

ENCASHING

Venus Remedies Limited | Annual Report 2012-13

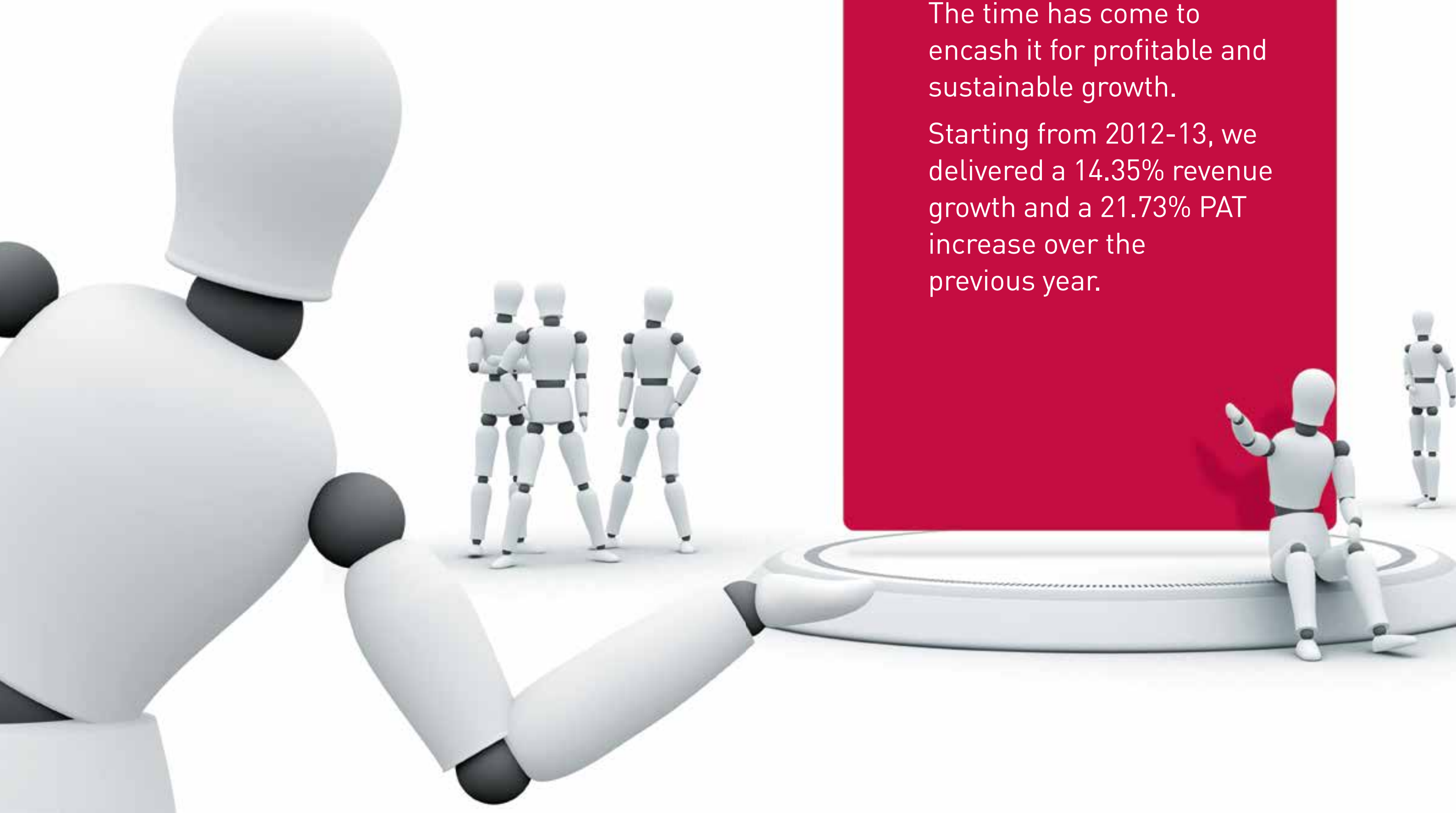
Between the pages

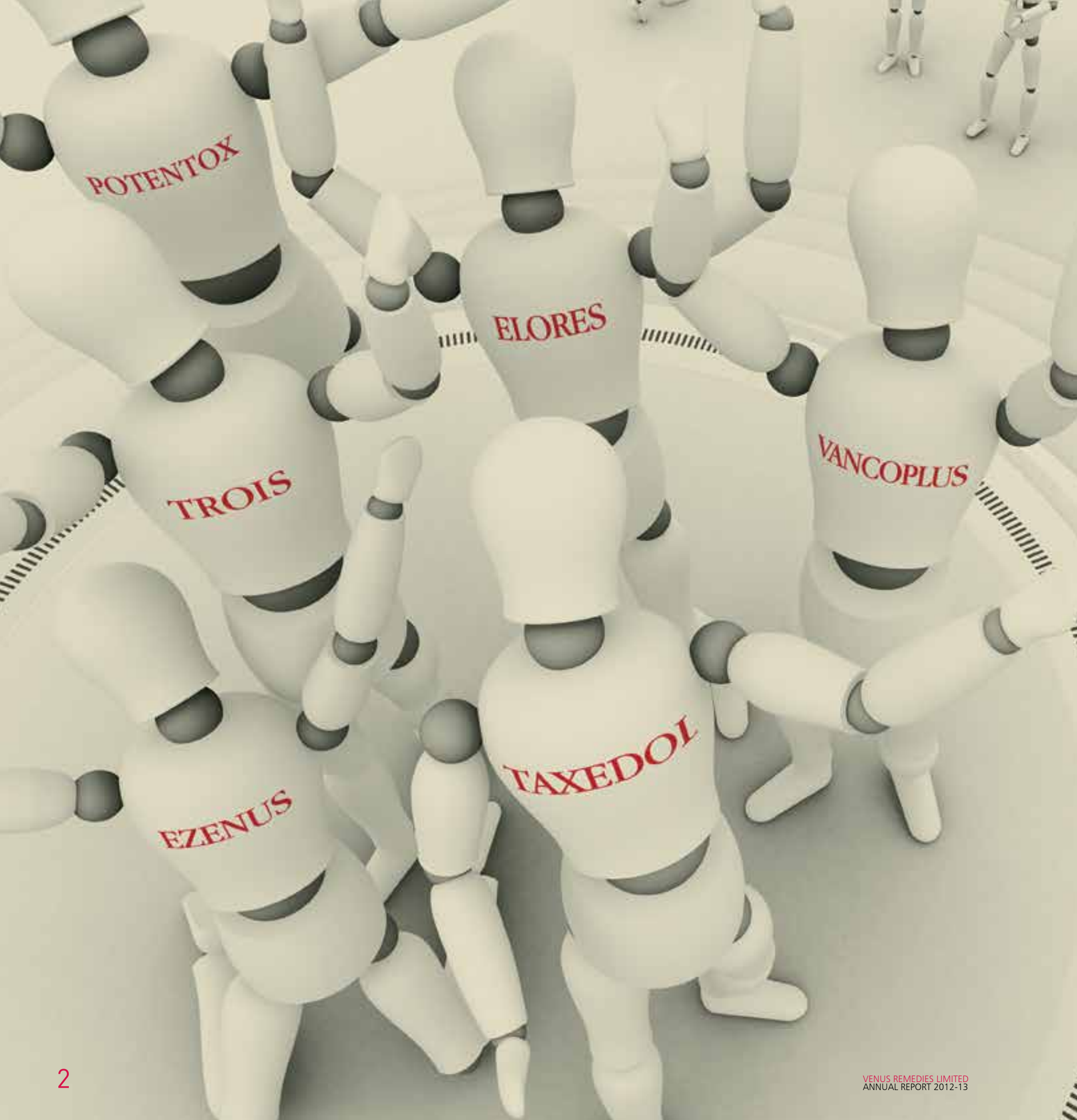
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For years, we invested in our research and potential product pipeline.

The time has come to encash it for profitable and sustainable growth.

Starting from 2012-13, we delivered a 14.35% revenue growth and a 21.73% PAT increase over the previous year.





creating new cutting-edge products

GROWING VENUS

at Venus Remedies, the focus will continue to be on creating new cutting-edge products. With one difference. A complimentary focus on quick, timely and profitable monetisation.

- **Elores.** Novel Antibiotic Adjuvant Entity (AAE). To combat anti-microbial resistance caused by Multiple Drug Resistant and (Extended Spectrum Beta Lactamase) producing strains. Anti-microbial resistance accounts for 40% of the ₹8.5 billion Indian anti-infective market.
- **Vancoplus.** Novel antibiotic formulation. To combat Methicillin Resistant Staphylococcus Aureus (MRSA) infections.
- **Potentox.** Antibiotic Adjuvant Entity (AAE). Effective for Hospital Acquired Pneumoniae and Febrile Neutropenia infections. In India, one of every eight ICU patients dies from local infections.
- **Trois.** Patent-protected topical nano-emulsion. Made of entirely natural ingredients to combat arthritis. Addressing the US\$672 million Indian rheumatoid arthritis drug market.
- **Taxedol.** Nanotechnology-based 'ready-to-use' single vial. Superior to innovator product Docetaxel. Addresses a large portion of the ₹1,500 crore Indian cancer drug industry.
- **Ezenus.** First herbal OTC candy in the world. Addressing the under-penetrated Indian US\$100 million stress management space.

Vision

- We are in the business of preserving and improving human life through innovation
- We exist to provide value to our customer



power of alliances

GROWING VENUS

in the competitive pharmaceuticals industry, success is derived from the ability to market products in growing volumes across large, regulated and quality-respecting markets as an effective counter to price-based competition.

At Venus, we entered into business-strengthening alliances with pharmaceutical leaders enjoying deep distribution networks in the geographies of our focus.

This made it possible for Venus products to enhance their presence, offtake and relevance with speed and efficiency.

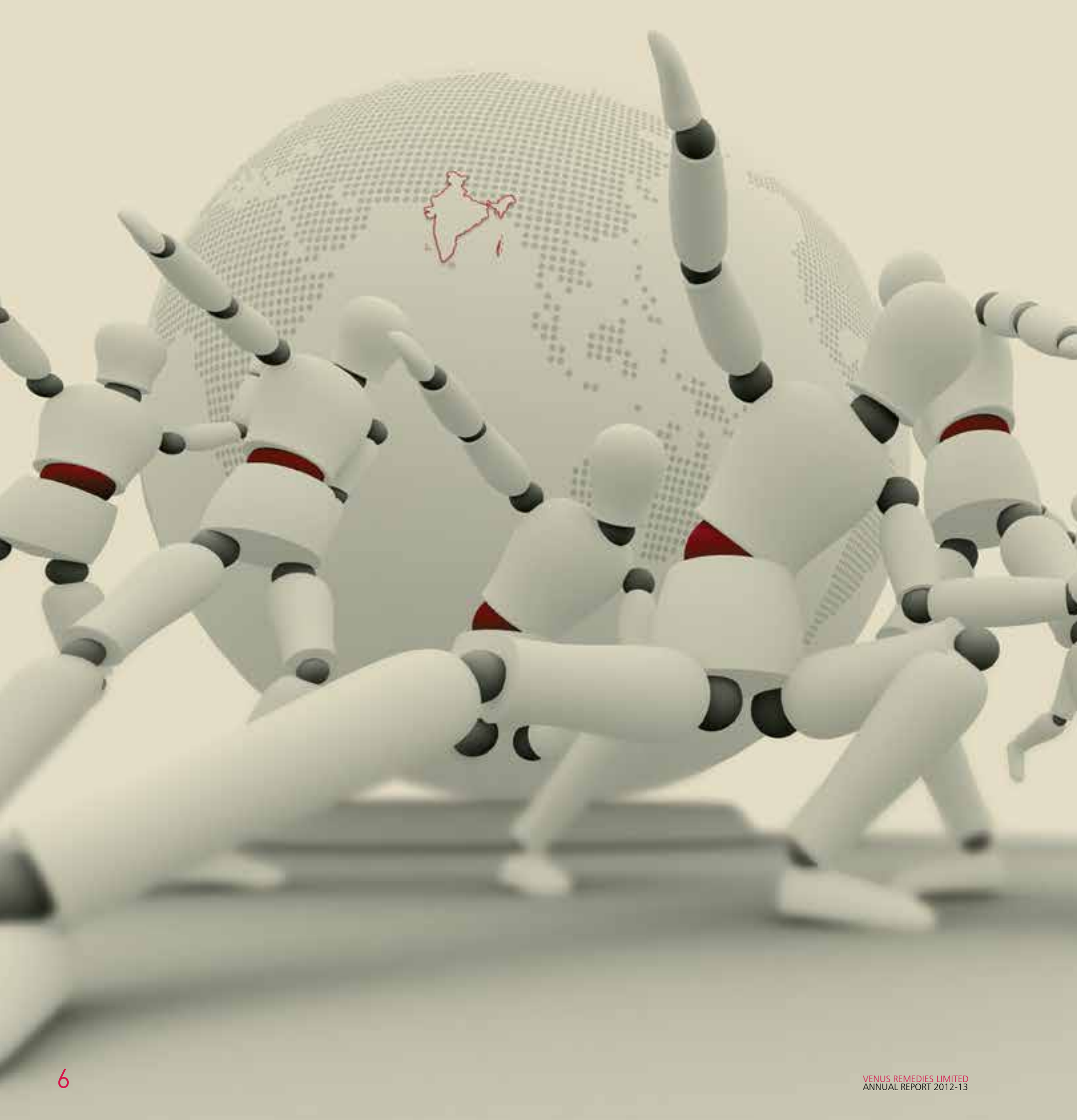
These are some of the partnerships that made it possible for Venus to enhance its international relevance:

- **South Korea:** Out-licensed Elores to a South Korean pharmaceutical company to address a US\$25 million opportunity in that country.
- **South Africa:** Entered into an exclusive marketing agreement with Adcock Ingram for Potentox; the Company commands a 10% share in South Africa's pharmaceutical market and expects to transform our product into a US\$10 million property in three years.
- **Emerging markets:** Strengthened alliances with large Indian pharmaceutical majors for marketing our products in emerging markets.
- **Europe, Africa, Middle East, South East Asia and Australia:** Forged more than 60 alliances with pharmaceutical majors for the seamless post-registration launch of our products in these regions.

The result is that our exports increased at a 14.95% CAGR in the five years leading to 2012-13; the contribution of exports to the Company's topline increased from 27.33% in 2008-09 to 31.44% in 2012-13.

Vision

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



widening portfolio

GROWING VENUS

in the challenging pharmaceuticals industry, revenue growth is derived from selling more of the same products and selling more products.

At Venus, we focused on both strategies to strengthen our sustainability. While we increased revenues from established products, we accelerated our product registration filings with the objective to launch new products and enter new markets.

Going ahead, we believe that the accelerated product registration filings will widen our sales mix, create new revenue engines and broad-base our organisation.

This is what we have to show for our portfolio growth:

- Received approvals for 79 dossiers in 2012-13, with 22 market authorisations received from regulated markets, the remaining from emerging countries.
- Received 22 CTD approvals from regulated markets in 2012-13, and filed for 30 more.
- Filed 51 dossiers in regulated and emerging countries in 2012-13, with an estimated 300 dossiers pending approval as on March 31, 2013.

Based on this reality, we expect our new products to build significantly on the revenues that they reported in 2012-13.

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.

Venus Remedies.
Among the world's 500
largest pharmaceutical
manufacturing
companies.
Among the world's
ten leading fixed
dosage injectables
manufacturers.
Among India's Top-20
pharmaceutical
R&D spenders.
Among India's Top-
50 pharmaceutical
manufacturing
companies.

Venus Remedies Limited (headquartered in Panchkula, India) provides remedy-defining formulations across more than 60 markets (regulated and emerging) through 11 marketing offices.

The Company has three manufacturing units in Panchkula, Baddi (both India) and Werne (Germany).

The Company's units are certified with ISO 9001, ISO 14001, OHSAS 18001 accreditations and also approved by the European GMP, Australian GMP and other leading global regulatory authorities looking into product and quality excellence standards.

- To establish Venus as an innovator company
- To create intellectual property wealth worth US\$1 billion



- To ensure the commercialisation of intellectual property rights of the Company globally
- To ensure Venus' presence in 60 countries
- To make Elores, Septiloc/ Ampucare, Potentox and Vancoplus globally pervasive products

- To develop and sustain a highly motivated and empowered team for the realisation of self progressive society dream.
- To be a globally admired pharmaceutical company epitomising world-class quality and innovation.

- To make every department an independent profit centre
- To achieve new heights through the creation of the Venus Industrial Complex

Strengthening our credentials.

April 2012

Venus established pre-clinical proof-of-concept for its Drug-Protein-Polymer-Conjugate (DPPC). The DPPC concept by Venus is a novel, patent-protected technology, which will help alleviate cancer-specific and selective targeting of tumor cells.

Venus's Vancoplus®, a novel antibiotic formulation, received a patent grant from the Australian Patent office (APO), Government of Australia, valid till February 2026. This is the second patent to be received from Australia.

May 2012

Venus received its first patent for a novel antibiotic combination of carbapenem and aminoglycoside (anti-bacterial therapeutic segment) from CIPRO (Companies and Intellectual Property Registration Office), South Africa.

June 2012

Venus received a patent from the US Patent office for a breakthrough antibiotic product – CSE1034, an Antibiotic Adjuvant Entity (AAE) – has been found to be effective against a wide range of drug resistant infections including 'superbugs' like Carbapenemase-resistant Metallobetalactamses (MBL) strains.

July 2012

Venus introduced a nanotechnology-based, ready-to-use single vial called Docetaxel in the Indian market under the Taxedol brand.

Venus secured its third US patent for its novel antibiotic product called Potentox.

This patent protects the composition of Potentox, treatment method and provides an exclusivity period until May 2027.

August 2012

Venus launched a first-time research-based product called Trois in India. This patent-protected topical nano-emulsion is developed using the integrated natural medicinal approach to counter arthritic pain. Trois was awarded the Gold Medal under India Innovation Growth Programme organised by FICCI, Lockheed Martin and IC2 Institute (Texas) in 2011.

September 2012

Venus secured its first Canadian patent for its novel antibiotic adjuvant entity called Vancoplus®. The Company plans to launch the product in Canada within two years and the patent will remain relevant until May 2027.

Venus won the prestigious Patent Award in the Silver category for 2011-12 at the valedictory function of the India-Asia Pacific Pharma Business Meet.

Venus won 'Manufacturing Leadership' award for its world-class manufacturing and operational excellence at the 'Industry 2.0 Manufacturing Innovation Conclave 2012'.

October 2012

Venus received its first Mexican patent for Vancoplus®, a novel antibiotic formulation to combat Methicillin Resistant Staphylococcus Aureus (MRSA) infections. The patent will remain valid till February 2026.



December 2012

Venus received approval from the Drugs Controller General, India (DCGI) to conduct Phase-III clinical trials of its cancer detecting new chemical entity called VRP1620. The DCGI found clinical Phase-I and Phase-II data satisfactory and granted Venus permission to conduct Phase-III clinical trials on the molecule. A successful Phase-III clinical trial will make Venus a pioneer among companies providing innovative cancer detection solutions.

January 2013

Venus launched CSE1034 under the brand name 'Elores'. The product was launched by Dr. K.N. Parsad, Associate Professor, Department of Microbiology, Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow at Manthan 2013, a seminar-cum-workshop organised by Venus' research centre - 'Venus Medicine Research Centre' (VMRC).

February 2013

Venus gave exclusive marketing rights for its novel antibiotic product Potentox to South Africa's pharmaceutical giant Adcock. The product will be supplied from Venus's state-of-art EU GMP-approved Baddi facility. The Company is engaged in discussions for strategic Potentox alliances with pharmaceutical companies in regulated markets.

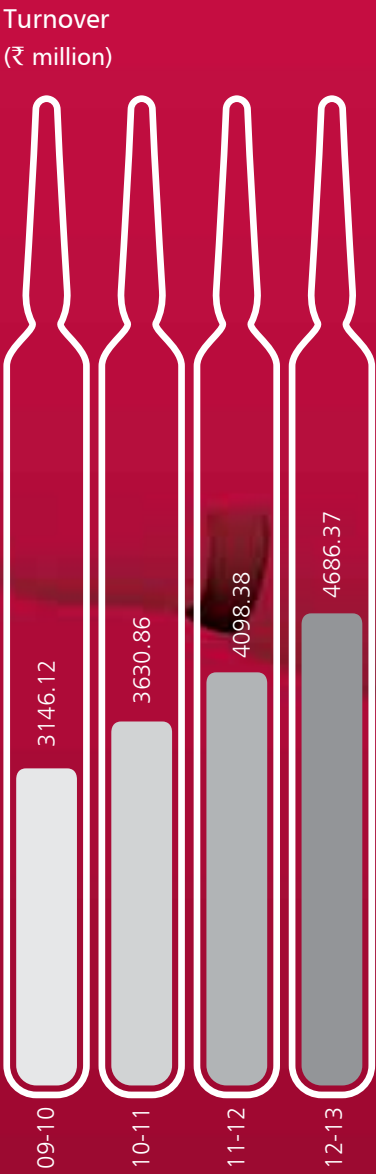
Venus received the Good Manufacturing Practices (GMP) approval from Therapeutic Goods Administration (TGA) Australia for four of its facilities - Cephalosporin, Carbapenems, and Oncology-liquid and Oncology-lyophilised. This allows the Company to export these products to the Australian markets.

March 2013

Venus received market authorisation from the Mexican drug regulatory body for its anti-bacterial drug Meropenem. This authorisation is expected to strengthen the Company's presence in Latin America.

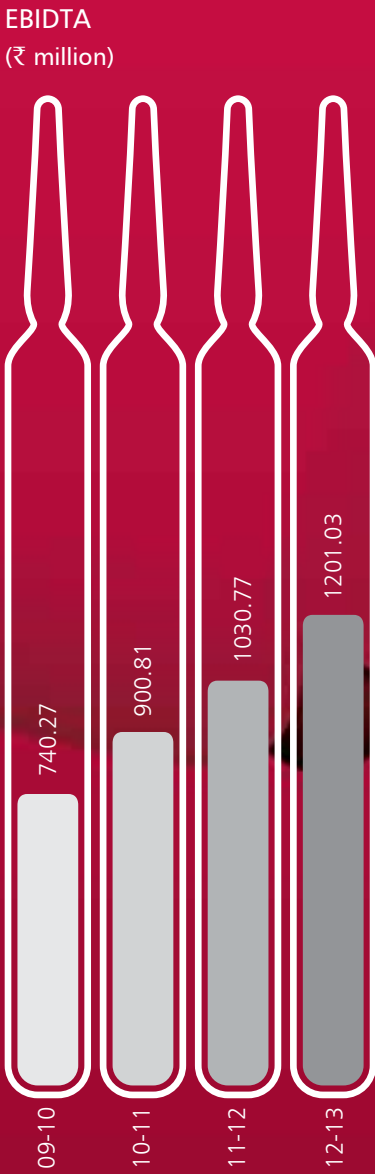
Venus launched its first OTC product 'Ezenus', a stress reliever. 'Ezenus' is a strong detoxifier candy free from side-effects, with strong antioxidant, hepato-protective and immune-boosting properties which reduces stress without altering the physiological functions of the body.

Strong foundation for a robust take-off.



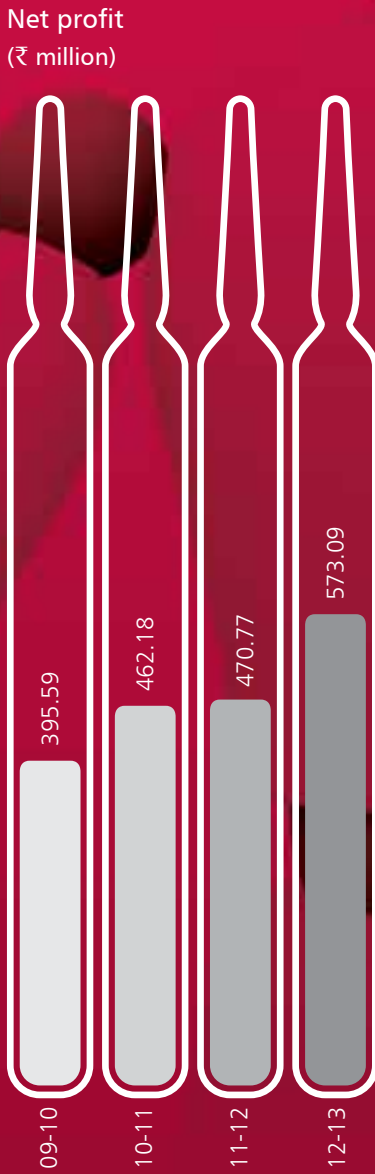
Turnover growth
14.35%
Over 2011-12

10.48%
CAGR over 4 years



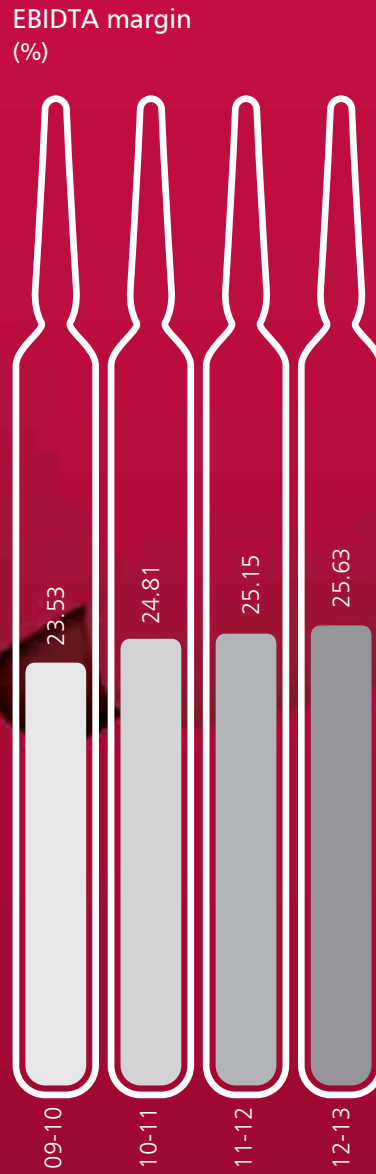
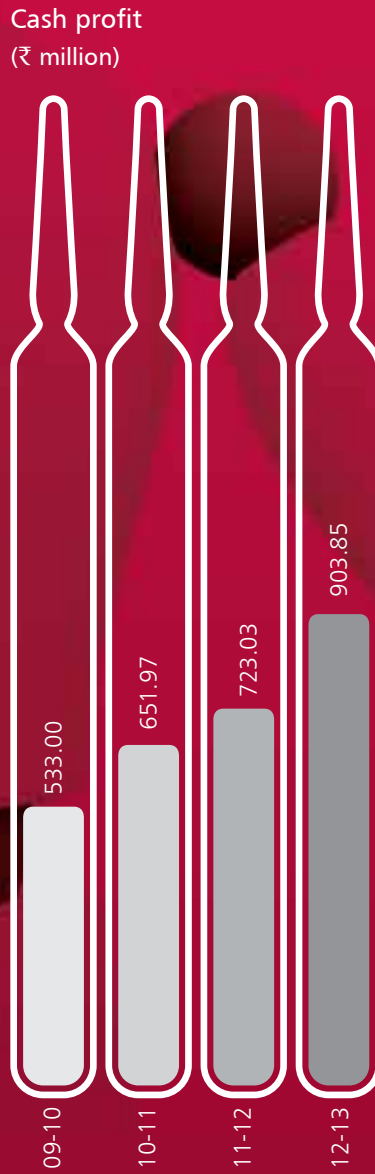
EBIDTA growth
16.52%
Over 2011-12

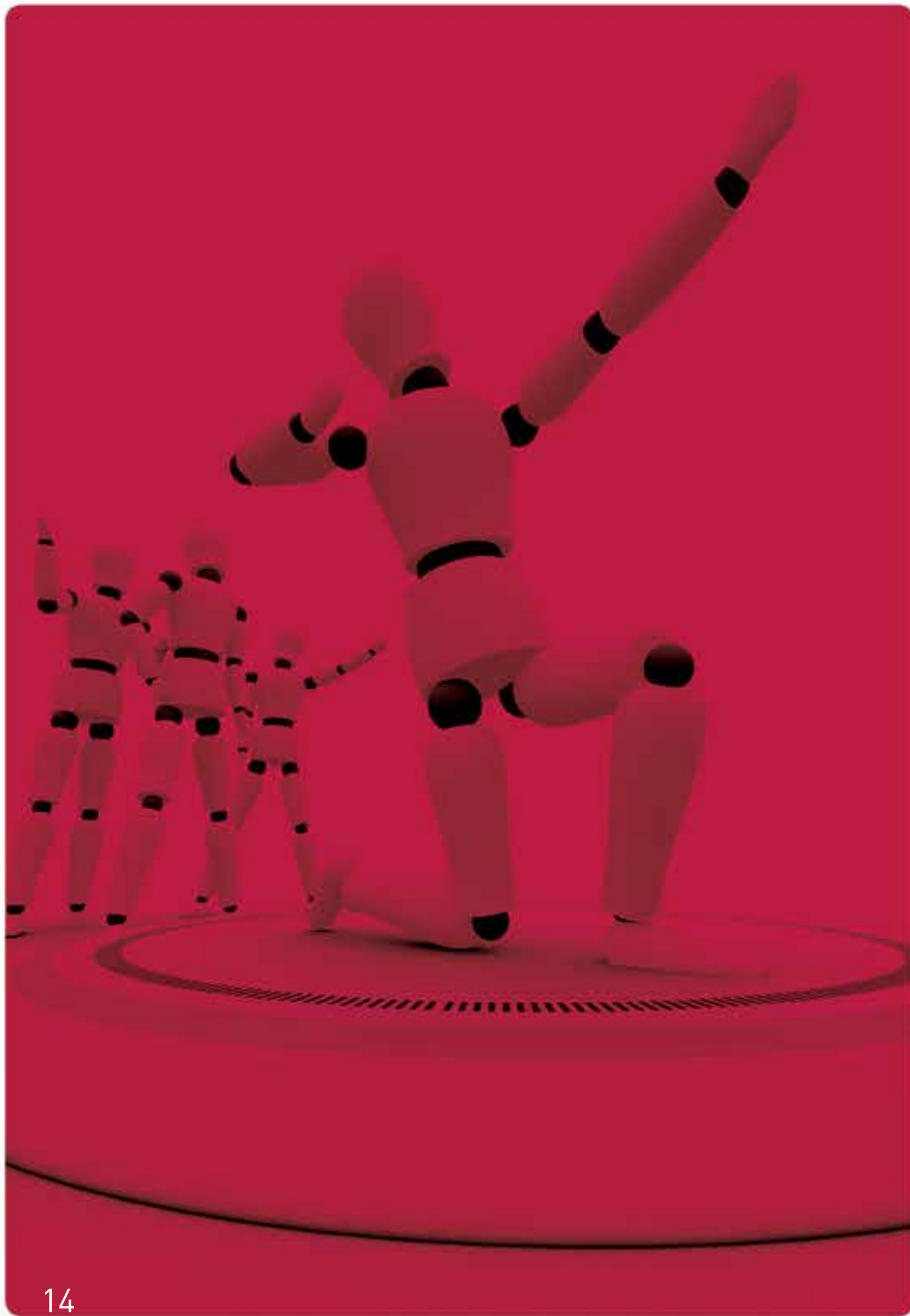
12.86%
CAGR over 4 years



Net profit growth
21.73%
Over 2011-12

9.71%
CAGR over 4 years





Mr. Pawan Chaudhury, Chairman and Managing Director, discusses the roadmap that will transform Venus into a global pharmaceutical company.

The world is our stage, and we are the cynosure of all eyes.



Mr. Pawan Chaudhury,
Chairman and Managing Director

Dear shareholders,

The Fiscal 2012-13 was a heartwarming one for the Company even though this is not reflected in our financials. Our financial progression, largely in line with our historic average, did not faithfully capture the excitement at our Company. However, the financial year represented a milestone in the monetisation of our intellectual capital which will lead to sustainable growth over the medium-term and enhance shareholder value.

Making our paper work

Until recently, the Company focused on creating unique remedy-defining products validated by global patents from regulated and emerging markets. These efforts manifested through 85+ patent approvals received over the last few years.

During this period, what went largely unnoticed was our focus in creating a wide and deep marketing infrastructure – tangible and intangible – to distribute our products across the world. Having worked behind the scenes for nearly five years - patenting products, registering them, forging alliances, outlicensing deals and establishing field forces across geographies - we strengthened our ability to address the challenges of the future.

Covered ground

During 2012-13, we covered significant ground in this regard.

- We launched four products (Taxedol, Ezenus, Elores, and Trois) in India, the largest launch in this segment in a single year in our two-decade existence. Even



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.
- We shall build Venus as a Nation

as their contribution to the topline was marginal in 2012-13, I am optimistic that this will multiply over 24 months.

- We signed an exclusive 15-year marketing agreement with Adcock, South Africa's second largest pharmaceutical company, for Potentox, our patented novel Antibiotic Adjuvant Entity. We expect to launch the product in mid-2015 in the South African market making it worth a US\$10 million brand within three years of its launch.
- We received the Korean patent for Elores, which was mandatory for making our out-licensing deal operational with a Korean pharmaceutical major. The overall pharmaceutical market of South Korea is approximately worth US\$20 billion, growing at CAGR 6.5%, out of which antibacterial market is around US\$2 billion, thus making it one of the largest segment. Elores is designed to address a 15% of this segment (near US\$300 million) where the Company is hopeful of capturing a 15% market share within three years of launch, making it a US\$45 million plus product in South Korea.

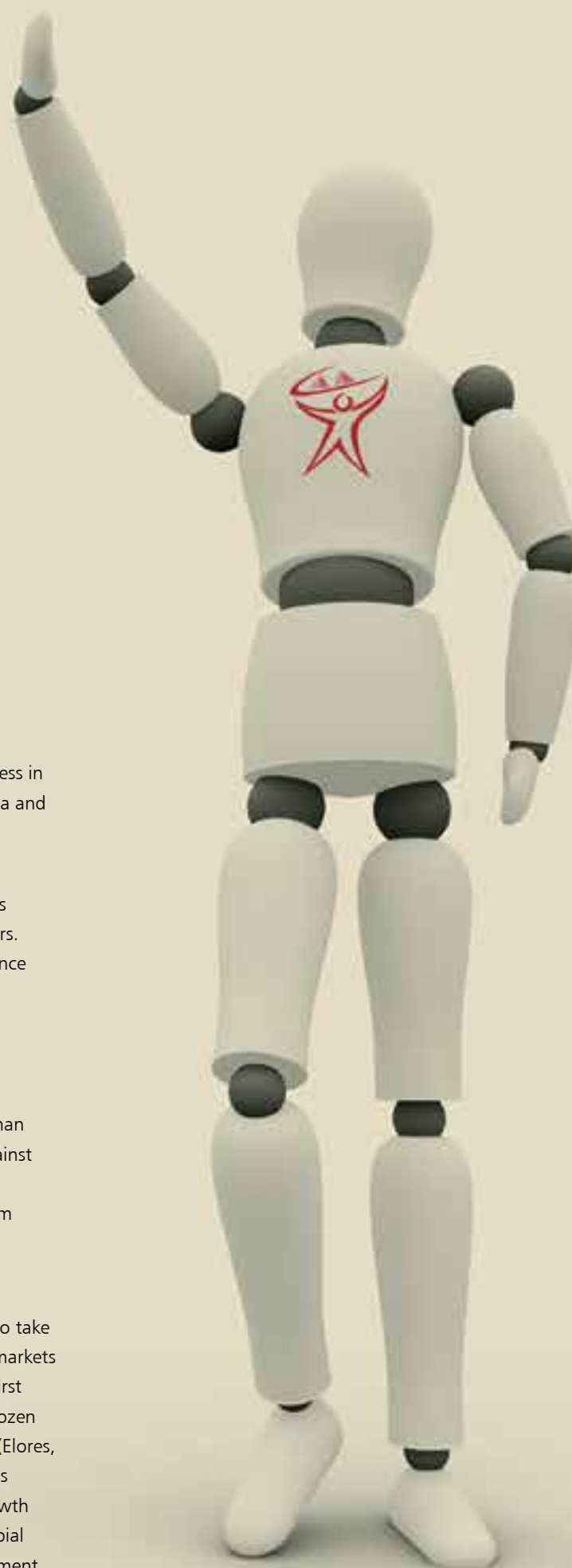
Making our presence felt

Venus achieved considerable success in the generic products space in India and the world over.

- Venus entered into distribution partnerships for emerging markets with large, respected Indian players. This alliance endorses the confidence of our partners in our world-class manufacturing, regulatory and registration capabilities.
- Venus achieved a significant breakthrough in the UK and German markets where it won tenders against global pharmaceutical majors for Meropenem (complex Carbapenem product).

The big leap

At Venus Remedies, our vision is to take our research products to diverse markets and create global brands. In the first phase, we expect to take half-a-dozen researched formulation products (Elores, Vancoplus, Potentox, Trois, Ezenus and Taxedol) addressing high growth therapeutic segments (anti-microbial resistant, oncology, pain management



and stress management) to these markets.

At Venus, we are particularly excited about Elores, our anti-microbial resistant formulation. We developed this product for an investment of more than US\$10 million, receiving 45 patent approvals from regulated and emerging markets.

As a first marketing step in transforming product fundamentals into commercial successes, we launched Elores in India. We expect to transform Elores into a US\$100 million global brand in five years.

Our Ezenus herbal candy is a novel OTC product that addresses stress management, a relatively under-penetrated therapeutic segment in India, estimated to be worth US\$100 million. We launched this product in India, readied our brand promotion for 2013-14 and expect this platform to provide the Company with a robust foundation that could facilitate the launch of a few

The global injectable market is expected to grow from US\$14,994 in 2009 to US\$29,981 million in 2015, reporting a CAGR of 12.3% during 2010-2015.

other OTC products from within our R&D pipeline.

The world is our stage

At Venus, we expect to double our geographic presence to 60 countries in only three years as soon as we gain product registration approvals based on the proactive creation of teams, alliances and customer appetite.

Even as Venus will focus on the aggressive global marketing of its products, the Company will strengthen its research-led product development, accelerating the development of a strong dozen-product pipeline at advanced development stages across four years. As this transpires, we expect to outperform our historical average and report robust growth, enhancing value in the hands of all those who hold shares in our Company.

With warm regards,

Pawan Chaudhury

Our business model

Research

The Company invested in research, allocating no less than 16.63% of its revenues to this area in 2012-13. Contribution from the Company's researched products was 27%-plus in 2012-13 and this number is expected to grow significantly.

Profitability

The Company selects to research and manufacture products that are highly profitable.

Challenging

The Company selects to work in areas marked by challenging chemistry, which represents a 'moat' that makes it difficult for other companies to enter. The evidence of this capability lies in the fact that the Company has received more than 85+ patent approvals from emerging and regulated markets.

Overall focus

At Venus, simple is boring. The Company selects to develop first-time remedies in their therapeutic segment - good for the patient, good for the Company and good for the world - with the objective to emerge in the top three the world over.

Under-addressed areas

The Company addressed growing and under-addressed ailments or dosages. Consider this: Elores, in the antibiotic segment (a hugely competitive therapeutic segment), has received more than 45 patent approvals from the regulated and emerging markets.

The Company selected to focus on the highly complex, high-investment injectables dosage form, addressed by only a few pharmaceutical players.

Product focus

The Company focuses on creating remedy-defining formulations, marked by efficacious, cost-effective, time-efficient and zero side-effect remedies. For example, Trois (therapeutic segment addressed by many pharmaceutical players) has been recognised as the best-in-class pain management remedy for arthritis.

Liquidity focus

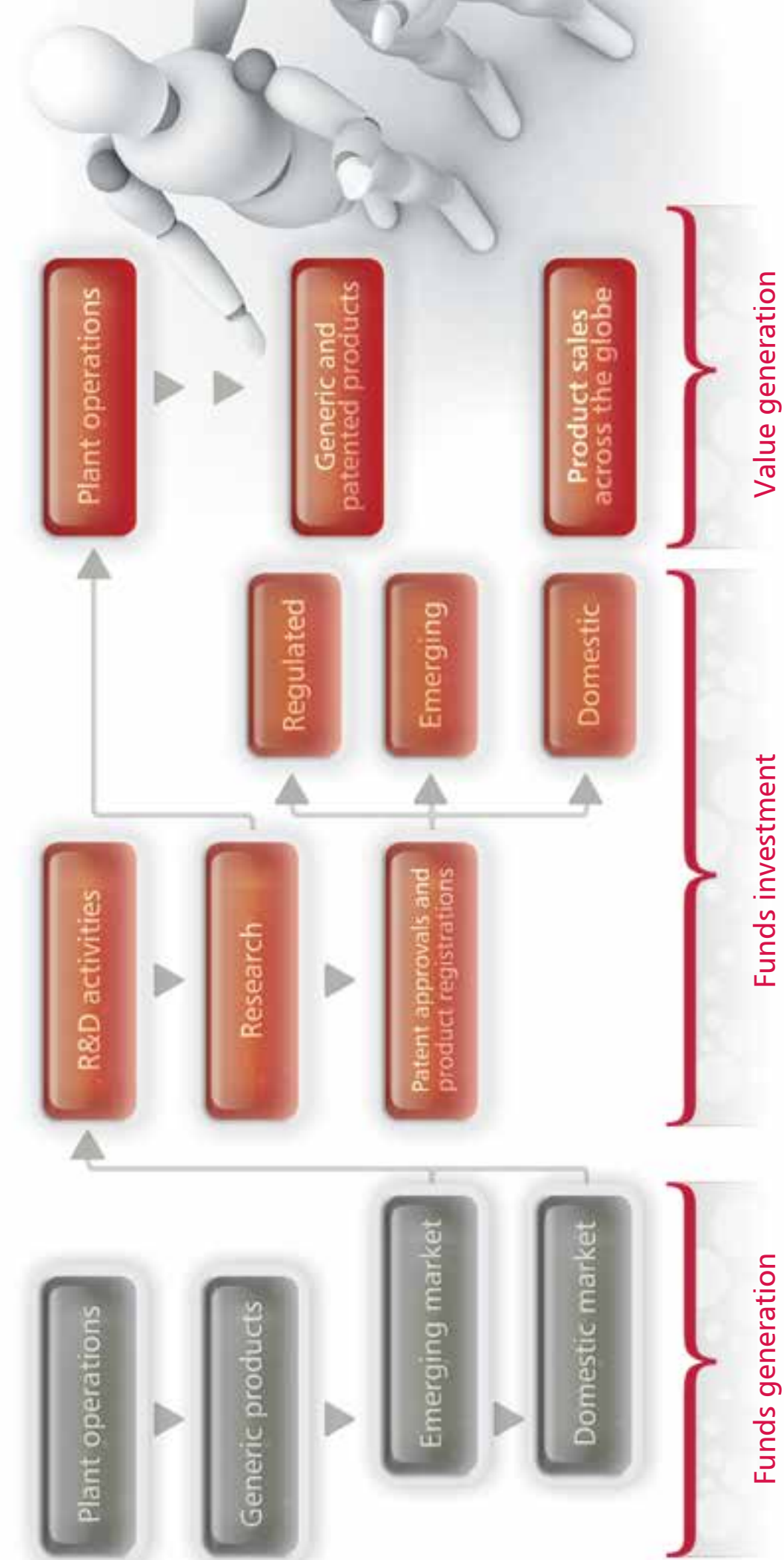
The Company utilised its facilities for manufacturing generic products for large Indian pharmaceuticals as an outsourcing partner. The cash flow was invested in research and development to create 'first-time' remedies for serious ailments and sophisticated equipment to address the next growth phase.

Geographic focus

The Company's marketing strategy is to launch products in emerging markets, creating a robust foundation for growing its presence in regulated markets thereafter. The result is that while revenues grew at a compounded 11.73% over the five years leading to 2012-13, exports grew faster at 14.95%.

Alliances

The Company has selected to invest in alliances with business partners across nations, reducing its time and cost for creating a distribution channel, from scratch. The selection of its alliance partners is based on the breadth and depth of its distribution network, ethical integrity and non-conflicting of interest with its own products.





Presence

Venus enjoys a global footprint across 60+ countries (regulated and emerging pharmaceutical markets). More than 13% of its revenues accrued from regulated markets.

Business space

Venus's competence in the challenging injectables space translates into consistent revenues, margins and profits. The Company is among the 10 leading fixed dosage injectables manufacturers in the world.

Quality

Venus' quality is reflected in its global and national endorsements; its three manufacturing facilities received more than 18 GMP approvals.

Products

Venus' product portfolio comprises more than 75 products across various therapeutic segments (oncology, anti-infective, neurology, cardiology, orthopedic, paediatrics and surgery).

R&D

Venus commercialised 'remedy-defining' formulations - pioneering healthcare solutions for complex ailments. The team created a basket of 15 research-based products with global acceptance.

Alliances

Venus enjoys marketing alliances with 50-plus international pharmaceutical companies across 60 countries, vindicating superior market penetration capabilities.

Stability

Venus' financial stability was reflected in its low debt-equity ratio of 0.46 as on March 31, 2013 and net cash flow from operations of ₹52.15 crore in 2012-13.

Patents

Venus filed 360+ patents across the world (85 granted) covering 51 countries across Europe, North America, the Far East, Japan, Australia, South America, Africa and the ASEAN.

Our robust growth engines

Elores

This unique antibiotic adjuvant entity (AAE) is effective for a range of drug-resistant infections including Carbapenemase-resistant Metallobetalactamses (MBL) strains. The innovation comes at a time when the global medical community is exploring ways to counter growing antibiotic resistance.

Vancoplus

Vancoplus is an 'antibiotic adjuvant entity' (AAE), effective in combating Methicillin Resistant Staphylococcus Aureus (MRSA) by restricting toxin production by MRSA pathogens. It also ensures lower treatment time, cost and adverse effects. Vancoplus revenues grew at a CAGR of 50% in three years.

Vancoplus is the only remedy after vaccination to treat MRSA and multi drug resistant microbes, which causes Meningitis, Pneumonia, Typhoid, Septicemia, and Urinary Tract Infection, Staphylococcal Endocarditis and Skin infections.

Potentox

This unique super-specialty product is used to treat hospital and Community-acquired Pneumonia and Febrile Neutropenia. Venus' innovative solution reduces pneumonia treatment time from 21-30 days to 7-10 days as well as drug and disease-induced toxicities, making it safe even for paediatric use. Potentox ensures approximately 20-30% cost reduction compared to other conventional therapies. Statistics South

Africa (2007) indicated that in 2005, influenza and pneumonia were the third leading mortality cause (7.71%) in that country.

Trois

This patent-protected topical nano-emulsion is developed using the integrated natural medicine approach to counter arthritis. Trois is recognised as the most effective arthritis drug; its nano-particle size facilitates faster penetration and time-to-action of less than 15 minutes, significantly faster than existing therapies. Trois was awarded the Gold Medal in 2011 at the India Innovation Growth Programme organised by FICCI, Lockheed Martin and IC2 Institute (Texas). The Company filed patents in all major global markets.

Taxedol

Venus introduced a nanotechnology-based, ready-to-use single vial Docetaxel under the brand name of Taxedol. This ready-to-use single vial formulation is available in three strengths (20 mg/0.5 ml, 80 mg/2 ml and 120 mg/3 ml). The single vial formulation requires only a single dilution step in suitable infusion solutions prior to administration, a cost-effective and safe solution for patients. Taxedol has lower impurities compared to the innovator product and its nano-scale formulation size enhances penetration with 11% higher tumorous cell-killing potential over existing Docetaxel in addition to higher efficacy, improved safety and lesser side-effects.

Ezenus

'Ezenus' is a detoxifier candy free from side effects, with antioxidant, hepato-protective, and immune boosting activity which reduces stress without altering the physiological functions of the body. Ezenus reduces more than 60% stress within 30 days without change in life style and significantly improved the quality of life in terms of physical, social, emotional and functional well-being. This breakthrough innovative product is suitable for all ages with safety established upto 10 times the advised dosage limit. Ezenus is a combination of five potent herbs (Andrographis paniculata, Boerhavia diffusa, Berberis aristata, Tinospora cordifolia and Rubia cordifolia). It is a safe, a low calorie, non-addictive herbal anti-stress candy with clinically proven capabilities.

Some addressable markets

- In India, 10-30% of patients admitted to hospitals and nursing homes contract nosocomial infections (An Elores opportunity).
- The WHO has warned that there will be a cancer patient in each household in India by 2020 (A Taxedol opportunity).
- Community-acquired MRSA cases increased from 19.5% in 2007 to 38.1% in 2010 as per Canadian Antimicrobial Resistance Alliance (CARA) (A Vancoplus opportunity).

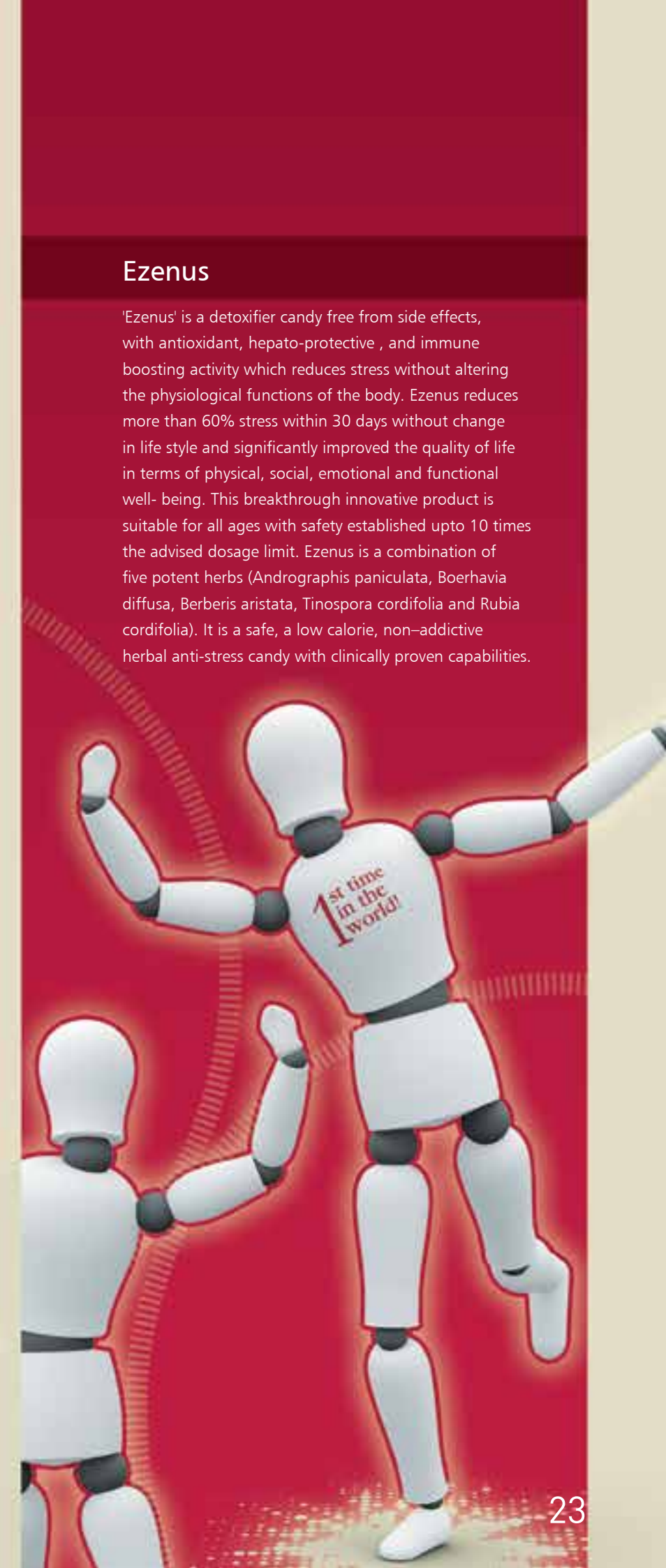
- Oncology is one of the leading therapeutic categories, with the global market for next generation cancer diagnostics estimated at \$776 million in 2010 and projected to grow to \$5.3 billion in 2015 (An opportunity for the NCE in clinical trial Phase-III).
- India's anti-infective pharmaceuticals segment is the largest contributor to domestic pharmaceutical sales, contributing around 17% of the US\$11 bn (2011 PwC) market. The antibiotics segment, growing at 20%+ per annum, accounts for 12% share of the overall

Indian antibiotics market.

- Delhi patients with hospital-acquired infections experienced a significantly longer hospital stay (mean: 22.9 days), significantly longer ICU stay (mean: 11.3 days), significantly higher mortality (mean: 54%) and significantly higher costs (mean: US\$14,818) (An Elores opportunity).
- South Africa's systemic anti-bacterial market is estimated at US\$275 million, growing at a CAGR 10.5%; the Company's product will address 25% of this market (A Potentox opportunity).

- Almost 15% of India is arthritic and its rheumatoid arthritis market is estimated to grow to US\$672 million by 2013 (A Trois opportunity).
- Some 4.50 million pneumonia cases a year result in about 3.9 million deaths. In India, pneumonia kills more than 400,000 children each year, as per the WHO (A Potentox opportunity).

South Korea's US\$585 million cephalosporin market is growing annually at a healthy 10% (An Elores opportunity).





Management discussion and analysis

Executive overview

Venus Remedies' vision of being a recognised as a remedy-defining pharmaceutical company is structured around four pillars – research, quality, processes and people. The Company made significant progress towards this goal; about 27% of its revenues were derived from research-based products and markets in 2012-13.

Global economy

Global gross domestic product (GDP) grew 3.2% in 2012 against 3.9% in 2011 due to the following realities:

- Slow growth in high-income countries.
- The eurozone crisis.
- Debt and fiscal issues affecting the United States.
- Declining investments in China.
- Disruption in global oil supplies.

IMF projects global growth to increase in 2013 to 3.5% in 2013 while World Bank expects global economy to grow 2.4% in 2013

US\$1.2 trillion

Global medical spending is estimated to grow from US\$956 billion in CY11 to about US\$1.2 trillion in CY16 (4.5% CAGR).



sector (diesel pricing) to reduce subsidy

Economic Survey indicates that the Indian economy could grow 6.1-6.7% in 2013-14 while CRISIL estimates that the Indian economy could grow at 6.7% in 2013-14 due to a consumption revival catalysed by acceleration in the agricultural sector, lower interest rates and higher government spending.

The pharmaceutical sector

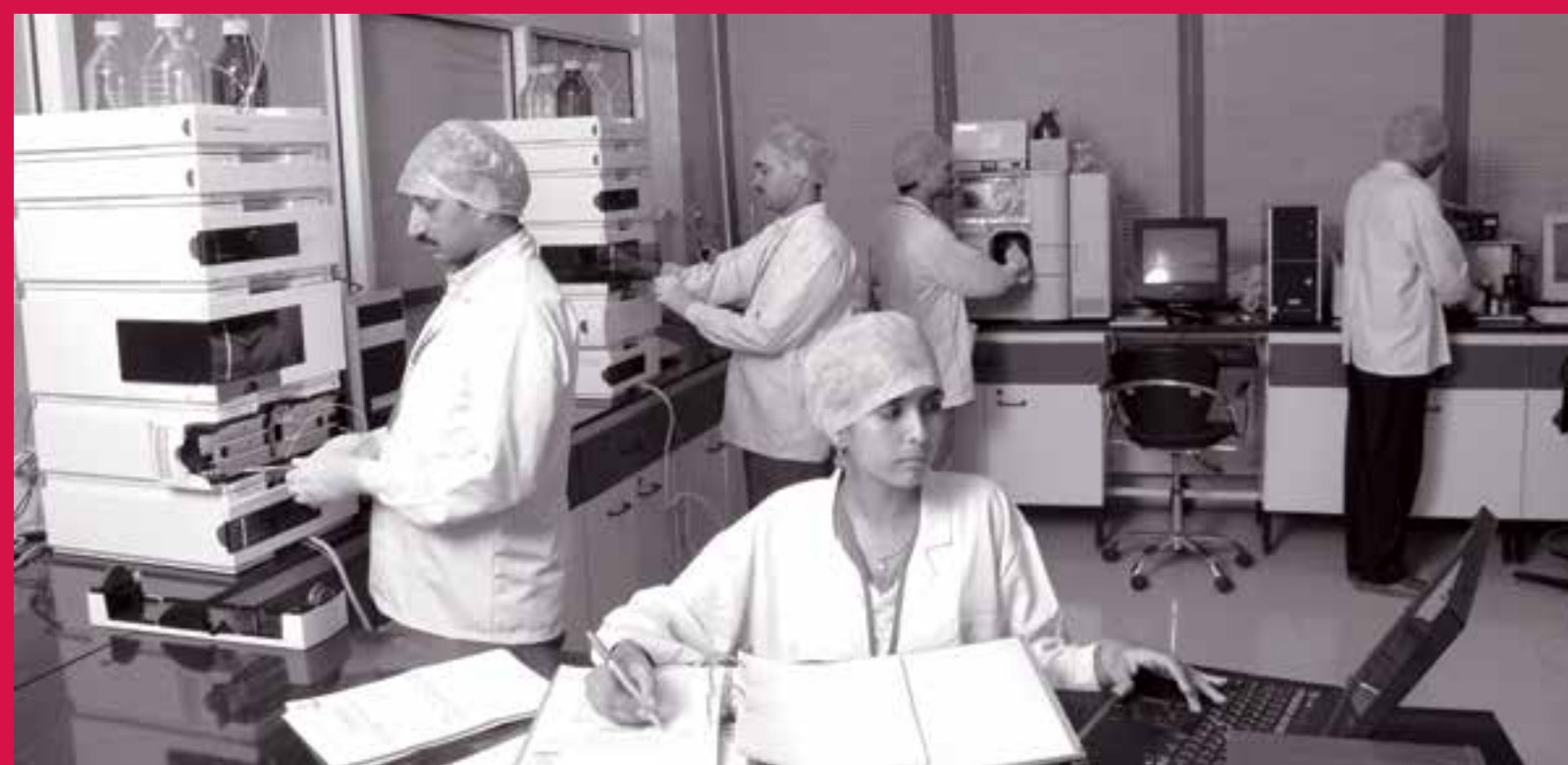
Global: Global medical spending is estimated to grow from US\$956 billion in CY11 to about US\$1.2 trillion in CY16 (4.5% CAGR), despite patent expiries reducing brand spending in developed markets. Growth will be driven by higher generic spending accounting for ~3/4th of the total increase (US\$173 billion). The branded market, however, is likely to witness a muted 1.1% CAGR over the same period. In terms of geographies, pharmerging countries will be key drivers of growth, with a market share estimated to increase to 30% by CY16 (>13% CAGR; 20% in CY11) while the share of developed markets is likely to moderate from 66% in CY11 to 57%, led by >US\$100 billion worth of patent expiries in the next five years.

Indian economy

India's economic growth decelerated for the second year in succession in 2012-13: from 6.2% in 2011-12 to 5% in 2012-13, its slowest economic growth in a decade. The downturn was due to a decline in the growth of all GDP constituents – agriculture, industry and services. Besides, deceleration in credit flows, policy logjam, infrastructural bottlenecks, high input costs, slowdown in consumer expenditure and subdued business confidence contributed to the industrial slowdown.

To counter this reality, the government made important policy announcements:

- Reducing interest rates to create a healthier investment climate
- Reviving the stressed infrastructure sector; fast-tracking large infrastructure projects
- Using the buffer stock to moderate food inflation
- Introducing FDI in multi-brand retail, aviation and broadcasting
- Partial deregulation of the oil and gas



Globally, tablets represent the largest formulations dosage segment, comprising 50% of the total Indian pharmaceutical formulations market. The injectables formulation segment recorded a CAGR of 12% over the period 2008-2012 and a robust growth of 19% y-o-y in 2012.

growth in global spending. Growth was derived from double-digit spending growth in China, Brazil, Russia and India and this trend is likely to continue with pharmerging markets expected to register >13% CAGR over five years to US\$357 billion by CY16 (versus 4.5% CAGR in global spending) as per IMS estimates. Generics spending in pharmerging markets was US\$111 billion in CY11 (58% of total) and expected to see 16%+ CAGR to US\$234 billion by CY16. Excluding India, the market share of India's ten leading pharma companies in the pharmerging markets was a meagre 1.4% in CY11 (US\$1.3 billion).

Pharmaceuticals sector, 2012

As the global pharmaceutical industry emerged from a wave of patent expiries, there was a sharp increase in the number of new drug application approvals. The year 2012 alone saw 34 new drug approvals, the highest in eight years. This represents a positive development for global branded pharmaceutical players, who experienced a trough in 2012 following US patent loss for blockbusters like Lipitor, Plavix, Seroquel, Singulair, Actos and Diovan. ANDA approvals in 2012 were the highest in five years with large blockbuster drugs losing their patent protection.

Global drugmakers are betting that a new wave of medical interventions (cancer, diabetes, heart disease, multiple sclerosis and hepatitis) will emerge as blockbusters. With the industry regaining some of its poise following 39 new drug approvals in 2012 - a record beaten only in 1996 - there are signs of this improvement extending into 2013. European drugmakers, for example, have

Generics – driving growth

Global spend on generics accounts for 25% of the total spending (US\$242 billion in CY11) and has been growing rapidly (~12% CAGR over CY06-11). This segment is expected to grow from US\$242 billion to US\$400-430 billion by 2016, of which US\$224-244 billion of the increase is expected to come from low-cost generics in pharmerging markets.

Global generics spend (ex-India) is expected to grow at a faster clip (11% CAGR to US\$386 billion) compared to the overall global medical spending. The share of Top-10 Indian players is merely 1.1% of the total spending (~US\$11 billion) and 3.3% of generics spending (US\$7.4 billion; ex-India), implying adequate room for growth.

Given an enviable combination of globally competitive business models with a mere 3.3% share of the addressable market, we believe the sky is literally the limit for the Indian pharma companies that we can strategise and execute effectively.

The US market

US healthcare spending at 17% of its US\$15 trillion GDP is the second highest in the world. As a concerned government, the US government implemented definitive steps to enhance healthcare spending effectiveness. Through the Patient Protection and Affordable Care Act, the U.S. intends to provide cost-effective healthcare, bringing 30 million more Americans under health insurance through

increased generics use. According to a GPhA study, for every 2% increase in generics utilisation, the nation's Medicaid program can annually save US\$1 billion. US generic penetration is the highest among regulated markets and expected to increase as an increasing number of blockbusters go generic. Strong US generics growth will be driven by >US\$100 billion of patent expiries in five years and increasing generic use for off-patent molecules.

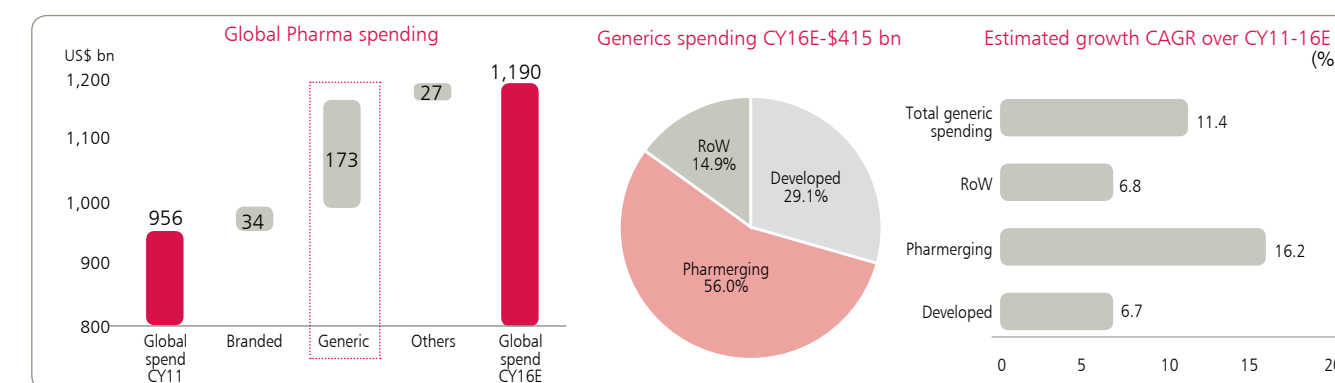
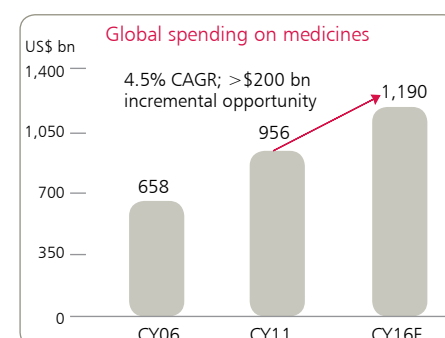
US generics account for 14% of total US spending, representing the world's second largest generics market. US generics spending is expected to nearly double by CY16 (>US\$80 billion from ~US\$46 billion currently) as per IMS estimates. US generics remain

the largest market for Indian pharma players. Interestingly, ten of the largest Indian players (~US\$4 billion sales) account for only ~8.6% share of the US market, which is expected to increase on account of stronger ANDA pipelines. Even with a nominal increase to ~10% market share, sales can potentially double to ~US\$8 billion by CY16.

Pharmerging markets: 'Pharmerging' markets (emerging markets) dominate global medical spending with a 46% share even as 'developed markets' account for only 36% of the total spending. Over five years (CY06-11), total pharmerging market spending exhibited ~16% CAGR to US\$191 billion, sharply higher than the ~8%

Tapering of the patent cliff
Estimates suggest that US\$18 billion (based on 2011 annual US brand sales) of drugs will lose patent protection in 2013, quite in contrast with more than US\$30 billion worth of drugs that went generic in 2012. Of this US\$18 billion, only US\$15 billion represent an addressable opportunity as three drugs - Lilly's Humalog, J&J's Procrit and Merck Serono's Rebif - are biologics and hence unlikely to report near-term generic entry.

The Indian pharmaceutical industry would grow at 19% in 2013 (Source: Morgan Stanley)





the potential to deliver new drugs from 2013 to 2015 with peak annual sales of US\$64 billion (or US\$27 billion after adjusting for the risk of failure), while fresh patent losses in the period could only be around US\$12 billion (Source: Deutsche Bank estimates).

Indian pharmaceutical sector

Until not too long ago, India's pharmaceutical space was written off as a self-pay generics-based market focused only at product duplication. Over the last decade, the sector has carved out a significant global share by leveraging strengths and enhancing regulatory and technical maturity.

- The Indian pharmaceutical market is

attractive, despite fragmentation and crowding, marked by more than 20,000 pharmaceutical firms, 60,000 distributors and significantly larger retailer base.

- The Indian pharma industry grew by 16% y-o-y in 2012 to ₹629 billion.
- Traditionally acute therapies dominated the Indian pharma market with a significantly higher share than the chronic segments. However, the Indian population's disease profile is shifting towards chronic ailments. As a result, the acute-chronic ratio in the Indian pharmaceutical market is expected to evolve from 65:35 to 60:40 by 2015.
- R&D spends of the top five Indian pharmaceutical companies is about

5-10% of revenues, still way below the global average of 15-20%.

- Indian formulations constitute 20% of the global generics market by value; the overall share of Indian manufactured formulations is a high 46% in the generics segment of emerging markets
- Indian companies appear well-positioned to capitalise on the upcoming US patent expiration wave as suggested by their strong ANDA pipelines; Indian companies are among the leading filers of Para IV ANDAs with many shared/sole exclusivity opportunities.

India in the world: The Indian pharmaceutical industry ranks third

in the world by drug volume (10% of global share) and fourteenth by value (about 3% of global sales). Compared with the global spending on medicines, the market share of the 10 leading Indian pharma companies was even lower at 1.1% of the total spending (–US\$11 billion). An analysis of global generics spending (ex-India) indicates that formulation exports of top 10 Indian players was only 3.3% (US\$7.4 billion) of the total spending in CY11 (US\$228 billion, excluding India) despite formulation exports of the top 10 Indian players having seen >17% CAGR in five years versus ~12% CAGR in global generics spending. While the 10 leading Indian players garnered a 5.8% share in the developed market

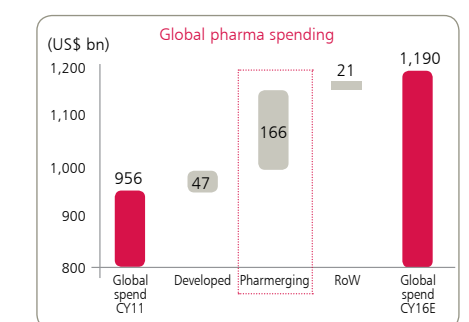
spending, the corresponding figure was just 1.4% in the pharmerging countries.

R&D: R&D spend (absolute value) of the Indian pharmaceutical industry has grown in the last few years even as ANDA filings stagnated in the recent past. This indicates higher spend per ANDA possibly due to higher value-addition, higher filings in non-US markets and inflation.

M&A: Given rising profits and lean balance sheets, Indian companies strengthened their financial capability to acquire companies and businesses. Four prominent transactions were reported in 2012 and this trend is expected to sustain.

Investment: Indian pharma companies more than doubled their manufacturing capacities in four years with ₹154 billion in incremental capex (total ₹301 billion in 2012). As it takes around three years for companies to build facilities, register drugs and increase utilisation, there is good visibility on base business volume growth for the next three years. It is expected that companies will sustain their capex in 2013, a fair indicator of mid-term growth.

New pricing policy: The new guidelines propose to control the prices of essential



The Indian pharmaceutical sector is poised to grow from US\$21.7 billion to US\$36.7 billion by 2015 (Source: Economic Times, February 13, 2013)

Exhibit 6: US generics spending -> 12% CAGR over CY11-16E; led by >\$100 bn of patent expiries

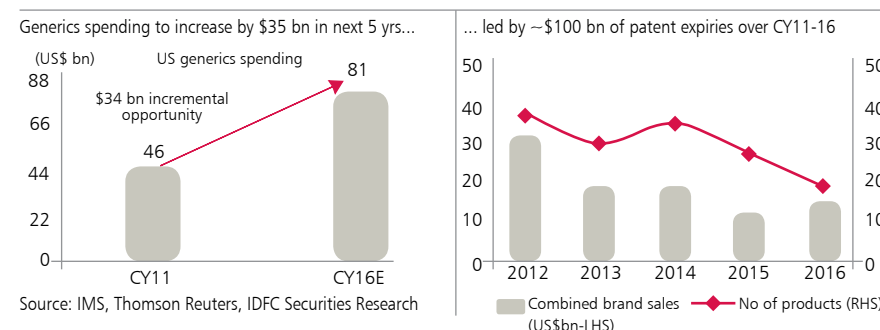
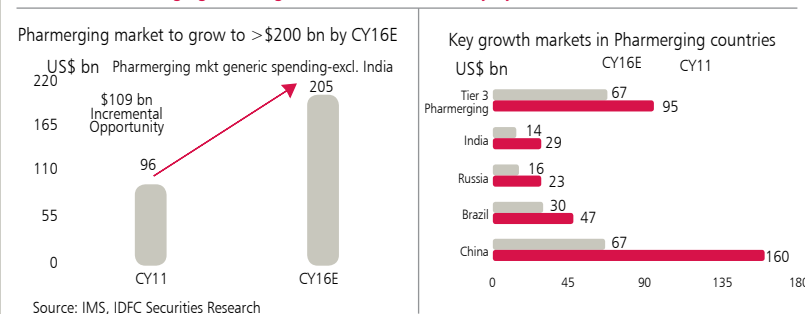
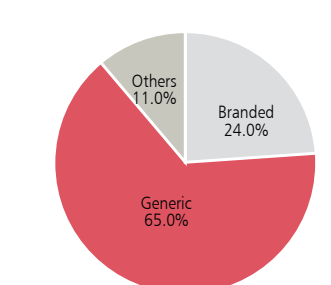


Exhibit 7: Pharmerging market growth to be driven mainly by BRIC countries



Generics spending CY16E-\$360 bn





The cancer killer

Oncology is one of the leading therapeutic categories in the global pharmaceutical market. The global market for next generation cancer diagnostics, estimated at \$776 million in 2010, is growing at a CAGR of 47% and forecast to touch \$5.3 billion by 2015. In India, cancer patients are expected to increase to 40 lakh by 2020 with mortality expected to rise to 11.5 lakh. More than 70% of the cases diagnosed are only at advanced stages, leading to low survival prospects.

drugs using a weighted average price (WAP) of all brands with a market share in excess of 1%. This will cover 348 essential drugs (or 654 derived formulations), impacting about ~30% of the ₹610 billion Indian formulations industry.

Outlook: The Indian healthcare sector is at an inflection point, catalysed by improvements in infrastructure, increasing disposable incomes and health awareness leading to sectoral growth of ~15% between FY13-FY16. However, this growth is likely to be achieved against a background of intense competition, uneven healthcare infrastructure distribution, erratic patient

care quality and a slowing economy. India, the second most populous nation, is among the lowest global healthcare spenders, an anomaly that is expected to correct with speed based on the following factors:

- Insurance penetration: Between 2011 and 2013, health spending is projected to grow faster due to expected improvements in the economy. Private health insurance spending is projected to grow 4.8% in 2013, up from 2.6% in 2010, as employer-sponsored insurance enrollment is expected to increase. Out-of-pocket spending is projected to grow 3.9% in 2013, up from 1.8% in 2010, as household income growth is expected

to lead to increased healthcare spending and as employers increase cost-sharing in employer-sponsored insurance plans. In 2014, healthcare spending is projected to grow by 8.3% (Source: National Health Expenditure projections).

- Health infrastructure: India's health infrastructure improved significantly. Between 2005-06 and 2012-13, about 43,500 projects for the creation and upgradation of existing health facilities, were commissioned. Nearly 70,000 beds were added in government health institutions. The government also launched the Rashtriya Bal Swasthya Karyakram for screening children below

18 for 30 different types of diseases, disorders, deficiencies and disabilities. This national initiative is expected to cover around 270 million children [Source: IANS].

- Government support: The Finance Minister announced a ₹21,239 crore allocation towards the new National Health Mission, a 24.3% increase over the revised estimate of the previous year. The coverage of Rashtriya Swasthya Bima Yojana was extended to a number of underprivileged categories.

- Macro factors: Annual population growth of about 1.3% and a steady rise

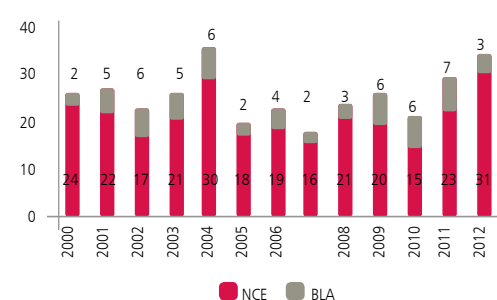
in disease prevalence could increase the patient pool by nearly 20% by 2020.

Union Budget and the pharmaceutical sector

Positive: The Union Budget 2012-13 proposal to extend the weighted tax exemption for in-house R&D by five years to 2017 is expected to encourage pharmaceutical companies to invest more in research and development.

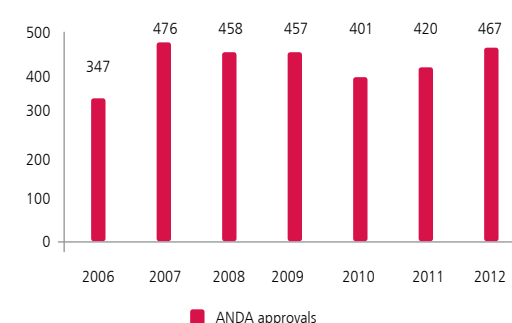
Negative: Drugs are expected to cost more following an increase in excise duty from 5% to 6% on formulations and from 10% on bulk drugs to 12%.

Total FDA approvals gone up in 2012



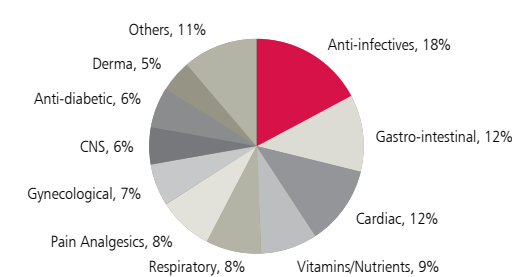
Note: NCE=New Chemical Entry BLA=Source: FDA

FDA ANDA approvals trend



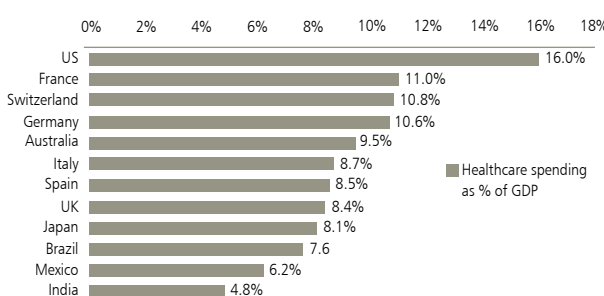
Source: FDA

Indian pharma market by therapeutic area



Source: IBEF, Spark Capital Research

Healthcare as % of GDP



Source: IMS, Spark Capital Research

Venus Medicine Research Centre



VENUS MEDICINE RESEARCH CENTRE (VMRC) REPRESENTS THE BACKBONE OF VENUS REMEDIES. DEDICATED TO FORMULATIONS RESEARCH, THIS INNOVATION CENTRE DEVELOPED REMEDY-DEFINING FORMULATIONS, TRANSLATING INTO MORE THAN 85 PRODUCT PATENTS ENSURING GLOBAL RESPECT.

VMRC focuses on the development of novel solutions that plug the gap between challenging ailments and available molecules. The team balances basic biomedical and translational research to develop products that address serious medical conditions.

Vision

To be a globally admired drug discovery and development company providing innovative solutions for unmet therapeutic needs.

Mission - 2015

- To be a globally admired innovator company by promoting research at different international innovation platforms and consortia.
- To develop and sustain a highly motivated, empowered and dedicated team of 100 scientists.
- To ensure that work remains a source of a rejuvenation instead of being stressful or burdensome.
- To update the R&D pipeline with

Highlights, 2012-13

- Received patent approvals from the US and South Korea for Eiores
- Received patent approvals from Australia, Canada and Mexico for Vancoplus
- Received patent approvals from US for Potentox
- Received approval from DGCI to conduct Phase-III clinical trials for its new chemical entity - VRP1620.
- Received approvals for 22 CTDs from regulated markets
- Launched Ready-to-use Single Vial Taxedol and a nano emulsion for arthritic pain "Trois" in the domestic markets.

CTD level of documentations for 10 innovative products with IPR protection.

- To assist the marketing team in establishing research product brands through support and value-addition.
- To assist DRA and IPR in enhancing research product visibility across 60 countries and pursue commercialisation.
- To get NABL/PTL/GLP-accreditations.
- To build one more VMRC complex with state-of-the-art technologies and infrastructure.
- To publish a minimum 25 research papers in peer-reviewed journals.
- To make R&D not only an independent profit centre but a wealth creator as well.

Infrastructure

Venus Medicine Research Centre comprises nine high-tech testing laboratories, which are at par with stringent cGLP standards. These laboratories cover microbiology, toxicology, molecular biology, biochemistry, pharmacognosy and biotechnology, addressing tissue culture, stability and chemical analyses.

These units are equipped with sophisticated equipment including an international standard animal house approved by the Committee for the Purpose of Control and Supervision on Experiments on Animals (CPCSEA). The Company commissioned a Cell Culture Molecular Biology (CCMB) laboratory, making it one of few Indian pharmaceutical companies with this facility, accelerating 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; 60% of team are PhDs and post-doctorates while 40% are M. Pharma and M.Sc.

The Company created dedicated teams for focused delivery across the research value chain.

Analytical research division: The division develops novel formulation methods, mitigating the challenges of analytical development to support the team in drug design.

Chemical and stability testing division: The team enhances product quality through stability tests as per ICH guidelines. It provides validated analytical services, addressing global quality and regulatory requirements.

Pre-clinical division: The team handles all pre-clinical trials and toxicological studies in a GLP environment. Vet pathologists assist in the preparation of requisite disease models in-vivo by ensuring a compliance with OECD guidelines.

Clinical research services: The team is involved in Phase-I, II, III, IV and BA/BE studies monitoring (as per GCP) for research products.

Natural product research: The team specialises in screening natural products, which can be used for drug development as per pharmacopoeial and medicinal standards.

Scientific Affairs Department: The wing bridges the gap between research and marketing through field force interactions. It provides in-depth training to its marketing teams in various product aspects.

Process development and technology transfer: The team facilitates the transfer of technology for scaling a successful molecule from the laboratory to pilot and commercial scales.

Competitive advantages

Integration: Venus is among few Indian integrated research units with complete in-house expertise, skill and infrastructure to develop and commercialise products.

Opportunity spotting: The Company has been able to identify niches uncluttered by competition leading to market leadership.

IP protection: The Company is among few Indian pharmaceutical companies with an in-house IP protection cell (IPPC) which enhances intellectual property protection.

Regulatory filing: The Company's in-house Drug Regulatory Affair cell enables it to take the product to the regulatory office without having to disclose sensitive information.

Achievements

2009-10	2010-11	2011-12
<ul style="list-style-type: none"> ● Launched two novel research-based therapies in the Indian market ● Completed Phase-I clinical trials while Phase-II is in progress following permission from DCGI for novel cancer detection molecule ● Initiated the Phase-III clinical trial of a NCE following permission from the DCGI 	<ul style="list-style-type: none"> ● Launched one research product in 2010-11 internationally ● Received patents from various countries across the globe – most significant is the EU, comprising 37 nations ● Completed Phase-III clinical trial of the novel in-licensed aminoglycoside molecule Etimicin Sulphate with high success rate 	<ul style="list-style-type: none"> ● Received patent approval from the US for its 3 novel research products, first patent approval from Japan. ● Received the 'Patent Award' in gold category from Pharmexcil for 2010-11 ● Received Manufacturing Leadership award for its world class manufacturing and operational excellence.

1,00,000
Area for the R&D
centre (sq ft)

60
Team size

15
Products launched

10
Product pipeline

9.20%
R&D investments as
percentage of net
sales



Venus possesses the largest patent-protected AMR solutions in the world – launched and in the pipeline.



Awards

- Patent Award 2011 in gold category for novel research drugs presented by Pharmexcil.
- Best Innovation Award 2010 and 2011 for Ampucare and Trois under India Innovation Growth Programme organised by Department of Science and Technology, Lockheed Martin Corporation, Indo-US Science and Technology Forum, FICCI and the IC2 Institute (University of Texas)
- Received the BioSpectrum Product of the Year 2012 award for the novel research product 'Achnil', a once-a-day pain-killer
- 'Emerging Company of the Year 2011' award at the Fourth Annual Pharmaceutical Leadership Summit

R&D Alliances

VMRC explores collaborative alliances with industry leading bodies and academicians successfully. The Company entered into collaborative research programs with reputed national and international academic institutions like NIPER, KGMU, IMTECH, PU, GJU, Annamalai, Gulbarga and Amity.

In-licensing

- Novel aminoglycoside molecule was in-licensed with patent rights from the Chinese innovator company.
- In-licensed technology for solid tumour detection from University of Illinois (Chicago) which will facilitate the early detection and staging of solid tumours.

Intellectual property

The Company's IPR function is engaged in filing, procuring and maintaining trademarks, copyrights and patents (nationally and internationally). The team is also involved in in-licensing innovative technologies and out-licensing the Company's research products to regulated markets.

Patents: The team filed 360 global patents, of which 85+ were granted and about 275 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 150 trademarks, of which 70 were registered and 80 under various stages of registration.



Dr. Manu Chaudhury
Jt. Managing Director

10 minutes with the Joint Managing Director

“We are focusing on the monetisation of remedy-defining products and 85+ global patents.”

Fiscal 2012-13 was a creditable year for the Venus Medicine Research Centre (VMRC), marked by the successful launch of a number of research products following years of persistence.

The high point was the launch of Eiores, the Company's key blockbuster formulation with 45 corresponding patents. At VMRC, we see this launch as the commencement of an attractive growth period in which we progressively monetise remedy-defining products and the intellectual capital resident in 85+ global patents.

The Company received Eiores patent approval from the US and South Korea; while the former was an important achievement, the latter was critical for the fruition of an out-licensing deal with a Korean pharmaceutical major. The approval will make it possible for us to garner a large share of the US\$25 million Korean market, with revenues starting from 2014-15. We filed more than 15 Eiores dossiers in regulated and emerging markets, with approvals expected across 18-24 months. Interestingly, the US Government launched a fast-track approval scheme, which is expected to shrink the product approval for Eiores in that regulated market.

The Company also launched Ezenus, the world's first herbal candy addressing stress management. The highlight of the product comprised successful taste-masking of bitter ingredients without any sugar-coating, resulting in an overwhelming market response. The Company filed 48 global patent applications for this product.

The Company received patent approvals for its other blockbusters (Vancoplus and Potentox) from emerging and regulated markets, which will be progressively encashed.

The Company also received an approval from the Drugs Controller General of India to conduct Phase-III Clinical Trials of its cancer detection New Chemical Entity VRP1620. This significant development will make Venus a pioneer among companies providing innovative cancer detection solutions.

Roadmap, 2013-14

At VMRC, our focus is not just on asset creation (products and patents) but also asset monetisation, translating into timely and attractive revenue and profit growth, creating a virtuous prosperity cycle.

The Company is accelerating the creation of dossiers for leading Indian

pharmaceutical companies, facilitating their product filings in emerging markets. The Company is seeking opportunities to partner leading pharmaceutical companies in attractive geographies where we provide our technological set up to manufacture products in their plants.

The Company cleared most GLP audits and hopes to emerge GLP-certified in 2013-14, graduating the Company to among few Indian research units with this accreditation. This will open the Company to the huge contract research market.

The Company also plans to launch a few blockbuster products in 2013-14, one a unique NDDS formulation with attractive revenue implications.

We are optimistic that these developments will enhance prospects for the Company in a decisively visible and attractive way across the foreseeable future.

Warm regards

Dr. Manu Chaudhury
Jt. Managing Director

Operations



VENUS HAS THREE MANUFACTURING UNITS, TWO IN INDIA AND ONE IN GERMANY – THIS MULTI-NATIONAL CAPABILITY ENABLES IT TO OFFER ITS CLIENTS AN UNPARALLELED VALUE PROPOSITION: CUTTING-EDGE TECHNOLOGY AND OPTIMISED COSTS. THE COMPANY MANUFACTURES 75+ PRODUCTS AT ITS FACILITIES OF WHICH 15 ARE RESEARCH-BASED PRODUCTS.

Operational capability

- Three facilities
- Nine manufacturing units
- 90 mn units injectable capacity
- 18 GMP approvals
- 75 products manufactured

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 expanders, among others
- Operations managed by a team of 300 members

Baddi

- Production unit of small volume parenterals, for super specialty segments
- Manufactures complex and novel formulations for oncology injections, oncology lyophilised, lyophilised injections, pre-filled syringes and cephalosporins, 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, Elore, Supime, Tobracef, Vancoplus, Potentox and Pirotum
- Warehousing capacity handles 1,900 pallets
- Operations managed by a team of 430 members

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



Key features at the operating facilities

- All operations are carried out under luminar air flow work-station to provide 100% quality assurance
- For aseptic filling and terminal sterilisation, the Company interlocks lines along with automatic controls and designs
- Circumvents contamination and cross-contamination through facilities like change room, pass boxes and airlocks
- Maintains an integrated vial and ampoule line for tunnel sterilisation, filling, washing, external cleaning and sealing operations
- Installed proper ventilation systems in critical and unclassified areas

2012-13 in retrospect

- Received the Good Manufacturing Practices (GMP) approval from Therapeutic Goods Administration (TGA) Australia for all four facilities at its Baddi unit - Cephalosporin, Carbapenems, and Oncology-liquid and Oncology-lyophilised. This allows the Company to export these products into the Australian market

- Invested in an automated blister packing unit for pre-filled syringes, earlier packed manually – it improved productivity by 50%, reduced packing cost and significantly improved product presentability.
- Invested in an in-house stereo printing solution
- Introduced the pooling system testing
- Significantly ramped up the production volumes of Meropenem to cater to the large business acquired in Europe
- Introduced seal printing of small volume-parenterals for all products for better product management and traceability
- Implemented Common Standard Testing (CST) procedure for maximum products irrespective of countries
- Significantly increased the production volumes for oncology products to cater to the growing demand
- Successfully commenced the commercial production for 5-Fluorouracil, a remedy against cervical cancer catering to the export market
- Manufactured the first batch of Elore,

Venus has adequate plant capacity to cater to the emerging demand for the next three years. The Company would look at capacity enhancement in 2015-16.

our research product launched in the Indian market

- Installed power consumption meters for all the energy guzzling equipment at the Baddi unit for effective monitoring and reduction
- Other energy conservation measures were
- Installed steam utensils in both units
- Installed variable frequency drives which helped in optimise power consumption
- Installed synchronised panel for DG sets
- Installed level flow meters on all tanks for eliminating raw water wastage
- Invested in ink jet machines in all areas for continuous seal coding on all products

2013-14, the roadmap

- Recertification of the Baddi unit for ISO compliance
- Ramping up production of Meropenem and Elore to meet growing demand
- Plan to invest in in-house renewable energy sources

Quality assurance



system for quality management at its facilities. The Acceptable Quality Limit (AQL) is the worst-case quality level, in percentage or ratio that is still considered acceptable. This standard provides three general inspection levels, namely I, II, and III, and four special inspection levels. It determines the relationship between the lot or batch size and the sample size. A normal inspection or general inspection level-I, is undertaken. Stricter acceptance criteria would call for the tightened inspection. The special levels are used only when relative small sample sizes are necessary and when large sampling risks may be tolerated.

In addition, the team implemented the following measures to improve its efficiency standards:

- Developed effective CAPA (corrective and preventive action) and monitoring system
 - Implemented statistical tools assessing procedural performance and product quality monitoring system
 - Introduced thorough Data System Review of every existing electronic system for capturing data
 - Introduced Quality System remediation plans for the identified high-risk areas
 - Undertook extensive grass root level training programme
- The Company also invested in low-cost automation initiatives to improve product quality and productivity
- Invested in alarm system for altering against deviation in air cleanliness levels in the clean rooms
 - Initiated audit trails in the WFI generation system.
 - Installed mechanical devices to monitor the temperature, humidity, rotation speed and pressure
 - Implemented ERP modules for batch manufacturing and release and dispatch
 - Developed machine for auto-labelling of Pre-Filled Syringes
 - Invested in blister packing of Pre-Filled Syringes

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

The Company's Validation Master Plan (VMP) addresses the stated validation and qualification strategy. Quality verification for all manufactured products meets international benchmarks; the VMP outlines and coordinates the qualifications and validation activities. Besides, it also allocates the responsibilities for validation and assists in critical path planning.

Venus investment in state-of-the-art quality control and analytical laboratories facilitates stringent tests across the entire operational process -- raw materials, in-process and finished products.

The quality assurance system pursues clearly defined responsibilities, updated processes, standard operating procedures and cyclic training, among others.

The quality control team monitors and analyses 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 Company conducts stability studies check for different environmental parameters as per ICH guidelines.

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 are sustained by reliable validated software formats that follow 21CFR.

The Company has also set up microbiology laboratories to enforce testing including microbial limit testing, bacterial endotoxin testing and sterility testing.

The Company provides round-the-clock video surveillance in manufacturing sites and warehousing facilities. Such records are accessible to authorised individuals. Periodic audits ensure strict systemic adherence.

2012-13 in retrospect

The Company implemented the AQL

Marketing



VENUS' PRODUCT OFFERINGS COMPRISE MORE THAN 75 INJECTABLES CATERING TO CRITICAL CARE SEGMENTS LIKE ANTIMICROBIAL RESISTANCE (AMR) AND ANTI-CANCER. THESE SEGMENTS ARE MARKED BY RELATIVELY LOW COMPETITION AND GROWING INTERNATIONAL RELEVANCE.

The Company possesses a 75-product basket catering to multiple therapeutic segments. The basket comprises 15 research-based blockbuster products with patent approvals from emerging and regulated markets.

The Company created dedicated teams leveraging a multi-pronged approach – retail sales, institutional sales and alliances with global pharmaceuticals—leading to a widening product reach.

Domestic marketing

The Company enjoys a pan-India presence serviced by a robust distribution network comprising 2,000 stockists, 40,000 chemists and 120,000 medical practitioners. The Company's 650+ member marketing team is helping widen the Company's presence

across the Indian market.

The Company possesses a robust supply chain, making it possible to deliver products across India within 48 hours. Beside, the automated field staff reporting system facilitates prompt decision-making.

The Company enjoys strategic alliances with leading Indian pharmaceutical companies (Abbott, IPCA, Glenmark, Lupin and Elder, among others). The Company's products find acceptance among 200 leading Indian hospitals, providing a sales platform for research products.

2012-13 in retrospect

- Launched three research products in India, which will be marketed across 200 leading Indian hospitals
- Launched Ezenus, a herbal candy, addressing stress management needs
- Strengthened marketing relationships with Ranbaxy and Lupin to address emerging markets
- Strengthened oncology product marketing; sales increased by 19.40% over the previous year

International marketing

Venus marketed 50+ products across 60 countries. Global business acquisition and servicing was facilitated through 11 global marketing offices. The Company enjoyed 50-plus alliances with international pharmaceutical across its global footprint. It participated in overseas tenders with local distributors' assistance and created a special team to promote products worldwide.

In addition to product sales, the Company sought alliances with pharmaceutical majors for out-licensing products across the world. It engaged global consultants to identify, analyse and conclude out-licensing deals for patented products.


The Company set up a global marketing centre 'The Venusian's Chamber' for ₹500 million, a dedicated marketing complex to widen the Company's marketing footprint. This Centre is expected to be operational from 2013-14 onwards.

2012-13 in retrospect

- Won a large tender-based contract for Meropenem in the UK and Germany in the face of stiff competition from leading global players
- Entered into an exclusive marketing arrangement for Potentox with Adcock Ingram, the second largest pharmaceutical company in South Africa



Global reach



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

Knowledge capital



Highlights, 2012-13

- Added 142 employees into the Venus Nation
- Invested 8,730 person hours in training sessions
- Among the Top-100 Best Companies to work for

IN A BUSINESS WHERE INTELLECTUAL CAPITAL REPRESENTS THE DIFFERENCE BETWEEN THE SUCCESSFUL AND THE AVERAGE, IT IS IMPERATIVE TO INVEST IN KNOWLEDGE, CAPABILITY AND EXPERIENCE FOR SUSTAINABLE SUCCESS. BESIDES, THE SUCCESS OF THE COMPANY'S BOARD ROOM STRATEGY DEPENDS ON THE IMPLEMENTATION CAPABILITY OF ITS TEAM.

Venus's people capital represents one of the cornerstones of its success. The Company's human capital comprised 1,172 qualified, empowered, dedicated and motivated members. The team is driven by targets, discipline, creativity and commitment. The HR function combines a prudent mix of energy and experience.

Mindset

Venus adopts a policy of all-round employee development. Its people strategy facilitates the creation of experts in chosen fields and helps members develop competence in other technical and managerial areas, growing the overall personalities.

Recruitment

At Venus, recruitment is largely

conducted at junior levels for which employee referral is preferred over institutional recruitment. Senior positions are plugged through internal promotions. Over the years, the Company increasingly invested in youth, rightsizing the organisation with respect to age.

Training

Venus consistently invested in growing its learning curve through a unique training philosophy -- 'Understand and Impart'— that made it possible to undertake and disseminate training across levels.

External training: The Company encourages staff members to participate in national and international conferences/seminars/ workshops. The Venus Medicine Research Centre provided training to team members.

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

- Induction training: The HR department mentors orients new joiners through a day-long induction exercise covering policies, culture, rights and responsibilities. The induction effectiveness is gauged through a detailed questionnaire. Following a

month's joining, employees are asked to fill a job satisfaction proforma, which identified their departmental and corporate compatibility.

Tutor and Trainee Programmes: The Venus Institute of Management launched the Tutor and Trainee Programme in 2008 to catalyse continuous learning. This ensured the transmission of experiences, accelerating the development of competencies.

Departmental training (Mini T&T): Departments invested in training covering meditation, lectures, topic-based lectures, exam feedback and intellect-testing games.

Self learning: The Company encouraged team members to participate in challenging projects through cross-functional teams, creating opportunities to demonstrate technical competence and team working. This made it possible for the Company to handpick next generation leaders for diverse operational functions.

Personality development: In addition to technical/functional and mandatory training as per the guidelines of ISO, GMP and GLP, the Company focused on personality development.

Venus, a nation

Venus constitution: The Company intends to emerge as a globally admired organisation with defined vision and mission statements. The Company Vision depicts the statement 'We Shall build Venus as a Nation'. Every nation is run with some defined laws, rules and regulations. Keeping this in view, it is important that all its acts, policies and procedures are enshrined in a constitution that serves as a consistent reference point across functions,

locations and nationalities.

Venus Army: Venus Army's motto of 'Organisation is Supreme, not the Individual' highlights its organisational strength. The Army completed its fifth year in March 2013.

Venus' Emblem: On July 28, 2009, the 'Venus Logo' was renamed 'Venus Emblem', depicting an elated man expressing joy and showcasing the Company's products, services, aspirations, ethics and values. The pyramid in the emblem represents

employee energy.

Venus Song: The Venus song was adopted under the banner of the Venus Constitution in 2009, enshrining its core values. Every organisational function/ event begins with its recital.

Venus Museum: The museum enshrines documents, presentation files, slides and other information. It records the Company's legacy for the benefit of existing and prospective members.

Fortune 500

Venus Fortune 500, a ten-year project (2008-2018) has reached to Fortune-100 people and will further help identify the next Top-50 entrants to the Fortune 500 camp of dedicated and talented employees.

Performance management

The Company institutionalised the Venus Service Commission (VSC) as an independent body for impartial consideration on all service matters with final authority in people-related issues.

The Management heads and other heads of the department speak directly to the employees, evaluate their performances, appreciate and encourage them on their achievements, discuss the issues as in where they are lagging behind, any specific help required to boost their performance, future strategies and so on to fulfill the mission of the Company.

Employee participation

The Company has devised certain standardised arrangements such as O & M (officers and management) meetings, Departmental meetings and Tutor and Training programme, and so on wherein the direction the organisation plans to pursue, is shared with the employees.

The achievements and concerns before the organisation are put across and future strategies are discussed.

Departmental meetings are organised once in two months in which the HODs have a meeting with their teams to chalk out the plans for fulfilling the missions of their departments and at large the mission of the Company. All team members are encouraged to share their views on any matter concerning them or their performance. Detailed minutes of the meetings are prepared and shared with the top management.

The Tutor and Training programme is conducted for every department separately once in every three months undertake by a senior management executives from other departments.

In the O&M meet, the top Management share the progress with the senior and middle management teams and their opinions and views are also taken. The detailed minutes of the meetings are put on the internal website for all employees to see. This enables each and every employee to know what is happening at the top and senior level.

Awards

The Company rewards superior performance. Marketing personnel are offered target-related incentives and

schemes in addition to their salary.

The Company shows appreciation and recognition of the high performance and hard work of employees on Annual Raising day (which is celebrated on 24th March every year) by rewarding them with Certificates and mementoes. The Company recognises the 'Best Employee', 'Best-in-Discipline', 'Best New comer', 'Best HOD' and 'Best Team' among others.

The Company also recognises the high performing employees with Gold, Silver & Bronze medals apart from target related incentives and schemes. The Venus Annual Awards are declared on its Annual day with the purpose to remember the values and goals that this institution undertook when it was set up about 22 years ago.

Social schemes

The Company instituted various employee welfare schemes, including the education policy, Shagun policy, employee higher education program, subsidised loan schemes and the policy for condolence events in which the Company extended financial assistance to employee or family members as per scheme terms. The Company extended Medclaim and Accident Claim benefits to all team members.

Analysis of the consolidated financial statements

Despite a challenging business environment in fiscal 2012-13, the Company recorded a higher topline and increased profits thereby vindicating the robustness of its business model.

1. Analysis of the Statement of Profit and Loss

Revenue from operations

Business income grew by 14.35% from ₹4,098.38 million in 2011-12 to ₹4,686.37 million in 2012-13 due to increased sales volumes in the domestic and the international markets.

In India, revenues increased as a consequence of increased acceptance of research-based and generic drugs in hospitals, other medical institutions as well as the retail network. The export business increased with a subsequent widening of our footprint and deeper penetration of the existing markets. Export growth was also bolstered with the rupee depreciation working in our favour and also due to the sizeable

volumes of carbapenems marketed in Europe.

Total expenses

Total expenses increased by 13.01% over the previous year from ₹3,594.72 million in 2011-12 to ₹4,062.40 million in 2012-13. The increase in costs was to some extent neutralised via the undertaking of initiatives which catalysed our operational efficiency, across the organisation.

Material costs increased primarily due to the foreign exchange fluctuations, as a large volume of the inputs used are imported. In addition, increased production volumes also contributed to the cost increase.

Employee cost increased due to the bi-annual increments to the team. In

addition, the Company's focus on recruiting senior executives into the Company across various departments to manage growing business operations added to the employee bill. The increased wage bill was more than compensated by improved productivity – revenue and EBITDA per employee increased 31% and 16.52% respectively over the previous year.

Finance costs declined 10.39% from ₹274.85 million in 2011-12 to ₹246.29

million despite an increase in the Company's debt portfolio. This decline was due to the following reasons:

- Reduction in the earlier term loans due to repayment
- New term loans were taken for the Venusian Chamber and R&D expenses which were capitalised
- Improved corporate rating with credit rating agencies reduced the interest rates

Provision for depreciation grew 31.12% from ₹252.25 million in 2011-12 to ₹330.76 million in 2012-13. This increase was primarily due to the increased amortisation of intangible assets (patents, dossier filings among others.). The addition to tangible assets due to acquisition of new automation and modernisation of the existing ones also contributed to the increase in depreciation.

Revenue by geography (%)



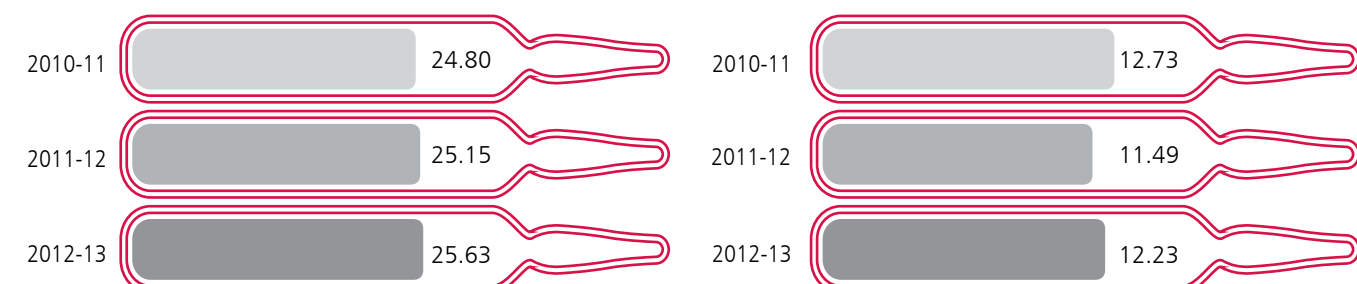
Revenue by product (%)



	2012-13		2011-12	
	Amount (₹ million)	Proportion of total expenses (%)	Amount (₹ million)	Proportion of total expenses (%)
Cost of materials consumed	2725.58	67	2350.71	65
Change in inventory	(103.00)	(2.52)	(91.57)	(2.55)
Employee benefits	273.02	6.72	248.32	6.91
Other expenses	589.74	14.52	560.16	15.58
Finance costs	246.29	6.06	274.85	7.65
Depreciation	330.76	8.14	252.25	7.02
TOTAL	4062.4		3594.72	

EBIDTA margin (%)

Net margin (%)





2. Analysis of the Balance Sheet

Despite a dismal business environment, the Company's improved performance strengthened its Balance Sheet and its ability to grow shareholder value.

Capital employed

The capital employed in the business increased 23.70% from ₹5040.49 million as on March 2012 to ₹6219.82 million as on March 2013 owing to the conversion of warrants into Equity Shares at a premium and increased reliance on external funds. These funds were invested primarily in creating the Venusian Chamber and in R&D expenses & IPR which are expected to deliver sizeable returns over the coming years.

Shareholders' funds

Shareholders' funds increased 23.38 % from ₹30729.49 million as on March 31, 2012 to ₹37912.55 million as on March 31, 2013. The equity capital increased to ₹1054.20 million as on March 31, 2013 against ₹974.20 million as on March 31, 2012 – consequent to conversion of 8.00 lac warrants into equity (at a premium of

₹202.20 per share). This significantly increased the reserves and surplus balance. Besides, the ploughback of ₹300 million out of the net profit for the year also added to the reserves balance which stood at ₹36380.90 million as on March 31, 2013 against ₹28853.44 million as on March 31, 2012. The book value per share jumped from ₹315.50 to ₹359.70 over the same period.

External debt

Reliance on external debt (short and long-term) increased by 23 %from ₹2203.04 million as on March 31, 2012 to ₹2712.54 million as on March 31, 2013 primarily for the following reasons:

- Financing its Venusian Chamber – a global business centre
- Financing IP creation (filing patent applications, undertaking clinical trials and dossier filings) in regulated and emerging markets
- Partially financing its additional working capital requirements, in line with expanding business operations

Long-term borrowings increased 30.24% from ₹991.33 million as on

March 31, 2012 to ₹1,291.15 million as on March 31, 2013 – majority of the long-term borrowing was secured term loans from the banks. It also comprised US\$4.59 million FCCBs convertible at ₹364 per Equity Share on February, 2015. Working capital loans were prudently balanced between rupee and foreign currency loans to optimise interest costs. Despite the increase in the debt quantum, the Company's debt-equity stood at a healthy 0.46 x as on March 31, 2013.

Other long-term liabilities

The 93.84% increase under this head is due to the security money retained of the Venusian Chambers as performance guarantee – this will be liquidated over the coming years.

Trade payables

It comprised business creditors. The balance under this head increased by 49.95% from ₹125.53 million as on March 31, 2012 to ₹187.61 million as on March 31, 2013. This was in line with the increased business operations and the need to purchase larger volume of raw materials and consumables in line with the Company's focus

on entering regulatory markets. The average creditors cycle was 14 days in 2012-13 against 11 days in 2011-12.

Other current liabilities

Current maturities of long-term borrowing (debt payable in 2013-14) comprise the largest segment which stood at ₹463.65 million as on March 31, 2013 against ₹376.03 million as on March 31, 2012.

Short-term provisions

The increase in short-term provision was due to an increase in the provision for taxation for 2012-13 and an increase in the dividend proposed for fiscal 2012-13. These amounts will get liquidated in the current year.

Fixed assets

Gross block (fixed assets) represents the competitive advantage of an organisation. The Company's gross block increased 18.72% from ₹3,783.91 million as on March 31, 2012 to ₹4,492.29 million as on March 31, 2013.

Tangible assets: The balance under this head increased 10.49% from ₹1,824.25 million as on March 31, 2012 to ₹2,015.70 million as on March

31, 2013. The increase was largely due to the addition and upgradation of equipment at its Baddi facility which improved product quality. The Company also made significant equipment addition at its R&D facilities which strengthened its capability to innovate and its quality assurance laboratories which ensure that every product goes beyond simply emulating the required specifications.

Intangible fixed assets: It represents patents, CTD dossiers, clinical trials and other procedural and product development initiatives – the expenses for which are amortised by the Company over the next 10 years. The balance under this head increased 15.33 % from ₹17296.16 million as on March 31, 2012 to ₹19985.32 million as on March 31, 2013 due to the addition in the Company's IP wealth.

Inventories

Inventory balance increased 32.24% from ₹968.15 million as on March 31, 2012 to ₹1,280.27 million as on March 31, 2013. This was due to the need to stock materials – raw materials and finished goods – in line with the Company's aspiration of establishing a

strong presence in regulated markets. Besides, expanded business operations also added to the inventory balance. Raw materials accounted for more than 55% of the total inventories (March 31, 2013)

Trade receivables

Outstanding business receivables increased only 17.48% from ₹401.04 million as on March 31, 2012 to ₹471.13 million as on March 31, 2013 in line with sales growth and an increased exposure in regulated markets where the credit cycle is larger than other markets. The receivables cycle stood at 37 days in 2012-13 against 36 days in 2011-12.

3. Analysis of the Cash Flow Statement

Despite the external financial challenges, Venus remained a liquid organisation – reflected in a 25.15% growth in the net cash from operating activities – from ₹416.70 million in 2011-12 to ₹521.50 million. This was achieved due to enhanced operating efficiencies coupled with stringent working capital management.



Managing business risks

Risk is the face of business uncertainty, affecting corporate performance and prospects. As a diversified enterprise, Venus has had a systems-based approach to 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 senior management periodically reviews the risk management framework to maintain contemporariness and address emerging challenges in a dynamic environment. This prudently balances risk and reward leading to shareholder value growth.

01

The global economic slowdown could affect growth.

The pharmaceutical industry remains largely unaffected by economic momentum. This is especially true for critical therapies where demand has been growing continuously. Venus addresses some of these critical therapies (oncology, post-surgery infections and drug-resistant infections). As the product basket widens and product registrations increase, growth is expected to accelerate.

02

Competition in a crowded Indian pharmaceutical space could affect profitability.

Venus has selected to specialise in the challenging and complex injectables space. In India, tablet /capsule manufacturer to injectable manufacture ratio is about 10:1. Venus has carved a niche through the development of remedy-defining formulations which received patents from regulated and emerging markets, protecting its long-term profitability.

03

The Company's inability to muster financial resources could affect growth.

Venus's financial strength is reflected in a number of realities: a cash balance of ₹90.39 crore as on March 31, 2013, net operating cash flow of ₹52.15 crore in 2012-13. These make it possible to mobilise resources for prospective capital investments.

Doing business responsibly

At Venus Remedies, corporate social responsibility is not a modular add-on to the business; it is core to the business itself.

Safety, Health & Environment
Venus promotes Health, Safety & environment as an integral part of its business. We strive to prevent the environmental impact of our activities and products. We maintain a safe workplace environment for our employees, contractors, visitors and local community. We train employees to contribute to a safer environment at work, home and community. As an extension, all facilities and functions are governed by an efficient use of material and energy, the substitution of hazardous materials where feasible and the optimisation of material and recycling.

Health
Charitable trust: Venus created Hanuman Chaudhary Charitable Trust funded by 0.75% of the annual salary of each Venus employee. The Trust provides healthcare services for public benefit.

Hospital operations: Every Venus employee contributes towards the maintenance and development of the Laxmi Devi Charitable Hospital in Sirsa district (Haryana). The hospital provides primary healthcare - doctor advice and medicines – free to more than 20,000 patients annually.

Health camps: Venus engages in diabetes detection camps with IMA/ Lions Clubs/Rotary Clubs, covering free diagnosis and medical facilities. It organised a blood donation camp which attracted more than 60 donors; the collection was contributed to the PGIMER Blood Bank. In addition the health camp provided free ECG services. Many members benefited from the free consultancy of specialist doctors (gynaecologist, general physician and orthopedist). In the last four years, more than 400 individuals donated blood.

Knowledge dissemination: The Company launched the Can-survive Magazine on the Company's Annual Day 2012, especially for the oncologist fraternity, highlighting latest trends and studies. The Company launched Dost magazine (bilingual), which educates cancer patients about the do's and don'ts of chemotherapy.

Education
Venus provided employee children with fees, uniforms and books. The Company organised an annual prize distribution to recognise outstanding talent. It entered into tie-ups with premier institutes to sponsor deserving candidates for higher studies. The Company recognised and rewarded meritorious students. The Company

extended benefits to 141 children of 102 workers in 2012-13.

Manav Uthan Yojna: Venus employees contribute from their salary towards Manav Uthan Yojana, a programme to support weaker sections. Of this fund, beds, cycles, sewing machine, blankets etc. were distributed. Besides, medical benefit and education support was provided to the children of workers.

Green cover
Venus encouraged its team and visitors to plant trees. It landscaped expansive land parcels within its manufacturing facility with gardens comprising different shrubs and decorative plants. The Company created a herbal garden at its Baddi facility (Unit II) comprising medicinal plants for ayurvedic use. Venus and MP Birla Hospital, Priyamvada Cancer Research Institute organised a tree plantation programme to commemorate Doctor's Day. The Venus Army undertook tree plantations at various medical institutions in North India.

Awareness programmes
The Company undertakes initiatives to increase awareness of life-harming ailments. To commemorate Anti-Tobacco Day, Venus organised a week long awareness-enhancing anti-tobacco campaign.



directors' report

Dear Shareholders,

To the esteemed stakeholders of Venus Remedies Limited. It gives your directors great pleasure to present the twenty fourth Annual report together with the audited statement of accounts for the year ended March 31, 2013.

Financial Highlights

(₹ in Millions)

	2012-13	2011-12
Sales & Other Income	4613.38	4051.87
Operating Surplus	1184.88	1061.02
Finance Charges	244.50	272.64
Depreciation	317.62	240.67
Profit before Tax	626.72	551.51
Provision for Tax	55.27	51.22
Profit After Tax (PAT)	571.45	500.29
Provision for Dividend	33.98	33.97
Profit Transferred to General Reserve	300.00	300.00

Operations

During the year under review, your Company achieved a turnover ₹ 4613.38 .millions compared to ₹ 4051.87 million in 2011-2012 registering a 13.86% growth. The Company has made efforts to meet projected targets during the year under review. The Company is fully integrated from research to market having 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.

The Company has achieved the following milestones in 2012-13:

- Vancoplus received Patent from Australia
- Venus established pre-clinical proof of concept for its Drug -Protein-Polymer- Conjugate (DPPC
- Venus received another patent grant from South Africa for a novel antibiotic combination of carbapenem and aminoglycoside
- Venus research product to fight resistant superbugs won US Patent
- Introduced Ready-to-Use a Single Vial Taxedol in India
- Venus got US patent for POTENTOX
- Venus launches TROIS, a miracle nano-emulsion for arthritic Pain
- Received First Patent From Canada for VANCOPPLUS
- Received first Mexican patent for research product VANCOPPLUS
- Venus got Phase III Nod for Its Cancer Detection NCE
- Launched ELORES - CSE 1034 a US patent protected product in India
- Venus Remedies received Australian GMP from TGA for four of its facilities
- Signed Exclusive Marketing Rights deal for its novel Antibiotic Ajuvant Entity to South Africas second largest

- Pharmaceutical company - Adcock
- Venus MEROPENEM received market authorization in Mexico
- Launched its first OTC product “Ezenus”

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 2012-2013.

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.
- (iv) Pursuant to the provision of Section 212(8) of the Companies Act 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the annual accounts of the subsidiary company with the balance sheet of holding Company. The annual accounts of the subsidiary company and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the Corporate/head office of the holding company and of the subsidiary company concerned.

Directors

Mr. Ashutosh Jain and Mr. Jagdish Chander 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 2013-2014 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: 03.08.2013
Pawan Chaudhary
Chairman & Managing Director

ANNEXURE TO DIRECTOR'S REPORT

Information pursuant to the Companies (Disclosure of Particulars in the report of Board of Directors) rules, 1988

1. CONSERVATION OF ENERGY

A) Steps Taken During The Year For Energy Conservation

- i) Installation of variable frequency drives on air handling units giving soft starting of the system and bulk saving in electrical energy
- ii) Installation of steam utensils in the Annapurna unit-2 for cooking of food
- iii) Improvement in fuel heating system of boiler in unit-2

- iv) Improvement in steam distribution system in unit-2 boiler running reduced by six hours per day resulting saving of fuel 270Ltrs per day
- v) 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 roduction of goods:

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

C. Total energy consumption and energy consumption per unit of production:

FORM A

(Amount in ₹)		
A. Power and Fuel Consumption:	2012-13	2011-12
1. Electricity		
a) Purchased		
Units	30,72,392	33,31,798
Total amount (₹)	1,93,55,723	1,85,96,775
Rate/Unit (₹)	6.30	5.58
b) Own Generation		
(i) Through diesel generator set		
Units	6,47,470	4,54,454
Total amount (₹)	81,02,274	46,55,104
Rate/Unit (₹)	12.51	10.24
ii) Through steam turbine/generator	Nil	Nil
2. Coal consumption	Nil	Nil
3. Furnace oil & LDO		
Quantity (Ltr.)	2,48,814	1,97,550
Total amount (₹)	1,02,48,953	71,93,144
Average Rate (₹ / Unit)	41.19	36.41
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. 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 pharmaceuticals 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 metallo-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 .

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.

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

Particulars	2012-2013		2011-2012	
	₹ in million	% to turnover	₹ in million	% to turnover
Capital Expenditure (R&D-IPR)	504.30	10.93	682.81	16.85
Recurring Expenditure (R&D)	160.26	3.47	141.59	3.5

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.

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 health

care 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.

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

(₹ in Lakhs)

Particulars	Currency	Current Year	Previous Year
A. Total Foreign exchange earned			
Sales	US\$	58.22	55.46
	EURO	65.27	20.39
R&D Activities	US\$	0.72	2.20
	EURO	0.17	0.68
B. Total foreign exchange used			
i) On import of raw material/ spares and capital goods	US\$	124.84	109.05
	EURO	0.87	1.03
	JPN	-	51.60
ii) Expenditure in foreign currency for :			
Salary/incentives	US\$	1.76	1.69
Travel	US\$	0.17	0.25
	EURO	0.03	0.05
	ZAR/GBP	0.03	0.02
Regulatory fees for patent/product & plant registration	US\$	20.27	20.73
	EURO	10.27	10.78
	JPN	11.61	4.67
Exhibition expenses (CPHI)	EURO	0.01	0.25
Remittance on account of dividends US\$	US\$	0.01	0.01
Subscription	US\$	0.01	0.01
Commission	US\$	0.10	1.05
Director sitting fees	EURO	0.04	0.08

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

Place: Panchkula
Date: 03.08.2013

Sd/-
Pawan Chaudhary
Chairman & Managing Director

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, 2013 the Board consisted of 9 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
Dr. (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 Jain (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
Mr. Soumitra Sengupta	Nominee, Independent Non-Executive	Satia Synthetics Limited	Nil

B. Details of Board Meetings held during the year:

Sr.No.	Date	Board Strength	No. of Directors present
1.	04.05.2012	8	7
2.	21.06.2012	8	7
3.	04.08.2012	8	7
4.	03.11.2012	8	7
5.	07.02.2013	8	6
6.	30.03.2013	9	7

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

Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Pawan Chaudhary	6	6	Yes
Dr. (Mrs.) Manu Chaudhary	6	6	No
Mr. Peeyush Jain	6	5	Yes
Mr. Ashutosh Jain	6	6	Yes
Mr. Jagdish Chander	6	6	Yes
Mr. Hari Pal Verma	6	6	No
Dr. S. K. Chadha	6	5	No
Dr. Gilbert Wenzel	6	1	No
Mr. Soumitra Sengupta	6	-	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	5702400	NIL	85842	NIL	NIL	NIL	5788242
Dr. (Mrs.) Manu Chaudhary	4579200	NIL	NIL	NIL	NIL	NIL	4579200
Mr. Peeyush Jain	2693520	NIL	46699	NIL	NIL	NIL	2740219
Mr. Ashutosh Jain	2404512	NIL	NIL	NIL	NIL	NIL	2404512
Mr. Jagdish Chander	Nil	37500	Nil	Nil	Nil	Nil	37500
Mr. Hari Pal Verma	Nil	30000	Nil	Nil	Nil	Nil	30000
Dr. S. K. Chadha	Nil	25000	Nil	Nil	Nil	Nil	25000
Dr. Gilbert Wenzel	Nil	5000	Nil	Nil	Nil	Nil	5000
Mr. Soumitra Sengupta	Nil	NIL	Nil	Nil	Nil	Nil	NIL

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:

- Overseeing the Company's financial process and disclosure of financial information to ensure that the financial statement is correct.
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any services.
- Reviewing with the management annual financial statement before submission to the Board.
- Reviewing with the management and external and internal auditors, the adequacy of internal control system

- Reviewing the adequacy of internal audit function
- Discussing with internal auditors any significant finding and follow up on such issues
- 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.
- Reviewing the Company's financial and risk management policies; and
- 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.	04.05.2012	3	3
2.	21.06.2012	3	3
3.	04.08.2012	3	3
4.	03.11.2012	3	3
5.	07.02.2013	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. Pa wan 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, 2013. A total of Six complaints were received for the period 1-4-2012 to 31-3-2013. All complaints were redressed under the supervision of the Committee, no complaint was outstanding as on 31st March, 2013
- All the valid share transfer requests received during the above period were duly attended to and processed in time. There were no valid requests pending for share transfers as on 31st March, 2013.

5. General Meeting

Details of General Meetings held in last three years:

Financial Year	Meeting	Date	Time	Location
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
2011-2012	AGM	28.09.2012	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:

- Publication of Quarterly results : Wide Publicity is given in print media.
- Management Discussion & Analysis :Published as a part of Annual Report under Director's Report
- Shareholders Information Section Published as part of Annual Report under Corporate Governance Report

- Company Website The Company has its own website viz. www.venusremedies.com, www.vmrindia.com, www.Venuspharmagmbh.de, where information relating to financial results, launch of new products and official releases to news agencies are made available .
- Information to stock exchange : All the material developments in the com informed to stock exchanges where the shares of the company are listed

7. Disclosures :

- 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.

- 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

- The Board - Adopted
- Remuneration Committee – Adopted
- Shareholder Rights - Not adopted
- Audit Qualifications - Adopted (The financial statements are unqualified)
- Training of Board Members - Adopted
- Mechanism for evaluating non-executive Board Members - Not Adopted
- Whistle Blower Policy - Adopted

9. General Shareholders Information :

A. AGM details :

Date	: September 30th 2013
Venue	: Bal Bhawan, Sector- 23, Chandigarh
Time	: 10 A.M.
Book Closure Dates	: From 25th September to 30th September, 2013 (both days inclusive)

B. Financial Calendar :

Financial year of company	: 1st April 2013 to 31st March 2014
First Quarter results	: On or before August 15, 2013
Second Quarter results	: On or before November 15, 2013
Third Quarter results	: On or before February 15, 2014
Fourth Quarter results	: On or before May 15, 2014

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 @vensuremedies.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, 44 Community Centre, 2nd Floor, Naraina Industrial Area Phase- I, Near Pvr Naraina, New Delhi 110 028, E-mail: delhi@linkintime.co.in
Phone ; 011-41410592, Fax ; 011-41410591

I. Dividend Payment Date :

The Board of Directors at its meeting held on 18.05.2013 has recommended 30% dividend for the year 31st March 2013, if approved by the shareholders at the ensuing Annual General Meeting to be held on September 30, 2013 would be paid within stipulated time period.

J. Status of De materialization of shares as on 31st March, 2013

Mode	No. of Shares	Percentage
DEMAT	10214072	96.89%
PHYSICAL	327916	3.11%

K. Listing on Stock Exchanges:

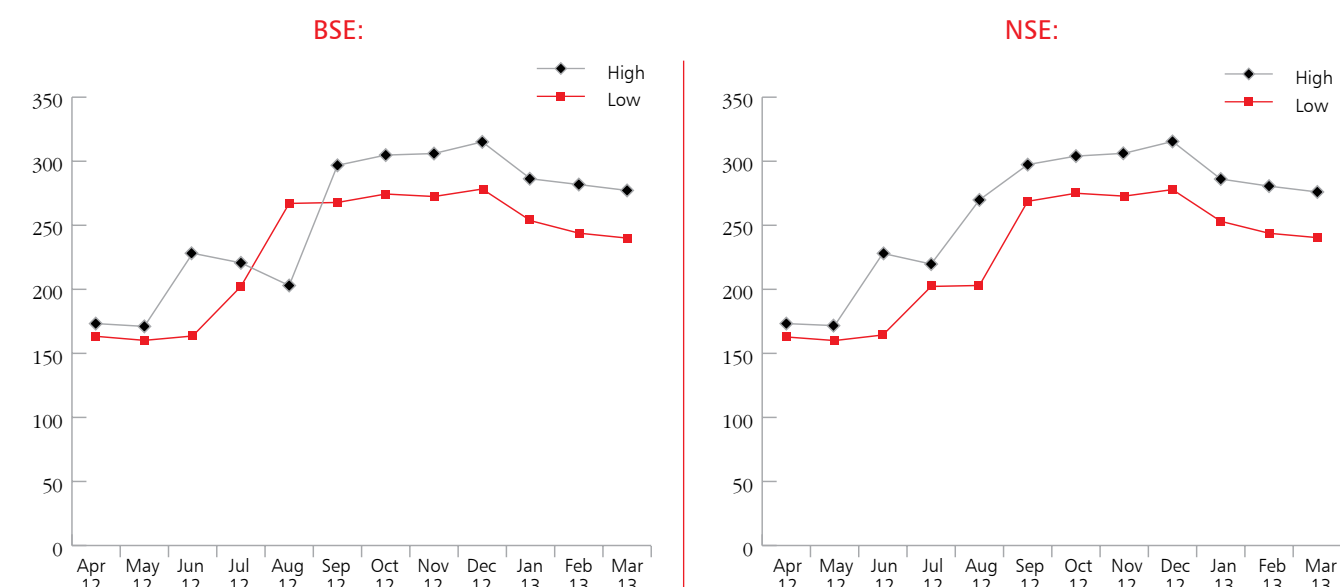
The Company's securities are listed on the following Stock Exchanges,

Place	Address
Mumbai	The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Scrip Code : 526953
Mumbai	The National Stock Exchange of India Limited, 5th Floor, Exchange Plaza, Bandra (E), Mumbai Scrip Code: VENUSREM

L. Distribution of Shareholding as on 31st March, 2013:

Share or Debenture holding of nominal value ₹	Share / Debenture Holders Number	% to total	Share / Debenture Amount Amount in ₹	% to total
(1)	(2)	(3)	(4)	(5)
Upto 2,500	8745	80.97	6902610	6.55
2,501 - 5,000	1008	9.33	3898510	3.70
5,001 - 10,000	538	4.98	4322230	4.10
10,001 - 20,000	249	2.30	3753570	3.56
20,001 - 30,000	89	0.82	2300440	2.18
30,001 - 40,000	39	0.36	1432420	1.36
40,001 - 50,000	31	0.28	1458940	1.38
50,001 - 1,00,000	58	0.53	4498190	4.27
1,00,001 & Above	43	0.39	76852970	72.90
Total	10800	100.00	105419880	100.00

M. Market price data (High/Low) during each month in the year 2012-2013 in the Bombay Stock Exchange



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:

During 2012-2013 the company issued and allotted 800,000 equity shares on conversion of fully convertible warrants. The paid up capital increased pursuant to the conversion of 8,00,000 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, 2013, 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 : 03.08.2013

(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, 2013, 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 : 03.08.2013

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

Financial Statements

Independent Auditor's Report

To
The Members of
VENUS REMEDIES LIMITED
PANCHKULA

1. We have audited the accompanying financial statements of M/s Venus Remedies Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
7. As required by "the Companies (Auditor's Report) Order, 2003" issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For J.K. JAIN & ASSOCIATES
Chartered Accountants
FRN:004025N

J.K. JAIN
Partner
Place: Panchkula
Date:18.05.2013
M. No. :083140

Annexure to the Auditor's Report

(Referred to in Para (7) of our report of even date)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management 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 material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, no substantial / major part of fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. 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 ₹5,00,000/- (Rupees five lacs only).
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained but we have not carried out the examination of records.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that term loans taken during the year have been applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. During the year the company has made preferential allotment of 8,00,000 equity shares to Sunev Pharma solution limited at ₹212.20 per share. The above allotment is covered under the register maintained under section 301 of the Companies Act, 1956.
19. The Company has no outstanding debentures during the period under audit, paragraph 4 of the Order is not applicable.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For J.K. JAIN & ASSOCIATES
Chartered Accountants
FRN:004025N

J.K. JAIN
Partner
Place: Panchkula
Date:18.05.2013
M. No. :083140

BALANCE SHEET As at 31st March, 2013

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	1054.20	974.20
(b) Reserves and Surplus	2	37692.19	30034.82
(c) Money received against share warrants		477.45	901.85
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	12911.52	9913.33
(b) Deferred Tax Liabilities (Net)	4	1468.09	1163.89
(c) Other Long term Liabilities	5	46.58	22.68
(d) Long Term Provisions	6	291.38	249.90
(3) Current Liabilities			
(a) Short-Term Borrowings	7	9568.13	8324.28
(b) Trade Payables	8	1786.97	1232.79
(c) Other Current Liabilities	9	5788.28	4322.45
(d) Short-Term Provisions	10	1862.92	1533.46
Total		72947.69	58673.64
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		18329.44	16435.86
(ii) Capital Work in Progress		4366.92	1778.02
(iii) Intangible Assets		19762.54	17150.10
(iv) Intangible Assets under Development		413.62	522.47
(b) Non-current investments	12	2873.61	2873.61
(c) Long term loans and advances	13	4274.03	2600.67
(2) Current Assets			
(a) Inventories	14	12639.68	9619.11
(b) Trade receivables	15	5311.26	4432.58
(c) Cash and cash equivalents	16	625.87	291.17
(d) Short-term loans and advances	17	4350.71	2970.04
Total		72947.69	58673.64
Significant Accounting Policies and Notes on Accounts	1 to 38		

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
 M. No. : 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

PLACE : PANCHKULA
 DATE : 18.05.2013

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
DGM Accounts

STATEMENT OF PROFIT & LOSS For the period ended on 31st March, 2013

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
I Revenue from operations	18	46133.84	40518.66
II Other Income	19	39.50	38.04
III Total Revenue (I + II)		46173.34	40556.69
IV Expenses:			
Cost of materials consumed	20	27255.82	23507.11
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(929.29)	(903.30)
Employee Benefit Expenses	22	2323.79	2057.82
Finance Costs	23	2444.95	2726.38
Depreciation and Amortization Expenses	24	3176.19	2406.72
Other Expenses	25	5634.67	5246.90
Total Expenses (IV)		39906.14	35041.62
V Profit before Tax	(III - IV)	6267.20	5515.07
VI Tax expense:			
(1) Current tax		1253.93	1103.44
(2) Deferred tax		304.21	239.65
(3) Mat Credit		(1005.46)	(830.92)
VII Profit/(Loss) for the period		5714.53	5002.89
VIII Earning per equity share:			
(1) Basic		58.63	54.43
(2) Diluted		50.95	51.79

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of statement of Profit & 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
 M. No. : 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

PLACE : PANCHKULA
 DATE : 18.05.2013

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
DGM Accounts

CASH FLOW STATEMENT For the period ended on 31st March, 2013
 (PURSUANT TO CLAUSE NO. 32 OF THE LISTING AGREEMENT)

(₹ in Lacs)		
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	6,267.20	5,515.06
Adjustment for Depreciation	3,176.19	2,386.41
Misc Expenditure written off	-	20.31
Adjustment of excess MAT Transferred to General Reserve	665.07	380.74
Exchange Fluctuation	112.42	-
Interest Received	(15.66)	(11.60)
Operating Profit before working capital changes	10,205.21	8,290.92
Adjustments for increase /decrease in Current Assets	(7,554.00)	(3,805.58)
Decrease / Increase in Current Liabilities/ Provisions	2414.84	(679.47)
Net Cash Flow from operating activities (A)	5,066.06	3,805.87
B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale/Purchase of Fixed Assets Including		
Capitalization of Expenses(NET)	(7,682.21)	(8,568.20)
Increase/ Decrease in Capital work in progress	(2,580.05)	(769.88)
Sale/Purchase of Investment	-	(36.50)
Interest Received	15.66	11.60
Net Cash Flow from Investing Activities (B)	(10,246.60)	(9,362.98)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	80.00	61.29
proceed from share capital(share premium)	715.75	1,663.97
Proceeds from share warrants	477.45	482.27
Proceeds from Long Term Borrowing(Net)	2998.19	1,341.69
Proceeds from Short term Borrowing(Net)	1243.85	2,007.69
Net Cash from Financing Activities (C)	5515.24	5,556.91
Net Increase in Cash & Cash Equivalents (A+B+C)	334.70	(0.20)
Cash & Cash Equivalents as at 31.03.2012	291.17	
Cash & Cash Equivalents as at 31.03.2013	625.87	
Cash & Cash Equivalents as at 31.03.2011		291.37
Cash & Cash Equivalents as at 31.03.2012		291.17

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
 M. No. : 083140

(Peeyush Jain)
Deputy Managing Director
(Pawan Chaudhary)
Chairman cum Managing Director

 PLACE : PANCHKULA
 DATE : 18.05.2013

(Neha Kodan)
Company Secretary
(Ajeet Kapoor)
DGM Accounts
NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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 upto the date of putting them in commercial use) less depreciation in accordance of Accounting Standard -10 i.e. Accounting for Fixed Assets.

(iii) Depreciation

Depreciation has been provided on straightline method and on single shift basis at the rates specified in the schedule XIV of the Companies Act, 1956, in accordance with accounting standard – 6 i.e accounting for depreciation

(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. Accordingly the method of valuation of inventories adopted are as under :-

- Stock Raw Material and Packing Material: - At cost price.
- Stock of Work in Progress: - At material cost plus apportioned manufacturing overheads.
- 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 Realizable value whichever is lower.
- Spares and consumables: - at cost.

(v) Investments (AS-13)

- Long term investments are stated at cost of acquisition. Provision for Diminution is made only to recognize a decline other than temporary, if any, in the value of investments.
- Current investments are carried at lower of cost and fair market value.

(vi) Retirement Benefits (AS-15)

- A short term employees benefits are recognized as an expenses at the undiscounted amount in the profit and loss accounts of the year in which the related service is rendered.
- Post employment and other long term employees benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expenses are recognized 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 recognized upon passage of the title to the customer, which generally coincides with the delivery. Sale is net of sale returns but includes excise duty.
- Dividends are accounted for as and when received.\
- Other income is accounted for on mercantile basis unless otherwise stated in other accounting standard.

(viii) Research and Development Costs

- Capital Expenditure on assets for research and development is included in cost of fixed assets.
- 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.
 - Expenditure on development phase in which the activity converts the results to a marketable product but doesn't result in to any intangible assets, such expenses incurred are not capitalized but otherwise charged to Profit & Loss account in accordance with AS-26 (Accounting Standard on Intangible Assets).
 - Expenditure on in-licensed development activities, where by research findings are applied to a plan or design for the production of new products and processes, is capitalized , if the cost can be reliably measured, the product and process is technically and commercially feasible and the Company has sufficient Technical , financial and other resources to complete the development and to use and sell the asset.

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

(ix) Borrowing Costs (AS-16)

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

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

- 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.
- 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.
- 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

- 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.
- 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 recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.
- MAT: Minimum Alternative Tax payable under the provisions of the income tax Act, 1961 is recognized 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)

- Public issue expenses, Bond issue expenses and preliminary expenses are amortized over a period of five years.
- Expenses relating to Patents & Trademarks are written off in ten subsequent years.

(xiii) 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 recognized 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 principles.

(xiv) Provisions, Contingent Liabilities and Contigent Assets (AS-29)

Provisions involving substantial degree of estimation in management are recognized 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 recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(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 AS-11 (R) any premiums or discount at the inception of such a forward exchange contract are amortized over the life of the contract and exchange difference on such contracts are recognized in the statement of profit or loss in the reporting period.

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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 at 31st March, 2013	As at 31st March, 2012
1	AUTHORIZED SHARE CAPITAL		
	15000000 Equity Shares of ₹10/- each	1500.00	1500.00
	(Previous Year 15000000 Equity Shares of ₹10/- each)		
		1500.00	1500.00
2	ISSUED , SUBSCRIBED & PAID UP CAPITAL		
	1,05,41,988 Equity Shares of ₹10/- each, Fully paid up (Previous year 97,41,988 Equity Shares of ₹10/- each)	1054.20	974.20
	Total	1054.20	974.20

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

Sr. No	Name Of Shareholders	No. of Shares (%)	No. of Shares (%)
1	Sunev Pharma Solutions Limited	20,00,000(18.97%)	12,00,000(12.32%)
2	Rel Utility Engineers Ltd formally known (Sonata Investments Limited)	11,95,995(11.35%)	11,95,995(12.28%)
3	Pawan Chaudhary	11,82,002 (11.21%)	11,82,002 (12.13%)
4	Manu Chaudhary	9,71,000(9.21%)	9,71,000(9.97%)
5	Morgan Stanley Mauritius Company Limited	5,60,000(5.31%)	5,60,000(5.75%)

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	9,741,988	9,129,094
2	Add: Shares issued during the year	800,000	612,894
	Equity Shares at the end of the year	10,541,988	9,741,988

1.4 During the year the company has allotted 8.00 lacs equity to Sunev Pharma Solutions Limited on conversion on share warrants out of total 17.00 lacs share warrants issued. The remaining 9.00 lacs share warrants will be converted before 31-03-2014.

NOTE : 2 RESERVE & SURPLUS

		₹ in Lacs	
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Securities Premium		
	As per last Balance Sheet	3413.75	1749.79
	Add: Securities Premium collected on share issue	1617.60	1663.97
	Total A	5031.35	3413.75
2	General Reserve		
	As per last Balance Sheet	17364.70	13983.97
	Add: Addition during the year	3000.00	3000.00
	Add : Mat Credit for Previous Years	665.07	380.74
	Total B	21029.77	17364.70
3	Surplus (Profit & Loss Account)		
	As per last Balance Sheet	9256.36	7593.14
	Add: Profit for the period	5714.52	5002.89
	Less: Appropriations		
	-Provision for Dividend	292.39	292.26
	- Taxes on Dividend	47.43	47.41
	Less: Transfer to General Reserve	3000.00	3000.00
	Total C	11631.06	9256.36
	Total (A+B+C)	37692.19	30034.82

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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 at 31st March, 2013	As at 31st March, 2012
1	Term Loans	10389.32	7535.75
	Secured by first charge on Fixed Assets & second charge on current assets of the company & personal guarantee of the directors		
2	Long Term Maturities of Vehicle loan obligation	-	9.34
	Total	10389.32	7545.09

3.1 Maturity Profile of Term Loans are as set below:

1-2 Years	2-3 Years	3-4 Years	Beyond 4 years
3806.47	2614.76	1906.00	2062.00

B. Unsecured Loans		(₹ in Lacs)	
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Bonds		
	Foreign Currency Convertible Bonds of (Bonds of 45,95,833 \$ convertible at ₹364 per Equity Share of face value for ₹10 each and ₹354 as share premium)	2522.19	2368.23
	Total	2522.19	2368.23

1.1 Bond are due for redemption on 01.02.2015.

1.2 Foreign Exchange rate has been agreed @ 45.06 per USD in case of conversion of Bonds into Equity Share.

NOTE : 4 DEFERRED TAX LIABILITY (NET)

1	Deferred Tax Liability	1468.09	1163.89
	Total	1468.09	1163.89

NOTE : 5 OTHER LONG TERM LIABILITIES

1	Security Retained from Staff	14.12	13.17
2	Security Retained from Contractors	18.70	3.31
3	Security in lieu of C Form	8.85	1.29
4	Security from Stockist	4.91	4.91
	Total	46.58	22.68

NOTE : 6 LONG TERM PROVISIONS

1	Provision For Employees Benefit		
	Provision for Gratuity	173.74	149.62
	Provision for Leave Encasement	117.63	100.28
	Total	291.38	249.90

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 7 SHORT TERM BORROWINGS

A. Secured Loans		(₹ in Lacs)	
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Working Capital Loan from Bank	9568.13	8324.28
	Secured by first charge on current assets of the company & second charge on fixed assets & further secured by personal Guarantee of Directors		
	Total	9568.13	8324.28

NOTE : 8 TRADE PAYABLES

1	Micro, Small and Medium Enterprises	82.93	77.95
2	Others	1704.04	1154.83
	Total	1786.97	1232.79

NOTE : 9 OTHER CURRENT LIABILITIES

1	Current Maturities of Long Term debts	4636.48	3760.25
2	Current Maturities of Vehicle Loan Obligation	9.34	32.55
3	Advance From Customers	115.20	102.67
4	Creditors for Capital Expenditure	96.28	98.19
5	Unclaimed Dividends	51.45	46.86
6	Creditor For Expenses	162.31	107.83
7	Other Payable	690.31	174.10
8	Provision for Gratuity	18.46	-
9	Provision for Leave Encasement	8.43	-
	Total	5788.28	4322.45

9.1 Unclaimed Dividend does not include any amount to be transfered to Investor Education and Protection Fund.

NOTE : 10 SHORT TERM PROVISIONS

	Others		
1	Provision for Taxation	1253.93	1103.44
2	Provision for Dividend	292.39	292.26
3	Provision for Dividend Tax	47.43	47.41
4	Provision for MIT	265.17	86.70
5	Provision for Excise Duty on Finished Goods	4.00	3.65
	Total	1862.92	1533.46

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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 end	Depreciation			Net Block	
		Value at the beginning	Addition during the year	Deduction during the year		Value at the beginning	Addition during the year	Value at the end	WDV as on 31.03.2013	WDV as on 31.03.2012
I Tangible Assets										
1 Land	0.00%	823.61	99.33	-	922.94	-	-	-	922.94	823.61
2 Building	3.34%	4310.20	103.83	-	4414.03	583.16	144.64	727.80	3686.23	3727.04
3 Building for R & D	3.34%	1237.97	22.43	-	1260.40	200.26	41.58	241.83	1018.57	1037.71
4 Plant & Machinery	4.75%	6440.40	754.57	-	7194.97	1201.93	318.30	1520.23	5674.74	5238.47
5 R & D Pilot Plant	4.75%	739.54	115.86	-	855.39	106.99	36.97	143.96	711.44	632.55
6 R & D Equipment	4.75%	2206.95	611.08	-	2818.03	564.86	112.85	677.71	2140.32	1642.09
7 Computer, I.T and Communication Equipment	16.21%	1545.78	245.30	-	1791.08	680.59	265.89	946.48	844.60	865.18
8 D G Set	13.91%	144.00	71.06	-	215.06	73.86	20.56	94.42	120.64	70.14
9 Electrical Installation	4.75%	626.40	77.27	-	703.67	114.71	30.56	145.27	558.40	511.69
10 Furniture & Fixture	6.33%	461.25	59.45	-	520.69	128.76	30.06	158.82	361.87	332.48
11 Lab Equipment	7.07%	777.78	476.43	-	1254.21	177.17	62.66	239.84	1014.37	600.60
12 Misc. Fixed Assets	4.75%	385.73	131.44	-	517.16	84.92	20.06	104.97	412.19	300.81
13 Office Equipment/ Security Equipment	7.07%	222.89	107.56	-	330.45	61.99	17.69	79.68	250.77	160.90
14 Pollution Control	4.75%	246.46	189.61	-	436.06	42.26	12.50	54.77	381.30	204.19
15 Vehicles	9.50%	486.83	0.00	12.03	474.80	198.45	45.29	243.73	231.07	288.39
TOTAL		20655.77	3065.21	12.03	23708.95	4219.92	1159.59	5379.51	18329.44	16435.86
(Previous Year)		18425.73	2232.89	2.85	20655.77	3208.48	1011.43	4219.92	16435.86	15217.25
II Capital Work-in-progress										
1 Building Under Construction		1338.31	2391.52	-	3729.83	-	-	-	3729.83	1338.31
2 Plant & Machinery		276.67	425.67	251.17	451.17	-	-	-	451.17	276.67
3 Electrical		0.62	0.68	0.50	0.80	-	-	-	0.80	0.62
4 R & D Block		162.42	142.62	119.92	185.12	-	-	-	185.12	162.42
TOTAL		1778.02	2960.49	371.59	4366.92	-	-	-	4366.92	1778.02
(Previous Year)		1041.60	1249.69	513.28	1778.02	-	-	-	1778.02	1041.60
III Intangible Assets										
1 Patent IPR Technologies		13494.54	3240.32	-	16734.86	1832.47	1371.28	3203.75	13531.11	11662.07
2 Product & Process Development		6350.37	1388.71	-	7739.08	862.34	645.31	1507.65	6231.43	5488.03
TOTAL		19844.91	4629.03	-	24473.95	2694.81	2016.59	4711.40	19762.54	17150.10
(Previous Year)		13506.76	6338.15	-	19844.91	1319.83	1374.98	2694.81	17150.10	12186.93
IV Intangible Assets Under Development										
TOTAL		522.47	640.22	749.07	413.62	-	-	-	413.62	522.47
(Previous Year)		489.00	400.80	367.33	522.47	-	-	-	522.47	489.00

NOTE : 12 NON CURRENT INVESTMENT

A. Other Investments

(₹ in Lacs)

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	In the Equity Shares of WOS		
	Unquoted , fully paid up		
	Venus Pharma GmBH	2873.61	2873.61
	Total	2873.61	2873.61

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 13 LONG TERM LOANS AND ADVANCES

(Unsecured , Considered good)

(₹ in Lacs)

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Security Deposit	20.66	17.82
2	Other Loans & Advances		
	Mat Credit	4253.37	2582.85
	Total	4274.03	2600.67

NOTE : 14 INVENTORIES

1	Raw Material	7144.02	5216.42
2	Work-in-Progress	2573.15	2261.06
3	Finished Goods	2633.06	2015.87
4	Consumables	8.20	11.86
5	Stores & Spares	10.37	17.34
6	Printing & Stationary	5.71	9.86
7	Goods-in-transit		
	a) Raw Material	225.15	67.78
	b) Packing Material	40.02	10.43
	c) Others	-	8.49
	Total	12639.68	9619.11

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	27.57	14.25
2	Others	5283.69	4418.33
	Total	5311.26	4432.58

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	5.50	5.38
	Foreign Exchange in Hand	0.72	1.03
	Sub Total (A)	6.22	6.41
2	Bank Balance		
	In current Accounts	315.16	92.11
	Sub Total (B)	315.16	92.11
3	Fixed Deposits		
	Fixed Deposit being Margin Money	304.49	192.66
	Sub Total (C)	304.49	192.66
	Total [A + B +C]	625.87	291.17

16.1 Balance with Banks includes Unclaimed Dividend of ₹51.45 Lacs (Previous Year ₹46.85 Lacs)

16.2 Fixed deposits with banks include deposits of ₹65.52 Lacs (Previous year ₹1.30 Lacs) with the maturity of more than 12 months.

16.3 An amount of ₹304.49 Lacs (Previous Year ₹192.66 Lacs) is held with Banks as margin money for Bank Guarantees/ Letter of Credit

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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 at 31st March, 2013	As at 31st March, 2012
1	Balance with Revenue Authorities under Indirect Taxes	24.33	25.90
2	Loan to Staff	73.44	84.24
3	Other Loans & Advances	4252.94	2859.90
(Advance Recoverable in cash or in kind or for value to be considered good)			
Total		4350.71	2970.04

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

NOTE : 18 REVENUE FROM OPERATIONS

1	Sale of products	46025.79	40239.05
2	Income from research activities	154.68	252.34
3	Other Operating Revenue	69.46	101.07
Total		46249.94	40592.46
Less : Excise duty		116.10	73.80
Total		46133.84	40518.66

NOTE : 19 OTHER INCOME

1	Bank Interest	15.66	11.66
2	Misc. Income (Recovery & Income)	14.15	21.70
3	Insurance Claim Received	3.92	1.06
4	Income from Sales of Scrap	5.78	3.62
Total		39.50	38.04

NOTE : 20 COST OF MATERIAL CONSUMED

Opening Stock		
- Raw Material	5216.42	3998.20
Add : Purchases	29183.42	24725.33
Total	34399.84	28723.53
Less : Closing Stock	7144.02	5216.42
Total	27255.82	23507.11

20.1 Detail of Material Consumed

Sr. No	Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
		Kgs.	(₹ in Lacs)	Kgs.	(₹ in Lacs)
1	Anti – Biotics / Anti Bacterials	13520	1575.19	12,301	1450.17
2	Anti Inflammatory / Analgesics	18810	721.42	16,985	653.11
3	Osmotic Diuretics	218289	800.05	196,679	679.90
4	Anti Blood Coagulant	2834	272.60	2,395	230.21
5	Cephalosporins / FDC	58321	8111.79	54,411	7323.03
6	Carbapenem	2409	3650.52	605	1486.98
7	Anti-Cancer	92	3663.65	87	3337.87
8	Other Material	-	3015.33	-	2972.64
9	Packing Material	-	5445.27	-	5373.21
Total		314275	27255.82	283,463	23507.11

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 20 COST OF MATERIAL CONSUMED (contd.)

20.2 Particulars of Material Consumed

		(₹ in Lacs)	
Sr. No	Particulars	As on 31-03-2013 (% Consumed)	As on 31-03-2012 (% Consumed)
1	Imported	6947.50 (25.49)	5387.48 (22.92)
2	Indigenous	20308.32 (74.51)	18119.63 (77.08)
Total		27255.82 (100)	23507.11 (100)

NOTE : 21 CHANGE IN INVENTORIES

		(₹ in Lacs)	
Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Opening Stock		
	- Finished Goods	2015.87	1785.25
	-Work In Progress	2261.06	1588.37
Total A		4276.93	3373.63
2	Closing Stock		
	- Finished Goods	2633.06	2015.87
	- Work in progress	2573.15	2261.06
Total B		5,206.22	4,276.93
Change in Inventories A – B		(929.29)	(903.30)

NOTE : 22 EMPLOYEE BENEFIT EXPENSES

1	Salaries & Wages	2146.76	1872.86
2	Contribution to Provident Fund and other funds	130.88	131.04
3	Staff Welfare Expenses	46.16	53.91
Total		2323.79	2057.82

22.1 Reconciliation of fair value of assets and obligations

1	Gratuity		
	Fair Value Of Plan Assets	-	-
	Present value of obligation	192.21	149.62
Amount recognised in balance Sheet		192.21	149.62
2	Leave Encashment		
	Fair Value Of Plan Assets	-	-
	Present value of obligation	126.06	100.28
Amount recognised in balance Sheet		126.06	100.28

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.

22.2 Expenses recognised during the year

1	Gratuity		
	Current Service Cost	34.83	30.65
	Interest Cost	11.97	10.01
	Net Actuarial (gain)/loss recognised in the period	0.53	(4.18)
Expense recognised in the P&L Statement		47.33	36.48
2	Leave Encashment		
	Current Service Cost	47.44	41.85
	Interest Cost	8.02	6.50
	Net Actuarial (gain)/loss recognised in the period	(19.78)	(15.96)
Expense recognised in the P&L Statement		35.68	32.39

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 23 FINANCIAL COST

		(₹ in Lacs)	
Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Interest Expenses	2147.85	2448.36
2	Exchange Fluctuation	112.42	121.54
3	Other Borrowing Cost	184.68	156.49
	Total	2444.95	2726.38

NOTE : 24 DEPRECIATION & AMORTISED COST

1	Depreciation	1159.59	1011.43
2	Amortisation of Intangible Assets	2016.59	1374.98
3	Preliminary Expenses W/O	-	20.31
	Total	3176.19	2406.72

NOTE : 25 OTHER EXPENSES

A. Manufacturing Expenses

1	Power & Fuel	285.84	249.18
2	Consumables	105.19	98.58
3	Repair & Maintenance		
	- Building	27.47	15.35
	- Electrical	10.85	10.49
	- Plant & Machinery	65.42	36.88
4	Other Manufacturing Expenses	101.07	96.27
	Total	595.83	506.76

B. Administration Expenses

1	Rent	0.99	4.04
2	Rates, Fee & Taxes	7.03	3.44
3	Insurance	12.86	11.65
4	Legal and Professional Expenses	59.10	62.03
5	Postage, Telex & Telegram	2.53	3.19
6	Printing & Stationery	30.80	41.56
7	Telephone Expenses	23.38	28.64
8	Traveling & Conveyance:		
	- Staff	31.30	35.20
	- Directors	9.51	18.16
	- Others	0.36	0.62
9	Running, Repair & Maintenance :		
	- Vehicles	59.77	71.87
	- Computer	10.90	12.28
	- Others	10.75	7.52
10	Auditors' Fees	11.14	9.66
11	Directors Remuneration	156.10	145.84
12	Other Administrative Expenses	66.32	68.13
13	Other Corporate Expenses	138.15	137.65
	Total	630.99	661.48

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 25 OTHER EXPENSES (contd.)

C Selling and Distribution Expenses

		(₹ in Lacs)	
Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Discount / Commission	976.02	846.14
2	Other Selling Expenses	560.33	423.66
3	Advertisement & Sales Promotion	601.61	619.86
4	Sample Distribution	36.51	33.32
5	Incentive to Field Force	91.49	194.96
6	Traveling and conveyance Field Staff (Incl. Hotel)	539.25	544.81
	Total	2805.21	2662.76

D. Research and Development Expenses

1	Remuneration of R & D Staff	403.53	395.71
2	R & D Expenses	435.61	413.22
3	Material used for Development of new products	643.80	498.36
4	R & D Consumables	119.69	108.61
	Total	1602.64	1415.90
	GRAND TOTAL	5634.67	5246.90

NOTE : 26

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 : 27 EARNING PER SHARE (AS-20)

PAT	₹57,14,52,458	₹50,02,89,140
Weighted Average Number of Ordinary Shares	97,46,372 Shares	91,90,943 Shares
Basic EPS	₹58.63	₹54.43
Diluted EPS	₹50.95	₹51.79

NOTE : 28

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 recognized for the year.

NOTE : 29

The company has made investments in its intellectual Property rights wealth to extend its global reach, updation and commercialization of its R&D products. This year also company has been granted many patent rights and product registrations from countries like USA , Japan, Australia, South Korea, Canada , Mexico etc.

NOTE : 30

In the opinion of the board, and to the best of their knowledge and belief, the value on realization 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.

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 31

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

NOTE : 32 PAYMENTS TO AUDITORS

		(₹ in Lacs)	
Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Statutory Audit Fees	8.48	7.38
2	Tax Audit Fees	1.43	1.25
	Add : Service Tax	1.23	1.04
	Total	11.14	9.67

NOTE : 33 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

1	Raw & Packing Material	6947.5	5387.48
2	Capital Goods	NIL	34.27

NOTE : 34 EXPENDITURE IN FOREIGN EXCHANGE

		(Currency in Lacs)	
Salary / Incentive	USD	1.76	1.69
Traveling	USD	0.17	0.25
	EURO	0.03	0.05
	ZAR/GBP	0.03	0.02
Regulatory Fee for Patent / Products & Plant Registration / Export	USD	20.27	20.73
	EURO	10.27	10.78
	JPN	11.61	4.67
Exhibition Expenses	EURO	0.01	0.25
Remittance on account of dividend	USD	0.01	0.01
Subscription	USD	0.01	0.01
Commission	USD	0.10	1.05
	EURO	0.04	0.08

NOTE : 35 EARNINGS IN FOREIGN EXCHANGE

		(Currency in Lacs)	
Sales	USD	58.22	55.46
	EURO	65.27	20.39
R & D Activities	USD	0.72	2.20
	EURO	0.17	0.68

NOTE : 36 RELATED PARTY DISCLOSURES

As per As – 18, the disclosures of transactions with related parties during the year are given below.

				(₹ in Lacs)	
Related Party Relation ship	Subsidiaries	Associates	Key managerial Personnel	Year ended 31st March, 2013	Year ended 31st March, 2012
Allotment of Share capital (Including Premium)	-	1697.6	-	1697.6	1678.32
Sales & Others	3849.15	10.21	-	3859.36	2134.55
Purchases and Reimbursements	-	860.89	-	860.89	2241.23
Remuneration to Directors	-	-	156.1	156.1	145.84
Advance for in licensing of Technology	-	1242.45	-	1242.45	1831.78

NOTES ON FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 36 RELATED PARTY DISCLOSURES (contd.)

Names of related parties and description of relationship

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

NOTE : 37 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

		(₹ in Lacs)	
Particulars		Year ended 31st March, 2013	Year ended 31st March, 2012
Number of Non Residents Share Holders		19	18
Number of Equity Shares held by them		20300	20100
(i) Amount of dividend paid		0.61	0.6
(ii) Tax Deducted at Source		Nil	Nil
(iii) Year to which the dividend relates		2011-12	2010-11

NOTE : 38 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities		
a) Letter of Credit / Bank Guarantees – Inland	357.18	253.7
b) Bank Guarantees foreign	40.48	11.85
c) Letter of credit – Foreign	1381.89	51.12
d) Interest on FCCB's	100.89	94.73

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
M. No. : 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

PLACE : PANCHKULA
DATE : 18.05.2013

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
DGM Accounts

Summary of Financial Information of Susidiary

Venus Pharma GmbH, Germany

(₹ in Lacs)

Sr. Particulars No.	Current Year figures as on 31.03.2013		Previous Year figures as on 31.03.2012	
	Euro in lacs	INR in Lacs	Euro in lacs	INR in Lacs
(a) Capital	49.42	3437.41	49.42	3373.41
(b) Reserves	(26.20)	(1795.15)	(26.40)	(1836.86)
(c) Total assets	42.71	2997.38	33.44	2256.41
(d) Total liabilities	19.49	1355.13	10.42	719.86
(e) Turnover	63.94	4408.32	16.8	1088.27
(f) Profit before taxation	0.19	16.41	(6.26)	(445.19)
(g) Provision for taxation	NIL	NIL	NIL	NIL
(h) Profit after taxation	0.19	16.41	(6.26)	(445.19)
(j) Proposed dividend	NIL	NIL	NIL	NIL

Independent Auditor's Report

To

The Members of

VENUS REMEDIES LIMITED

PANCHKULA

- We have audited the accompanying Consolidated financial statements of M/s Venus Remedies Ltd. and its wholly owned subsidiary, Venus Pharma GMBH which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
- Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 Financial Reporting Standards" issued by " International Accounting Standard Board" and financial statements duly audited by the auditor appointed by the company as per the law prevailing in that country. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion.

- We report that consolidated financial statements have been prepared 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.
- In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner and give a true and fair view in conformity with the Accounting Standard issued by the Institute of Chartered Accountants of India and International Financial Reporting Standards, which are generally accepted in Germany.
 - in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - in the case of the Consolidated Statement of Profit and Loss, of the profit/loss for the year ended on that date; and
 - in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.
- As required by section 227(3) of the Act, we report that:
 - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - in our opinion, the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

For J.K. JAIN & ASSOCIATES
 Chartered Accountants
 FRN:004025N

J.K. JAIN
 Partner

Place: Panchkula
 Date:18.05.2013

M. No. :083140

CONSOLIDATED BALANCE SHEET As at 31st March, 2013

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	1054.20	974.20
(b) Reserves and Surplus	2	36380.90	28853.44
(c) Money received against share warrants		477.45	901.85
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	12911.52	9913.33
(b) Deferred Tax Liabilities (Net)	4	1468.09	1163.89
(c) Other Long term Liabilities	5	46.58	24.03
(d) Long Term Provisions	6	291.38	249.90
(3) Current Liabilities			
(a) Short-Term Borrowings	7	9568.13	8324.28
(b) Trade Payables	8	1876.06	1255.31
(c) Other Current Liabilities	9	5817.51	4344.06
(d) Short-Term Provisions	10	1862.92	1398.81
Total		71754.73	57403.10
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		20157.05	18242.40
(ii) Capital Work in Progress		4366.92	1778.02
(iii) Intangible Assets		19985.32	17296.16
(iv) Intangible Assets under Development		413.62	522.47
(b) Long term loans and advances	12	4274.03	2600.67
(2) Current Assets			
(a) Inventories	13	12802.66	9681.54
(b) Trade receivables	14	4711.32	4010.44
(c) Cash and cash equivalents	15	635.78	294.53
(d) Short-term loans and advances	16	4408.02	2976.87
Total		71754.73	57403.10
Significant Accounting Policies and Notes on Accounts	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
 M. No. : 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

PLACE : PANCHKULA
 DATE : 18.05.2013

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
DGM Accounts

CONSOLIDATED STATEMENT OF PROFIT & LOSS For the period ended on 31st March, 2013

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
I Revenue from operations	17	46863.73	40983.84
II Other Income	18	43.86	48.62
III Total Revenue (I + II)		46907.59	41032.46
IV Expenses:			
Cost of materials consumed	19	27,255.82	23507.11
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(1,030.01)	(915.68)
Employee Benefit Expenses	21	2730.21	2483.19
Finance Costs	22	2462.95	2748.51
Depreciation and Amortization Expenses	23	3307.61	2522.54
Other Expenses	24	5897.40	5601.55
Total Expenses (IV)		40623.99	35947.22
V Profit before Tax (III - IV)		6283.60	5085.24
VI Tax expense:			
(1) Current tax		1253.93	968.80
(2) Deferred tax		304.21	239.65
(3) Mat Credit		(1005.46)	(830.92)
VII Profit/(Loss) for the period		5730.93	4707.71
VIII Earning per equity share:			
(1) Basic		58.80	51.22

Notes and Significant Accounting Policies referred to above and annexed there to form an integral part of statement of Profit & 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
 M. No. : 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

PLACE : PANCHKULA
 DATE : 18.05.2013

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
DGM Accounts

CONSOLIDATED CASH FLOW STATEMENT For the period ended on 31st March, 2013

(₹ in Lacs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	6,283.61	5,085.00
Adjustment for Depreciation	3,307.61	1,127.00
Loss from sale of fixed assets	0.42	
Misc Expenditure written off	-	1,395.00
Adjustment of excess MAT Transferred to General Reserve	665.07	381.00
Exchange Fluctuation	114.60	81.00
Interest Received	(15.78)	12.00
Operating Profit before working capital changes	10,355.52	8,081.00
Adjustments for increase /decrease in Current Assets	(8,190.63)	(3,523.00)
Decrease / Increase in Current Liabilities/ Provisions	3,050.10	(391.00)
Net Cash Flow from operating activities (A)	5,214.99	4,167.00
B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale/Purchase of Fixed Assets Including		
Capitalization of Expenses(NET)	(7,824.72)	(8,733.00)
Increase/ Decrease in Capital work in progress	(2,580.05)	(770.00)
Sale/Purchase of Investment	-	-
Interest Received	15.78	(12.00)
Net Cash Flow from Investing Activities (B)	(10,388.99)	(9,515.00)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	80.00	61.29
proceed from share capital(share premium)	715.75	1,664.75
Proceeds from share warrants	477.45	482.27
Proceeds from Long Term Borrowing(Net)	2,998.19	1,115.00
Proceeds from Short term Borrowing(Net)	1,243.85	2,007.69
Net Cash from Financing Activities (C)	5515.24	5,331.00
Net Increase in Cash & Cash Equivalents (A+B+C)	341.25	(17.00)
Cash & Cash Equivalents as at 31.03.2012	294.53	
Cash & Cash Equivalents as at 31.03.2013	635.78	
Cash & Cash Equivalents as at 31.03.2011		312.00
Cash & Cash Equivalents as at 31.03.2012		295.00

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
 M. No. : 083140

(Peeyush Jain)
Deputy Managing Director

(Pawan Chaudhary)
Chairman cum Managing Director

PLACE : PANCHKULA
 DATE : 18.05.2013

(Neha Kodan)
Company Secretary

(Ajeet Kapoor)
DGM Accounts

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS As on 31st March, 2013

Principles of Consolidation

- 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:
 - 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 unrealized profits or losses in accordance with Accounting Standard(AS)21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - 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 recognized in the exchange fluctuation reserve.
 - 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 recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
 - 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 recognized in the consolidated statement of Profit and loss account as the profit or loss on disposal of investment in subsidiary.
 - 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.
 - The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized 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.
 - 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.
- Investment other than in subsidiaries and associates has been accounted as per Accounting Standard (AS-13) on "Accounting for Investments".
- 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 on 31st March, 2013

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 at 31st March, 2013	As at 31st March, 2012
1	AUTHORIZED SHARE CAPITAL		
	15000000 Equity Shares of ₹10/- each	1500.00	1500.00
	(Previous Year 15000000 Equity Shares of ₹10/- each)		
		1500.00	1500.00
2	ISSUED , SUBSCRIBED & PAID UP CAPITAL		
	1,05,41,988 Equity Shares of ₹10/- each, Fully paid up (Previous year 97,41,988 Equity Shares of ₹10/- each)	1054.20	974.20
	Total	1054.20	974.20

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

Sr. No	Name Of Shareholders	No. of Shares (%)	No. of Shares (%)
1	Sunev Pharma Solutions Limited	20,00,000(18.97%)	12,00,000 (12.32)
2	Rel Utility Engineers Ltd formally known (Sonata Investments Limited)	11,95,995(11.35%)	11,95,995 (12.28)
3	Pawan Chaudhary	11,82,002 (11.21%)	11,82,002 (12.13)
4	Manu Chaudhary	9,71,000(9.21%)	9,71,000 (9.97)
5	Morgan Stanley Mauritius Company Limited	5,60,000(5.31%)	5,60,000 (5.75)

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	9,741,988	9,129,094
2	Add: Shares issued during the year	800,000	612,894
	Equity Shares at the end of the year	10,541,988	9,741,988

1.4 During the year the company has allotted 8.00 lacs equity to Sunev Pharma Solutions Limited on conversion on share warrants out of total 17.00 lacs share warrants issued. The remaining 9.00 lacs share warrants will be converted before 31-03-2014.

NOTE : 2 RESERVE & SURPLUS

		₹ in Lacs	
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Securities Premium		
	As per last Balance Sheet	3413.75	1749.79
	Add: Securities Premium collected on share issue	1617.60	1663.97
	Total A	5031.35	3413.75
2	General Reserve		
	As per last Balance Sheet	17364.70	13983.97
	Add: Addition during the year	3000.00	3000.00
	Add : Mat Credit for Previous Years	665.07	380.74
	Total B	21029.77	17364.70
3	Foreign Exchange Translation Reserve		
	As per Last Balance Sheet	265.57	(184.23)
	Add: During the year	(147.19)	449.80
	Total	119.24	265.57

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 2 RESERVE & SURPLUS

		₹ in Lacs	
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
4	Surplus (Profit & Loss Account)		
	As per last Balance Sheet	7809.42	6441.37
	Add: Profit for the period	5730.93	4707.71
	Less: Appropriations		
	-Provision for Dividend	292.39	292.26
	- Taxes on Dividend	47.43	47.41
	Less: Transfer to General Reserve	3000.00	3000.00
	Total C	10200.53	7,809.41
	Total (A+B+C)	36380.90	28853.44

NOTE : 3 LONG TERM BORROWINGS
A. Secured Loans

1	Term Loans	10389.32	7535.75
	Secured by first charge on Fixed Assets & second charge on current assets of the company & personal guarantee of the directors		
2	Long Term Maturities of Vehicle loan obligation	-	9.34
	Total	10389.32	7545.09

3.1 Maturity Profile of Term Loans are as set below:

1-2 Years	2-3 Years	3-4 Years	Beyond 4 years
3806.47	2614.76	1906.00	2062.00

B. Unsecured Loans

1	Bonds		
	Foreign Currency Convertible Bonds of (Bonds of 45,95,833 \$ convertible at ₹364 per Equity Share of face value for ₹10 each and ₹354 as share premium)	2522.19	2368.23
	Total	2522.19	2368.23

1.1 Bond are due for redemption on 01.02.2015.

1.2 Foreign Exchange rate has been agreed @ 45.06 per USD in case of conversion of Bonds into Equity Share.

NOTE : 4 DEFERRED TAX LIABILITY (NET)

1	Deferred Tax Liability	1468.09	1163.89
	Total	1468.09	1163.89

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 5 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Security Retained from Staff	14.12	13.17
2	Security Retained from Contractors	18.70	3.31
3	Security in lieu of C Form	8.85	1.29
4	Social Security	-	1.35
5	Security from Stockist	4.91	4.91
	Total	46.58	24.03

NOTE : 6 LONG TERM PROVISIONS

1	Provision For Employees Benefit		
	Provision for Gratuity	173.74	149.62
	Provision for Leave Encasement	117.63	100.28
	Total	291.38	249.90

NOTE : 7 SHORT TERM BORROWINGS

A. Secured Loans

1	Working Capital Loan from Bank	9568.13	8324.28
	Secured by first charge on current assets of the company & second charge on fixed assets & further secured by personal Guarantee of Directors		
	Total	9568.13	8324.28

NOTE : 8 TRADE PAYABLES

1	Micro, Small and Medium Enterprises	82.93	77.95
2	Others	1793.13	1177.36
	Total	1876.06	1255.31

NOTE : 9 OTHER CURRENT LIABILITIES

1	Current Maturities of Long Term debts	4636.48	3760.25
2	Current Maturities of Vehicle Loan Obligation	9.34	32.55
3	Advance From Customers	115.20	102.67
4	Creditors for Capital Expenditure	96.28	98.19
5	Unclaimed Dividends	51.45	46.86
6	Creditor For Expenses	182.00	107.83
7	Other Payable	699.85	195.71
8	Provision for Gratuity	18.46	-
9	Provision for Leave Encasement	8.43	-
	Total	5817.51	4344.06

9.1 Unclaimed Dividend does not include any amount to be transferred to Investor Education and Protection Fund.

NOTE : 10 SHORT TERM PROVISIONS

	Others		
1	Provision for Taxation	1253.93	968.80
2	Provision for Dividend	292.39	292.26
3	Provision for Dividend Tax	47.43	47.41
4	Provision for MIT	265.17	86.70
5	Provision for Excise Duty on Finished Goods	4.00	3.65
	Total	1862.92	1398.81

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 11 FIXED ASSET- PARENT COMPANY

(₹ in Lacs)

Sr. No	Rate	Gross Block			Value at the end	Depreciaton		Value at the end	Net Block	
		Value at the beginning	Addition during the year	Deduction during the year		Value at the beginning	Addition during the year		WDV as on 31.03.2013	WDV as on 31.03.2012
I	Tangible Assets									
1	Land	0.00%	823.61	99.33	-	922.94	-	-	922.94	823.61
2	Building	3.34%	4310.20	103.83	-	4414.03	583.16	144.64	727.80	3686.23
3	Building for R & D	3.34%	1237.97	22.43	-	1260.40	200.26	41.58	241.83	1018.57
4	Plant & Machinery	4.75%	6440.40	754.57	-	7194.97	1201.93	318.30	1520.23	5674.74
5	R & D Pilot Plant	4.75%	739.54	115.86	-	855.39	106.99	36.97	143.96	711.44
6	R & D Equipment	4.75%	2206.95	611.08	-	2818.03	564.86	112.85	677.71	2140.32
7	Computer, I.T and Communication Equipment	16.21%	1545.78	245.30	-	1791.08	680.59	265.89	946.48	844.60
8	D G Set	13.91%	144.00	71.06	-	215.06	73.86	20.56	94.42	120.64
9	Electrical Installation	4.75%	626.40	77.27	-	703.67	114.71	30.56	145.27	558.40
10	Furniture & Fixture	6.33%	461.25	59.45	-	520.69	128.76	30.06	158.82	361.87
11	Lab Equipment	7.07%	777.78	476.43	-	1254.21	177.17	62.66	239.84	1014.37
12	Misc. Fixed Assets	4.75%	385.73	131.44	-	517.16	84.92	20.06	104.97	412.19
13	Office Equipment/ Security Equipment	7.07%	222.89	107.56	-	330.45	61.99	17.69	79.68	250.77
14	Pollution Control	4.75%	246.46	189.61	-	436.06	42.26	12.50	54.77	381.30
15	Vehicles	9.50%	486.83	0.00	12.03	474.80	198.45	45.29	243.73	231.07
	TOTAL		20655.77	3065.21	12.03	23708.95	4219.92	1159.59	5379.51	18329.44
	(Previous Year)		18425.73	2232.89	2.85	20655.77	3208.48	1011.43	4219.92	16435.86
II	Capital Work-in-progress									
1	Building Under Construction		1338.31	2391.52	-	3729.83	-	-	-	3729.83
2	Plant & Machinery		276.67	425.67	251.17	451.17	-	-	-	451.17
3	Electrical		0.62	0.68	0.50	0.80	-	-	-	0.80
4	R & D Block		162.42	142.62	119.92	185.12	-	-	-	185.12
	TOTAL		1778.02	2960.49	371.59	4366.92	-	-	-	4366.92
	(Previous Year)		1041.60	1249.69	513.28	1778.02	-	-	-	1778.02
III	Intangible Assets									
1	Patent IPR Technologies		13494.54	3240.32	-	16734.86	1832.47	1371.28	3203.75	13531.11
2	Product & Process Development		6350.37	1388.71	-	7739.08	862.34	645.31	1507.65	6231.43
	TOTAL		19844.91	4629.03	-	24473.95	2694.81	2016.59	4711.40	19762.54
	(Previous Year)		13506.76	6338.15	-	19844.91	1319.83	1374.98	2694.81	17150.10
IV	Intangible Assets Under Development		522.47	640.22	749.07	413.62	-	-	-	413.62
	TOTAL		522.47	640.22	749.07	413.62	-	-	-	413.62
	(Previous Year)		489.00	400.80	367.33	522.47	-	-	-	522.47

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 11 FIXED ASSET- SUBSIDIARY COMPANY

(₹ in Lacs)

Sr. No	Rate	Gross Block				Depreciation				Net Block	
		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 31.03.2013	WDV as on 31.03.2012
I Tangible Assets											
1 Land	-	194.63	-	-	194.63	-	-	-	-	194.63	188.74
2 Building	3.00%	1,845.68	-	-	1,845.68	335.43	54.89	-	390.32	1,455.36	1,449.78
3 Building Premises	10.00%	39.22	-	-	39.22	21.96	3.89	-	25.85	13.37	15.77
4 Out Door Facilities	6.67%	77.51	-	-	77.51	31.31	5.12	-	36.43	41.08	43.43
5 Plant & Machinery	7.69%	153.69	-	-	153.69	71.40	11.72	-	83.12	70.57	76.66
6 Plant & Equipment – I	33.33%	8.68	0.24	0.07	8.86	5.61	1.34	-	6.95	1.91	2.73
7 Plant & Equipment – II	10.00%	4.82	27.69	1.00	31.50	1.15	0.96	-	2.11	29.39	3.50
8 Plant & Equipment – III	20.00%	0.96	-	-	0.96	0.88	0.03	-	0.91	0.05	0.03
9 Plant & Equipment – IV	12.50%	8.83	-	-	8.83	4.64	1.09	-	5.73	3.09	3.86
10 Plant & Equipment – V	16.67%	5.17	-	-	5.17	1.37	0.85	-	2.22	2.95	3.63
11 Plant & Equipment – VI	14.29%	0.29	-	-	0.29	0.07	0.04	-	0.11	0.18	0.21
12 Warehouse Equipment – I	9.09%	0.64	-	-	0.64	0.33	0.06	-	0.39	0.25	0.29
13 Warehouse Equipment – II	6.67%	16.33	-	-	16.33	5.70	1.08	-	6.78	9.55	10.06
14 Computer	33.33%	2.61	-	-	2.61	2.17	0.13	-	2.30	0.31	0.33
15 Miscellaneous Fixed Assets	20.00%	6.55	0.75	-	7.30	6.01	0.27	-	6.28	1.01	0.26
16 Office Equipment / F & F	10.00%	8.07	-	-	8.07	4.53	0.80	-	5.33	2.74	3.23
17 Vehicle	50.00%	6.26	-	-	6.26	2.00	3.10	-	5.10	1.16	4.05
SUB TOTAL (A)		2,379.94	28.68	1.07	2,407.55	494.56	85.38	-	579.94	1,827.61	1,806.56
II Intangible Assets											
1 Intellectual Property Rights	20.00%	231.26	114.90	-	346.16	77.34	46.04	-	123.38	222.78	146.06
SUB TOTAL (B)		231.26	114.90	-	346.16	77.34	46.04	-	123.38	222.78	146.06
TOTAL (A+B)		2,611.20	143.58	1.07	2,753.71	571.90	131.42	-	703.32	2,050.39	1,952.62
(Previous Year)		2,516.40	8.10	-	2,524.50	458.08	115.82	-	573.90	1,952.60	1,924.01

NOTE : 12 LONG TERM LOANS AND ADVANCES

(Unsecured , Considered good)

(₹ in Lacs)

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Security Deposit	20.66	17.82
2	Other Loans & Advances		
	Mat Credit	4253.37	2582.85
	Total	4274.03	2600.67

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 13 INVENTORIES

(₹ in Lacs)

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Raw Material	7144.02	5216.42
2	Work-in-Progress	2573.15	2261.06
3	Finished Goods	2796.04	2078.32
4	Consumables	8.20	11.86
5	Stores & Spares	10.37	17.34
6	Printing & Stationary	5.71	9.86
7	Goods-in-transit		
	a) Raw Material	225.15	67.78
	b) Packing Material	40.02	10.43
	c) Others	-	8.49
	Total	12802.66	9681.57

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	27.57	14.25
2	Others	4683.75	3996.16
	Total	4711.32	4010.41

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	5.72	5.96
	Foreign Exchange in Hand	0.72	1.03
	Sub Total (A)	6.44	6.99
2	Bank Balance		
	In current Accounts	324.85	94.89
	Sub Total (B)	324.85	94.89
3	Fixed Deposits		
	Fixed Deposit being Margin Money	304.49	192.66
	Sub Total (C)	304.49	192.66
	Total [A + B + C]	635.78	294.53

15.1 Balance with Banks includes Unclaimed Dividend of ₹51.45 Lacs (Previous Year ₹46.85 Lacs)

15.2 Fixed deposits with banks include deposits of ₹65.52 Lacs (Previous year ₹1.30 Lacs) with the maturity of more than 12 months.

15.3 An amount of ₹304.49 Lacs (Previous Year ₹192.66 Lacs) is held with Banks as margin money for Bank Guarantees/ Letter of Credit.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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)

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Balance with Revenue Authorities under Indirect Taxes	77.69	30.18
2	Loan to Staff	73.44	84.24
3	Other Loans & Advances	4256.89	2862.46
	(Advance Recoverable in cash or in kind or for value to be considered good)		
	Total	4408.02	2976.87

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

NOTE : 17 REVENUE FROM OPERATIONS

Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Sale of products	46755.68	40610.01
2	Income from research activities	154.68	346.57
3	Other Operating Revenue	69.46	101.07
	Total	46979.83	41057.65
	Less : Excise duty	116.10	73.80
	Total	46863.73	40983.84

NOTE : 18 OTHER INCOME

1	Bank Interest	15.78	11.98
2	Misc. Income (Recovery & Income)	16.87	24.57
3	Insurance Claim Received	4.62	6.53
4	Income from Sales of Scrap	5.78	3.62
5	Income from sale of Assets	0.65	-
6	Rent Received	0.17	1.92
	Total	43.86	48.62

NOTE : 19 COST OF MATERIAL CONSUMED

	Opening Stock		
	- Raw Material	5216.42	3998.20
	Add : Purchases	29183.42	24725.33
	Total	34399.84	28723.53
	Less : Closing Stock	7144.02	5216.42
	Total	27255.82	23507.11

NOTE : 20 CHANGE IN INVENTORIES

1	Opening Stock		
	- Finished Goods	2078.13	1785.25
	-Work In Progress	2261.06	1588.37
	Total A	4339.19	3373.63
2	Closing Stock		
	- Finished Goods	2796.04	2028.24
	- Work in progress	2573.15	2261.06
	Total B	5,369.20	4,289.31
	Change in Inventories A – B	(1,030.01)	(915.68)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 21 EMPLOYEE BENEFIT EXPENSES

Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Salaries & Wages	2476.01	2297.29
2	Contribution to Provident Fund and other funds	206.99	131.04
3	Staff Welfare Expenses	47.22	54.86
	Total	2730.21	2483.19

21.1 Reconciliation of fair value of assets and obligations

1	Gratuity		
	Fair Value Of Plan Assets		-
	Present value of obligation	192.21	149.62
	Amount recognised in balance Sheet	192.21	149.62
2	Leave Encashment		
	Fair Value Of Plan Assets	-	-
	Present value of obligation	126.06	100.28
	Amount recognised in balance Sheet	126.06	100.28

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.

21.2 Expenses recognised during the year

1	Gratuity		
	Current Service Cost	34.83	30.65
	Interest Cost	11.97	10.01
	Net Actuarial (gain)/loss recognised in the period	0.53	(4.18)
	Expense recognised in the P&L Statement	47.33	36.48
2	Leave Encashment		
	Current Service Cost	47.44	41.85
	Interest Cost	8.02	6.50
	Net Actuarial (gain)/loss recognised in the period	(19.78)	(15.96)
	Expense recognised in the P&L Statement	35.68	32.39

NOTE : 22 FINANCIAL COST

1	Interest Expenses	2162.90	2455.38
2	Exchange Fluctuation	112.55	121.54
3	Other Borrowing Cost	187.50	171.59
	Total	2462.95	2748.51

NOTE : 23 DEPRECIATION & AMORTISED COST

1	Depreciation	1244.98	1127.25
2	Amortisation of Intangible Assets	2062.63	1374.98
3	Preliminary Expenses W/O	-	20.31
	Total	3307.61	2522.54

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 24 OTHER EXPENSES

A. Manufacturing Expenses

Sr. No	Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
1	Power & Fuel	304.89	271.30
2	Consumables	149.63	127.81
3	Repair & Maintenance		
	- Building	32.00	19.07
	- Electrical	10.85	10.49
	- Plant & Machinery	68.55	40.95
	- Lab	7.58	4.28
4	Other Manufacturing Expenses	123.46	121.21
	Total	696.95	595.11

B. Administration Expenses

1	Rent	6.02	7.61
2	Rates, Fee & Taxes	11.03	10.16
3	Insurance	19.94	19.17
4	Legal and Professional Expenses	79.59	84.19
5	Postage, Telex & Telegram	3.13	3.68
6	Printing & Stationery	32.68	43.23
7	Telephone Expenses	26.56	31.58
8	Traveling & Conveyance:		
	- Staff	31.30	35.20
	- Directors	9.51	18.16
	- Others	0.36	0.62
9	Running, Repair & Maintenance :		
	- Vehicles	65.86	77.92
	- Computer	11.14	12.40
	- Others	10.85	7.82
10	Auditors' Fees	15.97	19.84
11	Directors Remuneration	156.10	145.84
12	Other Administrative Expenses	71.74	94.93
13	Other Corporate Expenses	152.26	132.27
	Total	704.04	744.62

C. Selling and Distribution Expenses

1	Discount / Commission	976.02	881.32
2	Other Selling Expenses	643.98	546.75
3	Advertisement & Sales Promotion	601.62	642.08
4	Sample Distribution	36.51	33.32
5	Incentive to Field Force	91.49	194.96
6	Traveling and conveyance Field Staff (Incl. Hotel)	544.15	547.48
	Total	2893.77	2845.92

D. Research and Development Expenses

1	Remuneration of R & D Staff	403.53	395.71
2	R & D Expenses	435.61	413.22
3	Material used for Development of new products	643.80	498.36
4	R & D Consumables	119.69	108.61
	Total	1602.64	1415.90
	GRAND TOTAL	5897.40	5601.55

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS For the period ended on 31st March, 2013

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

NOTE : 25 AUDITOR'S REMUNERATION

(₹ in Lacs)

Particulars	Current Year	Previous Year
Statutory Audit Fees	8.48	7.38
Tax Audit Fees	1.43	1.25
Add : Service Tax	1.23	1.04
Total	11.14	9.67

26. 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:

S. No.	Name of Related Party	Relationship
1	Sunev Pharma Solutions Ltd.	Associates
2	Venus Pharma Gmbh	Subsidiary
3	Mr. Pawan Chaudhary	Key Managerial Personnel
	Mrs. Manu Chaudhary	
	Mr. Peeyush Jain	
	Mr. Ashutosh Jain	

ii) Transactions during the year with related parties:

(₹ in Lacs)

S No.	Nature of Transaction	Associates	Key Managerial Personnel	Current Year	Previous Year
1	Allotment of Share Capital (Including Premium)	1697.60	-	1697.60	1678.32
2	Sales & Others	10.21	-	10.21	1461.59
3	Purchases and reimbursement	860.89	-	860.89	2228.23
4	Remuneration to Directors	-	156.10	156.10	145.84
5	Advance for In licensing of Technology	1242.45	-	1242.45	1831.78

NOTE : 27

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 : 28

In the opinion of the board, and to the best of their knowledge and belief, the value on realization 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 : 29

The wholly Owned Subsidiary "Venus Pharma GmbH" was operated at Werne, Gernany, Accordingly, the Balance Sheet of Wholly Owned Subsidiary has been consolidated along with the Parent Company in accordance with the Accounting Standard on Consolidated Financial Statement" (AS-21).

NOTE : 30

The company has allotted 8,00,000 Equity Shares to Sunev Pharma Solutions Limited on account of conversion of 8,00,000 warrants.

NOTES

VENUS REMEDIES LIMITED

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FORM A

Format of covering letter of Annual Report to be filed with the Stock Exchange

1.	Name of the Company	Venus Remedies Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit Observation	Unqualified
4.	Frequency of observation	Not applicable
5.	To be signed by: <ul style="list-style-type: none">• CEO/ Managing Director• Company Secretary• DGM Accounts• Auditor of the Company• Audit Committee Chairman	