



FREDUN PHARMACEUTICALS LIMITED

**25TH ANNUAL REPORT
2011-2012**

FREDUN PHARMACEUTICALS LIMITED

1. BOARD OF DIRECTORS

Dr . (Mrs) Daulat N.Medhora
Chairperson cum joint
Managing Director

Mr. Nariman B. Medhora
Managing Director

Mr. Fredun N. Medhora
Dr. C.K. Shah

Dr. Aspi N. Raimalwala

Mr. P.R. Ramaswamy (Upto 03rd October, 2011)
2. AUDITORS

V. D. Khandekar and Co.
Chartered Accountants
101. Bhagirathi Niwas,
Bhawani Shankar Road,
Dadar (W), Mumbai-400028
3. BANKERS

The Shamrao Vithal Co-op Bank Ltd.
4. FACTORY

14, 15, 16, Zorabian Industrial Complex,
Veoor, Palghar (East) -401404
District- Thane.
5. REGISTRAR & TRANSFER
AGENTS & CUSTODIAN
OF SHARES

Purva Sharegistry (India) Pvt. Ltd.
Unit No. 9
Shiv Shakti Ind. Estate
J. R. Boricha Marg,
Opp. Kasturba Hospital Lane,
Lower Parel (E), Mumbai - 400011
6. REGISTERED OFFICE

26, Manoj Industrial Premises
G.D. Ambekar Marg .Wadala
Mumbai - 400 031.

FREDUN PHARMACEUTICALS LIMITED

Registered Office: 26, Manoj Industrial Premises, G.D. Ambekar Marg,
Wadala, Mumbai - 400 031.

NOTICE

Notice is hereby given that the **25th Annual General Meeting** of the members of FREDUN PHARMACEUTICALS LIMITED will be held on Friday, the 21st December, 2012 at 11.00 a.m. at Mumbai Marathi Granthasangrahalay, 172 Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai-400 014 to transact the following business:

ORDINARY BUSINESS :

1. To consider, approve and adopt the audited accounts, the Balance Sheet for 31st March 2012 and Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Aspi N. Raimalwala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board
For Fredun Pharmaceuticals Limited

Nariman Medhora
Managing Director

Place : Mumbai
Date : 26th September 2012

Registered Office:
26, Manoj Industrial Premises, G.D. Ambekar Marg,
Wadala, Mumbai - 400 031.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY, A PROXY FORM TO BE EFFECTIVE MUST BE LODGED WITH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18th December, 2012 to 21st December, 2012 both days inclusive for the purpose of the Annual General Meeting.
4. Members seeking any information with regard to accounts are requested to write to the Company early so as to enable the Management to keep the information ready.

REPORT OF THE BOARD OF DIRECTORS

To,
The Members
Fredun Pharmaceuticals Limited

Your Directors present the Annual Report together with the audited accounts of the Company for the financial year ended March 31, 2012

1. FINANCIAL RESULTS:

	Financial Year	
	2011-12 (Rs.In Lacs)	2010-2011 (Rs.In Lacs)
Sales Income from operations & other income net of excise	1239.77	822.96
Profit & loss before Int. & Depreciation	101.93	101.72
Less: Int. & Financial expenses	85.48	63.92
Less: Depreciation	35.43	31.69
Profits / (loss) before Extra Ordinary Items & Tax	(18.98)	6.11
Less/Add : prior period adjustments	(4.93)	(0.14)
Profit/(Loss) before tax Provision	(23.91)	5.97
Current Tax	--	3.76
Deferred Tax	--	--
Profit/Loss before tax	(23.91)	2.20

- 2) **DIVIDEND:-** Your Directors do not recommend payment of any dividend for the year.
- 3) **OPERATIONS:-** During the year under review your Company has achieved a turnover with other income of 12,39,76,569/- as compared to Rs. 8,22,96,288/- in the previous year, Despite the increase in the turnover, the company suffered the net loss of Rs. 18,98,221/- compared to the net profit of Rs. 6,11,178/- The profitability of the Company has been affected by the high finance cost of the secured borrowings & inflammatory trend in salaries & wages which has resulted in higher employee costs as compared to the previous year.

During the year your Company has extended its customer base in Africa & South East Asia & CIS countries by launching new products range & registering over 100 products.

Your Directors are confident of getting the returns in the current year although there are huge challenges for the Small Scale Pharma Industry in view of the International WHO requirements & huge cost of registering the products in different countries. Your Company has gone for expansion in the Palghar Manufacturing Unit. A second granulation dept is now functional & will generate extra income for the Company. In addition to this the 120 kg capacity Fluid Bed Dryer installed in the first granulation department is being replaced by acGMP complaint 240 kg capacity Fluid Bed Dryer. This will help increase the production of granules & subsequently the production of tablets. To balance the packaging of the increased number of tablets two Al/PVC blister pack machines are also installed. A major investment is also planned by your Company to pack Al-Al blisters for high-value products. This machine is expected by Oct 2012. This will give a great boost to the sales of the Company in terms of value addition.

- 3) **BUSINESS OUTLOOK :-** The current market scenario is very challenging specially for the MSME pharrna units . The cost of raw materials- packing materials- higher interest rates- higher power tariff in addition to the intermittent failure of electric supply have affected the financial performance of your Company. However your Company's endeavour is to increase the production- expand the customer base- reduce the product manufacturing costs & improve the packaging as per the International requirements. Your Company is prepared to face the challenges of the future with an optimistic outlook.

4) **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act 1956 with respect to the Director's Responsibility statement it is hereby confirmed.,

- i. That in the preparation of the annual accounts for the financial year ended March 31 2012 the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- ii. That the Directors have selected such accounting policies & applied them consistently and made judgements & estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year & of the cash profit of the Company for that year under review;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assests of the Company for preventing and detecting fraud and other irregularities

- iv. That the Directors have prepared the accounts for the financial year ending March 31 2012 on going concern basis

5) INSURANCE

All assets of your Company including the office at Wadala..factory unit at Palghar machineries, fixtures, stocks, raw materials, packing materials, work-in progress, finished goods etc, have been adequately insured.

6) ENVIRONMENT PROTECTION

The Company has been complying ,with the requirements of the Pollution Control Regulations in the State of Maharashtra.

7) CORPORATE GOVERNANCE

The Company emphasizes on a fair transparent and ethical governance practices . The Company has adopted a code of conduct for all the employees upholding the core values of excellence, integrity, responsibility and unity. The Company undertakes to behave with responsibility towards its share holders ,business partners ,employees, society and the environment.

Any customer feedback or complaints are properly recorded monitored and resolved within a specified time.

8) CONSERVATION OF ENERGY

The Company has been striving to reduce dependency on nonrenewable sources of energy and all efforts were made to ensure optimum conservation of energy at the factory by regular maintenance of the plant and machinery In House energy audit being conducted at regular intervals and taking adequate measures to conserve the energy.

9) RESEARCH & DEVELOPMENT

Your Company focuses its attention to the efficient use of latest technology for modifying existing manufacturing processes of the key products which can reduce the cost and improve the yield and reduce the time cycle of production. Several new products have been registered in different countries and their manufacturing processes are developed in R & D lab. This will help increase the exports.

10) TRAINING & HUMAN RESOURCE MANAGEMENT

The aim of your Company is to create greater value for the employees and the business through HR processes. Emphasis was put on recruiting training and deploying the best of human resources. Continuous learning and leadership development. across all levels was encouraged; especially high potential young talent. The Management has improved

upon the HR policies for its employees health and society. The relationship between the Management and employees in pleasant and without any disputes.

11) COMPLIANCE CERTIFICATE UNDER SECTION 383 A OF THE COMPANIES ACT 1956

As per section 383 A(l) of the Companies Act 1956 your Company has obtained a compliance certificate from a practicing Company Secretary which forms part of this report.

12) AUDITORS

The members are requested to appoint the Auditors for the current year and to fix their remuneration. The Company's retiring Auditors MIS V. D. Khandekar and Co. Chartered Accountants retire at the forthcoming Annual General Meeting and are eligible for reappointment.

13) AUDITOR'S OBSERVATIONS

- a. As regards note 8 & 13 of the notes on the accounts, the Board is of the view that, there is no requirement to provide any contingent liabilities and commitments in respect of
 - i Outstanding Bank Guarantees Rs.7144251/- (P.Y. Rs. 4257988/-)
 - ii Excise Demand of Rs. 2,47,984/- (P.Y. Rs. 2,47,984/-).
 - iii. Capital commitments outstanding as on 31/03/2012 Rs 19,58,400/- (P.Y. Rs. NIL)
 - iv. As regards Penal Charges leviable by bank amounting to Rs. 1510000/- so far no demand has been received from our Bankers.
- b. As regards note 10 of the notes on the accounts, considering the requirement for disclosure of amounts due to SSI Units, as per "Micro, Small and Medium Enterprises Development Act, 2006" the Company has already started the process of compiling the list of its sundry creditors who satisfy the criterion.
- c. As regards note 12 of the notes on the accounts, the Board is of the view that, there is no requirement to make any provision in respect of the Cess under The Companies Act 1956.

14) DIRECTORS

As on 31st March 2012, the Board of your Company had Five Directors, comprising three Executive Directors including the Chairperson and Two Independent Directors. It is with profound grief the Board communicates to its members the untimely demise of the Independent Director Mr. P. R. Ramaswamy on 3rd Oct 2011. We convey our heartfelt condolences to his family we pray to the Almighty God to grant eternal peace to the departed soul and to give strength and courage to the bereaved family to bear this irreparable loss.

Dr. Aspi N. Raimalwala a Director of the Company retires by rotation at the ensuing Annual General Meeting and offers himself for re-appointment as per the Articles of Association.

15) FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earned Rs 512.35 Lacs.

Foreign Exchange Outgo Rs 65.74 Lacs.

16) PERSONNEL

The employee relations during the year under review remained cordial. There are no employees who are in receipt of emoluments in excess of the limits prescribed under Section 217 (2A) of the Companies Act 1956 during the year ended 31st March 2012.

17) ACKNOWLEDGEMENTS.

The Company would like to acknowledge all its stakeholders, Shamrao Vitthal Co-Operative Bank Limited and its key partners for their support to the Company.

Your Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment Your Directors also acknowledge the continued guidance received from various Regulatory Authorities including RBI, SEBI, Ministry of Corporate Affairs, The Registrar of Companies, OTCEI , Excise Authorities, Income Tax and Sales Tax Authorities.

By order of the Board

For Fredun Pharmaceuticals Limited

Place : Mumbai

Date: 26th September 2012

Dr. (Mrs.) D. N. Medhora

Chairperson-cum-joint-Managing Director

COMPLIANCE CERTIFICATE

Registration No. : L24239MH1987PLC043662

Nominal Capital : Rs. 3,00,00,000/-

To,
The Members of
Fredun Pharmaceuticals Limited
26, Manoj Industrial Premises, G. D. Ambekar Marg,
Wadala, Mumbai- 400 031.

I/We have examined the registers, records, books and Papers of Fredun Pharmaceuticals Limited (the company) as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2012. (financial year) In my/our opinion and to the best of my/our information and according to the examination carried out by me/us and explanations furnished to me/us by the company, its officers and agents, I/we certify that in respect of the aforesaid financial year :

1. The Company has kept maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. **The Company has duly filed the forms and returns as stated in annexure 'B' to this certificate, with The Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.**
3. The Company being a public Limited company, hence the comments are not required.
4. The Board of Directors duly met Four Times respectively on 31st May 2011, 12th August 2011, 14th November 2011 and 15th February 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. According to the information and explanation given to us, the company has closed its Register of Members from **23rd September 2011 to 29th September 2011** and necessary compliance under Section 154 of the Act has been made during the financial year ended 31st March 2011.

6. According to the information given to us, the Annual general Meeting for the financial year ended on 31st March 2011 was held on **29th September 2011** after giving due notice to the members of the company and the resolution passed there at were duly recorded in Minutes Book maintained for the purpose.
7. According to the information given to us **No** Extra-Ordinary General Meetings was held during the financial year ended 31st March 2012.
8. On the basis of records made available to us, the company has not advanced any loans to its Directors or persons referred to under Section 295 of the Act.
9. According to the information given to us and on the basis of records, the company has entered into contracts falling within the purview of Section 297 of the Act.
10. According to the information given to us and on the basis of records made available to us, the company has made entries in the register maintained under Section 301 of the Act.
11. According to the information given to us and on the basis of records made available to us, there were no instances falling within the purview of section 314 of the Act, hence the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. On the basis of records made available to us, the company has not issued any duplicate share certificates during the financial year.
13. I report that:
 - (i) There was no allotment/transmission of securities during the financial year ended 31st March 2012, however transfer of NIL **Equity shares** has taken place
 - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) The Company was not required to post warrants to any members to of the Company as no dividend was declared during the financial year.
 - (iv) The company did not have (a) any amounts in unpaid dividend account, (b) application money due to refund, (c) matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for

a period of seven years to Investor Education Fund and hence no amounts were required to be transferred to Investor Education and Protection Fund.

- (v) The company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of any Directors, additional Directors, alternate Directors and Directors to fill the casual vacancy during the financial year, however one of the Director of the company expired on 3rd October 2011.
 15. The Company has not appointed the Managing Director,/Whole Time Director/Manager during the financial year, however the terms and conditions of the appointment of the Managing Director and Whole Time Director were revised with effect from 1st April 2011.
 16. According to the information given to us and on the basis of records made available to us, the company has not appointed any sole selling agents during financial year.
 17. On the basis of records made available to us and as per our opinion, the company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, The Registrar of Companies and /or such Authorities prescribed under the various provisions of The Companies Act during the financial year.
 18. On the basis of records made available to us, the Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. On the basis of records made available to us, the Company has not issued any shares, debentures, or other securities during the financial year ended 31st March 2012.
 20. On the basis of records made available to us, the Company has not bought back any shares during the financial year.
 21. On the basis of records made available to us, there was no redemption of shares or debentures during the financial year.
 22. According to the information and explanation given to us and on the basis of records made available to us, there were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of shares.

23. According to the information and explanation given to us and on the basis of records made available to us the Company has not invited/accepted deposits including any unsecured loans falling within the purview of Section 58A during the financial year., ended 31st March 2012.
24. According to the information given to us, and on the basis of records available, the amount borrowed by the company from its Directors, Members, banks and others during the financial year ended 31st March 2012 are within the borrowing limits of the company and that necessary resolution as per section 293(1)(d) of the Act has been passed.
25. According to the information and explanation given to us, and on the basis of records the Company has not made any loans and investments or given any guarantees or provided any securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. According the information and explanation given to us and on the basis of records, the company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to other state during the year under scrutiny.
27. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the name of the company during the year under scrutiny.
29. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the share capital of the company during the year under scrutiny.
30. According to the information and explanation given to us and on the basis of records made available to us, the Company has not altered its Articles of Association during the financial year.
31. On the basis of written representation received from the company, there were no prosecutions initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.

32. According to the information and explanation given to us, the Company has not received any money as security from its employees during the financial year.
33. On the basis of records made available to us, the Company has deposited both the employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

For Rajendra And Co.

Company Secretaries

Place: Mumbai.

Date: 26th September 2012

(Rajendra R. Vaze.)

Company Secretary

C.P.No. : 1975

F.C.S.No.: 4247

ANNEXURE 'A'**Registers as maintained by the Company :****Statutory Registers.**

- | | |
|-------------------------------------|---|
| 1. Register of members : U/S. 150 | 3. Minute book of Board meetings: U/S. 193 |
| 2. Register of Directors : U/S. 303 | 4. Minute of Book of Share holder's meetings : U/S. 193 |
| | 5. Register of Director's Share holdings. : U/S. 307 |

ANNEXURE 'B'**Forms and returns as filed by the company with Registrar of Companies, Regional Director, Central Government, or other authorities during the financial year ended 31st March 2012**

S. No	Form No/ Return	Filed under Section	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether Requisite additional fees paid/ Yes/No.
1	Annual Return Form No 20B (for AGM held on 29.9.2011)	159(1)	06.01.12	No	Yes
2	Annual Accounts Form No 23AC (for the Y.E. 31.03.2011)	220(1)	16.02.12	No	Yes
3	Compliance Certificate Form no 66 (for the Y.E. 31.03.2011)	383A	29.10.11	Yes	N.A.
4	Form-8		30.01.12	Yes	N.A.
5	Form-23		21.10.11	Yes	N.A.
6	Form-21		10.11.11	Yes	N.A.
7	Form-32		06.01.12	No	Yes

AUDITOR'S REPORT**TO THE MEMBERS OF FREDUN PHARMACEUTICALS LIMITED,**

We have audited the attached Balance sheet of FREDUN PHARMACEUTICALS LIMITED, as on 31st March, 2012 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

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

- i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of the books.
- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit & Loss Account of the Company dealt with by this report, generally comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 to the extent these are applicable to the Company.
- v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and note nos. 8, 10, 12 & 13 give the information required by the Companies Act, 1956, in the manner so required and true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012.
- In the case of the Profit and Loss Account, of the Loss for the year ended on 31st March, 2012.
- In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2012.

For V.D.KHANDEKAR & CO.

Chartered Accountants

PLACE :MUMBAI
DATE: 26.09.2012

(V.D.KHANDEKAR)

Proprietor

Annexure referred to in Paragraph 1of our Audit Report of even date.

- (i) (a) The Company is in the process of updating records showing the full particulars of fixed assets including quantitative particulars and details about situation of fixed assets.
- (b) According to the information and explanation given to us the Plant & Machinery, Building at factory, office gala at Head office have been got inspected by professional valuer vide their report dated 23/12/2011. Furniture and fixtures, computer systems and peripherals have been verified by the management during the year under audit. As the fixed assets register is not complete discrepancies, if any, and their treatment in accounts has not been confirmed.
- (c) There has been no sale of substantial part of fixed assets to affect going concern status of the Company.
- (ii) (a) The Management has physically verified all the inventories at reasonable intervals of time during the period under report.
- (b) In our opinion, the procedures for physical verification of inventory followed by the Management are reasonable and adequate, having regard to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies observed during the physical verification have not been material and have been suitably dealt with in the books of account.
- (iii) (a) During the year under audit the Company has not obtained secured or unsecured loans from Companies, firms or other parties covered under register maintained under Section 301 of the Companies Act, 1956.
- (b) As per the information and explanations given to us the Company has not granted any loans to parties mentioned in the register u/s. 301 of The Companies Act, 1956.
- (iv) 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, fixed assets and for the sale of goods. There is no continuing failure to correct major weaknesses in the internal control.
- (v) (a) Based on the audit procedures applied by us and according to the information

and explanations provided by the Management, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Act that need to be entered in to the register maintained under section 301 have been so entered.

- (b) According to the information and the explanations given to us, the transaction made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered in to during the period at price which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from public and therefore the provisions of section 58A & 58AA of The Companies Act, 1956 and rules there under are not applicable.
- (vii) During the year under Audit, the Company had Internal Audit system commensurate with its size and nature of its business. However, it needs to be strengthened to be more effective.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
- (ix) According to information and explanations given to us, the Company has been generally regular in depositing Provident Fund and that, as informed to us, the employee's state insurance act is not applicable to Company. In respect of Central Excise the Company has filed appeals before CEGAT in respect of the excise demand and penalty amounting to Rs. 2,47,984/-for the period 1998-99,1999-00 & 2000-01. Delays have been observed in payment of tax deducted at source .However, there are no arrears of undisputed statutory dues outstanding for a period of more than six months as on the date of the Balance Sheet.
- (x) The Company has not incurred any cash losses in the year under report or in the immediately preceding financial year.
- (xi) As per the information and explanation given to us delays have been observed in repayment of installments of loan and payment of interest thereon. The details are as below -

a) Term Loan 3 - Shamrao-vithal Co-Op Bank Ltd

1	2	3 = 1+2			
Amount of Interest (Rs.)	Amount of Principal (Rs.)	Repayment of Installment (Rs.)	Due date of Payment	Date of Payment	Number of Delays
148985.00	0.00	148985.00	10.05.2011	01.06.2011	21
157191.00	0.00	157191.00	10.06.2011	29.06.2011	19
156615.00	115465.00	272080.00	10.08.2011	29.08.2011	19
160218.00	111862.00	272080.00	10.09.2011	13.09.2011	3
154902.00	123360.00	278262.00	10.10.2011	11.10.2011	1
158129.00	141871.00	300000.00	10.11.2011	17.11.2011	7
		62440.00	10.11.2011	13.12.2011	33
152049.00	117049.00	35000.00	10.12.2011	14.12.2011	4
161910.00	121090.00	283000.00	10.01.2012	30.01.2012	20
162870.00	120130.00	283000.00	10.02.2012	23.02.2012	13
152801.00	129632.00	282433.00	10.03.2012	10.03.2012	----
		149209.00	10.03.2012	10.04.2012	31

Overdue as on 31.03.2012 Rs. 149209/-

b) Shamrao Vithal Co-operative Bank Ltd - Term Loan no. 4

1	2	3 = 1+2			
Amount of Interest (Rs.)	Amount of Principal (Rs.)	Repayment of Installment (Rs.)	Due date of Payment	Date of Payment	Number of Delays
45795.00	0.00	45795.00	10.05.2011	19.05.2011	9
48226.00	0.00	48226.00	10.06.2011	29.06.2011	19
47801.00	0.00	47801.00	10.07.2011	27.07.2011	17
57397.00	0.00	57397.00	10.09.2011	13.09.2011	3
57886.00	0.00	57886.00	10.10.2011	11.10.2011	1
64672.00	107992.00	172664.00	10.11.2011	17.11.2011	7
65544.00	50182.00	115726.00	10.12.2011	14.12.2011	4
68996.00	47995.00	116991.00	10.02.2012	23.02.2012	13

c) Reliance Capital Ltd - Term Loan No. RLSLMUM000099304 -

Due Date of EMI	Amount of EMI (Rs.)	Date of Payment	Amount Paid (Rs.)	Delay in Days
15.05.2011	97571	21.05.2011	98021	12
15.03.2012	97571	26.03.2012	98021	11

- (xii) On the basis of information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information & explanation given to us the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4 (xiv) of The Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xiv) According to information and explanation given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) According to the information and explanation given to us the terms loans availed by the company were applied by the Company during the year for the purposes for which the loans were obtained.
- (xvi) During the year under audit the Company has purchased fixed assets worth Rs. 61.43 lacs out of the short term funds.
- (xvii) In our opinion and according to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- (xviii) According to the information and explanation given to us, the Company has not issued debentures during the year under audit and hence, the question of price being prejudicial to the interest of the Company does not arise.
- (xix) The Company has not made preferential allotment of shares during the period and accordingly the question of price being prejudicial to the interest of the Company does not arise.
- (xx) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund /Societies are not applicable to the Company.

- (xxi) The Company has not raised monies on public issue during the period and accordingly the question of end use of monies raised does not arise.
- (xxii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For V.D.KHANDEKAR & CO.
Chartered Accountants

PLACE :MUMBAI
DATE: 26.09.2012

(V.D.KHANDEKAR)
Proprietor

BALANCE SHEET AS AT MARCH 31, 2012

	Particulars	Notes	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
I	EQUITY & LIABILITIES :-			
A	Shareholders Funds -			
i	Share Capital	1	26245500	26245500
ii	Reserves & Surplus	2	310857	3137262
B	Non - Current Liabilities :			
i.	Long Term Borrowings	3	14459084	16412463
ii.	Deferred Tax Liabilities (Net)	4	4251839	4251839
iii	Long Term Provisions	5	1427105	1304448
C	Current Liabilities			
i.	Short Term Borrowings	6	29825408	22850143
ii.	Trade Payables	7	37310752	14108897
iii.	Other Current Liabilities	8	12552804	9804720
iv.	Short - Term Provisions	9	1867906	1635461
	TOTAL		128251255	99750733
II	ASSETS			
A	Non - Current Assets			
	FIXED ASSESTS	10		
i	Tangible:		56583389	51893936
ii	Capital Work In Progress		1105225	-
B	Non - Current Investments		2600	2600
	100 shares of Rs.25 each of The Shamrao Vithal Co-Op. Bank Ltd.- at cost			
C	Long Term Loans & Advances	11	6859277	5623255
D	Other Non - Current Assets	12	1515727	1104704
E	Current Assets			
i	Inventories	13	27652467	12323770
ii	Trade Receivables	14	16682927	12156461
iii	Cash & Cash Equivalents	15	3392537	3620004
iv	Short term Loans & Advances	16	14457106	13026003
	TOTAL		128251255	99750733
	Notes to Financial Statements	24		

For **V.D. KHANDEKAR & CO.**
Chartered Accountants

(V.D. KHANDEKAR)
Proprietor

Place : Mumbai
Date: 26.09.2012

By order of the Board of Directors
Dr. (Mrs.) Daulat N. Medhora
Chairperson cum Joint Managing Director

Nariman B. Medhora
Managing Director

Place : Mumbai
Date: 26.09.2012

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

	Particulars	Notes	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
I	Revenue from Operations	17	116,753,844	79,689,296
II	Other Income	18	7,222,725	2,606,992
III	Total Revenue		123,976,569	82,296,288
IV	Expenses			
	Cost of materials consumed	19	64,381,662	32,278,011
	Purchase of Stock-in-Trade		407,363	-
	Changes in inventories of Finished Goods , Work in Progress & Stock in Trade	20	-10,718,317	2,879,405
	Employee Benefit expenses	21	16,303,391	12,770,055
	Finance costs	22	8,548,411	6,391,553
	Depreciation and Amortization expenses		3,543,551	3,169,767
	Other Expenses	23	43,408,729	24,196,319
	Total Expenses		125,874,790	81,685,110
V	Profit / Loss (-) before Exceptional and Extraordinary Items & Tax		-1,898,221	611,178
VI	Exceptional Items		-	-
VII	Profit/Loss (-) before Extraordinary Items and Tax		-1,898,221	611,178
VIII	Prior period adjustments		-493,530	-14,475
IX	Profit / Loss (-) Before Taxation		-2,391,751	596,703
X	Tax Expenses			
	Current Tax		-	375,800
	Deferred Tax		-	205
XI	Profit / Loss (-) for the Period		-2,391,751	220,698
XII	Earnings Per Equity share			
	Basic		-	0.09
	Diluted		-	0.09
	Notes to Financial Statements	24		

For V.D. KHANDEKAR & CO.
Chartered Accountants

(V.D. KHANDEKAR)
Proprietor

Place : Mumbai
Date: 26.09.2012

By order of the Board of Directors
Dr. (Mrs.) Daulat N. Medhora
Chairperson cum Joint Managing Director

Nariman B. Medhora
Managing Director

Place : Mumbai
Date: 26.09.2012

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 1		
Authorised capital		
2700000 Equity Shares of Rs. 10/- each	27000000	27000000
30000 Preference Shares of Rs. 100/- each	3000000	3000000
	30000000	30000000
Issued, Subscribed & Paid Up Capital		
2352400 Equity Shares of Rs. 10/- each (P.Y. 2352400)	23524000	23524000
Add : Forfeited Shares	221500	221500
25000 8% Cumulative Redeemable Preference Shares of Rs. 100/- each redemeble in the year 2014-15	2500000	2500000
	26245500	26245500

A. Reconciliation of Number of Shares

	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Equity Shares				
Opening Balance	2352400	23524000	2352400	23524000
Changes During The Year	-	-	-	-
Closing Balance	2352400	23524000	2352400	23524000
8% Cumulative Redeemable Preference Shares				
Opening Balance	25000	2500000	25000	2500000
Changes During The Year	-	-	-	-
Closing Balance	25000	2500000	25000	2500000

B) Rights, Preferences & Restrictions attached

I Equity Shares

The Company has only class of equity share having a par value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. No dividend has been declared by the company on these shares. In the event of liquidation of the Company the holders of equity shares are entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holder. In case of joint holders, the vote of senior who votes in person or by proxy shall be accepted. For this purpose seniority shall be determine by the order in which names of share holders stand in register of members.

II 8 % Cumulative Redeemable Preference shares

1. Dividend - 8% of Face value.
2. Redeemable in financial year 2014-2015

NOTES TO FINANCIAL STATEMENT

(C) Shareholders holdings more than 5% of Equity Shares	No. of shares	Percentage	No. of shares	Percentage
No. of Equity Shares O/s. as on 31.03.2012 (Equity Shares of Rs. 10/- each)	2352400	100.00	2352400	100.00
No. of forfeited Shares O/s. as on 31.03.2012	44300	-	44300	-
Total Balance shares	2396700		2396700	
No. of Equity Shares held by Shri. D.N.M.	1361500	57.88	1361500	57.88
No. of Equity Shares held by Shri. N.B.M.	527600	22.43	527600	22.43
Shareholders holdings more than 5% of 8% Redeemable Cumulative Preference Shares				
No. of Preference Shares O/s. as on 31.03.2012	25000	100	25000	100

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 2		
Reserve & Surplus		
Revaluation Reserve		
Opening Balance	202209	1195178
Less: Adjusted in depreciation on revalued assets	-202209	992969
	-	202209
Surplus in Statement of Profit & loss A/c		
Opening Balance	2935053	2948342
Add: Profit For The Year	-2391751	220701
	543302	3169043
Less: Appropriations		
Provision for Preference Dividend	200000	200000
Provision for dividend tax	32445	33990
Profit and Loss Account carried forward	310857	2935053
	310857	3137262

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 3		
Long Term Borrowings		
Secured Loans		
The Shamrao Vithal Co-Op. Bank Ltd. Term Loan -3	9113522	11370615
The Shamrao Vithal Co-Op. Bank Ltd. Term Loan -4 (Secured by equitable mortgage of factory unit and hypothecation of machinery and also by personal guarantee of three directors)	4076311	3707076
Terms of repayment-	T/L - 3	T/L - 4
	Rs.	Rs.
Loan amount	12000000	5000000
Rate of interest	15%	15%
	2013-14	1969075
	2014-15	2319701
	2015-16	2731581
	2016-17	2093165
	2017-18	-
		111601
Term loan from Reliance Capital Ltd. 99304 (Secured by equitable mortgage of Air Handling unit and rapid grinder machine.)	286248	1334772
Term loan from Reliance Capital Ltd. 201504 (Secured by equitable mortgage of Fluid Bed Dryer machine.)	983003	-
Terms of repayment-	T/L no.99304	T/L no.201504
	Rs.	Rs.
Loan amount	4240382	1186586
Rate of interest	13%	15%
	2013-14	286248
	2014-15	-
	2015-16	-
	2016-17	-
		205012
		237966
		276217
		263807
	14459084	16412463

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 4		
Deferred tax Liabilities	4251839	4251839
	4251839	4251839
Note: 5		
Long Term Provisions		
Provision for gratuity	1427105	1304448
	1427105	1304448

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 6		
Short term Borrowings		
Secured Borrowings		
The Shamrao Vithal Co-Op Bank - Over Draft (Secured by equitable mortgage of office premises and by personal guarantees of Three directors of the Company.)	8705768	8273760
The Shamrao Vithal Co-Op Bank - Packing Credit	15131053	6867188
The Shamrao Vithal Co-Op Bank - FBDL/FBP	-	1388976
SVC Co-Op. Bank - PSDL A/c	-	2000000
The Shamrao Vithal Co.op Bank CA/35FPL (Secured by equitable mortgage of factory unit and hypothecation of machinery,stock & trade receivables & Personal Guarantee of Three Directors.)	549964	-
The National Small Industries Corpn Ltd. (Secured by bank guarantee and personal guarantee of Three directors)	2191070	2383188
Overdraft From ICICI Bank (Secured By Personal Guarantee by Directors.)	397122	214300
Unsecured Loans from Directors (No Terms havee been fixed by management. However 12% Interest Has been paid)	2850431	1722731
	29825408	22850143
Note: 7		
Trade Payables:		
sundry creditors		
for Goods	33798688	12764168
for Expenses	3512064	1344729
	37310752	14108897
Note: 8		
Other Current Liabilities:		
for capital goods	2159263	405756
For Others	6113574	7644404
Current maturities of long term borrowings	4279967	1754560
	12552804	9804720
Note: 9		
Short Term Provision		
Provision for Taxation	699501	699501
Provision for Dividend Tax	168405	135960
Proposed dividend	1000000	800000
	1867906	1635461

NOTE : 10 : Fixed Assets
(01.04.2011 To 31.03.2012)

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 01.04.2011	Addi- tions/ Adjust- ments	Dedn.	COST as at 31.03.2012	Upto 31.03.2011	For The Year	Deductin/ Adjust- ment	UPTO 31.03.2012 RS.	AS AT 31.03.2012 RS.	AS AT 31.03.2011 RS.
Tangible Assets										
Freehold land	5235279	-	-	5235279	-	-	-	-	5235279	5235279
Building - Factory	25474695	57150	-	25531845	8097105	852221	-	8949326	16582519	17377590
Office Premises	6730140	-	-	6730140	869819	109701	-	979520	5750620	5860321
Plant & Machinery	41097987	6537272	0.00	47635259	21112228	2665461	-	23777689	23857570	19985759
Electrical Installation	3229705	271515	166980	3334240	1585657	145466	132967	1598156	1736084	1644047
Electrical Fittings	979124	-	-	979124	595287	41722	-	637009	342115	383837
Lab Glassware Apparatus & Factory Equipments	1416291	-	-	1416291	901931	62994	-	964925	451366	514360
Furniture/Office Equip- ment	3456198	532146	-	3988344	3266118	-371647	-	2894471	1093873	190080
Office Equipment	129543	236981	-	366524	35145	8158	-	43303	323221	94398
Factory Equipments	0	44700	-	44700	0	1311	-	1311	43389	0
Computer	1673109	789462	-	2462571	1064845	230373	-	1295218	1167353	608265
Motor Car / Vehicle	6320	-	-	6320	6320	-	-	6320	-	0
TOTAL	89428391	8469226	166980	97730637	37534455	3745760	132967	41147248	56583389	51893936
Capital Work in progress									1105225	-
TOTAL									1105225	-
TOTAL	89428391	8469226	166980	97730637	37534455	3745760	132967	41147248	57688614	51893936
PREVIOUS YEAR	82987003	6456758	15369	89428391	33371719	4164010	1274	37534455	51893936	49615284

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 11		
Long Term Loans and advances		
Deposit with government	478690	478690
Vat receivable	6380587	5144565
	6859277	5623255
Note: 12		
Other Non-current Assets		
Unamortized Expenses	Rs. 1515727	1104704
Company / Products Registration Expenses	1050740	
Trade Mark Registration	123950	
R & D Expenditure	341037	
	1515727	1104704
Note: 13		
Inventories		
Raw Material	10541123	6633236
Packing material	4413325	4634283
Work-In-Progress	3671316	501471
Finished Goods	7994820	446348
Stock-In-Transit	1031883	108432
	27652467	12323770
Note: 14		
Trade Receivable		
(Unsecured-considered Good)		
Sundry Debtors		
Due for more than six month	754121	-
Others	15928806	12156461
	16682927	12156461
Note: 15		
Cash & Cash Equivalents		
Cash on hand	1857930	2185069
Balances With Banks	1534607	1434935
	3392537	3620004
Note: 16		
Short Term Loan & Advances		
Advance to Creditors	817709	1494412
Balance with Central Excise	9352800	8273382
Tax Deducted Source & Fringe Benefit Tax	1712022	1395234
Other Receivables	2574575	1862975
	14457106	13026003

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 17		
Revenue From Operations		
Revenue from- Sale of Products	103858566	64120245
Less: Excise Duty	2777657	546760
	101080909	63573485
Sale of Services	15672935	16115811
	116753844	79689296
Note: 18		
Other Income		
Interest Income	300654	66498
Dividend Income	300	124
DEPB Income - sales	1842079	2026068
Duty Drawback	557302	-
Foreign Exchange Gain	-	464974
Profit on sale of Fixed Assets	10987	-
Discount Recd.	16710	179
Miscellaneous Income	4494693	49149
	7222725	2606992
Note: 19		
Cost of materials consumed		
Opening stocks	6633236	3771046
Opening stocks in transit	75600	76745
Add: Purchases	68999709	35139056
	10541123	6633236
Less : Closing stock	785760	75600
Less : Closing stock in transit	64381662	32278011
Changes in inventories of Finished Goods , Work in Progress & Stock in Trade		
Note: 20		
Opening Stocks		
Finished goods	446348	399473
Materials under process	501471	3427751
Sub Total	947819	3827224
Less: Closing Stocks		
Finished goods	7994820	501471
Materials under process	3671316	446348
Sub Total	11666136	947819
	-10718317	2879405

NOTES TO FINANCIAL STATEMENT

Particulars		As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
Note: 21			
Employees Benefit Expenses:			
Salaries, Wages and bonus		15289503	11932542
Medical Expenses		144424	80086
Welfare Expenses		367516	330765
Labour Welfare Fund		5796	6084
Employer's Contribution to PF		496152	420578
		16303391	12770055
Note: 22			
Finance Cost:			
Bank charges		1210659	721721
Bank Interest		5728271	4545741
Other Interest Expenses		1609481	1124091
		8548411	6391553
Note: 23			
Other Expenses:			
FACTORY EXPENSES:			
Custom Duty		25462	155796
Stores & Spares		1265778	909240
Packing Expenses			
Opening stock	4634283		3556940
Opening stock in transit	32832		330553
Packing Material Purchase	23461488		9197907
Packing Expenses	723		9035
Closing Stock	-4413325		-1634283
Closing Stock in transit	-246123		-32832
		23469878	8427320
Power & Fuel		4269539	3352450
Lab Chemical Expenses		241637	186028
Labour charges		1945933	559118
Factory Expenses		309106	244459
Testing & Analytical Charges		541500	741542
Transportation Inward & Carriage Inward		255793	134495
Clearing & Forwarding Inward		44472	18283
Freight Inward		71468	30402
Repairs & Maintenance :-			
Building		206810	143935
Machinery		286504	245073
Other Assets		307085	770225
Fire Safety Expenses		12795	20135
Art & Design Work		1500	169230
Research & Development Exp.		-	126767
Tools & Equipments		4810	-
		33260070	16234498

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
ADMINISTRATION EXPENSES:		
Office Expenses	41945	59500
Security Charges	696950	671348
Insurance	310419	391541
Rent	378000	378980
Rates Taxes & Fees	474465	202691
Motor Vehical & Conveyance	455453	496345
Professional fees	1129244	1149497
Printing & Stationery	399070	408233
Travelling Expenses	775234	316267
Communication Expenses	974851	651381
Office Electricity Charges	226127	189677
Hire charges	71513	9239
Donation	46510	10014
Foreign Exchange Loss	766551	-
Product Registration Charges	114960	491737
Agency Expenses	62200	188389
Deferred Rev.Exp.w/off	509097	227012
Membership & Subscription	76191	100164
Other Expenses	95459	45869
	7604239	5987884
SELLING AND DISTRIBUTION EXPENSES:		
Sample Expenses	30544	17632
Sales Promotion Expenses	3811	347618
Business Promotion Expenses	249286	206031
Freight Outward	1128361	497720
Transportation Outward	204027	180608
Clearing & Forwarding Outward	338428	390018
Packing Exps	12990	-
Advertisement	-	79814
Discount	-	62271
Octroi Duty	141	-
Commission	429382	112175
	2396970	1893887
AUDITOR REMUNERATION:		
For Audit fees	40000	40000
For Tax Audit fees	12500	12500
For VAT Audit fees	12500	12500
For Certification Work	8500	10050
For Taxation Work	8250	1000
For Other Services	59200	
For Out of Pocket Expense	6500	4000
	147450	80050
	43408729	24196319

SCHEDULE 13 : NOTES ON ACCOUNTS**1. Significant Accounting policies:****Basis of Accounting**

The accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated. For recognition of Income and Expenditure Mercantile System of accounting is followed.

Revenue Recognition

Sales are in inclusive of excise duty, packing and forwarding charges and sales tax, Revenues from the sale of goods are recognized upon passage of title to customer which generally coincides with their delivery. Conversion charges (Manufacturing and Packing charges) are excluding excise duty, packing and forwarding charges and sales tax. Revenue from sale of goods is recognized upon the transfer of risks, rewards of ownership and title which generally coincides with delivery.

Fixed assets

Fixed Assets are shown at cost less depreciation except that the Land, Building and Plant & Machinery which were revalued are shown at revalued figures and depreciation adjusted accordingly.

Depreciation

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and on the basis prescribed in schedule XIV of The Companies Act, 1956.

Export Incentives

The benefits under DEPB scheme are accounted on accrual basis in the year of export.

Foreign Currency Transaction

Transactions arising in foreign currencies during the year are converted at the rate ruling on the transaction dates. All exchange differences arising from conversion are included in the profit and loss account.

Inventories

- a) Raw materials are valued at cost on FIFO basis.
- b) Packing Materials are valued at cost on FIFO basis.
- c) Work in Progress is valued at cost on FIFO basis.
- d) Finished goods are valued at cost on FIFO basis.

Contingent Liabilities & Commitments

Contingent Liabilities & Commitments are disclosed by way of notes on accounts.

Taxes on Income

Deferred tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income & accounting income that originate in one period & are capable of reversal in one or more subsequent periods.

Retirement Benefits

Provident fund is administered through Regional Provident Fund commissioner. The accruing liability towards Gratuity is calculated according to actuarial valuation and fully provided upto 31st March, 2011. However encashment of leave to staff is accounted on cash basis.

Impairment of Fixed Assets

The carrying amounts of fixed assets are reviewed at the balance sheet date in accordance with AS-28 on impairment of assets to determine whether there is any indication of impairment exists. An impairment loss is recognized whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognized in profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum depreciated historical cost.

Special Capital Incentive:

The Special Capital Incentive towards Plant & Machinery due from Development Corporation of Konkan Ltd. has been reduced from the fixed assets.

Segment Reporting:

The Company has identified that its operating segments are its primary segments. The analysis of geographical segments is based on the areas in which the customers of the Company are located & that the geographical segments are considered as secondary segments.

2. Additional information pursuant to schedule VI to the Companies Act, 1956 is given to the extent applicable to the Company.
3. In the opinion of the Board of Directors the provision for depreciation and all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.

4. In the opinion of the Board of Directors, the current assets, loans and advances are of the value stated if realized in the ordinary course of business.
5. The Company has provided for depreciation on straight line method at the rate specified in schedule XIV of the Companies Act, 1956.
6. Balances of some of the trade receivables, trade payables, loans and advances are subject to confirmation.
7. The liability under VAT and set off have been accounted for on the basis of working prepared by the Company.
8. Contingent liabilities & Commitments not provided for:
 - A. Outstanding Bank Guarantees Rs.7144251/- (P.Y. Rs. 4257988/-)
 - B. Excise Demand of Rs. 2,47,984/- (P.Y. Rs. 2,47,984/-).
 - C. capital commitments outstanding as on 31/03/2012 Rs 19,58,400/- (P.Y. Rs. NIL)
 - D. Penal Charges leviable by bank Rs. 1510000/- (P.Y. Rs. NIL)
9. Salaries, wages and bonus include salary (gross) paid to Managing Director Rs 3,60,000/- (P.Y Rs 3,60,000/-), Joint Managing Director -Rs 3,60,000/- (P. Y Rs 3,60,000/-) and Director Rs.6,00,000/- (P.Y. 4,80,000/-).
10. In accordance with the requirement for disclosure of amounts due to SSI Units, as per "Micro, Small and Medium Enterprises Development Act, 2006" the Company has not compiled the list of its sundry creditors who satisfy this criterion. Subject to this the information relating to payment overdue and interest to SSI Units cannot be computed.
11. Information given in accordance with Accounting Standard -18 on Related Party Disclosures issued by ICAI.

a) Names of Related Parties: -

Key Management Personnel-

Mr. N.B.Medhora

Dr. (Mrs.) D.N.Medhora

Mr. Fredun N. Medhora

Business Organizations controlled by Key Management Personnel or their relatives-

Fredna Enterprises

Fredun Healthcare Pvt. Ltd.

- b) There are purchases of Rs. 39,375/- from a Proprietary firm of Mr. N.B. Medhora, The Managing Director. There were sales of Rs. 1291730/- to a Pvt. Ltd. Company where the Managing Director and the whole time Director are the Directors.
- a) Rent paid for occupying Godown of a Proprietary firm of a Managing Director Rs-3,60,000/-.
12. No provision has been made in the accounts for the Cess under The Companies Act 1956.
13. The position of appeals filed before Central Excise Authority is as below :

PERIOD	AMOUNT (Rs.)	ISSUE	Authority	STATUS
June 1998	58300/-	Non-admissibility of SSI benefit.	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench	Stay Granted
Jan 2000 to Aug 2000	189684/-	Lower rate applied for clearance to Institutions.	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench	Stay Granted

14. The Management has ascertained that there is no material impairment of any of its assets and as such no provision under Accounting Standard 28 on impairment of assets issued by the Institute of Chartered Accountants of India is required.
15. In view of meager profits and smallness of operations, a qualified company secretary, even though required, company cannot afford one at present. However, the company has retained the services of a qualified secretary on professional basis for carrying out company secretarial work.
16. Information given in accordance with the requirements of Accounting Standard - 17 on Segment Reporting issued by the ICAI.

The Company is operating in only one segment i.e. Pharmaceutical Formulations

The geographical segment is considered as secondary segment

The financial results relate to mainly manufacture of pharmaceutical products. In accordance with Accounting Standard (AS) - 17 financial results of Jobwork segment (conversion charges) are not shown separately, since, the same are less than limit for separate disclosure.

Geographical Segments

The Company primarily operates in India & therefore the geographical segment is divided into Indian & Overseas markets.

Gross Sales	Rs in Lakhs
India	498.46
Overseas	512.35
Total	1010.81

17. In view of loss for the year Deferred Tax assets is not created.

18. Raw material consumed - Rs.64381662 (P.Y. Rs.32278011/-)

Sr. No	Particulars	2011-12 Rs.	2010-11 Rs.
1	Metformine HCL	10502154	6384924
2	Ciprofloxacin HCL I.P.	7139472	1368469
3	Sildenafil Citrate	4732897	190546
4	Quinine Sulphate I.P.	4193437	1545000
5	Paracetamol I.P.	4190569	3524983
6	Others	33633133	19264089
	Total	64391662	32278011

19. Purchases of stock & trade - Rs. 407363/- (P.Y. Rs. NIL)

20. Additional Information**1. Value of Imported & Indigenous Raw Materials & Spare Parts consumed & Percentage thereof:**

	Total Value Consumption (in Rs.)	Indigenous Value (in Rs.)	Imported Value (in Rs.)	Percentage of Imported	Consumption Indigenous
Raw Materials	6,43,81,662	6,02,54,305	41,27,357	6.41%	93.59%
Spare Parts	12,65,778	12,65,778	-	-	100%

2. Value of Import of CIF basis

	2011-2012	2010-2011
Raw Materials	41,27,357	-
Traded Goods	82,560	-
Capital Goods	13,27,050	9,43,000

3. Expenditure in Foreign Currency

	2011-2012 (Rs)	2010-2011 (Rs)
Travelling	4,34,879	27,758
Marketing Consulting fees	3,10,828	2,26,288
Others	2,91,630	4,15,593

4. Earnings in Foreign Currency

	2011-2012 (Rs)	2010-2011 (Rs)
Export of goods on FOB basis	4,98,58,593	4,22,08,991

21. Previous year's figures are regrouped & rearranged wherever necessary.

For V.D.KHANDEKAR & CO.
Chartered Accountants

(V.D.KHANDEKAR)
Proprietor

PLACE: MUMBAI
DATE: 26.09.2012

By Order of the Board of Directors
Dr. (Mrs.) Daulat N. Medhora
Chairperson cum Joint Managing Director

Nariman B. Medhora
Managing Director

PLACE: MUMBAI
DATE: 26.09.2012

**Information pursuant Part IV of Schedule VI of The Companies Act, 1956
Balance Sheet Abstract & Company's General Profile**

I. Registration Details

Registration No. L24239MH1987PLC043662 State Code 11
Balance Sheet Date 31.03.2012

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilisation & Deployment of funds (Amount in Rs.Thousands)

Total Liabilities	Total Assets
128251	128251
Sources of Funds	Reserves & Surplus
	311
Paid up Capital	
26245	
Secured Loans	Unsecured Loans
41434	2850
Investments	
3	
Misc. Expenditure	
1515	

IV. Performance of Company

Total Turnover	Total Expenditure
123977	126369
Profit/ Loss Before Tax	Profit / Loss After Tax
-2392	-2392
Earning Per Share (in Rs.)	Dividend @ (in%)
NIL	Nil

V. Generic names of Principal Products/Services of the Company

(As per Monetary Terms)

Product Description

Pharmaceuticals
Formulations

By Order of the Board of Directors

Place: Mumbai
Date: 26.09.2012

Dr.(Mrs.) Daulat N. Medhora
Chairperson cum Joint Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2012

	(RS. IN LACS) 2011-2012	(RS. IN LACS) 2010-2011
A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAXATION	-18.98	6.11
ADJUSTMENTS FOR :		
DEPRECIATION	35.43	31.7
DEFERRED REVENUE EXPENSES WRITTEN OFF	5.09	2.27
PROFIT ON SALE OF FIXED ASSET	-0.11	0
CASH GENERATED FROM OPERATIONS	40.41	33.97
PRIOR PERIOD ADJUSTMENTS	-4.94	-0.14
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	16.49	39.94
EFFECTS OF CHANGES IN WORKING CAPITAL ITEMS		
INCREASE / DECREASE IN INVENTORY	-153.29	-7.61
INCREASE / DECREASE IN DEBTORS	-45.26	-2.43
INCREASE / DECREASE IN LOANS & ADVANCES	-26.67	-70.72
ADJUSTMENT FOR TAX PROVISION	0	-3.76
ADJUSTMENT FOR PROPOSED DIVIDEND & TAX	-2.32	-2.34
INCREASE / DECREASE IN CURRENT LIABILITIES	263.05	84.78
INCREASE / DECREASE IN MISCELLANEOUS EXP	-9.2	-9.36
NET CASH FLOW FROM OPERATING ACTIVITIES	42.80	28.50
B) CASH FLOW FROM INVESTING ACTIVITIES		
INVESTMENTS PURCHASED	0	0
PURCHASE OF FIXED ASSETS	-95.74	-64.42
SALE OF FIXED ASSETS	0.45	-
	-95.29	-64.42
	-52.49	-35.92
C) CASH FLOW FROM FINANCING ACTIVITIES		
INCREASE / DECREASE IN LOANS	50.22	46.95
NET INCREASE / DECREASE IN CASH	-2.27	11.03
OPENING CASH & BANK BALANCE	36.2	25.17
CLOSING CASH & BANK BALANCE	33.93	36.2

Note:-

- 1) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on "Cash Flow Statement"
- 2) Figures in Negative sign indicate cash outflow.
- 3) Previous year figures have been regrouped & recast, wherever necessary, to conform to the current year's classification.
- 4) The notes referred to in the Balance Sheet and Profit & Loss A/c. form an integral part of the Cash Flow Statement

MR. NARIMAN B. MEDHORA

(MANAGING DIRECTOR)

MUMBAI

DATE: 26.09.2012

FOR FREDUN PHARMACEUTICALS LTD**DR. (MRS). DAULAT N. MEDHORA**

(CHAIR PERSON CUM JOINT MANGING DIRECTOR)

AUDITORS' CERTIFICATE

THE ABOVE CASH FLOW STATEMENT HAS BEEN COMPILED FROM AND IS BASED ON THE AUDITED ACCOUNTS OF FREDUN PHARMACEUTICALS LIMITED FOR THE YEAR ENDED 31ST MARCH 2012 REPORTED UPON BY US ON 26.09.2012. THIS STATEMENT HAS BEEN PREPARED PURSUANT TO CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGES.

FOR V.D. KHANDEKAR & CO.

CHARTERED ACCOUNTANTS

(V.D. KHANDEKAR)

PROPRIETOR

PLACE: MUMBAI

DATE : 26.09.2012