
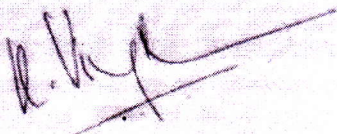
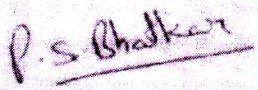



FORM A
(Pursuant to Clause 31(a) of Listing Agreement)

S.N.	PARTICULARS	DETAILS
1.	NAME OF THE COMPANY.	SANDU PHARMACEUTICALS LIMITED
2.	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 st MARCH, 2014
3.	TYPE OF AUDIT OBSERVATION	UNQUALIFIED
4.	FREQUENCY OF OBSERVATION	NOT APPLICABLE
5.	TO BE SIGNED BY:	
	MANAGING DIRECTOR	 UMESH B. SANDU
	CHAIRMAN OF AUDIT COMMITTEE	 K. VINAY KUMAR
	CHIEF FINANCIAL OFFICER (CFO)	 PRASANNA BHATKAR
	AUDITOR OF THE COMPANY JOSHI JOSHI & CO. CHARTERED ACCOUNTANTS FIRM REG. No. 104393W	 MILIND M. JOSHI PROPRIETOR MEMBERSHIP NO. 42466 Of 89



29th Annual Report

2013 - 2014







SANDU PHARMACEUTICALS LIMITED

DIRECTORS:

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

Shri. Prasanna Bhatkar Chief Financial Officer

STATUTORY AUDITORS :

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

COST AUDITORS:

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

LEGAL ADVISOR:

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

BANKERS:

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

REGISTRAR & SHARE TRANSFER AGENTS :

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

REGISTERED OFFICE :

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

CORPORATE OFFICE :

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

CIN: L24233GA1985PLC001587

29th ANNUAL GENERAL MEETING

Date : Tuesday, 30th Sept., 2014
Time : 9.00 a.m.
Venue : Plot No. 25, 26, 29 & 30
Pilerne Indl. Estate, Marra,
Bardez, Goa - 403 511.

ISNI NUMBER : INE 751D01014 (DEMAT)

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NOTICE

The TWENTY-NINETH Annual General Meeting of SANDU PHARMACEUTICALS LIMITED will be held at the Companies Registered Office at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511 on Tuesday, 30th September, 2014 at 9.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Director's Report, Auditors Report, Audited Profit & Loss Account for the year ended 31st March, 2014 and Balance Sheet as at that date.
2. To appoint a director in place of Shri. Shashank B. Sandu, who being longest in office retires by rotation in accordance with Article 129 of the Articles of Association of the Company and being eligible offers himself for re-appointment.
3. To re-appoint the Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Shri. Dilip R. Salgaoncar as an Independent Director

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

“Resolved that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, Shri. Dilip R. Salgaoncar who is eligible for retirement by rotation, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a fixed term of 5 years with effect from 1st April, 2014.”

5. Appointment of Dr. Krishna B. Deshpande as an Independent Director

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

“Resolved that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, Dr. Krishna B. Deshpande who is eligible for retirement by rotation, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a fixed term of 5 years with effect from 1st April, 2014.”

6. Appointment of Dr. Madan L. Kapre as an Independent Director

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

“Resolved that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, Dr. Madan L. Kapre who is eligible for retirement by rotation, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a fixed term of 5 years with effect from 1st April, 2014.”

7. Appointment of Shri. K. Vinay Kumar as an Independent Director

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

“Resolved that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, Shri. K. Vinay Kumar who is eligible for retirement by rotation, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a fixed term of 5 years with effect from 1st April, 2014.”

By Order of the Board of Directors

Sd/-
Umesh B. Sandu
Managing Director

Place: Mumbai

Date : 30th May, 2014

NOTES

- a) A Member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and a proxy need not be a member of the Company. A proxy form is attached herewith.
- b) The proxy form duly signed and completed in all respect should be lodged with the Company at least 48 hours before the commencement of the Annual General Meeting.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 16th September, 2014 to Tuesday, 30th September, 2014 (both days inclusive)
- d) The Members / Proxies should bring their attendance slip duly completed for attending the meeting.
- e) The Members are requested to bring their copies of the Annual Reports to the Annual General Meeting as no separate copies will be distributed at the Annual General Meeting as a measure of Economy.
- f) The Members desiring any information with regards to the Accounts are requested to send their queries to the Registered Office of the Company only, so as to reach the Registered Office at least 7 days in advance of the date of Annual General Meeting so as to enable the Company to keep the information ready.
- g) Equity Shares of the Company have been activated by dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted by both the depositories is INE 751D01014.
- h) The Equity Shares of the Company are presently listed on the Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.
- i) An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting (Item nos. 4 to 7 of the notice) is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4, 5, 6 and 7

Section 149(10) of the Companies Act, 2013 mandates the appointment of Independent Directors for a fixed term upto five consecutive years and eligibility of that Independent Directors for re-appointment for one more term of five consecutive years on passing of a Special Resolution by the Company.

Shri. Dilip R. Salgaoncar, Dr. Krishna B. Deshpande, Dr. Madan L. Kapre and Shri. K. Vinay Kumar have furnished to the Board of Directors of the Company their DIN and a declaration that they are not disqualified to become a Director under the Act.

Details of Independent Directors proposed for Appointment have been furnished as Annexure to the notice.

By Order of the Board of Directors

Sd/-
Umesh B. Sandu
Managing Director

Place : Mumbai
Date : 30th May, 2014

ANNEXURE TO THE NOTICE

Details of the directors seeking appointment / re-appointment at the 29th Annual General Meeting

[Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges]

Particulars	Shri. Dilip R. Salgaoncar	Dr. Krishna B. Deshpande	Dr. Madan L. Kapre	Shri. K. Vinay Kumar
Date of Birth	20.10.1947	23.08.1943	02.09.1951	20.11.1965
Date of Appointment	20.09.1993	14.08.2013	30.09.2006	17.07.2010
Qualification	B.E. (Chem.)	M.B.B.S.	M.B.B.S., D.L.O., F.R.C.S.	Mech. Engineer and M.B.A.
Expertise in Specific functional areas	Shri. Dilip R. Salgaoncar is a qualified engineer B.E. (Chem.) and is the Managing Director of Geno Pharmaceuticals Ltd., he has wide experience in accounting, finance, trading and is involved in pharmaceutical industry. The company is being benefited by his experience and expertise.	Dr. Krishna B. Deshpande is a Bachelor of Medicine and Surgery (M.B.B.S.) from Aurangabad Medical College. He is also a member (fellowship) of American Board of Surgery, the American College of Surgeons, Royal College of Surgeons and Surgical Association of Gastrointestinal Endoscopic Surgery. He has more than 45 years of experience in the medical field and has worked at various senior positions. He is currently attached with Hospitals in Cleveland, Ohio, U.S.A.	Dr. Madan L. Kapre is M.B.B.S., D.L.O., F.R.C.S. & practicing in Nagpur. Dr. Madan L. Kapre is having experience of more than 40 years in the field of medicine. He has held various positions panel in India, U.K. and Saudi Arabia. He has also conducted various panel discussions and lectures in India and abroad. He is also recipient of various awards.	Shri. K. Vinay Kumar is Mech. Engineer and M.B.A. from IIM (Ahmedabad) and currently pursuing a Fellowship Program in Management with thesis in the field of Marketing. He is a member of American Marketing Association, Market Research Society of India, Federation of AP Chamber of Commerce and Industry, National HRD Network.
No. of shares held in the company	NIL	NIL	NIL	NIL

DIRECTOR'S REPORT

Your Directors have pleasure to present the **TWENTY-NINTH** Annual Report on the business and operation of the Company along with the Audited Accounts for the financial year ended 31st March, 2014.

• **FINANCIAL RESULTS:-**

PARTICULARS	2013-14 (Rs. in Lacs)	2012-13 (Rs. in Lacs)
Income from continuing operations	4,022.80	3,386.11
(a) Net sales/income from operations (Net of excise duty)		
Less: Trade discount	426.72	367.19
Other income	32.68	31.65
Sales & Other Income (Total Revenue)	3,628.76	3,050.57
Total Expenditure	3,546.44	2,934.16
Net Profit before Tax	82.32	116.41
Provision for Taxation	32.70	38.45
Profit after Tax	49.62	77.97
Balance brought forward	1,037.28	959.32
Profit available for appropriations	1,086.90	1,037.28
APPROPRIATION		
Profit carried to Balance Sheet	1,086.90	1,037.28

• **OPERATIONAL/FINANCIAL RESULTS:-**

The performance of your Company for the year under review has been satisfactory. During the year Company has achieved a turnover (net of Excise Duty and Trade Discount) of Rs.3596.08 lacs as against Rs.3018.92 lacs, showing growth of Rs.577.16 lacs. The profit before tax has reduced from Rs.116.41 lacs to Rs.82.32 lacs. Net Profit after tax has reduced due to high input cost and some amount of inflationary pressure from Rs.77.97 lacs to Rs.49.62 lacs.

• **MANAGEMENT DISCUSSION AND ANALYSIS:-**

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

(a) Industry Structure & Development :

Company is engaged in the manufacture of Ayurvedic Medicines and comes under the Pharmaceutical Industry. However Ayurvedic Pharmaceutical Industry in India is progressing very slowly which may affect the Company. There is a gradual shift towards Ayurveda and more & more people are opting for Ayurvedic medicines.

(b) Opportunities and Threats :

The opportunities are existing in the Ayurvedic Industry and can be achieved through proper research and development and there is no doubt that the industry will thrive. The Company has good opportunities in the export market and it will also increase in near future. The industry needs to create general appreciation in the minds of the customers regarding Ayurveda, which will help to increase the

demand for Ayurvedic Products. There is an increase in demand for Ayurvedic Products from all the sections of the society. Also the economic policies of the Government and political situation in the country are quite favorable to the present business of the Company, but the raw material input costs are increasing on a regular basis, it has severely affected the company's profitability.

(c) Segment wise performance :

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

(d) Outlook :

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

(e) Risk and concerns :

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

(f) Internal Control Systems and their adequacy :

Your Company has put effective internal control systems into operation and is having adequate Internal Audit mechanism to monitor and review the same under the overall control and supervision of the Internal Auditor and the Audit Committee of the Independent Directors. Continuous improvements as suggested by our Internal Auditor are being implemented.

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

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

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

Your Company is constantly endeavouring to introduce Human Resource Development activities for overall improvement of its team and induction of professional manpower. Your Company has good industrial relations. Your Company has continued to maintain

good relationship with all employees at all the levels which also resulted to achieve higher production and sales.

(i) Material Financial and Commercial Transaction :

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

• **DIVIDEND:-**

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

• **DEMATERIALIZATION OF SHARES :-**

The Company has entered into an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. With this, the Members have the option to hold their shares in the Company through Demat Mode and the script is under compulsory demat. The Company has dematerialised 84.88% of its entire issued share capital and hence, those members who intend to buy or sell the company's shares are requested to dematerialise their shares at the earliest.

• **CORPORATE GOVERNANCE:-**

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

• **INSURANCE:-**

Your Company has taken adequate insurance cover for all its assets which includes Building, Plant and Machinery, Inventory against Fire, Earthquake and inclusive of SSRCC. All the Finished Stock at various locations are fully and adequately insured. Your Company also follows prudent business norms whereby all finished goods are dispatched under a valid Marine Insurance cover to any of the stocking locations, C & F and/or super stockiest wherever applicable anywhere across the country.

• **PARTICULARS OF EMPLOYEES:-**

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

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

The particulars as required under the provisions of section 217(2A) of the Companies Act, 1956 and Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto. Also as there were no transactions in connection with the import or export of any raw materials or products, hence no inflow or outflow of Foreign Exchange, thereby resulting in the inapplicability of section 217 (1) (e) of the Companies Act, 1956.

• **DIRECTORS:-**

Shri. Shashank B. Sandu, Director who retires by rotation and being eligible offers himself for re-appointment. As required, a brief resume of Shri. Shashank B. Sandu is given under separate section of Corporate Governance.

Pursuant to Companies Act, 2013 all the Independent Directors namely Shri. Dilip R. Salgaoncar, Dr. Krishna B. Deshpande, Dr. Madan L. Kapre and Shri. K. Vinay Kumar, are being appointed as Independent Directors of the Company not liable to retire by rotation, to hold office for a fixed term of 5 years.

Members are requested to consider the appointments / re-appointment favorably.

• **DIRECTORS RESPONSIBILITY STATEMENT:-**

The Directors confirm that:-

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2014 and of the profit of the Company for the year ended 31st March, 2014;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.

• **AUDITORS:-**

M/s Joshi Joshi & Company, Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The letter from the Auditor has been received to the effect that the re-appointment if made would be in accordance with the Companies Act, 2013.

You are requested to consider their re-appointment.

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

• **ACKNOWLEDGEMENT :-**

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

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

On behalf the Board of Directors

Sd/-

**Bhaskar G. Sandu
Chairman**

Place: Mumbai

Date : 30th May, 2014

• **ANNEXURE TO DIRECTORS REPORT**

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

• **CONSERVATION OF ENERGY :-**

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

	For the Year ended 31.03.2014	For the Year ended 31.03.2013
1. ELECTRICITY		
Purchased (units)	221452	225344
Total Amount Rs.	1,114,856	1,095,956
Rate/Units in Rs.	5.03	4.86
2. FUEL CONSUMED		
Quantity	67100	66820
Total Amount	3,501,697	3,334,104
Rate per litre	52.19	49.90

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:-

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

BOARD OF DIRECTORS

Composition:

The Board of Directors consists of 7 Directors. The composition and category of Directors is as follows:

Category	Name of the Directors	DIN
Promoter & Executive Director	Shri. Umesh B. Sandu	01132141
Promoter & Non Executive Directors	Shri. Bhaskar G. Sandu	02816792
	Shri. Shashank B. Sandu	00678098
Independent Directors	Shri. Dilip R. Salgaoncar	00044240
	Dr. Madan L. Kapre	03113515
	Shri. K.Vinay Kumar	02322747
	Dr. Krishna B. Deshpande	06557518

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

Board Procedure:-

During the financial year 2013-14 the Board met 8 times on the following dates, namely 30.05.2013, 15.07.2013, 14.08.2013, 14.09.2013, 15.11.2013, 10.12.2013, 14.01.2014 and 15.02.2014. The maximum time gap between any two meetings was not more than three calendar months as compared to the mandated requirement of not more than four months in clause 49.

Brief Profile of the Director seeking re-appointment at the ensuing Annual General Meeting as required to be Furnished pursuant to Clause 49 of the Listing Agreement :

Shri. Shashank B. Sandu retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. He has been associated with the Company since 1992. A brief profile of Shri. Shashank B. Sandu is given below:

Name of the Director	Shri. Shashank B. Sandu
Date of Birth	20/01/1964
Qualification	M.com, MBA (Marketing)
Expertise in specific functional area	Marketing, International Marketing & Finance
Achievements	<ol style="list-style-type: none"> 1. Special invitee to the sub-committee on Research & Industry of the steering committee of AYUSH of the 12th five year plan, Planning Commission of Government of India. 2. Member of AYUSH advisory panel of Pharmexcil. 3. Treasurer of Ayurvedic Drugs Manufacturers' Association. 4. International speaker in different countries on Ayurveda & Herbal sector.

You are requested to consider his re-appointment favorably.

Attendance record of Directors:-

The details of attendance of Directors out of a total of 8 Board meetings held during the financial year 2013-14 and at the last Annual General Meeting held on 30th September, 2013, also the number of other directorship and Chairmanship/ Membership of Committees of each Director in various Companies are depicted hereunder :-

Name of Director	Attendance Particulars		No. of Directorship/ Chairmanship/ Committee Chairmanship		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri. Bhaskar G. Sandu	8	Yes	NIL	2	2
Dr. Madan L. Kapre	8	Yes	1	2	NIL
Shri. Dilip Salgaoncar	7	Yes	2	2	1
Shri. K. Vinay Kumar	8	Yes	2	2	1
Shri. Shashank B. Sandu	8	Yes	9	1	NIL
Shri. Umesh B. Sandu	8	Yes	9	3	NIL
Dr. Krishna B. Deshpande	6	Yes	NIL	NIL	NIL

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

AUDIT COMMITTEE:-

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

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

During the year under review 5 meetings were held as against minimum requirement of 3 meetings, one of which was before finalisation of accounts. The meetings were held on 29.05.2013, 13.08.2013, 29.09.2013, 14.11.2013, 14.02.2014.

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

REMUNERATION COMMITTEE / NOMINATION & REMUNERATION COMMITTEE :-

The Remuneration Committee consists of Shri. Bhaskar G. Sandu, Shri. Dilip R. Salgaonkar (Chairman), Shri. Umesh B. Sandu and Shri. K. Vinay Kumar. The remuneration committee is responsible for determining the compensation payable to the Managing Director based on industry practice and performance of the individuals. The remuneration committee meets at periodic intervals and makes regular appraisal of their performance. The Company does not have any stock options.

The details of remuneration paid to Shri. Umesh B. Sandu the Managing Director of the Company during the year ended on 31st March, 2014. Remuneration: 17,00,000/- p.a.

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

SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE / STAKEHOLDERS RELATIONSHIP COMMITTEE:-

The Shareholders and Investors Grievance committee was constituted comprising of Shri. Bhaskar G. Sandu, Dr. Madan L. Kapre and Shri. Umesh B. Sandu to specifically look into the redressing of shareholders and investors complaints on matters relating to transfer of shares, non receipt of annual report etc. The Committee has delegated authority to Shri. Vijay Kajarekar to carry out day to day operations related to shareholders/ Investors Grievance and interaction with our R&T Agent. Further there are no complaints pending with SEBI, BSE, ASE and R&T Agent. All physical transfers as well as requests for dematerialisation / rematerialisation are processed in fortnightly cycles. The work relating to dematerialisation and / or rematerialisation is handled under the arrangements made with the connectivity by Sharex Dynamic (India) Private Limited with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Committee meets regularly.

MANAGEMENT DISCUSSION AND ANALYSIS:-

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

GENERAL BODY MEETINGS: -

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

YEAR	DAY, DATE AND TIME	VENUE
2010-2011	26th AGM held on 29th September, 2011 at 9.00 a.m.	At the Registered Office of the Company at Plot No. 25,26,29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511
2011-2012	27th AGM held on 29th September, 2012 at 9.00 a.m.	At the Registered Office of the Company at Plot No. 25,26,29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511
2012-2013	28th AGM held on 30th September, 2013 at 9.00 a.m.	At the Registered Office of the Company at Plot No. 25,26,29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511

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

(b) In ensuing 29th Annual General Meeting, no resolutions are proposed to be passed by postal ballots.

DISCLOSURES:-

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

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

MEANS OF COMMUNICATION:-

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

GENERAL SHAREHOLDER INFORMATION:-

- **Registered Office** : SANDU PHARMACEUTICALS LIMITED
Plot No.25,26,29 & 30, Pilerne Indl. Estate, Marra, Bardez, Goa - 403511
- **Corporate Office** : SANDU PHARMACEUTICALS LIMITED
Sandu Nagar, D.K. Sandu Marg, Chembur, Mumbai – 400 071.
- **Work Location** : SANDU PHARMACEUTICALS LIMITED
Plot No.25,26,29 & 30, Pilerne Indl. Estate, Marra, Bardez, Goa - 403 511.
- **Share Transfer Agent** : Sharex Dynamic (India) Private Limited,
Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.
Phone: (022)28515644/606
Fax No. (022)285112885
E mail ID: sharexindia@vsnl.com
- **Compliance Officer - Legal, Secretarial & Investor Grievances** : Shri. Vijay Kajarekar
- **Annual General Meeting (Day, Date, Time & Venue)** : Tuesday, 30th September, 2014 at 9.00 a.m. at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa – 403 511.
- **Book Closure** : Tuesday, 16th September, 2014 to Tuesday, 30th September, 2014.
- **Dividend Payment Date** : Not Applicable.
- **Listing on Stock Exchanges** : The Company’s Equity Shares are listed on :
Name of the Stock Exchange Stock Code
Bombay Stock Exchange SAND 524703 and
Ahmedabad Stock Exchange 51721.
- **Listing Fees** : Company has paid Listing Fees for the earlier financial year 2013-2014 to Bombay Stock Exchange and Ahmedabad Stock Exchange and has also paid the listing fees for the current financial year 2014-2015.
- **Market Price Data :-**

MONTH	MONTH’S HIGH PRICE (Rs.)	MONTH’S LOW PRICE (Rs.)
April, 2013	14.50	12.10
May, 2013	14.70	13.31
June, 2013	12.75	11.90
July, 2013	12.45	11.00
Aug. 2013	12.00	10.05
Sept. 2013	12.60	10.47
Oct. 2013	11.46	10.00
Nov. 2013	10.28	9.11
Dec. 2013	10.50	8.78
Jan. 2014	10.00	9.02
Feb. 2014	10.60	9.30
Mar. 2014	10.28	8.65

• **Distribution of Shareholding as on 30th June, 2014 :**

Distribution	No. of Shareholders	% of Shareholders	Total Shares	% to Total
1-500	9840	90.78	1364175	19.27
501-1000	478	4.41	406211	5.74
1001-5000	464	4.28	1042784	14.73
5001-10000	30	0.28	214856	3.03
10001-100000	20	0.18	610683	8.62
100001 & Above	8	0.07	3442291	48.61
Total	10840	100	7081000	100

• **Shareholding Pattern:-**

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

• **Dematerialisation of Shares:-**

Nearly 84.88% of total Equity Share Capital is held in dematerialised form with NSDL/CDSL.

• **Demat ISIN numbers in NSDL & CDSL for Equity Shares :**

ISIN No. : INE 751D01014

• **Share Transfer System:-**

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

• **Financial Calendar :- (tentative)**

Results for quarter ending 30th June, 2014	14th August, 2014
Results for quarter ending 30th Sept, 2014	15th November, 2014
Results for quarter ending 31st Dec, 2014	14th February, 2015
Results for quarter ending 31st Mar, 2015	30th May, 2015

DECLARATION

I hereby declare that all the directors and Senior Management personnel have as on 31st March, 2014 affirmed compliance of their respective Codes of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Place : Mumbai
Date : 30th May, 2014

Sd/-
Bhaskar G. Sandu
Chairman

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

To,
The Board of Directors of
Sandu Pharmaceuticals Limited
Dear Sirs,

1. I have reviewed the financial statements and cash flow of Sandu Pharmaceuticals Limited for the year ended 31st March, 2014. And to the best of my knowledge and belief: (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, the steps which have been taken to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
 - (i) There are no significant changes in internal control during the year,
 - (ii) There are no significant changes in accounting policies during the year; and
 - (iii) There are no instances of significant fraud of which I have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system.

Sd/-
Prasanna Bhatkar
Chief Financial Officer

Place: Mumbai
Date: 30th May, 2014

CERTIFICATE

To,
The Members of
SANDU PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Sandu Pharmaceuticals Limited, for the year ended on 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In 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 have been informed that no investor grievance is pending for the period exceeding one month against the Company as per the records maintained by the Shareholders & Investors Grievance Committee/ Stakeholders Relationship Committee.

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

For JOSHI JOSHI & CO.
Chartered Accountants

Place : Mumbai
Date : 30th May, 2014

Sd/-
M. M. JOSHI
Proprietor
M. No. 42466 of 89

Independent Auditor's Report

To
the Members of
SANDU PHARMACEUTICALS LTD.

Report on Financial Statement

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

Management's Responsibility for 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.

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.

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

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

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

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

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Joshi Joshi & Co.
Chartered Accountants
FRN: 104393W

Sd/-
M. M. Joshi
(Proprietor)

M. No. 42466 of 89

Place: Mumbai
Date: 30th May, 2014

The Annexure referred to in paragraph 1 of Our Report of even date to the members of SANDU PHARMACEUTICALS LTD. on the accounts of the company for the year ended 31st March, 2014

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

1. a) Records of Fixed Assets giving full particulars including quantitative details & situation thereof are maintained by the Company.
- b) We have been informed that the Management has carried out physical verification of its fixed assets during the year and no discrepancies were noticed.
- c) Disposal of the Fixed Assets not being substantial part, hence does not affect the going concern concept.
2. a) We have been informed that Management has carried out physical verification of stock of Finished Goods, Traded Goods, stores, Spares and Raw Material at various intervals during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion the procedures for physical verification of stock of materials followed by the Management are reasonable and adequate in relation to the size of the company and the nature of business.
- c) According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stocks as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.
6. The Company has not accepted any deposits from the public covered Under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax,

Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes. The particulars of dues of Income Tax as at 31st March 2014 which have not been deposited on account of dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs.in Lacs)	Financial Year to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax including applicable interest and penalty	49.83	2008-09	Income Tax Appellate Tribunal

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the term loan taken by the company, has been used for the purpose for which it is taken
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Joshi Joshi & Co.
Chartered Accountants
FRN: 104393W

Sd/-

M. M. Joshi
(Proprietor)

M. No. 42466 of 89

Place: Mumbai
Date: 30th May, 2014

Balance Sheet as at 31st March, 2014

Particulars		Note No.	As at 31st March, 2014 Amount (₹)	As at 31st March, 2013 Amount (₹)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	70,810,000	70,810,000
	(b) Reserves and surplus	4	111,290,343	106,328,486
			182,100,343	177,138,486
2	Non-current liabilities			
	(a) Long-term borrowings	5	17,249,891	9,164,368
	(b) Deferred tax liabilities (net)	6	9,115,445	8,245,228
			26,365,336	17,409,596
3	Current liabilities			
	(a) Short-term borrowings	7	76,036,507	67,836,545
	(b) Trade payables	8	44,625,650	37,160,893
	(c) Other current liabilities	9	19,955,431	19,009,706
	(d) Short-term provisions	10	19,593,709	14,528,920
			160,211,297	138,536,064
	TOTAL		368,676,976	333,084,146
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11A	90,903,556	60,938,401
	(ii) Capital work-in-progress	11B	-	25,179,853
			90,903,556	86,118,254
	(b) Non-current investments	12	6,866,548	6,725,199
			97,770,104	92,843,453
2	Current assets			
	(a) Inventories	13	135,732,795	98,638,262
	(b) Trade receivables	14	58,994,025	46,990,628
	(c) Cash and Bank Balances	15	14,629,424	34,702,078
	(d) Short-term loans and advances	16	61,550,628	59,909,725
			270,906,872	240,240,693
	TOTAL		368,676,976	333,084,146

See accompanying notes forming part of the financial statements

1 & 2

As per our Report of even date

For JOSHI JOSHI & CO

Chartered Accountants

Firm Reg.No.104393W

Sd/-

M.M. JOSHI

Proprietor

M.No.:42466 of 89

For and on behalf of the Board of Directors

Sd/-
BHASKAR G. SANDU

Chairman

Sd/-
SHASHANK B. SANDU

Director

Sd/-
PRASANNA BHATKAR

Chief Financial Officer

Sd/-
UMESH B. SANDU

Managing Director

Place : MUMBAI

Date : 30th May, 2014

Place : MUMBAI

Date : 30th May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

Particulars		Note No.	For the year ended 31st March, 2014 Amount (₹)	For the year ended 31st March, 2013 Amount (₹)
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	17	406,095,249	341,908,070
	Less: Excise duty	17	3,962,805	3,296,821
	Less: Trade Discount	17	42,672,472	36,718,977
	Add: Insurance Claim Received	17	147,559	-
	Revenue from operations (net)		359,607,531	301,892,272
2	Other income	18	3,268,247	3,164,484
3	Total revenue (1+2)		362,875,778	305,056,756
4	Expenses			
	(a) Cost of materials consumed	19.a	71,952,406	55,786,030
	(b) Cost of sales of traded goods	19.b	153,795,372	121,819,681
	(c) Changes in inventories of finished goods and work-in-progress	19.c	(13,702,586)	(4,300,588)
	(d) Employee benefits expense	20	33,475,506	25,178,844
	(e) Finance costs	21	10,555,177	6,258,835
	(f) Depreciation and amortisation expense	11	5,360,342	4,350,973
	(g) Other expenses	22	93,207,487	84,321,991
	Total expenses		354,643,704	293,415,766
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		8,232,074	11,640,990
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (3 + 4)		8,232,074	11,640,990
8	Tax expense:			
	(a) Current tax expense for current year		2,400,000	4,100,000
	(b) (Less): MAT credit (where applicable)			
	(c) Current tax expense relating to prior years			
	(b) Net current tax expense		2,400,000	4,100,000
	(c) Deferred tax		870,217	(255,590)
			3,270,217	3,844,410
9	Profit / (Loss) for the year (5 + 6)		4,961,857	7,796,580
10	Earnings per share (of 10/- each):			
	(A) Basic			
	(i) Continuing operations	26	0.70	1.10
	(ii) Total operations	26	0.70	1.10

See accompanying notes forming part of the financial statements

1 & 2

As per our Report of even date

For and on behalf of the Board of Directors

For **JOSHI JOSHI & CO**

Chartered Accountants

Firm Reg.No.104393W

Sd/-

M.M. JOSHI

Proprietor

M.No.:42466 of 89

Sd/-
BHASKAR G. SANDU
ChairmanSd/-
SHASHANK B. SANDU
DirectorSd/-
PRASANNA BHATKAR
Chief Financial OfficerSd/-
UMESH B. SANDU
Managing Director

Place : MUMBAI

Date : 30th May, 2014

Place : MUMBAI

Date : 30th May, 2014

Cash Flow Statement for the year ended 31st March, 2014

Particulars	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Amount (₹) in Lacs	Amount (₹) in Lacs	Amount (₹) in Lacs	Amount (₹) in Lacs
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		82.32		116.41
<u>Adjustments for:</u>				
Depreciation and amortisation	53.60		43.51	
Finance costs	105.55		62.59	
Interest income	(7.01)		(9.66)	
Dividend income	(5.28)		(3.40)	
Other non operating Income	(20.39)		(6.25)	
Prior period Income (Net)	0.00		0.00	
Net (gain) / loss on sale of investments	0.00		(1.22)	
		126.47		85.57
Operating profit / (loss) before working capital changes		208.79		201.98
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(370.95)		86.06	
Trade receivables	(120.03)		12.78	
Short-term loans and advances	(16.41)		(432.68)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	74.65		191.07	
Other current liabilities	91.46		478.52	
Short-term provisions	50.65		(29.58)	
		(290.63)		306.17
Cash generated from operations		(81.84)		508.15
Net income tax (paid) / refunds		(24.00)		(41.00)
Net cash flow from / (used in) operating activities (A)		(105.84)		467.15
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(101.46)		(231.55)	
Current investments not considered as Cash and cash equivalents				
– Purchased	0.00		4.54	
– Proceeds from sale	(1.41)		(2.94)	
Interest received	7.01		9.65	
Dividend received	5.28		3.40	
Other Income	20.39		6.25	
		(70.19)		(210.65)
Net cash flow from / (used in) investing activities (B)		(70.19)		(210.65)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	80.86		55.83	
Finance cost	(105.55)		(62.59)	
		(24.69)		(6.76)
Net cash flow from / (used in) financing activities (C)		(24.69)		(6.76)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(200.72)		249.74
Cash and cash equivalents at the beginning of the year		347.02		97.28
Cash and cash equivalents at the end of the year		146.30		347.02

As per our Report of even date

For and on behalf of the Board of Directors

For JOSHI JOSHI & CO
Chartered Accountants
Firm Reg.No.104393W

Sd/-
M.M. JOSHI
Proprietor
M.No.:42466 of 89

Sd/-
BHASKAR G. SANDU
Chairman

Sd/-
PRASANNA BHATKAR
Chief Financial Officer

Sd/-
SHASHANK B. SANDU
Director

Sd/-
UMESH B. SANDU
Managing Director

Place : MUMBAI
Date : 30th May, 2014

Place : MUMBAI
Date : 30th May, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars
	<p><u>Impairment</u> Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an assets' or cash generating units' net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.</p>
	<p><u>Capital work-in-progress:</u> Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
2.10	<p>Investments Non Current investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.</p>
2.11	<p>Employee benefits Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.</p> <p><u>Defined contribution plans</u> The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.</p> <p><u>Defined benefit plans</u> For defined benefit plans in the form of gratuity fund , the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.</p> <p><u>Short-term employee benefits</u> The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :</p> <p>(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and</p> <p>(b) in case of non-accumulating compensated absences, when the absences occur.</p>
2.12	<p><u>Long-term employee benefits</u> Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.</p>
2.12	<p>Borrowing costs General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.</p>
2.13	<p>Segment reporting The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The Company is presently operating in single segment.</p>
2.14	<p>As regards to compliance of provision relating to the dues to the Small Scale Industries in terms to the Companies(Amendment) Act, 1998, the Company has not received from any parties claim to be Small Scale Industries. Hence , the said information is not given.</p>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars
2.15	<p>Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend and interest by the weighted average number of equity shares outstanding during the year.</p>
2.16	<p>Taxes on income</p> <p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.</p> <p>Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.</p>
2.17	<p>Provisions and contingencies</p> <p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes and not provided in the Balance Sheet.</p>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 3 Share capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
(a) AUTHORISED				
Equity shares of ₹.10/ – each with voting rights	10,000,000	100,000,000	10,000,000	100,000,000
(b) ISSUED, SUBSCRIBED & PAID-UP CAPITAL				
7081000 (PY: 7081000) Equity shares of ₹.10/ – each fully paid-up.	7,081,000	70,810,000	7,081,000	70,810,000
Total	7,081,000	70,810,000	7,081,000	70,810,000

Note 3 (a) Share capital

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

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Equity shares with voting rights				
Balance as at the beginning and end of the year	7,081,000	70,810,000	7,081,000	70,810,000

Note 3 (b) Share capital

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

Class of shares/Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
EQUITY SHARES WITH VOTING RIGHTS				
Bhaskar Govind Sandu	737000	10.408%	737000	10.408%
Shashank Bhaskar Sandu	657900	9.291%	657900	9.291%
Umesh Bhaskar Sandu	677100	9.562%	677100	9.562%
Sanmark Realty and Finance Private Ltd.	543930	7.682%	543930	7.682%

Note 4 Reserves and surplus

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
(a) Capital reserve		
Opening balance	2,600,000	2,600,000
Closing balance	2,600,000	2,600,000
(b) General reserve		
Opening balance	96,711,564	95,931,906
Add: 10% Transferred from surplus in Statement of Profit and Loss	496,186	779,658
Closing balance	97,207,750	96,711,564
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	7,016,922	-
Add: Profit / (Loss) for the year	4,961,857	7,796,580
Less: Transferred to:		
General reserve	496,186	779,658
Closing balance	11,482,593	7,016,922
Total	111,290,343	106,328,486

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 5 Long-term borrowings

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
(a) Term loans		
Secured		
From banks		
Dena Bank	17,081,881	8,727,875
(Secured by hypothecation of Factory Land and Building, Plant & Machinery and personal guarantee of 3 Directors to be payable in 39 monthly installments)		
Un-secured		
From Financial Institution	168,010	436,493
Tata Capital Ltd.		
(To be repaid in 7 monthly installments)		
	17,249,891	9,164,368
Total	17,249,891	9,164,368

Note 6 Disclosures under Accounting Standards

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
Deferred tax (liability) / asset		
Opening Balance	8,245,228	8,500,818
Tax effect of items constituting deferred tax asset/(liabilities)		
On difference between book balance and tax balance of fixed assets	870,217	(255,590)
Net deferred tax (liability) / asset	9,115,445	8,245,228

WORKING OF DEFERRED TAXATION AS ON 31-MAR-2014

Particulars	Amount	Tax Rate	Amount
Fixed Assets			
W.D.V. as per Income Tax Act	54,935,580		
Net Block (excluding Land) as per Companies Act	85,284,027		
Difference in Depreciation	(30,348,447)	30.900	(9,377,670)
Provision for gratuity	848,625	30.900	262,225
Total Deferred Tax Effect			(9,115,445)

Note 7 Short-term borrowings

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
Loans repayable on demand		
From banks		
(Secured against hypothecation of land & building, Stocks & Book Debts and personal guarantee of 3 Directors)	76,036,507	67,836,545
Total	76,036,507	67,836,545

Note 8 Trade payables

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
Trade payables	44,625,650	37,160,893
(The Company has not received confirmation from any party regarding their status under MSMED, Act 2006)		
Total	44,625,650	37,160,893

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 9 Other current liabilities

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
Advance Received from Customers	1,263,734	553,487
Other payables		
(i) Statutory Dues	1,988,569	2,468,478
(ii) Trade / security deposits received	1,881,001	1,476,001
(iii) Current Maturities of Long Term Borrowings	6,314,234	6,048,640
(iv) Current Maturities of Vehicle Loan	268,484	245,649
(v) Provision for expenses	3,754,783	3,527,103
(vi) Outstanding Liabilities	3,544,899	3,762,808
(vii) Retention	939,727	927,540
Total	19,955,431	19,009,706

Note 10 Short-term provisions

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
(a) Provision for employee benefits:		
(i) Provision for salaries	3,750,084	1,933,920
(ii) Provision for Gratuity	848,625	-
	4,598,709	1,933,920
(b) Provision - Others:		
(i) Provision for tax	14,995,000	12,595,000
	14,995,000	12,595,000
Total	19,593,709	14,528,920

Note 11A Fixed assets

	Gross block				Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2013	Additions	Disposals	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Tangible Assets										
(a) Land Leasehold	5,619,529	-	-	5,619,529	-	-	-	5,619,529	5,619,529	
(b) Buildings	57,947,830	20,656,075	-	78,603,905	21,023,065	2,188,852	-	23,211,917	55,391,988	36,924,765
(c) Plant and Equipment	30,487,480	4,475,821	-	34,963,301	16,753,159	1,494,521	-	18,247,680	16,715,621	13,734,321
(d) Furniture and Fixtures	1,291,175	3,470,729	-	4,761,904	911,677	282,940	-	1,194,617	3,567,287	379,498
(e) Vehicles	1,453,475	-	-	1,453,475	599,506	69,040	-	668,546	784,929	853,969
(f) Office equipment	5,693,381	4,508,227	-	10,201,608	3,163,888	1,112,386	-	4,276,274	5,925,334	2,529,493
(h) Electrical Installation	2,281,130	2,214,645	-	4,495,775	1,466,928	200,742	-	1,667,670	2,828,105	814,202
(i) Tools and Dyes	249,707	-	-	249,707	167,083	11,861	-	178,944	70,763	82,624
Total Tangible Assets	105,023,707	35,325,497	-	140,349,204	44,085,306	5,360,342	-	49,445,648	90,903,556	60,938,401
Intangible assets										
Software	54,000	-	-	54,000	54,000	-	-	54,000	-	-
Total Intangible Assets	54,000	-	-	54,000	54,000	-	-	54,000	-	-
Total	105,077,707	35,325,497	-	140,403,204	44,139,306	5,360,342	-	49,499,648	90,903,556	60,938,401
Previous year	104,762,424	1,095,709	(780,426)	105,077,707	40,131,004	4,350,973	(342,671)	44,139,306	60,938,401	64,631,421

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 11B Capital Work in Progress

Sr. No.	Particulars	Balance as at	Additions	Transferred to	Balance as at
		1 April, 2013		Fixed Assets	31 March, 2014
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
1	Buildings	13,824,327	3,432,786	17,257,113	-
2	Data Processing Installations	1,935,117	-	1,935,117	-
3	Furniture & Fixture	3,279,209	-	3,279,209	-
4	Office Equipment	615,297	-	615,297	-
5	Electrical Installation	1,850,500	-	1,850,500	-
6	Plant and Equipment	3,675,403	-	3,675,403	-
Total		25,179,853	3,432,786	28,612,639	-

Note 12 Non-current investments

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
(a) Other investments						
Investment in equity instruments	1,393,297	20,000	1,413,297	1,393,297	20,000	1,413,297
(b) Investment in mutual funds	5,453,251	-	5,453,251	5,311,902	-	5,311,902
Total - Other investments	6,846,548	20,000	6,866,548	6,705,199	20,000	6,725,199
Total			6,866,548			6,725,199

Investments

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

Purchase and sale/redemption of investments during the period:

Description	Market Value as on 31.03.2014	Face Value	Opening Balance as on 01.04.2013		Acquisition		Disposals		Closing Balance as on 31.03.2014		Closing Balance as on 31.03.2013	
			Amount (₹)	Nos.	Amount (₹)	Nos.	Amount (₹)	Nos.	Amount (₹)	Nos.		Amount (₹)
Equity Shares: (Quoted)												
Kerala Ayurveda Ltd.	7,200	10	300	20,930	-	-	-	-	300	20,930	20,930	
Powergrid Corporation of India Ltd.	168,327	10	1,715	167,814	-	-	-	-	1,715	167,814	167,814	
Tata Chemicals Ltd.	118,900	10	500	162,189	-	-	-	-	500	162,189	162,189	
The Indian Hotels Company Ltd.	189,067	1	3,943	324,276	-	-	-	-	3,943	324,276	324,276	
NTPC Ltd.	44,460	10	300	52,737	-	-	-	-	300	52,737	52,737	
PTC India Ltd.	23,250	10	500	40,805	-	-	-	-	500	40,805	40,805	
Indraprastha Medical Corporation Ltd.	154,500	10	5,000	241,013	-	-	-	-	5,000	241,013	241,013	
Kamat Hotels (India) Ltd.	85,241	10	1,580	191,954	-	-	-	-	1,580	191,954	191,954	
NHPC Ltd.	97,500	10	5,000	178,424	-	-	-	-	5,000	178,424	178,424	
Nagarjuna Fertilizers and Chemicals Ltd.	12,980	10	550	13,155	-	-	-	-	550	13,155	13,155	
Nagarjuna Oil Refinery*	1,785	1	500	-	-	-	-	-	500	-	-	
Total Investment in Equity Instruments	903,210		19,888	1,393,297					19,888	1,393,297	1,393,297	
Units of Schemes of Various Funds: (Quoted)												
HDFC Top 200 Fund - Dividend, Option ; Reinvest	519,438	-	18,184	822,734	1,890	72,734	-	-	20,074	895,468	822,734	
Reliance Vision Fund - Retail Plan - Dividend Plan	440,243	-	15,716	675,000	-	-	-	-	15,716	675,000	675,000	
Reliance Regular Savings Fund - Equity Plan-Dividend Plan	460,654	-	30,553	700,000	-	-	-	-	30,553	700,000	700,000	
Sundaram Select Midcap - Dividend	630,304	-	36,556	650,208	-	-	-	-	36,556	650,208	650,208	
DSP Black Rock India T.I.G.E.R.Fund-Regular Dividend Plan	386,899	-	34,870	649,649	-	-	-	-	34,870	649,649	649,649	
IDFC Premier Equity Fund-Dividend Plan	244,039	-	14,837	375,000	-	-	-	-	14,837	375,000	375,000	
Kotak Opportunities - Dividend	285,199	-	19,278	275,000	-	-	-	-	19,278	275,000	275,000	
Kotak Opportunities - Growth	387,550	-	8,165	375,000	-	-	-	-	8,165	375,000	375,000	
HDFC Equity Fund - Dividend, Option : Reinvest	502,654	-	17,154	789,311	1,724	68,615	-	-	18,877	857,926	789,311	
Total of Investment in Mutual Funds	3,856,980		195,312	5,311,902	3,614	141,349			198,926	5,453,251	5,311,902	
Equity Shares: (Unquoted)												
The Shamrao Vithal Co-op.Bank Ltd.		10	400	10,000	-	-	-	-	400	10,000	10,000	
Unived Corporate Research Pvt.Ltd.		10	1,000	10,000	-	-	-	-	1,000	10,000	10,000	
Total Unquoted Equity Shares			1,400	20,000					1,400	20,000	20,000	
Total Investments			216,600	6,725,199	3,614	141,349			220,214	6,866,548	6,725,199	

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 13 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
(a) Raw materials	16,679,711	21,623,087
(b) Work-in-progress	18,477,633	1,945,102
(c) Finished goods	23,041,358	25,871,303
(d) Traded Goods	77,534,093	49,198,770
Total	135,732,795	98,638,262

Note 14 Trade receivables

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	6,932,976	14,694,249
Other Trade receivables		
Secured, considered good	52,061,049	32,296,379
Total	58,994,025	46,990,628

Note 15 Cash and Bank Balances

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
(a) Cash on hand	666,927	217,534
(b) Balances with banks		
(i) In current accounts	5,718,494	25,195,525
(ii) In deposit accounts	8,244,003	9,289,019
Total	14,629,424	34,702,078

Note 16 Short-term loans and advances

Particulars	As at 31 March, 2014 Amount (₹)	As at 31 March, 2013 Amount (₹)
(a) Security deposits		
Unsecured, considered good	464,860	282,859
(b) Loans and advances to employees		
Unsecured, considered good	84,180	195,793
(c) Prepaid expenses - Unsecured, considered good	179,014	134,779
(d) Balances with government authorities	31,788,064	22,265,632
(e) Loans and Advances to Companies		
Unsecured, considered good	1,965,173	2,327,314
(The company has instituted suit for recovery. No provision has been made as the management is confident of recovery.)		
(f) Advances paid to Suppliers	26,533,911	34,587,552
(g) Other Loans and Advances	535,426	115,796
Total	61,550,628	59,909,725

Note 17 Revenue from operations

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
(a) Sale of Ayurvedic Products	406,095,249	341,908,070
Less:		
(b) Excise duty	3,962,805	3,296,821
(c) Trade Discount	42,672,472	36,718,977
Add: Insurance Claims Received	147,559	-
Total	359,607,531	301,892,272
Note (i) Sale of Ayurvedic Products comprises:		
Manufactured goods	182,287,184	144,148,722
Traded goods	223,808,065	197,759,348
Total - Sale of products	406,095,249	341,908,070

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 18 Other income

Particulars		For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
(a)	Interest income (Refer Note (i) below)	700,951	966,301
(b)	Dividend income: from Non current investments	527,826	339,838
(c)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	2,039,470	1,075,273
(d)	Prior period income (net) (Refer Note (iii) below)	-	783,072
Total		3,268,247	3,164,484

Note	Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
(i)	Interest income comprises: Interest from banks on: deposits	700,951	966,301
	Total - Interest income	700,951	966,301
(ii)	Other non-operating income comprises: Treatment Charges	208,347	204,282
	Miscellaneous Income	1,831,123	742,994
	Gain on sale of Non Current Investments	-	127,997
	Total - Other non-operating income	2,039,470	1,075,273
(iii)	Details of Prior period items (net)		
	Prior period income		
	- Gratuity Provision	-	868,894
	Less : Prior period expenses		
	- Interest on Vehicle Loan	-	25,822
	- Rent	-	60,000
	Total	-	783,072

Note 19.a Cost of materials consumed

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Opening stock	21,623,087	19,651,398
Add: Purchases	67,009,030	57,757,719
	88,632,117	77,409,117
Less: Closing stock	16,679,711	21,623,087
Cost of materials consumed	71,952,406	55,786,030

Note 19.b Cost of traded goods

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Opening stock of traded goods	49,198,770	64,076,548
Add: Purchases of traded goods	182,130,695	106,941,903
	231,329,465	171,018,451
Less: Closing stock of traded goods	77,534,093	49,198,770
Cost of traded goods	153,795,372	121,819,681

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
<u>Inventories at the end of the year:</u>		
Finished goods	23,041,358	25,871,303
Work-in-progress	18,477,633	1,945,102
	41,518,991	27,816,405
<u>Inventories at the beginning of the year:</u>		
Finished goods	25,871,303	20,416,395
Work-in-progress	1,945,102	3,099,422
	27,816,405	23,515,817
Net (increase) / decrease	(13,702,586)	(4,300,588)

Note 20 Employee benefits expense

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Salaries and wages	30,824,579	22,139,962
Contributions to provident and other funds	1,956,215	1,586,880
Staff welfare expenses	694,712	1,452,002
Total	33,475,506	25,178,844

Note 21 Finance costs

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
(a) Interest expense on:		
- Borrowings	9,931,202	5,511,478
- Vehicle Loan	51,050	58,268
- Security Deposits	126,793	196,129
(b) Bank Charges	446,132	492,960
Total	10,555,177	6,258,835

Note 22 Other expenses

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Power and fuel	5,544,890	4,633,712
Rent	1,510,618	1,610,320
Repairs and maintenance - Buildings	1,135,178	1,237,263
Repairs and maintenance - Machinery	1,962,365	1,831,201
Repairs and maintenance - Others	720,559	1,232,157
Rates and taxes	1,445,682	777,529
Travelling and conveyance	22,811,456	23,346,238
Printing and stationery	3,496,846	2,925,191
Freight and forwarding	21,764,221	20,020,196
Sales discount	14,293,125	13,928,066
Business promotion	5,620,229	3,108,572
Legal and professional	2,106,324	2,531,806
Payments to auditors (Refer Note (i) below)	179,776	101,124
Bad trade and other receivables, loans and advances written off	362,141	-
Long Term Loss on sale of shares	-	5,802
Loss on fixed assets sold / scrapped / written off	-	322,755
Prior period items (net) (Refer Note (ii) below)	668,963	-
Miscellaneous expenses	9,585,114	6,710,059
Total	93,207,487	84,321,991

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes:

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
(i) Payments to the auditors comprises		
As auditors – statutory audit	70,000	60,000
For taxation matters	15,000	15,000
For other services	75,000	15,000
	160,000	90,000
Service Tax	19,776	11,124
Total	179,776	101,124
(ii) Details of Prior period items (net)		
Octroi	53,434	-
Incentive	113,762	-
Sales	485,780	-
P.F. Administrative	6,281	-
Services Charges	33,000	-
Interest on FDR	14,812	-
Telephone Expenses	1,421	-
Sales Tax Expenses	36,854	-
	745,344	-
Less: Dividend on Mutual Fund	76,381	-
Total	668,963	-

Note 23 Disclosures under Accounting Standards

Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.10,55,499 (Year ended 31 March, 2013 Rs.8,81,522) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

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

I. Gratuity: On the basis of actuarial valuation the Company has recognised Gratuity Liability paid Rs. 181,108/- (P.Y.) and Rs.129,646/- (C.Y.)

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Present Value of Past Service Benefit	1,327,652	1,168,583
Current Service Cost	129,646	181,108
Fair Value of balance in fund	479,027	134,994

Note 24 Disclosures under Accounting Standards

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Details of borrowing costs:		
Borrowing costs are directly debited to Profit & Loss account	10,109,045	5,765,875
Details of borrowing costs capitalised:		
Borrowing costs capitalised during the year	-	1,442,413
- capital work-in-progress	-	-
	10,109,045	7,208,288

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 25 Disclosures under Accounting Standards

Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Shri.Umesh B. Sandu – Managing Director
Relatives of KMP	Shri. B G. Sandu, Shri. Shashank B. Sandu
Companies in which KMP / Relatives of KMP can exercise significant influence	Akshath Finvest & Properties Pvt. Ltd. Neelamber Leasing And Finvest Pvt. Ltd Noumura Realty & Constructions Pvt. Ltd Phybrichem Engineers Pvt. Ltd Sanbert Packaging Pvt. Ltd Sanbro Marketing Services Pvt. Ltd Sandu Research Foundation Pvt. Ltd Sanfar Communication Pvt. Ltd Sanmark Realty And Finance Pvt. Ltd

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2014

	KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Research & Development Expenses – Sandu Research Foundation Pvt.Ltd. (Advance Paid)		3,774,000 (Nil)	3,774,000 (Nil)
Remuneration Paid to Directors – Umesh B. Sandu	1,700,000 (1,200,000)	0 0	1,700,000 (1,200,000)

Note: Figures in bracket relates to the previous year

Note 26 Disclosures under Accounting Standards

Particulars	For the year ended 31 March, 2014 Amount (₹)	For the year ended 31 March, 2013 Amount (₹)
Earnings per share		
Basic		
Continuing operations		
Net profit / (loss) for the year from continuing operations	4,961,857	7,796,580
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	4,961,857	7,796,580
Weighted average number of equity shares	7,081,000	7,081,000
Par value per share	10	10
Earnings per share from continuing operations – Basic	0.70	1.10
Total operations		
Net profit / (loss) for the year	4,961,857	7,796,580
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year attributable to the equity shareholders	4,961,857	7,796,580
Weighted average number of equity shares	7,081,000	7,081,000
Par value per share	10	10
Earnings per share – Basic	0.70	1.10

Note 27 Previous year's figures

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

NOTES

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SANDU PHARMACEUTICALS LIMITED

CIN: L24233GA1985PLC001587

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

ATTENDANCE SLIP

29th Annual General Meeting

Reg. Folio No. / Client ID: DP ID: No. of Shares held:

I certify that I am a registered Shareholder / Proxy for the registered shareholder of the company. I hereby record my presence at the 29th Annual General Meeting of the Company at the Registered Office of the Company at Plot No. 25, 26, 29 & 30, Pilerne Industrial Estate, Marra, Bardez, Goa - 403 511 at 9.00 a.m. on Tuesday, 30th September, 2014.

Member's Name :

Proxy's Name :

Member's/ Proxy's Signature

Note: 1. Please fill this attendance slip and hand it over at the entrance hall.

* Strike out which ever is not applicable.

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



SANDU PHARMACEUTICALS LIMITED

CIN: L24233GA1985PLC001587

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

PROXY FORM : Form No. MGT - 11

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

Name of the member(s) :

Registered Address :

E.Mail ID : Folio No./Client ID : DPID.....

I/We,being the member(s) holdingshares of the above named Company, hereby appoint

1. Name : Address:.....

.....E.mail ID:.....Signature..... or failing him

2. Name : Address:.....

.....E.mail ID:.....Signature..... or failing him

3. Name : Address:.....

.....E.mail ID:.....Signature..... as my/our

Proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, 30th September, 2014 at 9.00 a.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1. To adopt the accounts 2. To re-appoint Shri. Shashank B. Sandu 3. To re-appoint Auditors
- 4. To appoint Shri. Dilip R. Salgaoncar as Independent Director 5. To appoint Dr. Krishna B. Deshpande as Independent Director
- 6. To appoint Dr. Madan L. Kapre as Independent Director 7. To appoint Shri. K. Vinay Kumar as Independent Director

Signed this.....day of2014

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Book Post



SANDU PHARMACEUTICALS LIMITED

Registered Office:

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

Marra, Bardez, Goa - 403 511