,508,508,522.74 | 1,177,460,993.63 |
| Add: Profit / (Loss) for the year | 454,869,905.22 | 391,456,158.34 |

| | | |
|---|---|---|
| Less: Dividends proposed to be distributed to equity shareholders (₹ 1/- per share) | - | 26,164,150.00 |
| Tax on dividend | - | 4,244,479.23 |
| Transferred to: | | |
| General reserve | 30,000,000.00 | 30,000,000.00 |
| **Closing balance** | **1,933,378,427.96** | **1,508,508,522.74** |
| **Total** | **2,373,033,147.96** | **1,914,988,860.60** |

**Note 5 Long-term borrowings**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Term loans | | |
| From banks | | |
| Secured | 253,491,996.00 | 152,476,726.00 |
| (b) Commercial Loan | | |
| Secured | | |
| Vehicles Loan | 1,900,864.02 | 3,024,410.06 |
| (c) Other Borrowings | | |
| Unsecured | | |
| From Bank | 251,518,679.43 | 119,713,699.00 |
| **Total** | **506,911,539.45** | **275,214,835.06** |

**Details of Terms Loan**

**Nature of Security**

Term Loan agreegating to ₹ 391491996/- are secured by way of first charge on moveable & immoveable assets of the present and future of the company.

**Rate of Interest**

Rate of Interest on above term loan varies from 14% to 15%

**Repayment Terms**

The above Term loan will be repayable in structure monthly installment within five years from the date of disbursement.

**Details of Vehicle Loan**

**Nature of Security**

TermLoan aggregating to ₹ 4508637.02/- are secured by way of first charge on Vehicle assets of the present and future of the company.

**Rate of Interest**

Rate of Interest on above Vehicle loan varies from 13% to 14%

**Repayment Terms**

The above Vehicle Loan will be repayable in structure monthly installment within five years from the date of disbursement.

**Note 6 Deferred Tax Liability**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| **on Difference between book balance and tax balance of fixed assets** | | |
| Opening Balance | 6,106,586.00 | 3,243,755.00 |
| Add: Addition During the Year | 11,140,061.26 | 2,862,831.00 |
| **Closing Balance** | **17,246,647.26** | **6,106,586.00** |

Note 7 Other long-term liabilities

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (b) Others: | | |
| (a) from Promoters | 122,379,977.99 | - |
| **Total** | **122,379,977.99** | **-** |

Note 8 Short-term borrowings

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Loans repayable on demand | | |
| **From Banks** | | |
| Secured - Cash Credit | 2,121,807,835.34 | 1,616,385,404.32 |
| Unsecured | 1,025,516,014.58 | 600,227,732.00 |
| **Total** | **3,147,323,849.92** | **2,216,613,136.32** |

**Details of Cash Credit**

**Nature of Security**

Cash Credit facilities are Secured by hypothecation of inventories and Book Debts of the company, both present and future.

**Rate of Interest**

Rate of Interest on above term loan varies from 14% to 15%

Note 9 Trade payables

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Trade payables: | | |
| Current - (refer Note No.29.2 ) | 169,767,908.97 | 138,460,620.36 |
| **Total** | **169,767,908.97** | **138,460,620.36** |

Note 10 Other current liabilities

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| From Bank | | |
| Secured - Term Loan Repayment due within a Year | 138,000,000.00 | 3,000,000.00 |
| Secured -Vehicle loan Repayment due within a Year | 2,607,773.00 | 4,583,165.00 |
| Other payables | | |
| (i) Payables on purchase of fixed assets | 1,992,128.92 | 2,287,612.29 |
| **Total** | **142,599,901.92** | **9,870,777.29** |

Note 11 Short-term provisions

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Provision - Others: | | |
| (i) Provision for tax | 110,000,000.00 | 65,000,000.00 |
| (ii) Provision for proposed equity dividend | - | 26,164,150.00 |
| (iii) Provision for tax on proposed dividends | - | 4,244,479.23 |
| (iv) Provision for Expenses | 11,322,157.87 | 9,833,786.00 |
| **Total** | **121,322,157.87** | **105,242,415.23** |

## Notes forming part of the consolidated financial statements
## Note 12 Fixed assets

| A | | Gross block | | | | Accumulated depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tangible assets | Balance as at 1 July, 2011 | Additions | Disposals | Balance as at 30 June, 2012 | Balance as at 1 July, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 30 June, 2012 | Balance as at 30 June, 2012 | Balance as at 30 June, 2011 |
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| | (a) Land | 111,692,142.00 | 88,014,808.55 | 2,562,731.00 | 197,144,219.55 | - | | | - | 197,144,219.55 | 111,692,142.00 |
| | (b) Buildings | 798,209,534.55 | 36,861,864.00 | 79,771,205.82 | 755,300,192.73 | 214,787,982.30 | 52,433,427.84 | 11,090,161.58 | 256,131,248.56 | 499,168,944.17 | 583,421,552.27 |
| | (c) Plant and Equipment | 363,558,509.12 | 257,941,585.00 | 7,142,924.72 | 614,357,169.40 | 96,551,502.64 | 43,045,031.52 | 543,406.98 | 139,053,127.18 | 475,304,042.22 | 267,007,006.48 |
| | (d) Furniture and Fixtures | 14,668,754.50 | 60,428,093.00 | - | 75,096,847.50 | 6,392,645.73 | 7,149,933.27 | - | 13,542,579.00 | 61,554,268.50 | 8,276,108.75 |
| | (e) Vehicles | 32,258,612.70 | - | - | 32,258,612.70 | 19,900,809.52 | 3,199,435.24 | - | 23,100,244.76 | 9,158,367.94 | 12,357,803.18 |
| | (f) Office Premises | 373,107,046.50 | 41,040,834.00 | - | 414,147,880.50 | 15,954,670.89 | 18,912,856.91 | - | 34,867,527.79 | 379,280,352.71 | 244,256,021.62 |
| | (g) Computer, | 8,264,338.30 | 515,073.00 | - | 8,779,411.30 | 6,830,141.59 | 744,076.37 | - | 7,574,217.96 | 1,205,193.34 | 1,434,196.71 |
| | (h)Telephone System | 1,325,252.00 | 1,023,657.00 | - | 2,348,909.00 | 908,322.50 | 185,751.60 | - | 1,094,074.10 | 1,254,834.90 | 416,929.50 |
| | (i) Air Condition | 1,181,284.77 | 1,523,698.00 | - | 2,704,982.77 | 759,492.32 | 164,644.53 | - | 924,136.84 | 1,780,845.93 | 421,792.45 |
| | (j) Rrefrigerator | 207,150.00 | - | - | 207,150.00 | 158,863.09 | 6,716.71 | - | 165,579.80 | 41,570.20 | 48,286.91 |
| | (k) Electrical Installation | 7,345,551.50 | 12,196,354.00 | - | 19,541,905.50 | 2,504,407.04 | 1,980,017.18 | - | 4,484,424.22 | 15,057,481.28 | 4,841,144.46 |
| | (l) Laboratory Instruments | 10,095,925.00 | - | - | 10,095,925.00 | 5,278,537.71 | 670,098.57 | - | 5,948,636.28 | 4,147,288.72 | 4,817,387.29 |
| | (m) Office Equipment | 1,099,760.00 | 85,031.00 | - | 1,184,791.00 | 542,612.06 | 83,413.18 | - | 626,025.25 | 558,765.75 | 557,147.94 |
| | Total | 1,723,013,860.94 | 499,630,997.55 | 89,476,861.54 | 2,133,167,996.95 | 370,569,987.38 | 128,575,402.93 | 11,633,568.56 | 487,511,821.75 | 1,645,656,175.19 | 1,239,547,519.56 |
| | Previous year | 1,413,358,005.79 | 196,759,501.15 | - | 1,610,117,506.94 | 259,490,080.88 | 111,079,906.50 | - | 370,569,987.36 | 1,239,547,519.56 | |
| B | | Gross block | | | | Accumulated depreciation | | | | Net Block | |
| | Intangible assets | Balance as at 1 July, 2011 | Additions | Disposals | Balance as at 30 June, 2012 | Balance as at 1 July, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 30 June, 2012 | Balance as at 30 June, 2012 | Balance as at 30 June, 2011 |
| | | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ | Amount ₹ |
| | (a) Brands / trademarks | - | 1,594,722.00 | - | 1,594,722.00 | - | 221,825.83 | - | 221,825.83 | 1,372,896.17 | - |
| | **Total** | - | 1,594,722.00 | - | 1,594,722.00 | - | 221,825.83 | - | 221,825.83 | 1,372,896.17 | - |
| | **Previous year** | - | - | - | - | - | - | - | - | - | |

| C. | Depreciation and amortisation relating to continuing operations: | | |
|---|---|---|---|
| | **Particulars** | **For the year ended 30 June, 2012** | **For the year ended 30 June, 2011** |
| | Depreciation and amortisation for the year on tangible assets | 128,575,402.93 | 111,079,906.50 |
| | Depreciation and amortisation for the year on intangible assets | 221,825.83 | - |
| | Less: Utilised from revaluation reserve | 568,628.00 | 631,809.00 |
| | Depreciation and amortisation relating to continuing operations | 128,228,600.76 | 110,448,097.50 |

## Note 13 Non-current investments-Long Term Investments valued at Cost

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| A Other investments- Non -Trade (Unquoted) | | |
| (a) Investment in partnership firm - The Nature's Co. | 47,500.00 | 47,500.00 |
| Aggregate amount of unquoted non- current Investments | **47,500.00** | **47,500.00** |

## Note 14 Long-term loans and advances

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Loans and advances to related parties | | |
| Unsecured, considered good | | |
| Associate Firms | 192,253,015.00 | 140,016,467.00 |
| (b) Other loans and advances | | |
| Advance to parties | 58,153,119.91 | 49,585,707.58 |
| **Total** | **250,406,134.91** | **189,602,174.58** |

## Note 15 Other non-current assets

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Unamortized expenses | | |
| (i) Share issue expenses | 18,609,795.01 | 23,262,243.77 |
| | **18,609,795.01** | **23,262,243.77** |

## Note 16 Inventories

(At lower of cost and net realisable value)

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Raw materials | 1,773,990,363.93 | 1,302,975,637.51 |
| (b) Work-in-progress | 47,656,469.69 | 32,699,228.27 |
| (c) Finished goods | 282,890,554.20 | 154,265,843.04 |
| (d) Stores and spares | 52,289,436.00 | 30,869,438.00 |
| (e) Stock in Trade | 173,562,487.00 | 4,188,613.36 |
| **Total** | **2,330,389,310.82** | **1,524,998,760.18** |

## Note 17 Trade receivables

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Unsecured, considered good | 78,186,127.00 | 15,389,564.00 |
| | 78,186,127.00 | 15,389,564.00 |
| Others | | |
| Unsecured, considered good | 1,799,624,113.23 | 1,410,029,361.25 |
| **Total** | **1,877,810,240.23** | **1,425,418,925.25** |

**Note 18 Cash and cash equivalents**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Cash on hand | 3,344,072.57 | 5,137,529.01 |
| (b) Balances with banks | | |
| (i) In current accounts | 75,267,445.64 | 84,284,283.05 |
| (ii) In deposit accounts | 9,057,408.00 | 30,730,231.00 |
| **Total** | **87,668,926.21** | **120,152,043.06** |

**Note 19 Short-term loans and advances**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Security deposits | | |
| Secured, considered good | 45,431.64 | - |
| | **45,431.64** | **-** |
| (b) Loans and advances to employees | | |
| Unsecured, considered good | 2,322,618.00 | 3,896,127.82 |
| | **2,322,618.00** | **3,896,127.82** |
| (c) Prepaid expenses - Unsecured, considered good | 656,478.74 | 329,730.13 |
| | **656,478.74** | **329,730.13** |
| (d) Balances with government authorities | | |
| Unsecured, considered good | 26,88,663.69 | 2,095,697.00 |
| | **26,88,663.69** | **2,095,697.00** |
| (e) Others -party | | |
| Unsecured, considered good | 599,550,469.24 | 253,754,013.03 |
| | **599,550,469.24** | **253,754,013.03** |
| **Total** | **605,263,661.26** | **260,675,567.98** |

**Note 20 Other current assets**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Others | | |
| (i) Keyman insurance | 2,882,508.00 | 2,882,508.00 |
| **Total** | **2,882,508.00** | **2,882,508.00** |

**Note 21 Revenue from operations**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Sale of products | 6,889,108,573.44 | 6,002,403,206.59 |
| Less: | | |
| (b) Excise duty | 45,402,048.37 | 32,438,304.00 |
| **Total** | **6,843,706,525.07** | **5,969,964,902.59** |

**Note 22 Other income**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (a) Interest income | 7,741,899.00 | 4,483,883.33 |
| (b) Scrap Sales | 1,568,934.00 | 704,650.87 |
| (c) Net gain on foreign currency transactions and translation (other than considered as finance cost) | 4,278.30 | 1,711,351.89 |
| (d) DEPB License sale | 11,471,020.00 | 3,505,309.54 |
| **Total** | **20,786,131.30** | **10,405,195.63** |

**Note 23 Cost of materials consumed**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Opening stock | 1,302,975,637.51 | 1,010,815,164.62 |
| Add: Purchases | 5,147,407,788.00 | 4,069,594,840.18 |
| | 6,450,383,425.51 | 5,080,410,004.80 |
| Less: Closing stock | 1,773,990,363.93 | 1,302,975,637.51 |
| **Cost of material consumed** | **4,676,393,061.58** | **3,777,434,367.29** |

**Note 24.Changes in inventories of finished goods, work-in-progress and stock-in-trade**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Inventories at the beginning of the year: | | |
| Finished goods | 154,265,843.04 | 118,812,102.48 |
| Work-in-progress | 32,699,228.27 | 8,407,336.39 |
| Stores & Spares | 30,869,438.00 | - |
| Stock-in-trade | 4,188,613.36 | - |
| | **222,023,122.67** | **127,219,438.87** |
| Inventories at the end of the year: | | |
| Finished goods | 282,890,554.20 | 154,265,843.04 |
| Work-in-progress | 47,656,469.69 | 32,699,228.27 |
| Stores & Spares | 52,289,436.00 | 30,869,438.00 |
| Stock-in-trade | 173,562,487.00 | 4,188,613.36 |
| | **556,398,946.89** | **222,023,122.67** |
| **Net (increase) / decrease** | **(334,375,824.22)** | **(94,803,683.80)** |

**Note 25 Employee benefits expense**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Salaries and wages | 161,277,804.88 | 126,510,662.76 |
| Staff welfare expenses | 1,861,838.00 | 1,980,689.77 |
| **Total** | **163,139,642.88** | **128,491,352.53** |

**Note 26 Finance costs**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (i) Interest Expenses and Bank Processing Fees/Charges | 397,641,897.12 | 274,343,954.55 |
| **Total** | **397,641,897.12** | **274,343,954.55** |

**Note 27 Other expenses**

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Power and fuel | 39,446,789.48 | 30,573,472.50 |
| Repairs and maintenance - Machinery | 1,512,245.44 | 9,827,916.80 |
| Insurance | 1,320,413.27 | 1,997,525.49 |
| Rates and taxes | 18,732,323.00 | 10,458,597.15 |
| Communication | 2,469,579.15 | 3,073,116.21 |
| Travelling and conveyance | 22,959,215.76 | 20,742,960.50 |
| Printing and stationery | 1,696,037.00 | 2,154,159.25 |
| Freight and forwarding | 36,823,682.64 | 22,545,818.45 |
| Sales commission | 16,544,906.40 | 13,102,729.13 |
| Business promotion | 30,555,133.08 | 20,581,047.12 |
| Legal and professional | 13,278,183.39 | 14,217,661.09 |
| Payments to auditors (Refer Note below) | 771,883.04 | 937,797.62 |
| Bad trade and other receivables, loans and advances written off | 30,464,731.00 | 15,039,400.24 |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | 22,066,392.00 | 4,252.78 |
| Amortization of share issue expenses and discount on shares | 4,652,448.76 | 4,652,448.76 |
| Conveyance | 2,407,127.00 | 1,583,023.00 |
| Director & sitting fees | 3,280,000.00 | 4,255,000.00 |
| Legal & statutory expenses | 9,085,088.00 | 6,530,968.00 |
| Motor car expenses | 2,226,406.50 | 1,434,515.41 |
| Advertisement & publicity | 58,870,124.13 | 52,822,196.00 |
| Factory Expenses | 13,019,472.48 | 10,162,786.08 |
| Research & Development | 18,738,298.45 | 15,299,924.44 |
| Postage, Telephone & Telegram | 3,231,289.55 | 1,946,144.78 |
| Preliminary Expenses | - | 217,916.39 |
| Office Expenses | 3,502,970.98 | 2,712,021.96 |
| Miscellaneous expenses | 1,731,933.86 | 2,654,337.27 |
| **Total** | **359,386,674.36** | **269,527,736.42** |

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| (i) Payments to the auditors comprises | | |
| As auditors - statutory audit | 471,883.04 | 637,797.62 |
| For taxation matters | 200,000.00 | 200,000.00 |
| For other services | 100,000.00 | 100,000.00 |
| **Total** | **771,883.04** | **937,797.62** |

### Note 28 Exceptional items

| Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|
| Loss on Sale of Fixed Assets Situated at 364, New GIDC, Katargam, Surat. | (50,312,292.98) | - |
| **Total** | **(50,312,292.98)** | **-** |

### Note 29 Additional information to the financial statements

| Note | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
|---|---|---|---|
| 29.1 | **Contingent liabilities and commitments (to the extent not provided for)** | | |
| (i) | Contingent liabilities | | |
| | (a) Guarantees | **15,580,000.00** | **15,000,000.00** |
| 29.2 | **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**<br>In the absence of information as regards to the status/classification of the relavant enterprises into Micro, Small and Medium Enterprises, information as required under Notification No. G.S.R. 719(E) dated 16.11.2007 issued by the Department of the Company Affairs in respect of the total amount payable and amount of interest thereon paid during the year and payable at the end of the year to the Sundry Creditors could not be disclosed. | | |
| 29.3 | **Expenditure in foreign currency :** | **As at 30th June, 2012 Amount ₹** | **As at 30th June, 2011 Amount ₹** |
| | Professional and consultation fees | 1,907,982.00 | 872,351.00 |
| 29.4 | **Earnings in foreign exchange:** | **As at 30th June, 2012 Amount ₹** | **As at 30th June, 2011 Amount ₹** |
| | Export of goods calculated on FOB basis | 272,886,196.00 | 80,182,458.00 |
| **29.5** | **Segment information** | | |

**Segment wise Revenue Results for the year ended 30th June, 2012** (₹ in Lacs)

| | | STAND ALONE | | | | | CONSOLIDATION | |
|---|---|---|---|---|---|---|---|---|
| Sr. No. | Particulars | Quarter Ended 30.06.2012 (Audited) | Quarter Ended 31.03.2012 (Audited) | Quarter Ended 30.06.2011 (Audited) | Year Ended 30.06.2012 (Audited) | Year Ended 30.06.2011 (Audited) | Year Ended 30.03.2012 (Audited) | Year Ended 30.06.2011 (Audited) |
| **1** | **Segment Revenue** | | | | | | | |
| i | Oral Care | 10,290.39 | 9,525.76 | 8,386.80 | 38,445.18 | 34,696.81 | 38,620.18 | 34,696.81 |
| ii | Health Care | 4,686.89 | 4,405.37 | 4,676.69 | 17,307.04 | 14,303.55 | 17,392.04 | 14,303.55 |
| iii | Others | 3,132.02 | 2,997.80 | 2,606.88 | 11,684.86 | 8,800.82 | 12,424.84 | 10,699.29 |
| | **Total** | **18,109.30** | **16,928.93** | **15,670.37** | **67,437.08** | **57,801.18** | **68,437.06** | **59,699.65** |
| **2** | **Segment Results before Tax & Interest** | | | | | | | |
| i | Oral Care | 1,505.29 | 1,389.22 | 1,251.97 | 5,503.80 | 4,484.89 | 5,503.80 | 4,484.89 |
| ii | Health Care | 787.99 | 733.26 | 462.12 | 2,900.14 | 1,798.07 | 2,900.14 | 1,798.08 |
| iii | Others | 613.07 | 491.88 | 488.87 | 1,499.32 | 1,197.24 | 1,524.71 | 1,221.20 |
| | **Total** | **2,906.35** | **2,614.36** | **2,202.96** | **9,903.26** | **7,480.20** | **9,928.65** | **7,504.17** |
| | Add : Other Income | 14.96 | 46.93 | 70.03 | 207.81 | 101.74 | 207.86 | 104.05 |
| | Less : Interest | 1,158.84 | 1,036.92 | 948.70 | 3,975.61 | 2,742.79 | 3,976.42 | 2,743.44 |
| | Less : Other unallocable Expenditure net off | 104.66 | 102.43 | 94.16 | 399.99 | 355.09 | 399.99 | 355.09 |
| | **Profit Before Taxes** | **1,657.81** | **1,521.94** | **1,230.13** | **5,735.47** | **4,484.06** | **5,760.10** | **4,509.69** |

| | Note 29 Additional information to the financial statements | | | |
|---|---|---|---|---|
| 29.6 | **Related party transactions** | | | |
| | **Details of related parties:** | | | |
| | **Description of relationship** | **Names of related parties** | | |
| | Key Management Personnel | Mrs. Natasha S. Shah<br>Mrs Pratima P. Shah<br>Mr. Pravin N. Shah<br>Mr. Sagar P. Shah | | |
| | Associate Firm | M/s. The Nature's Co. | | |
| | Note: Related parties have been identified by the Management. | | | |
| 29.7 | **Details of related party transactions during the year ended 30 June, 2012** | | | |
| | | **KMP** | **Associate Firm** | **Total Amount ₹** |
| | Remuneration & Siting Fees | 3,280,000 | Nil | 3,280,000 |
| | | (4,255,000) | (Nil) | (4,255,000) |
| | Salaries | 660,000.00 | Nil | 660,000 |
| | | (600,000.00) | (Nil) | (600,000) |
| | Loans & Advances | Nil | 52,236,548 | 52,236,548 |
| | | (Nil) | (140,016,467) | (140,016,467) |
| | Investment made | Nil | Nil | Nil |
| | | (Nil) | (47,500) | (47,500) |
| | Unsecured Loan | 122,379,978 | Nil | 122,379,978 |
| | | (Nil) | (Nil) | (Nil) |
| 29.8 | **Details of related party balances outstanding as at 30 June, 2012:** | | | |
| | | **KMP** | **Associate Firm** | **Total Amount ₹** |
| | Loans & Advances | Nil | 192,253,015 | 192,253,015 |
| | | (Nil) | (140,016,467) | (140,016,467) |
| | Investment made | Nil | 47500 | 47,500 |
| | | (Nil) | (47500) | (47,500) |
| | Unsecured Loan | 122,379,978 | Nil | 122,379,978 |
| | | (Nil) | (Nil) | (Nil) |
| | **Note: Figures in bracket relates to the previous year.** | | | |

| Note | Note 29 Additional information to the financial statements | | |
|---|---|---|---|
| Note | Particulars Amount ₹ | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 |
| 29.9 | Earnings per share | | |
| | Net profit / (loss) for the year attributable to the equity shareholders | 454,869,905.22 | 391,456,158.34 |
| | Weighted average number of equity shares-Basic | 26,164,150 | 26,164,150 |
| | Weighted average number of equity shares-Diluted | 26,164,150 | 26,164,150 |
| | Par value per share | 10 | 10 |
| | Earnings per share - Basic | 17.39 | 14.96 |
| | Earnings per share - Diluted | 17.39 | 14.96 |
| Note | Particulars | As at 30th June, 2012 Amount ₹ | As at 30th June, 2011 Amount ₹ |
| 29.10 | **Deferred tax (liability) / asset** | | |
| | Tax effect of items constituting deferred tax liability | | |
| | On difference between book balance and tax balance of fixed assets | 11,140,061.26 | 2,862,831.00 |

| Note | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 29.11 | **Interest in Subsidiary Company** | | | | | | | |
| | The Company has interests in the following Subsidiary Company | | | | | | | Amount ₹ |
| | Name of companies and country of incorporation | % of share-holding | Amount of interest based on accounts for the year ended 30 June, 2012 | | | | | |
| | | | Assets | Liabilities | Income | Expenditure | Contingent liabilities | Capital commit-ments |
| | Amar Remedies FZE, United Arab of Emirates | 100% | 189,781,060.29 | 189,781,060.29 | 100,002,498.15 | 97,539,944.80 | Nil | Nil |
| | | (100%) | (74,491,650.19) | (74,491,650.19) | (190,077,612.79) | (179,165,008.19) | (Nil) | (Nil) |
| | Note: Figures in brackets relate to the previous year | | | | | | | |

29.12

**Statement pursuant to section 212 of the Companies Act 1956.**

**Relating to holding Company's Interest in the Subsidiary Company.**

Balance Sheet Abstracted and Company's General Business Profile ₹ in Lacs

| Sr.No. | Description | Amar Remedies FZE - UAE |
|---|---|---|
| 1 | The Financial Year of the Subsidiary Company ended on | June 30, 2011. |
| 2 | Date from which it became Subsidiary | November 17, 2008 |
| 3a | Number of Shares held by Amar Remedies Ltd. ( Holding Company at the end of the financial Year of the Subsidiary Company | 5 Equity Shares of AED 1,00,000/- each |
| 3b | Extent of Interest of Holding Company at the end of the financial year of the Subsidiary Companies | 100% |
| 4 | The net aggregate amount of Subsidiary Companies profit/(loss) so far as concern Members of the holding company | |
| | A) Par of the Profit/Loss has not been dealt with in Company's Account for the current year or the previous year since it became subsidiary | NIL |
| | B) Par of the Profit/Loss has been deal with in Company's Account for the current year or the previous year since it became subsidiary | 24.63 |
| | Issued & Subscribed Share Capital | 65.20 |
| | Reserves | 232.52 |
| | Total Assets | 1897.81 |
| | Total Liabilities | 1897.81 |
| | Investments | NIL |
| | Turnover | 1000.02 |
| | Profit / (Loss) Before Taxation | 24.63 |
| | Provision for Taxation | NIL |
| | Profit / (Loss) after Taxation | 24.63 |

**Note 29. Disclosures under Accounting Standards**

**Previous year's figures**

| Note | Particulars |
|---|---|
| 29.13 | The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. |

***FOR*** **SHYAM C. AGRAWAL & CO.**
***CHARTERED ACCOUNTANTS***
**FIRMS REGISTRATION NO 110243W**

**FOR AND ON BEHALF OF THE BOARD**

***SD/-***
**SHYAM C. AGRAWAL**
***(PROPRIETOR)***
***(MEMBERSHIP NO. 31774)***

***SD/-***
**SAGAR P. SHAH**
***(MANAGING DIRECTOR)***

***SD/-***
**PRATIMA P. SHAH**
***(DIRECTOR)***

***SD/-***
**JAGDISH NAGPAL**
***(COMPANY SECRETARY)***

**PLACE : MUMBAI**
**DATE : 28TH NOVEMBER, 2012**

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**AMAR REMEDIES LTD.**

**Correspondence Office :** Block No-3, 2nd Floor, Sane Guruji Premises, 386, S.V. Savarkar Marg, Opp. Siddhivinayak Temple, Prabhadevi, Mumbai-400 025.

## ATTENDANCE SLIP

**FOLIO NO.** ______________________ **NO. OF SHARES** ______________________

**DP ID / CLIENT ID*** ______________________

**NAME OF THE MEMBER** ______________________

**AUTHORISED REPRESENTATIVE** ______________________

**NAME OF THE PROXY** ______________________

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company being held on Wednesday, 26th December, 2012 at 9:30 a.m. at Saina Resort, Madh-Marve Road, Malad (W), Mumbai - 400061 to transact the business.

| *Signature of the Member/ Authorised Representative* | *Signature of the Proxy* |
|---|---|
| | |

**Applicable for investors holding shares in demat form.*

Note : To be handed over at the entrance of the meeting hall.

— — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — —

TEAR HERE

**AMAR REMEDIES LTD.**

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## PROXY FORM

| DP ID * | |
|---|---|

| CLIENT ID * | |
|---|---|

I/We ______________________________________ of ______________________________________ being a member/members of Amar Remedies Limited hereby appoint ______________________ of or failing him/her ______________________ of as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 26th December, 2012 at 9:30 a.m. at Saina Resort, Madh-Marve Road, Malad (W), Mumbai - 400061 and/or at any adjournment hereof.

Signed this _________________ day of _________ 2012

*Applicable for investors holding shares in demat form.

| Affix a 1 Rupee Revenue Stamp |
|---|

# "THE NATURE'S CO." - RANGE OF PRODUCTS





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Block No-3, 2nd Floor, Sane Guruji Premises,
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