

DDDSS

(Drug Discovery & Development Support Services)



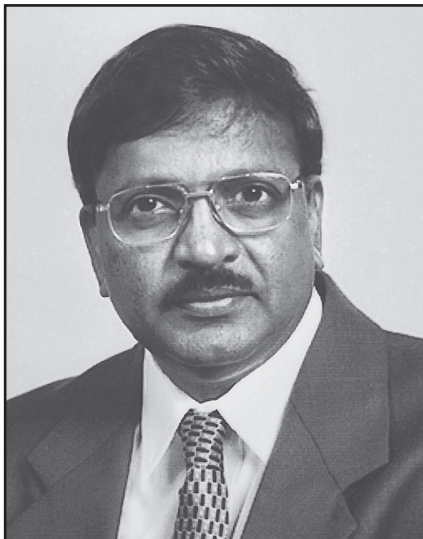
15th Annual Report 2003-04



Suven Life Sciences Limited



MANAGING DIRECTOR'S COMMUNIQUE



Dear Shareholders,

BUSINESS SCENARIO

Thomas Jefferson said, " Every generation needs a revolution". The Global Life Sciences industry is experiencing a revolution every decade! Even renowned Global Life Sciences companies, which are not able to adapt to the dynamic market place risk becoming corporate dinosaurs. In the past 12 months, the US pharmaceutical industry had to grapple with variegated issues like anemic pipelines, blockbusters going off patent, a more stringent FDA, reimportation of drugs, authorized generics, offshoring of R&D work, among others. This has taken its toll on several Global pharmaceutical companies.

We at Suven Life Sciences, have learnt to operate in a uncertain environment. We believe that uncertainty breeds risks, but at the same time presents opportunities. Our guiding philosophy from the outset has been to harness the opportunities and control the risks. We are of the firm conviction, that one should pursue something one is good at- a concept management guru C.K Prahlad popularized by the term "Core Competence". Our core competence is providing world-class R&D solutions for Global Life Science companies with quality, speed and in a cost effective manner. And finally, your company has always believed in focusing on the long term, even if it meant forsaking short-term rewards.

After the approval from the Indian Parliament, India will become an IPR compliant country from 2005. With this India will now be an outsourcing destination for the Global pharmaceutical companies, for R&D as well as manufacturing. This will mean a significant opportunity for a select few in the Indian pharmaceutical industry, like Suven Life Sciences, who have focused on cutting edge R&D and Manufacturing services with IPR compliance. Going forward these would be the key differentiators, and we are confident Suven Life Sciences would thrive in this new milieu, since it was built for these times.

C-R-A-M-S MODEL

We are glad to inform you, that the C-R-A-M-S segment of Suven Life Sciences is thriving. Its client list includes the biggest Global Life Science majors. Till date, Suven has completed more than 250 C-R-A-M-S projects and is currently working on 43 C-R-A-M-S projects. Of these 17 are in Phase 1, 17 in Phase 2 and 9 in Phase 3 of clinical development by the Global Pharmaceutical companies.



STRATEGY FOR THE GLOBAL GENERIC APIs MARKET

The company now also focuses on proprietary non-infringing process research. The company's R&D team, along with the international marketing team targets a few patented products, which would go off patent (regulated markets) in the near future. The R&D team of Suven develops a cost effective non-infringing process to manufacture the patented molecule, and files the DMF by entering into an alliance with a Global Generic major, which has filed an ANDA. It plans to pursue this strategy further in the future. Now that Suven Life Sciences has a FDA compliant plant at Pashamylaram, this would further enable its strategy.

DRUG DISCOVERY AND DEVELOPMENT SUPPORT SERVICES

Suven Life Sciences has taken major initiatives to establish itself as a leader in the Drug Discovery and Development Support Services segment. It has continued to invest in state of the art equipment and training of people, to enable Suven to offer globally competitive services in this domain. For offering these services, Suven has set up a Discovery Chemistry Lab, a Bio- Pharmaceuticals Research Lab and a Discovery Biology Lab. The Drug Discovery and Development Support Services provided are- Lead Development, Invitro Screening, Lead Optimization, Preclinical (Toxicology, ADME, Invivo Screening, Safety Pharmacology), Clinical trials including data management, scale up and supply of actives etc. We envisage that getting to deal with a client at such an early stage in the development process i.e. preclinical, will enable Suven to capture a larger part of the customer's development pie.

COLLABORATIVE RESEARCH IN DRUG DISCOVERY

This will be possible after the Intellectual Property Regime is in place in India i.e. post 2005. The entry barrier to this arena is very high, but your company is prepared to accept the challenge. After a decade of offering C-R-A-M-S, and now Drug Discovery and Development Support services, Collaborative Research in Drug Discovery is the natural corollary, albeit a challenging one. Suven has been developing competencies for Drug Discovery and Development Support Services by training and practicing in the Central Nervous System area.

MANUFACTURING CAPACITIES

Suven Synthesis which was a 100% subsidiary of Suven Life Sciences, was recently merged with Suven Life Sciences. This merger was pursuant to an Order of the Andhra Pradesh High Court. The manufacturing plant at Pashamylaram is a cGMP, FDA compliant plant which is currently undertaking trial batches for validations in order to file new DMFs. The required regulatory approvals for this plant will take place with the triggering of the FDA (USA) audit by our collaborator. The cumulative reactor capacity of the 3 manufacturing plants located at Jeedimetla, Suryapet and Pashamylaram is 330,000 L.

MARKETING AND SALES

The Global Business Development team is well balanced and has an optimal mix of business focus as well as technical competence. You would be happy to note, that Suven Life Sciences USA LLC is proving to be an effective marketing conduit for Suven Life Sciences. It has played a pivotal role in showcasing the strengths of Suven Life Sciences, through its comprehensive lab facilities. This has resulted in Suven Life Sciences signing up two new Global Life Science majors, from whom significant amount of business is expected in the times to come. Suven Life Sciences USA LLC is now targeting small and mid sized U.S biotech companies for marketing Suven's Drug Discovery and Development Support Services.



RESEARCH AND DEVELOPMENT

Suven spent Rs 104.4 million, on R&D of which Rs 52.6 million was revenue expenditure and Rs 51.8 million was capital expenditure. The R&D expenditure was 10.03 % of total income, which puts it in the top bracket among Indian Life Science companies. This is in line with our vision and objective, since we have always strived to be an Intellectual Property based company.

During the year the company filed 13 new Provisional Product Patents (PCT), and 3 new Process Patents (PCT), taking the total number of patents filed to date to 28.

FINANCIAL AND OPERATING PERFORMANCE

The sales of the company for FY 2004 were Rs 511.7 million as compared to Rs 452 million in FY 2003. The increase in sales was 13%. Exports for the FY2004 were Rs 351.4 million while exports for FY2003 were Rs 310.3 million. The increase in exports in FY2004 compared to FY2003 was 13%. The profit after tax for FY 2004 was Rs 73.7 million compared to Rs 56.3 million for FY 2003. This was an increase of 31%.

Global Consolidated Sales were Rs 528.6 million in FY 2004. The Consolidated Profit after tax for FY 2004 was Rs 52.9 million.

The equity share capital has gone up from Rs 44 million during FY 2003 to Rs 50 million during FY 2004. This was due to a private placement of 3 million Equity shares (Rs 2 paid up per share) at a price of Rs 91.40 per share. The total proceeds from this placement were Rs 274.20 million

STREAMLINING OF OPERATIONS

The company is now implementing an ERP system to standardize operations across the enterprise. As in the past, the company continues to focus on its mission statement "Going Beyond Commitment, We Deliver!", and on quality by setting a higher benchmark for itself each year.

THE ROAD AHEAD

We are now optimally positioned to seize the opportunities post 2005. As displayed on the cover page of the Annual Report, all the components of our business strategy are nicely falling into place, like pieces in a jig saw puzzle! All these years of investment and toil will bear fruit in the coming years. We have waited patiently, now is our time. Like the legendary poet Henry Wadsworth Longfellow wrote in *The Student's Tale* "All good things come to those who wait".



BOARD OF DIRECTORS

Shri Bodhishwar Rai	Chairman
Shri Venkateswarlu Jasti	Managing Director
Dr. M.R. Naidu	Director
Dr. Ramaiah Muthyala	Director
Dr. K.V. Raghavan	Director
Smt. Sudha Rani Jasti	Wholetime Director
Dr.S.Ramachandran	Director

REGISTERED OFFICE

SDE Serene Chambers
Road No.7,
Banjara Hills
Hyderabad - 500 034.

FACTORY

Unit 1 : Dasaigudem (V), Suryapet (M),
Nalgonda Dist, Andhra Pradesh - 508 213

Unit 2 : Plot No.262, 263 IDA, Pashamylaram,
Isnapur, Medak Dist. Pin - 502 300.

RESEARCH CENTRE - I

18/B, Phase III, IDA, Jeedimetla,
Plot No.18/B, Phase III
IDA Jeedimetla
Hyderabad - 500 055.

RESEARCH CENTRE - II

Bio-Pharmaceutical Lab
5th Floor, Serene Chambers,
Road No.7, Banjara Hills, Hyderabad

AUDITORS

Karvy & Company
Chartered Accountants
No.2, Bhooma Plaza, Street No.4
Avenue 7, Banjara Hills, Hyderabad - 500 034.

COST AUDITOR

K.S.N. Sarma
216, HMT Satavahana Nagar
Kukatpally, Hyderabad - 500 072.

BANKERS

State Bank of India
Overseas Branch
Abids, Hyderabad.

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Limited
"Karvy House", 46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad - 500 034.

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NOTICE

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of Suven Life Sciences Limited will be held on Friday the 17th day of September 2004 at 3.00 p.m. at Hotel Green Park, Green lands, Begumpet, Hyderabad - 500 016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 and the Audited Profit & Loss Account for year ended 31st March, 2004 together with Director's Report and Auditor's Report thereon.
2. To declare a Dividend
3. To appoint a director in place of Shri Bodhishwar Rai who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. Karvy & Co., Chartered Accountants, Hyderabad, the retiring Auditors as Auditors for the year 2004-05 and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution.

"RESOLVED THAT Dr K.V. Raghavan be and is hereby appointed as Director of the company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution.

"RESOLVED THAT Dr S Ramachandran be and is hereby appointed as Director of the company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification the following as special resolution

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the following shall be inserted as Article 5(a) in the Articles of Association of the Company."

- 5(a) Notwithstanding anything contained in these Articles, in accordance with the provisions of Section 77 A and subject to other provisions of the Act, the Company may purchase its own shares or other securities in the form of buy-back upto such percentage(s) as may be stipulated from time to time in this regard upon such terms and conditions as it may consider appropriate, in such manner as may be prescribed and subject to such approvals as may be required by Law.

8. To consider and if thought fit, to pass with or without modification the following as special resolution

"RESOLVED THAT in supersession of earlier ESOP Resolution passed by the members in the 14th Annual General Meeting held on 20th September, 2003 and in accordance with the provisions contained in the Articles of Association and Section 81 and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the " Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999(hereinafter referred to as the " SEBI Guidelines") (including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the company(hereinafter referred to as 'the Board' which term shall be deemed to include any committee including ESOP compensation committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or benefit of such person(s) who are in employment of the company, including Directors of the company, whether part time or full time whether working in India or out of India, under a Scheme titled" Employee Stock Option Plan 2004" (hereinafter referred to as the " ESOP" or " Scheme" or " Plan") such number of equity shares of the company, which could give rise to the issue of equity shares not exceeding 5% of the issued Equity Share Capital of the company, on March 31st, 2004, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time."

"RESOLVED FURTHER THAT the new Equity shares to be issued and allotted by the company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the company."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the company to evolve, decide upon and bring into effect the Plan and make any modifications, changes, variations, alterations, or revisions in the said Plan from time to time or to suspend, withdraw or revise the Plan from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the company to settle any questions,



difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members"

9. To consider and if thought fit to pass with or without modification the following as special resolution.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Section 81 and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the " Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999(hereinafter referred to as the " SEBI Guidelines") (including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the company(hereinafter referred to as 'the Board" which term shall be deemed to include any committee including ESOP compensation committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Plan proposed in the resolution under Item No 8 in this Notice to the eligible employees/ directors of the subsidiary companies, and/ or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the company to evolve, decide upon and bring into effect the Plan and make any modifications, changes, variations, alterations, or revisions in the said Plan from time to time or to suspend, withdraw or revise the Plan from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members"

By Order of the Board

Place : Hyderabad
Date : 30th July, 2004

K Hanumantha Rao
Company Secretary

NOTES

1. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself on a poll and Proxy need not be a member of the Company. The instrument of Proxy in order to be valid, duly completed and signed, must be deposited at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
2. Members holding shares in physical form are requested to notify any change in their address/bank details immediately to the Registrars and Transfer Agents Karvy Computershare Pvt. Ltd., Hyderabad and in case of Members holding shares in electronic form are requested to notify any change in mailing address/bank/ details to their respective Depository Participants.
3. The Members are requested to bring their copies of the Annual Report to the meeting, and handover the attendance slips at the entrance hall of the meeting.
4. The Register of Members of the Company and share transfer books will remain closed from 14th September 2004 to 16th September 2004 (both days inclusive). Share transfer requisitions received at M/s. Karvy Computershare Pvt. Ltd., or at the Registered Office of the Company by 5.30 p.m. on 13th September 2004 will be in time for payment of dividend subject to provisions of section 206A of the Companies Act, 1956.
5. Dividend if declared at the Annual General Meeting, will be paid to the members whose names appear on the Register of Members as on the Book Closure date in respect of shares held in physical form and in respect of shares held in electronic form (Demat), dividend will be paid to the beneficial owners as per the list to be provided by the Depositories, as at the close of the business hours on 13th September 2004.
6. The Company will continue to extend Electronic Clearing System (ECS) facility to its members for automatic credit of dividend payment to one's bank account. ECS eliminates the risk of loss in transit/tampering/delayed delivery and fraudulent encashment of dividend warrant.

Members are encouraged to utilise the ECS for receiving dividends. ECS mandate form for the benefit of the members desiring to receive dividends through the ECS mode is enclosed in this Report. The ECS mandate form is also available on Company's website: www.suven.com.



EXPLANATORY STATEMENT

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

ITEM NO 5 & 6

Dr K.V.Raghavan and Dr S Ramachandran were co-opted as Additional Directors on the Board of the company pursuant to section 260 of the Companies Act, 1956. Dr K.V.Raghavan and Dr S Ramachandran hold office of the Director up to the date of ensuing Annual General Meeting. The Company has received notices from a member alongwith required deposit, proposing the candidatures of Dr K.V.Raghavan and Dr S Ramachandran for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

The profiles of these Directors are given under the head "Brief profiles of the Directors seeking appointment /re-appointment at the AGM."

None of the Directors except Dr K.V.Raghavan and Dr S Ramachandran is concerned or interested in the resolution.

ITEM NO 7

The Articles of Association of the Company do not contain the enabling Article for Buy-back of securities as per Section 77 A (2)(a) of the Companies Act, 1956 which provides for the Company to purchase its own securities. In order to have the provision of Buy-back of securities in the Articles it is proposed to amend the Articles by incorporating a new Article 5(a) in the Articles of Association of Company.

Your Directors recommend the resolution for your approval.

The Directors to the extent of their shareholding in the Company may be deemed to be concerned or interested in the said resolution.

ITEM NO 8

The company recognizes that its key competitive differentiator is its workforce. The management of the company is of the opinion that Employee Stock Options are an appropriate mechanism through which the employees can participate in the growth of the company. Employee Stock options are a method through which the interests of the company can be aligned with the interests of the employees. Again, Employee Stock options serve as incentives as well as rewards for performance.

Employee Stock Option Plan 2004

Stock options-

Under this scheme, employees will be given an option to acquire a certain number of shares of the face value of Rs 2 each, at the price as mentioned hereinafter.

The broad terms and conditions of the Plan are as under:

The company will constitute an ESOP compensation committee, which will be a Committee of the Board of Directors, and will consist of a majority of independent directors, for administration and superintendence of the ESOP. The ESOP compensation committee will formulate the detailed terms and conditions of the ESOP. The ESOP Compensation Committee will specify inter alia, the following

- Quantum of options to be granted under the Plan per employee, and in aggregate
- Conditions under which options vested in employees may lapse in case of termination of employment for misconduct
- Time period within which an employee exercise vested options in the event of termination or resignation
- The exercise period within which the employee should exercise the options and that options would lapse on failure to exercise the options within the exercise period
- Rights of an employee to exercise all the vested options at one time or at various points of time within the exercise period
- Procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions or otherwise.
- Lock in period for the shares issued pursuant to the exercise of the options if any
- Any other related or incidental matters

The salient features of the Plan are as under:

A Total number of options to be granted

The total number of options to be granted that may in aggregate be issued under the scheme cannot exceed 5% of the issued share capital of the company as of March 31, 2004 i.e 5% of 25000000 shares, which is 1250000 shares

B Identification of classes of employees entitled to participate in the ESOP

Employees entitled to participate in the ESOP are "employees" of the company including Directors (whether full time or not) as defined in the ESOP Guidelines (including any statutory modification(s) or reenactment of the Act or the Guidelines, for the time being in force), as may be decided by the ESOP Compensation committee, from time to time. Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the ESOP. Identification of employees eligible to participate in the ESOP and grant of options to identified employees will be based on such parameters as may be decided by the ESOP compensation committee in its discretion from time to time. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.



C Requirements of vesting and period of vesting
Vesting of options commences after a period of 1 year from the date of grant and extends up to 4 years from the date of grant. The vesting schedule will be decided by the ESOP Compensation Committee

D. Maximum period within which the options will be vested
4 years from the date of grant

E. Exercise price or pricing formula
The exercise price for the purposes of the grant of options will be computed at Market price. "Market price" means the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/ shares are issued on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

F Exercise period and the process of exercise
The exercise period will be upto 3 years from the date of vesting, as decided by the ESOP Compensation Committee. The Options will be exercisable by the Employees by a written application to the company to exercise the options, in such manner, and on execution of such documents, as may be prescribed by the ESOP compensation committee from time to time. The options will lapse if not exercised within the specified exercise period.

G Process for determining the eligibility of employees to ESOP
The process for determining the eligibility of the employee will be specified by the ESOP Compensation committee, and will be based on, such criteria that may be determined by the ESOP Compensation Committee at its sole discretion

H Maximum number of options to be granted per employee and in aggregate
Maximum number of options granted per employee will not exceed 225000 shares. The aggregate of all such grants shall not exceed 5% of the issued and outstanding equity shares of the company as on 31st March 2004.

I The company will conform to the accounting policies specified in Clause 13.1 of the SEBI guidelines and/or such other guidelines as may be applicable from time to time.

J The company will value the options using the intrinsic value method

The difference between the employee compensation cost computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if fair value of the options had been used, and the impact of this difference on profits and on EPS of the company shall be disclosed in the Director's report.

As the Plan will entail further shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 81(IA) and all other applicable provisions, if any of the Act, and as per the requirement of Clause 6 of the SEBI Guidelines. The Board accordingly commends the Resolution for approval of the Members as a special resolution.

None of the Directors of the company is any way concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Plan.

ITEM NO 9

As per the SEBI guidelines, a separate resolution is required to be passed if the benefits of ESOP are to be extended to the employees of a subsidiary or holding company. This separate resolution is being proposed accordingly to cover those employees, and/or such other persons as may be permitted from time to time under prevailing laws, rules and regulations, and/or amendments thereto from time to time. This may be read with Explanatory Statement for Item No 8. The Board accordingly commends the resolution for approval of the Members as a special resolution.

None of the Directors of the company is any way concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Plan.

By Order of the Board

Place : Hyderabad
Date : 30th July, 2004

K Hanumantha Rao
Company Secretary



Brief Profile of Directors Seeking Appointment/Re-Appointment at the AGM

- a) **Shri Bodhishwar Rai** was former Chairman & Managing Director of Allahabad Bank, Calcutta; former Managing Director of S.B.I. Funds Management Limited, Bombay. Mr. Bodhishwar Rai with rich and varied experience in the Banking Industry and Financial Management, is the Chairman of the Board of Directors for guiding the Company's top management.
- b) **Dr. S. Ramachandran** is a renowned Synthetic Organic Chemist having 40 years of experience and is of immense value to the Company in R & D activities for Drug Intermediates and Fine Chemical Intermediates planned for the Company.
- c) **Dr. K. V. Raghavan** is a Fellow of the National Academy of Engineering, Indian Institute of Chemical Engineers (IICChE) and A.P. Akademy of Sciences and a Distinguished Fellow of University of Grants Commission (UGC). He was appointed as the Director of Central Leather research Institute (CLRI), Chennai in 1994. He took over the Directorship of Indian Institute

of Chemical Technology, Hyderabad in 1996. On successful completion of this tenure, he was appointed as Scientist in Director's Grade at IICT in October 2003. He took over as the Chairmanship of Recruitment and Assessment Centre of DRDO in May 2004.

Chemical process development and design, reaction engineering, simulation and modeling and chemical hazard analysis are broad areas of his specialization. His basic research contributions have been on the simulation of complex reaction in fixed bed reactors, hydrodynamics of multiphase reaction system, envirocatalysis for clean processing, zeolite catalysis for macromolecules, thermochemistry and kinetics of charge transfer polymerization and modeling of chemical accidents.

His applied research efforts, covering a time span of three decades, contributed to the development of more than 25 chemical processes with high industrial impact in bulk organics, specialty chemicals, essential oil filed chemicals and fluorcorganics. He made significant contribution to the technological upgradation of leather, drugs/pharma and specialty channel sectors.



DIRECTORS' REPORT

Your Company's Board of Directors have pleasure in presenting this 15th Annual Report together with Audited Accounts of the Company for the financial year 2003-04.

Financial statements for the year 2003-04 prepared in substantial compliance with US GAAP are also included in this Annual Report.

FINANCIAL RESULTS

	Current Year Ended 31-03-04 (Rs in Millions)	Previous Year Ended 31-03-03 (Rs in Millions)
Sales and other incomes	519.3	469.9
Gross Profit	131.6	114.8
Less: Interest	7.9	3.2
Depreciation	19.4	14.9
Profit before Tax	104.3	96.7
Less: Provision for Taxation	30.6	40.4
Profit after Tax	73.7	56.3
Add: Balance brought forward	18.6	19.7
Profit available for appropriation	92.3	76.0
Appropriations:		
Dividend	25.0	19.8
Dividend tax	3.2	2.5
Transfer to General Reserve	40.0	35.0
Balance carried forward	24.1	18.7

REVIEW OF OPERATIONS

Your Company has recorded a total income of Rs 519.3 Mn during the year 2003-04 consisting of exports of Rs 351.4 Mn, domestic sales of Rs 160.40 Mn and other income of Rs 7.5 Mn. The present turnover levels are to be viewed as normal sales. Your company is rapidly progressing in its chosen path of drug discovery services, while continuing special focus on Contract Research and Manufacturing Services. Your Company has posted a profit before tax (PBT) of Rs 104.3 Mn when compared to previous year profit before tax of Rs 96.7 Mn, registering a growth rate of 8% over the previous year PBT, despite spending on R&D and increase of deferred tax provisions during the year under review.

EXPORTS

Exports of your Company continue to be major chunk of revenues for year under review and achieved a turnover of Rs 351.4 Mn when compared to the previous year exports of Rs 310.3 Mn, registering a growth rate of 13 % over the previous year exports.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 50% (Re 1/- per share) for the financial year 2003-04. The increase in dividend rate over the previous fiscal dividend rate is a

sure indication of positive approach of Company's management on the long-term business outlook of your Company. If approved in the Annual General Meeting the dividend will be paid to the shareholders who are on the Register of Members of the Company as on the book closure date.

INCREASE IN SHARE CAPITAL

During the year, your Company's issued and paid up share capital has been increased from Rs 44 Mn to Rs 50 Mn on account of further issue of 30,00,000 equity shares of Rs 2/- each at a premium of Rs 89.40 per share to FIIs and NRI investors.

MARKETING

Your company is enhancing its Business Development activities. You would be happy to note, that Suven Life Sciences USA LLC - a Wholly Owned Subsidiary (WOS) is proving to be an effective marketing conduit for your Company. It has played a pivotal role in showcasing the strengths of your Company, through its comprehensive lab facilities. Apart from Global Life Science majors, the WOS is now targeting small and mid sized U.S. biotech companies for marketing Suven's Drug Discovery and Development Support Services.

RESEARCH AND DEVELOPMENT

2005 year will be a landmark year since India is expected to become an IPR compliant country. There will be a lot of opportunities arising out of this initiative in outsourcing innovative R&D activities. In this endeavor your company has already started its activities in Drug Discovery & Development Support Services which in the long run is expected to lead to collaborative research opportunities.

QUALITY ASSURANCE

In order to meet the ever-demanding compliance to the customer & global regulatory requirements, a corporate Quality office has been setup. The corporate Quality operations have prioritized implementation of cGMP & GMP practices across Suven manufacturing facilities & preparation of dossiers.

Suryapet Facility (Unit -1) has upgraded the Quality systems & qualified for ISO 9001-2000 while Unit-2 R&D facility is also certified for ISO 9001-2000. Both Units have been certified for ISO 14000:1996. USDMF for Gabapentin has been filed & received DMF number. Received WHO certificate for six products manufactured at Suryapet facility. To be self sufficient with respect to testing of all properties we have equipped ourselves with all equipments, including sophisticated Brukers NMR. Zero effluent discharge has been achieved as a commitment to save environment. The prime focus is of our systems is "Customer satisfaction".



ENVIRONMENT

Your Company's endeavor has always been to reach best of the standards to deliver high quality products and services. Environment protection is an integral part of your Company's business and has been establishing effective methods in controlling pollution. Your Company has been found to confirm the standards of ISO 14001:1996 certification indicating the awarding of "Environmental Management System Certificate for its units at Suryapet and Jeedimetla.

SAFETY

Review of existing safety policies was done during the year. Your Company has put in place the highest safety standards. The periodical safety drills and safety programmes were conducted at the factory premises for the benefit of employees.

SUBSIDIARY

Your company has strategically placed its Wholly Owned Subsidiary (WOS) - Suven Life Sciences USA LLC - at New Jersey in the month of April 2003. This WOS will serve as a front-end of Suven in demonstrating the capabilities of SUVEN in the areas of drug discovery and development support services. While the infrastructure is being setup, all overheads are not absorbed. Such losses of this WOS during the year, totaled Rs 20.7 Mn and have been recognized in the consolidated financial statements presented in this Annual Report. The maiden financials of this WOS were also presented in this Annual Report.

SIGNIFICANT EVENTS

The Hon'ble High Court of Andhra Pradesh has sanctioned the scheme of amalgamation of Suven Synthesis Limited (a 100% subsidiary) with your Company. The annual accounts of your Company were presented in accordance with the scheme of amalgamation.

SOCIAL RESPONSIBILITY

Your Company is quite alive in shouldering its due share of social responsibility during the year under review, and has made contributions to various charities like education, sports, spiritual and cultural programmes.

DIRECTORS

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Bodhishwar Rai, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board in its meeting held on 21st October 2003 co-opted Dr. K.V.Raghavan as additional director and the Board in its meeting held on 30th July 2004 co-opted Dr S Ramachandran as additional director on the Board of your company. Mr Micheal O'Shea, Nominee Director of Borregaard Industries Limited and Dr Hargovind Rathore, Director have resigned from the Board of your Company due to their pre-occupation.

The brief profiles of the directors seeking appointment/re-appointment at the ensuing Annual General Meeting are presented in the Annual Report.

INVESTOR SERVICE

Your Company's share registry operations (physical as well as electronic form of holdings) will continue with Karvy Computershare Pvt. Ltd. (Registrars and Transfer Agents). They can be contacted at 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500 034 (Phone Nos.23312454, 23320751 and 23320752, Fax No.23311968) for any query relating to Shares.

The shares of the Company are listed on National Stock exchange of India Limited, The Stock Exchange, Mumbai and The Hyderabad Stock Exchange Limited, Hyderabad (Regional Stock Exchange).

REPORT ON CORPORATE GOVERNANCE

A detailed Report on Corporate Governance prepared in substantial compliance with the provisions of Listing Agreements with the Stock Exchanges is presented in this Annual Report and also a Report on Management Discussion and Analysis prepared and annexed to the Director's Report.

COST AUDIT

In pursuance of Section 233(B) of the Companies Act, 1956, the Central Government has directed the audit of Cost Accounting Records of your Company. The Cost Audit Report for the Financial Year 2003-04 is in the process and the same will be submitted to the Central Government within the prescribed time limit.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Board of Directors confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, and the notes in the Auditor's Report in this regard are self-explanatory.
- ii) Accounting policies have been selected and applied consistently and judgements and estimates made 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 and of the profit of the Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.



PUBLIC DEPOSITS

Your Company has not accepted any Deposits from the Public during the year under review.

AUDITORS

The Auditors, Karvy & Company, Chartered Accountants retire at the conclusion of this Annual General meeting and being eligible, offer themselves for re-appointment.

PERSONNEL

Statement of particulars of employees pursuant to the provisions of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended.

Name of Employee	Age	Designation/ Nature of Duties	Gross Remuneration Rs. in Millions	Qualification	Experience in years	Date of Commence- ment	Particulars of last Employment
Jasti Venkateswarlu	55	Managing Director	5.4 Mn	M.Pharm.,M.S (Indus. Pharmacy)	30 Years	09-03-1989	Business in U.S.A

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

The information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 with respect to these matters is enclosed herewith and forms part of the Report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude to Shareholders for the confidence reposed by them and thank all the Customers, Vendors, Bankers for their contribution to your Company's growth. The Directors also wish to place on record their appreciation of the valuable services rendered by the employees at all levels.

Your Directors also thank the Central Government and State Government, the Financial Institutions and Banks for their support during the year and we look forward to its continuance.

For and on behalf of the Board of Directors

Place : Hyderabad,
Date : 30th July, 2004

Venkateswarlu Jasti
Managing Director

S.Ramachandran
Director



ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) rules, 1988 and forming part of Directors' Report.

Power and Fuel Consumption

		Current year ending 31.03.2004	Previous year ending 31.03.2003
1. Electricity			
a) Purchased units	In kWh	61,37,430.00	51,21,651.00
Total amount	Rs. in Million	23.32	20.50
Rate/Unit	Rs.	3.80	4.01
b) Own generation through Diesel Generator sets	In kWh	258,647.00	3,45,682.00
Units/Liter of Diesel Oil	In kWh	2.35	3.03
Cost/Unit	Rs.	6.39	6.40
2. a) Steam Coal 'C' Grade used in Boiler to generate steam for the process :			
Quantity	In MTS	6,285.00	4,972.00
Total Cost	Rs. in Million	14.10	11.58
Average Rate/MT	Rs.	2,243.14	2,329.93
b) Consumption per unit of production	Since the Company is manufacturing different products using the same facilities at the same time, does not possible to give consumption per unit of production		
3. Furnace Oil	K.ltrs	NIL	NIL
Total amount/average cost	Rs.		
4. Other/Internal Generation	units	NIL	NIL
total cost rate	Rs.		

TECHNOLOGY ABSORPTION

I Research and Development

- Specific areas in which R&D is carried out by the Company.
 - Development of non-infringing process for certain novel intermediates and APIs
 - Drug Discovery Research in the area of CNS
- Benefits derived as a result of the above R&D.

Creation of Intellectual property

 - 3 provisional (PCT) process patents were filed
 - 13 provisional (PCT) product patents were filed
- Future plan of Action.

To capitalize the R&D outsourcing into India by expanding into Drug Discovery & Development Support Services.



	Current Year Ended 31-03-04 (Rs. in Million)	Previous Year Ended 31-03-03 (Rs. in Million)
4. Expenditure on Research and Development		
a) Capital	51.8	65.8
b) Recurring	52.6	33.0
c) Total	104.4	98.8
d) Total R&D Expenditure on Total Turnover	20.41%	22%

II Technology Absorption, Adoption and Innovation

- Efforts, in brief, made towards technology absorption, adoption and innovation.

Method Developments for new novel APIs / Intermediates were established by leveraging state of the art R&D infrastructure.

- Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

It paves the way for cost reduction in launching products within India and abroad by our collaborators.

- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.

- | | |
|--|----|
| a) Technology imported | NA |
| b) Year of import | NA |
| c) Has technology been fully absorbed | NA |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | NA |

FOREIGN EXCHANGE EARNINGS & OUTGO

For details of foreign Exchange Earnings and Out go, please refer to Notes on Accounts- Schedule 'T'

For and on behalf of the Board of Directors

Place : Hyderabad,
Date : 30th July, 2004

Venkateswarlu Jasti
Managing Director

S.Ramachandran
Director



MANAGEMENT'S DISCUSSION AND ANALYSIS

Suven Life Sciences's Business activities comprise of - (a) Drug Discovery and Development Support Services (b) C-R-A-M-S (c) Generic APIs, where Suven develops non infringing processes, files the DMF after aligning with Global Generic majors who have filed an ANDA

Industry structure

Drug Discovery and Development Support Services (DDDSS) is a sector, which plays a key role in the Global Pharmaceutical industry. It provides independent product development services to the pharmaceutical, biotechnology and medical device industries. This industry has evolved from providing limited clinical trial services in the 1970s to a full services industry today characterized by broader relationships with customers and by service offerings that encompass the entire drug development process including preclinical evaluation, study design, clinical trial management, data collection, biostatistical analysis and product registration support. The potential market is huge- the R&D expenditure in 2003 of

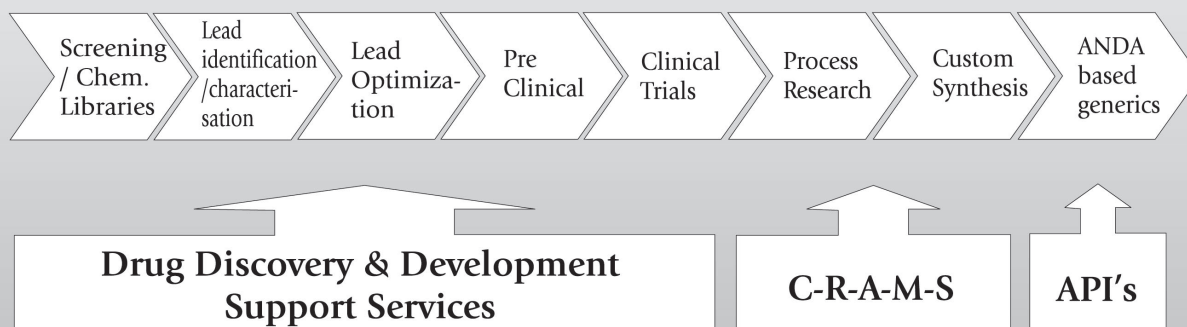
PhRMA(Pharmaceutical Research and Manufacturers of America) member companies was \$ 31 billion. Of this prehuman/preclinical R&D expenditure was \$ 10.5 billion.

C-R-A-M-S emerged as a viable business model, due to the need of the innovator companies to focus on their core competence for growth.

The Generics drug market(formulations) refers to regulated markets for drugs whose patents have expired or have been invalidated. As per IMS data, the global generics market was \$ 38 billion in Calendar Year 2000, with USA, the world's largest generic market accounting for \$9- 10 billion.

The Global Pharmaceutical industry has a size of \$ 450 billion with North America, Europe and Japan accounting for approximately 50%, 25% and 10% respectively of the total world market. India accounts for approximately 1% of the Global Pharmaceutical market.

Suven's Business Model





Industry Outlook and Opportunities

The Innovator companies are suffering due to loss of patent protection on blockbuster drugs, anemic drug pipelines and the high cost of R&D. This has helped the Drug Discovery and Development Support Services industry, which are the partners of Innovator companies in the drug development process. The next logical step to R&D outsourcing is R&D off shoring. Significant amount of R&D work in the pharmaceutical sector is expected to move to India, as it adheres to the Global Intellectual Property Regime from 2005. A.T Kearney in its report published in 2004, has opined that India is by far the most attractive location for off shoring in the pharmaceutical arena.

The C-R-A-M-S model is expected to thrive in the coming years. The Global outsourcing opportunity with regard to NCE APIs was \$ 8 billion in 2001 and is expected to grow to \$ 15 billion by 2010. Low cost manufacturing, strong chemistry skills and a qualified English speaking scientific talent pool, has made India an obvious choice for C-R-A-M-S business.

The Global generic industry(formulations) has healthy growth prospects in the years to come since products with sales in excess of \$ 30 billion are expected to lose patent protection/market exclusivity. Medicare reforms and prescription drug benefits are expected to have a beneficial effect on the generic drug industry in the USA. The Global API outsourcing opportunity related to generics is expected to grow from \$ 7 billion in 2001, to \$ 12 billion by 2010.

Risks

The challenges for the Drug Discovery and Development Support Services companies is (a) maintaining long term relationships with the innovator companies (b) Innovator companies deciding to retain more R&D work in-house (c) cost controls (d) recruiting and retaining talent (e) if off shoring work, understanding this model (f) apprehensions about IPR compliance in India i.e. not only the letter but also the spirit of the law.

The risks for the companies pursuing the C-R-A-M-S model are (a) enhanced competition and price cutting (b) apprehensions about IPR compliance in India i.e. not only the letter but also the spirit of the law

The risks for the generic industry players are protracted litigation, price implosion and authorized generics.

Suven's Strategy for the Drug Discovery and Development Support Services Segment

- Continue to build on our core strength - We have world class R&D talent and will strive to recruit and train top-notch talent.

- Broaden our footprint by offering a wider range of drug discovery and development support services. Suven has executed more than 250 C-R-A-M-S for 18 Global Life Sciences companies. It now plans to leverage the existing relationships with Global Life sciences majors to offer a wider range of services
- Leverage the India based delivery model, which is extremely cost effective, without compromising on speed or quality.
- Pursue Collaborative research with Global Life Science majors and build intellectual property.

Suven's strategy for C-R-A-M-S

- Continue to work with the Global Life Sciences majors as in the past. Till date it has successfully executed more than 250 C-R-A-M-S projects.
- It is currently working on 43 C-R-A-M-S projects for Global Life Science majors.

Suven's strategy for the Global Generic markets (APIs)

- It is developing, and will continue to develop non-infringing processes with regard to molecules going off patent. It will then file the DMF after forging an alliance with a Global Generic player who has filed an ANDA.
- The FDA compliant plant located at Pashamylaram, Hyderabad will be the manufacturing facility for these initiatives.

Internal Controls

The company has sound internal controls for its operations and the operations of its subsidiary. The company has qualified and competent staff to ensure that the internal control systems are well implemented and monitored.

The objectives to be achieved by well-designed and implemented internal controls are

- Effectiveness and efficiency of operations
- Adequacy of safeguard of assets
- Reliability of financial controls
- Compliance with applicable statutes

The internal audit is conducted by an independent firm of chartered accountants.

The Audit committee monitors the internal audit performance. It also addresses important issues raised by the statutory and internal auditors. The management of Suven takes necessary action on recommendations made by the internal auditors, statutory auditors and the audit committee.

Subsidiary

Suven Life Sciences USA LLC is a 100% subsidiary of Suven Life Sciences. It was incorporated to acquire the assets, both tangible and intangible (including customer relationships) of Synthon Chirogenics.



Suven Life Sciences USA LLC is proving to be an effective marketing conduit for Suven Life Sciences. It has played a pivotal role in showcasing the strengths of Suven Life Sciences, through its comprehensive lab facilities. This has resulted in Suven Life Sciences signing up two new Global Life Science majors, from whom significant amount of business is expected in the future. Suven Life Sciences USA LLC is now targeting small and mid sized U.S biotech companies for marketing Suven's Drug Discovery and Development Support Services.

Human Resources

The company lays a lot of accent on recruitment and training of its employees. Induction and training programs are conducted every month for the new recruits. The company stresses on continuing education for its employees and has instituted several programs in this regard. The key technical

personnel stay abreast of the latest developments in their area of expertise, by attending various seminars/ conferences in India and across the globe.

The company has 153 persons working in Research and Development. Of these 18 are PhDs and 95 holding a Masters degree in Science or Pharmacy.

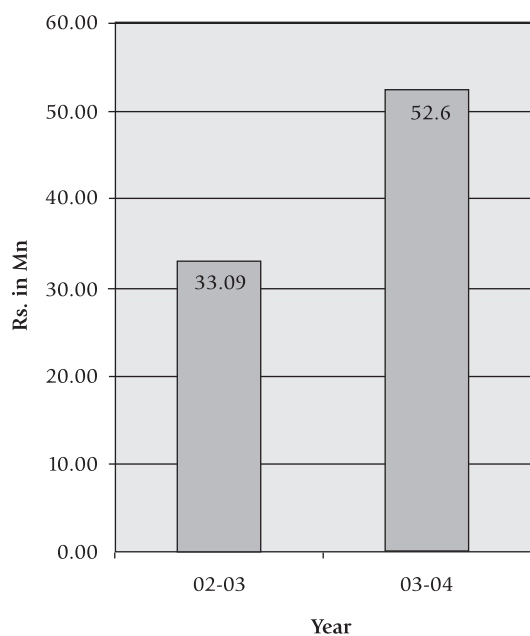
Quality and standardization

In order to satisfy the customer's needs and conform to global regulatory requirements, the corporate quality department has accorded top priority to implementation of cGMP and GMP practices across Suven's manufacturing facilities.

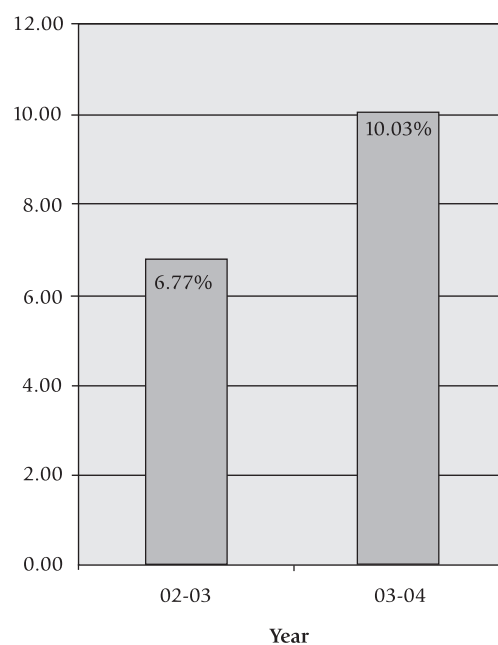
The company is implementing an ERP solution to standardize the business processes across the enterprise.



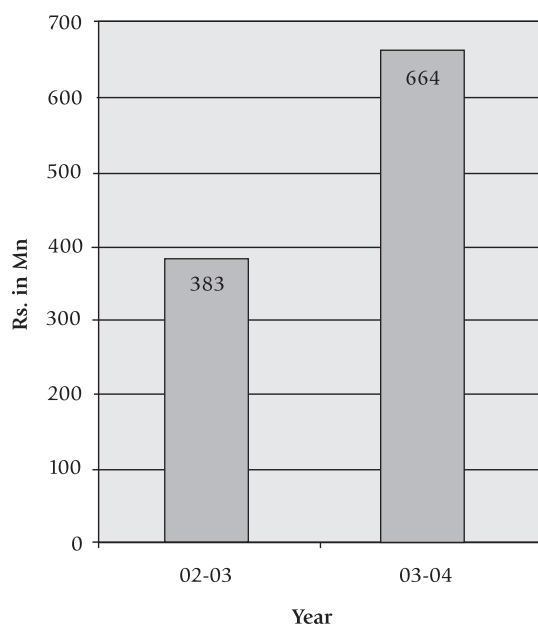
R&D Expenses



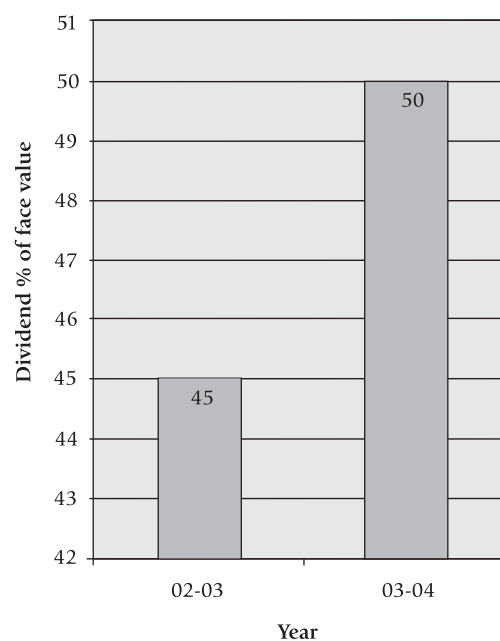
R&D Expenses as % of Income



Net Fixed Assets

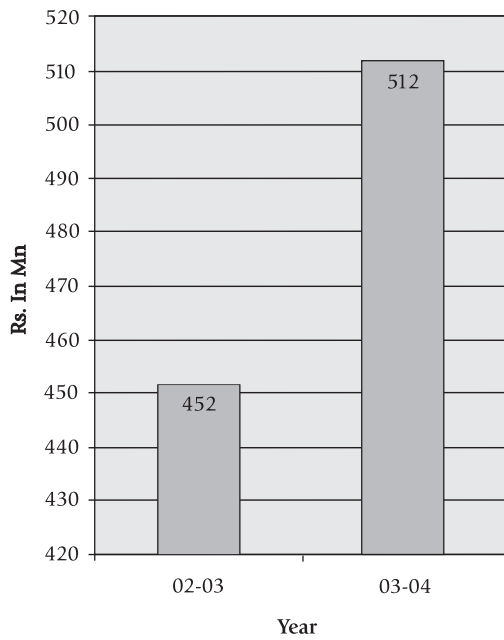


Dividend

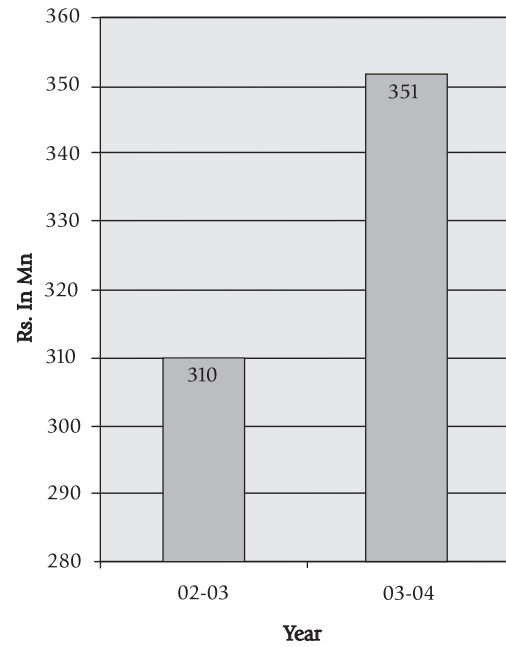




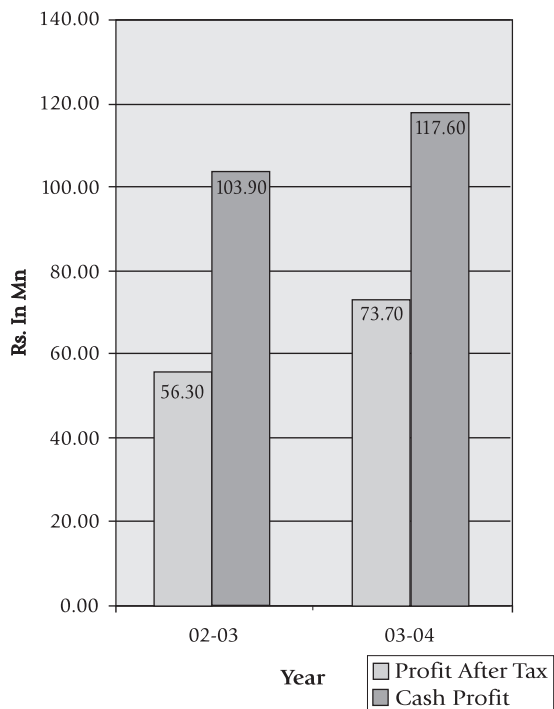
Sales



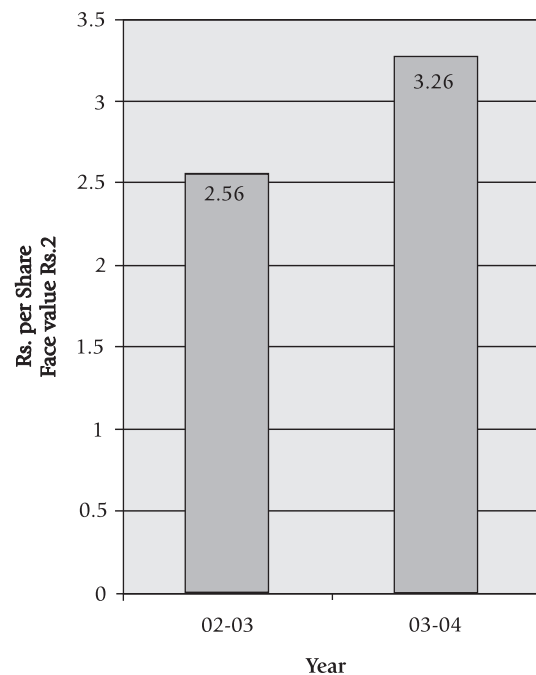
Exports



Profit After Tax & Cash Profit



Earnings Per Share





Performance Highlights- Financial and operating performance

Standalone as per Indian GAAP (the analysis is net of other income)

Sales- The sales of the company for FY 2004 were Rs 511.7 million as compared to Rs 452 million in FY 2003. The increase in sales was 13%.

Exports- Exports for the FY2004 were Rs 351.4 million Exports for FY2003 were Rs 310.3 million. The increase in exports in FY2004 compared to FY2003 was 13%.

Contract Technical Services: The revenue from these services in FY2004 was Rs 7.6 million. There was no revenue from these services in FY2003.

Materials and Manufacturing expenses- The materials consumed and manufacturing expenses for FY 2004 were Rs 258.2 million, which was 49.22% of total income. The materials consumed and manufacturing expenses for FY2003 were Rs 288.8 million which was 59.06% of total income.

Research and Development expenditure - The R&D expenditure for FY2004 was Rs 52.6 million as compared to Rs 33.1 million during FY2004. The R&D expenditure as a percent of total income was 10.03 % in FY2004 and 6.77% in FY 2003.

Personnel Expenses- The personnel expenses increased from Rs 16.6 million in FY 2003 to Rs 23.3 million in FY2004. This was due to increased hiring and hike in the salaries and benefits. The personnel expenses were 4.45% of total income in FY2004 and the corresponding figure for FY 2003 was 3.39%.

Selling expenses- Despite increase in sales, the selling expenses were well controlled during FY 2004. The selling expenses during FY2004 were Rs 10.2 million compared to Rs 10.4 million during FY 2003. Selling expenses were 1.94% of total income in FY 2004 and 2.12% of total income in FY 2003.

Administrative and other expenses- One of the principal reasons this item increased from Rs 25.3 million in FY2003, to Rs 37.5 million in FY 2004, was a one time expense of Rs 0.52 million on account of professional charges. This was incurred in FY 2004, in relation to the private placement of equity shares of Suven Life Sciences

Depreciation- The depreciation expenditure was Rs 14.87 million in FY2003 and this increased to Rs 19.44 million in FY 2004. This was due to the enhanced asset base in FY 2004.

Profit after tax- The profit after tax for FY 2004 was Rs 73.7 million compared to Rs 56.3 million for FY 2003. This was an increase of 31%

Share capital and reserves and surplus- The equity share capital has gone up from Rs 44 million during FY 2003 to Rs 50 million during FY 2004. This was due to a private placement of 3 million Equity shares (Rs 2 paid up per share) at a price of Rs 91.40 per share. The total proceeds from this placement were Rs 274.20 million.

Net Fixed assets - These have increased from Rs 383 million at the end of FY 2003 to Rs 664 million at the end of FY 2004.

Investments- Investments have increased from Rs 131.1 million at the end of FY 2003 to Rs 199.1 million at the end of FY 2004. This was partly due an investment of Rs 46.1 million in Suven Life Sciences USA, LLC.

Net Current assets- Net current assets increased from Rs 156.6 million at the end of FY 2003 to Rs 299.2 million at the end of FY 2004. The increase in net current assets was Rs 142.6 million. A large part of this increase of this increase i.e Rs 101.6 million was because of increase in cash and balances, which was due to the cash inflow from the private placement of equity shares of Suven Life Sciences.

DSO and Inventory- The DSO declined during FY 2004 compared to FY 2003. It was 95 days for FY 2003 and it came down drastically to 75 days for FY 2004

Global Consolidated as Per Indian GAAP (the analysis is net of other income)

Sales- Consolidated Sales were Rs 528.6 million in FY 2004.

Contract Technical Services: The revenues from these services were Rs 24.4 million during FY 2004. Of these services Rs 16.8 million were billed in Suven Life Sciences USA LLC.

Personnel Expenses- The personnel expenses for the consolidated entity were Rs 41.4 million for FY 2004. Of the Rs 24.8 million increase compared to FY 2003, Rs 18 million were the payroll costs of the US subsidiary Suven Life Sciences USA LLC.

Administrative and other expenses- Of the increase of Rs 24.1 million in FY2004, compared to FY 2003, Rs 118.3 million was on account of Suven Life Sciences USA LLC.

Profit after tax

The Profit after tax for FY 2004 was Rs 52.9 million on a consolidated basis and Rs 73.7 million on a standalone basis.



REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy

SUVEN assigns paramount importance to good Corporate Governance in business philosophy. The guiding forces of Corporate Governance at Suven are its core values - Transparency, Quality operations, Customer satisfaction, Shareholders value, Belief in people and Research & Development. Suven's goal is to offer Contract Research And Manufacturing Services (C-R-A-M-S) to its customers and to achieve pursuit of excellence in Drug Discovery activities. While fulfilling its commitments, Suven endeavors to adopt the best of global practices in accounting, manufacturing and accountability to stakeholders.

2) Board of Directors

For the financial year ended 31st March 2004, the Board comprised of 8 Directors of which 6 including Chairman were Non-Executive Independent Directors. The detailed composition of the Board is given below:

Sl. No.	Name of Director	Position	No. of Director Ships held in other Public Limited Companies	No. of meetings held during the last Financial Year	No. of meetings attended	Whether attended at last AGM
1	Shri Bodhishwar Rai	Chairman Independent and Non-Executive Director	14	9	8	Yes
2	Shri Venkateswarlu Jasti	Managing Director Promoter	Nil	9	7	Yes
3	Dr.M.R.Naidu	Independent and Non-Executive Director	2	9	6	Yes
4	Dr.Hargovind Rathore	Independent and Non-Executive Director	Nil	9	2	No
5	Dr.Ramaiah Muthyala	Independent and Non-Executive Director	Nil	9	1	No
6	Dr.K.V. Raghavan	Independent and Non-Executive Director	2	9	5	N.A.
7	Mr. Micheal O'Shea	Nominee of Borregaard Industries Limited Non-Executive Director	Nil	9	2	Yes
8	Smt Sudha Rani Jasti	Whole Time Director Promoter	Nil	9	7	Yes
9	Dr S Ramachandran	Alternate Director to Dr.Ramaiah Muthyala	1	9	7	No
10	Shri Anand Chatorikar	Alternate Director to Dr.Hargovind Rathore	Nil	9	3	Attended as special invitee

During the year under review 9 (Nine) Board Meetings were held on April 26th 2003, July 31st 2003, August 30th 2003, September 20th 2003, October 21st 2003, December 4th 2003, January 5th 2004, January 19th 2004 and January 31st 2004. The time gap between any two Board meetings did not exceed more than four months.

The information as required under Clause 49 of the listing agreements with Stock Exchanges has been placed before each meeting of the Board. All details relating to financial and commercial transactions where Directors may have a potential interest were provided to the Board and interested Directors abstained from the proceedings.

Total Committee Membership positions held by each Director in other companies where they are Directors as well as the committees constituted by your Company are as follows.

Sr No	Name	No of committees	No of Chairmanships
1	Shri Bodhishwar Rai	7	5
2	Shri Venkateswarlu Jasti	1	Nil
3	Dr. M R Naidu	1	Nil
4	Dr. Hargovind Rathore	Nil	Nil
5	Dr. Ramaiah Muthyala	2	1
6	Dr K V Raghavan	Nil	Nil
7	Mr Micheal O'Shea	1	Nil
8	Smt. Sudha Rani Jasti	Nil	Nil
9	Dr. S Ramachandran	2	1 *
10	Shri Anand Chatorikar	1	Nil

* In the absence of Dr Ramaiah Muthyala, Director, Dr. S Ramachandran Alternate Director to the former presides over the investor Grievances Committee meetings.



3) Remuneration of Directors

Details of annual remuneration to Directors

a) Executive Directors

(Rupees)

Particulars	Shri Venkateswarlu Jasti	Smt. Sudha Rani Jasti
Salary	38,40,000	6,60,000
Contribution to P.F.	4,60,800	79,200
Commission	11,12,118	5,56,059
Perquisites	0	1,78,198
Total	54,12,918	14,73,457

- b) **Non Executive Directors:** A sitting fee of Rs 5,000/- is paid for attending each Board meeting; the sitting fee paid for each Committee Meeting is Rs 1,000/-.

4) Audit Committee

a) Composition, Names of members and Chairman

The Audit Committee consists of only Independent Directors as under.

- 1) Shri Bodhishwar Rai - Chairman
- 2) Dr.M.R.Naidu
- 3) Dr.Ramaiah Muthyala (during his absence Dr.S.Ramachandran - Alternate Director to the former will be attending the Committee meetings).

b) Terms of reference

The Committee reviews all matters such as Reports of Internal Auditors/Statutory Auditors, and discusses their findings, suggestions and other related issues. The Committee also determines major accounting policies followed by the Company and sets out control systems, scope of audit etc. The entire internal audit process has been reviewed by the Committee and Internal Auditors role induced with requisite adequacy.

c) Meetings and attendance during the year

During the year Audit Committee met 3 times on 31st July 2003, 21st October 2003 and 19th January 2004. The Chairman Shri Bodhishwar Rai and Dr S Ramachandran attended all the meetings. Dr M.R.Naidu attended two meetings and took leave of absence for one meeting.

5) Investor Grievances Committee

- a) In order to redress the grievances of Investors and to strengthen investor relations, your Company has constituted an Investor Grievances Committee to look into grievances relating to transfer of Shares, Dematerialization/Rematerialisation, Payment of Dividends, Non-receipt of Annual Reports and other related issues.

b) Constitution and composition

The Committee has been constituted with one Independent Director and one Executive Director and One Nominee Director from Borregaard Industries Limited.

During the year under review the Committee met four (4) times. The committee functions under the Chairmanship of Dr Ramaiah Muthyala, an Independent and Non-Executive Director. During his absence, Dr.S.Ramachandran - Alternate Director to the former will be heading the committee. The other members of the Committee are Shri Venkateswarlu Jasti, Managing Director and Mr Micheal O'Shea - Nominee of Borregaard Industries Limited.

c) Name and designation of Compliance Officer

Shri K.Hanumantha Rao, Company Secretary monitors the complaints of investors and reports to the Committee.

d) Details of shareholders complaints received during the year 2003-04

The total number of complaints received and attended to during the year was 272, and no complaints were pending at the year end. There were no valid requisitions for transfer of shares pending as on 31st March 2004.



6) Share Transfers Committee

To ensure quicker investor services and expeditious disposal of the share transfer approvals, the Committee has been constituted with the following members of the Board.

- Shri Venkateswarlu Jasti, Managing Director is heading the Committee and
- Smt. Sudha Rani Jasti, Whole Time Director is a member.

The Committee meets as and when the transfer date is intimated by the Karvy Computershare Pvt. Ltd. (Registrars and Transfer Agents) and accords its approvals to the transfers reported in the memorandum of transfers.

The Committee met twenty three (23) times during the financial year 2003-04.

7) General Body Meetings

- The detailed particulars of the last three Annual General Meetings (AGMs) of the Company:*

Financial Year / Date of the AGM	Venue	Time of meeting	No. of Special Resolutions
2002-03 20.09.2003	Hotel Green Park, Greenlands, Begumpet, Hyderabad	2.00 p.m.	Two
2001-02 18.09.2002	Hotel Green Park, Greenlands, Begumpet, Hyderabad	3.00 p.m.	Nil
2000-01 31.10.2001	Hotel Green Park, Greenlands, Begumpet, Hyderabad	3.00 p.m.	Nil

- Information on Directors seeking appointment/re-appointment.*

This information is provided in the Notice under the heading "Brief profiles of the Directors seeking appointment/re-appointment at the AGM."

8) Disclosures

There were no instances of non-compliance by the Company and 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, during the last three years.

9) Means of Communication

- Quarterly Results - the un-audited quarterly results are filed with the Stock Exchange(s) immediately after these are approved by the Board. The results are published in the Business Standard and Andhra Bhoomi (Vernacular) newspapers in accordance with the guidelines of Stock Exchange(s). The un-audited Results for all the quarters for the financial year 2003-04 were published as per the statutory requirement.
- Management Discussion and Analysis forms part of this Annual Report and is annexed to the Director's Report.

10) General Information for Shareholders

Schedule of 15th Annual General Meeting

Date	Friday, 17th September 2004
Time	3.00 p.m.
Venue	Hotel Green Park

Financial calendar

Financial year from 01/04/2003 to 31/03/2004

Date of Board Meeting for considering of Annual Accounts and Dividend Recommendation	30th July 2004
Book Closure dates	14th September 2004 to 16th September 2004
Date of A.G.M.	Friday, 17th September 2004
Posting of Annual Reports	Latest by 24th August 2004
Expected dates of dispatch of Dividend Warrants	Between 27th Sept. 2004 to 7th Oct. 2004

**Date of Book Closure**

The Register of Members and Share Transfer Books will remain closed from 14th September 2004 to 16th September 2004 (both days inclusive).

Dividend Payment Date

The Dividend, if declared at the Annual General Meeting by the Members for the financial year ended 31st March 2004 will be paid within the Statutory time limit.

Listing on Stock Exchanges

Your company's shares are listed on The Hyderabad Stock Exchange Limited (HSE) (Regional Stock Exchange), Hyderabad, The Stock Exchange, Mumbai (BSE) and w.e.f 23rd October 2003 the shares of your company are also listed on National Stock Exchange of India Limited (NSE). The annual listing fee for the financial year 2004-05 has been paid to these Stock Exchanges.

Stock Code

BSE scrip code : 530239

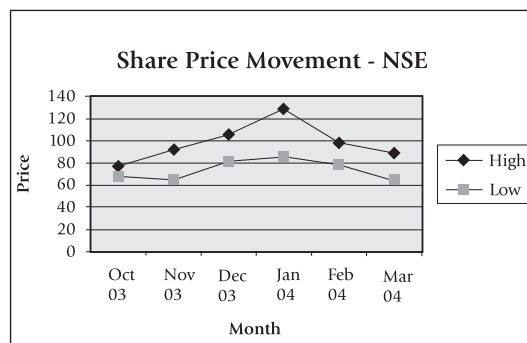
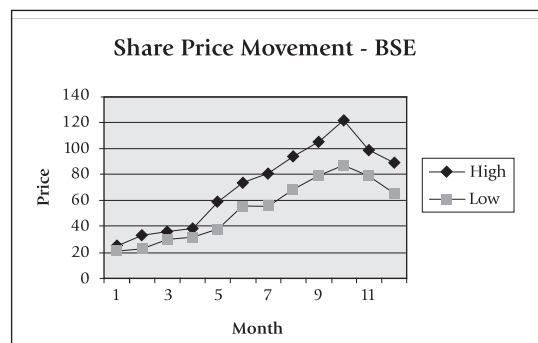
NSE scrip code : symbol "SUVEN" series "EQ"

Market Price Data:

Monthly high and low share quotations on The Stock Exchange, Mumbai for the financial year 2003-04.

Monthly high and low share quotations on National Stock Exchange of India Limited for part of the financial year 2003-04.

Month & Year	High Rs.	Low Rs.	Volume (Qty)		Month & Year	High Rs.	Low Rs.	Volume (Qty)
Apr 03	125.00	107.05	23371		Oct 03	385.00	339.00	4242
May 03	167.00	114.30	71957		Nov. 03	461.00	325.00	50225
Jun 03	179.50	151.00	104723		Dec.03	528.00	410.30	344518
Jul 03	191.00	159.60	85255		Jan. 04	645.00	86.10	914849
Aug. 03	295.00	190.10	166331		Feb.04	98.40	78.65	762698
Sep 03	368.80	279.00	207571		Mar.04	88.90	65.10	351610
Oct. 03	404.00	278.00	139041					
Nov. 03	470.00	343.10	95903					
Dec.03	526.00	395.00	1194738					
Jan. 04	608.70	87.05	476143					
Feb.04	98.90	78.80	437564					
Mar.04	89.00	65.30	179091					



Note : The monthly high and low quotes prior to stock split have been sub-divided for the purpose of the graphical representation of share price movement.



Registrar and Transfer Agents

Karvy Computershare Pvt. Ltd.

(Physical & Electronic)

"KARVY HOUSE", 46, Avenue 4,

Street No 1, Banjara Hills, Hyderabad - 500 034.

Tel No(s): (040) 23312454, 23320251/751/752;

Fax No: (040) 23311968, 23323049;

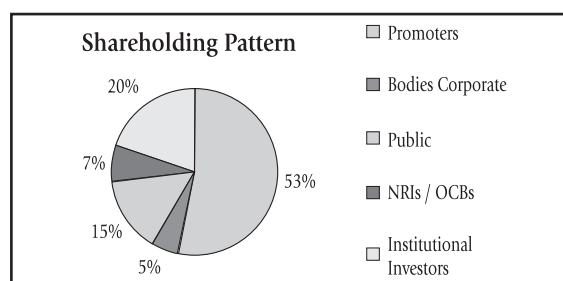
Email : mailmanager@karvy.com

Share Transfer System

Karvy Computershare Pvt. Ltd. will process all the valid transfer requisitions on a weekly basis and a memorandum of transfers is put up for approval of the Share Transfer Committee of the Company. The share certificates duly transferred will be dispatched to the transferees after the Share Transfer Committee accords approval. For this purpose the Share Transfer Committee will meet as often as required.

Shareholding pattern as on 31st March 2004.

Sr. No	Category	No of Shares	% to Equity
1	Promoters	1,33,34,600	53.34
2	Bodies Corporate	11,53,389	4.61
3	Public	36,94,260	14.78
4	NRIs/OCBs	17,72,955	7.09
5	Institutional Investors	50,44,796	20.18
	Total	2,50,00,000	100.00



Distribution of shareholdings as on 31st March 2004.

Share holding of nominal value of Rs.2/- each		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	
Upto	5,000	4042	93.33	39,84,870.00	7.97
5,001	10,000	129	2.98	10,05,638.00	2.01
10,001	20,000	63	1.45	9,32,470.00	1.86
20,001	30,000	27	0.62	6,87,136.00	1.37
30,001	40,000	10	0.23	3,48,204.00	0.70
40,001	50,000	13	0.30	6,03,220.00	1.21
50,001	1,00,000	16	0.37	10,73,040.00	2.15
1,00,001 and above		31	0.72	4,13,65,422.00	82.73
Total		4331	100.00	5,00,00,000.00	100.00

Dematerialization of shares and liquidity

89.21% of shares were dematerialised as on 31st March 2004. Members are encouraged to opt for dematerialisation of shares to eliminate bad deliveries, forgery, fake transfers etc., in the market.

ISIN of the Company: INE495B01020 (consequent upon sub-division of equity shares into face value of Rs 2/- each from face value of Rs 10/- each in the month of January, 2004 this new ISIN has been activated by the depositories).



Unclaimed/ Unpaid Dividends

Member are advised that dividends for the financial year ended March 31,1997 onwards which remain unclaimed over a period of seven years have to be transferred by the Company to Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 205C of the Companies Act, 1956. Members who have not claimed the dividend for the above periods are requested to lodge their claim with the Company, as no claim shall lie for the unclaimed dividends from IEPF by the members. The due dates for transfer of unclaimed dividends pertaining to different financial years to IEPF are given below:

Financial Year	Date of Declaration	Due Date for Transfer to IEPF
1996 - 1997	11.12.1997	28.01.2005
1997 - 1998	07.08.1998	24.09.2005
1998 - 1999	30.06.1999	17.08.2006
1999 - 2000	30.05.2000	17.07.2007
2000 - 2001	31.10.2001	06.12.2008
2001 - 2002	18.09.2002	22.10.2009
2002 - 2003	20.09.2003	26.10.2010

Factory

Unit 1 : Dasaigudem (V), Suryapet (M),
Nalgonda Dist, Andhra Pradesh - 508 213

Unit 2 : Plot No.262, 263 IDA, Pashamylaram,
Isnapur, Medak Dist. Pin - 502 300.

Research Centre - I

18/B, Phase III, IDA, Jeedimetla,
Hyderabad - 500 055.

Research Centre - II

Bio-Pharmaceutical Lab
5th Floor, Serene Chambers,
Road No.7, Banjara Hills, Hyderabad

Address for correspondence

Regd. Office: SDE Serene Chambers,
Road No 7, Banjara Hills, Hyderabad - 500 034
Tel No(s): (040) 23541142 / 23543311
Fax No: (040) 23541152; Email : info@suven.com

Compliance of Non Mandatory Requirements

Chairman of the Board

Keeping in view the increased responsibilities of the Chairman in the context of Corporate Governance implementation, the Chairman's Office at New Delhi is being maintained by the Company, this will enable him to perform of his functions effectively and comprehensively.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
M/s.SUVEN LIFE SCIENCES LIMITED

We have examined the compliance of conditions of Corporate Governance by M./S. SUVEN LIFE SCIENCES LIMITED, for the year ended March 31, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions

of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, as per records maintained by the Company, and certified by the registrar of the Company as on March 31, 2004, there were no investor grievances remaining pending for a period exceeding one month.

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

For KARVY & Co.,
Chartered Accountants

Place : Hyderabad
Date : 30th July, 2004

K. Ajay Kumar
Partner



AUDITORS' REPORT

To
The Members of
M/s. SUVEN LIFE SCIENCES LIMITED

1. We have audited the attached Balance Sheet of M/s. SUVEN LIFE SCIENCES LIMITED as at 31.03.2004 and also the Profit & Loss account for the year ended on that date and 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
 4. Further to our comments in the annexure referred to above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books;
 - c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report complied with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e) On the basis of written representation received from the directors of the company as at March 31, 2004 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as Director of the company under Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss account read together with notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2004
 - ii) In so far as it relates to the Profit & Loss account, of the PROFIT of the company for the year ended on that date.
- And
- iii) In so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date

For **KARVY & Co.,**
Chartered Accountants

Place : Hyderabad
Date : 30th July, 2004

K. Ajay Kumar
Partner



ANNEXURE TO AUDITORS' REPORT

- (i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (iii) There has been no disposal of substantial part of fixed assets during the year.
- (iv) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (v) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (vi) In our opinion the company is maintaining proper records of inventories. The discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (vii) According to the information and explanation given to us, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (viii) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanation given to us, there is no instance of continuing failure to correct major weaknesses in internal control.
- (ix) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act have been so entered.
- (x) There are no transactions that are required to be entered in the register u/s 301 of the Companies Act.
- (xi) The company has not accepted any deposits from the public.
- (xii) In our opinion the company has an adequate internal audit system commensurate with its size and nature of its business.
- (xiii) The company is a pharmaceutical company and has been maintaining cost records prescribed by the central government under the section 209 (1) (d) of the companies Act.
- (xiv) The company is regular in depositing undisputed statutory dues including PF, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales-tax, Wealth-tax, Custom-duty, Excise-duty, Cess and any other statutory dues with the appropriate authorities
- (xv) The following amounts of dues were not deposited on account of disputes.

Name of the Statute	Nature of dues	Amount in Rs.	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance on account of dispute in computation of eligible profits U/s 80HHC for the period 1997-98	1,04,51,319	The Assistant Registrar Income Tax Appellate tribunal
Income Tax Act, 1961	Disallowance on account of dispute in computation of eligible profits U/s 80HHC for the period 1998-99	2,22,895	The Assistant Registrar Income Tax Appellate tribunal
Income Tax Act, 1961	Disallowance on account of dispute in computation of eligible profits U/s 80HHC for the period 1999-2000	28,87,238	The Assistant Registrar Income Tax Appellate tribunal



- (xvi) The company does not have accumulated losses at the end of the financial year 31.03.2004. Further, the company has not incurred any cash losses during the financial year ended 31.03.2004 and in the preceding financial year ended 31.03.2003.
- (xvii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank. The company has not obtained any loans from any financial institution and has not raised money by issuing debentures.
- (xviii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xix) In our opinion and according to the information and explanation given to us, the company is not a chit fund company. Therefore the provision of any special statute applicable to Chit Fund Company doesn't apply to the company.
- (xx) According to the information and explanation given to us, the company doesn't deal or trade in shares, securities, debentures and other investments. The company invests surplus funds only. All the investments are made in the name of the company.
- (xxi) According to the information available and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xxii) According to the information and explanations given to us the company has applied the term loans for the purpose for which the loans were obtained.
- (xxiii) In our opinion and according to the information and explanation given to us, there are no instances of using the funds raised on short-term basis for long-term requirements and vice versa.
- (xxiv) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act.
- (xxv) The company has not issued any debentures during the year.
- (xxvi) During the year the company has raised Rs. 27.42 crores by way of preferential allotment. The end use of money is disclosed by the management in the Balance Sheet and the same has been verified.
- (xxvii) According to the information available and explanations given to us no fraud on or by the company has been noticed or reported during the year.

For **KARVY & Co.,**
Chartered Accountants

Place : Hyderabad
Date : 30th July, 2004

K. Ajay Kumar
Partner



BALANCE SHEET AS AT 31ST MARCH, 2004

	SCHEDULE	AS AT 31/03/2004 Rs.	AS AT 31/03/2003 Rs.
I. SOURCES OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a) Share Capital	A	5,00,00,000	4,40,00,000
b) Reserves & Surplus	B	78,94,23,692	47,58,00,879
2 LOAN FUNDS			
a) Secured Loans	C	20,58,38,277	7,50,96,654
3 DEFERRED TAX LIABILITY (NET)		10,16,46,727	7,71,23,262
TOTAL		1,14,69,08,696	67,20,20,795
II. APPLICATION OF FUNDS			
1 FIXED ASSETS	D		
a) Gross block		76,73,45,907	46,24,42,367
b) Less: Depreciation		10,31,83,955	7,90,76,542
c) Net block		66,41,61,952	38,33,65,825
d) Capital work-in-progress		1,16,70,132	8,63,275
2 INVESTMENTS	E	19,91,06,551	13,11,72,343
3 CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	F	12,40,62,489	11,03,99,169
b) Sundry Debtors	G	10,85,74,131	12,83,95,662
c) Cash and Bank balances	H	10,85,82,738	69,38,050
d) Other Current Assets	I	8,61,56,875	7,83,45,230
e) Loans and Advances	J	61,54,285	40,11,561
		43,35,30,518	32,80,89,672
Less :Current Liabilities and Provisions	K	16,26,23,034	17,14,70,320
Net Current Assets		27,09,07,484	15,66,19,352
4 MISCELLANEOUS EXPENDITURE			
b) preliminary Expenditure		10,62,577	--
TOTAL		1,14,69,08,696	67,20,20,795

Notes on Accounts

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As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

for and on behalf of the Board of Directors

K. Ajay Kumar
Partner

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

Place : Hyderabad
Date : 30th July, 2004

K. Hanumantha Rao
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	SCHEDULE	FOR THE YEAR ENDED 31st Mar 2004 Rs.	FOR THE YEAR ENDED 31st Mar 2003 Rs.
INCOME			
Sales	L	51,17,81,937	45,20,39,628
Other Income	M	75,22,361	1,78,69,792
Increase/(Decrease) in Stocks		1,27,93,624	3,69,74,528
TOTAL		53,20,97,922	50,68,83,948
EXPENDITURE			
Materials Consumed	N	18,79,79,124	22,62,19,815
Manufacturing Expenses	O	7,02,33,558	6,26,14,646
Research & Development Expenses		5,25,73,631	3,30,93,453
Central Excise Duty		1,86,57,693	1,79,39,427
Personnel Expenses	P	2,33,31,776	1,65,69,239
Selling Expenses	Q	1,01,65,137	1,03,56,403
Financial Expenses	R	78,65,183	31,93,982
Administrative & Other Expenses	S	3,75,27,775	2,52,85,577
Depreciation		1,94,38,579	1,48,68,432
TOTAL		42,77,72,456	41,01,40,974
Profit before Tax		10,43,25,466	9,67,42,974
Less: Provision for Taxation		3,06,42,465	4,04,41,475
Profit after Tax		7,36,83,001	5,63,01,499
Profit brought forward from previous year		1,86,74,535	1,97,09,911
Profit available for appropriation		9,23,57,536	7,60,11,410
Appropriations			
Proposed dividend		2,50,00,000	1,98,00,000
Tax on proposed dividend		32,67,188	25,36,875
Transfer to General Reserve		4,00,00,000	3,50,00,000
Surplus carried to Balance Sheet		2,40,90,348	1,86,74,535
		9,23,57,536	7,60,11,410
Basic and Diluted Earnings per share (in Rs)		3.26 (Face value Rs.2.00)	12.80 (Face value Rs.10.00)
Notes on Accounts	T		

As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

K. Ajay Kumar
Partner

Place : Hyderabad
Date : 30th July, 2004

for and on behalf of the Board of Directors

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

K. Hanumantha Rao
Company Secretary



SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2004 (Rupees)	AS AT 31st Mar 2003 (Rupees)
SCHEDULE-A		
SHARE CAPITAL		
Authorised		
5,00,00,000 Equity Shares of Rs.2/- each.	10,00,00,000	10,00,00,000
Issued, Subscribed and Paid up		
2,50,00,000 Equity Shares of Rs.2/- each (Previous year 44,00,000 Equity Shares of Rs.10/- each)	5,00,00,000	4,40,00,000
TOTAL	5,00,00,000	4,40,00,000
SCHEDULE-B		
RESERVES & SURPLUS		
General Reserve		
Opening Balance	30,11,90,344	26,61,90,344
Add: Additions during the year	4,00,07,000	3,50,00,000
	34,11,97,344	30,11,90,344
Share Premium		
Opening Balance	15,59,36,000	15,59,36,000
Additions during the year	26,82,00,000	--
	42,41,36,000	15,59,36,000
Surplus in Profit & Loss A/c.	2,40,90,348	1,86,74,535
TOTAL	78,94,23,692	47,58,00,879
SCHEDULE-C		
SECURED LOANS		
Corporate Loan From S.B.I.	13,25,40,070	--
Corporate loan from SBI is secured by first and Pari-pasu charge on Land, Buildings, Plant & Machinery and personal guarantee given by Promoter Directors		
Cash Credit from State Bank of India	7,22,19,137	7,50,96,654
(Including Bills Discounted and Export Packing Credit)		
Secured by first charge on Raw Materials, Stock in Process, Finished Goods and Book Debts and second charge on Land, Buildings and Plant & Machinery and personal guarantee given by Promoter Directors		
H.P. Loans secured by hypothecation of Vehicles acquired under the scheme	10,79,070	--
TOTAL	20,58,38,277	7,50,96,654



SCHEDULES TO BALANCE SHEET

SCHEDULE-D FIXED ASSETS		(Amount in Rupees)									
S. NO.		GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 31.03.2003 Suven Life Sciences Ltd	ADDITIONS Suven Synthesis Ltd	DEDUC- TIONS	AS ON 31.03.2004	UPTO 31.03.2003 Suven Life Sciences Ltd	FOR THE YEAR	DEDUC- TIONS	AS ON 31.03.2004	AS ON 31.03.2004	AS ON 31.03.2003
1	LAND	1,67,39,263	13,85,948	19,49,480	--	2,00,74,691	--	--	--	2,00,74,691	1,67,39,263
2	BUILDINGS-OFFICE AT FACTORY	44,78,375	--	--	--	44,78,375	4,80,295	72,998	--	5,53,293	39,98,080
3	BUILDINGS-FACTORY	3,41,58,363	1,15,34,939	4,34,83,809	--	8,91,77,111	28,38,373	--	--	39,79,262	8,51,97,849
4	PLANT & MACHINERY	28,24,39,477	5,71,07,966	12,05,76,702	2,70,970	45,98,53,175	6,40,32,913	--	1,52,08,328	7,91,28,921	38,07,24,254
5	FURNITURE & FIXTURES	66,03,476	2,09,803	5,71,993	--	73,85,272	9,11,818	--	4,21,083	13,32,901	60,52,371
6	OFFICE EQUIPMENT	27,78,363	2,65,053	261,946	--	33,05,362	3,55,181	--	135777	4,90,958	28,14,404
7	*LABORATORY EQUIPMENT --UNIT I	85,15,098	--	22,663	--	85,37,761	11,57,505	--	4,04,467	15,61,972	69,75,789
8	*LABORATORY EQUIPMENT --UNIT II	8,07,02,619	--	5,18,50,577	--	13,25,53,196	15,60,889	--	45,47,796	61,08,685	12,64,44,511
9	LABORATORY EQUIPMENT --SSL	--	--	1,28,52,748	--	1,28,52,748	--	--	--	--	1,28,52,748
10	VEHICLES	59,45,685	26,823	17,13,324	2,60,108	74,25,724	15,45,788	4,670	6,32,971	20,07,650	54,18,074
11	E.T.P. WORKS	1,33,99,635	--	--	--	1,33,99,635	38,69,653	--	7,07,501	45,77,154	88,22,481
12	MISC FIXED ASSETS	4,62,203	--	--	--	4,62,203	2,06,221	--	21,955	2,28,176	2,34,027
13	EDP-EQUIPMENTS	62,19,810	1,25,050	14,95,794	--	78,40,654	21,17,906	--	10,97,077	32,14,983	46,25,671
TOTALS		46,24,42,367	7,06,55,582	23,47,79,036	5,31,078	76,73,45,907	7,90,76,542	4,670	2,43,90,842	2,88,099	10,31,83,955
PREVIOUS YEAR TOTAL		30,37,91,366	15,91,80,244	5,29,243	46,24,42,367	6,27,79,985	1,66,55,217	3,58,660	7,90,76,542	38,33,65,825	38,33,65,825
* Note: Depreciation on R & D Equipment of Rs.49,52,263/- has been added to R & D Expenses (Previous Year Rs.17,86,785/-)											

* Note: Depreciation on R & D Equipment of Rs.49,52,263/- has been added to R & D Expenses (Previous Year Rs.17,86,785/-)



SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2004 (Rupees)	AS AT 31st Mar 2003 (Rupees)
SCHEDULE-E		
INVESTMENTS: AT COST		
NON TRADE - QUOTED		
100 Shares in G.S.F.C.Ltd @ Rs.20/- fully paid (Market Value Rs.Not being quoted)	2,000	2,000
18,969 Shares in ONGC @ Rs.750/- fully paid (Market Value Rs.1,58,59,032)	1,42,26,750	--
2,650 Shares in Bio Con Ltd @ Rs.315/- fully paid (Market Value Rs. Not quoted)	8,34,750	--
UNQUOTED		
Suven Synthesis Limited	0	11,77,08,735
Suven Life Sciences USA LLC	4,61,43,750	--
NON TRADE-UNQUOTED		
National Savings Certificates	3,000	3,000
100 No. of IDBI Deep Discount Bonds (99-B) of Rs.5,000/- each.	5,00,000	5,00,000
Mutual Funds (Debt)		
SBI Magnum Insta Cash - Dividend Plan 73,31,997.943 units of Rs.10 each (Previous year 59,790.787)	7,72,34,303	6,21,698
Chola Liquid Inst Plus - Weekly Dividend 8,81,671.352 units of Rs.10 each (Previous year Nil)	1,00,57,594	--
Chola Liquid Inst Plus - Weekly Dividend Amount paid for 26,27,039.239 units	3,00,00,000	--
LIC MF Liquid Fund - Dividend Reinvestment Plan 18,66,496.690 units of Rs.10 each (Previous year Nil)	2,01,04,404	--
Sun F & C Money Value Fund - Dividend Nil units of Rs.10 each (Previous year 2,20,961.254)	--	23,97,430
SBI Magnum Income Fund - Dividend Nil units of Rs.10 each (Previous year 9,36,181.702)	--	99,39,480
TOTAL	19,91,06,551	13,11,72,343
SCHEDULE-F		
INVENTORIES		
(As valued and certified by the Manangement)		
Raw Materials	2,64,12,065	2,56,18,878
Stores and Spares	28,95,688	28,19,179
Finished Goods	4,65,17,841	5,19,05,663
Stocks in Process	4,82,36,895	3,00,55,449
TOTAL	12,40,62,489	11,03,99,169
SCHEDULE-G		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Exceeding six months	1,57,13,711	--
Others	9,28,60,420	12,83,95,662
TOTAL	10,85,74,131	12,83,95,662



SCHEDULES TO BALANCE SHEET

	AS AT 31st Mar 2004 (Rupees)	AS AT 31st Mar 2003 (Rupees)
SCHEDULE-H		
CASH AND BANK BALANCES		
Cash on hand	1,97,551	2,06,892
Balances with Scheduled Banks		
--- in current accounts	19,14,732	6,69,086
--- in Deposits	10,64,70,455	60,62,072
TOTAL	10,85,82,738	69,38,050
SCHEDULE-I		
OTHER CURRENT ASSETS		
Interest accrued	10,93,273	9,22,519
Deposits	77,84,029	53,20,909
Other Receivables	1,66,49,090	88,39,012
Receivables on Sale of Investments	0	75,71,766
Advance Tax	6,06,30,483	5,56,91,024
TOTAL	8,61,56,875	7,83,45,230
SCHEDULE-J		
LOANS AND ADVANCES		
(Unsecured, considered good, advances recoverable in cash or in kind or for value to be received)		
Advances for Purchases	26,89,826	21,44,950
Advances for Expenses	1,79,774	16,035
Other Advances	32,84,685	18,50,576
TOTAL	61,54,285	40,11,561
SCHEDULE-K		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Liabilities for Capital Works	1,73,36,746	1,32,37,424
Liabilities for Purchases	3,58,78,662	5,98,81,206
Liabilities for Expenses	1,98,49,806	2,10,61,211
Unclaimed Dividend	6,27,263	5,59,152
Liabilities for statutory dues	14,59,262	13,09,345
(A)	7,51,51,739	9,60,48,338
B. PROVISIONS		
-- for Taxation	5,92,04,107	5,30,85,107
-- for Dividend	2,50,00,000	1,98,00,000
-- for Corporate Dividend Tax	32,67,188	25,36,875
(B)	8,74,71,295	7,54,21,982
TOTAL (A+B)	16,26,23,034	17,14,70,320



SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year 31st Mar 2004 (Rupees)	Previous Year 31st Mar 2003 (Rupees)
SCHEDULE-L SALES		
Sales		
Exports	35,13,89,723	31,03,15,419
Domestic	14,16,49,115	13,98,96,750
Contract Technical Services (Gross)	76,23,649	0
(Tax Deducted at Source Rs.2,82,829 Previous year Rs. Nil)		
Sale of Import Licences	1,11,19,450	18,27,459
TOTAL	51,17,81,937	45,20,39,628

SCHEDULE-M OTHER INCOME		
Interest-(Gross)	17,41,612	37,70,345
(Tax Deducted at Source Rs.3,40,646 Previous year Rs.13,43,154)		
Dividend Income from Mutual Funds	16,26,157	56,76,653
Foreign Exchange Fluctuations - Gain(Net)	13,99,747	20,20,659
Provision for Customs Duty Written back	0	55,36,114
Miscellaneous Receipts	3,55,920	28,790
Conversion Charges Received (Gross)	23,98,925	0
(Tax Deducted at Source Rs.51,074 Previous year Rs. Nil)		
Gain on Investments	0	8,37,231
TOTAL	75,22,361	1,78,69,792

SCHEDULE-N MATERIALS CONSUMED		
1) Raw Materials		
Opening Stock	2,56,18,878	1,87,24,340
Purchases	18,66,84,867	23,01,58,455
Less: Closing Stock	2,64,12,065	2,56,18,878
(A)	18,58,91,680	22,32,63,917
2) Trading Materials		
Purchases	0	10,63,381
(B)	0	10,63,381
3) Packing Materials		
Opening Stock	1,79,829	2,09,969
Purchases	20,42,373	18,62,377
Less: Closing Stock	1,34,758	1,79,829
(C)	20,87,444	18,92,517
TOTAL (A+B+C)	18,79,79,124	22,62,19,815



SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year 31st Mar 2004 (Rupees)	Previous Year 31st Mar 2003 (Rupees)
SCHEDULE-O		
MANUFACTURING EXPENSES		
Power & Fuel	3,98,15,255	3,43,29,366
Consumable Stores	15,95,696	13,26,055
Factory Upkeep Expenses	70,17,109	77,35,191
Environment Management Expenses	36,74,832	28,46,618
Safety Expenses	9,56,408	11,67,911
Repairs & Maintenance :		
-- Buildings	33,729	12,673
-- Plant & Machinery	1,65,44,635	1,47,36,920
-- Others	5,95,894	4,59,912
TOTAL	7,02,33,558	6,26,14,646
SCHEDULE-P		
PERSONNEL EXPENSES		
Salaries, Wages & Bonus	1,60,22,694	1,21,86,106
Staff Welfare Expenses	46,25,053	29,99,990
Contribution to PF & Other Funds	26,84,029	13,83,143
TOTAL	2,33,31,776	1,65,69,239
SCHEDULE-Q		
SELLING EXPENSES		
Sales Promotion	9,19,523	8,30,608
Advertisement	5,41,162	4,71,118
Carriage Outwards	66,44,910	81,82,448
Commission on Sales	20,59,542	8,72,229
TOTAL	1,01,65,137	1,03,56,403
SCHEDULE-R		
FINANCIAL EXPENSES		
Interest -- on Term Loans	31,48,276	9,02,682
-- on Others	15,52,109	7,13,810
Finance Charges	31,64,798	15,77,490
TOTAL	78,65,183	31,93,982



SCHEDULES TO PROFIT & LOSS ACCOUNT

	Current Year 31st Mar 2004 (Rupees)	Previous Year 31st Mar 2003 (Rupees)
SCHEDULE-S		
ADMINISTRATIVE & OTHER EXPENSES		
Rent	17,82,240	16,07,200
Rates & Taxes	64,871	1,31,747
Insurance	37,34,142	26,26,725
Communication Charges	22,92,754	18,12,826
Travelling & Conveyance	67,56,858	47,39,516
Printing & Stationery	14,79,214	9,90,995
Vehicle Maintenance	15,05,745	12,58,042
Directors Remuneration	68,86,375	55,80,344
Professional Charges	61,73,002	9,00,686
Payments to Auditors :		
-- As Auditors	1,08,000	1,05,000
-- for Tax Matters	77,000	26,250
-- for other Services	79,100	62,500
-- for Expenses	2,200	7,904
Security Charges	12,67,047	10,32,794
Donations	5,65,596	7,23,780
General Expenses	44,68,665	35,23,528
Loss on Sale of Assets	82,979	95,583
Loss on goods destroyed during transit	0	60,157
Loss on Investments	1,78,397	0
Bad Debts Written Off	23,590	0
TOTAL	3,75,27,775	2,52,85,577



SCHEDULE - T NOTES ON ACCOUNTS

1 Significant Accounting Policies :

a Basis of preparation of Financial Statements

- (i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.
- (ii) The Company generally follows the mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

b Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

c Fixed Assets

Fixed assets are stated at cost and as reduced by accumulated depreciation. All costs including financing costs, upto the date of commissioning and attributable to the fixed assets are capitalised.

d Depreciation

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.

e Revenue recognition

Revenue from sales

The Company recognises revenues from sale of Bulk Drugs, Intermediates, fine chemicals and other products on the despatch of goods from the factory and on transfer of significant risk and rewards of ownership in goods to the customer.

Income from Investments

The Company recognises Interest on investments on accrual basis.

Dividend income on investments are accounted for when the right to receive the payment is established

f Inventories

Stock of raw materials, Stores, spares and fuel are stated at cost and are valued on FIFO basis.

Work in process are stated at cost.

Finished Goods are valued at the lower of the Cost or net realisable value.

g Miscellaneous Expenditure

The preliminary expenditure on account of merger of Suven Synthesis Ltd, will be amortised over a period of five years from the date of commencement of commercial operation of the unit.

h Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. The transaction remaining unsettled at the end of the year are translated at forwarding rates, where forward covers have been taken or at year end rates in other cases. The exchange differences arising on such transactions are recognised as income or expense in the profit and loss account except exchange difference on liabilities increased for acquisition of fixed assets, which are adjusted to the carrying amounts of respective assets.

I Research & Development expenses

- (i) Revenue expenditure on research and development activities is expensed as and when incurred.
- (ii) The expenditure on capital assets having alternative use either in R&D activity or otherwise are capitalised and amortized at the rate specified in Schedule XIV of the Companies Act 1956.
- (iii) Depreciation on R&D assets is included in R&D expenses.

j Investments

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such diminution other than temporary in nature in the opinion of the management

k Segmental information - Basis of preparation Business Segments

The Company has indentified the following segments as its reportable segments: a) Intermediates under Contract Services b) Bulk Drugs c) Other Intermediates and Fine chemicals and d) Research & Developemnt Intermediates under Contract Services products are developed and produced on an exclusive basis under Contract Manufacturing Services.

Bulk Drugs are those products which are directly used for manufacturing the formulations. These products are marketed by procuring orders.

Other Intermediates and Fine chemicals are products like chemicals, intermediates and fine chemicals those are marketable by procuring orders.

Geographical Segments

The Company has identified the following geographical reportable segments:

U.S.A. - The Company sells Intermediates.

Europe - The Company sells Bulk Drugs and Intermediates.

Asia - The Company sells Bulk Drugs and Intermediates.

India - The Company sells Bulk Drugs and Intermediates and fine chemicals.



Segment Revenue and Expenses

All products of the Company are manufactured in combined manufacturing facilities and are sold by a common sales force, joint revenues and expenses are allocated on a reasonable basis.

Segment Assets and Liabilities

The fixed assets and net current assets of the Company's business are not identifiable except R & D to any segment as these assets can be used interchangeable among the segments. Hence the management feels that the assets can not be segregated and shown as un allocated assets.

l Income taxes

Current tax and deferred tax are charged to the profit and loss account of the year. Deferred tax is measured on the basis of the tax rate and the tax laws enacted or substantively enacted at the balance sheet date. Deferred taxes are recognised for all timing differences of the current year and unreversed timing differences of earlier years.

m Retirement benefits to employees

Provident Fund: Contribution to Provident Fund is accounted on accrual basis with corresponding payment to statutory Provident Fund.

Gratuity : The Company has taken Group Gratuity Scheme Policy to cover the Gratuity liability And payments are made to the fund /trust maintained with the Life insurance Corporation of India. The premium on Gratuity is charged to Profit & Loss account.

- 2 The following are the Investments which were purchased after 01.04.2003 and sold before 31.03.2004

Name and nature of the Investment	Units	Cost (Rs.)
a) SBI Magnum Insta Cash - Dividend Plan - Mutual Fund	21065666.460	221824504
b) Chola Liquid Inst Plus - Weekly Dividend - Mutual Fund	9677242.170	110111622
	Current Year	Previous Year

- 3 Estimated amount on purchase of equipment which is yet to be received (Net of advance)
- | | | |
|--|---------------|--------------|
| | 175365 | 92000 |
|--|---------------|--------------|

- 4 Contingent Liabilities not provided for

a) Guarantees given by Banks	1578914	137500
b) Unexpired Letters of Credit	30217073	18980340
c) Earlier years Tax Provision	22581	22581

- 5 National Savings Certificates to the extent of Rs.3,000/- have been pledged with Government Authorities.

- 6 Excise Duty amounting to Rs.55,15,181 on Closing Stock of finished Goods has been provided during the year to comply with 'Guidence Note on Accounting treatment for Excise duty' issued by Institute of Chartered Accountants of India.

- 7 The Suven Synthesis Ltd has been merged into Suven Life Sciences Limited vide court order no. CP 62 & 63 dt. 17-06-2004 w.e.f 1st Apr 2003.

The amalgamation has been accounted using pooling of interest method in accordance with AS 14 issued by the Institute of Chartered Accountants of India

- 8 Rs.16,174, unclaimed dividend for more than 7 years, is transferred to Investor Education and Protection Fund.

- 9 The following are the particulars of money raised by issuing 30,00,000 equity shares of Rs.2/- each on Pfrferential Basis:

	Rupees
a) Utilised: R & D Expenditure both Capital & Revenue and Laboratory Equipments	117200000
b) Unutilised: i) Fixed Deposit with State Bank of India	100000000
ii) Investment in SBI Magnum Insta Cash - Dividend Plan (Mutual Fund)	57000000

- 10 Income taxes

Income tax Expense	(Rupees)	
	Year ended 31-03-2004	Year ended 31-03-2003
Current Tax payable	6119000	7700000
Deferred Tax expense	24523465	32741475
	30642465	40441475
Deferred tax Assets		
	Year ended 31-03-2004	Year ended 31-03-2003
Bonus	--	240184
Gratuity	--	59741
Public Issue Expenses	80543	161085
Customs duty Provision	--	15656
Interest on customs duty	--	70422
	80543	547088
Deferred tax Liabilities		
	Year ended 31-03-2004	Year ended 31-03-2003
Depreciation	101727270	77670350
	101727270	77670350



11 Earning per Share	(Rupees)	
	2003-2004	2002-2003
Net Profit after tax available for Equity shareholders	73683001	56301499
Weighted average of number of Equity shares outstanding during the year	22598361	4400000
Basic and Diluted Earnings per Equity share	3.26	12.80
	Face Value	Face Value
	Rs.2.00	Rs.10.00

12 Related Party Transactions

List of and relationship with related parties with whom transactions have taken place during the year:

Name of the related party	Nature of transactions
Borregaard Synthesis Inc, U.S.A	The Company has made export sales amounting to Rs.7,33,29,729/- to Borregaard Synthesis Inc, Mr.Michael O' shea Director of the Company is also Vice President in Borregaard Synthesis Inc, U.S.A
Borregaard Industries Limited, Norway	The Company has made export sales amounting to Rs.5,08,43,858/- to Borregaard Industries Limited, The Borregaard Industries Limited is the group company of Borregaard Synthesis Inc, U.S.A
Borregaard Italia S.P.A.	The Company has made export sales amounting to Rs.96,14,790/- to Borregaard Italia S.P.A. Which is a wholly owned subsidiary of Borregaard Industries Ltd, Norway
Nile Limited	The Company purchased capital goods from Nile Limited amounting to Rs.5,77,262/- Dr.M.R.Naidu, Director of the Company is also Director in Nile Limited.

13 a) Segmental Information (2003-04)

	Intermediates under Contract Services	Bulk Drugs	Other Intermediates, Finechemicals and other Products	Research and Development	Un allocated	Total
Segment Revenue						
External Sales	319986576	96742511	94696350	356500	--	511781937
Inter Segmental Adj.	--	--	--	--	--	--
Total	319986576	96742511	94696350	356500	--	511781937
Segment Result						
Operating Profit	172117352	26464544	34617809	(52217131)	(79479084)	101503490
Other Income	--	--	--	--	7522361	7522361
Interest Expense	--	--	--	--	4700385	4700385
Income Tax - Current Tax	--	--	--	--	6119000	6119000
- Deferred Tax	--	--	--	--	24523465	24523465
Net Profit						73683001
Other Information						
Segment Assets	--	--	--	155048975	1154482755	1309531730
Segment Liabilities	--	--	--	3156641	159466393	162623034
Capital employed	--	--	--	151892334	995016362	1146908696
Capital Expenditure	--	--	--	64726142	240708476	305434618
Depreciation	--	--	--	4952263	19438579	24390842



b) Segmental Information (2002-03)

	Intermediates under Contract Services	Bulk Drugs	Other Intermediates, Finechemicals and other Products	Research and Development	Un allocated	Total
Segment Revenue						
External Sales	269702228	97930343	84407057	--	--	452039628
Inter Segmental Adj.	--	--	--	--	--	--
Total	269702228	97930343	84407057	--	--	452039628
Segment Result						
Operating Profit	120171774	19448926	33489727	(33093453)	(59527301)	80489673
Other Income	--	--	--	--	17869792	17869792
Interest Expense	--	--	--	--	1616491	1616491
Income Tax - earlier year	--	--	--	--	--	--
Income Tax - Current Tax	--	--	--	--	7700000	7700000
- Deferred Tax	--	--	--	--	32741475	32741475
Net Profit						56301499
Other Information						
Segment Assets	--	--	--	86499323	756991792	843491115
Segment Liabilities	--	--	--	3036051	168434269	171470320
Capital employed	--	--	--	83463272	588557523	672020795
Capital Expenditure	--	--	--	65800830	93379414	159180244
Depreciation	--	--	--	1786785	14868432	16655217

c) Geographical Information

	Segment Revenue	
	Current Year	Previous Year
U S A	75845809	38750508
EUROPE	127209860	78196765
ASIA	148334054	193368146
INDIA	160392214	141724209
	511781937	452039628

14 Particulars required under Part II of Schedule VI to the Companies Act, 1956 to the extent applicable :

i) Production

	Installed Capacity MT	Production for the year ended 31-03-2004 MT		Production for the year ended 31-03-2003 MT	
		For Sales	For Captive	For Sales	For Captive
a) Bulk Drugs	96.000	84.973	0.000	116.152	0
b) Intermediates	1144.000	371.866	30.355	368.367	4.322
	1240.000	456.839	30.355	484.519	4.322



ii) Stocks - Finished Goods

		As on 31-03-2004		As on 31-03-2003	
		Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a)	Bulk Drugs	22.716	16091391	16.179	10677700
b)	Intermediates	44.846	30426450	52.351	41227963
		67.562	46517841	68.530	51905663

iii) Turnover

		CURRENT YEAR		PREVIOUS YEAR	
		Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a)	Bulk Drugs	78.436	96742511	113.414	97930343
b)	Intermediates	379.371	394887623	376.232	350681738
c)	Recoveries	--	1408704	--	516315
d)	Trading	--	--	--	1083773
		457.807	493038838	489.646	450212169

iv) Raw Materials Consumed

		CURRENT YEAR		PREVIOUS YEAR	
		Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a)	2-Amino-5-chloro-2-Flurobenzophenone	3.550	9920646	9.500	27409817
b)	O-Phthaladehyde	14.600	14046698	10.950	11136250
c)	Others		161924336		184717850
			185891680		223263917

v) C I F value of Imports

(Rupees)

		CURRENT YEAR		PREVIOUS YEAR	
a)	Raw Materials		52910795		91008780
b)	Components and Spare Parts		48359314		55355753

vi) Value of Imported and indigeneous Raw Materials Stores and Spares consumed and percentage of each to total consumption.

a) Raw Materials :

		CURRENT YEAR		PREVIOUS YEAR	
		Value Rs.	% to Total	Value Rs.	% to Total
i)	Imported	51267461	27.58	90865988	40.70
ii)	Indegenious	134624219	72.42	132397929	59.30
		185891680	100.00	223263917	100.00

a) Stores and Spares :

		CURRENT YEAR		PREVIOUS YEAR	
		Value Rs.	% to Total	Value Rs.	% to Total
i)	Imported	--	--	--	--
ii)	Indegenious	1595696	100.00	1326055	100.00
		1595696	100.00	1326055	100.00



	(Rupees)	
	CURRENT YEAR	PREVIOUS YEAR
vii) Expenditure in Foreign Currency	(Rupees)	(Rupees)
Travel	3954388	2596502
Dividend	3505950	2640873
Sales Commission	12590	84596
	7472928	5321971
	(Rupees)	
	CURRENT YEAR	PREVIOUS YEAR
viii) Earnings in Foreign Currency		
FOB Value of Exports	345015076	302813569
ix) Computation of Net Profits Under Sections (198 & 309) of the Companies Act, 1956 and the commission payable to Working Directors		
		CURRENT YEAR Rs.
Net profit before tax		104325466
Add: Remuneration to Directors		6886375
Net Profit		111211841
	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
(a) Managing Director :		
Salary	3840000	2830000
Perquisites	0	28166
Contribution to Providend Fund	460800	339600
Commission (@ 1% on net profits)	1112118	1023233
	5412918	4220999
(b) Wholetime Director :		
Salary	660000	600000
Perquisites	178198	175728
Contribution to Providend Fund	79200	72000
Commission (@ 0.5% on net profits)	556059	511617
	1473457	1359345

15 Previous year figures have been regrouped wherever considered necessary to conform to this year's classification.

Signatures of Schedules A to T

As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

for and on behalf of the Board of Directors

K. Ajay Kumar
Partner

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

Place : Hyderabad
Date : 30th July, 2004

K. Hanumantha Rao
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. In lakhs)

	For the year ended 31.03.2004	For the year ended 31.03.2003
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary items	1043.25	967.43
Adjustment for :		
Depreciation	243.91	166.55
Dividend received	(16.26)	(56.77)
Loss / (Gain) on Sale of Assets	0.83	0.96
Loss / (Gain) on Sale of Investments	1.78	(8.37)
Unrealised Foreign Exchange (Gain) / Loss	(28.93)	--
Interest	78.65	31.94
Operating profit before Working Capital changes	1323.25	1101.74
Adjustment for :		
Trade and other receivables	104.15	(424.04)
Inventories	(136.63)	(451.44)
Trade Payables	(574.49)	1060.12
Cash generated from operations	716.26	1286.38
Direct Taxes paid	(74.76)	(60.35)
Cash flow before extraordinary items	641.50	1226.03
NET CASH FLOW FROM OPERATING ACTIVITIES	641.50	1226.03
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1689.68)	(1479.65)
Sale of Fixed Assets	1.60	0.75
Purchase of Investments	(1323.55)	--
Share Application in Suven Synthesis Ltd	--	(532.09)
Share Application in Suven Life Sciences LLC	(461.44)	--
Sale of Investments	--	433.78
Dividend Received	16.26	56.77
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(3456.81)	(1520.44)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. In lakhs)

	For the year ended 31.03.2004	For the year ended 31.03.2003
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Share Capital	2742.00	--
Proceeds from Long Term Borrowings	1336.19	--
Repayment to Long Term Borrowings	--	(112.50)
Interest paid	(78.65)	(31.94)
Dividend paid	(198.00)	(174.73)
CASH (USED IN)/FROM FINANCING ACTIVITIES	3801.54	(319.17)
Increase / (Decrease) in cash and cash equivalent (A+B+C)	986.23	(613.58)
Increase / (Decrease) due to unrealised Exchange fluctuation	28.93	--
Net increase/(decrease) in cash and cash equivalents	1015.16	(613.58)
Cash and Cash equivalents at the Beginning of the Year	70.67	682.96
Cash and Cash equivalents at the End of the Year	1085.83	69.38

- Note: 1 Working Capital Loan (Cash Credit) has been considered as Current Liability and added to Trade Payable.
2 Previous year figures have been regrouped wherever considered necessary.

for **KARVY & COMPANY**
Chartered Accountants

K. Ajay Kumar
Partner

Place : Hyderabad
Date : 30th July, 2004

for and on behalf of the Board of Directors

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

K. Hanumantha Rao
Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.

		0	0	9	7	1	3
--	--	---	---	---	---	---	---

Balance Sheet Date

3	1	0	3	2	0	0	4	-	-
---	---	---	---	---	---	---	---	---	---

State Code

0	1
---	---

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS):

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Right Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

				6	0	0	0
--	--	--	--	---	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS):

Total Liabilities

	1	1	4	6	9	0	9
--	---	---	---	---	---	---	---

Total Assets

	1	1	4	6	9	0	9
--	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

			5	0	0	0	0
--	--	--	---	---	---	---	---

Secured Loans

		2	0	5	8	3	8
--	--	---	---	---	---	---	---

Reserves & Surplus

		7	8	9	4	2	4
--	--	---	---	---	---	---	---

Deferred tax Liability

		1	0	1	6	4	7
--	--	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

		6	7	5	8	3	2
--	--	---	---	---	---	---	---

Net Current Assets

		2	7	0	9	0	7
--	--	---	---	---	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

Investments

		1	9	9	1	0	7
--	--	---	---	---	---	---	---

Miscellaneous Expenditure

				1	0	6	3
--	--	--	--	---	---	---	---

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS):

Turnover (Gross Revenue)

		5	3	2	0	9	7
--	--	---	---	---	---	---	---

Profit Before Tax

		1	0	4	3	2	5
--	--	---	---	---	---	---	---

Tax

3	0	6	4	2
---	---	---	---	---

Earning per share Rs.

				3	.	2	6
--	--	--	--	---	---	---	---

FACE VALUE RS.2.00

Total Expenditure

		4	2	7	7	7	2
--	--	---	---	---	---	---	---

Profit After Tax

			7	3	6	8	3
--	--	--	---	---	---	---	---

Dividend Rate (%)

			5	0	.	0	0
--	--	--	---	---	---	---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS):

Item Code No. (ITC Code)

2	9	4	2	0	0	3	1
---	---	---	---	---	---	---	---

Product Description

T	H	E	O	B	R	O	M	I	N	E
---	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

2	9	3	3	9	9	0	0
---	---	---	---	---	---	---	---

Product Description

P	H	T	H	A	L	A	Z	I	N	E
---	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

2	9	2	6	9	0	0	0
---	---	---	---	---	---	---	---

Product Description

C	Y	A	N	O		A	C	E	T	I	C	A	C	I	D
---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---

for and on behalf of the Board of Directors

Place : Hyderabad
Date : 30th July, 2004

K. Hanumantha Rao
Company Secretary

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director



SUVEN LIFE SCIENCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2004



AUDITORS' REPORT

To the Board of Directors of M/s. Suven Life Sciences Limited

On the Consolidated Financial Statements of the Company and its subsidiary.

We have audited the attached consolidated Balance sheet of Suven Life Sciences Limited (the company) and its subsidiary (collectively referred to as Suven Group) as at 31st March, 2004, and also the consolidated Profit & Loss Account for the year ended on that date annexed thereto and the consolidated cash flow statement for the year ended on that date. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Suven Group as on 31st March, 2004;
- ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Suven Group for the year ended on that date; and
- iii) in the case of consolidated Cash Flow Statement, of the consolidated cash flows of Suven Group for the year ended on that date.

For KARVY & Co.,
Chartered Accountants

Place : Hyderabad
Date : 30th July, 2004

K. Ajay Kumar
Partner



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

	SCHEDULE	AS AT 31/03/2004 Rs.
I. SOURCES OF FUNDS		
1 SHAREHOLDERS' FUNDS		
a) Share Capital	A	5,00,00,000
b) Reserves & Surplus	B	76,68,00,959
2 LOAN FUNDS		
a) Secured Loans	C	20,58,38,277
3 DEFERRED TAX LIABILITY (NET)		10,16,46,727
TOTAL		1,12,42,85,963
II. APPLICATION OF FUNDS		
1 FIXED ASSETS	D	
a) Gross block		77,67,22,218
b) Less: Depreciation		10,36,18,075
c) Net block		67,31,04,143
d) Capital work-in-progress		1,16,70,132
2 INVESTMENTS	E	15,29,62,801
3 CURRENT ASSETS, LOANS AND ADVANCES		
a) Inventories	F	12,40,62,489
b) Sundry Debtors	G	11,14,91,430
c) Cash and Bank balances	H	12,08,53,171
d) Other Current Assets	I	8,62,00,195
e) Loans and Advances	J	70,80,986
		44,96,88,271
Less : Current Liabilities and Provisions	K	16,42,01,962
Net Current Assets		28,54,86,310
4 MISCELLANEOUS EXPENDITURE		
b) preliminary Expenditure		10,62,577
TOTAL		1,12,42,85,963
Notes on Accounts	T	

As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

for and on behalf of the Board of Directors

K. Ajay Kumar
Partner

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

Place : Hyderabad
Date : 30th July, 2004

K. Hanumantha Rao
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	SCHEDULE	FOR THE YEAR ENDED 31st Mar 2004 Rs.
INCOME		
Sales	L	52,85,66,298
Other Income	M	1,00,26,048
Increase/(Decrease) in Stocks		1,27,93,624
TOTAL		55,13,85,970
EXPENDITURE		
Materials Consumed	N	18,79,79,124
Manufacturing Expenses	O	7,89,79,624
Research & Development Expenses		5,27,02,834
Central Excise Duty		1,86,57,693
Personnel Expenses	P	4,13,74,671
Selling Expenses	Q	1,10,01,884
Financial Expenses	R	78,84,798
Administrative & Other Expenses	S	4,93,62,377
Depreciation		1,98,72,699
TOTAL		46,78,15,704
Profit before Tax		8,35,70,266
Less: Provision for Taxation		3,06,64,125
Profit after Tax		5,29,06,141
Profit brought forward from previous year		1,86,74,535
Profit available for appropriation		7,15,80,676
Appropriations		
Proposed dividend		2,50,00,000
Tax on proposed dividend		32,67,188
Transfer to General Reserve		4,00,00,000
Surplus carried to Balance Sheet		33,13,488
		7,15,80,676
Basic and Diluted Earnings per share (in Rs)		2.34 (Face value Rs.2.00)
Notes on Accounts	T	
As per our report of even date for KARVY & COMPANY Chartered Accountants	for and on behalf of the Board of Directors	
K. Ajay Kumar Partner	Venkateswarlu Jasti Managing Director	Sudha Rani Jasti Wholetime Director
Place : Hyderabad Date : 30th July, 2004	K. Hanumantha Rao Company Secretary	



CONSOLIDATED SCHEDULES TO BALANCE SHEET

AS AT
31st Mar 2004
(Rupees)

SCHEDULE - A SHARE CAPITAL

Authorised		
5,00,00,000 Equity Shares of Rs.2/- each		10,00,00,000
Issued, Subscribed and Paid up		
2,50,00,000 Equity Shares of Rs.2/- each		5,00,00,000
TOTAL		5,00,00,000

SCHEDULE-B RESERVES & SURPLUS

General Reserve		
Opening Balance	30,11,90,344	
Add:Additions during the year	4,00,07,000	34,11,97,344
Foreign Exchange Translation Reserve		(18,45,873)
Share Premium		
Opening Balance	15,59,36,000	
Additions during the year	26,82,00,000	42,41,36,000
Surplus in Profit & Loss A/c.		33,13,488
TOTAL		76,68,00,959

SCHEDULE-C SECURED LOANS

Corporate Loan From S.B.I.	13,25,40,070
Corporate loan from SBI is secured by first and Pari-pasu charge on Land, Buildings, Plant & Machinery and personal guarantee given by Promoter Directors	
Cash Credit from State Bank of India (Including Bills Discounted and Export Packing Credit)	7,22,19,137
Secured by first charge on Raw Materials, Stock in Process, Finished Goods and Book Debts and second charge on Land, Buildings and Plant & Machinery and personal guarantee given by Promoter Directors	
H.P. Loans secured by hypothecation of Vehicles acquired under the scheme	10,79,070
TOTAL	20,58,38,277



CONSOLIDATED SCHEDULES TO BALANCE SHEET

SCHEDULE-D FIXED ASSETS		(Amount in Rupees)				
		GROSS BLOCK			DEPRECIATION	
		AS ON 31.03.2003	ADDITIONS	DEDUCTIONS	AS ON 31.03.2004	UPTO 31.03.2003
S.NO					FOR THE YEAR	AS ON 31.03.2004
1	LAND	1,81,25,211	19,49,480	--	--	--
2	BUILDINGS-OFFICE AT FACTORY	44,78,375	--	--	72,998	5,53,293
3	BUILDINGS-FACTORY	4,56,93,302	4,34,83,809	--	11,40,889	39,79,262
4	PLANT & MACHINERY	33,95,47,443	12,05,76,702	2,70,970	1,52,08,328	7,91,28,921
5	FURNITURE & FIXTURES	68,13,279	16,44,163	--	4,80,519	13,92,337
6	OFFICE EQUIPMENT	30,43,416	11,81,326	--	1,74,006	5,29,187
7	*LABORATORY EQUIPMENT --UNIT I	85,15,098	22,663	--	4,04,467	15,61,972
8	*LABORATORY EQUIPMENT --UNIT II	8,07,02,619	5,18,50,577	--	45,47,796	61,08,685
9	LABORATORY EQUIPMENT --SSL	--	1,28,52,748	--	--	--
10	LABORATORY EQUIPMENT --LLC	--	70,92,004	--	2,94,904	2,94,904
11	VEHICLES	59,72,508	17,13,324	2,60,108	6,32,971	20,07,650
12	E.T.P. WORKS	1,33,99,635	--	--	7,07,501	45,77,154
13	MISC FIXED ASSETS	4,62,203	--	--	21,955	2,28,176
14	EDP-EQUIPMENTS	63,44,860	17,88,551	--	11,38,628	32,56,534
	TOTALS	53,30,97,949	24,41,55,347	5,31,078	2,48,24,962	10,36,18,075
					2,88,099	67,31,04,143

* Note: Depreciation on R & D Equipment of Rs.49,52,263/- has been added to R & D Expenses (Previous Year Rs.17,86,785/-)



CONSOLIDATED SCHEDULES TO BALANCE SHEET

AS AT
31st Mar 2004
(Rupees)

SCHEDULE-E

INVESTMENTS: AT COST

NON TRADE - QUOTED

100 Shares in G.S.F.C.Ltd @ Rs.20/- fully paid (Market Value Rs.Not being quoted)	2,000
18,969 Shares in ONGC @ Rs.750/- fully paid (Market Value Rs.1,58,59,032)	1,42,26,750
2,650 Shares in Bio Con Ltd @ Rs.315/- fully paid (Market Value Rs. Not quoted)	8,34,750

NON TRADE-UNQUOTED

National Savings Certificates	3,000
100 No. of IDBI Deep Discount Bonds (99-B) of Rs.5,000/- each.	5,00,000
Mutual Funds (Debt)	
SBI Magnum Insta Cash - Dividend Plan 73,31,997.943 units of Rs.10 each (Previous year 59,790.787)	7,72,34,303
Chola Liquid Inst Plus - Weekly Dividend 8,81,671.352 units of Rs.10 each (Previous year Nil)	1,00,57,594
Chola Liquid Inst Plus - Weekly Dividend Amount paid for 26,27,039.239 units	3,00,00,000
LIC MF Liquid Fund - Dividend Reinvestment Plan 18,66,496.690 units of Rs.10 each (Previous year Nil)	2,01,04,404

TOTAL	15,29,62,801
--------------	---------------------

SCHEDULE-F

INVENTORIES

(As valued and certified by the Manangement)

Raw Materials	2,64,12,065
Stores and Spares	28,95,688
Finished Goods	4,65,17,841
Stocks in Process	4,82,36,895
TOTAL	12,40,62,489

SCHEDULE-G

SUNDRY DEBTORS

(Unsecured, Considered good)

Exceeding six months	1,57,13,711
Others	9,57,77,719
TOTAL	11,14,91,430



CONSOLIDATED SCHEDULES TO BALANCE SHEET

AS AT
31st Mar 2004
(Rupees)

SCHEDULE-H CASH AND BANK BALANCES

Cash on hand	2,06,215
Balances with Scheduled Banks	
--- in current accounts	1,41,76,501
--- in Margin Money deposits	10,64,70,455
TOTAL	12,08,53,171

SCHEDULE-I OTHER CURRENT ASSETS

Interest accrued	10,93,273
Deposits	78,27,349
Other Receivables	1,66,49,090
Advance Tax	6,06,30,483
TOTAL	8,62,00,195

SCHEDULE-J LOANS AND ADVANCES

(Unsecured, considered good, advances
recoverable in cash or in kind or for value to be received)

Advances for Purchases	26,89,826
Advances for Expenses	1,79,774
Other Advances	42,11,386
TOTAL	70,80,986

SCHEDULE-K CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES

Liabilities for Capital Works	1,73,36,746
Liabilities for Purchases	3,58,78,662
Liabilities for Expenses	2,13,63,754
Unclaimed Dividend	6,70,583
Liabilities for statutory dues	14,59,262

(A) 7,67,09,007

B. PROVISIONS

-- for Taxation	5,92,25,767
-- for Dividend	2,50,00,000
-- for Corporate Dividend Tax	32,67,188

(B) 8,74,92,955

TOTAL (A+B) 16,42,01,962



CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT

CURRENT
YEAR
(Rupees)

SCHEDULE-L SALES

Sales	
Exports	35,13,89,723
Domestic	14,16,49,115
Contract Technical Services (Gross)	2,44,08,010
(Tax Deducted at Source Rs.2,82,829 Previous year Rs. Nil)	
Sale of Import Licences	1,11,19,450
TOTAL	52,85,66,298

SCHEDULE-M OTHER INCOME

Interest-(Gross)	17,41,612
(Tax Deducted at Source Rs.3,40,646 Previous year Rs.13,43,154)	
Dividend Income from Mutual Funds	16,26,157
Foreign Exchange Fluctuations - Gain (Net)	13,99,747
Provision for Customs Duty Written back	0
Miscellaneous Receipts	28,59,607
Conversion Charges Received (Gross)	23,98,925
(Tax Deducted at Source Rs.51,074 Previous year Rs. Nil)	
Gain on Investments	0
TOTAL	1,00,26,048

SCHEDULE-N MATERIALS CONSUMED

1) Raw Materials	
Opening Stock	2,56,18,878
Purchases	18,66,84,867
Less: Closing Stock	2,64,12,065
	(A) 18,58,91,680
2) Packing Materials	
Opening Stock	1,79,829
Purchases	20,42,373
Less: Closing Stock	1,34,758
	(B) 20,87,444
TOTAL	(A+B) 18,79,79,124



CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT

CURRENT
YEAR
(Rupees)

SCHEDULE-O MANUFACTURING EXPENSES

Power & Fuel	4,11,39,824
Consumable Stores	72,41,848
Factory Upkeep Expenses	70,17,109
Environment Management Expenses	36,74,832
Safety Expenses	15,70,520
Repairs & Maintenance :	
-- Buildings	70,729
-- Plant & Machinery	1,65,44,635
-- Others	17,20,127
TOTAL	7,89,79,624

SCHEDULE-P PERSONNEL EXPENSES

Salaries, Wages & Bonus	3,39,34,748
Staff Welfare Expenses	47,55,894
Contribution to PF & Other Funds	26,84,029
TOTAL	4,13,74,671

SCHEDULE-Q SELLING EXPENSES

Sales Promotion	10,27,109
Advertisement	11,81,897
Carriage Outwards	67,33,336
Commission on Sales	20,59,542
TOTAL	1,10,01,884

SCHEDULE-R FINANCIAL EXPENSES

Interest -- on Term Loans	31,48,276
-- on Others	15,52,109
Finance Charges	31,84,413
TOTAL	78,84,798



CONSOLIDATED SCHEDULES TO PROFIT & LOSS ACCOUNT

CURRENT
YEAR
(Rupees)

SCHEDULE-S

ADMINISTRATIVE & OTHER EXPENSES

Rent	64,22,212
Rates & Taxes	65,554
Insurance	48,77,854
Communication Charges	30,10,856
Travelling & Conveyance	76,19,728
Printing & Stationery	15,36,010
Vehicle Maintenance	15,05,745
Directors Remuneration	68,86,375
Professional Charges	99,47,738
Payments to Auditors :	
-- As Auditors	2,44,530
-- for Tax Matters	77,000
-- for other Services	79,100
-- for Expenses	2,200
Security Charges	12,96,856
Donations	5,65,596
General Expenses	49,40,057
Loss on Sale of Assets	82,979
Loss on Investments	1,78,397
Bad Debts Written Off	23,590
TOTAL	4,93,62,377



SCHEDULE - T
NOTES ON CONSOLIDATED ACCOUNTS

1 Significant Accounting Policies :

a Basis of preparation of Financial Statements

(i) The financial statements have been prepared together with its wholly owned subsidiary M/s Suven Life Sciences LLC USA under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India

b Foreign Exchange Translation

The translation of foreign currency into Indian rupee is performed by translating Assets and Liabilities excluding the share capital using the exchange rate as at the Balance sheet date. For translating revenues, cost and expenses weighted average exchange rate prevailing during the reporting period is used. The resultant currency translation exchange gain or loss is transferred to Foreign Exchange Translation Reserve in Reserves & Surplus.

2 Income taxes

Income tax Expense	Rupees
	Year ended 31-03-2004
Current Tax payable	61,40,660
Deferred Tax expense	2,45,23,465
	3,06,64,125

Deferred tax Assets

	Year ended 31-03-2004
Bonus	--
Gratuity	--
Public Issue Expenses	80,543
Customs duty Provision	--
Interest on customs duty	--
	80,543

Deferred tax Liabilities

	Year ended 31-03-2004
Depreciation	10,17,27,270
	10,17,27,270

3 Earning per Share

	2003-2004
Net Profit after tax available for Equity shareholders	5,29,06,141
Weighted aveage of number of Equity shares outstanding during the year	2,25,98,361
Basic and Diluted Earnings per Equity share	2.34
	Face Value Rs.2.00



4 Segmental Information (2003-04) (Rupees)

	Intermediates under Contract Services	Bulk Drugs	Other Intermediates, Finechemicals and other Products	Research and Development	Un allocated	Total
Segment Revenue						
External Sales	33,67,70,937	9,67,42,511	9,46,96,350	3,56,500	--	52,85,66,298
Inter Segmental Adj.	--	--	--	--	--	--
Total	33,67,70,937	9,67,42,511	9,46,96,350	3,56,500	--	52,85,66,298
Segment Result						
Operating Profit	18,45,39,656	2,47,98,694	3,31,35,793	(5,23,46,334)	(11,18,83,206)	7,82,44,603
Other Income	--	--	--	--	1,00,26,048	1,00,26,048
Interest Expense	--	--	--	--	47,00,385	47,00,385
Income Tax -Current Tax	--	--	--	--	61,40,660	61,40,660
- Deferred Tax	--	--	--	--	2,45,23,465	2,45,23,465
Net Profit						5,29,06,141
Other Information						
Segment Assets	--	--	--	15,50,48,975	1,13,34,38,950	1,28,84,87,925
Segment Liabilities	--	--	--	31,56,641	16,10,45,321	16,42,01,962
Capital employed	--	--	--	15,18,92,334	97,23,93,629	1,12,42,85,963
Capital Expenditure	--	--	--	7,18,18,146	24,29,95,331	31,48,13,477
Depreciation	--	--	--	52,32,977	1,95,91,985	2,48,24,962

5 Geographical Information

	Segment Revenue
	Current Year (Rupees)
U S A	9,26,30,170
EUROPE	12,72,09,860
ASIA	14,83,34,054
INDIA	16,03,92,214
	52,85,66,298

6 Previous year figures have been regrouped wherever considered necessary to conform to this year's classification.

Signatures of Schedules A to T
for KARVY & COMPANY
Chartered Accountants

K. Ajay Kumar
Partner

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

Place : Hyderabad
Date : 30th July, 2004

K. Hanumantha Rao
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. In lakhs)

For the year
ended 31.03.2004

A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit before Tax and Extraordinary items	835.70
Adjustment for :	
Depreciation	248.24
Dividend received	(16.26)
Loss / (Gain) on Sale of Assets	0.83
Loss / (Gain) on Sale of Investments	1.78
Unrealised Foreign Exchange (Gain) / Loss	(28.93)
Interest	78.85
Operating profit before Working Capital changes	1120.21
Adjustment for :	
Trade and other receivables	65.27
Inventories	(136.63)
Trade Payables	(558.92)
Cash generated from operations	489.93
Direct Taxes paid	(74.76)
Cash flow before extraordinary items	415.17
NET CASH FLOW FROM OPERATING ACTIVITIES	415.17

B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of Fixed Assets	(1783.43)
Sale of Fixed Assets	1.60
Purchase of Investments	(1323.55)
Share Application in Suven Synthesis Ltd	--
Share Application in Suven Life Sciences LLC	--
Sale of Investments	--
Dividend Received	16.26
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(3089.12)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. In lakhs)

For the year
ended 31.03.2004

C. CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds from issue of Share Capital	2742.00
Proceeds from Long Term Borrowings	1336.19
Repayment to Long Term Borrowings	--
Interest paid	(78.85)
Dividend paid	(198.00)
CASH (USED IN)/FROM FINANCING ACTIVITIES	3801.34
Increase / (Decrease) in Cash and equivalent (A+B+C)	1127.39
Increase / (Decrease) due to Foreign Exchange Fluctuations	10.47
Net increase/(decrease) in cash and cash equivalents	1137.86
Cash and Cash equivalents at the Beginning of the Year	70.67
Cash and Cash equivalents at the End of the Year	1208.53

Note: 1 Working Capital Loan (Cash Credit) has been considered as Current Liability and added to Trade Payable.

2 Previous year figures have been regrouped wherever considered necessary.

for **KARVY & COMPANY**
Chartered Accountants

K. Ajay Kumar
Partner

Place : Hyderabad
Date : 30th July, 2004

for and on behalf of the Board of Directors

Venkateswarlu Jasti
Managing Director

Sudha Rani Jasti
Wholetime Director

K. Hanumantha Rao
Company Secretary



SUVEN LIFE SCIENCES USA LLC
(Wholly Owned Subsidiary Company)

FINANCIAL STATEMENTS
AS OF MARCH 31, 2004



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Suven Life Sciences USA LLC

We have audited the accompanying balance sheet of Suven Life Sciences USA LLC (a wholly owned subsidiary of Suven Life Sciences Limited, India) as of March 31, 2004, and the related statements of Income, retained earnings and cash flows for the period then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suven Life Sciences USA LLC (a wholly owned subsidiary of Suven Life Sciences Limited, India) as of March 31, 2004, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Gary R. Lordi, CPA

Matawan, New Jersey
May 20, 2004

MANAGEMENT'S REPORT

The Company is responsible for preparation of the accompanying balance sheet and the related statements of earnings, shareholders' equity and cash flows. They have been prepared in conformity with accounting principles generally accepted in the United States, which have been applied on a consistent basis, and management believes that they present fairly the Company's financial position, results of operations and cash flows. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. To fulfill this responsibility, an internal control structure, designed to protect the

Company's assets and properly record transactions and events as they take place, has been developed, placed in operation and maintained. The internal control structure is tested and evaluated by the independent auditors to the extent considered necessary by them in expressing an opinion on the financial statements. The Board of Directors is responsible for financial information and review.

Venkat Jasti
President and Chief Executive Officer



SUVEN LIFE SCIENCES USA LLC
(A WHOLLY -OWNED SUBSIDIARY OF SUVEN LIFE SCIENCES LIMITED, India)
BALANCE SHEET
AS OF MARCH 31, 2004

ASSETS	03/31/04 (US Dollar)
Current assets:	
Cash	283,251
Accounts receivable	67,343
Other current assets	22,392
Total Current Assets	372,986
Property and equipment	216,443
Less accumulated depreciation	(20,750)
Net property and equipment	195,693
Total Assets	568,679
LIABILITIES & STOCKHOLDERS EQUITY	
Current liabilities:	
Accounts payable	5,189
Accrued expenses	26,259
Total Current Liabilities	31,448
Shareholders Equity:	
Common stock	
Contributed by Suven Life Sciences Ltd, India - Parent Company	1,000,000
Retained earnings	(462,769)
Total Shareholders Equity	537,231
Total Liabilities & Shareholders Equity	568,679

See accompanying notes to financial statements



SUVEN LIFE SCIENCES USA LLC
(A WHOLLY OWNED SUBSIDIARY OF SUVEN LIFE SCIENCES LIMITED, India)
STATEMENT OF EARNINGS
FOR THE PERIOD ENDING MARCH 31, 2004

	Amount (US Dollar)
Gross Revenues	423,820
Operating Expenses:	
Salaries & wages	345,008
Payroll taxes & benefits	37,316
Chemicals and consumable	124,064
Insurance	25,131
Rent	101,955
Repairs & maintenance	38,470
Professional Fees	80,943
Utilities	44,733
Advertising & Promotion	14,079
Office Expenses	32,588
Travel	21,052
Depreciation	20,750
Total Operating Expenses	886,089
Loss before Provision for Incomes Taxes	(462,269)
Provision for Income taxes	500
Net Loss	(462,769)



SUVEN LIFE SCIENCES USA LLC
 (A WHOLLY OWNED SUBSIDIARY OF SUVEN LIFE SCIENCES LIMITED, India)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE PERIOD ENDING MARCH 31, 2004

	Common Stock (US Dollar)	Retained Earnings (US Dollar)	Total (US Dollar)
Balance at April 1, 2003	0	0	0
Investment by Parent Company (Suven Life Sciences Limited, India)	1,000,000		1,000,000
Net Income		(462,769)	(462,769)
Balance at March 31, 2004	1,000,000	(462,769)	537,231

STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDING MARCH 31, 2004

ASSETS	03/31/04 (US Dollar)
Operating Activities:	
Net Income	(462,769)
Adjustments to reconcile net income items Not requiring the use of cash:	
Depreciation and amortization	20,750
Changes in other operating assets and Liabilities:	
Accounts receivable-trade	(67,343)
Other current assets	(22,392)
Accounts payable & customer reserves payable	5,189
Accrued expenses	26,259
Net cash used by operation	(500,306)
Investing Activities:	
Additions to property and equipment (net)	(216,443)
Net cash used by investing activities	(216,443)
Financing Activities:	
Proceeds from issuance of common stock upon warrant exercises	1,000,000
Net cash provided by financing activities	1,000,000
Net increase in cash during the period	283,251
Cash at beginning of the period	--
Cash at end of the period	283,251
Supplemental disclosures of cash flow information:	
Interest paid during the period	--
Income taxes paid during the period	--



NOTES TO THE FINANCIAL STATEMENTS

For the period ended March 31, 2004

1. Summary of significant accounting policies

a. Organization and Business activity

Suven Life Sciences USA LLC (the "Company") is a New Jersey corporation, which was organized on May 9, 2003, representing the wholly owned U.S. subsidiary of Suven Life Sciences Ltd, India (the "Parent"). The Company was established to promote research and development efforts in the United States of America. To strengthen the drug discovery related services, in June 2003, the Company acquired assets from Synthon Chiragenics Corporation, a New Jersey based company specializing in carbohydrate based chiral technology for pharmaceuticals.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

c. Revenue recognition

Revenues are recognized from contract research on prior acceptance and completed contract basis

d. Cash & cash equivalent

Cash equivalents include highly liquid short-term investments with an original maturity of three months or less.

e. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets (5-7 years).

f. Long-lived assets

The Company reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount.

g. Accounts receivable

Accounts receivable are stated net of an allowance for bad and doubtful accounts which may be maintained from time to time based on management's evaluation of the current portfolio and prior experience. Such an allowance would be provided by appropriate charges to income. As of March 31, 2004, the Company's provision for doubtful accounts is zero.

h. New accounting pronouncements

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is with in its scope as a liability or an asset in some circumstances. Generally, this Statement is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This Statement did not have any impact on the accompanying financial statements.

In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers Disclosures about Pensions and Other Postretirement Benefits," an amendment of FASB Statements 87, 88 and 106. This Statement revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement and recognition of those plans required by FASB Statements 87, 88 and 106. This Statement retains the disclosure requirements contained in the original Statement 132. It requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit plans and other defined benefit postretirement plans. This Statement is effective for financial statements with fiscal years ending after December 15, 2003, except for the disclosure of estimated future benefit payments and information about foreign plans which is effective for fiscal years ending after June 15, 2004. This Statement did not have any impact on the accompanying financial statements.

On December 8, 2003, the President of the United States signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). This Act introduces a prescription drug benefit under Medicare (Medicare Part D), as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. In December 2003, the FASB issued FASB Staff Position (FSP) No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003. This Act did not have any impact on the accompanying financial statements.



2. Assets Purchased

In June 2003, the Company acquired certain operating assets of Synthon Chiragenics Corporation, a research and development company specializing in carbohydrates based Chiral Technology for pharmaceuticals, for \$200,000, and was recorded under the purchase method of accounting, with the purchase price being allocated to assets acquired based on their fair value. The purchase enhances the Company's attempt to emerge as a leading full spectrum provider of drug discovery related services.

3. Chemicals and consumables

Chemical and consumables which are purchased for use in the contract research are charged to expense as incurred for specific jobs. These costs are included within operating expenses in the company's statement of earnings. Quantities on hand at March 31, 2004 are insignificant.

4. Property and equipment

Property and equipment at March 31, 2004 consists of the following:

	US Dollar
Furniture and fixtures	24,750
Machinery and equipment	191,693
	<u>216,443</u>
Accumulated depreciation	20,750
Property and equipment, net..	<u>195,693</u>

5. Financing and investment from parent

During the period ending March 31, 2004, the Parent made several investments in the Company totaling \$1 million, which has served as the basis of the organization's start-up. The Company has not had a need to incur any short or long-term borrowings.

6. Income Taxes

The provision for income taxes represents income taxes paid or payable for the year. Income tax expense has been computed at the statutory rates applicable during the period. The components of taxes on income at March 31, 2004 are as follows:

	US Dollar
Current:	
Federal	-0-
State	500
	<u>500</u>
Income tax expense	<u>500</u>

7. Business segment and geographic area data

The Company has one reportable business segment, contract research and one geographic area which is the U.S.A. During the period ending March 31, 2004, two unaffiliated customers accounted for 40% and 16% of the total revenue.

8. Lease commitments

The Company is committed to a non-cancelable operating lease for office space. Rent expense for the period ending March 31, 2004 was \$101,955. Future minimum lease payments required under this lease at March 31, 2004 are:

\$ 122,396 - For the year ending March 31, 2005 and
\$ 20,675 - For the year ending March 31, 2006.

9. Litigation and contingencies

The Company does not have any knowledge of any involvement in legal proceedings, either of which the company has initiated or has been brought against it. The Company's liabilities have been reported on the balance sheet and have no knowledge of any further liabilities or contingencies.



SUVEN LIFE SCIENCES LIMITED

FINANCIAL STATEMENTS

AS OF MARCH 31, 2004

PREPARED IN COMPLIANCE WITH
ACCOUNTING PRINCIPLES GENERALLY ACCEPTED

IN

UNITED STATES

(UNAUDITED)



CONSOLIDATED BALANCE SHEETS AS AT MARCH 31, 2004

(Expressed in Indian Rupees, except share data and as otherwise stated)

	As at March 31,	
	2004	2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	114,755,483	1,316,826
Restricted cash and cash equivalents (Note 5)	4,812,672	4,593,685
Marketable securities (Note 6)	154,122,601	12,592,182
Account receivables, net	62,485,436	70,724,230
Receivables from related parties (Note 27 (a) (i))	26,522,060	29,245,482
Receivables from employees (Note 7)	384,157	362,392
Inventories (Note 8)	135,851,514	123,271,336
Prepaid expenses (Note 9)	2,499,404	1,169,887
Deferred taxes (Note 15 (a) (b))	22,677,505	19,753,260
Deferred taxes (Note 15 (b))	--	135,397
Income tax receivable (Note 11)	1,404,716	2,605,917
Other current assets (Note 10)	21,488,079	19,374,574
Total current assets	547,003,627	285,009,771
Restricted cash and cash equivalents (Note 4)	1,285,016	1,027,539
Receivables from employees (Note 7)	111,708	224,800
Other non current assets (Note 13)	7,830,349	5,323,909
Deferred tax (Note 15 (c))	352,527	184,360
Investments in held-to-maturity securities (Note 2)	773,205	713,205
Investments in equity affiliate (Note 13)	--	110,386,765
Property plant and equipment, net (Note 12)	548,206,949	302,770,820
Total Assets	1,105,563,381	705,641,169
LIABILITY AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings (Note 16 (b))	72,219,137	75,096,654
Current portion of long-term borrowings (Note 16 (a))	42,226,080	--
Current portion of capital lease obligations (Note 17)	389,803	--
Accounts payable (Note 18)	62,956,896	84,206,585
Deferred taxes (Note 15 (b))	596,529	--
Accrued payroll (Note 19)	6,107,084	3,692,169
Other current liabilities (Note 20)	2,129,845	1,868,497
Total current liabilities	186,625,374	164,863,905
Long -term borrowings, excluding current portion (Note 16 (a))	90,313,990	--
Capital lease obligations, excluding current portion (Note 17)	622,472	--
Other non current liabilities (Note 21)	2,197,979	1,127,046
Deferred tax (Note 15 (d))	51,746,823	48,855,521
Total liabilities	331,506,638	214,846,472
Commitments and contingencies (Note 28)		
Stockholders' Equity		
Common stock, Rs 2 par value, 50,000,000 equity shares authorized: Issued and outstanding 25,000,000 as at March 31, 2004 and 22,000,000 as at March 31, 2003	50,000,000	44,000,000
Additional paid-in capital	421,888,603	156,484,997
Retained earnings	302,947,742	290,542,729
Accumulated other comprehensive loss	(779,602)	(233,029)
Total stockholders' equity	774,056,743	490,794,697
Total liabilities and stockholders' equity	1,105,563,381	705,641,169

The accompanying notes form an integral part of these financial statements



CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED MARCH 31, 2004

(Expressed in Indian Rupees, except share data and as otherwise stated)

	Year Ended March 31,		
	2004	2003	2002
Revenues			
Export Sales	375,615,788	306,500,070	233,211,730
Domestic Sales	149,272,764	139,896,750	146,186,012
(Domestic sales includes excise duty of Rs 19,423,599; Rs 17,661,960 and Rs 19,408,600 for the year ended March 31, 2004; 2003 and 2002 respectively)			
	524,888,552	446,396,820	379,397,742
Cost and expenses			
Cost of goods sold (Note 2)	262,819,850	258,838,387	247,111,597
Research and development expenses (Note 2)	56,241,044	34,768,923	9,648,441
Selling, general and administrative expenses (Note 2)	120,380,002	60,479,067	30,806,401
Depreciation	40,775,888	31,120,792	28,965,451
Total operating expenses	480,216,784	385,207,169	316,531,890
Operating income before other income/(expenses) and taxes	44,671,768	61,189,651	62,865,852
Interest earned (Note 22)	1,741,612	3,770,345	8,233,927
Interest expenses (Note 23)	(4,700,385)	(1,616,492)	(3,490,956)
Other income (Note 24)	22,559,994	16,017,317	13,474,932
Income from continuing operations before income taxes	64,272,989	79,360,821	81,083,755
Income tax expense (Note 14)	(20,544,242)	(19,569,454)	(10,768,820)
Income before equity in losses of equity affiliate	43,728,747	59,791,367	70,314,935
Equity in losses of equity affiliates	(4,600,000)	(7,321,970)	-
Net income	41,665,984	52,469,397	70,314,935
Earnings Per Share			
Basic Earnings Per Share	1.84	2.38	3.22
Diluted Earnings Per Share	1.84	2.38	3.22
Weighted average common stock outstanding - Basic & Diluted	22,598,361	22,000,000	21,836,066

The accompanying notes form an integral part of these financial statements



CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(Expressed in Indian Rupees, except share data and as otherwise stated)

	Common Stock Shares	Par Value	Additional in-capital	Paid Earnings	accumulated and other comprehensive income (loss)	Total Stockholders' equity
Balance as at March 31, 2001	20,000,000	40,000,000	60,370,408	202,863,274	(57)	303,233,625
Issue of common stock	2,000,000	4,000,000	96,000,000	--	--	100,000,000
Net income	--	--	--	70,314,935	--	70,314,935
Unrealized holding loss on available for sale securities, net of tax	--	--	--	--	(371,888)	(371,888)
Comprehensive income	--	--	--	--	--	69,943,047
Dividends, including dividend tax	--	--	--	(17,632,000)	--	(17,632,000)
Tax benefits on public issue expenses	--	--	10,816	--	--	10,816
Balance as at March 31, 2002	22,000,000	44,000,000	156,381,224	255,546,209	(371,945)	455,555,488
Issue of common stock	--	--	--	--	--	--
Net income	--	--	--	52,469,397	--	52,469,397
Unrealized holding gain on available for sale securities, net of tax	--	--	--	--	138,916	138,916
Comprehensive income	--	--	--	--	--	52,608,313
Dividends	--	--	--	(17,472,877)	--	(17,472,877)
Tax benefits on public issue expenses	--	--	103,773	--	--	103,773
Balance as at March 31, 2003	22,000,000	44,000,000	156,484,997	290,542,729	(233,029)	490,794,697
Issue of common stock	3,000,000	6,000,000	268,200,000	--	--	274,200,000
Stock Split	22,000,000	--	--	--	--	(6,924,096)
Loss of entity under common control	--	--	--	(6,924,096)	--	(14,894,117)
Unrealized holding loss on available for sale securities, net of tax	--	--	--	--	1,299,300	1,299,300
Net income	--	--	--	41,665,984	--	41,665,984
Currency translation adjustments	--	--	--	--	(1,845,873)	(1,845,873)
Comprehensive income	--	--	--	--	--	41,119,411
Dividends, including dividend tax	--	--	--	(22,336,875)	--	(22,336,875)
Expenses on issue of common stock, net of tax	--	--	(2,857,250)	--	--	(2,857,250)
Tax benefits on public issue expenses	--	--	60,856	--	--	60,856
Balance as at March 31, 2004	25,000,000	50,000,000	421,888,603	302,947,742	(779,602)	760,976,010

The accompanying notes form an integral part of these financial statements



CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2004

(Expressed in Indian Rupees)

	Year Ended March 31,		
	2004	2003	2002
Cash Flows From Operating Activities			
Net income as per statements of income	41,665,984	52,469,397	70,314,935
Adjustment to reconcile net Income to net cash provided by operating activities			
Depreciation	49,266,361	34,583,047	29,833,819
Deferred income taxes/(benefit)	11,866,345	10,239,347	(1,230,869)
Interest accrued on held-to-maturity securities	(60,000)	(60,000)	(60,000)
Gain on sale of property, plant & equipment	(120,955)	(31,166)	--
(Profit)/ Loss on sale of available for sale securities	178,397	(837,231)	--
Equity in losses of equity affiliates	4,600,000	7,321,970	--
Changes in operating assets & liabilities			
Decrease/(Increase) in accounts receivables, net	8,238,794	(31,748,407)	(17,366,096)
Decrease/(Increase) in receivables from related parties	2,723,422	2,297,814	(16,217,734)
Decrease/(Increase) in receivables from employees	91,327	84,109	(379,719)
(Increase)/Decrease in inventory	(12,580,178)	(50,301,201)	12,937,662
(Increase)/Decrease in prepaid expenses	(1,329,517)	(249,652)	(383,309)
Decrease/(Increase) in other current assets	1,178,581	(8,468,527)	2,742,303
(Increase)/Decrease in other non current assets	(1,745,140)	(503,477)	(993,577)
(Decrease)/Increase in accounts payable	(30,581,308)	38,973,055	3,551,491
Increase/(Decrease) in accrued payroll	2,414,915	313,370	(580,851)
Increase/(Decrease) in accounts payable to related parties	--	(364,829)	364,829
Decrease/(Increase) in tax receivable	1,201,201	3,295,195	(4,014,107)
Increase/(Decrease) in other current liabilities	194,748	471,344	216,916
Increase/(Decrease) in other non current liabilities	1,070,933	662,316	16,070
Net cash provided by Operating Activities A	78,273,910	58,146,474	78,751,763
Cash Flows From Investing Activities			
Purchase of property, plant & equipment	(119,212,785)	(155,643,087)	(56,315,166)
Cash paid for acquisition, net of cash acquired	(80,394,718)	--	--
Investment in equity affiliates	--	(53,208,735)	--
Proceeds from sale of property, plant & equipment	160,000	75,000	--
Investments in available for sale securities	(484,393,929)	--	(63,070,937)
Proceeds from sale of available for sale securities	344,716,339	43,377,794	--
Decrease/(Increase) in restricted cash & cash equivalents	(476,464)	425,759	91,558
Net Cash used in Investing Activities B	(339,601,558)	(164,973,269)	(119,294,545)



CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2004

(Expressed in Indian Rupees)

	Year Ended March 31,		
	2004	2003	2002
Cash Flows From Financing Activities			
Net proceeds from issuance of common stock	269,744,250	--	100,000,000
Proceeds from short term borrowing	--	74,617,843	--
Repayment of short-term borrowings	(2,877,517)	--	(24,929,668)
Proceeds from long term borrowings	132,540,070	--	--
Repayment of long term borrowings	--	(11,250,000)	(15,000,000)
Payments under capital lease obligations	(457,751)	--	(11,995)
Cash dividends paid	(19,800,000)	(17,472,877)	(16,000,000)
Tax on dividends paid	(2,536,875)	--	(1,632,000)
Net Cash provided by Financing Activities C	376,612,177	45,894,966	42,426,337
Effect of exchange rate changes on Cash & Cash equivalents D	(1,845,873)	--	--
Net increase / (Decrease) in cash & cash equivalents A+B+C+D	113,438,657	(60,931,829)	1,883,555
Cash & Cash equivalents at the beginning of the year	1,316,826	62,248,655	60,365,100
Cash & Cash equivalents at the end of the year	114,755,483	1,316,826	62,248,655
Supplementary Information			
Income tax paid	4,939,459	6,034,912	16,013,796
Interest paid	4,700,385	1,616,492	3,490,956
Vehicles acquired under capital lease arrangement	1,470,026	--	--

The accompanying notes form an integral part of these financial statements



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of Business

Suven Life Sciences Limited ("Suven" or "the Company") together with its subsidiaries Suven Synthesis Limited and Suven Life Sciences USA LLC., collectively, "the Company", is one of the leading drug intermediate manufacturing company in India with its focus on "Contract Research and Manufacturing Services (C-R-A-M-S)". Mr. Venkateswarlu and Mrs. Sudha Rani promoted the Company in 1989 for the manufacture of bulk actives and drug intermediates.

The Company's principal line of business is manufacturing of (a) intermediates under contract research (b) bulk actives and (c) other intermediates. Suven is in supply chain of Global Life Science Companies for their New Chemicals Entities (NCE) by developing and supplying intermediates starting from Phase I and till launching. Suven provides process research and development, supplies to clinical trails and pilot scale manufacturing on an exclusive basis under co-operation and secrecy agreements, leading to manufacturing commercial quantities when the innovators NCE gets approved by the Food and Drug Administration (FDA) of US, thereby, Suven can achieve long-term revenue stream. The principal market for contract research is USA and Europe and bulk actives and other intermediates are primarily sold to the domestic companies.

To reflect the current business model adopted by Suven, which offers services to Global Life Sciences Companies, the name of the company has been changed to Suven Life Sciences Limited from Suven Pharmaceuticals Limited.

(2) Summary of Significant Accounting Policies

Basis of preparation of financial statements

The accompanying consolidated financial statements have been prepared in compliance with the Accounting Principles Generally Accepted in the United States (US GAAP). The accompanying financial statements have been prepared in Indian Rupees (INR), being the reporting currency of the Company.

Use of estimates

Preparation of the financial statements in conformity with US GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include the estimated useful life of property, plant and equipment, provision for expenses and trade receivables. The actual amount could differ from those estimates.

Basis of Consolidation

The consolidated financial statements for the year ended March 31, 2004 include the financial statements of Suven and its subsidiaries, which are more than 50% owned and controlled by Suven. All significant intercompany accounts and transactions are eliminated in consolidation.

Functional Currency

The functional currency of the Company, except Suven Life Sciences USA LLC is Indian Rupees ("INR"), being the currency of the primary economic environment in which the Company operates. The functional currency of Suven Life Sciences USA LLC, the consolidated subsidiary is US Dollars, being the currency of primary economic environment in which it operates.

In respect of the Subsidiary for which the foreign currency is the functional currency, the assets and liabilities of such Subsidiary is translated into Indian Rupees at the rate of exchange prevailing as at the balance sheet date. Revenues and expenses are translated into Indian Rupees at average exchange rates prevailing during the period. Resulting translation adjustments are included in accumulated and other comprehensive income.

Revenue recognition

The Company recognizes revenues from Contract Research and Development on prior acceptance and on delivery of goods and revenue from sale of bulk actives, other intermediates, fine chemicals and other products on dispatch of goods from the factory and on transfer of significant risk and rewards of ownership in goods to the customer.

Revenues from analytical services are recognized on completion and delivery of services.

Revenue from sale of Bulk Drugs and other intermediate products include transport and handling charges, excise duty on domestic sales and are shown net of discounts, sales returns, and sales tax.

Cost of goods sold

Cost of goods sold comprises of (i) cost of raw material consumed (ii) cost of packing material (iii) cost of stores and consumables (iv) salaries of employees engaged in manufacturing process and contract technical services (v) excise duties paid and (vi) shipping and handling cost incurred and (vii) other direct manufacturing expenses.

Research and development expenses

Expenditure on Research and Development (R&D) activities is expensed as and when incurred. However, the expenditure on capital assets having alternative use either in R&D activity or otherwise are capitalized and amortized over the estimated useful lives of the assets, as determined by the management. Depreciation on R&D assets is included in the R&D expenses.

Selling, general and administrative expenses

The Selling, General and Administrative (SGA) expenses mainly include the expenses incurred towards traveling, communication costs, rent, personnel cost of administrative staff, legal and professional charges etc.

Other income

Other income of the Company comprises of foreign exchange gains, net, gain on sale of import license,



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

dividends on investments, provision for export incentives written back, gain on sale of property, plant and equipment, conversion charges and other miscellaneous receipts. The Company recognizes such income on accrual basis.

Cash and cash equivalents

Cash and cash equivalents include cash balance on hand, cash at bank and other unrestricted short term fixed deposits. The Company considers the short-term investments with an original maturity period of 3 months or less as cash and cash equivalents.

Restricted cash and cash equivalents

Restricted cash and cash equivalents comprise of short-term deposits with bank against the use of letters of credit as issued by various banks and other cash balance earmarked for specific liabilities.

Marketable securities

The Company has adopted SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities" for accounting of its investment in marketable securities. The marketable securities of the Company comprise of short-term investment classified as Available For Sale Securities (AFS). The unrealized holding gains or losses on each balance sheet date on AFS are reported as a separate component of stockholders equity.

Account receivables

Account receivables are stated net of allowances for bad and doubtful receivables. The Company provides for bad and doubtful receivables on the specific receivables based on the account aging and past experience with customers. Accounts receivables are collateralized against borrowings from banks.

Inventories

Inventories comprise (i) Finished goods (ii) Raw materials (iii) Work-in-process (iv) Packing materials and (v) stores and consumables. Finished goods are valued at lower of cost or net realizable value. Raw material, work-in-process, packing materials and stores and consumables are valued at cost.

Costs of the inventories have been determined using "First-in-First-out" method which includes all applicable expenditures and charges incurred directly or indirectly to bring the same to their existing condition and location.

Prepaid expenses

Prepaid expenses include prepaid expenses on maintenance contracts, insurance, prepaid subscription fees etc.

Investment in held-to-maturity securities

Investment in held-to-maturity securities comprise of "Deep Discount Bonds" issued by the Industrial Development Bank of India (IDBI)". The deep discount bonds are issued for a maximum period of 15 years.

The Company is carrying these investments at amortized cost and disclosed the same as non current assets in the balance sheets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment includes freight, duties net of duties recoverable, taxes and any other attributable cost for bringing the asset to its working condition for its intended use.

Property, plant and equipment under construction and not ready for their intended use, and advances paid for the supply of capital goods are considered as construction in progress and included in property, plant and equipment.

The property, plant and equipment net of salvage values are amortized as per Straight Line Method (SLM), over its estimated useful lives as determined by the management of the Company. The estimated useful lives of the property, plant and equipment as determined by the management of the Company, are given below:

1. Buildings	30 Years
2. Plant and machinery	8 Years
3. Lab equipments	10 Years
4. Office equipments	10 Years
5. Furniture and fixtures	5 Years
6. Vehicles	5 Years
7. Computers and data processing equipments	3 Years

Property, plant and equipment include the assets acquired on capital leases. Leasehold property, plant and equipment are depreciated over the lesser of their estimated useful lives or the term of the lease.

Recoverability of long-lived assets

US GAAP requires that the recoverable amount of an asset, including property, plant and equipment, should be estimated whenever there is an indication that the asset may be impaired. It further requires that the recoverable amount to be measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. Value in use is the undiscounted value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

The Company has no reason to believe that an indication of impairment exists with respect to the carrying value of its long-lived assets as of March 31, 2004 and 2003.

Earnings per share

The Company has adopted SFAS No.128 relating to Earnings Per Share. In accordance with the SFAS No.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

128, the Earnings Per Share has been determined using the weighted average common stock outstanding on the balance sheet date. The diluted earnings per share have been computed using the weighted average common stock outstanding and potential dilutive common equivalent shares outstanding, if any.

Income taxes

Income Taxes are accounted for using the asset and liability method. Deferred Tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

Retirement benefits to employees

(a) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined retirement benefits plan (the "Gratuity Plan") covering substantially all the existing employees. The plan provides to vested employees a lump sum amount based on the respective employee's salary and the number of years of employment with the Company at the time of retirement or termination of employment. The Company determines its liability towards gratuity cost based on an actuarial valuation.

Further the Company has set-up a separate trust to administer the "gratuity plan". The Company has subscribed to the "Group Gratuity Policy" from the Life Insurance Corporation of India (LIC). The Company contributes to a gratuity fund maintained by the Life Insurance Corporation of India ("LIC") on a yearly basis.

The LIC undertakes the liability to pay gratuity to the respective employees on their retirement. However, the Company will continue to be liable for payment of any shortfall in the fund maintained by the LIC. In the event of death of any employee during the course of employment, the LIC undertakes the liability to pay gratuity for the period of service and remaining estimated services of the particular employee.

The gratuity plan has been accounted for in compliance with the provisions of "SFAS No - 87 Employers' Accounting for Pension".

(b) Defined contribution plans

In accordance with Indian law, all employees of Suven are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and Suven contribute monthly at a determined rate (currently 12 per cent of the employees' base salary). These contributions are made to the Government Provident Fund. The Company has no further obligation under the Provident Fund Plan, beyond its contributions. Contributions are charged to operations in the year in which they accrue. The Company has deposited Rs. 2,173,855; Rs. 1,361,755, and Rs. 637,722 towards Provident Fund Plan for the year ended March 31, 2004; 2003 and 2002 respectively.

(c) Liabilities towards compensated absences

The Company provides for the liability towards compensated absences on the basis of compensated absences outstanding at the year-end.

(d) Employee state insurance fund

The Company contributes a specified percentage of employee's salary to the Employees state Insurance Fund administered by the Government of Andhra Pradesh.

Foreign currency transactions

The functional currency of the Company excluding Suven Life Sciences USA LLC is INR (Indian Rupees). The transactions designated in foreign currencies are converted into INR using the rate of exchange prevailing on the date of transactions. The gains or losses arising on settlement of transactions designated in foreign currency and also due to conversion of foreign currency designated accounts on the balance sheet date are accounted for as other income, in the statements of Income.

Advertisement cost

Advertisement expenses are expensed as incurred.

Start-up cost

The Company has adopted Statement of Position (SOP) 98-5 for purposes of accounting of cost incurred during the start-up period. Start-up activities are broadly covers those one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer. The Cost incurred on such activities is expensed in the year of expense.

Financial instruments and concentration of credit risk

(a) Financial instruments: For certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities, recorded amounts approximate fair value due to the relatively short maturity periods.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interest bearing long-term loans is repayable over fixed periods ranging from 3 to 5 years. The interest rates on such long-term loans closely approximate the market rates. Hence, the fair value of the long-term loans closely approximate their carrying value in the consolidated financial statements of Rs. 132,540,070 and Rs. Nil at March 31, 2004 and 2003 respectively.

- (b) Concentration of credit risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables, receivables from related parties and time deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.
- (c) Significant customers: During the year ended March 31, 2004 four customers have contributed 25%, 15%, 13% and 10% of the total revenues respectively, during the year ended March 31, 2003 two customers have contributed 31% and 11% of the total revenues respectively and during the year ended March 31, 2002 three customers have contributed 26%, 15.2% and 12.2% of the total revenues and of the total revenues respectively. Sales to the significant customers represents sale of "Intermediates under Contract Research".

Reclassification

Certain reclassifications have been made to conform prior period data to the current presentation. These reclassifications had no effect on the reported earnings.

New accounting pronouncements

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability or an asset in some circumstances. Generally, this Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This Statement did not have any impact on the accompanying financial statements.

In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," an amendment of FASB Statements 87, 88 and 106. This Statement revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement and recognition of those plans required by FASB Statements 87, 88 and 106. This Statement retains the disclosure requirements contained in the original Statement 132. It requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit plans and other defined

benefit postretirement plans. This Statement is effective for financial statements with fiscal years ending after December 15, 2003, except for the disclosure of estimated future benefit payments and information about foreign plans, which is effective for fiscal years ending after June 15, 2004.

(3) Acquisition of Business

- (a) On December 4, 2003 the Company acquired the 50.69% stake in Suven Synthesis, a common control entity. Suven Synthesis is under development stage and is in the process of setting up production facilities for manufacturing of Bulk Drugs.

The synergy achieved on acquisition will result in business carried out more economically and efficiently and increased value to stake holders. The acquisition will further enable the companies to pool their financial, managerial and technical resources in order to meet the challenges of the new liberalised policies of the Government. In particular, it will help in expeditious and economical implementation of the modernization and expansion projects of the acquired company as the magnitude of the investments contemplated will be better met by combination of these entities.

By virtue of the said acquisition Suven Synthesis became the wholly owned subsidiary of the Company. The acquisition has been accounted using the pooling of interests method and accordingly the assets and liabilities of Suven Synthesis have been accounted at their respective carrying value as given below:

	Amount
Purchase consideration	198,884,642
Recorded values of assets and liabilities of Suven Synthesis	
Property, plant and equipment	174,058,724
Net current assets	(4,890,965)
Deferred taxes	10,660,931
Retained deficit	19,055,952
Total	198,884,642

Upto December 4, 2004 the Company has accounted its investments in Suven Synthesis using equity method of Accounting as prescribed under Accounting Principles Board Opinions 18 "The Equity Method of Accounting for Investments in Common Stocks".

- (b) Assets Purchased
In June 2003, the Company acquired certain operating assets of Synthon Chiragenics Corporation, a research and development company



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

specializing in carbohydrates based Chiral Technology for pharmaceuticals, for Rs 8,664,000 (US \$200,000), and was recorded under the purchase method of accounting, with the purchase price being allocated to assets acquired based on their fair value. The purchase enhances the Company's attempt to emerge as a leading full spectrum provider of drug discovery related services.

(4) Cash and Cash equivalents

Cash and cash equivalents consist of cash balance on hand, with banks and fixed deposits that are readily convertible into cash.

	March 31,	
	2004	2003
Cash in hand	206,215	206,892
Cash with Banks	13,549,268	109,934
Short-term fixed deposits with banks	101,000,000	1,000,000
	114,755,483	1,316,826

(6) Marketable securities

Marketable securities primarily comprises of investments in equity securities and investments in mutual funds classified as available-for-sale securities. The detailed analysis of investments in available for sale securities is given hereunder:

Investments	March 31, 2004			March 31, 2003		
	Carrying value	Unrealized holding loss	Fair value	Carrying Value	Unrealized holding loss	Fair value
Equity shares	15,063,500	(1,630,282)	16,693,782	1,600	--	1,600
Units of Mutual funds	137,396,301	(32,518)	137,428,819	12,958,608	368,026	12,590,582
	152,459,801	(1,662,200)	154,122,601	12,960,208	368,026	12,592,182

(7) Receivables from employees

Receivable from employees represent interest free loans given to employees towards purchase of vehicles, house and other advances. These loans are repayable over a period not exceeding 36 months. As of March 31, 2004 and 2003 receivables from employees are disclosed as a part of current and non-current assets in the accompanying balance sheets.

The repayment schedule of such loans is as mentioned below:

	March 31,	
	2004	2003
2004	--	362,392
2005	384,157	174,131
2006	72,959	50,669
2007	38,749	--
	495,865	587,192

The estimated fair values of the receivables from the employees on the balance sheet date amounts to Rs 469,785 and Rs 542,451 as of March 31, 2004 and 2003 respectively. The fair values of the above receivables have been determined based on certain valuation methodologies and accordingly these are not necessarily indicative of the amount that the Company could realize in the market.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(8) Inventories

Inventories consists of the following:

	March 31,	
	2004	2003
Raw materials	26,412,065	25,618,878
Stocks- in- process	48,236,895	30,055,449
Finished goods	58,306,866	64,777,830
Stores and spares	2,895,688	2,819,179
	135,851,514	123,271,336

(9) Pre-paid expenses consists of the following:

	March 31,	
	2004	2003
Maintenance expenses	450,640	--
Insurance	2,038,764	1,083,637
Subscription	10,000	86,250
	2,499,404	1,169,887

(12) Property, plant & equipment

	March 31, 2004			March 31, 2003		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	20,074,691	--	20,074,691	16,739,263	-	16,739,263
Buildings	85,149,803	4,775,893	80,373,910	38,636,738	3,588,630	35,048,108
Plant and Machinery	452,139,946	176,837,315	275,302,631	297,130,325	143,921,496	153,208,829
Lab equipments	161,800,588	16,060,869	145,739,719	89,217,717	5,540,309	83,677,408
Office equipment	4,224,742	995,919	3,228,823	2,778,363	655,598	2,122,765
Furniture and Fixtures	8,457,441	3,786,580	4,670,861	6,603,475	2,393,005	4,210,470
Vehicles	7,424,399	3,463,880	3,960,519	5,944,360	2,623,857	3,320,503
Computers and Data processing equipments	7,409,259	4,223,596	3,185,663	6,219,810	2,639,611	3,580,199
Constructions in progress	11,670,132	--	11,670,132	863,275	-	863,275
	758,351,001	210,144,052	548,206,949	464,133,326	161,362,506	302,770,820

(13) Other non current assets

Other non current assets of Rs 7,830,349 and Rs 5,323,909 on March 31, 2004, 2003 respectively, mainly comprises of deposits towards rent, insurance, telephone and deposits with the State Electricity Board.

(10) Other current assets consists of the following:

	March 31,	
	2004	2003
Interest receivable	820,068	709,314
Excise duty receivables	8,505,017	8,856,189
Receivables on sale of securities	--	7,571,766
Investment application money receivable	8,273,250	--
Advances to suppliers	2,689,826	2,144,950
Advances for expenses	179,773	16,035
Other Advances	1,020,145	76,320
	21,488,079	19,374,574

(11) Income tax receivables

Tax receivable of Rs. 1,404,716 and Rs 2,605,917 as of March 31, 2004 and 2003 respectively; represent income tax paid and tax deducted by others on behalf of the Company in excess of the Company's tax liabilities for the said periods.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(14) Income taxes

(a) Current tax expenses

Current taxes represent the amounts payable to income tax authorities based on the taxable income for the year

(b) Deferred taxes

The deferred income tax represents future tax expenses or benefits, expected out of non-deductible or deductible temporary differences. The deferred income tax liability/asset has been determined by applying the income tax rate of 35.875%, and 36.75% and 35.7% for March 31, 2004, 2003 and 2002 respectively, as per the enacted, income tax laws of these years.

Domestic Taxes	Year Ended March 31,		
	2004	2003	2002
Current taxes payable	6,140,660	9,330,107	11,999,689
Deferred tax expense/(benefits)	11,866,345	10,239,347	(1,230,869)
Total	18,007,005	19,569,454	10,768,820

(c) A reconciliation between the provision for income taxes to the amount computed by applying the statutory income tax rate to income before provision for income tax is as given below:

	Year Ended March 31,		
	2004	2003	2002
Income before taxes	64,272,989	79,360,821	81,083,755
Income tax rates as per tax laws in India	35.875	36.75	35.70
Income tax	23,057,935	29,165,102	28,946,901
Adjustments			
Tax benefits on non taxable income	--	--	(9,232,627)
Non deductible expenses, net	213,371	265,989	63,405
Research and Development expenses	(17,499,670)	(17,427,208)	(4,680,486)
Non taxable income	(669,462)	(2,342,204)	(3,752,953)
Taxes of earlier years	--	1,630,107	1,549,139
Tax payable under Minimum Alternative tax Scheme	6,119,000	7,700,000	--
(Decrease)/Increase in tax due to change in tax rates	(711,431)	577,668	(2,031,755)
Others	(178,629)	--	(92, 804)
Valuation allowances	7,675,890	--	--
	18,007,005	19,569,454	10,768,820



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(15) Deferred tax assets/liabilities

	As at March 31,	
	2004	2003
Deferred taxes - Assets		
(a) Current		
Leave Encashment	266,589	229,830
Bonus	--	133,699
Inventory	1,858,228	3,407,716
Unabsorbed depreciation	20,352,399	15,846,618
Operational loss of foreign subsidiary	7,622,354	--
Others	253,825	--
	30,353,395	19,617,863
Less: Valuation Allowance	(7,675,890)	--
Total deferred tax - Current assets	22,677,505	19,617,863
(b) Tax (liability)/benefit on unrealized holding losses	(596,529)	135,397
(c) Non Current Gratuity	352,527	184,360
Total Deferred tax Assets	22,433,503	19,937,620
Deferred taxes - Liabilities		
(d) Property, plant and equipments	51,746,823	48,855,521
Total deferred tax - Non Current	51,746,823	48,855,521
Net deferred tax liabilities	29,313,320	28,917,901

The Company is entitled for tax benefits on certain expenses, such as expenses incurred during the initial public offer etc. The tax benefit on such expenses of Rs. 60,856, Rs. 103,773 and Rs. 10,816 for the year ended March 31, 2004, 2003 and 2002 respectively, adjusted against the Additional paid-in-capital.

(16) Borrowings

(a) Long term borrowings comprises of:

	March 31,	
	2004	2003
Long Term loan from SBI	132,540,070	--
Current portion of long term borrowings	42,226,080	--
Long term borrowings excluding current portion payable	90,313,990	--

The long term loan is fully secured by first charge created on the present and future immovable properties.

An interest rate profile of long-term debt is given below:

	Year ended March 31,	
	2004	2003
Foreign currency long term loan	2.5% + Six months London Inter Bank Offered Rate	--

A maturity profile of other long-term debt outstanding is as follows:

Long-term loan maturing in March 31,

	Amount
2005	42,226,080
2006	42,443,830
2007	23,935,080
2008	23,935,080
	132,540,070

(b) Short-term borrowings comprise of the following working capital loans obtained from the State Bank of India.

	As at March 31,	
	2004	2003
Export packing credit	42,642,410	--
Cash credits	9,742,999	14,728,314
Bills Discounting	19,833,728	60,368,340
	72,219,137	75,096,654



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Working capital loans includes "Cash credit facilities" obtained from the State Bank of India. Working capital loans are secured primarily by hypothecation of inventories and accounts receivables and by second charge on the movable and immovable properties of the Company. Working capital loans are further secured by personal guarantees of the Managing Director and the Whole-time-director of the Company. The weighted average interest rate on short-term borrowings for the year ended March 31, 2004 is 8.09% (previous year 9.38% per annum).

As of March 31, 2004 the Company has fund based unused lines of credits of Rs 23,862 (previous year - Rs 2,131,660), which relates to export packing credits and bills discounting facilities and Rs 7,757,001 (previous year- Rs 2,771,686), which relates to cash credit. As of March 31, 2004 the Company also has non-fund based unused lines of credit for Rs 24,782,927 (previous year- Rs 36,019,660) towards letters of credits and Rs 921,086 (previous year - 2,362,500) for bank guarantees.

(17) Capital lease obligation

The Company has acquired vehicles on capital leases. Depreciation on the lease assets is included in the total depreciation expenses. The gross value at which these assets are capitalized, accumulated depreciation thereon and other related information is as follows.

	As at March 31,	
	2004	2003
Vehicles - Gross block	1,470,026	--
Accumulated depreciation thereon	140,800	--
Future minimum lease rents payable for year ended March 31		
2005	431,628	--
2006	431,628	--
2007	215,814	--
	1,079,070	--
Less: Interest included in the above	66,795	--
Present value of capital lease obligation	1,012,275	--
Less: Current installment of capital lease obligations	389,803	--
Capital lease obligations, excluding current installments	622,472	--

(18) Accounts payable comprises of the following:

	March 31,	
	2004	2003
Trade payables	35,878,662	59,881,206
Payable for capital goods	17,336,746	13,237,424
Payable for expenses	9,741,488	11,087,955
	62,956,896	84,206,585

(19) Accrued payroll

Accrued payroll of Rs 6,107,084 and Rs 3,692,169 represents amount payable to employees towards salaries, bonus and other benefits payables as of March 31, 2004 and 2003.

(20) Other current liabilities comprises of the following:

	March 31,	
	2004	2003
Statutory payables	1,459,262	1,309,345
Unclaimed dividends	627,263	559,152
Other miscellaneous liabilities	43,320	--
	2,129,845	1,868,497

(21) Other non-current liabilities comprises of the following

	March 31,	
	2004	2003
Provision for compensated absences	743,104	625,387
Gratuity	1,454,875	501,659
	2,197,979	1,127,046

(22) Interest earned

Interest income of Rs 1,741,612, Rs 3,770,345 and Rs 8,233,927 for the years ended March 31, 2004, 2003 and 2002 respectively represent the interest received on short term fixed deposits with banks and interest accrued on investments in deep discount bonds.

(23) Interest expenses

Interest expenses consist of interest paid to financial institutions and to bank for long-term and short-term borrowings. During the years ended March 31, 2004, 2003 and 2002, the Company has incurred and charged to expenses entire amount of interest of Rs 4,700,385, Rs 1,616,492 and Rs 3,490,956 respectively.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(24) Other income comprises of the following

	Year Ended March 31,		
	2004	2003	2001
Exchange fluctuations	6,593,440	2,079,904	2,311,999
Dividend income from mutual funds	1,626,157	5,676,653	3,213,386
Provision for customs duty written-back.	--	5,536,114	7,316,176
Conversion charges	2,398,925	--	--
Cash Discounts	--	--	74,609
Bad debts recovered	279,529	--	--
Sale of Import licenses	11,119,450	1,827,459	--
Profit on sale of property, plant and equipment	120,955	31,166	--
Gain on sale of investments	--	837,231	--
Other miscellaneous income	49,752	16, 565	558,762
Scrap Sales	371,787	12,225	--
	22,559,994	16,017,317	13,474,932

(25) Retirement benefits plans

The Company has adopted the provisions of "SFAS-87 Employers-Accounting for Pension" for the period commencing from April 1, 1999 onwards. The following table shows the (a) reconciliation between the projected benefit obligation at the beginning and at the end of the year; (b) Fair value of plan assets; (c) Funded status of plan assets; (d) Net pension cost recognized in the income statements and (e) Assumptions made in computation of pension cost liabilities.

	As at March 31	
	2004	2003
PROJECTED BENEFIT OBLIGATIONS (PBO)		
PBO at the beginning of the year	1,548,373	870,613
Service Cost	865,120	432,663
Interest Cost	123,870	78,355
Actuarial loss	485,296	178,096
Benefits paid	(219,001)	(11,354)
PBO at the end of the year	2,803,658	1,548,373

	As at March 31	
	2004	2003
FAIR VALUE OF PLAN ASSETS		
Fair value of plan assets at the beginning of the year	870,669	585,844
Actual return on plan assets	67,032	48,439
Contribution to plan asset by employer	251,041	236,386
Contribution by employer for payments of benefits to employees	219,001	11,354
Benefits paid	(219,001)	(11,354)
Fair value of plan assets at the end of the year	1,188,742	870,669
FUNDED STATUS OF PLAN		
Unrecognized transition obligation	160,041	176,045
Accrued Gratuity	(1,454,875)	(501,659)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended March 31,		
	2004	2003	2002
Net Pension Cost			
Service Cost	865,120	432,663	186,815
Interest Cost	123,870	78,355	54,465
Actual return on plant assets	(67,032)	(48,439)	(24,782)
Amortization of unrecognized transition obligation	16,004	16,004	16,004
Recognized losses	485,296	178,096	105,053
Net gratuity cost for the year	1,423,258	656,679	337,555
Principal actuarial assumptions:			
Discount rate (P.A.)	8.00%	9.00%	10.00%
Rate of Compensation increase (P.A.)	10.00%	10.00%	10.00%
Expected long term return on plan assets	8.00%	9.00%	10.00%

Note:

Actuarial loss of Rs 485,296 (Previous year - Rs 178,096) as accounted during the year ended March 31, 2004 comprises of:

- (i) Loss on account of benefits paid to employees on retirement - Rs. 179,964/- (Previous year - Rs 2,119) and
- (ii) Loss on account of change in the discount rate from 9% p.a (Previous year - 10% p.a) to 8% p.a (Previous year - 9% p.a) - Rs.305, 332 (Previous year - Rs.175, 977)

(26) Segment information

(a) Operating Segments

The Company has adopted Statement of Financial Accounting Standards No 131, " Disclosure about Segments of an Enterprise and Related Information" (SFAS No. 131). This statement establishes standards for the reporting of financial information about operating segments. Operating segments are defined as those individual operations that the Chief Operating Decision Makers (CODM) reviews for the purpose of assessing financial performance, allocating resources and for making operating decisions.

Segment Information: The operation of the Company is carried from its manufacturing units situated in Andhra Pradesh, India. The operations of the Company are regularly reviewed by the Managing Director, (CODM). The operating segments have been identified based on the nature of products and services and type(s) of customers for the products and services.

The Company has identified the following as its reportable segments: (a) Intermediates under Contract Services (b) Bulk actives and (c) Other intermediates, fine chemicals and other products.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The CODM reviews the information relating to revenues of each of the reportable segments only. Revenues from each of the above segments and the related cost of goods sold for the years ended March 31, 2004, 2003 and 2002 are as given under:

YEAR ENDED MARCH 31, 2004

	Intermediates under Contract Research	Bulk actives	Other inter- mediates, fine chemicals and other products	R&D	TOTAL
Revenues from external customers	334,074,901	109,500,011	80,958,140	356,500	524,888,552
Gross Profit	199,512,987	33,444,709	28,754,506	(55,884,544)	205,827,659

YEAR ENDED MARCH 31, 2003

	Intermediates under Contract Research	Bulk actives	Other inter- mediates, fine chemicals and other products	R&D	TOTAL
Revenues from external customers	279,786,155	90,848,027	75,762,638	--	446,396,820
Gross profit	136,442,144	19,683,317	31,432,972	(34,768,923)	152,789,510

YEAR ENDED MARCH 31, 2002

	Intermediates under Contract Research	Bulk actives	Other inter- mediates, fine chemicals and other products	R&D	TOTAL
Revenues from external customers	212,046,040	95,191,380	72,160,322	--	379,397,742
Gross profit	99,092,711	18,027,987	15,165,447	(9,648,441)	122,637,704

Reconciliation of segment profits to income from continuing operations before income taxes, interest, other income and other expenses:

	Year Ended March 31,		
	2004	2003	2002
Segment Gross Profits	152,789,510	187,558,433	132,286,145
Selling, general and administrative expenses	120,380,003	60,463,436	30,806,401
Depreciation	40,775,889	31,120,854	28,965,451
Income from continuing operations before taxes	44,671,768	61,205,134	62,865,852

SFAS 131 also requires that an enterprise report total assets for each of the reportable segment. The assets of the Company's business are not identifiable to any particular reportable segment and can be used interchangeably among segments and hence the management feels that the required information cannot be provided.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Geographical information

SFAS 131 also requires the disclosure of certain financial information pertaining to geographic areas. Information about the Company's revenues by geographic area is as follows:

	Year Ended March 31					
	2004	%	2003	%	2002	%
U.S.A	81,074,514	15.45	38,363,473	8.59	92,746,626	24.45
EUROPE	122,330,270	23.30	78,555,679	17.60	87,047,082	22.94
INDIA	161,091,554	30.69	139,896,750	31.34	146,186,012	38.53
REST OF THE WORLD	160,392,214	30.56	189,580,918	42.47	53,418,022	14.08
	524,888,552	100	446,396,820	100.00	379,397,742	100.00

(27) Related Party transactions

During the year ended March 31, 2004, 2003 and 2002 the Company has entered into various commercial transactions in the normal course of the business with the following related parties:

Name of the related party	Nature of relationship
Nile limited	Dr. M. R. Naidu, a director of the Company is also the director of Nile Limited.
Borregaard Industries Limited, Norway	Borregaard Industries Limited, Norway is the group company of Borregaard Synthesis Inc., USA.
Borregaard Synthesis Inc., USA	One of the Company's directors (Mr. Michael O'Shea) is a Vice-President of Borregaard Synthesis Inc., USA.
Borregaard Italia S.P.A.	Borregaard Italia S.P.A. is a wholly owned subsidiary of Borregaard Industries Limited, Norway.

The summary of receivables and payables as at March 31, 2004 and 2003 with the above stated related parties are as mentioned below:

	March 31,	
	2004	2003
(a) Receivables from related parties		
(i) Trade receivables	26,522,060	29,245,482

Analysis of transactions with related parties is as follows:

	Year Ended March 31,		
	2004	2003	2002
Sales	133,788,377	59,884,517	339,596,164
Purchases	--	5,908,725	18,128,718
Purchase of Capital goods	577,262	4,942,500	433,932



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(28) Commitments and Contingencies

(a) Commitments

(i) Capital commitments:

The Company has commitments with various vendors towards purchase of capital assets. As of March 31, 2004 and 2003, the estimated amount of contracts remaining to be executed was Rs 175,365 and Rs. 92,000 respectively

(ii) Future minimum operating lease rents payable:

The Company's future liabilities towards minimum operating lease rents are as under:

Year ended March 31	Amount
2005	7,576,253
2006	2,664,377
2007	1,219,389
2008	206,358
	11,666,377

(b) Contingencies

The Company is obligated to Income Tax authority and various banks towards bank guarantees and letter of credit amounting to Rs 31,818,568 and Rs 19,140,421 as of March 31, 2004 and 2003 respectively.

(29) Operating Leases

The Company has acquired certain renewable operating leases for office premises at Hyderabad. The operating lease is cancelable at either party's option with a maximum of 90 days notice. Also the Company is committed to a non-cancelable operating lease for office space at New Jersey. The Company has paid Rs. 6,422,212, and Rs. 1,607,200 and Rs. 795,300 as operating lease rents for the year ended March 31, 2004, 2003 and 2002 respectively.

(30) Stockholders Equity

- (a) Common Stock: The Company's common stock consists of only one class of shares i.e. "Equity Shares". Presently the Company has 50,000,000 Authorized Equity Shares of Rs 2 each. The outstanding shares of the Company consist of 25,000,000 (Previous year - 22,000,000 Equity Shares of Rs 2 each) equity shares.
- (b) Voting: Holder of common stock shall have one vote in respect of each share, being held by him or her in the records of the Company for all matters submitted to a vote.
- (c) During the year the board of directors authorized a five-for-one stock split of the company's equity shares whereby each issued and outstanding equity share, par value Rs.10, was split into five equity shares, par value Rs.2 each. All references in the financial statement to number of shares and per share amounts have been retroactively restated to reflect the stock split.
- (d) Dividends: Should the Company declare any dividends on its common stock outstanding, such dividends will be paid in Indian Rupees on pro-rata basis. The Dividends will be declared only out of the distributable profits after transfer of up to 10% of net income to the general reserves as per the provisions of section 205 of the Companies Act, 1956 and subject to Companies (Transfer of Profits to Reserves) Rules 1975. The Company has paid dividends to its common stockholders at Rs. 0.90 per share, Rs 0.80 per share and Rs 0.60 for the year ended March 31, 2004, 2003 and 2002 respectively.
- (e) Accumulated and other comprehensive income: Accumulated and other comprehensive income represents the unrealized holding loss, net of tax, on available for sale securities and currency translation adjustment



RECONCILIATION STATEMENT

RECONCILIATION OF CONSOLIDATED NET INCOME AS PER US GAAP TO CONSOLIDATED NET PROFIT UNDER INDIAN GAAP

(Expressed in Indian Rupees)

	Year Ended March 31,		
	2004	2003	2002
Consolidated Net Income as per USGAAP	41,665,984	52,469,397	70,314,935
Adjustments			
Profit element in sales reversed	5,908,174	9,272,696	10,674,107
Increase in Foreign exchange gain due to reversal of Sales	(728,445)	—	—
Profit element in sales reversed earlier, now recognised excluding the forex loss	(9,272,696)	(10,674,107)	—
Public issue expenses	(4,455,750)	—	—
Start-up expenses	7,072,438	—	—
Income taxes	(12,657,119)	(20,872,021)	(15,862,450)
Lease rentals	—	—	(13,962)
Depreciation on capital leases	—	—	116,175
Interest on capital lease obligations	—	—	1,967
Provision for gratuity	953,216	660,956	258,285
Leave encashment routed separately for US GAAP through provision	(129,370)	(100,930)	—
Provision for leave encashment	247,088	422,457	89,776
Depreciation	22,444,150	17,927,830	16,503,886
Profit on sale of assets	(203,934)	(126,749)	—
Foreign exchange fluctuation capitalised	4,534,843	—	—
Equity in losses of equity affiliates	4,600,000	7,321,970	—
Net Profit as per Indian GAAP	52,906,141	56,301,499	82,082,719



ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

1. Name of the first/sole shareholder : _____
2. Folio No./Client ID No. : _____
3. Particulars of Bank account of first/sole shareholder : _____
 - a) Name of the Bank: _____
 - b) Branch, Address, Telephone No. of the Branch : _____
 - c) 9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank :

--	--	--	--	--	--	--	--	--
 - d) Account Number: (as appearing on the cheque book/passbook) : _____
 - e) Account type (S.B. account/current account or cash credit) with code 10/11/13 : _____
 - f) Ledger No./Ledger folio no. (If appearing on the cheque book/pass book) : _____

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque, or photocopy of a cheque or the front page of the savings bank passbook issued by your bank, for verification of the above particulars).

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold Suven Life Sciences Ltd. responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

Place:

Date:

Signature of the Shareholder

Certified that the particulars furnished above are correct as per our records

Banks Stamp

Date:

Signature of Authorized Official of the Bank

Note:

1. Please fill in the attached Mandate Form and send it to:
 - i) The Depository Participant who is maintaining your Demat account in case your shares are held in electronic form.
 - ii) The Address of our Registrar & Transfer Agent, Karvy Computershare Pvt. Ltd., (unit: Suven Life Sciences Ltd.), "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 in case your shares are held in physical form.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings bank pass book issued to you by your bank, for verification of the above particulars.
3. In case of more than one folio please complete details on separate sheets
4. The information provided by you will be treated confidential and would be utilized only for the purpose of effecting the payments meant for you. You also have the right to withdraw from this mode of payment by providing the company with an advance notice of 3 weeks.



SUVEN LIFE SCIENCES LIMITED

SDE Serene Chambers, Road No.7, Banjara Hills, Hyderabad - 500 034.

ATTENDANCE SLIP

No. of Shares _____

Folio No. _____

DP ID No. _____

Client ID No. _____

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I / We hereby record my / our presence at the Fifteenth Annual General Meeting to be held on Friday the 17th day of September, 2004 at 3.00 p.m. at Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016.

NAME/S OF THE SHAREHOLDER/S OR PROXY

SIGNATURE OF THE SHARE HOLDER/S OR PROXY

_____	_____
_____	_____
_____	_____



SUVEN LIFE SCIENCES LIMITED

SDE Serene Chambers, Road No.7, Banjara Hills, Hyderabad - 500 034.

PROXY

I/ We _____ of _____
in the district of _____ being a Member / Members of
SUVEN LIFE SCIENCES LIMITED hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
in the district of _____ as my / our Proxy to attend and vote for me / us and on my / our
behalf at the Fifteenth Annual General Meeting to be held on Friday the 17th day of September, 2004 at 3.00 p.m. at Hotel Green Park,
Greenlands, Begumpet, Hyderabad - 500 016, and at any adjournment thereof

Signature _____

Affix
Rs.1.00
Revenue
Stamp

Signed this _____ day of _____ 2004.

PROXY NO. _____

REGD. FOLIO NO. _____

NO. OF SHARES _____

Note: This form duly completed and signed as per specimen registered with the Company should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.