



Anu's Laboratories Limited

**16th ANNUAL REPORT
2011-12**

Corporate goals

<p>CUSTOMER FIRST</p> <p>We understand and focus on the needs of our customers. We work for their success.</p>	<p>DELIVER EXCELLENCE</p> <p>We are passionate about our products and services and are dedicated to deliver excellence.</p>
<p>EMBRACE RESPONSIBILITIES</p> <p>We strive to ensure that all people can work safely and live healthy, now and in the future. We care for our environment and manage our business ethically.</p>	<p>ADD VALUE</p> <p>We will grow faster than industry average in both revenue and earnings. We will earn a higher return on capital every successive year.</p>

Contents

1	Corporate Information
2	Notice of the Annual General Meeting.
4	Directors' Report
7	Management Discussion and Analysis
8	Report on Corporate Governance
12	Auditors' Report
14	Balance Sheet
15	Statement of Profit and Loss
16	Cash Flow Statement
17	Notes to forming part of the Financial Statements
23	Admission slip/Proxy

Corporate Information

(As on August 14, 2012)

BOARD OF DIRECTORS

Dr. K. Rajeswara Rao, Non-Executive Director

Mr. A.P. Rao, Non-Executive Director

Mr. M.S.S.V. Satyanarayana, Wholetime Director

Mr. K. Hari Babu, Managing Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. V.S. Soma

STATUTORY AUDITORS

M/s. Karumanchi & Associates
Chartered Accountants
Flat No. 301, 7-1-619/A,
Swarganivas Enclave, Ameerpet,
Hyderabad - 500 038

BANKERS

Andhra Pradesh State Financial Corporation
Development Credit Bank
IDBI Bank
IFCI Venture Capital Funds Limited
ING Vysya Bank Limited
Karur Vysya Bank Limited
State Bank of India

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500081
Phone : +91 40 2342 0818 to 2342 0828
Fax : +91 40 2342 0814
E-mail : mailmanager@karvy.com,
ksreddy@karvy.com

REGISTERED OFFICE

A-49, Madhura Nagar,
Vengalrao Nagar,
Hyderabad - 500038
Ph : + 91 40 2374 1677
Fax : + 91 40 2374 1678

FACTORIES

Unit 1

Chilakammarri Village,
Shadnagar,
Mahaboob Nagar District,
Andhra Pradesh

Unit 2

Plot No. 272, 273, 280, 281,
I.D.A, Pashamylaram,
Isnapur,
Medak District,
Andhra Pradesh

Unit 3

Plot No.12,
Jawaharlal Nehru Pharma City (J.N.P.C),
Paravada Mandal,
Visakhapatnam - 530021

Unit 4

IDA, Pydibhimavaram Village,
Srikakulam Taluk & District,
Andhra Pradesh

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of ANU'S LABORATORIES LIMITED will be held on September 28, 2012, at Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, E Block, Hyderabad - 500 038, at 11 a.m. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2012, the Statement of Profit and Loss for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
- To re-appoint Mr. Kosaraju Rajeswara Rao, Director of the Company, who retires and being eligible, offers himself for re-appointment.
- To re-appoint M/s. Karumanchi & Associates (Firm Registration No.001753S), Chartered Accountants, Hyderabad, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of next Annual General Meeting of the Company and authorize the Board to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to appoint Mr. A.P. Rao as a Director of the Company liable to retire by rotation."

- To Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT Mr. K. Hari Babu, who fulfils the conditions specified in Schedule XIII and pursuant to the provisions of Section 269 of the Companies Act, 1956 be and is hereby re-appointed as the Managing Director of the Company without any remuneration for a period of 5 years effect from April 1, 2012."

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

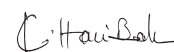
"RESOLVED THAT, pursuant to Section 61 and all other applicable provisions of the Companies Act, 1956 approval may be given for the variation in the utilization of IPO proceeds as under:

The change in fund utilization for new plant of ₹608.72 million and for the pilot plant of ₹32.62 million as against the envisaged utilization as per prospectus dated May16, 2008 of ₹550.90 million and ₹83.44 million respectively, be and is hereby approved as per the table given below:

Name of the project	₹ Million	
	As per prospectus	Actuals
Setting up a new plant at Vizag for manufacturing of drug intermediates	550.90	608.72
Setting up a pilot plant for carrying out CRAM at Vizag	83.44	32.62
Long-term working capital requirements	166.70	166.70
General corporate purpose	41.49	41.49
Issue expenses	79.66	79.66

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, submit information or statement to statutory authorities if necessary and sign forms, deeds, documents, agreements, contracts, undertakings, declarations, confirmations, letters and such other papers as may be necessary, desirable and expedite for giving effect to the variation in the use of the IPO proceeds."

By Order of the Board
For ANU'S LABORATORIES LIMITED



K. HARI BABU
Managing Director

Hyderabad
August 14, 2012

NOTES

- 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 TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- The Register of Members and Share Transfer books of the Company will remain closed on September 27, 2012 and September 28, 2012 (both days inclusive) for the purpose of Annual General Meeting.
- Members are requested to notify change, if any, in their address as well as all communications regarding shares to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No. 17 - 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
- Information pursuant to Clause 49 of the Listing Agreement with stock exchange in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is provided in the Report on Corporate Governance forming part of this Annual Report.
- Members/Proxies are requested to handover the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
- Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are

requested to write their Folio Number in the attendance slip for attending the Meeting.

- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company addressed to the Registered Office at A-49, Madhuranagar, Vengal Rao Nagar, Hyderabad - 500038, for attention of Mr. Vidya Sagar Soma, Company Secretary at least 7 (seven) days prior to the date of the meeting.
- Pursuant to provisions of sub-section (5) of Section 205A the Companies Act, 1956 the dividend, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Information in respect of such unclaimed dividend and the last date for claiming the same are given below:

Financial year	Date of declaration of dividend	Last date for claiming unpaid dividend
2007-08	September 25, 2008	September 24, 2015
2008-09	September 30, 2009	September 29, 2016
2009-10	September 30, 2010	September 29, 2017

- Shareholders, who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agent, M/s. Karvy Computershare Private Limited immediately. Shareholders are requested to note that no claims lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid beyond seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.
10. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
11. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of share held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2B in duplicate to the Company.
12. The Register of Directors' shareholdings shall be open for inspection to any Member of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having right to attend the Meeting.

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

ITEM 4

Mr. A.P. Rao was appointed as an Additional Director of the Company with effect from August 14, 2012 pursuant to provisions of Section 260 of the Companies Act, 1956. As required by Section 257 of the Companies Act, 1956, a notice in writing has been received from a Member signifying his intention to propose Mr. A.P. Rao, as a Director of the Company along with a deposit of ₹500.

Except Mr. A.P. Rao, none of the other Directors of the Company is in any way concerned or interested in the Resolution.

Your Directors commend the Resolution for your approval.

ITEM 5

Re-appointment of Mr. K. Hari Babu as the Managing Director of the Company without remuneration.

It is proposed to re-appoint Mr. K. Hari Babu as Managing Director of the Company as per the provisions of the Companies Act, 1956 and the consent of the Members is required.

Except Mr. K Hari Babu, none of the other Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors commend the Resolution for your approval.

ITEM 6

The Members of the Company at the extra-ordinary general meeting held on January 27, 2007 have approved the initial public offer (IPO) of the equity shares of the Company. Accordingly, the Company had made an IPO through 100% book building route vide Prospectus dated May 16, 2008.

The IPO was planned with certain objects, as more particularly stated and described under the section titled 'Objects of the Issue' of the Prospectus dated May 16, 2008, considered appropriate and necessary by the management at that point of time. However, considering the change in the financial/business plans over the period of time, it is felt that the part of the IPO proceeds may not be required immediately to be invested in pilot plant. Accordingly, the balance amount was invested in a new plant.

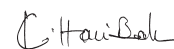
In terms of the provisions of Section 61 of the Companies Act, 1956, a Company cannot vary of the proceeds referred to in the prospectus except subject to approval of or except on authority by the Company in a general meeting. Accordingly, the approval of the Members for utilization of the part of the IPO proceeds for purpose other than those stated in the prospectus as more particularly stated in the Resolution as set out in the Notice.

None of the Directors of the Company are in any way concerned or interested in the said Resolution.

The Board recommends the Resolution for your approval.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING			
Particulars	Dr. Kosaraju Rajeswara Rao	Mr. A.P. Rao	Mr. K. Hari Babu
Date of birth	21-07-1947	16-08-1943	25-07-1956
Date of appointment	28-09-2011	14-08-2012	01-04-2012
Qualification	M.B.B.S.	MBA, AICWA	C.A.
Expertise	Research Medicine	Costing & Finance Management	Business & Finance Management
List of companies in which outside directorship held on August 14, 2012	Nil	3	Nil
Chairman/member of the committee of other companies on which he is a director as on August 14, 2012	Nil	2	Nil
No. of shares held by them in the Company as on August 14, 2012	Nil	Nil	39,610,419

By Order of the Board
For ANU'S LABORATORIES LIMITED



K. HARI BABU
Managing Director

Hyderabad
August 14, 2012

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Accounts of the Company for the financial year ended March 31, 2012 and the Auditors Report thereon.

Financial results

	₹ Million	
	2011-12	2010-11
Income from operations	2799.28	2908.24
Excise duty	(118.86)	(181.59)
Other income	5.76	0.59
Total Income	2686.18	2727.24
Expenditure (before finance costs and depreciation)	2302.88	2282.43
Profit before finance costs and depreciation and tax	383.30	444.81
Finance costs	255.43	165.62
Profit before depreciation and tax	127.87	279.19
Depreciation	58.79	27.64
Profit before tax	69.08	251.55
Provision for taxation	29.07	78.58
Profit after tax	40.01	172.97
Income tax - Prior period	(5.62)	(41.07)
Add: Balance brought forward from previous year	414.39	317.08
Appropriations	448.78	448.98
Transfer to general reserve	-	34.59
Balance carried to Balance Sheet	448.78	414.39

Review of operations

The year under review was critical for your Company in view of the severe liquidity constraints faced resulting from aggressive expansion in the last two years; PCB cap on the production capacities; delay in stabilising the operations at Unit 3; non-commencement of operations at Unit 4 and unrest due to agitations in the State. All these factors have contributed to mismatch of cash flows, which in turn resulted in defaults to various stakeholders.

During the year, the material consumption as a percentage of income at ₹1767.48 million constituted 66.40% of income, while it was lower at 64.23% in 2010-11. With marginal increases in manufacturing and employee costs, the operating margin was lower at 14.40% as against 17.17% reported in the previous year. Hence, the operating profit was lower at ₹383.30 million as against ₹444.81 million in the previous year.

Further, the year witnessed inflationary pressures which impacted raw material prices, all of which could not be passed on to the customers. The tight money policy followed by the central bank, tended to firm up the interest rates affecting finance costs. Your Company incurred finance costs of ₹255.43 million, approximately 54% higher than the previous year. The impact of the prevailing external challenging conditions did impact your Company's business, and despite being productivity oriented and raising the level of cost consciousness, the profit after tax was ₹34.39 million for the year, lower than ₹131.90 million reported in 2010-11.

Sale of Unit 2

Your Company has taken systemic initiative to set right the tight cash flow situation by deciding to dispose of Unit 2 situated at Pashamylaram, Medak

Dist, Andhra Pradesh. A postal ballot process has already been initiated in this regard for the approval of the Members and the result will be announced on August 31, 2012. With the funds realised from sale of Unit 2, your Company expects to ease the tight cash flow situation and meet the various commitments to stakeholders and scale up the production in the remaining two units. Your Company has drawn a multipronged action plan to tackle the PCB issue and is confident of resolving the same at the earliest.

The proceeds of sale shall be utilised to reduce debt burden; bring idle assets to operation; and improve liquidity. These measures are expected to make up for the loss of revenue by sale of Unit 2 through higher capacity utilisation.

Dividend

In order to conserve resources, your Board has decided not to recommend dividend for the financial year 2011-12.

Exports

In 2011-12, your Company has achieved an export turnover of ₹132.41 million. Your Company is trying to consolidate its presence in global markets, while efforts to widen the depth and penetration of the existing markets are being taken up and new markets are being explored.

Directors

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956, Dr. K. Rajeswara Rao will retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. His re-appointment is proposed in the Notice convening the Annual General Meeting of the Company.

Mr. Sundarashyam Chakravarthi and Mr. K. Ravindran Parthasarathi have resigned from the directorship effective from August 14, 2012. The Board placed on record its appreciation of the valuable services rendered by them during their tenure as directors of the Company.

Cost audit

The Company has appointed Nageswera Rao & Co, Cost Accountants, Hyderabad as the Cost Auditor of the Company for conducting cost audit for the financial year 2011-12.

The Cost Audit Report for the financial year 2011-12 will be submitted to the Central Government within the stipulated time.

Research & Development

The Company has incurred an expenditure of ₹5.34 millions on R&D.

IPO update

Your Company had successfully concluded an initial public offer (IPO) during the financial year 2008-09 to fund the project at Jawaharlal Nehru Pharma City, Visakhapatnam to venture into the production of active pharmaceutical ingredients (APIs) and intermediates. Your Company has commissioned the plant and commenced production on March 25, 2010, with minor variation in respect of implementation of CRAM project. A brief summary of the utilization of the IPO funds as on March 31, 2012 is given below:

Name of the project	₹ Million	
	As per prospectus	Actuals
Setting up a new plant at Vizag for manufacturing of drug intermediates	550.90	608.72
Setting up pilot plant for carrying out CRAM at Vizag	83.44	32.62
Long-term working capital requirements	166.70	166.70
General corporate purpose	41.49	41.49
Issue expenses	79.66	79.66

A separate resolution is being proposed in the ensuing Annual General Meeting under Section 61 of the Companies Act, 1956 for the approval of the Members for the variation in the project implementation.

Corporate governance

Your Company is committed to maintaining the highest standards of corporate governance. As required under Clause 49 of the Listing Agreement with the stock exchange, the Report on Corporate Governance as well as Auditors' Certificate on the Compliance of Corporate Governance are annexed.

In order to strengthen the corporate governance framework, the Ministry of Corporate Affairs had issued a set of Voluntary Guidelines in December 2009 for adoption by companies. Your Company is already complying with various requirements of the guidelines and has initiated appropriate action for implementing the residual items.

Management Discussion and Analysis

A separate section titled 'Management's Discussion and Analysis Report' forms part of the annual report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors confirm that:

- in the preparation of the accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed and there were no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

Auditors

The Statutory Auditors of the Company, M/s. Karumanchi & Associates, Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has received a letter from them to the effect that their appointment if made would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Fixed deposits

The Company has not invited/accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

Particulars of employees

During the year under review, the Company maintained the cordial relations with the employees. Information pursuant to Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 and forming part of report for the year ended March 31, 2012 is furnished as an Annexure to this report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

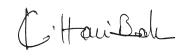
Particulars required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules are furnished in the Annexure.

Acknowledgement

Your Directors wish to place on record their appreciation for the valuable support and co-operation extended by IDBI Bank, SBI, Karur Vysya Bank Limited, ING Vysya Bank, IFCI Venture Capital Funds, Andhra Pradesh State Financial Corporation, state and central government agencies.

Your Directors also wish to place on record their sincere appreciation of the contribution made by the employees of the Company and are thankful to the shareholders for their continued patronage and support.

For and on behalf of the Board



K. Hari Babu
Managing Director

Hyderabad
August 14, 2012

Annexure to the Directors' Report

Details as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, read with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956.

A. Conservation of energy: The Company is making necessary efforts for conservation of energy.

FORM - A

Form for disclosure of particulars with respect to conservation of energy

Particulars	2011-12	2010-11	Particulars	2011-12	2010-11
A. Power and fuel consumption			3. Other/Internal generators		
1. Electricity			(Husk, biofuel briquettes, fire wood)		
a. Purchased units (Nos./Million)	8.55	8.34	Quantity (MT)	7369	5370
Total amount (₹ Million)	39.93	36.50	Total cost (₹Million)	15.90	12.70
Rate/unit (₹)	4.67	4.37	Average rate (₹)	2157	2366
b. Own generation			B. Consumption per unit of production (Kg.)		
Through diesel generator			Consumption per unit of production		
Unit (Nos./Million)	0.32	0.94	Production	} As the Company uses the same manufacturing facilities for various products, it is not practicable to give consumption per unit.	
Unit per litre of oil	4.94	3.83	Electricity (No. of units)		
Cost/unit (₹)	8.97	10.28	Furnace oil		
2. Coal (C grade used for boiler)			Coal (Kg.)		
Quantity (MT)	7413	10844	Husk		
Total cost (₹ Million)	35.31	33.76			
Average rate (₹)	4723	3113			

FORM - B
Form for disclosure of particulars with respect to technology absorption, Research and Development (R&D)

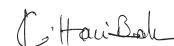
A. Research & Development	
1. Specific areas in which R&D is carried out by the Company	Development of API, intermediates and fine chemicals
2. Benefits derived as a result of the above R&D	Cost reduction and process optimization
3. Future plan of action	Development of new molecules and invention of new compounds
4. Expenditure on R&D	₹5.34 million
5. Total R&D expenditure as percentage of sales	0.19%
B. Technology absorption, adaptation and innovation	
1. Efforts, in brief, made towards technology absorption, adaptation and innovation	Process development for manufacture of intermediates and APIs, whereby achieved cost competitiveness and process efficiencies on existing products. Developed processes for newer APIs and intermediates. No technology absorption is involved. The Company has its own DSIR recognised R&D Centre which has been developing and improving processes for manufacture of intermediates.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, substitution etc.	Processes for several new chemical entities have been developed. Process optimization has been achieved in production, which resulted in lower cost of production and scaling up of volumes.
3. In case of imported technology, (imported during the 5 years reckoned from the beginning of the financial year), following information may be furnished	There is no import of technology
a. Technology imported	Nil
b. Year of import	N.A.
c. Has technology been fully absorbed	N.A.
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	N.A.
C. Foreign exchange earnings and outgo	
Activities relating to export initiatives taken to increase exports, development of new export markets for production and service, and export plans	Mentioned in the Notes to Accounts
	Ongoing initiatives are regularly made to explore and widen the reach of the products, by regular interaction with customer and participation in exhibitions and trade fairs.

Annexure to the Directors' Report

Information pursuant to Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998

Name	Designation	Salary ₹ Million	Nature of duties	Qualification and experience	Date of commencement of employment	Age (Yrs)	Last Employment
Mr. K. Hari Babu	Managing Director	6.00	Management of the Company	Chartered Accountant and 29 years of experience	Re-appointed as Managing Director effective from April 1, 2012	56	Suven Pharmaceuticals Limited

By Order of the Board
For ANU'S LABORATORIES LIMITED



K. HARI BABU
Managing Director

Hyderabad
August 14, 2012

Management Discussion and Analysis

Industry overview

A highly organized sector, the Indian pharmaceutical industry is estimated to be worth US\$ 4.5 billion, growing at about 8 to 9% annually. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. It ranges from simple headache pills to sophisticated antibiotics and complex cardiac compounds with almost every type of medicine is now made in the country. The Indian pharmaceutical industry currently tops the chart amongst India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology.

The industry is highly fragmented with more than 20,000 registered units. It has expanded drastically in the last two decades, with severe price competition and government price control. The industry meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are approximately 250 large units and about 8000 small scale units, which form the core of the pharmaceutical industry in India (including 5 Public Sector Units).

Indian pharmaceutical market is expected to grow at a CAGR of 15.3% between 2011-12 and 2013-14, according to a Barclays Capital Equity Research report on India Healthcare & Pharmaceuticals. The outlook on the Indian pharmaceutical industry remains favourable, according to a report by ICRA and Moody's. Domestic formulation market stood at ₹58,300 crore (US\$ 10.54 billion) and has been ranked third in terms of volume and tenth in terms of value, globally. From 2011, trends are changing. MNCs are focusing on chronics, branded generics and launching patented products, besides expanding their field force and focusing on tier-II as well as tier-IV towns. Domestic market grew at 15%, while pharma multinational companies (MNCs) revenue grew at 18.7%.

Generics will continue to dominate the market while patent-protected products are likely to constitute 10% of the pie till 2015, according to McKinsey report 'India Pharma 2015 - Unlocking the potential of Indian Pharmaceuticals market'. India tops the world in exporting generic medicines worth US\$ 11 billion. India's exports of drugs, pharmaceutical and fine chemicals grew by 27% to ₹60,000 crore (US\$ 10.85 billion) for the year ended March 2012, according to data compiled by Pharmaceutical Exports Council of India (Pharmaxcil).

India is expected to witness largest number of merger and acquisitions (M&As) in the pharmaceutical and healthcare sector, according to consulting firm Grant Thornton. A survey conducted across 100 companies has revealed that one-fourth of the respondents were optimistic about acquisitions in the pharmaceutical sector.

'Pharma Vision 2020' prepared by the Department of Pharmaceuticals, Government of India encourages making India one of the leading destinations for end-to-end drug discovery and innovation and for that purpose, the Department promises to provide requisite support by way of world class infrastructure, internationally competitive scientific manpower for pharma research and development (R&D), venture fund for research in the public and private domain and so on.

(₹1 equals US\$ 0.01818 or US\$ 1 equals ₹55)

Company perspective

Anu Labs has established itself as a manufacturer and supplier of cost effective high quality intermediates and specialty chemicals and has recently entered the active pharmaceutical ingredients (API) domain. It has developed long term relations with leading pharmaceutical companies.

The Company is one of the leading manufacturers of 2,4-Dichloro-5 Fluro Acetophenone, CIS + Hydroxy Lactam, Chlorohexanone 2-One, Q-Acid, Sodium Meth oxide solution and powder. The specialized processes include Friedel Crafts reactions, high vacuum fractional distillation and optical resolution and carries out special reactions as per specific customer requirements.

Manufacture of API at its JNPC facility at Vizag has commenced and the plans are to add more APIs to cater to a wider client base. There is a strong in-house R&D team which is engaged in non-infringing synthesis of APIs and intermediate, process development and customs synthesis.

The Company's production facilities operate with WHO-GMP guidelines as basis for quality assurance. The quality management systems of the Anu labs are certified to ISO 9001-2000 standards.

Opportunities & Threats

There is an immense potential for APIs and intermediates with growing domestic market and increasing export potential. Demand for intermediates, APIs and CRAMs

are expected to increase with international players focusing on new drug development pipelines in different therapy segments. There is a growing market for generics consequent to imminent expirations of large number of drug patents and higher R&D needs while reducing the spend.

The Company believes that competition in the market has to be met squarely by developing production systems based on cost efficiency, high productivity, modern technology, quality assurance and timely deliveries. Accordingly the Company is gearing itself to exploit the opportunities by developing innovative product process and applications. Constant efforts are being made to meet the stringent quality requirements in all markets. New markets are being explored and efforts are ongoing to widen the depth and penetration of the existing markets.

Recent developments

The Company faced severe liquidity constraints resulting from aggressive expansion in the past two years; PCB cap on the production capacities; delay in stabilising the operations at Unit 3; non-commencement of operations at Unit 4 and unrest due to agitations in the State. All these factors have contributed to mismatch of cash flows, which in turn resulted in defaults to various stakeholders.

The management of Anu Labs has taken systemic initiative to set right the tight cash flow situation by deciding to dispose of Unit 2 situated at Pashamylaram, Medak Dist, Andhra Pradesh. A postal ballot process has already been initiated in this regard for the approval of the Members and the result will be announced on August 31, 2012. With the funds realised from sale of Unit 2, the Company expects to ease the tight cash flow situation and meet the various commitments to stakeholders and scale up production in the remaining two units in operation.

The proceeds of sale shall be utilised to reduce debt burden; bring idle assets to operation; and improve liquidity. These measures are expected to make up for the loss of revenue by sale of Unit 2 through higher capacity utilisation.

The Company has also drawn a multipronged action plan to tackle the PCB issue and is confident of resolving the same at the earliest.

Internal control systems

The Company has proper and adequate internal control system commensurate with the size and complexity of the organization. The internal control is supplemented by an extensive program of internal audits which is designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

Human resources/industrial relations

The Company recognizes the immense value addition made by its employees to the growth and development. In turn, the Company is committed to train and develop its people and motivates them to enhance their potential and industrial relations have been cordial and mutually beneficial. As on March 31, 2012 the Company had 358 employees.

Financial performance

During the year 2011-12, the Company achieved a turnover of ₹2686.19 million compared to ₹2726.67 million for the year 2010-11 constituting a marginal decrease. Net profit after tax for the year was ₹34.39 million, when compared with a profit after tax of ₹131.90 million during the year 2010-11.

Cautionary statement

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI), Generally Accepted Accounting Principles in India and Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI).

Our management accepts responsibility for the integrity and objectivity of the financial statements as well as for various estimates and judgments used therein. The judgments relating to the financial statements have been made on a prudent and reasonable basis so that the financial statements reflect in a true and fair view of the state of affairs of the Company.

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, etc, which are valid only at the time of making the statements. A variety of factors known/unknown expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions. Readers may therefore appreciate the context in which these statements are made before making use of the same.

Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement with the stock exchanges, your Company presents the report on Corporate Governance.

1. Company's philosophy on Code of Corporate Governance: The Company is committed to ethical values and self-discipline through standards of good governance with transparency, efficiency, efficacy, full disclosure in its dealings and appropriate checks and balances directed at sustaining shareholders' interests and overall organisational goals.

2. Board of Directors

a. Composition of the Board: The Company's Board of Directors comprises five Directors; of which two are Executive Directors and the

Name	Category	Number of Board meeting held during the period of his Directorship	Number of Board meetings attended	Attendance at the last AGM held on September 28, 2011
Mr. M. Ajaya Kumar	Chairman, Non-Executive, Independent Director	2	–	NA
Mr. K. Hari Babu	Promoter, Managing Director	4	4	Yes
Mr. M.S.S.V. Satyanarayana	Promoter, Wholetime Director	4	3	No
Dr. K. Rajeswara Rao	Non-Executive Independent Director	4	1	No
Mr. Chakravarthi Sundharshyam	Non-Executive Independent Director	4	3	Yes
Mr. Ravindran Parthasarathy	Non-Executive Independent Director	4	4	Yes

*Mr. M. Ajaya Kumar has resigned from Directorship as on August 13, 2011.

d. Number of other boards/board committees each Director (being a Director of the Company as at the end of the financial year) is a director/ chairman:

Name of the Director	Number of other companies in which director		Number of committee memberships held in other companies	
	Chairman	Director	Chairman	Member
Mr. M. Ajaya Kumar	2	3	2	3
Mr. K. Hari Babu	–	–	–	–
Mr. M.S.S.V. Satyanarayana	–	–	–	–
Dr. K. Rajeswara Rao	–	–	–	–
Mr. Chakravarthi Sundharshyam	–	1	–	–
Mr. Ravindran Parthasarathy	–	–	–	–

3. Audit Committee

a. Brief description of the terms of reference

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for audit committees under the Listing Agreement with stock exchange. The Committee provides the Board with additional assurance as to the adequacy of the Company's internal control systems and financial disclosures.

b. Composition, name of members and chairperson

The Committee comprises:

Mr. Chakravarthi Sundharshyam - Chairman

Dr. K. Rajeswara Rao - Member

Mr. Ravindran Parthasarathy - Member

Mr. M. Ajaya Kumar - Member

c. Meetings and attendance during the year

During the year under review, the Committee met four times on May 27, 2011; August 13, 2011; November 14, 2011 and February 14, 2012. The details of attendance are given below:

balance three are Non-Executive Independent Directors. The Company has Non-Executive Chairman, Managing Director and Directors. The Managing Director and the Wholetime Director are responsible for the conduct of the business and the day-to-day affairs of the Company.

b. Number of Board meetings held during the financial year and the dates of the Board meetings:

During 2011-12, the Board met four times on May 28, 2011; August 13, 2011; November 14, 2011; and February 14, 2012.

c. Attendance of each Director at Board Meetings and the last Annual General Meeting:

Name of the Member	Number of meetings held during the year	Meetings attended
Dr. K. Rajeswara Rao	4	1
Mr. Ravindran Parthasarathy	4	4
Mr. Chakravarthi Sundharshyam	4	3
Mr. K. Hari Babu	4	4
Mr. M. Ajaya Kumar	2	–

The Statutory Auditors and Internal Auditors are invited to attend the Audit Committee meetings. The minutes of the meetings of the Audit Committee are circulated to all the members of the Board. The Chairman of the Audit Committee, Mr. Chakravarthi Sundharshyam was present at the last Annual General Meeting.

4. Remuneration Committee

a. Terms of reference

To formulate the remuneration policy and approve the remuneration or revision in the remuneration payable to Executive Directors/ Wholetime Directors.

b. Composition, name of members and chairperson

The Company constituted a Remuneration Committee which comprises of the following:

Mr. Ajaya Kumar - Chairman

Dr. K. Rajeswara Rao - Member

Mr. Chakravarthi Sundharshyam - Member

During the year under review, no meetings were held.

c. Remuneration policy

To recommend/review the remuneration package, periodically, to the Executive Directors. The remuneration payable to them is in accordance with the existing industry practice and also within the provisions of the Companies Act, 1956.

d. At present, all the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof and commission. Sitting fees at the rate of ₹10,000 per member is paid for attending each meeting of the board and ₹10,000 per member is paid for attending each meeting of the committee.

The details of remuneration paid to all the Directors for 2011-12 is given below:

						₹
Name	Designation	Salary	Commission	Perquisites	Sitting fees	Total
Mr. M. Ajaya Kumar	Chairman, Non-Executive Chairman Independent Director	-	-	-	-	-
Mr. K. Hari Babu	Promoter, Managing Director	6,000,000	-	-	-	6,000,000
Mr. M.S.S.V. Satyanarayana	Promoter, Wholetime Director	1,050,000	-	-	-	1,050,000
Dr. K. Rajeswara Rao	Non- Executive, Independent	-	232,263	-	20,000	252,263
Mr. Chakravarthi Sundharshyam	Non- Executive, Independent	-	232,263	-	60,000	292,263
Mr. Ravindran Parthasarathy	Non- Executive, Independent	-	232,263	-	80,000	312,263

e. Non-Executive Directors did not hold any shares in the Company as on March 31, 2012.

5. Shareholders'/Investors' Grievances Committee: Shareholders'/Investors' Grievances Committee' specifically looks into the redressal of shareholders'/investors' complaints and to strengthen investor relations. The Committee functions under the Chairmanship of Mr. Chakravarthi Sundharshyam, a Non-Executive and Independent Director. Other members include Mr. K. Hari Babu, Managing Director.

- Number of complaints received from shareholders: During the period under review the Company has received and resolved 14 complaints and there were no pending complaints as at the year end.
- Number of pending share transfers & complaints: Nil
- During the year under review, there were no share transfers and hence no meeting was held.

6. General body meetings

a. Details of the location and time of the general meetings:

Date	Year	Type	Venue	Time
September 28, 2011	2010-11	Annual General Meeting	Sri Sagi Rama Krishnam Raju Committee Hall, Madhura Nagar, E-Block, Hyderabad	11.00 a.m.
September 30, 2010	2009-10	Annual General Meeting	Nice Conference Hall, 7-1-621/2/3, Above ICICI Bank Ltd., Srinivasa Nagar East, Ameerpet, Hyderabad	11.00 a.m.
September 30, 2009	2008-09	Annual General Meeting	Nice Conference Hall, 7-1-621/2/3, Above ICICI Bank Ltd., Srinivasa Nagar East, Ameerpet, Hyderabad	11.00 a.m.

b. Special resolutions

All resolutions moved at the last Annual General Meeting were passed by show of hands by the requisite majority of Members present. The following are the special resolutions passed at the previous general meetings held in the last three years:

AGM / EGM held on	Whether special resolution passed	Summary of the resolution
September 28, 2011	Yes	As per Section 309(4) and other applicable provisions if any of the Companies Act, 1956 and by obtaining the approval from the concerned authorities, the remuneration payable to Non-Executive Directors by way of commission shall not exceed 1% (One per cent) of the net profits of the Company per annum apart from the sitting fees and reimbursement of out-of-pocket expenses for attending such meeting effective from April 1, 2011 and the maximum amount of remuneration that is required to be paid in full or in part shall be decided by the Board of Directors of the Company.
September 30, 2010	No	NA
September 30, 2009	No	NA

- Whether special resolutions were put through postal ballot last year; if so, details of voting pattern: No special resolutions were put through postal ballot last year.
- Whistle Blower Policy:* The Company has not established a whistle blower policy and affirms that during the year 2011-12, no employee has been denied access to the Audit Committee.

7. Disclosures

a. Related party transactions

No transaction of material nature was entered into by the Company with the related parties i.e. Directors or the management or their relatives conflicting with the Company's interest. Transactions with the related parties are disclosed in notes to accounts in the Annual Report.

- There has been no instance of non-compliance with any legal requirements nor have there been any restrictions imposed by any stock exchange, SEBI on any matters relating to the capital market over the last three years.

- The Company has adopted the Code of Conduct which is applicable to all the members of the Board and top management of the Company. The code of conduct is available on the Company's website.
- Details of compliance with mandatory requirements and adoption of non-mandatory requirements:* All the mandatory requirements were complied with.

Compliance with non-mandatory requirements: The Company complies with the following non-mandatory requirements:

- Independent directors may have a tenure not exceeding in the aggregate a period of nine years on the Board:*

None of the independent directors on the Board have served for a tenure exceeding nine years from the date when the new Clause 49 became effective. The Company also ensures that the persons who are being appointed as an independent director have the requisite qualifications and experience which would be of use to and contribute effectively, to the Company.

- ii. **Remuneration Committee:** The Company has constituted a Remuneration Committee, and details have been furnished in this Report.
- iii. **Shareholder rights:** The Company publishes its results on its website i.e. www.anulabs.com which is accessible to the public at large. A half-yearly announcement of financial performance including summary of the significant events is presently not being sent to each household of shareholders. The Company's results for each quarter are published in an English newspaper having a wide national circulation and also in a Telugu newspaper having a wide circulation in Andhra Pradesh. Hence, half-yearly results are not sent to the shareholders individually.
- iv. **Audit qualifications:** During the period under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to maintain accountability to its stakeholders.
- v. **Training of Board Members:** The Company is yet to evolve a plan to train the Board members.
- vi. **Mechanism for evaluating non-executive Board Members:** Yet to evolve.

As regards other non-mandatory requirements, the Board has taken cognizance of the same and may consider adopting them as and when deemed appropriate.

8. Means of communication

The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchange immediately after they are approved by the Board and are published in *Business Standard and Andhra Prabha* within 48 hours of conclusion of the board meeting.

The Company's website www.anulabs.com contains a separate dedicated section 'Investors' where latest information for shareholders is available. The quarterly/half-yearly/annual financial results of the Company are simultaneously posted on the website. The Company's website also displays official news releases related to the activities of the Company.

No presentations were made to any analysts during the financial year 2011-12.

General information

Date, time and venue of Annual General Meeting: September 28, 2012 at 11.00 a.m. at Sagi Rama Krishnam Raju Community Hall, Madhura Nagar, E Block, Hyderabad - 500 038.
Financial calendar (Tentative):
a. Annual General Meeting: September 28, 2012.
b. Results for the quarter ending June 30, 2012: On or before August 14, 2012
c. Results for the quarter ending September 30, 2012: On or before November 14, 2012.
d. Results for the quarter ending December 31, 2012: On or before February 14, 2013.
e. Audited results for the quarter ending March 31, 2013: On or before May 30, 2013.

Date of book closure (both days inclusive):

September 27 and September 28, 2012 (both days inclusive).

Dividend payment due: Not Applicable

Listing on stock exchanges: BSE Limited (BSE)

P. J. Towers, Dalal Street, Mumbai - 400001

Stock Code: 532981

ISIN No.: INE450H01022 with both depositories:

The National Securities Depository Ltd

Trade World, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel
Mumbai - 400013.

Central Depository Services (India) Ltd

Phiroze Jeejeebhoy Towers, 28th Floor
Dalal Street, Mumbai - 400 023.

Registered Office (For correspondence):

A-49, Madhura Nagar, Vengalrao Nagar, Hyderabad - 500038.

Ph: +91 40 2374 1677

Fax: +91 40 2374 1678

Email: ir@anulabs.com

Communication regarding share transfers and other related correspondence:

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500081

Phone: +91 40 2342 0818 to 2342 0828

Fax: +91 40 2342 0814

E-mail: mailmanager@karvy.com, ksreddy@karvy.com

Note: Members holding shares in electronic mode should address all correspondence to their respective depository participants

Share transfer system:

Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Share Transfer Committee.

9. As required under Clause 49 of the Listing Agreement, a certificate duly signed by Mr. K. Hari Babu, Managing Director, and Mr. V.S. Soma, Company Secretary was placed at the meeting of the Board of Directors held on August 14, 2012.

10. Distribution of shareholding as on March 31, 2012 was as under: Distribution of shareholding as on March 31, 2012

Category	No. of holders	% to holders	No. of shares	% to equity
1 - 5000	54,739	94.33	46,276,596	18.93
5001 - 10000	1,828	3.15	13,861,251	5.67
10001 - 20000	815	1.40	11,955,106	4.89
20001 - 30000	241	0.42	6,004,727	2.46
30001 - 40000	99	0.17	3,576,514	1.46
40001 - 50000	79	0.14	3,626,741	1.48
50001 - 100000	122	0.21	8,545,659	3.50
100001 and above	106	0.18	150,613,389	61.61
Total	58,029	100.00	244,459,983	100.00

Shareholding pattern as on March 31, 2012 was as follows:

Particulars	No. of shares	% to total shares
Promoter and promoter group	117,282,150	47.98
Financial institutions / banks	1,939,170	0.79
Bodies corporate	20,599,535	8.43
Individuals	102,181,337	41.8
Trust	960	0.00
NRI	2,361,172	0.97
Clearing members	95,659	0.04
Total	244,459,983	100.00

11. Dematerialisation of shares and Liquidity

The Company's equity shares are available for dematerialization on both the depositories i.e. National Securities Depository of India Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's scrip is INE450H01022. 98.66% of equity shares are held in dematerialized form as on March 31, 2012.

During the financial year 2011-12, the Company has not issued any equity shares. There are no ADRs/GDRs/Warrants or any convertible instruments issued by the Company.

12. Plant locations

- Unit 1: Chilakammarri Village, Shadnagar, Mahaboob Nagar District, Andhra Pradesh.
- Unit 2: Plot No. 272, 273, 280, 281, I.D.A, Pashamylaram, Isnapur, Medak District, Andhra Pradesh.
- Unit 3: Plot No. 12, Jawaharlal Nehru Pharma City (J.N.P.C), Paravada Mandal, Visakhapatnam - 530021 (Operational in part).
- Unit 4: IDA, Pydibhimavaram Village, Srikakulam Taluk & District, Andhra Pradesh (Formerly belonged to M/s. Stilbene Chemicals Limited).

13. Market price data

The Company's shares are traded on BSE.

Monthly high and low quotations and volume of equity shares traded on BSE for 2011-12 were as follows:

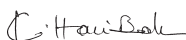
Month	BSE		
	High (₹)	Low (₹)	Volume
2011 April	4.0	3.1	33,22,315
May	3.8	3.0	45,46,220
June	3.3	2.8	31,51,170
July	3.3	2.9	33,01,948
August	3.0	2.3	39,10,727
September	2.9	2.2	28,62,925
October	2.7	2.3	19,15,088
November	2.6	1.7	28,20,567
December	2.1	1.5	17,67,873
2012 January	2.1	1.5	19,43,449
February	2.6	1.9	33,54,901
March	2.0	1.6	21,01,696

(Source: www.bseindia.com)

Code of conduct

The Board of Directors of Anu's Laboratories Limited adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website.

In accordance with Clause 49 I (D) of the Listing Agreement with the stock exchange, I hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended March 31, 2012



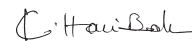
K. Hari Babu
Managing Director

Hyderabad
August 14, 2012

Chief Executive Officer (CEO) Certification

I, K. Hari Babu, Managing Director of Anu's Laboratories Limited, to the best of my knowledge and belief, certify that:

- I have reviewed the Balance Sheet and Statement of Profit and Loss and all its notes on accounts as well as the Cash Flow Statements for the year ended March 31, 2012.
- To the best of my knowledge and belief,
 - these statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading;
 - the financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
- To the best of my knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and steps taken or proposed to be taken for rectifying these deficiencies.
- I have indicated to the Company's auditors and the Audit Committee of the Company's Board of Directors that during the year:
 - there are no significant changes in internal control over financial reporting;
 - there are no significant changes in accounting policies, and,
 - there are no frauds, whether or not material that involves management or other employees who have significant role in the Company's internal control system over financial reporting.

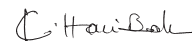


Hyderabad,
August 14, 2012

K. Hari Babu
Managing Director

CEO/CFO Certification

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended March 31, 2012 the Company has complied with the requirements of the said sub-clause.



Hyderabad,
August 14, 2012

K. Hari Babu
Managing Director

Auditors' Certificate on compliance of Corporate Governance

The Members,
Anu's Laboratories Limited, Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Anu's Laboratories Limited, for the year ended March 31, 2012 as stipulated in Clause 49 of the listing agreement of the Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of investor grievances received during the year ended March 31, 2012 as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Karumanchi & Associates
Chartered Accountants
Firm Regn.No.001753S



K. Peddabai
Partner
Membership No.25036

Hyderabad,
August 14, 2012

AUDITORS' REPORT

The Members
Anu's Laboratories Limited

We have audited the attached Balance Sheet of ANU'S LABORATORIES LIMITED as at March 31, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain responsible 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.

1. 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the

accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.

- e. On the basis of written representations received from the directors/companies as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. Attention is invited to Note 2.10 of Notes forming part of the financial statements relating to the liability of interest and required disclosures under the Micro, Small and Medium Enterprises Development Act, 2006. The Company is in the process of compiling information regarding measurement and disclosures prescribed under the Act. In view of the above, we are unable to comment on the impact of the same on the accounts.
- g. In our opinion and to the best of our information and according to the explanation 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 March 31, 2012;
 - ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **Karumanchi Associates**
Chartered Accountants
Firm Regd. No. 001753S



K. Peddabbai
Partner
Membership No. 25036

Hyderabad
May 29, 2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 1 of our Report of even date)

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets have been physically verified by the management in accordance with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c. Fixed assets disposed off during the year were not substantial. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.
- ii. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and have been properly dealt with in the books of account.
- iii. The Company has not granted or taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c), (d), (f) & (g) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. a. As per information and explanation and on basis of records maintained by the Company we are of the opinion that particulars of contracts or

- arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of Clause 4(vii) of the Order are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix. a. According to the records of the Company, provident fund, employees' state insurance, income tax, sales tax, professional tax and TDS dues applicable to it have not been deposited during the year with the appropriate authorities. According to the information and explanation given to us, the above said undisputed amounts payable were in arrears as at March 31, 2012 of ₹88.25 million for a period of more than six months from the date on which they became payable. Details are as under:

₹ Million	
Particulars	Amount as on March 31, 2012
Provident Fund	10.64
ESI	1.56
Income Tax	55.36
Sales Tax	10.64
TDS	9.50
Professional Tax	0.55
TOTAL	88.25

- b. According to the information and explanations given to us, the details of dues of sales tax which have not been deposited on account of any dispute are given below:
- | Nature of due | Nature of the statute | Amount ₹ Million | Period to which amount relates | Forum where dispute is pending |
|---------------|-----------------------|------------------|--------------------------------|--------------------------------|
| Sales Tax | Sales Tax Act | 0.68 | F.Y. 2003-04 | Sales Tax Appellate Tribunal |
| Sales Tax | Sales Tax Act | 1.83 | F.Y. 2004-05 | Sales Tax Appellate Tribunal |
| Sales Tax | Sales Tax Act | 2.21 | F.Y. 2005-06 | Sales Tax Appellate Tribunal |
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- xi. In our opinion and according to the information and explanation given to us, the Company has defaulted in repayment of dues to a financial institution or bank and details are as below:

₹ Million	
Particulars	Amount as on March 31, 2012
Development Credit Bank Limited	8.56
ING Vysya Bank Limited	6.14
Andhra Pradesh State Financial Corporation	21.76
IFCI Venture Capital Funds Ltd	34.12
TOTAL	70.58

- xii. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. 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. In respect of the end-use of money raised by public issue as disclosed in the Notes to the financial statements, in our opinion and based on the explanations given to us and certified by the management, the Company has utilized the total funds for the project implementation, subject to change in utilization of funds in respect of pilot plant to the extent of ₹50.82 million, which have been utilized for new plant.
- xx. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Karumanchi Associates**
Chartered Accountants
Firm Regd. No. 001753S



K. Peddabai
Partner
Membership No. 25036

Hyderabad
May 29, 2012

BALANCE SHEET AS AT MARCH 31, 2012

₹ Million

Particulars	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	244.46	244.46
Reserves and surplus	4	1,409.73	1,375.34
Non-current liabilities			
Long-term borrowings	5	376.83	69.23
Deferred tax liability	6	92.80	78.20
Other long-term liabilities	7	155.00	129.80
Long-term provisions	8	4.84	4.30
Current liabilities			
Short-term borrowings	9	726.87	546.00
Trade payables	10	59.86	64.33
Other current liabilities	11	350.51	478.60
Short-term provisions	12	7.65	6.91
TOTAL		3,428.55	2,997.17
ASSETS			
Non-current assets			
Fixed assets	13		
Tangible assets		935.89	936.65
Intangible assets		1.00	1.54
Capital work-in-progress		319.00	219.82
Intangible assets under development		32.62	—
Non-current investments	14	0.13	0.13
Deferred tax assets	15	88.80	88.80
Long-term loans and advances	16	338.18	232.01
Other non-current assets	17	16.57	35.14
Current assets			
Inventories	18	664.04	691.93
Trade receivables	19	833.56	551.71
Cash and cash equivalents	20	35.63	67.97
Short-term loans and advances	21	163.13	171.47
TOTAL		3,428.55	2,997.17
Significant accounting policies & notes to accounts	1 to 34		

As per our report attached

For and on behalf of the board

for **Karumanchi & Associates**

Chartered Accountants

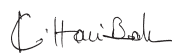
Firm Regn.No.001753S


K. Peddabai

Partner

Membership No.25036

Hyderabad, May 29, 2012


K. Hari Babu
Managing Director

M.S.S.V. Satyanarayana
Whole Time Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ Million

Particulars	Note	2011-12	2010-11
INCOME			
Revenue from operations	22	2,680.42	2,726.65
Other income	23	5.76	0.59
Total revenue		2,686.18	2,727.24
EXPENSES			
Cost of materials consumed	24a	538.54	960.77
Purchase of stock-in-trade	24b	1,228.94	703.46
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24c	24.20	136.42
Employee benefit expense	25	119.97	102.98
Financial costs	26	255.43	165.62
Depreciation and amortization expense		76.76	44.52
Other expenses	27	373.26	361.92
Total expenses		2,617.10	2,475.69
Profit before exceptional items and tax		69.08	251.55
Exceptional items		5.62	41.07
Profit before tax		63.46	210.48
Tax expense			
Current tax		14.48	51.39
Deferred tax		14.59	27.19
Profit for the year		34.39	131.90
Earnings per equity share	28		
Basic (₹)		0.14	0.54
Diluted (₹)		0.14	0.54
Significant accounting policies & notes to accounts	1 to 34		

As per our report attached

For and on behalf of the board

for **Karumanchi & Associates**

Chartered Accountants

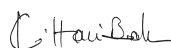
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K. Peddabbai

Partner

Membership No.25036

Hyderabad, May 29, 2012


K. Hari Babu
Managing Director

M.S.S.V. Satyanarayana
Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ Million

Particulars	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and exceptional items	69.08	251.55
Adjustment for		
Depreciation	58.79	27.64
Interest on borrowings	255.43	165.02
Miscellaneous expenditure amortised	17.97	16.88
	332.19	209.54
Operating profit before working capital changes	401.27	461.09
Adjustment for		
Trade and other receivables	(379.07)	(243.93)
Inventories	27.88	171.00
Trade payables and other liabilities	(113.87)	(58.47)
Decrease in net current assets	(465.06)	(131.40)
Cash generated from operations	(63.79)	329.69
Adjustment for		
Prior period adjustments	(5.62)	13.21
Taxes paid	(31.88)	(58.33)
	(37.50)	(45.12)
Net cash from operating activities (A)	(101.29)	284.57
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(189.29)	(226.03)
Net cash used in investing activities (B)	(189.29)	(226.03)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings		
Long term loans	127.58	72.90
Short term loans	180.88	142.97
Unsecured loans	205.21	(62.52)
Interest paid on borrowings	(255.43)	(165.02)
Miscellaneous expenses	—	(1.46)
Dividend payouts	—	(24.15)
Net cash used in financing activities (C)	258.24	(37.28)
Net increase in cash and cash equivalents (A+B+C)	(32.34)	21.26
Cash and cash equivalents at the beginning of the year	67.97	46.71
Cash and cash equivalents at the end of the year	35.63	67.97

As per our report attached

For and on behalf of the board

for **Karumanchi & Associates**

Chartered Accountants

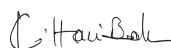
Firm Regn.No.001753S


K. Peddabai

Partner

Membership No.25036

Hyderabad, May 29, 2012


K. Hari Babu
Managing Director

M.S.S.V. Satyanarayana
Whole Time Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Anu's Laboratories Limited is one of the leading manufacturers of 2,4-Dichloro-5 Fluro Acetophenone, CSI+ Hydroxy Lactum, Chlorohexanone 2-one, Q-acid, Sodium Methoxide solution and powder. Anu's Laboratories Limited has manufacturing facilities at Shad Nagar, Isnapur, Visakapatnam and Pydibhimavaram in Andhra Pradesh.

The financial statements of the Company are prepared on accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

Financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

2.2 Revenue recognition

- i. Sales are recognized on dispatch of products. Sales are inclusive of insurance, freight and sales tax.
- ii. The export incentives are accrued and accounted on the basis of the actual exports made during the year.
- iii. Income from job work services are recognized when services are rendered or related costs are incurred in accordance with the terms of specific contracts.

2.3 Excise duty

Excise duty recovered is reduced from sale of products. Excise in respect of finished goods is accounted for; as and when goods are cleared from the factory.

2.4 Fixed assets

a. Tangible assets

- i. Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties (net of CENVAT & VAT), taxes, incidental expenses relating to acquisition and the cost of installation/erection as applicable.
- ii. Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed by Schedule XIV of the Companies Act, 1956. Depreciation is charged on pro rata basis for assets purchased/sold during the year.
- iii. Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalized as part of such assets for the period up to the date of commencement of production. All other borrowing costs are charged to revenue.

b. Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised.

2.5 Impairment of assets

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

2.6 Foreign currency transactions

- a. Transactions in foreign exchange are accounted for at the exchange rate prevailing on the date of transaction, gains and losses arising thereon are recognized in the Statement of Profit and Loss.
- b. Foreign currency monetary items are reported using the closing rate, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate on the date of the transaction.

2.7 Inventories

Inventories are valued at lower of cost and net realizable value, after providing for cost of obsolescence and other anticipated loss whenever considered necessary. Work-in-progress is valued on the basis of stage wise completion of the production. Valuation of finished goods and work-in-process include cost of conversion and other costs incurred in bringing the inventories to their present level of location and condition. Cost is determined by using the weighted average method; By products are valued at net realizable value.

2.8 Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax resulting from 'timing differences' between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that asset will be realized in future.

2.9 Employee benefits

- a. **Defined contribution plan:** The Company's employees' provident fund administered through government provident fund, employees state Insurance scheme and labor welfare fund are considered as defined contribution plans. The Company's contributions paid/payable towards these defined contributions plan are recognized as expense in the Statement of Profit and Loss during the period in which the employee renders the related service.
- b. **Defined benefit plan:** Company's liabilities towards gratuity, long term compensated absences are considered as defined benefit plans. The present value of the obligations under such defined benefit plans are determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. The obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the balance sheet date on government securities.

2.10 Disclosure required by Micro, Small and Medium Enterprises (Development) Act, 2006

In the absence of necessary information relating to the suppliers registered as micro or small enterprises under the Micro, Small and Medium Enterprises (Development) Act, 2006 the Company has not been able to identify such suppliers and the information required under the said Act could not be compiled and disclosed.

2.11 Contingent liabilities

Contingent liabilities are disclosed after careful examination of the facts and legal aspects of the matter involved.

3. SHARE CAPITAL

Particulars	As at March 31,	
	2012	2011
3.1 AUTHORISED SHARE CAPITAL	500.00	500.00
50,00,00,000 Equity shares of ₹1 each (2011: 50,00,00,000 Equity shares of ₹1 each)		
3.2 ISSUED, SUBSCRIBED & PAID UP CAPITAL	244.46	244.46
24,44,59,983 Equity shares of ₹1 each fully paid up (2011: 24,44,59,983 Equity shares of ₹1 each)		
Total	244.46	244.46

3.2.1 All the equity shares issued by the Company carry equal voting and participatory rights.

3.2.2 Details of shareholders holding more than 5% shares

Name of the shareholder	As at March 31,			
	2012		2011	
	No. of shares	% held	No. of shares	% held
Kosaraju Hari Babu	42,760,419	17.49	42,508,280	17.60
Kosaraju Padmaja Rani	48,815,751	19.97	47,476,520	19.66

3.2.3 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at March 31,	
	2012 No. of shares	2011 No. of shares
Equity shares at the beginning of the year	244.46	241.52
Add: Shares issued on merger to shareholders of Nitya Laboratories Limited on consideration other than cash	–	2.94
Equity shares at the end of the year	244.46	244.46

4. RESERVES & SURPLUS

Particulars	As at March 31,	
	2012	2011
Share premium		
Opening balance & closing balance	745.31	745.31
Capital reserve		
Opening balance & closing balance	4.63	4.63
General reserve		
Opening balance	211.01	176.42
Add: Transferred from Statement of Profit and Loss	–	34.59
Closing balance	211.01	211.01
Statement of Profit and Loss		
Opening balance	414.39	317.08
Add: Profit for the year	34.39	131.90
Less: General reserve	–	34.59
Closing balance	448.78	414.39
Total	1,409.73	1,375.34

5. LONG-TERM BORROWINGS

Particulars	As at March 31,	
	2012	2011
Secured		
Long-term loans - From banks	110.09	62.90
Long-term loans - Others	43.00	–
Long-term maturities of finance lease obligations	37.40	–
Unsecured loans		
Long-term loans	186.34	6.33
Total	376.83	69.23

5.1 Long-term loan from bank: The loan from ING Vysya Bank Limited is secured by way of exclusive first charge on fixed assets of the Company situated at Jawaharlal Nehru Pharma City, Parwada, Vizag. This facility is further secured by way of pari pasu first charge on all other fixed assets of the Company, both present & future, along with other term lenders. The loan is repayable in 12 quarterly installments and the last being October 2014 and carries rate of interest of 16%.

5.2 Long-term loan from others: The loan from IFICI Venture Capital Funds Limited and is secured by way of exclusive first charge on fixed assets of the Company situated at Pydibhimavaram, Srikakulam District, Andhra Pradesh. This facility is secured by way of pledge of shares of promoters of the Company and also guaranteed by the Managing Director of the Company. The loan is repayable in 9 quarterly installments and the last installment being in January 2014 and carries rate of interest of 16%.

5.3 Finance lease obligations are secured against leased assets (Refer Note 13.1).

5.4 Unsecured loan: The long term unsecured loan of ₹170.00 million from Shri Ram City Union Finance Limited secured against personal property of the promoters and repayable in one year and carrying rate of interest @ 24% p.a.

6. DEFERRED TAX LIABILITY

Particulars	As at March 31,	
	2012	2011
Opening deferred tax liability	78.20	51.00
Deferred tax liability recognised on account of depreciation for the year	14.60	27.20
Net deferred tax liability	92.80	78.20

7. OTHER LONG-TERM LIABILITIES

Particulars	As at March 31,	
	2012	2011
Loans and advances from promoters & related parties	104.37	77.34
Deferred payment liabilities	50.63	52.46
Total	155.00	129.80

7.1 Sales tax deferment availed till the current accounting period is due for repayment after 12 months from Balance Sheet date as under:

Year of repayment	
2013-14	5.05
2014-15	7.39
2015-16	7.95
2016-17	7.07
2017-18	4.32
2018-19	0.02
2019-20	11.35
2024-25	5.41
2025-26	2.07
Total	50.63

8. LONG-TERM PROVISIONS

Particulars	As at March 31,	
	2012	2011
Provision - Employee benefits	4.84	4.30
Provision - Others	-	-
Total	4.84	4.30

9. SHORT-TERM BORROWINGS

Particulars	As at March 31,	
	2012	2011
Secured loans		
Working capital loans from banks	726.87	546.00
Total	726.87	546.00

9.1 The working capital facilities are sanctioned by IDBI, State Bank of India, ING Vysya Bank and Karur Vysya Bank. These facilities are secured by first charge on all the current assets, both present & future. There are further secured by way of second charge on the immovable properties of the Company. These are further secured by way of *paripassu* first charge on the properties belongs to the promoters & relatives of the promoters and also guaranteed by the Promoter Directors and Directors of the Company. These loans are payable on demand and carry average rate of interest 15% p.a.

10. TRADE PAYABLES

Particulars	As at March 31,	
	2012	2011
Trade payables	59.86	64.33
Total	59.86	64.33

13. FIXED ASSETS

Description	Gross block				Depreciation/amortisation				Net block	
	As at 01.04.11	Additions/ adjustments	Deductions/ adjustments	Total as at 31.03.12	As at 01.04.11	for the year	Deductions/ adjustments	upto 31.03.12	As at 31.03.12	As at 31.03.11
A. Tangible assets										
Land	81.06	-	-	81.06	-	-	-	-	81.06	81.06
Buildings	156.09	0.11	-	156.20	21.16	5.22	-	26.38	129.82	134.93
Plant & machinery	802.52	4.44	-	806.96	185.88	42.66	-	228.54	578.42	616.64
Electrical equipment	80.92	2.49	-	83.41	4.74	4.03	-	8.77	74.64	76.18
Lab equipment	16.21	-	-	16.21	3.63	0.77	-	4.40	11.81	12.59
Vehicle	14.82	0.05	-	14.87	8.77	1.42	-	10.19	4.68	6.05
Office equipment	3.84	0.11	-	3.95	1.32	0.19	-	1.51	2.44	2.53
Furniture & fixtures	6.60	0.05	-	6.65	1.39	0.42	-	1.81	4.84	5.21
Data processing equipment	7.37	0.27	-	7.64	5.88	1.23	-	7.11	0.51	1.47
Total (A)	1,169.43	7.52	-	1,176.95	232.77	55.94	-	288.71	888.22	936.66
B. Lease assets										
Plant & machinery	-	49.99	-	49.99	-	2.33	-	2.33	47.66	-
Total (B)	-	49.99	-	49.99	-	2.33	-	2.33	47.66	-
C. Intangible assets										
Software package	3.21	-	-	3.21	1.68	0.52	-	2.20	1.01	1.53
Total (C)	3.21	-	-	3.21	1.68	0.52	-	2.20	1.01	1.53
D. Capital work-in-progress										
Capital work-in-progress	219.82	99.18	-	319.00	-	-	-	-	319.00	219.82
Total (D)	219.82	99.18	-	319.00	-	-	-	-	319.00	219.82
E. Intangible assets under development										
Intangible assets under development	-	32.62	-	32.62	-	-	-	-	32.62	-
Total (E)	-	32.62	-	32.62	-	-	-	-	32.62	-
Grand Total (A+B+C+D+E)	1,392.46	189.31	-	1,581.77	234.45	58.79	-	293.24	1,288.51	1,158.01
Previous year	1,166.42	600.18	374.14	1,392.46	206.81	27.64	-	234.45	1,158.01	

11. OTHER CURRENT LIABILITIES

Particulars	As at March 31,	
	2012	2011
Current maturities of long-term loans - From banks	93.32	275.75
Current maturities of long-term loans - Others	97.48	74.49
Current maturities of finance lease obligations	8.68	-
Current maturities of deferred payment liabilities	5.25	1.34
Outstanding liabilities	57.49	21.33
Duties & taxes payable	88.29	105.69
Total	350.51	478.60

12. SHORT-TERM PROVISIONS

Particulars	As at March 31,	
	2012	2011
Provision - Employee benefits	7.65	6.91
Provision - Others	-	-
Total	7.65	6.91

13.1 In respect of fixed assets acquired on finance lease and the minimum lease rentals outstanding as on March 31, 2012 are as follows:

Particulars	Total minimum lease payments outstanding		Future interest on outstanding lease payments		Present value of minimum lease payments	
	As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011
Within one year	8.68	–	6.10	–	8.11	–
Later than one year and not later than five years	37.40	–	10.34	–	29.49	–
Later than five years	–	–	–	–	–	–
Total	46.08	–	16.44	–	37.60	–

13.2 General description of lease terms

- Lease rentals are charges on the basis of agreed terms
- Assets are taken on lease for a period of five years

14. NON-CURRENT INVESTMENTS

Particulars	As at March 31,	
	2012	2011
Unquoted 13,460 Equity shares in Patancheru Envirotech Limited	0.13	0.13
Total	0.13	0.13

15. DEFERRED TAX ASSETS

Particulars	As at March 31,	
	2012	2011
Opening deferred tax assets	88.80	88.80
Deferred tax asset recognised for the year	–	–
Net deferred tax asset	88.80	88.80

16. LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31,	
	2012	2011
(Unsecured, considered good)		
Deposits	20.34	16.65
Other loans and advances	317.84	215.36
Total	338.18	232.01

17. OTHER NON-CURRENT ASSETS

Particulars	As at March 31,	
	2012	2011
Miscellaneous expenditure (to the extent not written off or adjusted)	16.57	35.14
Total	16.57	35.14

18. INVENTORIES

Particulars	As at March 31,	
	2012	2011
(As certified by the management)		
Stores, chemicals and packing materials	8.82	8.78
Raw materials	92.01	95.75
Work-in-progress	544.83	503.20
Finished goods	18.38	84.20
Total	664.04	691.93

19. TRADE RECEIVABLES

Particulars	As at March 31,	
	2012	2011
(Unsecured, considered good)		
Debtors outstanding for a period exceeding six months	175.42	118.43
Other debtors	658.14	433.28
Total	833.56	551.71

20. CASH AND BANK BALANCES

Particulars	As at March 31,	
	2012	2011
Cash in hand	0.47	0.45
Balance with banks	35.16	67.52
Total	35.63	67.97

21. SHORT-TERM LOANS AND ADVANCES

Particulars	As at March 31,	
	2012	2011
(Unsecured, considered good)		
Loans and advances to employees	1.26	0.88
Prepaid expenses	4.57	7.43
Balances with government authorities	103.24	105.51
Advance income tax	1.48	10.06
Advance to suppliers	52.58	47.59
Total	163.13	171.47

22. REVENUE FROM OPERATIONS

Particulars	2011-12	2010-11
Sale of products	2,787.57	2,875.73
Other operating income	11.71	32.51
Total	2,799.28	2,908.24
Less: Excise duty	(118.86)	(181.59)
Total	2,680.42	2,726.65

23. OTHER INCOME

Particulars	2011-12	2010-11
Interest income	5.76	0.59
Total	5.76	0.59

24. COST OF MATERIALS CONSUMED

Particulars	2011-12	2010-11
A. Raw material consumed		
Opening stock	95.75	134.83
Purchases	534.80	921.69
	630.55	1,056.52
Less: Closing stock	92.01	95.75
Raw material consumed	538.54	960.77
B. Purchase of traded goods		
Opening stock	–	–
Purchases	1,228.94	703.46
	1,228.94	703.46
Less: Closing stock	–	–
Goods traded	1,228.94	703.46
C. Increase/(decrease) in stocks		
Closing stock of finished goods	18.37	84.19
Closing stock of work-in-process	544.82	503.20
Total (i)	563.19	587.39
Opening stock of finished goods	84.19	190.43
Opening stock of work-in-process	503.20	533.38
Total (ii)	587.39	723.81
Increase/(decrease) in stock (i-ii)	(24.20)	(136.42)

25. EMPLOYEE BENEFITS EXPENSE

Particulars	2011-12	2010-11
Salary and wages	109.45	87.44
Contributions to provident and other funds	6.12	5.78
Staff welfare expenses	4.40	9.76
Total	119.97	102.98

26. FINANCE COSTS

Particulars	2011-12	2010-11
Bank charges	3.31	4.99
Interest on:		
Term loan	56.66	19.83
Working capital loans	167.90	105.70
Vehicle loans	0.61	0.16
Unsecured loans	15.89	15.16
Others financial charges	11.06	19.78
Total	255.43	165.62

27. OTHER EXPENSES

Particulars	2011-12	2010-11
A. Operating expenses		
Stores, spares & packing material consumed	75.88	78.80
Factory power & fuel	70.37	58.85
Security services & factory maintenance	27.23	34.10
Job work charges	12.97	1.93
Repairs & maintenance	5.57	8.44
Insurance charges	3.48	2.57
Total	195.50	184.69

27. OTHER EXPENSES (Contd.)

Particulars	2011-12	2010-11
B. Administrative & other expenses		
Audit fee	0.70	0.50
Conveyance expenses	5.10	3.57
Directors' sitting fees	0.15	0.17
Commission to Directors	0.70	–
Annual general meeting expenses	1.79	0.92
Annual maintenance charges	1.06	0.51
R&D expenses	5.34	7.70
Legal & professional fee	8.64	9.02
Membership fee & subscription	0.14	0.14
Office & general expenses	0.80	0.76
Other expnses	0.69	0.87
Postage courier	0.14	0.19
Printing & stationery	0.89	2.64
Rent. rates & taxes	5.34	5.91
Sales tax	112.43	102.98
Recruitment & training expenses	0.23	0.52
Telephone charges	1.59	1.59
Tour & travelling expenses	4.22	3.96
Vehicle running & maintenance	3.32	3.22
Total	153.27	145.17
C. Selling & distribution expenses		
Advertisement & publicity	0.41	0.56
Business promotion expenses	0.53	1.23
Clearing, forwarding & freight	16.16	24.66
Discount allowed	3.00	1.77
Commission on sales	3.16	1.78
Insurance charges (Marine premium)	1.23	2.06
Total	24.49	32.06
Grand Total (A+B+C)	373.26	361.92

28. EARNINGS PER SHARE (EPS)

Particulars	2011-12	2010-11
Net profit after tax as per Statement of Profit and Loss	34.39	131.89
Weighted average number of equity shares	244,459,983	244,459,983
Annualized basic & diluted earnings per share (₹)	0.14	0.54

29. RELATED PARTY DISCLOSURES**List of related parties and relationships**

Name of the related party	Relationship
M/s. Sambasiva Transport	Associate concern
Mr. K. Hari Babu	Key managerial personnel
Mr. M.S.S.V. Satyanarayana	Key managerial personnel
Miss K. Pratyusha	Relative of key managerial prsonnel
Mr. R. Shanti Sagar*	Key managerial personnel

Transactions with related parties

Nature of transactions	2011-12		2010-11	
	Associate concern	Key managerial personnel	Associate concern	Key managerial personnel
Transportation charges paid to M/s. Sambasiva Transport	4.96	–	4.49	–
Remuneration to Mr. K. Hari Babu	–	6.00	–	6.00
Remuneration to Mr. M.S.S.V. Satyanarayana	–	1.05	–	0.66
Salary to Miss K. Pratyusha	–	0.16	–	–
Remuneration to Mr. R.Shanti Sagar	–	–	–	1.35

* Mr. R. Shanti Sagar was a Director of M/s. Nitya Laboratories Limited which was merged with the Company.

30. CONTINGENT LIABILITIES

Particulars	2011-12	2010-11
a. Bank guarantees & letter of credit given by banks	11.67	413.98
b. Details of statutory authorities disputed by the Company in appeals with higher authorities in respect of:		
Disputed sales tax demands		
A.Y. 2001-02	1.00	1.00
A.Y. 2003-04	0.68	0.68
A.Y. 2004-05	1.82	1.82
A.Y. 2005-06	2.21	2.21
c. Other legal claims		
M/s. Sun Moon Chemicals Private Limited filled a suit against the Company for a demand of ₹4.68 million.	4.68	4.68
Total	22.06	424.37

31. MANAGERIAL REMUNERATION

Particulars	2011-12	2010-11
Directors' salaries & allowances	7.05	8.01
Perquisites	–	–
Commission	0.69	–
Total	7.74	8.01

32. SEGMENT REPORTING

- a. Company's operations are predominantly related to the manufacture of bulk drugs intermediates, as such there is only one primary reportable segment. Secondary reportable segments are identified taking into account the geographical markets available to the products, the differing risks, returns and internal reporting system.
- b. As a part of secondary reporting, revenues are attributed to geographical areas based on the location of customers as detailed below:

Particulars	2011-12		2010-11	
	Revenue	%	Revenue	%
Domestic	2,655.16	95.25	2,516.99	87.53
Exports - Direct	127.21	4.56	340.18	11.83
Exports - Deemed	5.20	0.19	18.56	0.64
Total	2,787.57	100.00	2,875.73	100.00

33. FOREIGN CURRENCY TRANSACTIONS

Particulars	2011-12	2010-11
Outflow in foreign currency		
Foreign travel expense	0.76	1.19
Inflow in foreign currency		
FOB value of exports	127.20	340.18
Total	127.96	341.37

34. REGROUPED

Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to the current year classification.

As per our report attached

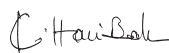
For and on behalf of the board

for **Karumanchi & Associates**
Chartered Accountants
Firm Regn.No.001753S

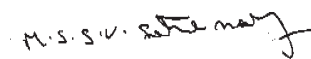


K. Peddabai
Partner
Membership No.25036

Hyderabad, May 29, 2012



K. Hari Babu
Managing Director



M.S.S.V. Satyanarayana
Whole Time Director

ANU'S

ANU'S LABORATORIES LIMITED

Registered Office: A-49, Madhura Nagar, Vengalrao Nagar, Hyderabad - 500 038

Mr./Ms.
.....
.....
.....

ATTENDANCE SLIP

Day Friday
Date September 28, 2012
Time 11.00 a.m.
Venue Sagi Ramakrishnam Raju
Community Hall,
Madhura Nagar, E Block,
Hyderabad

Folio No.

Demat Particulars
DP ID No.

Client ID No.

I hereby record my presence at the
16th ANNUAL GENERAL MEETING
of the Company

.....
Signature of the Member or Proxy

MEMBER

PROXY

No. of Shares

(Please tick as applicable)

- Note: 1. Only Members of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF ATTENDANCE SLIP duly completed and signed.
2. Members are requested to bring their copies of Annual Report with them.
3. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

FORM OF PROXY

Folio No.

Demat Particulars
DP ID No.

Client ID No.

ANU'S

ANU S LABORATORIES LIMITED

Registered Office: A-49, Madhura Nagar, Vengalrao Nagar, Hyderabad - 500 038

No. of Shares

I/We.....of
(Name of Member)

.....
(Address)

being Member(s) of ANU'S LABORATORIES LIMITED hereby appoint..... of
(Name of proxy)

.....
(Address of proxy) or failing

him/her
(Name of alternate proxy)

of
(Address of alternate proxy)

as my/our proxy to vote for me/us on my/our behalf at the 16th ANNUAL GENERAL MEETING of the Company to be held at 11.00 a.m. on Friday, September 28, 2012 and at any adjournment thereof.

Date.....

Signature.....

Affix a
15 paise
Revenue
Stamp

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a member of the Company.

Forward looking statements

This communication contains statements that constitute “forward looking statements” including, without limitation, statements relating to the implementation of strategic initiatives and other statements relating to our future business developments and economic performance.

While these forward looking statements represent our judgements and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that we have indicated could adversely affect our business and financial performance.

Anu’s Laboratories undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.

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