

28th
Annual Report
2008 - 2009



GUJARAT THEMIS BIOSYN LIMITED

BOARD OF DIRECTORS

DR. DINESH S. PATEL

CHAIRMAN

MR. A. B. SHAH
(Nominee of GIIIC)

MR. ANANT THAKORE

MR. SURENDRA SOMANI

MR. N. I. GANDHI

MR. VIJAY AGARWAL

MR. HINESH DOSHI

MR. S. C. KIM

MR. J. K. CHA

MR. S. S. LEE

MR. J. H. CHOI

MR. PANKAJ R. PATEL
(upto 25th October, 2008)

DR. SACHIN D. PATEL
(w.e.f. 25th October, 2008)

MR. RAJNEESH ANAND

MANAGING DIRECTOR

AUDITORS

M/S. KHANDELWAL JAIN & CO.,
CHARTERED ACCOUNTANTS, MUMBAI

COST AUDITORS

M/S. B.J.D. NANABHOY & CO.,
COST ACCOUNTANTS, MUMBAI

BANKERS

UNION BANK OF INDIA

REGISTERED OFFICE AND WORKS

69/C, GIDC INDUSTRIAL ESTATE
VAPI - 396 195, DIST. VALSAD
GUJARAT, INDIA

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 28th Annual General Meeting of **Gujarat Themis Biosyn Limited** will be held on Saturday the 26th September, 2009, at 11 a.m., at 69/C, GIDC Industrial Estate, Vapi-396 195, Dist. Valsad, Gujarat, to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hinesh Doshi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vijay Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S C Kim, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Dr. Sachin Dinesh Patel be and is hereby appointed as a Director of the Company liable to retire by rotation.”

Registered Office

69/C, GIDC Industrial Estate,
Vapi- 396 195
Dist. Valsad,
Gujarat

By order of the Board

Place : Mumbai

Date : 30th June, 2009

RAJNEESH ANAND
Managing Director

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ONLY ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN INSTRUMENT APPOINTING A PROXY OR ANY OTHER DOCUMENT NECESSARY TO SHOW THE VALIDITY OR OTHERWISE RELATING TO THE APPOINTMENT OF A PROXY IN ORDER THAT THE APPOINTMENT MAY BE EFFECTIVE AT THE MEETING MUST BE FILED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE MEETING.**

Members / Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 22nd September, 2009 to Saturday the 26th September, 2009 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting since it will not be possible for the Company to distribute additional copies of the Annual Report at the Annual General Meeting.
4. Members are requested to –
 - a) intimate to the Company's Registrar and share transfer agent, changes, if any, in their respective address along with Pin Code Number at an early date;
 - b) quote folio number in all their correspondence;
 - c) consolidate holdings into one folio in case of multiplicity of folios with names in identical order;
 - d) intimate their queries / requirements for clarifications on the annual report so as to reach the Company on or before 22nd September, 2009 which will enable the Company to furnish the replies at the Annual General Meeting.

5. Details of Directors seeking appointment/re-appointment in the 28th Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Mr. Hinesh Doshi	Mr. Vijay Agarwal	Mr. S.C. Kim	Dr. Sachin D. Patel
Date of Birth	16-05-1967	29-06-1957	15-09-1960	18-01-1975
Date of appointment	14-06-2006	31-03-2006	14-06-2006	25-10-2008
Expertise in specific functional areas	Taxation	Taxation & Corporate Advisory	Planning and Coordination	Business Development
Qualifications	B. Com, FCA	B. Com, FCA	Master Degree in Business & Admin.	Ph.D.Chem.University of Cambridge (UK)
List of companies (excluding foreign and private Ltd. companies in which outside Directorships held as on 31 st March, 2009	None	- Themis Medicare Ltd. - Nucsoft Ltd. - Birla Shloka Edutech Ltd. - Dagger Forst Tools Ltd.	None	Themis Medicare Ltd.
Chairman/ Member of the Committees of the Board of the companies on which he is a director as on 31 st March, 2009.	None	Member of Audit Committees of Themis Medicare Ltd. & Dagger Forst Tools Ltd. Member of Share Transfer Committee, Shareholders and Investors Grievances Committee of Dagger Forst Tools Ltd.	None	None

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6

Dr. Sachin Dinesh Patel was appointed as an Additional Director of the Company by the Board of Directors with effect from 25th October, 2008.

Dr. Sachin D. Patel is a Bachelor of Science from University of Sunderland, UK. He is also conferred with Ph.D. from University of Cambridge, U.K. He is having versatile experience in Pharmaceutical Industry especially in business development. Your Board is of the opinion that the Company will be benefited by his experience and expertise.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Dr. Sachin Dinesh Patel holds the office up to the date of the ensuing Annual General Meeting of the Company.

The Company has received Notice from a member of the Company signifying his intention to propose Dr. Sachin Dinesh Patel as a candidate for the office of the Director alongwith the requisite deposit pursuant to Section 257 (I) of the Companies Act, 1956.

Dr. Sachin Dinesh Patel is son of Dr. Dinesh Patel, Chairman of the Company and he is interested in the said resolution.

Registered Office

69/C, GIDC Industrial Estate, Vapi- 396 195,
Dist. Valsad, Gujarat.

Place : Mumbai
Date : 30th June, 2009

By order of the Board

RAJNEESH ANAND
Managing Director

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting herewith the 28th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2009.

FINANCIAL RESULTS

	Year ended 31.03.2009	(Rs. in Lakhs) Year ended 31.03.2008
Total Income	1277.75	1663.16
Operating Profit / (Loss)	(77.15)	213.22
Interest and Finance charge	180.93	202.14
Profit / (Loss) before depreciation, prior period adjustments & tax	(258.08)	11.07
Profit./ (loss) before tax	(357.57)	(174.05)
Provision for tax		
- Current	1.60	2.00
- Deferred	—	—
Income tax for earlier year	—	—
Profit/(Loss) after tax	(363.52)	(176.05)
Surplus/(Deficit) brought forward	(1991.22)	(1815.17)
Surplus / (Deficit) carried forward to Balance Sheet	(2354.74)	(1991.22)

OPERATIONS

Your Company's operations during the year under review were generally smooth. The Company's sales for the year ending 31st March 2009 is Rs.4.59 lacs and conversion charges for job work is Rs.1250.72 lacs as compared to Rs. 405.44 lacs sale and conversion charges for job work Rs.1221.71 lacs during the previous year. The operating loss for the year is Rs.77.15 lacs as compared to Rs. 213.22 lacs profit for the previous year. The net loss recorded by the Company for the year is Rs. 363.52 lacs as compared to loss of Rs. 176.05 lacs in the previous year.

The Job Work / Sales Income are not sufficient to cover fixed and variable costs of the Company, which leads to increase in losses.

BIFR

Based on the financial results for the year ended 31st March 2007, the Company became "Sick" as defined under Sec 3 (1) (o) of the Sick Industrial Companies (Special provision) Act 1985, and in accordance with the provisions of section 15 (l) of the said Act, filed a reference with the Board for Industrial and Financial Reconstruction (BIFR). In pursuance thereof, BIFR while directing for a Special Investigative Audit (SIA) has appointed Union Bank of India as the Operating Agency (OA). As directed by BIFR, an independent Firm of Chartered Accountants was appointed by OA to conduct the SIA. The SIA Report has since been filed with the BIFR.

As per the further directions from the BIFR, Union Bank of India (Operating Agency) is in process of submitting a detailed rehabilitation package to BIFR in consultation with other agencies involved.

The Company is hopeful of working out an acceptable revival strategy and turn around the performance of the Company within a reasonable time.

During the year under report, M/s. Gujarat Industrial Investment Corporation Ltd., (Promotor) had sold its shares to public.

MANAGEMENT DISCUSSIONS AND ANALYSIS**1. Industry Structure & Developments**

India has been making rapid strides in the field of Bulk Drugs and majority of these drugs required in India are manufactured in India. India also happens to be a major exporter of bulk drugs all over the globe, particularly to Europe and US markets.

At present the Company is engaged in manufacturing activities on Job work basis.

2. Opportunity, Threats, Outlook, Risk and Concerns

The Indian fermentation industry does not have a level playing field as compared to China. The energy cost, labour cost and raw material cost are much lower in China, therefore the Company finds itself in a very difficult situation.

3. Segment-wise or Product-wise Performance

Your Company is engaged in manufacturing activities on Job work basis.

4. Internal Control Systems and their adequacy.

The Company has adequate internal control procedures which commensurate with its size and nature of business. The internal control procedures and systems ensure efficient use and protection of resources and compliance with the policies, procedures and statutes.

5. Material Developments in Human Resources and Industrial Relations

Fermentation industry is a high technology Industry. Continuous efforts are being made in training the employees through In-house training programs to suit the Company's requirements. Industrial Relations have been generally cordial and healthy.

DIRECTORS

In terms of Article of Association of the Company as well as the requirement of the Companies Act, 1956, Mr. Hinesh Doshi, Mr. Vijay Agarwal & Mr. S.C Kim retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Further Mr. Pankaj R. Patel has resigned from the Board of Directors of the Company on 25th October, 2008. The Board placed on record its appreciations of the valuable support extended by Mr. Pankaj R. Patel during his tenure as Director of the Company.

Your Directors have appointed Dr. Sachin Dinesh Patel as an Additional Director u/s 260 of the Companies Act, 1956 w.e.f 25th October, 2008. A resolution for his appointment as regular Director is proposed to be passed at the ensuing Annual General Meeting of the Company.

INDUSTRIAL RELATIONS

Relations between the Management and the workers generally remained cordial and peaceful.

AUDITORS

Messrs Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. As regards remarks in the Auditors' Report, the Notes wherever referred to, are self-explanatory.

The Auditors have furnished to the Company the requisite Certificate under Section 224 (1B) of the Companies Act, 1956.

COST AUDITORS

The Company being Sick Unit and Registered with BIFR, making an application to Central Government for Exemption from Cost Audit of the Records of the Company u/s 233 of the Companies Act 1956.

PARTICULARS OF EMPLOYEES

No employees of the Company are drawing salary in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

Information on conservation of energy and technology absorption etc. as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988, are given in Annexure "A" to the Director's Report.

CORPORATE GOVERNANCE

Report of Directors on compliance of conditions on Corporate Governance as specified in Clause 49 of the Listing Agreement together with certificate issued by the Practicing Company Secretary thereon attached to this Report.

DIRECTORS RESPONSIBILITY

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

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) The Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

AUDITORS' OBSERVATIONS & COMMENTS

Observations

- a) Due to losses incurred during the year, negative net worth, working capital deficiency, and being Sick Company, doubt on ability of Company to continue as going concern basis.
- b) Some of the outstanding balances of Sundry debtors, creditors, loans & advances and deposits are subject to confirmation and reconciliation.
- c) Non-ascertainment of proper records, physical verification and quantitative details in respect of fixed assets.
- d) Delay in depositing statutory dues with concerned authorities.

Comments

- a) The net worth of the Company has been eroded during the financial year 2006-07 and based on its financial position as on 31-3-2007, the Company became Sick Unit and Registered with BIFR under Reference No.67/2007. As per the direction of BIFR, Union Bank of India, (OA) will submit rehabilitation scheme. Presently the Company is engaged in manufacturing activities on Job work basis.
- b) The Company does not expect any material variation in the financial statement. In the meantime, the reconciliation and balance confirmation will be completed.
- c) As per the Company, there will be no material discrepancies between fixed assets records as per the books and its physical availability.
- d) Noted the delay in depositing statutory dues with concerned authorities.

ACKNOWLEDGMENT

Your Directors have pleasure to place on record their sincere appreciation for the continued co-operation support extended to the Company by Financial Institutions, Union Bank of India, all the Employees, Yuhan Corporation, the State Government of Gujarat, Dept. of Chemical & Petrochemical and various other Government authorities.

For and on behalf of the Board of Directors

RAJNEESH ANAND
Managing Director

DR. DINESH PATEL
Director

DR. SACHIN D. PATEL
Director

Place : Mumbai
Date : 30th June, 2009

‘ANNEXURE A’ TO THE DIRECTORS REPORT

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

CONSERVATION OF ENERGY

(a) Energy conservation measures taken: -

During the year under review, all possible efforts were made to ensure optimum conservation of electricity and fuel at the plant.

(b) Additional investments and proposals, if any, shall be implemented for reduction of consumption of energy: -

The Company has introduced improved operational methods, improved maintenance systems and rationalisation to bring about a saving in power consumption.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: -

The adoption of energy conservation measures stated above is expected to help in saving to the Company on fuel and energy cost.

(e) The total energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto: -

The Company has invested substantial amount in the Plant and equipment to reduce energy Consumption and the Company will continue in its efforts to improve methods of energy conservation and utilisation.

FORM - A

Form for disclosure of Particulars with respect to Conservation of Energy

A POWER AND FUEL CONSUMPTION

	<u>2008-2009</u>	<u>2007-2008</u>
1. Electricity :		
a) Purchase :		
Units	91,43,760	89,36,010
Total Amount	5,65,74,753	486,83,819
Rate/Unit (Rs.)	6.19	5.45
b) Own Generation :		
i) Through diesel / LDO Generators (KwH)	70,784	1,07,492
Diesel / LDO Consumed (Liters)	32,769	40,338
Units / Litre of Diesel /LDO (KwH)	2.16	2.66
Total Amount (Rs.)	12,51,744	14,63,540
Cost / Unit (Rs. / KwH)	17.68	13.62
ii) Through Steam:		
Turbine / Generator Units	—	—
Unit / Litres of Fuel / Oil / Gas	—	—
2. Furnace Oil :		
Quantity (Litres)	2,10,433	292,548
Total Amount (Rs)	63,59,970	59,47,221
Average Rate (Rs./Litre)	30.22	20.33
3. Coal / Lignite :		
Quantity (Kgs)	58,26,160	61,12,200
Total Amount (Rs.)	2,62,36,794	202,84,757
Rate / Kgs (Rs.)	4.50	3.32

	2008-2009	2007-2008
B. CONSUMPTION PER MT OF FINISHED GOODS PRODUCED*		
Electricity Per MT (Rs)	721,520	638,872
Furnace Oil Per MT (Rs)	81,111	78,045
Diesel /LDO Per MT (Rs)	15,964	19,206
Coal / Lignite Per MT (Rs)	334,608	266,195

* Figures are not comparable as mix of two products were produced and use of substitute, also the per MT cost has been calculated excluding the finished goods used for captive consumption.

TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules:

FORM B

Form for disclosure of Particulars with respect to absorption

1 Research & Development (R & D)

(a) Specific areas in which R & D carried out by the Company:

Since the company is currently in the Job work business, the company works on the development of processes and strains to improve productivity to increase its income /reduce losses.

(b) Benefits derived as a result of the above R & D:

The R & D activities of the Company have resulted in improved productivity and quality of the product, better yields and recoveries leading to cost containment and loss reduction.

(b) Future Plan of action:

The Research activity will continue to concentrate on new product development of products which the company will identify in future, process improvement and development. The Company is working aggressively to scale up new product.

(c) Expenditure on R & D:

	2008-2009	2007-2008
i) Capital	—	—
ii) Recurring	—	3.82
iii) Total	—	3.82
iv) Total R & D expenditure as a percentage of total turnover	—	0.25%

2 Technology Absorption, Adaptation and Innovation:

(a) Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company has taken steps to increase the yields and productivity to bring down the cost of production.

(b) Benefits derived as a result of the above efforts:

- Reduction of production cost.
- Improvement in product quality.

3. Activities related to exports, initiatives taken to increase exports, development of new export markets for products and services and export plan:

The company is in the job work business area only however the product made by the company is used by the principals for manufacture of down stream API which is widely exported. This help the country to gain good foreign exchange. Our Principals earlier were also importing the products manufactured by us from China. Thus our activity in a way is also helping the country to save foreign exchange.

Total foreign exchange used and earned

(Rs. In lakhs)

- Total foreign exchange earned	—
- Total foreign exchange spent	—

For and on behalf of the Board of Directors

Place : Mumbai

RAJNEESH ANAND

DR. DINESH PATEL

DR. SACHIN D. PATEL

Date : 30th June, 2009

Managing Director

Director

Director

REPORT ON CORPORATE GOVERNANCE

To,
The Members,

The Directors of the Company are pleased to present report on Corporate Governance for the financial year ended 31st March, 2009.

PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy underlying Corporate Governance seeks to create a system of “Checks and Balances” based on transparency, ensuring integrity, clarity and consistency in the dealing of the Company with all its stakeholders. Good governance ensures that a Company follows the best corporate practices. Implementation of good governance indicates not only the compliance of the laws and regulations of the land but also indicates the values, practices and culture of your organisation.

BOARD OF DIRECTORS

A) Composition of the Board

The Company's Board comprises an optimum combination of Executive and Non-Executive Directors in conformity with the provisions of the listing agreement on Corporate Governance. The Company also has the optimum number of Independent Directors in accordance with the criteria given in Clause 49 of the listing agreement. The Non-Executive Directors brings an external and wider perspective confirming therewith in depth business deliberations and decisions advantage. The Board represents an optimum mix of professionals, knowledge and expertise.

The Managing Director subject to the superintendents and direction of the Board of Directors manages the business of the Company. Details of Board of Directors and their directorship/membership in committees of other companies (excluding Private Limited and Foreign Companies) are as under:

Name of the Director	Category	Number of other directorships	Committee Memberships	
			Chairman	Member
Mr. A. B Shah (Nominee of GIIC)	Non executive & Independent	4	—	1
Dr. Dinesh S. Patel	Non executive Promoter Director	2	1	2
Mr. Surendra Somani	Non executive & Independent	8	—	1
Mr. Anant Thakore	Non executive & Independent	1	1	—
Mr. N. I Gandhi	Non executive & Independent	6	—	2
Mr. J. K. Cha	Non executive Representative of Yuhan Corpn.	—	—	—
Mr. S. C. Kim	Non executive Representative of Yuhan Corpn.	—	—	—
Mr. J. H. Choi	Non executive Representative of Yuhan Corpn.	—	—	—
Mr. S.S. Lee	Non executive Representative of Yuhan Corpn.	—	—	—
Mr. Vijay Agarwal	Non executive & Independent	3	—	1
Mr. Hinesh Doshi	Non executive & Independent	—	—	—
Mr. Rajneesh Anand (Managing Director)	Executive	1	—	—
Dr. Sachin Dinesh Patel w.e.f. 25-10-2008	Non executive & Promoter Director	1	—	—

(B) Details of attendance of the directors at the Board Meetings held in Financial Year 2008-09 and at the last Annual General Meeting.

Name of the Director	Number of Board Meetings held during F.Y. 2008-09 while holding the Office.	Number of Board Meetings attended while holding the Office.	Attendance at last Annual General Meeting.
Mr. A.B Shah (Nominee of GIIC)	4	1	—
Mr. Surendra Somani	4	—	—
Dr. Dinesh Patel	4	4	—
Mr. Pankaj R. Patel (upto 25-10-2008)	2	—	—
Dr. Sachin Dinesh Patel (w.e.f. 25-10-2008)	2	2	—
Mr. Anant Thakore	4	3	Yes
Mr. N. I. Gandhi	4	—	—
Mr. J. K. Cha	4	—	—
Mr. S.S Lee	4	—	—
Mr. J. H. Choi	4	—	—
Mr. S.C Kim	4	—	—
Mr. Rajneesh Anand (Managing Director)	4	4	Yes
Mr. Vijay Agarwal	4	4	—
Mr. Hinesh Doshi	4	3	—

The Board meetings are generally held in Mumbai. During the financial year 2008-09, Four meetings of the Board of Directors were held on 30th June 2008, 31st July 2008, 25th October 2008 and 30th January 2009.

(C) Role of Independent Directors

The Independent Director's play an important role in bringing deliberation in Board Meeting and adhere to the Company a wide guiding experience in Pharmaceutical Industry, Accountancy, Finance, Taxation and Legal Fields.

(D) Board Meetings

The Meetings of the Board of Director's are held at regular intervals of not more than four months at Mumbai in India as per the convenience of the Directors. These are generally scheduled well in advance. The provisions of the Companies Act, 1956 and those under Clause 49 of the Listing Agreement has been followed. The Board meets at least once a Quarter to review Performance and Financial Results. All the major decisions are taken at the Board meeting wherein directors are provided with all material information. Senior Executives of the Company are invited to attend the board meeting and provide clarifications as and when required.

The last Annual General Meeting of the Company was held on 5th September, 2008.

AUDIT COMMITTEE

Pursuant to provisions of Section 292A and Clause 49 of the Listing Agreement, the Audit Committee was formed on 27th June, 2001. The terms of reference and powers of committee are in compliance with the provisions of clause 49 of the listing agreement on corporate governance and Section 292A of the Companies Act, 1956. The Committee also reviews Reports of the Statutory Auditors alongwith the comments and action taken. Senior Executives are invited to attend the meeting of the Audit Committee as and when considered appropriate. The head of Finance function regularly attends the Meeting of the Audit Committee.

The Audit Committee consists of Mr.Vijay Agarwal – Chairman, Mr. Hinesh Doshi, Dr. Dinesh Patel and Dr. Sachin D. Patel. The Committee met 4 times during the Financial Year 2008-09. The dates of Audit Committee meetings held during Financial Year 2008-09 are 30th June 2008, 31st July 2008, 24th October 2008 and 30th January 2009 and most of the members were present at all the meetings.

REMUNERATION COMMITTEE

The Remuneration Committee of the Directors of the Company comprised of Dr. Dinesh Patel – Chairman, Mr. Vijay Agarwal, Mr. Hinesh Doshi and Dr. Sachin D. Patel.

Remuneration of Directors

Mr. Rajneesh Anand, the Managing Director is the only Executive Director in the Board. The Board of Directors of the Company takes all the decisions regarding appointment and payment of remuneration to the Directors (including Managing Director) as per the recommendation of the Remuneration Committee.

The Company is paying managerial remuneration to the Managing Director only. The details of such remuneration are given herewith.

The remuneration payable to Mr. Rajneesh Anand, Managing Director of the Company as specified hereunder, is pursuant to provisions of Section 269, Schedule XIII and other applicable provisions of the Companies Act, 1956.

Details of remuneration paid to the Managing Director for year 2008-09 is as under:

Particulars	Amount (in Rs.) (2008 – 09)
Salary	3,00,000/-
Gratuity	—
Leave Salary	—
LTA, Medical & Other benefits	—
Total	3,00,000/-

The Company has not paid any commission to the Managing Director.

In the year 2008-2009, the Company has not paid any sitting fees to the Directors.

SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE

The Share Transfer Committee was formed on 26th July, 2000 by the Board of Directors of the Company and had delegated the authority to approve transfer of shares and to attend to the other share transactions including transmission, transposition, split, consolidation and issue of duplicate share certificate so as to expedite the process relating thereto. During the financial year 2001-02, the Board of Directors has renamed the committee as Share Transfer & Investors Grievance Committee to look into the grievances of investors in addition to approval of transfer of shares. The present members of Share Transfer & Investors Grievance Committee are Mr. Anant Thakore – Chairman, Dr. Dinesh Patel, Mr. Vijay Agarwal & Mr. Hinesh Doshi.

The committee met 9 times during the Financial Year 2008-09. For some periods there were no share transfers, therefore the share transfer committee meetings were not held. The Minutes of the Share Transfer Committee were laid before the Board of Directors for record. All the valid applications for share transfer received during the year 2008-09 have been approved. During the year 2008-09, Company has received complaints from Shareholders and all the complaints were resolved and no complaint is pending as on 31st March, 2009.

Compliance Officer

Mr. Jayapal. K

69/C, GIDC Industrial Estate,
Vapi – 396 195, Dist. Valsad,
Gujarat, India

GENERAL BODY MEETINGS

Annual General Meetings

Last three Annual General Meetings of the Shareholders of the Company were held as under:

Year	Venue	Date	Time
2005-06	69/C, GIDC Incl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.	25-09-2006	11.00 A.M.
2006-07	69/C, GIDC Incl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.	29-09-2007	11.00 A.M.
2007-08	69/C, GIDC Incl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.	05-09-2008	11.00 A.M.

No other general meetings were held in last three financial years. All resolutions including the special resolution set out in the respective notices were passed by the Shareholders.

No resolution which required to be passed through a postal Ballot, as recommended under Clause 49 of the Listing Agreement and the Companies (Passing of Resolution through Postal Ballots) Rules 2001, were placed for shareholder's approval at the meeting.

Disclosures

Details of the related parties and transactions of the Company with such related parties during the financial year 2008–09 are furnished at Para 17 of Schedule 20 with respect to "Significant Accounting Policies and Notes to Accounts", which forms part of the Accounts of the Company for the Financial Year ended 31st March, 2009.

There have neither been any instance of non compliance of any matter related to the capital market during the last three years nor any penalty, stricture have been imposed on the Company by Stock Exchanges or by Securities and Exchange Board of India or any other statutory authority on any matter related to capital market.

Means of Communication

The Company publishes the quarterly and half yearly financial results in the daily news papers (English & Gujarati editions) as required by the provisions of the listing agreement. Presently the Company does not have practice of mailing half-yearly results to the shareholders. The Company does not have any web site. The Management discussions and Analysis Report forms part of Annual Report.

EDIFAR Filing

As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, Shareholding pattern etc. are being electronically filed on the EDIFAR website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

General Shareholders Information

A) Annual General Meeting

Date and time : 26th September, 2009 at 11 A. M

Venue : 69/C, GIDC Incl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.

B) Tentative Financial Calendar (Subject to change) for the financial Year 2009-10

1st Quarterly Results - 31st July, 2009

Half Yearly Results - 31st October, 2009

3rd Quarterly Results - 31st January, 2010

Annual Results - 30th June, 2010

C) Dates of Book Closure

From Tuesday the 22nd September, 2009 to Saturday the 26th September, 2009 (both days inclusive).

D) Dividend Payment Date

The Company has not declared any dividend.

E) Listing on Stock Exchanges

The Company's Equity Shares are listed on Ahmedabad and Mumbai Stock Exchanges. The listing fees for the year 2009 - 2010 have been paid to above Stock Exchanges.

F) Stock Code

Ahmedabad Stock Exchange : 22810/GUJTHEMIS

Mumbai Stock Exchange : 506879

G) Stock Price Data and Stock Performance

Month	BSE Sensex		Share Price	
	High	Low	High (Rs.)	Low (Rs.)
April, 2008	17480.74	15297.96	10.36	6.91
May, 2008	17735.70	16196.02	9.16	7.83
June, 2008	16632.72	13405.54	8.57	7.00
July, 2008	15130.09	12514.02	8.65	7.40
August, 2008	15579.78	14002.43	8.84	6.86
September, 2008	15107.01	12153.55	7.99	6.77
October, 2008	13203.86	7697.39	7.50	6.44
November, 2008	10945.41	8316.39	7.30	5.27
December, 2008	10188.54	8467.43	6.32	5.42
January, 2009	10469.72	8631.60	6.24	5.15
February, 2009	9724.87	8619.22	6.30	5.17
March, 2009	10127.09	8047.17	6.01	4.45

H) Registrar and Share Transfer Agent

In order to comply with SEBI circular the Company has appointed M/s. Link Intime India Pvt. Ltd. as Company's Registrar and Share Transfer Agent to handle the work relating to the transfer of shares and other share transactions in physical and electronic form as well as communications with shareholders with respect to the matters related to their shareholdings.

I) Address for correspondence

The addresses for correspondence are as under:

For Physical as well as Electronic form	: M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West) Mumbai 400 078 Phone : 022 – 2594 6970 Fax : 022 – 2594 6969 E-mail : rnt.helpdesk@linkintime.co.in
For any other matter and unresolved complaints	: 69/C GIDC Industrial Estate, Vapi – 396 195, Dist. Valsad, Gujarat Phone : 0260 - 2430027 Fax : 0260 - 2400639 E-mail : gtblmumbai@gtbl.in / accounts@gtbl.co.in

Shareholders holding their shares in Electronic mode should address all their correspondence to their respective Depository Participants.

J) Share Transfer System

The Company's Registrar, M/s. Link Intime India Pvt. Ltd. have adequate infrastructure to process the share transfers. The Applications for transfer of shares received by the Company in physical form are processed and registered within 30 days of receipt of the documents valid in all respects. After such processing, the option of simultaneous dematerialisation of the shares is provided to the shareholders. Shares under objection are returned within a week's time. The share transfer committee meets on a need basis for a minimum twice in a month to consider the transfer application and other proposals relating to transmission, transposition, split, consolidation and issue of fresh share certificate. In case if there are no transfers in particular period, share transfer committee meetings were not held. In compliance with listing agreement, every six months, a practicing Company Secretary audit the system of transfer and a certificate to that effect is issued.

K) Dematerialisation of Shares

The equity shares of the Company are in compulsory demat list with effect from 29th January, 2001 are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). The identification allotted to the Company's equity shares is **INE942C01011**. As on 31st March 2009, a total of **73,24,742** Equity Shares of the Company forming **63.14%** of the total paid up share capital stands dematerialised. All requests for dematerialisation of shares are processed within the stipulated time.

L) Shareholding pattern

Distribution of shareholding as on 31st March, 2009 was as under:

Range	No of shareholders	% of Total shareholders	No of shares held	% of shareholding
1 to 500	5929	89.79	761504	6.58
501 to 1000	397	6.01	342164	2.9
1001 to 2000	127	1.92	195042	1.68
2001 to 3000	47	0.71	117499	1.01
3001 to 4000	31	0.47	115121	0.99
4001 to 5000	26	0.39	125441	1.08
5001 to 10000	23	0.35	164373	1.41
10001 & above	24	0.36	9778856	84.30
TOTAL	6604	100	11600000	100

The categories of shareholding as on 31st March, 2009 was as under:

Category	No of shares held	% of shareholding
Promoters	8896101	76.69
Institutional Investors	108350	0.93
NRIs / OCBs	85342	0.74
Others and General Public	2510207	21.64
TOTAL	11600000	100

M) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.

Not Applicable

N) Plant Locations

Company's Plant is located at 69/C, GIDC Industrial Estate, Vapi – 396 195, Dist. Valsad, Gujarat.

COMPLIANCE

The Company has complied with mandatory requirements of Corporate Governance code as contained in clause 49 of the listing agreement. The Board would review the implementation of non-mandatory requirements of Corporate Governance code in due course of time. Auditor's Certificate regarding compliance of corporate governance code for the financial year 2008-09 is annexed to this report.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th June, 2009

RAJNEESH ANAND
Managing Director

DR. DINESH PATEL
Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Gujarat Themis Biosyn Limited

We have examined the compliance of conditions of Corporate Governance by the Gujarat Themis Biosyn Limited for the year ended on 31st March, 2009 as stipulated in clause 49 of the listing agreement of the said Company with various stock exchanges.

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

In our opinion and based on our review and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

Based on verification of the records of the Company and as certified by the Company's Registrar and Share Transfer Agent, we state that no investor grievances are pending against the Company for more than 30 days as on 31st March, 2009

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

For **V. V. Chakradeo & Co.**
Company Secretaries,

(V. V. Chakradeo)
Proprietor
C P No.1705

Place : Mumbai
Date : 30th June, 2009

REPORT OF THE AUDITORS' TO THE MEMBERS

We have audited the attached Balance Sheet of **GUJARAT THEMIS BIOSYN LIMITED**, as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 (As Amended) issued by the Central Government of India in terms of sub-section (4-A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in Paragraph 1 above, we report that: -
 - a. We have obtained all the informations and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper Books of Account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of the written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. *Attention is invited to Note No. 8 of schedule 20 and paragraph (i) of Annexure to this Report, regarding non-maintenance of proper records showing full particulars including quantitative details and situation of fixed assets and no physical verification of such fixed assets carried out by the management during the year. Consequently, the discrepancies if any between the book records and the physical availability of assets could not be ascertained. However in the opinion of management there will be no material discrepancies between Fixed Assets records as per Books and its physical availability.*
 - g. (i) *Note No. 7 of Schedule 20 regarding preparation of accounts on the basis of a going concern in spite of loss of Rs.3,63,52,039/- incurred during the year and brought forward losses of Rs.19,91,21,959./-, which has resulted in negative net worth of Rs. 11,09,09,085/- as at 31st March, 2009. The Company also has working capital deficiency. The company is also a sick company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act 1985 and the Company has been registered with the BIFR. These factors raise doubts about, the Company's ability to continue as a going concern which is dependent upon infusion of long terms funds for its future operations. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might result, should the Company be unable to continue as a going concern.*
(ii) *The outstanding balances as at 31st March, 2009 in respect of certain sundry debtors, deposits, loans & advances and sundry creditors are subject to confirmation from respective parties and consequential reconciliation and adjustment arising there from, if any. (Refer note no. 9 (a) of Schedule 20) Consequential impact thereof on the financial statements is not ascertainable.*
3. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, *subject to our comments in paragraph 2(g) above consequential cumulative effect thereof is not ascertainable* and read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
 - c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants,
(NARENDRA JAIN)
PARTNER
Membership No.048725

Date : 30th June, 2009
Place : Mumbai

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 OF GUJARAT THEMIS BIOSYN LIMITED

On the basis of such checks, as we considered appropriate and in terms of the information and explanations given to us, we state that: -

- i) a) *The Company has not maintained proper records showing full particulars including quantitative details and situation of its assets.*
 - b) *We were informed that the fixed assets were not physically verified by the management, during the year. Hence, the discrepancies if any between book records and physical availability could not be ascertained;*
 - c) *We were informed that, no substantial part of fixed assets of company have been disposed off during the year.*
- ii) a) *The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;*
 - b) *According to the information and explanations given to us, the procedures followed for physical verification of the inventory are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;*
 - c) *According to the records produced before us for our verification, there were no material discrepancies noticed on physical verification of stocks referred to in Para 2(a) above as compared to the book records and the same have been properly dealt with in the books of account of the Company;*
- iii) a) *According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any Companies, Firms or other Parties listed in the register maintained under Section 301 of the Companies Act, 1956.*
 - b) *Since the company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 provisions of clause 4 (iii) (b) (c) (d) are not applicable to the company.*
 - c) *Further, according to the information and explanations given to us, the outstanding royalty amount payable to Yuhan Corporation has been treated as interest free unsecured Loan (The Amount and year-end balance Rs.3,95,10,377/-), Except the above company has not taken any Loans, Secured or unsecured from Companies, Firms or other Parties in the register maintained under section 301 of the Companies Act, 1956;*
 - d) *In our opinion, the rate of interest and other terms and conditions of loans taken by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company;*
 - e) *As informed to us, there is regular repayment of principal and interest amounts in respect of loan taken by company, wherever stipulated;*
- iv) *In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regards to purchase of inventory and fixed assets and with regards to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system;*
- v) a) *According to the information and explanations given to us and based on our verification, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered;*
 - b) *Further, according to the information and explanations given to us, each of these transactions made in pursuance of such contracts or arrangements have been made 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 any deposits from the public;*
- vii) *The company does not have formal internal audit system, however, in our opinion; the company has an adequate internal control system commensurate with its size and nature of its business.*
- viii) *We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;*

- ix) a) *Undisputed Statutory Dues including Employees' Provident Fund, Employees' State Insurance,(ESIC), Central Sales Tax, Value Added Tax, Fringe Benefit Tax, Tax Deducted at Source, Notified Area Tax, ESIC dues in respect of contractors, Tax Collected at source and Profession Tax have not been regularly deposited with the appropriate authorities as there have been substantial delay in depositing such statutory dues.*

Details of the arrears of undisputed statutory dues as on 31st March, 2009 which are outstanding for more than six months from the date they became payable are as given below:

Sr. No	Nature of Dues	Amount	Year to which amount relates
1.	ESIC (Contractors)	77,718	2002-2003
	ESIC (Contractors)	77,174	2003-2004
	ESIC (Contractors)	61,961	2004-2005
	ESIC (Contractors)	42,484	2005-2006
	ESIC (Contractors)	2,23,634	2006-2007
	ESIC (Contractors)	20	2008-2009
	TOTAL	4,82,991	
2.	Notified Area Tax	52,355	2005-2006
	Notified Area Tax	3,44,136	2006-2007
	Notified Area Tax	4,96,854	2007-2008
	Notified Area Tax	5,63,004	2008-2009
	TOTAL	14,56,349	
3.	NA Charges	21,074	2001-2002
	NA Charges	21,074	2002-2003
	NA Charges	78,714	2003-2004
	NA Charges	78,714	2004-2005
	NA Charges	78,714	2005-2006
	NA Charges	78,714	2006-2007
	NA Charges	78,714	2007-2008
	NA Charges	78,714	2008-2009
	TOTAL	5,14,432	
4.	Professional Tax (Maharashtra)	2,390	2006-2007
5.	Professional Tax (Maharashtra) old	202	2006-2007

- b) According to the information and explanation given to us, there are no dues of Sales Tax, Service Tax, Income Tax, Customs Duty, Wealth tax, Excise duty and Cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax (TDS)	Demand u/s 201(1)/201(1A)	5,04,238/-	A.Y. 2006-2007	Hon. Commissioner of Income tax (Appeals) Valsad
Income Tax (TDS)	Demand u/s 201(1)/201(1A)	5,79,179/-	A.Y. 2007-2008	Hon. Commissioner of Income tax (Appeals) Valsad
Income Tax (TDS)	Demand u/s 201(1)/201(1A)	2,66,454/-	A.Y. 2008-2009	Hon. Commissioner of Income tax (Appeals) Valsad
Income Tax (TDS)	Demand u/s 201(1)/201(1A)	2,53,647/-	A.Y. 2009-2010	Hon. Commissioner of Income tax (Appeals) Valsad

- x) *The accumulated losses of the company are more than fifty percent of its net worth. The company has, without considering the effect of our comments in the paragraph 2 (f) & (g) in the main report, has incurred cash losses during the financial year covered by our audit. However it had not incurred cash losses in the immediately preceding financial year, without considering the effects of our comments made in paragraph "g" of our Auditors Report for the said financial year.*

xi) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to a financial institution, bank or debenture holders. Details of such defaults is given as under :-

(a) in case of Gujarat Industrial Investment Corporation Limited (GIIC), where repayment of unsecured loan amounting to Rs. 26,00,000/- has not been made as in the opinion of the company, GIIC is also a promoter and as per the BIFR sanctioned scheme the loan which was subordinated to the dues of the Banks and Financial Institutions would be repaid only after clearing the dues to banks and Financial Institutions.

(b) In case of working capital term loan taken from Union Bank of India, the Details of defaults/delay in repayments of principal and payment of interest are as under: -

Period Of Default	Amount	Remarks
Less than 30 Days	92,77,980	Including Rs.23,94,326 outstanding as on 31.03.2009
30 to 90 days	1,01,59,417	Including Rs.17,71,088 outstanding as on 31.03.2009
90 to 120 Days	35,88,294	Rs.NIL outstanding as on 31.03.2009

(c) Letters of Credit issued by Union Bank of India have devolved and details of defaults/delay in repayments of principal and payment of interest the same are as under:

Period Of Default	Amount	Remarks
Less than 30 Days	31,01,573	Including Rs.29,86,056 outstanding as on 31.03.2009
30 to 90 days	34,84,357	Including Rs.5,17,969 outstanding as on 31.03.2009
90 to 120 Days	35,47,874	Rs.NIL outstanding as on 31.03.2009

xii) According to the informations and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;

xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company;

xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company;

xv) According to the informations and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institutions;

xvi) In our opinion, the terms loans raised during the year have been applied for the purpose for which they were raised;

xvii) According to the informations and explanations given to us and on an examination of the balance sheet of the company, we report that fund raised on short term basis amounting to Rs.6,55,30,543/- been used for long term purposes including for accumulated losses;

xviii) According to the informations and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956;

xix) According to the information and explanations given to us, the Company has not issued debentures;

xx) According to the information and explanations given to us, the Company has not raised money by public issues during the year;

xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants,

(NARENDRA JAIN)
PARTNER

Membership No.048725

Place : Mumbai
Date : 30th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds :			
Capital	1	115,996,000	115,996,000
Reserves and Surplus	2	8,568,913	8,568,913
Loan Funds :			
Secured Loans	3	119,222,229	110,364,072
Unsecured Loans	4	42,110,377	42,110,377
		285,897,519	277,039,362
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	364,287,751	364,735,989
Less :- Depreciation		272,195,762	260,690,015
Net Block		92,091,989	104,045,974
Capital Work-in-Progress		350,550	350,550
		92,442,539	104,396,524
Investment	6	7,500	7,500
Current Assets, Loans & Advances :			
Inventories	7	5,606,431	5,952,352
Sundry Debtors	8	3,223,331	2,223,267
Unbilled Revenue		1,081,460	4,848,318
Cash and Bank Balances	9	1,352,488	3,294,254
Loans & Advances	10	19,779,675	17,980,294
Other Current Assets		335,274	411,815
		31,378,659	34,710,300
Less:- Current Liabilities & Provisions:			
Current Liabilities	11	71,505,793	59,708,037
Provisions	12	1,899,384	1,488,885
		73,405,177	61,196,922
NET CURRENT ASSETS		(42,026,518)	(26,486,622)
Deferred Tax Assets/ (Liability) (Net)	13	—	—
Profit & Loss Account		235,473,998	199,121,959
		285,897,519	277,039,362
Significant Accounting Policies and Notes to Accounts	20		

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

For and on behalf of the Board

NARENDRA JAIN
Partner
Membership No. 048725

Place : Mumbai
Date : 30th June, 2009

RAJNEESH ANAND
Managing Director

DR. DINESH S. PATEL
Director

DR. SACHIN D. PATEL
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Schedule	For the Year Ended 31.03.2009		For the year ended 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
INCOME				
Conversion / Job Work Charges Received		125,071,780		122,170,896
Sales (Gross)	459,348		40,544,659	
Less: Excise Duty	12,056	447,292	4,096,096	36,448,563
Other Income	14	2,244,360		3,600,551
Increase/(Decrease) in Stocks	15	(647,940)		(5,409,026)
		127,115,492		156,810,984
EXPENDITURE				
Materials Consumed / Sold	16	9,621,705		29,395,151
Payments to & Provisions for employees	17	16,216,278		15,147,912
Manufacturing & Other Expenses	18	108,992,485		90,946,263
		134,830,468		135,489,326
Profit/ (Loss) before Interest, Depreciation, Prior period adjustments & Tax		(7,714,976)		21,321,658
Interest & Finance Charges	19	18,092,688		20,214,495
Profit / (Loss) before Depreciation, Prior period adjustments & Tax		(25,807,664)		1,107,163
Depreciation		11,584,982		18,851,883
Profit / (Loss) before Prior period adjustments & Tax		(37,392,646)		(17,744,720)
Prior Period adjustments		1,636,106		339,461
Profit / (Loss) before Tax		(35,756,540)		(17,405,259)
Less : Income Tax for earlier year		435,499		
Less : Provision for Taxation				
- Current Tax		—		—
- Deferred Tax		—		—
- Fringe Benefit Tax		160,000		200,000
Net Profit / (Loss) for the year		(36,352,039)		(17,605,259)
Balance of Surplus / (deficit) brought forward		(199,121,959)		(181,516,700)
Balance of surplus carried to Balance Sheet		(235,473,998)		(199,121,959)
Basic / Diluted Earning per Share (Rs.) (Refer Note No. 16 of Schedule 20)		(3.13)		(1.52)

Significant Accounting Policies and Notes to Accounts 20

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

For and on behalf of the Board

NARENDRA JAIN

Partner
Membership No. 048725

Place : Mumbai
Date : 30th June, 2009

RAJNEESH ANAND
Managing Director

DR. DINESH S. PATEL
Director

DR. SACHIN D. PATEL
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised :		
1,36,00,000 Equity Shares of Rs. 10/- each	136,000,000	136,000,000
30,000 Preference Shares of Rs. 100/- each	3,000,000	3,000,000
1,11,00,000 Unclassified Shares of Rs. 10/- each	111,000,000	111,000,000
TOTAL	250,000,000	250,000,000
Issued, Subscribed and Paid up :		
1,16,00,000 Equity Shares of Rs. 10/- each	116,000,000	116,000,000
Less: Calls Unpaid (Other than Directors)	4,000	4,000
TOTAL	115,996,000	115,996,000
SCHEDULE - 2		
RESERVES & SURPLUS		
(a) Capital Reserve :		
Cash Subsidy from Government of Gujarat	1,568,913	1,568,913
(b) Share Premium	7,000,000	7,000,000
TOTAL	8,568,913	8,568,913
SCHEDULE - 3		
SECURED LOANS		
From Bank		
Union Bank of India		
- Cash Credit (Refer note No.2 below)	20,000,000	1,569,262
- Working Capital Term Loan (Refer note No.3 below)	95,718,204	108,781,989
(The above Term Loan includes interest accrued and due amounting to Rs.10,61,326/- (Previous Year Rs.12,33,268/-))		
- Overdue Devolved Letter of Credit	3,504,025	—
(The above Overdue Devolved Letter of Credit includes interest accrued and due amounting to Rs.85,689/- (Previous Year Rs.Nil/-))		
SUB TOTAL (A)	119,222,229	110,351,251
From Other Banks		
- Vehicles Loan	—	12,821
(Secured against hypothecation of the vehicles acquired)		
SUB TOTAL (B)	—	12,821
TOTAL (A+B)	119,222,229	110,364,072

- Note 1** : Term Loans and Secured Loan from Banks includes amount repayable within 12 months Rs.1,59,96,000/- (Previous Year Rs. 1,60,08,821)
- Note 2** : Secured by labour bills drawn on Artemis Biotech (A division of Themis Medicare Ltd.), hypothecation of all stocks of consumable stores, book debts and such other movable property of any kind belonging to the Company. Further secured by equitable mortgage of immovable properties (by the deposit of title deeds in favour of the bank) together with all buildings and structure erected/constructed thereon, existing or future, and/or fixed plant and machinery located at Vapi (Gujarat). Further, the loan is secured by Corporate Guarantee given by Pharmaceutical Business Group (India) Ltd.
- Note 3** : Secured by charge on factory premises at GIDC, Vapi & first charge on entire Plant & Machinery excluding those financed by other Financial Institution. Further, secured by equitable mortgage of factory land & building & first charge of entire plant & machinery. Further, the loan is secured by Corporate Guarantee given by Pharmaceutical Business Group (India) Ltd.

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 4		
UNSECURED LOANS		
Yuhan Corporation	39,510,377	39,510,377
Gujarat Industrial Investment Corporation Limited	2,600,000	2,600,000
TOTAL	42,110,377	42,110,377

SCHEDULE - 5

FIXED ASSETS

(Amount in Rs.)

ASSETS	GROSS BLOCK				DEPRICIATION				NET BLOCK	
	As at 1-Apr-08	Addition During the year	Deduction During the year	As at 31-Mar-09	As at 1-Apr-08	For the year	Deduction/ Adjustment	As at 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
LAND *	1,117,526	—	—	1,117,526	310,037	13,628	—	323,665	793,861	807,489
BUILDINGS	23,714,347	—	—	23,714,347	15,607,918	792,059	—	16,399,977	7,314,370	8,106,429
STAFF QUARTERS	67,541	—	—	67,541	37,060	1,524	—	38,584	28,957	30,481
PLANT & MACHINERY	327,905,816	758,214	1,293,542	327,370,488	234,060,733	10,470,073	79,234	244,451,572	82,918,916	93,845,083
FURNITURE & FIXTURES	5,197,236	—	—	5,197,236	4,815,367	68,451	—	4,883,818	313,418	381,869
COMPUTER	2,626,858	69,875	—	2,696,733	2,546,697	56,250	—	2,602,947	93,786	80,161
ERECTION & OFFICE EQUIPMENT	2,304,661	17,216	—	2,321,877	1,991,759	58,322	—	2,050,080	271,796	312,902
VEHICLES	1,802,004	—	—	1,802,004	1,320,444	124,676	—	1,445,120	356,884	481,560
TOTAL	364,735,988	845,305	1,293,542	364,287,751	260,690,014	11,584,982	79,234	272,195,762	92,091,989	104,045,974
PREVIOUS YEAR	363,651,987	2,322,092	1,238,090	364,735,989	242,968,777	18,851,883	1,130,645	260,690,015	104,045,974	120,683,210

* AMOUNT AMORTISED AGAINST LEASEHOLD LAND

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 6		
INVESTMENT (Long Term)		
Unquoted :		
National Saving Certificate (Out of above NSC Lying with District Magistrate of Rs.6,000/-)	7,500	7,500
TOTAL	7,500	7,500
SCHEDULE - 7		
INVENTORIES		
(As taken, valued and certified by the Managing Director) (Valued at cost or net realisable value whichever is lower)		
Stores & Spares	2,816,015	2,505,734
Fuel, Coal, Oil	1,196,911	948,573
Packing Material	76,904	86,771
Finished Goods	—	—
Work-in-Process	1,417,281	2,065,221
Raw Materials	99,320	346,053
TOTAL	5,606,431	5,952,352
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured)		
(i) Debts exceeding six months		
Considered good	—	2,223,267
Considered doubtful	55,280,092	53,056,825
	55,280,092	55,280,092
Less : Provision for doubtful debts	55,280,092	53,056,825
	—	2,223,267
(ii) Others - Considered Good	3,223,331	—
TOTAL	3,223,331	2,223,267
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash in hand	49,701	85,007
Balance with Scheduled Banks :		
– In Current Accounts	211,370	33,465
– In Deposit Accounts (L/C Margin Money)	1,037,000	3,126,000
– UBI Deposit (With UP Sales Tax Dept.)	54,417	49,782
TOTAL	1,352,488	3,294,254

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE -10		
LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good	1,439,907	1,374,740
Considered doubtful	2,105,217	1,432,071
	<u>3,545,124</u>	<u>2,806,811</u>
Less : Provision for doubtful advances	2,105,217	1,432,071
	<u>1,439,907</u>	<u>1,374,740</u>
Loans and Advances to Employees:		
Considered good	17,500	332,365
Considered doubtful	274,365	—
	<u>291,865</u>	<u>332,365</u>
Less : Provision for doubtful advances	274,365	—
	<u>17,500</u>	<u>332,365</u>
Pre-paid expenses	412,794	1,032,864
Advance for Purchase of Land	1,810,000	1,810,000
Less : Provision for doubtful advances	1,810,000	—
	<u>—</u>	<u>1,810,000</u>
Cenvat Credit Available	2,399,608	1,155,098
Deposit with Excise Authorities	50,885	50,885
Advance Income Tax (Net of Provisions)	7,570,743	4,727,983
Sundry Deposits	7,888,238	7,496,359
	<u>19,779,675</u>	<u>17,980,294</u>
TOTAL	19,779,675	17,980,294
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note no. 11 of Schedule 20)		
Micro, Small and Medium Enterprises **	—	—
Others	37,018,189	41,108,159
Others Liabilities	8,893,597	6,851,860
Advance from Customer (Pharma)	71,717	71,717
Advance from Customer (Bulk Drugs)	25,522,290	11,676,302
	<u>71,505,793</u>	<u>59,708,037</u>
** Total outstanding dues to Micro, Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.		
SCHEDULE - 12		
PROVISIONS FOR :		
Gratuity	1,245,030	1,037,069
Leave Encashment	574,354	451,816
Provision For FBT	80,000	—
	<u>1,899,384</u>	<u>1,488,885</u>
TOTAL	1,899,384	1,488,885
SCHEDULE - 13		
DEFERRED TAX (Refer Notes No.18 of Schedule 20)		
Deferred Tax Assets	19,516,980	23,545,631
Deferred Tax Liabilities	19,516,980	23,545,631
Deferred Tax Assets / (Liability) (Net)	<u>—</u>	<u>—</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
SCHEDULE - 14		
OTHER INCOME		
Interest Received (Gross) (TDS Rs. 129,067 Previous Year Rs.127,489)	814,302	671,516
Excess Provision Written Back	8,390	2,071,183
Profit on Sales of Fixed Assets	—	34,555
Scrap Sales	1,075,612	791,884
Miscellaneous Income (Refer note No. 13 (a) of Schedule 20)	346,056	31,413
TOTAL	2,244,360	3,600,551
SCHEDULE - 15		
INCREASE/(DECREASE) IN STOCKS OF FINISHED GOODS & WORK-IN-PROCESS :		
Opening Stocks :		
Work in Process	2,065,221	7,474,247
Finished Goods	—	—
	2,065,221	7,474,247
Closing Stocks :		
Work in Process	1,417,281	2,065,221
Finished Goods	—	—
	1,417,281	2,065,221
TOTAL	(647,940)	(5,409,026)
SCHEDULE - 16		
MATERIALS CONSUMED / SOLD		
Raw Materials Consumed	829,695	9,900,454
Stores & Spares	8,581,982	7,696,478
Packing Material Consumed	1,712	135,654
Cost of Raw Material Sold	125,361	11,386,022
Cost of Packing Material Sold	82,955	276,543
TOTAL	9,621,705	29,395,151
SCHEDULE - 17		
PAYMENTS TO AND PROVISION FOR EMPLOYEES'		
Salary, Wages, other benefits etc.	14,575,698	13,720,642
Company's contribution to Provident and other Funds	859,694	796,238
Staff Welfare Expenses	780,886	631,032
TOTAL	16,216,278	15,147,912

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
SCHEDULE - 18		
MANUFACTURING & OTHER EXPENSES		
Power, Fuel & Water	92,650,473	79,070,773
Rent, Rates & Taxes	606,589	745,501
Repairs & Maintenance	3,949,831	3,808,692
Insurance Charges	538,409	1,207,549
Rent - Machinery	—	663,040
Travelling & Conveyance	278,111	390,059
Director's fees	—	—
Job Work charges	39,760	123,000
Auditor Remuneration	310,000	305,000
Freight on Goods Sold	—	33,860
Vehicle Running & Maintenance Expenses	268,631	345,527
Legal & Professional Expenses	1,176,001	1,223,680
Membership & Subscription	3,000	4,000
Miscellaneous Expenses	958,660	784,527
Testing and Analytical Charges	57,471	700,754
Printing & Stationary Expenses	155,653	165,762
Sundry Dr. Balance Write Off	342,587	320,608
Hire Charges	465,555	354,512
Provision for doubtful Debts (P&L)	2,223,267	—
Provision for doubtful Advances (P&L)	2,765,900	—
Postage & Telegram Charges	65,501	64,399
Telephone & Telex Charges	220,740	254,455
Security Charges	601,210	380,565
Loss on Sale of Fixed Assets/CWIP	1,060,968	—
Loss on Sale of Fixed Assets	254,168	—
TOTAL	108,992,485	90,946,263

SCHEDULE - 19**INTEREST AND FINANCE CHARGES**

Bank Charges	941,792	1,346,583
Delayed Payment Charges	541,864	571,383
Interest on Car Loans	179	6,639
Interest on Cash Credit	2,920,810	198,739
Interest on OD PAD	280,489	—
Interest on Term Loan	12,672,286	14,064,565
Other Interest Charges	230,034	230,664
U.B.D. Discounting Charges	505,234	3,795,922
TOTAL	18,092,688	20,214,495

SCHEDULE – 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

A. SYSTEM OF ACCOUNTING

The Company follows the mercantile system of accounting and generally recognizes income and expenditure on an accrual basis except those with significant uncertainties.

B. FIXED ASSETS AND DEPRECIATION

FIXED ASSETS

- i. Fixed Assets are stated at Cost of acquisition, net of Modvat, including any cost attributable for bringing the asset to its working condition for its intended use, less accumulated depreciation. Cost of specific borrowing is capitalised and included in the cost to Fixed Assets.
- ii. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.
- iii. The carrying amount of assets are reviewed at each balance sheet date for impairment, so as to determine the provision for impairment loss, if any, required, or the reversal, if any, required of impairment loss recognized in previous period.

DEPRECIATION

- i. Leasehold Land is amortised over the remaining period of the lease.
- ii. The Company provides depreciation on Factory Buildings and Plant and Machinery on the "Straight Line Method" (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956, as amended vide notification GSR No. 756 dated 16-12-93.
- iii. Depreciation on all other Fixed Assets is provided on the "Written Down Value" (WDV) Method at the rates specified in Schedule XIV to the Companies Act, 1956.

C. TECHNICAL KNOW-HOW

Technical Know how is written off over a period of its useful life.

D. FOREIGN CURRENCY TRANSACTIONS

- i. The transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
- ii. Current Assets and Current Liabilities in Foreign currency outstanding at the Balance Sheet date are translated at the exchange rates prevailing on the date of Balance Sheet.
- iii. The resulting Exchange Difference, if any, is charged to the Profit & Loss Account.

E. INVESTMENT

Long-term investments are valued at cost. Provision for diminution in value of investment is made to recognise a decline other than temporary.

F. INVENTORY VALUATION

I. FINISHED GOODS AND WORK-IN-PROCESS

- i. Finished Goods are stated at Cost or Market Value whichever is lower.
- ii. Work-in-Process is stated at their cost or market value whichever is lower.
- iii. Cost includes materials, labour, expenses directly & indirectly including depreciation attributable to production.

II. RAW MATERIALS

Raw materials are stated at their Historical Costs (Net of modvat) applying the First in First out (FIFO) or the net realisable value whichever is lower.

III. STORES AND SPARES

Stores and spares are stated at their Historical Costs, (Net of modvat) applying the First in First out (FIFO) or the net realisable value, whichever is lower.

IV. MATERIALS IN TRANSIT

Materials in Transit are valued at cost incurred to date.

G. REVENUE RECOGNITION

The Company recognizes revenue from sales as when the transfer of ownership of the goods to the buyer takes place and revenue from Job work on completion of the assigned job.

The revenue in respect of job work completed as at the end of the reporting period for which no bills have been raised is classified as Unbilled Revenue.

H. EMPLOYEE BENEFITS**I DEFINED CONTRIBUTION PLAN**

The Company's monthly contribution towards Provident Fund, Employee's State Insurance scheme, Labour Welfare Fund and Employee's Deposit Linked Insurance are accounted for on accrual basis

II DEFINED BENEFIT PLAN

Liabilities on account of Gratuity and Leave Salary are accounted for on the basis of Actuarial Valuation at the end of each year

III Other Short Term Employee Benefits are charged to revenue in the year in which the related services are rendered.

I. CENVAT

I. CENVAT benefit availed on purchase of Fixed Assets is reduced from the carrying cost of the respective assets.

II. CENVAT benefit availed on purchase of materials is adjusted against the Cenvat payable on sale of material.

J. EXPORT INCENTIVES

Export Benefits (DEPB) are accounted on accrual basis.

K. PRIOR PERIOD ITEMS

Prior Period Expense/Income is accounted under the head Prior Period Adjustment Account. Material item if any, are disclosed separately by way of a note.

L. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or productions of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

M. EARNING PER SHARE

In accordance with the Accounting Standard -20 (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the period. The earnings considered in ascertaining the Company's earning per share comprise the net profit after tax (and includes the post tax effect of any extra ordinary items).

N. TAXES ON INCOME

(i) Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.

(ii) Deferred Tax Assets and liabilities are measured using the tax rates and tax laws that have been announced up to the Balance Sheet date. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change.

(iii) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

II NOTES TO ACCOUNTS**1. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

a) Bills of Exchange in respect of Sales, discounted under the Bills discounting facility, outstanding at the year-end amounting to Rs.NIL (Previous year Rs.1,98,52,418/-).

b) Letter of credit in respect of purchases, outstanding at the year end amounting to Rs.3,38,590 /-. (Previous year Rs.13,30,640/-). The same is secured against purchases of Coal and Raw Materials and pledge of Bank Deposit.

c) Income tax demand under dispute amounting to Rs.16,03,518/- (Previous year Rs.17,83,741/-).

- d) Disputed Labour Dues estimated at Rs.3,11,21,159/- (Previous year Rs.2,63,96,673/-)
- e) Contingent Liability in respect of claim of interest on Unsecured Loan from Gujarat Industrial Investment Corporation (GIIC) amounting to Rs.98,57,277/- (Previous Year Rs.93,11,277 /-)
- f) Contingent Liability in respect of Claim of Rs.4,16,308/- (Previous Year Nil) including interest @ 9% p.a. from 7-3-2003 Rs.1,47,099/- (Previous Year Nil) made by an ex-employee is pending with Valsad Civil Court.

2. EMPLOYEE BENEFITS

Consequent to Accounting Standard-15-“Employee Benefits” (Revised 2005) becoming effective, the Company has made the provision for Defined Contribution Plan and Defined Benefit Plan.

I. Defined Contribution Plan:

During the year the Company has recognised Rs.8,07,833/- towards Defined Contribution Plan Obligation.

II. Defined Benefit Plan:

The Present value of obligations is determined based on Actuarial Valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for the Leave Encashment is recognized in the same manner as gratuity,

i) Actuarial Assumption

<u>Particulars</u>	<u>Gratuity (%)</u>	<u>Leave Wages (%)</u>
Discount Rate Current	7.75%	7.75%
Rate of Return on Plan Assets Current	—	—
Salary Escalation Current	5%	5%

ii) Reconciliation of Present Value of Obligation

<u>Particulars</u>	<u>Gratuity (Rs)</u>	<u>Leave Wages (Rs)</u>
Present Value of Obligation at the beginning of the year	1,037,069	451,816
Expense Recognized in Profit & Loss Account	2,39,605	2,07,434
Benefits paid	(31,644)	(84,896)
Present Value of Obligation at the end of the year	12,45,030	5,74,354

iii) Expenses Recognized in the Profit and Loss Account

<u>Particulars</u>	<u>Gratuity (Rs)</u>	<u>Leave Wages (Rs)</u>
Current Service Cost	148,716	97,200
Interest Cost	93,597	40,525
Expected Return on Plan Assets	—	—
Net Actuarial (gain)/loss to be recognized	(2,708)	69,702
Expense Recognized in Profit & Loss Account	2,39,605	2,07,434

iv) Amount Recognized in the Balance Sheet

<u>Particulars</u>	<u>Gratuity (Rs)</u>	<u>Leave Wages (Rs)</u>
Liability at the end of the year	12,45,030	5,74,354
Fair Value of Plan Assets at the end of the year	—	—
Difference	12,45,030	5,74,354
Amount Recognized in the Balance Sheets	12,45,030	5,74,354

3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.NIL (Previous year – Rs.2,81,250/-).
4. Due to suspension of payment of Royalty to Yuhan Corporation for the year 2008-2009 on account of losses incurred and agreed upon by the Yuhan Corporation, no provision for royalty has been made in accounts for the financial year 2008–2009.

5. Managerial Remuneration paid to Managing Director is as under:

	<u>2008- 2009</u>	<u>2007 - 2008</u>
Salary	3,00,000	1,60,000
Gratuity	—	—
Leave Salary	—	—
LTA, Medical & Other benefits	—	—
Total	3,00,000	1,60,000

The Company has not paid any commission to the Managing Director; hence the calculation of net profit under section 198/349 read with section 309 of the Companies Act, 1956 is not given.

6. Auditor Remuneration in Schedule 18 to the Accounts includes:

	<u>2008 - 2009</u>	<u>2007 - 2008</u>
Remuneration paid to Statutory Auditors		
Audit fees	1,98,540	2,02,248
Tax Audit Fees	55,150	56,180
Other Matters	55,871	50,562
Total	3,09,561	3,08,990
Remuneration to Cost Auditors	33,090	33,708
Total	33,090	33,708

7. The Company has incurred losses of Rs.3,63,52,039/- during the current year and has brought forward losses of Rs.199,121,959/- which has resulted in negative net worth of Rs.11,09,09,085/- as at 31st March, 2009. Further, the Company also has a working capital deficiency. The Company is also a Sick Company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act 1985, and in accordance with the provisions of section 15 (l) of the said act. The Company has been registered with the Board for Industrial & Financial Reconstruction (BIFR). BIFR has appointed Union Bank of India as the Operating Agency (OA). The Company has initiated efforts including development of new products and has ventured into manufacturing of goods on job work basis and is hopeful of working out an acceptable revival strategy with BIFR, arresting these losses and turning around the operations in the coming years. Accordingly, these accounts have been prepared on a going concern basis.
8. The management is in the process of preparing the proper records of the fixed Assets showing the full particulars including quantitative details and situation of fixed Assets. Further during the year no physical verification of the Fixed Assets has been done and therefore discrepancies between book records and physical availability could not be ascertained. However in the opinion of the management there will be no material discrepancies between Fixed Assets records as per books and its physical availability.
9. a) Some of the balances of Sundry Debtors, Deposits, Loans & Advances and Sundry Creditors are subject to confirmation from respective parties and consequential reconciliation/ adjustments arising there from, if any. The management however does not expect any material variation.
- b) In the opinion of the Management, no item of Current Assets, Loans & Advances has a value on realization in the ordinary course of business, which is less than the amount at which it is stated in the Balance Sheet, unless otherwise specified.
10. During the year, the company has reviewed its fixed assets for impairment loss as required by Accounting Standard 28 "Impairment of Assets". In the opinion of the management no provision for impairment loss is considered necessary.
11. There are no Micro, Small & Medium Enterprises, to whom the Company owes dues on account of principal amount together with interest as at the Balance sheet date. This has been determined to the extent such parties have been identified on the basis of information available with the Company.

12. Gujarat Industrial Investment Corporation (GIIC) has filed a suit against the Company in City Civil Court in respect of interest on a unsecured loan of Rs 26,00,000/- taken by the Company in the year 1985-86 on the basis of Memorandum of Understanding (MOU), the total interest claimed by GIIC is Rs.93,11,277/-. The accumulated interest upto 31st March 2009 is Rs.98,57,277. However the Company has disputed the said amount of interest claim on the ground that as per the resolution passed by the GIIC's Board dated 18.07.1985 the said loan would not attract interest until the Company declares any dividend and the MOU was subject to approval by Industrial Development Bank of India (Lead Financial Institution). The Company has not declared any dividend from the date of taking the said loan. Further as per the scheme finalized by BIFR the said loan, being subordinated to the dues of the Banks and Financial Institutions would be repaid only after clearing the dues of banks and of the financial institutions, as GIIC is also a promoter of the Company.

In view of the above no provision has been considered necessary by the management in respect of the said claim of interest and the same has been disclosed as contingent liability.

- 13 (a) Miscellaneous Income include Rs.1,80,813/- being sundry credit balances written back. (Previous year Rs.31,413/-).
 (b) Interest on working capital loan under the head Interest & Financial Charges is net of Interest & Financial Charges Received Rs.NIL (Previous year Rs.3,819/-).

- 14 In view of loss for the year no provision for the Income Tax has been made.

- 15 As the Company is manufacturing Bulk Drugs on job work basis for others hence there is no separate reportable segment as per Accounting Standard-17 (AS-17) issued by the Institute of Chartered Accountants of India.

16 Earning per share:

Particulars	2008 – 2009	2007 – 2008
Net Profit / (Loss) attributable to Shareholders (Rs.)	(3,63,52,039)	(1,76,05,259)
Number of equity shares	1,16,00,000	1,16,00,000
Earning / (Loss) per share of Rs.10/- (Rs.)	(3.13)	(1.52)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share remain the same.

17 Related party transaction:

Name of the Related Party and Nature of the Related Party Relationship:

- | | | |
|---|---|--|
| a) Joint Venture Company | : | Yuhan Corporation |
| b) Associate Company | : | Pharmaceutical Business Group (India) Ltd. |
| c) Holding Company of Associate Company | : | Vividhmargi Investment Pvt. Ltd |
| d) Key Management Personnel | : | Mr. Rajneesh Anand |

Above mentioned related parties are identified by the management as per Accounting Standard (AS)- 18 "Related Party Transaction" issued by the Institute of Chartered Accountants of India and relied upon by the auditors.

B. Transactions with Related Parties:

The following related party transactions were carried out during the year:

Name of the Related Party	Nature of Relationship	Nature of Transactions	Year ended 31.03.2009 Amount (Rs.)	Year ended 31.03.2008 Amount (Rs)
Yuhan Corporation	Joint Venture Company	Unsecured Loan Outstanding	3,95,10,377	3,95,10,377
Pharmaceutical Business Group (India) Limited	Associate Company	Corporate Guarantee given by PBG to Co's Bankers	14,76,00,000	14,76,00,000
Mr. Rajneesh Anand	Key Management Personnel	Remuneration	3,00,000	1,60,000

- 18 a) In accordance with the Accounting Standard (AS) -22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted for deferred taxation. Though the Company has significant amount of carried forward losses and unabsorbed depreciation, as a matter of prudence deferred tax assets have been recognised only to the extent of deferred tax liability.

b) Break up of deferred tax assets / liabilities and reconciliation of current year deferred tax charge:

	Opening Balance (Rs.)	(Charged) / Credited To P & L (Rs.)	Closing Balance (Rs.)
Deferred Tax Liabilities:			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	2,35,45,631	(40,28,651)	1,95,16,980
Total (A)	2,35,45,631	(40,28,651)	1,95,16,980
Deferred Tax Assets:			
Tax impact of expenses charged in the financial statement but allowable as deduction in future years under income tax:			
Carried forward Losses / Unabsorbed Depreciation.	39,68,930	(27,77,388)	11,91,542
Provision for doubtful debts.	1,85,20,776	(14,39,227)	1,70,81,548
Provision for Leave encashment, Gratuity and Bonus	620,207	47,382	6,67,589
Unpaid Liability u/s 43B	4,35,718	1,40,582	5,76,300
Total (B)	2,35,45,631	(40,28,651)	1,95,16,980
Net Deferred Tax Assets / (Liabilities) (B – A)	—	—	—

19 Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

(I) Details of Licensed and Installed Capacity, Production, Turnover and Opening and Closing Stocks.

(A) Licensed and Installed Capacities:

Class of Goods	<u>2008 – 2009</u>	<u>2007 – 2008</u>
	Rifamycin – S	Rifamycin – S
	Rifampicin	Rifampicin
	Lova Statin	Lova Statin
Licensed Capacity	100 MTS per annum	100 MTS per annum
Installed Capacity #		
Rifamycin – S	90 MTS per annum	90 MTS per annum
Rifampicin/Lova Statin	120 MTS per annum	120 MTS per annum

As certified by the Managing Director and being a technical matter, is accepted and relied upon by the Auditors as correct.

(B) Production:

	<u>2008 – 2009</u>	<u>2007 – 2008</u>
	Kgs	Kgs
BULK DRUGS :-		
a. Rifamycin - S (Refer note i) #	—	—
b. Rifampicin	—	—
Piperazine Hexahydrate (By product)	—	—
Lova Cake (semi-finished)	—	—
Lovastatin #	—	6,885
Lovastatin (Job work) #	66,575	54,060
Other Bulk Drugs (Job work)	11,621	9,178

The production of Finished Goods used for captive consumption is excluded and above information is relating to production for Sale / Job Work only.

(C) Turnover (Refer note i & ii):

	<u>2008 – 2009</u>		<u>2007 – 2008</u>	
	Kgs.	Rs.	Kgs.	Rs.
Rifamycin –S	—	—	—	—
Rifampicin	—	—	—	—
Piperazine Hexahydrate (By Product)	—	—	—	—
Lovastatin	—	—	6,885	2,88,70,731
Lova Cake	—	—	—	—
Raw Material for Lovastatin	—	—	—	89,93,473
Raw Material for SAS	—	—	—	23,23,599
Other RM	—	—	—	80,313
Raw Material for RifaS	—	—	—	—
Raw Material for Rifampicin	—	—	—	—
Packing Materials	—	—	—	2,76,543
Conversion Charges (Job work)	—	—	—	—
Lovastatin	66,575	10,95,76,500	54,060	10,59,47,478
Other Bulk Drugs	11,621	1,54,95,280	9,178	1,62,23,418
Total		12,50,71,780		16,27,15,555

i) Turnover is inclusive of excise duty; conversion charges & net of sales return.

ii) Excludes samples and replacements.

(II) Raw Material Consumed:

	<u>2008 – 2009</u>		<u>2007 – 2008</u>	
	Kgs.	Rs.	Kgs.	Rs.
Chloroform #	—	—	5,122	1,75,652
1 – AMP #	—	—	21	42,750
Dextrose & Liquid Dextrose	—	—	1,36,803	28,44,064
MDC	—	—	3,000	1,06,638
Toluene	—	—	81,987	37,70,460
Piperazine	—	—	—	—
Acetone	—	—	3,040	56,628
Milk Powder	—	—	11,121	13,76,249
Others #		8,29,695		15,28,013
		8,29,695		99,00,454

Includes RM partly or wholly written off

(III) Cost of Raw Material Sold:

	<u>2008 – 2009</u>		<u>2007 – 2008</u>	
	Kgs.	Rs.	Kgs.	Rs.
Milk Powder	—	—	9,396	11,80,680
Toluene	—	—	74,541	36,11,511
Sodium Bi Carbonate	—	—	—	—
Liquid dextose	—	—	85,523	17,12,170
Dextrose mono	—	—	21,016	5,88,434
Soya Oil	—	—	6,100	3,32,023
Spectra-UCN	—	—	1,890	2,92,742
Methnol	—	—	10,346	2,26,784
N.Hexane	—	—	2,600	1,73,732

ANNUAL REPORT 2008-09

	<u>2008 – 2009</u>		<u>2007 – 2008</u>	
	Kgs.	Rs.	Kgs.	Rs.
SBF	—	—	7,499	1,24,402
UCN	—	—	735	1,03,772
Gentamycin	—	—	25	1,02,407
Citric Acid	—	—	877	51,054
S-30	—	—	—	—
DMF	—	—	—	—
Acetone	1440	84,340	—	—
IPA	—	—	—	—
Chloroform	—	—	—	—
Others	—	41,021	—	5,62,712
N-Butyl	—	—	784.89	16,65,254
Liquid Nitrogen	—	—	63,898.36	6,58,345
TOTAL		1,25,361		1,13,86,022

(IV) Details of imported and indigenous consumptions with percentages thereof:

A. Raw Materials:	<u>2008 – 2009</u>		<u>2007 – 2008</u>	
	%	Rs.	%	Rs.
Imported	—	—	—	—
Indigenous	100.00	8,29,695	100.00	99,00,454
	100.00	8,29,695	100.00	99,00,454
B. Stores, Spares and Packing Materials:				
Imported	—	—	—	—
Indigenous (Balancing Figure)	100.00	85,83,694	100.00	78,32,132
	100.00	85,83,694	100.00	78,32,132

(V) Details of CIF value of imports and expenditure in foreign currency (on accrual basis)

A CIF Value of imports (Including In transit)	<u>2008 – 2009</u>	<u>2007 – 2008</u>
	Rs.	Rs.
I Raw Materials	—	—
II Stores and Spares	—	—
III Capital Goods	—	—
B Expenditure in foreign currency:		
I Commission on Sales	—	—
II Technical Know-how	—	—
III R & D Expenses	—	—
C Earning in foreign exchange		
F.O.B. value of Exports	—	—

20 Previous year's figures have been regrouped / rearranged / recasted wherever necessary.

As per our Report of even date attached

For **KHANDELWAL JAIN & CO.**

Chartered Accountants

NARENDRA JAIN

Partner

Membership No. 048725

Place : Mumbai

Date : 30th June, 2009

RAJNEESH ANAND

Managing Director

DR. DINESH S. PATEL

Director

DR. SACHIN D. PATEL

Director

For and on behalf of the Board

Balance Sheet Abstract and Company's General Business Profile (In terms of amendment of Schedule VI Part IV)

(Rs. in Thousands)

I Registration Details

Registration No : 040-4878
 Balance Sheet Date : 31.03.2009

II Capital raised during the year

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

III Position of Mobilisation and Development of Funds

Total Liabilities	:	285,898	Total Assets	:	285,898
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Source of Funds

Paid-up Capital	:	115,996	Reserves & Surplus	:	8,569
Secured Loans	:	119,222	Unsecured Loans	:	42,110

Application of Funds

Net Fixed Assets (including Capital Work-In-Progress)	:	92,443	Investment	:	8
Net Current Assets	:	(42,027)	Misc. Expenditure	:	—
Accumulated Losses	:	235,474	Deferred Tax Assets	:	—

IV Performance of the Company

Turnover & Other Income	:	128,752	Total Expenditure	:	164,508
Profit/Loss Before Tax	:	(35,757)	Profit/Loss After Tax	:	(36,352)
Earning Per Share (in Rs.)	:	(3.13)	Dividend Rate % (Annualised)	:	Nil

V Generic Name of Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) : 294190.01
 Product description : Bulk Drugs

For and on behalf of the Board

Place : Mumbai
 Date : 30th June, 2009

RAJNEESH ANAND
 Managing Director

DR. SACHIN D. PATEL
 Director

DR. DINESH PATEL
 Director

CASH FLOW STATEMENT

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before Tax and Prior period Items	(37,392,646)	(17,744,720)
Adjustment for :		
Depreciation	11,584,982	18,851,883
Sundry Credit Balance written back (Refer Note 13(b) of schedule 20)	(180,813)	(31,413)
Sundry Debit Balance written off	342,587	320,608
Excess Provision written back	(8,390)	(2,071,183)
Provision for doubtful Debts (P&L)	2,223,267	—
Provision for doubtful Advances (P&L)	2,765,900	—
Interest and Finance charges	18,092,688	20,214,495
(Profit) / Loss on sale of fixed assets	254,168	(34,555)
(Profit) / Loss on sale of Capital Work in Progress	1,060,968	—
Interest received	(814,302)	(671,516)
Operating Profit before working capital adjustments	(2,071,591)	18,833,599
Adjustment for :		
Trade and Other receivables	(1,513,197)	99,727
Inventories	345,921	11,985,777
Trade payables	12,309,068	(977,644)
Cash generated from operations	9,070,201	29,941,459
Interest and Finance charges paid	(18,264,630)	(19,416,484)
Cash Flow before Tax and Prior Period Adjustment Items	(9,194,429)	10,524,975
Income tax / Fringe Benefit Tax paid / Tax deducted at source	(3,358,259)	(2,972,121)
Prior period Adjustments	1,636,106	339,461
NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A)	(10,916,582)	7,892,315
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work in Progress)	(5,429,920)	(2,322,092)
Sale Proceeds of Fixed Assets	960,140	142,000
Sale Proceeds of Capital Work in Progress	3,523,648	—
Interest received	890,849	609,939
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(55,283)	(1,570,153)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Working Capital facilities	9,042,920	(7,642,666)
Repayments of long term borrowings	(12,821)	(199,138)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES (C)	9,030,099	(7,841,804)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(1,941,766)	(1,519,642)
Cash and Cash equivalents at the beginning of the year	3,294,254	4,813,896
Cash and Cash equivalents at the end of the year	1,352,488	3,294,254

NOTES

- Above statements have been prepared in indirect method.
- Cash and Cash equivalent represents Cash, Bank Balance and Demand Deposit with Bank only.
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between beginning and end of the year treated as part of Investing Activities.
- Previous year's figures have been regrouped / rearranged / recasted, wherever necessary.

As per our Report of even date attached

For **KHANDELWAL JAIN & CO.**
Chartered Accountants

For and on behalf of the Board

NARENDRA JAIN
Partner
Membership No. 048725

Place : Mumbai
Date : 30th June, 2009

RAJNEESH ANAND
Managing Director

DR. DINESH S. PATEL
Director

DR. SACHIN D. PATEL
Director

GUJARAT THEMIS BIOSYN LIMITED

Regd. Office: 69/C, GIDC Industrial Estate,
Vapi - 396 195
District - Valsad
Gujarat, India

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE
OF THE VENUE OF THE MEETING)

<p>28TH ANNUAL GENERAL MEETING</p> <p>SATURDAY THE 26TH SEPTEMBER, 2009, AT 11 A.M.</p> <p>VENUE: 69/C, GIDC INDUSTRIAL ESTATE, VAPI - 396 195 DISTRICT - VALSAD, GUJARAT, INDIA</p>

FOLIO NO.		HOLDINGS
D.P. ID★		HOLDINGS
CLIENT ID★		HOLDINGS
<input type="text"/>	MEMBERS	<input type="text"/>
NAME OF THE MEMBER/PROXY (IN CAPITAL LETTERS)		

I hereby register my presence at the Meeting

Signature of the Member/Proxy

Notes :

- The Meeting is for Members of the Company only. Members are requested not to bring non-members or children.
 - Copies of the Annual Report will not be distributed at the Meeting. Members are requested to bring their own copies.
- ★ Applicable for investors holding shares in electronic form.

PROXY

GUJARAT THEMIS BIOSYN LIMITED

Regd. Office: 69/C, GIDC Industrial Estate,
Vapi - 396 195
District - Valsad
Gujarat, India

I/We _____

of _____

in the district of _____ being a member/members of **Gujarat Themis Biosyn Limited**
hereby appoint _____ of _____ or failing him _____ of _____

as my/our Proxy to vote for me/us and on my/our
behalf at the **28th Annual General Meeting**
of the Company to be held on Saturday
the 26th September, 2009, at 11 a.m
adjournment(s) thereof.

FOLIO NO.		HOLDINGS
D.P. ID★		HOLDINGS
CLIENT ID★		HOLDINGS

Signed this _____ day of _____ 2009

<p>AFFIX Re. 1 Revenue Stamp</p>
--

Signature(s)

**PROXY FORM MUST REACH COMPANY'S
REGISTERED OFFICE NOT LATER THAN 48 HOURS
BEFORE THE COMMENCEMENT OF THE MEETING**

For Office use only

DATE OF RECEIPT	TIME
-----------------	------

Book-Post / Printed Matter

If not delivered; please return to :
GUJARAT THEMIS BIOSYN LIMITED
69/C, GIDC Industrial Estate,
Vapi - 396 195, District - Valsad.
Gujarat State.