

29<sup>th</sup>  
Annual Report  
2009 - 2010



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**GUJARAT THEMIS BIOSYN LIMITED**

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**BOARD OF DIRECTORS**

DR. DINESH PATEL

MR. RAJNEESH ANAND

MR. A. B SHAH  
*(Nominee of GIIC)*

DR. SACHIN D. PATEL

MR. VIJAY AGARWAL

MR. HINESH DOSHI

MR. S.C KIM

MR. J.K CHA

MR. S. S. LEE

MR. J.H CHOI

MS. DHARMISHTA N RAVAL  
*(w.e.f. 30-10-2009)*

MR. SUBHASH C. KAUSHIK  
*(w.e.f. 21-05-2010)*

**CHAIRMAN**

**MANAGING DIRECTOR**

**AUDITORS**

MESSRS. KHANDELWAL JAIN & CO.,  
CHARTERED ACCOUNTANTS, MUMBAI

**COST AUDITORS**

MESSRS. 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, DIT. VALSAD  
GUJARAT, INDIA

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## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the 29th Annual General Meeting of **Gujarat Themis Biosyn Limited** will be held on Tuesday the 28<sup>th</sup> September, 2010, 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 31<sup>st</sup> March, 2010 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 Dr. Dinesh Patel, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S.S Lee, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. J. H Choi, 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 Ms. Dharmishta N Raval be and is hereby appointed as a Director of the Company liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**  
“RESOLVED THAT Mr. Subhash C Kaushik 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

Place : Mumbai  
Date : 21<sup>st</sup> May, 2010

By order of the Board

**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 Friday the 24<sup>th</sup> September, 2010 to Tuesday the 28<sup>th</sup> September, 2010 (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 24<sup>th</sup> September, 2010 which will enable the Company to furnish the replies at the Annual General Meeting.

5. Details of Directors seeking appointment/re-appointment in the 29th Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Dr. Dinesh Patel	Mr.S. S Lee	Mr. J H Choi	Ms. Dharmishta N Raval	Mr. Subhash C Kaushik
Date of Birth	02-11-1948	03-11-1961	18-04-1958	12-01-1956	30-01-1948
Date of appointment	25-05-1992	19-01-2008	10-06-2003	30-10-2009	21-05-2010
Expertise in specific functional areas	Industrialist with expertise in Medicinal & Pharmaceutical Research, Fermentation Technology and Business Management.	Product Development, Overseas Business	Planning & Co-ordination, Overseas Business	Company Law, Labour Laws, Service Law, Income Tax & Excise matters, Sick Industries Companies Act etc.,	Accounts, Finance & Taxation
Qualifications	M.Sc. PHD. C. Chem., FRSC (Lon).	B. Science	M. B. A.	BSc, L.L.M	B.A
List of companies (excluding foreign and private Ltd. companies in which outside Directorships held as on 31 <sup>st</sup> March, 2010)	Themis Medicare Ltd., Bank of Maharashtra	None	None	None	Pharmaceutical Business Group (I) Ltd.
Chairman/ Member of the Committees of the Board of the companies on which he is a director as on 31st March, 2010	Chairman of Remuneration Committee of Gujarat Themis Biosyn Ltd.	None	None	None	None

**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956**

**ITEM NO. 6**

Ms. Dharmishta N Raval was appointed as an Additional Director of the Company by the Board of Directors with effect from 30<sup>th</sup> October, 2009.

Ms. Dharmishta N. Raval is an Advocate and presently practicing at Gujarat High Court. She was designated as a Senior Standing Counsel for the Central Government in Gujarat High Court and handled various matters relating to Excise, Taxation, Service Laws, Company matters etc. She was also an Executive Director of SEBI and the Company will be benefited by her experience.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Ms. Dharmishta N. Raval 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 Ms. Dharmishta N Raval as a candidate for the office of the Director alongwith the requisite deposit pursuant to Section 257 (I) of the Companies Act, 1956.

The necessary resolution is put for the approval of the shareholders.

None of the directors are interested in the said resolution except Ms. Dharmishta N. Raval

**ITEM NO. 7**

Mr. Subhash C Kaushik was appointed as an Additional Director of the Company by the Board of Directors with effect from 21<sup>st</sup> May, 2010

Mr. Subhash C Kaushik is a qualified person and having 40 years experience of various industry and major exposure to Finance Department. The Company will be benefited with his versatile experience.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr. Subhash C Kaushik 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 Mr. Subhash C. Kaushik as a candidate for the office of the Director alongwith the requisite deposit pursuant to Section 257 (I) of the Companies Act, 1956.

The necessary resolution is put for the approval of the shareholders.

None of the directors are interested in the said resolution except Mr. Subhash C. Kaushik.

**Registered Office**

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

Place : Mumbai

Date : 21<sup>st</sup> May, 2010

By order of the Board

**RAJNEESH ANAND**  
Managing Director

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting herewith the 29<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2010

### FINANCIAL RESULTS

	<b>Year ended 31.03.2010</b>	(Rs. in Lakhs) Year ended 31.03.2009
Total Income	<b>1563.59</b>	1275.95
Operating Profit / (Loss)	<b>142.54</b>	(78.96)
Interest and Finance charge	<b>159.80</b>	180.93
Profit / (Loss) before depreciation, prior period adjustments & tax	<b>(17.26)</b>	(259.88)
Profit./ (loss) after depreciation and tax	<b>(103.06)</b>	(357.57)
Income tax for earlier year	<b>4.74</b>	4.35
Fringe Benefit Tax for earlier year	<b>0.55</b>	—
Fringe Benefit Tax	—	1.60
Net Profit/(Loss) after tax	<b>(108.35)</b>	(363.52)
Surplus/(Deficit) brought forward	<b>(2354.74)</b>	(1991.22)
Surplus / (Deficit) carried forward to Balance Sheet	<b>(2463.09)</b>	(2354.74)

### OPERATIONS

Your Company's operations during the year under review have improved. The Company's sales for the year ending 31<sup>st</sup> March 2010 is Rs.2.28 lacs and conversion charges for job work is Rs.1545.70 lacs as compared to Rs.4.59 lacs sale and conversion charges for job work Rs 1250.72 during the previous year. The operating Profit for the year is Rs.142.54 lacs as compared to Rs. 78.96 lacs Loss for the previous year. The net loss recorded by the Company for the year is Rs. 108.35 lacs as compared to loss of Rs. 363.52 lacs in the previous year.

### BIFR

Your Company became "Sick Company" 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 and registered with BIFR on 5/11/2007 under reference No.67/2007.

The Draft Rehabilitation Scheme is under finalization by Union Bank of India (Operating Agency) in consultation with the promoters and other involved agencies and the same will be furnished to BIFR for their consideration.

### 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 Inhouse 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, Dr. Dinesh Patel, Mr. S.S. Lee, Mr. J H Choi retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Further Mr.Anant Thakore, Mr. N.I Gandhi and Mr.Surendra Somani have resigned from the Board of Directors of the Company on 22<sup>nd</sup> September, 2009. The Board placed on record its appreciations of the valuable support extended by Mr.Anant Thakore, Mr. N.I Gandhi and Mr.Surendra Somani during their tenure as Director of the Company.

Your Directors have appointed Ms. Dharmishta N Raval and Mr. Subhash C Kaushik as Additional Directors u/s 260 of the Companies Act, 1956 w.e.f 30<sup>th</sup> October, 2009 & 21<sup>st</sup> May, 2010 respectively. A resolution for their 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.

**INTERNAL AUDITOR**

During the year 2009-10, the Company has appointed M/s Gopalkrishnan Aiyer & Co., Chartered Accountants as Internal Auditors of the Company.

**COST AUDITORS**

The Company being Sick Unit and Registered with BIFR and presently the Company is engaged in manufacturing activities on Job Work basis.

Based on said reason, the company is making an application to Central Government for exemption from Cost Audit of the Record of the Company for the financial year 2009-10 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 & Comments

1. Some of the balances of sundry debtors, deposits, loans & advances and sundry creditors are subject to confirmation and adjustments necessary upon reconciliation if any, consequential impact thereof in the financial statements is not ascertainable. The Management does not expect any material variation in the financial statements.
2. Preparation of accounts on the basis of a going concern inspite of negative net worth and working capital deficiency. The company has initiated efforts including development of new products and has also ventured into manufacture of goods on job work basis so as to reduce the losses. Accordingly, these accounts have been prepared on a going concern basis.
3. Regarding non-maintenance of the proper records showing the full particulars including quantitative details and situation of fixed Assets and in the absence of physical verification during the year discrepancies between book records and physical availability could not be ascertained. The management is of the view that there will be no material discrepancies between Fixed Assets records as per books and its physical availability.
4. Regarding write back of sundry credit balance of Rs.35,18,539/- based on a review undertaken of old outstanding balances of Sundry Creditors & Provisions.
5. The net worth of the Company has been eroded during the financial year 2006-07 and based on its financial position as on 31-03-2007, the Company became Sick Unit and Registered with BIFR. As per the order passed by the BIFR, Union Bank of India has been appointed as Operating Agency.

## 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 : 21<sup>st</sup> May, 2010

**‘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, being 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>2009-2010</u>	<u>2008-2009</u>
<b>1. Electricity :</b>		
a) <b>Purchase :</b>		
Units	<b>96,36,840</b>	91,43,760
Total Amount	<b>6,01,43,017</b>	5,65,74,753
Rate/Unit (Rs.)	<b>6.24</b>	6.19
b) <b>Own Generation :</b>		
i) Through diesel / LDO Generators (KwH)	<b>60,824</b>	70,784
Diesel / LDO Consumed (Litres)	<b>34,396</b>	32,769
Units / Litre of Diesel /LDO (KwH)	<b>1.77</b>	2.16
Total Amount (Rs.)	<b>12,24,783</b>	12,51,744
Cost / Unit ( Rs. / KwH)	<b>20.14</b>	17.68
ii) Through Steam:		
Turbine / Generator Units	<b>NIL</b>	NIL
Unit / Litres of Fuel / Oil / Gas	<b>NIL</b>	NIL
<b>2. Furnace Oil :</b>		
Quantity (Litres)	<b>3,01,628</b>	2,10,433
Total Amount (Rs)	<b>70,19,567</b>	63,59,970
Average Rate (Rs./Litre)	<b>23.27</b>	30.22
<b>3. Coal / Lignite :</b>		
Quantity (Kgs)	<b>71,98,000</b>	58,26,160
Total Amount (Rs.)	<b>3,27,86,997</b>	2,62,36,794
Rate / Kgs (Rs.)	<b>4.56</b>	4.50



**B. CONSUMPTION PER MT OF FINISHED GOODS PRODUCED \***

	<u>2009-2010</u>	<u>2008-2009</u>
Electricity per MT (Rs)	3,86,720	7,21,520
Furnace Oil Per MT (Rs)	45,136	81,111
Diesel /LDO Per MT (Rs)	7,875	15,964
Coal / Lignite Per MT (Rs)	2,10,820	3,34,608

\* 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.

**(c) 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.

**(d) Expenditure on R & D : Nil****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 operation.

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

- Reduction of operation 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 will 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.

<b>Total foreign exchange used and earned</b>	<b>(Rs. In lakhs)</b>
- Total foreign exchange earned	<b>NIL</b>
- Total foreign exchange spent	<b>29.09</b>

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 21<sup>st</sup> May, 2010

**RAJNEESH ANAND**  
Managing Director

**DR. DINESH PATEL**  
Director

**DR. SACHIN D. PATEL**  
Director

## ANNEXURE 'B' TO THE DIRECTORS REPORT

### 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 31<sup>st</sup> March, 2010.

### 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
Dr. Dinesh S. Patel	Non executive Promoter Director	2	—	—
Dr. Sachin Dinesh Patel	Non executive & Promoter Director	1	—	—
Mr. A. B Shah (Nominee of GIIC)	Non executive & Independent	4	—	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.	—	—	—
Vijay Agarwal	Non executive & Independent	6	1	4
Mr Hinesh Doshi	Non executive & Independent	—	—	—
Mr. Rajneesh Anand (Managing Director)	Executive	1	—	—
Ms. Dharmishta N Raval (w.e.f. 30-10-2009)	Non executive & Independent	2	—	—
Mr. Subhash C Kaushik (w.e.f. 21-05-2010)	Non executive & Promoter Director	—	—	—

B) Details of attendance of the directors at the Board Meetings held in Financial Year 2009-10 and at the last Annual General Meeting.

Name of the Director	Number of Board Meetings held during F.Y. 2009-10 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)	5	1	—
Dr. Dinesh Patel	5	3	Yes
Dr. Sachin Dinesh Patel	5	3	Yes
Mr. J. K. Cha	5	—	—
Mr. S.S Lee	5	—	—
Mr. J. H. Choi	5	—	—
M. S.C Kim	5	—	—
Mr.Rajneesh Anand (Managing Director)	5	5	Yes
Mr. Vijay Agarwal	5	3	—
Mr. Hinesh Doshi	5	4	—
Mr. Surendra Somani (Upto 22-09-2009)	3	—	—
Mr. Anant Thakore (Upto 22-09-2009)	3	—	—
Mr N. I. Gandhi (Upto 22-09-2009)	3	—	—
Ms. Dharmishta N. Raval (w.e.f 30-10-2009)	2	2	—

The Board meetings are generally held in Mumbai. During the financial year 2009-10, Five meetings of the Board of Directors were held on 22<sup>nd</sup> May, 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010.

### (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 in Mumbai or at other places 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 have 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 26<sup>th</sup> September, 2009.

### AUDIT COMMITTEE

Pursuant to provisions of Section 292A and Clause 49 of the Listing Agreement, the Audit Committee was formed on 27<sup>th</sup> 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 along with 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, Mr. Rajneesh Anand and Dr. Sachin D. Patel. The Committee met four times during the Financial Year 2009-10. The dates of Audit Committee meetings held during Financial Year 2009-10 are 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010 and most of the members were present at all the meetings.

**REMUNERATION OF DIRECTORS**

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 2009-10 is as under:

<b>Particulars</b>	<b>Amount (in Rs.) (2009 – 10)</b>
Salary	3,00,000/-
Gratuity	—
Leave Salary	—
LTA, Medical & Other benefits	—
<b>Total</b>	<b>3,00,000/-</b>

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

In the year 2009-2010, the Company has not paid any sitting fees to the Directors.

**SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE**

The Share Transfer Committee was formed on 26<sup>th</sup> 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. Rajneesh Anand – Chairman, Dr. Sachin Dinesh Patel, Mr. Vijay Agarwal & Mr. Hinesh Doshi.

The committee met seven times during the Financial Year 2009-10. 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 2009-10 have been approved. During the year 2009-10, Company has received complaints from Shareholders and all the complaints were resolved and no complaint is pending as on 31<sup>st</sup> March, 2010.

**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
2006-07	69/C, GIDC Indl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.	29-09-2007	11.00 A. M.
2007-08	69/C, GIDC Indl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.	05-09-2008	11.00 A. M.
2008-09	69/C, GIDC Indl. Estate, Vapi 396 195, Dist. Valsad, Gujarat.	26-09-2009	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 2009–10 are furnished at Para 16 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 31<sup>st</sup> March, 2010.

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.sebidifar.nic.in](http://www.sebidifar.nic.in) within the timeframe prescribed in this regard.

### General Shareholders Information

#### A) Annual General Meeting

Date and time : 28<sup>th</sup> September, 2010 at 11 A. M

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

#### B) Tentative Financial Calendar (Subject to change) for the financial Year 2010-11

1st Quarterly Results - 15<sup>th</sup> August, 2010

Half Yearly Results - 15<sup>th</sup> November, 2010

3rd Quarterly Results - 14<sup>th</sup> January, 2011

Annual Results - 30<sup>th</sup> May, 2011

#### C) Dates of Book Closure

From Friday the 24<sup>th</sup> September, 2010 to Tuesday the 28<sup>th</sup> September, 2010 (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 2010 - 2011 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, 2009	11492.10	9546.29	6.49	5.36
May, 2009	14930.54	11621.30	7.16	5.68
June, 2009	15600.30	14016.95	7.90	5.42
July, 2009	15732.81	13219.99	7.50	5.00
August, 2009	16002.46	14684.45	6.99	5.40
September, 2009	17142.52	15356.72	12.01	5.87
October, 2009	17493.17	15805.20	12.59	7.80
November, 2009	17290.48	15330.56	9.45	7.90
December, 2009	17530.94	16577.78	10.92	8.02
January, 2010	17790.33	15982.08	13.54	9.87
February, 2010	16669.25	15651.99	11.55	9.65
March, 2010	17793.01	16438.45	13.65	8.26

**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	: 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. has 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 29<sup>th</sup> 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 31<sup>st</sup> March 2010, a total of 7332892 Equity Shares of the Company forming 63.21% 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 31<sup>st</sup> March, 2010 was as under:

Range	No of shareholders	% of Total shareholders	No of shares held	% of shareholding
1 to 500	5747	89.84	721725	6.23
501 to 1000	365	5.71	313676	2.70
1001 to 2000	125	1.95	191523	1.65
2001 to 3000	48	0.75	118524	1.02
3001 to 4000	30	0.47	111098	0.96
4001 to 5000	31	0.48	148679	1.28
5001 to 10000	25	0.39	170465	1.47
10001 & above	26	0.41	9824310	84.69
<b>TOTAL</b>	<b>6397</b>	<b>100</b>	<b>11600000</b>	<b>100</b>

The categories of shareholding as on 31<sup>st</sup> March, 2010 was as under:

Category	No of shares held	% of shareholding
Promoters	8935092	77.03
Institutional Investors	4900	0.04
NRIs / OCBs	82777	0.71
Others and General Public	2577231	22.22
<b>TOTAL</b>	<b>11600000</b>	<b>100</b>

**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 2009-10 is annexed to this report.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 21<sup>st</sup> May, 2010

**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 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010

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

Date : 21<sup>st</sup> May, 2010  
Place : Mumbai

## REPORT OF THE AUDITORS' TO THE MEMBERS

The Members,  
GUJARAT THEMIS BIOSYN LIMITED.

We have audited the attached Balance Sheet of **GUJARAT THEMIS BIOSYN LIMITED**, as at 31<sup>st</sup> March 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f.
    - (i) *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.*
    - (ii) *Attention is invited to Note No. 18 of Schedule 20 of the accounts regarding write back of sundry credit balances of Rs.35,18,539/- based on a review undertaken of old outstanding balances of Sundry Creditors & Provisions.*
  - 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. 1,08,34,838/- incurred during the year and brought forward losses of Rs. 23,54,73,998./-, which has resulted in negative net worth of Rs. Rs.12,17,43,923/- as at 31<sup>st</sup> March, 2010. 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 31<sup>st</sup> March, 2010 in respect of some 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 31<sup>st</sup> March, 2010 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,  
Firm Regn. No. 105049W

**(NARENDRA JAIN)**  
PARTNER

Membership No.048725

Place : Mumbai  
Date : 21<sup>st</sup> May, 2010



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010 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 the 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) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account 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, 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 31<sup>st</sup> March, 2010 which are outstanding for more than six months from the date they became payable are as given below:*

<b>Sr. No</b>	<b>Nature of Dues</b>	<b>Amount</b>	<b>Year to which amount relates</b>
1.	<i>Interest on Notified Area Tax</i>	15,826	2005-2006
	<i>Interest on Notified Area Tax</i>	42,510	2006-2007
	<i>Interest on Notified Area Tax</i>	1,20,070	2007-2008
	<i>Interest on Notified Area Tax</i>	1,69,094	2008-2009
	<i>Interest on Notified Area Tax</i>	1,57,442	2009-2010
	<b>TOTAL</b>	<b>5,04,942</b>	
2.	<i>NA Charges</i>	61,813	2007-2008
	<i>NA Charges</i>	78,714	2008-2009
	<i>NA Charges</i>	79,742	2009-2010
	<b>TOTAL</b>	<b>2,20,269</b>	

- 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:

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax	Demand u/s 143 (3)	10,79,703/-	A.Y. 2001-2002	Hon. High Court, Gujarat
Income Tax	Demand u/s 143 (3) r.w.s. 254	7,65,703/-	A.Y. 2007-2008	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)(i) & (g) in the main report, has incurred cash losses during the financial year covered by our audit. It had incurred cash losses in the immediately preceding financial year also, without considering the effects of our comments made in paragraph 2 (f)(i) & (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 are as under: -

<b>Period Of Default</b>	<b>Amount</b>	<b>Remarks</b>
Less than 30 Days	13,33,000	Including Rs.13,33,000 outstanding as on 31.03.2010
30 to 90 days	1,48,60,381	Including Rs.13,33,000 outstanding as on 31.03.2010
90 to 120 Days	5,098	Rs.NIL outstanding as on 31.03.2010
More than 120 days	30,000	Rs.NIL outstanding as on 31.03.2010

- (c) In case of working capital term loan taken from Union Bank of India, the details of defaults/delay in payment of interest are as under: -

Period of Default	Amount	Remarks
Less than 30 Days	9,20,083	Including Rs.9,20,083 outstanding as on 31.03.2010
30 to 90 days	1,30,03,822	Including Rs.8,47,173 outstanding as on 31.03.2010
90 to 120 Days	44,290	Rs.NIL outstanding as on 31.03.2010

- (d) In case of cash credit taken from Union Bank of India, the details of defaults/delay in payment of interest are as under:-

Period of Default	Amount	Remarks
Less than 30 Days	28,31,829	Including Rs.2,42,697 outstanding as on 31.03.2010

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

Period of Default	Amount	Remarks
Less than 30 Days	15,73,539	Rs.NIL outstanding as on 31.03.2010
30 to 90 days	45,99,554	Rs.NIL outstanding as on 31.03.2010
90 to 120 Days	54,00,784	Rs.NIL outstanding as on 31.03.2010
More than 120 days	6,05,679	Rs.NIL outstanding as on 31.03.2010

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

Period of Default	Amount	Remarks
Less than 30 Days	1,82,279	Including Rs.5,982 outstanding as on 31.03.2010
30 to 90 days	2,43,510	Rs.NIL outstanding as on 31.03.2010

- 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 term 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.8,49,57,208/- 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,  
Firm Regn. No. 105049W

**(NARENDRA JAIN)**  
PARTNER  
Membership No.048725

Place : Mumbai  
Date : 21<sup>st</sup> May, 2010

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010**

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds :</b>			
Capital	1	115,996,000	115,996,000
Reserves and Surplus	2	8,568,913	8,568,913
<b>Loan Funds :</b>			
Secured Loans	3	100,722,999	119,222,229
Unsecured Loans	4	42,110,377	42,110,377
		<b>267,398,289</b>	<b>285,897,519</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets :</b>			
Gross Block	5	365,767,855	364,287,751
Less :- Depreciation		282,613,694	272,195,762
Net Block		83,154,161	92,091,989
Capital Work-in-Progress		2,636,401	350,550
		<b>85,790,562</b>	<b>92,442,539</b>
<b>Investment</b>	6	<b>7,500</b>	<b>7,500</b>
<b>Current Assets, Loans &amp; Advances :</b>			
Inventories	7	6,316,570	5,606,431
Sundry Debtors	8	—	3,223,331
Unbilled Revenue		5,293,536	1,081,460
Cash and Bank Balances	9	4,863,906	1,352,488
Loans & Advances	10	24,779,366	19,779,675
Other Current Assets		471,320	335,274
		<b>41,724,698</b>	<b>31,378,659</b>
<b>Less:- Current Liabilities &amp; Provisions:</b>			
Current Liabilities	11	104,393,135	71,505,793
Provisions	12	2,040,172	1,899,384
		<b>106,433,307</b>	<b>73,405,177</b>
<b>NET CURRENT ASSETS</b>		<b>(64,708,609)</b>	<b>(42,026,518)</b>
<b>Deffered Tax Assets/ (Liability) (Net)</b>	13	—	—
<b>Profit &amp; Loss Account</b>		<b>246,308,836</b>	<b>235,473,998</b>
		<b>267,398,289</b>	<b>285,897,520</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	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

**NARENDRA JAIN**

Partner

Membership No. 048725

Place : Mumbai

Date : 21<sup>st</sup> May, 2010

**RAJNEESH ANAND**  
Managing Director

**DR.DINESH S PATEL**  
Director

**DR.SACHIN D. PATEL**  
Director

For and on behalf of the Board

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

Schedule	For the Year Ended 31.03.2010		For the year ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>				
Conversion / Job Work Charges Received		154,570,218		125,071,780
Sales (Gross)	227,779		459,348	
Less: Excise Duty	12,955	214,824	12,056	447,292
Other Income	14	1,561,124		2,063,547
Increase/(Decrease) in Stocks	15	1,524,206		(647,940)
		<u>157,870,372</u>		<u>126,934,679</u>
<b>EXPENDITURE</b>				
Materials Consumed / Sold	16	10,400,642		9,621,705
Payments to & Provisions for employees	17	19,249,883		16,216,278
Manufacturing & Other Expenses	18	113,965,802		108,992,485
		<u>143,616,327</u>		<u>134,830,468</u>
Profit/ (Loss) before Interest, Depreciation, Prior period adjustments & Tax		14,254,045		(7,895,789)
Interest & Finance Charges	19	15,980,141		18,092,688
Profit / (Loss) before Depreciation, Prior period adjustments & Tax		(1,726,096)		(25,988,477)
Depreciation		10,417,932		11,584,982
Profit / (Loss) before items relating to earlier years		(12,144,028)		(37,573,459)
Prior Period adjustments	(1,680,605)		1,636,106	
Sundry Credit Balances Written Back (Refer No.18 of Schedule 20)	3,518,539	1,837,934	180,813	1,816,919
Profit / (Loss) before Tax		(10,306,094)		(35,756,540)
Less : Income Tax for earlier year		474,037		435,499
Less : Fringe Benefit Tax for earlier year		54,707		—
Less : Provision for Taxation				
- Current Tax		—		—
- Deferred Tax		—		—
- Fringe Benefit Tax		—		160,000
Net Profit / (Loss) for the year		(10,834,838)		(36,352,039)
Balance of Surplus / ( deficit ) brought forward		(235,473,998)		(199,121,959)
Balance of surplus carried to Balance Sheet		<u>(246,308,836)</u>		<u>(235,473,998)</u>
Basic / Diluted Earning per Share (Rs.) (Refer Note No. 15 of Schedule 20)		(0.93)		(3.13)

**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.**

For and on behalf of the Board

Chartered Accountants

**NARENDRA JAIN**

Partner

Membership No. 048725

Place : Mumbai

Date : 21<sup>st</sup> May, 2010

**RAJNEESH ANAND**  
Managing Director

**DR.DINESH S PATEL**  
Director

**DR.SACHIN D. PATEL**  
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,36,00,000 Equity Shares of Rs. 10/- each	<b>136,000,000</b>	136,000,000
30,000 Preference Shares of Rs. 100/- each	<b>3,000,000</b>	3,000,000
1,11,00,000 Unclassified Shares of Rs. 10/- each	<b>111,000,000</b>	111,000,000
<b>TOTAL</b>	<b>250,000,000</b>	250,000,000
Issued, Subscribed and Paid up :		
1,16,00,000 Equity Shares of Rs. 10/- each	<b>116,000,000</b>	116,000,000
Less: Calls Unpaid (Other than Directors)	<b>4,000</b>	4,000
<b>TOTAL</b>	<b>115,996,000</b>	115,996,000
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
(a) Capital Reserve :		
Cash Subsidy from Government of Gujarat	<b>1,568,913</b>	1,568,913
(b) Share Premium	<b>7,000,000</b>	7,000,000
<b>TOTAL</b>	<b>8,568,913</b>	8,568,913
<b>SCHEDULE -3</b>		
<b>SECURED LOANS</b>		
<b>From Bank</b>		
<b>Union Bank of India</b>		
- Cash Credit (Refer note No.2 below)	<b>20,242,697</b>	20,000,000
[The above loan includes interest accrued and due amounting to Rs.2,42,697/- (Previous year Rs.NIL)]		
- Working Capital Term Loan (Refer note No.3 below)	<b>80,474,400</b>	95,718,204
(The above Term Loan includes interest accrued and due amounting to Rs.17,67,253/- (Previous Year Rs.10,61,326/-))		
- Overdue Devolved Letter of Credit	<b>5,902</b>	3,504,025
(The above Overdue Devolved Letter of Credit includes interest accrued and due amounting to Rs.5,902/- (Previous Year Rs.85,689/-))		
<b>TOTAL</b>	<b>100,722,999</b>	119,222,229

**Note 1 :** Working Capital Term Loan from Union Bank of India includes amount repayable within 12 months Rs.1,86,62,000/- (Previous Year Rs. 1,59,96,000)

**Note 2 :** Secured by labour bills not older than 90 days drawn on Arthemis Biotech Ltd. ( A division of Themis Medicare Ltd.), equitable mortgage of factory land & building, first charge on entire plant & machinery and Corporate Guarantees of Pharmaceutical Business Group (India) Ltd.

**Note 3 :** Secured by equitable mortgage of land & factory premises at GIDC, Vapi, first charge of entire plant & machinery and Corporate Guarantees of Pharmaceuticals Business Group (India) Ltd.

	<b>As at 31.03.2010 Rs.</b>	As at 31.03.2009 Rs.
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**SCHEDULE - 4**

**UNSECURED LOANS**

Yuhan Corporation	<b>39,510,377</b>	39,510,377
Gujarat Industrial Investment Corporation Limited	<b>2,600,000</b>	2,600,000
<b>TOTAL</b>	<b>42,110,377</b>	42,110,377

**SCHEDULE - 5**

**FIXED ASSETS**

(Amount in Rs.)

ASSETS	GROSS BLOCK				DEPRICIATION				NET BLOCK	
	As at 1-Apr-09	Addition During the year	Deduction During the year	As at 31-Mar-10	As at 1-Apr-09	For the year	Deduction/ Adjustment	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
LAND *	1,117,526	—	—	1,117,526	323,665	13,628	—	337,293	780,233	793,861
BUILDINGS	23,714,347	—	—	23,714,347	16,399,977	792,059	—	17,192,036	6,522,311	7,314,370
STAFF QUARTERS	67,541	—	—	67,541	38,584	1,448	—	40,032	27,509	28,957
PLANT & MACHINERY	327,370,488	1,263,063	—	328,633,551	244,451,572	9,322,952	—	253,774,524	74,859,027	82,918,916
FURNITURE & FIXTURES	5,197,236	—	—	5,197,236	4,883,818	56,154	—	4,939,972	257,264	313,418
COMPUTER	2,696,733	151,155	—	2,847,888	2,602,947	85,272	—	2,688,219	159,669	93,786
ERECTION & OFFICE EQUIPMENT	2,321,877	65,886	—	2,387,763	2,050,081	54,022	—	2,104,103	283,660	271,796
VEHICLES	1,802,004	—	—	1,802,004	1,445,120	92,397	—	1,537,517	264,487	356,884
<b>TOTAL</b>	<b>364,287,751</b>	<b>1,480,104</b>	<b>—</b>	<b>365,767,855</b>	<b>272,195,762</b>	<b>10,417,932</b>	<b>—</b>	<b>282,613,694</b>	<b>83,154,161</b>	<b>92,091,989</b>
<b>PREVIOUS YEAR</b>	<b>364,735,988</b>	<b>845,305</b>	<b>1,293,542</b>	<b>364,287,751</b>	<b>260,690,014</b>	<b>11,584,982</b>	<b>79,234</b>	<b>272,195,762</b>	<b>92,091,989</b>	<b>104,045,974</b>

\* AMOUNT AMORTISED AGAINST LEASEHOLD LAND

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 6</b>		
<b>INVESTMENT (Long Term)</b>		
Quoted Equity Shares :	—	—
Unquoted :		
National Saving Certificate (NSCs of Rs.6000/- lying with the authorities issuing solvent licence and Rs.1500/- lying with Nasabandi and Abkari Adhikari, Valsad.)	7,500	7,500
<b>TOTAL</b>	<b>7,500</b>	<b>7,500</b>
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the Managing Director) (Valued at cost or net realisable value whichever is lower)		
Stores & Spares	2,754,031	2,816,015
Fuel, Coal, Oil	616,106	1,196,911
Packing Material	4,946	76,904
Finished Goods	—	—
Work-in-Process	2,941,487	1,417,281
Raw Materials	—	99,320
<b>TOTAL</b>	<b>6,316,570</b>	<b>5,606,431</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
(i) Debts exceeding six months		
Considered good	—	—
Considered doubtful	55,280,092	55,280,092
	<b>55,280,092</b>	<b>55,280,092</b>
Less : Provision for doubtful debts	55,280,092	55,280,092
	—	—
(ii) Others - Considered Good	—	3,223,331
<b>TOTAL</b>	<b>—</b>	<b>3,223,331</b>
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	36,694	49,701
Balance with Scheduled Banks :		
– In Current Accounts	2,824,795	211,370
– In Deposit Accounts ( L/C Margin Money )	1,948,000	1,037,000
– UBI Deposit (With UP Sales Tax Dept.)	54,417	54,417
<b>TOTAL</b>	<b>4,863,906</b>	<b>1,352,488</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE -10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good	1,474,091	1,439,907
Considered doubtful	2,011,054	2,105,217
	<u>3,485,145</u>	<u>3,545,124</u>
Less : Provision for doubtful advances	2,011,054	2,105,217
	<u>1,474,091</u>	<u>1,439,907</u>
Loans and Advances to Employees		
Considered good	—	17,500
Considered doubtful	265,164	274,365
	<u>265,164</u>	<u>291,865</u>
Less : Provision for doubtful advances	265,164	274,365
	<u>—</u>	<u>17,500</u>
Pre-paid expenses	332,407	412,794
Advance for Purchase of Land	1,810,000	1,810,000
Less : Provision for doubtful advances	1,810,000	1,810,000
	<u>—</u>	<u>—</u>
Cenvat Credit Available	4,814,694	2,399,608
Deposit with Excise Authorities	50,885	50,885
Advance Income Tax ( Net of Provisions)	10,283,282	7,570,743
Sundry Deposits	7,824,007	7,888,238
	<u>—</u>	<u>—</u>
<b>TOTAL</b>	<u><u>24,779,366</u></u>	<u><u>19,779,675</u></u>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note no. 11 of Schedule 20)		
Micro, Small and Medium Enterprises **	94,547	80,170
Others	37,460,246	36,938,019
	<u>37,554,793</u>	<u>37,018,189</u>
Others Liabilities	4,924,834	8,893,597
Advance from Customer (Pharma)	71,717	71,717
Advance from customers (Job Work)	61,841,791	25,522,290
	<u>104,393,135</u>	<u>71,505,793</u>
** Total outstanding dues to Small Scale Industrial undertaking / Small & Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>SCHEDULE - 12</b>		
<b>PROVISIONS FOR :</b>		
Gratuity	1,327,321	1,245,030
Leave Encashment	712,851	574,354
Provision For FBT	—	80,000
	<u>2,040,172</u>	<u>1,899,384</u>
<b>TOTAL</b>	<u><u>2,040,172</u></u>	<u><u>1,899,384</u></u>
<b>SCHEDULE - 13</b>		
<b>DEFERRED TAX (Refer Note No.17 of Schedule 20)</b>		
Deferred Tax Assets	17,403,904	19,516,980
Deferred Tax Liabilities	17,403,904	19,516,980
Deferred Tax Assets / (Liability) ( Net)	<u>—</u>	<u>—</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME</b>		
Interest Received ( Gross )	510,715	814,302
(TDS.Rs.48,566/- Previous Year Rs.1,29,067/- Exchange Rate Fluctuation (Imp Stores)	28,021	—
Excess Provision for doubtful debts Written Back	125,393	8,390
Scrap Sales	767,615	1,075,612
Miscellaneous Income	129,380	165,243
<b>TOTAL</b>	<b>1,561,124</b>	<b>2,063,547</b>
<b>SCHEDULE - 15</b>		
<b>INCREASE/(DECREASE) IN STOCKS OF FINISHED GOODS &amp; WORK-IN-PROCESS :</b>		
Opening Stocks :		
Work in Process	1,417,281	2,065,221
Finished Goods	—	—
	<b>1,417,281</b>	<b>2,065,221</b>
Closing Stocks :		
Work in Process	2,941,487	1,417,281
Finished Goods	—	—
	<b>2,941,487</b>	<b>1,417,281</b>
<b>TOTAL</b>	<b>1,524,206</b>	<b>(647,940)</b>
<b>SCHEDULE - 16</b>		
<b>MATERIALS CONSUMED / SOLD</b>		
Raw Materials Consumed	926,703	829,695
Stores & Spares	9,188,508	8,581,982
Packing Material Consumed	70,607	1,712
Cost of Raw Material Sold	166,721	125,361
Cost of Packing Material Sold	48,103	82,955
<b>TOTAL</b>	<b>10,400,642</b>	<b>9,621,705</b>
<b>SCHEDULE - 17</b>		
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES'</b>		
Salary, Wages, other benefits etc.	17,387,130	14,575,698
Company's contribution to Provident and other Funds	978,869	859,694
Staff Welfare Expenses	883,884	780,886
<b>TOTAL</b>	<b>19,249,883</b>	<b>16,216,278</b>

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**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**


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	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
<b>SCHEDULE - 18</b>		
<b>MANUFACTURING &amp; OTHER EXPENSES</b>		
Power, Fuel & Water	103,376,805	92,650,473
Rent , Rates & Taxes	815,995	606,589
Conference & Seminar Exp	20,000	
Repairs & Maintenance	5,127,559	3,949,831
Insurance Charges	391,839	538,409
Travelling & Conveyance	164,116	278,111
Job Work charges	—	39,760
Auditor Remuneration	275,000	310,000
Vehicle Running & Maintenance Expenses	281,594	268,631
Legal & Professional Expenses	1,220,814	1,176,001
Membership & Subscription	3,000	3,000
Miscellaneous Expenses	690,501	958,660
Testing and Analytical Charges	71,660	57,471
Printing & Stationary Expenses	174,150	155,653
Sundry DR.Balance Write Off	11,907	342,587
Hire Charges	446,959	465,555
Provision for doubtful Debts (P&L)	—	2,223,267
Provision for doubtful Advances (P&L)	22,029	2,765,900
Postage & Telegram Charges	61,867	65,501
Telephone & Telex Charges	195,832	220,740
Security Charges	614,175	601,210
Loss on Sale of Fixed Assets/CWIP	—	1,060,968
Loss on Sale of Fixed Assets	—	254,168
<b>TOTAL</b>	<b>113,965,802</b>	<b>108,992,485</b>

**SCHEDULE - 19****INTEREST AND FINANCE CHARGES**

Bank Charges	329,442	941,792
Delayed Payment Charges - Others	142,685	541,864
Interest on Car Loans	—	179
Interest on Cash Credit	2,831,829	2,920,810
Interest on OD PAD	425,664	280,489
Interest on Term Loan	11,863,092	12,672,286
Other Interest Charges	387,429	230,034
U.B.D. Discounting Charges	—	505,234
<b>TOTAL</b>	<b>15,980,141</b>	<b>18,092,688</b>

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**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) Letter of credit in respect of purchases, outstanding at the year end amounting to Rs.69,05,144/- (Previous year Rs.3,38,590/-). The same is secured against purchases of Coal and Raw Materials and pledge of Bank Deposit.

- b) Income tax demand under dispute amounting to Rs.20,99,053/- (Previous year Rs. 16,03,518/-).
- c) Disputed Labour Dues estimated at Rs.3,11,41,191/- (Previous year Rs.3,11,21,159/-)
- d) Contingent Liability in respect of claim of interest on Unsecured Loan from Gujarat Industrial Investment Corporation (GIIC) amounting to Rs.1,03,25,277/- (Previous Year Rs. 98,57,277/-)
- e) Contingent Liability in respect of Claim of Rs.4,40,537/- (Previous Year 4,16,308/-) including interest @ 9% p.a. Rs.1,73,128/- (Previous Year Rs.1,47,099/-) 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.9,20,340/- towards Defined Contribution Plan Obligation.

### II. Defined Benefit Plan:

The Present value of obligations for gratuity and leave encashment are 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.

#### I. Actuarial Assumption

Particulars	Gratuity		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
Discount Rate Current	8.00%	7.75%	8.00%	7.75%
Rate of Return on Plan Assets Current	—	—	—	—
Salary Escalation Current	5%	5%	5%	5%

#### II. Reconciliation of Present Value of Obligation

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	2009-10	2008-09	2009-10	2008-09
Present Value of Obligation at the beginning of the year	12,45,030	1,037,069	5,74,354	451,816
Expense Recognized in Profit & Loss Account	3,50,506	2,39,605	2,81,136	2,07,434
Benefits paid	(2,68,214)	(31,644)	(1,42,639)	(84,896)
Present Value of Obligation at the end of the year	13,27,321	12,45,030	7,12,851	5,74,354

#### III. Expenses Recognized in the Profit and Loss Account

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	2009-10	2008-09	2009-10	2008-09
Current Service Cost	1,56,934	148,716	1,02,909	97,200
Interest Cost	98,259	93,597	46,961	40,525
Expected Return on Plan Assets	—	—	—	—
Net Actuarial (gain)/loss to be recognized	95,313	(2708)	1,31,267	69,702
Expense Recognized in Profit & Loss Account	3,50,506	2,39,605	2,81,136	2,07,434

#### IV. Amount Recognized in the Balance Sheet

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	2009-10	2008-09	2009-10	2008-09
Liability at the end of the year	13,27,321	12,45,030	7,12,851	5,74,354
Fair Value of Plan Assets at the end of the year	—	—	—	—
Difference	13,27,321	12,45,030	7,12,851	5,74,354
Amount Recognized in the Balance Sheets	13,27,321	12,45,030	7,12,851	5,74,354

3. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs.31,21,984 /- (Previous year – Rs.NIL /- ).
4. As per the foreign collaboration agreement entered with M/s Yuhan Corporation, the royalty to M/s Yuhan Corporation is payable for first 10 profitable years on the basis of the ex-factory cost of production of Rifampicin. Since, the Company has not produced Rifampicin and has incurred losses in the current year, no provision in the books of account for royalty payable to M/s Yuhan Corporation has been made.

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

	<u>2009– 2010</u>	<u>2008– 2009</u>
Salary	<u>3,00,000</u>	<u>3,00,000</u>
<b>Total</b>	<b><u>3,00,000</u></b>	<b><u>3,00,000</u></b>

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>2009 – 2010</u>	<u>2008 – 2009</u>
Remuneration paid to Statutory Auditors		
Audit fees	<b>198540</b>	198540
Tax Audit Fees	<b>55150</b>	55150
Other Matters	<b>49635</b>	55871
<b>Total</b>	<b><u>3,03,325</u></b>	<b><u>3,09,561</u></b>
Remuneration paid to Cost Auditors	<b>NIL</b>	33,090
<b>Total</b>	<b><u>NIL</u></b>	<b><u>33,090</u></b>

7. The Company has incurred losses of Rs.1,08,34,838/- during the current year and has brought forward losses of Rs.235,473,998/- which has resulted in negative net worth of Rs.12,17,43,923/- as at 31<sup>st</sup> March, 2010. 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 that there will be no material discrepancies between Fixed Assets records as per books and its physical availability.
9. a) The outstanding balance as at 31<sup>st</sup> March, 2010 in respect of some of the 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. The company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006, (MSMED Act) as at 31-3-2010. The disclosure pursuant to the said Act is as under:

<b>Particulars</b>	<b>As on 31.03.2010 (Rs.)</b>	<b>As on 31.03.2009 (Rs.)</b>
Principal amount due to suppliers under MSMED Act, 2006	<b>94,547</b>	80,170
Interest accrued and due to suppliers under MSMED Act, on the above amount	<b>NIL</b>	NIL
Payment made to suppliers (other than interest) beyond the appointed day, during the year	<b>NIL</b>	NIL
Interest paid to suppliers under MSMED Act, (Other than Section 16)	<b>NIL</b>	NIL
Interest paid to suppliers under MSMED Act, (Section 16)	<b>NIL</b>	NIL
Interest due and payable to suppliers under MSMED Act, for payments already made	<b>NIL</b>	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	<b>NIL</b>	NIL

The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises 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 an 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 31<sup>st</sup> March 2010 is Rs. 1,03,25,277/-. 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. In view of loss for the year no provision for the Income Tax has been made.
14. 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.

**15. Earning per share:**

<b>Particulars</b>	<b>2009 – 2010</b>	<b>2008 – 2009</b>
Net Profit / (Loss) attributable to Shareholders (Rs.)	<b>(1,08,34,838)</b>	(3,63,52,039)
Number of equity shares	<b>1,16,00,000</b>	1,16,00,000
Earning / (Loss) per share of Rs.10/- (Rs.)	<b>(0.93)</b>	(3.13)

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

**16. Related party transaction:**

**A. 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 31.03.2010 Amount (Rs.)	Year ended 31.03.2009 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	3,00,000

17. 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.)
<b>Deferred Tax Liabilities:</b>			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	1,95,16,980	21,13,076	1,74,03,904
<b>Total (A)</b>	<b>1,95,16,980</b>	<b>21,13,076</b>	<b>1,74,03,904</b>
<b>Deferred Tax Assets:</b>			
Tax impact of expenses charged in the financial statement but allowable as deduction in future years under income tax:			
Carried forward Losses / Unabsorbed Depreciation.	11,91,542	(11,91,542)	—
Provision for doubtful debts.	1,70,81,548	—	1,70,81,548
Provision for Leave encashment, Gratuity, Bonus and Unpaid Liability u/s 43B	12,43,890	(9,21,534)	3,22,356
<b>Total (B)</b>	<b>1,95,16,980</b>	<b>(21,13,076)</b>	<b>1,74,03,904</b>
<b>Net Deferred Tax Assets / (Liabilities) (B – A)</b>	<b>—</b>	<b>—</b>	<b>—</b>

18. During the year the Company had undertaken an exercise for reviewing old outstanding balances of Sundry Creditors and provisions. Based on the review, the Company has written back sundry credit balances of Rs.35,18,539/- (Previous year Rs.1,80,813/-).
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	2009 – 2010	2008 – 2009
	Rifamycin – S	Rifamycin – S
	Rifampicin	Rifampicin
	Lovastatin Crude	Lovastatin Crude
Licensed Capacity	100 MTS per annum	100 MTS per annum
Installed Capacity #		
Rifamycin – S	90 MTS per annum	90 MTS per annum
Rifampicin/Lovastatin	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>2009 – 2010</u>	<u>2008 – 2009</u>
	Kgs	Kgs
<b>BULK DRUGS :-</b>		
Lovastatin Acid Cake (semi-finished)	—	—
Lovastatin #	—	—
Lovastatin (Job work) #	<b>22,975</b>	66,575
Lovastatin Boronate (Job work) #	<b>59,906</b>	—
Other Bulk Drugs ( Job work)	<b>17,227</b>	11,621

# The production of Finished Goods used for captive consumption is excluded and above information is relating to production for job work only.

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

	<u>2009 – 2010</u>		<u>2008 – 2009</u>	
	Kgs.	Rs.	Kgs.	Rs.
Other RM	—	<b>1,66,721</b>	—	1,21,657
Packing Materials	—	<b>48,103</b>	—	82,955
Utility coal	—	—	—	2,42,680
<b>Conversion Charges (Job work)</b>				
Lovastatin	<b>22,975</b>	<b>4,08,95,500</b>	66,575	10,95,76,500
Lovastatin Boronate	<b>59,906</b>	<b>10,18,98,604</b>	—	—
Other Bulk Drugs	<b>17,227</b>	<b>1,17,76,114</b>	11,621	1,54,95,280
<b>Total</b>		<b>15,47,85,042</b>		<b>12,55,19,072</b>

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

ii) Excludes samples and replacements.

**(II) Raw Material Consumed:**

	<u>2009 – 2010</u>		<u>2008 – 2009</u>	
	Kgs.	Rs.	Kgs.	Rs.
Laboratory Chemicals	—	<b>5,57,984</b>	—	4,92,762
Others	—	<b>3,68,719</b>	—	3,36,903
		<b>9,26,703</b>		<b>8,29,695</b>

**(III) Cost of Raw Material Sold:**

	<u>2009 – 2010</u>		<u>2008 – 2009</u>	
	Kgs.	Rs.	Kgs.	Rs.
Acetone	—	—	1440	84,340
Others	—	<b>29,696</b>	—	41,021
Liquid Oxygen	<b>13,471.50</b>	<b>1,37,025</b>	—	—
<b>TOTAL</b>		<b>1,66,721</b>		<b>1,25,361</b>

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

A. Raw Materials:		<u>2009 – 2010</u>		<u>2008 – 2009</u>	
	%	Rs.	%	Rs.	
Imported	—	—	—	—	—
Indigenous	100.00	9,26,703	100.00	8,29,695	
	<u>100.00</u>	<u>9,26,703</u>	<u>100.00</u>	<u>8,29,695</u>	
<b>B. Stores, Spares and Packing Materials:</b>					
Imported	15.16	14,02,924	11.07	9,50,230	
Indigenous (Balancing Figure)	84.84	78,56,191	88.93	76,33,464	
	<u>100.00</u>	<u>92,59,115</u>	<u>100.00</u>	<u>85,83,694</u>	

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

A	<u>2009 – 2010</u>	<u>2008 – 2009</u>
CIF Value of imports (Including In transit)	Rs.	Rs.
I Stores and Spares	29,09,565	NIL
<b>B Expenditure in foreign currency:</b>	<b>NIL</b>	<b>NIL</b>
<b>C Earning in foreign exchange</b>	<b>NIL</b>	<b>NIL</b>

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

For and on behalf of the Board

**NARENDRA JAIN**  
Partner  
Membership No. 048725

Place : Mumbai  
Date : 21<sup>st</sup> May, 2010

**RAJNEESH ANAND**  
Managing Director

**DR.DINESH S PATEL**  
Director

**DR.SACHIN D. PATEL**  
Director

**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 : 31.03.2010

**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 : 267,398 Total Assets : 267,398

**Source of Funds**

Paid-up Capital : 115,996 Reserves & Surplus : 8,569  
Secured Loans : 100,723 Unsecured Loans : 42,110

**Application of Funds**

Net Fixed Assets : 85,791 Investment : 8  
(including Capital Work-In-Progress)  
Net Current Assets : (64,709) Misc. Expenditure : -  
Accumulated Losses : 246,309 Deferred Tax Assets : -

**IV Performance of the Company**

Turnover & Other Income : 161,389 Total Expenditure : 171,695  
Profit/Loss Before Tax : (10,306) Profit/Loss After Tax : (10,835)  
Earning Per Share (in Rs.) : (0.93) 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 : 21<sup>st</sup> May, 2010

**RAJNEESH ANAND**  
Managing Director

**DR. DINESH S. PATEL**  
Director

**DR. SACHIN D. PATEL**  
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss) before Tax and Prior period Items	(12,144,028)	(37,573,459)
Adjustment for :		
Depreciation	10,417,932	11,584,982
Sundry Debit Balance written off	11,907	342,587
Excess Provision written back	(125,393)	(8,390)
Provision for doubtful Debts (P&L)	—	2,223,267
Provision for doubtful Advances (P&L)	22,029	2,765,900
Interest and Finance charges	15,980,141	18,092,688
(Profit) / Loss on sale of fixed assets	—	254,168
(Profit) / Loss on sale of Capital Work in Progress	—	1,060,968
Interest received	(510,715)	(814,302)
<b>Operating Profit before working capital adjustments</b>	<b>13,651,873</b>	<b>(2,071,591)</b>
Adjustment for :		
Trade and Other receivables	(3,184,440)	(1,513,197)
Inventories	(710,139)	345,921
Trade payables	36,626,669	12,309,068
<b>Cash generated from operations</b>	<b>46,383,963</b>	<b>9,070,201</b>
Interest and Finance charges paid	(15,111,304)	(18,264,630)
<b>Cash Flow before Tax and Prior Period Adjustment Items:</b>	<b>31,272,659</b>	<b>(9,194,429)</b>
Income tax / Fringe Benefit Tax paid / Tax deducted at source	(3,321,283)	(3,358,259)
Prior period Adjustments	(1,680,605)	1,636,106
<b>NET CASH FROM / ( USED IN ) OPERATING ACTIVITIES (A)</b>	<b>26,270,771</b>	<b>(10,916,582)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Including Capital Work in Progress)	(3,765,955)	(5,429,920)
Sale Proceeds of Fixed Assets	—	960,140
Sale Proceeds of Capital Work in Progress	—	3,523,648
Interest received	374,669	890,849
<b>NET CASH FROM / ( USED IN ) INVESTING ACTIVITIES (B)</b>	<b>(3,391,286)</b>	<b>(55,283)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Working Capital facilities	(19,368,067)	9,042,920
Repayments of long term borrowings	—	(12,821)
<b>NET CASH FROM / ( USED IN ) FINANCING ACTIVITIES (C)</b>	<b>(19,368,067)</b>	<b>9,030,099</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A + B + C)</b>	<b>3,511,418</b>	<b>(1,941,766)</b>
Cash and Cash equivalents at the beginning of the year	1,352,488	3,294,254
Cash and Cash equivalents at the end of the year	4,863,906	1,352,488

**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 &amp; CO.

Chartered Accountants

**NARENDRA JAIN**

Partner

Membership No. 048725

Place : Mumbai

Date : 21<sup>st</sup> May, 2010**RAJNEESH ANAND**

Managing Director

**DR. DINESH S. PATEL**

Director

**DR. SACHIN D. PATEL**

Director

For and on behalf of the Board

**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)

<b>29<sup>TH</sup> ANNUAL GENERAL MEETING</b> TUESDAY THE 28 <sup>TH</sup> SEPTEMBER, 2010, AT 11 A.M.  <b>VENUE:</b> 69/C, GIDC INDUSTRIAL ESTATE, VAPI - 396 195 DISTRICT - VALSAD, GUJARAT, INDIA
--

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**  
 here by appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to vote for me/us and on my/our  
 behalf at the **29<sup>th</sup> Annual General Meeting**  
 of the Company to be held on Tuesday  
 the 28<sup>th</sup> September, 2010, at 11 a.m  
 adjournment(s) thereof.

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

AFFIX  
 Re. 1  
 Revenue  
 Stamp

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.