


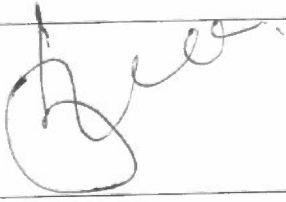


FORM A

1.	Name of the Company	Kilitch Drugs (India) Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation Un-qualified / Matter of Emphasis	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	Mr. Mukund Mehta Managing Director	
	Mr. C.S. Krishnan Vice President- Finance	
	For: M/s. A.M. Ghelani & Co. Chartered Accountants Mr. Chintan A. Ghelani Partner Membership No. 104391	
	Mr. Mukesh Shah Audit Committee Chairman	



KILITCH DRUGS (INDIA) LTD.

**22nd ANNUAL REPORT
2013 - 2014**

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।
मा कर्मफलहेतुर्भूर्मा ते सङ्गोऽस्त्वकर्मणि ॥





KILITCH DRUGS (INDIA) LTD.



FROM THE DESK OF MANAGING DIRECTOR!!

Dear Valued Shareholders,

On behalf of the Board of Directors,

I welcome you all to the 22nd AGM of our Company.

Due to the non compete clause and specific restriction on exporting countries, turnover slumped, but during the year we have revamped our export dept., for Francophone countries, we hope to revive past glory soon.

We believe the future of our company lies in export business from semi regulated and regulated markets. A separate division representing each continent has been formed and it is lead by able managers under personal supervision of your Directors. In the coming year our focus is to register more products in West African countries (Francophone countries)

On the production front, we have started major revamping at our Thane factory. A total renovation is taking place which will hopefully meet all regulated and semi regulated Ministry of Health guidelines. A staggering expenses has been envisaged for near total new automation at factory.

We announced ₹ 2500/- as education grant per worker with a constraint of max two child per worker . The same was paid before the school opening to facilitate the childs education.

In the year 2013-14, your executive Director who is also a Chairman of IPHEX took a lead role in organising a spectacular pharma exhibition under the banner of PHARMEXCIL. It was an overwhelmingly successful event and was attended by 620 foreign buyers from across the Globe.

The business opportunities generated at IPHEX shall help your company to strive in export market.

As you are aware India also has seen a major political turn around . A good majority Govt., with decisive mandate, pro Industry policy etc. will result in definitive growth.

Wishing you and your family a very happy Diwali and a prosperous New year.

Mukund P. Mehta

Managing Director

COMPANY INFORMATION

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

CONTENTS:	Page No.
Notice	3
Directors Report	11
Management Discussion & Analysis Report	13
Corporate Governance Report	14
Auditors Report.....	22
Balance Sheet.....	26
Statement of Profit & Loss.....	27
Cash Flow Statement	28
Notes Forming Part of the accounts.....	30

AUDITORS

A.M. GHELANI & CO.

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED

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

NOTICE

Notice is hereby given that the **22nd** Annual General Meeting of the Members of **KILITCH DRUGS (INDIA) LIMITED** will be held at C-301/2, MIDC, TTC Industrial Area, Pawane Village, Thane-400701, on **Tuesday, 30th September, 2014 at 9.30 A.M.** on to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2014 and the Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Bhavin Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To reappoint auditors of the Company to hold office from the conclusion of this AGM until the conclusion of fourth consecutive AGM and to fix their remuneration and to pass the following resolution thereof:

"RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. A.M. Ghelani & Co, Chartered Accountants (Firm Registration no. 103173W) be and are hereby re appointed as the Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the fourth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis to be agreed upon between the auditors and the Board of Directors."

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Mr. Deepu Kesavan Pannankattil **[DIN: 03514959]**, who was appointed as an Additional Director of the Company by the Board of Directors with effect from October 17, 2013 and who holds office up to the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act, 2013 from a member of the Company proposing his appointment as a Director of the Company and who has consented, if appointed, to act as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all

other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Deepu Kesavan Pannankattil **[DIN: 03514959]** as a Whole-time Director, designated as Executive Director of the Company, for a period of **3 (three) years** with effect from **November 14, 2013 and ending of November 13, 2016** on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Deepu Kesavan Pannankattil, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Mrs. Mira Mehta **[DIN: 01902831]**, who was appointed as an Additional Director of the Company by the Board of Directors with effect from October 17, 2013 and who holds office up to the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act, 2013 from a member of the Company proposing her appointment as a Director of the Company and who has consented, if appointed, to act as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mrs. Mira Mehta **[DIN: 01902831]** as a Whole-time Director, designated as Executive Director of the Company, for a period of **5 (Five) years** with effect from **November 14, 2013 and ending of November 13, 2018** on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination

and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mrs. Mira Mehta, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Mr. Mukesh Shah **[DIN: 00893087]**, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Mukesh Shah as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the Companies Act, 2013, Mr. Shailesh Chheda **[DIN: 02430232]**, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Shailesh Chheda as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation.”

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

“RESOLVED THAT in super cession of the resolution passed by the Shareholders of the Company and pursuant to Section 180 (1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable assets and properties of the Company, wherever situated, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial / investment institution(s), bank(s), insurance company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the loans, borrowings, debentures, hire purchase and / or working capital facilities and other credit facilities up to a sum not exceeding ₹ 100,00,00,000/- (**Rupees One Hundred Crores only**).”

“RESOLVED FURTHER THAT the Board of Directors or such Committee or person(s) as may be authorized by the Board be and is hereby authorized to finalize the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and / or movable properties of the Company on such terms and conditions and at such time(s) / tranche(s) as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution.”

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

“RESOLVED THAT in supersession of the resolution passed by the Shareholders of the Company and pursuant to Section 180 (1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, for the purpose of the Company’s business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding shall be in excess of the aggregate of the paid-up share capital and free reserves, but not exceeding ₹ 100,00,00,000/- (**Rupees One Hundred Crores only**) over and above the paid up share capital and free reserves for the time being of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013(including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulations, alterations, and modifications, if any, as may be prescribed and specified by such authorities while granting such approvals and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which expression shall include a Committee of directors duly authorized in this behalf) the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investments which may exceed 60% of the aggregate of the paid-up share capital and free reserves and/or 100% of the aggregate of free reserves of the Company as per the limits prescribed under Section 186 subject to the maximum aggregate amount not exceeding ₹ 175.00 crores (**Rupees One Hundred and Seventy Five Crores Only**).”

“RESOLVED FURTHER that the proposed investments shall be made from the internal resources of the Company.”

”RESOLVED FURTHER that Mr. Mukund Mehta, Managing Director of the Company, be and is hereby authorised to do all such acts, deeds and things as may deemed expedient and necessary to give effect to this resolution for and on behalf of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 5, read with Section 14 Table F of Schedule I and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded for adoption of new set of Articles of Association of the Company as placed before the meeting by substituting the existing Articles of Association of Association of the Company.”

“RESOLVED FURTHER THAT the Board of Directors (which term shall include any Committee(s) of the Board) be and is hereby authorized to sign and execute such Forms, papers, documents, deeds and instrument and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient by them for the purpose of giving effect to this resolution relating to adoption of a new set of Articles of Association by the Company.”

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

Place: Mumbai

Date: 14/08/2014

**MUKUND MEHTA
MANAGING DIRECTOR**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, September 25, 2014 to Tuesday, September 30, 2014 (both days inclusive.)**
3. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution in advance authorising their representative to attend and vote on their behalf at the Meeting.
5. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
6. Copies of Annual Report 2014 are being sent by electronic mode only to all the members whose email address are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for

a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by permitted mode.

7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by members
8. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as ‘proxy’.
9. IF THE MEMBERS HAVE ANY QUERIES ON THE FINANCIAL STATEMENTS, DIRECTORS’ REPORT & AUDITOR’S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS’ SATISFACTION.
10. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 for items of Special Businesses is annexed herewith.
11. Members are requested to bring their copies of the reports to Annual General Meeting.
12. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith share certificates to the Company.
13. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

UNIT: KILITCH DRUGS (INDIA) LIMITED

C/o. Link Intime India Private Limited

Registrar & Share Transfer Agent

C-13, Pannanlal Silk Mills Compound,

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

Tel: 022- 25963838; Fax: 022-25946969

Instructions for Voting through electronics means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL):

The instructions for e-voting are as under:

- (i) The voting period begins on Wednesday, September 24, 2014 (10:00 am) and ends on Friday, September, 26, 2014 (6:00 p.m.). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 27, 2014, may cast their vote electronically.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.

- (iii) Click on “Shareholders” tab.
- (iv) Now, select the “Kilitch Drugs (India) Limited” from the drop down menu and click on “SUBMIT”
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 89 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL Letters. Eg. If your name is Rajesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the date of Birth as recorded in your demat account or in the company records for the said demat amount or folio in dd/mm/yyyy format.

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Kilitch Drugs (India) Limited on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO

implies that you dissent to the Resolution.

- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders & Custodians:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) The voting rights of the members shall be in proportion to their of paid-up equity share capital of the Company as on relevant date of August 27, 2014.
- (xxii) Mr. Deep Shukla, has been appointed as the scrutinizer to scrutinize the e-voting process in fair and transparent manner.
- (xxiii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxiv) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.kilitch.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Item Nos. 4 & 5:

Mr. Deepu Kesavan Pannankatil was appointed as an Additional Director of the Company on October 17, 2013 pursuant to Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Deepu Kesavan Pannankatil will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Deepu Kesavan Pannankatil for the office of the Director, to be appointed as such under the provisions of the Companies Act, 2013. The Company has received from Mr. Deepu Kesavan Pannankatil the following:

- Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; and
- Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013;

Further, the Board at its meeting held on November 14, 2013, also appointed (subject to the approval of the members in the general meeting), Mr. Deepu Kesavan Pannankatil as a Whole-time director of the Company for a period of three years commencing November 14, 2013.

The terms and conditions of his appointment are as follows:

CATEGORY	PARTICULARS
Basic Salary	Upto maximum ₹ 2,00,000/- (Rupees Two Lacs Only) per month or ₹ 24,00,000/- (Rupees Twenty Four Lacs Only) per annum based on merit and taking into account the Company's Performance.
Perquisites and Allowances	<p>Category A Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the mediclaim Policy. Leave Travel Concession: Company shall provide leave travel fare for the Whole time Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.</p> <p>Category B The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p>

CATEGORY	PARTICULARS
	<p>Category C The Company shall provide a car with a driver at the cost of the Company for business use of the Company. The Whole time Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Whole time Director.</p>
Sitting Fees	The Whole time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Whole Time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole time Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in Schedule V of the Companies Act, 2013. However the Whole time Director shall not be paid any sitting fees for attending the Board or Committee meetings.

The resolution seeks the approval of members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the appointment of Mr. Deepu Kesavan Pannankatil as a Whole time Director of the Company for a period of three years commencing November 14, 2013.

No Director, key managerial personnel or their relatives, except Mr. Deepu Kesavan Pannankatil, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item nos.4 & 5 for approval of the Members.

Item Nos. 6 & 7:

Mrs. Mira Mehta was appointed as an Additional Director of the Company on October 17, 2013 pursuant to Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mrs. Mira Mehta will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mrs. Mira Mehta for the office of the Director, to be appointed as such under the provisions of the Companies Act, 2013.

The Company has received from Mrs. Mira Mehta the following:

- Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; and

- ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013;

Further, the Board at its meeting held on November 14, 2013, also appointed (subject to the approval of the members in the general meeting), Mrs. Mira Mehta as a Whole-time director of the Company for a period of five years commencing November 14, 2013.

The terms and conditions of her appointment are as follows:

CATEGORY	PARTICULARS
Basic Salary	Upto maximum ₹ 2,00,000/- (Rupees Two Lacs Only) per month or ₹ 24,00,000/- (Rupees Twenty Four Lacs Only) per annum based on merit and taking into account the Company's Performance.
Perquisites and Allowances	<p>Category A Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the mediclaim Policy. Leave Travel Concession: Company shall provide leave travel fare for the Whole time Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.</p> <p>Category B The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p> <p>Category C The Company shall provide a car with a driver at the cost of the Company for business use of the Company. The Whole time Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Whole time Director.</p>

CATEGORY	PARTICULARS
Sitting Fees	The Whole time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. She shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by her for attending meeting of the Board of Directors and the Committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Whole Time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole time Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in specified in Schedule V of the Companies Act, 2013. However the Whole time Director shall not be paid any sitting fees for attending the Board or Committee meetings.

The resolution seeks the approval of members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the appointment of Mrs. Mira Mehta as a Whole time Director of the Company for a period of five years commencing November 14, 2013.

Except Mr. Mukund Mehta (being Father-in-Law), Mr. Bhavin Mehta (being husband) and Mrs. Mira Mehta, to whom the resolution relates, no other Director, key managerial personnel or their relatives, may be deemed to be interested or concerned in the resolution.

The Board recommends the resolution set forth in Item nos.6 & 7 for approval of the Members.

Item No. 8:

Mr. Mukesh Shah is a Non Executive Independent Director of the Company and was appointed on September 30, 2006. Mr. Mukesh Shah retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable of the Companies Act, 2013, Mr. Mukesh Shah being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Mukesh Shah for the office of independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Mukesh Shah the following:

- Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he

is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and

- iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Mukesh Shah as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Mukesh Shah, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Mukesh Shah in the capacity of Independent Director.

No Director, key managerial personnel or their relatives, except Mr. Mukesh Shah, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.8 for approval of the Members.

Item No. 9:

Mr. Shailesh Chheda is a Non Executive Independent Director of the Company and was appointed on August 30, 2008. Mr. Shailesh Chheda retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable of the Companies Act, 2013, Mr. Shailesh Chheda being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Shailesh Chheda for the office of independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Shailesh Chheda the following:

- i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and
- iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Shailesh Chheda as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Shailesh Chheda, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Shailesh Chheda in the capacity of Independent Director.

No Director, key managerial personnel or their relatives, except Mr. Shailesh Chheda, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.9 for approval of the Members.

Item No. 10:

The Company may borrow monies by way of debentures, bonds, loans, hire purchase finance either in rupee or in foreign currency from Financial Institutions / Banks / Insurance Companies and other Corporate Bodies apart from working capital facilities from banks in ordinary course of business. This in turn would necessitate further creation of securities by suitable mortgages and / or charges on all or some of the immovable and movable properties of the Company, both present and future, in favour of the lenders / trustees. To create mortgage and / or charge upto the limit of ₹ 100 crores, approval of the Members is required to be obtained pursuant to Section 180 (1) (a) of the Companies Act, 2013 authorizing the Board of Directors of the Company in this regard. Hence the resolution is placed before the Members for their approval.

Your Directors recommend passing the above resolution.

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

Item No. 11:

Your Board of Directors is of the opinion that for any future business expansion or diversification which may be carried out by the Company, the Company requires infusion of additional funds. Hence, the requirement for mobilization of the funds has been substantially increased. Therefore, it is considered desirable to increase the Board's borrowing powers upto the limit of ₹ 100 Crores over and above the paid-up share capital and free reserves of the Company.

Accordingly, the consent of the Shareholders at the General Meeting is sought under Section 180 (1) (c) of the Companies Act, 2013.

Your Directors recommend passing the above resolution.

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

Item No.12:

The Board of Directors of your Company wishes to inform the Members that your Board has approved and decided to make investments upto a limit of ₹ 175.00 crores in specified Body Corporate as may be identified by the Board of Directors in the best interest of the shareholders of the Company.

The Company proposes to make investment not exceeding ₹ 175.00 crores in a phased manner in such Body Corporate as identified by the Board of Directors.

Your approval for the said special resolution is sought as the said limit exceeds the prescribed limit of 60% of the aggregate of the paid-up share capital and free reserves and/or 100% of the aggregate of free reserves of the Company as provided under Section 186 of the Companies Act, 2013.

The Board of Directors of the Company accordingly recommends the said special resolution for approval of members.

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

In the light of the above, you are requested to accord your approval to the Special Resolution as set out at Item No. 12 of the accompanying notice.

Item No. 13:

The Directors at their meeting held on August 14, 2014 decided to incorporate/substitute provisions relating to newly enacted Companies Act, 2013 as applicable to the Company. As this would result in number of changes and amendments to the existing Articles of Association of the Company, it was considered desirable to adopt a comprehensive new set of Articles of Association in substitution and t the exclusion of the existing set of the Articles of Association of the Company to have new articles as per the provisions of the Companies Act, 2013 and Table F of Schedule I.

Pursuant to the provisions of Section 5 of the Companies Act, 2013, alteration of Articles of Association requires approval of the members of the Company by way of passing a Special Resolution in general meeting.

A copy of new set of articles of association to be adopted, as referred to in the notice / explanatory statement hereto, is available at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day till the date of this meeting.

The Board of Directors recommend passing of the resolution for adoption of new set of Articles of Association as set out in the resolution under item no. 13 of the notice.

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

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

**Place: Mumbai
Date: 14/08/2014**

**MUKUND MEHTA
MANAGING DIRECTOR**

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

Name of Directors	Age [in yrs.]	Qualifications	Experience Years	No. of shares held
Mr. Bhavin Mehta	38	B.Pharm, PGDM	15	103,300
Mrs. Mira Mehta	36	B.Com, Govt. Diploma in Interior Design, Masters in Interior Design & IT(UK)	10	
Mr. Deepu Kesavan Pannankatil	44	B.Tech. in Mech. Engg, DFT	22	NIL
Mr. Mukesh Shah	58	B.Com	35	135
Mr. Shailesh Chheda	58	M.Com, D.Pharm	35	100

DIRECTORS' REPORT

To

The Members

KILITCH DRUGS (INDIA) LIMITED

Your Directors have pleasure in presenting their 22nd Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2014.

[₹ in lacs]

PARTICULARS	F.Y. 2013-14	F.Y. 2012-13
Total Income	2,118.92	4239.61
Profit (Loss) before Interest, Tax, Depreciation and Exceptional Items	250.27	547.15
Less: Depreciation	143.97	122.90
Less: Interest Charges	-	01.22
Profit/(Loss) before extraordinary items and Taxation	106.30	423.03
Add/(Less) : Extraordinary Items	-	(95.46)
Profit/(Loss) before Taxation	106.30	327.58
Less: Provision for Taxation		
- Current Year	-	-
- Deferred Tax	(10.35)	(0.71)
- Tax Adjustments of earlier years	(01.00)	-
Profit/(Loss) after Taxation	117.65	328.28
Earnings Per Share (per share)		
- Basic	0.89	2.48
- Diluted	0.89	2.44

REVIEW OF PERFORMANCE:

During the year under review, Net Profit after Tax was ₹117.65 lacs as against Net Profit after Tax of ₹328.28 lacs for the corresponding previous year.

DIVIDEND:

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

FUTURE OUTLOOK:

Company aims at "Making India proud through innovative quality medicines". Considering this aim the company's future vision is to add more innovative products to our product list facilitating domestic as well as international growth of the business of the company and which assists in making human and animal life healthier.

Continuous expansion of Exports remains one of the major vision of the company. Striving to become the No.1 exporter to French West African countries, the Senior management is on the task of penetrating and expanding the business in all Francophone countries and West African countries as the same holds great potential et for the business.

In line with the steps taken to focus and expand exports, Company's export business is expected to pick up substantially.

FOCUS ON GLOBAL BUSINESS

The Company's focus is on exploring and penetrating of new markets. The Company tries to grab every possible opportunity of expansion in global market, which is also being closely monitored by Senior Managers and Directors, who also work towards promotion and marketing of our branded products.

These opportunities are expected to gather momentum and bring good business. We have been trying to register all our products in international markets and have been able to successfully get registration for our products in the West African countries.

Also, as a part of spreading our business globally we were successful in getting our products registered in the South East Asian countries. The company expects to achieve excellent business in these markets and is also in continuously trying to search for new markets and opportunities.

ON HUMAN RESOURCE

The year has been quite significant in our efforts in human resource development where in several initiatives were rolled out. The main focus area in Human Resource was towards recruitment of highly skilled and qualified professionals for the respective functions. The Human Resource development is aimed at overall growth and development of employees which in turn helps in the overall growth and development of the company.

Also, Talent management was taken up as a specific focus area in HR towards integrating employee development and succession planning.

Employee engagement is one of the key focus for the success of our organisation.

DIRECTORS:

During the year under review, Mr. Bhavin Mehta, Director of the Company, retires by rotation and being eligible offers himself for reappointment at the forthcoming Annual General Meeting.

Further, Mrs. Mira Mehta and Mr. Deepu Kesavan Pannankattil were appointed as an Additional Directors of the Company w.e.f. October 17, 2013 and were re-designated as the Whole time Directors of the Company for a period of five and three years respectively w.e.f. November 14, 2013, subject to the approval of the members of the Company in the ensuing Annual General Meeting.

The Companies Act, 2013 (the Act) provides for appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective from April 1, 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the Board of a company; and shall be eligible for re-appointment on passing of ordinary resolution by the shareholders of the company.

Sub-section (1) states that no independent director shall be eligible for more than two consecutive terms of five years. Sub-section (13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

The non-executive independent directors were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. The Board of Directors has been advised that non executive (independent) directors so appointed would continue to serve the term that was ascertained at the time of appointment as per the resolution pursuant to which they were appointed. Therefore, it stands to reason that only those non-executive (independent) directors who will complete their present term at the ensuing AGM of the Company in September 2014, being eligible and seeking re-appointment, be considered by the shareholders for re-appointment for a term of upto five consecutive years.

Non-executive (independent) directors who do not complete their term at the ensuing AGM, will continue to hold office till the expiry of their term (based on retirement period calculation) and thereafter would be eligible for re-appointment for a fixed term in accordance

with the Companies Act, 2013.

Further, Mr. Shailesh Chheda and Mr. Mukesh Shah were appointed as Independent Directors of the Company for a term of five consecutive years effective from April 1, 2014 upto March 31, 2019 not liable to retire by rotation.

FIXED DEPOSITS:

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

AUDITORS:

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

AUDITORS' REPORT: Auditors Report as issued by M/s. A.M. Ghelani & Co., Chartered Accountants, Auditors of the Company is self explanatory and need not call for any explanation by your Board.

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

2013-14 2012-13

POWER AND FUEL CONSUMPTION

a) Electricity

Purchased Unit (₹ in Thousand)	957	1061.84
Total Amount (₹ in Thousand)	7259	7778.75
Rate/ Unit (Amount in ₹)	7.59	7.33

b) Own Generator

Fuel (Diesel) LTRS	16	289.55
Total Amount (₹ in Thousand)	1	11.58
Rate per Litre (₹)	62.50	40.00
Fuel (Furnace Oil) (MT)	65	94.95
Total Amount (₹ in Thousand)	2822	4063
Rate per Litre (₹)	43.41	42.78

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

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

FOREIGN EXCHANGE EARNING & OUTGO:

[₹ In Lacs]

2013-14 2012-13

Earnings in Foreign Exchange	1332.03	1716.86
Outgo in Foreign Exchange	246.31	663.15

PARTICULARS OF EMPLOYEES:

The Company considers human resources as its greatest asset and strength in the process of development and progress. In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Rules, 2011, none of the employees of the company are in receipt of remuneration exceeding ₹ 60,00,000/- per annum, if employed for whole of the year or ₹ 5,00,000/- per month if employed for part of the year.

INSURANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

The Report on Management Discussion and Analysis as required under the Listing Agreement with The Stock Exchanges is enclosed

to this Report. Certain statements in this section may be forward looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook

EMPLOYEE STOCK OPTION SCHEME:

As per Employee stock options Scheme (Kilitch ESOS 2007), each option is convertible into one equity shares ₹ 10/- each at exercise price of ₹ 47.50/- per share. During the year fresh options were not granted and employees did not exercise any options.

The employee compensation cost on account of this grant applicable for the year is ₹ Nil [P. Y. ₹ 8.95 Lacs].

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- that in the preparation of annual accounts for the Financial year 2013-14, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the Directors had prepared the annual accounts on a going concern basis.

RENAMING OF THE COMMITTEES OF THE COMPANY:

Pursuant to the provisions of the Companies Act, 2013, the following committees of the Company have been renamed:

- Stakeholders Relationship (formerly Shareholders / Investors Grievance) Committee
- Nomination and Remuneration Committee (formerly Remuneration Committee);

CORPORATE GOVERNANCE:

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

APPRECIATION:

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

For and On behalf of the Board of Directors

Place: Mumbai	Mukund P.Mehta	Bhavin M. Mehta
Date: 14/08/2014	Managing Director	Executive Director

Management Discussion & Analysis:

Industry Structure and Development

The Pharmaceutical industry in India is the world's third-largest in terms of volume and stands 14th in terms of value. Pharmaceuticals sales are growing at a fast rate in India, China, Malaysia, South Korea and Indonesia due to the rising disposable income, several health insurance schemes (that ensures the sales of branded drugs), and intense competition among

top pharmaceutical companies in the region (that has boosted the availability of low cost drugs). China's pharmaceutical market will continue to grow at more than 20% annually, and will contribute 21% of overall global growth through 2014. India – 3rd Largest Producer of Pharmaceuticals across the World- is already a US\$ 82 Billion pharmaceutical market. The Indian pharmaceutical industry is further expected to grow by 10% in the year 2014.

S.W.O.T (Strengths Weakness Opportunities Threats)

ANALYSIS OF PHARMACEUTICAL

Financial and Operating performances:

After the sale of Poanta Sahib plant this is the first year of performance. Considering the non compete clause and restriction on countries wherein our company can export, with the reorientation and concentration of business in West African countries management feels we have performed decently. In years to come the performance will speak the growth story.

Internal Control System and Adequacy:

The company has adequate internal control system.

Opportunities and Threats:

(i) Opportunities:

1. Management perceives increasing export opportunities to West African Francophone countries.
2. Globalize the newly launched products to expand the customer base
3. Improving R & D section

(ii) Threats:

1. Inflation and high cost of raw materials due to depreciating currency may lead to negative output..
2. Major competition from big players in the markets.

Human Resources:

The year has been quite significant in our efforts in human resource development where in several initiatives were rolled out. The main focus area in Human Resource was towards recruitment of highly skilled and qualified professionals for the respective functions. The Human Resource development is aimed at overall growth and development of employees which in turn helps in the overall growth and development of the company.

Risk Management:

1. Company is engaged in pharmaceutical business wherein there is a threat of product liability and third party suits in case of product failure. Till date our products have been well received by patients in India and abroad due to our stringent quality standards and regulatory compliance.
2. Due to uncertain political conditions in West African countries there is an inherent risk of delayed receipts and realization of debtors.

Future Outlook:

The Company aims at "Making India proud through innovative quality medicines". Considering this aim the company's future vision is to add more innovative products to our product list facilitating domestic as well as international growth of the business of the company and which assists in making human and animal life healthier.

Continuous expansion of Exports remains one of the major vision of the company. Striving to become the No.1 exporter to French West African countries, the Senior management is on the task of penetrating and expanding the business in all Francophone countries and West African countries as the same holds great potential for the business.

In line with the steps taken to focus and expand exports, Company's export business is expected to pick up substantially.

Cautionary Statement:

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

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

As on 31st March 2014, the strength of Board of Directors was 10, comprising of 06 Executive Directors, 04 Non-Executive Directors including 02 Promoter Directors and 04 Independent Directors.

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

The composition of the Board of Directors and also the number of other Companies of which he/she is a Director and Member/ Chairman as on March 31, 2014, are as under:

Names of Directors	Category of Directorship	Directorship in other companies	Committee Membership (s) of other Companies		No. of shares held
			Member	Chairman	
Mr. Mukund Prataprai Mehta	Managing Director	5	-	-	5,49,978
Mr. Paresh Prataprai Mehta	Jt. Managing Director	4	-	-	9,56,785
Mr. Bhavin Mukund Mehta	Whole time Director	7	-	-	1,03,300
*Mrs. Mira Bhavin Mehta	Whole time Director	2	-	-	-
Ms. Nilima Abhay Waingankar	Whole time Director	-	-	-	-
Mr. Mukesh Damji Shah	Independent and Non Executive Director	2	-	-	135
Mr. Pankaj Ottamchand Kamdar	Independent and Non Executive Director	-	-	-	-
Mr. Hemang Jagdish Engineer	Independent and Non Executive Director	1	-	-	-
Mr. Shailesh Hansraj Chheda	Independent and Non Executive Director	1	-	-	100
*Mr. Deepu Kesavan Pannankatil	Whole time Director	-	-	-	-

* Appointed as Director w.e.f. 17.10.2013.

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

BOARD PROCEDURE:

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

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

During the year **08 (Eight)** Board Meetings were held during the financial year ended March 31, 2014, the dates of which are 16/04/2013, 30/05/2013, 14/08/2013, 09/10/2013, 17/10/2013, 21/10/2013, 14/11/2013 and 13/02/2014.

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

Name of the Director	No. of Board meetings attended	Attendance of last AGM held on 30/09/2013.
Mr. Mukund Prataprai Mehta	8	Present
Mr. Paresh Prataprai Mehta	3	Absent
Mr. Bhavin Mukund Mehta	7	Present
*Mrs. Mira Bhavin Mehta	3	-

Name of the Director	No. of Board meetings attended	Attendance of last AGM held on 30/09/2013.
Mr. Mukesh Damji Shah	7	Present
Mr. Pankaj Ottamchand Kamdar	7	Absent
Mr. Hemang Jagdish Engineer	5	Absent
Mr. Shailesh Hansraj Chheda	5	Absent
Ms. Nilima Abhay Waingankar	1	Absent
*Mr. Deepu Kesavan Pannankatil	2	-

* Appointed as Director w.e.f. 17.10.2013.

3. AUDIT COMMITTEE:

BROAD TERMS OF REFERENCE:

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

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

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

COMPOSITION:

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

The constitution of the Audit Committee is as follows:

S.N	Name of Director	Executive/Non-Executive Independent
1.	Mr. Mukesh Damji Shah	Chairman, Independent
2.	Mr. Shailesh Hansraj Chheda	Independent
3.	Mr. Hemang Jagdish Engineer	Independent
4.	Mr. Pankaj Ottamchand Kamdar	Independent

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2014, Four Audit Committee Meetings were held on 30/05/2013, 14/08/2013, 14/11/2013 and 13/02/2014.

The attendance at the Audit Committee Meetings is as under:

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

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 30/09/2013 to attend the shareholders' queries.

4. SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE:

FUNCTIONS:

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

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

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

COMPOSITION:

The constitution of the Committee of Directors is as under:

S.N	Name of Director	Executive/Non-Executive Independent
1.	Mr. Mukesh Damji Shah	Chairman, Independent
2.	Mr. Shailesh Hansraj Chheda	Independent
3.	Mr. Hemang Jagdish Engineer	Independent
4.	Mr. Pankaj Ottamchand Kamdar	Independent

5. COMPENSATION COMMITTEE:

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

The composition of the said Compensation Committee is as under:

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

No further options were granted during the year. Employees did not exercise any Options during the year.

6. REMUNERATION POLICY:

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

The details of Remuneration paid to Executive Directors for the Financial Year 2013-2014.

S.N	Names of Directors	Executive/Non-Executive Independent	Amt. (in ₹)
1.	Mr. Mukund Prataprai Mehta	Managing Director	24,00,000/-
2.	Mr. Bhavin Mukund Mehta	Executive Director	12,00,000/-
3.	Mrs. Mira Bhavin Mehta	Executive Director	11,00,000/-
4.	Mr. Deepu Kesavan Pannankatil	Executive Director	14,89,000/-

COMPOSITION:

The constitution of the Committee of Directors is as under:

S.N	Name of Director	Executive/Non-Executive Independent
1.	Mr. Mukesh Damji Shah	Chairman, Independent
2.	Mr. Shailesh Hansraj Chheda	Independent
3.	Mr. Hemang Jagdish Engineer	Independent
4.	Mr. Pankaj Ottamchand Kamdar	Independent

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2014, One Committee Meeting was held to consider and approve the remuneration package of the Executive Directors of the Company.

The attendance at the Remuneration Committee Meeting is as under:

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

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

The Company had received 40 investor complaints, which were resolved to the satisfaction of the said investors. Thus there are no investor complaints which are pending for the year ended 31st March 2014.

7. GENERAL BODY MEETINGS:

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

Financial Year	Date	Location of the Meeting	Time	Special Resolution(s) Passed
2010-2011	10/09/2011	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M.	NIL
2011-2012	29/09/2012	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M.	NIL
2012-2013	30/09/2013	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.30 A.M.	02

8. DISCLOSURES:

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

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

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

9. MEANS OF COMMUNICATION:

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

News Papers in which results are normally published:

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

10. IMPLEMENTATION OF CODE OF CONDUCT FOR INSIDER TRADING:

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

11. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:

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

12. GENERAL SHAREHOLDERS' INFORMATION:

1. Annual General Meeting Scheduled to be Held:

Day & Date : Tuesday, 30th September, 2014

Time : 9.30 A.M.

Venue [Regd. Off.] : C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane- 400705.

2. Date of Book Closure : Thursday, 25th September, 2014 to Tuesday, 30th September, 2014 [both days inclusive]

3. Financial Calendar:

The next financial calendar year of the Company will be from 1st April, 2014 to 31st March, 2015.

Audited/Unaudited	Particulars of Financial Reporting	Date
Unaudited	Financial Reporting for the quarter ending 30 th June, 2014.	Up to 15 th August, 2014
Unaudited	Financial Reporting for the quarter ending 30 th September, 2014.	Up to 15 th November 2014
Unaudited	Financial Reporting for the quarter ending 31 st December, 2014.	Up to 15 th February 2015
Audited	Financial Reporting for the Audited Financial Result as on 31 st March, 2015.	Up to 30 th May 2015

4. Listing on Stock Exchanges:

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

5. Stock Codes:

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

6. Stock Price Data:

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

MONTH	BSE, MUMBAI		
	High (₹)	Low (₹)	No. of shares Traded
April, 2013	24.65	20.5	71,554.00
May, 2013	25.9	19.55	89,448.00
June, 2013	25	17.1	113,378.00
July, 2013	24.7	18.5	61,051.00
August, 2013	22.9	17	36,507.00
Sept, 2013	23.9	19.2	65,969.00
Oct, 2013	23.5	19.25	70,797.00
Nov, 2013	21.45	17.5	39,312.00
Dec, 2013	26.1	19.2	127,991.00
Jan, 2014	23.9	18.5	68,378.00
Feb, 2014	21.5	16.9	24,872.00
March, 2014	22.1	17.1	83,789.00

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

MONTH	NSE, MUMBAI		
	Average High (₹)	Average Low (₹)	Average No. of shares Traded
April, 2013	22.63	21.37	3623.75
May, 2013	22.12	20.87	5635.45
June, 2013	21.72	20.05	8106.95
July, 2013	23.25	21.78	4207.87
August, 2013	20.35	18.41	4752.80
Sept, 2013	22.53	20.66	4441.15
Oct, 2013	21.37	20.13	4041.00
Nov, 2013	20.24	19.19	3314.65
Dec, 2013	22.22	20.82	8778.05
Jan, 2014	21.87	20.58	3692.82
Feb, 2014	18.51	17.76	2004.57
March, 2014	19.45	18.08	8929.76

7. Address for Correspondence:

Administrative Office

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

Share Transfer in physical form and in **Link Intime India Private Limited**

other communication in that regards C-13, Pannanlal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400078

including share certificates, dividends and Tel. No. : 022-25963838 / Fax No. : 022-25946969

change of address etc. may be addressed. Web Site : www.kilitch.com / e-mail : rnt.helpdesk@linkintime.co.in

8. Share Transfer System:

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

9. Dematerialisation of shares:

As on 31st March, 2014, 1,24,49,683 Equity Shares are held in dematerialized form with NSDL and CDSL out of total Equity Shares of 1,32,31,828 aggregating to 94.08%.

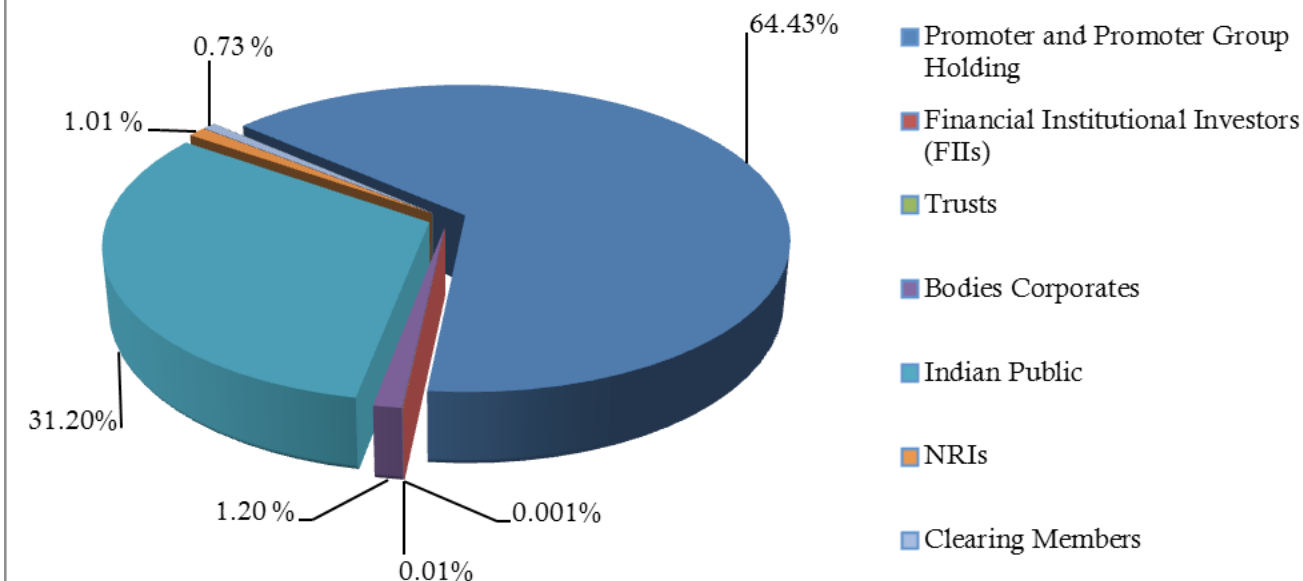
10. Distribution of shareholding as on 31st March, 2014:

No. of shares held			No. of shareholders	No. of shares held	% of shareholding
1	to	500	9114	1607959	12.1522
501	to	1000	792	657992	4.9728
1001	to	2000	339	522460	3.9485
2001	to	3000	86	213940	1.6169
3001	to	4000	48	173135	1.3085
4001	to	5000	32	151572	1.1455
5001	to	10000	57	410323	3.1010
10001	and	above	41	9494447	71.7546
TOTAL			10509	13231828	100.000

11. Shareholding Pattern as on 31st March, 2014:

	Particulars of Category	Number of Shareholders	Shares	
			Number	% to total Capital
(A)	Promoter and Promoter Group Holding			
	1. Individual / Hindu Undivided Family	4	1904831	14.40
	Bodies Corporate	1	6629342	50.10
	Total (A)	5	85,34,173	64.50
(B)	Non – Promoter Holding			
	Institutions			
	Financial Institutional Investors (FIIs)	1	100	--
	Trusts	1	1000	0.01
	Non-Institutions			
	Bodies Corporate	148	371453	2.81
	Indian Public	10204	4128067	31.20
	NRIs	78	145593	1.01
	Clearing Members	72	55920	0.42
	Total (B)	10504	47,02,133	35.50
	Grand Total (A)+(B)	10509	1,32,31,828	100.00

Share Holding Pattern as 31st March, 2014



Note:

The total foreign shareholding for the year ended 31st March, 2014 is 1,45,593 shares which in percentage terms is 1.01% of the issued and subscribed capital.

There is no any Equity Shares under Lock-in for the period as on 31/03/2014.

Shareholding pattern in case of demated shares has been prepared based on download of data received from NSDL / CDSL as on 31st March 2014.

DECLARATION

I, Mukund Mehta, Managing Director of Kilitch Drugs (India) Limited, based on confirmations received from all the Directors and Senior Management of the Company, do hereby state that all Board Members and senior management personnel have affirmed compliances with the Code of Conduct of the Company for the financial year ended 31st March 2014.

For and on behalf of the Board of Directors

**Place: Mumbai
Date: 14/08/2014**

**MUKUND MEHTA
MANAGING DIRECTOR**

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
KILITCH DRUGS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by KILITCH DRUGS (INDIA) LIMITED for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

**Place: Mumbai
Date: 14/08/2014**

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

INDEPENDENT AUDITOR'S REPORT

To The Members of

KILITCH DRUGS (INDIA) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Kilitch Drugs (India) Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss Account, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For A. M. Ghelani & Company

Chartered Accountants
Registration No.103173W

Chintan A. Ghelani

Partner
Membership No: 104391

Date: 30th May, 2014

Place: Mumbai

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph "a" – Report on other Legal & Regulatory Requirements, of our report of even date)

1. In respect of its Fixed Assets: -
 - (a) The company has maintained proper records showing the particulars and situation of its fixed assets, which we are informed, are being updated.
 - (b) According to the information and explanations given to us, the fixed assets were physically verified by the management as at the end of the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on physical verification were not material.
 - (c) During the year, the Company has not disposed off any substantial part of the fixed assets.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - (b) According to the information and explanations given to us, in our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of its inventory. No material discrepancies were noticed on verification between the physical stocks and book records having regards to the size of the operations of the company.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us and on the basis of our examination of the books of account, we report that :-
 - a) the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b) the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of goods & fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems in respect of the above areas.
5. In respect of transactions covered under section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us;
 - a) The transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the companies Act 1956 have been so entered.
 - b) These transactions have been made at prices which are comparable to similar transactions entered into with other companies.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year, therefore the provisions of clause (vi) of the Order are not applicable to the Company.
7. The company had a formal Internal Audit system during the financial year, which was commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the company and the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities during the year, in respect of those Statutes that are applicable to the company and there were no undisputed amounts payable in respect of such dues which have remained outstanding as at 31st of March, 2014 for a period of more than six months from the date they became payable.
 - (b) The disputed statutory dues aggregating to ₹ 50,305,650/- that have not been deposited on account of the matters pending before the appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount in Rupees	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax	50,305,650	A.Y 2008-09	CIT (Appeals)

10. The Company does not have any accumulated losses exceeding 50% of its net-worth, as at the end of year. The Company has not incurred cash losses during the current financial year as well as in the immediately preceding financial year.
11. Based on our audit procedures and explanations given to us, the Company has not defaulted in repayment of dues to Banks/Financial Institutions. The Company has not borrowed any funds by way of issue of debentures.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of the clause (xii) of the Order are not applicable.
13. As per the information and explanations given to us, the Company is not a chit fund / nidhi /mutual benefit fund/society. Therefore, the provisions of the clause (xiii) of the Order, are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us, and the records examined by us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. As per the information and explanation given to us, the Company has not obtained any Term Loans during the year.
17. According to the information and explanations given to us, and the records examined by us, the funds raised on short term basis, if any, have prima facie, not been used during the year for long term investments.
18. According to the information and explanations given to us Company has not made any preferential allotment of shares, during the year, to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures and hence the question of creation of any securities in respect thereof does not arise.
20. The Company has not raised any money by public issue during the year and hence the question of disclosure & verification of end use of such money does not arise.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For A. M. Ghelani & Company

Chartered Accountants
Registration No.103173W

Chintan A. Ghelani

Partner
Membership No: 104391

Date: 30th May, 2014

Place: Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2014

₹ (In Lacs)

Particulars		Notes	As at 31st March, 2014	As at 31st March, 2013
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	1,323.18	1,323.18
	(b) Reserves and surplus	3	10,699.64	10,582.00
2	Non-current liabilities			
	(a) Deferred tax liabilities (Net)		15.08	25.43
	Current liabilities			
	(a) Trade payables	4	468.03	1,347.76
	(b) Other current liabilities	5	353.27	371.83
	(c) Short-term provisions	6	47.70	36.30
	TOTAL		12,906.90	13,686.50
II	ASSETS			
	Non-current assets			
1	(a) Fixed assets	7		
	(i) Tangible assets		927.33	874.63
	(ii) Intangible assets		5.93	12.77
	(b) Non-current investments	8	119.70	71.58
	(c) Long-term loans and advances	9	2,268.62	111.83
	Current assets			
	(a) Current investments	8	3,916.33	10,827.71
	(b) Inventories	10	259.90	153.92
	(c) Trade receivables	11	863.40	1,239.79
	(d) Cash and Bank balances	12	4,385.26	294.07
	(e) Short-term loans and advances	13	160.43	100.20
	TOTAL		12,906.90	13,686.50
	Significant Accounting Policies and Notes on Financial Statements	1 TO 31		

As per our report of even date

For and on behalf of the Board of Directors

For A. M. Ghelani & Company
Chartered Accountants
FRN:103173W

Mukund P. Mehta : (Managing Director)
Bhavin M. Mehta : (Executive Director)
Mukesh Shah : (Director)

Chintan A. Ghelani
Partner
M. No. 104391
Mumbai,
Dated: 30th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

₹ (In Lacs)

Particulars	Notes	2013-14	2012-13
<u>Income</u>			
I. Revenue from operations	14	1,489.80	3,318.08
II. Other income	15	629.12	921.53
III. Total Revenue		2,118.92	4,239.61
<u>Expenditure</u>			
Cost of materials consumed	16	774.77	2,659.83
Variation in inventories of finished goods & work-in-progress	17	(145.96)	26.13
Employee benefits expenses	18	285.76	303.45
Finance costs	19	-	1.22
Depreciation and amortization expense		143.97	122.90
Other expenses	20	954.07	703.06
V Total Expenses		2,012.61	3,816.58
VI Profit before Extraordinary items and Tax		106.30	423.03
VII Less: Extraordinary Items	21	-	(95.46)
VIII Profit before tax		106.30	327.58
Less: Tax Expense:-			
a) Current Tax		-	
b) Deferred Tax		(10.35)	(0.71)
c) Tax Adjustments of Earlier years		(1.00)	-
IX PROFIT FOR THE YEAR		117.65	328.28
X EARNINGS PER EQUITY SHARE [Face Value ₹10]	23		
Basic		0.89	2.48
Diluted		0.89	2.44
XI Significant Accounting Policies and Notes on Financial Statements	1 TO 31		

As per our report of even date

For and on behalf of the Board of Directors

For A. M. Ghelani & Company
Chartered Accountants
FRN:103173W

Mukund P. Mehta : (Managing Director)
Bhavin M. Mehta : (Executive Director)
Mukesh Shah : (Director)

Chintan A. Ghelani
Partner
M. No. 104391
Mumbai,
Dated: 30th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2014

₹(In Lacs)

Particulars	31st March 2014		31st March 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before extraordinary items and tax		106.30		423.03
<i>Adjustments for:</i>				
Depreciation and amortisation	143.97		122.90	
Expense on employee stock option scheme	-		(8.95)	
Finance costs	-		1.91	
Interest income	(18.66)		(56.28)	
Dividend income	(131.14)		(761.35)	
Rental income from operating leases	-		(6.00)	
Profit/Loss on sale of Investments	(383.67)		-	
Sundry Balances written back	(3.60)		-	
Provision for Gratuity	12.06		-	
Net unrealised exchange (gain) / loss	(63.16)	(444.20)	-	(707.77)
Operating profit / (loss) before working capital changes		(337.90)		(284.74)
<i>Changes in working capital:</i>				
<i>Operating Assets:</i>				
Inventories	(105.98)		39.89	
Trade receivables	439.56		207.40	
Short-term loans and advances	(60.23)		(9.69)	
Long-term loans and advances	(2,156.79)		(87.24)	
Other current assets	-		(3.69)	
<i>Operating Liabilities:</i>				
Trade payables	(876.14)		869.16	
Other current liabilities	(29.62)		(586.69)	
Short-term provisions	11.41	(2,777.80)	5.33	434.47
Net cash flow from / (used in) operating activities (A)		(3,115.70)		149.73
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(189.83)		(163.05)	
Proceeds (Net) from the sale of Current investments	7,295.06		-	
Proceeds (Net) from the sale of long-term investments:				
- Subsidiaries	-		369.49	
- Others	(48.12)		2,749.66	
Interest received	18.66		56.28	
Dividend received	131.14		761.35	
Rental income from operating leases	-		6.00	
		7,206.90		3,779.73
		7,206.90		3,779.73
Cash flow from extraordinary items		-		(95.46)
Net cash flow from / (used in) investing activities (B)		7,206.90		3,684.27

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2014

₹ (In Lacs)

Particulars	31st March 2014		31st March 2013	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of other short-term borrowings	-		(88.50)	
Finance cost	-		(1.91)	
Dividends paid(Inclusive of tax)	-		(4,613.81)	
Net cash flow from / (used in) financing activities (C)		-		(4,704.21)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		4,091.19		(870.21)
Cash and cash equivalents at the beginning of the year		294.07		1,164.28
Cash and cash equivalents at the end of the year		4,385.26		294.07
Cash and cash equivalents at the end of the year *				
* Comprises:				
(a) Cash on hand		0.86		0.83
(b) Balances with banks				
(i) In current accounts		4,277.20		178.75
(ii) In earmarked accounts		107.20		114.49
		4,385.26		294.07

The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 "Cashflow Statements" (AS-3) issued by the Institute of Chartered Accountants of India.

The figures in brackets represent Cash outflows.

As per our report of even date

For and on behalf of the Board of Directors

For A. M. Ghelani & Company
Chartered Accountants
FRN:103173W

Mukund P. Mehta : (Managing Director)
Bhavin M. Mehta : (Executive Director)
Mukesh Shah : (Director)

Chintan A. Ghelani
Partner
M. No. 104391
Mumbai,
Dated: 30th May, 2014

NOTE “1”

SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation of Financial Statements

The Financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and comply with the mandatory Accounting Standards (“AS”) as notified by the companies Accounting Standard (Rules), 2006 to the extent applicable and with the relevant provisions of the Companies Act, 1956.

b) Inflation

The financial statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value of the purchasing power of money.

c) Use of Estimates

The preparation of Financial Statements in conformity with GAAP requires Management to make estimate and assumption that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenue and expenses for the year. Actual result could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

d) Inventories

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

e) Revenue Recognition

- i. Sales are recognized net of returns, trade discounts, rebates and include excise duty on manufactured products.
- ii. Revenue in respect of export sales is recognized on shipment of products.
- iii. Service Income (Processing Charges) is recognized pro-rata over the period of the contract as and when services are rendered.
- iv. Export incentive benefits consist of duty drawback, high value added licenses and DEPB entitlements. These are recognized on the basis of receipt of proof of export.
- v. Interest is recognised on time proportion basis.
- vi. Dividend Income is recognised when the right to receive the same is established.

f) Fixed Assets

Fixed Assets are stated at cost net of cenvat credit less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for intended use.

g) Depreciation

Depreciation on the Fixed Assets [both Tangible & Intangible] is provided on the Written Down Value Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

h) Impairment of Assets

In accordance with AS-28 on “Impairment of Assets” as notified by Companies (Accounting Standards) Rules, 2006, where there is any indication of impairment of the company’s assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of such assets exceeds its recoverable amount. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

i) Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. Provision for diminution in their values is made only if the diminution is other than temporary in nature. Current investments are carried at the lower of cost and quoted/fair value, computed category wise.

j) Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies at Balance sheet date are restated at the year-end rates. Non Monetary foreign currency items are carried at cost.

- ii. Exchange differences arising as a result of the subsequent settlements or on transactions are recognized as income or expenses in the statement of Profit & Loss except the exchange differences arising on long term foreign currency monetary items relating to the acquisition of the fixed assets, which are adjusted to the carrying cost of the assets.

k) Employee Benefits

- i. Short term employee benefits are recognized as expenses at the undiscounted amounts in the Statement of profit & loss of the year in which the related service is rendered.
- ii. Post employment & other Long Term Employee Benefits are recognized as an expense in the Statement of Profit & Loss for the year in which it is incurred. The company computes the liability for gratuity as per The payment of Gratuity Act, and charges it to the Statement of Profit and Loss, whenever an eligible employee retires/resigns from services. With effect from the Financial year under report, the company has provided for Gratuity Liability as per the working obtained from the LIC of India & Leave Encashment liability based on its own calculations.

l) Taxes on Income

- i. Provision for income tax (current tax) is determined on the basis of the taxable income of the current year in accordance with the Income Tax Act, 1961.
- ii. Deferred tax, if any, is recognized in respect of deferred tax assets (subject to the consideration of prudence) and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

m) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets/stock in trade are capitalized as a part of the cost of such assets or added to stock in trade. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or Sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

n) Employee Stock Option Plan

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

o) Provisions, Contingent Liabilities And Contingent Assets

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

**22nd ANNUAL REPORT
2013-2014**

₹ in lacs

Note 2

Share capital

<u>Share Capital</u>	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
Authorised 20,00,0000 Equity Shares of ₹10 each fully paid	20,00,000	200,00,000	20,00,000	200,00,000
Issued, Subscribed & Paid up 1,32,31,828 Equity Shares of ₹10 each	132.32	1,323.18	132.32	1,323.18
Total	132.32	1,323.18	132.32	1,323.18

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

Particulars	2013-14		2012-13	
	Number	Amount	Number	Amount
Equity Shares outstanding at the beginning of the year	132.32	1,323.18	132.32	1,323.18
Additions during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	132.32	1,323.18	132.32	1,323.18

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

Name of Shareholder	2013-14		2012-13	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Paresh P. Mehta	956,785	7.23	948,047	7.16
Kilitch Company Pharma Limited	6,629,342	50.1	6,629,342	50.1

The company has only one class of Equity Shares having a face value of ₹10 per share. Each holder of Equity Share is entitled to one vote per share.

Note 3

Reserves and surplus

	As at 31st March 2014	As at 31st March 2013
a. Securities Premium Account	2,778.13	2,778.13
b. Revaluation Reserve	1,518.51	1,518.51
c. Employee Stock Options	137.94	137.94
d. Other Reserves (Call on shares forfeited A/c)	58.00	58.00
e. Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	6,089.41	5,761.13
(+) Net Profit For the current year	117.65	328.28
Total	10,699.64	10,582.00

Note 4

Trade Payables

	As at 31st March 2014	As at 31st March 2013
i) Micro & Small Enterprises [Refer note No. 25]	-	-
ii) Others	468.03	1,347.76
Total	468.03	1,347.76

22nd ANNUAL REPORT 2013-2014



₹ in lacs

Note 5

Other Current Liabilities

	As at 31st March 2014	As at 31st March 2013
(a) Unpaid dividends	107.20	114.51
(b) <u>Other payables</u>		
Deposits from Customers	60.53	-
(c) Statutory dues	4.23	88.88
(d) Advance from customers	-	86.16
(e) Provision for Expenses	18.40	-
(f) Taxation (Net of taxes paid)	8.09	8.09
(g) Others	154.80	74.18
Total	353.26	371.83

Note 6

Short Term Provisions

	As at 31st March 2014	As at 31st March 2013
<u>Provision for employee benefits:</u>		
Salary & Reimbursements	35.64	36.30
Gratuity	9.10	-
Leave Encashment	2.97	-
Total	47.70	36.30

NOTE 7 : FIXED ASSETS

PARTICULARS	GROSS BLOCK [At Cost]				DEPRECIATION				NET BLOCK [W.D.V.]	
	As at 1/4/2013	Additions during the year	Deductions during the year	As at 31/3/2014	As at 1/4/2013	For the year	Deductions during the year	As at 31/3/2014	As at 31/3/2014	As at 31/3/2013
<u>Tangible Assets:</u>										
Land	29.88	-	-	29.88	-	-	-	-	29.88	29.88
Rights on Lease Hold Land	-	96.78	-	96.78	-	-	-	-	96.78	-
Factory Building	261.02	-	-	261.02	211.69	4.93	-	216.62	44.40	49.33
Office premises	133.24	-	-	133.24	56.42	3.84	-	60.26	72.98	76.82
Plant & Machinery	1,015.00	83.74	-	1,098.74	552.62	68.40	-	621.02	477.72	462.38
Furniture & Equipment	97.39	0.15	-	97.54	70.30	5.68	-	75.97	21.57	27.09
Computer	86.13	0.75	-	86.88	80.00	3.01	-	83.01	3.87	6.13
Motor Car	136.47	-	-	136.47	35.52	27.31	-	62.83	73.64	100.95
Office Equipments	39.17	0.28	-	39.45	32.87	1.33	-	34.20	5.24	6.29
Air Conditioners	103.27	0.73	-	104.00	87.34	3.20	-	90.55	13.45	15.92
Electrical Installations	62.17	1.41	-	63.58	50.22	2.30	-	52.53	11.06	11.95
Laboratory Equipments	226.03	3.71	-	229.74	139.02	15.68	-	154.69	75.04	87.01
Mobile Phone	3.93	1.58	-	5.51	3.07	0.73	-	3.80	1.70	0.85
[A]	2,193.69	189.12	-	2,382.81	1,319.07	136.42	-	1,455.49	927.33	874.63
PREVIOUS YEAR	2,037.27	156.41	-	2,193.67	1,200.74	118.33	-	1,319.07	874.60	836.53
<u>Intangible Assets:</u>										
Computer software	23.99	0.71	-	24.70	11.22	7.55	-	18.77	5.93	12.77
[B]	23.99	0.71	-	24.70	11.22	7.55	-	18.77	5.93	12.77
PREVIOUS YEAR	17.34	6.65	-	23.99	6.65	4.57	-	11.22	12.77	10.69
GRAND TOTAL [A + B]	2,218	190	-	2,408	1,330	144	-	1,474	933	887
PREVIOUS YEAR	2,055	163	-	2,218	1,207	123	-	1,330	887	847.22

₹ in lacs

Note 8 - INVESTMENTS

A] Non Current Investments

	As at 31st March 2014	As at 31st March 2013
Non- Trade [At Cost]		
A. Investments in Shares:		
i. Quoted Shares:		
[Equity Shares of Face value ₹10/- each, fully paid-up, unless otherwise stated]		
15 (P.Y. 15) - Bengal and Assam Co Ltd.	4.99	4.99
1,000 (P.Y. 1000) - Century Enka Ltd.	0.74	0.74
500 (P.Y. 500) - Century Textiles & Ind Ltd.	2.28	2.28
100 (P.Y. 100) - Colgate Pamolive India Ltd.	0.95	0.95
720 (P.Y. 720) - J K Laxmi Cement Ltd.	0.33	0.33
400 (P.Y. 400) - Pfizer Ltd.	4.94	4.94
2,616 (P.Y. 2,616) - Reliance Power Ltd.	7.36	7.36
Book Value of Quoted Instruments (Total of A.i)	21.58	21.58
Market Value of Quoted Instruments	12.36	10.65
ii. Unquoted Shares:		
[Equity Shares of Face value ₹10/- each, fully paid-up, unless otherwise stated]		
7000 (P.Y. NIL) Novo Informatics Pvt Ltd	48.02	-
1000 (P.Y. NIL) Rustomjee Buildcon Private Limited	0.10	-
Book Value of Unquoted Instruments (Total of A.ii)	48.12	-
Total Investment in Shares (A.i + A. ii)	70	22
B. Investments in Bonds:		
i. Quoted Bonds:		
Rural Electrification Corporation Ltd.	50.00	50.00
Total Investment in Bonds (B.i)	50.00	50.00
Aggregate Value of All Non Current Investments (A+B)	119.70	71.58

B] Current Investments

	As at 31st March 2014	As at 31st March 2013
QUOTED:		
Investments in Units of Mutual Funds: [At Cost]		
[Units of Face value ₹10/- each, unless otherwise stated]		
41,785.66 (PY - Nil Units) Axis Banking Debt Fund Direct Plan Growth	489.59	-
24,348.42 (PY - 18,343.91 Units) Axis Treasury Adv Mutual Fund-Growth	348.86	239.00
39,622.69 (PY - Nil Units) Folio 6355799/87 Frp Direct Growth	75.62	-
65,86,593.24 (PY - Nil Units) Icici Pru. Banking & Psu Debt Frp -Growth	924.66	-
559,707.08 (PY - Nil Units) Icici Prudential Liquid -Regular- Growth	1,060.92	-
574,069.20 (PY - Nil Units) Icici Prudential Money Market Fund Regular-Growth	1,016.68	-
Nil (PY - 104,504.246 Units) Axis Liquid Fund-Institutional Daily dividend Reinvestment	-	1,358.49
Nil (PY - 26,330,319.32 Units) ICICI Prudential Ultra Short term regular Plan	-	3,108.03
Nil (PY -30,033,60.23 Units) ICICI FRP Plan Regular Growth	-	5,100.00
Nil (PY - 10,126,649.11 Units) ICICI Monthly Dividend BPB Plan	-	1,022.19
Book Value of the Current Investments	3,916.33	10,827.71
Market Value of Quoted Investments	3,922.03	10,963.43
Aggregate Value of All Current Investments	3,916.33	10,827.71

₹ in lacs

Note 9

Long Term Loans and Advances

	As at 31st March 2014	As at 31st March 2013
(a) Deposits	6.91	111.83
(b) Advance to Related parties	2,243.31	-
(c) Other Advances	18.40	-
	2,268.62	111.83

Note 10

Inventories

	As at 31st March 2014	As at 31st March 2013
<i>[As taken, valued and certified by the Management]</i>		
a. Raw Materials and components	96.87	136.85
b. Work-in-progress	25.52	8.00
c. Finished goods	137.50	9.07
Total	259.90	153.92

Note 11

Trade Receivables

	As at 31st March 2014	As at 31st March 2013
<i>[UNSECURED, considered good unless otherwise stated]</i>		
Receivables outstanding for a period exceeding six months from the due date		
Considered Good	435.29	459.51
Considered Doubtful	9.94	
Less: Provision for doubtful debts	(9.94)	-
	435.29	459.51
Other Receivables	428.10	780.28
	428.10	780.28
Total	863.40	1,239.79

Trade Receivable stated above include debts due by:

	As at 31st March 2014	As at 31st March 2013
Private Company in which director is a member	30	201
	30	201

Note 12

Cash and Bank Balances

	As at 31st March 2014	As at 31st March 2013
a. Cash on hand	0.86	0.83
b. Balances with banks	4,384.40	293.24
	4,385.26	294.07
<i>Bank Balances include:</i>		
Earmarked Balances (eg/- unpaid dividend accounts)	107.20	14.49
Margin money	1.34	-
LC/Bank Guarantees	-	87.13

₹ in lacs

Note 13

Short-term loans and advances

	As at 31st March 2014	As at 31st March 2013
Deposits	15.00	20.52
Balances with Government Authorities	110.13	69.80
Prepaid Expenses	6.48	0.60
Advance to Suppliers	28.81	9.27
Total	160.43	100.20

Note 14

Revenue from operations

Particulars	2013-14	2012-13
Sale of products/services:		
Local sales	280.59	743.66
OMS	80.13	695.69
Export Sales	1,060.77	1,759.66
Other operating revenues	68.31	119.07
Total	1,489.80	3,318.08

Note 15

Other income

Particulars	2013-14	2012-13
Interest Income	18.66	56.28
Dividend Income	131.14	761.35
Profit on sale of Investments [Net]	383.67	58.85
Foreign Exchange Gain :		
Realised	28.07	6.48
Unrealised	63.16	-
Miscellaneous Income	0.81	38.58
Sundry balances written back	3.60	-
Total	629.12	921.53

Note 16

Cost of materials consumed

Particulars	2013-14	2012-13
Opening Stock	136.85	136.12
Purchases	734.80	2,660.57
Less: Closing Stock	96.87	136.85
Total	774.77	2,659.83

Note 17

Variation in inventories of finished goods and work-in-progress

Particulars	2013-14	2012-13
Opening Stock :		
Work-in-Process	8.00	11.67
Finished Goods	9.07	31.52
	17.07	43.19
Closing Stock :		
Work-in-Process	25.52	8.00
Finished Goods	137.50	9.07
	163.03	17.07
Total	(145.96)	26.13

₹ in lacs

Note 18

Employee Benefits Expenses

Particulars	2013-14	2012-13
(a) Salaries and incentives	249.60	271.95
(b) Contributions to Provident fund	8.17	5.36
(c) Gratuity fund contributions & Leave Encashment	13.88	-
(d) Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	-	8.95
(e) Staff welfare expenses	14.11	17.19
Total	285.76	303.45

Note 19

Finance costs

Particulars	2013-14	2012-13
Interest expense - Buyers Credit	-	1.22
Total	-	1.22

Note 20

Other expenses

Particulars	2013-14	2012-13
Consumption of stores and spare parts.	30.05	54.90
Labour Charges	80.24	88.46
Power and Fuel	103.30	113.75
Water Charges	6.10	5.71
Bank & Other Charges	3.44	7.17
Lab Consumables	-	0.99
Repairs to Buildings	-	0.11
Repairs to Machinery	48.50	40.13
Insurance	2.78	1.17
Rent, Rates and Taxes	17.47	13.80
Auditors Remuneration	10.84	4.00
Miscellaneous expenses	76.85	38.08
Directors' Sitting Fees	0.24	-
Foreign Travelling Expenses	91.14	-
Printing & Stationery	9.59	7.92
Professional charges	61.83	68.66
Communication Expenses	12.73	17.74
Vehicle Expenses	8.68	4.58
<u>Travelling Expenses:</u>		
Directors	7.05	109.22
Others	9.18	-
Freight Expenses	7.12	-
Business Promotion Expenses	32.01	15.40
Advertising / Sales Commission Expenses	7.58	3.26
Discount Allowed [Sales]	8.65	-
<u>Export Product Registration Expenses</u>		
Export product registration	133.91	108.00
Export Expenses	49.27	-
Clearing & Forwarding Expenses	20.02	-
Other Expenses	0.81	-
Commission on Purchases	23.24	-
Bad Debts	80.61	-
Loss by Theft	1.19	-
Prior Period Items	9.65	-
Total	954.07	703.06

₹ in lacs

Note 21

Extraordinary items

Particulars	2013-14	2012-13
Product Profit Transferred to Akorn	-	32.03
Excess payment against working capital	-	63.42
Total	-	95.46

21. Business Transfer and Product Transfer

The Company entered into a Business Transfer Agreement (BTA) on 6th October 2011 with Akorn India Private Limited (AIPL), a Company incorporated under the Companies Act 1956 and having its registered office at 101-104, Banaji House, First Floor, Flora Fountain, Fort Mumbai 400001(Purchaser). The Company has been restricted from exporting the products sold to AIPL under the PTA to all the countries except to 13 countries where they are allowed to export their other products. Profit on sale and export sale of products under the PTA will have to be paid to AIPL. During the Financial Year 2012-13, the company had to transfer Profit on sale of products amounting to ₹ 3,203,048 to Akorn Private Limited.

The company also had to make excess payment against the Net Working Capital to the tune of ₹ 6,342,494. Both these expenses amounting to ₹ 9,545,542 have been written off as Extraordinary expenses during the Financial Year 2012-13.

22. Contingent Liabilities:-

Estimated amount of guarantees & Letter of Credit given not provided for in the accounts is **₹ 63.08 Lakhs** (Previous Year **₹ 63.08/- Lakhs**).

23. Earnings per share

Basic as well as Diluted EPS	Amount (₹) 2013-14	Amount (₹) 2012-13
Net Profit attributable to Equity shareholders.	117.66	328.28
Weighted average number of equity shares outstanding during the year	13,231,828	13,231,828
Nominal Value of Equity Shares	10	10
Basic Earnings per Equity Shares	0.89	2.48
Diluted Number of Shares	13,231,828	13,444,672
Diluted Earnings per Share	0.89	2.44

24. DEFERRED TAX

In accordance with the 'Accounting Standard -AS 22 Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules 2006, the company has created a deferred tax Asset of **₹ 10.35 Lakhs** for the current year. The break-up of the Net Deferred Tax Liability as on 31st March, 2014 is as under:

Particulars	Deferred Tax Asset/ (Liability) as at 01-04-13	For The Year	Deferred Tax Asset/ (Liability) as at 31-03-14
Deferred tax Liability			
Difference between Book & Tax Depreciation	(25.43)	6.62	(18.81)
Deferred tax Assets			
Disallowances under the Income Tax Act -	-	3.73	3.73
Provisions for Gratuity/Leave Encashment			
Total	(25.43)	10.35	(15.08)

25. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014. The above information, regarding Micro, Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

26. The company is mainly engaged in the development and operations of Pharmaceutical business. All the activities of the company revolve around this main business. Considering the nature of the company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17; "Segment Reporting", issued by the Institute of Chartered Accountants of India.

₹ in lacs

27. The Balances of the Sundry Debtors, Sundry Creditors, Loans & Advances and Inter Corporate Deposits, whether Debit or Credit, are subject to confirmations from the respective parties and the reconciliations/ adjustments arising there from, if any.

However, in the opinion of the Management, the Current Assets, Loans and advances are approximately of the value stated in the balance sheet if realized in the ordinary course of the business and the provision for all known liabilities is adequate and not in excess of amounts considered reasonably necessary.

28. Employee Stock Option Plan

- a) As per Employee stock options Scheme (Kilitch ESOS 2007), each option is convertible into one equity shares ₹ 10/- each at exercise price of ₹ 47.50/- per share. During the year fresh options were not granted and employees did not exercise any options.
- b) The employee compensation cost on account of this grant applicable for the year is ₹ Nil [P. Y. ₹ 8.95 Lacs].
29. As per Accounting Standard 18 (AS- 18) "Related Party Disclosures", issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:- [As identified by the Management.

Related Party Transactions

I. Name of the related parties and Nature of Relationship

A) Key Managerial Personnel

Mukund Mehta	Chairman and Managing Director
Paresh Mehta	Jt. Managing Director
Bhavin Mehta	Director
Deepu K.	Director
Mira B. Mehta	Director (w.e.f. 17/10/2013)

B) Enterprises significantly influenced by Directors and/or their relatives

NBZ Pharma Ltd.
NBZ Healthcare LLP.
Arham Neeta Realities LLP
Kilitch Pharma (Co.) Ltd.
EyeKare Kilitch Ltd.

II. Transactions entered with related parties in the ordinary course of business during the Financial Year:

Related Party Transactions

Particulars	Key Managerial Personnel [Category A]		Enterprises over which Key Managerial Personnel are able to exercise significant control [Category B]	
	2013-14	2012-13	2013-14	2012-13
Purchases	-	-	21.62	12.46
Sales	-	-	28.55	201.12
Director's Remuneration and Sitting Fees	63.13	27.20	-	-
Rent Income	-	-	-	6.00
Sale of Investment	-	-	-	58.85
Expenses incurred by KDL	46.09	-	2.32	-
Expenses incurred on behalf of KDL	0.25	-	-	-
Advances Given To Parties	-	-	6,627.56	-
Advances Returned By Parties	-	-	4,384.25	-
Reimbursement of Expenses (Net)	20.22	-	6.01	-

₹ in lacs

III. The Following balances were due from / to related parties as on 31 Mar, 2014.

Particulars	Key Managerial Personnel [Category A]		Enterprises over which Key Managerial Personnel are able to exercise significant control [Category B]	
	2013-14	2012-13	2013-14	2012-13
Trade Payables	-	-	9.82	0.80
Trade Receivables	-	-	54.65	63.76
Advances Given	-	-	2,243.31	-

30. Additional Information required under paragraph 3, 4C, and 4D of Para II of Schedule VI of the Companies Act, 1956 [to the extent applicable] are given hereunder:-

a) Value of Imported and Indigenous Raw Materials, Packing Materials, Stores and Spare Parts consumed:

Particulars	2013-14	%	2012-13	%
Raw Materials, Packing Materials and Stores and Spares				
Imported	-	-	524.16	20%
Indigenous	628.82	100%	2161.79	80%
Total	628.82	100%	2685.95	100%

b) Expenditure in foreign currency:

Particulars	2013-14	2012-13
Raw Material and Packing Material Purchase	-	524.16
Business Promotion & Travelling Expenses	54.24	44.42
Export Registration Charges	175.38	94.57
Factory Expenses	3.44	-
Sundry Expenses	1.19	-
Export Expenses	12.06	-

c) Earnings in Foreign Currency

Particulars	2013-14	2012-13
Exports	1332.03	1716.86

31. Figures of the previous year have been regrouped and/or recast wherever necessary so as to conform to the current year's classification.

As per our report of even date

For and on behalf of the Board of Directors

For A. M. Ghelani & Company
Chartered Accountants
FRN:103173W

Mukund P. Mehta : (Managing Director)
Bhavin M. Mehta : (Executive Director)
Mukesh Shah : (Director)

Chintan A. Ghelani
Partner
M. No. 104391
Mumbai,
Dated: 30th May, 2014



22nd Annual General Meeting
KILITCH DRUGS (INDIA) LIMITED

[CIN : L24239MH1992PLC066718]

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

Phone: 022-27680913 Fax: 022-27680912.

Website www.kilitch.com / email: info@kilitch.com

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Date	Venue	Time
September 30, 2014	C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705	9.30 A.M.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Folio No. _____ *DP ID No. _____ *Client ID No. _____

Name of the Member Mr./Mrs. _____ Signature _____

Name of the Proxyholder Mr./Mrs. _____ Signature _____

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

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 22ND Annual General Meeting of the Company held on **Tuesday, September 30, 2014 at 9.30 a.m** at C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705.

Signature of the Member/ Proxy

Note: Electronic copy of the Annual Report for 2014 and Notice of the 22nd Annual General Meeting with the Attendance slip and Proxy form is being sent to all the members whose email id is registered with the Company/ Depository Participant unless any meeting has been requested for a hard copy of the same. Shareholders receiving electronic copy and attending the 22nd Annual General Meeting can print copy of this Attendance Slip.

Physical copy of the Annual Report for 2014 and Notice of the 22nd Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email Id is not registered or has requested for hard copy.

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22nd Annual General Meeting
KILITCH DRUGS (INDIA) LIMITED
 [CIN : L24239MH1992PLC066718]

Registered office: C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705
 Phone: 022-27680913 Fax: 022-27680912, Website www.kilitch.com / email: info@kilitch.com

Form No. MGT-11

FORM OF PROXY

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) :	Email Id :
Registered Address :	Folio No. :
:	*DP Id. :
No. of Shares held :	*Client Id. :

* Applicable for investors holding shares in electronic form.

I/We, being a member(s) of _____ shares of Kilitch Drugs (India) Limited hereby appoint:

1. Mr./Mrs. _____ Email Id: _____
 Address : _____
 _____ Signature: _____
2. Mr./Mrs. _____ Email Id: _____
 Address : _____
 _____ Signature: _____
3. Mr./Mrs. _____ Email Id: _____
 Address : _____
 _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on **Tuesday, September 30, 2014 at 9.30 a.m.** at C-301/2, M.I.D.C. Industrial Area, Pawane Village, Thane: 400 705 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Sl. No.	Resolutions	Number of Shares held	For	Against
Ordinary Business				
1.	Adopt of audited Financial Statements for the financial year ended March 31, 2014 and reports of the Board of Directors and the Auditors thereon;			
2.	Re-appointment of Mr. Bhavin Mehta, who retires by rotation			
3.	Appointment of M/s A.M. Ghelani & Co., Chartered Accountants, Mumbai as Auditors			
Special Business				
4.	Appointment of Mr. Deepu Kesavan Pannankattil as the Director of the Company			
5.	Appointment of Mr. Deepu Kesavan Pannankattil as the Whole time Director			
6.	Appointment of Mrs. Mira Mehta as the Director of the Company			
7.	Appointment of Mrs. Mira Mehta as the Whole time Director			
8.	Appointment of Mr. Mukesh Shah as an Independent Director			
9.	Appointment of Mr. Shailesh Chheda as an Independent Director			
10.	Special Resolution to authorize the Board to create mortgage/charge for a sum not exceeding ₹100.00 crores			
11.	Special Resolution to authorize the Board to borrow monies upto a sum not exceeding ₹ 100.00 crores			
12.	Special Resolution for making investment in other Body Corporate exceeding the limits as specified in Section 186 of the Companies Act, 2013.			
13.	Special Resolution for alteration in the Articles of Association of the Company for adoption of Table F as per Companies Act, 2013.			

** This is optional. Please put a tick mark (x) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all of the Resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signature(s) of the Member(s)

1. _____ 2. _____ 3. _____

Signed this _____ day of _____ 2014

Notes:

1. The Proxy to be effective should be deposited at the registered office of the company not less than Forty Eight (48) Hours before commencement of the meeting.
2. A proxy need not be a member of the company.
3. In the case of the Joint holders, the vote of the senior who tenders vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of the Members.
4. The form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

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Stamp

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KILITCH DRUGS (INDIA) LTD.


ROIVIT





KILITCH DRUGS (INDIA) LTD.

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C-13,Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

Tel.:22-2596 3838 Fax : 22-2594 6969