# HEADSTART.

Venus Remedies Limited
Annual Report 2011-12

### Forward Looking Statements

In our report we have disclosed forward-looking information so that investors can comprehend the Company's prospects and make informed investment decisions. This annual report and other written and oral statements that we make periodically contain such forward-looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried, wherever possible, to qualify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion of future operating or financial performance.

We do not guarantee that any forward-looking statement will be realised, although we believe we have been diligent and prudent in our plans and assumptions. The achievement of future results is subject to risks, uncertainties and validity of inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Between the pages



# AT VENUS,

WE POSSESS A PRECIOUS HEADSTART OVER MOST INDIAN PHARMACEUTICAL COMPANIES OUR SIZE.

# 80+ GLOBAL PATENTS.

280 PATENT APPLICATIONS ARE PENDING APPROVAL.

# 445+ GLOBAL PRODUCT REGISTRATIONS

300+ PRODUCT REGISTRATION APPLICATIONS ARE PENDING APPROVAL.

# 140+ GLOBAL WHITE PAPERS

GOING AHEAD, WE WILL CONTINUE TO ENRICH OUR INTELLECTUAL PROPERTY THROUGH FORWARD-LOOKING INITIATIVES. WITH THE OBJECTIVE TO EMERGE AS A STRONGER COMPANY.

AN INTRODUCTION

# VENUS REMEDIES. SPECIALISTS IN PROVIDING 'REMEDY-DEFINING' FORMULATIONS.

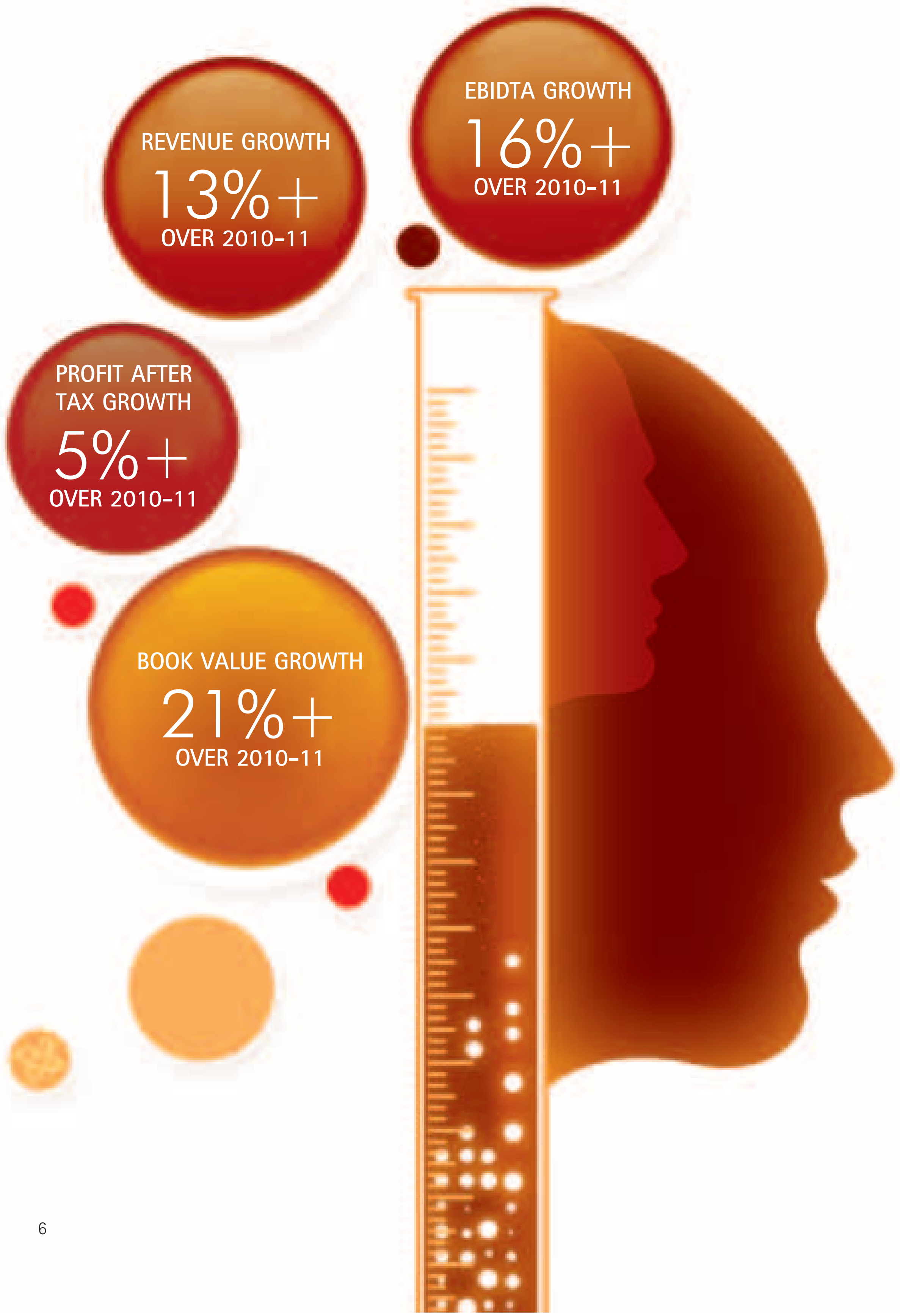
VENUS REMEDIES, AMONG THE 10 LEADING GLOBAL FIXED-DOSAGE INJECTABLE MANUFACTURERS, POSSESSES A WIDE PRODUCT BASKET CATERING TO HIGH-GROWTH THERAPEUTIC SEGMENTS (ANTI-INFECTIVE, ONCOLOGY AND NEUROLOGY).

THE COMPANY' S THREE MANUFACTURING FACILITIES (PANCHKULA AND BADDI IN INDIA) AND WERNE (IN GERMANY) ARE CERTIFIED FOR ISO 9001, ISO 14001 AND OHSAS 18001 EUROPEAN GMP AND 14 OTHER INTERNATIONAL REGULATORY AUTHORITIES GLOBALLY.

THE COMPANY (HEADQUARTERED IN PANCHKULA) POSSESSES A GLOBAL FOOTPRINT ACROSS 60 NATIONS SUPPORTED BY 11 OVERSEAS MARKETING OFFICES (INCLUDING A PRESENCE IN THE US AND GERMANY, AMONG THE MOST DEMANDING PHARMACEUTICAL DESTINATIONS ACROSS THE GLOBE).

# 2011-12 IN RETROSPECT

## Growth in financials






Venus received 22 product patent approvals from regulated markets

## Snapshot of key achievements

**Products and markets**

- Launched four products of which two are research-based products
- Established a presence in nine new markets, extending the Company's export presence across 30+ nations
- Received 31 market authorisation approvals from regulated markets

**Operations**

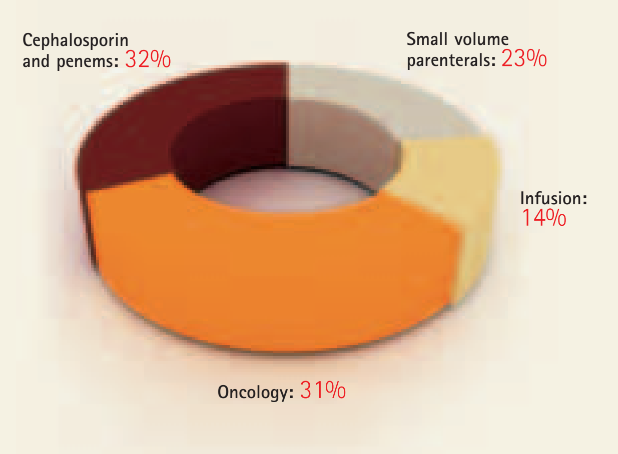
- Invested ₹ 85 million in strengthening operational capability
- Invested ₹ 824.40 million (20% of net revenue) in R&D-IPR efforts

**Intellectual property**

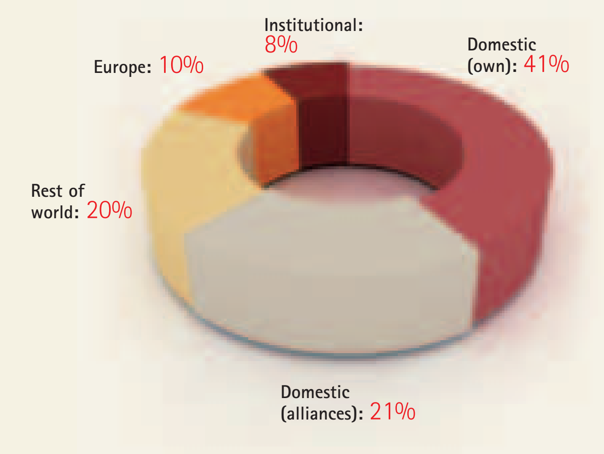
- Received 22 product patent approvals from regulated markets
- Filed 9 CTDs, 14 ACTDs and received 97 product registrations from emerging markets

## Revenue break-up

**By products**



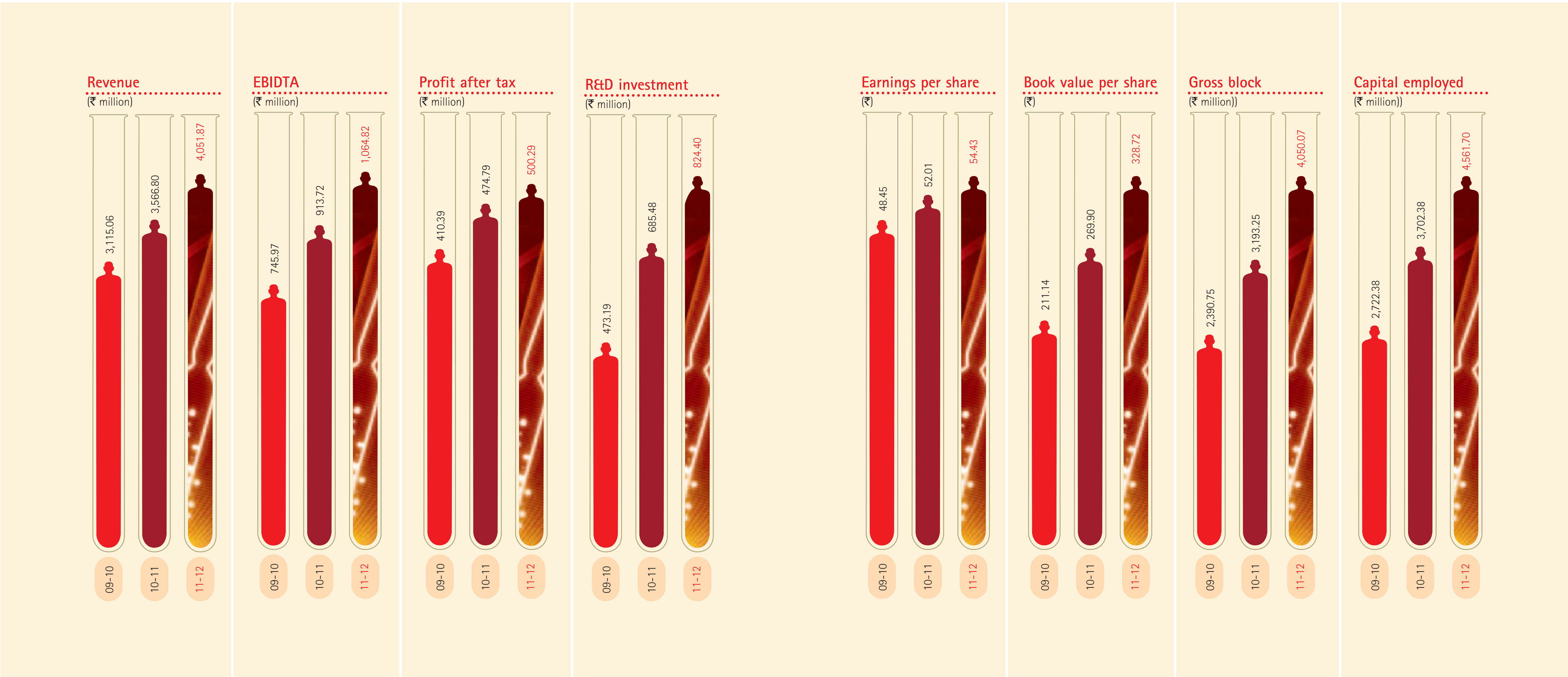

**By geography**




## MISSION, 2015

- To establish Venus as an innovator company.
- To create intellectual property wealth of one billion US dollars.
- To ensure commercialisation of intellectual Property right of the Company worldwide
- To establish Sulbactomax as a ₹ 100 crore brand
- To ensure Venus' presence in 60 countries around the world
- To make Sulbactomax/Septiloc, Ampucare/Potentox and Vancoplus as global products.
- To make every department as an independent profit centre.
- To achieve new heights by the creation of Venus Industrial Complex.
- To develop and sustain a highly motivated and empowered team for realisation of self progressive society dream.
- To be a globally admired pharmaceutical company for world-class quality and innovation.

# OUR PROGRESS.
# STEADY AND STABLE.



VISION

- We are in the business of preserving and improving human life through innovation
- We exist to provide value to our customer
- We shall build Venus as a Nation

# UNCLUTTERED SPACES.

AT VENUS, WE FOCUS ON BASIC UNMET ISSUES AND SPACES WITH LIFE THREATENING IMPLICATIONS. MULTI-BACTERIAL RESISTANCE IS ONE SUCH ISSUE. THERE IS A GROWING RESISTANCE TO ANTIBIOTICS WITH MORE THAN 50% OF THE EXISTING ANTIBIOTIC THERAPIES HAVING LOST THEIR POTENCY.

At Venus, we responded to this growing reality through a number of initiatives.

- Developed unique antibiotic-non-antibiotic combinations (Antibiotic Adjuvant Entities – (AAE)) that breaks this resistance and rejuvenates the effectiveness of existing therapies.
- Strengthened the effectiveness of our new AAE product 'CSE 1034' against a range of drug-resistant infections including 'super-bugs'. This received the coveted US patent, the cost of therapy about 30% cheaper than conventional alternatives.
- Positioned our product Vancoplus, the only known remedy for MSRA, VSRA and multi-drug-resistant bacteria which causes meningitis, pneumonia, typhoid among other ailments, as an effective remedy. The product received six global patents (including Japan and Australia).

Venus created a robust pipeline of products to treat multi-microbial resistance, which will be progressively launched.

44

Sulbactomax, our US$12 million flagship product for treating multi microbial resistance, received 44 global patents.

VISION

- We ensure product quality, safety, reliability and excellence.
- We manufacture medicines for patients, not for profits; profit follow.
- We work with passion, commitment and enthusiasm.

# UNIQUE THERAPIES.

CANCER ACCOUNTS FOR ONE LIFE EVERY SEVEN MINUTES SOMEWHERE IN THE WORLD. MOST OF THESE INSTANCES ARE THE RESULT OF LATE DETECTION. BESIDES, TYPHOID AFFECTS 17 MILLION ANNUALLY, CAUSING NEARLY 0.6 MILLION DEATHS DUE TO INADEQUATE DETECTION.

At Venus, we are working in the areas of early disease detection and target based remedies with the objective of saving human lives, through various initiatives.

- We completed Phase I & II clinical trials for VRP1620, a cancer detection molecule, which will facilitate cancer detection through a simple X-ray in a few hours as opposed to the conventional 4-6 days. The Phase III of this product will help in locating proliferation of the cancer site.
- We partnered with IMTECH (Punjab) to develop a typhoid diagnostic kit to reduce detection time from 48 hours (under the conventional Vidal test) to a few minutes. We possess the mandate to globally market this early detection kit with the objective to put this on shelves starting 2013-14.
- We established the pre-clinical proof of concept for our Drug-Protein-Polymer-Conjugate, a patent-protected technology platform that allows the conversion of any cancer drug to a target-based treatment, enhancing treatment efficiency and cost-effectiveness.
- We created a product discovery pipeline of 25 injectables, which will be commercialised shortly.

25

We created a product discovery pipeline of 25 injectables, which will be commercialised shortly.

VISION

- We believe in hard work, productivity and continuous improvement.
- We encourage and respect individual initiative, ability and creativity to develop people as the source of our strength.

# "WE EXPECT TO ENCASH OUR DEEP VALUE THROUGH VARIOUS INITIATIVES OVER THE FORESEEABLE FUTURE."

It was a successful 2011-12 for Venus Remedies.

We reported progress in strengthening our industry position, resulting in an innovation recall at par with India's leading pharmaceutical players. What gives me satisfaction is that we pioneered solutions in established segments, leading to attractive opportunities and possibilities.

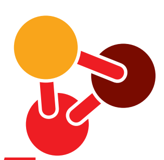
**Our financial performance was correspondingly heartening:** we grew revenues 13.60%, our EBIDTA strengthened 16.54% and PAT climbed 5.37% in 2011-12.

## The true Venus

At Venus, our longstanding focus in treading the road less traveled translated into unique products.

**Antibiotics:** Having addressed chronic ailments with a number of formulations (strengths, chemistry and combinations), most global pharmaceutical companies scaled the value chain to enter high-value, high-growth lifestyle therapeutic spaces. Besides, infectious diseases continued to affect the world with a growing 'multi-drug resistance' to antibiotics. At Venus, we focused on developing novel translational paradigms to combat antibacterial resistance by using adjuvants to untangle resistance-causing mechanisms and rejuvenating antibiotic effectiveness.

**Cancer:** In 2010, nearly six lakh people



2.5 (million, US$)

Vancoplus (US$2.5 million revenues) is available in few emerging markets coupled with registration in many countries. The product has already been used by more than 25,000 patients.

VISION

- We practice honesty, integrity and ethics in all aspects of business and strive to be the best corporate citizen
- We acknowledge our responsibilities towards our customers, our employees, the society at large and last but not the least, our shareholders.

died of cancer in India, of which 70% were aged between 30 and 69. A large number of deaths could have been arrested if the ailment had been detected early.

At Venus, we completed the Phase I & II trials of our novel molecule VRP 1620 and filed a patent application with the Indian regulatory authorities. This product will highlight cancer-affected areas through a simple X-ray, facilitating early detection. On launch, this will be the first-of-its-kind, anti-cancer detection product in the world. We also established pre-clinical proof of concept for our Drug-Protein-Polymer-Conjugate, our patent protected technology, which will allow us to develop target-based therapies. Using this technology niche, we developed a strong product pipeline to be launched over the coming years.

## Maximising returns

Until recently, the Company focused on creating unique 'life-bettering' formulations, validated through global patents from regulated (the US, Europe, Japan and Australia) and semi-regulated markets; we have three US patent approvals.

At Venus, we recognise that after having achieved 80-plus global patents in eight years, the next challenge lies in being able to commercialise them. To take this development to its logical conclusion, Venus is exploring opportunities to forge marketing alliances with leading global pharmaceutical players.

We hope to encash our Intellectual Property through out-licensing deals with global pharmaceutical players in regulated markets. We appointed global consultancies to help us identify, analyze and shortlist attractive alliance opportunities; we expect to endorse business-strengthening agreements in 12-18 months.

Additionally, we filed nine market authorisations in Europe; following approval, this will open a new opportunity window for the Company.

In the interim, we are seeding our patented products in under-regulated markets through distribution alliances and 11 global marketing offices.

We generated 10% of our revenues in 2011-12 through regulated markets; we expect these markets to make a higher contribution to our turnover in the coming years.

Besides, we expect to reinforce our Intellectual Property with more global patents for 'life-bettering' drugs, reinforcing our competitive advantage.

## Shareholders and message

At Venus, I must assure shareholders that the strength of our portfolio will translate into superior returns, enriching lives and enhancing value.

Regards,
**Pawan Chaudhary**

**10%**

We generated 10% of our revenues in 2011-12 through regulated markets; we expect these markets to make a higher contribution to our turnover in the coming years.



# VENUS' COMPETITIVE ADVANTAGE

**10**
The Company features among 10 leading global fixed-dosage injectable manufacturers; it possesses Asia's largest injectable manufacturing capacity.

**1,000+ Years**
The cumulative person-years of experience resident within the Venus team.

**3 plus**
The Company is present in the high-value, high-growth therapeutic segments of oncology, anti-infectives and neurology, among others.

**80+ patents**
The Company received 80+ patents from global and domestic authorities out of 360 patents filed across more than 50 countries.

**15 certifications**
The Company's three manufacturing facilities received 15 national and international GMP certifications.

**60 countries**
The Company established a presence across 60 nations (regulated and semi-regulated), supported by 11 overseas offices.

**25 alliances**
The Company enjoys strategic marketing alliances with leading global and domestic pharmaceutical companies.

# CALENDAR OF EVENTS.

### April 2011
Venus completed Phase I & II clinical trials for VRP1620, a cancer detection molecule. Following the launch of this product, the detection of breast cancer will be possible using a simple X-ray using dye; the sensitivity of other detection devices like colored Doppler and PET will increase exponentially.

### May 2011
The Company was awarded the Gold Medal in DST-Lockheed Martin India Innovation Growth Program - 2011 for TROIS, one of its integrated medicinal research products. This nanotechnology-based product received 178% faster penetration, accelerating action, making it possible for millions of elderly arthritics to lead a pain-free life.

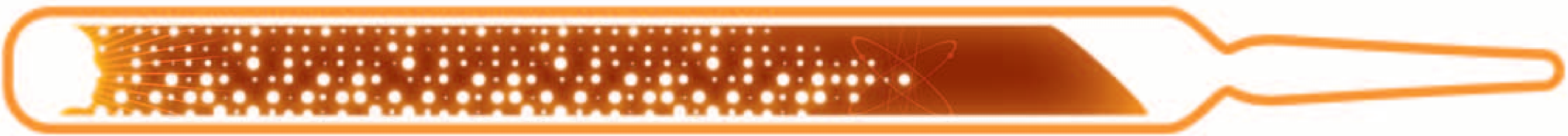
Venus was granted a patent by European Patent Office (EPO) for ACHNIL, a once-a-day painkiller injection. This patent grant will be in force till 2025.

### November, 2011
Venus Remedies won League of American Communications Professionals' Global Communications Competition for this annual report 2010-11. The Company won the Bronze in the '2011 Spotlight Awards'.

Venus Remedies received approvals for Market Authorisation from MHRA (UK) through the DCP route for its generic broad spectrum injectable antibiotic carbapenem. It also received the Market Authorisation for the same product from New Zealand's Ministry of Health.

### December 2011
Venus Remedies won the 'Silver Certificate of Merit' in the Economic Times' India Manufacturing Excellence Awards (IMEA), 2011. This award endorses the Company's continuous endeavour in elevating Venus Remedies among the top pharma giants of the industry.

Venus Remedies won the 'Emerging Company of the Year 2011' award in the 4th annual Pharmaceutical Leadership Summit & Award 2011. It is Asia's leading and prestigious Summit, organised by large and respected pharma sector brands.



### July, 2011
The Company launched a novel formulation - ACHNIL brand of Aceclofenac injection in India. ACHNIL provides instant relief from acute pain and is effective for 24 hours against the conventional daily dose of three injections of Diclofenac given every eight hours.

### August, 2011
The Company received its first US patent from US PTO for its novel research product, Vancoplus, which is valid up to December 2027. This research product took more than seven years following its development to receive this coveted patent.

The Company received the Market Authorisation in Europe for its anti-cancer product Docetaxel.

### October, 2011
Venus Remedies received the Patent Award in Gold category for 2010-11 in the valedictory function of India—LAC Pharma Meet by Pharmexcil. This award was conferred in recognition of the Company's contribution to formulation R&D. The Company was granted 44 global patents for its novel research drugs in 2010-11.

### February, 2012
Venus Remedies achieved an important landmark with its first patent grant for its novel research product Vancoplus from Japan Patent Office, among the most stringent in the world.

### March, 2012
ACHNIL, BioSpectrum Product of the year 2012

Venus Remedies received an award for its novel research product, which secured patent approvals from Europe and India. The product was chosen for its uniqueness in addressing a critical health condition. The global pain management market is expected to grow to US$60 billion by 2015. Currently, an estimated 1.5 billion people worldwide suffer from chronic pain of varying intensity.

# EMERGING PROSPECTS

### Vancoplus in Japan
Venus Remedies entered the Japanese market with its patented Vancoplus, the only known remedy for MRSA, VRSA and multi-drug resistant bacteria. The global market size of MSRA is estimated at US$900 million (projected at US$1.2 billion by 2017). MSRA incidence in Japan, the US and southern Europe ranges at 20-60%.

### Vancoplus in Australia
Venus Remedies' Vancoplus received the patent in Australia. This is a relevant development: about 7,000 Australians die annually from drug-resistant bacteria like Golden Staph infections (Source: Medicine Australia). According to the Australasian Society of Infectious Diseases, antibiotic resistance is one of the foremost issues that will affect healthcare worldwide (including Australia) over the coming years.

### Vancoplus in the US
Venus Remedies received its first US patent for Vancoplus, the only remedy after vaccination for the effective treatment of MRSA and multi-drug resistant microbes. The estimated medical impact of MRSA was estimated at US$5 billion in USA in 2010 and projected at US$9 billion in five years.

### Market Authorisation for the European market
The Company launched its anti-cancer drug Docetaxel in Europe by end 2011 following the receipt of Market Authorisation. The European market for Docetaxel is estimated at around US$1.6 billion.

### ACHNIL in India
Venus Remedies launched ACHNIL, the once-a-day pain management therapy in India. The Indian market for pain management is estimated at around ₹ 2,000 crore, growing at 16-20% annually and expected to reach ₹ 3,500 crore by 2015.

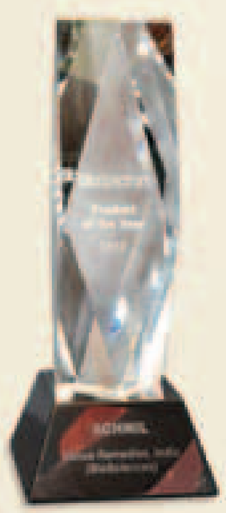
# GLOBAL WATERMARK

(Patents from regulated markets)





# AWARDS



BioSpectrum Product of the Year - ACHNIL (2011)

Quality Award 2011 (Geneva)

Best Innovation Award 2010 & 2011

Company of the Year 2011

The BIZZ Excellence Award (USA)

Pharmexcil Gold
Patent Award 2011

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic overview

**Global economy:** The global environment turned adverse in the second half of 2011, owing to turmoil in the euro zone, slow US recovery and monetary imbalance in emerging economies. Growth in several major developing countries (Brazil, India, Russia, South Africa and Turkey) slowed partly in reaction to domestic policy tightening. As a result, global GDP grew 3.9% in 2011 as against 5.3% in 2010.

Although action by policymakers in Europe and elsewhere helped reduce vulnerabilities, risks of a renewed upsurge of the crisis in Europe continue to loom large, along with geopolitical uncertainties affecting the oil market.

Overall, global growth is projected to drop from around 4% in 2011 to about 3.5% in 2012 and projected to recover to 4.1% in 2013 as per IMF (Source: World Economic Outlook, April 2012)

**Indian economy:** India GDP growth declined from 8.4% in 2010-11 to 6.5% in 2011-12. GDP growth in 2011-12 was the lowest in nine years (save 2008-09). Despite low growth, India remained one of the fastest-growing global economies.

Global factors (euro zone crisis, geopolitical disturbances and climatic extremities) contributed to the domestic economic slowdown.

Headline WPI inflation remained high at around 9% during 2011 for the following reasons:

- Higher prices of primary products (vegetables, eggs, meat and fish) due to changing diets
- Increasing global commodity prices
- Persistently high international crude petroleum prices

Domestic factors like monetary tightening and raising the repo rate to control inflation made industrial borrowing expensive, infrastructure projects unviable and depressed the manufacturing sector growth.

Besides, the rupee lost more than 10% of its value during the year, making it one of the worst performing currencies in Asia, eroding India Inc.'s profitability, widening India's trade deficit and adversely impacting India's current account deficit.

### Indian economy

India GDP growth declined from 8.4% in 2010-11 to 6.5% in 2011-12. GDP growth in 2011-12 was the lowest in nine years (save 2008-09).

### 2.1

USA's economic growth is projected at 2.1% in 2012 and 2.5% next year, reflecting ongoing fiscal consolidation and continued weakness in housing prices.

## US generics to reach highs in 2012

The year 2012 marks the entry into the peak phase of the patent expiry cycle, with brands worth US$40billion losing patent protection. Several blockbuster drugs (with sales over US$1billion) are set to go generic this year.

Going ahead, the GDP growth estimates range between 6.7-7% in 2012-13 consequent to the deficient rainfall and its impact on inflation.

## Global pharmaceutical sector

Medical spending is likely to reach nearly US$1,100 billion in 2015, reflecting a slowing growth rate of 3-6% over the five-year period compared with 6.2% annual growth over the previous five years. Absolute global spending is expected to be US$210-240 billion, compared to US$251 billion since 2005.

Spending on generic drugs (including branded generics) is expected to grow at a CAGR of ~13% through 2015, compared to ~5% CAGR for the overall pharmaceuticals market; their share in the overall medical spending is expected to rise from 20% in 2005 to about 39% in 2015. The share of branded drugs is expected to decline from ~64% of global pharma spend in 2010 to an estimated 53% due to an increasing generic presence arising out of accelerating patent expiries.

Pharmerging countries are expected to double pharmaceutical spending in five years, adding US$150 billion by 2015 driven by accelerated volumes. The growth of a number of pharmerging countries are marked by strong domestic companies which market low cost generics, branded generics and unauthorised variants of original brands. Patients pay out-of-pocket for the majority of medicines in these markets, which limits the use of expensive new medicines.

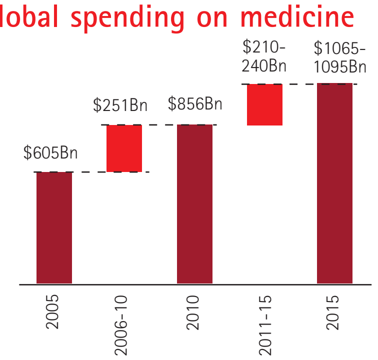
## Indian pharmaceutical sector

Until not too long ago, India's pharmaceutical space was written off as a self-pay generics-based market adept at product duplication; today, the sector has claimed a significant share of the global market by leveraging strengths and enhancing its regulatory and technical maturity.

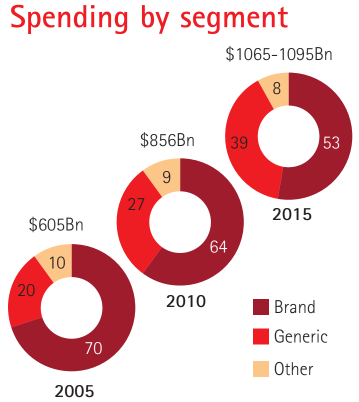
Currently, the Indian pharmaceutical industry's market size (including export) is estimated at ₹ 1 trillion per annum. It ranks third in the world by drug volume (10% of global share) and fourteenth by value (about 3% of global sales).

The Indian formulations market (valued at ₹ 48,200 crore) grew at a CAGR of 14-15%

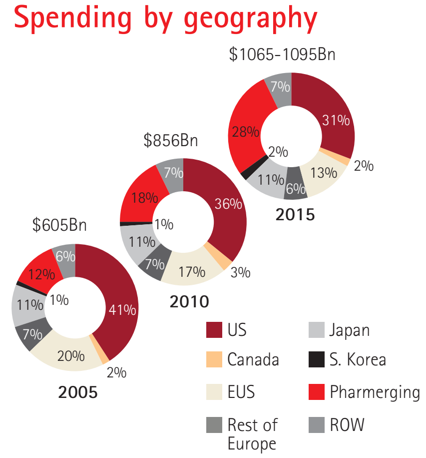
### Global spending on medicine




### Spending by segment




### Spending by geography




over five years driven by a convergence of factors (rising household incomes, increasing incidence of lifestyle-related diseases, improving healthcare).

The Indian pharmaceutical market growth is largely driven by formulations for chronic therapies; acute therapies are largely driven by Tier-III cities and rural penetration.

## Growth estimate

The Indian pharmaceutical market is expected to grow from US$11 billion presently to US$74 billion by 2020 (Source: PricewaterhouseCoopers).

## Growth drivers

- Population growth at about 1.3% annually and a steady rise in disease prevalence will increase the patient pool by nearly 20% by 2020
- Increasing penetration of health insurance from 26% in 2010 to about 45% in 2020 is expected to drive domestic demand
- India's per capita rural income of ₹ 19,000 is expected to increase to ₹ 24,000 by 2015 (Source: McKinsey), which should enhance pharmaceutical spending.

India's pharma market is likely to sustain its current momentum (14-15% growth versus the historical rate of 10-12% over 2000-10). This growth is inclusive of metros, Tier-I and II cities and smaller or Tier-III and IV towns. However, one-third of this incremental growth will come from Tier III-IV towns and rural markets, which constitute 20% of the total market, and are currently growing at 25-30%, which is higher than metros and tier-I cities. This is largely led by increase in income levels, higher penetration of healthcare, and increase in health awareness among masses.

## Cancer – a silent killer

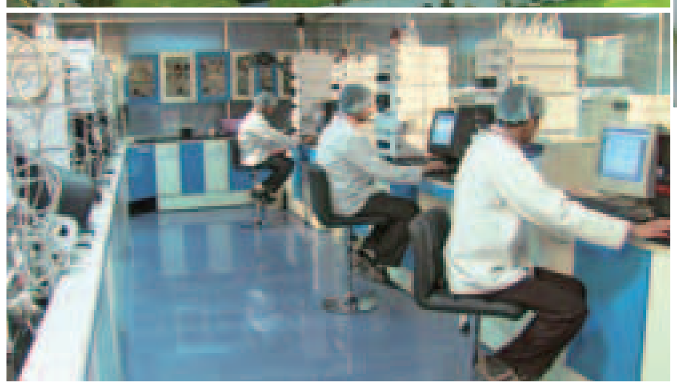
Cancer prevalence in India is estimated to be around 2.5 million, with over 8,00,000 new cases and 5,50,000 deaths occurring each year due to this disease. More than 70% of the cases report for diagnostic and treatment services in the advanced stages of the disease, which has lead to a poor survival and high mortality rate.

The Indian oncology market is estimated at about ₹ 7,000 to 8,000 million. It has been indicated that the oncology market in India has been growing at a CAGR of more than 30% in the last three years.

The global cancer market was worth US$56.7 billion in 2007, growing at 16.8% over 2006, and is forecast to grow to US$76.9 billion by 2013, representing a CAGR of 5.1per cent (2007-13).

The economic toll from cancer, estimated to be US$895 billion is nearly 20% higher than heart disease, the second leading cause of economic loss (US$753 billion).

# 01 VENUS MEDICINE RESEARCH CENTRE



## Highlights 2011-12

- Received patent approval from the US and the first patent approval from Japan
- Received the 'Patent Award' in Gold Category from Pharmexcil for 2010-11
- Received the BioSpectrum Product of the Year 2012 award for the novel research product 'ACHNIL', a once-a-day pain killer

Venus Medicine Research Centre (VMRC) is dedicated to breakthrough innovations by balancing basic biomedical and translational research to develop medicines that treat serious medical conditions. The team focuses on developing novel solutions that fill the gap between challenging ailments and available molecules.

## Vision

To establish Venus as an innovator company worldwide by developing and commercialising products that provides a complete solution for serious or life-threatening medical conditions.

## Infrastructure

The research centre comprises nine high-tech testing laboratories at par with stringent cGLP standards. These laboratories cover microbiology, toxicology, molecular biology, biochemistry, pharmacognosy and biotechnology including tissue culture, stability and chemical analyses. These units are equipped with sophisticated ultra-sensitive instruments and include an international standard animal house approved by the Committee for the Purpose of Control and Supervision on Experiments on Animals (CPCSEA). The Company also set up a Cell Culture Molecular Biology (CCMB) laboratory, among a few Indian pharmaceutical companies with this facility. This facility will enable the research team to significantly hasten the testing of cancer drugs. The research centre is recognised by DSIR for the development of globally competitive technologies with high commercial potential.

## Capabilities

Venus research team comprises 60+ scientists and supporting staff, of which 60% are PhDs and post-doctorates and 40% are M.Pharma and M.Sc degree holders. The Company divided its intellectual capital into focused teams.

# 01 VENUS MEDICINE RESEARCH CENTRE

## Areas of focus

**Novel Drug Delivery System (NDDS):** Development of nanotechnology-based, sustained release and targeted delivery formulations with NDDS to improve patient compliance, minimise pain and side effects in therapeutic areas of oncology, NSAID, neuroscience, arthritic disorders, stress and lifestyle-related diseases, immuno chemistry, infectious diseases and wound healing.

**Formulation development:** Development of non-infringing formulations to reduce the impact of generic competition, revitalise established brands, fill product pipeline gaps and enhance patient compliance.

## Key initiatives, 2011-12

- Introduced a nanotechnology-based, ready-to-use single vial Docetaxel in the domestic market under the 'Taxedol' brand. This product gives 11% higher cancer cell killing potential as compared with existing Docetaxel.
- Established pre-clinical proof of concept for the Drug-Protein Polymer-Conjugate (DPPC), a patent-protected technology which transforms conventional cancer therapies into target-based cancer formulations. The team successfully developed a product pipeline for breast and ovarian cancer using this technology.
- Successfully completed Phase I & II clinical trials for VRP1620, a cancer detection molecule, making it possible to detect with a simple X-ray using a dye. The team will launch this product in India in 2013-14.

## Intellectual property

To protect the R&D work, the IPR wing at Venus is actively engaged in filing, procuring and maintaining trademarks, copyrights and patents (nationally and internationally). The team is also involved in in-licensing new innovative technologies and out-licensing the Company's research products to regulated markets.

**Patents:** The team filed 360+ patents globally, of which 80+ were granted and 280 are at advanced approval stages. The patents cover 51 countries across Europe, North America, the Far East, Australia, South America, Africa and the ASEAN.

**Trademarks:** The team filed for 150 trademarks, of which 70 were registered and 80 were under various stages of registration.

## Research products with international patents

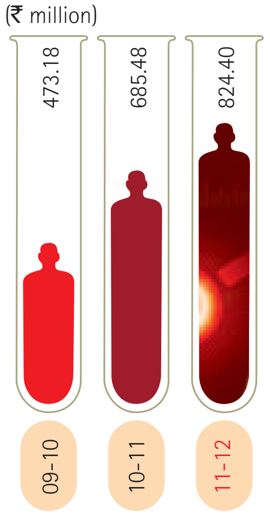
| Sulbactomax | Potentox | Tobracef | Vancoplus | ACHNIL |
|---|---|---|---|---|
| Revenue 15% of sales (FY12) | Revenue 4.60% of sales (FY12) | Revenue 2.20% of sales (FY12) | Revenue 3.30% of sales (FY12) | Revenue 1% of sales (FY12) |
| Patents from key nations include the US, South Africa, Europe, India, Australia and New Zealand, Russia, Ukraine and Mexico | Patents from key nations include South Africa, New Zealand, South Korea, Australia and India | Patents from key nations include South Africa | Patents from key nations include South Africa, New Zealand, Australia, the US and Japan | Patents from key nations include Europe, and India |

## Two-in-one

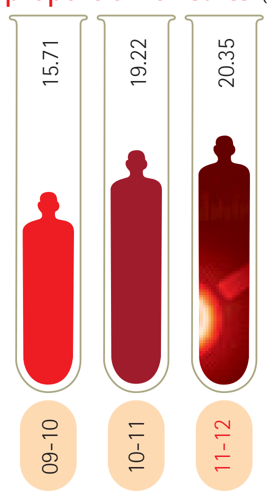
ACHNIL, a novel therapy for relief against acute pain received the BioSpectrum Product of the year 2012 award. This once-a-day, sustained release injectable pain killer replaces the three injections per day therapy. ACHNIL is a combination of burst release for immediate patient relief coupled with sustained drug release, making it a one-of-a kind product and the preferred pain management therapy.

## Investment in R&D-IPR

(₹ million)




## R&D-IPR as a proportion of sales (%)






# 02 OPERATIONS

VENUS'S OPERATIONS ARE UNIQUE BECAUSE THEY JUXTAPOSE DOMESTIC AND INTERNATIONAL OPERATING FACILITIES, AUGMENTING ITS CAPABILITIES TO OFFER ITS CLIENTS AN UNPARALLELED VALUE PROPOSITION: CUTTING-EDGE TECHNOLOGY AND OPTIMISED COSTS. THE COMPANY HAS THREE MANUFACTURING UNITS, TWO BEING IN INDIA AND ANOTHER IN GERMANY. THE QUALITY OF THE SERVICE PROVIDED HINGES ON QUALITY CONTROL, IN-PROCESS CONTROL GUIDELINES AND STAFF TRAINING.

**Operational capability**
3 units
9 manufacturing facilities
80 mn units injectable capacity
15 GMP approvals
75 products manufactures

**Panchkula**

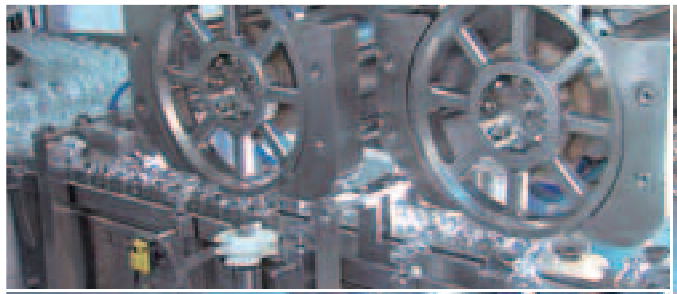
- Manufacturing site for large volume parenterals (capacity 7.5 million units per annum)
- Parenteral facility for super specialty intravenous fluids with state-of-the-art laboratories
- Accredited with WHO-GMP, Yemen- GMP, ISO 9001, ISO 14001 and OHSAS 18001
- Products manufactured include Mebatic, Calridol, Moximicin, Neurotol, Glutapep, among others
- Locational advantage in manufacturing strategic products like antibiotics and plasma expenders, among others

**Baddi**

- Production unit of small volume parenterals, for super speciality segments
- Manufactures complex and novel formulations for oncology injections, oncology lyophilised, pre-filled syringes and cephalosphorins, among others
- Accredited with more than 15 GMPs from regulated and emerging markets
- Manufactures key brands namely Doxol, Paxol, Citabol, Epirol, Ronem, Immunox, Pimcef, Fejet IV, Parin-E, Vanconex, Dobutacard, Sulbactomax, Supime, Tobracef, Pirotum, Potentox and many more.

**Germany**

- Situated in the heart of Europe, a strategic advantage
- Accredited with EU-GMP; possesses world-class QA, QC laboratories
- Engages in out-licencing CTDs site variation projects, testing and batch release for Europe and warehousing and logistics support
- Warehousing capacity of 3,000 pallets under controlled temperatures
- Batch release facility for local manufacturers and pharma exporters and four dedicated packaging sections, customising product packaging into local languages



## Highlights 2011-12

- Enhanced production volumes of research products
- Received the 'Silver Certificate of Merit' in the India Manufacturing Excellence Awards 2011, which acknowledges the Company's high standards in manufacturing practices, quality, regulatory approvals

## Key initiatives, 2011-12

Productivity: The Company invested in state-of-the-art technologies. Operating practices for key activities were standardised and production was streamlined to handle large lots, reducing changeover time and improving plant productivity.

**Cost optimisation:** Standardised batch size for products, undertook various initiatives across the shopfloor to eliminate wastage of inputs and time.

**Power conservation:** Completed the energy audit by government-approved teams, which optimised energy consumption, connected various areas in the plant with the central chilled water system instead of package type air conditioning units, replaced conventional motors with contemporary star-rated variants, substituted the old boiler with a High Efficiency Package Type Steam Generator.

**Investment:** Invested ₹ 60 million in sophisticated shopfloor equipment to reduce the cost of operations; installed a SCADA System based Synchronising Control Panel at Unit-II to control the running of all DG sets as per the load requirement.

## Our operational niche

The Company carved out an operational niche through the following procedures:

- Maintained an integrated vial and ampoule line for tunnel sterilisation, filling, washing, external cleaning and sealing operations
- Interlocked production lines as well as automatic controls and designs to ensure filling and terminal sterilisation
- Circumvented contamination and cross-contamination through facilities like change room, pass boxes and airlocks
- Assured that products across all batches met global standards by making sure that all operations were carried out under the Luminar Air Flow work station
- Maintained proper ventilation systems in critical and unclassified areas



# 03 QUALITY ASSURANCE

VENUS'S QUALITY ASSURANCE SYSTEM IS BASED ON THE ALLOCATION OF CLEARLY DEFINED RESPONSIBILITIES, REGULAR UPDATING OF PROCESSES, AS WELL AS STANDARD OPERATING PROCEDURES AND CYCLIC TRAINING, AMONG OTHERS.

VENUS ADHERES TO STRINGENT QUALITY CONTROL NORMS BENCHMARKED WITH GLOBAL GMP STANDARDS, LEADING TO INTERNATIONAL PRODUCT QUALITY.

## Quality assurance infrastructure

Venus invested in state-of-the-art laboratories equipped with sophisticated equipment and facility systems namely HPLC, GC, Spectrophotometer, Atomic Absorption spectrometer, walk-in stability chambers compliant with CFR and capable of generating audit trails. It commissioned microbiology laboratories to enforce microbiological testing including microbial limit testing, bacterial endotoxin testing and sterility testing.

The Company possesses a large library comprising 700+ titles and an e-library, which provides easy reference for its team. Appropriate knowledge management systems were implemented by creating individual department websites on Spine containing SOPs, libraries and current guidance.

## Quality management

Venus's Validation Master Plan (VMP) addressed the stated validation and qualification strategy. Quality verification for all manufactured products met international benchmarks; the VMP outlined and coordinated qualifications and validation activities. Besides, it also allocated the responsibilities for validation and assisted in critical path planning.

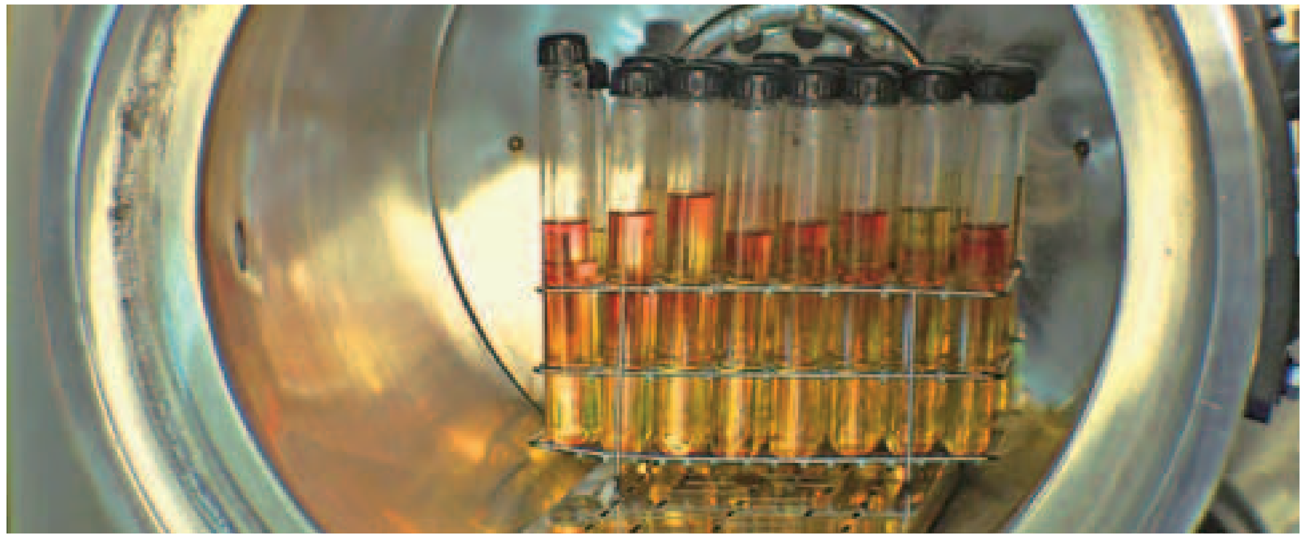
The Company's quality control and analytical laboratory conducted stringent tests starting from ingredients to in-process and finished products. Stability studies checked different environmental parameters as per ICH guidelines.

The quality control team monitored and analysed data in terms of testing, analysis, manufacture, in-process controls and other aspects (process, process conditions, services and utilities including water system, environment, hygiene and HVAC system, among others) used in medicinal product manufacture.

The analytical development scientists devised and validated different cleaning methods to detect residual products in formulation tanks and product contact equipment. Quality control chromatographic instruments were sustained by reliable validated software formats that followed 21CFR.

Quality checks on the final product were controlled by an unique in-house designed software. The Company adopted the HPLC/RRLC methods (as opposed to titrimetric and TLC methods) for accurate results.

The Company provided round-the-clock video surveillance in manufacturing sites and warehousing facilities. Such records



## Highlights 2011–12

- Received the Century International Quality ERA Award in the Gold Category at Business Initiative Directions (BID)
- International Quality Convention Geneva 2011 by virtue of which it got the accreditation of being one of the world's 15 most stringent GMPs (including EU GMP)

were accessible only to authorised persons. Periodic audits ensured strict systemic adherence.

The Company maintained an audit trial of products and documents sent to clients. Products were stored for a year in excess of shelf life to enhance customer confidence.

## Error analysis

The operations team was empowered to shut production lines on observing defects. The quality assurance team investigated immediate defect causes and reset parameters as per validated processes to commence operations. To prevent recurrence, the quality assurance team undertook the CAPA, root cause analysis, risk analysis and gap analysis to implement modifications.

## Key initiatives, 2010–11

- Invested ₹ 25 million in sophisticated equipment for the Quality Assurance labs strengthening its capability
- Implemented gap analysis and risk management tools to reduce CoQ; gap analysis facilitated in identifying and reducing down time and man power wastage
- Streamlined process to seamlessly ensure high quality consistency across increased production volumes
- Improved the quality of primary packaging material (glass vial, plug, seal) and secondary packaging material (unit carton, leaflets, shipper) to eliminate breakage

## Training infrastructure

Venus proposes to set up a Training Academy for a continuous employee learning platform. This state-of-the-art infrastructure will allow the Company grow the learning curve of its team and facilitate the internalising of experience and expertise across all members of the Venus which otherwise would be resident within departments. It will also facilitate personality development.



# 04 MARKETING


## Highlights 2011–12

- Launched Cytomib in India, a first-time therapy against blood cancer
- Launched Taxedol in three strengths-20 mg, 80 mg and 120 mg; Venus is the first company globally to launch this product in the 20 mg and 80 mg strengths
- Received Market Authorisation for our research products from Europe, Australia and New Zealand

VENUS' PRODUCT SPACES ARE MARKED BY RELATIVELY LOW COMPETITION AND INTERNATIONAL RELEVANCE. THE COMPANY CREATED DEDICATED TEAMS FOR THE DOMESTIC AND INTERNATIONAL MARKETS. IT ADOPTS A MULTI-PRONGED APPROACH TO ENSURE A WIDE PRODUCT REACH – RETAIL SALES, INSTITUTIONAL SALES AND ALLIANCES WITH GLOBAL PHARMACEUTICALS.

## Domestic marketing

Venus's domestic network comprised 650 members, supported by a robust network (2,000 stockists, 40,000 chemists and 120,000 medical practitioners).

The distribution and marketing support department represents the backbone of the Company's domestic marketing. This department manages product distribution, provides logistics support to field staff and acts as an information centre for sales-related information.

The Company's key USP is that its supply chain can deliver products to customers across India within 48 hours. This is facilitates by its in-house software (SPINE) which maintains online vigilance across all distributor stocks and sales. Beside, the automated field staff reporting system facilitates swift decision making

Venus created 'Passion OncoBiz' aimed at offering affordable life-saving medicines to the Indian masses – it comprises two sections: strategic tie-ups and institutional sales. The Company enjoys strategic tieups with leading Indian pharmaceutical companies like Abbot, IPCA, Glenmark, Lupin, Elder, among others. The institutional segment markets products to Indian government/government-aided hospitals.

## Key initiatives, 2011–12

- Created a team dedicated to marketing oncology products in North West and South India
- Launched new products
- Cytomib, a first-time product in India for blood cancer (2.5 mg)
- Stermax, a wound steralising therapy from the Venus research team
- Trois, a nanotechnology based pain management product from the Venus research team
- Itomax, an anti-ulcer solution
- Forged new tie-ups with corporate and government institutions for its research products, which increased sales volumes; being the only company marketing these products, Venus enjoys a premium for these finished dosages

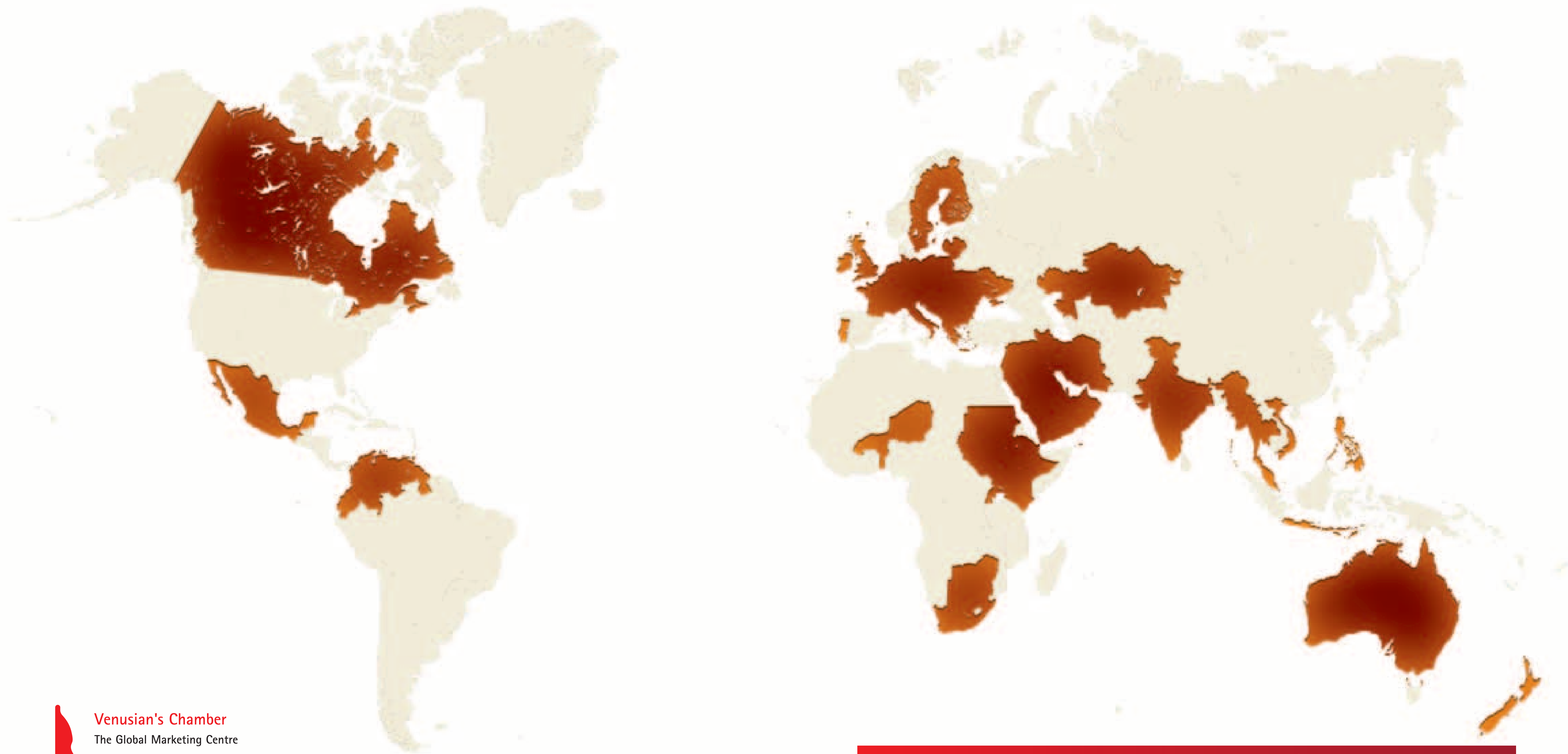
## International marketing

Venus marketed 50+ products across 60 nations of which five are proprietary research-based. Global business acquisition and servicing was facilitated through 11 global marketing offices. The Company enjoyed 20-plus alliances with international pharmaceutical companies to market products globally. The Company enhanced its presence in high-growth, high-value therapeutic segments.

## Key initiatives, 2011–12

- Engaged two global consultants to identify, analyse and cement out-licensing deals for patented products
- Planned investment of ₹ 500 million in a global marketing trade centre to cater to global clients and business partners

# GLOBAL REACH.



## Venusian's Chamber

**The Global Marketing Centre**

Venus is setting up its Global Marketing Centre (Venusian's Chamber) as a dedicated complex for the marketing team to focus on expanding and deepening the Company's marketing footprint in the domestic market and across more than 60 nations globally.

| Region | North America | South America | Europe | Africa | Asia (CIS and Middle East | Asia (South East) | Australia & New Zealand |
|---|---|---|---|---|---|---|---|
| Nations | 9 | 4 | 25 | 7 | 14 | 11 | 2 |
| Dossiers filed | 57 | 94 | 116 | 155 | 185 | 140 | 4 |
| Dossiers registered | 29 | 53 | 49 | 97 | 143 | 79 | 2 |

# 05 HUMAN CAPITAL

VENUS'S PEOPLE CAPITAL REPRESENTS ONE OF ITS KEY CORNERSTONES. THE COMPANY'S HUMAN CAPITAL COMPRISED PROFESSIONALLY QUALIFIED AND DEDICATED MEMBERS. THE TEAM WAS DRIVEN BY TARGET ACHIEVEMENT, DISCIPLINE, CREATIVITY AND PERSEVERANCE. THE COMPANY'S HUMAN RESOURCE POLICIES DEVELOPED AN EMPOWERED, DEDICATED AND MOTIVATED WORKFORCE.

## Recruitment

Through the employee referral platform, existing employees were encouraged to suggest candidates. Homegrown management was preferred wherein recruitments largely happened at the junior level; senior positions were plugged through internal promotions. The focus was on conducting panel interviews for un-biased decisions. The Company HR team conducted various personality and psychometric tests to ensure that the right talent was brought on board for the right position. The Company institutionalised the Venus Service Commission (VSC) as an independent body for impartial consideration on all service matters with the final authority in all people-related issues.

## Training

The Company's training philosophy continued to be 'Each one understand one and teach one'. Training was provided at various levels with the aim of refining existing employee skills and knowledge.

**External training:** The Company encouraged staff members to grow their learning by participating in various national and international conferences/seminars/ workshops. PhD and M Phil degrees were awarded to staff members under different collaborations with reputed institutes. Besides, staff members were sent to international conferences, national conferences and workshops. The Venus Medicine Research Centre provided training to team members.

**Internal training:** Internal training programmes were designed and imparted by an HRM training cell.

**Induction training:** The HR department acted as mentors to new joinees. In a day-long induction exercise, new joinees were briefed about the Company, policies and culture, his/her rights and do's and don'ts, among other details. The induction effectiveness was gauged through questionnaires and induction kit. After a month of joining, each employee was asked to fill a job-satisfaction proforma which highlighted their comfort and compatibility with the department and Company.

**Tutor and Trainee Programme:** The Venus Institute of Management launched the Tutor and Trainee Programme in 2008 to catalyse continuous learning. It ensured the transmission of experience and methods specific to the Company from seniors to juniors, enabling the organisation to develop and preserve internal expertise. Since its inception, the T&T programme addressed training needs.

**Departmental training (Mini T&T):** All departments invested in internal training. The programme comprised meditation, general lecture, inspirational topic-based lecture, feedback exam and an intellect-testing game.

**Personality development:** In addition to technical/functional and mandatory trainings as per guidelines of ISO, GMP, GLP, the Company focused on personality development through various training platforms. A monthly training calendar is circulated to all the departments to ensure employee attendance.

## Fortune 500

Venus Fortune 500, a ten-year project (2008-2018) reached the Fortune-100 level and will help identify the next top-50 entrants.

## Infrastructure

The Company provided the best working infrastructure. The Company provided well-designed work stations comprising advanced IT systems. Besides, the Company's internal websites, Enjoy Innovation and Venus ERP, provided real-time information. Its canteen provided quality subsidised food; home-office-home transportation was also provided.

## Social schemes

The Company instituted various employee welfare schemes, including the education policy, Shagun policy and the policy for condolence. The Company extended financial assistance to employee or family members; it extended Mediclaim and Accident claim to all members.

## Awards

The Company rewarded high performance; marketing personnel were offered target-related incentives and schemes in addition to salary. At the Annual Day, the Company recognised the Best Employee, Best in Discipline, Best Newcomer and Best Team, among others.

## Highlights, 2011-12

- Added 137 employees into the Venus Nation
- Invested 10,261 person-hours in training sessions

## 06 INFORMATION TECHNOLOGY

AS TIME BECOMES INCREASINGLY SCARCE AND THE IMPORTANCE OF UTILISING EVERY MINUTE EFFICIENTLY INCREASES IN A COMPETITIVE ENVIRONMENT, THE ROLE OF INFORMATION TECHNOLOGY (IT) BECOMES CRITICAL. THE ROLE OF IT IS EVEN MORE CRITICAL AT VENUS FOR THE FOLLOWING REALITIES:

- Presence in a knowledge-driven industry where adherence to stringent global standards consistently is the norm
- Multi-nation presence which necessitates the convergence of data and processing it into business critical information
- Presence of a marketing team across more than 60 nations requiring authentic data to take informed decisions.

Venus developed in-house, state-of-the-art software - SPINE, an open-source technology, which integrates the entire organisation (domestic and global locations) and strengthens integrity, security and portability fulfilling FDA requirements.

Fully automatic PLC-controlled equipment was installed at all plants, integrated with SPINE through an in-house designed supervisory control and data acquisition (SCADA) system. This facilitated complete automation, locational integration and provisions.

SPINE captured data from all machines, processed it and highlighted important production and productivity data (batch-wise production, machine working hours, output per machine, machine breakdown and efficiency, among others).

Based on the client-server model, the Company centralised data storage and processing with distributed data entry system to minimise duplication, manual errors and reconciliation.

The Company is also using other business critical open-source applications and implemented a mailing solution and chat relay server compliant with global standards.

## 07 INTERNAL CONTROL AND AUDIT

The Company introduced an integrated internal control system in line with the nature and size of the business. The internal auditors ensured that the Company complied with all statutory requirements and implementation of corporate policies. Increasing productivity and accuracy was achieved through a new ERP. Suggestions by the statutory auditors, the Audit Committee of the Board and above mentioned committees are taken into account.



## 08 ANALYSIS OF THE FINANCIAL STATEMENTS

DESPITE A SUBDUED 2011-12 – INDIA'S WORST ECONOMIC GROWTH IN A DECADE – VENUS DELIVERED SUPERIOR NUMBERS. THE COMPANY REGISTERED AN IMPROVED PERFORMANCE DRIVEN BY GROWTH IN ITS EXISTING BUSINESS AND THE EXTENSION OF ITS FOOTPRINT INTO NEW GEOGRAPHIES.

### A. Statement of Profit and Loss

**Key highlights**

- Revenues grew 13.60% from ₹ 3,566.80 million in 2010-11 to ₹ 4,051.87 million in 2011-12
- EBIDTA grew 16.54% from ₹ 913.72 million in 2010-11 to ₹ 1,064.82 million in 2011-12
- Profit after tax increased 5.37% from ₹ 474.79 million in 2010-11 to ₹ 500.29 million in 2011-12

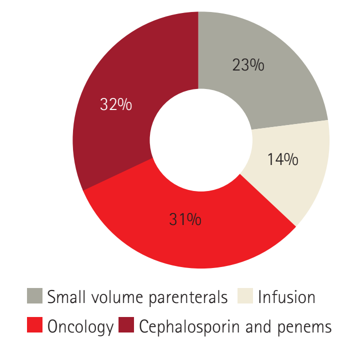
**Revenue from operations**

Revenue climbed 13.60% from ₹ 3,566.80 million in 2010-11 to ₹ 4,051.87 million in 2011-12 due to increasing volumes, entry into new geographies and new customer additions. In 2011-12, the Company monetised its research expertise – it earned ₹ 25.23 million from its research services.

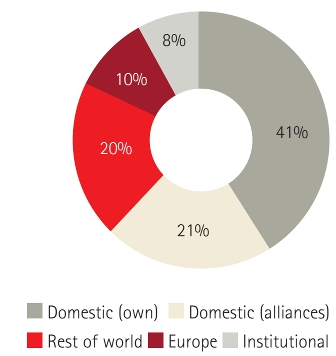
**Research products:** Increased offtake of the Company's research product in domestic and international markets resulted in a 10% increase in 2011-2012 in comparison to last year 2010-2011. This number is expected to increase over the coming years as the Company receives market authorisation approvals from regulated markets.

**Global spread:** The majority of the Company's revenue accrues from domestic markets through its distribution network and business alliances. Domestic sales increased 21.38% from ₹ 2,331.62 million in 2010-11 to ₹ 2,830.17 million in 2011-12. However exports declined 100 bps from ₹ 1,235.18 million in 2010-11 to ₹ 1,221.70 million in 2011-12.

**Revenue by products**




**Revenue by geography**




**Operating costs**

Increased input costs due to inflationary headwinds, fuel price hikes and interest cost scaled absolute costs significantly – operating costs increased 14% from ₹ 2,835.07 million in 2010-11 to ₹ 3,231.52 million in 2011-12.

**Snapshot**

| | 2011–12 | | 2010–11 | |
|---|---|---|---|---|
| | Amount (₹ in million) | Proportion of total operating cost | Amount (₹ in million) | Proportion of total operating cost |
| Cost of material consumed | 2,350.71 | 72.74 | 2,037.88 | 71.88 |
| Stock variation | (90.33) | (2.80) | (39.03) | (1.38) |
| Employee costs | 205.78 | 6.37 | 172.95 | 6.10 |
| Other operating expenses | 524.69 | 16.24 | 484.19 | 17.08 |
| Depreciation expense | 240.67 | 7.45 | 179.08 | 6.32 |
| TOTAL | 3,231.52 | | 2,835.07 | |

**Cost of material:** Despite stringent control on wastages through increased automation and disciplined procedures, material expenses increased due to the following:

- Increased production volumes consequent to growing product acceptance
- Increased product registrations necessitating stocking of material
- Rise in the cost of principal raw materials due to cost-push inflation during the year.

**Employee costs:** People expenses increased significantly in line with increase in technical and experienced workforce. The increase was partly due to the annual increment for the team for 2011-12. Staff welfare expenses also escalated over the previous year, facilitating a stronger bond between the Company and the team.

**Other expense:** Expenses under this head increased largely due to an increase in selling and distribution and R&D expenses. Intelligent shopfloor initiatives eliminated wastages and reduced the manufacturing cost below the previous year level despite an increase in business operations. Selling expenses increased as the Company invested in promoting its research products and created a dedicated team for its oncology products. R&D expenses increased as the Company worked for taking its product pipeline ahead.

**Financial expenses:** Financial expenses increased as the Company's reliance on external borrowing – both long-term and short-term loans – increased considerably over the previous year was primarily on account of a 3% increase in interest on working capital and term loan debt. A part of the increase was due to adverse foreign currency fluctuation.

**Depreciation:** The increase in depreciation was due to significant addition to the gross block in 2011-12, comprising routine capital expenditure for upgrading its infrastructure and capability, additions in R&D instruments and pilot plant and amortisation of intangible assets.

## B. Balance Sheet

The capital employed in the business increased as Venus expanded its business operations and invested in creating its global trade centre – funded by a prudent mix of debt and equity.

### Shareholders' funds

Shareholders' funds (net worth) increased from ₹ 2,465.94 million as on March 31, 2011 to ₹ 3,191.09 million as on March 31, 2012 due to an increase in the share capital and a huge growth in reserves and surplus.

The share capital increased as the Company allotted 6.00 lac equity shares to Sunev Pharma Solutions and 12894 equity shares to FCCB bond holders for converting the bonds. As a result of the issue of shares, the share premium account ballooned from ₹ 174.98 million as on March 31, 2011 to ₹ 341.37 million as on March 31, 2012.

The reserves and surplus balance increased 28.75% from ₹ 2,332.69 million as on March 31, 2011 to ₹ 3,003.48 million as on March 31, 2012 due to an increase in share premium and ploughback of operational surplus. As a result, book value per share improved to ₹ 328.72 as on March 31, 2012 from ₹ 269.90 in 2010-11.

The Company also issued 17 lac warrants at ₹ 212.20 each which would be converted into equity shares in a phased manner by March 31, 2014 – it received ₹ 90.18 million as application money for the warrants. The promoter holding and FII holding as on March 31, 2012 stood at 30.46% and 15.27% respectively.

### Long-term borrowings

It comprised loans with a tenure extending beyond 12 months. The Company availed long-term loans to fund infrastructure creation to which is expected to facilitate business growth over the coming years. Long-term borrowings increased from ₹ 879.84 million as on March 31, 2011 to ₹ 991.33 million as on March 31, 2012. These growth initiatives are expected to generate sizeable returns in a phased manner between 6-18 months, which will be utilised to de-leverage the Balance Sheet.

### Long-term provisions

It comprised provisions made for employee benefits namely earned leave and gratuity as mandated by statute.

### Short-term borrowings

This segment primarily comprised secured working capital limits with banks to fund day-to-day activities. Significantly expanded business volumes, increased activities at the R&D for product trials and validations increased the Company's working capital requirements. As a result, short-term borrowings increased from ₹ 631.66 million as on March 31, 2011 to ₹ 832.43 million as on March 31, 2012.

### Trade payables

It comprised creditors for goods and services, the balance of which increased from ₹ 61.13 million as on March 31, 2011 to ₹ 123.28 million as on March 31, 2012, consequent to expanded business operations. The Company enjoyed -average creditor cycle of more than 90 days

### Other current liabilities

It primarily comprised long-term loans payable in the next 12 months (₹ 379.28 million) and creditors for capital goods and services. It also included advance from customers (₹ 10.26 million), reflecting the strength of the Venus brand.

### Short-term provisions

It constituted amounts payable to government authorities, liabilities in line with government regulations and provision of divided.

### Fixed assets

**Tangible assets:** The Company's net block increased 8% from ₹ 1,521.72 million as on March 31, 2011 to ₹ 1,643.59 million as on March 31, 2012, primarily due to capital expenditure on upgrading and automation and routine capital expenditure for improving the Company's operational capabilities. Investment in R&D facilities and lab equipment was ₹ 70.26 million in 2011-12.

**Intangible assets:** For Venus, these primarily comprise its IPR wealth. The addition to intangible assets represents investments in patent maintenance, filing new patents, in-licensing of technology, expenditure in clinical trials, CTD development product registration fee. As a result, the balance under this head increased from ₹ 1,218.69 million as on March 31, 2011 to ₹ 1,715.01 million as on March 31, 2012.

### Non-current assets

It represents Venus's investments in its wholly-owned subsidiary Venus Pharma GmBH.

### Long term loans and advances

It primarily comprised MAT credit (₹ 258.29 million). This MAT Credit will be adjusted against the tax payable by the Company over the coming years.

### Current assets

This comprised trade receivables, inventories, cash and bank balances as well as loans and advances (short-term). The current assets balance increased from ₹ 1,390.69 million as on March 31, 2011 to ₹ 1,731.29 million as on March 31, 2012, a result of expanded operations. The key factors contributing to the rise comprised an increase in inventories, trade receivables as well as short-term loans and advances.

| | Balance as on March 31, 2012 (₹ million) | Proportion of current assets (%) | Balance as on March 31, 2011 (₹ million) | Proportion of current assets (%) |
|---|---|---|---|---|
| Inventories | 961.91 | 55.56 | 754.30 | 54.24 |
| Trade receivables | 443.26 | 25.60 | 364.14 | 26.18 |
| Short-term loans | 297.00 | 17.15 | 241.09 | 17.34 |

28.75%

The reserves and surplus balance increased 28.75% from ₹ 2,332.69 million as on March 31, 2011 to ₹ 3,003.48 million as on March 31, 2012 due to an increase in share premium and ploughback of operational surplus. As a result, book value per share improved to ₹ 328.72 as on March 31, 2012 from ₹ 269.90 in 2010-11.

MINIMISING RISKS

# MAXIMISING RETURNS

AS A DIVERSIFIED ENTERPRISE, VENUS HAS ALWAYS HAD A SYSTEM-BASED APPROACH TO BUSINESS RISK MANAGEMENT. A COMBINATION OF CENTRALLY ISSUED POLICIES AND DIVISIONALLY-EVOLVED PROCEDURES BRINGS ROBUSTNESS TO THE PROCESS OF ENSURING BUSINESS RISKS ARE EFFECTIVELY ADDRESSED. THE COMPANY' S SENIOR MANAGEMENT PERIODICALLY REVIEWS THE RISK MANAGEMENT FRAMEWORK TO MAINTAIN ITS CONTEMPORARINESS TO EFFECTIVELY ADDRESS THE EMERGING CHALLENGES IN A DYNAMIC BUSINESS ENVIRONMENT.

## 01 INDUSTRY RISK

AN INDUSTRY SLOWDOWN COULD HAMPER THE COMPANY'S GROWTH.

**Derisking approach:** The pharmaceutical sector is largely considered recession-proof reflected in sustained growth over the last five years despite recent global financial and economic uncertainties. Venus has selected to be in a unique and uncluttered space with innovative first-time products that address the unmet needs of the medical fraternity – amplifying the relevance of its products and ensuring stable and steady business growth.

## 02 OPPORTUNITY RISK

THE COMPANY MAY NOT BE EQUIPPED TO EFFECTIVELY CAPITALISE ON ITS GLOBAL PATENTS.

**Derisking approach:** The Company is aware of the limited resources at its disposable, limiting its capability to maximise returns from all the patents received. Hence, the Company adopted the out-licensing policy with large global and nation-specific pharmaceutical players to out-licence its intellectual property to generate superior returns. It endorsed one such deal for its flagship product Sulbactomax with a Korean company; many more are in the pipeline which should be finalised over the coming years. Besides, it received market authorisations for its products from European and other nations which allow the Company to launch their products. These developments should improve the Company's revenue share from innovation products.

## 03 INNOVATION RISK

THE COMPANY MAY NOT POSSESS A STRONG PIPELINE OF INNOVATIVE PRODUCTS WHICH COULD IMPACT ITS GLOBAL POSITIONING.

**Derisking approach:** The Company's strong intellectual capital resident in its research team under Venus Medicine Research created a strong product pipeline to cater to the multi-bacterial resistance menace that plagues the globe. Additionally, the Company also developed unique formulations for detecting and treating cancer (target-based therapies). These products are expected to be commercialised over the coming years which will strengthen its global brand as an innovation-focused pharmaceutical company.



### CSE 1034

The Company is also seeking alliances in the US, allowing it to leverage on the recently received US patent for its blockbluster product 'CSE 1034'

## 04 LOW-END MARKET RISK

THE COMPANY'S EXCESSIVE DEPENDENCE ON EMERGING MARKETS FOR EXPORTS COULD IMPACT ITS RATING ON THE BOURSES.

**Derisking approach:** Over the recent past, the Company has made significant progress in establishing a presence in regulated markets for its research products. It received a number of market authorisations from Europe, South Africa and Australia, which will allow it to launch its products in these nations. Besides, the Company is also seeking alliances in the US, allowing it to leverage on the recently received US patent for its blockbluster product 'CSE 1034'

## 05 OPERATIONS RISK

THE COMPANY'S FACILITIES MANY NOT BE GEARED TO MATCH THE EXACTING QUALITY STANDARDS OF LARGE GLOBAL PHARMACEUTICAL PLAYERS.

**Derisking approach:** Over the years, the Company invested significantly in upgrading its facilities to global standards, enabling it to receive quality certifications from regulated and semi-regulated markets and extending its marketing footprint across 60 nations worldwide. Besides, the Company has contract manufacturing alliances with large Indian pharmaceutical players, further endorsing its operations capability.

## 06 PEOPLE RISK

THE COMPANY MAY NOT BE ABLE TO RETAIN ITS KNOWLEDGE CAPITAL WHICH COULD HAMPER ITS PROGRESS.

**Derisking approach:** The Company created an enriching environment that accelerates the learning curve of its people and promotes out-of-the-box thinking and business-enhancing initiatives. This helps transform employees to entrepreneurs within their work domain, strengthening loyalty to the corporate.

## 07 FUNDS RISK

LACK OF BUSINESS LIQUIDITY COULD IMPACT THE COMPANY'S ABILITY IN TAKING ITS INNOVATIVE PRODUCTS TO THE MARKETS AND IN INVESTING IN FURTHER R&D INITIATIVES, IMPEDING BUSINESS GROWTH.

**Derisking approach:** The Company's strong liquidity position is highlighted through 1) a strong free operating cash flow at ₹ 380.59 million and a cash profit of ₹ 740.96 million in 2011-12 and 2) a strong reserves as surplus balance at ₹ 3,003.48 million as on March 31, 2012. Besides, a low debt-equity ratio and strong interest cover strengthens its ability to garner adequate low-cost funds from external sources to meet long-term and working capital requirement.

Venus installed a rural water system and the village panchayat's various community activities.


# SPREADING SMILES

**WE HAVE ALWAYS HELD TO THE HOPE, THE BELIEF, THE CONVICTION THAT THERE IS A BETTER LIFE, A BETTER WORLD, BEYOND THE HORIZON.'**
ROOSEVELT FRANKLIN D.

VENUS IS COMMITTED TO SPREADING SMILES THROUGH INCLUSIVE COMMUNITY OPPORTUNITIES PROXIMATE TO ITS MANUFACTURING FACILITIES.

## Health is wealth

**Charitable trust:** Venus created Hanuman Chaudhary Charitable Trust (funded by 0.75% of the annual salary of every Venus employee) to provide healthcare services the underprivileged.

**Hospital operations:** Venus employees contributed towards the maintenance and development of the Laxmi Devi Charitable Hospital in Sirsa district (Haryana) to provide primary level healthcare free to more than 20,000 patients a year.

**Health camps:** Venus engaged in diabetes detection camps with IMA/Lions Clubs/Rotary Clubs, covering free diagnosis and medical facilities. It organized a blood donation camp which attracted more than 100 donors (the collection contributed to the PGIMER Blood Bank).

**Knowledge dissemination:** The eye check-up camp received a heartening response benefiting 200 employees and their family members.

## Knowledge

Venus Medicine Research Centre trained its team in M. Pharm, M. Tech Biotechnology and M Sc degrees. The Company entered into tie-ups with NIPER and Punjab University to sponsor deserving candidates for higher studies. Venus also provided employee children with fees, uniforms and books. The Company's annual prize distribution recognized outstanding talent.

## Green cover creation

Venus encouraged its team and plant visitors to plant trees in the surrounding areas. It landscaped expansive land parcels within its manufacturing facility with gardens comprising different shrubs and decorative plants. The Company established a variety of medicinal plants for ayurvedic use at its Baddi facility (Unit II). Venus, MP Birla Hospital and Priyamvada Cancer Research Institute organised a tree plantation programme to commemorate Doctor's Day.

## Social infrastructure

Venus installed a rural water system and the village panchayat's various community activities.

# DIRECTORS' REPORT

*To the esteemed stakeholders of Venus Remedies Limited.*

IT GIVES YOUR DIRECTORS GREAT PLEASURE TO PRESENT THE TWENTY THIRD ANNUAL REPORT TOGETHER WITH THE AUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

## Financial Highlights

| (₹ in Millions) | 2011-12 | 2010-11 |
|---|---|---|
| Turnover | 4,051.87 | 3,566.80 |
| Operating Surplus | 1,064.82 | 913.72 |
| Finance Charges | 272.64 | 187.07 |
| Depreciation | 240.67 | 179.08 |
| Profit before Tax | 551.51 | 547.57 |
| Provision for Tax | 51.22 | 72.79 |
| Profit After Tax (PAT) | 500.29 | 474.78 |
| Provision for Dividend | 33.97 | 31.79 |
| Profit Transferred to General Reserve | 300.00 | 300.00 |

## Operations

During the year under review, your Company achieved a turnover ₹ 4051.87.millions compared to ₹ 3566.80 million in 2010-2011 registering a 13.60% growth. The Company has made commendable efforts to meet projected targets and has delivered excellent corporate performance during the year under review. The Company is fully integrated starting from research and development, markets, world class manufacturing facilities (accredited by national and international certifications), state-of-the-art research center (Venus Medicine Research Centre), strong marketing networks and competent manpower.

**This growth can be attributed to the following driving factors:**

- Venus successfully completed Phase I & II Clinical Trials of TUMATREK (VRP1620), cancer detection molecule.
- Venus received EU Patent. For "ACHNIL", once-a-day painkiller, Also launched the same in India
- US and Japan Patent received for its novel research product 'Vancoplus'
- Received Market Authorisation for Meropenem in UK & New Zealand.
- Anti cancer product DOCETAXEL received market authorisation in Europe
- Pharmexcil felicitates Venus Remedies with patent award in Gold category.
- The Company won India Manufacturing Excellence Award 2011. Also won "Emerging company of the year 2011" award.
- Venus's research product 'ACHNIL' received BioSpectrum Product of the Year 2012 award.

## Management discussion and analysis

A detailed report on the Management discussion and analysis is provided as a separate section in the annual report.

## Pledge of Promoter' s shareholding

The promoters have pledged 19.30 lakh shares as collateral security to banks for credit facilities sanctioned to the Company.

## Dividend

The Board has recommended a Dividend of ₹ 3/- per share for the year 2011-2012.

## Fixed Deposits

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, and the Rules made there under.

## Conservation of Energy, Technology Absorption,Foreign Exchange Earnings and Outgo

The prescribed particulars as required under Section 217(2)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure forming a part of this Report.

The particulars are set out in annexure forming part of the report.

## Particulars of Employees

The Company does not fall under these guidelines as per Ministry of Corporate Affairs Notification dated March 31, 2011.

## Directors' Responsibility Statement

Your Directors pursuant to Section 217(2AA) of the Companies Act, 1956 state as follows:

(i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 or loss of the Company for that period;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors had prepared the annual accounts on a going concern basis.

## Directors

Dr. (Mrs.) Manu Chaudhary and Dr. Gilbert Wenzel retire at the ensuing Annual General Meeting and have offered themselves for reappointment.

The details of the appointment are mentioned in the Notice of the meeting.

## Auditors

The statutory auditors, M/S J.K. Jain & Associates retire at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. The Audit Committee has also recommended their re-appointment. The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not require further explanation.

The Company has appointed M/s C.L. Bansal & Associates, Cost Accountants as Cost Auditor for the financial year 2012-2013 and the central government has approved the said appointment.

## Corporate Governance

Your Company has complied with the mandatory provisions of the corporate governance as per the requirement of Clause 49 of the Listing Agreement. A separate detailed report on Corporate Governance and Auditor's certificate on its compliance form part of this Annual Report.

## Acknowledgments

The Board sincerely thanks employees for their dedicated services at all levels. We also acknowledge the support and wise counsel extended to us by the analysts, bankers, government agencies, shareholders and investors at large, the advisers on our panel, all concerned regulatory authorities, our business associates, suppliers, the medical fraternity, patients and last but not the least, our shareholders for their unflinching support, constant guidance and trust in Venus Remedies Limited.

For and on behalf of Board of Directors,
For VENUS REMEDIES LIMITED

Place: Panchkula
Date: 21.06.2012

**Pawan Chaudhary**
*Chairman*
*& Managing Director*

# ANNEXURE TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS ) RULES, 1988

## 1. CONSERVATION OF ENERGY

### Steps taken during the year for energy conservation

1. Installation of variable frequency drives on air handling units giving soft starting of the system and bulk saving in electrical energy
2. Installation of steam utensils in the Annapurna unit-2 for cooking of food
3. Improvement in fuel heating system of boiler in unit-2
4. Improvement in steam distribution system in unit-2 boiler running reduced by six hours per day resulting saving of fuel 270 Ltrs per day
5. Installation of level sensor and temperature controller in water distribution system in unit-2 resulting a saving of electrical energy

### B) Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods:

The Company saved cost as well as energy through the measures outlined above.

FORM A

| A. Power and Fuel Consumption: | 2011-12 | 2010-11 |
|---|---|---|
| 1. Electricity | | |
| a) Purchased | | |
| Units | 33,31,798 | 27,93,675 |
| Total amount (₹) | 1,85,96,775 | 1,54,71,703 |
| Rate/Unit (₹) | 5.58 | 5.54 |
| b) Own Generation | | |
| (i) Through diesel generator set | | |
| Units | 4,54,454 | 7,24,262 |
| Total amount (₹) | 46,55,104 | 63,72,672 |
| Rate/Unit (₹) | 10.24 | 8.79 |
| ii) Through steam turbine/generator | Nil | – |
| 2 Coal consumption | Nil | – |
| 3. Furnace oil & LDO | | |
| Quantity (Ltr.) | 1,97,550 | 86,394 |
| Total amount (₹) | 71,93,144 | 22,77,951 |
| Average Rate (₹ / Unit) | 36.41 | 26.37 |
| 4. Other/Internal Generation | Nil | Nil |

**B. Consumption per unit of Production:**

There are no specific standards as the consumption per unit depends on the product mix.



## 2. TECHNOLOGY ABSORPTION

FORM B

**Research and Developments**

**1. Specific areas in which R & D carried out by the Company:**

Venus Medicine Research Center (VMRC) is a fully equipped interdisciplinary drug discovery and development center duly approved by Department of Scientific and Industrial Research (DSIR) Government of India. VMRC has established itself as an Intellectual Property wealth generation resource for the company. It is driven by a team of more than 60 intellectuals which include 20-25% doctorate scientists. A well qualified and experienced team of scientists conduct research in discovering the most needed and efficacious medicines which are safe and cost effective and also generating medical knowledge for evidence based healthcare.

VMRC excels in translational research and pharmaceutics having an in-depth experience and expertise into Novel Drug Delivery Systems, Nanomedicine and targeted oncology therapeutics. Thrust areas of research include antibiotics, oncology, neurology, cardiometabolics, emergency care medicine, pain management, wound care and integrated medicine.

VMRC is committed to developing therapeutics to meet the challenges of antimicrobial resistance and has come up with many solutions. VMRC has achieved significant breakthrough in small molecule research for developing products helpful to combat antimicrobial resistance utilizing novel targets and adjuvants which synergize with other antibiotics, minimizing potential for resistance.

Significant breakthroughs have been achieved by VMRC in 'Antibiotic Adjuvant Entities' for notable resistance barriers like ESBLs, 'plasmid encoded carbapenem resistant metalo-beta-lactamases', MRSA, bacterial biofilms and C. difficile infection.

**Modern Research Infrastructure:**

Eight dedicated Pilot Facilities for different forms of injections

Eleven High Tech Research Laboratories of International standard following cGLP

Well Developed Animal House approved by Committee for the Purpose of Control and Supervision on Experiments on Animals (CPCSEA)

Current Team of more than 60 dynamic Scientists & support staff

Well Equipped Library

**Key drivers are:**

1. Innovative Solutions for incurable diseases
2. Combating Antimicrobial resistance
3. Exploring causes of therapeutic failures
4. Improved QoL of patient
5. Reduction in side effects
6. Decreased frequency of drug administration

**The Major functional divisions at VMRC include:**

1. NDDS (Novel Drug Delivery System) development: Nanotechnology, Targeted Delivery, Sustained Delivery , Pulsatile Drug Delivery
2. Formulation Development: Antibiotic adjuvant entity, Non infringing formulations, Improved Bioavailability,
3. Process Development and Technology Transfer
4. Stability studies and Physiochemical research: Drug drug interaction
5. Pre- Clinical Studies (Toxicity studies, Proof of Mechanism, Proof of Concept, Safety Pharmacology including QTc)
6. Biotechnology - Cell Culture and Molecular Biology (CCMB)
7. Clinical pharmacology : Early phase clinical studies, Bridging phase trials, PK PD

Cell Culture and Molecular Biology (CCMB) lab is established as per international standard and. is equipped with the most ultra modern life science instrumentation and apparatus like PCR, RT-PCR, gel doc, microscopes (inverted and upright), cell counter, and many more. CCMB is a prestigious department at VMRC with all set to give innovative solutions to human diseases and is a practical resource for molecular biology, animal cell culture, cell biology, and medical genetics with special reference to Novel Biomarker and Therapeutic target identification of oncology drugs, micro-imaging studies on cellular functions, molecular imaging and imaging biomarkers besides characterization of resistant strains .

VMRC has around 130 paper published in peer reviewed journals of which 93 are published and 31 communicated are under review.

**Patents**

The company has its well defined IP policy in place. Efforts of Venus Medicine Research Centre for innovations are well reflected in the number of patents filed so far, which stands around 360.

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

Venus Medicine Research Centre has enhanced the value in terms of recognition of our capabilities, commitment, sustainability and creativity. We focus our research and development practice on discovering and developing potential new medical solutions for unmet medical needs and hard to treat diseases. It maintains a product discovery pipeline of a minimum of 25 products at all times. It has also brought with it a number of tax and duty exemptions as well. The Company would now be enjoying a weighted Tax deduction of 200% on its R&D expenses along with complete exemption of duties on import of materials / equipments and machines for R&D purpose. The mutual benefit of sharing knowledge in translational medicine studies is increasingly being recognized worldwide. We combine the best of academia and corporate world. This attitude has led to the emergence of industry-academic-government networks to facilitate collaboration.

Venus has been building a strategic portfolio of IP wealth which has not only catered the unmet social needs, the effort have brought extension of technologies in various products and applications. The effort in addition to economic benefit, have ensured a strategic and competitive benefit in the market place.

**3. Future plan of action:**

Energizing R&D activities to realize the Mission 2015 to be recognized globally and expand focus from product development and IP wealth creation to wealth propagation and to delivering bundles of healthcare services focused on improving patient outcomes. This imperative will require focused flexible approach to reach out to customer, radically evolve the value proposition for future differentiated products and to integrate all resources in pursuit of developing, delivering, understanding and maintaining the best possible therapies and services to the global market. Aligning our priorities across these functions ensures that we develop potential therapeutics in a manner that will address unmet medical needs and meet the changing demands of the marketplace.

Venus is looking strongly in development of a IP wealth cycle that would provide a seamless opportunities to gain predicted outcomes and balance risks.

The annual spending on research would be kept incremental in proportion to the increase in the sales as per the Company's plans:

| Particulars | 2011-2012 | | 2010-2011 | |
|---|---|---|---|---|
| | ₹ in million | % to turnover | ₹ in million | % to turnover |
| Capital Expenditure (R&D-IPR) | 682.81 | 16.85 | 557.13 | 15.62 |
| Recurring Expenditure (R&D) | 141.59 | 3.50 | 128.35 | 3.60 |

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

**1) Efforts, in brief, made towards technology absorption, adaptation and innovation.**

The Company fixes stringent targets for technology improvement and up-gradation based upon global competition and quality criteria. Scientists at Venus Remedies undertake extensive up-gradation programs to improve and acquire latest technology with far reaching beneficial effects from research to manufacturing to marketing. Venus Scientists work in close relation with the manufacturing team to ensure smooth understanding and transfer of technology for large scale manufacturing. A stringent quality standard is maintained by Venus scientists with respect to GXP (GMP, GLP, GCP, etc.).

Venus does invest into technology/product in-licensing as well as collaborative development with the industry and academia. Such activities include

In licensed a Novel Aminoglycoside ( a new antibiotic ) with Patent Rights from Innovator Company in China.

In-licensed technology for Solid Tumor Detection from University of Illinois, Chicago, US which would help in early detection and staging of solid tumors using conventional modes. Venus has



developed Formulation for above Technology: Protected by IPR.

Joint Research with NIPER for development of Sustained Release Formulations

Joint Research with IMTEC/Panjab University for development of novel fast and highly sensitive typhoid detection test

**2) Benefits derived as a result of the above efforts e.g. product development, import, substitutions etc.**

Commercial Launch of new products including novel drugs targeted for antimicrobial resistance, oncology therapeutics, pain control etc. have differentiated Venus from the league of generic drug makers.

Strengthening of Company's Product Basket especially with innovative and potential blockbuster drugs

Supply of high Quality, research products with great potential to strategic partners

The Company's Sales and Profit margins have been positively impacted due to the new product launches with better margins since there is no or negligible competition for the products being launched by Venus.

Venus has carved a niche for itself in super specialty parenterals especially in Oncology and Antimicrobial resistance and is one of the leading IPR wealth generator among Indian Pharma sector.

**3) Import of Technology**

The Company has not imported any technology during the financial year under review.

## FORM C

3. Foreign Exchange Earnings and Outgo — Currency in lacs

| Particulars | Currency | Current Year | Previous Year |
|---|---|---|---|
| A. Total Foreign exchange earned | | | |
| Sales | US$ | 55.46 | 88.47 |
| | EURO | 20.39 | 12.18 |
| R&D Activities | US$ | 2.20 | – |
| | EURO | 0.68 | – |
| B. Total foreign exchange used | | | |
| I) On import of raw material/ spares and capital goods | US$ | 109.05 | 89.33 |
| | EURO | 1.03 | 1.04 |
| | JPN | 51.60 | 37.80 |
| ii) Expenditure in foreign currency for : | | | |
| Salary/incentives | US$ | 1.69 | 0.83 |
| Travel | US$ | 0.25 | 0.15 |
| | EURO | 0.05 | 0.06 |
| | POUND | 0.02 | – |
| Regulatory fees for patent/plant/product registration etc. | US$ | 20.73 | 21.57 |
| | EURO | 10.78 | 11.10 |
| | JPN | 4.67 | 1.25 |
| | GBN | - | 0.003 |
| Exhibition expenses (CPHI) | US$ | - | 0.02 |
| | EURO | 0.25 | 0.19 |
| Remittance on account of dividends | US$ | 0.01 | 0.02 |
| Subscription | US$ | 0.01 | 0.002 |
| Commission | US$ | 1.05 | 1.78 |
| Director sitting fees | EURO | 0.08 | – |

for and on behalf of Board of Directors
For VENUS REMEDIES LIMITED

Sd/-
**Pawan Chaudhary**
*Chairman & Managing Director*

Place: Panchkula
Date: 21.06.2012

# CORPORATE GOVERNANCE REPORT

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

For Venus, good corporate governance means to create an organization which adopts the best practices to see that the company operates not only within the regulatory framework, but is also guided by broader business ethics. The idea is to ensure good conscience, transparency, integrity and openness which would lead to accountability of the persons in charge of the company and bring benefits to investors, customers, creditors, employees and the society at large.

## 1. Board of Directors:

**A. Composition, Category, attendance and number of other Directorships of the Directors are furnished below :**

As at March 31, 2012 the Board consisted of 8 members. The Composition, category of directors and directorships held in other companies by the Directors on the Board of the Company was as under:

| Name of Director | Category of Director | No. of outside directorships in Indian Public Companies | No. of Board Committee other than Venus Remedies Limited in which chairman/member |
|---|---|---|---|
| Mr. Pawan Chaudhary (Chairman & Managing Director) | Promoter, Whole-time | Sunev Pharma Solutions Ltd. | Nil |
| Mrs. Manu Chaudhary (Joint Managing Director) | Promoter, Whole-time | Sunev Pharma Solutions Ltd. | Nil |
| Mr. Peeyush Jain (Dy. Managing Director) | Whole-time | Nil | Nil |
| Mr. Ashutosh (Executive Director) | Whole-time | Sunev Pharma Solutions Ltd. | Nil |
| Mr. Jagdish Chander | Independent Non-Executive | Nil | Nil |
| Mr. Hari Pal Verma | Independent Non-Executive | Nil | Nil |
| Dr. S. K. Chadha | Independent Non-Executive | Nil | Nil |
| Dr. Gilbert Wenzel | Independent Non-Executive | Nil | Nil |



**B. Details of Board Meetings held during the year:**

| Sr.No. | Date | Board Strength | No. of Directors present |
|---|---|---|---|
| 1. | 30.04.2011 | 8 | 7 |
| 2. | 23.06.2011 | 8 | 4 |
| 3. | 26.07.2011 | 8 | 4 |
| 4. | 24.08.2011 | 8 | 6 |
| 5. | 31.10.2011 | 8 | 6 |
| 6. | 21.12.2011 | 8 | 7 |
| 7. | 27.01.2012 | 8 | 7 |
| 8. | 27.02.2012 | 8 | 7 |

**C. Attendance of Directors of Board Meetings and at the last Annual General Meeting:**

| Directors | No. of Board Meetings held | No. of Board Meetings attended | Attendance at last AGM |
|---|---|---|---|
| Mr. Pawan Chaudhary (Chairman & Managing Director) | 8 | 8 | Yes |
| Mrs. Manu Chaudhary (Joint Managing Director) | 8 | 6 | No |
| Mr. Peeyush Jain (Dy. Managing Director) | 8 | 4 | Yes |
| Mr. Ashutosh (Executive Director) | 8 | 7 | No |
| Mr. Jagdish Chander | 8 | 8 | Yes |
| Mr. Hari Pal Verma | 8 | 6 | No |
| Dr. S. K. Chadha | 8 | 8 | No |
| Dr. Gilbert Wenzel | 8 | 1 | No |

**D. Remuneration Committee**

The Remuneration Committee comprises of Mr. Jagdish Chander, Mr. Hari Pal Verma and Dr. S. K. Chadha. Mr. Jagdish Chander is the Chairman of the committee . The role of the said Committee is to fix the remunerations of the managerial personnel.

| Directors | No. of meetings held | No. of meetings attended |
|---|---|---|
| Mr. Jagdish Chander | 1 | 1 |
| Mr. Hari Pal Verma | 1 | 1 |
| Dr. S. K. Chadha | 1 | 1 |

E. Remuneration of Directors

| Name of Director | Salary | Sitting Fee | Perquisites | Superannuation | PF | Commission | Total |
|---|---|---|---|---|---|---|---|
| Mr. Pawan Chaudhary (Chairman & Managing Director) | 5572800 | N.A. | 60008 | N.A. | N.A. | N.A. | 5632808 |
| Mrs. Manu Chaudhary (Joint Managing Director) | 4388400 | N.A. | N.A. | N.A. | N.A. | N.A. | 4388400 |
| Mr. Peeyush Jain (Dy. Managing Director) | 2401200 | N.A. | 22628 | N.A. | N.A. | N.A. | 2423828 |
| Mr. Ashutosh (Executive Director) | 2003760 | N.A. | N.A. | N.A. | N.A. | N.A. | 2003760 |
| Mr. Jagdish Chander | Nil | 52000 | Nil | Nil | Nil | Nil | 52000 |
| Mr. Hari Pal Verma | Nil | 34500 | Nil | Nil | Nil | Nil | 34500 |
| Dr. S. K. Chadha | Nil | 42500 | Nil | Nil | Nil | Nil | 42500 |
| Dr. Gilbert Wenzel | Nil | 5000 | Nil | Nil | Nil | Nil | 5000 |

None of the non-executive directors are holding any shares or convertible instruments in the Company.
The non-executive directors are paid only sitting fees for attending the Board /Committee meetings.

## 2. Audit Committee:

The Audit Committee performs the following functions:

a) Overseeing the Company's financial process and disclosure of financial information to ensure that the financial statement is correct.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any services.

c) Reviewing with the management annual financial statement before submission to the Board.

d) Reviewing with the management and external and internal auditors, the adequacy of internal control system

e) Reviewing the adequacy of internal audit function

f) Discussing with internal auditors any significant finding and follow up on such issues

g) Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.

h) Reviewing the Company's financial and risk management policies; and

i) Examining reasons for substantial default in the payment to depositors, debenture holders, shareholders and creditors, if any.

**Composition:**

The Committee is comprised of three directors. The committee is headed by Non-Executive Independent Director .

**Details of Audit Committee Meetings held during the year:**

| S.No. | Date | Committee Strength | No. of members present |
|---|---|---|---|
| 1. | 30.04.2011 | 3 | 3 |
| 2. | 23.06.2011 | 3 | 3 |
| 3. | 26.07.2011 | 3 | 3 |
| 4. | 31.10.2011 | 3 | 3 |
| 5. | 27.01.2012 | 3 | 3 |



**Attendance at Audit Committee Meetings:**

| Director | No. of Meetings held | No. of Meetings attended |
|---|---|---|
| Mr. Jagdish Chander | 5 | 5 |
| Dr. S. K. Chadha | 5 | 5 |
| Mr. Pawan Chaudhary | 5 | 5 |

## 3. Code of Conduct for Directors

The Company has also put into operation, in terms of SEBI guidelines, a Code of Insider Trading and the same is being duly complied by all concerned.

## 4. Share Transfer & Shareholders' Grievance Committee:

**Terms of Reference:**

To approve transfer, transmission, sub-division and issue of duplicate shares/debentures and for redressal of Investor complaints on all matters

**Name of the Non-Executive Director heading Committee :** Mr. Jagdish Chander

**Name & Designation of compliance officer :** Ms. Neha Kodan, Company Secretary

**Details of Shareholders complaints received, solved, not solved and pending share transfers:**

There was no complaint pending as of close of 31st March, 2012. A total of seven complaints were received for the period 1-4-2011 to 31-3-2012. All complaints were redressed under the supervision of the Committee, no complaint was outstanding as on 31st March, 2012

All the valid share transfer requests received during the above period were duly attended to and processed in time.

## 5. General Meeting

Details of General Meetings held in last three years:

| Financial Year | Meeting | Date | Time | Location |
|---|---|---|---|---|
| 2008-2009 | AGM | 30.09.2009 | 10.00 AM | Bal Bhawan, Sector- 23, Chandigarh |
| 2009-2010 | AGM | 27.09.2010 | 10.00 AM | Bal Bhawan, Sector- 23, Chandigarh |
| 2009-2010 | EGM | 15.02.2011 | 10.00 AM | Bal Bhawan, Sector- 23, Chandigarh |
| 2010-2011 | AGM | 30.09.2011 | 10.00 AM | Bal Bhawan, Sector- 23, Chandigarh |

- Special resolutions put through postal ballot last year – NIL
- Items proposed to be conducted through postal ballot this year – NIL

## 6. Means of communication:

a) Publication of Quarterly results : Wide Publicity is given in print media.

b) Management Discussion & Analysis : Published as a part of Annual Report under Director's Report

c) Shareholders Information Section Published as part of Annual Report under Corporate Governance Report

d) Company Website The Company has its own website viz. www venusremedies.com, www.vmrcindia.com, www. Venuspharmagmbh.de, where information relating to financial results, launch of new products and official releases to news agencies are made available .

e) Information to stock exchange : All the material developments in the company were informed to stock exchanges where the shares of the company are listed.

## 7 Disclosures :

a) There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their relatives, its subsidiaries etc that may have potential conflict with the interest of the Company a large. Transactions with related parties during the period are disclosed in Notes to the Accounts.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges/SEBI/statutory authorities on matters related to Capital Markets during the last three years:

During the last three years no penalty or stricture has been imposed on the company by Stock Exchanges/SEBI/Statutory authorities on matters related to Capital Markets.

## 8. Disclosure of the compliance with adoption/non adoption of the non mandatory requirements as per Annexure ID

1. The Board - Adopted
2. Remuneration Committee – Adopted
3. Shareholder Rights - Not adopted
4. Audit Qualifications - Adopted (The financial statements are unqualified)
5. Training of Board Members - Adopted
6. Mechanism for evaluating non-executive Board Members - Not Adopted
7. Whistle Blower Policy - Adopted

## 9. General Shareholders Information :

**A. AGM details:**

| | | |
|---|---|---|
| Date | : | September 28, 2012 |
| Venue | : | Bal Bhawan, Sector- 23, Chandigarh |
| Time | : | 10 A.M. |
| Book Closure Dates | | From 24.09.12 to 28.09.12 (both days inclusive) |

**B. Financial Calendar:**

| | | |
|---|---|---|
| Financial year of company | : | 1st April 2012 to 31st March 2013 |
| First Quarter results | : | On or before August 14, 2012 |
| Second Quarter results | : | On or before November 14, 2012 |
| Third Quarter results | : | On or before February 14, 2013 |
| Fourth Quarter results | : | On or before May 14, 2013 |

**C. Share Transfer System:**

Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Ltd.) is working as Registrar & Share Transfer Agents.

**D. Registered Office :**

SCO 857, 2nd Floor, Cabin No. 10, NAC Manimajra, Chandigarh.

**E. Corporate Office :**

51-52, Ind. Area, Ph.-I, Panchkula (Haryana)
E.mail : complianceofficer@venusremedies.com,
info @venusremedies.com

**F. Plant Locations :**

Unit-I Plot 51-52, Industrial Area, Phase-I, Panchkula-134 113, India

Unit-II: Hill Top Industrial Estate, Jharmajri EPIP, Phase-I (Extn.), Village- Bhatoli Kalan, Baddi (H.P), India- 173 205

**G. E-mail – Investor Grievance:**

investorgrievance@venusremedies.com,
complianceofficer@venusremedies.com

**H. R & TA :**

Link Intime India Pvt. Ltd. A-40, 2nd Floor,Naraina Ind. Area, Phase-II, New Delhi, India 110 028, E-mail: delhi@linkintime.com, Phone ; 011-41410592, Fax ; 011-41410591

**I. Dividend Payment Date :**

The Board of Directors at its meeting held on 21.06.12 has recommended 30% dividend for the year 31st March 2012, if approved by the shareholders at the ensuing Annual General Meeting to be held on September 28, 2012 would be paid on or by 25th October, 2012.

J. Status of De materialization of shares as on 31st March, 2012

| Mode | No. of Shares | Percentage |
|---|---|---|
| DEMAT | 9392738 | 96.42 |
| PHYSICAL | 349250 | 3.58 |

**K. Listing on Stock Exchanges:**

The Company's securities are listed on the following Stock Exchanges,

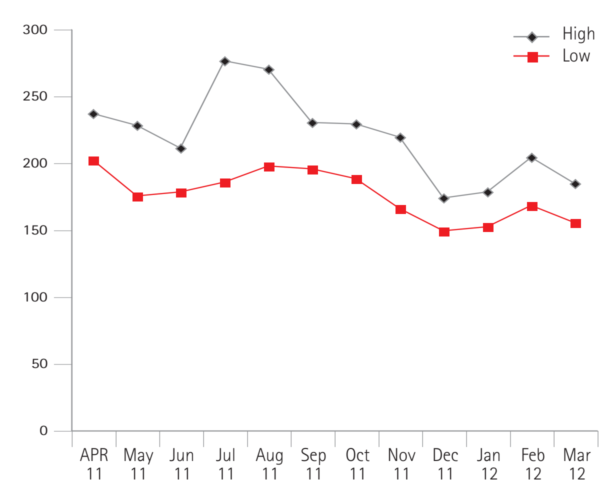
| Place | Address |
|---|---|
| Mumbai | The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023<br>Scrip Code : 526953 |
| Mumbai | The National Stock Exchange of India Limited<br>5th Floor, Exchange Plaza, Bandar (E, Mumbai<br>Scrip Code: VENUSREM |

**L. Distribution of Shareholding as on 31st March, 2012:**

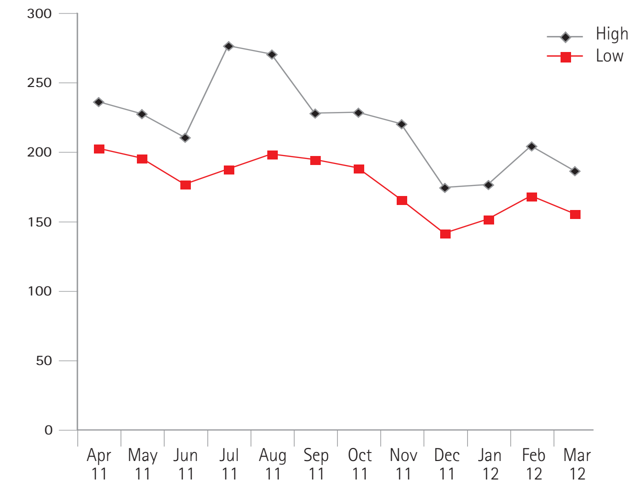
| Share or Debenture holding of nominal value ₹ | Share or Debenture holders Number | % of total | Share or Debenture Amount Amount in ₹ | % to total |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| Upto 2,500 | 8692 | 80.1 | 7199240 | 7.39 |
| 2,501 – 5,000 | 1075 | 9.91 | 4144650 | 4.25 |
| 5,001 – 10,000 | 569 | 5.24 | 4551050 | 4.67 |
| 10,001 – 20,000 | 271 | 2.5 | 4027020 | 4.13 |
| 20,001 – 30,000 | 84 | 0.77 | 2120530 | 2.18 |
| 30,001 – 40,000 | 43 | 0.4 | 1539810 | 1.58 |
| 40,001 – 50,000 | 26 | 0.24 | 1216960 | 1.25 |
| 50,001 – 1,00,000 | 45 | 0.42 | 3376300 | 3.47 |
| 1,00,001 & Above | 46 | 0.42 | 69244320 | 71.08 |
| **Total** | **10851** | **100** | **97419880** | **100** |

**M. Market price data (High/Low) during each month in the year 2011-2012**

### NSE




### BSE




## 10. Depository Services:

The shares of the Company are in compulsory demat mode.

**National Securities Depository Limited**

Trade World, 4th Floor, A Wing Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai 400 013.
E-Mail : info@nsdl.co.in, Website: www.nsdl.co.in

**Central Depository Services (India) Limited**

17th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Website: www.centraldepository.com

## 11. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the company the prescribed Form

## 12. Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity:

The company has not issued GDRs/ADRs. US Dollar Five million Zero Coupon Fully Convertible Foreign Currency Convertible Bonds (FCCBs) are due in February 2015 and the conversion price is ₹ 364 per share. During the year 12894 shares were allotted on August 24, 2011 on part conversion of Zero Coupon Fully Convertible Foreign Currency Convertible Bonds (FCCBs). During 2011-2012 the company issued and allotted 600,000 equity shares on conversion of fully convertible warrants. During 2011-2012 the company also issued and allotted 17,00,000 fully convertible warrants to promoter group company. The paid up capital increased pursuant to the conversion of 6,00,000 warrants into equity shares and will also go up on the conversion of the remaining warrants.

## 13. Management's Discussion and analysis:

The Directors' Report covers the Management's Analysis of the performance and outlook. The report also covers future projections in the current environment

# CEO CERTIFICATE

To the Board of Directors ,

I, Pawan Chaudhary, CEO & Managing Director, certify that :

(a) I have reviewed financial statements and the cash flow statement for the year ended March 31, 2012,and that to the best of my knowledge and belief :

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) I have indicated to the Auditors and the Audit Committee that :

(i) there has not been any significant changes in internal control over financial reporting during the year under reference;

(ii) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements;

(iii) and there has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Panchkula

Date: 21.06.2012

**Pawan Chaudhary**

*CEO, Chairman & Managing Director*

# AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of the Board,

**Venus Remedies Limited**

We have examined the compliance of conditions of Corporate Governance by Venus Remedies Ltd. for the year ended 31st March, 2012, 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 has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. 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 by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance stipulated in Clause 49 of the above mentioned Listing Agreement.

Based on the certificate received from Share Transfer Agent and the minutes of the Share Transfer and Shareholders' Grievance Committee, we state that no investor grievance is pending for a period exceeding six months.

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

For **J.K. Jain & Associates**

*Chartered Accountants*

Firm Registration No. 004025N

Panchkula

Date : 21.06.2012

**(J. K. Jain)**

*Partner*

Membership No. 083140

# FINANCIAL SECTION





## AUDITORS' REPORT

*To*
*The Members of*
**VENUS REMEDIES LIMITED**
**PANCHKULA**

1. We have examined the attached Balance Sheet of M/s Venus Remedies Limited as at 31st March 2012, Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) order, 2004 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to in Paragraph (3) above, we report that:-
   (i) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purpose of audit;
   (ii) In our opinion, proper Books of Accounts as required by law have been kept by the company so far as it appears from our examination of those books:
   (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this Report are in agreement with the Books of accounts.
   (iv) In our opinion, the said Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the requirements of the accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 except otherwise stated in the Notes to the Accounts.
   (v) Pursuant to the provisions of sub section (1) (g) of section 274 of the Companies Act 1956, we report as under:-
   On the basis of confirmations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director of the company in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
   (vi) In our opinion and to the best to our information and according to the explanation given to us, the said statements of account read together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
      (a) in the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2012,
      (b) in the case of Statement of Profit & Loss of the Profit for the year ended on that date and
      (c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **J. K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

Place: Panchkula
Date: 21.06.2012

**J.K. Jain**
*Partner*
Membership No. 083140

ANNEXURE TO THE AUDITORS' REPORT

**(Referred to in Para (3) of our report of even date)**

(i) In respect of its fixed assets:

(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to information and explanations given to us, the company has a system of physical verification of all its fixed assets once in a year, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No serious discrepancies were noticed on such verification.

(c) During the year company has not disposed off any substantial/ major part of fixed assets.

(ii) In respect of its inventories:

(a) As explained to us, the stock of stores, spare parts, raw material and finished goods have been physically verified by the management at regular intervals during the year.

(b) In our opinion and according to the information & explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable & adequate in relation to the size of the company and the nature of its business.

(c) In our opinion & according to the information & explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of stock of store, spare parts, raw material and finished goods were not significant in relation to the operation of the company and the same have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the company has not granted / taken loan, secured or unsecured to / from the companies, firm & other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and its nature of business for purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for the sale of goods.

(v) In respect of transactions to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :-

(a) To the best of our knowledge and belief and according to the information and explanations given to us, company have transaction that needed to be entered into the register.

(b) According to the information and explanations given to us, there are transactions exceeding Rs. 5,00,000/- (Rupees five lacs only).

(vi) The company has not accepted any public deposits during the previous year.

(vii) In our opinion and to the best of our knowledge & belief, internal audit system followed by the management is commensurate with the size of the company and nature of its business.

(viii) The Company is required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company and according to the information & explanations given to us, the company has maintained the records as prescribed by the Central Government but we have not carried out the examination of these records.

(ix) According to the information & explanations given to us, and the records of the company examined by us, the company has been regular in depositing undisputed statutory dues of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Labour Welfare Fund, Investor Education Protection Fund and other statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.



There were no dues on account of cess under section 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

(x) The company does not have any accumulated losses as at the end of the financial year March 31, 2012.

(xi) According to the records of the company examined by us and the information and explanation given to us, the company during the year has not defaulted in repayment of dues to financial institution or banks.

(xii) According to the information & explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute as specified under paragraph 4 of the Order are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us the company not dealing in shares, securities & other investments .

(xv) In our opinion and according to the information & explanations given to us, the company has not given any guarantee during the year for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.

(xvii) According to the information & explanations given to us and on overall examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments and vice versa.

(xviii) During the year the company has made preferential allotment of 6,00,000 equity shares to Sunev Pharma solution limited at Rs.279.72. The above allotment is covered under the register maintained under section 301 of the Companies Act, 1956.

(xix) During the year since the company has not raised any debentures, paragraph 4 of the Order is not applicable.

(xx) During the year since the company has not raised any money by way of public issue, paragraph 4 (xx) of the order is not applicable.

(xxi) Based upon the audit procedures performed and information & explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended March 31, 2012.

For **J. K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

Place: Panchkula
Date: 21.06.2012

**J.K. Jain**
*Partner*
Membership No. 083140

## BALANCE SHEET As on March 31, 2012

(₹ in Lacs)

| Particulars | Note No. | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **(1) Shareholder's Funds** | | | |
| (a) Share Capital | 1 | 974.20 | 912.91 |
| (b) Reserves and Surplus | 2 | 30,034.82 | 23,326.89 |
| (c) Money received against share warrants | | 901.85 | 419.58 |
| **(2) Non-Current Liabilities** | | | |
| (a) Long-Term Borrowings | 3 | 9,913.33 | 8,798.42 |
| (b) Deferred Tax Liabilities (Net) | 4 | 1,163.89 | 924.23 |
| (c) Other Long term Liabilities | 5 | 22.68 | 24.48 |
| (d) Long Term Provisions | 6 | 249.90 | 194.23 |
| **(3) Current Liabilities** | | | |
| (a) Short-Term Borrowings | 7 | 8,324.28 | 6,316.59 |
| (b) Trade Payables | 8 | 1,232.79 | 611.27 |
| (c) Other Current Liabilities | 9 | 4,322.45 | 4,027.01 |
| (d) Short-Term Provisions | 10 | 1,533.46 | 1,513.86 |
| **Total** | | **58,673.64** | **47,069.47** |
| **II. ASSETS** | | | |
| **(1) Non-Current Assets** | | | |
| (a) Fixed Assets | 11 | | |
| (i) Tangible Assets | | 16,435.86 | 15,217.25 |
| (ii) Intangible Assets | | 17,150.10 | 12,186.93 |
| (iii) Capital WIP | | 1,778.02 | 1,041.60 |
| (iv) Intangible Assets under Development | | 522.47 | 489.00 |
| (b) Non-current investments | 12 | 2,873.61 | 2,837.11 |
| (c) Long term loans and advances | 13 | 2,600.67 | 1,390.66 |
| **(2) Current Assets** | | | |
| (a) Inventories | 14 | 9,619.11 | 7,542.99 |
| (b) Trade receivables | 15 | 4,432.58 | 3,641.36 |
| (c) Cash and cash equivalents | 16 | 291.17 | 291.37 |
| (d) Short-term loans and advances | 17 | 2,970.04 | 2,410.89 |
| (e) Other Current Assets | 18 | – | 20.31 |
| **Total** | | **58,673.64** | **47,069.47** |
| **Significant Accounting Policies** | | | |
| **Notes on financial statements** | 1 to 40 | | |

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of Balance Sheet

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

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*



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## STATEMENT OF PROFIT & LOSS For the period ended March 31, 2012

(₹ in Lacs)

| Particulars | Note No. | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| I Revenue from operations | 19 | 40,518.66 | 35,668.01 |
| II Other Income | 20 | 38.04 | 29.10 |
| **III Total Revenue (I+II)** | | **40,556.69** | **35,697.11** |
| **IV Expenses:** | | | |
| Cost of materials consumed | 21 | 23,507.11 | 20,378.77 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 22 | (903.30) | (390.30) |
| Employee Benefit Expenses | 23 | 2,057.82 | 1,729.54 |
| Finance Costs | 24 | 2,726.38 | 1,870.69 |
| Depreciation and Amortisation Expenses | 25 | 2,406.72 | 1,790.78 |
| Other Expenses | 26 | 5,246.90 | 4,841.91 |
| **Total Expenses (IV)** | | **35,041.63** | **30,221.38** |
| **V Profit before Tax (III-IV)** | | **5,515.06** | **5,475.73** |
| **VI Tax expense:** | | | |
| (1) Current tax | | 1,103.44 | 1,091.34 |
| (2) Deferred tax | | 239.65 | 166.47 |
| (3) Mat Credit | | (830.92) | (529.95) |
| **VII Profit/(Loss) for the period** | | **5,002.89** | **4,747.87** |
| **VIII Earning per equity share:** | | | |
| (1) Basic | | 54.43 | 52.01 |
| (2) Diluted | | 51.79 | 52.01 |
| **Significant Accounting Policies** | | | |
| **Notes on financial statements** | 1 to 40 | | |

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of Statement of Profit and Loss

This is the Statement of Profit & Loss referred to in our Report of even date.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*

## CASH FLOW STATEMENT For the period ended March 31, 2012

(PURSUANT TO CLAUSE NO. 32 OF THE LISTING AGREEMENT)

(₹ in Lacs)

| Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|
| **A) CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before tax & extraordinary items | 5,515.06 | 5,475.73 |
| Adjustment for Depreciation | 2,386.41 | 1,704.37 |
| Expenses Amortised | 20.31 | 86.41 |
| Adjustment of excess mat Transferred to gen reserve | 380.74 | 529.95 |
| Interest Received | (11.60) | (4.54) |
| **Operating Profit before working capital changes** | **8,290.92** | **7,791.92** |
| Adjustments for increase /decrease in Current Assets | (3,805.58) | (2,965.36) |
| Decrease / Increase in Current Liabilities/ Provisions | (679.47) | (892.24) |
| **Net Cash Flow from operating activities (A)** | **3,805.87** | **3,934.32** |
| **B) CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| Sale/Purchase of Fixed Assets Including | | |
| Capitalisation of Expenses(NET) | (8,568.20) | (8,024.96) |
| Increase/ Decrease in Capital work in progress | (769.88) | (1,444.69) |
| Sale/Purchase of Investment | (36.50) | (358.19) |
| Interest Received | 11.60 | 4.54 |
| **Net Cash Flow from Investing Activities (B)** | **(9,362.98)** | **(9,823.30)** |
| **C) CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from Issue of Share Capital | 61.29 | 483.29 |
| Proceed from share capital(share premium) | 1,663.97 | 1,749.79 |
| Proceeds from share warrants | 482.27 | – |
| Proceeds from Long Term Borrowing( Net) | 1,341.69 | 3,141.98 |
| Proceeds from Short term Borrowing( Net) | 2,007.69 | 604.92 |
| **Net Cash from Financing Activities (C)** | **5,556.91** | **5,979.98** |
| **Net Increase in Cash & Cash Equivalents (A+B+C)** | **(0.20)** | **91.00** |
| Cash & Cash Equivalents as at 31.03.2011 | 291.37 | – |
| Cash & Cash Equivalents as at 31.03.2012 | 291.17 | – |
| Cash & Cash Equivalents as at 31.03.2011 | – | 291.37 |
| Cash & Cash Equivalents as at 31.03.2010 | – | 200.37 |

AUDITOR'S REPORT

As per our separate report of even date

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of M/s. Venus Remedies Limited for the year ended on 31st March 2012 from the books and records maintained by the Company and have found it in accordance therewith.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

**(J.K. Jain)**
*Partner*
Membership No. 083140

Place: Panchkula
Dated: 21.06.2012



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## SIGNIFICANT ACCOUNTING POLICIES

**(i) Accounting Concepts**

The accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and incomes to the extent ascertainable are accounted for on mercantile basis unless otherwise stated in accordance of Accounting Standard – 1 (i.e. Disclosure of Accounting Policies)

**(ii) Fixed Assets**

Fixed Assets are stated at historical cost (including expenses incurred on putting them in use) less depreciation in accordance of Accounting Standard -10 i.e. Accounting for Fixed Assets.

**(iii) Depreciation (AS-6)**

Depreciation has been provided on straight -line method and on single shift basis at the rates specified in the schedule XIV of the Companies Act, 1956.

**(iv) Inventories**

The inventories are valued in accordance, with the revised Accounting Standard-2 "(AS- 2)" Valuation of Inventories" and the revised " Guidance Note on Accounting Treatment for Excise Duty" issued by the Institute of Chartered Accountants of India. According the method of valuation adopted are as under :-

(a) Stock Raw Material and Packing Material: - At cost price.

(b) Stock of Work in Progress: - At material cost plus apportioned manufacturing overheads.

(c) Stock of Finished Goods: - At material cost plus apportioned manufacturing overheads plus excise duty and other costs incurred in bringing the inventories to their present location and condition or Net Realisable value whichever is lower.

(d) Spares and consumables: - at cost.

**(v) Investments (AS-13)**

(a) Long term investments are stated at cost of acquisition, provision for Diminution is made only to recognise a decline other than temporary, if any, in the value of investments.

(b) Current investments are carried at lower of cost and fair market value.

(c) Dividends are accounted for as and when received.

**(vi) Retirement Benefits (AS-15)**

(a) A short term employees benefits are recognised as an expenses at the undiscounted amount in the profit and loss accounts of the year in which the related is rendered.

(b) Post employment and other long term employees benefits are recognised as an expense in the profit and loss account for the year in which the employees has rendered services. The expenses are recognised at the present value of the amount payable determined using actuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to profit and loss account.

**(vii) Revenue Recognition (AS-9)**

Sales of goods and services are recognised upon passage of the title to the customer, which generally coincides with the delivery. Sale is net of sale returns and excise duty.

**(viii) Research and Development Costs**

(a) Capital Expenditure on assets for research and development is included in cost of fixed assets.

(b) The revenue expenditure incurred on research & development up to research phase comprising cost of materials consumed, salary & wages and other related costs, as identified have been charged to Profit & Loss account and expenditure on development phase in which the activity converts the results to a marketable product doesn't result in to any intangible assets so expenses incurred are not capitalised but otherwise charged to Profit & Loss account in accordance with AS-26 (Accounting Standard on Intangible Assets).

**(ix) Borrowing Costs (AS-16)**

Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalised as part of costs of such assets till such time as the assets is ready for its intended use. All other borrowing costs are recognised as an expense in the period in which incurred.

## SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

**(x) Translation of Foreign Exchange Transactions (AS-11)**

(a) Foreign exchange transactions in respect of import payments are stated at the exchange rate prevailing at the time of transaction and variation, if any, accounted for on the date of payment is squared during the same accounting year.

(b) Monetary items denominated in foreign currencies remaining unsettled at the year end if not covered by forward exchange contracts are translated at year end rates.

(c) Any income / expense arising from foreign currency transactions is dealt in the profit and loss account for the year except in cases where they relate to acquisition of fixed assets in which case they are adjusted in the carrying cost of such assets.

**(xi) Income Tax**

**a) Current Tax:** Provision is made for income tax based on the liability as computed after taking credit for allowance and exemptions. Adjustments in books are made only after the completion of the assessment.

**(b) Deferred Tax:** Consequent to the Accounting Standard 22 "Accounting for taxes on income" the differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax liability is recorded for timing differences, namely the differences that originate is one accounting period and reverse in another. The tax effect is calculated on the accumulated timing difference at the end of an accounting period based on prevailing enacted regulations. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

**(c) MAT:** Minimum Alternative Tax payable under the provisions of the income tax Act, 1961 is recognised as an asset in the year in which credit becomes eligible and is set off in the year in which the Company becomes liable to pay income taxes at the enacted tax rates and shall be reversed in the year in which it lapses.

**(xii) Amortisation of Intangible Assets and Miscellaneous Expenditure (AS-26)**

(a) Public issue expenses, Bond issue expenses and preliminary expenses are amortised over a period of five years.

(b) Expenses relating to Patents & Trademarks are written off in ten subsequent years.

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

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

**(xiv) Impairment of Assets (AS-28)**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. Accounting policies not specially referred to are consistent with generally accepted accounting principals.

**(xv) Forward Exchange Contracts (AS-30)**

A company may enter into a forward exchange contract or another financial Instrument that is in substance a forward exchange contract, Which are not intended for trading or speculation purposes, to establish the amount of the reporting currency required or available at the settlement date of the transaction. As per Generally Accepted Accounting Principles in India any premiums or discount at the inception of such a forward exchange contract are amortised over the life of the contract and exchange difference on such contracts are recognised in the statement of profit or loss in the reporting period.



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## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

**NOTE: 1 SHARE CAPITAL** (₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Authorised Share Capital** | | |
| | 15000000 Equity Shares of ₹ 10/- each. | 1,500.00 | 1,200.00 |
| | (Previous Year 12000000 Equity Shares of ₹ 10/- each) | | |
| | | 1,500.00 | 1,200.00 |
| 2 | **Issued, Subscribed & Paid Up Capital** | | |
| | 97,41,988 Equity Shares of ₹ 10/- each, Fully paid up | 974.20 | 912.91 |
| | (Previous year 91,29,094 Equity Shares of ₹ 10/- each) | | |
| | Total | **974.20** | **912.91** |

1.2 The details of Shareholders holding more than 5% shares:

| Sr. No. | Name of Shareholders | No. of Shares (%) | No. of Shares (%) |
|---|---|---|---|
| 1 | Sonata Investments Limited | 11,95,995 (12.28%) | 11,95,995 (13.10%) |
| 2 | Pawan Chaudhary | 11,82,002 (12.13%) | 11,82,002 (12.95%) |
| 3 | Sunev Pharma Solutions Limited | 12,00,000 (12.32%) | 6,00,000 (6.57%) |
| 4 | Manu Chaudhary | 9,71,000 (9.97%) | 9,71,000 (10.64%) |
| 5 | Morgan Stanley Mauritius Company Limited | 5,60,000 (5.75%) | 5,60,000 (6.13%) |

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

| Sr. No. | Name of Shareholders | No. of Shares | No. of Shares |
|---|---|---|---|
| 1 | Equity Shares at the beginning of the year | 9,129,094 | 8,473,091 |
| 2 | Add: Shares issued during the year | 612,894 | 656,003 |
| | **Equity Shares at the end of the year** | **9,741,988** | **9,129,094** |

1.4 The company has issued 17.00 Lacs warrants @ ₹ 212.20 /- each to be converted into equity shares as under :
9.00 Lacs warrants shall be converted into 9.00 Lacs equity shares on or before 31.03.2014
8.00 Lacs warrants shall be converted into 8.00 Lacs equity shares on or before 31.03.2013

**NOTE: 2 RESERVE & SURPLUS** (₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Securities Premium** | | |
| | As per last Balance Sheet | 1,749.79 | - |
| | Add: Securities Premium collected on share issue | 1,663.97 | 1,749.79 |
| | Total (A) | **3,413.75** | **1,749.79** |
| 2 | **General Reserve** | | |
| | As per last Balance Sheet | 13,983.97 | 10,772.97 |
| | Add: Addition during the year | 3,000.00 | 3,000.00 |
| | Add : Mat Credit for Previous Years | 380.74 | - |
| | Add: Transfer from ESOP | - | 211.00 |
| | Total (B) | **17,364.70** | **13,983.97** |
| 3 | **Surplus (Profit & Loss Account)** | | |
| | As per last Balance Sheet | 7,593.14 | 6,163.30 |
| | Add: Profit for the period | 5,002.89 | 4,747.87 |
| | Less: Appropriations | | |
| | - Provision for Dividend (Dividend per Share ₹ 3 (Previous Year ₹ 3) | 292.26 | 273.87 |
| | - Taxes on Dividend | 47.41 | 44.16 |
| | Less: Transfer to General Reserve | 3,000.00 | 3,000.00 |
| | Total (C) | **9,256.36** | **7,593.14** |
| | | | |
| | Total (A+B+C) | **30,034.82** | **23,326.89** |

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 3 LONG TERM BORROWINGS

A. Secured Loans

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Term Loans | 7,535.75 | 6,558.00 |
| | Secured by first charge on Fixed Assets & second charge on current assets of the Company & personal guarantee of the promoter directors | | |
| 2 | Long Term Maturities of Vehicle loan obligation | 9.34 | 38.61 |
| | **Total** | **7,545.09** | **6,596.61** |

3.1 Maturity Profile of Term Loans are as set below:

| 1-2 Years | 2-3 Years | 3-4 Years | Beyond 4 years |
|---|---|---|---|
| 3,910.52 | 1,832.03 | 989.20 | 804.00 |

3.2 Maturity Profile of Vehicle Loan obligation are as set below:

| 1-2 Years | 2-3 Years |
|---|---|
| 9.23 | 0.11 |

B. Unsecured Loans

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Bonds | | |
| | Foreign Currency Convertible Bonds (45,95,833 Bonds convertible at ₹ 364 per Equity Share outstanding and are of face value for ₹ 10 each and ₹ 354 as share premium) (Previous year 47,00,000 Bonds) | 2,368.23 | 2,201.82 |
| | **Total** | **2,368.23** | **2,201.82** |

### NOTE : 4 DEFERRED TAX LIABILITY (NET)

| | | | |
|---|---|---|---|
| 1 | Deferred Tax Liability | 1,163.89 | 924.23 |
| | **Total** | **1,163.89** | **924.23** |

### NOTE : 5 OTHER LONG TERM LIABILITIES

| | | | |
|---|---|---|---|
| 1 | Bond Security Staff | 13.17 | 17.91 |
| 2 | Security Retained from Contractors | 3.31 | 0.42 |
| 3 | Security in lieu of C Form | 1.29 | 1.24 |
| 4 | Security from Stockist | 4.91 | 4.91 |
| | **Total** | **22.68** | **24.48** |

### NOTE : 6 LONG TERM PROVISIONS

| | | | |
|---|---|---|---|
| 1 | **Provision For Employees Benefit** | | |
| | Provision for Gratuity | 149.62 | 117.71 |
| | Provision for Leave Encashment | 100.28 | 76.52 |
| | **Total** | **249.90** | **194.23** |



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## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 7 SHORT TERM BORROWINGS

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Working Capital Loan from Bank | 8,324.28 | 6,316.59 |
| | Secured by first charge on current assets of the company & second charge on fixed assets & further secured by personal Guarantee of Promoter Directors | | |
| | **Total** | **8,324.28** | **6,316.59** |

### NOTE: 8 TRADE PAYABLES

| | | | |
|---|---|---|---|
| 1 | Micro, Small and Medium Enterprises | 77.95 | 75.24 |
| 2 | Others | 1,154.83 | 536.03 |
| | **Total** | **1,232.79** | **611.27** |

### NOTE : 9 OTHER CURRENT LIABILITIES

| | | | |
|---|---|---|---|
| 1 | Current Maturities of Long Term Debts (Refer Note No. 3) | 3,760.25 | 3,525.53 |
| 2 | Current Maturities of Vehicle Loan Obligation (Refer Note No. 3) | 32.55 | 40.48 |
| 3 | Advance From Customers | 102.67 | 113.93 |
| 4 | Creditors for Capital Expenditure | 98.19 | 42.05 |
| 5 | Unclaimed Dividends | 46.86 | 45.55 |
| 6 | Creditor For Expenses | 107.83 | 66.32 |
| 7 | Other Payable | 174.10 | 193.15 |
| | **Total** | **4,322.45** | **4,027.01** |

9.1 During the previous Year 2011-12 company has transferred an amount of ₹ 4.39 Lacs to Investor Education and Protection Fund

9.2 Unclaimed Dividend payable does not include any amounts to be credited to Investor Education and Protection Fund

### NOTE : 10 SHORT TERM PROVISIONS

| | | | |
|---|---|---|---|
| | Others | | |
| 1 | Provision for Taxation | 1,103.44 | 1,091.34 |
| 2 | Provision for Dividend | 292.26 | 273.87 |
| 3 | Provision for Dividend Tax | 47.41 | 44.16 |
| 4 | Provision for MIT | 86.70 | 96.36 |
| 5 | Provision for Excise Duty on Finished Goods | 3.65 | 8.12 |
| | **Total** | **1,533.46** | **1,513.86** |

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 11 FIXED ASSET

(₹ in Lacs)

| Sr. No. | | Rate | Gross Block: Value at the beginning | Gross Block: Addition during the year | Gross Block: Deduction during the year | Gross Block: Value at the end | Depreciation: Value at the beginning | Depreciation: Addition during the year | Depreciation: Value at the end | Net Block: WDV as on 31.03.2012 | Net Block: WDV as on 31.03.2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I | **Tangible Assets** | | | | | | | | | | |
| 1 | Land | 0.00% | 588.45 | 235.16 | - | 823.61 | - | - | - | 823.61 | 588.45 |
| 2 | Building | 3.34% | 4,194.46 | 115.74 | - | 4,310.20 | 441.70 | 141.46 | 583.16 | 3,727.04 | 3,752.77 |
| 3 | Building for R & D | 3.34% | 1,197.71 | 40.25 | - | 1,237.97 | 158.92 | 41.34 | 200.26 | 1,037.71 | 1,038.80 |
| 4 | Plant & Machinery | 4.75% | 5,939.52 | 500.89 | - | 6,440.40 | 912.56 | 289.38 | 1,201.93 | 5,238.47 | 5,026.96 |
| 5 | R & D Pilot Plant | 4.75% | 575.31 | 164.23 | - | 739.54 | 78.24 | 28.75 | 106.99 | 632.55 | 497.06 |
| 6 | R & D Equipment | 4.75% | 1,921.48 | 285.47 | - | 2,206.95 | 469.98 | 94.88 | 564.86 | 1,642.09 | 1,451.50 |
| 7 | Computer, I.T and Communication Equipment | 16.21% | 1,163.14 | 382.64 | - | 1,545.78 | 477.30 | 203.29 | 680.59 | 865.18 | 685.83 |
| 8 | D G Set | 13.91% | 143.42 | 0.57 | - | 144.00 | 53.85 | 20.01 | 73.86 | 70.14 | 89.57 |
| 9 | Electrical Installation | 4.75% | 531.93 | 94.47 | - | 626.40 | 88.26 | 26.45 | 114.71 | 511.69 | 443.67 |
| 10 | Furniture & Fixture | 6.33% | 432.19 | 29.06 | - | 461.25 | 100.54 | 28.22 | 128.76 | 332.48 | 331.65 |
| 11 | Lab Equipment | 7.07% | 524.92 | 252.86 | - | 777.78 | 125.25 | 51.92 | 177.17 | 600.60 | 399.67 |
| 12 | Misc. Fixed Assets | 4.75% | 330.83 | 54.90 | - | 385.73 | 68.60 | 16.32 | 84.92 | 300.81 | 262.23 |
| 13 | Office Equipment/ Security Equipment | 7.07% | 204.42 | 18.47 | - | 222.89 | 47.32 | 14.67 | 61.99 | 160.90 | 157.10 |
| 14 | Pollution Control | 4.75% | 231.46 | 15.00 | - | 246.46 | 31.09 | 11.17 | 42.26 | 204.19 | 200.37 |
| 15 | Vehicles | 9.50% | 446.50 | 43.19 | 2.85 | 486.83 | 154.87 | 43.57 | 198.45 | 288.39 | 291.62 |
| | **SUB TOTAL (A)** | | **18,425.73** | **2,232.89** | **2.85** | **20,655.77** | **3,208.48** | **1,011.43** | **4,219.92** | **16,435.86** | **15,217.25** |
| II | **Intangible Assets** | | | | | | | | | | |
| 1 | Patent IPR Technologies | | 13,506.76 | 6,338.15 | - | 19,844.91 | 1,319.83 | 1,374.98 | 2,694.81 | 17,150.10 | 12,186.93 |
| | **SUB TOTAL (B)** | | **13,506.76** | **6,338.15** | **-** | **19,844.91** | **1,319.83** | **1,374.98** | **2,694.81** | **17,150.10** | **12,186.93** |
| III | **Capital Work-in-progress** | | | | | | | | | | |
| 1 | Building Under Construction | | 575.56 | 762.75 | - | 1,338.31 | - | - | - | 1,338.31 | 575.56 |
| 2 | Plant & Machinery | | 381.48 | 300.79 | 405.60 | 276.67 | | - | | 276.67 | 381.48 |
| 3 | Electricals | | 2.42 | 0.46 | 2.25 | 0.62 | | - | | 0.62 | 2.42 |
| 4 | R & D Block | | 82.15 | 185.69 | 105.42 | 162.42 | | - | | 162.42 | 82.15 |
| | **SUB TOTAL (C)** | | **1,041.60** | **1,249.69** | **513.28** | **1,778.02** | **-** | **-** | **-** | **1,778.02** | **1,041.60** |
| IV | **Intangible Assets Under Development** | | 489.00 | 400.80 | 367.33 | 522.47 | - | | - | 522.47 | 489.00 |
| | **SUB TOTAL (D)** | | **489.00** | **400.80** | **367.33** | **522.47** | **-** | **-** | **-** | **522.47** | **489.00** |
| **Total [A + B + C + D] (Current Year)** | | | **33,463.10** | **10,221.53** | **883.45** | **42,801.17** | **4,528.32** | **2,386.41** | **6,914.73** | **35,886.45** | **28,934.78** |
| **(Previous Year)** | | | **23,907.54** | **8,030.66** | **5.70** | **31,932.49** | **2,823.95** | **1,704.37** | **4,528.32** | **27,404.18** | **21,083.59** |

### NOTE : 12 NON CURRENT INVESTMENT

(Other investments)

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | In the Equity Shares of WOS | | |
| | Unquoted, fully paid up | | |
| | Venus Pharma GmbH | 2,873.61 | 2,837.11 |
| | **Total** | **2,873.61** | **2,837.11** |

### NOTE : 13 LONG TERM LOANS AND ADVANCES

(Unsecured, Considered good)

| | | | |
|---|---|---|---|
| 1 | Security Deposit | 17.82 | 19.47 |
| 2 | Other Loans & Advances | | |
| | Mat Credit | 2,582.85 | 1,371.19 |
| | **Total** | **2,600.67** | **1,390.66** |



## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 14 INVENTORIES

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Raw Material | 5,216.42 | 3,998.20 |
| 2 | Work-in-Progress | 2,261.06 | 1,588.37 |
| 3 | Finished Goods | 2,015.87 | 1,785.25 |
| 4 | Consumables | 11.86 | 21.19 |
| 5 | Stores & Spares | 17.34 | 29.74 |
| 6 | Printing & Stationary | 9.86 | 23.87 |
| 7 | Goods-in-transit | | |
| | a) Raw Material | 67.78 | 78.09 |
| | b) Packing Material | 10.43 | 18.28 |
| | c) Others | 8.49 | - |
| | **Total** | **9,619.11** | **7,542.99** |

14.1 Inventories are valued as per method described in significant accounting policies.

### NOTE : 15 TRADE RECEIVABLES

(Unsecured, Considered good)

| | | | |
|---|---|---|---|
| 1 | Outstanding for more than six months | 14.25 | 7.83 |
| 2 | Others | 4,418.33 | 3,633.53 |
| | **Total** | **4,432.58** | **3,641.36** |

15.1 The Company has sent letter of balance confirmation to all the parties but only a few have responded so far. So the balance in the party accounts whether in debit or credit are subject to reconciliation.

### NOTE : 16 CASH & CASH EQUIVALENT

| | | | |
|---|---|---|---|
| 1 | **Cash-in-Hand** | | |
| | Cash Balance | 5.38 | 4.23 |
| | Foreign Exchange in Hand | 1.03 | 1.53 |
| | **Sub Total (A)** | **6.41** | **5.76** |
| 2 | **Bank Balance** | | |
| | In current Accounts | 92.11 | 207.17 |
| | **Sub Total (B)** | **92.11** | **207.17** |
| 3 | **Fixed Deposits** | | |
| | Fixed Deposit being Margin Money | 192.66 | 78.44 |
| | **Sub Total (C)** | **192.66** | **78.44** |
| | **Total [A+B+C]** | **291.17** | **291.37** |

16.1 Balance with Banks includes Unclaimed Dividend of ₹ 46.85 Lacs (Previous Year ₹ 45.57 Lacs)

16.2 Fixed deposits with banks include deposits of ₹ 1.30 Lacs (Previous year ₹ 0.30 Lacs) with the maturity of more than 12 months.

16.3 An amount of ₹ 192.65 Lacs (Previous Year ₹ 78.44 Lacs) is held with Banks as margin money for Bank Guarantees/ Letter of Credit

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 17 SHORT TERMS LOANS AND ADVANCES

(Unsecured, Considered good) (₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Balance with Revenue Authorities under Indirect Taxes | 25.90 | 13.07 |
| 2 | Loan to Staff | 84.24 | 134.56 |
| 3 | Other Loans & Advances | 2,859.90 | 2,263.26 |
| | (Advance Recoverable in cash or in kind or for value to be considered good) | | |
| | **Total** | **2,970.04** | **2,410.89** |

17.1 Other Loans and Advances includes Advances to suppliers , Prepaid Expenses , Advance Income Tax & TDS Receivable etc.

### NOTE : 18 OTHER CURRENT ASSETS

| | | | |
|---|---|---|---|
| 1 | Research & Development | - | 20.31 |
| | (to the extent not written off) | | |
| | **Total** | **-** | **20.31** |

### NOTE : 19 REVENUE FROM OPERATIONS

| | | | |
|---|---|---|---|
| 1 | Sale of Products | 40,239.05 | 35,727.32 |
| 2 | Income from Research Activities | 252.34 | - |
| 3 | Other Operating Revenue | 101.07 | - |
| | **Total** | **40,592.46** | **35,727.32** |
| | Less: Excise Duty | 73.80 | 59.31 |
| | **Total** | **40,518.66** | **35,668.01** |

### NOTE : 20 OTHER INCOME

| | | | |
|---|---|---|---|
| 1 | Bank Interest | 11.66 | 4.55 |
| 2 | Misc. Income | 21.70 | 14.96 |
| 3 | Insurance Claim Received | 1.06 | 4.16 |
| 4 | Income from Sales of Scrap | 3.62 | 5.43 |
| | **Total** | **38.04** | **29.10** |

### NOTE : 21 COST OF MATERIAL CONSUMED

| | | |
|---|---|---|
| Opening Stock | | |
| - Raw Material | 3,998.20 | 3,106.76 |
| Add : Purchases | 24,725.33 | 21,270.21 |
| **Total** | **28,723.53** | **24,376.97** |
| Less : Closing Stock | 5,216.42 | 3,998.20 |
| **Total** | **23,507.11** | **20,378.77** |



## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### 21.1 Detail of Material Consumed

| Sr. No. | Particulars | As on 31.03.2012 Kgs. | ( ₹ in Lacs ) | As on 31.03.2011 Kgs. | ( ₹ in Lacs ) |
|---|---|---|---|---|---|
| 1 | Anti – Biotics / Anti Bacterials | 12,301 | 1450.17 | 11,263 | 1,335.30 |
| 2 | Anti Inflammatory / Analgesics | 16,985 | 653.11 | 13,151 | 528.48 |
| 3 | Osmotic Diuretics | 196,679 | 679.90 | 152,192 | 557.20 |
| 4 | Coagulant | 2,395 | 230.21 | 1,970 | 190.41 |
| 5 | Cephalosporins / FDC | 54,411 | 7323.03 | 49,931 | 6,823.67 |
| 6 | Carbapenem | 605 | 1486.98 | 517 | 1,275.22 |
| 7 | Anti-Cancer | 87 | 3337.87 | 54 | 2,062.35 |
| 8 | Other Material | - | 2972.64 | - | 2,728.73 |
| 9 | Packing Material | - | 5373.21 | - | 4,877.40 |
| | **Total** | **283,462** | **23507.11** | **229,078** | **20,378.77** |

### 21.2 Particulars Of Material Consumed

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | (% Consumed) | As on 31.03.2011 | (% Consumed) |
|---|---|---|---|---|---|
| 1 | Imported | 5,387.48 | (22.92) | 4,207.16 | (20.64) |
| 2 | Indigenous | 18,119.63 | (77.08) | 16,171.61 | (79.36) |
| | **Total** | **23,507.11** | **(100)** | **20,378.77** | **(100)** |

### NOTE : 22 CHANGE IN INVENTORIES

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Opening Stock | | |
| | - Finished Goods | 1,785.25 | 1,639.68 |
| | - Work In Progress | 1,588.37 | 1,343.65 |
| | **Total** | **3,373.63** | **2,983.33** |
| 2 | Closing Stock | | |
| | - Finished Goods | 2,015.87 | 1,785.25 |
| | - Work in progress | 2,261.06 | 1,588.37 |
| | **Total** | **(903.30)** | **(390.30)** |

### NOTE : 23 EMPLOYEE BENEFIT EXPENSES

| | | | |
|---|---|---|---|
| 1 | Salaries & Wages | 1,872.86 | 1,594.15 |
| 2 | Contribution to Provident Fund and other funds | 131.04 | 120.82 |
| 3 | Staff Welfare Expenses | 53.91 | 14.57 |
| | **Total** | **2,057.82** | **1,729.54** |

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### 23.1 Reconciliation of fair value of assets and obligations

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Gratuity** | | |
| | Fair Value Of Plan Assets | - | - |
| | Present value of obligation | 149.62 | 117.71 |
| | **Amount recognised in balance Sheet** | **149.62** | **117.71** |
| 2 | **Leave Encashment** | | |
| | Fair Value Of Plan Assets | - | - |
| | Present value of obligation | 100.28 | 76.52 |
| | **Amount recognised in balance Sheet** | **100.28** | **76.52** |

As per Accounting Standard 15"Employee Benefits", the disclosures as defined in the Accounting Standard are given below :

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method , which recognised each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

### 23.2 Expenses recognised during the year

| | | | |
|---|---|---|---|
| 1 | **Gratuity** | | |
| | Current Service Cost | 30.65 | 27.06 |
| | Interest Cost | 10.01 | 6.62 |
| | Net Actuarial (gain)/loss recognised in the period | (4.18) | 2.62 |
| | **Expense recognised in the P&L Statement** | **36.48** | **36.29** |
| 2 | **Leave Encashment** | | |
| | Current Service Cost | 41.85 | 1.85 |
| | Interest Cost | 6.50 | 2.83 |
| | Net Actuarial (gain)/loss recognised in the period | (15.96) | 41.16 |
| | **Expense recognised in the P&L Statement** | **32.39** | **45.84** |

### NOTE : 24 FINANCIAL COST

| | | | |
|---|---|---|---|
| 1 | Interest Expenses | 2,448.36 | 1,720.02 |
| 2 | Exchange Fluctuation | 121.54 | 10.95 |
| 3 | Other Borrowing Cost | 156.49 | 139.72 |
| | **Total** | **2,726.38** | **1,870.69** |

### NOTE : 25 DEPRECIATION & AMORTISED COST

| | | | |
|---|---|---|---|
| 1 | Depreciation | 1,011.43 | 843.59 |
| 2 | Amortisation of Intangible Assets | 1,374.98 | 860.78 |
| 3 | Preliminary Expenses W/O | 20.31 | 86.41 |
| | **Total** | **2,406.72** | **1,790.78** |



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The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 26 OTHER EXPENSES

**A. Manufacturing Expenses**

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Power & Fuel | 249.18 | 228.01 |
| 2 | Consumables | 98.58 | 89.23 |
| 3 | Repair & Maintenance | | |
| 4 | - Building | 15.35 | 38.15 |
| 5 | - Electrical | 10.49 | 14.73 |
| 6 | - Plant & Machinery | 36.88 | 53.62 |
| 7 | Other Manufacturing Expenses | 96.27 | 100.25 |
| | **Total** | **506.76** | **523.99** |

**B. Administration Expenses**

| | | | |
|---|---|---|---|
| 1 | Rent | 4.04 | 3.06 |
| 2 | Rates, Fee & Taxes | 3.44 | 3.48 |
| 3 | Insurance | 11.65 | 11.03 |
| 4 | Legal and Professional Expenses | 62.03 | 58.46 |
| 5 | Postage, Telex & Telegram | 3.19 | 4.62 |
| 6 | Printing & Stationery | 41.56 | 61.65 |
| 7 | Telephone Expenses | 28.64 | 28.42 |
| 8 | Traveling & Conveyance: | | |
| | - Staff | 35.20 | 30.15 |
| | - Directors | 18.16 | 15.59 |
| | - Others | 0.62 | 10.41 |
| 9 | Running, Repair & Maintenance : | | |
| | - Vehicles | 71.87 | 67.40 |
| | - Computer | 12.28 | 12.77 |
| | - Others | 7.52 | 7.92 |
| 10 | Auditors' Fees | 15.04 | 11.75 |
| 11 | Directors Remuneration | 145.84 | 89.06 |
| 12 | Other Administrative Expenses | 68.13 | 108.14 |
| 13 | Other Corporate Expenses | 132.27 | 130.80 |
| | **Total** | **661.48** | **654.72** |

**C. Selling and Distribution Expenses**

| | | | |
|---|---|---|---|
| 1 | Discount / Commission | 846.14 | 647.81 |
| 2 | Other Selling Expenses | 423.66 | 424.48 |
| 3 | Advertisement & Sales Promotion | 619.86 | 479.15 |
| 4 | Sample Distribution | 33.32 | 179.58 |
| 5 | Incentive to Field Force | 194.96 | 160.59 |
| 6 | Traveling and conveyance Field Staff | 544.81 | 488.06 |
| | **Total** | **2,662.76** | **2,379.66** |

**D. Research and Development Expenses**

| | | | |
|---|---|---|---|
| 1 | Remuneration of R & D Staff | 395.71 | 356.41 |
| 2 | R & D Expenses | 413.22 | 357.12 |
| 3 | Material used for Development of new products | 498.36 | 481.61 |
| 4 | R & D Consumables | 108.61 | 88.40 |
| | **Total** | **1,415.90** | **1,283.55** |
| | **GRAND TOTAL** | **5,246.90** | **4,841.91** |

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 27

During the year company has issued 17.00 lacs. Share warrants to Sunev Pharma Solutions Limited. Allotted 6.00 lacs. Shares on conversion of already issued 6.00 lacs share warrants. The Company has also allotted 12,894 equity shares to FCCB holders as per the option exercised by bond holders.

### NOTE: 28

The Company operates only in one business segment viz. "Pharmaceutical Formulation" and is engaged in manufacturing and trading of medicines. Since in the opinion of management, the inherent nature of activities engaged by the Company are governed by the same set of risks and rewards, so these have been grouped and identified as a single segment in accordance with the Accounting Standard on Segment Reporting (AS-17) issued by ICAI.

### NOTE : 29 EARNING PER SHARE (AS-20)

| Sr. No. Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|
| PAT | ₹ 50, 02, 89,140 | ₹ 47, 47, 87,157 |
| Weighted Average Number of Ordinary Shares | 91,90,943 Shares | 91, 29,094 Shares |
| Basic EPS | ₹ 54.43 | ₹ 52.01 |
| Diluted EPS | ₹ 51.79 | ₹ 52.01 |

### NOTE: 30

During the year, the Company has undertaken a review of all fixed assets in line with the requirements of AS-28 on "Impairment of Assets" issued by the Institute of Chartered Accountant of India. Based on such review, no provision for impairment is required to be recognised for the year.

### NOTE: 31

Similar to the previous years, the Company has made investments in its intellectual Property rights wealth, R & D Equipments and infrastructure during the current year also. As a result of it, the Company has been granted patents rights from USA, Japan, South Africa among others. The company has got the patent award from Phamexcil for the Financial Year 2011-12. Company`s new R&D product ACHNIL, a once a day pain killer has been awarded the BIOSPECTRUM PRODUCT OF THE YEAR.

### NOTE: 32

In the opinion of the board, and to the best of their knowledge and belief, the value on realisation of the current assets, loans & advance shown in the Balance Sheet in the ordinary course of business will be at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities has been made.

### NOTE: 33

The figures in the Balance Sheet and Profit & Loss Account for the year have been rounded off to nearest lacs.

### NOTE : 34 PAYMENTS TO AUDITORS

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Statutory Audit Fees | 7.38 | 5.9 |
| 2 | Tax Audit Fees | 1.25 | 1.00 |
| 3 | Management Matters | 5.38 | 4.14 |
| | Add : Service Tax | 1.04 | 0.71 |
| | **Total** | **15.04** | **11.75** |

### NOTE : 35 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

| | | | |
|---|---|---|---|
| 1 | Raw Material and Stock in Trade | 5387.48 | 4207.16 |
| 2 | Capital Goods | 34.27 | 138.25 |





The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 36 EXPENDITURE IN FOREIGN CURRENCY

(Currency in Lacs)

| Particulars | | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| Salary / Incentive | USD | 1.69 | 0.83 |
| Traveling | USD | 0.25 | 0.15 |
| | EURO | 0.05 | 0.06 |
| | ZAR | 0.02 | NIL |
| Regulatory Fee for Patent / Plant / Products registration etc. | USD | 20.73 | 21.57 |
| | EURO | 10.78 | 11.10 |
| | JPN | 4.67 | 1.25 |
| | CHF | Nil | 0.00 |
| Exhibition Expenses | USD | Nil | 0.02 |
| | EURO | 0.25 | 0.19 |
| Remittance on account of dividend | USD | 0.01 | 0.02 |
| Subscription | USD | 0.01 | 0.00 |
| Commission | USD | 1.05 | 1.78 |
| | EURO | 0.08 | Nil |

### NOTE : 37 EARNINGS IN FOREIGN EXCHANGE

Value of Export on FOB Basis

| | | | |
|---|---|---|---|
| Sales | USD | 55.46 | 88.47 |
| | EURO | 20.39 | 12.18 |
| R & D Activities | USD | 2.20 | NIL |
| | EURO | 0.68 | NIL |

### NOTE : 38 RELATED PARTY DISCLOSURES

As per As – 18, the disclosures of transactions with related parties are given below (₹ in Lacs)

| Related Party Relationship | Subsidiaries | Associates | Key Managerial Personnel | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|---|---|
| Investment in Share Capital | 36.5 | - | - | 36.5 | 2837.11 |
| Allotment of Share capital | - | 1678.32 | - | 1678.32 | 1678.32 |
| Money Received against Share Warrants | - | 901.85 | - | 901.85 | 419.58 |
| Sales | 672.96 | 1461.59 | - | 2134.55 | 697.57 |
| Purchases and Reimbursements | 13.00 | 2228.23 | - | 2241.23 | 349.64 |
| Remuneration to Directors | - | - | 145.84 | 145.84 | 122.96 |
| Advance for in licensing of Technology | - | 1831.78 | - | 1831.78 | 748.74 |

**Names of related parties and description of relationship**

| | | |
|---|---|---|
| 1 | Wholly Owned Subsidiary | Venus Pharma GmbH |
| 2 | Associates | Sunev Pharma Solutions Limited |
| 3 | Key Management Personnel | Mr. Pawan Chaudhary<br>Mrs. Manu Chaudhary<br>Mr. Peeyush Jain<br>Mr. Ashutosh Jain |

# NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

**NOTE : 39 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND** (₹ in Lacs)

| Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|
| Number of Non Residents Share Holders | 18 | 21 |
| Number of Equity Shares held by them | 20100 | 22700 |
| (i) Amount of dividend paid | 0.6 | 0.68 |
| (ii) Tax Deducted at Source | Nil | Nil |
| (iii) Year to which the dividend relates | 2010-11 | 2009-10 |

**NOTE : 40 CONTINGENT LIABILITIES AND COMMITMENTS**

| | | |
|---|---|---|
| Contingent Liabilities | | |
| a) Letter of Credit / Bank Guarantees – Inland | 253.7 | 204.82 |
| b) Bank Guarantees foreign | 11.85 | 53.53 |
| c) Letter of credit – Foreign | 51.12 | 189.95 |
| d) Interest on FCCB's | 94.73 | Nil |

Auditors' Report In term of our separate report of even date annexed here to.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*



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# DIRECTORS' REPORT

To
The Members of
**Venus Pharma GmbH**

It gives us great pleasure to present the Seventh Annual Report of the Company together with Audited Statement of Accounts for the year ended March 31, 2012

## Financial Highlights

(€ in Lacs)

| S. no. | Particulars | 2011-2012 | 2010-11 |
|---|---|---|---|
| 1. | Sales & Other Income | 17.70 | 18.69 |
| 2. | Finance Charges | 0.33 | 0.25 |
| 3. | Depreciation | 1.74 | 1.7 |
| 4. | Net Profit / Loss | (6.26) | (3.83) |

## Operations

Established in Werne, the heart of Germany, Venus Pharma GmbH, a 100% subsidiary of Venus Remedies Limited, came into existence in year 2006 and has spread its wings in entire European, Middle East and West African pharmaceutical markets. Gearing up to revolutionise the Pharma Business, this facility has a seamless distribution network & marketing alliance in Middle East, West Africa and European Union.

Venus Pharma is engaged in the out-licensing of CTDs, site variation projects, distribution, testing, batch release and logistics services for Europe.

Some of the major highlights are as follows :

A) Product Basket of 52 ACTD and 7 CTD Products for Europe and surrounding markets;

B) Received 51 Market Authorisations out of 100 filed for Seven (7) CTD Dossiers filed in European Union namely Meropenem, Gemcitabine, Irinotecan, Imipenem+Cilastatin, Docetaxel, Sulbactomax & Topotecan. Many more are awaited.

C) Instrumental in winning various Tenders of EU for our CTD Products;

D) Pursuing Site Variation & CTD Development for various Pharma giants of EU for our Oncology and Cephalosporins range of products.

E) 2 World Class QC Labs for rendering services of product Testing and European Batch Release.

F) Large Warehouse with the capacity of 3200 Pallets at controlled temperature and strong distribution network in EU.

**Management Discussion & Analysis**

Industry Structure and development: Overview:

Innovative and effective pharmaceuticals are of particular importance. Germany offers the perfect location for research, production and sales of world-class pharmaceuticals. It benefits from internationally renowned scientists, world-class research and immediate market access to pharmaceuticals. The innovation work done in companies located in Germany is reflected in impressive patent figures.

**Opportunities**

Germany's health care sector is a highly attractive market with significant growth opportunities. The health care industry has evolved to become one of the most important global growth markets, while the pharmaceutical industry in Germany is already a significant global industry player. Pharmaceutical production in Germany just keeps growing. In comparison with other industries, pharmaceutical companies are leaders in the areas of product and process innovations

**Threats**

In the opinion of the management, the Company does not foresee any immediate threat to its plans. The Company's activities are as per the need of the hour and as per the plans of the Parent Company.

**Directors**

Mr. Pawan Chaudhary, Chairman & Managing Director, represent the present Board of Directors of the Company that includes Mrs. Manu Chaudhary as Joint Managing Director, Mr. Peeyush Jain as Deputy Managing Director, Mr. Ashutosh Jain as Executive Director and chief Executive Officer.

**Auditors**

The statutory auditors, M/S J.K. Jain & Associates, who are also the Statutory Auditors for the Parent Company, retire at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not require further explanation.

For and on behalf of Board of Directors
For **VENUS PHARMA GmbH**

Place: Panchkula
Date: 21.06.2012

**(Pawan Chaudhary)**
*Chairman & Managing Director*

## AUDITORS' REPORT

The Members of
VENUS PHARMA GmbH

1. We have examined and audited the attached Balance Sheet of Venus Pharma GmbH which is wholly owned subsidiary of Venus Remedies Limited as on 31st March 2012, and also the Statement of Profit & Loss Account for the year ended on 31st March 2012, annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board which are generally accepted in Germany. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Further to our comments in the Annexure referred to in Paragraph (2) above, we report that:-
   (i) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purpose of audit;
   (ii) In our opinion, proper Books of Accounts as required by law have been kept by the Company so far as it appears from our examination of those books:
   (iii) The Balance Sheet and Statement of Profit & Loss Account and referred to in this Report are in agreement with the Books of Account.
   (iv) In our opinion, the said Balance Sheet and Statement of Profit & Loss Account dealt with by this report comply with the requirements of International Accounting Standards except otherwise stated in the Notes to the Accounts.
   (v) In our opinion and to the best of our information and according to the explanation given to us, the said statements of account read together with the Significant Accounting Policies and Notes thereon give a true and fair view.
      (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012
      (b) In the case of Statement of Profit & Loss Account of the loss of the Company for the year ended on 31st March 2012

for **J. K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

**(J. K. Jain)**
*Partner*
Membership No. 083140

Place: Panchkula
Date: 21.06.2012



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## BALANCE SHEET As on March 31, 2012

| Particulars | Note No. | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | | | |
| **(1) Shareholder's Funds** | | | | | |
| (a) Share Capital | 1 | 0.25 | 17.26 | 0.25 | 15.73 |
| (b) Reserves and Surplus | 2 | (26.40) | (1,836.86) | (20.13) | (1,267.00) |
| (c) Money received against Equity Share Capital | | 49.18 | 3,356.15 | 48.63 | 3,060.16 |
| **(2) Current Liabilities** | | | | | |
| (a) Trade Payables | 3 | 10.09 | 696.91 | 6.31 | 396.90 |
| (b) Other Current Liabilities | 4 | 0.33 | 22.95 | 0.25 | 15.87 |
| **Total** | | **33.46** | **2,256.41** | **35.30** | **2,221.66** |
| **II. ASSETS** | | | | | |
| **(1) Non-Current Assets** | | | | | |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 5 | 26.79 | 1,806.55 | 27.89 | 1,755.24 |
| (ii) Intangible Assets | | 2.17 | 146.06 | 2.68 | 168.77 |
| **(2) Current Assets** | | | | | |
| (a) Inventories | 6 | 0.19 | 12.55 | - | - |
| (b) Trade receivables | 7 | 4.17 | 281.07 | 4.20 | 264.54 |
| (c) Cash and cash equivalents | 8 | 0.05 | 3.36 | 0.33 | 20.46 |
| (d) Short-term loans and advances | 9 | 0.07 | 4.95 | 0.16 | 10.24 |
| (e) Other Current Assets | 10 | 0.03 | 1.88 | 0.04 | 2.41 |
| **Total** | | **33.46** | **2,256.41** | **35.30** | **2,221.66** |
| **Significant Accounting Policies** | | | | | |
| **Notes on financial statements** | 1 to 23 | | | | |

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Pawan Chaudhary)**
*Chairman Cum Managing Director*

**(Ashutosh Jain)**
*Chief Operating Officer*

Place: Panchkula
Dated: 21.06.2012

## STATEMENT OF PROFIT AND LOSS For the period ended on March 31, 2012

| Particulars | Note No. | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| I Revenue from operations | 11 | 17.54 | 1,138.15 | 18.57 | 1,168.68 |
| II Other Income | 12 | 0.16 | 10.58 | 0.12 | 7.30 |
| III **Total Revenue (I +II)** | | **17.70** | **1,148.73** | **18.69** | **1,175.98** |
| IV **Expenses:** | | | | | |
| Cost of Purchases | 13 | 10.35 | 688.33 | 11.41 | 717.79 |
| Change in Inventory of Finished goods, work-in-progress and Stock -in-trade | 14 | (0.19) | (12.38) | - | - |
| Employee Benefit Expenses | 15 | 6.39 | 425.38 | 4.88 | 306.79 |
| Finance Costs | 16 | 0.33 | 22.12 | 0.25 | 15.73 |
| Depreciation and Amortisation Expense | 17 | 1.74 | 115.82 | 1.70 | 107.14 |
| Other Expenses | 18 | 5.33 | 354.66 | 4.29 | 269.84 |
| **Total Expenses (IV)** | | **23.96** | **1,593.92** | **22.52** | **1,417.28** |
| V Profit before Tax | | **(6.26)** | **(445.19)** | **(3.83)** | **(241.29)** |
| VI Profit/(Loss) for the period | | **(6.26)** | **(445.19)** | **(3.83)** | **(241.29)** |
| **Significant Accounting Policies** | | | | | |
| **Notes on financial statements** | 1 to 23 | | | | |

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of Statement of Profit and Loss

This is the Statement of Profit & Loss referred to in our Report of even date.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Pawan Chaudhary)**
*Chairman Cum Managing Director*

**(Ashutosh Jain)**
*Chief Operating Officer*

Place: Panchkula
Dated: 21.06.2012

## CASH FLOW STATEMENT For the period ended on March 31, 2012

| Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|
| **A) CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net Profit before tax & extraordinary items | (6.26) | (445.19) | (3.83) | (241.29) |
| Adjustment for Depreciation | 1.74 | 115.82 | 1.70 | 107.14 |
| Interest received | (0.0049) | (0.32) | (0.0007) | (0.04) |
| Extraordinary Expenses | – | (123.14) | – | (26.97) |
| **Operating Profit before working capital changes** | **(4.53)** | **(452.83)** | **(2.13)** | **(161.16)** |
| Adjustments for increase /decrease in Current Assets | (0.05) | (23.26) | (2.01) | (132.25) |
| Decrease / Increase in Current Liabilities/ Provisions | 3.87 | 307.09 | (0.70) | (26.41) |
| Extraordinary items | | | | |
| **Net Cash Flow from operating activities (A)** | **(0.71)** | **(169.00)** | **(4.84)** | **(319.82)** |
| **B) CASH FLOW FROM INVESTMENT ACTIVITIES** | | | | |
| Sale/Purchase of Fixed Assets Including | (0.12) | (144.41) | (1.44) | (177.51) |
| Capitalisation of Expenses(NET) | | | | |
| Interest Received | 0.0049 | 0.32 | 0.0007 | 0.04 |
| **Net Cash Flow from Investing Activities (B)** | **(0.12)** | **(144.09)** | **(1.44)** | **(177.47)** |
| **C) CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| proceed from share capital(share premium) | 0.55 | 295.99 | 5.95 | 478.32 |
| **Net Cash from Financing Activities (C)** | **0.55** | **295.99** | **5.95** | **478.32** |
| **Net Increase in Cash & Cash Equivalents (A+B+C)** | **(0.28)** | **(17.11)** | **(0.33)** | **(18.97)** |
| Cash & Cash Equivalents as at 31.03.2012 | 0.05 | 3.36 | – | – |
| Cash & Cash Equivalents as at 31.03.2011 | 0.33 | 20.46 | 0.33 | 20.46 |
| Cash & Cash Equivalents as at 31.03.2010 | – | – | 0.65 | 39.43 |

Auditor's Report

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

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Pawan Chaudhary)**
*Chairman Cum Managing Director*

**(Ashutosh Jain)**
*Chief Operating Officer*

Place: Panchkula
Dated: 21.06.2012

Auditor's Report

We have verified the above Cash Flow Statement of M/s Venus Pharma GmbH for the year ended on 31st March 2012 from the books and records maintained by the Company and have found it in accordance therewith.

For **J.K. Jain & Associates**
*Chartered Accountants*
Registration No. 004025N

**(J.K. Jain)**
*Partner*
Membership No. 083140

Place: Panchkula
Dated: 21.06.2012

## SIGNIFICANT ACCOUNTING POLICIES

**(i) Accounting Concepts**

The accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and incomes to the extent ascertainable are accounted for on mercantile basis unless otherwise stated.

**(ii) Fixed Assets**

Fixed Assets are stated at historical cost (including expenses incurred on putting them to use) less accumulated depreciation and any accumulated impairment losses.

**(iii) Depreciation**

Depreciation amount of an asset is allocated on a systematic basis over the useful life of the asset. Impairment is recognised in accordance with IAS-36 'Impairment of Assets'.

**(iv) Inventories**

(a) **Stock of Work in Process:** - At material cost plus apportioned manufacturing overheads.

(b) **Stock of Finished Goods:** - At material cost plus apportioned manufacturing overheads and other costs incurred in bringing the inventories to their present location and condition or Net realisable value whichever is lower.

(c) Spares and Consumable – At Cost

**(v) Revenue Recognition**

Sale of goods and services are recognised when significant risks & rewards. of ownership are transferred to the buyer which generally coincides with the delivery. It is measured at the fair value of the consideration received or receivable. Sale is net of sale returns.

**(vi) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalised as part of cost of such assets till such time as the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the period in which incurred.

**(vii) Translation of Foreign Exchange Transactions**

All assets and liabilities are converted at rates prevailing at the end of the year.

All revenue items and expenses are converted at the average rate prevailing during the year.

Any exchange difference arising is recognised as foreign exchange translation reserve.

**(viii) Amortisation of Intangible Assets and Miscellaneous Expenditure**

As per IAS 38 An Entity assesses whether the useful life of an intangible asset is finite or infinite; the useful life is infinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows. The depreciable amount of an intangible asset with a finite life is amortised on a systematic basis over its useful life. An intangible asset with an indefinite useful life is not amortised, but is tested for impairment at least annually. Impairment of intangible asset is recognised in accordance with IAS 36 "Impairment of Assets".

The gain or loss on derecognition of an intangible asset is the difference between the net disposal proceeds, if any and the carrying amount of the item. The gain or loss is recognised in profit or loss.

**(ix) Provisions, Contingent Liabilities And Contingent Assets**

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

**(x) Impairment of Assets**

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

**(xi) Related Party Disclosures**

The related party disclosures like nature of relationship, information abouttransaction and outstanding balances with related parties, compensation of key Management personnel etc. are reported in accordance with IAS 24.

**(xii)** Accounting policies not specifically referred to are consistent with generally accepted accounting principles.



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## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 1 SHARE CAPITAL

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | **Authorised Share Capital** | 0.25 | 17.26 | 0.25 | 15.73 |
| | | 0.25 | 17.26 | 0.25 | 15.73 |
| 2 | **Issued, Subscribed & Paid Up Capital** | 0.25 | 17.26 | 0.25 | 15.73 |
| | **Total** | **0.25** | **17.26** | **0.25** | **15.73** |

1.2 The details of Shareholders holding more than 5% shares:

| Sr. No. | Name of Shareholders | No. of Shares (%) | No. of Shares (%) | No. of Shares (%) | No. of Shares (%) |
|---|---|---|---|---|---|
| 1 | Venus Remedies Limited | 100 | 100 | 100 | 100 |

### NOTE: 2 RESERVE & SURPLUS

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| **Foreign Exchange Translation Reserve** | | | | | |
| 1 | As per Last Balance Sheet | | (39.44) | | 92.75 |
| 2 | Add: During the year | | (124.67) | | (132.20) |
| | **Total** | | **(164.11)** | | **(39.44)** |
| **Surplus (Profit & Loss Account)** | | | | | |
| 1 | As per last Balance Sheet | (20.13) | (1,227.56) | (16.30) | (986.27) |
| 2 | Add: Profit / Loss for the period | (6.26) | (445.19) | (3.83) | (241.29) |
| | **Total** | | **(1,672.75)** | | **(1,227.56)** |
| | **Grand Total** | **(26.40)** | **(1,836.86)** | **(20.13)** | **(1,267.00)** |

### NOTE: 3 TRADE PAYABLES

| | | | | | |
|---|---|---|---|---|---|
| 1 | Trade Payables | 10.09 | 696.91 | 6.31 | 396.90 |
| | **Total** | **10.09** | **696.91** | **6.31** | **396.90** |

### NOTE: 4 OTHER CURRENT LIABILITIES

| | | | | | |
|---|---|---|---|---|---|
| 1 | Other Payable | 0.33 | 22.95 | 0.25 | 15.87 |
| | **Total** | **0.33** | **22.95** | **0.25** | **15.87** |

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 5 FIXED ASSET

(€ in Lacs)

| Sr. No. | | Rate | Gross Block: Value at the beginning | Gross Block: Addition during the year | Gross Block: Deduction during the year | Gross Block: Value at the end | Depreciation: Value at the beginning | Depreciation: Addition during the year | Depreciation: Deduction during the year | Depreciation: Value at the end | Net Block: WDV as on 31.03.2012 | Net Block: WDV as on 31.03.2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Land | - | 2.80 | - | - | 2.80 | - | - | - | - | 2.80 | 2.80 |
| 2 | Building | 3.00% | 26.54 | - | - | 26.54 | 4.25 | 0.80 | - | 5.04 | 21.50 | 22.29 |
| 3 | Building Premises | 10.00% | 0.56 | - | - | 0.56 | 0.27 | 0.06 | - | 0.33 | 0.23 | 0.29 |
| 4 | Out Door Facilities | 6.67% | 1.11 | - | - | 1.11 | 0.40 | 0.07 | - | 0.47 | 0.64 | 0.72 |
| 5 | Plant & Machinery | 7.69% | 2.21 | - | - | 2.21 | 0.90 | 0.17 | - | 1.07 | 1.14 | 1.31 |
| 6 | Plant & Equipment – I | 33.33% | 0.12 | 0.0026 | - | 0.12 | 0.06 | 0.03 | - | 0.08 | 0.04 | 0.07 |
| 7 | Plant & Equipment – II | 10.00% | 0.07 | - | - | 0.07 | 0.01 | 0.01 | - | 0.02 | 0.05 | 0.06 |
| 8 | Plant & Equipment – III | 20.00% | 0.01 | - | - | 0.01 | 0.01 | 0.003 | - | 0.01 | 0.0005 | 0.0032 |
| 9 | Plant & Equipment – IV | 12.50% | 0.13 | - | - | 0.13 | 0.05 | 0.02 | - | 0.07 | 0.06 | 0.07 |
| 10 | Plant & Equipment – V | 16.67% | 0.05 | 0.02 | - | 0.07 | 0.01 | 0.01 | - | 0.02 | 0.05 | 0.04 |
| 11 | Plant & Equipment – VI | 14.29% | 0.00 | - | - | 0.00 | 0.001 | 0.001 | - | 0.0011 | 0.0031 | 0.0037 |
| 12 | Warehouse Equipment – I | 9.09% | 0.01 | - | - | 0.01 | 0.004 | 0.001 | - | 0.005 | 0.004 | 0.01 |
| 13 | Warehouse Equipment – II | 6.67% | 0.23 | - | - | 0.23 | 0.07 | 0.02 | - | 0.09 | 0.15 | 0.16 |
| 14 | Computer | 33.33% | 0.03 | 0.0042 | - | 0.04 | 0.03 | 0.0005 | - | 0.03 | 0.005 | 0.001 |
| 15 | Miscellaneous Fixed Assets | 20.00% | 0.09 | 0.0034 | - | 0.09 | 0.09 | 0.004 | - | 0.09 | 0.004 | 0.005 |
| 16 | Office Equipment / F & F | 10.00% | 0.12 | - | - | 0.12 | 0.06 | 0.01 | - | 0.07 | 0.05 | 0.06 |
| 17 | Intellectual Property Rights | 20.00% | 3.33 | - | - | 3.33 | 0.64 | 0.52 | - | 1.16 | 2.17 | 2.68 |
| 18 | Vehicle | 50.00% | - | 0.09 | - | 0.09 | - | 0.03 | - | 0.03 | 0.06 | - |
| | **SUB TOTAL (A)** | | **37.43** | **0.12** | **-** | **37.55** | **6.85** | **1.74** | **-** | **8.59** | **28.95** | **30.57** |
| | **(Previous Year)** | | **35.99** | **1.44** | **-** | **37.43** | **5.15** | **1.70** | | **6.85** | **30.57** | **30.84** |

### NOTE : 5 FIXED ASSET

(₹ in Lacs)

| Sr. No. | | Rate | Gross Block: Value at the beginning | Gross Block: Addition during the year | Gross Block: Deduction during the year | Gross Block: Value at the end | Depreciation: Value at the beginning | Depreciation: Addition during the year | Depreciation: Deduction during the year | Depreciation: Value at the end | Net Block: WDV as on 31.03.2012 | Net Block: WDV as on 31.03.2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Land | - | 188.74 | - | - | 188.74 | - | - | - | - | 188.74 | 176.12 |
| 2 | Building | 3.00% | 1,785.21 | - | - | 1,785.21 | 282.47 | 52.96 | - | 335.43 | 1,449.78 | 1,402.93 |
| 3 | Building Premises | 10.00% | 37.73 | - | - | 37.73 | 18.21 | 3.75 | - | 21.96 | 15.77 | 18.27 |
| 4 | Out Door Facilities | 6.67% | 74.73 | - | - | 74.73 | 26.36 | 4.94 | - | 31.31 | 43.43 | 45.20 |
| 5 | Plant & Machinery | 7.69% | 148.05 | - | - | 148.05 | 60.09 | 11.31 | - | 71.40 | 76.66 | 82.23 |
| 6 | Plant & Equipment – I | 33.33% | 8.16 | 0.18 | - | 8.34 | 3.77 | 1.84 | - | 5.61 | 2.73 | 4.13 |
| 7 | Plant & Equipment – II | 10.00% | 4.65 | - | - | 4.65 | 0.69 | 0.46 | - | 1.15 | 3.50 | 3.70 |
| 8 | Plant & Equipment – III | 20.00% | 0.92 | - | - | 0.92 | 0.70 | 0.18 | - | 0.88 | 0.03 | 0.20 |
| 9 | Plant & Equipment – IV | 12.50% | 8.50 | - | - | 8.50 | 3.58 | 1.06 | - | 4.64 | 3.86 | 4.60 |
| 10 | Plant & Equipment – V | 16.67% | 3.62 | 1.37 | - | 5.00 | 0.60 | 0.77 | - | 1.37 | 3.63 | 2.83 |
| 11 | Plant & Equipment – VI | 14.29% | 0.28 | - | - | 0.28 | 0.03 | 0.04 | - | 0.07 | 0.21 | 0.23 |
| 12 | Warehouse Equipment – I | 9.09% | 0.62 | - | - | 0.62 | 0.28 | 0.06 | - | 0.33 | 0.29 | 0.32 |
| 13 | Warehouse Equipment – II | 6.67% | 15.76 | - | - | 15.76 | 4.66 | 1.04 | - | 5.70 | 10.06 | 10.37 |
| 14 | Computer | 33.33% | 2.22 | 0.28 | - | 2.50 | 2.14 | 0.03 | - | 2.17 | 0.33 | 0.08 |
| 15 | Miscellaneous Fixed Assets | 20.00% | 6.04 | 0.23 | - | 6.27 | 5.73 | 0.27 | - | 6.01 | 0.26 | 0.29 |
| 16 | Office Equipment / F & F | 10.00% | 7.76 | - | - | 7.76 | 3.76 | 0.77 | - | 4.53 | 3.23 | 3.75 |
| 17 | Intellectual Property Rights | 20.00% | 223.40 | - | - | 223.40 | 43.00 | 34.33 | - | 77.34 | 146.06 | 168.77 |
| 18 | Vehicle | 50.00% | - | 6.04 | - | 6.04 | - | 2.00 | - | 2.00 | 4.05 | - |
| | **SUB TOTAL (A)** | | **2,516.40** | **8.10** | **-** | **2,524.50** | **458.08** | **115.82** | **-** | **571.90** | **1,952.60** | **1,924.01** |
| | **(Previous Year)** | | **2,264.88** | **90.41** | **-** | **2,355.28** | **324.13** | **107.14** | | **431.28** | **1,924.01** | **1,866.11** |

### NOTE: 6 INVENTORIES

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Finished Goods | 0.19 | 12.55 | - | - |
| | **Total** | **0.19** | **12.55** | **-** | **-** |



VENUS® Enjoy Innovations

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 7 TRADE RECEIVABLES (Unsecured, Considered good)

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Others | 4.17 | 281.07 | 4.20 | 264.54 |
| | **Total** | **4.17** | **281.07** | **4.20** | **264.54** |

### NOTE: 8 CASH & CASH EQUIVALENT

| | | | | | |
|---|---|---|---|---|---|
| **1** | **Cash-in-Hand** | | | | |
| | Cash Balance | 0.01 | 0.58 | 0.01 | 0.32 |
| | **Sub Total (A)** | **0.01** | **0.58** | **0.01** | **0.32** |
| 2 | **Bank Balance** | | | | |
| | Sparkasse Bank | 0.04 | 2.57 | 0.23 | 14.56 |
| | Commerz Bank | 0.003 | 0.21 | 0.09 | 5.59 |
| | **Sub Total (B)** | **0.04** | **2.78** | **0.32** | **20.14** |
| | **Total [ A + B ]** | **0.05** | **3.36** | **0.33** | **20.46** |

### NOTE: 9 SHORT TERMS LOANS AND ADVANCES (Unsecured , Considered Good)

| | | | | | |
|---|---|---|---|---|---|
| 1 | Balance with Revenue Authorities under Indirect Taxes | 0.06 | 4.27 | 0.15 | 9.58 |
| 2 | Others Loans & Advances | 0.01 | 0.68 | 0.01 | 0.66 |
| | **Total** | **0.07** | **4.95** | **0.16** | **10.24** |

### NOTE: 10 OTHER CURRENT ASSETS

| | | | | | |
|---|---|---|---|---|---|
| 1 | Prepaid Expenses | 0.03 | 1.88 | 0.04 | 2.41 |
| | **Total** | **0.03** | **1.88** | **0.04** | **2.41** |

### NOTE: 11 REVENUE FROM OPERATIONS

| | | | | | |
|---|---|---|---|---|---|
| 1 | Sale of products | 17.54 | 1,138.15 | 18.57 | 1,168.68 |
| | **Total** | **17.54** | **1,138.15** | **18.57** | **1,168.68** |

### NOTE: 12 OTHER INCOME

| | | | | | |
|---|---|---|---|---|---|
| 1 | Perks Dr Sanjay | 0.04 | 2.87 | 0.07 | 4.13 |
| 2 | Vat Refund Spain | - | - | 0.02 | 1.24 |
| 3 | Insurance Recoveries | 0.08 | 5.47 | - | - |
| 4 | Interest received from Bank | 0.00 | 0.32 | 0.00 | 0.04 |
| 5 | Rent Received | 0.03 | 1.92 | 0.03 | 1.89 |
| | **Total** | **0.16** | **10.58** | **0.12** | **7.30** |

### NOTE: 13 COST OF PURCHASES

| | | | | | |
|---|---|---|---|---|---|
| 1 | Purchases | 10.35 | 688.33 | 11.41 | 717.79 |
| | **Total** | **10.35** | **688.33** | **11.41** | **717.79** |

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 14 CHANGE IN INVENTORIES

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| | **Opening Stock** | - | - | - | - |
| | | **-** | **-** | **-** | **-** |
| | **Closing Stock** | | | | |
| | Finished Goods | (0.19) | (12.38) | - | - |
| | **Total** | **(0.19)** | **(12.38)** | **-** | **-** |

### NOTE: 15 EMPLOYEE BENEFIT EXPENSES

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Salaries & Other Benefits | 6.38 | 424.43 | 4.86 | 305.82 |
| 2 | Staff Welfare Expenses | 0.01 | 0.95 | 0.02 | 0.96 |
| | **Total** | **6.39** | **425.38** | **4.88** | **306.79** |

### NOTE: 16 FINANCIAL COST

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Bank charges | 0.23 | 15.10 | 0.18 | 11.43 |
| 2 | Exchange Fluctuation | 0.00 | 0.00 | 0.01 | 0.51 |
| 3 | Interest Paid | 0.11 | 7.02 | 0.06 | 3.79 |
| | **Total** | **0.33** | **22.12** | **0.25** | **15.73** |

### NOTE: 17 DEPRECIATION & AMORTISED COST

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Depreciation | 1.74 | 115.82 | 1.70 | 107.14 |
| | **Total** | **1.74** | **115.82** | **1.70** | **107.14** |

### NOTE: 18 OTHER EXPENSES

**A. Manufacturing Expenses**

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Insurance | 0.11 | 7.53 | 0.08 | 5.24 |
| 2 | Electricity & Water Expenses | 0.33 | 22.12 | 0.32 | 20.22 |
| 3 | Trashing Cost | 0.03 | 2.12 | 0.05 | 3.24 |
| 4 | Freight Inwards | 0.03 | 1.90 | 0.03 | 1.78 |
| 5 | Heating Gas Expenses | 0.28 | 18.33 | 0.38 | 23.79 |
| 6 | Repair & Maintenance | | | | |
| | - Plant & Machinery | 0.06 | 4.07 | 0.06 | 3.83 |
| | - Building | 0.06 | 3.71 | 0.05 | 2.96 |
| | - Lab | 0.06 | 4.28 | 0.08 | 4.74 |
| 7 | Lab Consumables | 0.28 | 18.51 | 0.26 | 16.48 |
| 8 | Production Consumable | 0.16 | 10.71 | 0.08 | 4.75 |
| 9 | Washing Expenses | 0.04 | 2.59 | 0.03 | 1.66 |
| | **Total** | **1.44** | **95.88** | **1.41** | **88.70** |





## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 18 OTHER EXPENSES (Contd.)

**B. Selling and Distribution Expenses**

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | CPHI Expenses | 0.32 | 21.61 | 0.28 | 17.82 |
| 2 | Advertisement Expenses | 0.01 | 0.61 | 0.01 | 0.60 |
| 3 | Traveling and conveyance | 0.04 | 2.67 | 0.14 | 8.62 |
| 4 | Business Promotion Expenses | - | - | 0.02 | 0.95 |
| 5 | Product Registration & Licensing Fee | 1.18 | 78.56 | - | - |
| 6 | Other Selling Expenses | 1.20 | 79.71 | 1.12 | 70.70 |
| | **Total** | **2.75** | **183.16** | **1.57** | **98.69** |

**C. Administration Expenses**

| Sr. No. | Particulars | (€ In Lacs) As on 31.03.2012 | (₹ In Lacs) As on 31.03.2012 | (€ In Lacs) As on 31.03.2011 | (₹ In Lacs) As on 31.03.2011 |
|---|---|---|---|---|---|
| 1 | Legal and Professional Expenses | 0.33 | 22.16 | 0.34 | 21.15 |
| 2 | Postage, Telex & Telegram | 0.01 | 0.50 | 0.004 | 0.25 |
| 3 | Printing & Stationery | 0.03 | 1.66 | 0.03 | 1.89 |
| 4 | Car Leasing Expenses | 0.05 | 3.22 | 0.11 | 6.84 |
| 5 | Telephone Expenses | 0.04 | 2.94 | 0.06 | 3.99 |
| 6 | Entertainment Expenses | 0.01 | 0.44 | 0.01 | 0.45 |
| 7 | Rent of Equipment | 0.05 | 3.57 | 0.06 | 3.76 |
| 8 | Rate Fees & Taxes | 0.10 | 6.72 | 0.08 | 5.33 |
| 9 | Vehicle Running & Maintenance | 0.09 | 6.05 | 0.11 | 7.04 |
| 10 | Repair & Maintenance | | | | |
| | - Computer | 0.00 | 0.12 | 0.02 | 1.27 |
| | - Others | 0.00 | 0.29 | 0.01 | 0.38 |
| 11 | Inspection & Maintenance Charges | 0.04 | 2.34 | 0.05 | 3.21 |
| 12 | Land Tax | 0.18 | 11.92 | 0.17 | 10.98 |
| 13 | Software | 0.05 | 3.34 | 0.08 | 5.29 |
| 14 | News Paper Books & Periodicals | 0.00 | 0.03 | 0.00 | 0.04 |
| 15 | Prior Period Expenses | 0.03 | 1.90 | - | - |
| 16 | Audit Fee | 0.07 | 4.80 | 0.06 | 3.61 |
| 17 | Other Administrative Expenses | 0.05 | 3.61 | 0.11 | 6.97 |
| | **Total** | **1.14** | **75.62** | **1.31** | **82.45** |
| | **Grand Total** | **5.33** | **354.66** | **4.29** | **269.84** |

## NOTES ON FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

**NOTE: 19**

The Company is wholly owned subsidiary of Venus Remedies Limited, Panchkula, India. The entire share capital is from the parent company.

**NOTE: 20**

In the opinion of the Board, and to the best of their knowledge and belief the value on realisation of the current assets, loans & advances shown in the Balance Sheet in the ordinary course of business will be at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities has been made.

**NOTE: 21**

The Related party disclosure as required by IAS-24 (Related Party) issued by IASB.

| Related Party | Relationship | Nature of Transaction | Amount of Transaction |
|---|---|---|---|
| Venus Remedies Limited | Parent Company | Trading purchase (Incl. CTD) | Euro 10.35 lacs. |

**NOTE: 22**

In the books of Company a sum of Euro 2862 is recorded as Prior Period Expenses, Previous year it was Nil.

**NOTE: 23 CONTINGENT LIABILITIES** Nil

Auditor's Report

In terms of our separate report of even date annexed hereto

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Pawan Chaudhary)**
*Chairman Cum Managing Director*

**(Ashutosh Jain)**
*Chief Operating Officer*

Place: Panchkula
Dated: 21.06.2012



## CONSOLIDATED AUDITORS' REPORT

### AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF VENUS REMEDIES LIMITED. AND ITS WHOLLY OWNED SUBSIDIARY VENUS PHARMA GMBH.

*The Board of Directors of*
**VENUS REMEDIES LIMITED**
**PANCHKULA**

1. We have examined and audited the attached Consolidated Balance Sheet of M/s Venus Remedies Limited and its wholly owned subsidiary Venus Pharma GmbH as at 31st March 2012, and also the consolidated Statement of Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted audit of Venus Remedies Limited. in accordance with auditing standards generally accepted in India and also we have conducted audit of subsidiary, Venus Pharma GmbH according to generally accepted audit standards in Germany i.e "International Accounting Standards". These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

(a) in the case of the Consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiary as at 31st March, 2012,

(b) in the case of Consolidated Statement of Profit & Loss Account, of the Consolidated Profit of the Company and its subsidiary for the year then ended and

(c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its subsidiary for the year then ended.

For **J. K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

Place: Panchkula
Date: 21.06.2012

**J.K. Jain**
*Partner*
Membership No. 083140

## CONSOLIDATED BALANCE SHEET As on March 31, 2012

(₹ in Lacs)

| Particulars | Note No. | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **(1) Shareholder's Funds** | | | |
| (a) Share Capital | 1 | 974.20 | 912.91 |
| (b) Reserves and Surplus | 2 | 28853.45 | 22359.35 |
| (c) Money received against share warrants | | 901.85 | 419.58 |
| **(2) Non-Current Liabilities** | | | |
| (a) Long-Term Borrowings | 3 | 9913.33 | 8798.42 |
| (b) Deferred Tax Liabilities (Net) | 4 | 1163.89 | 924.23 |
| (c) Other Long term Liabilities | 5 | 24.03 | 24.48 |
| (d) Long Term Provisions | 6 | 249.90 | 194.23 |
| **(3) Current Liabilities** | | | |
| (a) Short-Term Borrowings | 7 | 8324.28 | 6316.59 |
| (b) Trade Payables | 8 | 1255.31 | 702.27 |
| (c) Other Current Liabilities | 9 | 4344.06 | 4006.55 |
| (d) Short-Term Provisions | 10 | 1398.81 | 1427.49 |
| Total | | **57403.10** | **46086.10** |
| **II. ASSETS** | | | |
| **(1) Non-Current Assets** | | | |
| (a) Fixed Assets | 11 | | |
| (i) Tangible Assets | | 18242.40 | 16972.49 |
| (ii) Intangible Assets | | 17296.16 | 12355.70 |
| (iii) Capital WIP | | 1778.02 | 1041.60 |
| (iv) Intangible Assets under Development | | 522.47 | 489.00 |
| (b) Long term loans and advances | 12 | 2600.67 | 1390.66 |
| **(2) Current Assets** | | | |
| (a) Inventories | 13 | 9631.66 | 7542.99 |
| (b) Trade receivables | 14 | 4060.32 | 3574.31 |
| (c) Cash and cash equivalents | 15 | 294.53 | 311.83 |
| (d) Short-term loans and advances | 16 | 2976.87 | 2387.21 |
| (e) Other Current Assets | 17 | – | 20.31 |
| Total | | **57403.10** | **46086.10** |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 37 | | |

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of Balance Sheet

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

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*



VENUS® Enjoy Innovations

## CONSOLIDATED STATEMENT OF PROFIT & LOSS For the period ended March 31, 2012

(₹ in Lacs)

| Particulars | Note No. | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| I. Revenue from operations | 18 | 40983.84 | 36308.56 |
| II. Other Income | 19 | 48.62 | 39.53 |
| **III. Total Revenue (I+II)** | | **41032.46** | **36348.09** |
| **IV. Expenses:** | | | |
| Cost of materials consumed | 20 | 23507.11 | 20539.55 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 21 | (915.68) | (390.30) |
| Employee Benefit Expenses | 22 | 2483.19 | 2038.49 |
| Finance Costs | 23 | 2748.51 | 1886.42 |
| Depreciation and Amortisation Expenses | 24 | 2522.53 | 1897.92 |
| Other Expenses | 25 | 5601.55 | 5112.71 |
| **Total Expenses (IV)** | | **35947.21** | **31084.79** |
| **V. Profit before Tax (III-IV)** | | **5085.25** | **5263.30** |
| **VI. Tax expense:** | | | |
| (1) Current tax | | 968.80 | 1004.97 |
| (2) Deferred tax | | 239.65 | 166.47 |
| (3) Mat Credit | | (830.92) | (529.95) |
| **VII. Profit/(Loss) for the period** | | 4707.72 | 4621.82 |
| **VIII. Earning per equity share:** | | | |
| (1) Basic | | 51.22 | 50.62 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 37 | | |

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of Statement of Profit and Loss

This is the Statement of Profit and Loss referred to in our Report of even date.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*

## CONSOLIDATED CASH FLOW STATEMENT For the period ended March 31, 2012

(PURSUANT TO CLAUSE NO. 32 OF THE LISTING AGREEMENT)

(₹ in Lacs)

| Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|
| **A) CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before tax & extraordinary items | 5,085 | 5,263 |
| Adjustment for Depreciation | 1,127 | 1,824 |
| Expenses Amortised | 1,395 | 86 |
| Adjustment of excess mat transferred to gen reserve | 381 | 530 |
| Interest Received | 12 | (5) |
| Effect of Exchange Fluctuation | 81 | 38 |
| **Operating Profit before working capital changes** | **8,082** | **7,737** |
| Adjustments for increase /decrease in Current Assets | (3,523) | (3,269) |
| Decrease / Increase in Current Liabilities/ Provisions | (391) | (734) |
| **Net Cash Flow from operating activities (A)** | **4,167** | **3,735** |
| **B) CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| Sale/Purchase of Fixed Assets Including | | |
| Capitalisation of Expenses (NET) | (8,733) | (8,202) |
| Increase/ Decrease in Capital work in progress | (770) | (1,445) |
| Interest Received | (12) | 5 |
| **Net Cash Flow from Investing Activities (B)** | **(9,515)** | **(9,643)** |
| **C) CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from Issue of Share Capital | 61 | 483 |
| proceed from share capital(share premium) | 1664 | 1,750 |
| Proceeds from share warrants | 482 | – |
| Proceeds from Long Term Borrowing (Net) | 1115 | 7,313 |
| Proceeds from Short term Borrowing( Net) | 2008 | (3,566) |
| **Net Cash from Financing Activities (C)** | **5330** | **5,980** |
| **Net Increase in Cash & Cash Equivalents (A+B+C)** | **(17)** | **72** |
| **Cash & Cash Equivalents as at 31.03.2011** | **312** | **–** |
| **Cash & Cash Equivalents as at 31.03.2012** | **295** | **–** |
| **Cash & Cash Equivalents as at 31.03.2011** | **–** | **312** |
| **Cash & Cash Equivalents as at 31.03.2010** | **–** | **240** |

AUDITOR'S REPORT

As per our separate report of even date

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*

AUDITORS' CERTIFICATE

We have verified the above Consolidated Cash Flow Statement of M/s. Venus Remedies Limited for the year ended on 31st March 2012 from the books and records maintained by the Company and have found it in accordance therewith.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

**(J.K. Jain)**
*Partner*
Membership No. 083140

Place: Panchkula
Dated: 21.06.2012





## SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### PRINCIPLES OF CONSOLIDATION

1. The consolidated financial statements relates to Venus Remedies Limited ('the Company') and its subsidiary "Venus Pharma GmbH" ('the Subsidiary'). The consolidated financial statements have been prepared on the following basis:

   a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard(AS)21-"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

   b) In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

   c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

   d) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and loss account as the profit or loss on disposal of investment in subsidiary.

   e) In case of associated companies where the Company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with accounting Standard (AS) 23-"Accounting for investments in associates in consolidated financial statements "issued by the Institute of Chartered Accountants of India.

   f) The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associated to the extent of its share, through its profit and loss account to the extent such change is attributable to the associated' profit and loss account and through its reserves for the balance, based on available information.

   g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Investment other than in subsidiaries and associates has been accounted as per Accounting Standard (AS-13) on "Accounting for Investments".

3. **Other significant accounting policies:**
   These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Venus Remedies Limited and its subsidiary.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 1 SHARE CAPITAL

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Authorised Share Capital** | | |
| | 15000000 Equity Shares of ₹ 10/- each. | 1,500.00 | 1,215.73 |
| | (Previous Year 12000000 Equity Shares of ₹ 10/- each) | | |
| | | 1,500.00 | 1,215.73 |
| 2 | **Issued, Subscribed & Paid Up Capital** | | |
| | 97,41,988 Equity Shares of ₹ 10/- each, Fully paid up | 974.20 | 912.91 |
| | (Previous year 91,29,094 Equity Shares of ₹ 10/- each) | | |
| | **Total** | **974.20** | **912.91** |

1.2 The details of Shareholders holding more than 5% shares:

| Sr. No. | Name of Shareholders | No. of Shares (%) | No. of Shares (%) |
|---|---|---|---|
| 1 | Sonata Investments Limited | 11,95,995 (12.28%) | 11,95,995 (13.10%) |
| 2 | Pawan Chaudhary | 11,82,002 (12.13%) | 11,82,002 (12.95%) |
| 3 | Sunev Pharma Solutions Limited | 12,00,000 (12.32%) | 6,00,000 (6.57%) |
| 4 | Manu Chaudhary | 9,71,000 (9.97%) | 9,71,000 (10.64%) |
| 5 | Morgan Stanley Mauritius Company Limited | 5,60,000 (5.75%) | 5,60,000 (6.13%) |

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

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

| Sr. No. | Name of Shareholders | No. of Shares | No. of Shares |
|---|---|---|---|
| 1 | Equity Shares at the beginning of the year | 9,129,094 | 8,473,091 |
| 2 | Add: Shares issued during the year | 612,894 | 656,003 |
| | **Equity Shares at the end of the year** | **9,741,988** | **9,129,094** |

1.4 The Company has issued 17.00 Lacs warrants @ ₹ 212.20 /- each to be converted into equity shares as under :

9.00 Lacs warrants shall be converted into 9.00 Lacs equity shares on or before 31.03.2014

8.00 Lacs warrants shall be converted into 8.00 Lacs equity shares on or before 31.03.2013

### NOTE: 2 RESERVE & SURPLUS

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Securities Premium** | | |
| | As per last Balance Sheet | 1,749.79 | - |
| | Add: Securities Premium collected on share issue | 1,663.97 | 1,749.79 |
| | **Total (A)** | **3,413.75** | **1,749.79** |
| 2 | **General Reserve** | | |
| | As per last Balance Sheet | 13,983.97 | 10,772.97 |
| | Add: Addition during the year | 3,000.00 | 3,000.00 |
| | Add : Mat Credit for Previous Years | 380.74 | - |
| | Add: Transfer from ESOP | - | 211.00 |
| | **Total (B)** | **17,364.70** | **13,983.97** |
| 3 | **Foreign Exchange Translation Reserve** | | |
| | Foreign Exchange Translation Reserve | | |
| | As per Last Balance Sheet | (184.23) | 92.75 |
| | Add: During the year | 449.80 | 91.47 |
| | **Total (C)** | **265.57** | **184.23** |

### NOTE: 2 RESERVE & SURPLUS (CONTD.)

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 4 | **Surplus (Profit & Loss Account)** | | |
| | As per last Balance Sheet | 6441.37 | 5137.59 |
| | Add: Profit for the period | 4707.72 | 4621.81 |
| | Less: Appropriations | | |
| | – Provision for Dividend | 292.26 | 273.87 |
| | (Dividend per Share ₹ 3 (Previous Year ₹ 3)) | | |
| | – Taxes on Dividend | 47.41 | 44.16 |
| | Less: Transfer to General Reserve | 3000.00 | 3000.00 |
| | **Total (D)** | **7809.42** | **6441.37** |
| | | | |
| | **Total (A+B+C+D)** | **28853.45** | **22359.35** |

### NOTE: 3 LONG TERM BORROWINGS

A. Secured Loans

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Term Loans | 7,535.75 | 6,558.00 |
| | Secured by first charge on Fixed Assets & second charge on current assets of the Company & personal guarantee of the promoter directors | | |
| 2 | Long Term Maturities of Vehicle loan obligation | 9.34 | 38.61 |
| | **Total** | **7,545.09** | **6,596.61** |



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

3.1 Maturity Profile of Term Loans are as set below:

| 1-2 Years | 2-3 Years | 3-4 Years | Beyond 4 years |
|---|---|---|---|
| 3,910.52 | 1,832.03 | 989.20 | 804.00 |

3.2 Maturity Profile of Vehicle Loan obligation are as set below:

| 1-2 Years | 2-3 Years |
|---|---|
| 9.23 | 0.11 |

B. Unsecured Loans

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Bonds | | |
| | Foreign Currency Convertible Bonds (45,95,833 bonds convertible at ₹ 364 per Equity Share outstanding and are of face value for ₹ 10 each and ₹ 354 as share premium) (Previous year 47,00,000 Bonds) | 2,368.23 | 2,201.82 |
| | **Total** | **2,368.23** | **2,201.82** |

### NOTE : 4 DEFERRED TAX LIABILITY (NET)

| | | | |
|---|---|---|---|
| 1 | Deferred Tax Liability | 1,163.89 | 924.23 |
| | **Total** | **1,163.89** | **924.23** |

### NOTE : 5 OTHER LONG TERM LIABILITIES

| | | | |
|---|---|---|---|
| 1 | Bond Security Staff | 13.17 | 17.91 |
| 2 | Security Retained from Contractors | 3.31 | 0.42 |
| 3 | Security in lieu of C Form | 1.29 | 1.24 |
| 4 | Security from Stockist | 4.91 | 4.91 |
| 5 | Social Security | 1.35 | – |
| | **Total** | **24.03** | **24.48** |

### NOTE : 6 LONG TERM PROVISION

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Provision For Employees Benefit** | | |
| | Provision for Gratuity | 149.62 | 117.71 |
| | Provision for Leave Encashment | 100.28 | 76.52 |
| | **Total** | **249.90** | **194.23** |

### NOTE : 7 SHORT TERM BORROWINGS

(Secured Loan)

| | | | |
|---|---|---|---|
| 1 | **Working Capital Loan from Bank** | 8,324.28 | 6,316.59 |
| | Secured by first charge on current assets of the Company & second charge on fixed assets & further secured by personal Guarantee of Promoter Directors | | |
| | **Total** | **8,324.28** | **6,316.59** |

### NOTE: 8 TRADE PAYABLES

| | | | |
|---|---|---|---|
| 1 | Micro, Small and Medium Enterprises | 77.95 | 75.24 |
| 2 | Others | 1177.36 | 627.03 |
| | **Total** | **1255.31** | **702.27** |

### NOTE : 9 OTHER CURRENT LIABILITIES

| | | | |
|---|---|---|---|
| 1 | Current Maturities of Short Term Debt (Refer Note No. 3) | 3,760.25 | 3525.53 |
| 2 | Current Maturities of Vehicle Loan (Refer Note No. 3) | 32.55 | 40.48 |
| 3 | Advance From Customers | 102.67 | 113.93 |
| 4 | Creditors for Capital Expenditure | 98.19 | 42.05 |
| 5 | Unclaimed Dividends | 46.86 | 45.55 |
| 6 | Creditor For Expenses | 107.83 | 66.32 |
| 7 | Other Payable | 195.71 | 172.69 |
| | **Total** | **4344.06** | **4006.55** |

9.1 During the previous Year 2011-12 company has transferred an amount of ₹ 4.39 Lacs to Investor Education and Protection Fund

9.2 Unclaimed Dividend payable does not include any amounts to be credited to Investor Education and Protection Fund

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 10 SHORT TERM PROVISIONS

| | | | |
|---|---|---|---|
| | Others | | |
| 1 | Provision for Taxation | 968.80 | 1004.97 |
| 2 | Provision for Dividend | 292.26 | 273.87 |
| 3 | Provision for Dividend Tax | 47.41 | 44.16 |
| 4 | Provision for MIT | 86.70 | 96.36 |
| 5 | Provision for Excise Duty on Finished Goods | 3.65 | 8.12 |
| | **Total** | **1398.81** | **1427.49** |

### NOTE : 11 FIXED ASSET - PARENT COMPANY

(₹ in Lacs)

| | | | Gross Block | | | | Depreciation | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | | Rate | Value at the beginning | Addition during the year | Deduction during the year | Value at the end | Value at the beginning | Addition during the year | Value at the end | WDV as on 31.03.2012 | WDV as on 31.03.2011 |
| I | **Tangible Assets** | | | | | | | | | | |
| 1 | Land | 0.00% | 588.45 | 235.16 | - | 823.61 | - | - | - | 823.61 | 588.45 |
| 2 | Building | 3.34% | 4194.46 | 115.74 | - | 4310.20 | 441.70 | 141.46 | 583.16 | 3727.04 | 3752.77 |
| 3 | Building for R & D | 3.34% | 1197.71 | 40.25 | - | 1237.97 | 158.92 | 41.34 | 200.26 | 1037.71 | 1038.80 |
| 4 | Plant & Machinery | 4.75% | 5939.52 | 500.89 | - | 6440.40 | 912.56 | 289.38 | 1201.93 | 5238.47 | 5026.96 |
| 5 | R & D Pilot Plant | 4.75% | 575.31 | 164.23 | - | 739.54 | 78.24 | 28.75 | 106.99 | 632.55 | 497.06 |
| 6 | R & D Equipment | 4.75% | 1921.48 | 285.47 | - | 2206.95 | 469.98 | 94.88 | 564.86 | 1642.09 | 1451.50 |
| 7 | Computer, It and Communication Equipment | 16.21% | 1163.14 | 382.64 | - | 1545.78 | 477.30 | 203.29 | 680.59 | 865.18 | 685.83 |
| 8 | D G Set | 13.91% | 143.42 | 0.57 | - | 144.00 | 53.85 | 20.01 | 73.86 | 70.14 | 89.57 |
| 9 | Electrical Installation | 4.75% | 531.93 | 94.47 | - | 626.40 | 88.26 | 26.45 | 114.71 | 511.69 | 443.67 |
| 10 | Furniture & Fixture | 6.33% | 432.19 | 29.06 | - | 461.25 | 100.54 | 28.22 | 128.76 | 332.48 | 331.65 |
| 11 | Lab Equipment | 7.07% | 524.92 | 252.86 | - | 777.78 | 125.25 | 51.92 | 177.17 | 600.60 | 399.67 |
| 12 | Misc. Fixed Assets | 4.75% | 330.83 | 54.90 | - | 385.73 | 68.60 | 16.32 | 84.92 | 300.81 | 262.23 |
| 13 | Office Equipment/ Security Equipment | 7.07% | 204.42 | 18.47 | - | 222.89 | 47.32 | 14.67 | 61.99 | 160.90 | 157.10 |
| 14 | Pollution Control | 4.75% | 231.46 | 15.00 | - | 246.46 | 31.09 | 11.17 | 42.26 | 204.19 | 200.37 |
| 15 | Vehicles | 9.50% | 446.50 | 43.19 | 2.85 | 486.83 | 154.87 | 43.57 | 198.45 | 288.39 | 291.62 |
| | **SUB TOTAL (A)** | | **18425.73** | **2232.89** | **2.85** | **20655.77** | **3208.48** | **1011.43** | **4219.92** | **16435.86** | **15217.25** |
| II | **Intangible Assets** | | | | | | | | | | |
| 1 | Patent IPR Technologies | | 13506.76 | 6338.15 | - | 19844.91 | 1319.83 | 1374.98 | 2694.81 | 17150.10 | 12186.93 |
| | **SUB TOTAL (B)** | | **13506.76** | **6338.15** | **-** | **19844.91** | **1319.83** | **1374.98** | **2694.81** | **17150.10** | **12186.93** |
| III | **Capital Work-in-progress** | | | | | | | | | | |
| 1 | Building Under Construction | | 575.56 | 762.75 | - | 1338.31 | - | - | - | 1338.31 | 575.56 |
| 2 | Plant & Machinery | | 381.48 | 300.79 | 405.60 | 276.67 | - | - | - | 276.67 | 381.48 |
| 3 | Electrical | | 2.42 | 0.46 | 2.25 | 0.62 | - | - | - | 0.62 | 2.42 |
| 4 | R & D Block | | 82.15 | 185.69 | 105.42 | 162.42 | - | - | - | 162.42 | 82.15 |
| | **SUB TOTAL (C)** | | **1041.60** | **1249.69** | **513.28** | **1778.02** | **-** | **-** | **-** | **1778.02** | **1041.60** |
| IV | **Intangible Assets Under Development** | | 489.00 | 400.80 | 367.33 | 522.47 | - | | - | 522.47 | 489.00 |
| | **SUB TOTAL (D)** | | **489.00** | **400.80** | **367.33** | **522.47** | **-** | **-** | **-** | **522.47** | **489.00** |
| | **Total [A + B + C + D] (Current Year)** | | **33463.10** | **10221.53** | **883.45** | **42801.17** | **4528.32** | **2386.41** | **6914.73** | **35886.45** | **28934.78** |
| | **(Previous Year)** | | **23907.54** | **8030.66** | **5.70** | **31932.49** | **2823.95** | **1704.37** | **4528.32** | **27404.18** | **21083.59** |

### NOTE : 11 FIXED ASSET - SUBSIDIARY COMPANY

(₹ in Lacs)

| | | | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | | Rate | Value at the beginning | Addition during the year | Deduction during the year | Value at the end | Value at the beginning | Addition during the year | Deduction During the year | Value at the end | WDV as on 31.03.2012 | WDV as on 31.03.2011 |
| 1 | Land | - | 188.74 | - | - | 188.74 | - | - | - | - | 188.74 | 176.12 |
| 2 | Building | 3.00% | 1785.21 | - | - | 1785.21 | 282.47 | 52.96 | - | 335.43 | 1449.78 | 1402.93 |
| 3 | Building Premises | 10.00% | 37.73 | - | - | 37.73 | 18.21 | 3.75 | - | 21.96 | 15.77 | 18.27 |
| 4 | Out Door Facilities | 6.67% | 74.73 | - | - | 74.73 | 26.36 | 4.94 | - | 31.31 | 43.43 | 45.20 |
| 5 | Plant & Machinery | 7.69% | 148.05 | - | - | 148.05 | 60.09 | 11.31 | - | 71.40 | 76.66 | 82.23 |
| 6 | Plant & Equipment - I | 33.33% | 8.16 | 0.18 | - | 8.34 | 3.77 | 1.84 | - | 5.61 | 2.73 | 4.13 |
| 7 | Plant & Equipment - II | 10.00% | 4.65 | - | - | 4.65 | 0.69 | 0.46 | - | 1.15 | 3.50 | 3.70 |
| 8 | Plant & Equipment - III | 20.00% | 0.92 | - | - | 0.92 | 0.70 | 0.18 | - | 0.88 | 0.03 | 0.20 |
| 9 | Plant & Equipment - IV | 12.50% | 8.50 | - | - | 8.50 | 3.58 | 1.06 | - | 4.64 | 3.86 | 4.60 |
| 10 | Plant & Equipment - V | 16.67% | 3.62 | 1.37 | - | 5.00 | 0.60 | 0.77 | - | 1.37 | 3.63 | 2.83 |
| 11 | Plant & Equipment - VI | 14.29% | 0.28 | - | - | 0.28 | 0.03 | 0.04 | - | 0.07 | 0.21 | 0.23 |
| 12 | Warehouse Equipment - I | 9.09% | 0.62 | - | - | 0.62 | 0.28 | 0.06 | - | 0.33 | 0.29 | 0.32 |
| 13 | Warehouse Equipment - II | 6.67% | 15.76 | - | - | 15.76 | 4.66 | 1.04 | - | 5.70 | 10.06 | 10.37 |
| 14 | Computer | 33.33% | 2.22 | 0.28 | - | 2.50 | 2.14 | 0.03 | - | 2.17 | 0.33 | 0.08 |
| 15 | Miscellaneous Fixed Assets | 20.00% | 6.04 | 0.23 | - | 6.27 | 5.73 | 0.27 | - | 6.01 | 0.26 | 0.29 |
| 16 | Office Equipment / F & F | 10.00% | 7.76 | - | - | 7.76 | 3.76 | 0.77 | - | 4.53 | 3.23 | 3.75 |
| 17 | Intellectual Property Rights | 20.00% | 223.40 | - | - | 220.40 | 43.00 | 34.33 | - | 77.34 | 146.06 | 168.77 |
| 18 | Vehicle | 50.00% | - | 6.04 | - | 6.04 | - | 2.00 | - | 2.00 | 4.05 | - |
| | **SUB TOTAL (A)** | | **2516.20** | **8.10** | **-** | **2524.30** | **458.08** | **115.82** | **-** | **571.70** | **1952.60** | **1924.01** |
| | **(Previous Year)** | | **2264.88** | **90.41** | **-** | **2355.28** | **324.13** | **107.14** | **-** | **431.28** | **1924.01** | **1866.11** |





## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 12 LONG TERM LOANS AND ADVANCES

(Unsecured, Considered good) (₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Security Deposit | 17.82 | 19.47 |
| 2 | Other Loans & Advances | | |
| | Mat Credit | 2,582.85 | 1,371.19 |
| | **Total** | **2,600.67** | **1,390.66** |

### NOTE : 13 INVENTORIES

| | | | |
|---|---|---|---|
| 1 | Raw Material | 5216.42 | 3998.20 |
| 2 | Work-in-Progress | 2261.06 | 1588.37 |
| 3 | Finished Goods | 2028.42 | 1785.25 |
| 4 | Consumables | 11.86 | 21.19 |
| 5 | Stores & Spares | 17.34 | 29.74 |
| 6 | Printing & Stationary | 9.86 | 23.87 |
| 7 | Goods-in-transit | | |
| | a) Raw Material | 67.78 | 78.09 |
| | b) Packing Material | 10.43 | 18.28 |
| | c) Others | 8.49 | - |
| | **Total** | **9631.66** | **7542.99** |

13.1 Inventories are valued as per method described in significant accounting policies.

### NOTE : 14 TRADE RECEIVABLES

(Unsecured, Considered good)

| | | | |
|---|---|---|---|
| 1 | Outstanding for more than six months | 14.25 | 7.83 |
| 2 | Others | 4,046.06 | 3,566.48 |
| | **Total** | **4,060.31** | **3,574.31** |

14.1 The Company has sent letter of balance confirmation to all the parties but only a few have responded so far. So the balance in the party accounts whether in debit or credit are subject to reconciliation.

### NOTE : 15 CASH & CASH EQUIVALENT

| | | | |
|---|---|---|---|
| 1 | **Cash-in-Hand** | | |
| | Cash Balance | 5.96 | 4.55 |
| | Foreign Exchange in Hand | 1.03 | 1.53 |
| | **Sub Total (A)** | **6.99** | **6.07** |
| 2 | **Bank Balance** | | |
| | In current Accounts | 94.89 | 227.32 |
| | **Sub Total (B)** | **94.89** | **227.32** |
| 3 | **Fixed Deposits** | | |
| | Fixed Deposit being Margin Money | 192.66 | 78.44 |
| | **Sub Total (C)** | **192.66** | **78.44** |
| | **Total [A+B+C]** | **294.53** | **311.83** |

15.1 Balance with Banks includes Unclaimed Dividend of ₹ 46.85 Lacs (Previous Year ₹ 45.57 Lacs)

15.2 Fixed deposits with banks include deposits of ₹ 1.3 Lacs (Previous year ₹ 0.30 Lacs) with the maturity of more than 12 months.

15.3 An amount of ₹ 192.65 Lacs (Previous Year ₹ 78.44 Lacs) is held with Banks as margin money for Bank Guarantees/ Letter of Credit

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE: 16 SHORT TERMS LOANS AND ADVANCES

(Unsecured, Considered good)

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Balance with Revenue Authorities under Indirect Taxes | 30.18 | 13.07 |
| 2 | Loan to Staff | 84.24 | 134.56 |
| 3 | Other Loans & Advances | 2,862.45 | 2239.59 |
| | (Advance Recoverable in cash or in kind or for value to be considered good) | | |
| | **Total** | **2,976.87** | **2387.21** |

16.1 Other Loans and Advances includes Advances to suppliers, Prepaid Expenses, Advance Income Tax & TDS Receivable etc.

### NOTE : 17 OTHER CURRENT ASSETS

| | | | |
|---|---|---|---|
| 1 | Research & Development | - | 20.31 |
| | (to the extent not written off) | | |
| | **Total** | **-** | **20.31** |

### NOTE : 18 REVENUE FROM OPERATIONS

| | | | |
|---|---|---|---|
| 1 | Sale of Products | 40610.01 | 36367.86 |
| 2 | Income from Research Activities | 346.57 | - |
| 3 | Other Operating Revenue | 101.07 | - |
| | **Total** | **41057.65** | **36367.86** |
| | Less : Excise Duty | 73.80 | 59.31 |
| | **Total** | **40983.84** | **36308.56** |

### NOTE : 19 OTHER INCOME

| | | | |
|---|---|---|---|
| 1 | Bank Interest | 11.98 | 4.55 |
| 2 | Misc. Income (Recovery & Income) | 24.57 | 25.39 |
| 3 | Insurance Claim Received | 6.53 | 4.16 |
| 4 | Income from Sales of Scrap | 3.62 | 5.43 |
| 5 | Rent Received | 1.92 | - |
| | **Total** | **48.62** | **39.53** |

### NOTE : 20 COST OF MATERIAL CONSUMED

| | | |
|---|---|---|
| Opening Stock | 3998.20 | 3106.76 |
| Add : Purchases | 24725.33 | 21430.99 |
| **Total** | **28723.53** | **24537.75** |
| Less : Closing Stock | 5216.42 | 3998.20 |
| **Total** | **23507.11** | **20539.55** |



VENUS
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## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

### NOTE : 21 CHANGE IN INVENTORIES

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | **Opening Stock** | | |
| | - Finished Goods | 1785.25 | 1639.68 |
| | - Work in progress | 1588.37 | 1343.65 |
| | **Total** | **3373.63** | **2983.33** |
| 2 | **Closing Stock** | | |
| | - Finished Goods | 2028.24 | 1785.25 |
| | - Work in progress | 2261.06 | 1588.37 |
| | **Total** | **(915.68)** | **(390.30)** |

### NOTE : 22 EMPLOYEE BENEFIT EXPENSES

| | | | |
|---|---|---|---|
| 1 | Salaries & Wages | 2297.29 | 1903.09 |
| 2 | Contribution to Provident Fund and other funds | 131.04 | 120.82 |
| 3 | Staff Welfare Expenses | 54.86 | 14.57 |
| | **Total** | **2483.19** | **2038.49** |

### NOTE : 22 FINANCIAL COST

| | | | |
|---|---|---|---|
| 1 | Interest Expenses | 2455.38 | 1724.32 |
| 2 | Exchange Fluctuation | 121.54 | 22.38 |
| 3 | Other Borrowing Cost | 171.59 | 139.72 |
| | **Total** | **2748.51** | **1886.42** |

### NOTE : 24 DEPRECIATION & AMORTISED COST

| | | | |
|---|---|---|---|
| 1 | Depreciation | 1127.24 | 916.40 |
| 2 | Amortisation of Intangible Assets | 1374.98 | 895.11 |
| 3 | Preliminary Expenses W/O | 20.31 | 86.41 |
| | **Total** | **2522.53** | **1897.92** |

### NOTE: 25 OTHER EXPENSES

**A. Manufacturing Expenses**

| | | | |
|---|---|---|---|
| 1 | Power & Fuel | 271.30 | 272.02 |
| 2 | Consumables | 127.81 | 110.46 |
| 3 | Repair & Maintenance | | |
| | - Building | 19.07 | 41.11 |
| | - Electrical | 10.49 | 14.73 |
| | - Plant & Machinery | 40.95 | 57.45 |
| | - Lab | 4.28 | 4.74 |
| 4 | Other Manufacturing Expenses | 121.21 | 112.17 |
| | **Total** | **595.11** | **612.68** |

# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

NOTE: 25 OTHER EXPENSES *(Contd.)*

B. Administration Expenses

(₹ in Lacs)

| Sr. No. | Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|---|
| 1 | Rent | 7.61 | 3.06 |
| 2 | Rates, Fee & Taxes | 10.16 | 8.82 |
| 3 | Insurance | 19.17 | 11.03 |
| 4 | Legal and Professional Expenses | 84.19 | 79.61 |
| 5 | Postage, Telex & Telegram | 3.68 | 4.87 |
| 6 | Printing & Stationery | 43.23 | 63.54 |
| 7 | Telephone Expenses | 31.58 | 32.40 |
| 8 | Traveling & Conveyance: | | |
| | - Staff | 35.20 | 30.15 |
| | - Directors | 18.16 | 15.59 |
| | - Others | 0.62 | 10.41 |
| 9 | Running, Repair & Maintenance : | | |
| | - Vehicles | 77.92 | 81.28 |
| | - Computer | 12.40 | 19.33 |
| | - Others | 7.82 | 8.30 |
| 10 | Auditors' Fees | 19.84 | 15.36 |
| 11 | Directors Remuneration | 145.84 | 89.06 |
| 12 | Other Administrative Expenses | 94.93 | 134.52 |
| 13 | Other Corporate Expenses | 132.27 | 130.80 |
| | **Total** | **744.62** | **738.13** |

C. Selling and Distribution Expenses

| | | | |
|---|---|---|---|
| 1 | Discount / Commission | 881.32 | 647.81 |
| 2 | Other Selling Expenses | 546.75 | 496.13 |
| 3 | Advertisement & Sales Promotion | 642.08 | 497.57 |
| 4 | Sample Distribution | 33.32 | 179.58 |
| 5 | Incentive to Field Force | 194.96 | 160.59 |
| 6 | Traveling and conveyance Field Staff (Incl. Hotel) | 547.48 | 496.67 |
| | **Total** | **2845.92** | **2478.34** |

D. Research and Development Expenses

| | | | |
|---|---|---|---|
| 1 | Remuneration of R & D Staff | 395.71 | 356.41 |
| 2 | R & D Expenses | 413.22 | 357.12 |
| 3 | Material used for Development of new products | 498.36 | 481.61 |
| 4 | R & D Consumables | 108.61 | 88.40 |
| | **Total** | **1415.90** | **1283.55** |
| | **GRAND TOTAL** | **5601.55** | **5112.71** |



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

NOTE : 26 AUDITOR'S REMUNERATION

(₹ in Lacs)

| Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|
| Statutory Audit Fees | 7.37 | 5.90 |
| Tax Audit Fee | 1.25 | 1.00 |
| Management Matters | 5.38 | 4.14 |
| Add : Service tax | 1.03 | 0.71 |
| **Total** | **15.04** | **11.75** |

NOTE: 27 RELATED PARTY DISCLOSURES

In the Parent Company disclosure as required by AS-18 (Related Party) issued by ICAI

(i) List of related parties where control exist and related parties with whom transactions have taken place and relationship:

| Sr. No. | Name of Related Party | Relationship |
|---|---|---|
| 1 | Sunev Pharma Solutions Ltd. | Associates |
| 2 | Venus Pharma Gmbh | Subsidiary |
| 3 | Mr. Pawan Chaudhary<br>Mrs. Manu Chaudhary<br>Mr. Peeyush Jain<br>Mr. Ashutosh Jain | Key Managerial Personnel |

(ii) Transactions during the year with related parties:

| Sl No. | Nature of Transaction | Associates | Key Managerial Personnel | Total Current Year | Total Previous Year |
|---|---|---|---|---|---|
| 1 | Allotment of Share Capital | 1678.32 | - | 1678.32 | 1678.32 |
| 2 | Money received against share warrants | 901.85 | - | 901.85 | 419.58 |
| 3 | Sales | 1461.59 | - | 1461.59 | 139.99 |
| 4 | Purchases and reimbursement | 2228.23 | - | 2228.23 | 336.66 |
| 5 | Advance for In licensing of Technology | 1831.78 | - | 1831.78 | 748.74 |
| 6 | Payment to Key Managerial Personnel | - | 145.84 | 145.84 | 122.96 |

NOTE: 28

The Parent company operates only in one business segment viz. "Pharmaceutical Formulation" and is engaged in manufacturing and trading of medicines. Since in the opinion of management, the inherent nature of activities engaged by the Company are governed by the same set of risks and rewards, so these have been grouped and identified as a single segment in accordance with the Accounting Standard on Segment Reporting (AS-17) issued by ICAI.

NOTE: 29

In the opinion of the board, and to the best of their knowledge and belief, the value on realisation of the current assets, loans & advance shown in the Balance Sheet in the ordinary course of business will be at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities has been made.

NOTE: 30

The wholly Owned Subsidiary "Venus Pharma GmbH" was operated at Werne, Germany, Accordingly, the Balance Sheet of Wholly Owned Subsidiary has been consolidated alone with the Parent Company in accordance with the Accounting Standard on Consolidated Financial Statement" (AS-21)

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended March 31, 2012

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year preparation

**NOTE: 31**

During the year company has issued 17.00 lacs. Shares warrants to Sunev Pharma Solutions Limited. Allotted 6.00 lacs. Shares on conversion of already issued 6.00 lacs share warrants. The Company has also allotted 12,894 equity shares to FCCB holders as per the option exercised by bond holders.

**NOTE: 32**

The audited/unaudited financial statements of foreign subsidiaries/associates have been prepared in accordance with Generally Accepted Principles of its Country of Incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries are not material.

**NOTE : 33 CONTINGENT LIABILITIES**

(Not provided for in the books of accounts)

(In the books of Parent Company)

(₹ in Lacs)

| Particulars | As on 31.03.2012 | As on 31.03.2011 |
|---|---|---|
| (a) Letter of Credit / Bank Guarantees-Inland | 253.70 | 204.82 |
| (b) Bank Guarantee Foreign | 11.85 | 53.53 |
| (c) Letter of Credit Foreign | 51.12 | 189.95 |
| (d) Interest on FCCB | 94.73 | |

There is no liability in the books of Subsidiary Company.

**NOTE: 34**

During the year, both the parent & subsidiary company has undertaken a review of all fixed assets in line with the requirements of AS-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Based on such review, no provision for impairment is required to be recognised for the year.

**NOTE: 35**

The figures in the Balance Sheet and Profit & Loss Account for the year have been rounded off to nearest multiple of rupee in lacs.

**NOTE: 36**

In the books, Parent company has provided for gratuity and leave encashment as per valuation which was done as required under accounting standard (AS-15) "accounting for retirement benefits". Whereas in subsidiary the Employee law prevailing in the state are complied with.

**NOTE: 37**

Similar to the previous years, the parent company has made investments in its intellectual Property rights wealth, R&D Equipment and infrastructure during the current year also. As a result of it, the Company has been granted patents rights from USA, Japan, South Africa among others. The Company has got the patent award from Phamexcil for the financial year 2011-12 Company's new R&D product ACHNIL, a once a day pain killer has been awarded the BIOSPECTRUM PRODUCT OF THE YEAR.

Auditors' Report In term of our separate report of even date annexed here to.

For **J.K. Jain & Associates**
*Chartered Accountants*
Firm Registration No. 004025N

For and on behalf of the Board of Directors

**(J.K. Jain)**
*Partner*
Membership No. 083140

**(Peeyush Jain)**
*Deputy Managing Director*

**(Pawan Chaudhary)**
*Chairman cum Managing Director*

Place: Panchkula
Dated: 21.06.2012

**(Neha Kodan)**
*Company Secretary*

**(Ajeet Kapoor)**
*DGM (Accounts)*



# CORPORATE INFORMATION

### Board of Directors

Mr. Pawan Chaudhary, *Chairman & Managing Director*
Mrs. Manu Chaudhary, *Joint Managing Director*
Mr. Peeyush Jain, *Dy. Managing Director*
Mr. Ashutosh Jain, *Executive Director*
Dr. Gilbert Wenzel
Dr. S. K. Chadha
Mr. Jagdish Chander
Mr. Hari Pal Verma

### Bankers

State Bank of India
IDBI Bank Ltd
Allahabad Bank
HDFC Bank Ltd

### Statutory Auditors

M/s J. K. Jain & Associates

### Internal Auditors

M/s Prem Garg & Associates

### Cost Auditors

M/s C. L. Bansal & Associates

### Advisors - Corporate Finance

M/s Emm Bee Financial Services Ltd

### Corporate Advisor

Mr. Atul V. Sood

### Registered Office

S.C.O. 857, C. No. 10, IInd Floor, NAC Manimajra
Chandigarh - 160101 (INDIA)

### Corporate Office and Unit – I

Plot 51-52, Industrial Area, Phase-I,
Panchkula (Haryana) - 134 113 (INDIA)

### Unit-II

Hill Top Industrial Estate, Near Jharmajri, E.P.I.P.
Phase - I, (Extention) Village Bhatoli Kalan,
Baddi, Himachal Pradesh - 173 205 (INDIA)

### Venus Medicine Research Centre

Hill Top Industrial Estate, Near Jharmajri, E.P.I.P.
Phase - I, (Extention) Village Bhatoli Kalan,
Baddi, Himachal Pradesh - 173 205 (INDIA)

### Wholly owned Subsidiary

Venus Pharma GmbH
Am Bahnhof 1-3,D-59368
Werne, Germany
Website: www.venuspharma.de

### Board Committees

Audit Committee
Share Transfer & Shareholders Grievance Committee
Remuneration Committee
Executive Committee of Board of Directors

### Executive Committees

Co-Management Committee
Value Addition Committee
Asset Management Committee
Administrative Reforms Committee
Quality Harmonisation Committee

### Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Phase-II, Naraina Ind.
Area, New Delhi - 110 028

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