



ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad-500 027
Andhra Pradesh, India

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25th ANNUAL REPORT 2011-2012

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CORPORATE INFORMATION

Board of Directors:

1. Mr. S. Murali Krishna Murthy	--	Managing Director
2. Mr. G. Venkata Ramana	--	Joint Managing Director
3. Mr. S. Mohan Krishna Murthy	--	Whole Time Director
4. Mr. S. Balaji Venkateswarlu	--	Whole Time Director
5. Mr. S. Srinivas Kumar	--	Whole Time Director
6. Mr. Bh. Satyanarayana Raju	--	Whole Time Director
7. Mr. D. Jagannadha Raju	--	Whole Time Director
8. Mr. J. R. K. Panduranga Rao	--	Director
9. Mr. M. Tippayya	--	Director
10. Mr. K. Pradyumna Teja	--	Director

Registered Office:

Flat No. 502, Palem Towers, Barkatpura,
Hyderabad – 500 027, Andhra Pradesh (INDIA)
Ph: 040-27562055, Fax: 040-66103055
Email: info@ortinlabsindia.com www.ortinlabsindia.com

Works:

Unit 1:

Plot No.275 & 278, I.D.A
Pashamylaram,
Medak Dist. (A.P) (INDIA)

Unit 2:

Sy. No. 300, Malkapur Village,
Choutuppal Mandal,
Nalgonda District (A.P) (INDIA)

Auditors:

M/s. Mathesh & Ramana,
Chartered Accountants,
3-6-145, Himayath Nagar
Hyderabad- 500029. (INDIA)

Bankers:

Karnataka Bank Ltd.,
Nampally Station Road,
Hyderabad- 500001

I.C.I.C.I. Bank,
Himayath Nagar,
Opp. Telugu Academy,
Hyderabad.

State Bank of India
3-4-495/1, Jyoti Soudha,
Barkatpura, Hyderabad.

Audit Committee:

- 1) Mr. M. Tippayya
- 2) Mr. G. Venkata Ramana
- 3) Mr. K. Pradyumna Teja

Remuneration Committee:

- 1) Mr. K. Pradyumna Teja
- 2) Mr. M. Tippayya
- 3) Mr. J.R.K. Pandu Ranga Rao

Listing/Trading :

- 1) Bombay Stock Exchange Limited
- 2) Madras Stock Exchange Limited

Investor Grievance Committee:

- 1) Mr. K. Pradyumna Teja
- 2) Mr. J. R. K. Panduranga Rao
- 3) Mr. S. Mohan Krishna Murthy

Registrar & Share Transfer Agents:

M/s Karvy Computershare Private Ltd,
Plot No. 17-24, Vithalrao Nagar, Madhapur,
Hyderabad-500081. Ph No. 040 - 44655208

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of ORTIN LABORATORIES LIMITED will be held on Saturday, the 29th September 2012 at 11.00 AM at Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors Report, the Audited Profit and Loss Account and the Cash Flow statement for the year ended 31st March, 2012, and the Balance Sheet as at that date.
2. To declare 5% of dividend on equity shares.
3. To appoint a director in place of Mr. S. Mohan Krishna Murthy who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. S. Balaji Venkateswarlu who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Datla Jagannadha Raju, who was appointed as additional director of the company pursuant to the provisions of section 260 of the Companies Act, 1956 by the board of directors w.e.f. 30.10.2011 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

- 7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a special resolution:**

Appointment of Mr. Datla Jagannadha Raju as whole-time director of the company:

“RESOLVED THAT pursuant to the provisions of the sections 198,269,309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Datla Jagannadha Raju, be and hereby appointed as the Whole-Time Director of the company for a term of 3 years with effect from 01.11.2011 on a monthly remuneration of Rs 90,000/- per month (Rupees Ninety Thousand Only) till such date during his tenure as may be decided by the board and with liberty to the board of directors to fix, alter or vary from time to time the term and conditions of the said appointment including the remuneration in such manner as it may deemed fit within the limits in that behalf contained in Schedule XIII of said Act including any statutory modification(s) in force or that may herein after we made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the board of director and Mr. Datla Jagannadha Raju in this behalf.”

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Mr. Datla Jagannadha Raju, the remuneration, perquisites and other allowances if any fixed by the Board of Directors shall be governed by the limits prescribed in Schedule XIII to the Act.”

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

Amendment of Articles of Association:

“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 and Rules framed there under, the existing Articles of Association of the Company be and is here by amended as under :

- i) After Article 68 of the Articles of Association of the Company, the following new Article 68 A shall be inserted:

68A: The Board may provide video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General Meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.

- ii) After Article 104 of the Articles of Association of the Company, the following new Article 104 A shall be inserted:

104A: Directors may participate in Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the Directors at Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.”

“FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorized to carry out the above mentioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution.”

NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. **A MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company will be closed from 26.09.2012 to 29.09.2012 (Both days inclusive).
4. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.

5. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the Company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
7. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
8. Members are requested to kindly bring their copies of the Annual Report to the meeting. As a measure of economy, copies of Annual Report will not be distributed at the AGM.
9. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTAs for registration of such transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
10. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Sd/-
S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 29.08.2012

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6: Appointment of Mr. Datla Jagannadha Raju

The members may note that Mr. Datla Jagannadha Raju, was inducted into Board as an Additional Director of the company, with effect from 30.10.2011 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from a member of the company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

The Board recommends the resolution for your approval.

None of Directors except Mr. Datla Jagannadha Raju may be deemed to be concerned or interested in the resolution.

Item No 7: Appointment of Mr. Datla Jagannadha Raju as Whole-Time Director of the Company

Mr. Datla Jagannadha Raju was appointed as Whole- Time Director of the Company for a period of Three years with effect from 1-11-2011 as per the terms and conditions and remuneration mentioned in the notice at resolution no.7

As per the provisions of Schedule XIII of the Companies Act, 1956, appointment of Mr. Datla Jagannadha Raju as Whole- Time Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.7 is submitted to the meeting for ratification by the members of the Company by passing a Special Resolution.

Details of the Director appointed

Particulars	Mr. Datla Jagannadha Raju
Date of Birth	05/05/1972
Date of Appointment	31/10/2011
Expertise in specific functional areas	Pharma Industry
No. of Shares held in the Company	513790
Directorships held in other companies (excluding private limited and foreign companies)	NIL
Positions held in mandatory committees of other companies	NIL

He does not hold any committee Memberships in any company.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at Item No.7 for the member's approval in the Annual General Meeting

None of the Directors of the Company except Mr. Datla Jagannadha Raju is concerned or interested in this resolution.

Item No. 8: Amendment of Articles of Association:

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 06, 2012 have permitted the companies to hold Board Meetings and Shareholders' Meetings through video conference facility, as part of the Green Initiatives under Corporate Governance.

Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conference facility at the Shareholders' Meetings optional to the Company. In order to provide video conference facility to its Directors and Shareholders, your Company has been advised to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company.

Accordingly, your Board recommends passing of the Resolution No. 8 as a Special Resolution.

None of the Directors is interested or concerned in this Resolution.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Place: Hyderabad
Date: 29.08.2012

Sd/-
S. Murali Krishna Murthy
Managing Director

DIRECTORS REPORT

To

The Members

We have pleasure in presenting the 25th Annual Report with Audited Statements of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS:

(Rupees in Lakhs)

Particulars	2011-2012	2010-11
Income	8610.59	6522.26
Expenditure	8346.66	6310.18
Profit for the year	263.93	212.07
Less: Tax & Prior period Expenditure	150.29	64.54
Less: Proposed Dividend	84.70	84.70
Net Profit carried to Balance Sheet	28.94	62.83

PERFORMANCE REVIEW:

The Ministry of Corporate Affairs (MCA) vide Notification No. S.O. 447(E) dated 28th February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011. The financial statements of your Company for the year ended 31st March, 2012 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to confirm to this year's classification.

The Company has recorded a turnover of Rs.8579.18 Lakhs and the profit of Rs. 127.71 Lakhs in the current year against the turnover of Rs. 6498.56 lakhs and profit of Rs. 161.60 Lakhs in the previous financial year ending 31.03.2011.

DIVIDEND:

Your Directors recommended a dividend of Rs. 0.50 ps. per equity share for the year ending 31.03.2012.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

LISTING:

The equity shares of your company are listed on the Madras Stock Exchange Limited and are being traded on Indo Next Model of Bombay Stock Exchange.

CAPITAL OF THE COMPANY:

Authorised Share capital of the company stands is Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 equity shares of Rs.10/- each and Subscribed, Paid up capital of the company is Rs.16,94,04,000/- (Rupees Sixteen Crores Ninety Four Lakhs Four Thousand only) divided into 1,69,40,400 equity shares of Rs.10/- each.

SUBSIDIARY COMPANY:

Your Company does not have any subsidiary company.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

INSURANCE:

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

DIRECTORS:

Mr. S. Mohan Krishna Murthy and Mr. S. Balaji venkateswarlu, Whole-Time Directors of the Company retires by rotation and being eligible, offers themselves for re- appointment at this ensuing Annual General Meeting. Your Directors recommend their re-appointment.

During the year, Mr. D. Jagannadha Raju was appointed as Additional Director of the Company on 30.10.2011 and as Whole-Time Director on the Board w.e.f. 1.11.2011.

During the year, Mr. D. Hanumantha Rao resigned from the Board. The Board placed its sincere appreciation for the valuable services rendered by him during his tenure as director on the Board of the Company.

DIRECTORS RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm

- i) That the directors in the preparation of the annual accounts have followed the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and defecting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO :

The required information as per Sec.217 (1) (E) of the Companies Act, 1956 is provided hereunder:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

1. Research and Development (R&D)	:	NIL
2. Technology absorption, adoption and innovation	:	NIL

C. Foreign Exchange Earnings and Out Go :

Foreign Exchange Earnings	:	Rs.51.39 Lacs
Foreign Exchange Outgo	:	Rs.154.88 Lacs

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them code of conduct has also been placed on the website of the company A declaration signed by the Managing Director is given in Annexure.

AUDITORS:

Your directors propose the appointment of M/s. Mathesh & Ramana, Chartered Accountants, as Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report as Annexure.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other Statutory Authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:

The shareholders,

I, S. Murali Krishna Murthy, Managing Director of the Company do hereby declare that the Directors and Senior Management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 29.08.2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY OUTLOOK AND OPPORTUNITIES - GLOBAL

The pharma market world over will experience significant shifts. There are several challenges for the pharmaceutical industry post global recession which continue to put pressure on drug discovery, compliance and customer interactions. Further, most large pharmaceutical companies are facing a high proportion of patent expirations between 2011 and 2014. Demand from emerging markets is also shifting traditional sales and marketing practices.

The global pharmaceutical market sales are expected to grow at a 4 - 7% compound annual growth rate (CAGR) through 2013. Global pharmaceutical market value is expected to expand to \$975 + billion by 2013.

Asia-Pacific region will become the global API production hub in the next few years. The region will emerge as the fastest growing pharmaceutical market over the recent past. The reason for this positive shift can be attributed to the low costs and favorable regulatory environment. This region has experienced important developments regarding contract manufacturing, especially in generics and APIs. Increased R&D activities in the region may be expected grow at a CAGR of around 12.6% during 2010-2012 in the Asia-Pacific pharmaceutical industry.

INDUSTRY OUTLOOK AND OPPORTUNITIES - INDIA

In India in the recent past, several pharmaceutical companies have demonstrated that they possess the ability to engage in commercially viable research and development activities and become significant players in the International Market. The Indian pharmaceutical industry is one of the fast growing sectors of the Indian economy. The Sector has made rapid strides over the years. From being an import dependent industry in the 1950's, the industry has achieved self-sufficiency and gained global recognition as a producer of low cost high quality bulk drugs and formulations. Leading Indian companies have developed infrastructure in outside countries including developed markets like US and Europe.

SWOT ANALYSIS STRENGTHS

- Low labor costs as well as highly educated people are the major strengths of the Indian Pharmaceutical Industry. With a very well developed and diverse education system, India produces students who can meet these requirements of Indian Pharmaceutical Industry.
- Indian Pharmaceutical industry employees Cost effective technology and has Strong and well-developed manufacturing base
- Proficiency in path-breaking research
- High-quality formulations and drugs
- Cost effective Clinical research and trials

WEAKNESSES

- Low Indian share in world pharmaceutical market (About 2%)
- Lack of strategic planning
- Fragmented capacities
- Low R&D investments
- Absence of association between institutes and industry

OPPORTUNITES

- Increasing Health Consciousness
- New Innovative Therapeutic Products
- Drug Delivery System Management
- Contract Manufacturing
- Clinical Trials & Research
- Drug Molecules

THREATS

- Small number of discoveries
- Competition from MNCs
- Outdated Sales and Marketing Methods
- Non-tariff barriers imposed by developed countries

OPERATIONAL AND FINANCIAL PERFORMANCE

- Sales: During the year under review, Net Sales and Operational Income stood at Rs. 8579.18 lakhs as against Rs. 6498.56 lakhs in previous year, registering an increase in Sales by 32.02 %.
- Net Profit: During the year, the Company has achieved a Net Profit of Rs. 260.77 Lakhs as against Rs. 208.94 Lakhs, during the corresponding period in the previous year.

INTERNAL CONTROL SYSTEMS

The Company maintains a system of well established policies and procedures for internal control of operations and activities and these are continually reviewed for effectiveness.

The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. We believe that the company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee.

ECONOMY

The year 2011 was probably one of the toughest year for the Indian economy in recent times. The adverse performance of all the key economic indicators weighed heavily on the Indian economy throughout the year. Headline and food inflation indices were at high single digit levels and showed no signs of cooling off throughout the year.

HUMAN RESOURCES

During the year under review the company has taken several HR initiatives to train and develop talent pool. The company has also taken up a root cause analysis on bringing down the attrition rates. In order to improve the performance of management and to scale up the business operations, the company has recruited experienced personnel at senior level apart from strengthening other departments with competent people.

REPORT ON CORPORATE GOVERNANCE

(Forming part of Director's Report)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

All the procedures, policies and practices followed by your Company are based on sound governance principles.

Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

II. BOARD OF DIRECTORS

The Chairman of the Company is Mr. J.R.K.Pandu Ranga Rao, Independent Director. The Board of Directors consists of 10 Members of which 3 are Non-Executive Independent Directors.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

The Board of Directors met 7 times during the year on 15.05.2011, 18.06.2011, 12.08.2011, 01.09.2011, 13.10.2011, 31.10.2011, and 31.01.2012 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, Director's attendance at Board Meetings, AGM and details of other Directorships, Committee Chairmanships/Memberships held by the Directors during the year are as follows:

S. No	Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/chairmanships		
			No. of Board meetings during the tenure of the Director		Last AGM	Other Directorships	Committee Member-ships	Committee Chairmanships
			Held	Attended				
1	Mr. S. Murali Krishna Murthy	Managing Director	7	7	YES	NIL	NIL	NIL
2	Mr. G. Venkata Ramana	Joint Managing Director	7	6	YES	NIL	NIL	NIL
3	Mr. Bh. Satyanarayana Raju	Whole Time Director	7	7	YES	NIL	NIL	NIL
4	Mr. S. Mohan Krishna Murthy	Whole Time Director	7	7	YES	NIL	NIL	NIL
5	Mr. S. Srinivas Kumar	Whole Time Director	7	7	YES	NIL	NIL	NIL
6	Mr. S. Balaji Venkateswarlu	Whole Time Director	7	7	YES	NIL	NIL	NIL
7	Mr. J. R. K. Panduranga Rao	Director	7	4	YES	NIL	NIL	NIL
8	Mr. M. Tippayya	Director	7	6	YES	NIL	NIL	NIL
9	* Mr. D. Jagannadha Raju	Whole Time Director	1	1	No	NIL	NIL	NIL
10	Mr. K. Pradyumna Teja	Director	7	3	YES	NIL	NIL	NIL
11	# Mr. D. Hanumantha Rao	Director	6	0	YES	NIL	NIL	NIL

* Appointed w.e.f.: 31.10.2011

Resigned w.e.f.: 31.10.2011

Board's Procedure:

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

Committees of the Board:

Currently, there are Three (3) Committees of the Board, Namely: Audit Committee, Remuneration Committee, and Shareholders/ Investors Grievance and Share Transfer Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder.

III. AUDIT COMMITTEE

- i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- ii) The terms of reference of the Audit Committee include a review of:
 - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices.
 2. Qualification in draft audit report.
 3. Significant adjustments arising out of audit.
 4. The going concern concept.
 5. Compliance with accounting standards.
 6. Compliance with stock exchange and legal requirements concerning financial statements.
 7. Any related party transactions.
 - Reviewing the company's financial and risk management's policies.
 - Disclosure of contingent liabilities.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.
- iii) The previous Annual General Meeting of the Company was held on 30th September, 2011 and Mr. K. Pradyumna Teja, Chairman of the Audit Committee, attended previous AGM.
- iv) The composition, meetings and the attendance during the year of the Audit Committee is given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2011-2012, (4) four meetings of the Audit Committee were held on the 15.05.2011, 12.08.2011, 31.10.2011 and 31.01.2012.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings attended
Mr. M. Tippayya	Chairman	NED (I)	4
Mr. G. Venkata Ramana	Member	ED	4
Mr. K. Pradyumna Teja	Member	NED (I)	4

NED (I) : *Non Executive Independent Director*

ED : *Executive Director*

The necessary quorum was present at all the meetings.

IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. K. Pradyumna Teja	Chairman	NED (I)
Mr. M. Tippayya	Member	NED (I)
Mr. J.R.K. Pandu Ranga Rao	Member	NED (I)

NED (I): *Non Executive Independent Director*

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

The details of remuneration paid to the Executive Directors for the financial year 2011-12 are given below:

Name of the Director	Designation	Salary (Rs in Lakhs)	Commission (Rs in Lakhs)	Perquisites (Rs in Lakhs)	Retirement Benefits (Rs in Lakhs)
Mr. S. Murali Krishna Murthy	Managing Director	15.00	-	-	-
Mr. G. Venkata Ramana	Jt. Managing Director	15.00	-	-	-
Mr. Bh. Satyanarayana Raju	Whole Time Director	8.40	-	-	-
Mr. S. Mohan Krishna Murthy	Whole Time Director	9.60	-	-	-
Mr. S. Srinivas Kumar	Whole Time Director	9.60	-	-	-
Mr. S. Balaji Venkateswarlu	Whole Time Director	9.60	-	-	-
Mr. J. R. K. Panduranga Rao	Director	-	-	-	-
Mr. M. Tippayya	Director	-	-	-	-
Mr. D. Jagannadha Raju	Whole Time Director	10.80	-	-	-
Mr. K. Pradyumna Teja	Director	-	-	-	-

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

A) Composition, meetings and the attendance during the year:

The Details of composition of the Committee and attendance of the members at the meetings are given below

Name of the Director	Designation	Category
Mr. K. Pradyumna Teja	Chairman	NED (I)
Mr. J. R. K. Panduranga Rao	Member	NED (I)
Mr. S. Mohan Krishna Murthy	Member	ED

NED (I): Non Executive Independent Director

ED: Executive Director

B) Powers:

The Committee has been delegated with the following powers:

- To redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- To approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Board has designated Mr. S. Murali Krishna Murthy Managing Director of the Company as the Compliance Officer.

The Company has designated an exclusive e-mail ID called info@ortinlabsindia.com for redressal of shareholders complaints / grievances.

Complaints received and redressed by the Company during the financial year:
During the year no complaints were received.

S.No	Particulars	Remarks
1.	At the beginning of the year	NIL
2.	Received during the year	NIL
3.	At the end of the year	NIL

VI. GENERAL BODY MEETINGS:

Financial Year	Date	Time	Venue	Special Resolution
2010-2011	30.09.2011	11.00 AM	At Flat No. 502, Palem Towers, Barkatpura, Hyderabad-500 027 Andhra Pradesh. India	1) Re-appointment of Mr.S. Murali Krishna Murthy as Managing Director. 2) Re-appointment of Mr. S. Mohan Krishna Murthy as Whole Time Director. 3) Re-appointment of Mr. S. Balaji Venkateswarlu as Whole Time Director. 3) Re-appointment of Mr. S. Srinivas Kumar as Whole Time Director.
2009-2010	30.09.2010	11.00 AM	At Flat No. 502, Palem Towers, Barkatpura, Hyderabad-27, A.P.	NIL
2008-2009	30.09.2009	11.30 AM	At Flat No. 502, Palem Towers, Barkatpura, Hyderabad-27. A.P.	NIL

VII. OTHER DISCLOSURES

- There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- Whistle Blower policy: We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the Company. The mechanism provided direct access to the Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the Company. The Whistle Blower Policy has been posted on the Intranet of the Company.
- The Company has complied with the non-mandatory requirements to relating to remuneration committee and Whistle Blower policy.

- (f) Managing Director of the Company have furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in one English newspaper and in one vernacular newspaper. These financial statements, press releases are also posted on the Company's website, at www.ortinlabsindia.com

IX. GENERAL SHAREHOLDERS INFORMATION

(a) 25th Annual General Meeting:

Date and Time	Saturday, the 29 th September 2012 at 11.00 AM
Venue	Flat No. 502, Palem Towers, Barkatpura, Hyderabad-500 027, A.P. India.

- (b) Book Closure Date : 26.9.2012 to 29.09.2012 (Both days inclusive)
- (c) Financial Year and Calendar (Tentative) 2012-13:
The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Calendar

Financial Reporting for 2012-2013 (tentative)	On or before
The First Quarter results	14.08.2012
The Second quarter results	14.11.2012
The Third quarter results	14.02.2013
The Fourth quarter results (unaudited/audited)	15/30.05.2013

(d) Listing on Stock Exchanges:

- 1) Madras Stock Exchange Limited
- 2) Bombay Stock Exchange Limited (for trading under IndoNext Segment)

- (e) **Listing Fees** : Listing fee for the year 2012-13 has been paid
- (f) **Stock Code** : For equity shares:- BSE: 590074
- (g) **ISIN No.** : For equity shares: - **INE749B01012**
- (h) **Stock Price Data** : The monthly high / low prices of shares of the Company from April, 2011 to March, 2012 at Bombay Stock Exchange.:

Month	High (Rs.)	Low (Rs.)
April, 2011	25.75	22.00
May, 2011	26.85	20.55
June, 2011	26.05	20.55
July, 2011	25.80	20.25
August, 2011	26.25	21.65
September, 2011	26.45	21.75
October, 2011	25.80	21.25
November, 2011	29.40	24.00
December, 2011	27.25	21.00
January, 2012	27.25	22.10
February, 2012	27.95	22.05
March, 2012	30.50	21.30

i) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

Karvy Computershare Private Ltd,
Plot No. 17- 24, Vithalrao Nagar, Madhapur,
Hyderabad - 500081
Ph No. 040 - 44655208

j) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with in 21 days on receipt.

(k) Shareholding Pattern as on 31st March, 2012:

Particulars	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	10331701	60.99
	Sub- Total A	10331701	60.99
B	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non- Institutions		
a)	Bodies Corporate	783562	4.63
b)	Indian public and others	5425566	32.03
c)	Any others		
	i) NRI's	368624	2.18
	ii) Clearing Members	30947	0.18
	Sub Total B	6608699	39.01
	Grand Total (A+B)	16940400	100

(l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2012 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
1 - 5000	768	65.87	1312030	0.77
5001 - 10000	145	12.44	1292450	0.76
10001 - 20000	72	6.17	1099920	0.65
20001 - 30000	48	4.12	1230750	0.73
30001 - 40000	14	1.20	505430	0.30
40001 - 50000	13	1.11	599150	0.35
50001 - 100000	14	1.20	974730	0.58
100001 & Above	92	7.89	162389540	95.86
Total:	1166	100.00	169404000	100.00

(m) Dematerialization of Shares:

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's ISIN is INE749B01012. As on 31st March, 2012, 1,66,06,553 equity shares are dematerialized which is 98.03% of the paid up capital of the Company and out of which 30,84,874 shares are in CDSL and 1,35,11,679 shares are in NSDL and the balance are in physical form.

(n) Address for Investors Correspondence:

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

Flat No. 502, Palem Towers, Barkatpura,
Hyderabad – 500 027, Andhra Pradesh
Ph: 040-27562055, Fax: 040-66103055
Email: info@ortinlabsindia.com
Website: www.ortinlabsindia.com

(o) CEO/MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO is attached elsewhere in the annual report.

(p) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 29.08.2012

DECLARATION

To
The Members of Ortin Laboratories Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 29.08.2012

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

MANAGING DIRECTOR CERTIFICATE

I, S. Murali Krishna Murthy, Managing Director of M/s. Ortin Laboratories Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. 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 in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year.
 - (b) Significant changes in the accounting policies during the year.
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

For and on behalf of the Board of
Ortin Laboratories Limited

Sd/-
S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 29.08.2012

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of,
Ortin Laboratories Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Ortin Laboratories Limited for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement with Stock Exchanges.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Mathesh & Ramana**
Chartered Accountants

sd/-

B.V. Ramana Reddy
Partner

Membership No. 026967
Firm Reg No. 002020S

Place: Hyderabad
Date: 29.08.2012

AUDITORS' REPORT

To the members of
ORTIN LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of ORTIN LABORATORIES LIMITED, as at 31st March, 2012 the Profit and Loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) order, 2003, as amended by Companies (Auditor's Report)(Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order, to extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books
 - (iii) The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 29th August, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of Balance Sheet, of the state of affairs of the company, as at 31st March, 2012.
 - (b) in the case of the Profit and Loss Account, of the profit, for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the Cash Flows, for the year ended on that date.

For **Mathesh & Ramana**
Chartered Accountants
sd/-

B.V. Ramana Reddy
Partner Membership No. 026967
Firm Reg No. 002020S

Place: Hyderabad
Date: 29.08.2012

ANNEXURE

Re: ORTIN LABORATORIES LIMITED

Referred to in Paragraph 3 of our Report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the 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) During the year, the company has not disposed off a major part of its Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account.
- (iii) (a) The company has taken loans from one party covered in the register maintained under section 301 of the Companies Act, 1956 and the same was repaid during the year.
- (b) The company has granted loan during the previous year to one company covered in the register maintained under section 301 of the Companies Act, 1956 and an amount of Rs. 12,53,000/- is outstanding as on 31st March, 2012.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken/granted from the parties listed in the register maintained under section 301 of the Companies Act are not, prima facie, prejudicial to the interest of the company.
- (d) The company is regular in repaying/recovering the principal amounts as stipulated and has been regular in the payment/receiving of interest.
- (e) There was no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have observed some internal control weaknesses with regard to stocks and debtors.
- (v) (a) According to the information and explanations given to us, 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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (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 books of account relating to materials, labour and other items of cost 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 we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, ESI, income tax, sales tax, excise duty and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax and excise duty were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable except VAT payable of Rs. 1,15,702/-.
(c) According to the information and explanation given to us, there are no dues of sales tax, income tax and excise duty which have not been deposited on account of any dispute.
- (x) In our opinion, the company did not have the accumulated loss as on 31st March, 2012. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution and banks.
- (xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence no need to maintain the said records.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, 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, 2003 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.

- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not raised any fresh share capital by way of public issue or by any other mode during the financial year. Hence, the question of preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act does not arise.
- (xix) According to the information and explanations given to us, the company has not issued any debentures in the history of the company. Hence the creation of securities does not arise.
- (xx) During the year the company has not raised money by way of public issues, hence the verification of end use of money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Mathesh & Ramana**
Chartered Accountants

sd/-

B.V. Ramana Reddy
Partner
Membership No. 026967
Firm Reg No. 002020S

Place: Hyderabad
Date: 29.08.2012

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of ORTIN LABORATORIES LIMITED, Hyderabad for the period ended 31st March, 2012. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by report of 29th August, 2012 to the members of the Company.

For **Mathesh & Ramana**
Chartered Accountants

sd/-

B.V. Ramana Reddy

Partner

Membership No. 026967

Firm Reg No. 002020S

Place: Hyderabad
Date: 29.08.2012

Balance Sheet as at March 31, 2012
(All amounts in Indian Rupees except as otherwise stated)

PARTICULARS	Notes	as at 31-03-2012 Rupees	as at 31-03-2011 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	169,404,000	169,404,000
Reserves and surplus	3	32,383,596	29,489,224
		201,787,596	198,893,224
Non - current liabilities			
Long-term borrowings	4	4,672,639	12,042,431
Deferred tax liabilities (Net)	5	24,794,475	20,670,529
Other Long term liabilities	6	20,650	25,650
Long-term provisions	7	636,168	94,078
		30,123,932	32,832,688
Current liabilities			
Short-term borrowings	8	118,691,734	93,488,751
Trade payable	9	454,566,452	192,052,520
Other current liabilities	10	13,108,560	6,296,046
Short-term provisions	7	12,262,156	18,307,806
		598,628,902	310,145,123
TOTAL		830,540,430	541,871,035
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	238,497,886	226,878,914
Intangible Assets			
Capital Work in Progress		-	-
		238,497,886	226,878,914
Non-current investments	13	338,761	317,171
Long-term loans and advances	12	13,039,045	18,821,028
Other non-current assets	14	516,403	723,078
		252,392,095	246,740,191
Current assets			
Inventories	15	110,643,207	43,647,967
Trade receivables	16	438,587,262	213,861,606
Cash and Cash Equivalents	17	10,065,335	11,620,358
Short term loans and advances	12	17,386,405	24,746,938
Other current assets	14	1,466,126	1,253,975
		578,148,335	295,130,844
TOTAL		830,540,430	541,871,035
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For MATHESH & RAMANA
Chartered Accountants
Sd/-
B.V. RAMANAREDDY
Partner M. No. 026967
Firm Reg. No. 002020S

Place: Hyderabad.
Dated: 29-08-2012

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-
S. Murali Krishna Murthy
Managing Director

Sd/-
G. Venkata Ramana
Joint Managing Director

Statement of profit and loss for the year ended March 31, 2012

(All amounts in Indian Rupees except as otherwise stated)

PARTICULARS	Notes	as at 31-03-2012 Rupees	As at 31-03-2011 Rupees
Income			
Revenue from operations	18	857,917,962	649,856,509
Other income	19	2,593,536	1,584,796
Total revenue (i)		860,511,498	651,441,305
Expenses			
Cost of material consumed	20	663,199,107	534,059,918
(Increase)/decrease in inventory	21	(547,601)	(784,761)
Employee benefits expenses	22	27,607,802	14,423,866
Other expenses	23	98,276,880	62,931,227
Finance expenses	24	32,617,499	13,599,842
Depreciation & amortisation	11	13,280,397	6,317,495
Total (ii)		834,434,084	630,547,587
Profit before tax (i-ii)		26,077,414	20,893,718
Tax expenses			
Current tax		5,323,988	4,833,803
Deferred tax		4,123,946	(351,097)
Prior years' tax adjustment		3,858,113	250,346
Total tax expense		13,306,047	4,733,052
Profit for the year		12,771,367	16,160,666
Earnings per equity share			
- Basic		0.75	1.56
- Diluted		0.75	1.56
Nominal value of shares		10.00	10.00
Weighted average number of equity shares in calculating Basic and diluted EPS		-	-
Summary of significant accounting polices	1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For MATHESH & RAMANA

Chartered Accountants

Sd/-

B.V. RAMANAREDDY

Partner M. No. 026967

Firm Reg. No. 002020S

Place: Hyderabad.

Dated: 29-08-2012

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-

S. Murali Krishna Murthy

Managing Director

Sd/-

G. Venkata Ramana

Joint Managing Director

Cash Flow From Operation Activities

PARTICULARS	as at 31-03-2012 Rupees	as at 31-03-2011 Rupees
Net profit before tax	22,219,301	20,643,372
ADD: Depreciation	13,280,397	6,317,495
ADD: Misc. Expenses	1,164,675	1,164,675
ADD: Interest	32,617,499	13,599,842
Less: Interest received	865,431	356,997
Less: Misc. income	1,728,105	1,227,799
Operating Profit	66,688,336	40,140,588
Increase in inventories	(66,995,240)	33,075,411
Increase in debtors	(224,725,656)	(2,349,256)
Increase in loan & advances	11,972,365	353,546
Increase/Decrease in current liabilities	253,940,892	(27,403,534)
Cash generated from operations	40,880,697	43,816,757
less: Tax expense	5,323,988	4,833,803
Less: Interest paid	32,617,499	13,599,842
Cash from operations	2,939,210	25,383,112
Increase in Investments	(21,590)	(170,103)
Add: Misc. Income	1,728,105	1,227,799
Add: Additions to Fixed Assets	(24,899,369)	(58,846,053)
Add: Interest Recieved	865,431	356,997
Net Cash Used in Investing	(22,327,423)	(57,431,360)
Receipts from share capital	-	20,655,000
Receipts from new borrowings	17,833,191	(11,982,886)
Net Cash Used Financing Activity	17,833,191	8,672,114
Net cash Flow	(1,555,023)	(23,376,134)
Opening Balance	11,620,358	22,186,271
Add: Opening Balance of Vineet Laboratories on account of Merger	-	12,810,221
Net cash Flow	(1,555,023)	(23,376,134)
Cash and Cash Equivalants	10,065,335	11,620,358

As per our report of even date.

For MATHESH & RAMANA

Chartered Accountants

Sd/-

B.V. RAMANA REDDY

Partner M. No. 026967

Firm Reg. No. 002020S

Place: Hyderabad.

Dated: 29-08-2012

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-

S. Murali Krishna Murthy

Managing Director

Sd/-

G. Venkata Ramana

Joint Managing Director

**NOTES FORMING PART OF BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012.**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting:

The Company follows the mercantile system of accounting. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting standards referred to in Section 211(3C) of the Companies Act 1956.

(b) Fixed Assets:

Fixed assets are stated at cost less depreciation. All costs (excluding CENVAT, VAT and Subsidy), including financing costs till commencement of commercial production and adjustments arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized.

(c) Depreciation:

The Company has provided depreciation for all the assets using straight line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

(d) Inventories:

Inventories have been taken as valued and certified by the Management. The basis of valuation is as under:

Raw materials, Stores & Spares - at cost or market price whichever is lower.

Finished goods – at lower of cost or market value on FIFO basis.

(e) Retirement benefits:

(i) Company's contribution to provident fund is charged to Profit & Loss Account.

(ii) Provision has been made in accounts for the future payment of gratuity to the employees of the Company, Pursuant to the payment of Gratuity Act, 1972 however provision has not been made based on the actuarial valuation.

(f) Revenue recognition:

i) Sale is recognized on dispatch of products and is inclusive of Excise Duty. Sales Tax and Packing and forwarding charges.

ii) Interest income is recognized on accrual basis.

iii) Dividend income is recognized as and when the right to receive the amount is established.

(g) Investments

Quoted and un-quoted Investments are valued at cost.

(h) R&D Expenditure

a. Capital expenditure is included in the fixed assets and depreciation as per Company's policy.

b. Revenue expenditure is charged to profit & loss account of the year in which they are incurred is included in the respective heads of expenditure.

(i) Borrowing Costs

Borrowings costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(j) Cash Flow Statement

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2012 and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow statement issued by ICAI.

(k) Accounting for Taxes on Income

- a. Current Tax: Provision for Current Income Tax is made on the basis of the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.
- b. Deferred Tax: Deferred income tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws. Enacted or substantially enacted as of the Balance Sheet date.

(l) Employee Stock Option Scheme

The company has not granted any Employee Stock Option Scheme.

(m) Impairment of Assets

The management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

(n) Government Grants & Other Claims

Revenue grants including subsidy/rebates, refunds, claims etc., are credited to profit & loss account under other income or deducted from the related expenses. Grants related to fixed assets are credited to capital reserves account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants etc., are established/realized.

(o) Miscellaneous Expenses:

Preliminary expenses and expenditure in connection with Public issue and issue of shares are being written off over a period of five years.

(p) Provisions and Contingent Liabilities and Contingent Assets

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

2. SHARE CAPITAL

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Authorised: 2,00,00,000 (March 31, 2011: 1,57,50,000) equity shares of Rs.10/-each	200,000,000	157,500,000
	200,000,000	157,500,000
Issued, subscribed and fully paid-up: 1,69,40,400 (March 31, 2011 : 47,00,400) equity shares of Rs.10/- each fully paid-up Share Capital Suspense Account	169,404,000	47,004,000 122,400,000
Total issued, subscribed and fully paid up share capital	169,404,000	169,404,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

(Figures in Rupees)

	March 31, 2012		March 31, 2011	
	Nos.	Amount	Nos.	Amount
Equity shares of Rs. 10/-each fully paid				
At the beginning of the year	16,940,400	169,404,000	3,670,400	36,704,000
Less: Share Capital Suspense Account	12,240,000	122,400,000		
Issued during the year	12,240,000	122,400,000	1,030,000	10,300,000
Share Capital suspense Account	-	-	12,240,000	122,400,000
Outstanding at the end of the year	16,940,400	169,404,000	16,940,400	169,404,000

(b) Terms/ rights attached to shares

The Company has equity shares having par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. The Company has declared 5% dividend in the previous year. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(c) Details of share holders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2012		March 31, 2011	
	Nos.	% Holding	Nos.	% Holding
Equity shares of Rs. 10/- each fully paid				
Venkata Ramana Gaddam	1,227,600	7.25%	-	-
Venkata Rama Gaddam	1,106,100	6.53%	-	-
Srinidhi Infin Limited	-	-	538,904	11.47%
Nalluri Chandrashekar Murthy	-	-	363,939	7.74%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

3 RESERVES AND SURPLUS

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Share Forfeiture Reserve		
Balance, at the beginning of the year	6,452,500	4,337,500
Add: Amount received during the year	-	2,115,000
Balance, at the end of the year	6,452,500	6,452,500
Capital Reserve		
Balance, at the beginning of the year	2,122,500	2,122,500
Balance, at the end of the year	2,122,500	2,122,500
Surplus in the statement of profit and loss		
Balance, at the beginning of the year	20,914,223	14,630,552
Add: Excess provision written back	-	-
Add: Profit for the year	12,771,367	16,160,666
Less: Proposed Dividend	8,470,200	8,470,200
Less: Dividend Distribution tax on Proposed Dividend	1,406,794	1,406,794
Net surplus in the statement of profit and loss	23,808,596	20,914,224
Total reserves and surplus	32,383,596	29,489,224

4 LONG TERM BORROWINGS

(Figures in Rupees)

	Non-current portion		Current maturities	
	March 31, 2012	March 31,2011	March 31, 2012	March 31,2011
Term loan from Banks (Secured)	3,194,535	9,295,197	6,100,662	4,879,758
Term Loan from Financial Institutions (Unsecured)	-	-	-	67,230
Vehicle Loan from Banks (Secured)	362,138	1,631,268	1,269,130	1,227,397
Interest Free Sales Tax Loan from Govt. of A.P	1,115,966	1,115,966		
	4,672,639	12,042,431	7,369,792	6,174,385

Security Details

Term Loan from Bank is Secured by hypothecation of Fixed Assets and Personal Guarantee of directors of the company excluding Honorary directors. The Company availed Rs.62,08,841/- out total Sanction of Rs.140 lakhs. The Loan is repayable in 80 equated monthly instalments of Rs 1,75,000/- each, due to short availment of term loan the due date may be much earlier. The Loan carried interest @ (BR+ 4.5%) p.a.

Vehicle Loan from Bank is secured by hypothecation of vehicle financed.

5 DEFERRED TAX LIABILITIES (NET)

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	24,794,475	20,670,529
Differed tax liability	24,794,475	20,670,529

6 OTHER LONG-TERM LIABILITES

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Security Deposit	20,650	25,650
	20,650	25,650

7 PROVISIONS

(Figures in Rupees)

	Long term		Short term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits (Gratuity)	636,168	94,078	-	-
Proposed Dividend	-	-	8,470,200	8,470,200
Dividend Distribution tax on Proposed Dividend			1,406,794	1,406,794
Provision for income tax (net of advance tax paid)	-	-	2,385,161	8,430,812
	636,168	94,078	12,262,156	18,307,806

8 SHORT-TERM BORROWINGS

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Secured		
Cash Credit from Banks (Secured)	101,018,842	78,807,520
Unsecured		
From Directors & their relatives	8,238,146	2,127,341
Loan from others	9,434,746	12,553,890
	118,691,734	93,488,751

- b) Cash Credit form Karnataka Bank Limited is secured by present and future raw materials, semi finished goods, finished goods, stores and secured second charge on Fixed Assets of the Company and further secured by personal guarantee of promoter Directors.

9 TRADE PAYABLES

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Trade payables	445,497,535	186,381,877
Staff Creditors	285,995	-
Outstanding Liability for expenses	8,782,922	5,670,643
	454,566,452	192,052,520

10 OTHER CURRENT LIABILITIES

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Current maturities of secured long term borrowings (refer note 5)	7,369,792	6,174,385
Customers credit balance	5,738,768	121,661
	13,108,560	6,296,046

**NOTE - 11
SCHEDULE FORMING PART OF ACCOUNTS**

(Figures in Rupees)

S. No.	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		Cost as on 01/04/2011 Rupees	Additions Rupees	Deletions Rupees	Acquisition	Cost as on 31-03-2012 Rupees	Upto 01/04/2011 Rupees	Adjustment on account of amalgamation	For the year Rupees	Deletions Rupees	Upto 31-03-2012 Rupees	As on 31-03-2012 Rupees	As on 31-03-2011 Rupees
1	Land.	5,356,926	-	-	-	5,356,926	-	-	-	-	-	5,356,926	5,356,926
2	Factory building.	59,344,129	1,353,514	-	-	60,697,643	6,326,455	-	-	8,347,151	-	52,350,492	53,017,674
3	Administrative building.	940,355	-	-	-	940,355	202,401	-	-	217,729	-	722,626	737,954
4	Plant & machinery	153,003,964	29,719,171	-	-	182,723,135	20,576,818	-	-	28,946,316	-	153,776,819	132,427,146
5	Testing equipment.	7,700,341	38,864	-	-	7,739,205	1,174,334	-	-	1,541,946	-	6,197,259	6,526,007
6	Furniture & fixtures.	2,572,455	208,956	-	-	2,781,411	1,437,474	-	-	1,605,474	-	1,175,937	1,134,981
7	Electrical fittings	8,884,436	12,320	-	-	8,896,756	1,695,784	-	-	422,596	-	6,778,376	7,188,652
8	Vehicles.	11,298,887	-	-	-	11,298,887	3,053,176	-	-	1,073,394	-	7,172,317	8,245,711
9	Other assets.	2,569,030	234,457	-	-	2,803,487	736,303	-	-	128,962	-	1,938,222	1,832,727
10	Computer.	3,806,603	94,850	-	-	3,901,453	1,513,209	-	-	622,773	-	1,765,471	2,293,394
11	Modkerox.	205,400	-	-	-	205,400	14,835	-	-	9,783	-	180,782	190,565
12	Generator Set	311,800	-	-	-	311,801	235,107	-	-	14,811	-	61,884	76,694
13	Air conditioner.	1,342,786	76,385	-	-	1,419,171	331,451	-	-	66,944	-	1,020,776	1,011,335
14	Capital Work in Progress	6,839,149	-	-	-	-	-	-	-	-	-	-	6,839,149
	TOTAL	264,176,261	31,738,518	6,839,149	-	289,075,630	37,297,347	-	-	13,280,397	-	238,497,886	226,878,914
	PREVIOUS YEAR	53,110,375	66,012,160	7,184,377	152,238,103	264,176,261	14,888,856	16,109,267	18,271	37,297,347	226,878,914	38,221,519	

12 LOANS AND ADVANCES

(Figures in Rupees)

	Non - current (Long term)		Current (Short term)	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good				
Trade and other deposit	3,381,638	3,859,220	-	-
Loan and advances to related parties	-	-	3,684,713	469,619
Prepaid expenses	-	-	292,855	365,711
Other loans & Advances	9,657,407	14,961,808	13,408,837	23,911,608
	13,039,045	18,821,028	17,386,405	24,746,938

13 INVESTMENTS

(Figures in Rupees)

	Non - current (Long term)		Current (Short term)	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Investment in Equity Instruments(At cost)	38,761	17,171		
Investment in Mutual Funds (At Cost)	300,000	300,000	-	-
	338,761	317,171	-	-

14 OTHER CURRENT ASSETS

(Figures in Rupees)

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good				
Interest Receivable	-	-	732,189	89,300
Excise Duty Claim Receivable on Export	-	-	527,262	
Commercial Tax 2000-01	27,549	27,549		
Commercial Tax 2001-02	75,561	75,561	-	-
Preliminary Expenses to the extent not written off	413,293	619,968	206,675	1,164,675
	516,403	723,078	1,466,126	1,253,975

15 INVENTORIES

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Finished goods & WIP	14,565,475	14,017,874
Raw material	92,665,149	26,604,608
Stores & Spares	3,412,583	3,025,485
	110,643,207	43,647,967

16 TRADE RECEIVABLES

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Unsecured, considered good		
Outstanding for a period not exceeding six months from the date they are due for payments	291,684,047	25,337,817
Others	146,903,215	188,523,789
	438,587,262	213,861,606

17 CASH AND BANK BALANCES

(Figures in Rupees)

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash and cash equivalents				
Balances with banks on current account	-	-	629,967	1,500,115
Balance with banks in Fixed Deposits/ Term Deposit			-	555,586
Cash on hand	-	-	435,368	414,657
	-	-	1,065,335	2,470,358
Other bank balances				
Margin money deposits against Letter of Credit	-	-	9,000,000	9,150,000
	-	-	10,065,335	11,620,358
Less: Amount disclosed under non current assets	-	-	-	-
			10,065,335	11,620,358

18 REVENUE FROM OPERATIONS

(Figures in Rupees)

	March 31, 2012	March 31, 2011
A) Sales(Net)		
Domestic sales	831,072,072	651,518,966
Export sales	5,119,030	-
	836,191,102	651,518,966
Less : Excise Duty	47,041,659	25,119,875
	789,149,443	626,399,091
B) Other operating revenues		
Job work Receipts	68,768,519	23,457,418
	68,768,519	23,457,418
	857,917,962	649,856,509

19 OTHER INCOME

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Dividend on Chits	41,237	249,160
Interest Received	865,431	356,997
Profit on Foreign Exchange Fluctuation	127,823	223,650
Rental Charges (Voda Tower)	30,516	-
Discount on Purchase	559,366	284,934
Sale of Scrap	663,360	-
Dividend	2,262	2,000
Service Charges Income.	60,791	68,067
Subsidy on Electrical Bill	242,750	-
Export Incentive on Excise duty	-	249,289
Miscellaneous Income	-	130,953
Income Tax Refund	-	19,746
	2,593,536	1,584,796

20 COST OF MATERIALS CONSUMED

(Figures in Rupees)

	March 31, 2012		March 31, 2011	
Inventory at the beginning of the year		26,604,608		51,512,288
Add: Purchases	729,759,019		509,291,178	
Less: Returns	499,371	729,259,648	138,940	509,152,238
		755,864,256		560,664,526
Less: inventory at the end of the year		92,665,149		26,604,608
		663,199,107		534,059,918

21 (INCREASE)/DECREASE IN INVENTORY

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Opening stock of inventories		
Finished goods	14,017,874	13,233,113
	14,017,874	13,233,113
Closing stock of inventories		
Finished goods	14,565,475	14,017,874
	14,565,475	14,017,874
	(547,601)	(784,761)

22 EMPLOYEE BENEFIT EXPENSES

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Salaries, wages and allowances	13,704,537	6,882,551
Directors Remuneration	7,800,000	4,627,170
Contribution to provident and other funds	2,235,927	922,307
Gratuity expense	542,090	94,078
Bonus	-	122,082
Staff welfare expenses	3,325,248	1,775,678
	27,607,802	14,423,866

23 OTHER EXPENSES

(Figures in Rupees)

	March 31, 2012		March 31, 2011	
Rates and taxes		444,464		893,917
Insurance		558,652		181,782
Legal and Professional charges		2,415,782		3,908,538
ROC Expenses		614,211		17,655
Stamp Duty		2,852,900		-
Communication expenses		884,283		793,334
Travel & conveyance expenses		2,732,311		1,751,627
Rent Office & Godown		212,505		333,166
Power & Fuel		24,640,706		13,509,484
Sales & Business Promotion		1,118,219		1,470,164
Statutory audit		220,600		220,600
Tax audit		33,090		33,090
Taxation and Other Matters		22,060		22,060
Repairs & Maintenance Expenses		9,844,979		2,959,577
Consumption of Stores				
Inventory at the beginning of the year	3,025,485		3,258,985	
Add: Purchases	5,540,446		3,281,627	
	8,565,931		6,540,612	
Less: inventory at the end of the year	3,412,583	5,153,348	3,025,485	3,515,127
Discount & Rebate		397,423		969,818
Freight & Transportation		2,702,955		1,664,118
Labour Wages		22,949,956		10,971,921
Security Charges		1,109,982		616,317
Printing & Stationery		784,346		499,914
Prior Period Expenses		316,489		564,235
Loss on foreign Exchange Transaction		1,066,744		-
Miscellaneous expenses		4,258,947		16,501,483
Job Work Charges		2,462,222		368,625
Clearing & Forwarding Charges		2,651,241		-
Customs Duty		815,323		-
Bad Debts Written off		5,848,467		-
Miscellaneous expenses written off		1,164,675		1,164,675
		98,276,880		62,931,227

24 FINANCE COSTS

(Figures in Rupees)

	March 31, 2012	March 31, 2011
Interest on fixed period loans	2,043,545	1,270,547
Interest on working capital loans	12,336,205	6,778,645
Interest - Others	18,529	20,200
Bank charges (including loan processing charges)	890,785	863,139
LC & Bill discounting Charges	17,328,435	4,667,311
	32,617,499	13,599,842

25. SALES TAX DEFERMENT

The sales tax deferment liability amounting to Rs. 11,15,966/- shown under Unsecured Loans due for repayment from the financial year 2019 onwards. The Government of Andhra Pradesh has granted Sales Tax Deferment for a period of 14 years.

26. FOREIGN EXCHANGE TRANSACTIONS

Particulars	March 31, 2012 Rupees
a. Value of imports	1,53,93,591
b. Traveling Expenses	94,609
c. Value of Exports	51,38,576

During the year, the company has recognized Rs. 9,38,921/- as net loss on account of foreign exchange transactions in the profit and loss account.

27. MANAGERIAL REMUNERATION

	March 31, 2012 Rupees
1. Sri. S. MURALI KRISHNA MURTHY	15,00,000
2. Sri. S. MOHAN KRISHNA MURTHY	9,60,000
3. Sri. S. BALAJI VENKATESWARLU	9,60,000
4. Sri. S. SRINIVAS KUMAR	9,60,000
5. Sri. G. VENKATARAMANA	15,00,000
6. Sri. Bh. SATYANARAYANA RAJU	8,40,000
7. Sri. D. JAGANNADHARAJU	10,80,000

The above figures do not include Sitting fee paid and provision for gratuity and leave encashment.

28. REMUNERATION TO AUDITORS:

	March 31, 2012 Rupees
Audit Fee	2,20,600
Tax Audit Fee	33,090
For taxation and other matters	22,600
TOTAL	2,75,750

29. CONTINGENT LIABILITIES:

a) The contingent liabilities as on 31st March, 2012 are as follows:

Particulars	(Rs. In lacs)
In respect of Letters of Credit	600.00
Excise Duty demand based on audit objection raised by department on 19/04/2012	9.35

b) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for – NIL.

30. DEFERRED TAX :

	March 31, 2012 Rupees
In Conformity with the Accounting Standard 22 on Accounting for Taxes on income issued by Institute of Chartered Accountants of India, during the year the Company has provided for the Net Deferred Tax Liability/ Assets in the books of account.	
Net Block as per Companies Act	23,84,97,886
Net Block as per Income Tax Act	16,38,55,078
Timing Difference	7,46,42,808
Net Tax Liability as on 31-03-2012	2,47,94,475
Less: Deferred Tax Liability as on 31-03-2011	2,06,70,529
Effect on Profit and Loss Account (Deferred Tax for the year)	41,23,946

Deferred tax liability represents timing differences in depreciation on fixed assets.

31. EARNINGS PER SHARE:

(A) BASIC EARNING PER SHARE (Figures in Rupees)

i. Number of equity shares outstanding at the beginning of the year.	1,69,40,400
ii. Number of equity shares issued during the year.	1,22,40,000
ii.a Less: Share Capital Suspense	1,22,40,000
iii. Total number of equity shares outstanding at the end of the year.	1,69,40,400
iv. Profit available to share holders.	1,27,71,367
v. Basic Earning per Share. (face value Rs. 10/-)	0.75

(B) DILUTED EARNING PER SHARE (Figures in Rupees)

i. Number of equity shares outstanding as per Point No. iii above.	1,69,40,400
ii. Weighted average number of potential equity shares outstanding	NIL
iii. Weighted average number of shares outstanding	1,69,40,400
iv. Profit available to share holders	1,27,71,367
v. Basic Earning per Share (face value Rs. 10/-)	0.75

32. RELATED PARTY TRANSACTIONS:

Disclosure as required by Accounting Standard AS 18: Related party disclosures issued by the Institute of Chartered Accountant of India (ICAI) is follows:

- (A) (i) Names of the transacting related parties.
SRI SAI KRISHNA MARKETING ASSOCIATES
- (ii) Description of the relationship between the parties.
Associate Firm.
- (iii) Description of the nature of transaction.
Sales and purchases to/from associates firm in which directors are interested.
- (iv) Volume of transaction:
- | | |
|-----------------|-----------------|
| Sales: | Rs. 24,76,198/- |
| Purchases: | Rs. 18,51,651/- |
| Unsecured Loans | Rs. 30,00,000/- |

The above transactions are not related to the products, which are manufactured at the company's production facilities and it is only a trading transaction.

- (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
 - (vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date.
 - (vii) Outstanding items pertaining to the related party as on the date of Balance sheet: Cr. 11,02,824/-
 - (viii) Amounts written off or written back in the period in respect of debts due from or to related parties: NIL
- (B)
- (i) Names of the transacting related parties.
ORTIN BIOTECH PRIVATE LIMITED
 - (ii) Description of the relationship between the parties.
Associate Company.
 - (iii) Description of the nature of transaction.
Inter corporate Deposits to associate Company in which directors are interested.
 - (iv) Volume of transaction: Rs. 11,42,000/-
 - (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
 - (vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date.
 - (vii) Outstanding items pertaining to the related party as on the date of Balance sheet: Dr. 12,53,000/-
 - (viii) Amounts written off or written back in the period in respect of debts due from or to related parties: NIL
- (C)
- (i) Names of the transacting related parties.
WOHLER LABORATORIES PRIVATE LIMITED
 - (ii) Description of the relationship between the parties.
Enterprise over which key managerial personnel/ their relatives are able to exercise significant influence
 - (iii) Description of the nature of transaction.
Sales and purchases to/from a company in which directors are interested.
 - (iv) Volume of transaction:

Sales:	Rs. 1,47,70,905/-
Purchases:	Rs. 30,07,338/-
 - (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
 - (vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date.
 - (vii) Outstanding items pertaining to the related party as on the date of Balance sheet: Dr. 1,43,09,144/-
 - (viii) Amounts written off or written back in the period in respect of debts due from or to related parties: NIL.

33. SEGMENT REPORTING:

The Company is engaged in the manufacture of Drug Intermediates and Pharmaceuticals. Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

34. SHARE CAPITAL:

The authorized capital of the company is Rs. 20,00,00,000/- divided into 2,00,00,000 equity share of Rs. 10/- each.

Shareholders' funds of Rs. 16,94,04,000/- divided into 1,69,40,400 equity share of Rs.10/- each.

35. In the opinion of the Board the Current assets, Loans and advances are approximately of the value stated if realized in the ordinary course of the business. The provision for depreciation and all known liabilities are adequate and not in excess of the amount considered reasonably necessary.

36. The balances shown against Sundry Debtors, Sundry Creditors and Advances are subject to confirmation from the respective parties.

37. DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

As regards to the compliance of provisions relating to the dues to Micro, Small and Medium Enterprises in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has sent letters to the Creditors to confirm whether they are Micro, Small and Medium Enterprises. The Company is yet to receive the confirmations from them. Hence, the Company could not quantify the dues, if any to the Micro, Small and Medium Enterprises.

38. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956, (AS CERTIFIED BY A DIRECTOR):

A. PARTICULARS IN RESPECT OF GOODS MANUFACTURED:

Since the products involved are voluminous, according to the management it is not possible to give product wise details.

B. STOCKS, PURCHASES & SALES OF FINISHED GOODS:

Since the products involved are voluminous, according to the management it is not possible to give product wise details.

39. During the year the company has received Rs. 2,42,750/- towards electricity subsidy from APSEB pertaining to the financial year 2008-09 and the same was shown under Other Income.

40. During the year the board of directors proposed a dividend of 5% on paid up Share Capital.

41. During the year the company has amortized 20% of preliminary expenses i.e. Rs. 11,64,675/-.

42. During the year the following provisions were made:

	Rupees
Current Tax	53,23,988
Previous Year's Tax adjustment	38,58,113
Dividend	84,70,200
Dividend Tax	14,06,794
Gratuity	5,42,090

43. The company's investments are stated at cost price in financial statements.

The cost price and market value of mutual funds and Shares are given below:

S. No	Name of the fund	Cost In Rupees	Market price In Rupees
1.	Welcure Drugs	3,000	450
2.	Karnataka Bank Ltd	9,171	72,120
4.	Manikanta Bank,	5,000	(unquoted)
5.	DSP Block Rock	3,00,000	3,41,287

Investments were stated at cost price in the financial statements.

44. Disclosure under clause 32 of the Listing Agreement:

(a) Loans and Advances in the nature of Loans to Subsidiary Company	NIL
(b) Loans and Advances in the nature of Loans to Associate Company	NIL
(c) Loans and Advances in the nature of Loans where there is:	
(1) No repayment schedule or repayment beyond 7 years	NIL
(2) No interest or interest below section 372 A of Companies Act	NIL
(d) Loans and Advances in the nature of Loans to firms/companies In which directors are interested	Rs. 12,53,000
(e) Investment by the Loanee in the shares of the parent company And subsidiary company, when the company has made a loan Or advance in the nature of loan	NIL

45. Previous year figures have been regrouped and rearranged wherever necessary.

46. All the amounts are rounded of to the nearest rupee.

For MATHESH & RAMANA
Chartered Accountants

Sd/-
B.V. RAMANAREDDY
Partner M. No. 026967
Firm Reg. No. 002020S

Place: Hyderabad.
Dated: 29-08-2012

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-
S. Murali Krishna Murthy
Managing Director

Sd/-
G. Venkata Ramana
Joint Managing Director

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad - 500 027, Andhra Pradesh, India

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 25th Annual General Meeting of the Company to be held on Saturday, the 29th day of September 2012 at 11.00 A.M at Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027, Andhra Pradesh and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of September 2012

Signed by the said _____

Folio No./Client ID _____

No. of shares held _____

Affix
Rs.1/-
Revenue
Stamp.

Note:

The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting

..... ✂ ✂ ✂ ✂ ✂

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad - 500 027, Andhra Pradesh, India

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 25th Annual General Meeting of the members of the company to be held on Saturday, the 29th day of September 2012 at 11.00 A.M at Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027, Andhra Pradesh.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____
(In block letters)

Folio No./ Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

Book Post

If undelivered, please return to:

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad-500 027
Andhra Pradesh, India

Ph: +91 40 27562055, Fax: +91 40 66103055

E-mail: info@ortinlabsindia.com

Website: www.ortinlabsindia.com