



28th Annual Report

2012 - 2013







SANDU PHARMACEUTICALS LIMITED

DIRECTORS :

Shri. Bhaskar G. Sandu : Chairman
Shri. Dilip R. Salgaocar : Director
Dr. Krishna B. Deshpande : Additional Director
Dr. Madan L. Kapre : Director
Shri. K. Vinay Kumar : Director
Shri. Shashank B. Sandu : Director
Shri. Umesh B. Sandu : Managing Director & Company Secretary

BANKERS :

Dena Bank
Chembur Branch
Mani Bhuvan
Sion - Trombay Road,
Chembur, Mumbai - 400 071.

REGISTRAR & SHARE TRANSFER AGENTS :

M/s. Sharex Dynamic (India) Pvt. Ltd.
Unit 1, Luthra Industrial Premises,
Andheri (East), Mumbai - 400 072.
Tel : 022-2851 5606
E-mail : sharexindia@vsnl.com

STATUTORY AUDITORS :

M/s. Joshi Joshi & Co.
Chartered Accountants
Fort, Mumbai - 400 001.

COST AUDITORS :

M/s. Joshi Apte & Associates
Cost Accountants
Mulund (E), Mumbai - 400 081.

REGISTERED OFFICE :

Plot No. 25, 26, 29 & 30,
Pilerne Industrial Estate, Marra, Bardez,
Goa - 403 511.

INTERNAL AUDITORS :

M/s. Prabhudesai & Associates
Chartered Accountants
S-5, Jairam Complex,
Neugi Nagar, Panaji, Goa 403001

CORPORATE OFFICE :

Sandu Nagar, D. K. Sandu Marg,
Chembur, Mumbai - 400 071.

M/s. Lalit R. Gawde & Company
Chartered Accountants
6/104, Dalhia , Mayfair Virar Garden,
Bolinj, Virar(West)-401303.

ADVOCATES & SOLICITORS :

M/s. Madekar & Co.
84, Engineer House, 1st Floor,
Mumbai Samachar Marg,
Fort, Mumbai - 400 023.

28TH ANNUAL GENERAL MEETING

Date : Monday, 30th Sept., 2013
Time : 9.00 a.m.
Venue : Plot No. 25, 26, 29 & 30,
Pilerne Indl. Estate, Marra,
Bardez, Goa - 403 511.

ISIN NUMBER : INE 751D01014 (DEMAT)

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NOTICE

The **TWENTY-EIGHTH** Annual General Meeting of **SANDU PHARMACEUTICALS LIMITED** will be held at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa - 403 511 on Monday, 30th September, 2013 at 9.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Director's Report, Auditors Report, Audited Profit & Loss Account for the year ended 31st March, 2013 and Balance Sheet as at that date.
2. To appoint a director in place of Shri. K. Vinay Kumar, who being longest in office retires by rotation in accordance with Article 129 of the Articles of Association of the Company and being eligible offers himself for reappointment.
3. To re-appoint the Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to such contents, permissions and sanctions as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board of India (SEBI) and pursuant to section 61 and all other applicable provisions of Companies Act, 1956 and chapter III of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009, the Board of Directors of the Company be and is hereby authorised to seek voluntary Delisting of its Equity Shares listed at The Ahmedabad Stock Exchange and for this purpose may apply to The Ahmedabad Stock Exchange for Voluntary Delisting of the Shares from the said Stock Exchange and seek such other approval from any other concerned authority."

"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to settle all issues, clarifications or procedures as may arise, with regard to the Voluntary Delisting of Shares at The Ahmedabad Stock Exchange, as it may in its absolute discretion deem fit."

"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its committee or Director(s) or officers of the Company to do all such acts, deeds or things as may be necessary to give effect to this resolution."

5. Appointment of Dr. Krishna Deshpande as a Director of the Company

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. Krishna Deshpande who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th August,

2013, and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit, to pass with or without modification the following resolution as an Special Resolution:

"FURTHER RESOLVED THAT pursuant to the section 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and to the provisions of Article 119, 138 to Article 141 of Article of Association of the Company Shri. Umesh B. Sandu, be and is hereby re-appointed as Managing Director of the Company for a tenure of 5 years effect from 01st April, 2013, on remuneration and perquisites as set out in the explanatory statement annexed to the notice convening this meeting with liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such a manner as the Board may deem fit and is acceptable to Shri. Umesh B. Sandu, within the limits specified in Schedule XIII to the Companies Act, 1956 ('the Act') or any amendments thereof."

"FURTHER RESOLVED THAT in the event of loss or inadequacy in profits in any financial year during the currency of tenure of the Managing Director, the Company will pay Shri. Umesh B. Sandu remuneration and perquisites referred above as minimum remuneration subject to Schedule XIII of the Companies Act, 1956."

"FURTHER RESOLVED THAT remuneration shall be paid to Shri. Umesh B. Sandu, unless otherwise decided by the Board of Directors of the Company."

"FURTHER RESOLVED THAT Shri. Umesh B. Sandu, Managing Director of the Company shall not be liable to retire by rotation for a period of 5 years with effect from 01st April, 2013."

"FURTHER RESOLVED THAT Shri. Shashank B. Sandu, Director, be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

By Order of the Board of Directors
Sd/-

Umesh B. Sandu
Managing Director & Company Secretary

Place : Mumbai
Date : 14th August, 2013

NOTES:

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company. The proxy form is attached herewith.
- b) The proxy form duly signed and completed in all respect should be lodged with the General Meeting.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 16th September, 2013 to Monday, 30th September, 2013 (both days inclusive)
- d) The Member / Proxies should bring their attendance slip duly completed for attending the meeting.
- e) The Members are requested to bring their copies of the Annual Reports to the Annual General Meeting as no separate copies will be distributed at the Annual General Meeting as a measure of Economy.
- f) The Members desiring any information as regards the Accounts are requested to send their queries only at the Registered Office of the Company so as to reach the Registered Office at least 7 days in advance of the date of Annual General Meeting so as to enable the Company to keep the information ready.
- g) Equity Shares of the Company have been activated by dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted by both the depositories is INE 751D01014.
- h) The Equity Shares of the Company are presently listed on the Bombay Stock Exchange Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 4**

The members are aware that the Equity Shares of the Company are listed with Bombay Stock Exchange Limited (BSE) and The Ahmedabad Stock Exchange. It is proposed that the company shall seek Voluntary Delisting of its Equity Shares from The Ahmedabad Stock Exchange on account of following reasons:

1. There is no trading of Equity Shares of the Company at the said Stock Exchange.
2. Also, the nationwide trading facility is available on Bombay Stock Exchange Limited (BSE), where shares of the Company are also listed.

The Board of Directors have decided to seek voluntary Delisting of Equity Shares of the Company from the Ahmedabad Stock Exchange. The Board therefore, proposes the resolution as set out in Item No. 4 of the notice for approval as a special resolution read with the provisions of section 61 and other applicable provisions of Companies Act, 1956 and chapter III of

Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 None of the Directors of the Company are interested directly or indirectly in the above resolution.

Item No. 5**Brief synopsis of the Director**

Dr. Krishna B. Deshpande is a Bachelor of Medicine and Surgery (M.B.B.S.) from Aurangabad Medical College. He is also a member (fellowship) of American Board of Surgery, the American College of Surgeons, Royal College of Surgeons, and Surgical Association of Gastrointestinal Endoscopic Surgery. He has worked in Kasturba Hospital, Bombay, India L.T.M.C. Hospital, Bombay, India, Royal Infirmary, Sunderland, England, Bensham General Hospital, Gateshead, England, and F.A. Grecious & Associates at various positions. Since 1979 to 2002 he was in Private Practice in General Surgery and Trauma Surgeon and is currently attached with Hospitals at Cleveland, Ohio, U.S.A.. He has wide experience of 45 years in the field of medical. Directors trust that Company will be benefited by the experience and expertise of Dr. K. B. Deshpande. You are requested to consider his appointment favorably.

Item No. 6

The tenure of Shri. Umesh B. Sandu as Managing Director is upto 1st April, 2014, however considering past performance of Shri. Umesh B. Sandu the Board of Directors have at their Meeting held on 14th August, 2013, pursuant to the approval of the remuneration committee, altered and amended the terms of Managing Director and re- appointed subject to the approval of the Shareholders in the next Annual General Meeting Shri. Umesh B. Sandu as Managing Director of the Company for a period of 5 years w.e.f. 01st April, 2013. He is aged about 46 years. He is a B.Com., LL.B., F.C.S.. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956.

Briefly, the terms and conditions of the re-appointment and remuneration are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors.
2. The re-appointment shall be for a period of 5 years w.e.f 01st April, 2013
3. Remuneration:
 - a) Salary: - Rs. 2,10,000/- with an increase of Rs. 10,000/- every year up to Rs. 2,50,000/- per month i.e 2,10,000/- 2,20,000/- 2,30,000/- 2,40,000/- 2,50,000/- with the authority of the Board to fix the remuneration and modify the brake up of the salary keeping in mind the existing income tax laws and the relevant rule prevalent at that point of time".

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- b) The above remuneration shall be payable as minimum remuneration, Shri. Umesh B. Sandu will not be liable to retire by rotation and will not be eligible for sitting fees. The proposed resolution is required to be passed as a Special Resolution as required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval. Copy of the terms and conditions governing the appointment is available for inspection by members during business hours on any working day before the date of annual general meeting.

Disclosure under Sch. XIII of the Companies Act, 1956:

General Information:

1. Nature of Industry: Manufacturing and Marketing of Ayurvedic Medicines
2. Date of Commencement of Commercial production: April, 1997
3. Financial Information based on given indicators: As per Directors Report

Information about the Appointee:

1. Background details: Shri. Umesh B. Sandu is a Commerce and Law Graduate from University of Mumbai and is also a qualified Company Secretary from the ICSI. Prior to his joining the Company since 1994, he was associated with a finance company in their Merchant Banking division.
2. Past Remuneration: ₹ 12, 00,000/- p.a.
3. Job Profile and his suitability: As Shri. Umesh B. Sandu is associated with the Ayurvedic Industry for the last 20 years and with Sandu Pharmaceuticals Limited far as many years, he has hands on knowledge and experience in the following areas
 - i. Ayurvedic Extraction, formulations and Manufacturing
 - ii. Sales, Marketing and distribution
 - iii. Accounts, Finance and Taxation
 - iv. Legal, Overall General Administration

As a Managing Director he is in charge of all the day to day functioning of the Company, since he is associated with the Company for last 20 years hence he has acquired knowledge and expertise in all the facets of the business and as such has a overall knowledge of all intricate aspects of business and as such all the above are an asset to the company.

4. Remuneration proposed: Salary: - ₹ 2, 10,000/- ₹ 2, 20,000/- ₹ 2, 30,000/- ₹ 2, 40,000/- ₹ 2, 50,000/- p.m.
5. Comparative Remuneration profile with respect to Industry: (Readily not available)

As Shri. Umesh B. Sandu is professionally qualified even on the merits of his qualification and experience he will stand to earn more than what is proposed in the

present contract.

6. Pecuniary Relationship directly or indirectly with the Company, or managerial person if any: Shri. Umesh B. Sandu is the son of Shri. B. G. Sandu and brother of Shri. S. B. Sandu who are also the promoters of the Company, to the extent of their relationships with Shri. Umesh B. Sandu they are interested.

Other Information:

1. Reasons of loss or inadequate profits: The Company/ industry is severally affected by the tremendous rise in commodity and fuel prices and hence the profits seen are inadequate.
2. Steps taken or proposed to be taken for improvement: Certain line balancing and manufacturing changes are expected in the company there by making company to be more competitive which in turn will increase the profitability of the company.

By Order of the Board of Directors

Sd/-

Umesh B. Sandu

Managing Director & Company Secretary

Place : Mumbai

Date : 14th August, 2013

DIRECTORS' REPORT

Your Directors have pleasure to present TWENTY - EIGHTH Annual Report on the business and operation of the Company along with the Audited Accounts for the financial year ended 31st March, 2013.

• FINANCIAL RESULTS :-

PARTICULARS	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
Sales & Other Income	3417.76	3148.78
Total Expenditure	3301.35	3036.85
Net Profit before Tax	116.41	111.93
Provision for Taxation	38.44	63.56
Profit after Tax	77.97	48.37
Balance brought forward	959.31	910.94
Profit available for appropriations	1037.28	959.31
APPROPRIATION		
Profit carried to Balance Sheet	1037.28	959.31

• OPERATIONAL / FINANCIAL RESULTS:-

The performance of your Company for the year under review has been satisfactory. During the year Company has achieved a turnover(Net of excise duty) of Rs.3386.11 lacs as against Rs.3124.45 lacs showing growth of Rs. 261.66 lacs. The profit before tax has marginally gone up from Rs.111.93 lacs to Rs.116.41 lacs. However the Net Profit after tax has gone up from Rs.48.37 lacs to Rs.77.97 lacs.

• MANAGEMENT DISCUSSION AND ANALYSIS:-

Pursuant to clause 49 (v) (A) & (B) of the Listing Agreement, your Directors wish to report as follows:-

(a) Industry Structure & Development :

Company is mainly engaged in the manufacture of Ayurvedic Medicines and comes under the Pharmaceutical Industry. However Pharmaceutical Industry in India is progressing very slowly which has affected the Industry. We are however optimistic towards stabilisation in the industry in the near future.

(b) Opportunities and Threats :

The opportunities are existing in the Ayurvedic Industry and can be achieved through proper research and developments and there is no doubt that the industry will thrive. The Company has good opportunities in the export market and it will also increase in near future. The industry needs to create general appreciation in the minds of the customer regarding Ayurveda which will help to increase the demands for Ayurvedic Products. There is increase in demand for Ayurvedic Products from all the section of the Society. The industry will have to face the acute competition in the regime of WTO and globalisation and liberalisation policies adopted by the government.

Also the economic policies of the Government and political situation in the country will also affect the present business of the Company as the commodity prices are increasing on a regular basis, which is severely affected the company's profitability.

(c) Segment wise performance :

Segment wise analysis of performance is not applicable to your Company under Accounting Standards 17 because there is only one segment i.e. Pharmaceutical.

(d) Outlook :

The outlook for the industry and consequently for your company during the current financial year is reasonably good subject however to the effects of government policies, inflationary pressure and general global slowdown which is bound to affect your company.

(e) Risk and concerns :

Domestic and international market conditions would be the only risk which may be faced by the Company apart from input costs which are causing havoc with the company's profitability. Other risks and concerns related to finance, production, stocks, insurance etc. are being managed adequately and efficiently by your Company.

(f) Internal Control Systems and their adequacy :

Your Company has put effective internal control systems into operation and is having robust Internal Audit mechanism to monitor and review the same under the overall control and supervision of the Internal Auditor and the Audit Committee of the Independent Directors. Manufacturing & Operations, Human Resource, Purchase and Indirect Taxes are independently verified by our Goa based Internal Auditors M/s. Prabhudesai & Associates, Chartered Accountants, Panaji, Goa whereas Sales & Distribution, Marketing and Finance are checked by our Mumbai based Internal Auditors M/s. Lalit R. Gawde & Co., Chartered Accountants, Mumbai your Company's other Internal Auditor. These systems have improved substantially and resulted into better management and effective controls. Continuous improvements as suggested by our above mentioned Internal Auditors are implemented.

(g) Discussion of Financial performance with respect to operational Performance :

The financial performance with respect to the operational performance during the year under review was satisfactory. The company was successful in maintaining the profit level only because of the higher volumes and better margins.

(h) **Material Development in Human Resource / Industrial Relations :**

Your Company is constantly endeavoring to introduce Human Resource Development activities for overall improvement of its team and induction of professional manpower. Your Company has good industrial relations. Your Company has substantially improved the relationship with all the employees at all the levels which also resulted to achieve higher production and inturn increase the profitability.

(i) **Material Financial and Commercial Transaction :**

There are no material significant financial and commercial transactions with related parties viz. Promoters, Directors or the Management, their companies / firms or relatives conflicting with the interest of the Company. The promoters and the Directors are not dealing in the shares of the Company.

DIVIDEND:-

Due to inadequate profits and in order to conserve funds during this period of economic slowdown the company does not recommend any dividend.

• **DEMATERILISATION OF SHARES :-**

The Company has entered into an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for Dematerisation of shares. With this, the Members have the option to hold their shares in the Company through Demat Mode and the script is under the compulsory demat. The Company had dematerilised 85.4 % of its entire shares and hence members are requested to dematerialise their shares at the earliest.

• **CORPORATE GOVERNANCE:-**

Your Company has taken all the mandatory steps as required in clause 49 of the listing agreement. A detail report on Corporate Governance alongwith a certificate from the auditors certifying the compliance is annexed hereto and forms part of the Directors Report.

• **INSURANCE:-**

Your Company has taken adequate insurance cover of all its assets which includes Building, Plant and Machinery, Inventory against Fire, Earthquake and SSRCC as such all the Finished Stock at branches, are fully and adequately insured. Your company also follows prudent business norms whereby all finished goods are dispatched under a valid Marine Insurance to any of the Company branches or C & F anywhere across the country.

• **PARTICULARS OF EMPLOYEES:-**

The Company maintained cordial relationship with its employees during the year under review.

For the year under review there are no employees falling under the purview of the section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

• **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT ETC:-**

The particulars as required under the provisions of section 217(2A) of the Companies Act, 1956, and companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto.

Also as there were no transactions in connection with the import or export of any raw materials or products, hence no inflow or outflow of Foreign Exchange, thereby resulting in the inapplicability of Clause 217 (1) (e) of the Companies Act, 1956.

• **DIRECTORS:-**

Shri. K. Vinay Kumar, Director who retires by rotation and being eligible offers himself for re-appointment. As required, brief resume of Director is given under separate section of Corporate Governance. You are requested to consider his reappointment.

• **DIRECTORS RESPONSIBILITY STATEMENT:-**

The Directors confirm that:-

(a) in the preparation of annual accounts, the applicable accounting standards have been followed;

(b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2013 and of the profit of the Company for the year ended 31st March, 2013;

(c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) The annual accounts have been prepared on a going concern basis.

• **AUDITORS:-**

The notes to the accounts are referred to in the Auditors report are self-explanatory and therefore do not call for any further comments.

M/s. Joshi Joshi & Company, Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The letter from the Auditors has been received to the effect that the reappointment if made would be within the prescribed limits under Section 224 (1B) of The Companies Act, 1956.

You are requested to consider their reappointment.

- **Cost Auditors:-**

M/s. Joshi Apte and Associates, Cost Accountants, Mumbai were re-appointed as Cost Auditors for the financial year 2013-14 to conduct Cost Audit of the accounts of the company as prescribed under Cost Audit Rules, 2011.

- **ACKNOWLEDGEMENT:-**

The Board of Directors places on record its sincere appreciation for the wholehearted and continued devotion and a sense of commitment extended by the employees at all levels which has been a source of strength and inspiration to the Company and acknowledge their contribution towards sustained progress and performance of your Company.

The Board also wishes to place on record their gratitude to its shareholders and Bankers – Dena Bank, Stock Exchanges, NSDL, and CDSL for their continued support to the Company and the trust and confidence placed by them.

ON BEHALF THE BOARD OF DIRECTORS

Place: Mumbai

Date: 14th August, 2013

BHASKAR G. SANDU

CHAIRMAN

- **ANNEXURE TO DIRECTORS REPORT**

STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT.

- **CONSERVATION OF ENERGY:-**

The required data with regard to conservation of energy as applicable to our industry is furnished below.

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
1. ELECTRICITY		
Purchased (units)	225344	224947
Total Amount Rs.	1095956	889871
Rate/Units in Rs.	4.86	3.96
2. FUEL CONSUMED		
Quantity	66820	63494
Total Amount	3334104	2894397
Rate per litre	49.90	45.58

Corporate Governance Report

COMPANY 'S PHILOSOPHY ON CODE OF GOVERNANCE:-

Your Company believes in adopting best Corporate Governance practices and envisages the attainment of the highest levels of transparency, accountability and ethics, in all facets of its operations. Company recognizes the rights and interests of its stakeholders and is committed to protect the same. Company considers that all its operations and actions must serve the underlying goal of increasing employee and customer satisfaction and enhancing overall shareholder value together with fair treatment to its stakeholders.

BOARD OF DIRECTORS

Composition:

The Board of Directors consists of 6 Directors. The composition and category of Directors is as follows:

Category	Name of the Directors
Promoter & Executive Director	Shri. Umesh B. Sandu
Promoter & Non Executive Directors	Shri. Bhaskar G. Sandu Shri. Shashank B. Sandu
Independent Directors	Shri. Dilip Salgaoncar Dr. Madan L. Kapre Shri. K Vinay Kumar Dr. Krishna B. Deshpande (Additional Director)

Clause 49 of the Listing agreement has been adequately complied by your Company and achieved desired level of independence of Board. All the non executive directors are persons of eminence, and bring a wide range of expertise and experience to the Board.

Board Procedure:-

During the financial year 2012-13 the Board met 8 times on the following dates, namely 10.05.2012, 01.08.2012, 14.08.2012, 29.09.2012, 09.11.2012, 29.12.2012, 15.02.2013, 08.03.2013. The maximum time gap between any two meetings was not more than three calendar months as compared to the mandated requirement of not more than four months in clause 49.

Brief Profile of the Director Seeking Appointment at the Ensuing Annual General Meeting as Required to be Furnished pursuant to Clause 49 of the Listing Agreement :

Shri. K. Vinay Kumar is a graduate from the Indian Institute of Management(IIM), Ahmedabad and from National Institute of Technology (NIT), Rourkela. He is also Member of American Marketing Association, Market Research Society of India, Federation of AP Chambers of Commerce and Industry and National HRD Network. He has worked in Merchant Banking Division in the field of Finance, as a Manager with Ernst &Young, Consulting practices for Aviation Industry, as a Consultants for Apollo Hospitals and also as a CEO of a medical transcription company before starting his own enterprise which specialize in data analysis which is required by practically all types of industries and has got wide applications world over.

His areas of expertise are Business Development, Finance, Human Resource, Marketing and General Management. The Company is being benefited by the experience and expertise of Shri. K. Vinay kumar . You are requested to consider his appointment favorably.

Attendance record of Directors:-

The details of attendance of Directors out of a total of 8 Board meetings held during the financial year 2012-13 and at the last Annual General Meeting held on 29th September, 2012, also the number of other directorship and Chairmanship / Membership of Committees of each Director in various Companies are depicted hereunder :-

Name of Director	Attendance Particulars		No. of Directorship/ Chairmanship/ Committee Chairmanship		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri. Bhaskar G. Sandu	8	Yes	NIL	2	2
Dr. Madan L. Kapre	5	Yes	NIL	1	NIL
Shri. Dilip Salgaoncar	5	Yes	2	2	NIL
Shri. K Vinaykumar	8	Yes	1	3	1
Shri. Shashank B. Sandu	8	Yes	9	1	NIL
Shri. Umesh B. Sandu	8	Yes	9	3	NIL

None of the Director is a member of more than 10 committees or act as a Chairman of more than 5 committees as required under clause 49 of the Listing Agreement.

AUDIT COMMITTEE:-

The Audit Committee is constituted according to Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement. The scope and term of reference of the audit committee are in conformity with clause 49 of the listing agreement and section 292A of the Companies Act, 1956. The scope includes review of quarterly, half-yearly and annual financial results of the Company and submitting the observations thereon to the Board of Directors, review of annual budgets, interaction with Statutory auditors on the annual accounts and other accounting matters, major accounting policies and practices, compliance with accounting standards, review of adequacy and efficacy of internal control system, cost control measures, statutory compliance in various functional areas.

The present audit committee comprises of three independent directors namely, Shri. Dilip Salgaonkar, Shri. Madan L. Kapre, Shri. K. Vinay Kumar (Chairman) and Shri. Umesh B. Sandu who is the Managing Director.

During the year under review 5 meetings were held as against minimum requirement of 3 meetings one of which was before finalisation of accounts. The meetings were held on 10.05.2012, 01.08.2012, 14.08.2012, 29.09.2012, 09.11.2012

Name of Directors	No.of Meetings attended
Shri. Dilip R. Salgaonkar	3
Dr. Madan L. Kapre	3
Shri. K. Vinay Kumar	5
Shri. Umesh B. Sandu	5

REMUNERATION COMMITTEE:-

The Remuneration Committee consists of Shri. Bhaskar G. Sandu, Shri. Dilip R. Salgaonkar, Shri. Umesh B. Sandu and Shri. K. Vinay Kumar. The remuneration committee is responsible for determining the compensation payable to the Managing director based on industry practice and performance of the individuals. The remuneration committee meets whenever its needed and makes regular appraisal of their performance. The Company does not have any stock options. The details of remuneration paid to Shri. Umesh B. Sandu the Managing Director of the Company during the year ended on 31st March, 2013 Remuneration: 12, 00,000/- p.a.

Directors Sitting Fees paid to Independent and Non Executive Directors: Rs. 20,000/-

SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE:-

The Shareholders' and Investors Grievance committee was constituted comprising of Shri. Bhaskar G. Sandu, Dr. Madan L. Kapre and Shri. Umesh B. Sandu to specifically look into the redressing of shareholder and investors complaints on matters relating to transfer of shares, non receipt of annual report etc. The Committee has delegated authority to Miss Archana Bhangle to carry out day to day operations related to shareholders/ Investors Grievance and interaction with our R&T Agent. Further there are no complaints pending with SEBI, BSE and R&T Agent. All physical transfers as well as requests for dematerialisation / rematerialisation are processed in fortnightly cycles. The work relating to dematerialisation and / or rematerialisation is handled under the arrangements made with the connectivity by Sharex Dynamic (India) Private Limited with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Committee meets regularly.

MANAGEMENT DISCUSSION AND ANALYSIS:-

Management discussion and analysis report as required under the Listing Agreement with the Bombay Stock Exchange is forming part of the directors Report.

GENERAL BODY MEETINGS: -

The Company convenes Annual General Meetings generally within 6 months of close of the Financial Year. The details of the Annual General Meeting held in last three years are as under: -

YEAR	DAY, DATE AND TIME	VENUE
2009-2010	25th AGM held on 29th September, 2010 at 9.00 a.m.	At the Registered Office of the Company at Plot No. 25,26,29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511
2010-2011	26thAGM held on 29th September, 2011 at 9.00 a.m.	At the Registered Office of the Company at Plot No. 25,26,29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511
2011-2012	27thAGM held on 29th September, 2012 at 9.00 a.m.	At the Registered Office of the Company at Plot No. 25,26,29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511

(a) In addition to Annual General Meeting Company holds Extra Ordinary General Meetings of the shareholders as and when need arises.

(b) In ensuing 28th Annual General Meeting, no resolutions are proposed to be passed by postal Ballots.

Twenty-Eighth Annual Report 2012-2013

DISCLOSURES:-

(i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest.

(ii) There are no pecuniary relationships or transactions of non-executive director's vis-à-vis the Company.

MEANS OF COMMUNICATION:-

The quarterly, half yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board and these are published in newspapers namely Goadoot and Times Of India which is having wide coverage as required in the Listing Agreement.

GENERAL SHAREHOLDER INFORMATION:-

- **Registered Office :** SANDU PHARMACEUTICALS LIMITED
Plot No.25,26,29 & 30, Pilerne Indl. Estate, Marra, Bardez, Goa - 403511
- **Corporate Office :** SANDU PHARMACEUTICALS LIMITED
Sandu Nagar, D.K. Sandu Marg, Chembur, Mumbai - 400 071.
- **Work Location** SANDU PHARMACEUTICALS LIMITED
Plot No.25,26,29 & 30, Pilerne Indl. Estate, Marra, Bardez, Goa - 403 511.
- **Share Transfer Agent:** Sharex (India) Private Limited,
Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072.
Phone: (022)28515644/606
Fax No. (022)285112885
E mail ID: sharexindia@vsnl.com
- **Compliance Officer- LEGAL, SECRETARIAL & INVESTOR GRIEVANCES :** Miss Archana Bhangle
- **Annual General Meeting (Day, Date, Time & Venue)** Monday, 30th September, 2013 at 9.00 a.m. at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa - 403 511.
- **Book Closure :** Monday, 16th September, 2013 to Monday, 30th September, 2013.
- **Dividend Payment Date** Not Applicable.
- **Listing on Stock Exchanges** The Company's Equity Shares are listed on :
Name of the Stock Exchange Stock Code
Bombay Stock Exchange SAND 524703
- **Listing Fees:** Company has paid Listing Fees for the financial year 2012 - 2013 to Bombay Stock Exchange and has also paid the listing fees for the year 2013-2014.
- **Market Price Data :**

MONTH	MONTH'S HIGH PRICE (Rs.)	MONTH'S LOW PRICE (Rs.)
April. 2012	17.95	14.6
May. 2012	15.65	13.56
June. 2012	17.75	13.75
July. 2012	17.79	13.76
Aug. 2012	15.41	13.15
Sept. 2012	15.6	13.7
Oct. 2012	15.77	14.21
Nov. 2012	15.6	14.2
Dec. 2012	15.49	14.25
Jan. 2013	16.57	14.11
Feb. 2013	15.68	12.5
Mar. 2013	13.72	12

- Distribution of Shareholding as on 30th June, 2013 :

Distribution	No. of Shareholders	% of Shareholders	Total Shares	% to Total
1-500	9932	90.84	1381901	19.52
501-1000	474	4.34	406829	5.75
1001-5000	468	4.28	1052995	14.87
5001-10000	32	0.29	229521	3.24
10001-100000	20	0.18	668381	9.44
100001 & Above	7	0.06	3341373	47.19
Total	10933	100	7081000	100

- Shareholding Pattern:-

CATEGORY	SHARES	PERCENTAGE OF SHAREHOLDING
1. Promoters		
A) Indian		
1) Individual	2,228,100	31.466
2) Bodies Corporate	957,590	13.523
B) Foreign	-	-
2. Institutional Investors	500	0.007
3. Public & Others	3,894,810	55.004
	7081000	100.00

- Dematerialisation Shares:-

Nearly 85.4% of total Equity Share Capital is held in dematerialised form with NSDL/CDSL.

- Demat ISIN numbers in NSDL & CDSL for Equity Shares :

ISIN No. : INE 751D01014

- Share Transfer System:-

Shares sent for transfer in physical form are registered and returned by our Registrar and Share Transfer Agent in appx. 20-25 days of receipt of the documents, provided documents received are found in order. Shares under objections are returned within 15-20 days. The Share Transfer Committee meets generally on fortnightly basis to consider the transfer proposals.

- Financial Calendar :- (tentative)

Results for quarter ending 30th June, 2013	14th August, 2013
Results for quarter ending 30th Sept, 2013	14th November, 2013
Results for quarter ending 31st Dec, 2013	14th February, 2014
Results for quarter ending 31st Mar, 2014	15th May, 2014

DECLARATION

I hereby declare that all the directors and Senior Management personnel have as on 31st March, 2013 affirmed compliance of their respective Codes of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Place: Mumbai
Date: 14th August, 2013

BHASKAR G. SANDU
CHAIRMAN

Certification by the Chief Financial Officer under clause 49 of the Listing Agreement:

To,
The Board of Directors of
Sandu Pharmaceuticals Limited

Dear Sirs,

1. I have reviewed the financial statements and cash flow of Sandu Pharmaceuticals Limited for the year ended 31st March, 2013. And 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.
2. There are, to the best of my 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.
3. I accept responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, the steps they have taken to rectify these deficiencies.
4. I have indicated to the auditors and the Audit committee
 - (i) There are no significant changes in internal control during the year,
 - (ii) There are no significant changes in accounting policies during the year; and
 - (iii) There are no instances of significant fraud of which I have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system.

Prasanna Bhatkar
Chief Financial Officer

Place: Mumbai
Date: 30th May, 2013

CERTIFICATE

To,
The Members of
SANDU PHARMACEUTICALS LIMITED

I have examined the compliance of conditions of Corporate Governance by Sandu Pharmaceuticals Limited, for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

I state that no investor grievance is pending for the period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For JOSHI JOSHI & CO.
Chartered Accountants

Place: Mumbai
Date: 30th May, 2013

M. M. JOSHI
Proprietor
M. No. 42466 of 89

Independent Auditor's Report

To
the Members of
SANDU PHARMACEUTICALS LTD.

Report on Financial Statement

We have audited the accompanying financial statements of SANDU PHARMACEUTICALS LTD ("the Company"), 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.

Management's Responsibility for Financial Statement

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 ("the Act"). 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and Regulatory Requirements

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

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 it 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 Joshi Joshi & Co.

Chartered Accountants

FRN: 104393W

M. M. Joshi

(Proprietor)

Membership No. : 042466

Place: Mumbai

Date: 30th May, 2013

The Annexure referred to in paragraph 1 of Our Report of even date to the members of SANDU PHARMACEUTICALS LTD. on the accounts of the company for the year ended 31st March, 2013.

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) Records of Fixed Assets giving full particulars including quantitative details & situation thereof are maintained by the Company.
- b) We have been informed that the Management has carried out physical verification of its fixed assets during the year and no discrepancies were noticed.
- c) Disposal of the Fixed Assets not being substantial part, hence does not affect the going concern concept.
2. a) We have been informed that Management has carried out physical verification of stock of Finished Goods, Traded Goods, stores, Spares and Raw Material at various intervals during the year. In my opinion, the frequency of verification is reasonable.
- b) In our opinion the procedures for physical verification of stock of materials followed by the Management are reasonable and adequate in relation to the size of the company and the nature of business.
- c) According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stocks 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, having regard to the explanation that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ` 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.
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.
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 and the records of the Company examined by us, there are no dues of wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes. The particulars of dues of Income Tax as at 31st March 2013 which have not been deposited on account of dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs.in Lacs)	Financial Year to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax including applicable interest and penalty	95.50	2008-09	Income Tax Appellate Tribunal

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.
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 trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
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 the term loan taken by the company, has been used for the purpose for which it is taken
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. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
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 Joshi Joshi & Co.
Chartered Accountants
FRN: 104393W

M. M. Joshi
(Proprietor)

Membership No. : 042466

Place: Mumbai
Date: 30th May, 2013

Balance Sheet as at 31st March, 2013

Particulars		Note No.	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	70,810,000	70,810,000
	(b) Reserves and surplus	4	106,328,485	98,531,906
			177,138,485	169,341,906
2	Non-current liabilities			
	(a) Long-term borrowings	5	15,458,657	3,581,648
	(b) Deferred tax liabilities (net)	6	8,245,228	8,500,818
			23,703,885	12,082,466
3	Current liabilities			
	(a) Short-term borrowings	7	67,836,545	34,600,609
	(b) Trade payables	8	37,714,380	18,053,773
	(c) Other current liabilities	9	3,944,479	4,393,170
	(d) Short-term provisions	10	22,746,371	17,487,150
			132,241,775	74,534,702
	TOTAL		333,084,145	255,959,074
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11A	60,938,401	64,631,421
	(ii) Capital work-in-progress	11B	25,179,853	2,682,491
			86,118,254	67,313,912
	(b) Non-current investments	12	6,725,198	6,762,202
			92,843,452	74,076,114
2	Current assets			
	(a) Inventories	13	98,638,262	107,243,763
	(b) Trade receivables	14	81,578,180	48,268,215
	(c) Cash and Bank Balances	15	34,702,078	9,729,312
	(d) Short-term loans and advances	16	25,322,173	16,641,670
			240,240,693	181,882,960
	TOTAL		333,084,145	255,959,074

See accompanying notes forming part of the financial statements

1 & 2

As per my report attached to the Balance Sheet

For and on behalf of the Board of Directors

For JOSHI JOSHI & CO

Chartered Accountants

Firm Reg.No.104393W

M.M. JOSHI

Proprietor

M.No.:42466 of 89

BHASKAR G. SANDU

Chairman

SHASHANK B. SANDU

Director

PRASANNA BHATKAR

Chief Financial Officer

UMESH B. SANDUManaging Director &
Company Secretary

Place : MUMBAI

Date : 30th May, 2013

Place : MUMBAI

Date : 30th May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars		Note No.	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	17	341,908,070	315,622,239
	Less: Excise duty	17	3,296,821	3,177,085
	Revenue from operations (net)		338,611,249	312,445,154
2	Other income	18	3,164,483	2,433,768
3	Total revenue (1+2)		341,775,732	314,878,922
4	Expenses			
	(a) Cost of materials consumed	19.a	55,786,030	45,002,181
	(b) Cost of sales of traded goods	19.b	129,731,099	121,538,295
	(c) Changes in inventories of finished goods and work-in-progress	19.c	(4,300,588)	(8,876,499)
	(d) Employee benefits expense	20	26,620,649	23,944,084
	(e) Finance costs	21	6,258,835	5,247,196
	(f) Depreciation and amortisation expense	11	4,350,973	4,344,471
	(g) Other expenses	22	111,687,745	112,485,695
	Total expenses		330,134,743	303,685,423
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		11,640,989	11,193,499
6	Tax expense:			
	(a) Current tax expense for current year		4,100,000	2,750,000
	(b) (Less): MAT credit (where applicable)			
	(c) Current tax expense relating to prior years			
	(b) Net current tax expense		4,100,000	2,750,000
	(c) Deferred tax		(255,590)	3,606,195
			3,844,410	6,356,195
7	Profit / (Loss) for the year (5 ± 6)		7,796,580	4,837,304
8	Earnings per share (of 10/- each):			
	(a) Basic			
	(i) Continuing operations	26	1.10	0.68
	(ii) Total operations	26	1.10	0.68

See accompanying notes forming part of the financial statements 1 & 2

As per my report attached to the Balance Sheet

For JOSHI JOSHI & CO

Chartered Accountants

Firm Reg.No.104393W

M.M. JOSHI

Proprietor

M.No.:42466 of 89

For and on behalf of the Board of Directors

BHASKAR G. SANDU

Chairman

SHASHANK B. SANDU

Director

PRASANNA BHATKAR

Chief Financial Officer

UMESH B. SANDU

Managing Director &
Company Secretary

Place : MUMBAI

Date : 30th May, 2013

Place : MUMBAI

Date : 30th May, 2013

Cash Flow Statement for the Year Ended 31st March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Amount (₹) in Lacs	Amount (₹) in Lacs	Amount (₹) in Lacs	Amount (₹) in Lacs
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		116.41		111.93
<u>Adjustments for:</u>				
Depreciation and amortisation	43.51		43.44	
Finance costs	62.59		52.47	
Interest income	(9.66)		(12.21)	
Dividend income	(3.40)		(2.73)	
Other non operating Income	(6.25)		(9.40)	
Prior period Income (Net)	(7.83)		0.00	
Net (gain) / loss on sale of investments	(1.22)		0.00	
		77.74		71.58
Operating profit / (loss) before working capital changes		194.15		183.51
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	86.06		(795.91)	
Trade receivables	(333.10)		491.27	
Short-term loans and advances	(86.81)		(64.61)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	196.61		91.71	
Other current liabilities	327.87		51.74	
Short-term provisions	52.59		101.75	
		243.22		(124.04)
Cash generated from operations		437.37		59.48
Net income tax (paid) / refunds		(41.00)		(27.50)
Net cash flow from / (used in) operating activities (A)		396.37		31.98
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(231.55)		(68.62)	
Current investments not considered as Cash and cash equivalents				
– Purchased	4.54		(6.50)	
– Proceeds from sale	(2.94)		0.00	
Interest received	9.66		12.21	
Dividend received	3.40		2.73	
Other Income	14.08		9.40	
		(202.81)		(50.78)
Net cash flow from / (used in) investing activities (B)		(202.81)		(50.78)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	118.77		24.71	
Finance cost	(62.59)		(52.47)	
		56.18		(27.76)
Net cash flow from / (used in) financing activities (C)		56.18		(27.76)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		249.74		(46.57)
Cash and cash equivalents at the beginning of the year		97.28		143.85
Cash and cash equivalents at the end of the year		347.02		97.28

As per my report attached to the Balance Sheet

For JOSHI JOSHI & CO

Chartered Accountants

Firm Reg.No.104393W

M.M. JOSHI

Proprietor

M.No.:42466 of 89

For and on behalf of the Board of Directors

BHASKAR G. SANDU

Chairman

PRASANNA BHATKAR

Chief Financial Officer

SHASHANK B. SANDU

Director

UMESH B. SANDU

Managing Director &
Company Secretary

Place : MUMBAI

Date : 30th May, 2013

Place : MUMBAI

Date : 30th May, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars
1	<p>Corporate information</p> <p>Sandu Pharmaceuticals is an ISO 9001:2000 Certified Company. It was established in the year 1985. The company specializes in manufacture and marketing of Ayurvedic medicines. It has acquired a unique position and reputation as a leading enterprise in the field of Ayurved.</p>
2	<p>Significant accounting policies</p>
2.1	<p>Basis of accounting and preparation of financial statements</p>
	<p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p> <p>All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.</p>
2.2	<p>Use of estimates</p>
	<p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p>
2.3	<p>Inventories</p>
	<p>The Stock of packing material, raw material valued at cost and finished goods have been valued at cost or net realisable value whichever is lower. The method adopted for valuation of finished goods & work-in-progress is retail method of valuation envisaged in AS 2 issued by the ICAI. Under this method cost of the inventory is determined by reducing from the sales value of the inventory the appropriate percentage of gross margin. The Company has valued finished goods at percentage of sale price. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.</p>
2.4	<p>Cash and cash equivalents (for purposes of Cash Flow Statement)</p>
	<p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p>
2.5	<p>Cash flow statement</p>
	<p>Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p>
2.6	<p>Depreciation and amortisation</p>
	<p>Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets.</p> <p>Leasehold land is stated at cost Software 100% depreciated</p>
2.7	<p>Revenue recognition</p>
	<p><u>Sale of goods</u></p> <p>Sales are recognised, net of returns, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sale Discount has been disclosed separately by way of debit to Statement of Profit & Loss.</p>
2.8	<p>Other income</p>
	<p>Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.</p>
2.9	<p>Tangible and Intangible fixed assets</p>
	<p>Fixed assets, except Leasehold Land are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets include interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an assets' or cash generating units' net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 **Investments**

Non Current investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 **Employee benefits**

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

"The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.12 **Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.13 **Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The Company is presently operating in single segment.

2.14 As regards to compliance of provision relating to the dues to the Small Scale Industries in terms to the Companies(Amendment) Act, 1998, the Company has not received from any parties claim to be Small Scale Industries. Hence, the said information is not given.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.15 **Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, and interest by the weighted average number of equity shares outstanding during the year.

2.16 **Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.17 **Provisions and contingencies**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 3 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
(a) Authorised				
Equity shares of ₹.10/ – each with voting rights	10,000,000	100,000,000	10,000,000	100,000,000
(b) ISSUED, SUBSCRIBED & PAID-UP CAPITAL				
7081000 (PY: 7081000) Equity shares of ₹.10/ – each fully paid-up.	7,081,000	70,810,000	7,081,000	70,810,000
Total	7,081,000	70,810,000	7,081,000	70,810,000

Note 3 (a) Share capital

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

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Equity shares with voting rights				
Balance as at the beginning and end of the year	7,081,000	70,810,000	7,081,000	70,810,000

Note 3 (b) Share capital

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

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
BHASKAR GOVIND SANDU	737000	10.408%	62000	0.88%
SHASHANK BHASKAR SANDU	657900	9.291%	7900	0.11%
UMESH BHASKAR SANDU	677100	9.562%	27100	0.38%
JAYSHREE BHASKAR SANDU	0	0.000%	1975100	27.89%
SANMARK REALTY AND FINANCE PRIVATE LTD.	543930	7.682%	543930	7.68%

Note 4 Reserves and surplus

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
(a) Capital reserve		
Opening balance	2,600,000	2,600,000
Closing balance	2,600,000	2,600,000
(b) General reserve		
Opening balance	95,931,906	91,094,602
Add: Transferred from surplus in Statement of Profit and Loss	-	4,837,304
Add: 10% Transferred from Surplus in Statement of Profit and Loss	779,658	-
Closing balance	96,711,564	95,931,906
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	-	-
Add: Profit / (Loss) for the year	7,796,579	-
Less: Transferred to:		
General reserve	779,658	-
Closing balance	7,016,921	-
Total	106,328,485	98,531,906

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 5 Long-term borrowings

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
(a) Term loans		
Secured		
From banks		
Dena Bank	14,776,515	2,693,691
Redeemable in 72 monthly instalments, & secured by hypothecation of stocks Debtors & personal guarantee of Directors.		
Un-secured		
From Financial Institution	682,142	887,957
Tata Capital Ltd.		
Repayable in 60 monthly instalments		
	15,458,657	3,581,648
Total	15,458,657	3,581,648

Note 6 Disclosures under Accounting Standards

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
Deferred tax (liability) / asset		
Opening Balance	8,500,818	8,769,306
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets		-
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	255,590	268,488
Net deferred tax (liability) / asset	8,245,228	8,500,818

WORKING OF DEFERRED TAXATION AS ON 31-MAR-2013

Particulars	Amount	Tax Rate	Amount
Fixed Assets			
Depreciation as per Income Tax	4,432,104		
Depreciation as per Companies Act	4,350,973		
Difference in Depreciation	(81,131)	32.445	(26,323)
Provisions			
Provision for gratuity & Leave encashment	868,894	32.445	281,913
Total Deferred Tax Effect			255,590

Note 7 Short-term borrowings

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
Loans repayable on demand		
From banks		
Secured against hypothecation of stocks & Book Debts	67,836,546	34,600,609
Total	67,836,546	34,600,609

Note 8 Trade payables

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
Trade payables	37,714,380	18,053,773
(As regards to compliance of provision relating to the dues to the Small Scale Industries in terms of the Companies (Amendment) Act, 1998, the Company has not received from any parties claim to be Small Scale Industries. Hence, the said information not given.)		
Total	37,714,380	18,053,773

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 9 Other current liabilities

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
Other payables		
(i) Bank Overdraft	0	2,747,168
(ii) Statutory Dues	2,468,478	705,001
(iii) Trade / security deposits received	1,476,001	941,001
Total	3,944,479	4,393,170

Note: Claims under adjudication / Litigation not acknowledged as debts:

	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
Income Tax (FY 2008-09)	95.50 Lacs	200.50 Lacs

Note 10 Short-term provisions

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
(a) Provision for employee benefits:		
(i) Provision for salaries	1,933,920	1,423,081
(ii) Provision for expenses	3,527,103	2,123,793
(iii) Provision for gratuity (net)	-	868,894
	5,461,023	4,415,768
(b) Provision – Others:		
(i) Outstanding Liabilities	3,762,808	3,529,065
(ii) Retention	927,540	295,627
(iii) Statutory Payments	-	751,690
(iv) Provision for tax	12,595,000	8,495,000
	17,285,348	13,071,382
Total	22,746,371	17,487,150

Note 11A Fixed assets

	Gross block				Accumulated depreciation and impairment				Net block		
	Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	
Tangible Assets											
(a) Land Leasehold	5,619,529	-		5,619,529	-	-		-	5,619,529	5,619,529	
(b) Buildings	57,947,830	-		57,947,830	19,087,607	1,935,458		21,023,064	36,924,766	38,860,224	
(c) Plant and Equipment	30,303,596	183,884		30,487,480	15,311,896	1,441,263		16,753,160	13,734,320	14,991,700	
(d) Furniture and Fixtures	1,291,175	-		1,291,175	829,946	81,731		911,677	379,498	461,229	
(e) Vehicles	2,233,901	-	(780,426.00)	1,453,475	864,504	77,673	(342,671.00)	599,506	853,969	1,369,397	
(f) Office equipment	4,900,543	792,838		5,693,381	2,520,286	643,602		3,163,887	2,529,494	2,380,257	
(h) Electrical Installation	2,216,143	64,987		2,281,130	1,361,543	105,385		1,466,928	814,202	854,600	
(i) Tools and Dyes	249,707	-		249,707	155,222	11,861		167,083	82,624	94,485	
Total Tangible Assets	104,762,424	1,041,709	(780,426.00)	105,023,707	40,131,004	4,296,973		44,085,306	60,938,401	64,631,421	
Intangible assets											
Software	-	54,000	-	54,000	-	54,000	-	54,000	-	-	
Total Intangible Assets	-	54,000	-	54,000	-	54,000	-	54,000	-	-	
Total	104,762,424	1,095,709	(780,426.00)	105,077,707	40,131,004	4,350,973	(342,671.00)	44,139,306	60,938,401	64,631,421	
Previous year	100,583,428	4,178,996	-	104,762,424	35,786,533	4,344,471	-	40,131,004	64,631,421	64,796,895	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 11B Capital Work in Progress

Sr. No.	Particulars	Balance as at 1 April, 2012	Additions	Transferred to Fixed Assets	Balance as at 31 March, 2013
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
1	Buildings	2,682,491	11,141,836	-	13,824,327
2	Data Processing Installations	-	1,935,117	-	1,935,117
3	Furniture & Fixture	-	3,279,209	-	3,279,209
4	Office equipment	-	615,297	-	615,297
5	Electrical Installation	-	1,850,500	-	1,850,500
6	Plant and Equipment	-	3,675,403	-	3,675,403
	Total	2,682,491	22,497,362	-	25,179,853

Note 12 Non-current investments

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
(a) Other investments						
Investment in equity instruments	1,393,297	20,000	1,413,297	1,724,677	20,000	1,744,677
(b) Investment in mutual funds	5,311,902	-	5,311,902	5,017,525	-	5,017,525
Total - Other investments	6,705,198	20,000	6,725,198	6,742,202	20,000	6,762,202
Total			6,725,198			6,762,202

Investments are valued at cost. The details are as follows:-

Purchase and sale/redemption of investments during the year:

Description	Market Value as on 31.03.2013	Face Value	Opening Balance as on 01.04.2012		Acquisition		Disposals		Closing Balance as on 31.03.2013		Closing Balance as on 31.03.2012
	Amount (₹)	Nos.	Amount (₹)	Nos.	Amount (₹)	Nos.	Amount (₹)	Nos.	Amount (₹)	Amount (₹)	
Equity Shares: (Quoted)											
Kerala Ayurveda Ltd.	9,870	10	300	20,930	-	-	-	-	300	20,930	20,930
Powergrid Corporation of India Ltd.	181,704	10	1,715	167,814	-	-	-	-	1,715	167,814	167,814
Tata Chemicals Ltd.	161,200	10	500	162,189	-	-	-	-	500	162,189	162,189
The Indian Hotels Company Ltd.	210,951	1	3,943	324,276	-	-	-	-	3,943	324,276	324,276
NTPC Ltd.	42,600	10	300	52,737	-	-	-	-	300	52,737	52,737
PTC India Ltd.	29,775	10	500	40,805	-	-	-	-	500	40,805	40,805
Indraprastha Medical Corporation Ltd.	163,750	10	5,000	241,013	-	-	-	-	5,000	241,013	241,013
Kamat Hotels (India) Ltd.	117,868	10	1,850	224,756	-	-	270	32,802	1,580	191,954	224,756
NHPC Ltd.	99,500	10	5,000	178,424	-	-	-	-	5,000	178,424	178,424
Nagarjuna Fertilizers and Chemicals Ltd.	12,980	10	500	13,155	-	-	-	-	500	13,155	13,155
Nagarjuna Oil Refinery*	1,520	1	500	-	-	-	-	-	500	-	-
Goa Carbon Ltd.	-	10	4,000	298,578	-	-	4,000	298,578	-	-	298,578
Total Investment in Equity Instruments	1,031,718		24,108	1,724,677			4,270	331,380	19,838	1,393,297	1,724,677
Units of Schemes of Various Funds: (Quoted)											
HDFC Top 200 Fund - Dividend, Option ; Reinvest	682,431		14,391	671,892	3,792.60	150,842	-	-	18,184	822,734	671,892
Reliance Vision Fund - Retail Plan - Dividend Plan	479,181		15,703	675,000	-	-	-	-	15,703	675,000	675,000
Reliance Regular Savings Fund - Equity Plan-Dividend Plan	520,623		30,553	700,000	-	-	-	-	30,553	700,000	675,000
Sundaram Select Midcap - Dividend	640,455		33,844	600,000	2,711.83	50,208	-	-	36,556	650,208	600,000
DSP Black Rock India T.I.G.E.R.Fund-Regular Dividend Plan	485,733		34,870	649,649	-	-	-	-	34,870	649,649	649,649
IDFC Premier Equity Fund-Dividend Plan	319,599		14,837	375,000	-	-	-	-	14,837	375,000	375,000
Kotak Opportunities - Dividend	277,025		19,278	275,000	-	-	-	-	19,278	275,000	275,000
Kotak Opportunities - Growth	376,669		8,165	375,000	-	-	-	-	8,165	375,000	375,000
HDFC Equity Fund - Dividend, Option : Reinvest	644,641		14,660	695,984	2,494.31	93,327	-	-	17,154	789,311	695,984
Total Investment in Mutual Funds	4,426,355		186,301	5,017,525	8,999	294,377	-	-	195,299	5,311,902	4,992,525
Equity Shares: (Unquoted)											
The Shamrao Vithal Co-op.Bank Ltd.		10	400	10,000	-	-	-	-	400	10,000	10,000
Unived Corporate Research Pvt.Ltd.		10	1,000	10,000	-	-	-	-	1,000	10,000	10,000
Total Unquoted Equity Shares			1,400	20,000	-	-	-	-	1,400	20,000	20,000
Total Investments			211,809	6,762,202	8,999	294,377	4,270	331,380	216,537	6,725,198	6,737,202

* Note: Opening unit balances have been re-adjusted wherever necessary.

Demerger of "Oil Business Undertaking" of Nagarjuna Fertilizers and Chemicals Ltd.(NFCL) into Nagarjuna Oil Refinery Ltd.(NORL). In consideration of the transfer and vesting of the "Oil Business Undertaking" of NFCL in NORL, NORL had issued and allot equity shares in ratio of 1 (one) fully paid up equity share of ₹.1/- each of NORL for every 1 (one) fully paid up equity shares of ₹.10/- each held in NFCL.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 13 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
(a) Raw materials	21,623,087	19,651,398
(b) Work-in-progress (At Cost)	1,945,102	3,099,422
(c) Finished goods	25,871,303	20,416,395
(d) Traded Goods	49,198,770	64,076,548
Total	98,638,262	107,243,763

Note 14 Trade receivables

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	14,694,249	18,276,873
Other Trade receivables		
Secured, considered good	66,883,931	29,991,342
Total	81,578,180	48,268,215

Note 15 Cash and Bank Balances

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
(a) Cash on hand	217,534	170,983
(b) Balances with banks		
(i) In current accounts	25,195,525	1,689,364
(ii) In deposit accounts	9,289,019	7,868,965
Total	34,702,078	9,729,312

Note 16 Short-term loans and advances

Particulars	As at 31 March, 2013 Amount (₹)	As at 31 March, 2012 Amount (₹)
(a) Security deposits		
Unsecured, considered good	282,859	311,185
(b) Loans and advances to employees		
Unsecured, considered good	311,589	408,643
(c) Prepaid expenses – Unsecured, considered good	134,779	106,939
(d) Balances with government authorities	22,265,632	13,487,589
(e) Others (Loans to Companies)		
Unsecured, considered good	2,327,314	2,327,314
(The company has instituted suit for recovery. No provision has been made as the management is confident of recovery.)		
Total	25,322,173	16,641,670

Note 17 Revenue from operations

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
(a) Sale of Ayurvedic Products	341,908,070	315,622,239
Less:		
(b) Excise duty	3,296,821	3,177,085
Total	338,611,249	312,445,154
Note (i) Sale of Ayurvedic Products comprises:		
Manufactured goods	140,851,901	125,167,101
Traded goods	197,759,348	187,278,053
Total – Sale of products	338,611,249	312,445,154

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 18 Other income

Particulars		For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
(a)	Interest income (Refer Note (i) below)	966,300	1,221,402
(b)	Dividend income: from Non current investments	339,838	272,718
(c)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	1,075,273	939,648
(d)	Prior period income (net) (Refer Note (iii) below)	783,072	-
Total		3,164,483	2,433,768

Note	Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
(i)	Interest income comprises: Interest from banks on: deposits	966,300	1,221,402
	Total - Interest income	966,300	1,221,402
(ii)	Other non-operating income comprises: Treatment Charges	204,282	465,000
	Miscellaneous Income	742,994	474,648
	Gain on sale of Non Current Investments	127,997	-
	Total - Other non-operating income	1,075,273	939,648
(iii)	Details of Prior period items (net)		
	Prior period income	868,894	-
	- Gratuity Provision		
	Less : Prior period expenses		
	- Interest on Vehicle Loan	25,822	-
	- Rent	60,000	-
	Total	783,072	-

Note 19.a Cost of materials consumed

Particulars		For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
	Opening stock	19,651,398	13,013,413
	Add: Purchases	57,757,719	51,640,166
		77,409,117	64,653,579
	Less: Closing stock	21,623,087	19,651,398
	Cost of material consumed	55,786,030	45,002,181
	Material consumed comprises:		
	Crude Drugs	23,814,099	10,998,647
	Sugar	6,298,965	7,372,536
	Others	25,672,966	26,630,998
	Total	55,786,030	45,002,181

Note 19.b Cost of traded goods

Particulars		For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
	Opening stock of traded goods	64,076,548	-
	Add: Purchases of traded goods	114,853,321	185,614,844
		178,929,869	185,614,844
	Less: Closing stock of traded goods	49,198,770	64,076,549
	(Traded goods comprises of Ayurvedic Medicines)		
	Total	129,731,099	121,538,295

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 19.c Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
Inventories at the end of the year:		
Finished goods	25,871,303	20,416,395
Work-in-progress	1,945,102	3,099,422
	27,816,405	23,515,817
Inventories at the beginning of the year:		
Finished goods	20,416,395	4,929,350
Work-in-progress	3,099,422	9,586,339
Others	-	123,629
	23,515,817	14,639,318
Net (increase) / decrease	(4,300,588)	(8,876,499)

Note 20 Employee benefits expense

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
Salaries and wages	23,941,538	20,871,159
Contributions to provident and other funds	1,586,880	1,446,136
Staff welfare expenses	1,092,231	1,626,789
Total	26,620,649	23,944,084

Note 21 Finance costs

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
(a) Interest expense on:		
- Borrowings	5,511,478	4,736,121
- Vehicle Loan	58,268	98,465
- Security Deposits	196,129	46,922
(b) Bank Charges	492,960	365,688
Total	6,258,835	5,247,196

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 22 Other expenses

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
Power and fuel	4,633,712	3,812,441
Rent	1,610,320	1,172,157
Repairs and maintenance – Buildings	1,237,263	939,260
Repairs and maintenance – Machinery	1,831,201	1,235,076
Repairs and maintenance – Others	1,232,157	205,118
Rates and taxes	1,767,898	779,901
Travelling and conveyance	21,193,551	24,038,713
Printing and stationery	2,925,191	608,869
Freight and forwarding	20,020,196	19,734,091
Sales discount	41,745,256	38,507,980
Business promotion	3,468,343	13,302,251
Legal and professional	2,531,806	2,523,560
Payments to auditors (Refer Note (i) below)	101,124	89,888
Amortisation of share issue expenses and discount on shares	–	140,000
Long Term Loss on sale of shares	5,802	–
Loss on fixed assets sold / scrapped / written off	322,755	–
Miscellaneous expenses	7,061,170	5,396,390
Total	111,687,745	112,485,695

Notes:

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
(i) Payments to the auditors comprises		
As auditors – statutory audit	60,000	50,000
For taxation matters	15,000	15,000
For other services	15,000	15,000
	90,000	80,000
Service Tax	11,124	9,888
Total	101,124	89,888

Note 23 Disclosures under Accounting Standards (contd.)

Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.8,81,522 (Year ended 31 March, 2012 Rs.7,86,206) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity: On the basis of actuarial valuation the Company has recognised Gratuity Liability of Rs 195,844/- (P.Y.) and paid Rs.181,108/- (C.Y.)
- ii. Post-employment medical benefits
- iii. Other defined benefit plans (specify nature)

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
Present Value of Past Service Benefit	1,168,583	868,894
Current Service Cost	181,108	134,994
Fair Value of balance in fund	328,296	134,994

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 24 Disclosures under Accounting Standards (contd.)

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
Details of borrowing costs: Borrowing costs are directly debited to Profit & Loss account	5,765,875	4,881,508
Details of borrowing costs capitalised Borrowing costs capitalised during the year – capital work-in-progress	1,442,413	–
	7,208,288	4,881,508

Note 25 Disclosures under Accounting Standards

Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Shri.Umesh B.Sandu – Managing Director
Relatives of KMP	Shri. B G. Sandu, Shri. Shashank Sandu
Companies in which KMP / Relatives of KMP can exercise significant influence	AKSHATH FINVEST & PROPERTIES PVT.LTD. NEELAMBER LEASING AND FINVEST PVT.LTD NOUMURA REALTY & CONSTRUCTIONS PVT.LTD PHYBRICHEM ENGINEERS PVT.LTD SANBERT PACKAGING PVT.LTD SANBRO MARKETING SERVICES PVT.LTD SANDU BROTHERS PVT LTD SANDU RESEARCH FOUNDATION PVT.LTD SANFAR COMMUNICATION PVT.LTD SANMARK REALTY AND FINANCE PVT.LTD

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2013

	KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Purchase & Sale of goods – Sandu Brothers Pvt Ltd		121,259,613 (167,835,208)	121,259,613 (167,835,208)
Other Services (Rent Paid) – Sandu Brothers Pvt Ltd		60,000 (0)	60,000 (0)
Remuneration Paid to Directors – Umesh B. Sandu	1,200,000 (1,200,000)	0 0	1,200,000 (1,200,000)

Note: Figures in bracket relates to the previous year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 26 Disclosures under Accounting Standards (contd.)

Particulars	For the year ended 31 March, 2013 Amount (₹)	For the year ended 31 March, 2012 Amount (₹)
Earnings per share		
<u>Basic</u>		
<u>Continuing operations</u>		
Net profit / (loss) for the year from continuing operations	7,796,580	4,837,304
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	7,796,580	4,837,304
Weighted average number of equity shares	7,081,000	7,081,000
Par value per share	10	10
Earnings per share from continuing operations – Basic	1.10	0.68
<u>Total operations</u>		
Net profit / (loss) for the year	7,796,580	4,837,304
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year attributable to the equity shareholders	7,796,580	4,837,304
Weighted average number of equity shares	7,081,000	7,081,000
Par value per share	10	10
Earnings per share – Basic	1.10	0.68

Note 27 Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



SANDU PHARMACEUTICALS LIMITED

Registered Office: Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa - 403 511.

ATTENDANCE SLIP

I hereby record my presence at the 28th ANNUAL GENERAL MEETING of the Company to be held on Monday, 30th September 2013 at 9.00 a.m. at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa - 403 511.

Name of the Shareholder / Proxy / Authorised Representative (In Block Letters)	
Signature of the Shareholder / Proxy / Authorised Representative	

*DP ID. _____ *Client ID. _____

Folio No. _____ No. of Shares _____

* Applicable for members holding shares in Electronic form.

-----TEAR HERE-----



SANDU PHARMACEUTICALS LIMITED

Registered Office: Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa - 403 511.

PROXY FORM

I/We.....
of.....being a member(s) of **SANDU PHARMACEUTICALS LIMITED**, hereby appoint.....
of.....or failing him
of.....as my/our proxy to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the said Company to be held on Monday, 30th September 2013 at 9.00 a.m. or at any adjournment thereof.

Singed this _____ day of _____ 2013

*DP ID. _____ *Client ID. _____

Folio No. _____ No. of Shares _____

Signature (s) of the Shareholder (s) _____

NOTE :

1. This form must be deposited at the Registered office of the company, not later then 48 hours before the time of the meeting.
2. The Proxy need not be a member.

* Applicable for members holding shares in Electronic form.

Please
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Stamp



Book Post



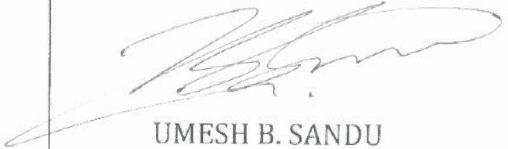

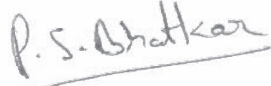
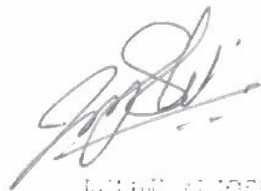
SANDU PHARMACEUTICALS LIMITED

Registered Office:

Plot No.25, 26, 29 & 30, Pilerne Industrial Eastate

Marra, Bardez, Goa - 403 511

FORM A
(Pursuant to Clause 31(a) of Listing Agreement)

S.N.	PARTICULARS	DETAILS
1.	NAME OF THE COMPANY	SANDU PHARMACEUTICALS 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:	
	MANAGING DIRECTOR	 UMESH B. SANDU
	CHAIRMAN OF AUDIT COMMITTEE	 K. VINAY KUMAR
	CHIEF FINANCIAL OFFICER (CFO)	 PRASANNA BHATKAR
	AUDITOR OF THE COMPANY JOSHI JOSHI & CO. CHARTERED ACCOUNTANTS FIRM REG. No. 104393W	 MAHESH H. JOSHI PROPRIETOR MEMBERSHIP NO. 42466 OF 89