



FREDUN PHARMACEUTICALS LIMITED

**21ST ANNUAL REPORT
2007-2008**

FREDUN PHARMACEUTICALS LIMITED

1. BOARD OF DIRECTORS
 - Dr . (Mrs) Daulat N.Medhora
Chairperson cum joint
Managing Director
 - Mr. Nariman B. Medhora
Managing Director
 - Mr. Rustum S. Tirandaz
 - Dr. Aspi N. Raimalwala
 - Mr. Fredun N. Medhora
2. AUDITORS
 - V. D. Khandekar and Co.
Chartered Accountants
101.Bhagirati Niwas,
Bhawani Shankar Road,
Dadar (W), Mumbai-400028.
3. BANKERS
 - Bank of Baroda
 - Dena Bank
4. FACTORY
 - 14,15,16,Zorabain industrial Complex,
Veoor, palghar (East) -401404
District- Thane.
5. REGISTRAR & TRANSFER
AGENTS & CUSTODIAN
OF SHARES
 - Purva Sharegistry Pvt . Ltd.
33,Printing House ,
28-D,Police Court Lane.
Behind old Handloom House. Fort .
Mumbai - 400001
6. REGISTERED OFFICE
 - 26,Manoj Industrial Premises
G.D. Ambekar Marg .Wadala
Mumbai -400031.

FREDUN PHARMACEUTICALS LIMITED

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

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of FREDUN PHARMACEUTICALS LIMITED will be held on Monday the 29th September 2008 at 11.30 a.m. at Mumbai Marathi Granthasangrahalay, 172, Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai - 400 014 to transact the following business:

ORDINARY BUSINESS :

1. To consider, approve and adopt the audited accounts, the Balance Sheet for 31st March 2008 and Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aspi Raimalwala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board
For Fredun Pharmaceuticals Limited

Nariman Medhora
Managing Director

Place : Mumbai
Date: 30th June, 2008

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

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY, A PROXY FORM TO BE EFFECTIVE MUST BE LODGED WITH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 2008 to 29th September 2008 both days inclusive for the purpose of the Annual General Meeting.
4. Members seeking any information with regard to accounts are requested to write to the Company early so as to enable the Management to keep the information ready.

REPORT OF THE BOARD OF DIRECTORS

To,
The Members
Fredun Pharmaceuticals Limited

Yours Directors are pleased to present the 21st Annual Report of your company together with the Audited statement of Accounts for the financial year ended 31st March, 2008

1. FINANCIAL RESULTS :

	Financial Year	
	2007-08 (Rs.In Lacs)	2006-07 (Rs.In Lacs)
(i) Turnover of sales & Other Income	481.26	453.39
(ii) Total Expenditure	426.64	397.73
(iii) Profits (+) Loss(-) before Interest, Depreciation & Amortisation	54.62	55.65
(iv) Amortisation of Deferred revenue expenditure	--	--
(v) Profits (+) Loss(-) before Interest, Depreciation	54.62	55.65
(vi) Interest	24.49	26.14
(vii) Depreciation	20.18	21.15
(viii) Profit (+) / Loss (-) before extra- ordinary/ exceptional items	9.95	8.36
(ix) Extra- ordinary / Exceptional Items	(2.87)	--
(x) Profit (+) / Loss (-) before Tax	7.08	8.36
(xi) Less: Provision for Taxation (Current Tax) & (deferred tax)	(1.45)	2.24
(xii) Profit (+) / Loss (-) after tax	8.53	6.13
(xiii) Profit (+) / Loss (-) of Previous Year	14.35	8.23
(xiv) Net Profit (+) / Net Loss (-)	22.88	14.36

2. **DIVIDEND:** To conserve the resources, your Directors are unable to recommend any dividend for the year ended 31st March 2007.
3. **OPERATIONS AND FUTURE OUTLOOKS:** During the financial year ended 31st March 2008 the sales turnover of the company was to the extent of Rs. 467.66 lacs as against Rs. 444.54 lacs in the Previous year. The profit before interest and depreciation was Rs. 54.62 Lacs as against Rs. 55.65 Lacs in the previous year, and the net profit for the year of Rs. 8.53 was carried to the Balance Sheet .

The Turnover for the current year was slightly better compared to the last year , however your Company is on the growth path as it has good export orders on hand. The outlook for the year seems to be better .

4. **AUDITORS:** The Members are requested to appoint the Auditors for the current year and to fix their remuneration .The Company's retiring Auditors M/s V.D.Khandeker and Co. Chartered Accounts retire at the forthcoming Annual General Meeting and are eligible for reappointment.
5. **DIRECTORS :**

The Company's Board comprises of individuals of integrity with considerable experience and expertise across a wide range of disciplines including general management and business strategy .

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

6. **RESONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirms.

1. In the preparation of the Annual Account ,the applicable Accounting Standards have been followed .
 2. The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and profit of the company for that year.
 3. Proper and sufficient care has been taken for maintenance of Accounting Records in accordance with the provision of the Act for safeguarding the Assets of the Company and for preventing /detecting fraud and other Irregularities.
 4. The Annual Accounts are prepared on a going concern basis.
7. **STATUTORY INFORMATION:**

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREGIN EXCHANGE EARNING & OUTGO

Information in accordance with the provision of section 217 (10) (e) of the companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1998 regarding

a. CONSERVATION OF ENERGY

During the financial year the Company has constantly striving to reduce dependency on non-renewable sources of energy and all possible efforts were made to ensure optimum conservation of energy at the factory. These measures included :

- Continuous watch being kept on energy utilization.
- In-house energy audit conducted at regular intervals.
- Regular maintenance.

b. TECHNOLOGY ABSORPTION AND INNOVATION

The Company follows continuous process of upgradation and adaptation of technological information through the visits of various consultants. The Research and Development Department keeps itself abreast of the latest technical and scientific developments and innovations relating to the Company's line of products.

No specific expenditure exclusively on R and D has been incurred, as expenditure on R and D being treated as an integral part of the manufacturing process.

No Technology has been Imported. The indigenous technology available is continuously being updated to improve the overall performance of the Company.

c. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earned	Rs. 148.06
Foreign Exchange Outgo	Rs. 0.20

8. **PERSONNEL:** The employees relation during the year under review remained cordial. There are no employees who are in receipt of emoluments in excess of the limits prescribed under Section 217(2A) of the Companies Act 1956 during the year ended 31st March 2008.

9. **ACKNOWLEDGEMENT:** Your Directors take this opportunity to place on record their appreciation of the valuable support and co-operation received from various Government Officials, Bankers, Agents, Dealers, Customers, Suppliers, Distributors, Business Associates, Employees and Shareholders for their unfailing support and continued association with the Company.

By order of the Board

For Fredun Pharmaceuticals Limited

Pace : Mumbai
Date: 30th June, 2008

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

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

We have audited the attached Balance sheet of FREDUN PHARMACEUTICALS LIMITED, as on 31st March, 2008 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii) In our opinion, the Company has kept proper books of account as required by law so far, as appears from our examination of the books.
- iii) The Balance Sheet and Profit and Loss Accounts dealt with by this report are in agreement with the books of account.
- iv) *The Company has not complied with Accounting Standard- 28 relating to impairment of assets issued by The Institute of Chartered Accountant of India*
- v) *No provision has been made for dividend amounting to Rs. 2 Lacs on preference shares.*
- vi) In our opinion, the Balance Sheet and Profit & Loss Account of the Company dealt with by this report, generally comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 to the extent these are applicable to the company.
- vii) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and note no. 14 & 15 give the information required by the Companies Act, 1956, in the manner so required and true and fair view in conformity with the accounting principles generally accepted in India:
 - In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008.
 - In the case of the Profit and Loss Account, of the Profit for the year ended on 31st March, 2008.
 - In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2008.

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

PLACE : MUMBAI
DATE: 30th June 2008

(V.D.KHANDEKAR)
Proprietor

Annexure referred to in Paragraph 1 of our audit report of even date.

- (i) (a) The Company is in the process of updating records showing the full particulars of fixed assets including quantitative particulars and details about situation of fixed assets.
- (b) The management of the Company has physically verified fixed assets, at reasonable intervals. The discrepancies observed during the physical verification have not been material and have been suitably dealt with in the books of accounts.
- (c) There has been no sale of substantial part of fixed assets to affect going concern status of the Company.
- (ii) (a) The management has physically verified all the inventories at reasonable intervals of time during the period under report.
- (b) In our opinion, the procedure for physical verification of inventory followed by the management are reasonable and adequate, having regard to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies observed during the physical verification have not been material and have been suitably dealt with in the books of account.
- (iii) (a) During the year under audit the Company has not obtained secured or unsecured loans from Companies, firms or other parties covered under registrar maintained under Section 301 of the Companies Act, 1956.
- (b) As per the information and explanations given to us, the Company has not granted any loans to parties mentioned in the register u/s. 301 of the Companies Act, 1956.
- (iv) There is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There is no continuing failure to correct major weaknesses in the internal control.
- (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year to be entered in the registrar required to be maintained under that section. Accordingly, commenting on the transaction made in pursuance of such contracts or arrangements does not arise.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from public and therefore the provisions of section 58A & 58AA of the Companies act, 1956 and rules there under are not applicable.
- (vii) The Company does not have an internal audit system commensurate with its size and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
- (ix) According to information and explanations given to us, the Company has been generally regular in depositing Provident Fund, Income Tax Deducted at source and that the employees' state insurance act is not applicable to Company. In respect of Central Excise the Company has filed appeals before CEGAT in respect of the excise demand and penalty amounting to Rs. 2,47,984/- for the period 1998-99, 1999-00 & 2000-01.
- (x) The Company has not incurred any cash losses in the year under report or in the immediately preceding financial year.

- (xi) Repayment of instalment of term loan and payment of interest there on from Bank of Baroda are generally in time.
- (xii) On the basis of information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information & explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4 (xiv) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- (xiv) According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvi) As per the cash flow statement, records examined by us and according to information and explanations given to us, the funds raised on short term basis have been utilized for long term purposes to the extent of Rs. 3.91 Lacs.
- (xvii) According to the information and explanation given to us, the Company has not issued debentures during the year under audit and hence, the question of price being prejudicial to the interest of the Company does not arise.
- (xviii) The Company has not made preferential allotment of shares during the period and accordingly the question of price being prejudicial to the interest of the Company does not arise.
- (xix) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- (xx) According to the information and explanation given to us, the Company has not raised term loans during the financial year and therefore the question of its application does not arise.
- (xxi) The Company has not raised monies on public issue during the period and accordingly the question of end use of monies raised does not arise.
- (xxii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

PLACE :MUMBAI
DATE: 30th June 2008

(V.D.KHANDEKAR)
Proprietor

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As at 31st March 2008 (Rs)	As at 31st March 2007 (Rs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	26,245,500	26,245,500
Reserves & Surplus	2	5,167,107	5,268,960
Loan Funds			
Secured Loans	3	12,942,352	17,806,520
Unsecured Loans	4	54,131	242,885
		12,996,483	18,049,405
Deferred Tax Liability		3,912,345	4,180,665
		48,321,435	53,744,530
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	70,919,182	70,527,850
Less Depreciation		27,040,266	24,068,011
Net Block		43,878,916	46,459,839
Current Assets, Loans and Advances			
Inventories		8,942,890	11,656,014
Sundry Debtors		8,712,646	8,664,834
Cash and Bank Balances		1,298,180	715,329
Loans, Advances and Deposits		7,532,806	4,179,625
		26,486,522	25,215,802
Less: Current Liabilities and Provisions:			
Current Liabilities	7	20,484,352	16,401,057
Provision For Gratuity		1,148,462	1,008,347
Provision for Outstanding Exp.		164,121	443,426
Provision For Taxation (Current)		382,203	258,461
		22,179,138	18,111,291
Net Current Assets		4,307,384	7,104,511
Miscellaneous Expenditure		135,135	180,180
Profit & Loss		48,321,435	53,744,530
Notes on Accounts	12		

The Schedules referred to above and the notes thereon form an intergral part of the accounts.
This is the balance sheet referred to
in our report of even date

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

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

(V.D. KHANDEKAR
Proprietor

Nariman B. Medhora
Managing Director

Place : Mumbai
Date: 30.06.2008

Place : Mumbai
Date: 30.06.2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST ,MARCH 2008

	Schedule		As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
INCOME				
Sales	8	46,765,766		44,454,147
Other Income	9	<u>1,360,347</u>	48,126,113	<u>885,292</u> 45,339,439
EXPENDITURE				
Manufacturing and other Expenses	10	42,664,556		39,773,697
Interest and Finance Charges	11	<u>2,449,031</u>	45,113,587	<u>2,614,014</u> 42,387,711
PROFIT BEFORE DEPRECIATION			3,012,526	2,951,728
Depreciation			<u>2,017,711</u>	<u>2,115,523</u>
PROFIT/(LOSS) FOR THE YEAR			994,815	836,205
Prior period adjustments			<u>-286,700</u>	0
			708,115	836,205
Provision For Taxation				
Current -		123,742		144,498
Deferred -		<u>-268,320</u>		79,389
			-144,578	<u>223,887</u>
PROFIT AFTER TAX			852,693	612,318
Balance Brought Forward From Previous Year			1,435,657	823,338
Balance Carried To Balance Sheet Reservers & Surplus A/c			<u>2,288,350</u>	<u>1,435,656</u>

Notes on account 12

The Schedule referred to above and the notes thereon form an intergral part of the accounts.

For V.D. KHANDEKAR & CO.
Chartered Accountants

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

(V.D.KHANDEKAR)
Proprietor

Nariman B.Medhora
Managing Director

Place : Mumbai
Date: 30.06.2008

Place : Mumbai
Date: 30.06.2008

SCHEDULE TO ACCOUNTS

	As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
SCHEDULES 1: SHARE CAPITAL		
Authorised 27,00,000 Equity Shares of Rs 10/- each	27,000,000	27,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
23,52,400 Equity Shares of Rs.10/- each (P. Y.23,96,700)	23,524,000	23,524,000
Add : Forfeited Shares	221,500	221,500
25,000 8% Cumulative Redeemable Preference Share of Rs.100/- each	2,500,000	2,500,000
	26,245,500	26,245,500
(of the above shares 77,500 equity shares are allotted as fully paid up pursuant to a contract without payment being received in cash)		
SCHEDULE 2: RESERVES & SURPLUS		
Revaluation Reserve	2,878,760	3,833,304
Profit & Loss A/c.	2,288,347	1,435,656
	5,167,107	5,268,960
SCHEDULE 3: SECURED LOANS		
Term loans		
From banks-cash-credit	2184251	2131315
From bank current	96488	0
From bank Term Loan	8424689	10831272
Packing credit	1747458	2549571
Post Shipment Demand Loan	0	2294362
From FBP	489466	0
	12,942,352	17,806,520
Notes:		
1. Cash Credits from Bank of Baroda is secured by hypothecation of stock -in-trade, consumable stores,spares, book debts, etc and by personal guarantees of two directors of the Company.		
2. The Term Loan from Bank of Baroda is secured by equitable mortgage of factory unit and hypothecation of machineries and office premises.		
3. Out of the Term Loan from bank installment & interest due within one year are Rs. 2380800/- and Rs.95191/-respectively. (P.Y. 2380800/- and 1,21,674/-)		
SCHEDULE 4: UNSECURED LOANS		
Short term loans:		
From Directors	54,131	242,885
	54,131	242,885

FREDUN PHARMACEUTICALS LIMITED

(01.04.2007 To 31.03.2008)

A. Y. 2008-09
F. Y. 2007-08

SCHEDULE 5 : Fixed Assets

STATEMENT OF DEPRECIATION AS PER COMPANIES ACT 1956 FOR THE YEAR 2007-2008

Name of the Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 01.04.2007	Additions/ Adjustments	Dedn.	COST as at 31.03.2008	Upto 31.03.2007	For The Year	Deductin/ Adjustment	UPTO 31.03.2008 RS.	AS AT 31.03.2008 RS.	AS AT 31.03.2007 RS.
Freehold land	5208000	0	0	5208000	0	0	0	0	5208000	5208000
Building - Factory	20817532	0	0	20817532	4995138	695305		5690443	15127089	15822394
Office Premises	6730140	0	0	6730140	546101	109701	115086	540716	6189424	6184039
Plant & Machinery	29391627	188679	0	29580306	13574028	1768417		15342445	14237861	15817599
Electrical Installation	2441538	0	0	2441538	1089240	112109		1201349	1240189	1352298
Electrical Fittings	962643	0	0	962643	429812	40940		470752	491891	532831
Lab Glassware Apparatus & Factory Equipments	1416291	0	0	1416291	649955	62994		712949	703342	766336
Furniture/Office Equipment	2684185	37853	0	2722038	2519391	164977		2684368	37670	164794
Office Equipment	129543	0	0	129543	10533	6153		16686	112857	119010
Computer	743153	164800	0	907953	250613	126745		377358	530595	492540
Motor Car / Vehicle	3200	0	0	3200	3200	0	0	3200	0	0
GRAND TOTAL	70527852	391332	0	70919184	24068011	3087341	115086	27040266	43878918	46459841
PREVIOUS YEAR	69365052	1162800	0	70527852	20983118	3084893	0	24068011	46459841	48381934

*** ADDITIONS ARE NET OF VAT & EXCISE

SCHEDULE TO ACCOUNTS

	As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
SCHEDULE 6:		
CURRENT ASSETS, LOANS AND ADVANCES		
A) CURRENT ASSETS		
Inventories		
(As taken, valued and certified by the Managing Director)		
Stock in trade (At Cost)		
Raw material	3,010,821	5,501,474
Packing material	3,726,240	3,060,523
Finished goods	344,006	1,778,907
Materials under process	1,861,823	1,209,594
Stock of light diesel oil	-	105,516
	<u>8,942,890</u>	<u>11,656,014</u>
Sundry Debtors		
(Unsecured - considered good)		
Due for more than six months	-	-
Other debts	8,712,646	8,664,834
	<u>8,712,646</u>	<u>8,664,834</u>
Cash & Bank balances		
Cash on hand	792,131	461,505
with scheduled bank:		
In current account	10,451	48,836
Margin with BOB	475,598	204,988
In fixed deposit account		
Margin With Barclays Bank	20,000	
	<u>1,298,180</u>	<u>715,328</u>
B) Loans And Advances And Deposits		
(Unsecured - considered good)		
Advance recoverable in cash or in kind or for value to be received	3,180,597	1,974,644
Deposit with government authorities and others	239,100	263,900
Advance Tax (TDS) FBT	883,141	617,234
Balance with Central Excise	3,229,968	1,323,847
	<u>7,532,806</u>	<u>4,179,625</u>
	<u>26,486,522</u>	<u>25,215,802</u>

SCHEDULE TO ACCOUNTS

	As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
SCHEDULE 7:		
A) CURRENT LIABILITIES		
Sundry Creditors		37,746
For Capital Goods	-	6,801,408
For Goods	11,615,864	2,026,078
For Expenses	1,372,058	7,535,825
For Others	7,496,430	<u>16,401,057</u>
	20,848,352	
B) Provision:		
Provision for Gratuity	1,148,462	1,008,347
Provision for Outstanding exp	164,121	443,426
Provision for Taxation (Current)	382,203	258,461
	<u>1,694,786</u>	<u>18,111,291</u>
SCHEDULE 8:		
SALE		
Finished goods	32,454,272	28,800,409
Conversion charges	14,311,494	15,653,738
	<u>46,765,766</u>	<u>44,454,147</u>
SCHEDULE 9:		
OTHER INCOME		
Interest (Gross)	19,770	34,189
(Tax deducted at source Rs.759/-)P.Y.Rs.NIL		
DEPB Licence sale	681,071	774,071
Foreign Exchange Gain/loss	-	-
Sundry Creditors W/back	305,531	44,332
Central Excise Refund	-	32,700
Sample & Products dev. Chgs	353,975.00	-
Discount Received	-	-
	<u>1,360,347</u>	<u>885,292</u>
SCHEDULE 10:		
MANUFACTURING AND OTHER EXPENSES		
Raw materials consumption and other expenses:		
Raw material consumed		
Opening stocks	5,501,474	3,767,127
Add: Purchases	10,909,508	17,342,485
	<u>16,410,982</u>	<u>21,109,612</u>
Less : Closing stock	<u>3,010,821</u>	<u>5,501,474</u>
	13,400,161	15,608,138

SCHEDULE TO ACCOUNTS

	As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
Schedule 10 Contd....		
Excise duty	236,229	511,893
Sales Tax on Purchases	284,952	489,151
Stores & Spares	947,546	543,003
Packing expenses	8,178,693	5,615,287
Power & fuel	4,056,659	3,545,667
Laboratory Chemical	152,309	161,630
Labour charges	1,300,949	1,411,140
Testing charges	325,869	245,038
Factory Maintenance	455,172	489,925
Transportation Inward	110,673	41,410
Freight Inward	1,212	9,487
Clearing & Forwarding Inward	12056	45,381
Art Work expenses	119595	103,325
Fire Safty Expenses	18690	6,850
Research & Development Exp.	0	40,092
Repair & Maintenance of :		
Building	95,225	49,504
Machinery	103,259	326,183
Other Assets	584,893	590,074
	783,377	965,761
ADD/(LESS)		
DECREASE (INCREASE) IN		
Finished/Process/Traded stocks		
Opening Stocks		
Finished goods	1,209,594	
Materials under process	1,778,907	803,020
	<u>2,988,501</u>	<u>803,020</u>
Less: Closing Stocks		
Finished goods	344,006	1,778,907
Materials under process	1,861,823	1,209,594
	<u>2,205,829</u>	<u>2,988,501</u>
	<u>782,672</u>	<u>(2,184,581)</u>
	31,166,814	27,648,597
Employee's Remuneration		
and Benefits:		
Salaries Wages and bonus	6,410,378	5,713,739
Medical Expenses	68,906	21,347
Welfare Expenses	253,449	209,119
Labour Welfare Fund	1,716	7,272
Employer's Contribution to PF	280,805	273,165
	<u>7,015,254</u>	<u>6,224,642</u>

SCHEDULE TO ACCOUNTS

	As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
Schedule 10 Contd..		
Selling and Distribution expenses:		
Sample Expenses	6,719	7,034
Sales Promotion	31,717	32,020
Freight & Transportation	854,348	1,609,985
Clearing & Forwarding	221,465	213,172
Advertisement	60,047	27,272
Sales & Turnover tax	-	-
Octroi Duty	900	3,489
Brokerage & Commission	264,500	358,015
Discount	41	0
	<u>1,439,737</u>	<u>2,250,987</u>
Administration and other expenses:		
Office expenses	23,549	36,065
Security Charges	362,700	230,607
Insurance	206,594	301,761
Rent (Paid to Director)	114,000	127,472
Rates & taxes	276,342	515,183
Service Tax on Transport	462	159
Motor Vehicles and Conveyance Expenses	201,484	185,798
Legal & Professional Fees	405,684	383,387
Printing & Stationary	194,006	150,374
Travelling (including Director's Local travelling Rs.6,289/- (P.Y.Rs.81,757/-) Foreign travelling Rs.NIL (P.Y.Rs 4,75,811/-)	10,348	568,672
Communication Expenses	510,950	406,468
Electricity Charges	123,594	95,944
Donations	2,552	3,955
Exchange rate difference	274,371	39,148
Director's Sitting fees	3,000	2,300
Product Registration Charges	25,600	219,535
Agency Expenses	32,169	25,040
Deferred Revenue expenses written off	45,045	4,953
Sundry Debtors w/off	0	142,151
Penalty	3,000	300
Miscellaneous expenses w/off	5	1,168
Miscellaneous expenses	153,996	147,781
	<u>2,969,451</u>	<u>3,588,221</u>

SCHEDULE TO ACCOUNTS

	As at 31st March 2008 (Rs.)	As at 31st March 2007 (Rs.)
Schedule 10 Contd..		
Auditor's Remuneration:		
For Audit fees	40,000	40,000
For Tax Audit Fees	12,500	12,500
For VAT Audit Fees	12,500	0
For Certification work	2,550	2,750
For Taxation Work	1,750	3,000
For other services	0	3,000
For Out of Pocket Expense	4,000	0
	<u>73,300</u>	<u>61,250</u>
	42,664,556	39,773,697

SCHEDULE 11:

INTEREST AND FINANCE CHARGES

1) Banks	2,165,944	2,319,307
2) Other's / Directors (includes Rs.Nil paid to Directors P. Y.Rs.NIL	2,467	3,990
3) Other Finance charges	<u>280,620</u>	<u>290,717</u>
	2,449,031	2,614,014

SCHEDULE 12:

NOTES ON ACCOUNTS

1. Significant Accounting Policies:

Basis of Accounting

The accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated. For recognition of income and expenditure mercantile system of accounting is followed.

Revenue recognition

Sales & conversion charges are inclusive of excise duty, packing and forwarding charges and sales tax. Revenues from the sale of goods are recognized upon passage of title to the customer which generally coincides with their delivery.

Fixed assets

Fixed assets are shown at cost less depreciation except that the land, building and Plant & Machinery which were revalued are shown at revalued figures and depreciation adjusted accordingly.

Depreciation

Depreciation on Fixed Assets has been provided on straight line method at the rates and on the basis prescribed in schedule XIV of the Companies Act, 1956.

Export Incentives

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

Foreign currency transaction

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

Inventories

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

Contingent Liabilities

Contingent liabilities are disclosed by way of notes on accounts.

Taxes on Income

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

Retirement Benefits

Provident fund is administered through Regional Provident Fund commissioner. The accruing liability towards Gratuity is calculated according to actuarial valuation and fully provided upto 31st March, 2008.

Special Capital Incentive :

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

Segment Reporting:

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

2. Additional information pursuant to schedule VI to the Companies Act, 1956 is given to the extent applicable to the Company.
3. Provision for Taxation for Current Year is made as per Section 115 JB of the Income Tax Act, 1961. Further, as per Accounting Standard-22 issued by ICAI, liability for deferred taxation has been created under the head Provision for Taxation. Provision for Fringe Benefit Tax has also been made in accounts under the head Provision for Taxation – Current.
4. In the opinion of the board of directors the provision for depreciation and all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.
5. In the opinion of the board of directors, the current assets, loans and advances are of the value stated if realized in the ordinary course of business.
6. The Company has provided for depreciation on straight line method at the rate specified in schedule XIV of the Companies Act, 1956.
7. Balances of sundry debtors, sundry creditors, loans and advances, whether receivable or payable are subject to confirmation.
8. The liability under VAT and set off have been accounted for on the basis of working prepared by the Company.
9. Contingent liabilities not provided for:
 - A) Outstanding Bank Guarantees Rs. 170300/- /- (P. Y. Rs. 1,13,000/-)
 - B) Excise Demand of Rs. 2,47,984/- (P. Y. Rs. 2,47,984/-)

10. Salaries, wages and bonus included salary (gross) paid to managing director Rs 3,60,000/- (P. Y Rs 3,60,000/-) and Joint Managing Director -Rs 3,60,000/- (P. Y Rs 3,60,000/-).
11. In the opinion of the directors, in view of meager profits and smallness of operations, a qualified Company Secretary even though required Company cannot afford one at present. However the Company has retained the services of a qualified Company Secretary on a professional basis.
12. In accordance with the requirement for disclosure of amounts due to SSI Units, the Company has not compiled the list of its sundry creditors who satisfy this criterion. Subject to this the information relating to payment overdue to SSI Units cannot be computed.
13. Information given in accordance with Accounting Standard -18 on Related Party Disclosures issued by ICAI.
- a) Names of Related Parties: -
Key Management Personnel-
- Mr. N.B.Medhora
Dr. (Mrs.) D.N.Medhora
Mr.Rustum S. Tirandaz
Dr. Aspi N. Raimalwala
Business Organizations controlled by key management personnel or their relatives-
Fredna Enterprises
Vacations Pvt. Ltd
- b) There are no transactions with enterprises owned by managerial personal or their relatives.
14. No provision has been made in the accounts for the cess under the Companies Act 1956.
15. The position of appeals filed before Central Excise Authority is as below :

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

16. Land, Building, Plant and Machinery, Furniture and Office Equipments have been revalued by management during the Financial year 2004-2005 by independent valuer. The relevant details are as under :

Assets	Book Value (Rs.)	Revalued Amount (Rs.)	Year of Revaluation F.Y.	Increase (Rs.) (Rs.)	Accumulated Depreciation
Land	16,67,950	52,08,000	2004-2006	35,40,050	NIL
Building(Factory)	97,33,551	1,63,44,078	2004-2005	66,10,527	24,36,025
Plant and Machinery	1,38,65,792	1,65,92,058	2004-2005	27,26,266	41,99,199
Electrical Installation	10,34,391	13,23,777	2004-2005	2,89,386	41,238
Electrical Fittings	5,56,518	6,14,711	2004-2005	58,193	8,292
Lab Glassware Apparatus & Equipments	7,54,428	8,69,454	2004-2005	1,15,026	16,392
Furniture and Office Equipments	22,87,306	(9,88,282)	2004-2005	(12,99,024)	NIL

The accumulated depreciation also includes depreciation on revaluation made in the F.Y. 1998-99.

17. Information given in accordance with the requirements of Accounting Standard – 17 on Segment Reporting issued by the ICAI.

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

The geographical segment is considered as secondary segment

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

Geographical Segments

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

Gross Sales	Rs in Lakhs
India	156
Overseas	168
Total	324

18 In calculating Basic & Diluted Earnings Per Share:

	2007-08	2006-07
a) Numerator used:		
Profit after Tax	Rs. 8,52,693	Rs. 6,12,318
b) Denominator used:		
Number of Equity shares	23,52,400	23,52,400
Basic Earning Per Share	0.36	0.26
Diluted Earning Per Share	0.36	0.26

19 Additional information required under Schedule VI of the Companies Act, 1956**1 Capacity and Production**

Product	Units	Qty Installed Capacity	Actual production Total	For Sale
Tablets	.000 Nos	450000 (450000)	3,95,596 (4,17,875)	1,22,722 (69,731)
Capsules	.000 Nos	150000 (150000)	70,703 (1,20,040)	341 (4,153)
Dry Syrup	Kgs	90000 (90000)	198 (6348)	198 (2012)

2 Sale of finished Goods

Product	Units	Qty	Value Rs.
Tablets	.000 Nos	1,25,085 (68,998)	2,89,21,320 (1,91,45,779)
Capsules	.000 Nos	641 (4,153)	8,23,297 (21,98,042)
Dry Syrup	Kgs	199 (2012)	1,25,394 (10,68,791)
Others	Kgs	-- (--)	25,84,261 (63,87,797)

3 Stock of Finished Goods

Product	Opening Stock		Closing Stock	
	Quantity (000 Nos)	Value (in Rs)	Quantity (000 Nos)	Value (in Rs)
Tablets	3133 (2400)	15,99,408 (6,91,078)	770 (3133)	3,44,006 (15,99,408)
Capsules	300 (300)	1,79,499 (1,10,867)	0 (300)	0 (1,79,499)
Dry Syrup	-- (----)	-- (---)	---- (----)	---- (---)
Others	8 Kg.	1,974	(----)	---

4. Raw Material consumed during the year

	Quantity (in Kgs.)	Value (in Rs.)
Griseofulvin I.P.	386.530 (606.010)	9,18,123.96 (14,45,177.36)
Phenyl Propanalamine HCL	258.994 (74.610)	6,31,045.33 (139899.79)
Lactose IP	7,497.376 (159.590)	16,29,998.35 (6,57,337.89)
Clarithromycin IP	323.910 (58.470)	13,25,107.31 (7,55,133.87)
Ibuprofen IP	1,300.080 (18.630)	6,48,199.88 (7042.88)
Cefuroxime Axetil	18.945 (46.390)	2,86,872.77 (7,87,131.09)
Frusemide I.P..	330.700 (32.510)	5,11,288.28 (5,63,918.55)
Quinine Sulphate I.P.	375.080 (969.720)	24,85,258.44 (29,84,330.70)
Gelatine Capsules	2791900 (4574800)	1,54,909.32 (3,73,998.41)
Ciproheptadine HCL	105.422 (77.520)	4,13,660.24 (344347.72)
Glicazide B.P.	424.718 (102.520)	7,32,198.34 (458077.22)
Erythromycine Stearate	218.740 (0)	3,86,216.58 (0)
Paracetamol IP	5,707.766 (3,753.490)	10,14,455.55 (6,36,205.54)
Others		22,62,826.65 32,95,955.27
TOTAL		1,34,00,161.00

5 Value of Imported & Indigenous Raw Materials & Spare Parts consumed & Percentage thereof:

	Total Value Consumption (in Rs.)	Indigenous Value (in Rs.)	Imported Value (in Rs.)	Percentage of Imported	Consumption Indegenous
1 Raw Materials	1,34,00,161	1,34,00,161	-	-	100%
2 Spare Parts	9,47,546	9,47,546	-	-	100%

6 Value of Import of CIF basis

	2007-2008	2006-2007
Raw Materials	-	-

7 Expenditure in Foreign Currency

	2007-2008 (Rs)	2006-2007 (Rs)
Travelling	-	1,83,759
Others	--	2,22,114

8 Earnings in Foreign Currency

	2007-2008 (Rs)	2006-2007 (Rs)
Export of goods on FOB basis	1,48,05,721	1,56,63,021

20. Figures for the previous year have been regrouped and rearranged wherever necessary.

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

(V.D.KHANDEKAR)
Proprietor

PLACE: MUMBAI
DATE: 30.06.2008

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

Nariman B. Medhora
Managing Director

PLACE: MUMBAI
DATE: 30.06.2008

Information pursuant Part IV of Schedule VI of Companies Act, 1956

Balance Sheet Abstract & Company's General Profile

I. Registration Details

Registration No.	43662	State Code	11
Balance Sheet Date	31.03.2008		

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

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

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

Total Liabilities		Total Assets	
48321		48321	
Sources of Funds		Reserves & Surplus	
		5167	
Paid up Capital			
26245			
Secured Loans		Unsecured Loans	
12942		54	
Investments			
NIL			
Misc. Expenditure			
135			

IV. Performance of Company

Turnover		Total Expenditure	
48126		47418	
Profit/ Loss Before Tax		Profit / Loss After Tax	
708		853	
Earning Per Share (in Rs.)		Dividend @ (in%)	
0.36		Nil	

V Generic names of Principal Products/Services of the Company

(As per Monetary Terms)

Product Description

Pharmaceuticals

Formulations

By Order of the Board of Directors

Place: Mumbai
Date: 30.06.2008

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2008

	(RS. IN LACS) 2007-2008	(RS. IN LACS) 2006-2007
A) CASH FLOW OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAXATION	9.95	8.36
ADJUSTMENTS FOR :		
DEPRECIATION	20.18	21.15
MISC. EXPENDITURE W/OFF (INCREASE	-	-
PROVISION FOR TAXATION CURRENT	(1.24)	(1.44)
PRIOR PERIOD ADJUSTMENTS	(2.87)	19.72
OPERATING PROFIT BEFORE WORKING	16.07	19.72
CAPITAL CHANGES	26.02	28.08
ADJUSTMENTS FOR:		
INCREASE / DECREASE IN INVENTORY	27.13	(39.42)
INCREASE / DECREASE IN DEBTORS	(0.48)	27.43
INCREASE / DECREASE IN LOANS & ADVANCES	(33.53)	(5.48)
INCREASE / DECREASE IN CURRENT LIABILITIES	40.68	40.61
INCREASE / DECREASE IN MISCELLANEOUS EXP	0.45	(1.80)
CASH GENERATED FROM OPERATIONS	60.27	49.42
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(3.91)	(11.63)
DECREASE IN FIXED ASSETS	0.00	0.00
DECREASE IN INVESTMENTS	0.00	(11.63)
	56.36	37.79
C) CASH FLOW FROM FINANCIAL ACTIVITIES		
INCREASE IN PAID UP SHARE CAPITAL	0	25.00
INCREASE / DECREASE IN LOANS	(50.53)	(65.76)
NET INCREASE / DECREASE IN CASH	5.83	(2.97)
OPENING CASH & BANK BALANCE	7.15	10.12
CLOSING CASH & BANK BALANCE	12.98	7.15

FOR FREDUN PHARMACEUTICALS LTD

Mr. Nariman B. Medhora
(MANAGING DIRECTOR)(DR.) (MRS.) DAULAT N. MEDHORA
(CHAIR PERSON CUM JOINT MANGING DIRECTOR)MUMBAI
DATE: 30.06.2008

AUDITORS' CERTIFICATE

THE ABOVE CASH FLOW STATEMENT HAS BEEN COMPILED FROM AND IS BASED ON THE AUDITED ACCOUNTS OF FREDUN PHARMACEUTICALS LIMITED FOR THE YEAR ENDED 31ST MARCH 2008 REPORTED UPON BY US ON 30.06.2008. THIS STATEMENT HAS BEEN PREPARED PURSUANT TO CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGES.

For V.D. KHANDEKAR & CO
Chartered AccountantsPLACE: MUMBAI
DATE : 30.06.2008(V.D. KHANDEKAR)
Proprietor

FREDUN PHARMACEUTICALS LIMITED

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

PROXY FORM

Reg. Folio No. _____ No. of shares Held _____

_____ I/We _____

_____ being a member of FREDUN PHARMACEUTICALS LIMITED

hereby appoint _____

_____ of _____ or failing

him/her _____ of _____

_____ as my / our proxy to vote for me/us on my/our

behalf at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Monday the 29th September 2008 at 11-30 a.m. at Mumbai Marathi Granthasangrahalay, 172, Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai - 400 014.

Signed this _____ day of September 2008 Signature _____

Note: This form duly completed stamped and must be deposited at Registered Office of the Company, not later than 48 hours before the meeting.

FREDUN PHARMACEUTICALS LIMITED

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

ATTENDANCE SLIP

(To be handed over at the reception)

Twenty First Annual General Meeting on 29th September 2008 at 11.30 a.m.

I, hereby record by presence at Twenty First Annual General Meeting of the Company held at Mumbai Marathi Granthasangrahalay, 172, Mumbai Marathi Granthasangrahalay Marg, K. Damle Sabhagraha, Naigaon, Mumbai - 400 014.

Full Name of the Member (in BLOCK LETTERS) _____

_____ Reg. Folio No. _____

No. Shares held _____

Full Name of Proxy (in BLOCK LETTERS) _____

Members / Proxy's Signature.

Note:

1. Shareholder/Proxy holders are requested to bring this attendance slip with them duly completed and signed, when they come to the meeting and hand them over at the reception.

BOOK POST

If undelivered please return to :

FREDUN PHARMACEUTICALS LIMITED

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