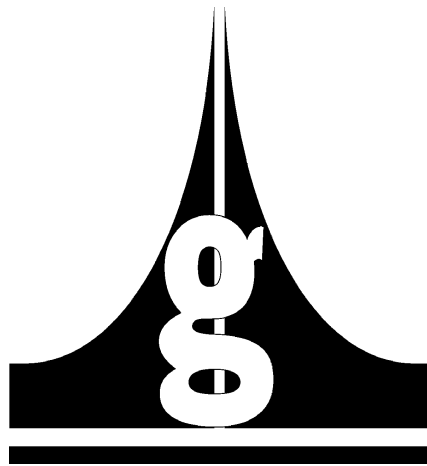


27th
ANNUAL REPORT
2011-2012



GUJARAT TERCE LABORATORIES LTD.

**BOARD OF DIRECTORS**

Mr. Natwarbhai P. Prajapati	<i>Chairman & Managing Director</i>
Mr. Amrutbhai P. Prajapati	<i>Whole Time Director (CFO)</i>
Mr. Sureshbhai P. Prajapati	<i>Director</i>
Mr. Gordhanbhai G. Patel	<i>Director</i>
Mr. Kanubhai S. Patel	<i>Director</i>
Mr. Jayantibhai S. Prajapati	<i>Director</i>
Mr. Paresh D. Patel	<i>Managing Director (w.e.f. 01.06.2011)</i>
Mr. Surendra P. Pareek	<i>Additional Director (w.e.f. 28.07.2011)</i>
Ms. Monika P. Patel	<i>Additional Director (w.e.f. 28.07.2011)</i>
Mr. Mahesh N. Singh	<i>Additional Director (w.e.f. 28.07.2011)</i>

REGISTERED OFFICE & FACTORY :

122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. : Gandhinagar (N.G.)

METAL FACTORY :

Block No. 140/P, Village - Ramnagar, Tal. Kalol, Dist. Gandhinagar (N.G.)

ADMINISTRATIVE OFFICE :

301/314, Akashrath Complex, Opp. National Handloom Corporation, Law Garden,
Off. C.G. Road, Ahmedabad - 380009.

AUDITORS :**M/S. P A R Y & CO.**

CHARTERED ACCOUNTANTS

S-10, Dimond Square, Nr. Navjivan Press,
B/h. C.U. Shah College, Ashram Road,
Ahmedabad-380014.

SECRETARIAL AUDITOR:**Pinakin Shah & Co.**

Practicing Company Secretary

C-103, Panchdhara Plaza, Satellite Road, Ahmedabad - 380015.

BANKERS :

BANK OF BARODA

Ellisbridge Branch,

Pritamnagar 1st Slop, Ellisbrdige, Ahmedabad-380006

REGISTRAR & SHARE TRANSFER AGENT:

Bigshare Services Pvt. Ltd.

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka. Andheri(E), Mumbai - 400 072.

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of Gujarat Terce Laboratories Limited will be held on Friday, 28th September, 2012 at 10.00 A.M. at 122/2, Ravi Estate, Bileshwarpura, Chhatral Dist: Gandhinagar to transact the following business:

ORDINARY BUSINESS:

1. To receive consider & adopt the audited Balance Sheet as at 31st March 2012, the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors' & the Auditors' thereon.
2. To appoint a Director in place of Mr. Gordhanbhai Patel, who retires by rotation and, being eligible, offers himself for reappointment
3. To appoint a Director in place of Mr. Kanubhai S. Patel who retires by rotation and, being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution. "RESOLVED THAT pursuant to provisions of section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Pary & Co., Chartered Accountants, Ahmedabad, be and are hereby appointed as the Statutory Auditors to hold office from conclusion of this Annual General Meeting up to conclusion of next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution. "Resolved that subject to provision of Section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to the reappointment of Mr. Natwarbhai P. Prajapati as Managing Director of the Company for a period of 5 [five] years with effect from 11/1/2012 at a remuneration of Rs 18.00 Lacs per annum and on the following terms & conditions
 - a. Remuneration will include payment made by way of perquisites which shall be evaluated at actual cost to the Company and where it is not possible to ascertain actual cost, such perquisites shall be evaluated as per Income Tax Rules, 1962, and it will include followings.
 - I. Medical reimbursement for self and family.
 - II. Leave and Leave Travel Concession for self and family and
 - III. Personal Accident Insurance shall be in accordance with the rules of the Company.
 - b. Payment made towards following perquisites will not be included on overall ceiling of Remuneration:
 - Car, mobile phone and telephone facility at residence for business use;
 - The Company's contribution to Provident Fund, Superannuation Fund; and
 - Gratuity in accordance with the rules of the Company.
 - c. COMMISSION:
Such percentage of commission (in addition to Salary, allowances, perquisites and benefits hereinafter stated) calculated with reference to the net profit of the Company

for each financial year as may be fixed by the Board of Directors which together with salary and monetary value of allowances, perquisites and benefits shall not exceed the ceiling laid down under Sec.309 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary without further reference to the Company in a general meeting, the said terms and conditions of appointment in such a manner as the Board may decide and acceptable to Mr. Natwarbhai P. Prajapati, so long as the same do not exceed the limits specified in Part I, i.e. in case of profit and Part II, in case of inadequacy of profit, of Schedule XIII of the Companies Act, 1956 or any modification or reenactment thereof and also to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED FURTHER THAT where in any financial year, the company has no profit or its profit is inadequate, the appointee shall be paid the above referred remuneration as minimum remuneration.

By Order of the Board of Directors
Mr. N. P. Prajapati
Chairman

30/07/2012
Registered Office:
122/2, Ravi Estate,
Bileshwarpura, Chhatral
Dist: Gandhinagar

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on a Poll, if any, in his/her stead and the proxy need not be a member of the Company.
2. The instrument appointing proxies, in order to be effective, must be received by the Company at the registered office, not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
3. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Mr. Gordhanbhai Patel and Mr. Kanubhai S. Patel, Directors retiring by rotation and seeking re-appointment under Item No.2, and 3 of the Notice respectively, are annexed herewith.
4. Register of Members and Share Transfer Books of the Company was remained closed from Friday, the 21 September, 2012 to, Friday, 28 September, 2012 (both days inclusive).
5. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by members at the AGM.
6. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the Members at the Registered Office of the Company.
7. As a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs("MCA") vide its circular bearing nos. (i) 17/2011 dated April 21, 2011 and (ii) 18/2011 dated April 29, 2011 allowed the Companies to send various notices/ documents (including Notice conveying AGM, Audited Financial Statements, Auditors' Report, Directors Report and other related documents) to shareholders through electronic mode, to the registered email Id of the shareholders. Pursuant to said Green Initiative. The



Company urges the members to communicate their email id to the Company and / or RTA, so that the Company can send future communications to these shareholders in electronic mode.

8. Members are requested to visit the website of the Company 'www.gujaratterce.com' for viewing the quarterly & annual financial results and for more information on the Company.
9. For any investor-related queries, communication may be sent by e-mail to investors@gttl.in
10. Big Share Services Private Limited (Big Share) is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to Big Share at the following address:
Big Share Services Private Limited.
E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri (E), Mumbai, 400 072.
Tel: 91-22-28470652|40430200|28470653
Fax: 91-22-28475207, E Mail:marketing@bigshareonline.com.
11. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate, members are requested to notify:
 - (i) The R&T Agent of the Company, viz. Big Share, if shares are held in physical form; and
 - (ii) Their respective Depository Participant (DP), if shares are held in electronic form.
12. Members are requested to send their queries, if any, to reach the Company at its Registered Office, at least 10 days before the meeting, so that the information can be compiled in advance.
13. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.

December, 2011, the Board of Directors of the Company at its the meeting held on even date has, subject to the approval of the members, unanimously approved the appointment of Mr. N. P. Prajapati as Managing Director of the Company w. e. f. 11th January, 2012 for a period of 5 (five) years, including payment of remuneration. An abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956 dated 11th January, 2012 has already been circulated to the members.

Mr. N. P. Prajapati has been associated with the Company since incorporation as promoter Director and has been instrumental in formulation of long-term vision and strategy of the Company. Members' approval is required for his re-appointment as Managing Director of the Company and payment of remuneration as set out in the accompanying resolution.

The remuneration proposed is within the limits of Part II of the Schedule XIII of the Companies Act, 1956 and there is no default in repayment of any of debts or interest payable thereon till date. The remuneration is subject to provisions of the Income Tax Act, as applicable from time to time. The remuneration proposed under the resolution was also proposed to be paid as minimum remuneration during the tenure of his appointment, in case in any financial year the company earns no profit or inadequate profit.

A draft agreement proposed to be entered between the Company and the Appointee is available for inspection on any working day during business hours.

The Board recommends the resolution set out at item no. 5 of the notice for your approval.

None of the Directors except the Appointee, Mr. A. P. Prajapati and Mr. S. P. Prajapati, are in any way concerned or interested in the resolution set out at item no. 5 of the Notice.

By Order of the Board of Directors

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

ITEM 5:

Appointment of Mr. N. P. Prajapati as Managing Director

Members may kindly note that the present term of Mr. N. P. Prajapati as Managing Director of the Company was ended on 10th January, 2011. On recommendation of remuneration committee on 31st

30/07/2012
Registered Office:
122/2, Ravi Estate,
Bileshwarpura, Chhatral
Dist: Gandhinagar

Mr. N. P. Prajapati
Chairman

Details of the Directors seeking re-appointment in the Twenty seventh Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange]

Particulars	Mr. Gordhanbhai Patel	Mr. Kanubhai Patel
Relationships with other Directors	None	None
Date of Appointment	01/03/2006	01/04/2009
Expertise	Marketing	General Administration
Qualification	B.com	M.com, B.ed
No. of Equity Shares held in the Company	None	None
List of other companies in which directorship are held	None	None
List of committees of the Board of Directors (across all companies) in which Chairmanship/ Membership is held	None	None

Note:

The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

DIRECTORS REPORT

Dear Shareholders,

Your Directors present the Twenty Seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2012.

FINANCIAL RESULTS:

	2011-12	2010-11
	(Rs. in Lac)	(Rs. in Lac)
Gross Income	9870.61	3590.58
Profit before Depreciation & Tax	46.31	90.67
Depreciation	29.25	19.17
Profit after Depreciation	17.07	71.50
Tax- Current	3.36	31.85
Deferred	0.66	1.78
Profit after tax	13.05	41.42
Profit brought forward from previous year.	104.18	62.76
Balance Carried To Balance Sheet	117.24	104.18

PERFORMANCE REVIEW

The Company has more than one business segments namely pharmaceutical formulations and metal recycling division.

PHARMACEUTICAL DIVISION:

During the year under review, the revenue from operations increased from Rs 1866.62 lacs to Rs 1930.21 lacs and has written off bad debts to the tune of Rs 16.91 lacs as compared to Rs 88.50 lacs during previous year.

METAL RECYCLING DIVISION:

During the year under review, the revenue from operations increased from Rs 1776.38 lacs to Rs 7940.40 lacs.

Your Directors are actively considering hiving off Metal Recycling Division by way of demerger. The demerger will be undertaken subject to the approval of the Gujarat High Court, BSE, the Securities and Exchange Board of India and other statutory bodies. The demerger will help the company to continue to carry on business with greater focus and attention through two separate companies each having their own management team and administrative set-up. Once hived off, the resulting Company consisting of Metal unit will offer a ready platform for induction of Joint venture partner.

APPROPRIATIONS

The Company has not recommended any dividend and hence the Board has recommended a transfer of Rs NIL to General Reserve and an amount of Rs 13.05 Lacs has been retained in Statement of Profit & Loss.

LISTING OF SHARES

The Company's share continues to remain listed with The Stock Exchange, Mumbai, where the share is actively traded.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis have been reviewed by the Audit Committee and the same is forming a part of this Annual Report.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a report on corporate governance along with auditors' certificate of its compliance is included as part of the annual report.

DIRECTORS

The Clause 65 of Articles of Association of the Company provides that at least two-thirds of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring Director is eligible for re-election.



Mr. Gordhanbhai Patel, Mr. Kanubhai Patel and Mr. S. P. Pareek retire by rotation at the ensuing Annual General Meeting and, being eligible, Mr. Gordhanbhai Patel and Mr. Kanubhai Patel offer themselves for reappointment. Mr. S. P. Pareek does not offer himself for reappointment.

On recommendation of remuneration committee your Directors at its meeting held on 31/12/2011 recommended for the approval of the Members, re-appointment of Mr. N. P. Prajapati as Managing Director, not liable to retire by rotation, of your Company, for a period of five years from 11/01/2012.

STATUTORY DISCLOSURES:

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy

- I. The company has not made any investment [for energy conservation] and taken any specific measures to reduce energy cost per unit. However, it intends to conserve energy for future generation.
- II. Part A pertaining to conservation of energy is applicable to the Company.

Power and fuel consumption:[Pharma Division]

I. Electricity

	<u>Current Year</u>	<u>Previous Year</u>
• Purchased		
Unit	51370	57165
Total Amount	337990	347078
Average Cost	6.60	6.07
• Own generation:	N.A.	

Power and fuel consumption:[Metal Division]

II. Electricity

	<u>Current Year</u>	<u>Previous Year</u>
• Purchased		
Unit	105610	13805
Total Amount	1214727	150776
Average Cost	11.50	10.92
• Own generation:	N.A.	

NOTE: The Company has not used coal/furnace oil as fuel during the year and has not generated electricity internally.

B. Technology Absorption

There is no Research and Development activity carried out by the Company.

C. Foreign Exchange Earnings and Outgo:

The Company has earned total Foreign Exchange of Rs 12.34 Lacs by way of exports in the year 2011-12 (6.89 Lacs P.Y).

PARTICULARS OF EMPLOYEES:

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time is nil.

Human Resource

The Human Resource plays an important and vital role in the growth and success of an organization. The Human Resource Development is an integral part of the Company's Corporate Philosophy. The Company is committed to provide career oriented training to its employees at all levels with an added impetus to build leaders. The company continues to have extremely cordial personnel relations.

GUJARAT TERCE LABORATORIES LTD.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sub-Section (2AA) of Section 217 of Companies Act'1956 the Board of Directors of the Company hereby state and confirm that:

- (i) in preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) We have selected such accounting policies and applied them consistently and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year and of the profit or loss of the Company for that period;
- (iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) We have prepared the annual accounts on a going concern basis.

CASH FLOW

A Cash Flow statement for the year ended March 31, 2012 is attached to the Balance Sheet.

AUDITORS AND AUDITORS' REPORT:

The retiring Auditor M/s Pary & Co, Chartered Accountants, Ahmedabad has indicated their willingness to continue as auditor of the Company. It is proposed to reappoint M/s Pary & Co., Chartered Accountants, Ahmedabad as auditors of the Company till the conclusion of Twenty Seventh Annual General Meeting. The Company has received certificate from auditor to the effect that the reappointment if made, would be within prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

COST AUDIT

As per the requirement of the Central government and pursuant to Section 233B of the Companies Act, the Audit of the cost accounts relating to Pharma Sector and Metal Sector is carried out. M/s Koushlya V. Melwani was appointed as a cost auditor relating to Pharma division and Metal Division for the year ended on 31-03-2012.

EXPLANATION TO COMMENTS OF AUDITORS' REPORT:

The auditors have qualified their report in respect of delay in payment of certain statutory dues. it is always our endeavor to pay all statutory dues within the prescribed time limit. The delay, as reported was not intentional and was for few days.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public.

INSURANCE

The Company's assets are adequately insured against major risks.

ACKNOWLEDGMENTS:

The Board expresses their appreciation for continued co-operation and support extended to the Company by Bank of Baroda and customers. The Board also thanks the Medical Profession, the Trade and Consumers for their patronage of the Company's products. The Board also records its deep appreciation of the creditable services rendered by the Company's employees at all levels.

For and on behalf of the Board of Directors

30/07/2012

Registered office:

122/2, Ravi Estate,

Bileshwarpura, Chhatral Dist: Gandhinagar

Mr. N.P. Prajapati
Managing Director



MANAGEMENT DISCUSSION & ANALYSIS

This Report includes discussion on the following matters within the limits set by the Company's competitive position:

INDUSTRY STRUCTURE & DEVELOPMENT

PHARMACEUTICAL FORMULATIONS

The pharmaceutical industry in India is stated to be valued at approximately US\$ 12.26 billion as per industry estimates. This industry is growing @ 10-11% per annum on compounded growth rate basis. India's pharmaceutical sector is slated to grow to US \$ 55 billion by 2020, based on projections by a McKinsey report on Pharma 2020.

The Domestic formulations market, valued at Rs. 48,200 crore has grown steadily at CAGR of 14- 15% over the past five years. The strong growth has been driven by a confluence of factors including – a) rising household income levels leading to higher expenditure on healthcare, b) increasing prevalence of lifestyle related diseases, c) improving healthcare infrastructure/delivery systems and 4) rising penetration in smaller towns and rural areas.

The acute therapy segments dominate the market with a share of 73% of the total market. However, with changing demographics and lifestyle patterns, the chronic segments such as cardiovascular, anti-diabetic, neurology, psychiatry have been growing at a faster pace and the market is gradually shifting towards chronics. In 2010-11, while the market grew by 15%, chronics grew by 18%. As per IMS health estimates, the chronic therapies are likely to comprise more than 50% of the market by 2020 with cardiovascular (second largest segment after anti-infective) and anti-diabetic will take lead while segments like anti-cancer will also add to the momentum

The industry today can boast of producing the entire range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

The Government allows 100 per cent FDI under the automatic route in the drugs and pharmaceuticals sector. India has a total of 24,000 pharmaceutical companies, of which around 250 falls under the organized category.

METAL RECYCLING

Recycling of copper and copper alloys is relatively cheap, with small power consumption, and with minimal losses. The recycling of copper and its alloys play a significant role in the economics of production. The cost of the raw material can be considerably reduced if an alloy can be made using recycled material. If the scrap is high purity copper and has not been contaminated by other metals, it can be used to make a high quality product. Likewise, if the scrap is kept segregated and comprises only of one alloy composition it is easier to remelt to a superior quality product conforming to industry standards.

Opportunities

PHARMACEUTICAL FORMULATIONS

The per capita consumption of drugs in India, stands at US\$3, is amongst the lowest in the world, as compared to Japan- US\$412, Germany- US\$222 and USA- US\$191. Apparently, this huge gap indicates the underlying opportunities. Majority of the growth of your company will be driven by expansion in volumes and new product introductions as against prices increases.

While patent expires are expected to peak out in 2012, we believe that the growth momentum would sustain from the launch of niche, limited competition products.

METAL RECYCLING

The recycling of copper is primarily market driven across the world and this will continue to be the case for the foreseeable future, with the recycling sector consistently gaining strength. This strength, however, is typically a reflection of consistently increasing consumption of metals and production of waste. As long as this is the case, the prices of scrap will remain high and the recycling rates should see at least a marginal improvement every year.

Threats

PHARMACEUTICAL FORMULATIONS

The competitive pressure in the domestic formulations market has been rising steadily for some time now. While on one hand, this has been prompted by significant increase in investments by domestic players in marketing efforts through expansion in field force, on the

GUJARAT TERCE LABORATORIES LTD.

other, MNC have also renewed their focus on India. Some of the smaller players have also contributed to the competitive intensity by offering huge discounts/incentives to the distribution network. Potential regulatory interventions could hurt pricing.

METAL RECYCLING

Challenges faced by the trade with regard to the pre-shipment procedures and problems of the trade in relation to various shipping related matters, including monopolistic attitude of shipping lines.

SEGMENT WISE REPORTING:

PHARMACEUTICAL FORMULATIONS

Profit:

The profit before tax and interest but after writing off bad debts of Rs 16.91 lacs amounted to Rs 51.91 lacs and profit before tax was Rs 8.21 lacs.

Employees Cost:

The Employees cost was Rs 515.86 lacs in comparison to 428.50 Lacs in the previous Year. The increase in employees cost is due to normal increments/promotions.

METAL RECYCLING

Profit:

The profit before tax of the division amounted to 8.86 Lacs.

RISK & CONCERNS

The Company has adopted risk management approach with an objective to balance risk & cost. The policy lays down a detailed structure for risk management & control in the company. There are few risk factors that are relevant to the business of your Company. The Company operates in a highly regulated industry & must comply with a broad range of dynamic regulatory controls, particularly in the regulated markets.

INTERNAL CONTROL SYSTEM

The Internal Control System of the Company is adequate. The Company has set up detailed systems & procedure in all-important areas which act as guideline to its employees. The recommendations of the auditors on the efficacy of the internal control are implemented. Audit committee constituted by the Board of Directors continuously reviews the reports of the internal audit team. The shortcomings observed in the system are regularly monitored for corrections as well as prevention.

CAUTIONARY STATEMENT

Statement in the Management Discussion & Analysis Report describing the Company's objective, expectations or predictions may be forward looking within the meaning of applicable Securities Laws & Regulations. Actual performance may differ from those expressed or implied depending upon the economic conditions, the Government Policies & the other incidental/related factors.



REPORT ON CORPORATE GOVERNANCE

(As required by clause 49 of the Listing Agreement with the stock exchange)

MANDATORY REQUIREMENTS

Company's Philosophy & Code of Governance

Your Company believes that corporate governance is not a destination but a continuous journey with an upward moving target. The Company ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness, trusteeship and accountability.

All mandatory requirements as also a few non-mandatory requirements prescribed by Clause 49 of the Listing Agreement have been implemented by the Company. Non-mandatory requirements such as formation of Remuneration Committee and Whistle Blower Policy have been implemented. Codes of business conduct, adopted by the directors and senior management personnel, are posted on the website of the Company (www.gtll.in).

All Board members and senior management personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2012. In terms of Clause 49 (I) (D) of the Listing Agreement, the Managing Director has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Managing Director and Whole Time Director have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

Board of Directors

Composition of board:

The strength of the Board as on March 31, 2012 was ten, of which, two are executive promoter directors, three is a non-executive promoter director and five are independent directors. The requisite particulars are given below: -

Directors	Category	Attendance Particulars			Other Committee Membership	
		Board Meeting	Last AGM	Other Directorships	Member	Chairman
Mr. Natwarbhai P. Prajapati	CM & MD Executive	10	YES	NIL	NIL	NIL
Mr. Pareshbhai Patel	MD & Executive	7	NO			
Mr. Amrutbhai P. Prajapati	WTD-FINANCECFO	10	YES	NIL	NIL	NIL
Mr. Sureshbhai P. Prajapati	DIR-NON IND	10	YES	NIL	NIL	NIL
Ms. Monika Pareshkumar Patel	DIR-NON IND	—	NO	NIL	NIL	NIL
Mr. Kanubhai S. Patel	DIR-IND	10	YES	NIL	NIL	NIL
Mr. Gordhanbhai G. Patel	DIR- IND	10	YES	NIL	NIL	NIL
Mr. Jayanti S. Prajapati	DIR-IND	10	YES	NIL	NIL	NIL
Mr. Surendra Prakash Pareek	DIR-IND	—	NO	NIL	NIL	NIL
Mr. Mahesh Nandkishor Singh	DIR-IND	—	NO	NIL	NIL	NIL

CM- Chairman, DIR-IND- Director Independent, MD- Managing Director, DIR-NON IND- Director Non Independent, WTD- Whole Time Director

BOARD MEETINGS

The Board of Directors oversees management performance in order to ensure adherence to highest standards of corporate governance. The Board evaluates the strategic direction, management policies and their effectiveness and provides guidance and leadership to the management in achieving set goals. Board meeting dates are finalised in consultation with all directors. The Board is regularly apprised about important business related information and developments. Board members express opinions and bring up matters for discussion at its meetings. Board meeting minutes are circulated to all Directors in advance and confirmed at the subsequent Board meeting. Copies of signed minutes of the various Committees of the Board and Board meetings of subsidiaries of the Company are tabled at Board meetings.

GUJARAT TERCE LABORATORIES LTD.

DETAILS OF BOARD MEETINGS

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board meetings are held atleast once every quarter and the time gap between two meetings is not more than four months. During the year, ten Board Meetings were held.

Date of Meeting	No. of Directors Present
15/04/2011	6
30/05/2011	6
31/05/2011	6
11/07/2011	7
28/07/2011	7
20/10/2011	7
30/11/2011	7
31/12/2011	7
31/01/2012	7
25/03/2012	7

AUDIT COMMITTEE

The audit Committee was re constituted as under in the Board meeting held on 30-11-2011. It comprised of following members:

Name	Position	Category
Mr. Jayantibhai Prajapati	Chairman	Non-executive Chairman Independent Director
Mr. Kanubhai Patel	Member	Non-executive Independent Director
Mr. Gordhanbhai Patel	Member	Non-executive Independent Director

Compliance officer acts as the Secretary of the Committee. All the members of the Audit Committee are financially literate. The Chairman of the Committee attended the last Annual General Meeting of the Company held on September 7, 2011. The meetings of the Audit Committee are attended by the finance head, representatives of accounts, statutory and internal auditors. The Audit Committee addresses matters pertaining to appropriateness of audit tests and checks, reliability of financial statements, adequacy of provisions for liabilities and internal controls. The Committee lays emphasis on adequate disclosures and compliance with all relevant statues. The Committee performs the functions enumerated in Clause 49 of the Listing Agreement, Section 292A of the Companies Act, 1956 and duties cast upon from time to time by the Ministry of Corporate Affairs through its circulars and notifications. The matters deliberated upon by the Committee include:-

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible

Recommending to the Board, the appointment of statutory auditors, fixation of audit fees and approval of payments for any other services rendered by them

Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval with particular reference to: -matters required to be included in the Directors' Responsibility Statement in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;

changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of related party transactions; and qualifications in the draft audit report, if any, Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.

Reviewing the adequacy of internal audit function, including the structure of the internal audit department, it's staffing, reporting structure, coverage and frequency of audits.



Discussion with the internal auditors significant findings and follow-up thereon. Reviewing the findings of internal auditors and reporting them to the Board. Discussion with statutory auditors before the audit commences about the nature and scope of audit as also post-audit discussion to ascertain areas of concern.

Details of Audit Committee Meetings:

The Audit Committee met four times during the year under review on 30/05/2011, 12/07/2011, 20/10/2011, and 31/01/2012.

REMUNERATION OF DIRECTORS

The Remuneration Committee was re constituted as under in the Board meeting held on 30-11-2011 and it comprised of following members:

Name	Position	Category
Mr. Jayantibhai Prajapati	Chairman	Non-executive Chairman Independent Director
Mr. Kanubhai Patel	Member	Non-executive Independent Director
Mr. Gordhanbhai Patel	Member	Non-executive Independent Director

The Committee performs functions enumerated in Clause 49 of the Listing Agreement as also Schedule XIII of the Companies Act, 1956 and recommends to the Board the remuneration payable to executive directors. The Committee recommends the remuneration package after considering factors such as experience, expertise, position, responsibilities to be shouldered by the individual, leadership qualities, the volume of Company's business and profits earned by it. Presently, the company does not have a scheme for grant for stock option or performance-linked incentives for its Directors.

Details of Remuneration Committee Meetings:

The Remuneration Committee met on 31/12/2011 during the year under review and was attended by all members.

SHAREHOLDERS/INVESTOR'S GRIEVANCES COMMITTEE

The Investors' Grievances Committee comprises three directors, namely Mr. Jayantilal Prajapati, Mr. Kanubhai Patel and Mr. Gordhanbhai Patel. Meetings of the Investors' Grievances Committee are also attended by the head of Investors' Services Department. The Committee oversees functioning of the Investors' Services Department covering all facets of the operations including transfer of shares in physical form, dematerialisation of shares and activities related to dividend and depository operations. The Committee also closely monitors investor grievance redressal system of the department. Your Company received and resolved 1(One) complaints from shareholders during the year. As on March 31, 2012, no complaints remained pending/un-attended and no share transfers remained pending for over 30 days, during the year.

Details of the Investors' Grievances Committee Meetings

It met 24 times during the year and approved 6800 transfer of equity shares.

DETAILS OF LAST THREE ANNUAL GENERAL MEETING

Meeting	Year	Venue of AGM	Date	Time	No. of Special Resolution Passed
24th AGM	2008-2009	122/2, Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	30/09/09	10.00 a.m.	1
25th AGM	2009-2010	122/2, Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	13/08/10	10.00 a.m.	2
26th AGM	2010-2011	122/2, Ravi Estate, Bileshwarpura, Chattral, Dist: Gandhinagar.	7/8/2011	3.30 p.m.	2

No special resolution was passed through postal ballot last year

DISCLOSURE

During the year under review, there were no materially significant related party transactions between the Company and its promoters, directors, management or their relatives, etc. which may have potential conflict with the interests of the Company.

GUJARAT TERCE LABORATORIES LTD.

Statements of transactions in summary form with related parties in the ordinary course of business and material individual transactions with related parties, which were not in the normal course of business, were placed at meetings of the Audit Committee. The Audit Committee reviews statements of related party transactions submitted by the management. Details of transactions in which Directors are interested are recorded in the Register of Contracts maintained pursuant to the provisions of Section 301 of the Companies Act, 1956 and the same is placed at Board meetings and is signed by the Directors present. In compliance with Accounting Standard AS 18, details of related party transactions are disclosed in the notes to accounts that form part of the balance sheet and Statement of Profit & Loss.

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

MEANS OF COMMUNICATION QUARTERLY RESULTS:

Quarterly and annual financial results of the Company are submitted to the stock exchanges immediately after the Board approves them. Thereafter, the same are published in English (The Business Standard Ahmedabad) and Gujarati (Jansatta express, Ahmedabad edition) newspapers. Disclosures pursuant to various clauses of the Listing Agreement are promptly communicated to the stock exchanges. No formal presentation was made to the institutional investors or to the analysts during the year under review. Management Discussion and Analysis forms Part of the annual report, which is posted to the shareholders of the company.

GENERAL SHAREHOLDER INFORMATION:

1. Exclusive email id for investor grievances
Pursuant to Clause 47 (f) of the Listing Agreement, the following email id has been exclusively designated for communicating investor grievances: investors@gtll.in
2. Person in-charge of the Department : Mr Rajesh Prajapati
3. Annual General Meeting
The 27th Annual General Meeting will be held at 10.00 A.M on Friday, September 28, 2012, at 122/2 Ravi Estate, Bileshwarapura, Chhatral, Gandhinagar.
4. Financial Calendar

First quarter results	: July 2012
Second quarter results	: October 2012
Third quarter results	: January 2013
Annual results	: April/May 2013
Annual General Meeting	: August/September 2013
5. Book Closure
The Register of Members and the Share Transfer Register will remain closed from Friday, 21 September.2012 to Friday, 28 September, 2012 (Both days inclusive).
6. Dividend Payment Date : Not Applicable
7. Shares Listed At
The equity shares of the Company are listed at:
Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai Samachar Marg, Mumbai - 400 001.
8. Annual Listing fees for the year 2012-13 have been paid to stock exchanges. The Company has also paid the Annual Custodial fees to both the depositories.
9. Stock Codes
The stock codes of the Company is: 524314
10. International Securities Identification Number (ISIN)
ISIN is a unique identification number allotted to dematerialised scrip. The ISIN has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN of the equity shares of the Company is INE499G01013.



11. Corporate Identity Number (Cin)

CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India:

L28112GJ1985PLC007753

12. High/Low of monthly Market Price of the Company's Equity Shares Traded on the Mumbai Stock Exchanges during the financial year 2012-13 is furnished below:

Month	High	Low
April-11	17.70	13.30
May-11	18.05	11.30
June-11	18.20	14.30
July-11	19.99	14.10
August-11	18.30	12.45
September-11	16.00	12.00
October-11	13.38	10.43
November-11	13.94	9.30
December-11	13.75	8.61
January-12	14.79	10.13
February-12	12.99	10.80
March-12	13.43	9.50

13. Evolution of Capital

Particulars of Equity shares issued by the Company:

Year of issue	Allotment of shares	Total issued Capital at the end of financial year(no of shares)
1985	20	20
1989	10	30
1990	12470	12500
1992	850300	975300
1993	2920000	3895300
2008	1025000	4920300
2011	2500000	7420300

14. Share Transfer System

Company's shares in dematerialised form are transferrable through depositories. Shares in physical form are transferred by the Registrar & Transfer Agent and placed before the Share Transfer Committee for its approval. The Investor Grievance Committee meets at a regular interval to consider and approve the transfer, transmission, issuance of duplicate / consolidated / sub-divided share certificates and requests for dematerialization / rematerialisation of Company's shares.

In terms of Clause 47 (c) of the Listing Agreement, every six months, a qualified Practicing Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the stock exchange.

GUJARAT TERCE LABORATORIES LTD.

Distribution of Shareholding (as on March 31, 2012) a on the basis of Share held

a On the basis of Shares held

	Balance	PHYSICAL Holders	SHARES	D-MAT Holders	SHARES	TOTAL Holders	%	TOTAL Shares	%
1	500	10444	1188950	3272	509416	13716	95.16	1698366	22.89
501	1000	111	94800	250	217039	361	2.50	311839	4.20
1001	2000	20	32500	133	208179	153	1.06	240679	3.24
2001	3000	3	7600	47	117171	50	0.35	124771	1.68
3001	4000	3	10100	31	107868	34	0.24	117968	1.59
4001	5000	3	14200	21	100397	24	0.17	114597	1.54
5001	10000	0	0	42	317111	42	0.29	317111	4.27
10001	& Above	0	0	33	4494969	33	0.23	4494969	60.58
	Total	10584	1348150	3829	6072150	14413	100.00	7420300	100.00

b. On the basis of category

Category	No. of Shares Held	% to total Shares held
Promoters	2598000	35.01
Private Corporate Bodies	956564	12.89
Individual	3561993	48.01
N. R. I.	303743	4.09
TOTAL	7420300	100

15. Dematerialisation Of Shares And Liquidity

Shares of the Company are traded compulsorily in dematerialised form and are available for trading with both the depositories with whom the Company has established direct connectivity. The demat requests received by the Company are continually monitored to expedite the process of dematerialisation. The demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed demat requests for 22900 equity shares. As on March 31, 2012, 81.84% of the total shares issued by the Company were held in dematerialised form.

16. Code Of Conduct For Prevention Of Insider Trading

The Company has adopted a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, for prevention of insider trading in shares of the Company.

The Code of Conduct is implemented diligently mandating initial and continual disclosures from the senior officials, directors and auditors of the Company upon trading in the shares of the Company. The Code also restricts specified employees to deal in the shares of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company.

The transactions of the insiders in the shares of the Company are subjected to trading window closures, pre-clearance of trades etc. as envisaged in the Code. The Code has been disseminated through the Company's intranet for easy access to the employees and is updated from time to time.

17. Reconciliation Of Share Capital Audit Report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practicing Company Secretary for reconciliation of share capital of the Company.



The audit report inter alia covers and certifies that the total shares held in NSDL, CDSL and those in physical form tally with the issued and paid-up capital of the Company, the Register of Members is duly updated, demat requests are confirmed within stipulated time etc. The Reconciliation of Share Capital Audit Report is submitted with BSE and is also placed before the meetings of the Board of Directors and the Investors' Grievances Committee.

18. Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-12

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2012.

19. Plant Locations

122/2 & 3, Ravi Estate, Bileshwarapura, Chattral Dist: Gandhinagar.

20. Address for Correspondence

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

(1) All enquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

301 & 314 Akashrath Complex, Opp National Handloom House, C.G Road, Navrangpura, Ahmedabad – 380009
E-mail: gujtercead1@sancharnet.in or ho@gujaratterce.com or investors@gtll.in

(2) Bigshare Services Private Limited

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka Andheri (E), Mumbai, 400072.

Tel: 91-22-2847 0652 | 40430200| 2847 0653 Fax: 91-22-2847 5207 E-mail: marketing@bigshareonline.com

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of Gujarat Terce Laboratories Limited

We have examined the compliance of the conditions of corporate governance by Gujarat Terce Laboratories Limited ("the Company") for the year ended on March 31, 2012, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management.

Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned listing agreements.

We 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.

Place : Ahmedabad
Date : 30/07/2012

Pinakin Shah & Co.,
Practicing Company Secretary
FCS 2562, C.P No 2932

DECLARATION PURSUANT TO CLAUSE 49 1 (D) (ii) OF THE LISTING AGREEMENT

In accordance with Clause 49 1(D) (ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended March 31, 2012.

For and behalf of Board of Directors

Place : Ahmedabad
Dated : 30/07/2012

(N. P. Prajapati)
Chairman

GUJARAT TERCE LABORATORIES LTD.

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

We, Mr. N. P. Prajapati, Managing Director (CEO) and Mr. Amrutbhai P. Prajapati, Whole Time Director (CFO) do hereby certify to the Board that:

- a) We have reviewed the Balance Sheet as at March 31, 2012, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
 - i) the said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year, if any;
 - ii) significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Gujarat Terce laboratories Limited

N. P. Prajapati (CEO)
Ahmedabad, 30/07/2012

For Gujarat Terce laboratories Limited

A. P. Prajapati (CFO)
Ahmedabad, 30/07/2012



AUDITORS' REPORT

To,
The Members,
Gujarat Terce Laboratories Limited
Ahmedabad

We have audited the attached Balance Sheet of Gujarat Terce Laboratories Limited as at 31st March 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the **Annexure A** Statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
- ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of such books.
- iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the Books of Account.
- iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement read in conjunction with the notes on accounts, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of the written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
 - ii) in the case of the Statement of Profit & Loss, of the profit of the company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For, P A R Y & Co.
Chartered Accountants
FRN - 007288C

(Sushil Goenka)
Partner
M.No. 115465

Date : 30.07.2012
Place : Ahmedabad

GUJARAT TERCE LABORATORIES LTD.

Annexure to Auditor's Report of even date on the accounts for the year ended 31st March, 2012 of Gujarat Terce Laboratories Limited

1. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification program which, in our opinion, is reasonable looking to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c. The Company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
2. a. As explained to us, inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have, however, been confirmed by them. In our opinion, the frequency of verification is reasonable.
b. The procedures explained to us, which were followed by the management for physical verification of inventories, are in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
c. On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.
3. a. The Company has not given any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clauses (iii)(b),(c) and (d) of the Order are not applicable.
b. The Company has taken interest free unsecured loans from the one Director which is not prejudicial to the interest of the company. Maximum balance outstanding during the year is Rs. 993.20 lacs while the year end balance is Rs. 816.03 lacs.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods. During the course of our audit, no major weakness in internal control has come to our notice.
5. a. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that the transactions in which directors were interested and which were required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has not entered into any transactions exceeding the value of Five Lacs Rupees in respect of any party during the year that need to be entered in the Register in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public and thus, paragraph 4(vi) of the said order is not applicable
7. In our opinion, the company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
9. a. The company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it, **except in few cases there has been delay in depositing such dues**. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.



- b. According to the information and explanation given to us, the dues outstanding of sales tax, income tax, customs duty, wealth tax, excise duty and cess on any account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount of disallowance (Rs. in lacs)	Period to the amount Relates	Forum where dispute is pending
Gujarat Sales Tax	Reg Assesment	Rs. 466886	A.Y.2003-04	Dep.CommOf Sales Tax (Appeals)
Gujarat Sales Tax	Reg Assesment	Rs. 1068607	A.Y.2004-05	Dep.CommOf Sales Tax (Appeals)

10. The Company has neither accumulated losses at the end of the financial year nor has incurred cash losses in the financial year under report and in the immediately preceding financial year.
11. On the basis of the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and any other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order are not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order are not applicable to the company.
15. According to information and explanations given to us and the representations made by the management, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained in the Companies Act u/s 301 during the year.
19. The company has not issued any secured debentures during the year.
20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the course of our audit during the year.
22. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided in the Notes on accounts.

For, P A R Y & Co.
Chartered Accountants
FRN - 007288C

(Sushil Goenka)

Partner

M.No. 115465

Date : 30.07.2012

Place : Ahmedabad

GUJARAT TERCE LABORATORIES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2012**

Particulars	Note No.	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	74,203,000	74,203,000
(b) Reserves and surplus	3	30,899,362	29,594,368
		<u>105,102,362</u>	<u>103,797,368</u>
2 Share application money pending allotment		—	—
3 Non-current liabilities			
(a) Long-term borrowings	4	83,131,620	710,098
(b) Deferred tax liabilities (net)		3,462,413	3,395,930
(c) Other long-term liabilities	5	8,250,000	8,250,000
		<u>94,844,033</u>	<u>12,356,028</u>
4 Current liabilities			
(a) Short-term borrowings	6	22,678,621	23,785,019
(b) Trade payables	7	18,084,600	108,029,155
(c) Other current liabilities	8	22,268,875	9,723,735
(d) Short-term provisions	9	819,408	3,495,533
		<u>63,851,504</u>	<u>145,033,442</u>
TOTAL		<u><u>263,797,899</u></u>	<u><u>261,186,838</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	55,136,274	55,706,697
(ii) Intangible assets		—	—
(iii) Capital work-in-progress	10	2,083,005	—
(iv) Intangible assets under development		—	—
(v) Fixed assets held for sale		—	—
		<u>57,219,279</u>	<u>55,706,697</u>
(b) Non-current investments	11	500	500
(c) Deferred tax assets (net)		—	—
(d) Long-term loans and advances	12	35,588,297	35,706,797
(e) Other non-current assets		—	—
		<u>35,588,797</u>	<u>35,707,297</u>
2 Current assets			
(a) Current investments		—	—
(b) Inventories	13	53,369,790	43,881,651
(c) Trade receivables	14	101,181,220	96,251,005
(d) Cash and cash equivalents	15	6,563,888	23,620,907
(e) Short-term loans and advances	16	8,716,231	4,097,891
(f) Other current assets	17	1,158,694	1,921,390
		<u>170,989,823</u>	<u>169,772,844</u>
TOTAL		<u><u>263,797,899</u></u>	<u><u>261,186,838</u></u>

See accompanying notes forming part of the financial statements

As per our Audit Report of even date attached

For P A R Y & CO.

Chartered Accountants

FRN-007288C

(Sushil Goenka)

Partner

Mem. No. 115465

Date : 30-07-2012

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati
Chairman & M.D.

Pareshbhai D. Patel
M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	Note No.	For the	For the
		year ended	year ended
		31 March, 2012	31 March, 2011
		₹	₹
1 Revenue from operations (gross)	18	993,304,330	364,300,629
Less: Excise duty	18	6,709,079	5,428,699
Revenue from operations (net)		986,595,251	358,871,930
2 Other income	19	465,774	186,979
3 Total revenue (1+2)		987,061,025	359,058,909
4 Expenses			
(a) Cost of materials consumed	20a	39,944,867	52,517,415
(b) Purchases of stock-in-trade		809,361,666	189,900,172
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20b	(721,027)	(10,435,569)
(d) Employee benefits expense	21	56,135,998	43,154,333
(e) Finance costs	22	4,373,741	3,845,955
(f) Depreciation and amortisation expense	10	2,924,735	1,917,039
(g) Other expenses	23	73,333,975	71,009,239
Total expenses		985,353,955	351,908,584
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		1,707,070	7,150,325
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		1,707,070	7,150,325
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 + 8)		1,707,070	7,150,325
10 Tax expense:			
(a) Current tax expense for current year		335,593	2,736,560
(b) Current tax expense relating to prior years (Excess/less Provision of I.Tax of PY)		-	449,128
(c) Net current tax expense		335,593	3,185,688
(d) Deferred tax		66,483	(177,913)
11 Profit / (Loss) for the year		1,304,994	4,142,550
12 Earnings per share (of ₹ 10/- each):			
(a) Basic	24	0.176	0.558
(b) Diluted	24	0.176	0.558

See accompanying notes forming part of the financial statements

As per our Audit Report of even date attached

For P A R Y & CO.

Chartered Accountants

FRN-007288C

(Sushil Goenka)

Partner

Mem. No. 115465

Date : 30-07-2012

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati
Chairman & M.D.

Pareshbhai D. Patel
M.D.

A. P. Prajapati
Wholtime Director

S. P. Prajapati
Director

GUJARAT TERCE LABORATORIES LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012**

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		1,707,070		7,150,325
<i>Adjustments for:</i>				
Provision For Tax	(335,593)		(3,185,688)	
Depreciation and amortisation	2,924,735		1,917,039	
Deferred Revenue Expenditure Incurred	-		(990,000)	
Product Launching & Development & other deferred revenue Exps W/off	564,696		2,089,180	
Preliminary Exps. W/off	198,000		198,000	
(Profit) / loss on sale / write off of assets	187,976		13,463	
Net (Gain) / Loss on Foreign Currency Transactions	(5,787)		-	
Finance costs	4,373,741		3,845,955	
Interest income	(464,897)		(148,479)	
		<u>7,442,871</u>		<u>3,739,470</u>
Operating profit / (loss) before working capital changes		9,149,941		10,889,795
Changes in working capital:				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(9,488,139)		(11,857,924)	
Trade receivables	(4,930,215)		(36,575,438)	
Short-term loans and advances	(4,618,340)		(20,982,140)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(89,944,555)		74,062,350	
Other current liabilities	12,545,140		2,769,029	
Short-term provisions	(2,676,125)		3,867,508	
Net Changes in working capital:		(99,112,234)		11,283,385
		(89,962,293)		22,173,180
Cash flow from extraordinary items		-		-
Cash generated from operations		(89,962,293)		22,173,180
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		(89,962,293)		22,173,180
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances, if any	(13,961,440)		(41,663,044)	
Proceeds from sale of fixed assets	9,336,147		65,000	
Long Term Loans & Advances realised	118,500		-	
Interest received	464,897		148,479	
	<u>(4,041,896)</u>		<u>(41,449,565)</u>	
Net cash flow from / (used in) investing activities (B)		(4,041,896)		(41,449,565)



Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	₹	₹	₹	₹
C. Cash flow from financing activities				
Proceeds from issue of share capital	-		40,207,800	
Proceeds from long-term borrowings (Net)	82,421,522		57,554	
Proceeds from other short-term borrowings (Net)	(1,106,398)		2,076,340	
Net Gain / (Loss) on Foreign Currency Transactions	5,787		-	
Finance Costs	(4,373,741)		(3,845,955)	
Cash flow from extraordinary items		76,947,170		38,495,739
Net cash flow from / (used in) financing activities (C)		76,947,170		38,495,739
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(17,057,019)		19,219,354
Cash and cash equivalents at the beginning of the year		23,620,907		4,478,053
Cash and cash equivalents at the end of the year		6,563,888		23,620,907

As per our Audit Report of even date attached

For P A R Y & CO.

Chartered Accountants

FRN-007288C

(Sushil Goenka)

Partner

Mem. No. 115465

Date : 30-07-2012

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati
Chairman & M.D.

Pareshbhai D. Patel
M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director

Notes forming part of the financial statements

Note Particulars

1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

1.1 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.

1.2 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.

1.3 Revenue recognition

Sales are recognised, net of returns and trade discounts, 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. Interest income is accounted on accrual basis.

1.4 Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

1.5 Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes 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. 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.

Capital work-in-progress:

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

1.6 Investments

Investments are classified as long term investments. It is carried at cost. Provision for diminution in value of long term investment is made on each investment individually only if such decline is other than temporary.

1.7 Inventories

Inventories are valued as under Raw Material: At Cost Stock in Process: At estimated Cost Finished Goods: At cost or realizable value whichever is less Stores, Spares & other items: At Cost

1.8 Raw Material is accounted net of Excise Duty.

1.9 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).

1.10 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.



1.11 Depreciation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

1.12 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets, if any.

1.13 Excise Duty / Service Tax and Sales Tax / Value Added Tax

Excise duty on Finished Goods is accounted as and when they are cleared from the factory premises. No provision for excise duty is made for goods manufactured and lying in bonded warehouses. Sales Tax / Value Added Tax is charged to the Statement of Profit and Loss.

Company has adopted method of treatment of Cenvat Credit in account as prescribed in guidance note on accounting treatment for CENVAT by ICAI. Excise Duty paid on inputs is debited to Cenvat credit receivable account, so the Purchase cost of inputs (Raw Material) is net of Excise duty. Therefore the inputs consumed (Raw Material) and the inventory of inputs (Raw Material) is valued on the basis of purchase cost net of Excise duty. The debit balance in Cenvat credit receivable account is shown on the Assets side under the head "Short Term Loans & Advances"

1.14 Foreign currency transactions and translations

Current assets and current liabilities are translated at the exchange rate prevailing on the last day of the year.

Gains or losses arising out of remittance/ translations at the year end are credited / debited to the profit and loss account for the year except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of such assets

Foreign Exchange transactions are converted into Indian rupees at the prevailing rate on the date of the transaction.

Exchange differences arising on contracts are recognized in the period in which they arise and the premium paid / received is accounted as expense/ income over the period of contract.

1.15 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences, if any arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

1.16 Taxes on income

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

Minimum Alternate Tax (MAT) paid, if any, in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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

GUJARAT TERCE LABORATORIES LTD.

future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

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

1.17 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.18 Contingent Liabilities and Provisions

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.

1.19 Sundry Creditors, Sundry Debtors, Deposits, Loans & Advances recoverable in Cash or kind are subject to confirmation.

1.20 Balances in Share Allotment money, EEFC account and current account with Bank of Baroda is subject to reconciliation. It is taken on the basis of balances as per the books of the Company, as the Statement and certificates are not provided by the Bank.

1.21 None of the employees of the Company was in receipt of or entitled to receive emoluments in aggregate at a rate of not less than Rs. 200000/- p.m. (P.Y. – Rs. 200000/- p.m.) (If employed for part of the year) or Rs. 2400000/- or more p.a. (P.Y. – Rs. 2400000/- or more p.a.) (If employed for full year) (Previous Year - Nil).

1.22 Contingent Liabilities Not Provided For

	<u>2011-12</u>	<u>2010-11</u>
a) Unutilized Letter of Credit	Nil	Nil
b) Counter guarantees furnished by the Company in respect of Bank Guarantee	1100000	1100000
c) Estimated amount of contracts to be executed on capital account and not provided for	0	1500000

1.23 Details of C.I.F. Value of Imports, Expenditure in Foreign currency and earnings in foreign currency are as under :

	<u>2011-12</u>	<u>2010-11</u>
a. C.I.F Value of Imports		
Raw Material	Nil	Nil
Machineries	Nil	Nil
b. Expenditure in foreign currency less Commission & Other Expenses	Nil	Nil
c. Earning in Foreign Currency		
- Export Sales	1234761	689934

1.24 Details of Raw Material consumed

	<u>As on 31.03.2012</u>		<u>As on 31.03.2011</u>	
	% of total Value	Consumption (Rs.)	% of total Value	Consumption (Rs.)
a) Imported	—	—	—	—
b) Indigenous	100%	39944867	100%	50840365



1.25 Related Party

Information about related parties as required by AS – 18 are as under:

Sr.No.	Related Party	Relationship	Description of Transaction	Payment
1.	Mr. N.P. Prajapati	Chairman & M.D.	Managerial Remuneration	1800000
2.	Mr. A.P. Prajapati	Director	Managerial Remuneration	262000
3.	Mr. Pareshbhai D. Patel	M.D.	Managerial Remuneration	1821200
4.	Mr. Suresh P. Prajapati	Director		
5.	Mr. Gordhan G. Patel	Director		
6.	Mr. Kanubhai S. Patel	Director		
7.	Mr. Jayanti S. Prajapati	Director		
8.	Mr. Surendra P. Pareek	Additional Director		
9.	Ms. Monika P. Patel	Additional Director		
10.	Mr. Mahesh N. Singh	Additional Director		

1.26 Deferred Tax Liability

Particulars	₹	₹	₹
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As per AS 22 on Accounting for taxes on income issued by ICAI, the Company has provided deferred tax liabilities as on 31st March, 2012.

The components of deferred tax liability for the current financial year are:

Deferred Tax Liability	Deferred Tax Liability / (assets) as at 1.4.2011	Current year change / (credit)	Deferred Tax Liability / (assets) as at 31.3.2012
(A) Difference between book and Tax depreciation	3,046,948	240,974	3,287,922
Tax liability on Deferred Revenue Expenditure	348,982	(174,491)	174,491
(A)	3,395,930	66,483	3,462,413
(B) Deferred Tax Assets	—	—	—
(B)	—	—	—
Net Deferred Tax Liability (A-B)	3,395,930	66,483	3,462,413

1.27 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 operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The Company has identified two reportable segments viz Pharmaceutical and Metal Divisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

GUJARAT TERCE LABORATORIES LTD.

The Company is engaged in manufacturing of Tablets, Capsules, and Syrup & Injection pertaining to the product group Pharmaceuticals.

Particulars	Pharmaceutical		METAL		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	₹	₹	₹	₹	₹	₹	₹	₹
1 Revenue from operations (gross)	196,210,046	186,662,914	797,094,284	177,637,715	-	-	993,304,330	364,300,629
Less: Excise duty	3,654,356	3,233,563	3,054,723	2,195,136	-	-	6,709,079	5,428,699
Revenue from operations (net)	192,555,690	183,429,351	794,039,561	175,442,579	-	-	986,595,251	358,871,930
2 Other income	465,774	186,979	-	-	-	-	465,774	186,979
3 Segment revenue (1+2)	193,021,464	183,616,330	794,039,561	175,442,579			987,061,025	359,058,909
4 Segment Expenses								
Cost of materials consumed	15,771,789	20,561,077	24,173,078	31,956,338	-	-	39,944,867	52,517,415
Purchases of stock-in-trade	56,168,815	51,304,046	753,192,851	138,596,126	-	-	809,361,666	189,900,172
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(117,904)	(1,943,639)	(603,123)	(8,491,930)	-	-	(721,027)	(10,435,569)
Employee benefits expense	51,586,470	42,850,012	4,549,528	304,321	-	-	56,135,998	43,154,333
Depreciation and amortisation expense	1,816,595	1,656,582	1,108,140	260,457	-	-	2,924,735	1,917,039
Other expenses	62,604,953	70,248,203	10,729,022	761,036	-	-	73,333,975	71,009,239
Total	187,830,718	184,676,281	793,149,496	163,386,348	-	-	980,980,214	348,062,629
5 Segment Results Before Finance Costs, Exceptional & Extraordinary Items and Tax Less : Fiance Costs	5,190,746	(1,059,951)	890,065	12,056,231	-	-	6,080,811	10,996,280
6 Profit / (Loss) before exceptional and extraordinary items and tax	5,190,746	(1,059,951)	890,065	12,056,231	(4,373,741)	(3,845,955)	1,707,070	7,150,325
7 Exceptional items	-	-	-	-	-	-	-	-
8 Profit / (Loss) before extraordinary items and tax	5,190,746	(1,059,951)	890,065	12,056,231	(4,373,741)	(3,845,955)	1,707,070	7,150,325
10 Extraordinary items	-	-	-	-	-	-	-	-
11 Profit / (Loss) before tax	5,190,746	(1,059,951)	890,065	12,056,231	(4,373,741)	(3,845,955)	1,707,070	7,150,325
10 Tax expense:								
(a) Current tax expense for current year	-	-	-	-	335,593	2,736,560	335,593	2,736,560
(b) Current tax expense relating to prior years (Excess/less Provision of I.Tax of PY)	-	-	-	-	-	449,128	-	449,128
(c) Net current tax expense	-	-	-	-	335,593	3,185,688	335,593	3,185,688
(d) Deferred tax	-	-	-	-	66,483	(177,913)	66,483	(177,913)
11 Profit / (Loss) for the year	5,190,746	(1,059,951)	890,065	12,056,231	(4,775,817)	(6,853,730)	1,304,994	4,142,550
Other information								
Segment Assets	133,587,551	134,147,371	129616348	126247467				
Unallocated Assets	459,000	612000	135000	180000				
Total Assets	134,046,551	134759371	129,751,348	126427467				
Segment Liabilities	57,921,023	56565385	97312101	97428155				
Unallocated Liabilities	3,462,413	3,395,930	0	0				
Total Liabilities	61,383,436	59961315	97312101	97428155				
Capital Expenditure	4,329,548	1077633	9631892	40585411				
Depreciation	1,816,595	1656582	1,108,140	260457				
Non-Cash Expenses other than Depreciation	784,179	11119979	45,000	45000				



Notes forming part of the financial statements

Note 2 Share capital

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Authorised		
11000000 Equity shares of ₹10 each with voting rights	110000000	110000000
(b) 7420300 Issued, Subscribed and fully paid up Equity shares of ₹10 each with voting rights	74203000	74203000
Total	74203000	74203000

Note 2.1 The Reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31 March, 2012 No. of shares	As at 31 March, 2011 No. of shares
Equity shares at the beginning of the year	7420300	4920300
Add: Shares issued during the year	0	2500000
Equity shares at the end of the year	7420300	7420300

Note 2.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	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				
Natwarbhai P. Prajapati	563440	7.59%	563440	7.59%
Sureshbhai. P. Prajapati	927150	12.49%	927150	12.49%
Terce Finlease Pvt. Ltd.	1075900	14.50%	1075900	14.50%
Shamrock Chemie Pvt. Ltd	711420	9.59%	700000	9.43%

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 3 Reserves and surplus**

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Securities premium		
Opening balance	15,000,000	-
Add : Premium on shares issued during the year	-	15,000,000
Less : Utilised during the year for:	-	-
Closing balance	15,000,000	15,000,000
General reserve		
Opening balance	3,737,174	3,737,174
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year for	-	-
Closing balance	3,737,174	3,737,174
Investment Subsidy	-	-
Opening balance	438,458	438,458
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Closing balance	438,458	438,458
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	10,418,736	6,276,186
Add: Profit / (Loss) for the year	1,304,994	4,142,550
Closing balance	11,723,730	10,418,736
Total	30,899,362	29,594,368

Note 4 Long-term borrowings

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Term loans		
From banks (ICICI car finance)		
Secured	853,096	227,233
Loans and advances from Directors & Related Parties	-	-
Unsecured	81,602,659	307,000
Loans and advances from Others	-	-
Unsecured	675,865	175,865
Total	83,131,620	710,098

Current and previous year, Term loan from ICICI Car Finance is secured by way of first charge on i20 Car of the company;
Rate of interest 10% p.a.

Current year Term loan from ICICI Car Finance is secured by way of first charge on Swift Car of the company;
Rate of interest 11.51% p.a.

Current year, Term loan from Bank of Baroda is secured by way of first charge on Staff Bus of the company;
Rate of interest 12.50 % p.a.

Maturity Profile of Long - Term Borrowings from directors & their relatives and others is as set out below:

Particulars	Less than 4 years	beyond 4 years
Loans and advances from Directors & their Relatives	81,295,659.00	307,000
Loans and advances from Others	-	675,865



Notes forming part of the financial statements (contd...)

Note 5 Other long-term liabilities

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Others:		
Trade / security deposits received	8,250,000	8,250,000
Total	8,250,000	8,250,000

Note 6 Short-term borrowings

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Loans repayable on demand		
From banks		
secured	22678621	23785019
Total	22,678,621	23,785,019

Notes:

(i) Details of security for the secured short-term borrowings:

Loans repayable on demand from banks:

Cash Credit A/c- Bank of Baroda

Secured By equitable Mortgage of Factory Land & Building Office Premises of the company and Residential Bungalow of Director Mr. Natwarbhai P. Prajapati

Hypothecation of all the Plant & Machineries, movable fixed assets, stock, book debts & all the current assets of the company.

Personal Guarantee of directors of the company Natwarbhai P. Prajapati, Amrutbhai P. Prajapati & Sureshbhai P. Prajapati

Note 7 Trade payables

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Trade payables:		
Due to Micro & Small Enterprises	18,084,600	108,029,155
Other than Micro & Small Enterprises	-	-
Total	18,084,600	108,029,155

Note 8 Other current liabilities

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Current maturities of long-term debt	413,934	142,257
Statutory remittances	2,005,729	1,727,067
(Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, TDS Patable etc.)		
Payables on purchase of fixed assets	500,000	500,000
Interest accrued on trade /security deposits	415,125	550,125
Trade / security deposits received	348,000	545,285
Advances from customers	245,903	13,022
Other liabilities	13,384,423	820,663
Salary Payable	4,955,761	5,425,316
Total	22,268,875	9,723,735

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 9 Short-term provisions**

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Provision for employee benefits		
Provision for bonus	-	281,533
Provision for tax	335,593	2,736,560
Provision for Audit Fees	36,495	36,729
Provision for Telephone Exps	12,474	29,315
Provision for Electricity Exps (Factory & Office)	48,009	27,059
other provisions	386,837	384,337
Total	819,408	3,495,533

NOTE 10 FIXED ASSETS (As per Company's Act.), A/c. Year : 2011-12

Particulars	Gross Block				Depreciation				Net Block		
	Rate	Op. Bal. as on 01.04.11	Addition during the year	Sales during the year	Balance as on 31.03.12	Op. Bal. as on 01.04.11	Prov. During the year	Dep. write off back	Balance as on 31.03.12	As on 31.03.12	As on 31.03.11
Factory Land		16290029	9500000	9500000	16290029	0	0	0	0	16290029	16290029
Factory & Building	3.34%	14547163	0	0	14547163	4843696	485871	0	5329567	9217596	9703467
Office Building	1.63%	250030	0	0	250030	87635	4075	0	91710	158320	162395
Vehicles	9.50%	1808847	1412287	25000	3196134	1298165	234820	877	1532108	1664026	510682
Laboratory Equipments	4.75%	3207489	0	0	3207489	2517010	152356	0	2669366	538123	690479
Electric Installation	4.75%	1910548	0	0	1910548	1518935	90751	0	1609686	300862	391613
Machineries	4.75%	31757254	838298	0	32595552	7547123	1530096	0	9077219	23518333	24210131
Furniture	6.33%	3563566	35975	0	3599541	1085702	226470	0	1312172	2287369	2477864
Block & Design	4.75%	3289230	0	0	3289230	2212430	156238	0	2368668	920562	1076800
Computer	16.21%	1732675	91875	0	1824550	1610087	44058	0	1654145	170405	122588
Communication Appliances	4.75%	78580	0	0	78580	78580	0	0	78580	0	0
Sterlin Resort (Time share)		70650	0	0	70650	0	0	0	0	70650	70650
Godown In Progress		0	2083005	0	2083005	0	0	0	0	2083005	0
Total		78506061	13961440	9525000	82942501	22799363	2924735	877	25723221	57219280	55706698
Previous Year		36996189	41663044	153172	78506061	21015534	1917039	133209	22799364	55706697	15980655

Note 11 Non- Current Incestment

Particulars	As at 31 March, 2012 Total ₹	As at 31 March, 2011 Total ₹
Investments (At cost):		
Samir Members Association	500	500
Total	500	500



Notes forming part of the financial statements (contd...)

Note 12 Long-term loans and advances

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Security deposits		
Unsecured, considered good	612,323	730,823
(b) Advances recoverable in cash or kind or for value value to be received		
Unsecured, considered good	34,975,974	34,975,974
Total	35,588,297	35,706,797

Note 13 Inventories

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Raw materials (At cost)	14,146,305	1,283,713
(b) Work-in-progress (at estimated cost)	4,274,611	530,986
(c) Finished goods (other than those acquired for trading) (at cost or realisable value whichever is lower)	5,004,569	8,346,170
(d) Stock-in-trade (acquired for trading) (at cost or realisable value whichever is lower)	18,855,023	18,536,020
(e) Stores, spares & other items (at cost)	2,622,458	2,971,609
(f) Advertisement Article Stock (at cost)	8,466,824	12,213,153
Total	53,369,790	43,881,651

Note: Details of inventory of work-in-progress

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Pharma Division		
Bromerce 16 Tablet	106,422	-
Codimol- 100 Dry syrup	92,850	-
Codimol- 50 Dry syrup	64,750	-
Other items	109,839	530,986
Total	373,861	530,986
Metal Division		
CPC Blue	1,771,875	-
Cuprous Chloride	2,128,875	-
Total	3,900,750	-

Note 14 Trade receivables

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	13,166,152	15,444,021
Other Trade receivables	-	-
Unsecured, considered good	88,015,068	80,806,984
Total	101,181,220	96,251,005

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 15 Cash and cash equivalents**

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Cash on hand	401,375	476,937
(b) Balances with banks		
(i) In current accounts	2,031,893	19,225,623
(ii) In EEFC accounts	7,468	7,468
(iii) Share Issue Account	888,406	888,406
(c) other bank balances	-	-
Bank Deposits (refer note (i) below)	3,234,746	3,022,473
Total	6,563,888	23,620,907

Notes:

- (i) Other Bank Balances include bank deposits amounting to ₹ 1951692/- (As at 31 March, 2011 ₹ 18,32,698/-) and deposits for margin monies against bank guarantee amounting to ₹ 1283054/- (As at 31 March, 2011 ₹ 11,89,775/-) which have an original maturity of not more than 12 months.

Note 16 Short-term loans and advances

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Loans and advances recoverable cash or kind or for value to be received		
Unsecured, considered good	7,424,734	2,347,284
Advance for Purchase of Capital Assets	900,000	-
Advances given Employees		
Unsecured, considered good	-	1,239,022
Prepaid expenses - Unsecured, considered good	363,700	276,400
TDS Receivable	23,453	18,086
CENVAT credit receivable	4,344	4,603
Service Tax credit receivable	-	212,496
Total	8,716,231	4,097,891

Note 17 Other current assets

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Unamortised expenses		
(i) Preliminary Expense	594,000	612,000
(ii) Product Launching & Development	564,694	1,309,390
Total	1,158,694	1,921,390



Notes forming part of the financial statements (contd...)

Note 18 Revenue from operations

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(a) Sale of products	-	
Domestic Sales	988,047,384	363,559,996
Export Sales	1,234,761	689,934
(b) Other operating revenues	4,022,185	50,699
	993,304,330	364,300,629
Less:		
(c) Excise duty	6,709,079	5,428,699
Total	986,595,251	358,871,930

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(i) Sale of products comprises (Broad Heads):		
Manufactured goods - Pharma Division		
Almocef Tablet	6,693,141	8309253
Aziter 500 Tablet	3,636,026	4531455
Codimol 200 Tablet	3,264,616	4743344
Manufactured goods - Metal Division		
copper sulphate	16876250	23878400
cuprous chloride	12234390	-
CPC Blue	6129500	-
Traded goods - Pharma Division		
Acolate Kid Susp.	9,652,973	8824689
Acolate P Plus Tablet	14,405,801	11426533
Acolate Tablet	7,186,836	1322764
Traded goods - Metal Division		
Erythrosine	99420510	-
Black PN	63979493	-
Quinine Yellow	55118175	-
(ii) Other operating revenues comprise:		
Sale of scrap	3,737,858	-
Insurance claim on Stock Transfer	132,346	-
Rate Difference	151,981	50,699
Total - Other operating revenues	4,022,185	50,699

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 19 Other income**

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(a) Interest income (Note : 19.a)	464,897	184,479
(b) Other non-operating income (net of expenses directly attributable to such income) (Note: 19.b)	877	2,500
Total	465,774	186,979

Note (19.a)

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Interest on Bank Deposits	235,726	180,857
Interest on Other Loans	229,171	-
Interest on overdue trade receivables	-	3,622
Total - Interest income	464,897	184,479

Note (19.b)

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Other non-operating income comprises:		
Profit on sale of fixed assets	877	2500
Total - Other non-operating income	877	2500

Note 20.a Cost of materials consumed

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Opening stock	1,283,713	1,283,188
Add: Purchases	52,807,459	52,517,940
	54,091,172	53,801,128
Less: Closing stock	14,146,305	1,283,713
Cost of material consumed	39,944,867	52,517,415

Material consumed comprises:**Pharma Division**

Azithromycin	2,276,400	3,332,431
Cefixime Trihydrate	3,158,060	3,541,211
Other items	34,510,407	45,643,773

Metal Division

Phathalic Anhydride	5,805,208	-
Copper Sulphate	13,849,175	21,389,070
Acid Slury	4,362,174	-



Notes forming part of the financial statements (contd...)

Note 20.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Inventories at the end of the year:		
Finished goods	5,004,569	8,346,170
Work-in-progress	4,274,611	530,986
Stock-in-trade	18,855,023	18,536,020
	<u>28,134,203</u>	<u>27,413,176</u>
Inventories at the beginning of the year:		
Finished goods	8,346,170	-
Work-in-progress	530,986	417,018
Stock-in-trade	18,536,020	16,560,589
	<u>27,413,176</u>	<u>16,977,607</u>
Net (increase) / decrease	(721,027)	(10,435,569)

Note 21 Employee benefits expense

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Salaries and wages	49494317	40899797
Contributions to provident and other funds	6045967	1941846
Staff welfare expenses	595714	312690
Total	56135998	43154333

Note 22 Finance costs

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(a) Interest expense on:		
(i) Borrowings	4065102	3565283
(iii) Others *	114434	-
* includes interest on government and other dues		
(b) Other borrowing costs		
- Bank Charges	194205	280672
Total	4,373,741	3,845,955

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 23 Other expenses**

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Consumption of stores and spare parts	129,056	92,567
Consumption of packing materials	5,044,053	3,748,514
Power and fuel	1,605,547	967,633
Jobwork Expenses	4,918,400	-
Rent	1,211,000	415,679
Repairs and maintenance - Buildings	639,965	-
Repairs and maintenance - Machinery	175,680	53,041
Insurance	439,524	382,946
Income Tax Assessment	54,116	-
Excise duty Expense	28,077	276,409
Rates and taxes	2,725,342	2,564,385
Communication	1,471,196	1,609,866
Freight and forwarding	4,202,522	3,177,729
Sales commission	3,409,741	3,390,476
Advertisement Expenses	37,915,932	39,710,822
Donations and contributions	37,888	-
Payments to auditors (Statutory & Tax Audit)	40,550	39,708
Bad trade and other receivables, loans and advances written off	1,690,943	8,850,909
Net loss on foreign currency transactions and translation	(5,787)	28,927
Loss on fixed assets sold / scrapped / written off	188,853	15,963
Miscellaneous expenses	7,411,377	5,683,665
Total	73,333,975	71,009,239

Note 24 Earning Per Share

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Earning Per Share		
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	1,304,994	4,142,550
ii) Weighted Average number of equity shares used as denominator for calculating EPS	7,420,300	7,420,300
iii) Face Value per equity share	10	10
iv) Basic and Diluted Earnings per share	0.176	0.558

As per our Audit Report of even date attached

For P A R Y & CO.

Chartered Accountants

FRN-007288C

(Sushil Goenka)

Partner

Mem. No. 115465

Date : 30-07-2012

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati
Chairman & M.D.**Pareshbhai D. Patel**
M.D.**A. P. Prajapati**
Wholetime Director**S. P. Prajapati**
Director



Gujarat Terce Laboratories Limited

Registered Office : 122/2 Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint Shareholders may obtain attendance slip on request.

L. F. No. / ID No. :	No. of Shares
Name :	
Address :	

I hereby record my presence at the 27th ANNUAL GENERAL MEETING of the Company to be held on Friday the 28th day of September, 2012 at 10.00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar.

Signature of the Shareholder / Proxy

--

----- (Tear Here) -----

Gujarat Terce Laboratories Limited

Registered Office : 122/2 Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar

PROXY FORM

I/We _____ of _____ being a member
of **Gujarat Terce Laboratories Limited**, hereby appoint _____ of _____
or failing him _____ of _____

as my/our proxy in my/our absence to attend vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Friday the 28th day of September, 2012 at 10.00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar.

Singed this _____ Day of _____ 2012

Signature :

Revenue Stamp

L. F. No. / ID No. :	Name :
No. of Shares :	Address :
Proxy No. :	

NOTE :

The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

BOOK - POST

TO, _____

If undelivered please return to :

Gujarat Terce Laboratories Limited
Registered Office : 122/2, Ravi Estate,
Bileshwarpura, Chhatral, Dist. Gandhinagar