

29th
ANNUAL REPORT
2013-2014



GUJARAT TERCE LABORATORIES LTD.



BOARD OF DIRECTORS

Mr. Natwarbhai P. Prajapati	[DIN 00031187]	<i>Chairman & Managing Director</i>
Mr. Amrutbhai P. Prajapati	[DIN 00699001]	<i>Whole Time Director (CFO)</i>
Mr. Sureshbhai P. Prajapati	[DIN 00356599]	<i>Director</i>
Mr. Gordhanbhai G. Patel	[DIN 00709521]	<i>Director</i>
Mr. Kanubhai S. Patel	[DIN 00031218]	<i>Director</i>
Mr. Jayantibhai S. Prajapati	[DIN 02608139]	<i>Director</i>

REGISTERED OFFICE & FACTORY :

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

CIN : L28112GJ1985PLC007753

Email : ho@gujaratterce.com

Web : www.gujaratterce.com

METAL FACTORY :

Block No. 140/P, Village - Ramnagar, Tal. Kalol, Dist. Gandhinagar, Gujarat

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. [FRN 007288C]

CHARTERED ACCOUNTANTS

S-10, Dimond Square, Nr. Navjivan Press,

B/h. C.U. Shah College, Ashram Road,

Ahmedabad-380014.

SECRETARIAL AUDITOR:

Pinakin Shah & Co. [FCS 2562]

Practicing Company Secretary

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

BANKER :

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 Ninth Annual General Meeting of the Company will be held at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar 382729 on Saturday, 27th September, 2014 at 10:00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Natwarbhai P. Prajapati [DIN 00031187] who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution
RESOLVED THAT M/s. Pary & Co., Chartered Accountants, Ahmedabad [Firm Registration No: 007288C] be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of the 30th Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

4. Appointment of Shri Kanubhai S Patel as an Independent Director

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

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri Kanubhai S Patel (DIN 00031218), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 27/09/2014 up to 26/09/2019."

5. Appointment of Shri Jayantibhai S Prajapati as an Independent Director

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

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri Jayantibhai S Prajapati (DIN 02608139), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 27/09/2014 up to 26/09/2019."

6. Appointment of Shri Gordhanbhai G Patel as an Independent Director

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

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri Gordhanbhai G Patel (DIN 00709521), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 27/09/2014 up to 26/09/2019."

7. Borrowings in excess of the aggregate of the paid up share capital and free reserves

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

"RESOLVED that in supersession of the Ordinary Resolution adopted and pursuant to Section 293 (1) (d) and any other applicable provisions of the Companies Act, 1956 and the rules made there under (including any statutory modification(s) or



re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs 50 Crores (Rupees fifty crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

By Order of the Board of Directors

Date : 07/08/2014
Registered Office:
122/2, Ravi Estate,
Bileshwarpura, Chhatral
Dist: Gandhinagar

Shri Natwarbhai P. Prajapati
Chairman & Managing Director

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 20th September, 2014, to Saturday, 27th September, 2014 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of up to five consecutive years and are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 4 to 6.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
6. The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s).
7. Members who have received the Notice of Annual General Meeting, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting.
8. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 19th September, 2014, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Company for issuance of the User

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ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on 21stSeptember, 2014 and will end at 5.00 p.m. on 23rdSeptember, 2014. The Company has appointed M/s Pinakin Shah & Co, Ahmedabad, Practicing Company Secretary [FCS 2562] to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

- I. In case of members receiving e-mail from CDSL (for Members whose e-mail addresses are registered with Company/ Depositories):
 - i. Log on to the e-voting website www.evotingindia.com
 - ii. Click on "Shareholders" tab.
 - iii. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
 - iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - v. Next enter the Image Verification as displayed and Click on Login.
 - vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - vii. If you are a first time user follow the steps given below: Other Instructions:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
	Please enter the DOB in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cutoff date in the Dividend Bank details field.

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.



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- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

II. In case of members receiving the physical copy:

- a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

III. Other Instructions:

- a) The e-voting period commences at 9.00 a.m. on 21st September, 2014 and will end at 5.00 p.m. on 23rd September, 2014. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Saturday, 20th September, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- b) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 31st March, 2014.
- c) Mr. Pinakin Shah Practicing Company Secretary (FCS 2562), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- e) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.gujaratterce.com and on the website of CDSL www.evotingindia.co.in within two days of the passing of the resolutions at the Twenty Ninth Annual General Meeting of the Company on 27th September, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.
- g) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the Annual General Meeting.

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- h) Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their Demas accounts, will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
- i) Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Bigshare Services Private Limited/Investor Service Department of the Company immediately.
- j) The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Bigshare Services Private Limited/ Investor Service Department of the Company.
- k) Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
- l) Details of the Directors seeking re-appointment in the Twenty Ninth Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange]

Particulars	Shri Natwarbhai P. Prajapati	Shri Kanubhai S. Patel	Shri Jayantibhai S. Prajapati	Shri Gordhanbhai G. Patel.
Relationships with other Directors	Brother	None	None	None
Date of Appointment	28/03/1985	01/04/2009	01/04/2009	01/04/2009
Expertise	Management	General Administration	Finance and Administration	Marketing
Qualification	B.Sc., D.Pharm	M. Com., B.Ed.	M.com, LLB and PhD	B. Com.
No. of Equity Shares held in the Company	5,63,440	None	8500	21900
List of other companies in which directorship are held	None	None	None	None
Chairmanship/ Membership of committees (includes only Audit Committee and Shareholders Grievances Committee)	None	None	Audit Committee & Remuneration Committee	None

By Order of the Board of Directors

Date : 07/08/2014
Registered Office:
122/2, Ravi Estate,
Bileshwarpura, Chhatral
Dist: Gandhinagar

Shri Natwarbhai P. Prajapati
Chairman & Managing Director



Explanatory statement
[Pursuant to section 102 of the Companies Act, 2013]

Item No. 4 to 6

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every Annual General Meeting. Every listed public company is required to have at least one-third of the total number of directors as independent directors.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Kanubhai S Patel (DIN 00031218) and Shri Jayantibhai S Prajapati (DIN 02608139) and Shri Gordhanbhai G Patel (DIN 00709521), being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. They are all Non-Executive directors of the Company and have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment and they are independent of the management. The Nominations & Remuneration Committee has recommended their reappointment as Independent Directors from 27th September, 2014 up to 26th September, 2019. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report. Notices have been received from members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Shri Kanubhai S Patel (DIN 00031218) and Shri Jayantibhai S Prajapati (DIN 02608139) and Shri Gordhanbhai G Patel (DIN 00709521) fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.gujaratterce.com.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, is concerned or interested, financially or otherwise, in these resolutions.

The Board commends the resolution at Item No.4 to6 for approval by the members.

Item No. 7

Section 180(1) (c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1) (c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs 50 Crores (Rupees fifty crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

The Board commends the resolution at Item No.7 for approval by the members.

By Order of the Board of Directors

Date : 07/08/2014
Registered Office:
122/2, Ravi Estate,
Bileshwarpura, Chhatral
Dist: Gandhinagar

Shri Natwarbhai P. Prajapati
Chairman & Managing Director

DIRECTORS REPORT

To
The Members,

Your Directors are pleased to present the Twenty Ninth Annual Report and the Audited Accounts for the financial year ended March 31, 2014.

Summary of the Financial Results**[Rs in Lacs]**

	2013-14	2012-13
Gross Income	2941.22	8601.63
Depreciation	33.35	31.69
Profit/Loss after Depreciation	34.11	27.16
Tax- Current	4.40	5.17
Deferred	5.65	3.04
Profit/loss after tax	24.05	18.94

Financial Performance

Net Revenue from combined operations for the year ended March 31, 2014 was Rs 2884.63 lacs representing a decrease of 63.49 per cent over the previous year.

Profit before tax for the year was at ₹ 34.11 lacs representing an increase of 25.60 per cent over the previous year.

Appropriations**Dividend**

The Company has not recommended any dividend for current year.

Transfer to Reserves

The Board has recommended a transfer of ₹ (NIL) to General Reserve and an amount of ₹ 24.05 lacs has been retained in statement of Profit and Loss.

Listing of Shares

The Company's share continues to remain listed with the Bombay Stock Exchange, where the shares are actively traded.

Management Discussion and Analysis

Management Discussion and Analysis has been reviewed by the Audit Committee and the same forms a part of the Annual Report.

Corporate Governance

The Company is committed to good corporate governance in line with the Listing Agreement. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with the Bombay Stock Exchange Limited.

A certificate of compliance from M/s Pinakin Shah & Co., Ahmedabad [FCS: 2562], a practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report.

Directors

Shri Natwarbhai P. Prajapati [DIN 00031187] retires at the 29th Annual General Meeting and has offered himself for re-appointment. It is also proposed to appoint Shri Kanubhai S Patel [DIN 00031218], Shri Gordhanbhai G. Patel [DIN 00709521] and Shri Jayantibhai S Prajapati [DIN 02608139] as Independent Directors of the Company for a term up to five years, at the forthcoming Annual General Meeting.

Necessary Resolutions for the appointment of the aforesaid Directors have been included in the Notice convening the ensuing Annual General Meeting and details of the proposals for appointment of Independent Directors are mentioned in the explanatory statement to the Notice.



Statutory Disclosures:

Energy, Technology Absorption and Foreign Exchange

A. Conservation of Energy

- 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.
- 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	56739	60270
Total Amount	444195	421241
Average Cost	7.83	6.99
Own generation:	N.A	N.A

Power and fuel consumption:[Metal Division]

II. Electricity

• Purchased		
Unit	11040	105610
Total Amount	116908	1214727
Average Cost	10.59	11.50
Own generation:	N.A.	N.A.

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 ₹ 10.32 Lacs by way of exports in the year 2013-14 (7.24 lacs P.Y).

Personnel

The Industrial Relations scenario continued to be cordial. The Company regards its employees as a great asset and accords high priority to training and development of employees.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and Companies (Particulars of Employees) Amendment Rules, 2011 is nil.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

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

Cash Flow

A Cash Flow statement for the year ended on 31st March, 2014 is attached to the Balance Sheet.

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Auditors

M/s. Pary & Co., Chartered Accountants, Ahmedabad [Firm Registration No: 007288C] were appointed as the statutory auditors of the Company for financial year 2013-14 at the 28th Annual General Meeting of the Company held on 30/09/2013. M/s. Pary & Co., Chartered Accountants, Ahmedabad [Firm Registration No: 007288C] have been the Auditors of the Company since 2009-10 and have completed a term of 5 years. As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years and has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s. Pary & Co., Chartered Accountants, Ahmedabad [Firm Registration No: 007288C], being eligible for re-appointment, offer themselves for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors propose their reappointment as the statutory auditors of the Company. However they will be eligible for reappointment for a maximum period of five years to hold office from the conclusion of this Annual General Meeting.

Cost Audit

As per the requirements of Central Government and pursuant to Section 148 of the Companies Act, 2013, the audit of the cost accounts relating to Pharma and Metal sector is carried out. M/s K. V. Melwani & Associates, Cost Accountants, Ahmedabad, [Firm Registration No: 100497] was appointed as Cost Auditor relating to Metal and Pharma Division for the year ended on 31st March, 2014.

Explanation to comments on Auditors' Report

i. Delay in payment of statutory dues:

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

ii. Petition under Section 397 and 398 of the Companies Act, 1956:

The note of the Independent Auditor as mentioned at Clause (xxi) of Annexure two of the Independent Auditor's Report is self-explanatory. The members are requested to refer point 1.28 of the Notes forming part of the Financial Statement wherein the sequence of events in respect to restoration of 4566 sq. mts. of factory land located at Block/ Survey no. 140, Ramnagar, Ta: Kalol, Dist: Gandhinagar were mentioned. Since, the fixed assets and other assets were restored to the Company there is no financial loss suffered by the Company. The Hon'ble Company Law Board, Mumbai has disposed off the matter with liberty to apply, if any difficulty arises in the implementation of the consent terms.

The necessary disclosures were also made to BSE vide intimation dated 14/08/2013, 31/10/2013, 14/02/2014 and 30/05/2014.

Fixed Deposits

No fixed deposits were accepted from the public during the year. The Company does not have any unclaimed or overdue deposits as of date.

Insurance

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

Acknowledgement

The Board appreciates and places on record the contribution made by employees to the sustained satisfactory business performance during the period under review. The Board also places on record their appreciation of the support of all stakeholders particularly shareholders, customers, suppliers, the medical fraternity and business partners, all of whom have contributed to the Company's success.

For and on behalf of the Board

Place : Ahmedabad
Date : 07/08/2014
Registered Office:
122/2, Ravi Estate,
Bileshwarpura,
Chhatral Dist: Gandhinagar.

Shri Natwarbhai P. Prajapati
Chairman & Managing Director



MANAGEMENT DISCUSSION & ANALYSIS

The business operations of the Company comprise only of Pharmaceuticals.

Since the Company is going to operate in pharmaceutical segment in 2014-15, the following paragraphs speak on single segment only.

Industry structure and developments

The Indian Economy is the 5th fastest growing economy in the world (Euro monitor) and is poised to be the 3rd largest economy by 2040 (PwC) with a rapidly growing middle class. As economies develop, there is increasing healthcare awareness and hence greater spends. The market drivers include a growing educated and middle class, rising income levels, rising life expectancy, increase in chronic and lifestyle related diseases, increased penetration of health insurance and of class II – VI and rural markets, increased government spending on healthcare, rapid growth of the private sector and speciality hospitals among others.

The year 2013 represented a marked change in the operational dynamics of the Indian Pharmaceuticals Market, (IPM). Though the market always had some form of price controls, the scope and basis changed following implementation of the Drug Price Control Order (DPCO) 2013 with 348 drugs being brought under the ambit of price control. This had a major negative impact on the industry and has impacted short term growth rates. Valued at around Rs 804 billion (IMS, MAT March 2014) the IPM is a highly fragmented market. Globally, the 3rd largest by volume and 13th largest by value, the IPM is expected to grow at a 12.2 per cent CAGR over the next 4 years.

For a science based Industry like Pharmaceuticals, non-recognition of patents and compulsory licensing have been a major dampener in the recent past. 2013-14 continued to witness a slump in GDP growth which will have a negative impact on the near term growth prospects of the IPM.

Opportunities

- a) A large and growing population with low healthcare penetration presents a huge opportunity for the Pharmaceutical Industry.
- b) Changing demographics with increasing urbanization is leading to a rise in chronic and lifestyle diseases which could drive growth.
- c) Increasing healthcare awareness and growing income levels is likely to result in increased spend on medicines and healthcare products.

Notwithstanding the strong long-term potential of the IPM given the several factors in favour, subsequent to price cuts (DPCO2013), profitability will continue to be negatively impacted in the short-to-medium term.

Financial Performance

Net Revenue from Combined Operations of Pharmaceuticals and Metal divisions for the year ended March 31, 2014 was at Rs 28.85 Crores representing a decline of 63.50 per cent over the previous year.

Profit before tax for the year was at Rs0.34 Crores representing an increase of 25.60 per cent over the previous year. The contribution in profits is mainly due to operations of Pharmaceutical division.

Risks and Concerns

- a) The economic environment continues to be tough with a decade-low GDP growth, sharp depreciation of the Rupee and continued high inflation.
- b) The Pharmaceutical Industry is facing challenges due to non-recognition of patents and threat of compulsory licensing, which together create an unpredictable environment for the Industry. This is compounded by the significant reduction in selling prices arising out of the new DPCO 2013 which has substantially impacted profitability.
- c) The per capita health spend continues to be among the lowest in the world. India is largely a self-pay market for healthcare and health insurance is yet to penetrate the country in a significant way. The rural population in fact has limited access to modern healthcare.

GUJARAT TERCE LABORATORIES LTD.

The Company continues to work towards identifying opportunities which can potentially negate the adverse impact of changes in the operating environment and continue to deliver strong performance.

Internal control systems and their adequacy

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

The internal audit department together with a firm of Chartered Accountants reviews the effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee of the Board following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps with no monetary loss.

Cautionary Note

The statements forming part of the Directors' Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 07/08/2014
Registered Office:
122/2, Ravi Estate,
Bileshwarpura,
Chhatral Dist: Gandhinagar.

Shri Natwarbhai P. Prajapati
Chairman & Managing Director



REPORT ON CORPORATE GOVERNANCE

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

This section on Corporate Governance forms part of the Directors' Report to the shareholders. This report is given in terms of clause 49 of the Listing Agreement entered with the Bombay Stock Exchange where the shares of the Company have been listed.

1. Company's Philosophy & Code of Governance

Your Company's corporate governance policy is directed towards adherence to ethical business Practices. The Company believes in conducting its affairs in a fair, transparent and professional manner and maintaining the good ethical standards in its dealing with all its constituents. Codes of conduct, adopted by the directors and Key Managerial Personnel, are posted on the website of the Company (www.gujaratterce.com).

All board members and Key Managerial Personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2014. In terms of Clause 49 (I) (D) of the Listing Agreement, the Chief Executive Officer i.e. Managing Director has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Chairman and Managing Director [CEO] and Whole Time Director [CFO] have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

2. Board of Directors

Composition of the Board of Directors

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board of the Company is composed of individuals from diverse fields. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

The Board of the Company is composed of Executive and Non-Executive Directors. As on March 31, 2014, the strength of the Board was six Directors comprising of two Executive and four Non-Executive Directors. Out of which three are independent directors.

Details of Directors as on March 31, 2014 and their attendance at the Board meetings and Annual General Meeting during the financial year ended March 31, 2014 are given below:

Directors	Category	Attendance Particulars			Other Committee Membership	
		Board Meeting	Last AGM	Other Directorships	Member	Chairman
Shri Natwarbhai Prajapati	CM, MD& ED	7	YES	1	NIL	NIL
Shri Amrutbhai Prajapati	WTD, CFO& ED	7	YES	1	NIL	NIL
Shri Sureshbhai Prajapati	DIR-NON IND	7	YES	NIL	NIL	NIL
Shri Kanubhai S. Patel	DIR-IND	7	YES	NIL	NIL	NIL
Shri Gordhanbhai G. Patel	DIR- IND	7	YES	NIL	NIL	NIL
Shri Jayanti S. Prajapati	DIR-IND	7	YES	NIL	NIL	NIL

CM-Chairman, MD- Managing Director, ED-Executive Director, DIRID- Independent Director, DIR-NON, IND- Non Independent Director CFO- Chief Finance Officer, WTO- Whole Time Director

Board Meetings

The Company held one Board Meeting in each quarter as required under the Companies Act, 1956 ("the Act") and the gap between two Board meetings was in compliance with the provisions contained in the Listing Agreement.

The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to enable them to plan their schedules and to ensure their meaningful participation in the meetings. During the financial year under review, seven Board meetings were held on 05/04/2013, 30/05/2013, 30/07/2013, 07/08/2013, 14/08/2013, 31/10/2013 and 14/02/2014.

GUJARAT TERCE LABORATORIES LTD.

3. Audit Committee

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Act.

The terms of reference for the Audit Committee include:

- Meeting and reviewing with External and Internal Auditors, reviewing of the Internal Control Systems and ensuring their compliance.
- Investigation of matters referred to it by the Board or as specified.
- Review of matters as required under the terms of the Listing Agreement.
- Access information contained in the records of the Company.
- Refer to external professionals for advice, if necessary.

Compliance Officer acts as Secretary to the Committee.

The Chairman and Managing Director, Chief Financial Officer, Internal Auditor, Statutory Auditors and Cost Auditor are the invitees to the Audit Committee meetings. During the period under review, the Audit Committee met four times on 05/04/2013, 30/07/2013, 31/10/2013 and 14/02/2014 and was attended by all members.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2014 are given below:

Name	Designation	Attendance
Shri Jayantibhai Prajapati	Chairman	4
Shri Kanubhai Patel	Member	4
Shri Gordhanbhai Patel	Member	4

4. Remuneration Committee

The terms of reference for the Remuneration Committee include:

- Review the criteria of payment of Managerial remuneration.
- Review Managerial remuneration and recommend revision in the remuneration to the Board.

Constitution of the Remuneration Committee and attendance details during the financial year ended March 31, 2014 are given below:

Name	Position	Category
Shri Jayantibhai Prajapati	Chairman	Non- Executive Independent Director
Shri Kanubhai Patel	Member	Non- Executive Independent Director
Shri Gordhanbhai Patel	Member	Non- Executive Independent Director

Remuneration to Directors

The Chairman and Managing Director and Executive Directors get salary including perquisites. Salary payable for the year ended 31st March, 2014 was ₹21,36,000/- as per the policies of the Company. The criteria for making payments to the Vice Chairman and Managing Director are:

- Salary, as recommended by the Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
- Remuneration paid to the Vice Chairman and Managing Director is determined keeping in view the industry benchmarks.

Remuneration of the Vice Chairman and Managing Director is within the limits approved by the Board and the shareholders at the Annual General Meeting of the Company.



The sitting fees paid to the Directors is given below:

Name of the Director	Sitting fees paid	No. of Equity Shares held
Shri Jayantibhai Prajapati	Nil	8500
Shri Kanubhai Patel	Nil	None
Shri Gordhanbhai Patel	Nil	21900

5. **Shareholders/ Investor's Grievances Committee**

The Investors' Grievances Committee comprises three directors, namely Shri Jayantibhai Prajapati, Chairman, Shri Kanubhai Patel and Shri Gordhanbhai Patel. Meetings of the Investors' Grievances Committee were 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, dematerialization of shares, non-receipt of balance sheet and activities related to dividend and depository operations. The Committee also closely monitors investor grievance redressal system of the department. The Committee oversees the performance of the Registrar & Transfer Agents & recommends measures for overall improvement in the quality of investor services.

Details of the Investors' Grievances Committee Meetings

It met 4 times during the year. Your Company received nil complaints from shareholders during the year. As on March 31, 2014, no complaints remained pending/ un-attended and no share transfers and dematerialization requests remained pending for over 30 days, during the year.

Share Transfer Committee

The Board of Directors has delegated power of approving transfer of securities to Shri Natwarbhai Prajapati and Shri Amritbhai Prajapati. The Committee, inter alia, reviews and approves the transfer/ transmission/ D-mat of equity shares as submitted by Bigshare Services Private Limited, the Registrar & Transfer Agent of the Company.

It met 8 times during the year to approve transfer/ transmission/ demat of equity shares. It transferred 1700 equity shares submitted through physical transfer deed.

6. **Special Resolutions passed at the last 3 Annual General Meetings :**

Year	Venue of AGM	Date & Time	No. of Special Resolution Passed
2010-11	122/2, Ravi Estate, Bileshwarpura, Chatral, Dist: Gandhinagar.	07/09/2011 at 3.30 p.m.	2
2011-12	122/2, Ravi Estate, Bileshwarpura, Chatral, Dist: Gandhinagar.	28/09/2012 at 10.00 a.m.	NIL
2012-13	122/2, Ravi Estate, Bileshwarpura, Chatral, Dist: Gandhinagar.	30/09/2012 at 10.00 a.m.	NIL

No business was required to be transacted through postal ballot at the above meetings.

7. **Disclosure on materially significant related party transactions:**

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. Statements of transactions in summary form with related parties in the ordinary 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 profit and loss account.

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.

8. Means Of Communication

Quarterly and Annual Financial Results of the Company were submitted to the Stock Exchanges immediately after the Board approves them. Thereafter, the same were published in The Business Standard-English and Jansatta Express- Gujarati. 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 sent to the Shareholders of the Company.

9. General Shareholder Information

a. Exclusive e-mail id for investor grievances

Pursuant to Clause 47 (f) of the Listing Agreement, the following e-mail id has been exclusively designated for communicating Investor Grievances: ho@gujaratterce.com

Person in-charge of the Department: Rajesh Prajapati

b. Annual General Meeting

The 29th Annual General Meeting will be held on 27th Day of September, 2014, at 10:00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar 382729.

c. Financial Calendar

First quarter results : July 2014

Second quarter results : October 2014

Third quarter results : January 2015

Annual results : April/May 2015

Annual General Meeting : August/September 2015

d. Book Closure

The Register of Members and the Share Transfer Register will be closed from 20th September, 2014 to 27th September, 2014, (both days inclusive).

e. Dividend Payment Date

Not applicable

f. 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- 400001.

Annual Listing fees for the year 2014-15 have been paid to the stock exchange. The Company has also paid the Annual Custodial fees to both the depositories.

g. Stock Codes

The stock code of the Company is 524314.

h. 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.

i. Corporate Identity Number (CIN)

CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L28112GJ1985PLC007753.



j. **High/Low of monthly Market Price of the Company's Equity Shares**

Traded on the Bombay Stock Exchanges during the financial year 2013-14 is furnished below:

Month	Bombay Stock Exchanges (BSE) (In ₹ Per share)	
	High Price	Low Price
April, 2013	12.00	9.15
May, 2013	12.90	8.52
June, 2013	13.90	12.01
July, 2013	11.96	10.81
August, 2013	10.81	10.27
September, 2013	9.76	6.53
October, 2013	8.82	7.05
November, 2013	8.80	6.47
December, 2013	7.71	6.50
January, 2014	7.38	6.21
February, 2014	7.19	5.89
March, 2014	7.87	6.19

k. **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
1985	20	20
1989	10	30
1990	12470	12500
1992	850300	975300
1993	2920000	3895300
2008	1025000	4920300
2011	2500000	7420300

l. **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 Practising 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.

m. Distribution Of Shareholding (As On March 31, 2014)

On the basis of Share held

No of equity Shares held	No of Shares Holder (Physical)	% of Total	Share amount	% of Total
1-5000	13388	95.3289	16505130	22.2432
5001 - 10000	336	2.3925	2885720	3.8890
10001- 20000	138	0.9826	2211220	2.9800
20001- 30000	42	0.2991	1022050	1.3774
30001- 40000	26	0.1851	911100	1.2278
40001- 50000	44	0.3133	2143960	2.8893
50001 -100000	32	0.2279	2297270	3.0959
100001-999999999	38	0.2706	46226550	62.2974

On the basis of Category

Category	No of Shares Held	% to Total Shares Held
Individual	4808879	64.81%
Corporate Bodies	1085730	14.63%
Promoters	1522100	20.51%
Non- resident Indians	3591	0.05%
TOTAL	7420300	100.00

n. Dematerialization 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 dematerialization. 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 5300 equity shares. As on March 31, 2014, 82.17% of the total shares issued by the Company were held in dematerialised form.

- Liquidity: The Company's Shares are liquid on BSE.

o. 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 website for easy access to the employees and is updated from time to time.

p. Reconciliation Of Share Capital Audit Report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practising Company Secretary for reconciliation of share capital of the Company. The audit report inter alia covers and certifies that the total shares held in CDSL, NSDL 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.

q. **Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-14**

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2014.

r. **Plant Locations**

Pharma Division

122/2, Ravi Estate, Bhileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat.

Metal Division

Block No. 140/P, Village - Ramanagar, Tal. Kalol, Dist. Gandhinagar, Gujarat

s. **Address for Correspondence**

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

(1) 301 & 304 Akashrath Complex, Opp. National Handloom House, C.G. Road, Navrangpura, Ahmedabad 380009.
E-mail: ho@gujaratterce.com

(2) BigshareServices Pvt. Ltd.

E- 2 & 3, Ansa Industrial Estate, Saki Vihar Road, SakinakaAndheri (E), Mumbai 400072
E-mail: marketing@bigshareonline.com

AUDITORS CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

I have examined compliance by Gujarat Terce Laboratories Limited (the Company) with the requirements under Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange for the year ended on March 31, 2014.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the corporate governance report of the Company.

I state that no investor's grievance is pending unresolved by the Company for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

I further state that such compliance is neither an assurance 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 : 07/08/2014

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

DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT UNDER CLAUSE 49 1 D (II) OF THE LISTING AGREEMENT

All the Board members and senior management personnel of the Company have confirmed adherence to the Code of Conduct of Gujarat Terce Laboratories Limited for the financial year ended March 31, 2014.

For and on behalf of the Board of

Place : Ahmedabad
Date : 07/08/2014
Registered Office:
122/2, Ravi Estate,
Bileshwarpura,
Chhatral Dist: Gandhinagar.

Shri Natwarbhai P. Prajapati
Chairman & Managing Director

GUJARAT TERCE LABORATORIES LTD.

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

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

- a) We have reviewed the Balance Sheet as at March 31, 2014, the Profit and Loss Account 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 violative 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, 07/08/2014

For Gujarat Terce laboratories Limited

A. P. Prajapati (CFO)
Ahmedabad, 07/08/2014



INDEPENDENT AUDITORS' REPORT

To the Members of
Gujarat Terce Laboratories Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of The Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Balances of trade & other payables are subject to confirmation, reconciliation and consequential adjustments thereof. The company is not having any system of obtaining balance confirmation in respect of trade and other payables. In the absence of sufficient and appropriate audit evidence, the impact on profit or loss for the year and on the carrying value of these balances is not ascertainable.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with in this Report comply with the Accounting Standards notified under The Companies Act, 1956 read with the General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of The Companies Act, 2013.
 - e. On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For, P A R Y & Co.
Chartered Accountants
FRN - 007288C
(Sushil Goenka)
Partner
M.No. 115465

Date : 30/05/2014
Place : Ahmedabad

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date.)

- (i) In respect of its fixed assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, Majority of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. In our opinion the Company has not disposed off any substantial part of its fixed assets during the year, and therefore, do not affect the going concern status.
- (ii) In respect of its Inventories:
 - a. The 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. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management, are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The Company has maintained proper records of inventories. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.
- (iii) a. During the year 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) are not applicable to the Company.
 - 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. 3.07 lacs while the year end balance is Rs. 3.07 lacs.
- (iv) In our opinion and according to the information and explanations given to us, there is an 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, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956 :
 - a. Based on the audit procedures applied by us, and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and 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.
- (vi) In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public and thus, paragraph 4(vi) of the said order is not applicable
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the Cost records 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 and are of the opinion that the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the Cost records with a view to determine whether they are accurate or complete.
- (ix) In respect of Statutory dues:
 - a. According to the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and Protection Fund, Employees' state insurance, Income tax, Sales tax, Wealth 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 aforesaid Statutory dues were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.



- b. The disputed Statutory dues aggregating to Rs 57,28,133 that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

Name of Statute	Nature of dues	Amount of relates disallowance (In Rs.)	Period to the amount Relates	Forum where dispute is pending
Gujarat Sales Tax	Reg Assesment	Rs. 466886/-	A.Y.2003-04	Dep. Comm of Sales Tax (Appeals)
Gujarat Sales Tax	Reg Assesment	Rs. 1068607/-	A.Y.2004-05	Dep. Comm Of Sales Tax (Appeals)
Income Tax	Reg Assesment	Rs 4192640/-	A.Y. 2011-12	Commissioner of Income Tax.(Appeal)

- (x) The Company does not have any accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the banks.
- (xii) In our opinion and according to explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and any other securities.
- (xiii) 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.
- (xiv) The Company is not dealing in 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.
- (xv) In our opinion the Company has not given guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
- (xvi) According to the information and explanation given to us, the term loans were applied for the purpose for which it was obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares to any parties and companies covered under the register maintained in the under Section 301 of the Companies Act , 1956 .
- (xix) During the year covered by our audit report, The company has not issued any debentures. Accordingly, the provisions of clause (xix) of paragraph 4 of the order are not applicable to the company.
- (xx) 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.
- (xxi) *Based on management representation and our discussion with the management, during the year one of the managing director jointly with director disposed off metal division undertaking by transfer of land, other assets as well as other inventory pertaining to metal division in the month of May 2013, without any authority from Board as well as shareholders and committed a breach of trust amounting to fraud on the company, its board and share holders. The amount of alleged fraud according to management is Rs. 7,10,31,008/- (based on value determined by the management and in various records filed by the company against the fraud to various authorities). As informed to us these directors are also alleged to have filed their resignations on MCA website on September 23, 2013 after transfer of assets. According to information given to us the company then filed petition with Company Law Board, Mumbai against these directors of the company for alleged violation of section 397 and 398 read with sections 399, 402, 192(A), 209, 293(1)(A), 297, 299 and 630 of The Companies Act, 1956. The Honorable Company Law Board, Mumbai has passed an order on 03/04/2014 on the basis of consent terms and as per the consent terms the records, documents, registers, books and other valuable documents and assets pertaining to Metal division were handed over to the company. Except above no material fraud on or by the company is reported to us by the management.*

For, P A R Y & Co.
Chartered Accountants
FRN - 007288C
(Sushil Goenka)
Partner
M.No. 115465

Date : 30/05/2014
Place : Ahmedabad

GUJARAT TERCE LABORATORIES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	74,203,000	74,203,000
(b) Reserves and surplus	3	35,198,826	32,793,598
		109,401,826	106,996,598
2 Share application money pending allotment	-		
3 Non-current liabilities			
(a) Long-term borrowings	4	57,021,075	64,691,502
(b) Deferred tax liabilities (net)		4,332,030	3,766,803
(c) Other long-term liabilities	5	8,428,000	8,438,000
(d) Long Term Provisions	9	5,463,412	5,550,785
		75,244,517	82,447,090
4 Current liabilities			
(a) Short-term borrowings	6	29,094,395	24,729,795
(b) Trade payables	7	22,110,922	17,970,650
(c) Other current liabilities	8	22,283,349	21,400,321
(d) Short-term provisions	9	1,103,719	788,630
		74,592,385	64,889,396
TOTAL		259,238,728	254,333,084
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	61,509,108	63,211,275
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		61,509,108	63,211,275
(b) Non-current investments	11	500	500
(c) Deferred tax assets (net)	-	-	-
(d) Long-term loans and advances	12	37,721,872	35,761,702
(e) Other non-current assets	-	-	-
		37,722,372	35,762,202
2 Current assets			
(a) Current investments	-	-	-
(b) Inventories	13	42,214,888	74,932,082
(c) Trade receivables	14	92,059,747	47,067,969
(d) Cash and cash equivalents	15	11,346,917	16,917,862
(e) Short-term loans and advances	16	14,385,696	16,441,694
(f) Other current assets		-	-
		160,007,248	155,359,607
TOTAL		259,238,728	254,333,084

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 : 30/05/2014

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati

Chairman & M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	Note No.	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
1 Revenue from operations (gross)	17	294,122,481	860,163,569
Less: Excise duty	17	5,659,215	70,006,669
Revenue from operations (net)		288,463,266	790,156,900
2 Other income	18	1,280,980	599,490
3 Total revenue (1+2)		289,744,246	790,756,390
4 Expenses			
(a) Cost of materials consumed	19a	35,615,976	553,768,965
(b) Purchases of stock-in-trade		79,334,201	113,039,787
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19b	22,233,861	(18,463,348)
(d) Employee benefits expense	20	72,198,362	64,714,785
(e) Finance costs	21	4,079,352	4,321,325
(f) Depreciation and amortisation expenses	10	3,335,137	3,169,267
(g) Other expenses	22	69,535,966	67,489,412
Total expenses		286,332,855	788,040,193
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		3,411,391	2,716,197
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		3,411,391	2,716,197
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 + 8)		3,411,391	2,716,197
10 Tax expense:			
(a) Current tax expense for current year		440,936	517,571
(b) Current tax expense relating to prior years (Excess/less Provision of I.Tax of PY)		-	-
(c) Net current tax expense		440,936	517,571
(d) Deferred tax		565,227	304,390
11 Profit / (Loss) for the year		2,405,228	1,894,236
12 Earnings per share (of ₹ 10/- each):			
(a) Basic	23	0.324	0.255
(b) Diluted	23	0.324	0.255

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 : 30/05/2014

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati

Chairman & M.D.

A. P. Prajapati
Wholetime Director

S. P. Prajapati
Director

GUJARAT TERCE LABORATORIES LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014**

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		3,411,391		2,716,197
<i>Adjustments for:</i>				
Provision For Tax	(440,936)		(517,571)	
Depreciation and amortisation	3,335,137		3,169,267	
Product Launching & Development & other deferred revenue Exps W/off	-		564,696	
Preliminary Exps. W/off	-		594,000	
(Profit) / loss on sale / write off of assets	(24,559)		(43,543)	
Net (Gain) / Loss on Foreign Currency Transactions	(4,415)		(17,201)	
Finance costs	4,079,352		4,321,325	
Interest income	(861,423)		(441,071)	
	6,083,156		7,629,902	
Operating profit / (loss) before working capital changes		9,494,547		10,346,099
Changes in working capital:				
<i>Adjustments for (increase) / decrease in operating assets and liabilities:</i>				
Inventories and Trade receivables	(12,274,584)		32,550,959	
Short-term loans and advances	2,055,998		(7,748,916)	
Trade payables, Provisionas and other current liabilities	5,338,390		4,748,956	
Net Changes in working capital:	(4,880,196)		29,550,999	
		4,614,351		39,897,098
Cash flow from extraordinary items		-		-
Cash generated from operations		4,614,351		39,897,098
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		4,614,351		39,897,098
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances, if any	(1,658,412)		(9,292,719)	
Proceeds from sale of fixed assets	50,000		175,000	
Long Term Loans & Advances realised	(1,960,170)		(173,405)	
Interest received	861,423		441,071	
	(2,707,159)		(8,850,053)	
Net cash flow from / (used in) investing activities (B)		(2,707,159)		(8,850,053)
C. Cash flow from financing activities				
Proceeds from issue of share capital	-		-	
Proceeds from long-term borrowings (Net)	(7,767,800)		(18,440,118)	
Proceeds from other short-term borrowings (Net)	4,364,600		2,051,174	
Net Gain / (Loss) on Foreign Currency Transactions	4,415		17,201	
Finance Costs	(4,079,352)		(4,321,325)	
Cash flow from extraordinary items	(7,478,137)		(20,693,068)	
Net cash flow from / (used in) financing activities (C)		(7,478,137)		(20,693,068)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(5,570,945)		10,353,977
Cash and cash equivalents at the beginning of the year		16,917,862		6,563,888
Cash and cash equivalents at the end of the year		11,346,917		16,917,862

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 : 30/05/2014

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati

Chairman & 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

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.

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 only, 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. 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 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 ₹ 200000/- p.m. or more (P.Y. - ₹ 200000/- p.m.) (If employed for part of the year) or ₹ 2400000/- or more p.a. (P.Y. - ₹ 2400000/- or more p.a.) (If employed for full year) (Previous Year - Nil).

1.22 Contingent Liabilities Not Provided For

	<u>2013-14</u>	<u>2012-13</u>
a) Unutilized Letter of Credit	Nil	Nil
b) Counter guarantees furnished by the Company in respect of Bank Guarantee	0	1100000
c) Estimated amount of contracts to be executed on capital account and not provided for	0	0

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

	<u>2013-14</u>	<u>2012-13</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	1032820	723776

1.24 Details of Raw Material consumed

	As on 31.03.2014		As on 31.03.2013	
	% of total Value	Consumption (Rs.)	% of total Value	Consumption (Rs.)
a) Imported	-	-	-	-
b) Indigenous	100%	35615976	100%	553768965

GUJARAT TERCE LABORATORIES LTD.

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.	N.P. Prajapati	Chairman & M.D.	Managerial Remuneration	1800000
2.	A.P. Prajapati	Director	Managerial Remuneration	336000
3.	Suresh P. Prajapati	Director		
4.	Gordhan G. Patel	Director		
5.	Kanubhai S. Patel	Director		
6.	Jayanti S. Prajapati	Director		
7.	Heena A. Prajapati	Relative	Salary	93000
8.	Sachi N. Prajapati	Relative	Salary	273400
9.	Manjulaben S. Prajapati	Relative	Salary	111000
10.	Jyotsanaben A. Prajapati	Relative	Salary	91200
11.	Shobhanaben N. Prajapati	Relative	Salary	93000
12.	Aalap N. Prajapati	Relative	Salary	192000
Payment for Purchase :				
13.	Sayona Colors Pvt. Ltd.	Director	Purchase	1360512
14.	Shamrock Chemie Pvt. Ltd.	Director	Purchase	648405

- 1.26 (A) Heather to Company was working in Pharma division and Metal division. During the year under review company has discontinued its manufacturing operations in metal division and intimated to department of Central Excise on 23/08/2013 for surrender of Central Excise registration certificate for metal division. Central Excise authority has conducted the audit of metal division in the month of September 2013 and worked out the duty to be paid as ₹ 734864 at the time of surrender of registration i.e. 31/10/2013 which has been duly paid by the company and accordingly the Central Excise Registration is cancelled.
- (B) During the year under review Shri Paresh Patel, Managing director along with Miss Monica Patel, Director, who were in charge of the Metal Division, resigned from directorship by filing there resignation on MCA website on 23/09/2013 without authority of the Board of Directors. Later on these resignations were accepted by way of Doctrine of indoor management in view of Consent Sheet accepted by both the parties filed with Company Law Board.
- (C) During the year under review, Land of the Metal division of the company was sold by the erstwhile Managing Director of the company Shri Paresh Patel and erstwhile Director Miss Monica Patel, who were in charge of Metal division, without authority of Board of Directors and Shareholders. The petition was filed by the company against the transfer of land which was reported in the unaudited result for the quarter ended on 30/09/2013 and 31/12/2013. Later on the petition was resolved amicably in view of Consent Sheet accepted by both the parties filed with Company Law Board. Accordingly the status quo was established regarding the ownership and possession of the property of the metal division situated at Block/Survey no. 140, Ramnagar, Ta: Kalol, Dist: Gandhinagar in favor of Gujarat Terce Laboratories Limited by cancellation of the sale deed executed on 9th May, 2013.

1.27 Deferred Tax Liability

Particulars	₹	₹	₹
As per AS 22 on Accounting for taxes on income issued by ICAI, the Company has provided deferred tax liabilities as on 31st March, 2013.			
The components of deferred tax liability for the current financial year are:			
Deferred Tax Liability	Deferred Tax Liability / (assets) as at 1.4.2013	Current year change / (credit)	Deferred Tax Liability / (assets) as at 31.3.2014
(A) Difference between book and Tax depreciation	3,889,167	504,045	4,393,212
Tax liability on Deferred Revenue Expenditure	-	-	-
(A)	3,889,167	504,045	4,393,212
(B) Deferred Tax Assets- Tax	122,364	(61,182)	61,182
(B)	122,364	(61,182)	61,182
Net Deferred Tax Liability (A-B)	3,766,803	565,227	4,332,030



1.28 Petition under Section 397 & 398 of Companies Act, 1956

- 1) Shri Paresh Patel, Managing Director, in charge of the management of Metal Recycling Division illegally sold off the 4566 sq. mtr factory land located at Block/Survey no 140, Ramnagar, Ta: Kalol, Dist: Gandhinagar having a book value of Rs 1,59,80,120/- at a price of Rs 14.00 lacs on 09/05/2013 and along with it transferred building standing thereon, Plant and Machineries attached to the factory land having book value of Rs 2,46,05,291/- and inventories lying at factory having a book value of Rs 3,75,69,067/- without any consideration to his Associate company Sayona Industries Limited.
- 2) A criminal complaint was made at The Taluka Police Station, Kalol for misappropriation of funds against Shri Paresh Patel, Managing Director and as suggested by concerned PI & on the ground of financial fraud, a petition before the Company Law Board, Mumbai was filed on 28/01/2014 against him, Sayona Industries Limited and others for following reliefs:
 - to declare the action of alleged sale of the property of Metal Division of the Company as invalid and to restore the property i.e. 4566 sq. mtr factory land located at Block/Survey no 140, Ramnagar, Ta: Kalol, Dist: Gandhinagar along with building standing thereon, Plant and Machineries attached to / on the factory land and inventories lying at factory.
 - Relief under the provisions of sections 397 and 398 read with violations of Sections 192A, 209, 293 (1) (a), 297, 299 and 630 of the Companies Act 1956.
- 3) Company Petition No. 7 of 2014 was disposed off by the Hon'ble Company Law Board, Mumbai on 03/04/2014 on ground of consent sheet containing following term was filed before it:
 - i. The parties entered into amicable settlement and there remain no disputes, differences and hence upon consensus arrived whereby Sayona Industries Limited and others assured and promised to cancel the sale deed of 4566 sq. mtr factory land in respect of the "Metal Division" situated at at Block/Survey no 140, Ramnagar, Ta: Kalol, Dist: Gandhinagar.
- 4) Thereafter, Sayona Industries Limited cancelled the sale deed dated 09/05/2013 of 4566 sq. mtr factory land located at Block No. 140/P, Village : Ramnagar, Ta: Kalol, Dist: Gandhinagar, Gujarat on 02/04/2014 and restored the possession and ownership of the property to the Company.
- 5) Since fixed assets and other assets as referred under sub clause no (1) above were restored to the Company, there is no financial loss suffered by the Company.

1.29 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	
	2014 ₹	2013 ₹	2014 ₹	2013 ₹	2014 ₹	2013 ₹	2014 ₹	2013 ₹
1 Revenue from operations (gross)	248,947,165	209,057,754	45,175,316	651,105,815	-	-	294,122,481	860,163,569
Less: Excise duty	4,675,980	4,464,811	983,235	65,541,858	-	-	5,659,215	70,006,669
Revenue from operations (net)	244,271,185	204,592,943	44,192,081	585,563,957	-	-	288,463,266	790,156,900
2 Other income	1,053,623	599,490	227,357	-	-	-	1,280,980	599,490
3 Segment revenue (1+2)	245,324,808	205,192,433	44,419,438	585,563,957			289,744,246	790,756,390
4 Segment Expenses								
Cost of materials consumed	18,857,619	14,844,135	16,758,357	538,924,830	-	-	35,615,976	553,768,965
Purchases of stock-in-trade	79,334,201	63,981,547	-	49,058,240	-	-	79,334,201	113,039,787
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,759,704)	(2,564,836)	24,993,565	(15,898,512)	-	-	22,233,861	(18,463,348)
Employee benefits expense	72,131,898	59,057,693	66,464	5,657,092	-	-	72,198,362	64,714,785
Depreciation and amortisation expense	1,958,526	1,983,105	1,376,611	1,186,162	-	-	3,335,137	3,169,267
Other expenses	68,554,869	61,102,406	981,097	6,387,006	-	-	69,535,966	67,489,412
Total	238,077,409	198,404,050	44,176,094	585,314,818	-	-	282,253,503	783,718,868
5 Segment Results Before Finance Costs, Exceptional & Extraordinary Items and Tax	7,247,399	6,788,383	243,344	249,139	-	-	7,490,743	7,037,522
Less : Finance Costs	-	-	-	-	4,079,352	4,321,325	4,079,352	4,321,325
6 Profit / (Loss) before exceptional and extraordinary items and tax	7,247,399	6,788,383	243,344	249,139	(4,079,352)	(4,321,325)	3,411,391	2,716,197
7 Exceptional items	-	-	-	-	-	-	-	-
8 Profit / (Loss) before extraordinary items and tax	7,247,399	6,788,383	243,344	249,139	(4,079,352)	(4,321,325)	3,411,391	2,716,197
10 Extraordinary items	-	-	-	-	-	-	-	-
11 Profit / (Loss) before tax	7,247,399	6,788,383	243,344	249,139	(4,079,352)	(4,321,325)	3,411,391	2,716,197
12 Tax expense:	-	-	-	-	-	-	-	-
(a) Current tax expense for current year	-	-	-	-	440,936	517,571	440,936	517,571
(b) Current tax expense relating to prior years (Excess/less Provision of I.Tax of PY)	-	-	-	-	-	-	-	-
(c) Net current tax expense	-	-	-	-	440,936	517,571	440,936	517,571
(d) Deferred tax	-	-	-	-	565,227	304,390	565,227	304,390
13 Profit / (Loss) for the year	7,247,399	6,788,383	243,344	249,139	(5,085,515)	(5,143,286)	2,405,228	1,894,236
Other information								
Segment Assets	164,681,078	150,545,364	94557650	103787720				
Unallocated Assets	0	0	0	0				
Total Assets	164,681,078	150545364	94,557,650	103787720				
Segment Liabilities	83,797,204	72416041	61707668	71153642				
Unallocated Liabilities	4,332,030	3,766,803	0	0				
Total Liabilities	88,129,234	76182844	61707668	71153642				
Capital Expenditure	377,920	3669229	1280492	5623490				
Depreciation	1,958,526	1983105	1,376,611	1186162				
Non-Cash Expenses other than Depreciation	565,227	1328084	-	135000				



Notes forming part of the financial statements

Note 2 Share capital

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(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, 2014 No. of shares	As at 31 March, 2013 No. of shares
Equity shares at the beginning of the year	7420300	7420300
Add: Shares issued during the year	0	0
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, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
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%
Sunflower Broking Pvt. Ltd.	579400	7.81%	-	-
Shamrock Chemie Pvt. Ltd	-	-	711420	9.59%

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

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Securities premium		
Opening balance	15,000,000	15,000,000
Add : Premium on shares issued during the year	-	-
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	13,617,966	11,723,730
Add: Profit / (Loss) for the year	2,405,228	1,894,236
Closing balance	16,023,194	13,617,966
Total	35,198,826	32,793,598

Note 4 Long-term borrowings

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Term loans		
From banks		
Secured	1,327,057	2,639,243
Loans and advances from Directors & Related Parties		
Unsecured	627,000	307,000
Loans and advances from Others		
Unsecured	55,067,018	61,745,259
Total	57,021,075	64,691,502

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

Current year, Term loan from Kotak Mahindra Prime Ltd. is secured by way of first charge on Toyota Etios Car of the company; Rate of interest (fIXed) 11.15% p.a.

Current year and previous year, Term loan from Bank of Baroda is secured by way of first charge on Staff Bus of the company; Rate of interest (floating) 11.75 % p.a.

Current year, Term loan from Bank of Baroda is secured by way of first charge on Godown (122/3, Ravi Estate, Chhatral, Gandhinagar.) of the company; Rate of interest (floating) 13.75 % p.a.

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

Particulars	Less than 4 years
Loans and advances from Directors & their Relatives	627,000.00
Loans and advances from Others	55,067,018.00



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

Note 5 Other long-term liabilities

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(a) Others:		
Trade / security deposits received	8,428,000	8,438,000
Total	8,428,000	8,438,000

Maturity Profile - Other Long Tem Liabilities is as set out below:

Particulars	Less Than 4 Years	Less than 4 years
Trade/Security deposits from Directors & their Relatives	Nil	Nil
Trade/security deposits from Others	8428000	8438000

Note 6 Short-term borrowings

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(a) Loans repayable on demand		
From banks secured	29,094,395	24,729,795
Total	29,094,395	24,729,795

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 Fctory Land & Building, Office Premises of the company and Residential Bungalow of Director Shri Natwarbhai P. Prajapati

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

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

Note 7 Trade payables

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade payables:		
Due to Micro & Small Enterprises	5,485,816	8,535,847
Other than Micro & Small Enterprises	16,625,106	9,434,803
Total	22,110,922	17,970,650

Note 8 Other current liabilities

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Current maturities of long-term debt	1,311,504	1,458,907
Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, TDS Patable etc.)	2,588,236	2,483,568
Interest accrued on trade /security deposits	415,125	415,125
Advances from customers	188,478	240,877
Other liabilities	5,566,799	9,285,763
Salary Payable	12,213,207	7,516,081
Total	22,283,349	21,400,321

GUJARAT TERCE LABORATORIES LTD.

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

Note 9 Short-term provisions & Long Term Provisions

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Long Term Provisions		
Provision For Gratuity	5,463,412	5,550,785
Total	5,463,412	5,550,785
Short Tem Provisions		
Provision for employee benefits		
Provision for bonus	288,750	-
Provision for tax (net off Advance taxes)	406,765	465,492
Provision for Audit Fees	76,506	45,506
Provision for Telephone Exps	11,312	10,574
Provision for Electricity Exps (Factory & Office)	22,347	23,006
other provisions	298,039	244,052
Total	1,103,719	788,630

NOTE 10 FIXED ASSETS (As per Company's Act.), A/c. Year : 2013-14

Particulars	Gross Block				Depreciation				Net Block		
	Rate	Op. Bal. as on 01.04.13	Addition during the year	Sales during the year	Balance as on 31.03.14	Op. Bal. as on 01.04.13	Prov. During the year	Dep. write off back	Balance as on 31.03.14	As on 31.03.14	As on 31.03.13
Factory Land		16290029	0	0	16290029	0	0	0	16290029	16290029	16290029
Factory & Building	3.34%	18184664	1141507	0	19326171	5819437	634422	0	6453859	12872312	12365227
Office Building	1.63%	250030	0	0	250030	95785	4075	0	99860	150170	154245
Vehicles	9.50%	3659457	0	508820	3150637	1532420	299310	483379	1348351	1802286	2127037
Laboratory Equipments	4.75%	3207489	0	0	3207489	2821722	152356	0	2974078	233411	385767
Electric Installation	4.75%	2039016	0	0	2039016	1702286	96853	0	1799139	239877	336730
Machineries	4.75%	34112913	213237	0	34326150	10677950	1627064	0	12305014	22021136	23434963
Furniture	6.33%	3694521	22500	0	3717021	1544105	235205	0	1779310	1937711	2150416
Block & Design	4.75%	3289230	0	0	3289230	2524906	156238	0	2681144	608086	764324
Computer	16.21%	1861360	37344	0	1898704	1731083	47149	0	1778232	120472	130277
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	1.63%	5059223	0	0	5059223	57613	82465	0	140078	4919145	5001610
Godown in progress		0	243824	0	243824	0	0	0	0	243824	0
Total		91797162	1658412	508820	92946754	28585887	3335137	483379	31437645	61509109	63211275
Previous Year		82942501	9292719	438058	91797162	25723221	3169267	306601	28585887	63211275	57219280

Note 11 Non- Current Investment

Particulars	As at 31 March, 2014 Total ₹	As at 31 March, 2013 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, 2014 ₹	As at 31 March, 2013 ₹
(a) Security deposits		
Unsecured, considered good	778,077	738,101
(b) Advanced recoverable in cash or kind or for value to be received		
Unsecured, considered good	36,943,795	35,023,601
Total	37,721,872	35,761,702

Note 13 Inventories

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(a) Raw materials (At cost)	1,740,905	13,906,702
(b) Work-in-progress (at estimated cost)	366,306	374,653
(c) Finished goods (other than those acquired for trading) (at cost or realisable value whichever is lower)	4,544,324	21,482,930
(d) Stock-in-trade (acquired for trading) (at cost or realisable value whichever is lower)	19,453,060	24,739,968
(e) Stores, spares & other items (at cost)	3,060,243	2,296,130
(f) Advertisement Article Stock (at cost)	13,050,050	12,131,699
Total	42,214,888	74,932,082

Note: Details of inventory of work-in-progress

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Pharma Division		
Aziter 500 Tablet	85,084	68,750
Ocef-250 Tablet	129,096	86,446
LTR Tablet	-	71,982
BP-AT Tablet	3,358	-
Codomol-50 Dry Syrup	50010	-
Dicloter-P Tablet	17,892	-
Pridilan-40 SR Tablet	80,865	-
Metal Division		
CPC Blue	-	-
Cuprous Chloride	-	-

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 14 Trade receivables**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	18,734,704	12,887,613
Other Trade receivables	-	-
Unsecured, considered good	73,325,043	34,180,356
Total	92,059,747	47,067,969

Note 15 Cash and cash equivalents

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(a) Cash on hand	1,181,330	2,420,781
(b) Balances with banks		
(i) In current accounts	7,019,253	10,117,486
(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)	2,250,460	3,483,721
Total	11,346,917	16,917,862

Notes:

- (i) Other Bank Balances include bank deposits amounting to ₹ 2096841/- (As at 31 March, 2013 ₹ 2096274/-) and deposits for margin monies against bank guarantee amounting to ₹ 153619/- (As at 31 March, 2013 ₹ 1387448/-) which have an original maturity of not more than 12 months.

Note 16 Short-term loans and advances

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Loans and advances recoverable cash or kind or for value to be received		
Unsecured, considered good	8,724,184	10,620,525
Advance for Purchase of Capital Assets	4,498,600	530,000
Advances given Employees		
Unsecured, considered good	589,200	3,274,135
Prepaid expenses - Unsecured, considered good	530,800	2,008,831
Duty Draw Back Receivable	18,809	-
CENVAT/Service Tax /VAT credit receivable	24,103	8,203
Total	14,385,696	16,441,694



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

Note 17 Revenue from operations

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
(a) Sale of products		
Domestic Sales	293,122,725	852,931,906
Export Sales	1,032,820	723,776
(b) Other operating revenues	(33,064)	6,507,887
	294,122,481	860,163,569
Less:		
(c) Excise duty	5,659,215	70,006,669
Total	288,463,266	790,156,900

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
(i) Sale of products comprises (Broad Heads):		
Manufactured goods - Pharma Division		
Almocef Tablet	6,252,138	6,541,923
Aziter 500 Tablet	3,833,334	3,814,079
Codimol 200 Tablet	6,706,040	2,675,567
Manufactured goods - Metal Division		
Reactive Brown 209 (Supra)	-	113,730,586
Reactive Orange RRH Supra	-	77,161,120
Reactive Orange RR (Supra)	-	60,990,300
Copper Sulphate	10,401,825	-
Cuprous Chloride	-	3720000
CPC Blue	5,040,000	-
Traded goods - Pharma Division		
Acolate Kid Susp.	10,949,465	10,514,163
Acolate P Plus Tablet	16,721,614	15,170,688
Acolate Tablet	6,787,900	7,136,772
Traded goods - Metal Division		
Used Beverage	2,325,976	2,365,000
Erythrosine	-	-
Black PN	-	-
Quinine Yellow	-	-
(ii) Other operating revenues comprise:		
Sale of scrap	-	5,723,804
Insurance claim on Stock Transfer	-	433,536
Misc Income	-	114,005
Rate Difference	(33,064)	236,542
Total - Other operating revenues	(33,064)	6,507,887

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 18 Other income**

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
(a) Interest income (Note : 18.a)	861,423	441,071
(b) Rent Income	84,000	62,100
(c) Other non-operating income (net of expenses directly attributable to such income) (Note: 18.b)	335,557	96,319
Total	1,280,980	599,490

Note (18.a)

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Interest on Bank Deposits	273,040	276,492
Interest on Other Loans	575,040	-
Interest on overdue trade receivables	13,343	163,501
Interest Income (Misc.)	-	1,078
Total - Interest income	861,423	441,071

Note (18.b)

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Other non-operating income comprises:		
Net loss on foreign currency transactions and translation	4,415	17,201
Discount Earned(Net)	271,824	22,457.00
Duty Drawback	34,759	-
Profit on sale of fixed assets	24,559	56,661
Total - Other non-operating income	335,557	96,319

Note 19.a Cost of materials consumed

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Opening stock	13,906,702	14,146,305
Add: Purchases	23,450,179	553,529,362
	37,356,881	567,675,667
Less: Closing stock	1,740,905	13,906,702
Cost of material consumed	35,615,976	553,768,965
Material consumed comprises:		
Pharma Division		
Azithromycin	1,875,519	2,142,454
Cefixime Trihydrate	2,755,575	2,961,350
Cefpodoxime Proxetil	5,935,918	3,074,748
Metal Division		
Reactive Brown 208	-	114,908,456
Reactive orange RRH	-	95,750,961
Reactive orange RR	-	60,246,172



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

Note 19.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Inventories at the end of the year:		
Finished goods	4,544,324	21,482,930
Work-in-progress	366,306	374,653
Stock-in-trade	19,453,060	24,739,968
	24,363,690	46,597,551
Inventories at the beginning of the year:		
Finished goods	21,482,930	5,004,569
Work-in-progress	374,653	4,274,611
Stock-in-trade	24,739,968	18,855,023
	46,597,551	28,134,203
Net (increase) / decrease	22,233,861	(18,463,348)

Note 20 Employee benefits expense

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Salaries and wages	68,710,220	60,547,033
Contributions to provident and other funds	2,473,989	3,407,913
Staff welfare expenses	1,014,153	759,839
Total	72,198,362	64,714,785

Note 21 Finance costs

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
(a) Interest expense on:		
(i) Borrowings	3,695,748	4,047,174
(iii) Others *	134,210	40,061
* includes interest on government and other dues		
(b) Other borrowing costs		
- Bank Charges	249,394	234,090
Total	4,079,352	4,321,325

GUJARAT TERCE LABORATORIES LTD.**Notes forming part of the financial statements (contd...)****Note 22 Other expenses**

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Consumption of stores and spare parts	184,648	67,125
Consumption of packing materials	1,770,081	5,255,805
Power and fuel	561,103	1,673,820
Rent	1,081,858	1,059,150
Repairs and maintenance - Buildings	-	200,195
Repairs and maintenance - Machinery	30,883	279,188
Insurance	793,843	732,589
Excise duty Penalty	15,697	870
Rates and taxes	3,924,099	2,863,565
Communication	2,025,180	1,701,842
Freight and forwarding	4,889,630	4,865,099
Sales commission	4,382,235	3,715,503
Advertisement Expenses	35,691,868	26,757,748
Donations and contributions	10,000	118,000
Payments to auditors (Statutory & Tax Audit)	76,000	50,562
Bad trade and other receivables, loans and advances written off	-	47,024
Loss on fixed assets sold / scrapped / written off	-	13,118
Miscellaneous expenses	14,098,841	18,088,209
Total	69,535,966	67,489,412

Note 23 Earning Per Share

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Earning Per Share		
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	2,405,228	1,894,236
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	0.324	0.255

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 : 30/05/2014

Place : Ahmedabad

For and on behalf of the Board of Directors

N. P. Prajapati

Chairman & 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 29th ANNUAL GENERAL MEETING of the Company to be held on Saturday the 27th day of September, 2014 at 10.00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Dist. Gandhinagar., Gujarat.

Signature of the Shareholder / Proxy

--

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

Gujarat Terce Laboratories Limited

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

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L28112GJ1985PLC007753
Name of the Company : Gujarat Terce Laboratories Limited
Registered office : 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar - 382729
Name of the member (s) : _____
Registered address : _____
E-mail Id : _____
Folio No/ Client Id : _____
DP ID : _____

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

- Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him
- Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him
- Name : _____ Address : _____
E-mail Id : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual general meeting of the Company, to be held on the 27th day of September, 2014 at 10.00 a.m. at 122/2, Ravi Estate, Bileshwarpura, Chhatral, Gandhinagar - 382729 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution

No:

Ordinary Business

1. Adoption of the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. Re-appointment of Shri Natwarbhai P. Prajapati (DIN 00031187) who retires by rotation
3. Appointment of M/s. Pary & Co., Chartered Accountants, Ahmedabad (FRN 007288C) as Statutory Auditors of the Company

Special Business

4. Appointment of Shri Kanubhai S Patel (DIN 00031218) as an Independent Director
5. Appointment of Shri Jayantibhai S Prajapati (DIN 02608139) as an Independent Director
6. Appointment of Shri Gordhanbhai G Patel (DIN 00709521) as an Independent Director
7. Special Resolution u/s 180(1)(c) of the Companies Act, 2013 for borrowings in excess of the aggregate of the paid up share capital and free reserves

Signed this _____ day of _____ 2014

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix Revenue Stamp

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

BOOK - POST

TO,

If undelivered please return to :

Gujarat Terce Laboratories Limited

Registered Office : 122/2, Ravi Estate,

Bileshwarpura, Chhatral, Dist. Gandhinagar, Gujarat

CIN : L28112GJ1985PLC007753

Email : ho@gujaratterce.com

Web : www.gujaratterce.com