



FREDUN PHARMACEUTICALS LIMITED

**26TH ANNUAL REPORT
2012-2013**

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
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 **26th Annual General Meeting** of the members of FREDUN PHARMACEUTICALS LIMITED will be held on Monday the 30th December, 2013 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, 2013 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 Mr. C. K. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution.

"RESOLVED THAT" in accordance with the provisions of Section 269,198,309,310 and Schedule XIII and other applicable provisions, if any, the Company hereby approves the re-appointment of Mr. Fredun Medhora as the Whole Time Director of the Company for the period 1st day of October, 2013 upto 30th September, 2014 for the period of one year.

- a) Remuneration: Rs 75,000/- per month with effect from 1st October, 2013 -up to 31st day of March, 2014."
- b) Perquisites:

CATEGORY-A

- i)' Medical Expenses: The Company shall Pay and or reimburse all expenses incurred for himself and for this family subject to Rs. 20,000/- per year, subject to taxability as per Income Tax Act 1961.

- ii) Leave Travel Concession: The Company shall Pay and or reimburse Travel Expenses incurred, while on leave, for himself and his family, once in a year in accordance with any rules specified by the Company but the amount should not exceed Rs. 25,000/- per year subject to taxability.

Note: For the purpose of perquisites stated herein above, family means the spouse, the dependent children and the dependent parents of the Whole Time Director.

CATEGORY-B

- 1) The Company shall contribute for him to Provident Fund in accordance with Rules and Regulations of the Company. Such contributions will not be included in the computation of the ceiling on perquisites to the extent these either singly or together are not taxable under the Income-tax Act.
- ii) Gratuity at a rate not exceeding half a month salary for each completed year of service.
- 1) The terms and conditions of the appointment of the Whole Time Director may be altered and varied from time to time by the Board as the Board of Directors may consider necessary and deem fit, so as not to exceed the limits prescribed in part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.
- 2) Notwithstanding, where in any financial year during the currency of tenure of the Whole Time Director, the Company has no profits or are inadequate, it may continue to pay him remuneration by way of salary and perquisites as above, as minimum remuneration, subject to Schedule XIII of the Companies Act, 1956.
- 3) The Whole Time Director shall be entitled to leave in accordance with rules of the Company. Leave accumulated but not availed of at the time of leaving the services of the Company on any grounds shall be allowed to be encashed. This will not be considered as a perquisite.
- 4) The appointment of Mr. Fredun Medhora as the Whole Time Director may be terminable by either party by giving two months notice in writing.
- 5) Disputes between the Company and the Whole Time Director with the heirs or with the legal representatives may be settled by Arbitration under the INDIAN ARBITRATION ACT, 1940.
- 6) Apart from the aforesaid remuneration, the Whole Time Director shall also be entitled to reimbursement of entertainment and other expenses actually incurred by him in the course of and for the purpose of the Company's business.

- 7) The Whole Time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof.
- 8) The Whole Time Director shall not become interested or otherwise concerned directly or through his wife or through his minor children in any selling agency of the Company except with the consent of the Company as per the provisions of the law in force as applicable to the Company.

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

“ RESOLVED THAT pursuant to Section 293(1)(d) of The Companies Act, 1956 and all other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time on such terms and conditions as the Board may deem fit any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided that the total amount so borrowed by the board shall not at any time exceed the limit of Rs. 100 crores. ”

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

“ RESOLVED THAT pursuant to Section 293(1)(a) of The Companies Act, 1956 and all other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage, and /or to charge on such terms and conditions and at such time or times and in such form or manner as it may think fit the whole or substantially the whole or any one or more of the Company's undertaking or all its undertakings, including the present and /or future properties whether moveable or immovable comprised in and /or existing and /or new/ undertakings of the Company, as the case may be, together with the power to take over the management of the business and concern of all or any such undertakings of the Company in certain events to or in favour of Indian Bank and or in favour of any other Nationalised Banks and Co- operative Banks and or in favour of any Indian Financial Institutions and or in favour of any private lenders to secure any type of term loans up to the value not exceeding Rs. 100 Crores agreed to be lent and advanced by Indian Bank or any such banks and or any Financial Institutions or any private lenders as stated above with the interest, commitment charges, cost charges, expenses and other moneys payable by the Company in respect of the abovementioned such loans.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise with any Nationalised and or Co- operative Banks and or with any

Indian Financial Institutions and or with any Private Lenders any documents for creating the aforesaid mortgage and/or charge and to do all such other acts, deeds and things as may be necessary for giving effect to the aforesaid resolution.”

By Order of the Board
For Fredun Pharmaceuticals Limited

Nariman Medhora
Managing Director

Place : Mumbai

Date : 15th November, 2013

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 24th December, 2013 to 30th December, 2013 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.
5. An Explanatory statement related to the special business is annexed herewith.

ANNEXURE TO NOTICE:

EXPLANATORY STATEMENT PURSUANT TO Section 173 (2) OF THE COMPANIES Act, 1956

Item No 4

The Board of Directors of the Company have already re-appointed Mr. Fredun Medhora as the Whole time Director at the 24th Annual General Meeting of the Company held on 29th September 2011 on the revised terms and conditions for the remainder of his tenure i.e. upto 31st August 2014, however the Board of Directors of the Company have decided to terminate his services and to reappoint him as the Whole time Director of the Company for the further period of one year from 1st October 2013 upto 30th September 2014 on the revised terms and conditions and on revised remuneration. .

The Board has already decided to fix the remuneration payable to Mr. Fredun Medhora at Rs. 75,000 per month from 1st October, 2013 upto 31st March, 2014 and the total remuneration payable to Mr. Fredun Medhora will be as per the provisions of Schedule XIII of The Companies Act, 1956. His re- appointment as the Whole Time Director is required to be approved by the Special Resolution by the shareholders of the Company as per Schedule XIII.

In view of this the Board of Directors of the Company have placed the matter before the shareholders for approving the re-appointment of Mr. Fredun Medhora as the Whole Time Director by a Special Resolution

Mr. Fredun Medhora is interested in the resolution pertaining to his re-appointment and Mr. Nariman Medhora and Dr. (Mrs.) D. N. Medhora are also interested in the resolution related to the re-appointment of Mr. Fredun Medhora as he is related to them. No other Director is interested in the Resolution.

The Resolution is set out at item No. 4 of the accompanying notice and accordingly the Board recommends the same for the approval of the Shareholders.

Item No. 5.

Under Section 293 (1)(d) of The Act, the Board of Directors of the Company cannot accept without consent of the Company in a general meeting borrow monies apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose. To meet the future commitments, and to meet the future expansion programme and to meet the capital expenditure it is necessary to fix the borrowing limits upto Rs. 100 crores. The members' approval is therefore being sought

pursuant to Section 293 (1)(d) of The Act to fix the borrowing limit upto Rs 100 Crores.

The Board of Directors, therefore, recommends the passing of the Resolution as contained in Item No.5 of the accompanying Notice.

None of the Directors, may be considered to be concerned or interested in the proposed resolution.

Item No 6.

To meet the future commitments, and to meet the future expansion programme and to meet the capital expenditure of the Company, the Company may approach the Indian Bank or any other Nationalised Banks and Co-operative Banks and or any Indian Financial Institutions and / or any private lenders to secure any type of term loans up to the value not exceeding Rs. 100 Crores and such loan can be obtained against security by creation of first charge and or by way of registered mortgage on the Company's entire moveable and or immoveable assets either present and or future and that may be acquired out of the loan amount.

Considering the restrictions imposed on the Board of Directors pursuant to Section 293(1) (a) Creation of first charge is possible with the consent of the members in a General Meeting The Board of Directors, therefore, recommends the passing of the Resolution as contained in Item No. 6 of the accompanying Notice.

None of the Directors, may be considered to be concerned or interested in the proposed resolution.

By Order of the Board
For Fredun Pharmaceuticals Limited

Nariman Medhora
Managing Director

Place : Mumbai
Date : 15th November, 2013

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

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, 2013.

1. FINANCIAL RESULTS:

	Financial Year	
	2012-13 (Rs.In Lacs)	2011-2012 (Rs.In Lacs)
Sales Income from operations & other income net of excise	1542.56	1239.77
Profit & loss before Interest & Depreciation	173.1	101.93
Less: Interest & Financial expenses	88.41	85.48
Less: Depreciation	48.96	35.43
Profit / Loss before		
Extra Ordinary Items & Tax	35.73	-18.98
Less/Add : prior period adjustments	-31.06	-4.93
Profit/(Loss) before tax Provision	4.67	-23.91
Current Tax	2.73	0
Deferred Tax	1.21	0
Profit/Loss after tax	0.73	-23.91

- 2) **DIVIDEND:-** Your Directors do not recommend payment of any dividend for the year.
- 3) **DEPOSITS:-** Your Company has not accepted any fixed deposits from public.
- 4) **OPERATIONS: -** During the year under review your Company has achieved a turnover with other income of Rs. 15,42,56,677 /- as compared to Rs.12,39,76,569 /- in the previous year. Profits after tax (PAT) was Rs.72,586/- compared to loss of Rs. 23,91,751/- in the previous year.

Revenue from exports for FY 2013 increased by Rs. 2,77,48,725/- to Rs. 7,89,84,089/- of which African markets accounted for Rs.3,87,87,183/- with a growth of 28.90% compared to the exports in 2011-2012. ASEAN countries sales also performed well with several product registrations achieved in Sri Lanka, Vietnam & Myanmar. This business is expected to continue growing and doing well.

During FY. 2013 your Company Globally launched 36 new products and filed 60 new products for registrations.

The veterinary & aqua products registration certificates are being obtained and several distributors have been appointed to market these products.

Your Company has successfully launched a herbal dietary supplement in Africa and envisages impressive growth of the same.

Your Company had gone for expansion in the Palghar manufacturing unit in the year 2012 to increase the production with several more registrations and good orders in the pipeline. Further investment was also made in the current year with an optimistic outlook.

- 5) **BUSINESS OUTLOOK :-** The Regulatory norms for approving pharma manufacturing units are getting tougher. There is intense competition and pricing pressures due to Governments' interventions and promotion of generics. The branded generics account for a fifth of the global market and is expected to nearly double by 2016 with the impending patent expiries in the next 4 years. The generic market would reach 30% of the Global Pharmaceutical Market. Your Company expects good growth in the branded generics on a sustainable basis.

Your Company is also investing in R & D machineries to build up the capabilities to produce latest generics and enter niche areas where there are good sales potential with relatively limited competition. To increase volumes of the product portfolio, your Company has been systematically investing in its productive infrastructure. It has invested more than Rs. 1 Cr in the last year to increase capacity in existing infrastructure and create new capacities in oral dosage departments.

6) DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act 1956 with respect to the Directors' Responsibility statement

- i. That in the preparation of the annual accounts for the financial year ended March 31, 2013 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 and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the cash profit of the Company for that year under review.
- iii. That the Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company for preventive and detecting fraud and other irregularities.
- iv. That the Directors have prepared the Accounts for the financial year ending March 31, 2013 on going concern basis.

7) 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.

8) ENVIRONMENT PROTECTION

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

9) CONSERVATION OF ENERGY

The rising energy cost is an important issue for any manufacturer and specifically for pharma manufacturers. They are facing increasing pressure for social environment and corporate responsibility to control the costs and improve overall efficiency. At the Company's manufacturing unit, In-House energy audit is being conducted at regular intervals with appropriate monitoring and maintenance. Low energy lighting and high efficiency motors have also been installed to yield significant investment benefits and additional savings.

10) RESEARCH & DEVELOPMENT

Your Company caters to the development of product formulations, process validations BE studies needed to develop the drugs that are equivalent to brand name products for sale in the emerging markets.

Modifications of existing manufacturing processes are also carried out to economize on the cost of production.

11) HUMAN RESOURCE MANAGEMENT

The growth of any organization depends on human resource (HR) and skilled workers, plant leadership and internal talent. In today's competitive environment your Company is looking forward to enhance the quality of human capital so as to improve productivity and ultimately the profits by focusing on TOP - Total Quality People. Special efforts by our HR are made on lowering the work stress and time management. The relationship between the management & employees is pleasant and without any disputes.

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

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

13) AUDITORS

The Present Auditors of the Company M/S. V. D. Khandekar & Co., Chartered Accountants, hold the office until the conclusion of the ensuing Annual General Meeting. Mr. V.D.Khandekar has been with the Company for more than 15 years, but now they have expressed their inability to continue as the Statutory Auditors of the Company for the next financial year i.e. for the year 2013-14.

The Board of Directors sincerely thank Mr. V.D.Khandekar for his services rendered to the Company for more than 15 years and wish him all the best for his future endeavours. The Company has received a special Notice from a Member of the Company, in terms of the provisions of the Companies Act, signifying the intention to propose the appointment of M/S. Savla & Associates Chartered Accountants as the Statutory Auditors of the Company from the conclusion of this ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

M/S. Savla & Associates Chartered Accountants have expressed their willingness to act as the Statutory Auditors of the Company, if appointed and have confirmed their eligibility.

14) AUDITOR'S OBSERVATIONS

As regards clause 1 to 4 A related to the Independent Auditor's Report, the Board of Directors state as under:-

1. The Board of Directors would like to state that there are various type of expenses which are required to be incurred for Product Registrations and Trade mark

registrations. The cost of registration of new products in various countries for 5-10 years are amortized on a systematic basis over the best estimate of their useful lives commencing from the date the asset is available to the Company for its use. The Board estimates that the useful lives for the various intangible assets differ from one asset to another and considering this, the Product Registration expenses, R & D Expenses etc. have been treated as deferred revenue expenses and hence not debited to Profit and Loss Account and grouped under non-current assets.

2. As per Section 233B of the Companies Act 1956, the Company has appointed M/s. Joshi Apte & Associates as their Cost Accountants but due to delay in finalization of the accounts their final report was not available before the audit report and it is expected that the report will be made available shortly.
3. The Company provides for accumulation of compensated absences /leave by certain categories of its employees. Some of the employees carry forward a portion of the unutilized compensated absences /leave and utilize it in future periods or receive cash in lieu as per Company policy. The Company records an obligation for compensated absences / leave in the period in which the employee renders the services and utilizes it in the future and hence the leave encashment has been provided as per the working of the Company .
4. The Board of Directors state that requirement of Mercantile/Accrual Basis of Accounting referred to in Section 209(3)(b) has not been followed in respect of the following and no provision has been made as under on account of various reasons :
 - a) Non provision of Penalty for violation of Listing Agreement : A letter explaining the status and the correct position related to violation has been sent to OTCEI by the Company and it is expected that the penalty will be reduced to Rs. 15,000/- only.
 - b) A part of the payment of property tax has been paid, but the Company is in negotiations with Palghar Municipality for reduction of the property tax and hence it is expected that the Property Tax will be reduced substantially.
 - c) The revenue expenses of Rs. 9,87,200/- relates to the C & F bill of a consignment cleared from the factory in March 2013 end. The importer had to stuff the container with goods from other manufacturers which were much delayed and the bill of C & F was received after March 2013 and hence the bill amount is accounted in the current year.

- d) As regards non provision of expenses amounting to Rs. 1,09,688/- and interest of Rs. 1,23,377/-, the Board states that the bills for Rs. 1,09,688/- were received after March 2013 and as regards the interest amount of Rs 1,23,377/- the same is under dispute.
5. The Company is in the process of appointing an Internal Auditor shortly though internal checks are regularly carried out.
6. The Board of Directors of the Company would like to state regarding the matter related to note No.10 as under:

The Company had written letters to several parties inquiring about their MSME status, however very few responses were received but the purchases of the Company are regularly made on mutually agreeable credit terms .

7. As regards non provision of the penalty of Rs. 1,50,000/- , the Company has obtained an extension from ROC till 31st December, 2013 for finalizing the accounts for the year 2012 - 2013 and hence the Tax Audit Report could not be obtained.

Further the Auditors are unable to express their opinion in respect of the following :

As regards Note No. 17 , where the Auditors are unable to express their opinion, the Board would like to state that it is the normal practice that the Raw materials & Packing materials that appear to be non-moving in the stocks is on account of the gestation period required in registering the samples of finished goods made from these materials. They will be in use once the registration process is complete.

The Company has yet to receive the final Cost Accountant's Report and once it is obtained, the Company will take appropriate action in this matter .

As per the view of the Board of Directors of the Company, all the Trade receivables over six months are considered as good by the Company.

As regards Note 3, Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Depreciation on tangible fixed assets is provided using the straight line method at the rates specified in Schedule XIV to the Companies Act 1956. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed and hence adequate provisions has been made. .

As regards Note 6, pending balance confirmations of trade receivables, trade payables, loans and advances are well accounted for by the Company.

As regards Note No. 7, VAT audits are regularly done by the Company and VAT assessments till 2009 -2010 are complete and there is no liability. The 2010 -2011 and 2011 -2012, part refunds are obtained by the Company under the Exporter's Scheme and assessments are pending.

As regards note 8 of the notes to financial statements, 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 of Rs.37,12,506/- (P.Y. Rs. 71,44,251/-)
- ii Excise Demand of Rs. 2,47,984/- (P.Y. Rs. 2,47,984/-).
- iii. Capital commitments outstanding as on 31/03/2012 of Rs 23,20,590/- (P.Y. Rs. 19,58,400)

15) DIRECTORS

As on 31st March, 2013 the Board of your Company had five Directors comprising three Executive Directors including the Chairperson and two Independent Directors. Dr. C. K. Shah 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.

The Board of Directors of the Company have decided to re-appoint Mr. Fredun Medhora as the Whole Time Director of the Company for the period of one year i.e. from 1st October 2013 to 30th September 2014 on the revised terms and conditions and on the revised remuneration subject to the approval of the shareholders of the Company.

16) FOREIGN EXCHANGE EARNINGS & OUTGO IN LAKHS :

Foreign Exchange Earned	Rs. 789.84
Foreign Exchange Outgo	Rs. 19.09

17) ACKNOWLEDGEMENTS.

The Company would like to acknowledge all its stakeholders, Shamrao Vithal 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: 15th November, 2013

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, 2013. (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 Three Times respectively on 15th May, 2012 26th September 2012 and 15th February, 2013 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 18th December, 2012 to 21st December, 2012 and necessary compliance under Section 154 of the Act has been made during the financial year ended 31st March, 2012.

6. According to the information given to us, the Annual general Meeting for the financial year ended 31st March, 2012 was held on 21st December, 2012 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, 2013.
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/transfer/transmission of any securities during the financial year ended 31st March, 2013.
 - (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.
15. The Company has not appointed the Managing Director,/Whole Time Director/Manager during the financial year.
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 required to obtain approvals of the Central Government under Section 297 of The Companies Act, 1956 from Regional Director and the same has already been obtained, however the Company was not required to obtain approvals of the Company Law Board, The Registrar of Companies prescribed under the various provisions of the 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, 2013.
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 2013.

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, 2013 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 : 15th November, 2013

(Rajendra R. Vaze.)
Company Secretary
C.P.No. : 1975
F.C.S.No.: 4247

Registers maintained by **Fredun Pharmaceuticals Limited,**

Annexure "A"

Sr. No.	Registers Maintained	Section
1	Register of Members	150
2.	Register and index of Shareholders	152
2.	Minutes of the meetings of Board of Directors	193
4.	Minutes of the General Meetings	196
5.	Register of companies and firms in which Directors etc. are interested	301(3)
6.	Register of Directors	303
7.	Register of Directors Shareholdings	307

Annexure "B"

Forms and Returns as filed by Fredun Pharmaceuticals Limited, Mumbai with The Registrar of Companies, Regional Director, Central Government or other authorities during/for the financial year ended on 31st March, 2013.

Sr. No.	Forms/ Document	Particulars	MCA Challan Details	Delay Yes/No	Remarks
1	E-Form No.23AC & 23ACA Balance Sheet Section 220	Adoption of Balance Sheet at Annual General Meeting held on 21st December 2012	SRN:Q06039408 Dt. 18.01.2013	No	--
2	E-Form No.66 Section 383A (1)	Secretarial Compliance Certificate for the Financial Year ended on 31st March, 2012	SRN:Q05981469 Dt. 16.01.2013	No	--
3	E-Form No.20B Annual Return Section 159	Annual Return made upto Annual General Meeting held on 21st December 2012	SRN: Q06792196 Dt. 19.02.2013	No	--

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF FREDUN PHARMACEUTICALS LIMITED****REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying Financial Statements of Fredun Pharmaceuticals Limited (the Company), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and Cash flows of the Company in accordance with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 ('The Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS OF QUALIFIED OPINION

In our opinion & to the best of our information & according to the explanations given to us, attention is drawn to the following, in respect of these financial statements

A) In respect of non - compliances

1. Certain expenses e.g., product registration expenses, R & D expenditure, etc amounting to Rs. 26,18,629/- have been treated as deferred revenue expenses grouped under other non-current assets & not debited to Profit & Loss Account which is not in accordance with Accounting Standard - 26 issued by The Institute of Chartered Accountants of India & Generally Accepted Accounting Principles.
2. Cost Audit has been made mandatory for the Company as per Section 233B of The Companies Act, 1956, the report of cost auditors has not been made available to us for the year under audit.
3. The Leave Encashment has been provided for as per the working of the Company & not as per Accounting Standard - 15 issued by The Institute of Chartered Accountants of India
4. The requirement of Mercantile / Accrual Basis of Accounting referred to in Section 209(3) (b) of the Companies Act, 1956 has not been followed in respect of the following -
 - a. Note No. 14 - Regarding non - provision of penalty for violation of listing agreement Rs. 76,000/-
 - b. Note No. 15 - Regarding non - provision of property tax demand of Rs.4,35,197/-
 - c. Note No.18 - Regarding non- provision of revenue expenses of Rs. 9,87,200/ on export sales.
 - d. Note No. 19- Regarding Non- Provision of expenses of Rs. 1,09,688/ and interest of Rs. 1,23,377/
5. Note No. 16 - Regarding Absence of Internal Audit System.
6. Note No.10 - Regarding Non Availability of information require under "Micro, Small & Medium Enterprises Development Act, 2006."
7. Penalty of Rs. 1,50,000/ is not provided for not obtaining Tax Audit Report u/s 44AB by due date specified under the Income Tax Act, 1961.

B) In respect of those wherein we are unable to express our opinion

1. Note No. 17 - Regarding slow moving / non - moving items of raw materials & packing materials amounting to Rs. 4,53,906&Rs. 15,28,707 respectively.
2. As the work relating to preparation of cost records is in progress we are unable to even broadly review the cost records
3. Trade Receivables due for over six months amounting to Rs. 8,33,601 considered as good for recovery by the Company.
4. Note No. 3 regarding adequacy of provision for depreciation and all the known liabilities.
5. Note No.6 regarding pending balance confirmations of trade receivables, trade payables, loans and advances.
6. Note No.7 regarding VAT liability and set off worked out by the Company.

QUALIFIED OPINION

In our opinion & to the best of our information and according to the explanations given to us, **except for the effects / possible effects of the matters described in the Basis of Qualified Opinion paragraph**, the financial statements give the information required by the Act in the manner so required by the Act in the manner so required & give a true & fair view in conformity with the Accounting Principles Generally Accepted in India -

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. In the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the order.
2. As required by Section 227 (3) of the Act, we report that:

- a. We have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, **subject to non compliances described in the Basis of Qualified Opinion paragraph**, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books .
- c. The Balance Sheet, the Statement of Profit & Loss, & the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. **Except for the effects of the matters described in the Basis of Qualified Opinion paragraph, in our opinion**, the Balance Sheet, the Statement of Profit & Loss, & the Cash Flow Statement comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Act.
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For V.D.KHANDEKAR & CO.
Chartered Accountants

PLACE :MUMBAI
DATE: 15.11.2013

(V.D.KHANDEKAR)
Proprietor
M. No. - 31965

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 management has physically verified Plant & Machinery on 31.03.2013. The Furniture at factory has also been physically verified on 08.01.2013. However, no detailed programme of verification of Fixed Assets is made available to us.
- (c) There has been no sale of substantial part of fixed assets to affect going concern status of the Company.
- (ii) (a) As per the physical verification sheets made available to us the management has verified on 08.01.2013 twenty-five items of raw material & twenty-eight items of packing material.
- (b) In our opinion, the procedures for physical verification of inventory followed by the Management requires strengthening & upgradation, 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 there are no contracts or arrangements referred to in Section 301 of the Act.

- (b) According to the information and the explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs during the period at prices 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 did not have Internal Audit system commensurate with its size and nature of its business.
- (viii) Cost Audit has been made mandatory for the Company as per Section 233B of The Companies Act, 1956. The work relating to preparation of cost records is under process.
- (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) 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) Reliance Loan Account No. - RLSTMUM000201504

Month	Due date of payment	Date of payment	Amount of Interest	Amount of Principal (Rs.)	Repayment of Installment	Number of Delays in days
May, 2012	01.06.2012	11.06.2012	11,885	16343	28,228	10

b) ShamraoVithal Co-op. Bank Ltd. Term Loan No. 3 -

Month	Due date of payment	Date of payment	Amount of Interest	Amount of Principal (Rs.)	Repayment of Installment	Number of Delays in days
June, 2012	10.07.2012	18.07.2012	1,50,326	1,31,029	2,81,355	8
Aug, 2012	10.09.2012	24.09.2012	1,29,773	1,51,582	2,81,355	14
Oct, 2012	10.11.2012	14.12.2012		29,000	29,000	34
Oct, 2012	10.11.2012	18.12.2012	1,30,476	2,44,585	3,75,061	38

c) ShamraoVithal Co-op. Bank Ltd. Term Loan No. 4 -

Month	Due date of payment	Date of payment	Amount of Interest	Amount of Principal (Rs.)	Repayment of Installment	Number of Delays in days
June, 2012	10.07.2012	18.07.2012	65,577	51,414	1,16,991	8
Aug, 2012	10.09.2012	22.09.2012	58,817	58,174	1,16,991	12
Oct, 2012	10.11.2012	14.12.2012	46,778	50,290	97,068	34

- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) According to the information and explanation given to us the terms & conditions on which loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained.
- (xv) During the year under audit the Company has purchased fixed assets worth Rs. 68.20 lacs out of the short term funds.

- (xvi) 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.
- (xvii) 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.
- (xviii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund /Societies are not applicable to the Company.
- (xix) 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.
- (xx) To the best of our knowledge and belief and according to the information and explanations givento 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: 15.11.2013

(V.D.KHANDEKAR)
Proprietor

BALANCE SHEET AS AT MARCH 31, 2012

		Particulars	Notes	As at March, 31 2013 Rs.	As at March, 31 2012 Rs.
I		EQUITY & LIABILITIES :-			
	A	Shareholders Funds -			
	i.	Share Capital	1	26245500	26245500
	ii.	Reserves & Surplus	2	149462	310857
	B	Non - Current Liabilities :			
	i.	Long Term Borrowings	3	12156396	14459084
	ii.	Deferred Tax Liabilities (Net)	4	4373123	4251839
	iii.	Long Term Provisions	5	1799272	1427105
	C	Current Liabilities			
	i.	Short Term Borrowings	6	32968037	29825408
	ii.	Trade Payables	7	32146458	37310752
	iii.	Other Current Liabilities	8	34886972	12552804
	iv.	Short - Term Provisions	9	2722877	1867906
		TOTAL		147448097	128251255
II		ASSETS			
	A	Non - Current Assets			
		FIXED ASSETS	10		
	i.	Tangible:		59632755	56037915
	ii.	Intangible:		591047	545474
	B	Non - Current Investments (100 shares of Rs.25 each of The Shamrao Vithal Co-Op. Bank Ltd.- at cost)		2600	2600
	C	Long Term Loans & Advances	11	9110867	7964502
	D	Other Non - Current Assets	12	2618629	1515727
	E	Current Assets			
	i.	Inventories	13	32485608	27652467
	ii.	Trade Receivables	14	19550378	16682927
	iii.	Cash & Cash Equivalents	15	5721489	3392537
	iv.	Short term Loans & Advances	16	17734724	14457106
		TOTAL		147448097	128251255
		Notes to Financial Statements	24		

For V.D. KHANDEKAR & CO.
Chartered Accountants

(V.D. KHANDEKAR)
Proprietor

Place : Mumbai
Date: 15.11.2013

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: 15.11.2013

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

	Particulars	Notes	As at March, 31 2013 Rs.	As at March, 31 2012 Rs.
I	Revenue from Operations	17	150817629	116753844
II	Other Income	18	3439048	7222725
III	Total Revenue		154256677	123976569
IV	Expenses			
	Cost of materials consumed	19	65860281	64381662
	Purchase of Stock-in-Trade		4408272	407363
	Changes in inventories of Finished Goods , Work in Progress & Stock in Trade	20	-3075591	-10718317
	Employee Benefit expenses	21	20261191	16303391
	Finance costs	22	8840867	8548411
	Depreciation and Amortization expenses		4896544	3543551
	Other Expenses	23	49492375	43408729
	Total Expenses		150683939	125874790
V	Profit / Loss (-) before Exceptional and Extraordinary Items & Tax		3572738	-1898221
VI	Exceptional Items		-	-
VII	Profit/Loss (-) before Extraordinary Items and Tax		3572738	-1898221
VIII	Prior period adjustments		-3105508	-493530
IX	Profit / Loss (-) Before Taxation		467230	-2391751
X	Tax Expenses			
	Current Tax		273360	-
	Deferred Tax		121284	-
XI	Profit / Loss (-) for the Period		72586	-2391751
XII	Earnings Per Equity share			
	Basic		-	-
	Diluted		-	-
	Notes to Financial Statements	24		

For V.D. KHANDEKAR & CO.
Chartered Accountants

(V.D. KHANDEKAR)
Proprietor

Place : Mumbai
Date: 15.11.2013

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: 15.11.2013

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 8% Cumulative Redeemable 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 redemable in the year 2014-15	2500000	2500000
	26245500	26245500

A. Reconciliation of Number of Shares

	As at 31.03.2013		As at 31.03.2012	
	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 31.03.2013 (Equity Shares of Rs. 10/- each)	2352400	100.00	2352400	100.00
No. of forfeited Shares O/s. as on 31.03.2013	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.	345600	14.69	527600	22.43
No. of Equity Shares held by Fredun Healthcare Pvt. Ltd.	182000	7.74		
Shareholders holdings more than 5% of 8% Redeemable Cumulative Preference Shares				
No. of Preference Shares O/s. as on 31.03.2013	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
Less: Adjusted in depreciation on revalued assets	-	-202209
	-	0
Surplus in Statement of Profit & loss A/c		
Opening Balance	310857	2935053
Add: Profit For The Year	72585	-2391751
	383442	543302
Less: Appropriations		
Provision for Preference Dividend	200000	200000
Provision for dividend tax	33980	32445
Profit and Loss Account carried forward	149462	310857
	149462	310857

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2013 Rs.	As at March, 31 2012 Rs.
Note: 3		
Long Term Borrowings		
Secured Loans		
The Shamrao Vithal Co-Op. Bank Ltd. Term Loan -3	7241056	9113522
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)	2638342	4076311
Terms of repayment-	T/L - 3	T/L - 4
	Rs.	Rs.
Loan amount	12000000	5000000
Rate of interest	15%	15%
	2014-15	1969075
	2015-16	2731581
	2016-17	2189774
	2017-18	-
Term loan from Reliance Capital Ltd. 99304 (Secured by equitable mortgage of Air Handling unit and rapid grinder machine.)	0	286248
Term loan from Reliance Capital Ltd. 201504 (Secured by equitable mortgage of Fluid Bed Dryer machine.)	777130	983,003
Terms of repayment-	T/L no.99304	T/L no.201504
	Rs.	Rs.
Loan amount	4240382	1186586
Rate of interest	13%	15%
	2014-15	280215.00
	2015-16	-
	2016-17	-
ICICI Bank Ltd Car Loan (Secured by equitable mortgage of Motor Car.)	1499868	0
Loan amount		2,100,000
Rate of interest		10.06%
2014-15		368657
2015-16		440916
2016-17		487379
2017-18		172691
	12156396	14459084
Note: 4		
Deferred tax Liabilities	4373123	4251839
	4373123	4251839
Note: 5		
Long Term Provisions	1799272	1427105
Provision for gratuity	1799272	1427105

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.)	10860747	8705768
The Shamrao Vithal Co-Op Bank - Packing Credit	14197114	15131053
SVC Co-Op. Bank - PSDL A/c	2720500	0
The Shamrao Vithal Co.op Bank CA/35FPL	0	549,964
SVC Co-Op. Bank - Hundi (Secured by equitable mortgage of factory unit and hypothecation of machinery, stock & trade receivables & Personal Guarantee of Three Directors.)	1530000	0
The National Small Industries Corpn Ltd. (Secured by bank guarantee and personal guarantee of Three directors)	2385143	2191070
Overdraft From ICICI Bank (Secured By Personal Guarantee by Directors.)	0	397122
Unsecured Loans from Directors (No Terms havee been fixed by management. However 15% Interest Has been paid)	1274533	2850431
	32968037	29825408
Note: 7		
Trade Payables:		
sundry creditors		
for Goods	29359937	33798688
for Expenses	2786521	3512064
	32146458	37310752
Note: 8		
Other Current Liabilities:		
for capital goods	827941	2159263
For Others	30525100	6113574
Current maturities of long term borrowings	3533931	4279967
	34886972	12552804
Note: 9		
Short Term Provision		
Provision for Taxation	972861	699501
Provision for Dividend Tax	202385	168405
Proposed dividend	1200000	1000000
Provision for Leave Salary	347631	0
	2722877	1867906

NOTE : 10 : Fixed Assets
(01.04.2011 To 31.03.2013)

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 01.04.2012	Additions/Adjustments	Dedn.	COST as at 31.03.2013	Upto 31.03.2012	For The Year	Deductin/Adjustment	UPTO 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012
								RS.	RS.	RS.
Tangible Assets										
Freehold land	5235279	-	-	5235279	-	-	-	-	5235279	5235279
Building - Factory	25531845	-	-	25531845	8949326	852763	-	9802089	15729756	16582519
Office Premises	6730140	-	-	6730140	979520	109701	-	1089221	5640919	5750620
Plant & Machinery	47594241	6734760	2123264	52205737	23777689	3084032	476,089	26385632	25820105	23857570
Electrical Installation	3334240	248721	-	3582961	1598156	163731	-	1761887	1821074	1736084
Electrical Fittings	979124	-	-	979124	637009	47412	-	684421	294703	342115
Lab Glassware Apparatus & Factory Equipments	1416291	10450	-	1426741	964925	63294	-	1028219	398522	451366
Furniture/Office Equipment	3988344	386841	25,000	4350185	2894471	102445	10,058	2986858	1363327	1093873
Office Equipment	366524	-	-	366524	43303	17410	-	60713	305811	323221
Factory Equipments	85718	220850	-	306568	1311	18534	-	19845	286723	43,389
Computer	1879754	271308	-	2151062	1257875	191146	-	1449021	702041	621879
Motor Car / Vehicle	6320	2162844	-	2169164	6320	128349	-	134669	2,034,495	-
TOTAL	97147820	10035774	2148264	105035330	41109905	4778817	486147	45402575	59632755	56037915
Intangible Assets										
Computer Software	582817	163300	0	746117	37343	11727	-	155070	591047	545474
TOTAL A+B	97730637	10199074	2148264	105781447	41147248	4896544	486147	45557645	60223802	56583389
PREVIOUS YEAR	89428391	8469226	166980	97730637	37534455	3745760	132967	41147248	57688614	51893936

*** ADDITIONS ARE NET OFF OF VAT & EXCISE

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2013 Rs.	As at March, 31 2012 Rs.
Note: 11		
Long Term Loans and advances		
Deposit with government	480270	478690
Vat receivable	7025530	6380587
Advance for Capital Items	1605067	1105225
	9110867	7964502
Note: 12		
Other Non-current Assets		
Unamortized Expenses	Rs. 2618629	1515727
Company / Products Registration Expenses	2205909	
Trade Mark Registration	198450	
R & D Expenditure	214270	
	2618629	1515727
Note: 13		
Inventories		
Raw Material	10776248	10541123
Packing material	6627827	4413325
Work-In-Progress	6614604	3671316
Finished Goods	8127123	7994820
Stock-In-Transit	339806	1031883
	32485608	27652467
Note: 14		
Trade Receivable		
(Unsecured-considered Good)		
Sundry Debtors		
Due for more than six month	833601	754,121
Others	18716777	15928806
	19550378	16682927
Note: 15		
Cash & Cash Equivalent		
Cash on hand	3410209	1857930
Balances With Banks	2311280	1534607
	5721489	3392537
Note: 16		
Short Term Loan & Advances		
Advance to Creditors	4034798	817709
Balance with Central Excise	7856150	9352800
TDS & FBT	2056798	1712022
Other Receivables	3786978	2574575
	17734724	14457106

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2013 Rs.	As at March, 31 2012 Rs.
Note: 17		
Revenue From Operations		
Revenue from- Sale of Products	139859838	103858566
Less: Excise Duty	5074166	2777657
	134785672	101080909
Sale of Services	16031957	15672935
	150817629	116753844
Note: 18		
Other Income		
Interest Income	182942	300654
Dividend Income	0	300
DEPB Income - sales	227046	1842079
Duty Drawback	1384940	557,302
Foreign Exchange Gain	901739	0
Profit on sale of Fixed Assets	0	10,987
Discount Recd.	0	16710
Sundry Credit Balance W/Off	122624	
Miscellaneous Income	619757	4494693
	3439048	7222725
Note: 19		
Cost of materials consumed		
Opening stocks	10541123	6633236
Opening stocks in transit	785760	75600
Add: Purchases	65323946	68999709
	10776248	10541123
Less : Closing stock	14300	785760
Less : Closing stock in transit	65860281	64381662
Changes in inventories of Finished Goods , Work in Progress & Stock in Trade		
Note: 20		
Opening Stocks		
Finished goods	3671316	446348
Materials under process	7994820	501471
Sub Total	11666136	947819
Less: Closing Stocks		
Finished goods	8127123	7994820
Materials under process	6614604	3671316
Sub Total	14741727	11666136
	-3075591	-10718317

NOTES TO FINANCIAL STATEMENT

Particulars		As at March, 31 2013 Rs.	As at March, 31 2012 Rs.
Note: 21			
Employees Benefit Expenses:			
Salaries, Wages and bonus		18984756	15289503
Medical Expenses		78357	144424
Welfare Expenses		427186	367516
Labour Welfare Fund Tax		6084	5796
Employer's Contribution to PF		764808	496152
		20261191	16303391
Note: 22			
Finance Cost:			
Bank charges		1159228	1210659
Bank Interest		5820739	5728271
Other Interest Expenses		1860900	1609481
		8840867	8548411
Note: 23			
Other Expenses:			
FACTORY EXPENSES:			
Custom Duty		0	25462
Stores & Spares		1214499	1265778
Packing Material Expenses			
Opening stock	4413325		4634283
Opening stock in transit	246123		32832
Packing Material Purchase	24693197		23461488
Packing Expenses	13777		723
Closing Stock	-6627827		-4413325
Closing Stock in transit	-325506		-246123
		22413089	23469878
Power & Fuel		5671177	4269539
Lab Chemical Expenses		151347	241637
Out Side Labour charges		1923821	1945933
Factory Expenses		604479	309106
Testing & Analytical Charges		299656	541500
Transportation Inward & Carriage Inward		195725	255793
Clearing & Forwarding Inward		0	44472
Freight Inward		450	71468
Repairs & Maintenance :-			
Building		215508	206810
Machinery		65323	286504
Other Assets		597048	307085
Fire Safety Expenses		18905	12795
Art & Design Work		0	1500
Tools & Equipments		0	4,810
		33371027	33260070

NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2012 Rs.	As at March, 31 2011 Rs.
ADMINISTRATION EXPENSES:		
Office Expenses	50529	41945
Security Charges	729639	696950
Insurance	557085	310419
Rent	382000	378000
Rates Taxes & Fees	714033	458965
Motor Vehical & Conveyance	484127	455453
Professional fees	4913634	1126244
Printing & Stationery	643444	399070
Travelling Expenses	769062	775234
Communication Expenses	1018909	974851
Office Electricity Charges	175831	226127
Hire charges	125405	71513
Donation	33200	46510
Foreign Exchange Loss	0	766,551
Product Registration Charges	0	114960
Agency Expenses	43743	62200
Deferred Rev.Exp.w/off	843353	509097
Membership & Subscription	85924	76191
Loss on Sale of Fixed Assets	339768	0
Other Expenses	165667	95459
	12075353	7585739
SELLING AND DISTRIBUTION EXPENSES:		
Sample Expenses	45540	30544
Sales Promotion Expenses	363987	3811
Business Promotion Expenses	108491	249286
Freight Outward	2329818	1128361
Transportation Outward	346221	204027
Clearing & Forwarding Outward	642588	338428
Packing Exps	0	12,990
Advertisement	2,500	0
Octroi Duty	0	141
Commission	64900	429382
	3904045	2396970
AUDITOR REMUNERATION:		
For Audit fees	40000	40000
For Tax Audit fees	12500	12500
For VAT Audit fees	12500	12500
For Cost Audit fees	25000	0
For Secretarial Audit fees	19000	18500
For Certification Work	23450	8500
For Taxation Work	0	8250
For Other Services	9500	59200
For Out of Pocket Expense	0	6500
	141950	165950
	49492375	43408729

NOTE TO FINANCIAL STATEMENTS: 24**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 generally Mercantile System of accounting is followed.

Revenue Recognition

Sales are in exclusive 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.

Use of Estimates

The presentation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates & assumption that a fate reported amounts of assets & liabilities, revenues & expenses & disclosure of contingent liabilities at the date of financial statements. Although these estimates are based on management best knowledge of current events & action, uncertainty about these assumptions & estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets & liabilities in future period.

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.

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, 2013. 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.

Credit Linked Capital Subsidy received for Technology up-gradation from Ministry of MSME, Government of India has been reduced from 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.37,12,506/ (P.Y. Rs. 71,44,251/-)
 - B. Excise Demand of Rs. 2,47,984/- (P.Y. Rs. 2,47,984/-).
 - C. Capital commitments outstanding as on 31/03/2013 Rs.23,20,590/ (P.Y. Rs. 19,58,400/-)
9. Salaries, wages and bonus include salary (gross) paid to Managing Director Rs3,60,000/ (P.Y.Rs 3,60,000/-), Joint Managing Director -Rs3,60,000/ (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. NIL/- from a Proprietary firm of Mr. N.B. Medhora, The Managing Director. There were sales of Rs. 508386/ to a Pvt. Ltd. Company where the Managing Director and the whole time Director are the Directors.
- c) Rent paid for occupying Godown of a Proprietary firm of a Managing Director Rs - 3,60,000/.

12. The position of appeals filed before Central Excise Authority is as below :

PERIOD	AMOUNT (Rs.)	ISSUE	Authority	STATUS
June 1998	58,300/-	Non-admissibility of SSI benefit.	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench	Stay Granted
Jan 2000 to Aug 2000	1,89,684/-	Lower rate applied for clearance to Institutions.	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench	Stay Granted

13. 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.
14. No Provision has been made for penalty of Rs. 76,000/- for violation of listing requirement levied OTC Exchange of India vide their letter no. 0410/LSTG/13-14/0218 dated 17.06.2013
15. No provision has been made for property tax of Rs. 4,35,197/- due to Palghar Nagar Palika vide their notice dated 12.02.2013

16. During the year under Audit the Company did not have any Internal Audit System.
17. The Stock of Raw Material & Packing Material includes slow moving / non-moving items of Rs. 4,53,906/- & Rs.15,28,707/- respectively.
18. Certain revenue expenses amounting to Rs.9,87,200/ incurred and paid by Company in respect of export sales recorded in the books for the year ending 31.03.2013 have not been provided for.
19. Other expenses amounting to Rs.1,09,688/- and Interest of Rs. 1,23,377/- incurred during the year 31.03.2013 paid in the next financial year have also not provided in the books of accounts.
20. Long outstanding advance of Rs.30,369/- has been shown under the head short term loans and advances.
21. 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.
22. 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	5,58,01,584
Overseas	7,89,84,089
Total	13,47,85,673

23. Raw material consumed – Rs. 6,07,86,115/ (P.Y. Rs. 6,43,81,662/-)

Sr. No	Particulars	2012-13 Rs.	2011-12 Rs.
1	Metformine HCL	96,39,499	1,05,02,154
2	Nifedipine I.P.	45,28,681	28,08,853
3	Sildenafil Citrate	44,77,289	47,32,897
4	Artemether BP/USP	32,10,126	4,00,849
5	Paracetamol I.P.	56,35,412	41,90,569
6	Others	3,32,95,108	4,17,46,340
	Total	6,07,86,115	6,43,81,662

24. Purchases of stock & trade – Rs. 44,08,272/ (P.Y. Rs. 4,07,363/-)**25. 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	6,07,86,115	6,07,86,115	NIL	NIL	100
Spare Parts	12,14,499	12,14,499	NIL	NIL	100

2. Value of Import of CIF basis

	2012-2013	2011-2012
Raw Materials	NIL	41,27,357
Traded Goods	NIL	82,560
Capital Goods	NIL	13,27,050

3. Expenditure in Foreign Currency

	2012-2013 (Rs)	2011-2012 (Rs)
Travelling	1,21,368	4,34,879
Marketing Consulting fees	3,20,584	3,10,828
Others	14,66,775	2,91,630

4. Earnings in Foreign Currency

	2012-2013 (Rs)	2011-2012 (Rs)
Export of goods on FOB basis	7,51,71,502	4,98,58,593

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

For V.D.KHANDEKAR & CO.
Chartered Accountants

(V.D.KHANDEKAR)
Proprietor

PLACE: MUMBAI
DATE: 15.11.2013

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: 15.11.2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2013

	(RS. IN LACS) 2012-2013	(RS. IN LACS) 2011-2012
A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAXATION	35.73	-18.98
ADJUSTMENTS FOR :		
DEPRECIATION	48.96	35.43
DEFERRED REVENUE EXPENSES WRITTEN OFF	8.43	5.09
PROFIT/LOSS ON SALE OF FIXED ASSET	3.39	-0.11
CASH GENERATED FROM OPERATIONS	96.51	21.43
PRIOR PERIOD ADJUSTMENTS	-31.06	-4.94
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	65.45	16.49
EFFECTS OF CHANGES IN WORKING CAPITAL ITEMS		
INCREASE / DECREASE IN INVENTORY	-48.33	-153.29
INCREASE / DECREASE IN DEBTORS	-28.67	-45.26
INCREASE / DECREASE IN LOANS & ADVANCES	-44.24	-26.67
ADJUSTMENT FOR TAX PROVISION	-3.95	0
ADJUSTMENT FOR PROPOSED DIVIDEND & TAX	-2.34	-2.32
INCREASE / DECREASE IN CURRENT LIABILITIES	211.67	331.58
INCREASE / DECREASE IN MISCELLANEOUS EXP	-19.46	-9.2
NET CASH FLOW FROM OPERATING ACTIVITIES	130.13	111.33
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	-89.42	-95.74
SALE OF FIXED ASSETS	0.66	0.45
	41.37	16.04
C) CASH FLOW FROM FINANCING ACTIVITIES		
INCREASE / DECREASE IN LOANS	-18.09	-18.31
NET INCREASE / DECREASE IN CASH	23.28	-2.27
OPENING CASH & BANK BALANCE	33.93	36.2
CLOSING CASH & BANK BALANCE	57.21	33.93

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: 15.11.2013

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 2013 REPORTED UPON BY US ON 15.11.2013. THIS STATEMENT HAS BEEN PREPARED PURSUANT TO CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGES.

FOR V.D. KHANDEKAR & CO.
CHARTERED ACCOUNTANTS

PLACE: MUMBAI
DATE : 15.11.2013

(V.D. KHANDEKAR)
PROPRIETOR