



# 21st ANNUAL REPORT

**Surya Pharmaceutical Limited**

---

2012-13

## BOARD OF DIRECTORS

**SH. RAJIV GOYAL** : **CHAIRMAN & MANAGING DIRECTOR**  
**SMT. ALKA GOYAL** : **EXECUTIVE DIRECTOR**

### BANKERS

- STATE BANK OF INDIA
- PUNJAB NATIONAL BANK
- IDBI BANK LIMITED
- BANK OF BARODA
- PUNJAB AND SIND BANK
- EXPORT AND IMPORT BANK OF INDIA
- ALLAHABAD BANK
- CORPORATION BANK
- THE FEDERAL BANK LIMITED
- CATHOLIC SYRIAN BANK
- STATE BANK OF BIKANER & JAIPUR
- CENTRAL BANK OF INDIA
- SYNDICATE BANK
- AXIS BANK LIMITED
- SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
- RELIGARE FINVEST INDIA
- IFCI FACTORS LIMITED
- INDIA FACTORING AND FINANCE SOLUTIONS PVT. LIMITED

### PLANTS

- PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173205, DISTT. SOLAN (H.P.)
- PLOT NO. 87, HPSIDC, INDUSTRIAL AREA, BADDI-173205, DISTT. SOLAN (H.P.)
- PLOT NO. 50 -51, EPIP, PHASE I, JHARMAJIRI, BADDI, DISTT. SOLAN, H.P.
- PLOT NO. 383, INDUSTRIAL AREA, PHASE I, PANCHKULA (HARYANA)
- VILLAGE BANUR, TEHSIL RAJPURA, DISTT. PATIALA (PUNJAB)
- INDUSTRIAL GROWTH CENTER-II, SAMBA, DISTRICT JAMMU (J&K)

### REGISTERED OFFICE

SURYA PHARMACEUTICAL LIMITED  
1596, 1<sup>ST</sup> FLOOR,  
BHAGIRATH PALACE,  
CHANDNI CHOWK,  
DELHI - 110006

### CORPORATE OFFICE

SURYA PHARMACEUTICAL LIMITED  
SCO 164-165, SECTOR 9-C,  
MADHYA MARG,  
CHANDIGARH - 160009

### AUDITORS

M/S. AAD & ASSOCIATES  
CHARTERED ACCOUNTANTS  
#1595, SECTOR 33-D,  
CHANDIGARH - 160020

### COMPLIANCE OFFICER

SH. RAJIV GOYAL  
SURYA PHARMACEUTICAL LIMITED  
SCO 164-165, SECTOR 9-C,  
MADHYA MARG,  
CHANDIGARH - 160009

### COMPANY'S REGISTRAR AND SHARE TRANSFER AGENTS

M/S. BIGSHARE SERVICES PVT. LTD.  
E-2/3, ANSA INDUSTRIAL ESTATE,  
SAKIVIHAR ROAD, SAKI NAKA,  
ANDHERI (E),  
MUMBAI - 400 072  
TEL:022-28470652/53, 40430200

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**SURYA PHARMACEUTICAL LIMITED**

**REGD.OFFICE: 1596, 1<sup>ST</sup> FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI 110006**

**NOTICE**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Shareholders of Surya Pharmaceutical Limited will be held on Monday, 30<sup>th</sup> September, 2013 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 at 9.00 A.M. to transact the following businesses as:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, Profit & Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Alka Goyal, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint M/s. MSN & Associates, Chartered Accountants, as Auditors of the Company and fix their remuneration.

**By order of the Board  
For Surya Pharmaceutical Limited**

**Sd/-  
RAJIV GOYAL  
(Chairman & Managing Director)**

**Place: Chandigarh  
Date: 14.08.2013**



**NOTES:**

- 1 A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy, in order to be valid, should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
- 2 Shareholders are requested to bring their copy of Annual Report to the Meeting.
- 3 Members/Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- 4 The Register of Members and Share Transfer books of the Company shall remain closed from 28.09.2013 to 30.09.2013, both days inclusive.
- 5 Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence, including intimation for change in address, if any, to the Share Transfer Agents of the Company at the following address:-  
M/s. Bigshare Services Private Limited  
# E-2/3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri East,  
MUMBAI-400072  
Tel: 91-22- 28470652 / 40430200, Fax: 91-22-28475207
- 6 Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 7 Members desirous of making nomination as permitted under Section 109 A of the Companies Act, 1956, in respect of the Equity Shares of the Company held in physical form may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Company's Registrar and Share Transfer Agents, viz. M/s. Bigshare Services Private Limited at the address stated above. The facility would be made available folio wise to individual shareholders including joint holders and for the entire shares registered under the folio. The Members holding Shares in dematerialized form may contact and consult their respective Depository Participants (DP) for availing the nomination facility.
- 8 The trading in Company's Equity Shares on the Stock Exchanges is permitted only in dematerialized form for all classes of investors. In view of the numerous advantages offered by the depository system, Members are requested to avail of the facility of dematerialization of the Company's Equity Shares held by them.
- 9 Dividend for the Financial Years ended 31st March, 2008, 31st March, 2009, 31st March, 2010 & 31st March, 2011 which remains unpaid or unclaimed for a period of 7 years will be transferred to the investor Education and Protection Fund established under Section 205C of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrant(s) so far for the Financial Years ended 31st March, 2008, 31st March 2009, 31st March, 2010 & 31st March, 2011 are requested to make their claim forthwith to the Registered /Corporate Office of the Company. It may be noted that once the unclaimed dividend is transferred to the investor Education and Protection Fund, as above, no claim shall lie with the Company in respect thereof.
- 10 To avoid loss of Dividend Warrants in transit and undue delay in respect of receipt of Dividend Warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). For this purpose, the details such as, name of the bank, name of the branch, 9-digit code number appearing on the MICR band of the cheque supplied by the bank, account type, account number etc are to be furnished to your DP if the Shares are in electronic form or to the Registrars & Transfer Agents if they are held in physical mode.
- 11 As part of the 'Green initiative in Corporate Governance,' the Ministry of Corporate Affairs vide its circulars dated April 21, 2011 and April 29, 2011 has permitted Companies to send various notices/documents (including notice calling annual general meeting, audited financial documents, directors' report, auditor's report etc.) to their shareholders through the electronic mode to the registered e-mail addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. We encourage our Members to participate in this green initiative and update their e-mail IDs and receive the communications through the electronic mode. Those who wish to receive future communications in electronic mode are requested to send their e-mail ID to the Registrars & Transfer Agents of the Company. If the shares are held in electronic mode, kindly have your e-mail registered with your respective DP.

**By order of the Board**  
**For Surya Pharmaceutical Limited**  
Sd/-  
**RAJIV GOYAL**  
(Chairman & Managing Director)

Place: Chandigarh  
Date: 14.08.2013

**ANNEXURE TO NOTICE**

**Details of Directors seeking appointment or reappointment at the ensuing Annual General Meeting scheduled to be held on 30.09.2013:-**

<b>Name of Director</b>	<b>Mrs. Alka Goyal</b>
Date of Birth	08.01.1965
Date of Appointment	24.08.199
Existing Position	Executive Director
Expertise in specific functional areas	Managerial
List of outside Directorship held*	Surya Healthcare Limited Surya Softedge Limited Emsons Organics Limited Valuesource Mercantile Limited Raja Forgings & Gears Limited
Chairman/ Member of the Committee of the Board of Directors of the Company	Member - Investors Grievance Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	Nil

\* This excludes Directorship held in Indian Private Limited Companies.



## MANAGEMENT DISCUSSION AND ANALYSIS

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### INDUSTRY OVERVIEW

#### Global Pharmaceutical Industry

The world pharmaceutical market has grown two times in value since 2000 primarily due to increased use of medicines around the world, global economic growth and faster regulatory approvals. The transformation of the global pharmaceutical market continues unabated, with focus steadily shifting from developed to developing countries and from patented drugs to generics. The overall pharmaceutical market is anticipated to reach US\$ 1.1 Trillion by 2014. (Source: IMS Data).

In most of the European countries, a considerable share of health care expenditure is public expenditure and there have been significant regulatory changes over the past years on account of austerity measures and attempts to reduce health care expenditure. The EU markets are also focusing on 'genericization' in order to bring down the health care costs. Owing to the pressure of reducing the cost of health care, this market has also opened up and is poised to give new opportunities for the generic companies to cater the needs. In recent years, many small molecules have been converted into generics and loss of exclusivity of blockbuster drugs has increased the importance of the Generic Drugs in the industry.

The world population is expected to grow to around 8 Bn by 2050. In addition, there has been increase in the number of people having access to healthcare. Global spending on medicines is expected to reach USD 1.2 trillion by 2016 reflecting growth of 3-6% over the four year period compared to 6.2% annual growth over the past five years.

#### Major Markets

The top five pharmaceutical markets in the world remained in US, Japan, Germany, France and China with US representing 39% of the global prescription pharmaceuticals sales. It is also the largest generic market with a sizeable generic substitution (75% in terms of volume).

#### Indian Pharmaceutical Industry

The Indian pharmaceutical industry ranks 14th in the world by value and 3rd in volume. With a well-established domestic manufacturing base and cost effective skilled manpower, India is emerging as a global hub for pharma products and the industry continues to be on a growth trajectory. It is one of the fastest growing pharma markets in the world. Indian pharmaceutical market is dominated majorly by branded generics constituting nearly 70% to 80% of market. The market is estimated to be among the top 10 by 2015. (Source: IMS).

Some of the major factors that would drive growth in the industry are growing population, increase in drug penetration levels, aspiration to seek better healthcare as income levels increase, growing incidence of chronic ailments, availability of newer forms of treatments (such as vaccines) rising insurance penetration, improving medical infrastructure and increasing government spend on healthcare.

According to industry estimates, the Indian pharmaceutical industry produces about 60,000 generic brands in 60 therapeutic categories and manufactures more than 400 different APIs. India is considered a high-value hub for clinical trials due to the presence of genetically diverse population and availability of skilled doctors.

Indian Pharmaceutical Industry is now broadening the scope of its service offerings by providing a wide range of services spanning the entire pharmaceutical value chain. The future outlook for the pharmaceutical sector seems to be extremely positive. A number of acquisitions by the Indian Pharmaceutical Companies outside, particularly in the US and Europe, are helping Indian players to make their presence felt at the global level.

## **FINANCIAL REVIEW**

During the F.Y. 2012-13, the Company has posted decrease in the revenue by 96.28%. EBIDTA/PAT as on March 31, 2013 is at Rs. (174.62) Crores / Rs. (314.52) crores as against Rs. (192.75) Crores / Rs. (272.50) crores respectively as on March 31, 2012. Total operational costs decreased from Rs 123.21 crores in 2011-12 to Rs. 34.46 crores in 2012-13. The Shareholders funds have decreased by 121.95 % from Rs 247.48 crore as on March 31, 2012 to Rs. (54.33) crore as on March 31, 2013.

## **INTERNAL CONTROL SYSTEMS**

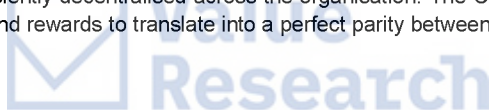
The Company has adequate internal control systems commensurate to its size, business scale and operational complexity. Effective internal control gives reasonable assurance, though not a guarantee, that all business objectives will be achieved. It extends much beyond the aim of ensuring that financial reports are reliable. It includes the efficient achievement of operational objectives and ensuring that laws, regulations, policies, and contractual obligations are complied with. The Company constantly engages in practicing best financial and operational control systems as per international practices and standards.

## **INDUSTRIAL RELATIONS AND HUMAN RESOURCES**

The Company remains committed and focused on its most valuable resource-its people The Company is constantly looking to retain and train best available talent. The Company has maintained a balanced and pleasant environment at all its corporate offices and manufacturing units.

## **RISK MANAGEMENT**

Every business is susceptible to risks. The Company relentlessly endeavours not only to minimise risks but convert them into business opportunities that allow it to maximise returns for shareholders from diverse situations. The Company's risk conversion approach is built on a comprehensive and integrated framework, leveraging its strengths to create growth opportunities, institutionalising prudent norms, structured reporting and control. This approach ensures that risk management and growth creation discipline are centrally initiated but efficiently decentralised across the organisation. The Company believes in constant monitoring and decision-making to balance risks and rewards to translate into a perfect parity between revenue generating initiatives and risks taken.





## DIRECTOR'S REPORT

Dear Shareholders,

We are pleased to present the 21<sup>st</sup> Annual Report on the business and operations of Surya Pharmaceutical Limited along with the Annual Accounts and the Auditors' Report thereon for the financial year ended 31<sup>st</sup> March, 2013. The financial highlights for the year under review are given below:-

### CORPORATE RESULTS

(Rs. in Crores)

PARTICULARS	2012-2013	2011-2012
Revenue From operations	60.33	1622.95
Profit (loss) before Interest, Depreciation & Taxes	(174.62)	(192.75)
Profit (loss) before Depreciation & Taxes	(378.31)	(358.60)
Depreciation	62.46	34.62
Profit (loss) before Tax	(440.78)	(393.22)
Provision for Taxation		
Current	--	--
Deferred Tax	144.19	120.72
MAT Asset Appropriation	--	--
Net Profit (loss) after Tax	(314.52)	(272.50)
Opening balance of General Reserve	227.20	494.12
Appropriations:		
Proposed Dividend	-	--
Other Appropriations	12.71	(0.65)
Transfer to General Reserves	(301.81)	(273.15)
Closing Balance of General Reserves	(74.60)	227.20

During the year 2012-13, the net revenue of your Company was Rs. 60.33 crores as compared to Rs. 1622.95 crores during the previous year.

Loss before interest, depreciation and taxes was Rs. (174.62) crores as compared to loss of Rs. (192.75) crores during the previous year. Further, the Company reported a Net Loss of Rs. (314.52) crores after tax as compared to Net Loss after tax of Rs. (272.50) crores in the previous year.

### DIVIDEND

In lieu of the current financial condition of your Company, the Board of Directors regret their inability to declare any Dividend for the Financial Year 2012-2013.

### MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion & Analysis of financial condition and results of operation of the Company for the year under review is included in the Management Discussion & Analysis section of this Annual Report.

### CORPORATE SOCIAL RESPONSIBILITY

Your company is an integrity driven organization that focuses on traditional values coupled with innovative management and broad social vision. Today, society expects corporates to go beyond statutory compliances and contributing towards the society for its development. In sync with this, 'giving back to society' has always been a key mandate for your Company and as a company, its role stretches into demonstrating serious corporate social commitment.

Your Company is committed to developing its business towards ecological, social and economic sustainability. All activities and initiatives are planned specific to the needs of the target stakeholders. The ultimate objective is to see that each business decision takes into account its social impact and accordingly plans an intervention to mitigate the adverse impacts arising out of that

decision. Accordingly, your Company installed the most advanced anti-pollution devices to keep the environment in and around the manufacturing facilities clean and green.

## **SUBSIDIARY COMPANIES**

As approved by the Board of Directors of the Company, the reports and accounts of the subsidiary Companies are not annexed to this Report. A statement pursuant to Section 212 of the Companies Act, 1956 however, is annexed.

Annual accounts of the subsidiary Companies are kept at the Registered Office of the Company for scrutiny by any Member. Members interested in obtaining a copy of the accounts of the subsidiaries may write to the Company.

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 provided an exemption to Companies from complying with the provisions of Section 212 of the Companies Act, 1956, of the provisions of attaching the Directors Report, Balance Sheet and Profit and Loss Account of subsidiary Companies with the Annual Report, provided the Companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2012-13 does not contain the financial statements of the subsidiary Companies. The audited annual accounts and related information of the subsidiary Companies are available for viewing at your Company's website at [www.suryapharma.com](http://www.suryapharma.com). Relevant information of the subsidiary Companies, as required to be furnished by the aforesaid circular, forms part of the Annual Report.

The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 also forms part of this Annual Report.

## **REFERENCE TO SICK INDUSTRIES & BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)**

As on July 20, 2013, at time of adopting the financial statements of your Company for the year ended / as at March 31, 2013, the Board of Directors formed an opinion that the entire net worth of your Company had eroded and, in accordance with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, a reference is being filed with the Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

## **FIXED DEPOSITS**

During the year under review, your Company has not accepted any fresh deposits. There were no overdue deposits as on 31<sup>st</sup> March, 2013 except an amount of Rs 1,52,554/- which remained unclaimed.

## **CAPITAL STRUCTURE**

During the year under review, there was no change in the Authorized Share Capital and the Paid up Share Capital of the Company.

## **DIRECTORS**

Mrs. Alka Goyal, Director of the Company, retires by rotation and being eligible has offered herself for reappointment.

Mr. Shiv Kumar Yadav, an Independent Director of your Company, resigned from the said office with effect from May 25, 2013, and Mr. Subhash Chander Marwaha, Nominee Director of SBI, also resigned with effect from May 29, 2013. Mr. Dharam Pal Singhal, another Independent Director of your Company, resigned from the said office on June 15, 2013.

As a result of the aforesaid resignations, the total strength of the Board of Directors of your Company has reduced to two, which is less than the minimum number of Directors statutorily required for a Public Limited Company.

The Board of Directors are making efforts to appoint a new person as a Director of your Company, which act is likely to take time as persons are unwilling to be appointed to office of Director of your Company due to actions initiated by certain creditors for winding up of your Company.

## **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss incurred for the year ended on that date.
- (iii) The Directors have taken proper and sufficient care 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; and
- (iv) The Directors have prepared the annual account of the Company on a 'going concern' basis.

## **AUDITORS AND THEIR REPORT**

M/s. AAD & Associates, Chartered Accountants, Auditors of the Company have expressed their unwillingness to be reappointed to the said office. The Board of Directors of your Company have held discussions with M/s. MSN & Associates, Chartered Accountants, who have expressed their willingness to be appointed to the said office. The said M/s. MSN & Associates, Chartered Accountants, have confirmed that their appointment, if made, would be within the limits prescribed in the Companies Act, 1956, and that they are not otherwise disqualified within the meaning of Section 226(3) of the Companies Act, 1956 for such appointment.

The point wise Management's reply to Auditors observation contained in the Auditor's Report at Serial Nos. 1 to 4 is as under:-

### **Opinion No. 1**

The Provision for employee benefit has been provided on accrual basis and no actuarial valuation certificate has been obtained as required by AS15.

The Directors do not expect that there would be a material difference between the amount provided for on accrual basis and the amount that may be determined on basis of actuarial valuation.

### **Opinion No. 2**

Managerial Remuneration paid to Directors in FY 2011-12 has exceeded the limit as prescribed in the Companies Act, 1956. The Company sought approval from Central Government for condonation of excess remuneration. The same is still pending.

Necessary adjustment, if any, shall be carried out upon receipt of communication from the Central Government.

### **Opinion No. 3**

Attention is invited to restructuring of facilities carried out by lenders to the Company in January, 2013, followed by recall of loan notice issued by some of the lenders. At this stage, it is not possible to evaluate the effect of the outcome of aforesaid notice of recall.

Necessary entries shall be carried out in books of account once the same are is determined.

### **Opinion No. 4**

The Board of Directors of the Company since June 15, 2013 comprises of 2 persons, which is less than the minimum number of Directors statutorily required in case of Public Company, and is a contravention of section 252 of the Act. The Whole Time Secretary mandatorily required to hold office under section 383A of the Act is not in office since from May 28, 2013, which is a contravention of the said section. As on date, there is no person in employment of the Company except its Managing Director and Executive Director.

Your Board is making efforts to appoint Directors as per applicable requirements.

## **INDUSTRIAL RELATIONS**

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees have enabled the Company to gain present level of growth.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has complied with the applicable provisions of Corporate Governance under clause 49 of the Listing Agreement with the Stock Exchanges.

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

## **SECRETARIAL AUDIT**

For each quarter of the Financial Year 2012-13, a qualified practicing Company Secretary carried out audits to reconcile the total admitted Share Capital with NSDL and CDSL, total issued and listed Share Capital. The reports confirm that the total issued / paid up Share Capital is in agreement with the total number of Shares in physical form and the total number of dematerialized Shares held with NSDL and CDSL.

## **COST AUDIT**

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's pharmaceutical products. Based on the recommendations of the Audit Committee, and subject to the approval of the Central Government, the Board of Directors have re-appointed M/s. J. Verma & Associates as Cost Auditors of the Company for the Financial Year 2013-14.

The Cost Audit Report for the year 2011-12 is under finalization.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-A forming part of this Report.

## **PARTICULARS OF EMPLOYEES**

There were no employees whose particulars are required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## **APPRECIATIONS AND ACKNOWLEDGEMENTS**

Your Directors express their gratitude to all Banks and Financial Institutions who have directly or indirectly supported the Company for meeting Short Term or Long Term and financial needs of the Company's expanding operations.

Your Directors place on record their sincere thanks to the Central and State Governments of Punjab, Haryana, Himachal Pradesh and the state of J&K for their continued support to the Company. The Board also places on record the appreciation for the support provided by the customers, suppliers, equipment vendors and others to the Company.

Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support of the esteemed Shareholders of the Company.

The Board expresses its appreciations of the commitment, contribution and support of all employees of the Company for attaining the present level of growth.

**For & on behalf of the Board  
For Surya Pharmaceutical Limited**

**Sd/-  
RAJIV GOYAL  
(Chairman & Managing Director)**

**Place: Chandigarh  
Date: 14.08.2013**

## ANNEXURE-A TO THE DIRECTORS REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH, 2013.

### (I). CONSERVATION OF ENERGY :

Your Company has taken various initiatives for the conservation of energy for cost reduction in process to stay competitive by saving on power & fuel cost and resorting to various energy saving methods. Proper suggestions were incorporated as mentioned below:-

1. Strict adherence to contract demand of State Electricity Board Power Supply.
2. Separate utilities for each and every production plant to reduce the power & fuel cost.
3. Stabilization & improvements of manufacturing processes for better productivity & yields
4. Emphasis on awareness for energy saving by control & process up gradation, better house keeping, preventing wastages & reuse of ETP water after through treatment by installing RO plants etc.
5. Preventive maintenance of all equipments at regular intervals.
6. Proper insulation of steam, chilled water, chilled Brine & condensate lines.
7. Installation of screw chillers by replacing Reciprocating chillers. Screw Chillers are more energy efficient.
8. Installation of VFD on reactors, centrifuges, Pumps, AHUs etc.
9. For proper burning of fuel to achieve better efficiency carbon mono oxide monitoring system is installed and condensate is reused by recovery system in boiler.
10. Installation of BMS system for proper control of utilities.
11. To save fuel repairing of brick work in incinerator was done.

The power and fuel consumption is as under:-

Particulars		Year Ended March 31, 2013	Year Ended March 31, 2012
<b>1</b>	<b>ELECTRICITY</b>		
<b>a)</b>	<b>Purchased:</b>		
	Units	2834010	21210111
	Total Amount (Rs. lacs)	299.91	1006.94
	Rate per unit (Rupees)	10.58	4.75
<b>b)</b>	<b>Own Generation:</b>		
	<b>Through Diesel Generator:</b>		
	Units	279173.40	3016828
	Units per liter of Diesel Oil	3.03	2.96
	Cost per unit (Rupees)	12.96	13.45
<b>2A</b>	<b>FURNANCE OIL</b>		
	Quantity (K liters)	NIL	1181.69
	Total Cost (Rs. lacs)	NIL	434.42
	Average rate (Rs. per K liters)	NIL	36.76
<b>2B</b>	<b>LIGHT DIESEL OIL</b>		
	Quantity (K liters)	NIL	NIL
	Total Cost (Rs. lacs)	NIL	NIL
	Average rate (Rs. per K liters)	NIL	NIL
<b>2C</b>	<b>HIGH SPEED DIESEL</b>		
	Quantity (K liters)	155.96	1488.53
	Total Cost (Rs. lacs)	60.63	591.61
	Average rate (Rs. per K liters)	0.39	39744
<b>3</b>	<b>PETCOKE</b>		
	Details:		
	Quantity (In Tons)	216.28	934.27
	Rate per Ton (Rs.)	7424.46	7455.83
<b>3A</b>	<b>RICE HUSK</b>		
	Quantity (In Tons)	NIL	15502.05
	Total Cost (Rs. lacs)	NIL	733.58
	Rate per Ton (Rs.)	NIL	4732.15

**(II) TECHNOLOGY ABSORPTION**

**Research and Development (R&D)**

The R&D Department of your Company has developed & commercialized novel product during the year 2012-13.

**Some of the technologies successfully Commercialized were:-**

- Production of CMIC Chloride, FCMIC Chloride & DCMIC Chloride.
- Filling of EDQM Drossier for Di-Cloxacillin and Cefadroxil.
- Production of Sumitriptan Succinate: Sumitriptan Succinate was developed by non-infringing route for cram client of U.K Production achieved and quality was conforming International standards.
- Process improvement in Thiocolchiside synthesis

**(III) EXPENDITURE ON R&D**

The R&D outlay during the year is as follows:-

(Rs. In lacs)

Particulars		Year ended March 31, 2013	Year ended March 31, 2012
a)	Capital	825.11	6887.21
b)	Recurring	-	126.50
c)	Total	825.11	7013.71
d)	Total R&D expenditure as a percentage of total turnover & operating income	13.68	4.29

**(IV) TOTAL FOREIGN EXCHANGE EARNINGS & OUTGO**

(Rs. In lacs)

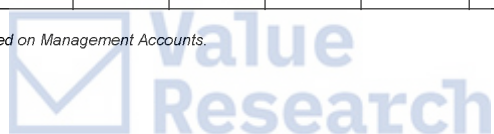
Particulars		Year ended March 31, 2013	Year ended March 31, 2012
1	Earnings in Foreign Exchange during the year (F.O.B. value of Exports)	2085.41	31772.01
2	C.I.F. Value of Imports (on cash basis) Raw Materials Capital Goods Spare Parts, Components and Consumables	49.41 - - -	26994.94 21.52 --
3	Expenditure in Foreign Currency during the year (on cash basis) Traveling Expenses Interest and Bank Charges Technical Know-how fees Consultancy Fees Others	3.60 - - 18.72 20.32	17.90 -- -- -- 185.56
4	<b>Total Foreign Exchange used (2+3)</b>	<b>92.05</b>	<b>27219.92</b>

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies**

(Rs. In Crores)

S r. N o	Name of Subsidiary	Report ing Curre ncy	Exchange Rate as on 31.03.2013	Paid up Capital	Reserve & Surplus	Total Assets	Total Liabilities	investment other than investment in subsidiary	Turnover	Profit Before Tax	Profit After Tax	Prop osed Divi den d	Country
1	Surya Healthcare Limited	INR	1.00	10.71	(29.65)	104.80	104.80	0.24	13.72	(28.22)	(28.22)	0	INDIA
2	Medi Mart India Private Limited	INR	1.00	2.00	(9.47)	6.11	6.11	0.00	1.25	(2.42)	(2.42)	0	INDIA
3	*Surya Biopharma USA	USD	53.55	0.00	0.00	1.20	1.20	0.00	0.00	0.00	0.00	0	USA
4	*Surya Pharma Inc.	USD	53.55	0.05	0.00	0.26	0.26	0.00	0.00	0.00	0.00	0	USA
5	*Surya Pharma Singapore Pte. Ltd.	USD	53.55	1.45	(15.18)	57.95	57.95	0.00	0.17	(3.30)	(3.30)	0	SINGAPORE
6	*Herkues Capital Management Limited	USD	53.55	0.06	3.35	6.09	6.09	0.00	14.97	3.91	3.91	0	Nevada Corporation
7	*Amershire Investment Corporation	USD	53.55	0.00	0.24	0.44	0.44	0.00	0.00	(0.24)	(0.24)	0	Wyoming Corporation

\* Accounts of these Companies are based on Management Accounts.



## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per Clause 49 of the Listing Agreement is set out below:-

### 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Surya Pharmaceutical, we firmly believe in the importance of pursuing the highest standards in best practices towards good Corporate Governance. Our policies and procedures exemplify our core values in utmost transparency, professionalism and accountability across all functions of our organization. The Company has, and will, continually endeavour to improve corporate practices, methodologies and procedures to ensure that long term value is realized for all stakeholders of our organization. We aim to consistently offer our Shareholders, Customers, Employees, Vendors and the larger community beneficial value through transparency in our associations, quality in our products and services, and integrity in our relationships.

Our Corporate Governance philosophy is driven by the following principles:-

- To fulfill and comply with the spirit of law and further pursue initiatives that determines paramount value to all associated with our organization.
- To ensure transparency and openness about all facets of our operations.
- To be driven by integrity and core values and co-operate at all times in providing a clear and true image of the organization.
- To understand and comply with the laws of all sectors in which we operate.
- To ensure that our corporate structure fosters clear communication channels and lines of command at all times.
- To continually enhance shareholder value at all times.
- To endeavour to do the best we can to ensure and improve the preservation of communities and the environment.

The Company has implemented all mandatory requirements. The Company has a sound control and risk management.

### BOARD OF DIRECTORS

#### i) Composition

The details of composition of Board of Directors of the Company during the year are given below:-

Name of the Director	Office/Designation	Executive/Non Executive	Independent/ Non Independent
Sh. Rajiv Goyal	Chairman cum Managing Director	Executive	Non Independent
Smt. Alka Goyal	Executive Director	Executive	Non Independent
Dr. Shiv Kumar Yadav*	Director	Non-Executive	Independent
Sh. Dharam Pal Singhal**	Director	Non-Executive	Independent
Sh. Sanjay Kumar Suroya***	Nominee Director	Non-Executive	Independent
Sh. Subhash Chander Marwaha****	Nominee Director	Non-Executive	Independent

\*Dr. Shiv Kumar Yadav resigned from the Directorship w.e.f. 25.05.2013.

\*\*Mr. Dharam Pal Singhal resigned from the Directorship w.e.f. 15.06.2013.

\*\*\*The nomination of Mr. Sanjay Kumar Suroya as Nominee Director was withdrawn by the IDBI Bank w.e.f. 05.07.2012 .

\*\*\*\*Mr. Subhash Chander Marwaha was appointed w.e.f. 23.01.2013 as Nominee Director of State Bank of India and later on his nomination was withdrawn w.e.f. 29.05.2013.

A brief Resume and Profile of the Directors eligible for reappointment at the ensuing Annual General Meeting of the Company is given in Annexure-A to the Notice annexed to this Annual Report.



**ii) Meetings and attendance record of Directors and other Directorships**

During the financial year ended on March 31, 2013, the Board of Directors met five times on 15.05.2012, 07.07.2012, 14.08.2012, 14.11.2012 and 14.02.2013. The composition of Board of Directors, their attendance at the Board Meetings during the year and at the last Annual General Meeting together with the number of Directorships in other Companies are given below:-

Name of the Director	No. of Board Meetings attended	Attendance at the Last AGM	No. of Other Directorships *
Sh. Rajiv Goyal	4	YES	4
Smt. Alka Goyal	5	-	4
Dr. Shiv Kumar** Yadav	5	-	2
Mr. Dharam Pal Singhal***	3	YES	4
Sh. Sanjay Kumar Suroya****	2	-	1
Sh. Subhash Chander Marwaha*****	1	-	-

\*This excludes Directorship in Indian Private Limited Companies/Private Companies with unlimited Liability and Firms.

\*\*Dr. Shiv Kumar Yadav resigned from the Directorship w.e.f. 25.05.2013.

\*\*\*Mr. Dharam Pal Singhal resigned from the Directorship w.e.f. 15.06.2013.

\*\*\*\*The nomination of Mr. Sanjay Kumar Suroya as Nominee Director was withdrawn by the IDBI Bank w.e.f. 05.07.2012.

\*\*\*\*\*Mr. Subhash Chander Marwaha was appointed w.e.f. 23.01.2013 as Nominee Director of State Bank of India and later on his nomination was withdrawn w.e.f. 29.05.2013.

**iii) Detail of Directorship in other Companies:-**

The details of Directorships of the Company's Directors in other Companies as on March 31, 2013 are given below:

Name of the Director	Name of the Company/Firm	Nature of interest
Sh. Rajiv Goyal	Surya Healthcare Limited Medi Mart India Private Limited Futuristics Garments Private Limited Emm Bee Fincap Private Limited Ess Ess Exim Private Limited Surya Softedge Limited Medlwell Healthcare Private Limited Valuesource Mercantile Limited Emsons Organics Limited	Director Director Director Director Director Director Director Director Director
Smt. Alka Goyal	Surya Healthcare Limited Medi Mart India Private Limited Futuristics Garments Private Limited Emm Bee Fincap Private Limited Ess Ess Exim Private Limited Surya Softedge Limited Medlwell Healthcare Private Limited Valuesource Mercantile Limited Emsons Organics Limited	Director Director Director Director Director Director Director Director Director
Dr. Shiv Kumar Yadav*	SA Antibiotics Limited Emsons Organics Limited	Director Director
Mr. Dharam Pal Singhal**	Surya Healthcare Limited Surya Softedge Limited Valuesource Mercantile Limited Emsons Organics Limited	Director Director Director Director
Sh. Subhash Chander Marwaha***	None	---

\*Dr. Shiv Kumar Yadav resigned from the Directorship w.e.f. 25.05.2013.

\*\*Mr. Dharam Pal Singhal resigned from the Directorship w.e.f. 15.06.2013.

\*\*\*Mr. Subhash Chander Marwaha was appointed w.e.f. 23.01.2013 as Nominee Director of State Bank of India and later on his nomination was withdrawn w.e.f. 29.05.2013.

**iv) Details of Membership/ Chairmanship of Directors in Board Committee:-**

Name of the Director	Name of the Indian Public Limited Company	Nature of the Committee	Member/ Chairman
Sh. Rajiv Goyal	Surya Pharmaceutical Limited	Audit Committee Investor Grievances Committee	Member Member
Smt. Alka Goyal	Surya Pharmaceutical Limited	Investor Grievances Committee	Member
Dr. Shiv Kumar Yadav*	Surya Pharmaceutical Limited	Audit Committee Investor Grievances Committee	Chairman Chairman
Mr. Dharam Pal Singhal**	Surya Pharmaceutical Limited	Audit Committee	Member

\*Dr. Shiv Kumar Yadav resigned from the Directorship w.e.f. 25.05.2013.

\*\*Mr. Dharam Pal Singhal resigned from the Directorship w.e.f. 15.06.2013.

**v) Certificate on Code of Conduct:-**

As provide under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2013.

**Place: Chandigarh**  
**Date: 14.08.2013**

**For Surya Pharmaceutical Limited**  
**Sd/-**  
**RAJIV GOYAL**  
**(Chairman & Managing Director)**

**CEO/CFO Certification**

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchange, we have certified to the Board that for the Financial Year ended March 31, 2013, the Company has complied with the requirements of the said sub-clause.

**Place: Chandigarh**  
**Date: 14.08.2013**

**For Surya Pharmaceutical Limited**  
**Sd/-**  
**RAJIV GOYAL**  
**(Chairman & Managing Director)**

**3. AUDIT COMMITTEE**

The following were the Members of the Audit Committee:-

- |    |                        |  |
|----|------------------------|--|
| 1. | Mr. Dharam Pal Singhal | CHAIRMAN (Independent & Non-Executive) |
| 2. | Dr. Shiv Kumar Yadav   | MEMBER (Independent & Non-Executive)   |
| 3. | Mr. Rajiv Goyal        | MEMBER (Executive)                     |

The terms of reference to the Audit Committee as contained in Clause 49 of the Listing Agreement as well as under Section 292A of Companies Act, 1956 are as under:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.

- iv. Significant adjustments arising out of audit.
  - v. The going concern assumption.
  - vi. Compliance with accounting standards.
  - vii. Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - viii. Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  6. Discussion with auditors, any significant findings and follow up there on.
  7. Reviewing the findings of any internal investigations by the auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  8. Discussion with external auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  9. Reviewing the Company's financial and risk management policies.
  10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  11. Investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956.

**Meetings & Attendance during the financial year ended 31<sup>st</sup> March, 2013:-**

Name	No. of meetings held during his tenure	No. of meetings attended
Mr. Rajiv Goyal	5	4
Mr. Dharam Pal Singhal	5	5
Dr. Shiv Kumar Yadav	5	5

During the Financial Year ended on March 31, 2013, Audit Committee met 5 times on 15.05.2012, 06.07.2012, 14.08.2012, 14.11.2012 and 13.02.2013. Meetings were also attended by the Statutory Auditors and Chief Financial Officer Cum Company Secretary of the Company.

The Committee reviewed the financial results of the Company and recommended the same to the Board of Directors for their adoption.

**4. REMUNERATION COMMITTEE**

Presently, the Company is not having any Remuneration Committee.

**5. INVESTORS GRIEVANCE COMMITTEE**

The Investors Grievance Committee consisted of 4 Directors namely Mr. Dharam Pal Singh, Dr. S.K. Yadav, Mrs. Alka Goyal and Mr. Rajiv Goyal. This Committee oversees and reviews all matters connected with redressal of Investor Grievances and complaints. The transfer of Shares is undertaken by M/s. Bigshares Services Private Limited, Mumbai and they are fully equipped to deal with transfers and all related complaints of the Investors.

**Meeting and Attendance during the financial year ended 31<sup>st</sup> March, 2013:-**

Name	No. of meetings held during his/her tenure	No. of meetings attended
Mr. Rajiv Goyal	4	3
Mrs. Alka Goyal	4	4
Mr. Dharam Pal Singhal	4	3
Dr. S.K. Yadav	1	1

During the Financial Year ended on March 31, 2013, Investor Grievance Committee met 4 times on 15.05.2012, 14.08.2012, 14.11.2012 and 13.02.2013. The Board has also constituted a Share Transfer Committee to attend share transfer formalities, as and when required. Necessary transfers were completed within the time frame.

**Details of complaints / requests received and redressed**

During the year 2012-13, 15 complaints were received pertaining to the dividends, annual reports, change of bank details/ address and remat of shares etc from shareholders and the complaints have been resolved to the satisfaction of the complainants. As on 31.03.2013, there was no pending complaints to be resolved.

**6. GENERAL BODY MEETINGS**

The last 3 General Body Meetings of the Members of the Company were held as per the following details:-

Financial Year	Location of the Meeting	Type of Meeting	Date	Time	No. of Special Resolutions passed
2010-11	Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.	EOGM	06.12.2010	11.00 A.M	Two
2011-12	Jolly Good Banquet, Aditya Mega Mall, C.B.D. Sahadara, New Delhi-110032	AGM	30.09.2011	10.00 A.M	NIL
2012-13	Plot No. 332, Jonapur, Mandi Road, New Delhi-110047	AGM	29.09.2012	9.00 A.M.	Two

No Resolution was passed through postal ballot during the year under review.

**7. DISCLOSURES**

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large. Details of related party transactions are presented in Note No. 32 to the Accounts.

There are no penalties and/ or strictures that have been imposed on the Company by Stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

**8. MEANS OF COMMUNICATIONS**

i)	Half yearly report sent to each house hold of shareholders	No
ii)	Quarterly Results	The quarterly Results are taken on record by Board of Directors of the Company for each quarter and notified to Stock Exchanges in compliance with Clause 41 of the Listing Agreement.
iii)	Publications in Newspapers	English: Financial Express Vernacular: Jansatta
iv)	Website where displayed?	BSE/NSE website
v)	Whether it also displays official news releases?	NO
vi)	Whether presentation made to Institutional Investors or to Analysts?	NO
vii)	Whether Management. Discussion & Analysis is part of Annual Report?	YES

## 9. GENERAL SHAREHOLDER INFORMATION

i)	Annual General Meeting: Financial Year Day & Date Time: Venue:	2012-13 Monday, the 30 <sup>th</sup> day of September, 2013 9.00 A.M. The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074
ii)	Financial Calendar (2013-14) (Tentative): AGM Quarterly Results:- Quarter ended June 30, 2013 Quarter ended Sep 30, 2013 Quarter ended Dec 31, 2013 Quarter ended March 31, 2014	30.09.2013  On or before August 14, 2013 On or before November 14, 2013 On or before February 14, 2014 On or before May 14, 2014
iii)	Date of Book Closure	From September 28, 2013 to September 30, 2013 (both days inclusive)
iv)	Dividend payment date	---
v)	Listing of Equity Shares on Stock Exchanges	National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Annual Listing Fees in respect of both the Stock Exchanges for the Financial Year 2013-14 have been paid.
vi)	Stock Code Script Code ISIN Number (For Demat Trading) Depository Connectivity	532516 SURYAPHARM INE249G01020 NSDL & CDSL
vii)	Stock Market Price Data	As per Table-I below
viii)	Stock Price Performance in comparison to broad-based BSE Sensex	As per Figure-I to II below
ix)	Registrar and Transfer Agents (RTA)	M/s. Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400072 Tel: 022-28470652/53, 40430200
x)	Share Transfer System	Trading in the Equity Shares of the Company is permitted only in dematerialised form. However, there are certain shares still in physical form with the Shareholders. All the share transfers in respect of physical shares are handled by the Registrar & Share Transfer Agents. Whenever transfers are lodged, the certificates of registration of transfers are returned within 1- 2 weeks and in case of rejections, average time is seven days.
xi)	Distribution of Shareholding	As per Table-2 & 3 given below
xii)	Dematerialization of Shares and Liquidity	Shares held in Demat Form as on March 31, 2013:- With NSDL: 138235093 (68.18%) With CDSL: 64364347 (31.75%) Physical: 152940 (0.07%) Company's Equity Shares are tradable in Demat form and there is good liquidity of the shares as the shares are actively traded both on NSE & BSE. Members are encouraged to opt for dematerialization of shares to eliminate bad deliveries, forgery, fake transfers etc.
xiii)	Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.
xiv)	Plant Locations	1. Village Banur, Tehsil Rajpura, Distt. Patiala (Punjab). 2. Plot No. 383, Industrial Area, Phase I, Panchkula (Haryana). 3. Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, (H.P.). 4. Plot No. 87, HPSIDC, Industrial Area, Baddi, Distt. Solan, (H.P.). 5. Plot No. 50-51, EPIP, Phase I, Jharmajiri, Baddi, Solan (H.P.). 6. Industrial Growth Center-II, Samba, District Jammu (J&K).
xv)	Compliance Officer	Mr. Rajiv Goyal Surya Pharmaceutical Limited SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh-160 009
xvi)	Address for Correspondence	Corporate Office: Surya Pharmaceutical Limited SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh-160 009

**TABLE-I**

**Stock Market Price Data:-**

Monthly high and low quotations of shares and volume of Equity Shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31<sup>st</sup> March, 2013 are as follows:-

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Monthly Vol. (Qty.)	High (Rs.)	Low (Rs.)	Monthly Vol. (Qty.)
April, 2012	12.20	5.12	51,06,412	12.15	5.10	72,36,627
May, 2012	6.36	2.96	63,86,526	6.45	2.95	73,97,019
June, 2012	3.11	2.00	1,07,65,079	3.10	2.00	90,14,916
July, 2012	3.04	2.00	1,22,92,400	3.00	2.00	1,26,63,154
August, 2012	2.29	1.75	42,11,966	2.30	1.80	68,21,866
September, 2012	1.85	1.30	49,93,324	1.80	1.35	46,28,849
October, 2012	3.10	1.86	93,25,469	2.70	1.80	34,95,067
November, 2012	2.41	1.80	27,29,579	2.40	1.85	20,18,951
December, 2012	2.23	1.78	25,11,273	2.25	1.80	40,68,158
January, 2013	2.09	1.65	16,34,484	2.10	1.65	29,51,128
February, 2013	2.10	1.43	15,74,375	2.10	1.40	19,52,891
March, 2013	1.69	1.15	14,86,192	1.70	1.20	13,68,528

**TABLE-II**

**Distribution of Shareholding as on 31<sup>st</sup> March, 2013:-**

No. of Equity Shares held	Number of Shareholders	% of Shareholders	Share Amount (Rs.)	% of Total
1-5000	21133	88.99	22875964	11.28
5001-10000	1323	5.57	10324300	5.09
10001-20000	675	2.84	9856150	4.86
20001-30000	194	0.82	4815073	2.37
30001-40000	103	0.43	3627766	1.79
40001-50000	76	0.32	3591167	1.77
50001-100000	134	0.56	9369952	4.62
100001-999999999	109	0.46	138292008	68.21
<b>GRAND TOTAL</b>	<b>23747</b>	<b>100.00</b>	<b>202752380</b>	<b>100.00</b>
<b>Physical mode</b>	<b>118</b>	<b>0.00</b>	<b>152940</b>	<b>0.08</b>
<b>Electronic mode</b>	<b>23629</b>	<b>100.00</b>	<b>202599440</b>	<b>99.92</b>

**TABLE-III**

**Category of Shareholders as on 31<sup>st</sup> March, 2013:-**

Category	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Indian Promoter(s) and Persons acting in concert	9	0.04	43038724	21.23
Private Bodies Corporate	523	2.20	47539881	23.45
Indian Public	22831	96.14	68917684	33.99
Non Resident Indians	346	1.46	4487566	2.21
Clearing Members	37	0.16	199525	0.10
Global Depository Receipt	1	0.00	38569000	19.02
<b>TOTAL</b>	<b>23747</b>	<b>100.00</b>	<b>202752380</b>	<b>100.00</b>

FIGURE-I

Share Price Movement

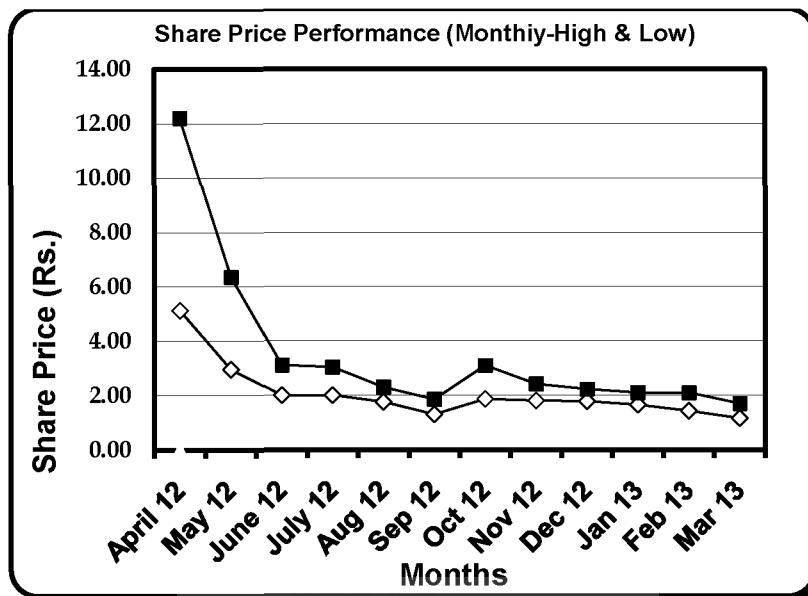
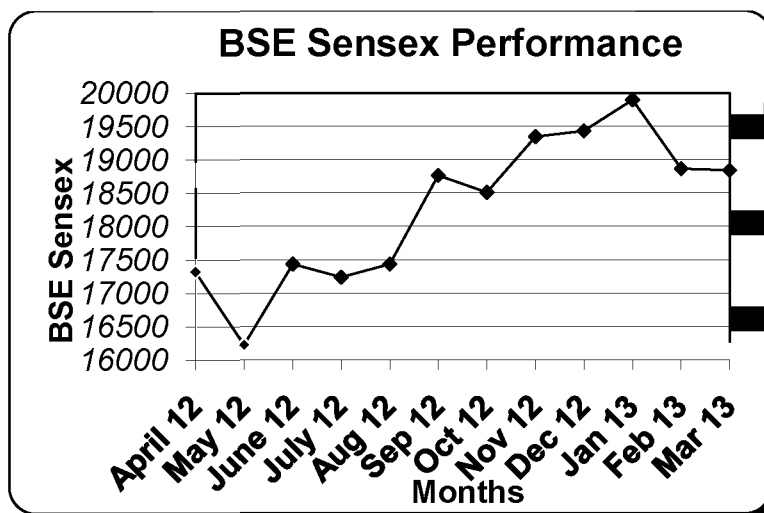


FIGURE-ii  
SENSEX Movement



(iii) NON MANDATORY REQUIREMENTS

The Company has not, so far, adopted any non mandatory requirements as stated in the Listing Agreement.

To the Members of  
M/s. Surya Pharmaceutical Limited  
1596, 1<sup>st</sup> Floor, Bhagirath Palace,  
Chandni Chowk,  
Delhi-110006

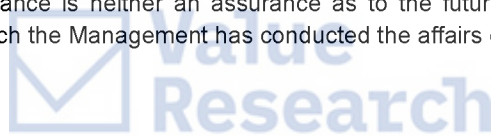
**Sub: CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by M/s. Surya Pharmaceutical Limited ("the Company"), for the year ended 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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



**For AAD & Associates  
Chartered Accountants**

**Date: 20.07.2013  
Place: Chandigarh**

**Sd/-  
Shamsher Singh  
(Proprietor)**





## Independent Auditor's Report

To  
The Members of  
M/s. Surya Pharmaceutical Limited

We have audited the accompanying financial statements of **M/s. Surya Pharmaceutical Limited**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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:

1. The provision for employee benefit has been provided on accrual basis and no actuarial valuation certificate has been obtained as required by AS15.
2. Managerial Remuneration paid to Directors in FY 2011-12 has exceeded the limit as prescribed in the Companies Act, 1956. The Company sought approval from Central Government for condonation of excess remuneration. The same is still pending.
3. Attention is invited to restructuring of facilities carried out by lenders to the Company in January, 2013, followed by recall of loan notice issued by some of the lenders. At this stage, it is not possible to evaluate the effect of the outcome of aforesaid notice of recall.
4. The Board of Directors of the Company since June 15, 2013 comprises of 2 persons, which is less than the minimum number of Directors statutorily required in case of a public Company, and is a contravention of section 252 of the Act. The Whole time Secretary mandatorily required to hold office under section 383A of the Act is not in office since from May 28, 2013, which is a contravention of the said section. As on date, there is no person in employment of the Company except its Managing Director and Executive Director.

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 subject to our comments in paragraph 1, 2, 3 and 4 above:-

Further to our comments in the annexure referred to in paragraph 4 below, we report that:-

- 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 loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
6. As required by section 227(3) of the Act, we report that:-
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.



**FOR AAD & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**Sd/-  
SHAMSHER SINGH  
(PROPRIETOR)  
M.NO. 083898  
FRN-020624N**

**Place: Chandigarh  
Date: 20.07.2013**

**ANNEXURE 'A' REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF THE AUDITORS TO THE MEMBERS OF SURYA PHARMACEUTICAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDING 31<sup>ST</sup> MARCH, 2013**

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The Company was having regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable to the size of the company and nature of its assets.  
(c) No fixed assets has been disposed off during the year, and therefore, do not affect the going concern assumption.
- 2 (a) Physical verification of stock of finished goods, work in process, stores, spares and raw materials was conducted by the management during the year. Since plants of the Company were not working on regular basis, hence we cannot comment on the usability and reliability of the inventory lying with the Company. Attention is drawn to note no 15 appearing in notes to account.  
(b) Procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- 3 In respect of unsecured loans granted by the company to companies covered in the register under section 301 of the Companies Act, 1956 and according to information and explanation given to us:-  
(a) The Company has granted unsecured loans to subsidiary of the Company and also a party listed in the register maintained under Section 301 of the Companies Act, 1956 and the amount outstanding as on 31.03.2013 was Rs. 15.67 crores (Rs. NIL). The maximum balance outstanding during the year was Rs.15.67 crores.  
(b) According to the information and explanation given to us, we are of the opinion that the rate of interest and terms and conditions of loan given by the Company to subsidiary Company in which the Directors of the Company are interested are prima facie prejudicial to the interest of the Company on account of the fact that the Company has granted interest free loans, whereas the Company is paying interest to banks and institutions.  
(c) The Loan is repayable by the subsidiary Company on being demanded by the Company.  
(d) The Company has not been able to recover the amount from the subsidiary Company and has taken no steps for the same.  
(e) The Company has not taken any unsecured loans from companies/firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us, the plants of the company are closed since last one year and we can not comment on the adequacy of internal control procedures of the company and the nature of its business with regard to the purchase of stores, raw materials including the Plant & Machinery, Vehicles, Equipment and other assets and for the sale of these goods.
- 5 In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to information and explanation given to us:  
a) The particulars of contracts or arrangements referred to in section 301 that were needed to be entered in the register maintained under said section have been so entered.  
b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transaction have been made at price prima facie reasonable having regard to the prevailing market prices at relevant time.
- 6 In our opinion, and according to the information and explanations given to us, the company has not accepted fresh deposits from public during the year and the Company is generally in compliance with the provisions of Section 58A of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- 7 The company does not have an internal audit system operational during the year. The audit committee was also not functional during the year.
8. We have reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. The cost audit report for last year has not been submitted with the concerned authorities.

- 9 (a) The Company is not regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sale Tax, Wealth Tax Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it and there are no arrears as at the year end for a Period of more than six months from the date they became payable.
- (b) According to the records of the Company, the following dues of Income Tax, Sale Tax, Wealth Tax Service Tax, Custom Duty, Excise Duty, Cess etc. have not been deposited on account of some dispute.

Detail of dues of Sales Tax, Service Tax, Income Tax, Custom duty and Excise etc., which have not been deposited as at March 31.03.2013 on account of disputes are given below:-

Name of the Statute	Nature of Dues	Amount (Rs. In Lacs)	Penalty Imposed	Period to which the amount relates	Forum where dispute is pending
FT(Development & Regulation) Act, Rules & orders	Demand	6.14	577.00 5262.00	2005-2006	The Jt. DGFT, Chandigarh
		408.05		2006-2007	The Jt. DGFT, Chandigarh
		59.57		2007-2008	The Jt. DGFT, Chandigarh
Section 13 of the FTDR Act, 1992		26.64		2004-2005	Appeal Filed with DGFT, New Delhi
		383.92		2005-2006	Appeal Filed with DGFT, New Delhi
		98.58		2001-2002	The Jt. DGFT, Chandigarh
Under Section 14 for taking action under Section 11(2) & (7) of the FTDR Act, 1992		18.75		2002-2003	The Jt. DGFT, Chandigarh
		148.24		2004-2005	The Jt. DGFT, Chandigarh
		40.45		2005-2006	The Jt. DGFT, Chandigarh
		173.11		2006-2007	The Jt. DGFT, Chandigarh
	237.49	2007-2008	The Jt. DGFT, Chandigarh		
	118.17	2008-2009	The Jt. DGFT, Chandigarh		
	<b>Total</b>	<b>1719.11</b>	<b>5839.00</b>		
The Central Excise Act, 1944	Demand	2.16		1998-1999	CESTAT
		17.96		1999-2000	CESTAT
		36.90		2002-2003	CESTAT
		0.86		2003-2004	CESTAT
		6.34		2008-2009	CESTAT
		349.91		2009-2010	Commissioner Appeals and Cestat
		27.21		2010-2011	Assistant Commissioner
		272.24		2011-2012	Assistant Commissioner
		483.41		2012-2013	Assistant Commissioner
	<b>Total</b>	<b>1196.99</b>			
Service tax	Demand	1.83		2007-2008	Assistant Commissioner
		22.25		2008-2009	CESTAT
		133.68		2010-2011	Commissioner appeals
		17.90		2011-2012	Assistant Commissioner
		221.18		2012-2013	Assistant Commissioner
	<b>Total</b>	<b>396.84</b>			
The Central Sales tax	Demand	1015.25		2012-2013	DETC, Appeals
Custom	Demand	384.80		2008-2009	Custom
	<b>Total</b>	<b>4712.99</b>	<b>5839.00</b>		

10. The Company has accumulated Losses. The Company has incurred cash losses of Rs. 378.32 crores during the financial year covered by our audit previous year Rs. 358.76 crores. The 100% net worth of the Company has been eroded.
11. The Company has defaulted in repayment of dues amounting to Rs. 1755.91 crore principal and Rs. 201.88 crores interest to banks and financial institutions.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.
13. In our opinion and according to the information and explanations given to us the provisions of chit fund are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares securities and debentures. Therefore the provision of clause 4(xiv) of CARO are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, having regard to the fact that the subsidiaries are wholly owned the term and conditions of the guarantee given by the Company for loan taken by the subsidiaries from banks are not prima facie prejudicial to the interest of the Company
16. In our opinion and according to the information and explanations given to us, the company has not raised any term loans during the year.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised during the year.
18. According to the information and explanations given to us during the period covered by our audit, the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any secured debenture.
20. The company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year.

**FOR AAD & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**Sd/-  
SHAMSHER SINGH  
(PROPRIETOR)  
M.NO. 083898  
FRN-020624N**

**Place: Chandigarh  
Date: 20.07.2013**

**SURYA PHARMACEUTICAL LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2013**

(Amount in Rs.)			
	Notes	As at March '31, 2013	As at March '31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>		
a)	Share Capital	202,752,380	202,752,380
b)	Reserves and Surplus	(746,050,984)	2,272,044,966
		(543,298,604)	2,474,797,346
<b>2</b>	<b>Non Current Liabilities</b>		
a)	Long term borrowings	2,628,108,593	2,194,250,788
b)	Deferred tax liabilities (Net)	-	-
c)	Other long term liabilities	176,999,014	211,839,107
d)	Long term provisions	4,705,739	24,480,592
		2,809,813,346	2,430,570,487
<b>3</b>	<b>Current Liabilities</b>		
a)	Short term borrowings	16,224,098,868	14,362,446,460
b)	Trade payables	282,430,093	463,393,700
c)	Other current liabilities	1,397,557,070	1,535,938,628
d)	Short term provisions	4,210,946	9,411,330
		17,908,296,977	16,371,190,118
	<b>TOTAL</b>	<b>20,174,811,719</b>	<b>21,276,557,951</b>
<b>II. ASSETS</b>			
<b>1</b>	<b>Non Current Assets</b>		
a)	<b>Fixed Assets</b>		
i)	Tangible assets	6,621,511,676	7,162,471,593
ii)	Intangible assets	89,002,297	116,393,203
iii)	Capital work in progress	76,647,655	74,000,123
b)	Non current investments	159,030,919	338,326,093
c)	Deferred tax assets (Net)	2,455,545,151	1,013,641,238
d)	Long term loans and advances	1,084,044,302	858,729,883
e)	Other non current assets	-	-
		10,485,782,000	9,563,562,133
<b>2</b>	<b>Current Assets</b>		
a)	Current Investments	-	2,046,275
b)	Inventories	6,284,125,583	8,122,547,871
c)	Trade receivables	2,250,036,563	2,362,109,198
d)	Cash and bank balances	72,311,608	98,831,198
e)	Short term loans and advances	647,327,900	761,614,915
f)	Other current assets	435,228,065	365,846,361
		9,689,029,719	11,712,995,818
	<b>Total</b>	<b>20,174,811,719</b>	<b>21,276,557,951</b>
	<b>Significant Accounting Policies</b>	<b>A</b>	
	<b>Notes to Financial Statements</b>	<b>1 - 36</b>	

The accompanying notes are an integral part of the financial statement.  
For and on behalf of the Board

As per our Report of even date attached  
**For AAD & Associates**  
Chartered Accountants  
FRN - 020624N

Sd/-  
**Rajiv Goyal**  
Managing Director  
Place: Chandigarh  
Date: 20.07.2013

Sd/-  
**Alka Goyal**  
Executive Director

Sd/-  
**Shamsher Singh**  
Proprietor  
Membership No. 083898

**SURYA PHARMACEUTICAL LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

		(Amount in Rs.)	
	Notes	For the year ended March 31, 2013	For the year ended March 31, 2013
<b>INCOME</b>			
I	<b>REVENUE FROM OPERATIONS</b>	603,304,359	16,229,490,994
II	Other Income	(176,390,902)	(379,812,715)
III	<b>Total revenue (I + II)</b>	<u>426,913,458</u>	<u>15,849,678,279</u>
<b>EXPENSES</b>			
IV	Cost of material consumed	919,260,608	15,971,537,191
	Changes in inventories of finished goods, work in process and stock in trade	23 909,301,646	573,544,724
	Other manufacturing expenses	24 49,731,478	387,191,705
	Employee benefit expenses	25 88,450,704	409,110,741
	Finance cost	26 2,036,893,997	1,658,483,860
	Depreciation and amortisation expense	11 624,651,313	346,173,609
	Other expenses	27 206,409,277	435,882,383
	<b>TOTAL EXPENSE</b>	<u>4,834,699,023</u>	<u>19,781,924,214</u>
V	(Loss) before exceptional and extraordinary items and tax (iii - iV)	(4,407,785,565)	(3,932,245,935)
VI	Exceptional Items	-	-
VII	(Loss) before extraordinary items and tax (V - VI)	(4,407,785,565)	(3,932,245,935)
VIII	Extraordinary items	28 179,295,174	-
IX	(Loss) before tax (VII - VIII)	(4,587,080,739)	(3,932,245,935)
X	Tax expense		
	Current tax	-	-
	Deferred tax	4 (1,441,903,913)	(1,207,245,734)
	Tax of earlier year	(127,080,876)	6,551,575
XI	(Loss) after tax from continuing operations (IX - X)	<u>(3,018,095,950)</u>	<u>(2,731,551,775)</u>
XII	Earnings per equity share [nominal value of Rs.1 (Rs.1) each]		
	a) Basic	(14.89)	(13.47)
	b) Diluted	(14.89)	(13.47)
	Significant Accounting Policies	A	
	Notes to Financial Statements	1 - 36	

The accompanying notes are an integral part of the financial statement.  
For and on behalf of the Board

As per our Report of even date attached  
For AAD & Associates  
Chartered Accountants  
FRN - 020624N

Sd/-  
**Rajiv Goyal**  
Managing Director  
Place: Chandigarh  
Date: 20.07.2013

Sd/-  
**Alka Goyal**  
Executive Director

Sd/-  
**Shamsher Singh**  
Proprietor  
Membership No. 083898

**SURYA PHARMACEUTICAL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2013**

PARTICULARS	AMOUNT AS AT 31.03.2013	AMOUNT AS AT 31.03.2012
<b>Cash Flow From Operating Activities</b>		
Net profit before Tax & Extra Ordinary Items	(3018095950)	(2731551775)
Adjustments for :		
Depreciation(Net)	624651313	345190495
Misc. Expenditure W/Off	27,390,906	6328090
interest On Borrowings (WIP)	2036893997	1658483860
interest / Dividend Received	(7,367,975)	238420991
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(336,527,708)</b>	<b>(483,128,339)</b>
Adjustments for :		
(Increase)/Decrease in Current Assets	1997446509	2413100338
increase / (Decrease) in current Liabilities	(324545549)	(2121764124)
Increase / (Decrease) in non-current Liabilities	(54614946)	-
(Increase)/Decrease in Long Term Loans & Advances	(225314419)	-
Working Capital Borrowings	1861652408	5254597525
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,918,096,294</b>	<b>5,062,805,399</b>
Direct Taxes Paid/Deferred Tax Assets(Net)	(1441903913)	(1207245735)
<b>CASH GENERATED BEFORE EXTRA-ORDINARY ITEMS</b>	<b>1,476,192,381</b>	<b>3,855,559,664</b>
Extra-Ordinary Items	179295174	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,655,487,555</b>	<b>3,855,559,664</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(86338927)	(1239608538)
Sale of Fixed Assets	-	8053069
Purchase of Investments	-	(82229954)
Sale of Investments	-	-
Misc. Expenditure	-	(102101973)
Inter Corporate Deposits	-	154500000
Interest Received	7,367,675	5804819
Dividend Received	300	70728
Insurance Claim Received	-	40272112
Misc Income	-	170,639
Profit on Derivatives	-	(284739289)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(78,970,953)</b>	<b>(1,499,808,387)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / Decrease In Reserves	-	-
Proceeds from Issue of Share Capital	-	4375000
Proceeds from Long Term Borrowings	433857805	(753561882)
Interest Paid	(2036893997)	(1658483860)
Subsidy Received	-	2500000
Dividend Paid	-	(6551575)
<b>NET CASH PAID IN FINANCING ACTIVITIES ©</b>	<b>(1,603,036,192)</b>	<b>(2,411,722,317)</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS ( A+B+C )</b>	<b>(26,519,591)</b>	<b>(55,971,040)</b>
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	98,831,198	154,802,238
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	72,311,608	98,831,198

For and on behalf of the Board

Sd/-

**Rajiv Goyal**

Managing Director

Sd/-

**Alka Goyal**

Executive Director

We have examined the attached cash flow statement of Surya Pharmaceutical Limited for the period ended March 31, 2013. The statement has been prepared by the Company in accordance with the requirements of the Accounting Standard 3 and is based on and derived from the audited accounts of the Company for the period ended March 31, 2013.

**AUDITORS' REPORT**

As per our Report of even date attached

**For AAD & Associates**

Chartered Accountants

FRN - 020624N

Sd/-

**Shamsher Singh**

Proprietor

Place: Chandigarh

Dated : 20.07.2013



**Notes to Financial Statement as at and for the year ended March 31, 2013**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis for preparation of financial statements**

- a) The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material aspects with the accounting standard notified under the Companies (Accounting Standard) Rules, 2006 as amended and the relevant provision of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on accrual basis.
- b) Figures have been taken to nearest rupee.
- c) Previous year figures have been re-grouped and re-arranged wherever considered necessary.

**2. Fixed Assets and Depreciation**

- a) Fixed Assets have been stated at original cost less depreciation.
- b) Depreciation has been provided during the year on straight line method at revised rates, vide Notification GSR No. 756 E Dated: 16.12.93, as non-continuous process pro-rata on triple shift basis as per schedule XIV to the Companies Act, 1956.

**3. Valuation of Inventories**

Raw materials have been valued at cost or market price, whichever is less, Work in progress and other miscellaneous stocks have been valued on estimated basis. In respect of finished goods and work in Progress, applicable manufacturing overheads and other cost incurred in bringing the items of inventory to their present location and condition are also included. Finished goods have been valued at cost inclusive of the provision of excise duty thereon, in accordance with the guidance note on accounting treatment for excise duty issued by the Institute of Chartered Accountants of India & other professional pronouncements. However, the same has no effect on the profits for the year.

**4. Investments**

Trade investments are the investments made to enhance the Company's business interests. Investment in subsidiaries and others are stated at cost. Investments that are intended to be held for more than a year from the date of acquisition are classified as long term investments and are stated at cost. Provision is made to recognise other than temporary decline in the value of investments ascertained on impairment analysis of an investment. In cases where impairment analysis reflects complete erosion of value of investment, the same is carried at nominal / face value of investment. Investments other than long term investments, being current investments, are valued at lower at cost and fair value.

On disposal of an investment the difference between its carrying amount and net disposal proceeds is accounted in the statement of Profit and Loss Account.

**5. Revenue Recognition**

- a) Sales are stated net of returns, inclusive of excise duty, job work charges, export incentives and mercantile sales.
- b) Dividend income has been accounted for on receipt basis.
- c) Export benefits are accounted for on accrual basis.

**6. Foreign Exchange Transactions**

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The resultant gain/loss, if any, is recognized in the Statement of Profit and Loss, except exchange differences on liabilities incurred for acquisition of fixed assets, which are adjusted to the carrying amounts of respective liabilities and assets. Non-monetary assets and related to foreign currency transactions are reported at the rate on the date of the transaction.

**7. Employees Benefits**

- a) The Contribution to the Provident Fund, under the defined contribution plans are charged to revenue.
- b) The accrued liability towards gratuity has been calculated at Rs. 25.01 lacs on accrual basis (Rs.136.27 lacs) and has been provided upto 31st March 2013.
- c) The leave encashment has been provided amounting to Rs 22.05 lacs (Rs.77.64 lacs) upto 31st March 2013

**8. Taxes on Income**

Current tax provision is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements, carrying amounts of existing assets and liabilities and their respective tax bases and carry forwards of operating loss. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next, are recognized in the Statement of Profit and Loss in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statement of Profit and Loss in the year of change.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation, carry forward losses and provisions are recognized only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

Changes in provision for taxes arising in subsequent years are accounted as 'Adjustment of taxes of earlier years' in Profit and Loss Account of the year in which the adjustment is effected in books of account.

**9. Earnings per Share**

In determining earnings per share, the Company considers the net profit after tax for the year attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds available, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

**10. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**11. Provisions, Contingent liabilities and Contingent Assets**

A provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**12. Apportionment of Indirect Expenses**

Indirect expenses incurred by the company have been apportioned amongst all the units, on the following basis:  
Fixed administrative expenses - on the basis of sales value; Export expenses - on the basis of exports value; Other expenses - on the basis of sales value.

**13. Miscellaneous Expenditure**

Deferred Revenue expenses are written off over a period of 5 years.

**14. Cash and Cash Equivalents**

In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

**NOTES TO FINANCIAL STATEMENT AS AT AND FOR THE YEAR MARCH 31, 2013**

(Amount in Rs.)

PARTICULARS	As at March 31, 2013		As at March 31, 2012	
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
1,000,000,000 (1,000,000,000) equity shares of Rs. 1/- (Rs. 1/-) each	1,000,000,000		1,000,000,000	
<b>Issued, subscribed, and fully paid up</b>				
202,752,380 (202,752,380) equity shares of Rs. 1/- (Rs. 1/-) each fully paid up	202,752,380		202,752,380	
<b>a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>				
<b>Particulars</b>	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	<b>Number</b>	<b>Amount (Rs.)</b>	<b>Number</b>	<b>Amount (Rs.)</b>
Number of shares outstanding at the beginning of the year	202,752,380	202,752,380	192,752,380	192,752,380
Shares issued on conversion of share warrants	-	-	10,000,000	10,000,000
Number of shares outstanding at the end of the year	<b>202,752,380</b>	<b>202,752,380</b>	<b>202,752,380</b>	<b>202,752,380</b>
<b>b) Terms/rights attached to equity shares</b>				
The Company has one class of equity share having a par value of Rs. 1/- per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend proposed by the Board of Directors, which distribution is subject to approval of shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.				
<b>c) Details of shareholders holding more than 5% shares in the Company</b>				
	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	<b>Number</b>	<b>% holding</b>	<b>Number</b>	<b>% holding</b>
<b>Equity Shares of Rs.1/- each fully paid up:</b>				
a) Alka Goyal	75,991	0.04%	20,804,570	10.26%
b) Futuristic Garments Pvt. Ltd.	24,787,180	12.23%	24,787,180	12.23%
c) Dynamic Finvest Services Pvt. Ltd.	18,860,809	9.30%	21,250,000	10.48%
d) Creative Capital Services Ltd.	16,362,433	8.07%	15,830,000	7.81%
Mrs. Alka Goyal had pledged entire shares held by her in the Company in favour of IFCI Ltd. to part secure the loan disbursed by IFCI Ltd. to Ess Ess Exim Pvt. Ltd. (EEPL), a company part of group of promoters of the Company. On default in repayment of loan by EEPL, IFCI invoked the pledge and sold 20728579 shares of the Company held by Mrs. Alka Goyal, resulting in reduction of her shareholding. The amount realised on such sale of pledged shares has been adjusted by IFCI against loan outstanding for payment by EEPL to IFCI, which adjustment is disputed by the Company and Mrs. Alka Goyal. For reasons that the enforcement of pledge and sale of shares of Mrs. Alka Goyal by IFCI Ltd. was wrongful and illegal, which sale, on an appeal filed by her, was stayed by the Hon'ble Debt Recovery Appellate Tribunal, Mrs. Alka Goyal has since filed an application before the said Hon'ble Tribunal to seek its leave to file a claim for compensation of losses suffered by her due to wrongful and illegal actions of IFCI Ltd.				

PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>2 RESERVE AND SURPLUS</b>		
<b>a) Share premium</b>		
Opening balance	1,589,363,992	1,529,363,992
Addition during the year*	-	60,000,000
Closing balance	<u>1,589,363,992</u>	<u>1,589,363,992</u>
*Premium on conversion of convertible share warrants into equity shares @ Rs. 60 per share		
<b>b) State subsidy</b>		
Opening balance	2,500,000	2,500,000
Addition during the year	-	-
Closing balance	<u>2,500,000</u>	<u>2,500,000</u>
<b>c) Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening balance	680,180,974	3,411,732,749
Addition during the year	<u>(3,018,095,950)</u>	<u>(2,731,551,775)</u>
Closing balance	<u>(2,337,914,976)</u>	<u>680,180,974</u>
<b>Total</b>	<u>(746,050,984)</u>	<u>2,272,044,966</u>

<b>3 LONG TERM BORROWINGS</b>		
<b>i) Secured</b>		
<b>Term Loans</b>		
- From banks	2,153,619,126	1,886,220,101
- From others	<u>188,990,381</u>	<u>-</u>
	<u>2,342,609,507</u>	<u>1,886,220,101</u>
<b>ii) Unsecured</b>		
Deferred payment for acquisition of fixed assets	60,691,006	60,753,934
Deposits from others	79,608,080	92,776,753
Other unsecured borrowings	<u>145,200,000</u>	<u>154,500,000</u>
	<u>285,499,086</u>	<u>308,030,687</u>
<b>Total</b>	<u>2,628,108,593</u>	<u>2,194,250,788</u>

**Note:** Provision for interest on loan taken from Religare Finvest Ltd., IFCI Factors Ltd., India Factoring and Finance Solution Pvt. Ltd., First Leasing Company of India Ltd. & Other Unsecured Borrowings has not been made, as the Company intends to initiate discussions for settlement with the lenders.

- a) Excluding current maturities of term loans of Rs. 123.85 crs.
- b) Term loans of the Company are secured by first Pari-Passu charge over the entire current assets including slow moving current assets and entire fixed assets of the Company and are collaterally secured by mortgage of House no.64, Sector 9-A, Chandigarh owned by Mr. Rajiv Goyal and Smt. Alka Goyal, Promoter Directors of the Company.
- c) Personal guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal, Promoter Directors of the Company.
- d) Corporate guarantee of the group companies of the Company (yet to be created) till the time they are sold off as per the restructuring package.
- e) The Directors of the Company, namely, Mr. Rajiv Goyal and Mrs. Alka Goyal, have executed personal guarantees in favour of Company's lenders to guarantee the borrowings, Aggregate amount of loans borrowed by the Company guaranteed by its directors, i) Mr. Rajiv Goyal - Rs. 193,600 lacs and ii) Mrs. Alka Goyal - Rs. 193,600 lacs.
- f) Deferred payment for acquisition of fixed assets are secured by the respective assets financed by them.
- g) Other loans and advances are taken on long term basis from the parties not related with the directors
- h) Deposit from other excludes current maturities of deposits taken from the public of Rs. 0.81 lacs.
- i) Deposits from others include suppliers deposits of Rs. 0.87 crores taken from the distributors and C & F agents of the Company.
- j) Other unsecured borrowing are inter corporate deposits secured by way of Post dated cheques.
- k) Some of the banks have not provided the bank statements, their balances are taken as appearing in books of accounts of the company, these balances are subject to reconciliation.
- l) Others includes Loan taken from Non-Banking Financial Corporation.
- m) Long Term Debts are having maturity of 3-4 years, however, Bank has recalled the loans vide its letter dated 15.07.2013.

PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>4 DEFERRED TAX</b>		
<b>Deferred tax liabilities</b>		
i) On account of depreciation	(27,307,447)	214,371,629
ii) On account of Dividend Recvd u/s 10(34)	300	-
<b>Deferred tax assets</b>		
i) On account of retirement benefits	(7,663,442)	2,451,532
ii) On account of Profit/(Loss) during the year	4,407,785,565	(3,932,245,935)
iii) On account of disallowance U/s 40 (a) (ia)	17,404,000	
<b>Net Deferred Tax Liabilities/(Assets)</b>	<b>4,444,833,270</b>	<b>(3,720,325,838)</b>
<b>Tax Impact</b>	<b>1,441,903,913</b>	<b>(1,207,245,734)</b>
Amount Brought forward from previous year	(1,013,641,238)	193,604,496
<b>Total Deferred Tax Liabilities(Assets)</b>	<b>(2,455,545,151)</b>	<b>(1,013,641,238)</b>

The Company considers with reasonable certainty that it will be able to earn profit in coming years and accordingly, has recognised deferred tax assets on accumulated lossess and unabsorbed depreciation during the year.

#### 5 OTHER LONG TERM LIABILITIES

a) Trade payables	-	-
b) Others (are related to liabilities on capital contracts)	176,999,014	211,839,107
	<u>176,999,014</u>	<u>211,839,107</u>

#### 6 LONG TERM PROVISIONS

a) Employee benefits	4,705,739	21,390,592
b) Provision for excise duty on finished goods stock	-	3,090,000
	<u>4,705,739</u>	<u>24,480,592</u>

- i) Long term provision of employee benefits relates to gratuity and earned leave.  
ii) Excise duty on closing stock of finished goods has been provided at applicable rate according to Section 145A of iT Act & taken in value of stock. This does not effect the Profit/Loss of the company.

#### 7 SHORT TERM BORROWINGS

(Secured)

<b>a) Loans repayable on demand</b>		
- From Banks	16,224,098,868	14,358,515,757
- From Others	-	3,930,703
	<u>16,224,098,868</u>	<u>14,362,446,460</u>

- i) Short term borrowings of the Company are secured by first Pari-Passu charge over the entire current assets including slow moving current assets and entire fixed assets of the Company and are collaterally secured by mortgage of House no.64, Sector 9-A, Chandigarh owned by Mr. Rajiv Goyal and Smt. Alka Goyal, Promoter Directors of the Company.  
ii) Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal, Promoter Directors of the Company.  
iii) Corporate guarantee of the group companies of the Company (yet to be created) till the time they are sold off as per the restructuring package.  
iv) The Directors of the Company, namely, Mr. Rajiv Goyal and Mrs. Alka Goyal, have executed personal guarantees in favour of Company's lenders to guarantee the borrowings, Aggregate amount of loans borrowed by the Company guaranteed by its directors, i) Mr. Rajiv Goyal - Rs. 193,600 lacs and ii) Mrs. Alka Goyal - Rs. 193,600 lacs.  
v) Some of the banks have not provided the bank statements, their balances are taken as appearing in books of accounts of the Company, these balances are subject to reconciliation.

### 8 TRADE PAYABLES

a) - For Raw Material	209,557,742	412,758,267
b) - Others	72,872,351	50,635,433
	282,430,093	463,393,700

Other trade payables relates to consumables, packing material and fuel suppliers.

The Company has not received any information from any of the suppliers of their being a Micro, Small and Medium Enterprises Unit under Micro, Small and Medium Enterprises Development Act, 2006. Hence, amount due to Micro and Small Scale Enterprises outstanding as on March 31, 2013 is not ascertainable.

### 9 OTHER CURRENT LIABILITIES

a) Current maturities of long term debts	1,238,516,940	984,978,000
b) Share application money received for allotment of equity shares under warrants	48,125,000	48,125,000
c) Other payables	110,915,130	502,835,628
	1,397,557,070	1,535,938,628

### 10 SHORT TERM PROVISIONS

a) Employee Benefits	4,210,946	9,411,330
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Short term provisions for employee benefits relates to bonus and performance incentive for employees .

### 11 FIXED ASSETS

Fixed Assets includes assets held for R & D Purposes of the company

Intangible assets relates to Deferred revenue expenditure incurred with respect to brand promotion and other long term activities.

## DEPRECIATION SCHEDULE AS PER COMPANIES ACT

Particulars	Rate of Dep	Gross Block				Depreciation					Total	Net Block	
		Opening Bal 1.4.12	Additions	Sale/ Transfer	Closing Balance	Opening Bal 1.4.12	Dep on Opening Balance	Dep on Additions	Adj ust.	AS ON 31.03.13		AS ON 31.03.12	
Land		203616967	0	0	203616967	0	0	0	0	0	203616967	203616967	
Building	3.34%	1696583604	0	0	1696583604	86105567	56665892	0	0	142771459	1553812144	1610478037	
Plant & Machinery	10.34%	4252667376	617499	0	4253284875	1069418699	439725807	35264	0	1509179769	2744105106	3183248677	
R & D Assets	4.75%	1696918037	82511345	0	1779429382	197752033	80543229	1954276	0	280249537	1499179845	1499166004	
Misc Assets	4.75%	259170760	0	0	259170760	33409041	12310611	0	0	45719652	213451108	225761719	
Electricals & Fittings	4.75%	319277587	140002	0	319417589	23482259	15165685	5539	0	38653483	280764106	295795328	
Computers	16.21%	45103418	422551	0	45525969	14734234	7311264	34347	0	22079845	23446124	30369184	
Pollution Control Equipment	4.75%	41642504	0	0	41642504	12051112	1978019	0	0	14029131	27613373	29591392	
Furniture & Fixtures	6.33%	42076454	0	0	42076454	6172276	2663440	0	0	8835716	33240738	35904178	
Motor Vehicle	9.50%	65873070	0	0	65873070	17332964	6257942	0	0	23590906	42282164	48540106	
Capital Work in Progress		74000123	2947532	300000	76647655	0	0	0	0	0	76647655	74000123	
<b>Total</b>		<b>8696929900</b>	<b>86638929</b>	<b>300000</b>	<b>8783268829</b>	<b>1460458185</b>	<b>622621889</b>	<b>2029424</b>	<b>0</b>	<b>2085109498</b>	<b>6698159331</b>	<b>7236471715</b>	

(Amount in Rs.)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
<b>12 INVESTMENTS</b>		
<b>i) NON CURRENT INVESTMENTS</b>		
<b>Trade investment (Valued at cost)</b>		
<b>Unquoted equity instruments</b>		
<b>a) Investment in subsidiary</b>		
i) 6,180,000 (6,180,000) equity shares of face value of Rs. 10 (Rs. 10) each fully paid up in Surya Healthcare Ltd.	160,300,000	160,300,000
Less: Diminution in value of investment	98,500,000	-
	61,800,000	160,300,000
ii) 10,000 (10,000) equity shares of face value of USD 1 (USD 1) each fully paid up in Surya Pharmaceutical Inc.	2,272,796	2,272,796
Less: Diminution in value of investment	1,737,296	-
	535,500	2,272,796
iii) 1,000 (1,000) Common Stock of face value of USD 0.01 (USD 0.01) and 500 (500) Preference Stock of face value of USD 0.01 (USD 0.01) fully paid up in Surya Bio Pharma USA Inc.	10,220,356	10,220,356
Less: Diminution in value of investment	10,219,553	-
	803	10,220,356
iv) 270,000 (270,000) equity shares of USD 1 (USD 1) each fully paid up in Surya Pharmaceutical Singapore Pte. Ltd.	73,843,666	73,843,666
<b>b) Investment in others</b>		
2,285,095 (2,285,095) equity shares of Rs. 10 (Rs. 10) each fully paid up in Emsons Organics Ltd.	91,689,275	91,689,275
Less: Diminution in value of investment	68,838,325	-
	22,850,950	91,689,275
	159,030,919	338,326,093
<b>ii) CURRENT INVESTMENTS</b>		
<b>Non Trade and Quoted</b>		
a) GCDB Grindlay Cash Fund	-	148,859
b) Equity Shares of Allahabad Bank	-	876,416
c) Mutual Fund-Tax Saver PNB	-	1,000,000
d) Shares of Canara Bank	-	21,000
	-	2,046,275
<b>Aggregate amount of unquoted investments</b>	<b>159,030,919</b>	<b>338,326,093</b>
<b>Aggregate amount of quoted investments</b>	<b>-</b>	<b>2,046,275</b>
<b>Market value of quoted investments</b>		

The Company's investments in equity of Surya Healthcare Ltd. of Rs. 16.03 crores, in Emsons Organics Ltd. of Rs. 9.17 crores, were made to achieve certain strategic objectives. The business of these investee companies are facing challenges and the companies are making efforts to reorganize their businesses. In view of complete erosion in net worth of these investee companies, the Company has provided for diminution in value of investments to the extent of amount of investment less nominal / face value of investments. The Company's investments in Surya Pharmaceutical Inc. (USA) of Rs. 0.23 crores and in Surya Bio Pharma Inc. (USA) of Rs. 1.22 crores have been stated by reducing provision for diminution in value of those investments as the business of these companies is no longer viable and no operations are being carried on by the companies.

PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>13 LONG TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
a) Security deposits	13,351,324	9,735,409
b) Loans and advances to related parties	114,698,466	848,994,474
c) Other loans and advances	955,994,512	-
	1,084,044,302	858,729,883

<b>14 OTHER NON CURRENT ASSETS</b>	-	-
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<b>15 INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw materials	379,217,216	1,290,020,175
Finished goods	103,345,181	197,808,243
Other miscellaneous stocks	45,852,499	61,080,182
Work in progress	5,755,710,688	6,573,639,271
	6,284,125,584	8,122,547,871

The Company was in a position to put to use the inventory earlier during the year, if the Lenders had released funds withheld by them out of the resources of the Company which inventory have now become more than one year old and considered slow moving. The recoverability and realisability of the inventories will be determinable at the time the inventories are put to use by the Company.

<b>16 TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
- Trade receivables outstanding for a period:		
a) more than six months from the date they are due for payment	2,224,057,430	1,695,135,584
b) less than six months from the date they are due for payment	25,979,133	666,973,614
<b>TOTAL</b>	2,250,036,563	2,362,109,198

i) Recovery from an overseas debtor has become sticky due to economic crisis in its host country. The Company is in discussion with the customer and expects to recover the outstanding on restoration of supplies to the customer. Recoveries from certain overseas customers are pending for which Company has filed claims with Export Credit Guarantee Corporation.

ii) The Company has initiated legal actions for recovery of outstanding amount from its debtors, which includes recovery suits, winding up petitions, etc.

<b>17 CASH AND BANK BALANCES</b>		
a) Cash and cash equivalents		
i) Balances with Banks		
- In unpaid dividend accounts	569,484	575,032
- In current accounts	13,505,469	43,798,400
ii) Cash in hand and as imprest	6,957,498	2,330,861
b) Other bank balances		
i) Fixed deposits*	51,279,157	52,126,905
	72,311,608	98,831,198

Some of the banks have not provided the Bank Statements, their balances are shown as appearing in books of the Company and their balances are subject to reconciliation/confirmation.

\* Fixed deposits includes amount given as margin money for bank guarantees, tender participation and Rs. 3.24 crores paid to Exim Bank as fees towards registered mortgage of property situated at Jammu (Registered mortgage is yet to be created).



PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>18. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
a) Loans and advances to employees	1,004,560	2,090,167
b) Deposits/Balances with Excise/Sales Tax Authorities	375,659,220	395,353,974
c) Export incentives	270,664,120	364,170,774
	<u>647,327,900</u>	<u>761,614,915</u>
i) Deposits / balances represent refunds recoverable from sales tax authorities, which are being followed by the Company with the relevant authorities. Deposits / balances with excise department pertain to cenvat credit available with the Company and refunds of excise duty / service tax.		
ii) Export incentives pertain to amount recoverable from the government, value of entitlement of the Company for duty free scrips for import under Focus Market Scheme or Vishesh Krishni Yozna Scheme or Duty Exemption Pass Book Scheme, and other similar amounts pending recovery. For reasons of certain compliances pending on the part of the Company, Director General of Foreign Trade (DGFT) has issued show cause notices claiming the amounts of incentives and there have come about to be passed order/s by it for adjudication of claims against which the Company has filed appeals. The refunds sought by the Company and the value of benefits expected to be realised by the Company will be adjusted with the amounts finally determined and / or realised, if any, on this account.		
<b>19 OTHER CURRENT ASSETS</b>		
a) Other current assets	435,228,065	365,846,361
<b>20 REVENUE FROM OPERATIONS</b>		
a) Sale of products	603,060,676	16,477,393,710
b) Sale of services	-	-
c) Other operating revenues	7,813,953	23,703,191
	<u>610,874,629</u>	<u>16,501,096,901</u>
Less: Excise duty	42,912,469	271,605,907
Export Inventives	35,342,199	-
	<u>603,304,359</u>	<u>16,229,490,994</u>
<b>21 OTHER INCOME</b>		
a) Interest Income	7,367,675	5,804,819
b) Dividend income	300	70,728
c) Net gain/loss on sale of investments	1,104,446	79,028
d) Other non operating income (net of expenses directly attributable to income)	(16,176,425)	40,363,723
e) Net gain/loss on foreign currency translation and transaction	(168,686,897)	(426,131,013)
	<u>(176,390,902)</u>	<u>(379,812,715)</u>
<b>22 COST OF MATERIAL CONSUMED</b>		
a) Raw materials consumed	900,109,970	15,914,403,842
b) Packing materials consumed	19,150,638	57,133,349
	<u>919,260,608</u>	<u>15,971,537,191</u>

PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE</b>		
Stock at the end of the year - Work in Process	5,755,710,688	6,573,639,271
Stock at the end of the year - Finished	103,345,180	194,718,243
(a)	5,859,055,868	6,768,357,514
Stock at beginning of the year - Work in Process	6,573,639,271	6,786,096,199
Stock at beginning of the year - Finished	194,718,243	555,806,039
(b)	6,768,357,514	7,341,902,238
Decrease/(Increase) in inventories	909,301,646	573,544,724
<b>24 OTHER MANUFACTURING EXPENSES</b>		
a) Power and fuel	43,946,418	239,343,316
b) Consumables	398,126	69,995,325
c) Repairs and maintenance	2,225,764	50,100,612
d) Factory security expenses	2,899,486	5,699,263
e) Job work charges	198,175	21,274,487
f) Testing fees	63,509	778,702
	49,731,478	387,191,705
<b>25 EMPLOYEE BENEFITS EXPENSES</b>		
a) Salaries, wages and allowances	83,950,475	373,070,480
b) Provident fund and ESI	3,276,225	12,794,270
c) Staff welfare expenses	1,224,004	23,245,991
	88,450,704	409,110,741
<b>26 FINANCE COSTS</b>		
a) Interest expense:		
- On Term loans	438,831,646	394,085,066
- On Overdrafts and other borrowings	1,580,021,664	1,212,030,417
b) Other borrowing costs	5,123,287	34,079,694
c) Net gain/(loss) on foreign currency transactions	12,917,400	18,288,683
	2,036,893,997	1,658,483,860

The banks and financial institutions from whom the Company had availed facilities had restructured the same under Corporate Debt Restructuring Forum. The lenders did not permit the use of funds withheld from operations to be utilised by the Company in line with the aforesaid sanction, and the Company was therefore, unable to fulfill certain conditions of the sanction of restructuring, all leading to failure of the restructuring scheme as sanctioned by the lenders. The Company though disputing the charge of interest, has accounted the same on the basis as accounted in earlier years.

PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>27 OTHER EXPENSES</b>		
a) Remuneration to Auditors as:		
- As Statutory Auditor	200,000	200,000
- For tax audit	100,000	100,000
- Service tax matters	37,080	45,200
- Others	-	300,000
b) Donation	279,069	141,000
c) Fees, taxes and subscription	11,028,771	8,148,650
d) Insurance	23,046,882	33,428,467
e) Legal and professional	39,404,390	29,821,497
f) Loss on sale of fixed assets	-	76,399
g) Miscellaneous expenses	1,207,433	11,844,003
h) Membership fees	509,945	1,370,812
i) Postage and telegram	556,264	3,735,204
j) Printing and stationery	766,383	5,696,145
k) Rent	38,035,667	40,994,927
l) Telephone expenses	2,165,078	8,476,688
m) Travelling expenses	14,316,249	39,743,807
n) Vehicle running and maintenance	880,039	3,284,544
o) Advertisement expenses	432,612	7,391,965
p) Business promotion	3,839,827	14,547,462
q) Carriage outward	4,481,743	16,730,249
r) Discount	782,536	480,787
s) Preliminary expenses written off	27,390,906	6,328,090
t) Bank charges	32,093,189	126,885,920
u) Hire charges	-	3,238,261
v) Export commission	332,602	17,203,426
w) Export expenses	1,903,933	17,063,565
x) Commission	2,618,679	8,662,252
y) Sundry debtors written off	-	29,943,063
	<b>206,409,277</b>	<b>435,882,383</b>

**28 EXTRAORDINARY ITEMS**

a) Diminution in the value of investments	179,295,174	-
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**29 CONTINGENT LIABILITIES (to the extent not provided for in books of account)**

Particulars	31.03.2013 (Rs. in lacs)	31.03.2012 (Rs. in lacs)
a) Bank guarantees given	78.30	254.01
b) Corporate guarantee given (Subsidiaries)	15,249.86	14,021.97
c) Corporate guarantee given (Agri Loan)	801.21	-
(Axis Bank has invoked corporate guarantee on 01.07.2013 for outstanding amt of Rs.8.01 crs)		
d) Bills discounted (FOBN)	-	746.00
e) Claims against the Company not acknowledged as debt as on 31.03.2013 in respect of:		
- Excise matters under dispute	1,196.99	2,039.51
- Sales Tax matters under dispute	1,015.25	-
- Service Tax matter under dispute	396.84	201.77
- Customs Act	384.80	313.27
- Foreign Trade Development Regulation Act (FTDR)	7,558.11	-
	26,681.36	17,576.53

f) The effect of assessment of taxes by the Authorities is accounted on completion of assessments or disposal of appeals, and subject to the Company accepting the outcome.

g) Certain creditors of the Company have initiated proceedings for winding up of the Company which are being contested by the Company.

h) The assessments of the Company have been made u/s 143(3) of the income Tax Act, 1961 and the additions made in respect of the same have partly been allowed by the Commissioner income Tax (Appeals) and in respect of items where no relief allowed by Commissioner income Tax (Appeals), the Company is before the Appellate Tribunal which are still pending before the Ld. income Tax Appellate Tribunal (iTAT). Further to the above, the Assessing Officer had preferred Appeal against the Orders of the Commissioner of income Tax (Appeals) before the Ld. income Tax Appellate Tribunal (iTAT) which Appeals are also pending before the Ld. income Tax Appellate Tribunal (iTAT) pertaining to AY 2006-07 and 2007-08. However, the balance demands which arose after the Orders of the Commissioner income Tax (Appeals) have been adjusted out of the refunds due to the Company in other Assessment Years. The adjustments of the same in the books of accounts will be made as and when the disputed additions are finalized by the Appellate authorities.

There were certain search and seizure operations in the premises of the Company and its Directors in September 2010. The Assessments as were pending u/s 153A of the income Tax Act, 1961 pertaining to six Assessment Years till AY 2010-11 as well as for AY 2011-12. The Company has filed a petition u/s 245C of the income Tax Act, 1961 before the Hon'ble income Tax Settlement Commission for all the Assessment Years following within the preview of section 153A of the income Tax Act, 1961 as aforesaid as well as for AY 2011-12 and 2012-13 which petitions are pending for disposal by the Hon'ble income Tax Settlement Commission. The necessary adjustments will be made in the books of accounts as and when the matter is decided by the Hon'ble income Tax Settlement Commission.

The Assessing Officer has provisionally attached various immovable properties of the Company and its Directors u/s 281B of the income Tax Act, 1961 as a precautionary measures due to the pending assessments of the Companies under Chapter XIV of the income Tax Act, 1961.

**30 Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.**

Particulars	2012-13 Rs.	2011-12 Rs.
a) Profit/(Loss) after tax during the year	(3,018,095,950)	(2,731,551,775)
b) Weighted average number of equity shares outstanding for calculation of		
- Basic EPS	202,752,380	202,752,380
- Diluted EPS	202,752,380	202,752,380
c) Nominal value of per equity share (in Rs.)	1	1
d) Earning per share (a)/(b) (in Rs.)		
- Basic EPS	(14.89)	(13.47)
- Diluted EPS	(14.89)	(13.47)

There is not more than one reportable segment of the Company, therefore information as per AS - 17 on "Segment Reporting" is not required to be disclosed.

**32 Related Party Disclosures\*:**

Pursuant to Accounting Standards (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, following parties are to be treated as related parties along with their relationships:

**a) Name of related parties and description of relationship:**

**i) Subsidiary Companies**

M/s. Surya Healthcare Ltd.  
M/s. Surya Pharmaceutical INC. U.S.A.  
M/s. Surya pharmaceutical (singapore) INC  
M/s. Surya Bio Pharma. U.S.A INC

**ii) Step - down Subsidiary Companies**

M/s Medi Mart India Pvt. Ltd.  
M/s Family First Pharmaceutical Ltd.  
M/s Amershire Investment Corporation Ltd.  
M/s Herkules Capital Management Ltd.

**iii) Key Management Personnel (Director/Whoie-time directors)**

Mr. Rajiv Goyal  
Mrs. Alka Goyal

**iv) Entities over which management of the Company is having control**

M/s. Surya Healthcare Ltd.  
M/s. Surya Pharmaceutical INC. U.S.A  
M/s. Surya Pharmaceutical (Singapore) INC  
M/s. Surya Bio Pharma. U.S.A INC  
M/s. Ess Ess Exim Pvt. Ltd.  
M/s Mediwell Healthcare Pvt. Ltd.  
M/s Surya Softedge Ltd.  
M/s Emsons Organics Ltd.  
M/s Emm Bee Fincap Pvt. Ltd.  
M/s Futuristics Garments Pvt. Ltd.  
M/s Valuesource Mercantile Limited  
M/s Nova Machino Fabrik

\* Excludes not for profit organisation wherein key management personnel are office holders and the beneficiary is public at large.

**b) The following transactions were carried out with related parties in the ordinary course of business.**

(Rs.)

PARTY'S NAME	SALE	PURCHASE	EXPENSE REBURSEMENT	L&A (Given)	L&A (Returned)	Creditors Payment
<b>Subsidiary Companies</b>						
Surya Healthcare Ltd.	26353569	-	90000	148051474	9400000	-
Surya Pharmaceutical (Singapore) INC	1602474	-	-	-	-	-
<b>Step-down Subsidiary</b>						
Medi Mart India Pvt. Ltd.	-	-	514921	-	-	-
<b>Associates</b>						
Ess Ess Exim Pvt. Ltd.	-	-	22510	-	-	-
Mediwell Healthcare Pvt. Ltd.	-	-	31842	-	-	-
Emsons Organics Ltd.	-	2293570	3505112	-	-	27815974
Emm Bee Fincap Pvt. Ltd.	-	-	510	-	-	-
Futuristics Garments Pvt. Ltd.	-	-	1010	-	-	-
Valuesource Mercantile Ltd.	1151074	-	69402	-	-	-
Nova Machino Fabrik	-	-	(1391326)	-	-	27000000
	<b>29107117</b>	<b>2293570</b>	<b>2843981</b>	<b>148051474</b>	<b>9400000</b>	<b>54815974</b>

**c) Outstanding balance as on March 31, 2013:**

Related party	As at March 31, 2013 Rs. (Dr.)	As at March 31, 2013 Rs. (Cr.)	As at March 31, 2012 Rs. (Dr.)	As at March 31, 2012 Rs. (Cr.)
<b>Subsidiary Companies</b>				
M/s. Surya Healthcare Ltd.	156700764	-	-	8304279
M/s. Surya Pharmaceutical (Singapore) INC	1602474	-	-	-
<b>Step-down Subsidiary</b>				
M/s Medi Mart India Pvt. Ltd.	514921	-	-	-
<b>Associates</b>				
M/s. Ess Ess Exim Pvt. Ltd.	5457896	-	5435386	-
M/s Mediwell Healthcare Pvt. Ltd.	31842	-	-	-
M/s Emsons Organics Ltd.	-	14178012	-	43205528
M/s Emm Bee Fincap Pvt. Ltd.	510	-	-	-
M/s Futuristics Garments Pvt. Ltd.	1010	-	-	-
M/s Valuesource Mercantile Limited	-	20942868	-	22163344
M/s Nova Machino Fabrik	19082	-	-	25589592

**33 Additional information pursuant to provisions of Para 5 of General Instruction for the preparation of statement of Profit and Loss as per Revised Schedule VI of the Companies Act, 1956:-**

**a) Expenditure in foreign currency**

Particulars	2012-13	2011-12
	(Rs. in lacs)	(Rs. in lacs)
Traveling expenses	3.60	17.90
Exhibition expenses	16.37	22.92
Export commission	2.88	154.85
Professional Charges	18.72	-
Subscription	1.07	7.79
	<u>42.64</u>	<u>203.46</u>

**b) Earnings in foreign currency**

Export of goods	2085.41	31772.01
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**c) CIF Value of imports**

Raw material	49.41	26994.94
Capital items	-	21.52
	<u>49.41</u>	<u>27016.46</u>

**d) Raw material consumed**

Particulars	2012-13		2011-12	
	Value (Rs. in lacs)	%age	Value (Rs. in lacs)	%age
Imported	384.30	4.18%	26,994.94	16.96%
Indigenous	8,808.31	95.82%	132,149.09	83.04%
	<u>9,192.61</u>	<u>100.00%</u>	<u>159,144.03</u>	<u>100.00%</u>

Packing material consumed relates to indigenously procured materials.

**34 Note on Corporate Debt Restructuring:**

A majority of banks and financial institutions from whom the Company had availed facilities had restructured the same under Corporate Debt Restructuring Forum in January 2013 with a cut-off date as December 31, 2011. The Master Restructuring Agreement was executed between the Company and the lenders on March 31, 2013 and charges and securities to the extent required and possible were created from time to time. Certain securities and charges could not be created by the company due to subsisting order for provisional attachment of assets of the company by Income Tax Department, and order of restraint issued by Hon'ble Debt Recovery Tribunal in the matter of recovery suit filed by IFCI Ltd. The lapse of time from December 2011 to March 2013 for no fault of the Company, and without shifting forward the cut-off date for restructuring of facilities of the Company to a realistic prospective date, coupled with lack of co-operation of the lenders during the period of over 15 months, has had a negative effect on operations of the Company.

For reasons of the lenders not permitting the use of funds withheld with them from operations of the Company and unilateral adjustment of sales recoveries towards certain accounts, which were all contrary to the terms of restructuring, prevented the Company from carrying on its operations and also not being able to fulfil certain conditions forming part of sanction of restructuring, the Company suffered huge losses.

While all lenders who are members of the consortium of banks having restructured the facilities of the Company were in the process of giving effect to sanction of restructuring, the Company has recently been informed by the lead bank that some of the lenders to the consortium have recalled the sanction of restructuring and recalled the loans, and have demanded repayment of entire dues within 10 days, and in the event of failure of the Company to pay dues within the unrealistic period of 10 days, are contemplating taking action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Company has no knowledge of termination of Master Restructuring Agreement by the lenders, and all actions taken by lenders are unilateral. In the circumstances, the conduct of the lenders has caused and is continuing to cause losses to the Company.

Without prejudice to the rights and claims that the Company has against the lenders in the matter, the Company though disputing the outstanding balances and charge of interest, the Company has accounted the same on the basis as accounted in earlier years.

**35 In the opinion of the Management, save and except recoverability and reliability of inventories being determinable at the time they are put to use by the Company, the realizable value of current assets in the ordinary course of business will not be less than their value stated in the Balance Sheet.**

**36 Figures and words in brackets pertain to previous year unless otherwise indicated.**

Signature to the above notes which form an integral part of the Balance Sheet and the Statement of Profit and Loss.

Place: Chandigarh  
Date: 20.07.2013

Sd/-  
Rajiv Goyal  
Managing Director

Sd/-  
Alka Goyal  
Executive Director

**Auditor's Report on the Consolidated Financial Statements**

**To**  
**The Board of Directors of**  
**Surya Pharmaceutical Limited**

1. We have audited the attached Consolidated Balance Sheet of Surya Pharmaceutical Limited and its Subsidiaries as at 31<sup>st</sup> March, 2013 and the consolidated Profit and Loss Account and the consolidated Cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the financial statement of subsidiary namely Surya Healthcare Limited.
4. We have not audited the financial statements of three overseas subsidiaries included in the consolidated financial results whose financial statement reflects total assets of Rs. 63.39 Crores ( PY. Rs.58.86 Crore) as at March 31, 2013; as well as the total revenue of Rs. 15.14 crores (PY Rs.24.82 Crores) for the year ended March 31, 2013. Our opinion is solely based on the management certificate provided to us.
5. The provision for employee benefit has been provided on accrual basis and no actuarial valuation certificate has been obtained as required by AS15.
6. Managerial Remuneration paid to Directors in FY 2011-12 has exceeded the limit as prescribed in the Companies Act, 1956. The Company sought approval from Central Government for condonation of excess remuneration. The same is still pending.
7. Attention is invited to restructuring of facilities carried out by lenders to the Company in January, 2013, followed by recall of loan notice issued by some of the lenders. At this stage, It is not possible to evaluate the effect of the outcome of aforesaid notice of recall.
8. The liabilities for rent, electricity and telephones expenses of stores are under dispute with landlords and not provided for in the books of account by the Company. We are of the opinion that loss of the Company during the year is understated by Rs. 431.37Lacs.
9. The Board of Directors of the Company since June 15, 2013 comprises of 2 persons, which is less than the minimum number of Directors statutorily required in case of a public Company, and is a contravention of section 252 of the Act. The Whole time Secretary mandatorily required to hold office under section 383A of the Act is not in office since from May 28, 2013, which is a contravention of the said section. As on date, there is no person in employment of the Company except its Managing Director and Executive Director.  
Without qualifying attention is drawn to the following:
  - A) Note no.1(C) the company regarding sale of pledged shares by IFCI.
  - B) Note no 29(g) regarding appointment of provisional liquidator for Surya Healthcare Limited one of the subsidiary, appointed by Delhi High Court.
  - C) Note no 34 regarding corporate debt restructuring.
10. We report that the consolidated financial statements have been prepared by Group's management in accordance with the requirement of Accounting Standard 21 –Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules 2006.
11. On the basis of the information and explanation given to us, we are opinion that the attached Consolidated Financial Statement together with the notes thereon and attached thereto, subject to note 4 to 9 above, give, a true and fair view.
  - i. In the case of the Consolidated Balance Sheet of the State of affairs of the Group as at 31<sup>st</sup> March, 2013.
  - ii. In the case of the Consolidated Profit and Loss Account, of the Consolidated profit of the group for the year ended on that date; and
  - iii. In the case of Consolidated Cash Flow Statement, of the Consolidated cash flows for the year ended on that date

**Place: Chandigarh**  
**Date: 22.07.2013**

**For AAD & Associates**  
**Chartered Accountants**  
**Sd/-**  
**Shamsher Singh**  
(Prop)  
M.NO. 083898  
FRN -0202624N

**SURYA PHARMACEUTICAL LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

(Amount in Rs.)

	Notes	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a) Share capital	1	248,052,439	248,052,439
b) Reserves and surplus	2	(1,055,333,614)	2,031,907,355
c) Share Application Money		23,392,881	2,252,000
d) Minority interest		(155,243,637)	(14,207,634)
		<u>(939,131,931)</u>	<u>2,268,004,160</u>
<b>3 Non Current Liabilities</b>			
a) Long term borrowings	3	3,840,886,241	3,106,744,035
b) Deferred tax liabilities (Net)	4	-	-
c) Other long term liabilities	5	183,775,318	222,005,989
d) Long term provisions	6	4,705,739	34,730,269
		<u>4,029,367,298</u>	<u>3,363,480,293</u>
<b>4 Current Liabilities</b>			
a) Short term borrowings	7	16,632,268,630	14,756,919,246
b) Trade payables	8	337,277,928	774,630,005
c) Other current liabilities	9	1,429,742,088	1,720,246,309
d) Short term provisions	10	4,210,946	9,411,330
		<u>18,403,499,592</u>	<u>17,261,206,890</u>
<b>Total</b>		<u><b>21,493,734,959</b></u>	<u><b>22,892,691,343</b></u>
<b>II. ASSETS</b>			
<b>1 Non Current Assets</b>			
<b>a) Fixed Assets</b>			
i) Tangible assets	11	7,132,089,772	7,731,494,402
ii) Intangible assets		105,679,542	153,218,481
iii) Capital work in progress		188,513,961	182,435,406
Fixed Assets		<u>7,426,283,275</u>	<u>8,067,148,289</u>
Goodwill		29,655,928	22,744,428
b) Non current investments	12	547,412,450	588,560,775
c) Deferred tax assets (Net)	4	2,552,972,231	1,110,818,403
d) Long term loans and advances	13	1,026,088,985	858,928,983
e) Other non current assets	14	-	-
		<u>4,156,129,594</u>	<u>2,581,052,589</u>
<b>2 Current Assets</b>			
a) Current Investments	12	-	2,046,275
b) Inventories	15	6,390,218,475	8,318,348,048
c) Trade receivables	16	2,258,210,109	2,503,649,726
d) Cash and bank balances	17	81,322,366	159,914,394
e) Short term loans and advances	18	702,698,166	830,624,514
f) Other current assets	19	478,872,976	429,907,509
		<u>9,911,322,092</u>	<u>12,244,490,465</u>
<b>Total</b>		<u><b>21,493,734,959</b></u>	<u><b>22,892,691,343</b></u>

Significant Accounting Policies  
Notes to Financial Statements

A  
1 - 36

The accompanying notes are an integral part of the financial statement.  
For and on behalf of the Board

As per our Report of even date attached  
For AAD & Associates  
Chartered Accountants  
Sd/-  
Shamsher Singh  
Proprietor

Sd/-  
Rajiv Goyal  
Managing Director

Sd/-  
Alka Goyal  
Executive Director

Place: Chandigarh  
Date: 22.07.2013



**SURYA PHARMACEUTICAL LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

(Amount in Rs.)

	Notes	YEAR ENDED 31-Mar-13	YEAR ENDED 31-Mar-12
<b>I</b> Revenue from operations	<b>20</b>	904,442,138	17,492,112,320
<b>II</b> Other Income	<b>21</b>	(168,966,319)	(365,485,307)
<b>III Total revenue (I + II)</b>		<b>735,475,819</b>	<b>17,126,627,013</b>
<b>IV</b> Expenses			
Cost of material consumed	<b>22</b>	1,005,139,228	16,849,213,967
Changes in inventories of finished goods, work in process and stock in trade	<b>23</b>	-	598,234,659
Other manufacturing expenses	<b>24</b>	49,731,478	387,191,705
Employee benefit expenses	<b>25</b>	139,283,075	574,670,052
Finance cost	<b>26</b>	2,178,636,572	1,732,360,500
Depreciation and amortisation expense	<b>11</b>	683,493,951	393,465,467
Other expenses	<b>27</b>	376,699,759	921,326,573
<b>Total expenses</b>		<b>5,451,941,605</b>	<b>21,456,462,923</b>
<b>V (Loss) before exceptional and extraordinary Items and tax (III - IV)</b>		<b>(4,716,465,786)</b>	<b>(4,329,835,910)</b>
<b>VI</b> Exceptional Items		-	-
<b>VII (Loss) before extraordinary Items and tax (V - VI)</b>		<b>(4,716,465,786)</b>	<b>(4,329,835,910)</b>
<b>VIII</b> Extraordinary items	<b>28</b>	179,295,174	-
<b>IX (Loss) before tax (VII - VIII)</b>		<b>(4,895,760,960)</b>	<b>(4,329,835,910)</b>
<b>X</b> Tax expense			
Current tax		-	-
Deferred tax	<b>4</b>	(1,441,903,912)	(1,281,979,475)
Tax of earlier year		(127,080,876)	-
<b>XI (Loss) after tax from continuing operations (IX - X)</b>		<b>(3,326,776,172)</b>	<b>(3,047,856,435)</b>
Less : Minority Interest - SHL		(129,138,213)	27,317,545
Minority Interest - Medimart		(11,897,790)	(13,109,911)
<b>XII (Loss) for the period after Minority Interest</b>		<b>(3,185,740,169)</b>	<b>(3,033,648,801)</b>
<b>XIII</b> Prior Period Items		-	-
<b>XIV</b> Proposed Dividend (Including DDT)		-	6,551,575
<b>XV</b> Balance transfer to General Reserve		(3,185,740,169)	(3,040,200,376)
<b>XII Earnings per equity share [nominal value of Rs.1 (Rs.1) each]</b>			
a) Basic		<b>(12.84)</b>	<b>(12.26)</b>
b) Diiuted		<b>(12.84)</b>	<b>(12.26)</b>
<b>Significant Accounting Policies</b>	<b>A</b>		
<b>Notes to Financial Statements</b>	<b>1 - 36</b>		

The accompanying notes are an integral part of the financial statement.  
For and on behalf of the Board

As per our Report of even date attached.  
For AAD & Associates  
Chartered Accountants  
Sd/-  
Shamsher Singh  
Proprietor

Sd/-  
Rajiv Goyal  
Managing Director

Sd/-  
Alka Goyal  
Executive Director

Place: Chandigarh  
Date: 22.07.2013

**SURYA PHARMACEUTICAL LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2013**

PARTICULARS	AMOUNT AS AT 31.03.2013	AMOUNT AS AT 31.03.2012
<b>Cash Flow From Operating Activites</b>		
Net profit before Tax & Extra Ordinary items	(3326776172)	(4329835910)
Adjustments for :		
Depreciation(Net)	683493951	393465647
Misc. Expenditure W/Off	35620671	14557855
Interest On Borrowings (WIP)	2178636572	1732360500
Interest / Dividend Received	(8630176)	(6464013)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(437655154)</b>	<b>(2195915921)</b>
Adjustments for :		
(Increase)/Decrease in Current Assets	2252530071	3171711627
Increase / (Decrease) in current Liabilities	(860137558)	210925348
Increase / (Decrease) in non-current Liabilities	(68255201)	-
(Increase)/Decrease in Long Term Loans & Advances	(167160002)	(849523895)
Working Capital Borrowings	1875349384	3513161727
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2594671540</b>	<b>3850358886</b>
Direct Taxes Paid/Deferred Tax Assets(Net)	(1441903912)	(193604496)
<b>CASH GENERATED BEFORE EXTRA-ORDINARY ITEMS</b>	<b>1152767628</b>	<b>3656754390</b>
Extra-Ordinary Items	179295174	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1332062802</b>	<b>3656754390</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(90167876)	(1310021497)
Sale of Fixed Assets	-	7148560
Purchase of Investments	-	(503354895)
Sale of Investments	2046275	-
Increase in Goodwill	-	694820
Misc. Expenditure	-	-
Inter Corporate Deposits	-	-
Interest Received	8629876	6393285
Dividend Received	300	70728
Insurance Claim Received	-	-
Misc Income	-	-
Profit on Derivatives	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(79491425)</b>	<b>(1799068999)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / Decrease In Reserves	92190081	104500000
Proceeds from Issue of Share Capital	-	27799999
Share Application Money Received	21140881	(74408000)
Proceeds from Long Term Borrowings	734142206	(180162022)
Interest Paid	(2178636572)	(1732360500)
Subsidy Received	-	2500000
Dividend Paid	-	(6551575)
<b>NET CASH PAID IN FINANCING ACTIVITIES ( C )</b>	<b>(1331163404)</b>	<b>(1858682098)</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS ( A+B+C )</b>	<b>(78592027)</b>	<b>(996707)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>159914394</b>	<b>160911101</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD</b>	<b>81322366</b>	<b>159914394</b>

For and on behalf of the Board

For AAD & Associates  
Chartered Accountants

Sd/-  
**Rajiv Goyal**  
Managing Director

Sd/-  
**Alka Goyal**  
Executive Director

Sd/-  
**Shamsher Singh**  
Proprietor

We have examined the attached cash flow statement of Surya Pharmaceutical Limited for the period ended March 31, 2013. The statement has been prepared by the Company in accordance with the requirements of the Accounting Standard 3 and is based on and derived from the audited accounts of the Company for the period ended March 31, 2013.

Place: Chandigarh  
Date: 22.07.2013

## **Notes to Consolidated Financial Statement as at and for the year ended March 31, 2013**

### **A. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of Consolidation**

The consolidated financial statement relates to Surya Pharmaceutical Limited (the company) and its subsidiaries (the group). The consolidated financial statements have been prepared in accordance with Accounting standard 21 "Consolidated Financial statement" specified in the companies (accounting standard) rules, 2006 notified by the central government in the terms of section 211 (3C) of the Companies Act, 1956.

#### **2. Principle of Consolidation**

- a) The Consolidated financial statements have been combined on a line by line basis by adding book value of like items of assets, liabilities, income & expenses of subsidiary companies after eliminating intra group balance/transaction and unrealised profits in full. The amounts shown in respect of reserve comprise the amount of relevant reserves as per the balance sheet of Parent Company & its share in the relevant reserves of consolidated entities.
- b) Excess of cost to the company of its investment in the subsidiary company is recognised in the financial statements as goodwill & excess of company's share of equity and reserves of the subsidiary company over the cost of acquisition is treated as capital reserve. the consolidated financial statements are presented, to the extent possible, in the same format as that adopted by Parent company.

#### **3. Basis for preparation of financial statements**

- a) The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material aspects with the accounting standard notified under the Companies (Accounting Standard) Rules, 2006 as amended and the relevant provision of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on accrual basis.
- b) Figures have been taken to nearest rupee.
- c) Previous year figures have been re-grouped and re-arranged wherever considered necessary.

#### **4. Fixed Assets and Depreciation**

- a) Fixed Assets have been stated at original cost less depreciation.
- b) Depreciation has been provided during the year on straight line method at revised rates, vide Notification GSR No. 756 E Dated: 16.12.93, as non continuous process pro-rata on triple shift basis as per schedule XIV to the Companies Act, 1956.

#### **5. Valuation of Inventories**

Raw materials have been valued at cost or market price, whichever is less, Work in progress and other miscellaneous stocks have been valued on estimated basis. In respect of finished goods and work in Progress, applicable manufacturing overheads and other cost incurred in bringing the items of inventory to their present location and condition are also included. Finished goods have been valued at cost inclusive of the provision of excise duty thereon, in accordance with the guidance note on accounting treatment for excise duty issued by the Institute of Chartered Accountants of India & other professional pronouncements. However, the same has no effect on the profits for the year.

#### **6. Investments**

Trade investments are the investments made to enhance the Company's business interests. Investment in subsidiaries and others are stated at cost. Investments that are intended to be held for more than a year from the date of acquisition are classified as long term investments and are stated at cost. Provision is made to recognise other than temporary decline in the value of investments ascertained on impairment analysis of an investment. In cases where impairment analysis reflects

complete erosion of value of investment, the same is carried at nominal / face value of investment. Investments other than long term investments, being current investments, are valued at lower at cost and fair value.

On disposal of an investment the difference between its carrying amount and net disposal proceeds is accounted in the statement of Profit and Loss Account.

#### **7. Revenue Recognition**

- a) Sales are stated net of returns, inclusive of excise duty, job work charges , export incentives and mercantile sales.
- b) Dividend income has been accounted for on receipt basis.
- c) Export benefits are accounted for on accrual basis.

#### **8. Foreign Exchange Transactions**

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The resultant gain/loss, if any, is recognized in the Statement of Profit and Loss, except exchange differences on liabilities incurred for acquisition of fixed assets, which are adjusted to the carrying amounts of respective liabilities and assets. Non-monetary assets and related to foreign currency transactions are reported at the rate on the date of the transaction.

#### **9. Employees Benefits**

- a) The Contribution to the Provident Fund, under the defined contribution plans are charged to revenue.
- b) The accrued liability towards gratuity has been calculated at Rs.25.01 lacs on accrual basis (Rs.136.27lacs) and has been provided upto 31st March 2013.
- c) The leave encashment has been provided amounting to Rs 22.75 lacs (Rs.77.64 lacs) upto 31st March 2013.

#### **10. Taxes on income**

Current tax provision is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements, carrying amounts of existing assets and liabilities and their respective tax bases and carry forwards of operating loss. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next, are recognized in the Statement of Profit and Loss in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statement of Profit and Loss in the year of change.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognized only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

Changes in provision for taxes arising in subsequent years are accounted as 'Adjustment of taxes of earlier years' in Profit and Loss Account of the year in which the adjustment is effected in books of account.

#### **11. Earnings per share**

In determining earnings per share, the Company considers the net profit after tax for the year attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds available, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

#### **12. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a

non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**13. Provisions, Contingent liabilities and Contingent assets**

A provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**14. Apportionment of Indirect Expenses**

Indirect expenses incurred by the company have been apportioned amongst all the units, on the following basis:

Fixed administrative expenses - on the basis of sales value; Export expenses - on the basis of exports value; Other expenses - on the basis of sales value.

**15. Miscellaneous Expenditure**

Deferred Revenue expenses are written off over a period of 5 years.

**16. Cash and cash equivalents**

In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013**

(Amount in Rs.)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
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**1 SHARE CAPITAL**

**Authorised**

1,000,000,000 (1,000,000,000) Equity Shares of Rs. 1/- (Rs. 1/-) each 1,165,588,137 1,164,761,428

SHL-15000000 (15000000) Equity Shares Of Rs. 10/- (Rs. 10/-) each

SBP- 1000 (1000) Common Stock of \$ .01 (.01) each

SPI- 10000 (10000) Shares of \$ 1 (1) each

SPI- 500 (500) Preferred Stock of \$ .01(.01) each

SPSPL - 281080 (281080) Shares of \$ 1(1) each

**Issued, subscribed, and fully paid up**

202,752,380 (202,752,380) Equity Shares of Rs. 1/- (Rs. 1/-) each fully paid up 248,052,439 248,052,439

SHL-10710006 (10710006) Equity Shares Of Rs. 10/-(Rs.10/-) each

SBP- 1000(1000) Common Stock of \$ .01 (.01) each

SPI- 10000 (10000) Shares of \$ 1 (1) each

SPI- 500(500) Preferred Stock of \$ .01(.01) each

SPSPL - 281080 (281080) Shares of \$ 1(1) each

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**

**Surya Pharmaceutical Ltd.**

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Number of shares outstanding at the beginning of the year	202,752,380	202,752,380	192,752,380	192,752,380
Shares Issued on conversion of share warrants			10,000,000	10,000,000
Number of shares outstanding at the end of the year	<b>202,752,380</b>	<b>202,752,380</b>	<b>202,752,380</b>	<b>202,752,380</b>

**Surya Healthcare Ltd.**

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Number of shares outstanding at the beginning of the year	10,710,006	107,100,060	6,500,006	65,000,060
Shares Issued on conversion of share warrants			4,210,000	42,100,000
Number of shares outstanding at the end of the year	<b>10,710,006</b>	<b>107,100,060</b>	<b>10,710,006</b>	<b>107,100,060</b>

**b) Terms/rights attached to equity shares**

The Company has one class of equity share having a par value of Rs. 1/- per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend proposed by the Board of Directors, which distribution is subject to approval of shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

**c) Details of shareholders holding more than 5% shares in the Company**

**Surya Pharmaceutical Ltd.**

	As at March 31, 2013		As at March 31, 2012	
	Number	% holding	Number	% holding
<b>Equity Shares of Rs.1/- each fully paid up:</b>				
a) Alka Goyal	75,991	0.04%	20,804,570	10.26%
b) Futuristics Garments Pvt. Ltd.	24,787,180	12.23%	24,787,180	12.23%
c) Dynamic Finvest Services Pvt. Ltd.	18,860,809	9.30%	21,250,000	10.48%
d) Creative Capital Services Ltd.	16,362,433	8.07%	15,830,000	7.81%

Mrs. Alka Goyal had pledged entire shares held by her in the Company in favour of IFCI Ltd. to part secure the loan disbursed by IFCI Ltd. to Ess Ess Exim Pvt. Ltd. (EEPL), a company part of group of promoters of the Company. On default in repayment of loan by EEPL, IFCI invoked the pledge and sold 20728579 shares of the Company held by Mrs. Alka Goyal, resulting in reduction of her shareholding. The amount realised on such sale of pledged shares has been adjusted by IFCI against loan outstanding for payment by EEPL to IFCI, which adjustment is disputed by the Company and Mrs. Alka Goyal. For reasons that the enforcement of pledge and sale of shares of Mrs. Alka Goyal by IFCI Ltd. was wrongful and illegal, which sale on an appeal filed by her, was stayed by the Hon'ble Debt Recovery Appellate Tribunal, Mrs. Alka Goyal has since filed an application before the said Hon'ble Tribunal to seek its leave to file a claim for compensation of losses suffered by her due to wrongful and illegal actions of IFCI Ltd.

**Surya Healthcare Ltd.**

	As at March 31, 2013		As at March 31, 2012	
	Number	% holding	Number	% holding
<b>Equity Shares of Rs.10/- each fully paid up:</b>				
a) Mr. Rajiv Goyal	1,467,001	13.70%	1,467,001	13.70%
b) Mrs. Alka Goyal	574,001	5.36%	574,001	5.36%
c) Surya Pharmaceutical Ltd.	6,180,000	57.70%	6,180,000	57.70%
d) Ess Ess Exim Pvt. Ltd.	2,489,000	23.24%	2,489,000	23.24%

PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>2 RESERVE AND SURPLUS</b>		
<b>a) Share premium</b>		
Opening balance	1,663,363,992	1,558,863,992
Addition during the year*	-	104,500,000
Closing balance	1,761,863,992	1,663,363,992
*Premium on conversion of convertible share warrants into equity shares @ Rs. 60 per share		
<b>b) State subsidy</b>		
Opening balance	2,500,000	2,500,000
Addition during the year	-	-
Closing balance	2,500,000	2,500,000
<b>c) Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening balance	366,040,182	3,406,240,559
Addition during the year	(3,185,740,169)	(3,040,200,376)
Closing balance	(2,819,699,987)	366,040,182
<b>d) General Reserve</b>	2,381	3,181
<b>Total</b>	<b>(1,055,333,614)</b>	<b>2,031,907,355</b>
<b>3 LONG TERM BORROWINGS</b>		
<b>i) Secured</b>		
<b>Term Loans</b>		
- From banks	3,364,596,774	2,320,398,591
- From others	188,990,381	-
	3,553,587,155	2,320,398,591
<b>ii) Unsecured</b>		
Deferred payment for acquisition of fixed assets	60,691,006	60,753,934
Deposits from others	79,608,080	92,776,753
Other unsecured borrowings	147,000,000	632,814,757
	287,299,086	786,345,444
<b>Total</b>	<b>3,840,886,241</b>	<b>3,106,744,035</b>

**Note:** Provision for interest on loan taken from Reiligare Finvest Ltd., iFCI Factors Ltd., India Factoring and Finance Solution Pvt. Ltd., First Leasing Company of India Ltd. & Other Unsecured Borrowings has not been made, as the Company intends to initiate discussions for settlement with the lenders.

- a) Excluding Current Maturities of Term Loans of Rs.123.85 crs of SPL.
- b) SPL Term loans are secured by first Pari-Passu charge over the entire current assets including slow moving current assets and entire fixed assets of the Company and are co-terminally secured by mortgage of House no.64, Sector 9-A, Chandigarh owned by Mr. Rajiv Goyal and Smt. Aika Goyal, Promoter Directors of the Company.
- c) SHL - Term loans of the Company are primarily secured by first charge over the entire fixed assets of the company and second charge on current assets of the Company and are co-terminally secured by way of Equitable Mortgage of H No - 1232, Sector- 18C, Chandigarh owned by Mr. Rajiv Goyal Promoter director of the company & land located at Village Shahpur Chohian, Chandigarh. Bank has classified our A/c as NPA so whole amt of Term Loans from Banks of Rs.56.03 crs is in default.
- d) Personal guarantee of Mr. Rajiv Goyal and Mrs. Aika Goyal, Promoter Directors of the Company.
- e) Corporate guarantee of the group companies of the Company (yet to be created) till the time they are sold off as per the restructuring package.
- f) The Directors of the Company, namely, Mr. Rajiv Goyal and Mrs. Aika Goyal, have executed personal guarantees in favour of Company's lenders to guarantee the borrowings, Aggregate amount of loans borrowed by the Company guaranteed by its directors, i) Mr. Rajiv Goyal - Rs. 203080 lacs and ii) Mrs. Aika Goyal - Rs. 203080 lacs.
- g) Deferred payment for acquisition of fixed assets are secured by the respective assets financed by them.
- h) Other loans and advances are taken on long term basis from the parties not related with the directors
- i) Deposit from other exclude current maturities of deposits taken from the public of Rs. 0.81 lacs.
- j) Deposits from others include suppliers deposits of Rs. 0.87 crores taken from the distributors and C & F agents of the Company.
- k) Other unsecured borrowing are inter corporate deposits secured by way of Post dated cheques.
- l) Some of the banks have not provided the bank statements, their balances are taken as appearing in books of accounts of the company, these balances are subject to reconciliation.
- m) Others includes Loan taken from Reiligare Finvest Ltd. having maturity of 10 years, bii discounted from iFCI Factors Ltd. and India Factoring and Finance Solution Pvt. Ltd.
- n) Long Term Debts are having maturity of 3-4 years, however, Bank has recalled the loans vide its letter dated 15.07.2013

(Amount in Rs.)		
PARTICULARS	As at March 31, 2013	As at March 31, 2012
<b>4 DEFERRED TAX</b>		
<b>Deferred tax liabilities</b>		
i) On account of depreciation	(27,307,447)	235,555,126
ii) On account of Dividend Recvd u/s 10(34)	300	-
<b>Deferred tax assets</b>		
i) On account of retirement benefits	(7,663,442)	(2,745,286)
ii) On account of Profit/(Loss) during the year	4,407,785,562	(4,329,835,910)
iii) On account of disallowance U/s 40 (a) (ia)	17,404,000	
Net Deferred Tax Liabilities/(Assets)	4,444,833,267	3,504,720,891
Tax Impact	1,441,903,912	1,132,511,994
Amount Brought forward from previous year	(1,111,068,319)	171,161,071
Total Deferred Tax Liabilities(Assets)	<u>(2,552,972,231)</u>	<u>(1,110,818,403)</u>

The Company considers with reasonable certainty that it will be able to earn profit in coming years and accordingly, has recognised deferred tax assets on accumulated losses and unabsorbed depreciation during the year.

<b>5 OTHER LONG TERM LIABILITIES</b>		
a) Trade payables	-	-
b) Others (are related to liabilities on capital contracts)	183,775,318	222,005,989
	<u>183,775,318</u>	<u>222,005,989</u>

Balances are subject to reconciliation.

<b>6 LONG TERM PROVISIONS</b>		
a) Employee benefits	4,705,739	31,640,269
b) Provision for excise duty on finished goods stock	-	3,090,000
	<u>4,705,739</u>	<u>34,730,269</u>

- i) SPL - Long term provision of employee benefits relates to gratuity and earned leave.
- ii) SHL - There is no employee working in the company as on 31.03.2013 so no provision has been made during the year for gratuity & earned leave.
- iii) Excise duty on closing stock of finished goods has been provided at applicable rate according to Section 145A of IT Act & taken in value of stock. This does not effect the Profit/Loss of the company.



PARTICULARS	(Amount in Rs.)	
	As at March 31, 2013	As at March 31, 2012
<b>SHORT TERM BORROWINGS</b>		
<b>(Secured)</b>		
a) <b>Loans repayable on demand</b>		
- From Banks	16,632,268,630	14,752,988,544
- From Others	-	3,930,703
	16,632,268,630	14,756,919,246
i) SPL Short term borrowings are secured by first Pari-Passu charge over the entire current assets including slow moving current assets and entire fixed assets of the Company and are collaterally secured by mortgage of House no.64, Sector 9-A, Chandigarh owned by Mr. Rajiv Goyal and Smt. Alka Goyal, Promoter Directors of the Company.		
ii) SHL - Short Term borrowings of the Company are primarily secured by first charge on current assets of the company and second charge on fixed assets of the Company and are collaterally secured by mortgage of H No - 1232, Sector- 18C, Chandigarh owned by Mr. Rajiv Goyal Promoter director of the company & land located at Village Shahpur Chollian, Chandigarh. There is no DP available against Working Capital Limits, Bank has classified our A/c as NPA so total outstanding is to be treated as amt in default.		
iii) MIPL - Short term borrowings of the Company are secured by 1st charge over the entire current assets of the company, 2nd charge on entire fixed assets of the company & are collaterally secured by equitable mortgage of land located at Hobli, Bangalore & House located at Lakshminagar, Hyderabad. There is no DP available against Working Capital Limits, Bank has classified our A/c as NPA so total outstanding is to be treated as amt in default.		
iv) SPL & SHL - Personal Guarantee of Mr. Rajiv Goyal and Mrs. Alka Goyal, Promoter Directors of the Company.		
v) MIPL - Personal Guarantee of Mr. D. Sudhakar Reddy, Mr. P. Chaitanya, Dr. Reddeppa Reddy, Mr.D. Prabhakar Reddy & Smt. N. Bharathi Erstwhile Directors of the Company.		
vi) Corporate guarantee of the group companies of the Company (yet to be created) till the time they are sold off as per the restructuring package.		
vii) The Directors of the Company, namely, Mr. Rajiv Goyal and Mrs. Alka Goyal, have executed personal guarantees in favour of Company's lenders to guarantee the borrowings, Aggregate amount of loans borrowed by the Company guaranteed by its directors, i) Mr. Rajiv Goyal - Rs. 203080 lacs and ii) Mrs. Alka Goyal - Rs. 203080 lacs.		
viii) Some of the banks have not provided the bank statements, their balances are taken as appearing in books of accounts of the Company, these balances are subject to reconciliation.		
<b>8 TRADE PAYABLES</b>		
a) - For Raw Material	209,557,742	652,112,332
b) - Others	127,720,186	122,517,673
	337,277,928	774,630,005
<p>The Company has not received any information from any of the suppliers of their being a Micro, Small and Medium Enterprises Unit under Micro, Small and Medium Enterprises Development Act, 2006. Hence, amount due to Micro and Small Scale Enterprises outstanding as on March 31, 2013 is not ascertainable.</p> <p>Other trade payables relates to consumables, packing material and fuel suppliers. Balances are subject to confirmation.</p>		
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current maturities of long term debts	1,238,516,940	1,115,892,463
b) Share application money received for allotment of equity shares under warrants	48,125,000	48,125,000
c) Other payables	143,100,148	556,228,846
	1,429,742,088	1,720,246,309
9.1 SHL - Current Maturities of Long Term Debts is taken as NIL because Banks have recalled the loans so whole amt is repayable on demand.		
9.2 Other Payables includes Statutory dues like PF, ESI & TDS (out of which some amt is still outstanding) & expenses payable like Salary Payable, Rentals & other Misc. Liabilities.		
<b>10 SHORT TERM PROVISIONS</b>		
a) Employee Benefits	4,210,946	9,411,330
<p>Short term provisions for employee benefits relates to bonus and performance incentive for employees .</p>		

## 11 FIXED ASSETS

Fixed Assets includes assets held for R & D Purposes of the company.

Intangible assets relates to Deferred revenue expenditure incurred with respect to brand promotion and other long term activities and also includes Preiminary Expenditure.

SHL - CWiP includes amt expensed on furnishing of new stores opened, capitalisation of the same is pending. All the stores on which these expenditure were incurred are non- operational, either these are in possession of landlord or company.

### CONSOLIDATED DEPRECIATION SCHEDULE AS PER COMPANIES ACT

SCHEDULE OF FIXED ASSETS AS ON 31.03.2013										SCHEDULE - VI	
Particulars	Rate of Dep	Gross Block				Depreciation				Net Block	
		Opening Bal 01.04.2012	Additions	Sale/ Transfer	Closing Balance	Opening Bal 01.04.2012	Dep on Opening Balance	Dep on Additions	Total	AS ON 31.03.13	AS ON 31.03.12
LAND		203,616,967	-	-	203,616,967	-	-	-	-	203,616,967	203,616,967
BUILDING	3.34%	1,733,616,408	-	-	1,733,616,408	86,717,406	57,299,338	-	144,016,744	1,589,799,664	1,647,099,892
PLANT & MACHINERY	10.34%	4,252,667,376	617,499	-	4,253,284,875	1,069,418,699	439,725,807	35,264	1,509,179,769	2,744,105,106	3,193,248,677
R & D ASSETS	4.75%	1,686,916,037	82,511,345	-	1,779,427,382	197,752,033	80,543,229	1,954,276	280,249,537	1,499,177,845	1,489,165,004
MISC ASSETS	4.75%	340,398,818	52,614	-	340,451,432	39,749,746	18,208,826	-	57,958,572	282,492,860	300,694,288
ELECTRICALS & FITTINGS	4.75%	319,277,587	140,002	-	319,417,589	23,482,259	15,165,685	5,539	38,653,483	280,764,106	295,795,328
COMPUTERS	16.21%	94,957,773	1,456,730	-	96,414,503	23,023,487	13,246,879	34,347	36,304,713	60,109,790	72,962,539
POLLUTION CONTROL EQUIPMENT	4.75%	41,642,504	-	-	41,642,504	12,051,113	1,978,019	-	14,029,132	27,613,372	29,591,392
FURNITURE & FIXTURES	6.33%	405,669,972	61,087	-	405,731,059	48,185,669	38,619,914	-	86,805,583	318,925,477	357,514,592
MOTOR VEHICLE	9.50%	71,172,184	31,715	-	71,203,899	18,433,322	6,851,372	-	25,284,694	45,919,205	53,184,577
LEASEHOLD IMPROVEMENTS		96,678,255	765,391	-	97,443,646	9,797,868	9,825,458	-	19,623,326	77,820,320	86,877,077
<b>SURYA BIO PHARMA/ SPL INC</b>											
TANGIBLE ASSETS		1,743,062	-	-	1,743,062	-	-	-	-	1,743,062	1,743,062
		<b>9,258,558,943</b>	<b>85,636,383</b>	<b>-</b>	<b>9,344,195,326</b>	<b>1,528,611,602</b>	<b>681,464,527</b>	<b>2,029,424</b>	<b>2,212,105,553</b>	<b>7,132,089,772</b>	<b>7,731,494,405</b>
Capital Work In Progress		182,435,405	6,378,556	300,000	188,513,961	-	-	-	-	188,513,961	182,435,405
<b>TOTAL</b>		<b>9,440,994,348</b>	<b>92,014,939</b>	<b>300,000</b>	<b>9,532,709,287</b>	<b>1,528,611,602</b>	<b>681,464,527</b>	<b>2,029,424</b>	<b>2,212,105,553</b>	<b>7,320,603,733</b>	<b>7,913,929,810</b>

## 12 INVESTMENTS

### i) NON CURRENT INVESTMENTS

Trade investment (Valued at cost)  
Unquoted equity instruments

#### a) Investment in others

i) 2,285,095 (2,285,095) equity shares of Rs. 10 (Rs. 10) each fully paid up in Emsons Organics Ltd.

Less: Diminution in value of investment

91,689,275

91,689,275

68,838,325

-

22,850,950

91,689,275

ii) 2,44,900 (2,44,900) equity shares of Rs. 10 (Rs. 10) each fully paid up in Valusource Mercantile Ltd.

2,449,000

2,449,000

iii) investment in Amershire investment Corporation & Herkuies Capital Management

522,112,500

494422500

547,412,450

588,560,775

### ii) CURRENT INVESTMENTS

Non Trade and Quoted

a) GCDB Grindlay Cash Fund

-

148,859

b) Equity Shares of Allahabad Bank

-

876,416

c) Mutual Fund-Tax Saver PNB

-

1,000,000

d) Shares of Canara Bank

-

21,000

-

2,046,275

**Aggregate amount of unquoted investments**

**547,412,450**

**588,560,775**

**Aggregate amount of quoted investments**

**-**

**2,046,275**

**Market value of quoted investments**

The Company's investments in equity of Surya Healthcare Ltd. of Rs. 16.03 crores, in Emsons Organics Ltd. of Rs. 9.17 crores, and in Surya Pharma Singapore Pte. Ltd. (Singapore) of Rs. 7.38 crores were made to achieve certain strategic objectives. The business of these investee companies are facing challenges and the companies are making efforts to reorganize their businesses. In view of complete erosion in net worth of these investee companies, the Company has provided for diminution in value of investments to the extent of amount of investment less nominal / face value of investments. The Company's investments in Surya Pharmaceutical Inc. (USA) of Rs. 0.23 crores and in Surya Bio Pharma Inc. (USA) of Rs. 1.22 crores have been stated by reducing provision for diminution in value of those investments as the business of these companies is no longer viable and no operations are being carried on by the companies.

	(Amount in Rs.)	
PARTICULARS	As at March 31, 2013	As at March 31, 2012
<b>13 LONG TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
a) Security deposits	13,387,052	9,934,509
b) Loans and advances to related parties	56,707,421	848,994,474
c) Other loans and advances	955,994,512	-
	1,026,088,985	858,928,983

13.1 Security deposit relates to deposit given to the electricity and telephone department.

13.2 Loans and advances to related parties includes advance given to subsidiary company and other group company.

**14 OTHER NON CURRENT ASSETS**

	-	-
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**15 INVENTORIES**

(As taken, valued and certified by the management)

Raw materials	394,645,756	1,290,615,206
Finished goods	184,538,126	388,179,458
Other miscellaneous stocks	55,323,905	65,914,113
Work in progress	5,755,710,688	6,573,639,271
	6,390,218,475	8,318,348,048

SPI - The Company was in a position to put to use the inventory earlier during the year, if the Lenders had released funds withheld by them out of the resources of the Company which Inventory have now become more than one year old and considered slow moving. The recoverability and realisability of the inventories will be determinable at the time the inventories are put to use by the Company.

SHL - For reasons of default on the part of the Company in adhering to the terms of lease of its premises whereat its inventories are stored, the Company is not able to gain access to those premises. The inventories, therefore, could not be physically verified for quality and quantity and accordingly, valuation thereof is basis cost of inventories as per information to the extent available with the Company. The value of inventories as stated above is subject to realisation to the extent as may be achieved at the time of disposal thereof.

**16 TRADE RECEIVABLES**

**(Unsecured, considered good)**

**- Trade receivables outstanding for a period:**

a) more than six months from the date they are due for payment	2,202,601,493	1,745,475,688
b) less than six months from the date they are due for payment	55,608,616	758,174,039
<b>TOTAL</b>	2,258,210,109	2,503,649,726

i) Recovery from an overseas debtor has become sticky due to economic crisis in its host country. The Company is in discussion with the customer and expects to recover the outstanding on restoration of supplies to the customer. Recoveries from certain overseas customers are pending for which Company has filed claims with Export Credit Guarantee Corporation.

ii) The Company has initiated legal actions for recovery of outstanding amount from its debtors, which includes recovery suits, winding up petitions, etc.

iii) The trade receivables are subject to confirmation from and/or reconciliation with parties. The Company will account the adjustments, if any, on completion of reconciliation with parties as aforesaid. Realisability of Trade Receivables will be settled once reconciliation is complete.

		(Amount in Rs.)	
PARTICULARS	As at March 31, 2013	As at March 31, 2012	
<b>17 CASH AND BANK BALANCES</b>			
<b>a) Cash and cash equivalents</b>			
i) Balances with Banks			
- In unpaid dividend accounts	569,484	575,032	
- In current accounts	20,525,821	78,799,620	
ii) Cash in hand and as imprest	8,642,449	6,361,539	
	29,737,754	85,736,191	
<b>b) Other bank balances</b>			
i) Fixed deposits*	51,584,612	74,178,203	
	81,322,366	159,914,394	

Some of the banks have not provided the Bank Statements, their balances are shown as appearing in books of the Company and their balances are subject to reconciliation/confirmation.

\* Fixed deposits includes amount given as margin money for bank guarantees, tender participation and Rs. 3.24 crores paid to Exim Bank as fees towards registered mortgage of property situated at Jammu (Registered mortgage is yet to be created).

## 18 SHORT TERM LOANS AND ADVANCES

### (Unsecured, considered good)

a) Loans and advances to employees	2,257,814	2,497,468
b) Loans and advances to related parties	18,743	9,151,521
c) Deposits/Balances with Excise/Sales Tax Authorities	389,668,609	405,129,598
d) Export incentives	270,664,120	413,845,928
e) Others	40,088,880	-
	702,698,166	830,624,515

i) Loans & advances to employees includes amt standing in the name of employees who have left the company & their Full & final is pending. Once account will be settled, this amt will be adjusted accordingly.

ii) Deposits / balances represent refunds recoverable from sales tax authorities, which are being followed by the Company with the relevant authorities. Deposits / balances with excise department pertain to cenvat credit available with the Company and refunds of excise duty / service tax.

iii) Export incentives pertain to amount recoverable from the government, value of entitlement of the Company for duty free scrips for import under Focus Market Scheme or Vishesh Krishni Yozna Scheme or Duty Exemption Pass Book Scheme, and other similar amounts pending recovery. For reasons of certain compliances pending on the part of the Company, Director General of Foreign Trade (DGFT) has issued show cause notices claiming the amounts of incentives and there have come about to be passed order/s by it for adjudication of claims against which the Company has filed appeals. The refunds sought by the Company and the value of benefits expected to be realised by the Company will be adjusted with the amounts finally determined and / or realised, if any, on this account.

iv) Security deposits include security given for leasehold premises, which is recoverable from the owner of such premises. The recoverability of such deposits will be ascertainable on reconciliation of accounts with the owner of premises and adjustment, if any, will be carried out by the Company in its books of account at such time.

## 19 OTHER CURRENT ASSETS

a) Other current assets	478,872,976	429,907,509
-------------------------	-------------	-------------

SPL - Other Current includes advances gives to parties.

SHL - Other Current Assets includes branch office balance of Rs. 1.43 crs, is subject to reconciliation & confirmation.

## 20 REVENUE FROM OPERATIONS

a) Sale of products	904,198,455	17,818,510,563
b) Sale of services	-	-
c) Other operating revenues	7,813,953	23,708,868
	912,012,408	17,842,219,431
Less: Excise duty	42,912,469	350,107,111
Export Incentives	35,342,199	-
	904,442,138	17,492,112,320

		(Amount in Rs.)	
PARTICULARS		As at March 31, 2013	As at March 31, 2012
<b>21 OTHER INCOME</b>			
a) Interest income		8,629,876	6,393,285
b) Dividend income		300	70,728
c) Net gain/loss on sale of investments		1,104,446	79,028
d) Other non operating income (net of expenses directly attributable to income)		(10,014,044)	54,102,665
e) Net gain/loss on foreign currency translation and transaction		(168,686,897)	(426,131,013)
		<u>(168,966,319)</u>	<u>(365,485,307)</u>
<b>22 COST OF MATERIAL CONSUMED</b>			
a) Raw materials consumed		985,988,590	16,792,080,618
b) Packing materials consumed		19,150,638	57,133,349
		<u>1,005,139,228</u>	<u>16,849,213,967</u>
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE</b>			
Stock at the end of the year - Work in Process		5,755,710,688	6,573,639,271
Stock at the end of the year - Finished		184,538,125	375,364,345
	(a)	<u>5,940,248,813</u>	<u>6,949,003,616</u>
Stock at beginning of the year - Work in Process		6,573,639,271	6,786,096,199
Stock at beginning of the year - Finished		385,089,458	761,142,076
	(b)	<u>6,958,728,729</u>	<u>7,547,238,275</u>
Decrease/(Increase) in inventories	(b-a)	<u>1,018,479,916</u>	<u>598,234,659</u>
<b>24 OTHER MANUFACTURING EXPENSES</b>			
a) Power and fuel		43,946,418	239,343,316
b) Consumables		398,126	69,995,325
c) Repairs and maintenance		2,225,764	50,100,612
d) Factory security expenses		2,899,486	5,699,263
e) Job work charges		198,175	21,274,487
f) Testing fees		63,509	778,702
		<u>49,731,478</u>	<u>387,191,705</u>
<b>25 EMPLOYEE BENEFITS EXPENSES</b>			
a) Salaries, wages and allowances		129,144,152	518,596,175
b) Provident fund and ESI		7,822,540	22,438,027
c) Staff welfare expenses		2,316,383	33,635,850
		<u>139,283,075</u>	<u>574,670,052</u>

		(Amount in Rs.)	
PARTICULARS	As at March 31, 2013	As at March 31, 2012	
<b>26 FINANCE COSTS</b>			
a) Interest expense:			
- On Term loans	533,353,422	433,591,499	
- On Overdrafts and other borrowings	1,627,242,463	1,246,400,624	
b) Other borrowing costs	5,123,287	34,079,694	
c) Net gain/(loss) on foreign currency transactions	12,917,400	18,288,683	
	2,178,636,572	1,732,360,500	

The banks and financial institutions from whom the Company had availed facilities had restructured the same under Corporate Debt Restructuring Forum. The lenders did not permit the use of funds withheld from operations to be utilised by the Company in line with the aforesaid sanction, and the Company was therefore, unable to fulfill certain conditions of the sanction of restructuring, all leading to failure of the restructuring scheme as sanctioned by the lenders. The Company though disputing the charge of interest, has accounted the same on the basis as accounted in earlier years.

**27 OTHER EXPENSES**

a) Remuneration to Auditors as:			
- As Statutory Auditor	200,000	465,220	
- For tax audit	224,120	100,000	
- Service tax matters	37,080	45,200	
- Others	-	300,000	
b) Donation	279,069	141,000	
c) Fees, taxes and subscription	12,797,872	8,722,197	
d) Insurance	26,235,653	36,201,224	
e) Legal and professional	42,875,569	49,936,335	
f) Loss on sale of fixed assets	-	41,074,879	
g) Miscellaneous expenses	1,854,955	12,463,372	
h) Membership fees	509,945	1,641,249	
i) Postage and telegram	556,264	3,735,972	
j) Printing and stationery	1,096,482	8,774,076	
k) Rent	78,776,960	110,558,161	
l) Telephone expenses	5,174,705	15,482,312	
m) Travelling expenses	17,023,809	63,395,669	
n) Vehicle running and maintenance	909,531	3,356,078	
o) Advertisement expenses	64,393,938	204,537,279	
p) Business promotion	3,839,827	14,551,184	
q) Carriage outward	16,971,322	35,082,529	
r) Discount	3,934,136	29,163,578	
s) Preliminary expenses written off	35,620,671	14,557,855	
t) Bank charges	37,417,878	133,531,597	
u) Hire charges	-	3,407,294	
v) Export commission	332,602	17,203,426	
w) Export expenses	1,903,933	36,379,410	
x) Commission	6,268,971	15,696,692	
y) Sundry debtors written off	-	29,943,063	
z) Repair Maintenance	1,296,259	5,017,197	
aa) Power & Fuel	6,672,103	9,514,332	
ab) Office Expenses	1,587,020	9,886,797	
ac) Consumables	210,803	6,434,149	
ad) Others	7,698,282	27,247	
	376,699,759	921,326,573	

For reasons of default on the part of the Company in adhering to the terms of lease of its premises, the Company is not able to gain access those premises. The Company has not accounted expenses of Rent - Rs. 42675367/-, Electricity - Rs. 4153456/-, Telephone - Rs.1596361/- etc., as no details in respect of inaccessible premises was available.

**28 EXTRAORDINARY ITEMS**

a) Diminution in the value of investments	179,295,174	-
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**29 CONTINGENT LIABILITIES (to the extent not provided for in books of account)**

Particulars	31.03.2013 (Rs. in lacs)	31.03.2012 (Rs. in lacs)
a) Bank guarantees given	82.30	258.01
b) Corporate guarantee given (Subsidiaries)	15,249.86	14,021.97
c) Corporate guarantee given (Agri Loan) (Axis Bank has invoked corporate guarantee on 01.07.2013 for outstanding amt of Rs.8.01 crs)	801.21	-
d) Bills discounted (FOBN)	-	746.00
e) Claims against the Company not acknowledged as debt as on 31.03.2013 in respect of:		
- Excise matters under dispute	1,196.99	2,039.51
- Sales Tax matters under dispute	1,015.25	0.00
- Service Tax matter under dispute	396.84	201.77
- Customs Act	384.80	313.27
- Foreign Trade Development Regulation Act (FTDR)	7,558.11	-
	26,685.36	17,580.53

- f) The effect of assessment of taxes by the Authorities is accounted on completion of assessments or disposal of appeals, and subject to the Company accepting the outcome.
- g) Certain creditors of the Company filed an application for winding up of the Company before the Hon'ble Delhi High Court which vide its order dated May 24, 2013 appointed Provisional Liquidator and kept the said order in abeyance for 8 weeks in case the company paid the amount claimed by the creditors in the winding up petition, failing which the winding up order be made effective. The company has not yet made payment to the creditors.
- h) The assessments of the Company have been made u/s 143(3) of the Income Tax Act, 1961 and the additions made in respect of the same have partly been allowed by the Commissioner Income Tax (Appeals) and in respect of items where no relief allowed by Commissioner Income Tax (Appeals), the Company is before the Appellate Tribunal which are still pending before the Ld. Income Tax Appellate Tribunal (ITAT). Further to the above, the Assessing Officer had preferred Appeal against the Orders of the Commissioner of Income Tax (Appeals) before the Ld. Income Tax Appellate Tribunal (ITAT) which Appeals are also pending before the Ld. Income Tax Appellate Tribunal (ITAT) pertaining to AY 2006-07 and 2007-08. However, the balance demands which arose after the Orders of the Commissioner Income Tax (Appeals) have been adjusted out of the refunds due to the Company in other Assessment Years. The adjustments of the same in the books of accounts will be made as and when the disputed additions are finalized by the Appellate authorities. There were certain search and seizer operations in the premises of the Company and its Directors in September 2010. The Assessments as were pending u/s 153A of the Income Tax Act, 1961 pertaining to six Assessment Years till AY 2010-11 as well as for AY 2011-12. The Company has a filed a petition u/s 245C of the Income Tax Act, 1961 before the Hon'ble Income Tax Settlement Commission for all the Assessment Years following within the preview of section 153A of the Income Tax Act, 1961 as aforesaid as well as for AY 2011-12 and 2012-13 which petitions are pending for disposal by the Hon'ble Income Tax Settlement Commission. The necessary adjustments will be made in the books of accounts as and when the matter is decided by the Hon'ble Income Tax Settlement Commission. The Assessing Officer has provisionally attached various immovable properties of the Company and its Directors u/s 281B of the Income Tax Act, 1961 as a precautionary measures due to the pending assessments of the Companies under Chapter XIV of the Income Tax Act, 1961.

**30 Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.**

Particulars	2012 - 13 (Rs.)	2011 - 12 (Rs.)
a) Profit/(Loss) after tax during the year	(3,185,740,169)	(3,040,200,376)
b) Weighted average number of equity shares outstanding for calculation of		
- Basic EPS	248,052,439	248,052,439
- Diluted EPS	248,052,439	248,052,439
c) Nominal value of per equity share (in Rs.)	1	1
d) Earning per share (a)/(b) (in Rs.)		
- Basic EPS	(12.84)	(12.26)
- Diluted EPS	(12.84)	(12.26)

**31 There is not more than one reportable segment of the Company, therefore information as per AS - 17 on "Segment Reporting" is not required to be disclosed.**

**32 Related Party Disclosures\*:**

Pursuant to Accounting Standards (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, following parties are to be treated as related parties along with their relationships:

**a) Name of related parties and description of relationship:**

**i) Subsidiary Companies**

M/s. Surya Healthcare Ltd.  
M/s. Surya Pharmaceutical INC. U.S.A.  
M/s. Surya pharmaceutical (singapore) INC  
M/s. Surya Bio Pharma. U.S.A INC

**ii) Step - down Subsidiary Companies**

M/s Medi Mart India Pvt. Ltd.  
M/s Family First Pharmaceutical Ltd.  
M/s Amershire Investment Corporation Ltd.  
M/s Herkules Capital Management Ltd.

**iii) Key Management Personnel (Director/Whole-time directors)**

Mr. Rajiv Goyal  
Smt. Alka Goyal

**iv) Entities over which management of the Company is having control**

M/s. Surya Healthcare Ltd.	M/s Emsons Organics Ltd.
M/s. Surya Pharmaceutical INC. U.S.A	M/s Emm Bee Fincap Pvt. Ltd.
M/s. Surya Pharmaceutical (Singapore) INC	M/s Futuristics Garments Pvt. Ltd.
M/s. Surya Bio Pharma. U.S.A INC	M/s Valuesource Mercantile Limited
M/s. Ess Ess Exim Pvt. Ltd.	M/s Nova Machino Fabrik
M/s Mediwell Healthcare Pvt. Ltd.	M/s Value Edutech Pvt. Ltd.
M/s Surya Softedge Ltd.	M/s Surya Healthway Ltd.

\* Excludes not for profit organisation wherein key management personnel are office holders and the beneficiary is public at large.

**b) The following transactions were carried out with related parties in the ordinary course of business.**

PARTY'S NAME	SALE	PURCHASE	EXPENSE REBURSEMEN	L&A Taken/(Given)	L&A (Returned)	Creditors Payment
<b>(Rs.)</b>						
<b>Subsidiary Companies</b>						
Surya Pharmaceutical (Singapore) INC	1602474	-	-	-	-	-
<b>Associates</b>						
Ess Ess Exim Pvt. Ltd.	-	-	22510	-	-	-
Mediwell Healthcare Pvt. Ltd.	-	-	31842	-825000	-	-
Emsons Organics Ltd.	-	2293570	3505112	-	-	27815974
Emm Bee Fincap Pvt. Ltd.	-	-	510	-	-	-
Futuristics Garments Pvt. Ltd.	-	-	1010	-	-	-
Value Edutech Pvt. Ltd.	-	-	155313	400000	-	-
Valuesource Mercantile Ltd.	1151074	-	69402	-20042969	8159837	-
Surya Healthway Pvt. Ltd.	-	-	-	-	47753000	-
Nova Machino Fabrik	-	-	(1391326)	-	-	27000000
	<b>2753548</b>	<b>2293570</b>	<b>2394373</b>	<b>-20467969</b>	<b>55912837</b>	<b>54815974</b>

**c) Outstanding balance as on March 31, 2013:**

Related party	As at March 31, 2013 Rs. (Dr.)	As at March 31, 2013 Rs. (Cr.)	As at March 31, 2012 Rs. (Dr.)	As at March 31, 2012 Rs. (Cr.)
<b>Subsidiary Companies</b>				
M/s. Surya Pharmaceutical (Singapore) INC	1602474	-	-	-
<b>Associates</b>				
M/s. Ess Ess Exim Pvt. Ltd.	5457896	-	5435386	-
M/s Mediwell Healthcare Pvt. Ltd.	9342648	-	8485810	-
M/s Emsons Organics Ltd	-	14178012	-	43205528
M/s Emm Bee Fincap Pvt. Ltd.	510	-	-	-
M/s Futuristics Garments Pvt. Ltd.	1010	-	-	-
M/s Valuesource Merchantile Limited	20828727	-	7725120	22163344
M/s Value Edutech Pvt. Ltd.	166360	-	411047	-
M/s Surya Healthway Pvt. Ltd.	-	1517645	-	1995175
M/s Nova Machino Fabrik	19082	-	-	25589592



**33 Additional information pursuant to provisions of Para 5 of General Instruction for the preparation of statement of Profit and Loss as per Revised Schedule VI of the Companies Act, 1956:-**

**a) Expenditure in foreign currency**

Particulars	2012-13 (Rs. In lacs)	2011-2012 (Rs. In lacs)
Traveling expenses	3.60	17.90
Exhibition expenses	16.37	22.92
Export commission	2.88	154.85
Professional Charges	18.72	-
Subscription	1.07	7.79
	42.64	203.46

**b) Earnings in foreign currency**

Export of goods	2085.41	31772.01
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**c) CIF Value of imports**

Raw material	49.41	26994.94
Capital items	-	21.52
	49.41	27016.46

**d) Raw material consumed**

Particulars	2012-13		2011-12	
	Value (Rs. in	%age	Value (Rs. in lacs)	%age
Imported	384.30	4.18%	26,994.94	16.96%
Indigenous	8,808.31	95.82%	132,149.09	83.04%
	9,192.61	100.00%	159,144.03	100.00%

Packing material consumed relates to indigenously procured materials.

**34 Note on Corporate Debt Restructuring:**

A majority of banks and financial institutions from whom the Company had availed facilities had restructured the same under Corporate Debt Restructuring Forum in January 2013 with a cut-off date as December 31, 2011. The Master Restructuring Agreement was executed between the Company and the lenders on March 31, 2013 and charges and securities to the extent required and possible were created from time to time. Certain securities and charges could not be created by the company due to subsisting order for provisional attachment of assets of the company by Income Tax Department, and order of restraint issued by Hon'ble Debt Recovery Tribunal in the matter of recovery suit filed by IFCL Ltd.

The lapse of time from December 2011 to March 2013 for no fault of the Company, and without shifting forward the cut-off date for restructuring of facilities of the Company to a realistic prospective date, coupled with lack of co-operation of the lenders during the period of over 15 months, has had a negative effect on operations of the Company.

For reasons of the lenders not permitting the use of funds withheld with them from operations of the Company and unilateral adjustment of sales recoveries towards certain accounts, which were all contrary to the terms of restructuring, prevented the Company from carrying on its operations and also not being able to fulfil certain conditions forming part of sanction of restructuring, the Company suffered huge losses.

While all lenders who are members of the consortium of banks having restructured the facilities of the Company were in the process of giving effect to sanction of restructuring, the Company has recently been informed by the lead bank that some of the lenders to the consortium have recalled the sanction of restructuring and recalled the loans, and have demanded repayment of entire dues within 10 days, and in the event of failure of the Company to pay dues within the unrealistic period of 10 days, are contemplating taking action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Company has no knowledge of termination of Master Restructuring Agreement by the lenders, and all actions taken by lenders are unilateral. In the circumstances, the conduct of the lenders has caused and is continuing to cause losses to the Company.

Without prejudice to the rights and claims that the Company has against the lenders in the matter, the Company though disputing the outstanding balances and charge of interest, the Company has accounted the same on the basis as accounted in earlier years.

**35 In the opinion of the Management, save and except recoverability and reliability of inventories being determinable at the time they are put to use by the Company, the realizable value of current assets in the ordinary course of business will not be less than their value stated in the Balance Sheet.**

**36 Figures and words in brackets pertain to previous year unless otherwise indicated.**

Signature to the above notes which form an integral part of the Balance Sheet and the Statement of Profit and Loss.

Place: Chandigarh  
Date: 22.07.2013

Sd/-  
**RAJIV GOYAL**  
Managing Director

Sd/-  
**ALKA GOYAL**  
Executive Director



**SURYA PHARMACEUTICAL LIMITED**  
**REGD. OFFICE: 1596, 1<sup>ST</sup> FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI 110006**

**ATTENDANCE SLIP**

21<sup>st</sup> Annual General Meeting : Monday, the 30<sup>th</sup> day of September, 2013

Full Name of Member : .....  
Proxy, if any : .....  
Folio No. : .....  
DP ID No. : .....  
Client ID No. : .....  
No. of Shares held : ..... Equity Shares .....

I/We hereby record my/our presence at the 21<sup>st</sup> Annual General Meeting of the Company on Monday, 30<sup>th</sup> day of September, 2013 at 9.00 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074.

.....  
Member/Proxy's Signature

Member/Proxy attending the meeting should bring the Attendance Slip and submit it at the entrance hall duly filled up and signed.

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

**SURYA PHARMACEUTICAL LIMITED**  
**REGD. OFFICE: 1596, 1<sup>ST</sup> FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI-110006**

**PROXY FORM**

FOLIO NO. : .....  
DP ID NO. : .....  
Client ID No. : .....  
No. of Shares Held : ..... Equity Shares .....

I/We.....of.....being a member/members of Surya Pharmaceutical Limited hereby appoint .....of.....as my/our proxy falling him/her .....of.....as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Monday, the 30<sup>th</sup> day of September, 2013 at 9.00 A.M. or any adjournment thereof.

Signed this ..... day of ..... 2013  
FOLIO NO. ....  
NO. OF SHARES HELD ..... SIGNATURE .....

Affix One  
Rupee  
Revenue  
Stamp

**NOTES :**

- 1. The Member (s) should sign across the revenue Stamp as per specimen Signatures.
- 2. The proxy, in order to be valid, should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the Meeting.



SURYA PHARMACEUTICAL LIMITED
REGD. OFFICE: 1596, 1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI 110006

ATTENDANCE SLIP

21st Annual General Meeting : Monday, the 30th day of September, 2013
Full Name of Member :
Proxy, if any :
Folio No. :
DP ID No. :
Client ID No. :
No. of Shares held : Equity Shares

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company on Monday, 30th day of September, 2013 at 9.00 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074.

Member/Proxy's Signature

Member/Proxy attending the meeting should bring the Attendance Slip and submit it at the entrance hall duly filled up and signed.

TEAR HERE

SURYA PHARMACEUTICAL LIMITED
REGD. OFFICE: 1596, 1ST FLOOR, BHAGIRATH PALACE, CHANDNI CHOWK, DELHI-110006

PROXY FORM

FOLIO NO. :
DP ID NO. :
Client ID No. :
No. of Shares Held : Equity Shares

I/We.....of.....being a member/members of Surya P harmaceutical Limited he reby appoint .....of.....as my/our proxy falling him/her .....of.....as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Monday, the 30th day of September, 2013 at 9.00 A.M. or any adjournment thereof.

Signed this ..... day of ..... 2013
FOLIO NO. ....
NO. OF SHARES HELD ..... SIGNATURE .....

Affix One Rupee Revenue Stamp

- NOTES :
1. The Member (s) should sign across the revenue Stamp as per specimen Signatures.
2. The proxy, in order to be valid, should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the Meeting.

**BOOK POST**  
(Printed Matter)



If not delivered, please return to :

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Empowering Life

**SURYA PHARMACEUTICAL LIMITED**

Corporate Office :  
SCO 164-165, Sector 9-C, Madhya Marg,  
Chandigarh - 160 009.