

P I Drugs & Pharmaceuticals Ltd



24th ANNUAL REPORT 2008-2009


BOARD OF DIRECTORS

Mr. K R Ravishankar
Chairman & Managing Director
Dr. Gopakumar G Nair
Mr. Joe Thomas
Mr. Kannan Ramanujam
Mr. S N Jagananath
Executive Director

COMPANY SECRETARY

Mrs. Lata Varshney

BANKERS

Bank of India
Andhra Bank
State Bank of Hyderabad
State Bank of India

AUDITORS

M/s. B K Khare & Co.

REGISTERED OFFICE

116, Vardhaman Industrial Complex,
Lal Bahadur Shastri Marg,
Thane (W) – 400 601.

ADMINISTRATIVE OFFICE

102-104, Vardhaman Industrial Complex,
Lal Bahadur Shastri Marg,
Thane (W) – 400 601.

REGISTRAR & SHARE TRANSFER AGENT

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (E),
Mumbai – 400 059.

SUBSIDIARY COMPANY

Sequent Global Holdings Ltd,
First Island Trust Company Ltd.
St. James Court, Suite 308,
St. Denis Sheet, Port Louis,
Republic of Mauritius

Sequent European Holdings Ltd,

Themistokli Dervi, 3 Julia House,
P.C. 1066, Nicosia, Cyprus

Strides Italla Srl,
Strada per Voghera,
27050 Corana PV, Italy

FORMULATION UNIT

A-68, Additional Ambernath,
MIDC Indl. Area,
Ambernath (E), Dist. Thane.

API UNITS

W-152, MIDC, Tarapur, Boisar,
Dist. Thane

Plot No 7, MIDC Engineering Zone,
Kalyan Badlapur Road,
Ambernath – 421 501.

B-32, G-2, G-3, MIDC, Mahad,
Dist. Raigad

Plot No. W-150/151, W-136-141,
MIDC, Tarapur, Boisar, Thane.

A-14, MIDC (Phase – I),
Dombivli (E), Thane.

Plot No. 11, KIADB Ind Area, CENTER Jigani,
Taluka Anekal, Dist. Bangalore

RESEARCH & DEVELOPMENT

Plot No. SPL 9, Kumta Ind Estate,
Kumta, Karnataka.

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of **P.I. DRUGS & PHARMACEUTICALS LIMITED** will be held on Friday the 4th day of September, 2009 at Hotel Royal Inn, Gokul Nagar, L B S Marg, Thane (W) - 400601 at 10.30 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and to adopt the Audited Balance Sheet of the Company as at 31st March 2009 and Profit & Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To declare dividend for the financial year 2008-2009 on equity shares.
3. To appoint a director in place of Mr. K R Ravishankar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Dr. Gopakumar G Nair, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Deloitte Haskins & Sells, Chartered Accountant as Statutory Auditors for the financial year 2009-10 and to fix their remuneration.

SPECIAL BUSINESS:

TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTIONS:

6. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Joe Thomas, who was appointed Additional Director by the Board of Directors of the Company and in respect of whom a Notice has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed Director of the Company.

7. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Kannan Ramanujam, who was appointed Additional Director by the Board of Directors of the Company and in respect of whom a Notice has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed Director of the Company.

8. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT in super session of resolution passed at the Twenty First Annual General Meeting of the Company held on 30th September 2006 and pursuant to Sub-section (1)(d) of Section 293 of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that money to be borrowed together with moneys already borrowed by the Company, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 500 Crore over and above the aggregate of the paid-up capital and free reserves of the Company.

**9. AS A SPECIAL RESOLUTION:**

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, or any statutory modifications or re-enactment thereof, if any, The appointment of Mr. K R Ravishankar as Managing Director of the Company with effect from 1st November 2008 for a period of 5 years as made by the Board of Directors of the Company be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do the needful to give effect to the resolution:

By order of the Board of Directors
For **P. I. DRUGS & PHARMACEUTICALS LIMITED**

PLACE: THANE
DATE : 31.07.2009.

(LATA VARSHNEY)
COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be filed with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
2. The Register of members and Share Transfer books of the Company shall remain closed from 04.09.2009 to 10.09.2009 (both days inclusive) and for the purpose of payment of dividend 04.09.2009 be the Record Date.
3. The dividend, if declared by the shareholders for the year ended March 31, 2009 will be payable on or after 15th September 2009.
4. The Memorandum and Articles of Association shall remain open for inspection by shareholders during business hours at the Registered Office of the Company
5. The explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business to be transacted in the meeting are annexed hereto.

**ANNEXURE TO THE NOTICE:**

Explanatory Statement in respect of the businesses specified as special in the notice pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 6 & 7:

Mr. Joe Thomas and Mr. Kannan Ramanujam being Independent directors were co-opted by the Board on 1st April 2009 as additional directors.

Pursuant to Section 260 of the Companies Act they are going to vacate office of director at the conclusion of ensuing Annual General Meeting. However pursuant to Section 257 Company has received notices from shareholders proposing their candidature for the office of Directors. The details of their qualification & experience are given as Annexure to this notice and forming part of it.

Except the respective Directors no other Director is interested in the resolutions. Your Directors recommend the resolution for your approval.

ITEM NO. 8:

For its expansion plans and working capital requirements company needs fund. To meet this requirement directors are considering borrowing of the funds from Banks and/ or financial institutions.

The sanction of the shareholders is sought to permit the Board to borrow money in excess of its paid-up capital and free reserves. Pursuant to Section 293 (1) (d) of the Act Company can borrow money in excess of its paid-up capital and free reserves only with the consent of shareholders. The resolution is intended for the purpose. Considering the company's plans for expansion, your directors think it necessary to acquire this power and commends passing of this resolution.

None of the Director is concerned or interested in the resolution. The Board recommends the resolution for approval of the members.

ITEM NO. 9:

The Board of Directors, on recommendation of Remuneration Committee, has appointed Mr. K R Ravishankar as Managing Director. Mr. K R Ravishankar who is a Science Graduate having vast experience in the pharmaceutical industry.

In the able guidance of Mr. K R Ravishankar the company, for the year ended 31st March 2009 has achieved a turnover of Rs 106.06 crs recording a growth of 56% over previous year and profit before depreciation, interest and tax of Rs 13.87 Crs compared to Rs 7.02 crs in the previous year. The company has continued to pursue its strategy for inorganic growth to further accelerate its pace of progress and expand its presence in select geographies. Important milestones achieved in that direction during the year were:

- a) Merger of SeQuent Scientific Limited, a fine chemical & human API manufacturing company with annual sales of Rs 65 crs and a profit of Rs 3.70 crs for the year ending 31st March 2009.
- b) Formation of Joint Venture Company called Galenica B.V. in Netherlands who are having partnership with ORFA a major distributor of API Veterinary products. The JV will focus on production, marketing, licensing, distribution and trade of veterinarian pharmaceutical products.
- c) As a part of Company's ongoing strategy for expending its API business the Company has acquired Codifar, a Company based in Belgium through its JV Galenica. The turnover of Codifar for the year ending 31st Dec 2008 was Rs 8 Crores.



- d) Acquisition of Strides Italia Srl, through the subsidiaries of the Company, a fermentation unit manufacturing key intermediates and APIs for leading multinationals

The growth and progress of the company is largely attributable to the vision strategy and leadership of Mr. K.R Ravishankar. As the responsibilities are growing multifold and Mr. K R Ravishankar is devoting his substantial time and attention to the business and affairs of the Company and committed to perform and discharge all such duties and responsibilities as may from time to time be assigned and entrusted to him by the board. He has consented to accord and possess and exercise all such powers as may be required by and be granted to him for proper performance, discharge and execution of his duties and responsibilities by the Board. He is sharing the power to formulate policies of the company and advising on matters concerning business operations of the company on regular basis.

The management one level below the Board is reporting to Mr. K.R Ravishankar who is responsible for decision making at that level. He is coordinating with other directors in guiding the business of the company as a whole.

Period of Appointment:

Five years with effect from 1st November 2008.

Remuneration:

1. Basic Salary : Not to exceed Rs 1.20 Crs per Annum.
2. Perquisites : Mr. K R Ravishankar shall also be entitled for the following Perquisites:
 1. Contribution to Provident Fund, Superannuation Fund and/ or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
 3. Encashment of leave at the end of the tenure.

Other terms and conditions:

The Managing Director shall not during the continuance of his employment or at time thereafter, divulge or disclose to any person whatsoever or make any use whatsoever for his own or for whatever purpose of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company or as to any trade secrets or secret know-how or process of the Company.

As the remuneration approved by the Board is in excess of the limits prescribed in the Act Company has already made an application to Central Government to obtain its approval towards the appointment of Mr. K R Ravishankar, Managing Director and payment of remuneration to him.

The Explanatory Statement together with the accompanying notice should be treated as an abstract on the terms of the Agreement and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the director other than Mr. K R Ravishankar is concerned or interested in the resolution.

Your directors recommend the resolution for your approval.

By order of the Board of Directors
For P. I. DRUGS & PHARMACEUTICALS LIMITED

PLACE: THANE
DATE : 31.07.2009.

(LATA VARSHNEY)
COMPANY SECRETARY

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are as follows:

1. Mr. K R Ravishankar:

Name	:	Mr. K R Ravishankar
Age	:	47 years.
Qualification	:	B. Sc.
Expertise	:	Over 17 years experience in the pharmaceutical industry.
Other Directorship	:	4. (excluding private limited Companies)

2. Dr. Gopakumar G Nair:

Name	:	Dr. Gopakumar G Nair
Age	:	68 years.
Qualification	:	M. Sc., PHd, Diploma in Operation Management and Diploma in Patent Law and Practice.
Expertise	:	Over 50 years experience in various fields and industries. Presently working as Patent and Trade Mark Agent and provide consultancy in the matter.
Other Directorship	:	3. (excluding private limited Companies)

3. Mr. Joe Thomas:

Name	:	Mr. Joe Thomas
Age	:	52 years.
Qualification	:	Post Graduate in Chemistry.
Expertise	:	He has 23 years experience in International Business. He now heads BioServe Biotechnologies Ltd as MD and COO (Global). He has an abiding interest in working with start-up and in guiding strategy development and organization building in Regional and Global companies.
Other Directorship	:	3. (excluding private limited Companies)

4. Mr. Kannan Ramanujam:

Name	:	Mr. Kannan Ramanujam
Age	:	47 years.
Qualification	:	B.Com, FCA.
Expertise	:	A Chartered Accountant by profession with over 22 years of notable experience in Project Funding, Taxation and Audit in different industries. He has strong skills in visionary planning and strategising of business.
Other Directorship	:	3. (excluding private limited Companies)



DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of the company for the financial year ended March 31, 2009.

Financial Highlights:

The table below gives the financial highlights of the company on stand alone basis for the year ended March 31, 2009 compared to previous financial year.

(Rupees in Lacs)

Particulars	For the Year Ended	
	March 31, 2009 Rs Lacs	March 31, 2008 Rs Lacs
Financial Results		
1.1 Income	10785.43	6818.43
1.2 Profits		
Operating Profit (EBDTA)	1828.06	752.33
Less Interest	419.36	185.18
Depreciation/Amortisation	414.41	243.42
Exceptional Item (Forex Loss)	440.84	49.61
Profit/(Loss) Before Tax	553.45	274.12
Less Provision for Tax		
Current	183.25	39.00
Deferred	7.43	48.67
Fringe Benefit Tax	11.00	5.20
(Excess)/short provision for earlier yrs	-	(22.05)
Profit/(Loss) after tax	351.77	203.30
Add : Balance in Profit & Loss Account	1080.35	1049.32
Available for Appropriations	1432.12	1252.62
1.3 Appropriations		
Dividend	110.85	138.70
Dividend Tax	18.84	23.57
Transfer to General Reserve	10.00	10.00
Balance Carried to Balance Sheet	1292.43	1080.35

Note: The financial highlights of the current year include financials of merged wholly owned subsidiary M/s Elixir Chemicals Pvt Ltd and to that extent the figures of previous year are not comparable.

Review of Operations:

During the year under review, total income increased to Rs 10785.43 lacs in 2008-09 from Rs 6818.43 lacs in 2007-08 registering a growth of 58%. Net profit after tax for the year stood at Rs 351.77 lacs compared to Rs 203.30 lacs recorded last year thus reflecting 73% growth.

On a consolidated basis the income stood at Rs 15053.13 lacs as against Rs 7519.30 lacs

**Dividend:**

The Board of Directors of the company is pleased to recommend a Dividend of 10% (Rs 1/- per share of Rs 10/- each for financial year 2008-09. This dividend if approved at ensuing Annual General Meeting would become payable for all Equity Share Holders existing on record date.

Business Outlook:

During the year the company completed merger of its wholly owned subsidiary of Elixir Chemicals Pvt Ltd. The company has also embarked on new capex for capacity expansion of existing products to cater to new markets and new customers. The revenues from the expanded capacity are expected to flow in the coming years. The exports for the year was Rs 6256.11 lacs as against Rs 2846.99 lacs in the previous year registering a growth of 119.74%. Despite the global melt down adversely affecting business environment currently, our exports of APIs are expected to gather momentum in the coming years. New regulatory filings for two of our products are planned for the next year.

Acquisitions/Investments/Subsidiaries /Joint Ventures/Merger**Acquisition of controlling stake in Strides Italia Srl.:**

During the year your company formed two wholly owned subsidiaries namely Sequent Global Holdings Ltd in Mauritius and Sequent European Holdings Ltd in Cyprus. Through these subsidiary companies, your company acquired 81% controlling stake in Strides Italia Srl, a plant in Italy manufacturing Bio Pharmaceutical products.

Joint Venture:

During the year the company also formed a joint venture (JV) company, Galenica B.V. Netherlands with Orffa International B.V. The JV will focus on production, marketing, licensing, distribution and trade of veterinarian pharmaceutical products. The Joint Venture Company Galenica has acquired CODIODFAR B.V. based in Netherlands who are in the business of research, development, registration, marketing, wholesale and distribution of Veterinarian pharmaceutical products.

Investments during the Year:

The company is in the process of acquiring Vedic Elements Pvt Ltd who are into contract farming and extraction of anti malarial intermediates. The company made an investment of Rs. 1503.51 Lacs in the current year for acquisition of shares of Vedic Elements Pvt Ltd.

The company also made further investments of Rs 373.98 Lacs in Strides Italia Srl its step down subsidiary through Sequent Global Holdings Ltd its wholly owned subsidiary.

Research and Development:

Detailed write up on Research and Development activity forms part of annexure to the Directors' report.

Consolidated Financial Statements:

In accordance with Accounting Standards AS- 21 on consolidated financial statements, your Directors provide the audited consolidated financial statements in the annual report.

**Corporate Governance:**

The company has complied with all the mandatory requirements of Corporate Governance specified by Securities Exchange Board of India through clause 49 of the Listing agreement. As required by the said clause a separate report on corporate governance forms part of the annual report of the company. A certificate from Statutory Auditors of the company regarding compliance with conditions of corporate governance also forms part of the report.

Management Discussion and Analysis:

Pursuant to clause 49 of the listing agreement entered into with Stock Exchange the Management Discussion and Analysis forms part of this report.

Personnel:

Information pursuant to Section 217(2AA) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 will be provided on request.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgo:

The Information required under Section 217(1)(e) of the Companies Act, read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 is appended hereto and forms part of this report.

Deposits:

The Company has not invited or accepted any deposits from public during the year.

Board of Directors:

To strengthen the Board Mr. Joe Thomas and Mr. R. Kannan were co-opted by the Board during the year as Additional Directors.

Mr. Joe Thomas is a Post Graduate in Chemistry and has experience of over two decade in International Business out of that 11 years been with Procter & Gamble in India and at Regional HQ in Singapore. Presently he heads M/s BioServe Biotechnologies Limited as their MD and COO (Global). Mr. Joe Thomas has an abiding interest in working with start-up and early stage companies and helping them to attain the next level.

Mr. R. Kannan is a graduate and fellow member of the Institute of Chartered Accountants of India. He started his career with Kannan & Co, his personal consulting firm and have notable experience in Project Funding, Taxation and Audit. He has strong skills in visionary planning and strategizing of Business. Presently he is working as CEO and Managing Director of M/s Emerge Learning Services Limited, a public limited company into professional and academic skill and learning space.

Mr. Deepak Vaidya, Mr. P M Thampi and Mr. M Balasubramanian resigned from the office of Director during the year.

Mr. K R Ravishankar and Dr. Gopakumar G Nair, Directors retire by rotation, and being eligible have offered themselves for re-appointment.

During the year your Board appointed Mr. K R Ravishankar as Managing Director on the terms and conditions as recommended by the remuneration Committee and approved by the Board. As the remuneration approved to be



paid to Mr. K R Ravishankar is in excess of the limits prescribed in the Act, company has made application to the Central Government for its approval.

Directors Responsibility Statement:

Pursuant to section 217(2AA) of the Companies (Amendment Act) 2000, the Director of the Company state as under that:

- (i) In the preparation of annual accounts, applicable Accounting Standards have been followed.
- (ii) The Directors had selected such accounting policies and consistently applied them and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for the year.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared annual accounts on a ongoing concern basis.

Statutory Auditors:

M/s BK.Khare & co ., Chartered Accountants of Mumbai, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting. Your Directors propose the name of M/s Deloitte Haskins & Sells, Chartered Accountants, to be appointed as Statutory Auditors for 2009-10 who have certified that if appointed, their appointment will be in accordance with the limits as specified in Section 224(1B).

Health and Safety:

The Company continues to accord high priority to health and safety of employees at all manufacturing locations. Regular training programmes for employees are organized on safety and precautionary measures.

Acknowledgement:

The Directors thank the Company's employees, customers, vendors, investors, business associates and bankers for their support to the Company.

The Directors also thank the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies for their co-operation.

Yours Directors also commend the contribution made by every employee of the Company.

On behalf of the Board of Directors
For P.I. DRUGS & PHARMACEUTICALS LIMITED

PLACE: THANE
DATE: 31.07.2009.

(K R Ravishankar)
Chairman & Managing Director



**ANNEXURE
FORM A
(See Rule 2)**

Form for Disclosure of Particulars with respect to conservation of Energy:

A. POWER AND FUEL CONSUMPTION :		2008-09	2007-08
1	ELECTRICITY :		
(a)	Consumed Unit	4553814	2752175
	Total amount (Rs. in Lacs)	211.34	130.02
	Rate / Unit (Rs.)	4.64	4.72
(b)	Own generation through Diesel Generator Set:		
	Unit	563344	192511
	Unit per-litre of diesel oil	3.03	3.07
	Cost / Unit (Rs.)	12.54	11.24
2	COAL :		
	Quantity (tonnes)	NIL	NIL
	Total Cost	NIL	NIL
	Average rate (Rs.)	NIL	NIL
3	FURNACE OIL / L.D.O. :		
(a)	L.D.O. :		
	Quantity (litres)	337424	92726
	Total amount (Rs. in Lacs)	131.82	25.86
	Rate/Litre (Rs.)	37.29	27.88
(b)	FURNACE OIL :		
	Quantity (litres)	840435	720660
	Total amount (Rs. in Lacs)	211.39	140.91
	Rate / Litre (Rs.)	25.15	19.55
4	OTHER / INTERNAL GENERATION :		
	Quantity	NIL	NIL
	Total Cost	NIL	NIL
	Rate / Unit (Rs.)	NIL	NIL


Measures Taken for Conservation of Energy
a) General Measures

Regular preventive maintenance of Pumps & Air Compressors, Steam traps, joints, Steam leakage to reduce transmission loss and to get maximum out-put. Keeping lights and Air condition system off during non-working hours. Maintenance of power factor above 99%.

b) Proposals for energy conservation

Replacement of existing old motors to energy efficiency motors/pumps in phased manner. Installation of lower watts lamps in place of high watts lamps wherever necessary. Also cost efficiency conservation measures are being worked out in each manufacturing facilities.

c) Impact of measure (a) and (b)

The adoption of energy consumption measures of the type indicated has resulted in increase in energy efficiency.

FORM B
(See Rule 2)

Research & Development (R&D):
1. Specific Areas in which R&D is carried out by the company

- a) Development of cost effective process for bulk drug and intermediates.
- b) Improvement in quality and productivity.
- c) To contain the cost of products by innovation and improving efficiency of the processes.
- d) Regulatory filings for new products.

2. Benefits Derived as a result of R&D:

- a) Expansion of Business in the domestic and international market for niche products.
- b) Development of alternative routes of synthesis to achieve patent non-infringing processes.

3. Future Plan of Action

- a) The company will continue to focus on therapeutic segments of anthelmintic and anti parasiticde.
- b) Develop cost effective processes for existing, molecules.
- c) Development of new products for international business.
- d) Improvement in quality of products and productivity.

4. Expenditure in R&D

	2009	2008
	(Rs. In lacs)	(Rs. In lacs)
(a) Capital	2.34	210.88
(b) Recurring	<u>149.80</u>	<u>175.89</u>
(c) Total	<u>152.14</u>	<u>386.77</u>
Total as % of Turnover	1.43	5.71

Technology Absorption, Adaptation, Innovation

The Technology developed by R&D division of the company has been commercialized and adopted by the manufacturing facility of the company.

Foreign Exchange Earnings and Outgo

	2009	2008
	(Rs. In lacs)	(Rs. In lacs)
(a) Earning	6256.11	2846.99
(b) Outgo	2633.73	1577.67



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

P. I. Drugs & Pharmaceuticals Ltd is leading manufacturers of API – Animal Health and formulations having presence in Indian and Global Markets. The company's revenue are mainly from manufacture and sale of Veterinary APIs and Veterinary Finished Dosage Forms.

The Company exports to all major markets like Europe, South America, Australia, Asia and Africa. It has a specialized and dedicated WHO - GMP accredited manufacturing plant for the manufacture of API's.

The product cost primarily comprise raw and packing materials, purchase of finished goods, staff cost, selling and marketing expenses, manufacturing overheads, R&D expenses, and general overheads.

Highlights of Company's financial performance for the year 2008-09:

- The total income on a stand alone basis stood at Rs 10785 lacs compared to Rs 7519 lacs recorded last year.
- The operating margin stood at 13% as against 11% previous year.
- Net profit after tax for the year stood at Rs 352 compared to Rs 252 lacs registering a growth of 40%.
- The consolidated global income stood at Rs 15053 lacs as against Rs 7519 lacs.
- The domestic sales grew by 19% and stood at Rs 4350 lacs.
- Export grew by 119% and stood at Rs 6255 lacs.
- Finished dosage forms business stood at Rs 1057 lacs.
- The API-Anthelmentic business contributes 90%.
- The formulation business contributes 10%.
- Top ten customers contribute for 50% of sales.

Manufacturing

The Company has been consistently investing to upgrade its manufacturing facilities to meet regulatory standards. Plans are on the unveil to double the capacity at its plant at Mahad to cater to new customers and markets.

Marketing

European markets have significant opportunities for its API Veterinary products and formulations especially for those with low cost development and manufacturing capabilities. The company therefore continues to focus on these markets for its business. On the domestic front, the company plans to consolidate by tapping new markets as well introduce new products and broad base its product base to lessen its dependency on fewer products.

Highlights of the year 2008-09

- Received certificate of suitability from European Directorate for Quality of Medicines and Health Care for our API plant.
- The company received excellence award in SME sector from a leading nationalised bank for its performance in 2008.
- The Mahad Plant was inspected by leading MNC for supply of API for its Lymphatic Filariasis, program.
- DMF filings in Hungary, Rumania for its Anthelmentic products.



Global Veterinary Pharmaceutical Market

The world animal health care market is valued at \$16 billion annually and the animal health products include veterinary medicines, feed additives, vaccines and other biological.

The region and product group wise share are given in the table below.

Table 1

Region	
North America	34%
Latin America	11%
Western Europe	31%
Eastern Europe	4%
Far East	16%
Rest of World	4%
	100%

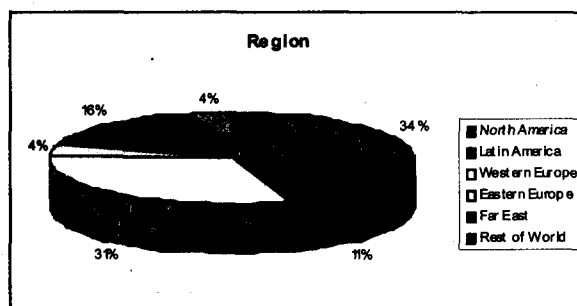
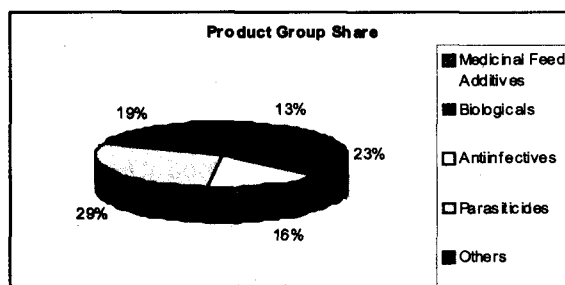


Table 2

Product Group Share	
Medicinal Feed Additives	13%
Biologicals	23%
Antimicrobials	16%
Parasiticides	29%
Others	19%
	100%



Animal health industry is poised to grow at a CAGR of six to seven percent in the next five years. Animal health products market is growing at an annual rate of eight to ten percent with a major chunk of growth coming from small and medium sized companies.

"The market estimation values are based on Animal Pharm Scrip reports (2006-07) which project that the total Indian animal health market is approximately Rs 1157 crore, which includes verticals like livestock, cattle, poultry, companion animals, equine and small ruminants."

In the export market, the focus is on food and companion animal categories.

The fact that Indian market is only one percent of the world market, demonstrates the potential available in the world. While growth comes from emerging markets like India and Africa, size comes from being present in US, EU and Latin America."

Major growth drivers for the animal healthcare market are emergence of new diseases, changes in animal production practices, new product introductions and ongoing food safety concerns. Future trends include product development for certain segments like parasiticides for companion animals.

While veterinary market looks promising the challenges ahead are meeting regulatory standards which are at par with human health products, competition from China, volatility of the currency.

**Risks Management****Risk of Competition, price pressure**

Generic Market across the world are characterised by number of players competing with each other to grab market share putting continuous pressure on the prices of the product. The company's business in developed generic markets of Europe and emerging markets of India, Brazil, South Africa and other markets face stiff competition from Indian and other players. Apart from this any action by Government in these countries towards controlling prices of pharmaceutical products to keep check on health care costs can also impact our pricing power adversely.

Risk of Litigation related to Quality of products, IP and other Litigations

Any deviation from the prescribed regulations or any variation in quality from standards laid down by the regulatory authorities can lead to actions from these authorities or litigation from customers. The company also faces the risk of litigation from competitors and multinational pharmaceutical companies holding patents for products and processes, in case the company's products or processes are claimed to be infringing their intellectual property rights.

Foreign Exchange Risk

The company's operation are funded through foreign currency exposes it to the risk associated with fluctuation in currencies of these countries vis a vis the Indian Rupee. Any depreciation of Indian Rupee can lead to higher export realisation, but will also lead to higher outgo on repayment of debt and import payments. The situation can be reverse in case of any appreciation in Indian Rupee.

Internal Control System

The company has in place a well defined internal audit system where by an internal audit is performed across locations of the company and the results of the audit findings are reviewed by the audit committee. The company also has a reasonable system of internal control comprising authority levels and powers and supervision, checks, and balances and procedures. The system is reviewed and updated on an on-going basis. The company continuously upgrades its internal control systems by measures such as strengthening of IT infrastructure and use external management assurance services.

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

A. MANDATORY REQUIREMENTS:**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Your Company believes in creating wealth for all its shareholders. In pursuit of this objective, the Policies of the Company are designed to strengthen the ability of the Board of Directors to supervise the management and to enhance long-term shareholder value.

All decisions are taken in the interest of the shareholders. The Board and the management are aware and conscious of minority shareholder's interest, and everything is done to enhance shareholders value in totality. Hence, considerable emphasis is placed on accountability in decision-making and ethics in implementing them.

Adequate and timely information is critical to accountability. P. I. Drugs & Pharmaceuticals Limited believes in sharing all the information about its operation with its shareholders. The objective is achieved by communication through the Annual Report or through appropriate press releases issued from time to time.

2. BOARD OF DIRECTORS:

The composition of Board of directors of the company is an appropriate combination of Executive and Non executive Directors with right element of independence. As on date the Board consists of Five Directors. More than fifty percent of the Board consists of Non-Executive Independent Directors.



Sr. No.	Name of Director	Category of Directorship	Number of other Directorship #1	Total Number of Membership(s) In other Board Committees #2
1.	Mr. K R Ravishankar	Promoter, Managing Director	4	1
2.	Dr. Gopakumar G Nair	Independent, Non-Executive	3	2
3.	Mr. Joe Thomas*	Independent, Non-Executive	3	2
4.	Mr. Kannan Ramanujam*	Independent, Non-Executive	3	NIL
5.	Mr. S.N. Jagannath	Professional/Executive	NIL	NIL
6.	Mr. L.N. Bhat**	Professional/Executive	NA	NA
7.	Mr. M Balasubramanian***	Promoter, Non-Executive	NA	NA
8.	Mr. Deepak Vaidya***	Independent, Non-Executive	NA	NA
9.	Mr. P M Thampi***	Independent, Non-Executive	NA	NA

#1 Excludes directorships in Indian Private Limited Companies, Membership of Managing Committees of various bodies.

#2 Includes Chairmanships, memberships of Audit Committee & Shareholders Grievance Committee only.

* Joined the Board effective 01.04.2009

** Resigned with effect from 15.11.2008.

*** Resigned with effect from 30.03.2009.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the financial year ended 31st March 2009, SIX (6) Board Meetings were respectively held on 26th May 2008, 27th June 2008, 29th July 2008, 8th August 2008, 22nd October 2008 and 30th January 2009. The attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) is as under:

Sr. No.	Name of Director	Number of Board Meetings Attended	Attendance at last AGM held on 15.09.08
1	Mr. K R Ravishankar	4	Present
2	Mr. M Balasubramanian	5	Present
3.	Mr. Deepak Vaidya	4	Present
4.	Mr. P M Thampi	3	Absent
5.	Mr. L.N. Bhat	3	Present
6.	Dr. Gopakumar G Nair	6	Present
7.	Mr. S.N. Jagannath	Nil	Absent
8.	Mr. Joe Thomas	Not Applicable	Not Applicable
9.	Mr. Kannan Ramanujam	Not Applicable	Not Applicable

**3. AUDIT COMMITTEE:****BROAD TERMS OF REFERENCE:**

The Company has an Independent Audit Committee. The composition, procedures, powers and role/functions of the Audit Committee, constituted by the Company, comply with requirements of the Companies Act, 1956 and those of the Listing Agreement.

The Audit Committee has the following responsibilities/powers

- Overseeing the Company's overall financial reporting process and to ensure that financial statements are correct, sufficient and credible.
- Reviewing with management the quarterly and annual financial statements, before submitting to the Board, with primary focus on accounting policies and practices and compliance therewith, stock exchange requirements and other legal requirements concerning financial statements.
- Reviewing the adequacy of the internal control system, internal audit and their reports.

ROLE OF AUDIT COMMITTEE:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes if any in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public



issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing with the management, performance of statutory and Internal auditors, and adequacy of the Internal control systems.
8. Reviewing the adequacy of Internal audit function, if any, including the structure of the Internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal audit.
9. Discussion with Internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any Internal investigations by the Internal auditors into matters where there is suspected fraud or irregularity or a failure of Internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (In case of non payment of declared dividends) and creditors, if any.

COMPOSITION OF AUDIT COMMITTEE:

The Audit Committee was reconstituted by the Board on 1st April 2009. Presently the committee is comprised of FOUR Directors, majority of them being Non-Executive Independent Directors. The heads of finance & Accounts and the representative of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee. The Company Secretary is the Secretary to the Committee. Mr. R Kannan, a Non-Executive Independent Director is the Chairman of the Committee. Prior to this reconstitution Audit Committee was consisted of four directors majority of them being non executive Independent directors namely Mr. Deepak Vaidya, Mr. P M Thampi, Dr. Gopakumar G Nair and Mr. K R Ravishankar.

MEETINGS AND ATTENDANCE:

During the financial year ended 31st March 2009, four Audit Committee Meetings were held respectively on 27th June 2008, 29th July 2008, 22nd October 2008 and 30th January 2009.

SN	Member	No. of meetings attended
1.	Mr. Deepak Vaidya	2
2.	Mr. P M Thampi	3
3.	Mr. K R Ravishankar	4
4.	Dr. Gopakumar G Nair	4


INTERNAL AUDITORS

Board has appointed M/s Mahajan & Alibara, Chartered Accountant as Internal auditor of the Company. The reports of internal auditors are regularly being placed before the Audit Committee.

4. REMUNERATION COMMITTEE:

The Remuneration Committee was reconstituted by the Board on 1st April 2009. Presently the committee is comprised of Three Directors, all being Non-Executive Independent Directors. Mr. Joe Thomas is the Chairman of the Committee. Prior to this reconstitution Remuneration Committee was consisted of three non executive Independent directors namely Mr. Deepak Vaidya Mr. P M Thampi and Dr. Gopakumar G Nair.

REMUNERATION POLICY:

The Remuneration Committee recommends the compensation package of Executive Directors. The managing Director and other whole time Directors are paid remuneration within the pay scales as approved by the members at their meetings. Their remuneration comprises of basic salary, house rent allowance, perquisites, contribution to provident fund, gratuity and leave salary.

The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high caliber talent. Currently the Company has not implanted the stock option plan and there is no performance linked Incentives for its Directors.

During the financial year 2008-09 two meetings of Remuneration Committee were held respectively on 27th June 2008 and 30th January 2009.

Attendance of the current Remuneration Committee members is as follows:

SN	Member	No. of meetings attended
1.	Mr. P M Thampi	1
2.	Mr. Deepak Vaidya	1
3.	Dr. Gopakumar G Nair	2

DETAILS OF REMUNERATION TO ALL DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2009:

(Amt in Rs.)

Name of the Director	Salary	Benefits	Bonus	Sitting Fees	Total
Mr. Deepak Vaidya	NIL	NIL	NIL	60000	60000
Mr. K R Ravishankar (M.D.)	4500000	540000	NIL	60000	5100000*
Mr. M Balasubramanian	NIL	NIL	NIL	100000	100000
Mr. P M Thampi	NIL	NIL	NIL	60000	60000
Mr. L.N. Bhat (Managing Director)	2625000	3868847	NIL	NIL	6493847
Dr. Gopakumar G Nair	NIL	NIL	NIL	120000	120000
Mr. S.N. Jagannath (Executive Director)	482424	422310	54032	NIL	958766



* Remuneration paid to Mr. K R Ravishankar is subject to the approval of Central Government, application for the same has already been made by the Company.

5. SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE:

The Share Transfer & Investor Grievance Committee was reconstituted by the Board on 1st April 2009. Presently the committee is comprised of Three Directors, all being Non-Executive Independent Directors. Mr. Joe Thomas is the Chairman of the Committee. Prior to this reconstitution Share Transfer & Investor Grievance Committee was consisted of three directors namely Dr. Gopakumar G Nair, Mr. P M Thampi and Mr. M Balasubramanian.

As the Company has appointed M/s. Adroit Corporate Services Pvt. Ltd as its Share Transfer Agent, the Share Transfer & Investor Grievance Committee holds meetings only occasionally when requirement arises. During the year no meeting was held. For the purpose of approval of Share Transfer Mrs. Lata Varshney, Company Secretary has been authorized to do the needful. During the year the Company and its Registrar and Share Transfer Agent M/s. Adroit Corporate Services Pvt. Ltd. has not received any complaint from shareholders.

6. SECRETARIAL AUDIT & COMPLIANCES:

Company is regular in obtaining Secretarial Audit Report pursuant to SEBI Circular No D&CC/FITTC Cir-16/2002 Dt. 31.12.02 and Certificate under Clause 47(c) of the Listing Agreement from the Company Secretary in Practice and submitting the same to the Stock Exchange within the stipulated period.

7. COMPLIANCE OFFICER:

The Board has designated Mrs. Lata Varshney, Company Secretary as the Compliance Officer.

8. SUBSIDIARY COMPANY:

During the year company formed two wholly owned subsidiaries namely Sequent Global Holdings Ltd in Mauritius and Sequent European Holdings Ltd in Cyprus. Through these subsidiary companies, the company acquired 81% controlling stake in Strides Italia Srl, a plant in Italy manufacturing Bio Pharmaceutical products.

9. CEO/CFO CERTIFICATE:

A certificate given by the Managing Director and Senior Manager Finance & Accounts of the company was placed before the Audit Committee and the Board. The Certificate verifies that according to the best knowledge and belief of MD & Sr Mgr (Accts & Fin) there was no transaction entered into by the Company during the year which was fraudulent, illegal or violating to the Company's Code of Conduct.


10. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of Meeting	Time
2005-2006	30.09.2006	Hotel Royal Inn, Gokul Nagar, Thane (W).	9.30 a.m.
2006-2007	17.09.2007	Hotel Royal Inn, Gokul Nagar, Thane (W).	10.00 a.m.
2007-2008	15.09.2008	Hotel Tunga Regency, Vashi, Dist. Thane.	11.30 a.m.

Details of Special resolutions passed in Annual/Extra-Ordinary General Meetings held during the last three years:

Date	Meeting	Subject matter
15.05.2006	EGM	1. Allotment of Convertible warrants on preferential basis. 2. Re-classification of Authorized Capital and consequent alterations in Memorandum & Articles of Association of the Company.
30.09.2006	AGM	Increase in Authorized Capital and consequent alterations in Memorandum & Articles of Association of the Company.
23.02.2007 & 02.03.2007	EGM and adjournment thereof.	Issue and allotment of up-to 30,00,000 Equity Shares to the promoters on Preferential basis.
17.09.2007	AGM	Appointment(s) of relative of Director to hold a place of profit in the subsidiary of the Company.
25.03.2008	Postal Ballot	1. Approval of Scheme of ESOP. 2. Approval of ESOP for employees of Subsidiary. 3. Revision in Remuneration of Mr. L N Bhat, Managing Director.
15.09.2008	AGM	Revision in Remuneration of Managing Director.
03.01.2009	Court Convened Meeting	Approval of Scheme of amalgamation of M/s SeQuent Scientific Limited with the Company.

11. POSTAL BALLOT:

During the year no resolution was passed through the Postal ballot process.

12. DISCLOSURES:

- (a) The Company has not entered into any transaction of a material nature with the promoters, Directors or Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.



- (b) During the last three years no action was taken against the Company either by SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

13. MEANS OF COMMUNICATION:

- (a) The quarterly results are forthwith communicated to BSE, The Stock Exchange, Mumbai with whom the Company has listing agreements as soon as they are approved and taken on record by the Board of Directors of the Company. The results are published in the newspapers namely The Free Press Journal (English) and Nav-Shakti (Marathi). Further the result and Share Holding Pattern are also posted by the Company at the web-site of SEBI under EDIFAR.
- (b) Management Discussion and Analysis Report forms part of the Annual Report, which is being posted to the shareholders of the Company along with the annual Report.

14. GENERAL SHAREHOLDER INFORMATION:

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

15. RELATED PARTY TRANSACTION:

Summary of Related Party Transaction is given in Notes to Accounts.

B. NON-MANDATORY REQUIREMENTS:

1. CHAIRMAN OF THE BOARD:

The Managing Director of the Company is presiding over the Board Meetings as its Chairman.

2. REMUNERATION COMMITTEE:

Please refer Item No.4 under the heading 'Mandatory Requirements'.

3. SHAREHOLDER RIGHTS:

As the Company's quarterly financial results are published in English newspapers having circulation all over India and in a Marathi newspaper widely circulated in Maharashtra, the same are not sent to each household of shareholders.

Shareholders Information Section:

1. Information about Annual General Meeting:

AGM DATE	TIME	VENUE
04.09.2009	10.30 a.m.	Hotel Royal Inn, Gokul Nagar, Thane (W).

2. Financial Calendar: 1st April - 31st March.
3. Date of Book Closure: From 04.09.2009 to 10.09.2009 (both days inclusive).
4. Dividend Payment Date: 15.09.2009.



5. Listing on Stock Exchanges with Stock Code: The Bombay Stock Exchange Limited, Mumbai. (Stock Code. 512529).

6. Market Price Data (High, Low during each month in financial year 2008-09):

Month	High (Rs.)	Low (Rs.)
April 08	62.90	46.00
May 08	60.00	45.20
June 08	54.05	32.00
July 08	39.00	28.50
August 08	43.45	32.50
September 08	56.85	26.50
October 08	43.90	34.35
November 08	40.00	31.75
December 08	40.00	32.00
January 09	40.30	26.30
February 09	40.90	27.00
March 09	47.00	39.10

7. Company has not issued any debenture so the rating from CRISIL or other agency is not required to obtain.

8. Registrar and Transfer Agent:

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (E),
MUMBAI – 400 059.

Contact Person: Ms. Smita Mulky, Phone No. 022-2859 6060

9. Share Transfer System: Company's Securities are under compulsory demat mode of transfer.

10. Code of Conduct:

The Board has prescribed Code of Conduct ("Code") for all Board Members and Senior Management of the Company, which is also put on the website of the Company.

All Board Members and Senior Management personnel have confirmed compliance with the Code for the year 2008-09. A declaration to this effect as included In CEO & Senior Manager Accounts (In the absence of CFO) Certificate is reproduced hereunder:

"We further declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year"



11. Shareholding of Directors as on 31.03.2009:

Dr. G. G. Nair – Non Executive Independent Director - 23348 Shares.

12. Distribution Schedule and Shareholding Pattern of Equity Shares as on 31.03.2009 are enclosed as Annexure-1.

13. Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrars, Adroit Corporate Services Pvt Ltd. As on 31st March 2009, out of 11085191 shares already issued 9954485 (89.80%) were in Dematerialized form and 1130706 (10.20%) Equity shares were in physical form.

14. Outstanding GDRs/ADRs etc.: Not Applicable.

15. Plant Location:

1. Plot No. 7, MIDC Engineering Zone, Kalyan Badlapur Road, Ambernath
2. W-152, MIDC, Tarapur, Boisar, Dist Thane, Maharashtra.
3. B-32, G-2, G-3, MIDC, Mahad, Dist. Raigad.
4. A-68, Additional Ambernath, MIDC Indl. Area, Ambernath (East), Dist. Thane.
5. Plot No. 11, KIADB Ind Area, CENTER Jigani, Taluka Anekal, Dist. Bangalore
6. Research & Development Centre, Bangalore & Kumta.

16. Address for correspondence:

Mrs. Lata Varshney, Company Secretary
P.I. Drugs & Pharmaceuticals Limited
116, Vardhaman Industrial Complex,
L.B.S. Marg, Thane (W) – 400 601.
Phone No. 022-2547 8601
Email : pidsecretarial@yahoo.co.in.

17. EDIFAR Filing: Company is regular in filing the information on the SEBI web-site under EDIFAR filing Scheme.


ANNEXURE I
A. Distribution Schedule of Equity Shares as on 31.03.2009:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 500	924	70.97	164845	1.49
501 to 1000	152	11.67	127497	1.15
1001 to 2000	89	6.84	142829	1.29
2001 to 3000	41	3.15	107651	0.97
3001 to 4000	13	1.00	47879	0.43
4001 to 5000	7	0.54	34400	0.31
5001 to 10000	24	1.84	178754	1.61
10001 & above	52	3.99	10281336	92.75
TOTAL	1302	100.00	11085191	100.00
Physical Mode	10	0.77	1130706	10.20
Electronic Mode	1292	99.23	9954485	89.80

B. Shareholding pattern of Equity Shares as on 31.03.2009 :

Category	No. of Shareholders	Nos. of Shares held	Voting Strenght
Promoters & Persons Acting in concert	1	5879262	53.04
Other Directors, their relatives	1	23348	0.21
Bodies Corporate (Domestic)/Trusts	98	2806672	25.32
Banks / Mutual Funds/ Financial Institutions (FIs)	Nil		
Foreign Institutional Investors (FIIs)	Nil		
Non-Resident Individuals (NRIs)/Foreign Corporate Bodies/Overseas Corporate Bodies (OCBs)/ Foreign Banks	7	29893	0.27
Resident Individuals	1194	2345086	21.15
In transit	2	930	0.01
TOTAL	1302	11085191	100.00


DISCLOSURE PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT:

Loans and advances in the nature of loans given to subsidiary, associates and others:

(Rs. In lacs)

S. No.	Name of the Company	Relationship	Amount outstanding as on 31.03.2009	Maximum balance outstanding during the year
1.	Sequent Global Holdings Limited	Company under control	373.98	373.98
2.	Sequent Scientific Limited	Company under common control	553.47	864.30
3.	Vedic Elements Private Limited	Company under common control	135.30	280.49

Evolution of Capital:

Equity shares in the company of face value of Rs 10/- each have been issued as under:

Date of Issue	Allotment of Shares	No of Shares	Cumulative Total
28.06.1985	Subscribers to Memorandum	70	70
10.12.1985	Public Issue	239930	240000
14.06.2000	Preferential Issue	3760000	4000000
31.03.2004	Allotment in consideration of Amalgamation	2500003	6500003
31.01.2007	on conversion of warrants issued on preferential basis	1000000	7500003
09.07.2007	Preferential Issue	2785188	10285191
27.11.2007	Allotment on conversion of warrants issued on preferential basis	800000	11085191

**Auditors' Certificate on Corporate Governance**

To The Members of P I Drugs & Pharmaceuticals Limited

1. We have examined the compliance of the conditions of Corporate Governance by P I Drugs & Pharmaceuticals Limited ('the Company') for the year ended on 31st March 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Devdatta Mainkar
Partner
M. No. 109795
Mumbai
Dated: August 6, 2009

**AUDITOR'S REPORT****To The Members of P I Drugs and Pharmaceuticals Limited**

1. We have audited the attached Balance Sheet of P I Drugs and Pharmaceuticals Limited as at 31st March 2009 and the Profit and Loss Account and the Cash Flow Statement of the Company 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement 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 31st March 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Attention is invited to Note No. B-6 regarding Managing Director's remuneration, which is subject to approval of the Central Government.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Devdatta Mainkar
Partner
M. No. 109795

Bangalore
Dated: June 22, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in Paragraph (4) of our report of even date on the accounts of **P I Drugs and Pharmaceuticals Ltd.** for the year ended 31st March 2009.

- (i) In respect of fixed assets
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has carried out physical verification of some of the fixed assets in accordance with the verification programme and as represented to us, verification of balance fixed assets will be carried out over the period of two years. According to information and explanation given to us, no material discrepancies have been reported on such verification.
 - c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- (ii) In respect of inventories:
 - a) The inventories of finished goods, stores & spares, fuel and raw materials, except those lying with third parties and in transit, have been verified by the management at reasonable intervals. In respect of inventories lying with third parties, these have been confirmed by them.
 - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were generally reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the records of inventories.
- (iii) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) Based on the audit procedures applied by us and according to the information and explanation given to us, the company has granted loans of Rs. 1809 lakhs to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loan outstanding during the year was Rs. 1809 lakhs. The rate of interest and other terms and conditions are not prejudicial to the interest of the Company. The repayment of principal and interest is regular.
- (v) In our opinion and according to the information and explanation given to us, having regard to the explanation that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (vi) In respect of transactions entered in the register maintained under section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, having regard to the explanation that many of the items are of a special nature and their prices cannot be compared with the alternative quotations, the transactions made in pursuance of contracts or arrangements referred to in section 301 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
- (viii) In our opinion, the company has an adequate internal audit system commensurate with its size and the nature of its business.



- (ix) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- (x) According to the information and explanations given to us, in respect of statutory and other dues:
 - a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance Fund, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and any other statutory dues, with appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty or Cess outstanding on account of any dispute as on 31st March 2009.
- (xi) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to Financial Institutions / Banks.
- (xiii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- (xv) (a) The Company does not deal or trade in shares, securities, debentures and other investments.
(b) The shares, securities, debentures and other investments are held by the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956. In respect of investments made during the year, the Company is yet to receive share certificates.
- (xvi) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks / Financial Institutions.
- (xvii) In our opinion, the term loans obtained during the year, prima facie, have been applied for the purpose for which the loans were raised.
- (xviii) According to the information and explanations given to us, based on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- (xix) The Company has not made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act 1956.
- (xx) The Company did not issue any debentures during the year.
- (xxi) The Company has not raised any money through a public issue during the year.
- (xxii) As presented to us by the management and based on our examination in the normal course of audit, no material frauds on or by the Company have been noticed or reported during the year.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Devdatta Mainkar
Partner
M. No. 109795

Bangalore
Dated: June 22, 2009


**P.I.DRUGS & PHARMACEUTICALS LIMITED
BALANCE SHEET AS AT MARCH 31, 2009**

Particulars	Schedule	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Share capital	A	11 08 51 910	11 08 51 910
c) Reserves & surplus	B	<u>48 50 66 180</u>	<u>42 55 27 890</u>
		59 59 18 090	53 63 79 800
2. Loan funds			
a) Secured loans	C	48 82 83 320	25 15 19 054
b) Unsecured loans		51 70 102	
3. Deferred tax liability (Net)	D	<u>2 41 63 460</u>	<u>1 93 76 471</u>
Total		<u>111 35 34 972</u>	<u>80 72 75 325</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	E		
a) Gross block		56 89 74 217	43 50 78 212
Less : Accumulated depreciation		<u>11 72 48 757</u>	<u>5 38 88 621</u>
Net block		45 17 25 460	38 11 89 591
b) Capital work-in-progress & Capital Advances		<u>2 89 90 556</u>	<u>2 41 62 472</u>
		48 07 16 016	40 53 52 063
2. Investments	F	5 30 69 897	10 02 55 323
3. Advance for Investments	F-1	18 77 49 258	
4. Current assets, loans and advances	G		
a) Inventories		21 86 39 987	15 36 73 504
b) Sundry debtors		19 91 31 111	21 31 75 000
c) Cash & bank balances		3 97 81 964	4 01 37 992
d) Loans and advances		<u>11 61 27 350</u>	<u>11 19 35 669</u>
		57 36 80 412	51 89 22 165
Less: Current liabilities & provisions	H	<u>18 16 80 611</u>	<u>21 72 54 226</u>
Net current assets		39 19 99 801	30 16 67 939
Total		<u>111 35 34 972</u>	<u>80 72 75 325</u>

Significant Accounting Policies &
Notes on accounts

Schedules annexed form an integral part of the financial statements.

As per our report of even date

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

For and on behalf of the Board

K.R.Ravishankar
Chairman & Managing Director

R Kannan
Director

Lata Varshney
Company Secretary


P.I.DRUGS & PHARMACEUTICALS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Particulars	Schedule	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
I. INCOME			
1. Sales & Operating Income	I	106 06 19 838	67 79 39 503
2. Other Income	J	1 79 22 670	39 03 421
Total		107 85 42 508	68 18 42 924
II. EXPENDITURE			
1. Direct Manufacturing Cost	K,L	71 61 14 043	46 91 84 332
2. Purchase of Traded Goods		85 88 750	2 09 63 906
3. (Increase) / Decrease in Stock	K	(21 230 620)	1 85 95 644
4. Employee cost	M	8 73 12 742	4 01 90 791
5. Administrative Expenses	N	4 91 44 820	2 27 97 888
6. Selling & Distribution Expenses	O	4 08 26 103	2 24 87 361
7. Research & Development Expenses	P	1 49 80 081	1 23 89 927
8. Exchange Rate Fluctuation		4 40 84 653	49 60 796
Total		93 98 20 574	61 15 70 645
Profit before Interest, Depreciation and Tax		13 87 21 935	7 02 72 279
Finance Cost	Q	4 19 36 269	1 85 17 571
Depreciation	E	4 14 40 744	2 43 42 270
Profit Before Tax		5 53 44 922	2 74 12 438
Provision for Income Tax			
Current Tax		1 83 24 453	39 00 000
Deferred Tax		7 43 172	48 67 277
Fringe Benefit Tax		11 00 000	5 20 000
Excess/(Short) provision of Tax for earlier years			(2 205 061)
Profit for the Year After Tax		3 51 77 297	2 03 30 222
Balance Brought Forward		10 80 34 930	10 49 32 368
Profit Available for Appropriations		14 32 12 227	12 52 62 590
Appropriations			
Dividend on Equity Shares		1 10 85 191	1 38 70 379
Tax on Distributed Profit		18 83 930	23 57 281
Transfer to General Reserve		10 00 000	10 00 000
Balance Transferred to Balance Sheet		12 92 43 106	10 80 34 930
Earning Per Share (Rs.)		3.17	2.07
Diluted Earning per Share (Rs.)		3.17	2.07
Significant Accounting Policies & Notes on Accounts	R		
The Schedules annexed form an integral part of the financial statements.			

As per our report of even date

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

For and on behalf of the Board

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary


Schedules forming part of the Balance Sheet

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'A'</u>		
<u>SHARE CAPITAL</u>		
Authorised		
1,50,00,000 Equity Shares of Rs.10/- each	15 00 00 000	15 00 00 000
	<u>15 00 00 000</u>	<u>15 00 00 000</u>
Issued, Subscribed & Paid-up		
1,10,85,191 Equity shares of Rs.10 each fully paid	11 08 51 910	11 08 51 910
(Previous Year 1,10,85,191 Shares of Rs 10 each)		
Of the above, 58,79,262 (Previous Year 57,81,787)		
equity shares are held by the Holding Company		
M/s Fraxis Life Science Pvt.Ltd.		
Total	<u>11 08 51 910</u>	<u>11 08 51 910</u>
<u>SCHEDULE 'B'</u>		
<u>RESERVES AND SURPLUS</u>		
a) Security Premium Account		
Opening Balance	23 49 45 340	5 21 60 000
Additions during the year		18 27 85 340
	<u>23 49 45 340</u>	<u>23 49 45 340</u>
b) Amalgamated Reserve		
Opening Balance	1 83 70 190	1 83 70 191
Less: Transfer to General Reserve	<u>1 83 70 190</u>	
	-	1 83 70 191
c) General Reserve		
Opening Balance	6 41 77 429	6 25 45 520
Add: Transfer from Amalgamated Reserve Account	1 83 70 190	-
Adjustments on Amalgamation of Elixir Chemicals Pvt. Ltd.		
(Refer Note No. 1 of Schedule R)		
Add: Excess of investment over net asset taken over in the		
Scheme of Amalgamation	3 24 72 916	-
Add: Profit for the year 2007-08 of merged company	48 88 229	-
Add: Impact of Transitional Provision of AS-15(Revised)		
(Net of Deferred Tax) of merged company	(31,030)	6 31 909
Add: Transfer from Profit and Loss Account	10 00 000	10 00 000
	<u>12 08 77 734</u>	<u>6 41 77 429</u>
	<u>12 92 43 106</u>	<u>10 80 34 930</u>
d) Balance In Profit and Loss Account	<u>48 50 66 180</u>	<u>42 55 27 890</u>
Total		
<u>SCHEDULE 'C'</u>		
<u>a) SECURED LOANS</u>		
(Refer note no. 2 of Schedule 'R')		
<u>Loan from Banks</u>		
(I) Term Loans		
i) Rupee Loans	24 81 53 318	57 85 557
ii) Foreign Currency Loans	-	16 04 00 000
(II) Other Loans	23 79 26 959	8 53 33 497
	<u>48 60 80 277</u>	<u>25 15 19 054</u>
Interest Accrued on above	22 03 043	
	<u>48 82 83 320</u>	<u>25 15 19 054</u>
Term Loan Payable within a period of one year	8 52 10 704	33 40 000
<u>SCHEDULE 'D'</u>		
<u>Deferred Tax Liability</u>	<u>2 41 63 460</u>	<u>1 93 76 471</u>
(Refer Note No. 15 of Schedule R)		

Schedule E :

Schedules forming part of Balance Sheet (Contd...)STATEMENT OF FIXED ASSETS AS AT 31st March 2009

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		Opening Block as on 1.4.08	Assets acquired on Amalgamation	Addition	Deduction	Closing Block as on 31.3.09	Opening Balance as on 1.4.08	Deprecation of assets acquired on Amalgamation	Addition	Deduction	Closing Balance as on 31.3.09	Wdv as on 31.03.2009	Wdv as on 31.03.2008
1	Leasehold Land	1 88 72 842	82 50 611	26 46 740		2 97 70 193	6 43 402	4 44 241	3 90 358		14 78 001	2 82 92 192	1 82 29 440
2	Leasehold Property Improvements			1 39 30 106		1 39 30 106			2 32 168		2 32 168	1 36 97 938	
3	Freehold Land	6 52 894		42 272		6 95 166						6 95 166	6 52 894
4	Land Development	7 75 600				7 75 600						7 75 600	7 75 600
5	Factory Building	11 12 46 617	1 52 36 930	13 16 683		12 78 00 230	89 80 215	17 08 846	42 47 157		1 49 36 218	11 28 64 012	10 22 66 402
6	Other Buildings	1 56 03 690	53 64 770	1 05 23 073		3 14 91 533	6 22 265	2 96 766	3 64 230		12 83 351	3 02 08 232	1 49 81 425
7	Plant & Machinery	26 94 93 700	4 45 70 097	2 31 80 256	20 09 793	33 52 34 260	4 12 37 230	1 94 89 311	3 43 39 120	7 83 307	9 42 82 354	24 09 51 906	22 82 56 470
8	Furnitures & Fixtures	73 51 786	14 29 223	80 75 627		1 68 56 636	13 81 006	3 06 675	6 41 123		23 28 804	1 45 27 832	59 70 780
9	Vehicles	1 10 81 083	21 32 543		7 93 133	1 24 20 493	10 24 503	5 75 003	12 26 500	1 18 145	27 07 861	97 12 632	1 00 56 580
	TOTAL	43 50 78 212	7 69 84 174	5 97 14 757	28 02 926	56 89 74 217	5 38 88 621	2 28 20 842	4 14 40 696	9 01 452	11 72 48 757	45 17 25 510	38 11 89 591
10	Capital Work in Progress & Capital Advances	2 41 62 472	3 55 610	1 78 16 878	1 33 44 404	2 89 90 556						2 89 90 556	2 41 62 472
	TOTAL RS	45 92 40 684	7 73 39 784	7 75 31 635	1 61 47 330	59 79 64 773	5 38 88 621	2 28 20 842	4 14 40 696	9 01 452	11 72 48 757	48 07 16 066	40 53 52 063
	As on 31.03.2008	18 82 17 820		29 79 75 784	69 52 920	45 92 40 684	2 97 04 152		2 43 42 270	1 57 801	5 38 88 621	40 53 52 063	




Schedules forming part of the Balance Sheet (Contd...)

Particulars			Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
SCHEDULE 'F'				
INVESTMENTS				
In Numbers	Face value per share	Description		
		(A) Trade Investments		
		(a) Long Term Investments (at cost)		
		Fully Paid Equity Shares (unquoted)		
		(i) Subsidiary Companies		
10,01,000	\$1	SeQuent Global Holdings Ltd (Euro 740740)	4 94 76 592	
25,000	10	Elixir Chemicals Pvt. Ltd.	-	9 02 25 321
		(ii) Others		
1,000	10	ACMA CETP *	10 000	10 000
2,000	10	TIMA CETP **	40 000	20 000
		(b) Short Term Investments (at cost)		
		Fully Paid Equity Shares (unquoted)		
58,800	10	Aditya Investment & Communication Ltd.	1	1
25,000	10	Anantroop Trading Pvt.Ltd. (premium Rs.150 per share)	25 00 000	40 00 000
500	100	Tepee Consultants Pvt. Ltd. (premium Rs.4900 per share)	-	25 00 000
12,500	10	Vinar Niryat Pvt. Ltd. (premium Rs.190 per share)	-	25 00 000
		(B) Other Investments (Non-Trade)		
		(i) Fully Paid Equity Shares (quoted)		
100,000	10	N.B. Footware	1	1
6,300	10	Agrotech India Ltd	1	
		Market value Rs 1.80 per share		
36,250	10	Agrodutch Industries	10 04 220	
		Market value Rs 8.27 per share		
32,500	10	Transchem Ltd	4 69 550	
		Market value Rs 5.78 per share		
6,930	10	Nath Bio Genes I Ltd	1	
18,270	10	Nath Seed Ltd	1	
		(ii) Investment in Mutual Fund		
		SBI Infrastructure Series I Growth Fund (NAV as on 31.03.2009 Rs.5.65 per unit)	10 00 000	10 00 000
			5 45 00 367	10 02 55 323
		Less : Provision for Diminution in Value of Investments	14 30 470	-
		* Ambarnath Chemical Manufacturers' Association Common Effluent Treatment Plant		
		** Tarapur Industrial Manufacturers' Association Common Effluent Treatment Plant		
Total			5 30 69 897	10 02 55 323
		Aggregate Book Value of Quoted Investments	24 73 774	10 00 001
		Aggregate Market Value of Quoted Investments	10 63 978	10 73 000


Schedules forming part of the Balance Sheet (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'F-1'</u>		
<u>ADVANCE FOR INVESTMENTS</u>		
Share Application Money / Advance towards equity pending allotment		
(a) Vedic Elements Pvt. Ltd.	15 03 51 405	-
(b) SeQuent Global Holdings Ltd.	3 73 97 853	-
	18 77 49 258	-
<u>SCHEDULE 'G'</u>		
<u>CURRENT ASSETS, LOANS & ADVANCES</u>		
A. Current assets		
1. Inventories		
(As valued & certified by the Management)		
Raw Materials & Intermediates	14 08 59 390	10 26 19 931
Packing Material	22 79 235	15 49 643
Finished Goods	5 27 45 560	3 16 76 280
Work in Process	2 14 26 886	1 65 43 998
Fuel	13 28 916	12 83 652
	21 86 39 987	15 36 73 504
2. Sundry debtors		
(Unsecured & Considered Good)		
Outstanding for more than six months		
a) Considered Good	12 55 975	12 74 279
b) Considered Doubtful	14 21 894	-
	26 77 869	12 74 279
Other Debts	19 78 75 136	21 19 00 721
	20 05 53 005	21 31 75 000
Less : Provision for Doubtful Debts	14 21 894	-
	19 91 31 111	21 31 75 000
3. Cash and bank balances		
a) Cash on hand	8 57 553	19 49 302
b) Balance with Scheduled Banks		
- In Current/Cash Credit accounts	1 63 54 583	1 60 43 821
- In Deposit accounts	1 34 97 743	96 85 036
c) Balance with non scheduled banks		
- In Current accounts	31 92 165	81 92 987
- In EEFC accounts	58 79 920	42 66 846
(Maximum Balance outstanding during the year Rs.4,58,18,480)	3 97 81 964	4 01 37 992


Schedules forming part of the Balance Sheet (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
B. Loans and advances		
(Unsecured, considered good)		
a) Advance recoverable in cash or in kind or for value to be received	52 35 745	47 89 590
b) Inter-Corporate Deposits	6 88 77 619	7 70 64 860
(Including interest receivable of Rs.1,31,51,126 Previous Year Rs.21,13,000)		
c) Other Deposits	87 62 116	32 20 120
d) Balances with Customs, Excise & Sales Tax Authorities	3 32 51 870	2 68 61 099
Total	11 61 27 350	11 19 35 669

SCHEDULE 'H'
CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities		
a) Sundry Creditors (Refer Note No 5 of Schedule R)	15 08 64 208	20 03 32 012
b) Other Liabilities	72 64 329	37 14 635
B. Provisions for		
a) Employees Benefits	62 51 973	17 57 478
b) Taxation (Net of Advance Tax)	62 14 910	3 64 910
c) Proposed Dividend	1 10 85 191	1 10 85 191
Total	18 16 80 611	21 72 54 226


Schedules forming part of Profit & Loss Account

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'I'</u>		
<u>SALES & OPERATING INCOME</u>		
Manufacturing		
(a) Local Sales	48 72 84 989	42 41 99 242
Less: Excise Duty	5 22 75 944	6 07 81 229
Net Local Sales	43 50 09 045	36 34 18 013
(b) Export Sales	56 49 80 230	25 26 59 297
Trading		
Merchant Trading	6 06 30 563	3 20 39 829
	106 06 19 838	64 81 17 139
Processing and Development Charges (TDS Rs nil/- Previous Year Rs. 6,11,670)	-	2 98 22 364
Total	106 06 19 838	67 79 39 503
<u>SCHEDULE 'I'</u>		
<u>OTHER INCOME</u>		
(a) Interest (TDS Rs. 33,35,868 (Previous Year Rs 4,81,387))		
- from Banks	15 68 372	13 04 811
- from Others	1 32 11 856	22 20 811
(b) Sale of Import Licence		1 89 785
(c) Miscellenous Income	31 42 442	1 88 014
Total	1 79 22 670	39 03 421
<u>SCHEDULE 'K'</u>		
<u>Direct Manufacturing Cost</u>		
Raw material Consumed		
Opening Stock	10 26 19 930	3 95 13 104
Add: Purchases	54 09 63 452	40 42 09 289
	64 35 83 382	44 37 22 393
Less: Closing Stock	14 08 59 390	10 26 19 930
	50 27 23 992	34 11 02 463
Manufacturing Expenses		
(a) Conversion / Processing Charges	6 38 66 830	4 95 21 117
(b) Contract Labour Charges	2 63 10 381	1 10 05 209
(c) Consumption of Fuel		
Opening Stock	12 83 652	5 23 673
Add: Purchases	4 19 04 638	2 09 51 570
	4 31 88 290	2 14 75 243
Less: Closing Stock	13 28 916	12 83 652
	4 18 59 374	2 01 91 591


Schedules forming part of Profit & Loss Account (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
(d) Consumption of Packing Material		
Opening Stock	15 49 643	7 48 997
Add: Purchases	1 81 05 490	1 02 12 953
	1 96 55 133	1 09 61 950
Less: Closing Stock	22 79 235	15 49 644
	1 73 75 898	94 12 306
(e) Consumption of Stores & Spares	1 51 52 692	62 63 223
(f) Electricity Charges	2 12 25 204	1 30 26 043
(g) Water Charges	31 96 915	29 16 178
(h) <u>Repairs & Maintenance</u>		
- Plant & Machinery	71 34 070	43 06 688
- Building	44 86 777	25 04 185
- Others	1 34 73 348	49 92 820
(j) Excise Duty on Finished Goods	(6 91 438)	39 42 509
	21 33 90 051	12 80 81 869
Total	71 61 14 043	46 91 84 332

SCHEDULE 'L'
(INCREASE) / DECREASE IN STOCK
Opening Stock

- Work in progress	1 65 43 998	9 00 000
- Finished Goods	3 16 76 280	45 21 240

Add: Stocks of M/s. Elxlr Chemicals Pvt. Ltd., merged company

- Work In Progress	14 16 231	-
- Finished Goods	33 05 317	-

Add: Stocks Acquired from M/s. Transchem Ltd.

- Work In Progress	-	2 15 67 133
- Finished Goods	-	3 98 27 549

Less: Closing Stock

- Work in progress	2 14 26 886	1 65 43 998
- Finished Goods	5 27 45 560	3 16 76 280

Total

(21 230 620)	1 85 95 644
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SCHEDULE 'M'
EMPLOYEE COST

(a) Salary, Wages & Allowances	7 88 69 972	3 55 14 061
(b) Contribution to Provident & Other Fund	55 36 810	31 28 475
(c) Staff & Labour Welfare Expense	29 05 960	15 48 255
Total	8 73 12 742	4 01 90 791


Schedules forming part of Profit & Loss Account (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'N'</u>		
<u>ADMINISTRATIVE EXPENSES</u>		
(a) Rent	42 36 060	7 61 432
(b) Rates & Taxes	15 30 061	6 92 583
(c) Insurance Charges	21 81 016	18 84 584
(d) Repair & Maintenance	24 09 943	11 59 007
(e) Vehicle Maintenance	48 94 177	17 69 621
(f) Printing & Stationery	26 22 878	17 85 242
(g) Professional Fees	92 26 821	49 06 758
(h) Tour & Travelling Expenses	52 75 424	24 05 147
(i) Communication Expenses	42 49 575	18 19 098
(j) Provision for diminution In Value of Investments	14 30 470	-
(k) Security Guards Expenses	33 59 532	16 80 302
(l) Miscellaneous Expenses	77 28 862	39 34 114
Total	<u>4 91 44 820</u>	<u>2 27 97 888</u>
<u>SCHEDULE 'O'</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
(a) Commission & Brokerage	1 42 50 745	88 46 196
(b) Freight & Clearing Charges	1 88 43 559	1 03 44 367
(c) Sales promotion	77 31 800	32 96 798
Total	<u>4 08 26 104</u>	<u>2 24 87 361</u>
<u>SCHEDULE 'P'</u>		
<u>RESEARCH & DEVELOPMENT EXPENSES</u>		
(a) Purchase of Chemicals & Consumables	47 93 774	42 42 059
(b) Sample, Testing & Analysis Charges	22 84 437	8 33 688
(c) Development expenses	79 01 870	73 14 180
Total	<u>1 49 80 081</u>	<u>1 23 89 927</u>
<u>SCHEDULE 'Q'</u>		
<u>FINANCE COST</u>		
(a) Interest on Fixed Period Loans	2 19 25 332	88 89 350
(b) Interest on Other loans	1 12 68 045	59 49 861
(c) Bank Charges	87 42 892	36 78 360
Total	<u>4 19 36 269</u>	<u>1 85 17 571</u>



Schedules forming Part of Balance Sheet and Profit and Loss A/c

SCHEDULE 'R' - Significant Accounting Policies and Notes to Accounts forming part of financial statements for the year ended 31st March 2009.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention and on accrual basis, in accordance with the generally accepted accounting principles in India, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual amounts and estimates are recognised in the period in which they materialise.

3. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost of fixed assets is inclusive of freight, installation charges and other incidental expenses.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

4. Depreciation

Depreciation on fixed assets is provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on leasehold improvements is charged over the period of lease.

5. Investments

Current investments are valued at lower of cost or market value.

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

6. Inventory

Inventories are valued at lower of cost or net realizable value.

Cost of raw materials, packing material and fuel is determined on FIFO basis.

Finished products, work in progress and intermediates are valued lower of cost or net realisable value. Cost comprise of raw material cost, conversion charges and related production overheads.

7. Borrowing Cost

Borrowing costs attributable to acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset, till the month in which the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

8. Revenue Recognition and accrual of expenses

Sales are recognised on transfer of risks and rewards of ownership, which coincides with despatch of goods to customers. Sales are stated net of excise duty, discounts and sales returns.

Dividend income is recognised when the right to receive the same is established.



Schedules forming Part of Balance Sheet and Profit and Loss A/c

Interest income is accounted on an accrual basis at contracted rates.

All expenses are charged to profit and loss account as and when incurred. Provisions are made for all known losses and liabilities.

9. Research and Development Expenditure

Revenue expenditure on Research and Development is charged to Profit and Loss Account. Capital expenditure on assets acquired for Research and Development is accounted as Fixed Assets.

10. Employee Benefits

Defined contribution Plans

Company's contribution paid / payable during the year to Provident Fund is recognised in the Profit and Loss Account.

Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which considers each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

11. Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.

Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet.

Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Profit & Loss Account.

12. Provision and Contingent Liabilities

Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

13. Taxes on Income

Provision for current income tax is made on current tax rate based on assessable income computed under the Income Tax Act 1961.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.


NOTES ON ACCOUNTS
B. NOTES TO ACCOUNTS

1. The Company has acquired all the assets and liabilities of its wholly owned subsidiary company Elixir Chemicals Private (Elixir) with effect from the Appointed Date 1st April 2007, pursuant to a scheme of Amalgamation of Elixir Chemicals Private Limited with the Company as approved by the Hon'ble High Court of Bombay vide order dated March 20, 2009. Since the Amalgamating Company was wholly owned subsidiary company, no consideration was paid as per the scheme. The said amalgamation is in the nature of merger and has been accounted as pooling of interest method in accordance with the Accounting Standard 14 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India and as per the treatment prescribed by the scheme. The Accounting treatment followed is as under:
 1. All the assets and liabilities of Elixir, as appearing in the books as on 1st April 2007, are recorded in the books of the Company at the respective book values.
 2. Difference between carrying cost of the investment in the Elixir as appearing in the books of the Company and the net assets of Elixir of Rs. 3,24,72,916 is adjusted in General Reserve as per the scheme.
 3. Elixir's profit after tax for the year ended 31st March 2008 amounting to Rs. 48,88,229 is credited to the General Reserve account.
 4. The inter-company balance of Rs. 7,63,67,064 as on 1st April 2008 as appearing in the books of Elixir and the Company has been eliminated.

Summary of assets and liabilities taken over and adjustments to General Reserve on 1st April 2007
Investment value of Elixir Chemicals Pvt. Limited in the books **Rs. 9,02,25,321**

<i>Assets</i>	
- Fixed Assets	5,88,27,012
- Investments	14,93,773
- Current Assets	10,83,61,229
	<u>16,86,82,014</u>
<i>Liabilities</i>	
- Loans	13,73,047
- Current Liabilities	4,16,58,550
- Deferred Tax Liabilities	29,52,180
	<u>4,59,83,777</u>
Net Assets taken over	12,26,98,237
Adjustment to General Reserve as per scheme	<u>3,24,72,916</u>

Adjustment of difference between net assets taken over in the amalgamation and the carrying value of investments in the books of Rs. 3,24,72,916 is as per the Scheme of Amalgamation, & not in accordance with the requirements of the Accounting Standard 14 (AS-14). Had the requirements Accounting Standard is followed, the aforesaid difference of Rs. 3,24,72,916 would have been credited to Capital Reserve and accordingly the General Reserve would have been lower by the same amount.

2. Secured Loans

Term loans: are secured by

a. State Bank of India:-

- a) First pari passu charge on fixed assets of the company consisting of Factory land, building and Plant and


NOTES ON ACCOUNTS (Contd...)

- Machinery located at Tarapur (Plot No W152, MIDC), Mahad, Ambernath, Additional Ambernath, Bangalore & Kumta and Office premises at 116 Vardhaman Industrial Complex Thane.
- b) First Exclusive charge on office premises at 102-104 Vardhaman Industrial Complex Thane.
 - c) Pledge of 100% shares of the Company in Joint Venture Company, Galenica B.V Netherlands.
 - d) Second charge on current assets of the company.
 - e) Personal guarantee of K.R.Ravishankar Director and Arunkumar, promoter and Corporate guarantee of Sequent Scientific Ltd.
- b. Axis Bank:- Equitable Mortgage of the residential flat No A 303 3rd floor, "ETHER" Jp Nagar Bangalore with Personal Guarantee of Mr K.R.Ravishankar, promoter Director.
- c. Andhra Bank:-
- a) Exclusive first charge on the assets located at Plot W-150/151, W136-141, MIDC Tarapur, Biosar and at A14 MIDC (Phase1) Dombivili and
 - b) Second charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W-152, MIDC), Mahad, Ambernath, Additional Ambernath & Kumta and Office premises at 116 Vardhaman Industrial Complex.
- d. State Bank of Hyderabad:-
- a) First pari passu charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W152 MIDC), Mahad, Ambernath, Additional Ambernath, Bangalore & Kumta and Office premises at 116 Vardhaman Industrial Complex.
 - b) Second Charge on the current assets of the company.
- e. Working Capital Loans from Andhra Bank.
- a) secured by first charge on stocks, receivables and other movable assets of the Company.
 - b) Second charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W-152, MIDC), Mahad, Ambernath, Additional Ambernath & Kumta and Office premises at 116 Vardhaman Industrial Complex.
- c) Personal guarantee of Mr K.R.Ravishankar, promoter Director and Corporate Guarantee of Fraxis Life Sciences Ltd.
3. Estimated amounts of contracts remaining to be executed on capital account Rs. 127.81 lacs (previous year Rs. 12.83 lacs)
4. **Contingent Liabilities**
- | | 2008-09 | (Rs. in lacs)
2007-08 |
|--|---------|--------------------------|
| • Bank guarantee and letter of credits | 251.74 | 324.39 |
| • Sales tax | Nil | 19.85 |
| • Income Tax | 6.23 | Nil |
5. According to the information available with the Company, there are no dues payable to suppliers covered by Micro, Small and Medium Enterprise Development Act, 2006. (assuming that no supplier has intimated to you otherwise)
6. **Particulars of Directors Remuneration:**
- | Sr.No. | Particulars | 2008-09 | (Rs. in lacs)
2007-08 |
|--------|----------------------------------|---------------|--------------------------|
| 1 | Salaries and Bonus | 76.61 | 31.59 |
| 2 | House Rent Allowance | 1.21 | 1.44 |
| 3 | Contribution to PF & Other Funds | 25.28 | 4.99 |
| 4 | Leave Encashment | 19.46 | 3.09 |
| | Total | 122.56 | 41.11 |
- Out of the above, remuneration of Rs. 72.16 lacs to executive directors is as per Shareholders' approval in General Meeting and within the limits laid down in Schedule XIII of the Companies Act, 1956.


NOTES ON ACCOUNTS (Contd...)

Remuneration of Rs. 50.40 lacs paid to the Managing Director is subject to approval of Central Government. Sitting fees of Rs.4,00,000 (Previous Year Rs.4,60,000) are paid to non-executive director.

7) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

	Current Year Rs. lakh	Previous Year Rs.lakh
Profit before Tax	553.45	274.12
Add :		
Depreciation as per accounts	414.41	243.42
Managerial remuneration		
Director's fees	4.00	4.60
Loss on disposal of fixed assets not allowable as per proviso to Section 349	8.99	0.56
Less :		
Depreciation under Section 350	414.41	243.42
Loss on disposal of fixed assets allowable as per proviso to Section 349	8.99	0.56
Profit on sale of fixed assets not allowable as per proviso to Section 349	2.45	
Net Profit as per Section 349 of the Companies Act, 1956	555.00	278.72
5% of Net Profit as computed above	27.75	13.94

8. Miscellaneous Expenses include payment to auditors as under:

Sr.No.	Particulars	2008-09	2007-08
1	Statutory Audit Fees *	4.20	3.50
2	Tax Audit fees *	0.40	1.08
3	Fess for certification and other services *	1.83	0.95
	Total	5.48	5.53

* Excluding Service Tax.

9. Foreign Currency Exposures

The year end unhedged foreign currency exposure are given below:

Particulars	(Rs.in lacs) and (US\$ in lacs)	
	31 st March 2009	31 st March 2008
Amount payable in foreign currency on account of Import of Goods and its equivalent Indian Rupees.	(US\$ 0.78) Rs. 39.73	(US\$ 6.79) Rs. 272.31
Amount receivable in Foreign Currency on export of goods and its equivalent Indian Rupees.	(US\$ 22.01) Rs.1116.87	(US\$ 26.51) Rs.1063.08
Term Loan	Nil	(US\$ 40.00) Rs.1604.00

10. AS-28 Impairment of Assets

As on the Balance Sheet date, the carrying amount of the fixed assets is less than the recoverable amount of those assets and hence there is no impairment loss.

11. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value which on realisation in ordinary course of business would at least be equal to amounts stated in the Balance Sheet.
12. The Company operates in one business segment namely – Pharmaceuticals.


NOTES ON ACCOUNTS (Contd...)
13. Disclosures as per Accounting Standard 15 (revised) – Employee Benefits
a) Gratuity
(1) Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' Issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid Insurance policy is the plan asset.

(2) Principal actuarial assumptions:

	FY2008-09	FY2007-08
Discount rate	7%	8%
Rate of Return on Plan Assets	9%	9%

(3) Reconciliation of Benefit Obligation:

	2008-09	(Rs. in lacs) 2007-08
Liability at the beginning of the year	38.25	9.63
Liability transferred from Elixir Chemicals Pvt. Ltd. under the scheme of amalgamation	11.75	-
Interest Cost	3.43	0.72
Current Service Cost	11.95	6.81
Benefit Paid	(14.16)	4.57
Actuarial (Gain) / Loss on Obligations	15.23	25.66
Liability at the end of the year	66.44	38.25
Fair Value of Plan Assets at the end of the year	44.90	30.21
Amount recognised and disclosed under the head "Provisions for Gratuity"	21.54	8.04

(4) Reconciliation of Fair value of Plan Assets:

	2008-09	(Rs. in lacs) 2007-08
Fair Value of Plan Assets at the beginning of the year	30.21	11.63
Fair value of plan assets transferred from Elixir Chemicals Pvt. Ltd. under the scheme of amalgamation	3.99	-
Expected Return on Plan Assets	3.44	2.12
Contributions	21.13	21.04
Benefit Paid	(14.16)	4.57
Actuarial (Gain) / Loss on Plan assets	0.29	25.66
Fair Value of Plan Assets at the end of the year	44.90	30.21

(5) Expenses recognised in the Profit and Loss Account under the head Personnel Expenses:

	2008-09	(Rs. in lacs) 2007-08
Current Service Cost	11.95	6.81
Interest Cost	3.43	0.72
Expected Return on Plan Assets	(3.44)	2.12
Net Actuarial (Gain) / Loss recognized	14.94	25.66
Expenses recognised in Profit and Loss Account	26.88	31.08

b) Leave Encashment:

- (1) The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.


NOTES ON ACCOUNTS (Contd...)
(2) Principal actuarial assumptions:

	FY 2008-09	FY 2007-09
Discount rate	7%	8%

(3) Reconciliation of Benefit Obligation:

	2008-09	(Rs. in lacs) 2007-08
Liability at the beginning of the year	9.53	15.65
Liability transferred from Elixir Chemicals Pvt. Ltd. under the scheme of amalgamation	3.61	-
Interest Cost	1.12	1.05
Current Service Cost	16.25	7.30
Benefit Paid	-	(5.17)
Actuarial (Gain) / Loss on Obligations	10.47	(9.30)
Liability at the end of the year recognised and disclosed under the head "Provisions for Leave Encashment"	40.98	9.53

(4) Expenses recognised in the Profit and Loss Account under the head Personnel Expenses:

	2008-09	(Rs. in lacs) 2007-08
Current Service Cost	16.25	7.30
Interest Cost	1.12	1.05
Net Actuarial (Gain) / Loss recognized	10.47	(9.30)
Expenses to be recognised in Profit and Loss Account	27.84	(0.95)

14. Related Party Disclosures
Related Party Disclosures
List of related parties
Enterprise Controlling Company

Fraxis Life Sciences Pvt Ltd

Enterprise under the control of the company

SeQuent Global Holdings Ltd (wholly owned subsidiary)

SeQuent European Holdings Ltd. (step down subsidiary)

Strides Italia (step down subsidiary)

Companies under the common control including fellow subsidiaries:

SeQuent Scientific Ltd

Strides Acrolabs Ltd

SeQuent Research Ltd

ATMA Projects

Agnus Holdings Ltd

Latitude Projects Pvt Ltd

Vedic Elements Pvt Ltd

Strides Vital Nig Ltd

Key Management Personnel:

Mr. L.N.Bhat - Managing Director (upto 15.11.2008)

Mr. S.N.Jagannath - Executive Director

Mr. K.R.Ravishanker - Managing Director (from 01.11.2008)

Enterprises over which key management personnel are able to exercise significant influence:

Nil


NOTES ON ACCOUNTS (Contd...)

Transactions with related parties during the year and balance as on 31st March, 2009

Rs. In Lakhs

Nature of Transactions	Enterprise controlling the company	Enterprise under the control of the company	Companies under common control including fellow Subsidiaries								Key Management Personnel
	Fraxils Life Sciences Pvt Ltd	SeQuent Global Holdings Ltd	Sequent Scientific Ltd	Strides Acrolabs Ltd	Sequent Research Ltd	ATMA Projects	Agnus Holdings Pvt Ltd	Latitude Projects Pvt Ltd	Vedic Elements Pvt Ltd	Strides Vital Nig Ltd	
Sale of Goods											
Current Year			71.07	9.97						79.86	
Previous Year			140.53	11.01						-	
Pur. of Goods											
Current Year			0.28								
Previous Year											
Capital Advances											
Current Year						-		18.01			
Previous Year						125.00		-			
Deposit (Asset)											
Current Year						41.40					
Previous Year						-					
Receiving of Services											
Current Year			72.46			22.11					
Previous Year			81.62			-					
Remuneration											
Current Year											122.56
Previous Year											41.11
Expense											
Re-imbursment Made											
Current Year			-								
Previous Year			8.11								
Expense											
Re-imbursment Received											
Current Year			-								
Previous Year			0.47								
Investments											
Current Year		494.77									
Previous Year		-									
Issue of Shares											
Current Year											
Previous Year	1810.37										
Advance for Investment											
Current Year		370.75					1503.51				
Previous Year							-				
ICD Placed											
Current Year											
Previous Year											


NOTES ON ACCOUNTS (Contd...)

ICD Refunded											
Current Year											
Previous Year											
Loan Given											
Current Year		-	1500.26		-			309.64		-	
Previous Year		-	475.00		300.00			-		8.78	
Loan Refund											
Current Year			1501.25					181.16			
Previous Year			-					-			
Sale of Fixed Assets											
Current Year										-	
Previous Year										27.30	
Pur. of Fixed Assets											
Current Year				1.80			99.99				
Previous Year				-			-				
Interest Received											
Current Year			84.46		30.89		7.57		8.59		
Previous Year			15.62		5.51		-		-		
Dividend Paid											
Current Year											
Previous Year											
Dividend Received											
Current Year											
Previous Year											
Receivable											
Current Year		865.51	588.63	9.97	-	81.96	1503.51	9.49	135.31	23.84	-
Previous Year		-	529.75	-	304.37	125.00	-	-	-	-	8.78
Payable											
Current Year											
Previous Year											

15. Deferred Tax Asset / Liabilities

The tax effect of significant timing differences during the year that have resulted in deferred tax assets and liabilities are given below.

Particulars	31.03.2009 (Rs. in lacs)	31.03.2008 (Rs. in lacs)
Deferred Tax Liabilities:		
Depreciation	287.69	205.77
Other timing differences [AS-15 (revised) tax effect]		3.25
Total deferred tax liabilities	287.69	209.02
Deferred tax assets:		
Expenses allowed on payment basis	46.06	15.26
Other timing differences	-	-
Total deferred tax assets	46.06	15.26
Deferred tax assets / liabilities (net)	241.63	193.76

16. Proposed Amalgamation of Sequent Scientific Limited

The Scheme of Amalgamation of Sequent Scientific Ltd (SSL) with the company from 1st April 2008 has been approved by share holders and creditors of the respective companies in their meeting held on 3rd Jan 2009. Under the scheme all, assets and liabilities of SSL will be transferred and recorded in the books as per valuation



report or value determined by the Management of the Company. The company will issue seven equity shares of Rs 10 each for every three equity shares of Rs 10 each held by share holders of SSL as a consideration. The deficit, if any, in the value of the assets over the value of the liabilities of the Transferor company after adjusting the aggregate of face value of the shares issued by the Transferee company being Goodwill to be setoff against share premium account and or other reserves of the Transferee Company post aggregation of such reserves of the Transferor company in the transferee company. The scheme is yet to be approved by High Court and therefore no effect is given in accounts.

17. Earnings per Share

		(Rs.in lacs)
	2008-09	2007-08
a) Profit /(Loss) after tax as per Profit and Loss A/c	351 77 297	203 30 222
b) Less Extraordinary Items	0	0
c) Profit attributable to Equity Share Holders	351 77 297	203 30 222
b) Weighted Average Number of Shares for Basic EPS Nos.	110 85 191	97 99 621
c) Nominal value per equity shares	10	10
d) Earning per share (Basic)	3.17	2.07
e) Diluted Earnings per share	3.17	2.07

18 The quantitative information for purchases, production, consumption and stock of raw material, finished goods are given as under.

	2008-2009	2007-2008
A) Licenced Capacity	NIL	NIL
B) Installed Capacity (As certified By the Management)	846	546
C) Particulars of Production, Sales and Stock in Trade		

	Bulk Drugs		Formualtion-Granules		Formualtion- Sachets	
	MT	Rs in lacs	MT	Rs in lacs	Nos	Rs in lacs
Opening Stock*	31.86	335.79	1.99	14.02	-	-
	(2.87)	(17.05)	(1.77)	(8.96)	(480.00)	(19.20)
Production / Transfer	639.12		12.66		8984.35	
	(425.32)		(22.36)		(3,633.55)	
Purchases *	3.06	85.89	-	-	-	-
	(58.63)	(320.39)				
Sales*	633.07	9646.99	14.65	230.90	8345.41	728.31
	(463.21)	(5,057.24)	(22.14)	(235.48)	(4,062.90)	(261.84)
Closing Stock*	40.97	481.78	-		638.93	45.68
	(23.61)	(300.71)	(1.99)	(16.05)		-

* Includes stock of M/s Elxlr Chemicals Pvt Ltd, the merged company.

D) Consumption of Raw Material

Item Name	2008-2009		2007-2008	
	Qty in kgs	Value	Qty in kgs	Value
Solvents	4,080,553	111,016,585	2,813,589	74,846,463
Chemicals	6,923,668	391,707,407	4,529,797	266,256,000
		502,723,992		341,102,463


19 Break-up of Imported and Indigenous Materials Consumed

	2008-2009		2007-2008	
	Rs.	% of Total Consumption	Rs.	% of Total Consumption
A) Raw Material				
Imported	248,525,137	49.44	165,236,876	48.44
Indigenous	254,198,855	50.56	175,865,587	51.56
	502,723,992	100.00	341,102,463	100.00
B) Stores & Spares				
Imported	-	-	-	-
Indigenous	15,152,692	100.00	6,263,223	100.00
	15,152,692	100.00	6,263,223	100.00

20 Value of Import on CIF Basis In Respect of :-

	2008-09	2007-08
Raw Material	251,482,294	156,230,979
Capital Goods	-	-

21 Expenditure in Foreign Currency

	2008-09	2007-08
A) Commission on Exports	10,752,413	821,529
B) Consultancy Charges	76,126	436,603
C) Tours & Travelling	1,062,782	277,520
B) Others	968,696	-

22 Earning in Foreign currency

	2008-09	2007-08
A) Exports	625,610,793	284,699,126

23 Earning per share

		2008-09	2007-08
a) Profit / (Loss) after tax as per profit and Loss A/c	Rs.	35,177,297	20,330,222
b) Less Extraordinary Items		-	-
c) Profit attributable to Equity Share Holders		35,177,297	20,330,222
b) Weighted Average Number of Shares for Basic EPS	Nos.	11,085,191	9,799,621
c) Nominal value per equity shares	Rs.	10	10
d) Earning per share (Basic)	Rs.	3.17	2.07
e) Dilluted Earnings per share	Rs.	3.17	2.07

24 Previous Years figures have been regrouped wherever necessary.

As per our report of even date

For and on behalf of the Board

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary


CASH FLOW STATEMENTS

Particulars	2008-09 Rupees	2007-08 Rupees
Net Profit before Tax	5 53 44 922	2 74 12 438
Adjustments for		
Add: Depreciation	4 14 40 744	2 43 42 270
Loss on sale of fixed asset	8 99 014	56 150
Provision for doubtful debts	14 21 894	
Provision for diminution in value of investments	14 30 470	
Interest & finance cost	4 19 36 269	1 85 17 571
	<u>14 24 73 313</u>	<u>7 03 28 429</u>
Less: non-operating income		
Interest	1 47 80 228	35 25 622
Operating Profit / Loss Before Working Capital Charges	<u>12 76 93 085</u>	<u>6 68 02 807</u>
Adjustment for working capital changes		
<u>Increase / Decrease</u>		
Trade Receivables	9 32 53 805	(26,406,779)
Inventories	(59,123,570)	4 18 29 922
Trade Payables	(47,804,008)	(32,040,779)
Other Liabilities and Provisions	(4,586,553)	1 59 800
other Receivables	10,018,198	(45,548,116)
	<u>(8,242,129)</u>	<u>(62,005,952)</u>
Net Cash after working capital adjustment	11 94 50 956	47 96 855
Less: Taxes paid	1 30 53 292	50 51 358
Net Cash from Operating Activities	10 63 97 663	(254,503)


CASH FLOW STATEMENTS (Contd...)

Particulars	2008-09 Rupees	2007-08 Rupees
Net Cash Flow from Investing Activities		
Acquisition of business		30 03 00 000
Purchase of Fixed Assets (net)	6 35 40 382	5 34 82 814
Investment in subsidiaries	4 94 76 592	
Proceeds from sale of investments	65 00 000	
Advance for investments	18 77 49 258	1 00 00 000
Interest Received	37 42 102	35 25 622
Net Cash used in Investing Activities	29 05 24 130	35 02 57 192
Cash Flow from Financing Activities		
Proceeds of Issue of Equity Capital		21 48 77 220
Increase in loan funds	23 97 31 325	15 78 13 340
Interest Paid	3 97 33 226	1 85 17 571
Dividend paid	1 38 70 379	1 02 85 181
Dividend distribution tax paid	23 57 281	17 47 969
Cash from Financing Activities	18 37 70 439	34 21 39 840
Net Increase/(Decrease) in Cash and Cash Equivalents)	(356 027)	(8 371 856)
Cash and Cash Equivalent as at 31.03.2008	4 01 37 992	5 85 09 848
Cash and Cash Equivalent as at 31.03.2009	3 97 81 965	5 01 37 993

As per our report of even date

For and on behalf of the Board

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of P.I. Drugs & Pharmaceuticals Limited for the year ended 31st March, 2009 prepared by the Company in accordance with Accounting Standard - 3 on 'Cash Flow Statements' Issued by the Institute of Chartered Accountants of India and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 22nd June, 2009 to the members of the Company.

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No:109795

Mumbai, 22nd June, 2009


Balance Sheet Abstract and Company's General Business Profile :
I. REGISTRATION DETAILS :

Registration Number	36685
State Code	11
Balance Sheet Date	31.03.2009

II. CAPITAL RAISED DURING THE YEAR (Rs.) :

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND :

Total Liabilities	111 35 34 972
Total Assets	111 35 34 972
Source of Funds:	
Paid up Capital	11 08 51 910
Reserve & Surplus	48 50 66 180
Secured Loan	48 82 83 320
Unsecured Loan	51 70 102
Intercompany Deposit	NIL
Deferred Tax Liabilities	2 41 63 460
Application of Fund :	
Net Fixed Assets	48 07 16 016
Investments	24 08 19 155
Net Current Assets	39 19 99 802

IV. PERFORMANCE OF THE COMPANY

Turnover / Other Income	107 85 42 508
Total Expenditure	102 31 97 586
Profit / (Loss) Before Tax	5 53 44 922
Profit / (Loss) after Tax & Adj.	3 51 77 297
Earning per Share (Rs.)	3.17
Dividend %	10%

V. PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY :

ITC Code	29.33.00
Product Description	Mfg. & Trading In Bulk Drugs

As per our report of even date

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

For and on behalf of the Board

K.R.Ravishankar
Chairman & Managing Director

R Kannan
Director

Lata Varshney
Company Secretary

**REPORT OF THE AUDITORS****TO THE BOARD OF DIRECTORS OF
P I DRUGS AND PHARMACEUTICALS LIMITED**

1. We have audited the attached Consolidated Balance Sheet of P I Drugs & Pharmaceuticals Limited and its subsidiaries as at March 31, 2009 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of P I Drugs & Pharmaceuticals Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 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.
3. We did not audit the financial statements of the subsidiaries whose financial statements reflect the Group's share of total assets of Rs. 11808.58 lakhs as at March 31, 2009 and the Group's share of total revenues of Rs. 4267.71 lakhs and net cash outflows amounting to Rs. 6317 lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been compiled by the management and have not been subjected to audit by independent auditors.
4. We report that consolidated financial statements have been prepared by the management of P I Drugs & Pharmaceuticals Limited in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Issued by the Institute of Chartered Accountants of India.
5. Attention is invited to Note No. B-6 regarding Managing Director's remuneration, which is subject to approval of the Central Government.
6. Based on our audit and on the consideration of the separate audit reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of P I Drugs & Pharmaceuticals Limited & its subsidiaries as at March 31, 2009,
 - ii) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations of P I Drugs & Pharmaceuticals Limited & its subsidiaries for the year ended on that date, and
 - iii) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows of P I Drugs & Pharmaceuticals Limited & its subsidiaries for the year ended on that date.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Devdatta Mainkar
Partner
M. No. 109795

Bangalore
Dated: June 22, 2009


**P.I.DRUGS & PHARMACEUTICALS LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009**

Particulars	Schedule	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Share capital	A	31 55 11 910	11 08 51 910
b) Reserves & surplus	B	29 43 52 649	46 28 58 005
		<u>60 98 64 559</u>	<u>57 37 09 915</u>
2. Loan funds			
a) Secured loans	C	53 37 27 493	25 20 66 946
b) Unsecured loans		43 61 98 583	
3. Deferred tax liability (Net)	D	2 41 63 460	2 34 20 289
Total		<u>160 39 54 095</u>	<u>84 91 97 150</u>
II. APPLICATION OF FUNDS			
1. Good Will On Consolidation		10 31 10 984	
2. Fixed Assets	E		
a) Gross block		115 11 95 760	51 20 62 386
Less : Accumulated depreciation		<u>18 58 37 215</u>	<u>7 67 09 463</u>
Net block		96 53 58 545	43 53 52 923
b) Capital work-in-progress & Capital Advances		<u>16 45 46 135</u>	<u>2 45 18 082</u>
		<u>112 99 04 680</u>	<u>45 98 71 005</u>
3. Investments	F	35 93 305	1 15 23 775
4. Advance for Investments	F-1	15 03 51 405	-
5. Current assets, loans and advances	G		
a) Inventories		31 98 33 011	15 95 16 416
b) Sundry debtors		39 44 92 466	21 60 17 852
c) Cash & bank balances		4 10 28 680	4 13 05 123
d) Loans and advances		<u>34 99 96 290</u>	<u>11 51 07 422</u>
		110 53 50 447	53 19 46 813
Less: Current liabilities & provisions	H	88 83 56 726	15 41 44 443
Net current assets		<u>21 69 93 721</u>	<u>37 78 02 370</u>
Total		<u>160 39 54 095</u>	<u>84 91 97 150</u>

Significant Accounting Policies &
Notes on Accounts
R

The Schedules annexed form an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary


P.I.DRUGS & PHARMACEUTICALS LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD MARCH 31, 2009

Particulars	Schedule	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
I. INCOME			
1. Sales & Operating Income	I	144 02 11 870	74 79 59 971
2. Other Income	J	6 51 01 723	39 70 980
Total		150 53 13 593	75 19 30 951
II. EXPENDITURE			
1. Direct Manufacturing Cost	K,L	108 77 17 339	50 47 09 922
2. Purchase of Traded Goods		85 88 750	2 31 86 310
3. (Increase) / Decrease in Stock		(7 355 464)	1 73 09 308
4. Employee cost	M	22 08 82 584	5 19 90 494
5. Administrative Expenses	N	9 00 44 052	2 85 88 609
6. Selling & Distribution Expenses	O	4 30 67 638	2 25 39 425
7. Research & Development Expenses	P	3 55 55 659	1 28 00 519
8. Exchange Rate Fluctuation		3 79 23 565	50 76 606
Total		151 64 24 122	66 62 01 193
Profit before Interest, Depreciation and Tax		(1 11 10 529)	8 57 29 758
Finance Cost	Q	5 05 14 855	1 86 70 088
Depreciation	E	6 47 93 060	2 99 78 619
Profit Before Tax		(12 64 18 444)	3 70 81 051
Provision for Income Tax			
Current Tax		1 83 36 670	74 51 267
Deferred Tax		7 43 172	59 74 893
Fringe Benefit Tax		11 00 000	6 41 500
Excess/(Short) provision of Tax for earlier years			(22 05 061)
Profit for the Year After Tax		(14 65 98 286)	2 52 18 452
Less: Share of Profit of Minority Interest			
Balance Brought Forward		12 42 52 040	11 62 61 248
Adjustment for subsidiary addition / elimination		(16,217,109)	
Profit Available for Appropriations		(3 85 63 355)	14 14 79 700
Appropriations			
Dividend on Equity Shares (Paid for 06-07)		1 10 85 191	1 38 70 379
Tax on Distributed Profit		18 83 930	23 57 281
Transfer to General Reserve		10 00 000	10 00 000
Balance Transferred to Balance Sheet		(5 25 32 476)	12 42 52 040
Earning Per Share (Rs.)		(13.22)	2.57
Diluted Earning per Share (Rs.)		(13.22)	2.57

Significant Accounting Policies &
Notes on Accounts
R

The Schedules annexed form an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary


Schedules forming part of the Consolidated Balance Sheet

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
1,50,00,000 Equity Shares of Rs.10/- each	15 00 00 000	15 00 00 000
	<u>15 00 00 000</u>	<u>15 00 00 000</u>
Issued, Subscribed & Paid-up		
1,10,85,191 Equity shares of Rs.10 each fully paid (Previous Year 1,10,85,191 Shares of Rs 10 each) Of the above, 58,79,262 (Previous Year 57,81,787) equity shares are held by the Holding Company M/s Fraxis Life Science Pvt.Ltd. Preferred Quotas	11 08 51 910	11 08 51 910
Total	<u>20 46 60 000</u> <u>31 55 11 910</u>	<u>11 08 51 910</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
a) Security Premium Account		
Opening Balance	23 49 45 340	5 21 60 000
Additions during the year		18 27 85 340
	<u>23 49 45 340</u>	<u>23 49 45 340</u>
b) Amalgamated Reserve		
Opening Balance	1 83 70 190	1 83 70 191
Less: Transfer to General Reserve	<u>1 83 70 190</u>	<u>1 83 70 191</u>
	-	-
c) General Reserve		
Opening Balance	6 41 46 399	6 25 45 520
Add: Transfer from Amalgamated Reserve Account	1 83 70 190	-
Adjustments on Amalgamation of Elixir Chemicals Pvt. Ltd. (Refer Note No. 1 of Schedule R)		
Add: Excess of Investment over net asset taken over in the Scheme of Amalgamation		
Add: Excess of Investment over net asset taken over	3 24 72 916	-
Add: Profit for the year 2007-08 of merged company	48 88 229	-
Add: Impact of Transitional Provision of AS-15(Revised)(Net of Deferred Tax)		6 00 879
Add: Transfer from Profit and Loss Account	<u>10 00 000</u>	<u>10 00 000</u>
	<u>12 08 77 734</u>	<u>6 41 46 399</u>
d) Capital Reserve		<u>2 11 44 035</u>
e) Translation Reserve	(8,937,948)	
f) Balance In Profit and Loss Account	<u>(52 532 477)</u>	<u>12 42 52 040</u>
Total	<u>29 43 52 649</u>	<u>46 28 58 005</u>
SCHEDULE 'C'		
a) SECURED LOANS		
(Refer note no.2 of Schedule 'R')		
(i) Term Loans		
i) Rupee Loans	24 81 53 318	63 33 449
ii) Foreign Currency Loans	4 54 44 173	16 04 00 000
(ii) Others Loans	<u>23 79 26 959</u>	<u>8 53 33 497</u>
	53 15 24 450	25 20 66 946
Interest accrued on above	22 03 043	-
	<u>53 37 27 493</u>	<u>25 20 66 946</u>
Term Loan Payable within a period of one year	9 98 29 274	33 40 000
SCHEDULE 'D'		
Deferred Tax Liability	2 41 63 460	2 34 20 289
(Refer Note No. 11 of Schedule R)		

Schedule E :

Schedules forming part of Balance Sheet (Contd...)**CONSOLIDATED STATEMENT OF FIXED ASSETS AS AT 31st March 2009**

Sr. No.	Particulars	GROSS BLOCK						DEPRECIATION						NET BLOCK		
		Opening Block	On addition / deletion of subsidiaries	Cost as on 01.04.2008	Additions during the year	Deductions during the year	Cost as on 31.03.2009	Opening balance	On addition / deletion of subsidiaries	Opening Balance as on 1.4.08	Addition during the year	Deduction during the year	Consolidation Adjustments	Dep. as on 31.03.2009	Wdv as on 31.03.2009	Wdv as on 31.03.08
1	Leasehold Land	2 71 23 453		2 71 23 453	26 46 740		2 97 70 193	10 87 643		10 87 643	3 90 358			14 78 001	2 82 92 192	2 60 35 810
2	Leasehold Property Improvements				1 39 30 106		1 39 30 106				2 32 168			2 32 168	1 36 97 838	
3	Freehold Land	6 52 894	40 96 338	47 49 232	42 272		47 91 504								47 91 504	6 52 894
4	Land Development	7 75 800		7 75 800			7 75 800								7 75 800	7 75 800
5	Factory Building	12 64 83 547	17 36 49 486	30 01 33 033	13 16 883		30 14 49 716	1 06 89 061	74 17 833	1 81 06 894	78 91 542		2 22 257	2 62 20 683	27 52 29 023	11 57 94 486
7	Other Buildings	2 09 68 460		2 09 68 460	1 05 23 073		3 14 91 533	9 19 031		9 19 031	3 64 320			12 83 351	3 02 06 182	2 00 49 429
8	Plant & Machinery	31 40 83 797	37 93 73 771	69 34 37 567	3 52 25 931	20 09 793	72 86 53 705	6 07 26 541	3 40 16 880	9 47 43 421	5 25 36 740	7 83 307	11 09 800	14 78 06 655	57 90 47 050	25 33 37 255
9	Furnitures & Fixtures	87 81 009	7 80 732	95 61 741	80 75 627		1 76 37 368	16 87 681	47 345	17 35 025	6 72 115		1 880	24 09 031	1 52 28 338	70 93 328
10	Intangible		1 13 14 355	1 13 14 355			1 13 14 355		21 96 548	21 96 548	14 21 901		86 716	37 05 165	76 09 191	
11	Vehicles	1 32 13 626	9 61 187	1 41 74 813		7 93 133	1 33 81 680	15 99 506	1 33 370	17 32 877	12 83 919	1 18 145	3 502	29 02 152	1 04 79 528	1 16 14 120
	TOTAL	51 20 62 386	57 01 75 869	1 08 22 36 254	7 17 60 432	26 02 926	1 15 11 95 780	7 67 09 463	4 38 11 976	12 05 21 439	6 47 93 063	9 01 452	14 24 165	18 58 37 215	96 53 58 545	43 53 52 922
12	Capital Work in Progress & Advance to suppliers	2 45 18 082	13 55 55 579	16 00 73 661	1 78 16 878	1 33 44 404	16 45 46 135								16 45 46 135	2 45 18 082
	TOTAL Rs	53 65 80 468	70 57 31 448	1 24 23 11 915		1 61 47 330	1 31 57 41 895		4 38 11 976	12 05 21 438	6 47 93 063	9 01 452	14 24 165	18 58 37 215	1 12 98 04 680	45 98 71 004
	As on 31.03.2008			24 45 73 907	30 10 86 378	90 79 817	53 65 80 468			4 72 33 227	2 99 78 619	5 02 382		7 67 09 464	45 98 71 004	




Schedules forming part of the Consolidated Balance Sheet (Contd...)

Particulars			Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
SCHEDULE 'F'				
INVESTMENTS				
In	Face value	Description		
Numbers	per share			
(A) Trade Investments				
(a) Long Term Investments (at cost)				
Fully Paid Equity Shares (unquoted)				
(i) Others				
1,000	10	ACMA CETP *	10 000	10 000
2,000	10	TIMA CETP **	40 000	40 000
(b) Short Term Investments				
Fully Paid Equity Shares (quoted)				
100,000	10	N.B. Footware	1	1
6,300	10	Agrotech India Ltd	1	1
36,250	10	Agrodutch Industries	10 04 220	10 04 220
32,500	10	Transchem Ltd	4 69 550	4 69 550
6,930	10	Nath Bio Genes I Ltd	1	1
18,270	10	Nath Seed Ltd	1	1
Fully Paid Equity Shares (unquoted)				
58,800	10	Aditya Investment & Communication Ltd.	1	1
25,000	10	Anantroop Trading Pvt.Ltd. (premium Rs.150 per share)	25 00 000	40 00 000
500	100	Tepee Consultants Pvt. Ltd. (premium Rs.4900 per share)		25 00 000
12,500	10	Vinar Niryat Pvt. Ltd. (premium Rs.190 per share)		25 00 000
(B) Other Investments				
Investment in Mutual Fund				
		SBI Infrastructure Series I Growth Fund (NAV as on 31.03.2009 Rs.5.65 per unit)	10 00 000	10 00 000
Less : Provision for Diminution in Value of Investments			50 23 775	1 15 23 775
			14 30 470	
* Ambernath Chemical Manufacturers' Association Common Effluent Treatment Plant				
** Tarapur Industrial Manufacturers' Association Common Effluent Treatment Plant				
Total			35 93 305	1 15 23 775
Aggregate Book Value of Quoted Investments			39 73 774	1 04 73 774
Aggregate Market Value of Quoted Investments			10 63 978	10 73 000

SCHEDULE 'F-1'
ADVANCE FOR INVESTMENTS

(a) Advance for Vedic Share Purchases	15 03 51 405	-
(b) SeQuent Global Holdings Ltd.		
	15 03 51 405	-


Schedules forming part of the Consolidated Balance Sheet (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'G'</u>		
<u>CURRENT ASSETS, LOANS & ADVANCES</u>		
A. Current assets		
1. Inventories		
(As valued & certified by the Management)		
Raw Materials & Intermediates	19 89 62 206	10 37 41 295
Packing Material	22 79 235	15 49 644
Finished Goods	7 77 35 228	3 49 81 597
Work In Process	3 95 27 426	1 79 60 228
Fuel	13 28 916	12 83 652
	31 98 33 011	15 95 16 416
2. Sundry debtors		
(Unsecured & Considered Good)		
Outstanding for more than six months		
a) Considered Good	19 66 17 330	12 43 968
b) Considered Doubtful	14 21 894	
	19 80 39 224	12 43 968
c) Other Debts	19 78 75 136	21 47 73 884
	39 59 14 360	21 60 17 852
Less : Provision for Doubtful Debts	14 21 894	
	39 44 92 466	21 60 17 852
3. Cash and bank balances		
a) Cash on hand	9 03 522	20 84 349
b) Balance with Scheduled Banks		
- In Current/Cash Credit accounts	1 63 54 583	1 70 75 905
- In Deposit accounts	1 34 97 743	96 85 036
c) Balance with non scheduled banks		
- In Current accounts (Max. Bal. O/s. Rs.2,78,49,057/-)	43 92 912	81 92 987
- In EEFC accounts (Max. Bal. O/s. Rs.1,79,69,423/-)	58 79 920	42 66 846
	4 10 28 680	4 13 05 123


Schedules forming part of the Consolidated Balance Sheet (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
B. Loans and advances		
(Unsecured, considered good)		
a) Advance recoverable In cash or in kind or for value to be received	13 37 63 152	37 99 327
b) Inter-Corporate Deposit	6 88 77 619	7 91 77 189
(Including Interest receivable of Rs.1,31,51,126 Previous Year Rs.21,13,000)		
c) Other Deposits	87 62 116	46 30 993
d) Balances with Customs/Excise Authorities	13 85 93 403	2 74 99 913
Total	34 99 96 290	11 51 07 422

SCHEDULE 'H'
CURRENT LIABILITIES AND PROVISIONS
A. Current Liabilities

a) Sundry Creditors (Refer Note 5 of Sch R)	62 69 99 772	13 40 66 023
b) Other Liabilities	5 67 71 037	37 14 635

B. Provisions

a) Employees Benefits	18 72 72 854	26 23 348
b) Taxation (Net of Advance Tax)	62 27 872	26 55 246
c) Proposed Dividend	1 10 85 191	1 10 85 191
Total	88 83 56 726	15 41 44 443


Schedules forming part of Consolidated Profit & Loss Account

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'I'</u>		
<u>SALES & OPERATING INCOME</u>		
Manufacturing		
(a) Local Sales	86 57 70 593	44 50 98 939
Less: Excise Duty	5 22 75 944	6 68 01 764
Net Local Sales	81 34 94 650	37 82 97 175
(b) Export Sales	56 60 86 657	26 90 80 529
Trading		
Merchant Trading	6 06 30 563	3 38 52 734
	144 02 11 870	68 12 30 438
Processing and Development Charges (TDS Rs nil P.Y.Rs 6,11,670/-)	-	6 67 29 533
Total	144 02 11 870	74 79 59 971

SCHEDULE 'I'
OTHER INCOME

(a) Interest (TDS Rs 33,35,868/- P.Y. Rs 4,81,387/-)		
- from Banks	15 68 372	13 19 285
- from Others	1 32 11 856	22 20 811
(c) Sale of Import Licence	-	1 89 785
(f) Miscellenous Income	5 03 21 495	2 41 099
Total	6 51 01 723	39 70 980

SCHEDULE 'K'
Direct Manufacturing Cost

Raw material Consumed		
Opening Stock	10 36 95 107	4 21 40 308
Add: Purchases	74 43 76 413	39 67 59 489
	84 80 71 520	43 88 99 797
Less: Closing Stock	19 89 62 207	10 37 41 294
	64 91 09 313	33 51 58 503


Schedules forming part of Consolidated Profit & Loss Account (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
Manufacturing Expenses		
(a) Conversion / Processing Charges	7 54 58 853	4 95 21 117
(b) Contract Labour Charges	2 63 10 381	3 32 24 340
(c) <u>Consumption of Fuel</u>		
Opening Stock	12 83 652	5 23 673
Add: Purchases	4 19 04 638	2 21 56 170
	<u>4 31 88 290</u>	<u>2 26 79 843</u>
Less: Closing Stock	13 28 916	12 83 652
	<u>4 18 59 374</u>	<u>2 13 96 191</u>
(d) <u>Consumption of Packing Material</u>		
Opening Stock	15 49 643	7 48 997
Add: Purchases	1 81 05 490	1 02 12 953
	<u>1 96 55 133</u>	<u>1 09 61 950</u>
Less: Closing Stock	22 79 235	15 49 644
	<u>1 73 75 898</u>	<u>94 12 306</u>
(e) Consumption of Stores & Spares	2 32 98 859	1 31 21 820
(f) Electricity Charges	14 21 27 208	1 78 78 622
(g) Water Charges	31 96 915	37 37 021
(h) <u>Repairs & Maintenance</u>		
- Plant & Machinery	1 86 39 070	94 03 930
- Building	44 86 777	25 04 185
- Others	2 67 08 098	49 92 820
(j) Excise Duty on Finished Goods	(691,438)	43 59 067
(k) Waste Disposal	5 98 38 030	
	<u>43 86 08 025</u>	<u>16 95 51 419</u>
Total	<u>108 77 17 339</u>	<u>50 47 09 922</u>

SCHEDULE 'I'
(INCREASE) / DECREASE IN STOCK

Opening Stock		
- Work in progress	2 24 41 594	37 33 062
- Finished Goods	8 27 44 047	51 23 390
Add: Stocks Acquired from M/s. Elxlr Chemicals Pvt. Ltd.		
- Work In Progress	14 16 231	-
- Finished Goods	33 05 317	-
Add: Stocks Acquired from M/s. Transchem Ltd.		
- Finished Goods	-	3 98 27 549
- Work In Progress	-	2 15 67 133
Less: Closing Stock		
- Work in progress	3 95 27 426	1 79 60 229
- Finished Goods	7 77 35 228	3 49 81 597
Total	<u>(73 55 464)</u>	<u>1 73 09 308</u>


Schedules forming part of Consolidated Profit & Loss Account (Contd...)

Particulars	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
<u>SCHEDULE 'M'</u>		
<u>EMPLOYEE COST</u>		
(a) Salary, Wages & Allowances	16 51 52 320	4 59 91 915
(b) Contribution to Provident & Other Fund	4 63 49 534	40 57 177
(c) Staff & Labour Welfare Expense	93 80 730	19 41 402
Total	22 08 82 584	5 19 90 494
<u>SCHEDULE 'N'</u>		
<u>ADMINISTRATIVE EXPENSES</u>		
(a) Rent	42 36 060	18 14 015
(b) Rates & Taxes	15 38 034	7 27 738
(c) Insurance Chgs.	40 48 995	27 64 823
(d) Repair & Maintenance	32 05 628	8 40 853
(e) Vehicle maintenance	51 38 383	18 84 701
(f) Printing & Stationery	31 07 754	19 52 381
(g) Professional Fees	1 72 20 083	59 07 665
(h) Tours & Travelling Expenses	63 23 257	24 05 147
(i) Communication Expenses	51 67 136	18 19 098
(j) Provision for diminution In Value of Investments	14 30 470	-
(k) Security Guards Expenses	33 59 532	26 58 300
(l) Miscellaneous Expenses	3 52 68 720	58 13 888
Total	9 00 44 052	2 85 88 609
<u>SCHEDULE 'O'</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
(a) Commission & Brokerage	1 51 92 037	88 46 196
(b) Freight & Clearing Charges	1 98 50 336	1 03 96 431
(c) Sales promotion	80 25 266	32 96 798
Total	4 30 67 638	2 25 39 425
<u>SCHEDULE 'P'</u>		
<u>RESEARCH & DEVELOPMENT EXPENSES</u>		
(a) Purchase Chemicals & Consumables	2 53 69 352	46 52 651
(b) Sample, Testing & Analysis Charges	22 84 437	8 33 688
(c) Development expenses	79 01 870	73 14 180
Total	3 55 55 659	1 28 00 519
<u>SCHEDULE 'Q'</u>		
<u>FINANCE COST</u>		
(a) Interest on Fixed Period Loans	2 27 11 462	92 78 387
(b) Interest on Other loans	1 79 98 265	56 71 763
(c) Bank Charges	98 05 127	37 19 938
Total	5 05 14 855	1 86 70 088



Schedules forming Part of Consolidated Balance Sheet and Profit and Loss A/c

SCHEDULE 'R' - Significant Accounting Policies and Notes to Accounts forming part of consolidated financial statements for the year ended 31st March 2009.

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation:

The Consolidated Financial Statements relate to P I Drugs & Pharmaceuticals Limited, the parent and its subsidiaries companies namely Sequent Global Holdings Limited, Sequent European Holdings Limited and Strides Italia Srl. The financials statements of subsidiaries are drawn upto 31st March 2009 for consolidation with the parent whose reporting date is 31st March 2009.

(a) Principles of consolidation:

- (i) The Financial Statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.
- (ii) The excess cost to the Company of its investments in subsidiary companies over its share of equity of subsidiaries on the date on which investment is made, is recognised as 'Goodwill on Consolidation' in the financial statements. The share of equity in the subsidiary companies as on the date of investment, being in excess of the cost of investment of the Company, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries" and shown under the head "Reserves and Surplus" in the Consolidated Financial Statements.
- (iv) Minority interest in the Net Asset of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above. Share of losses of minority in excess of their interest in net asset is absorbed by the parent.

(b) The subsidiary companies which are included in consolidation and the percentage of ownership interest therein of the Company as on 31st March 2009 are as under :

	Ownership Held by	Percentage of ownership interest as on		Country of Incorporation
		31/03/2009	31/03/2008	
Sequent Global Holdings Limited	P I Drugs & Pharmaceuticals Limited	100	-	Mauritius
Sequent European Holdings Limited (step down subsidiary)	Sequent Global Holdings Limited	100	-	Cyprus
Strides Italia (step down subsidiary)	Sequent European Holdings Limited	81	-	Italy
Elixir Chemicals Pvt. Limited (now merged with the Parent)	P I Drugs & Pharmaceuticals Limited	-	100	India


Schedules forming Part of Consolidated Balance Sheet and Profit and Loss A/c

- (c) In case of non-integral operations, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated at yearly average exchange rate prevailing during the period. Exchange differences arising out of these translations are included in the 'Foreign Currency Translation Reserve' under Reserves and Surplus.
- (d) The consolidated financial statements include assets, liabilities, income and expenses aggregating to amounts indicated below which are included on the basis of unaudited financial statements of the subsidiaries:

	<u>(Rs. in lacs)</u>
Loan Funds	5272.93
Fixed Assets	6491.88
Current Assets	5316.70
Current Liabilities	7066.76
Income	4267.71
Expenses	5766.03

1. Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention and on accrual basis, in accordance with the generally accepted accounting principles in India, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The financial statements of foreign subsidiaries have been prepared in accordance with the generally accepted accounting principles prevailing in the country of their incorporation. There are no material differences in the accounting policies followed by the subsidiaries from the parent's accounting policies.

2. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual amounts and estimates are recognised in the period in which they materialise.

3. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost of fixed assets is inclusive of freight, installation charges and other incidental expenses.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

4. Depreciation

Depreciation on fixed assets is provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on leasehold improvements is charged over the period of lease.

5. Investments

Current investments are valued at lower of cost or market value.

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

6. Inventory

Inventories are valued at lower of cost or net realizable value.

Cost of raw materials, packing material and fuel is determined on FIFO basis.



CONSOLIDATED NOTES ON ACCOUNTS

Finished products, work in progress and intermediates are valued lower of cost or net realisable value. Cost comprise of raw material cost, conversion charges and related production overheads.

7. Borrowing Cost

Borrowing costs attributable to acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset, till the month in which the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

8. Revenue Recognition and accrual of expenses

Sales are recognised on transfer of risks and rewards of ownership, which coincides with despatch of goods to customers. Sales are stated net of excise duty, discounts and sales returns.

Dividend income is recognised when the right to receive the same is established.

Interest income is accounted on an accrual basis at contracted rates.

All expenses are charged to profit and loss account as and when incurred. Provisions are made for all known losses and liabilities.

9. Research and Development Expenditure

Revenue expenditure on Research and Development is charged to Profit and Loss Account. Capital expenditure on assets acquired for Research and Development is accounted as Fixed Assets.

10. Employee Benefits

Defined contribution Plans

Company's contribution paid / payable during the year to Provident Fund is recognised in the Profit and Loss Account.

Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which considers each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

11. Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.

Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet.

Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Profit & Loss Account.

12. Provision and Contingent Liabilities

Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.


CONSOLIDATED NOTES ON ACCOUNTS (Contd...)
13. Taxes on Income

Provision for current income tax is made on current tax rate based on assessable income computed under the Income Tax Act 1961.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

B. NOTES TO ACCOUNTS

1. The Company has acquired all the assets and liabilities of its wholly owned subsidiary company Elixir Chemicals Private (Elixir) with effect from the Appointed Date 1st April 2007, pursuant to a scheme of Amalgamation of Elixir Chemicals Private Limited with the Company as approved by the Hon'ble High Court of Bombay vide order dated March 20, 2009. Since the Amalgamating Company was wholly owned subsidiary company, no consideration was paid as per the scheme. The said amalgamation is in the nature of merger and has been accounted as pooling of interest method in accordance with the Accounting Standard 14 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India and as per the treatment prescribed by the scheme. The Accounting treatment followed is as under:

1. All the assets and liabilities of Elixir, as appearing in the books as on 1st April 2007, are recorded in the books of the Company at the respective book values.
2. Difference between carrying cost of the investment in the Elixir as appearing in the books of the Company and the net assets of Elixir of Rs. 3,24,72,916 is adjusted in General Reserve as per the scheme.
3. Elixir's profit after tax for the year ended 31st March 2008 amounting to Rs. 48,88,229 is credited to the General Reserve account.
4. The inter-company balance of Rs. 7,63,67,064 as on 1st April 2008 as appearing in the books of Elixir and the Company has been eliminated.

Summary of assets and liabilities taken over and adjustments to General Reserve on 1st April 2007

<u>Investment value of Elixir Chemicals Pvt. Limited in the books</u>	<u>9,02,25,321</u>	
<i>Assets</i>		
- Fixed Assets	5,88,27,012	
- Investments	14,93,773	
- Current Assets	10,83,61,229	
	<u>16,86,82,014</u>	
<i>Liabilities</i>		
- Loans	13,73,047	
- Current Liabilities	4,16,58,550	
- Deferred Tax Liabilities	29,52,180	
	<u>4,59,83,777</u>	
Net Assets taken over		<u>12,26,98,237</u>
Adjustment to General Reserve as per scheme		<u>3,24,72,916</u>



CONSOLIDATED NOTES ON ACCOUNTS (Contd...)

Adjustment of difference between net assets taken over in the amalgamation and the carrying value of Investments in the books of Rs. 3,24,72,916 is as per the Scheme of Amalgamation, & not in accordance with the requirements of the Accounting Standard 14 (AS-14). Had the requirements Accounting Standard is followed, the aforesaid difference of Rs. 3,24,72,916 would have been credited to Capital Reserve and accordingly the General Reserve would have been lower by the same amount.

2. Secured Loans

Term loans: are secured by

a. State Bank of India:-

- a) First pari passu charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W152, MIDC), Mahad, Ambernath, Additional Ambernath, Bangalore & Kumta and Office premises at 116 Vardhaman Industrial Complex Thane.
- b) First Exclusive charge on office premises at 102-104 Vardhaman Industrial Complex Thane.
- c) Pledge of 100% shares of the Company in Joint Venture Company, Galenica B.V Netherlands.
- d) Second charge on current assets of the company.
- e) Personal guarantee of K.R.Ravishankar Director and Arunkumar, promoter and Corporate guarantee of Sequent Scientific Ltd.

b. Axis Bank:- Equitable Mortgage of the residential flat No A 303 3rd floor, "ETHER" Jp Nagar Bangalore with Personal Guarantee of Mr K.R.Ravishankar. promoter Director.

c. Andhra Bank:-

- a) Exclusive first charge on the assets located at Plot W-150/151, W136-141, MIDC Tarapur, Biosar and at A14 MIDC (Phase1) Dombivili and
- b) Second charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W-152, MIDC), Mahad, Ambernath, Additional Ambernath & Kumta and Office premises at 116 Vardhaman Industrial Complex.

d. State Bank of Hyderabad:-

- a) First pari passu charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W152 MIDC), Mahad, Ambernath, Additional Ambernath, Bangalore & Kumta and Office premises at 116 Vardhaman Industrial Complex.
- b) Second Charge on the current assets of the company.

e. InterBanca SPA-Italy:-

First charge on fixed assets of Strides Italia.

f. Working Capital Loans from Andhra Bank.

- a) secured by first charge on stocks, receivables and other movable assets of the Company.
- b) Second charge on fixed assets of the company consisting of Factory land, building and Plant and Machinery located at Tarapur (Plot No W-152, MIDC), Mahad, Ambernath, Additional Ambernath & Kumta and Office premises at 116 Vardhaman Industrial Complex.
- c) Personal guarantee of Mr K.R.Ravishankar, promoter Director and Corporate Guarantee of Fraxis Life Sciences Ltd.

3. Estimated amounts of contracts remaining to be executed on capital account Rs. 127.81 lacs (previous year Rs. 12.83 lacs)


CONSOLIDATED NOTES ON ACCOUNTS (Contd...)
4. Contingent Liabilities

		(Rs. in lacs)
	2008-09	2007-08
• Bank guarantee and letter of credits	251.74	324.39
• Sales tax	Nil	19.85
• Income Tax	6.23	Nil

5. According to the Information available with the Company, there are no dues payable to suppliers covered by Micro, Small and Medium Enterprise Development Act, 2006. (assuming that no supplier has intimated to you otherwise)

6. Particulars of Directors Remuneration:

		(Rs. in lacs)
Sr.No.	Particulars	2008-09
1	Salaries and Bonus	76.61
2	House Rent Allowance	1.21
3	Contribution to PF & Other Funds	25.28
4	Leave Encashment	19.46
	Total	122.56

Out of the above, remuneration of Rs. 72.16 lacs to executive directors is as per Shareholders' approval in General Meeting and within the limits laid down in Schedule XIII of the Companies Act, 1956.

Remuneration to Managing Director of Rs. 50.40 lacs is subject to approval of Central Government.

No commission is paid to Directors.

Sitting fees of Rs.4,00,000 (Previous Year Rs.4,60,000) are paid to non-executive director.

7. AS-28 Impairment of Assets

As on the Balance Sheet date, the carrying amount of the fixed assets is less than the recoverable amount of those assets and hence there is no impairment loss.

8. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value which on realisation in ordinary course of business would at least be equal to amounts stated in the Balance Sheet.

9. The Company operates in one business segment namely - Pharmaceuticals.

10. Related Party Disclosures

List of related parties

Enterprise Controlling Company

Fraxis Life Sciences Pvt Ltd

Companies under the common control including fellow subsidiaries:

SeQuent Scientific Ltd

Strides Acrolabs Ltd

SeQuent Research Ltd

ATMA Projects

Agnus Holdings Ltd

Latitude Projects Pvt Ltd

Vedic Elements Pvt Ltd

Strides Vital Nig Ltd

Key Management Personnel:

Mr. L.N.Bhat - Managing Director (upto 15.11.2008)

Mr. S.N.Jagannath - Executive Director

Mr. K.R.Ravishanker - Managing Director (from 01.11.2008)

Enterprises over which key management personnel are able to exercise significant influence:

Nil



Transactions with related parties during the year and balance as on 31st March, 2009

Rs. In Lakhs

Nature of Transactions	Enterprise controlling the company	Companies under common control including fellow Subsidiaries								Key Management Personnel
	Fraxids Life Sciences Pvt Ltd	Sequent Scientific Ltd	Strides Acrolabs Ltd	Sequent Research Ltd	ATMA Projects	Agnus Holdings Pvt Ltd	Latitude Projects Pvt Ltd	Vedic Elements Pvt Ltd	Strides Vital Nig Ltd	
Sale of Goods										
Current Year		71.07	9.97						79.86	
Previous Year		140.53	11.01						-	
Pur. of Goods										
Current Year		0.28								
Previous Year										
Capital Advances										
Current Year					-		18.01			
Previous Year					125.00		-			
Deposit (Asset)										
Current Year					41.40					
Previous Year					-					
Receiving of Services										
Current Year		72.46			22.11					
Previous Year		81.62			-					
Remuneration										
Current Year										122.56
Previous Year										41.11
Expense Re-Imbursement Made										
Current Year		-								
Previous Year		8.11								
Expense Re-Imbursement Received										
Current Year		-								
Previous Year		0.47								
Investments										
Current Year										
Previous Year										
Issue of Shares										
Current Year										
Previous Year	1810.37									
Advance for Investment										
Current Year						1503.51				
Previous Year						-				
ICD Placed										
Current Year										
Previous Year										
ICD Refunded										
Current Year										
Previous Year										
Loan Given										
Current Year		1500.26						309.64		
Previous Year		475.00		300.00				-		8.78
Loan Refund										
Current Year		1501.25						181.16		
Previous Year		-						-		
Sale of Fixed Assets										
Current Year										
Previous Year										27.30
Pur. of Fixed Assets										
Current Year			1.80				99.99			
Previous Year			-				-			
Interest Received										
Current Year		84.46		30.89		7.57		8.59		
Previous Year		15.62		5.51		-		-		
Dividend Paid										



Current Year										
Previous Year										
Dividend Received										
Current Year										
Previous Year										
Receivable										
Current Year		588.63	9.97	-	81.96	1503.51	9.49	135.31	23.84	-
Previous Year		529.75	-	304.37	125.00	-	-	-	-	8.78
Payable										
Current Year										
Previous Year										

11. Deferred Tax Asset / Liabilities

The tax effect of significant timing differences during the year that have resulted in deferred tax assets and liabilities are given below.

Particulars	31.03.2009 (Rs. in lacs)	31.03.2008 (Rs. in lacs)
Deferred Tax Liabilities:		
Depreciation	287.69	205.77
Other timing differences [AS-15 (revised) tax effect]		3.25
Total deferred tax liabilities	287.69	209.02
Deferred tax assets:		
Expenses allowed on payment basis	46.06	15.26
Other timing differences	-	-
Total deferred tax assets	46.06	15.26
Deferred tax assets / liabilities (net)	241.63	193.76

12. Proposed Amalgamation of Sequent Scientific Limited

The Scheme of Amalgamation of Sequent Scientific Ltd (SSL) with the company from 1st April 2008 has been approved by share holders and creditors of the respective companies in their meeting held on 3rd Jan 2009. Under the scheme all, assets and liabilities of SSL will be transferred and recorded in the books as per valuation report or value determined by the Management of the Company. The company will issue seven equity shares of Rs 10 each for every three equity shares of Rs 10 each held by share holders of SSL as a consideration. The deficit, if any, in the value of the assets over the value of the liabilities of the Transferor company after adjusting the aggregate of face value of the shares issued by the Transferee company being Goodwill to be setoff against share premium account and or other reserves of the Transferee Company post aggregation of such reserves of the Transferor company in the transferee company. The scheme is yet to be approved by High Court and therefore no effect is given in accounts.

13. Earnings per Share

		(Rs.in lacs)
	2008-09	2007-08
a) Profit /(Loss) after tax as per Profit and Loss A/c	(14,65,98,286)	2,52,18,452
b) Less Extraordinary items	0	0
c) Profit attributable to Equity Share Holders	(14,65,98,286)	1,52,18,452
b) Weighted Average Number of Shares for Basic EPS	Nos. 110 85 191	97 99 621
c) Nominal value per equity shares	10	10
d) Earning per share (Basic)	(13.22)	2.57
e) Diluted Earnings per share	(13.22)	2.57

As per our report of even date

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

For and on behalf of the Board

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary


CASH FLOW STATEMENTS

Particulars	2008-09 Rupees	2007-08 Rupees
Net Profit before Tax	(126,418,444)	-
Adjustments for		
Add: Depreciation	64,793,060	-
Loss on sale of fixed asset	899,014	-
Provision for doubtful debts	1,421,894	-
Provision for diminution in value of investments	1,430,470	-
Interest & finance cost	50,514,855	-
	(7,359,151)	-
Less: non-operating income		-
Interest	14,780,228	-
Operating Profit / Loss Before Working Capital Charges	(22,139,379)	-
Adjustment for working capital changes		-
<u>Increase / Decrease</u>		
Trade Receivables	(99,264,698)	-
Inventories	(154,473,682)	-
Trade Payables	481,966,802	-
Other Liabilities and Provisions	237,705,908	-
other Receivables	(231,717,115)	-
	234,217,214	-
Net Cash after working capital adjustment	212,077,835	-
Less: Taxes paid	17,741,128	-
Net Cash from Operating Activities	194,336,707	-
Net Cash Flow from Investing Activities		
Acquisition of business	-	-
Purchase of Fixed Assets (net)	75,230,446	-
Investment in subsidiaries	-	-
Proceeds from sale of investments	6,500,000	-
Advance for investments	150,351,405	-
Interest Received	3,742,102	-
Net Cash used In Investing Activities	215,339,749	-
Cash Flow from Financing Activities		
Proceeds of Issue of Equity Capital	-	-
Increase in loan funds	717,311,238	-
Interest Paid	48,311,812	-
Dividend paid	13,870,379	-
Dividend distribution tax paid	2,357,281	-
Cash from Financing Activities	652,771,767	-
Net Increase/(Decrease) In Cash and Cash Equivalents)	631,768,724	-
Cash and Cash Equivalent as at 31.03.2008	41,305,123	-
Cash and Cash Equivalent as at 31.03.2009	41,028,680	-
	(276,443)	-

As per our report of even date

For and on behalf of the Board

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary


Balance Sheet Abstract and Company's General Business Profile :
I. REGISTRATION DETAILS :

Registration Number	36685
State Code	11
Balance Sheet Date	31.03.2009

II. CAPITAL RAISED DURING THE YEAR (Rs.) :

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND :

Total Liabilities	160 39 54 095
Total Assets	160 39 54 095

Source of Funds:

Paid up Capital	31 55 11 910
Reserve & Surplus	29 43 52 649
Secured Loan	53 37 27 493
Unsecured Loan	43 61 98 583
Intercompany Deposit	NIL
Deferred Tax Liabilities	2 41 63 460

Application of Fund :

Net Fixed Assets	112 99 04 680
Investments	15 39 44 710
Net Current Assets	32 01 04 705

IV. PERFORMANCE OF THE COMPANY

Turnover / Other Income	150 53 13 593
Total Expenditure	163 17 32 037
Profit / (Loss) Before Tax	(12 64 18 444)
Profit / (Loss) after Tax & Adj.	(14 65 98 286)
Earning per Share (Rs.)	(13.22)
Dividend %	10%

V. PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY :

Item Code / (ITC Code) / Product Description	Mfg. & Trading in Bulk Drugs
29.33.00	

As per our report of even date

For and on behalf of the Board

For M/s B.K.Khare & Co.,

Chartered Accountants

Devdatta Mainkar

Partner

M No: 109795

Mumbai, 22nd June, 2009

K.R.Ravishankar

Chairman & Managing Director

R Kannan

Director

Lata Varshney

Company Secretary



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM
12 JUNE 2008
(DATE OF INCORPORATION)
TO 31 MARCH 2009



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

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SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

CORPORATE INFORMATION

		Date of appointment	Date of resignation
DIRECTORS	:		
	Mrs Marie – Claire Tze	29 Aug 08	09 Oct 08
	Mr Balasubramanian Mahalingum	31 Oct 08	02 Mar 09
	Mr Pudhucode Radhakrishnan Kannan	15 Sept 08	-
	Mr Denis Sek Sum	01 Sept 08	-
	Mr Fong Kong Yune Kim	01 Sept 08	-
	Mr Keerthapati Ramaraju Ravi Shankar	31 Oct 08	-
REGISTERED OFFICE	:		
	St James Court – Suite 308 St Denis Street Port Louis Republic of Mauritius		
COMPANY SECRETARY	:		
	First Island Trust Company Ltd St James Court – Suite 308 St Denis Street Port Louis Republic of Mauritius		
BANKER	:		
	State Bank of India 34 ,Sir William Newton Street, Port Louis Republic of Mauritius State Bank of India, UK Operations 15 King Street,London,EC2V 8EA		
AUDITOR	:		
	Mr Qalyoom Dustagheer FCCA, MIPA (M) St James Court – Suite 314 St Denis Street Port Louis Republic of Mauritius		



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

DIRECTORS' COMMENTARY
FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

The directors present their commentary, together with the audited financial statements of **Sequent Global Holdings Limited** ("the Company") for the period from 12 June 2008 to 31 March 2009.

PRINCIPAL ACTIVITY

The main business activity of the Company is to hold investments.

RESULTS AND DIVIDENDS

The results for the period are shown on page 7.

The directors do not recommend the payment of a dividend for the period under review.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's balance sheet at 31 March 2009 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

DIRECTORS' INTEREST

- § There are no service contracts in existence between the Company and any of its directors, nor are any such contracts proposed.
- § No director has any interest, direct or indirect, in the promotion of, or in any equity and debt securities of the Company.

BY ORDER OF THE BOARD

(sd. Denis Sek Sum)
DIRECTOR

Date: 30 June 2009



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

SECRETARY'S CERTIFICATE
FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

We certify that, to the best of our knowledge and belief, we have filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001 in terms of Section 166 (d) for the period from 12 June 2008 to 31 March 2009.

Signed

For and on behalf of:

First Island Trust Company Ltd
Corporate Secretary

Registered office:

St James Court – Suite 308
St Denis Street
Port Louis
Republic of Mauritius

Date: 30 June 2009



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

QAIYOOM DUSTAGHEER FCCA, MIPA (M)

SUITE 314, ST JAMES COURT, ST DENIS STREET, PORT LOUIS, REPUBLIC OF MAURITIUS

TEL: (230) 213 7841 FAX: (230) 213 7844

EMAIL: gdustagheer@orange.mu

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

Report on the financial statements

I have audited the financial statements of **Sequent Global Holdings Limited** on pages 7 to 18 which comprise the balance sheet as at 31 March 2009 and the income statement, statement of changes equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

As described on page 3, the Company's directors are responsible for the preparation and presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, which give a true and fair view of the matters to which they relate, and which present fairly the financial position of the Company at 31 March 2009 and its financial performance, changes in equity and cash flows for the period then ended.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities

I am responsible for expressing an independent opinion, based on my audit, on the financial statements presented by the directors and reporting my opinion to you.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

Consolidated financial statements

The Company has not prepared consolidated financial statements as required by International Accounting Standards (IAS 27), Consolidated and Separate Financial Statements as the directors are of the opinion that the preparation of the consolidated financial statements under IFRS for the Company would entail significant time costs, which would



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

not serve a meaningful purpose either to the company or its shareholders. The holding company prepares its consolidated financial statement under the Indian GAAP.

Opinion

I have obtained all the information and explanations I have required.

In my opinion:

- (a) proper accounting records have been kept by the Company as far as it appears from my examination of those records; and
- (b) the financial statements on pages 7 to 18:
 - (i) have been prepared in accordance with and comply with International Financial Reporting Standards;
 - (ii) give a true and fair view of the matters to which they relate; and
 - (iii) present fairly the financial position of the Company at 31 March 2009 and its financial performance, changes in equity and cash flows for the period then ended.

Disclaimer

As no consolidated financial statements have been prepared in accordance with IAS 27, I cannot express an opinion thereon.

Other matter

This report is made solely to the Company's member, in accordance with section 205 of the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's member those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company's member, for my audit work, for this report, or the opinions I have formed.

I have no relationship with, or any interests in, the Company other than in my capacity as auditor.

Qalyoom Dustagheer FCCA, MIPA(M)

Licensed Auditor

Date: 30 June 2009



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

INCOME STATEMENT

FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Note	12 June 08 - 31 Mar 09 EUR
Income		-
Expenses		
Audit fees		710
Accounting fees		303
Licence fees		1,360
Administration fees		3570
Tax filing fees		189
Bank charges		804
		6,936
Loss before taxation		(6,936)
Income tax expense	6	-
Loss for the period		(6,936)



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

ASSETS

Non-Current assets

Investment in subsidiary	7	1,002,000
--------------------------	---	-----------

Current assets

Other financial assets	8	2,021,828
------------------------	---	-----------

Cash and cash equivalents	9	1,841
---------------------------	---	-------

2,023,669

Total assets		3,025,669
---------------------	--	------------------

EQUITY AND LIABILITIES

Capital and reserves

Stated capital	10	740,740
----------------	----	---------

Accumulated losses		(6,936)
--------------------	--	---------

Equity attributable to equity holders		733,804
---------------------------------------	--	---------

Non-current liabilities

Borrowings	11	2,290,663
------------	----	-----------

Current liabilities

Other payables	12	1,202
----------------	----	-------

Current income tax liabilities		-
		1,202

Total liabilities		2,291,865
--------------------------	--	------------------

Total equity and liabilities		3,025,669
-------------------------------------	--	------------------

Approved by the Board of Directors on 30th June 2009 and signed on its behalf by:

Denis Sek Sum
DIRECTOR

Fong Kong Yune Kim
DIRECTOR



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Stated capital EUR	Accumulated losses EUR	Total EUR
At 12 June 2008	-	-	-
Issue of shares	740,740	-	740,740
Loss for the period	-	(6,936)	(6,936)
At 31 March 2009	740,740	(6,936)	733,804



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

CASH FLOW STATEMENT
FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	2009 EUR
OPERATING ACTIVITIES	
Loss for the period before taxation	(6,936)
Adjustments to reconcile loss before tax to net cash flows	
<u>Working capital adjustments:</u>	
Increase in other payables	1,202
Net cash used in operating activities	(5,734)
INVESTING ACTIVITIES	
Payment for acquisition for investment in subsidiary	(1,002,000)
Loan granted	(2,021,828)
Net cash used in investing activities	(3,023,828)
FINANCING ACTIVITIES	
Proceeds from issue of shares	740,740
Proceeds from borrowings	<u>2,290,663</u>
Net cash generated from financing activities	<u>3,031,403</u>
Net movement in cash and cash equivalents	1,841
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period (Note 9)	1,841



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 12 June 2008 as a private company with liability limited by shares. The Company was granted a Global Business Licence Category 2 by the Financial Services Commission on 12 June 2008 and has been converted into a Global Business Licence Category 1 on 09 October 2008. The Company's registered office is C/o First Island Trust Company Ltd, Suite 308 – St James Court, St Denis Street, Port Louis, Republic of Mauritius.

The main business activity of the Company is to hold investments.

The financial statements for the period ended 31 March 2009 were authorised for issue in accordance with a resolution of the directors on 30 June 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention, and are denominated in EUR. The preparation of the financial statements in conformity with International Financial Reporting Standards requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are expressed in EUR.

Management determines the functional currency of the Company to be EUR. In making this judgement, management evaluates, among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of its investors.

Transactions and balances

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Investment in subsidiary

Subsidiary undertaking is that entity in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control over their operations. Subsidiary is fully consolidated from the



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(Formerly known as Ipelka Holdings Ltd)

date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date such control ceases.

Investment in subsidiary is shown at cost. Where an indication of impairment exists, the recoverable amount of investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

The Company has classified its financial assets as loans and receivables.

Financial assets are assigned to different categories in initial recognition, depending on the characteristics of the asset and its purpose. A financial asset category is relevant for the way it is measured and whether any resulting income and expenses is recognised in the income statement or directly in equity.

The Company recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expenses relating to financial assets are recognised in the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise of current and non-current loans given to related parties. Loans and receivables are initially recognised at cost, which is the fair value of the cash given to originate the loan, including any transaction costs.

They are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in the income statement.

An allowance for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual terms.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and its value in use. Impairment losses (if any) are recognised as an expense in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Equity

Stated capital is determined using the nominal values of shares that have been issued.

Borrowings

Borrowings are stated at proceeds received net of any capital repayments.

Other payables

Other payables are stated at their nominal value.



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Expenses recognition

All expenses are accounted for in the Income Statement on the accruals basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2008

The following standards, interpretations and amendments to published standards are mandatory for accounting periods beginning on or after 1 April 2008, but they are not relevant to the Company's operations:

IFRIC 11 - Group and Share Treasury Transactions

IFRIC 12 - Service Concession Arrangement

IFRIC 14, IAS 19 - The limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND ARE NOT RELEVANT TO THE COMPANY'S OPERATIONS

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 31 March 2009 and which have not been adopted in these financial statements



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

These statements, where applicable, will be applied in the year when they are effective.

IFRIC 13 - Customer loyalty programmes (effective from 1 July 2008);

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND ARE NOT RELEVANT TO THE COMPANY'S OPERATIONS (CONTINUED)

IFRIC 16 - Hedges of a net investment in a foreign operation' (effective from 1 October 2008);

IAS 23 - (Amendment), 'Borrowing costs' (effective from 1 January 2009);

IAS 1 - (Revised), 'Presentation of financial statements' (effective from 1 January 2009);

IFRS 2 - (Amendment), 'Share-based payment' (effective from 1 January 2009);

IAS 32 - (Amendment), 'Financial Instruments: Presentation', and IAS 1 (Amendment), 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009);

IFRS 1 - (Amendment) 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009);

IFRS 8 - Operating segments (effective from 1 January 2009);

IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);

IFRS 3 - (Revised), 'Business combinations' (effective from 1 July 2009);

IFRS 5 - (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009);

IAS 36 - (Amendment), 'Impairment of assets' (effective from 1 January 2009);

IAS 38 - (Amendment), 'Intangible assets' (effective from 1 January 2009);

IAS 19 - (Amendment), 'Employee benefits' (effective from 1 January 2009);

IAS 28 - (Amendments), 'Investments in associates' and IFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2009);

IAS 39 - (Amendment), 'Financial Instruments: Recognition and measurement' (effective from 1 January 2009);

IAS 16 - (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009);

IAS 29 - (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009);

IAS 31 - (Amendment), 'Interests in joint ventures' (effective from 1 January 2009);

IAS 40 - (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009);

IAS 41 - (Amendment), 'Agriculture' (effective from 1 January 2009);

IAS 20 - (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009);

IFRIC 15 - Agreements for construction of real estates' (effective from 1 January 2009);

IFRIC 17 - Distributions of Non-cash assets to owners (effective from 1 July 2009);

IFRIC 18 - Transfer of assets from customers (effective from 1 July 2009).



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(Formerly known as Ipelka Holdings Ltd)

There are a number of minor amendments to IFRS 7 'Financial Instruments Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Company's financial statements and have therefore not been analysed in detail.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Notes 2, the directors have made the following judgements that have the most effect on the amounts recognised in the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the company is the EUR.

6. INCOME TAX EXPENSE

The Company being the holder of a Category 1, Global Business Licence, is liable to Income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income. Capital gains of the Company are exempt from tax in Mauritius.

A reconciliation between the accounting profit and the tax charge is as follows:

	2009
	EUR
Loss for the period	(6,936)
Income tax expense calculated at 15%	(1,040)
Foreign tax credit – 80%	832
Tax losses for which no deferred income tax asset was recognised	208
Income tax expense recognised in income statement	-

7. INVESTMENT IN SUBSIDIARY

	2009
	EUR
Unquoted	
Cost at beginning and end of period	1,002,000
Investment in subsidiary is denominated in EUR, and includes the following:	

<u>Name of company</u>	<u>Number & class of shares held</u>	<u>%Holding</u>	<u>Country of incorporation</u>	<u>Main business</u>
Unquoted:				
Sequent European Holdings Limited	4,000 ordinary shares	100 %	Cyprus	Investment holding



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

The directors have reviewed the financial position and performance of the subsidiary and are of the opinion that estimated recoverable amount of investments is not less than its carrying value.

Consolidated Financial Statements

The Company holds 100% of the issued share capital of Sequent European Holdings Limited. Sequent European Holdings Limited is considered to be a subsidiary undertaking. The Company has the power to govern the financial and operating policies of the subsidiary and consolidated financial statements need to be prepared to comply with International Accounting (IAS) 27 "Consolidated and Separate Financial Statements".

The directors are of the opinion that the preparation of consolidated financial statements under IFRS for the Company would entail significant time and costs, with the subsidiary having to convert its financial statements to IFRS, which would not serve a meaningful purpose either to the Company or its shareholders. Therefore consolidated financial statements have not been prepared. P.I Drugs & Pharmaceuticals Ltd, the ultimate parent company, incorporated in India, prepares consolidated financial statements in accordance with Indian GAAP.

8. OTHER FINANCIAL ASSETS

	2009
	EUR
Loan receivables	1,535,328
Loan to related party (Note 14)	486,500
	2,021,828

There above loans are unsecured, interest free and with no fixed term of repayments.

9. CASH AND CASH EQUIVALENTS

	2009
	EUR
Cash at bank	1,841

10. STATED CAPITAL

	Number of shares	2009
		EUR
Ordinary shares of USD 1 each	1,001,000	740,740

11. BORROWINGS

	2009
	EUR
Non-Current	
Loan payables	1,726,473
Loan from related party (Note 14)	564,190
	2,290,663

There above loans are unsecured, interest free and with no fixed term of repayments.

12. OTHER PAYABLES

	2009
	EUR
Accrued expenses	1,202



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The Company is acting as an investment holding Company forming part of a larger group. The capital management process is determined and managed at group level.

Fair values

The carrying amounts of cash and cash equivalents and payables approximate their fair values.

Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial Assets	Financial Liabilities
	2009	2009
	EUR	EUR
<u>Denominated in:</u>		
Euro ("EURO")	1,271	-
United States Dollar ("USD")	646	1,202
Cyprus Pound ("CYP")	486,500	505,788
Singapore Dollar ("SGD")	155,788	1,220,685
Pound Sterling ("GBP")	156,500	-
Indian Rupees ("IDR")	-	564,190
Belgian Franc ("BEF")	1,223,040	-
	2,023,745	2,291,865

Financial assets exclude investments in subsidiary of EUR 1,002,000 for the period ended 31 March 2009.

Financial liabilities exclude income tax liabilities.

Credit risk

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company. The bank balance is considered negligible as it is placed with a reputable financial institution. The company's main credit risk concentration is financial assets amounting to EUR 2,023,745.

Financial assets that potentially expose the Company to credit risk consist principally of other financial assets. The extent of the Company's exposure to credit risk in respect of these financial assets approximate their carrying values as recorded on the Company's balance sheet.

The Company take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's main credit risk concentration is the amount due from related party.



SEQUENT GLOBAL HOLDINGS LIMITED
(Formerly known as Ipelka Holdings Ltd)

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk factors (Continued)

Interest rate risk

As the Company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

The table below illustrates the aged analysis of the Company's financial liabilities.

Less than

	1 year	Over Total	1 year
	2009	2009	2009
	EUR	EUR	EUR
Liabilities			
Borrowings (Note 11)	-	2,290,663	2,290,663
Other payables	1,202	-	1,202
Total liabilities	1,202	2,290,663	2,291,865

14. RELATED PARTY TRANSACTIONS

The following transactions were carried out with the holding Company on normal commercial terms and conditions and at market prices:

Relationship	2009 EUR
(I) Loan to related party	
Sequent European Holdings Limited (Note 8) Subsidiary	486,500
(II) Loan from related party	
P.I Drugs & Pharmaceuticals Ltd (Note 11) Holding Company	564,190

15. HOLDING COMPANY

The company is controlled by P.I Drugs & Pharmaceuticals Ltd, a company registered in India, which owns 100% of the company's shares.

16. EVENTS AFTER THE BALANCE SHEET DATE

There have been additional issue of 1,000,000 ordinary shares of USD 1 each on 29 April 2009.



SeQuent European Holdings Limited

SeQuent European Holdings Limited

**Report and financial statements
31 December 2008**

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SeQuent European Holdings Limited

Board of Directors and other officers

Board of Directors

Menikos Yiannakou (appointed 19/05/2008)

Emilios Kallenos (appointed 19/05/2008)

Michalakis Hadjimichael (appointed 19/05/2008)

Kannan Radhakrishnan Pudhucode (appointed 13/01/2009)

Balasubramanian Jayaram (appointed 15/09/2008, resigned 13/01/2009)

Balasubramanian Mahalingam (appointed 15/09/2008, resigned 02/03/2009)

Company Secretary

Cypcosecretarial Limited

Michalakopoulou street, 14

DEMITAS TOWER, 3rd Floor, Office 302

CY-1075, Nicosia Cyprus

Registered office

Themistocles Dervis Street, 3

Julia House Nicosia

CY-1066, Nicosia, Cyprus



SeQuent European Holdings Limited

Report of the Board of Directors

1. The Board of Directors presents its first report together with the audited financial statements of the Company for the period from 19 May 2008 (date of incorporation) to 31 December 2008.

Incorporation

2. The Company was incorporated on 19 May 2008.

Principal activities

3. The principal activities of the Company is the holding of investments.

Review of developments, position and performance of the Company's business

4. The loss of the Company for the period ended 31 December 2008 was • (13,482). On 31 December 2008 the total assets of the Company were • 3,609,792 and the net assets were • (11,482).

Principal risks and uncertainties

Results

5. The Company's results for the period are set out on page 6. The loss for the period is carried forward.

Share capital

6. On incorporation the company had authorised share capital of 10,000 Ordinary shares of • 1 each. 2,000 Ordinary shares of • 1 each was issued at par on incorporation.



SeQuent European Holdings Limited

Board of Directors

7. The members of the Board of Directors at 31 December 2008 and at the date of this report are shown on page 1.
8. Mssrs Menikos Yiannakou, Emiliios Kallenos and Michalakis Hadjimichael were appointed as Directors on 19 May 2008, Mssrs Balasubramanian Jayaram and Balasubramanian Mahalingam were appointed as Directors on 15 September 2008. On 13 January 2009 Mr Balasubramanian Jayaram who held office on 31 December 2008 resigned and Mr Kannan Radhakrishnan Pudhucode was appointed as Director. Mr Balasubramanian Mahalingam who also held office on 31 December 2008 resigned on 02 March 2009.

Branches

9. The Company did not operate through any branches during the period.

Independent Auditors

10. The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Michalakis Hadjimichael

Nicosia

22 June 2009



SeQuent European Holdings Limited

Independent Auditors' Report

To the Members of SeQuent European Holdings Limited

Report on the Financial Statements

We have audited the financial statements of SeQuent European Holdings Limited (the "Company") on pages 6 to 19, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SeQuent European Holdings Limited as of 31 December 2008, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.



SeQuent European Holdings Limited

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap. 113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

PricewaterhouseCoopers Limited

Chartered Accountants

Nicosia, 22 June 2009



SeQuent European Holdings Limited

Income statement

for the period from 19 May 2008 (date of Incorporation) to 31 December 2008

		For the period from 19 May 2008 to 31 December 2008
	Note	
Administrative expenses		<u>(13,482)</u>
Operating (loss)/profit		<u>(13,482)</u>
Tax	6	<u>(190)</u>
(Loss)/profit for the period/year		<u>(13,672)</u>

The notes on pages 10 to 19 are an integral part of these financial statements.


SeQuent European Holdings Limited
Balance Sheet at 31 December 2008

	Note	2008
Assets		
Non-current assets		
Investment in subsidiaries	8	<u>3,008,780</u>
Current assets		
Trade and other receivables	9	600,969
Cash and cash equivalents	10	43
		<u>601,012</u>
Total assets		<u>3,609,792</u>
Equity and liabilities		
Share capital	11	2,000
(Accumulated losses)/ Retained earnings		<u>(13,672)</u>
Total equity		<u>(11,672)</u>
Current liabilities		
Trade and other payables	12	3,621,274
Current tax liabilities		190
		<u>3,621,464</u>
Total equity and liabilities		<u>3,609,792</u>

On 22 June 2009 the Board of Directors of SeQuent European Holdings Limited authorised these financial statements for issue.

Emilios Kallenos, Director
 Michalakis Hadjimichael, Director

The notes on pages 10 to 19 are an integral part of these financial statements.



SeQuent European Holdings Limited

Statement of changes in equity

for the period from 19 May 2008 (date of Incorporation) to 31 December 2008

	Note	Share Capital •	Retained earnings/ (accumulated losses) (1) •	Total •
Issue of shares	11	2,000	—	2,000
Loss for the period		—	(13,672)	(13,672)
Balance at 31 December 2008		2,000	(13,672)	(11,672)

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 10 to 19 are an integral part of these financial statements.


SeQuent European Holdings Limited
Cash Flow Statement
for the period from 19 May 2008 (date of Incorporation) to 31 December 2008
**For the period
from 19 May 2008
to 31 December 2008**

	Note	•
Cash flows from operating activities		
(Loss)/profit before tax		(13,482)
Changes in working capital		
Trade and other receivables		(600,969)
Trade and other payables		<u>3,621,274</u>
Cash generated from operations		3,006,823
Net cash from operating activities		<u>3,006,823</u>
Cash flows from Investing activities		
Purchase of subsidiaries	8	<u>(3,008,780)</u>
Net cash (used in)/from Investing activities		<u>(3,008,780)</u>
Cash flows from financing activities		
Proceeds from Issuance of ordinary shares	11	<u>2,000</u>
Net cash from financing activities		<u>2,000</u>
Net increase in cash and cash equivalents		<u>43</u>
Cash and cash equivalents at the end of period/year	10	<u>43</u>

The notes on pages 10 to 19 are an integral part of these financial statements.



SeQuent European Holdings Limited

Notes to the financial statements

1 General Information

Country of Incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at Themistocles Dervis Street, 3, Julia House, Nicosia, CY-1066, Nicosia.

Principal activities

The principal activities of the Company is the holding of investments.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

All International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective as at 1 January 2007 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current period the Company adopted all new and revised IFRSs that are relevant to its operations and are effective for accounting periods beginning on 19 May 2008. This adoption did not have a material effect on the accounting policies of the Company.



SeQuent European Holdings Limited

2. Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

The adoption of IFRS 7, "Financial Instruments: Disclosures", and the complementary amendment to IAS1, "Presentation of financial statements - Capital Disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial statements or the disclosures relating to taxation and trade and other payables.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

- Improvements to IFRSs - 2008 (effective for annual periods beginning on or after 1 January 2009).
- IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2008).
- IAS 39 "Financial Instruments: Recognition and Measurement - effective date and transition" (effective for annual periods beginning on or after 1 July 2008).
- Amendments to IFRS 1 and International Accounting Standard (IAS) 27 'Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate' (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IFRS 2 "Share Based Payment: Vesting Conditions and Cancellations" (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009).
- IAS 1 (Revised) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009).
- IAS 23 (Revised) "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations arising on Liquidation" (effective for annual periods beginning on or after 1 January 2009).
- International Financial Reporting Interpretation Committee (IFRIC) 11 "IFRS 2 - Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007).
- IFRIC 13 "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008).



SeQuent European Holdings Limited

2. Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

· IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2008).

(ii) Not adopted by the European Union

- IFRS 1 (Revised) "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2009).
- IFRS 3 (Revised) "Business Combinations" (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 (Revised) "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS 39 "Eligible Hedged Items" (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS 39 "Reclassification of Financial Assets: Effective date and Transition" (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 12 "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008).
- IFRIC 15 "Agreements for the Construction of Real Estate" (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008).
- IFRIC 17 "Distributions of Non cash Assets to Owners" (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after 1 July 2009).

The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company except from the application of IAS 1 (Revised) "Presentation of Financial Statements" which will have a material effect on the presentation of the financial statements.



SeQuent European Holdings Limited

2. Summary of significant accounting policies (continued)

(i) Functional and presentation currency

Items Included In the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is the Euro. The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency are classified as available for sale and are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other reserves in equity.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.



SeQuent European Holdings Limited

2. Summary of significant accounting policies (continued)

Subsidiaries at cost

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Company carries the investments in subsidiaries at cost less any impairment.

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company's to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

Market risk

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.



SeQuent European Holdings Limited

3. Financial risk management (continued)

(i) Financial risk factors (continued)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures including outstanding receivables and committed transactions.

The Company does not have formal policies and procedures for managing and monitoring credit risk.

(ii) Capital risk management

The capital as defined by management at 31 December 2008 was as follows:

	2008
	•
Less: cash and cash equivalents (Note 10)	(43)
Net debt	(43)
Total equity	(11,672)
Total capital as defined by management	(11,715)

The Company does not have formal policies and procedures for capital risk management.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5 Expenses by nature

For the period from
19 May 2008 to 31 December 2008

	•
Auditors' remuneration	2,300
Other expenses	11,182
Total administrative expenses and other expenses	13,482



SeQuent European Holdings Limited

6 Tax

For the period from
19 May 2008 to 31 December 2008

Current tax charge:

Defence contribution **190**

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

For the period from
19 May 2008 to 31 December 2008

Loss before tax	(13,482)
Tax calculated at the applicable corporation tax rate of 10%	(1,348)
Tax effect of expenses not deductible for tax purposes	701
Tax effect of allowances and income not subject to tax	(95)
Special contribution for defence	190
Tax effect of tax losses for which no deferred tax asset was recognized	742
Tax charge	190

The Company is subject to corporation tax on taxable profits at the rate of 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

7 Financial Instruments by category

	receivables	Loans and Total
31 December 2008		
Assets as per balance sheet		
Trade and other receivables ⁽¹⁾	550,000	550,000
Cash and cash equivalents	43	43
Total	550,043	550,043
Other financial	Liabilities	Total
Liabilities as per balance sheet		
Trade and other payables ⁽¹⁾	3,612,977	3,612,977

(1) The rest of the balance sheet item 'trade and other receivables' is prepayments.

(1) The rest of the balance sheet item 'trade and other payables' is accruals.



SeQuent European Holdings Limited

8 Investments in subsidiaries

2008

•

Additions 3,008,780

At end of period/year 3,008,780

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Country of Principal activity	Incorporation
Strides Italia Srl	Pharmaceutical Fermentation	Italy

9 Trade and other receivables

2008

•

Receivables from subsidiaries (Note 13(ii)) 550,000

Prepayments 50,969

The fair values of trade and other receivables approximate their carrying amounts.

As of 31 December 2008, trade receivables were fully performing.



SeQuent European Holdings Limited

10 Cash and cash equivalents		2008
		•
Cash at bank and in hand	<u>43</u>	<u>43</u>
Cash include the following for the purposes of the cash flow statement:		
		2008
		•
Cash and cash equivalents		<u>43</u>
		<u>43</u>
11 Share capital		2008
		Number of shares
		•
Authorised	10 000	10 000
Shares of • 1 each	<u>10 000</u>	<u>10 000</u>
Issued and fully paid	2 000	2,000
Shares of • 1 each	<u>2 000</u>	<u>2 000</u>
The total authorized number of ordinary shares is 10,000 shares with a par value of • 1 per share. All issued shares are fully paid.		
12 Trade and other payables		2008
		•
Trade payables		1,197
Payables to parent entity (Note 13(ii))		1,143,000
Other payables		2,468,780
Accrued expenses		<u>8,297</u>
		<u>3,621,274</u>
The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.		



SeQuent European Holdings Limited

13 Related party transactions

(i) Directors' remuneration

The total remuneration of the Directors (Included In key management personnel compensation above) was as follows:

For the period from
19 May 2008 to 31 December 2008

	•
Fees	285
(ii) Year-end balances with related parties	2008
	•
Receivable from related parties (Note 9): Strides Italia Srl	<u>550.000</u>
	<u>550.000</u>
Payable to related parties (Note 12): SeQuent Global Holdings Limited	<u>1.143.000</u>
	<u>1.143.000</u>

The amount of • 550,000 is an advance paid to Strides Italia Srl for shares.

Independent Auditors' Report on pages 4 to 5.

Analysis of expenses

for the period from 19 May 2008 (date of Incorporation) to 31 December 2008



SeQuent European Holdings Limited

For the period from
19 May 2008 to 31 December 2008

Administrative expenses

Auditors' remuneration	2,300
Accounting fees	2,305
Directors' fees	285
Secretarial fees	114
Registered office fees	242
Legalisation of documents	2,993
Formation expenses	5,110
Bank charges	133
	13,482


STRIDES ITALIA SRL
STRIDES ITALIA SRL

Share Capital Euro 3.688.540,00 fully paid-in
 Registered Office in Milan, Via S. Vito n° 7
 Registered in the Companies Register of Milan n° 05761740967
 Economic and Administrative Roster n° 1846487
 Tax Code and VAT number 05761740967

Financial Statements at 2008, December 31st
(Translated Version of Italian Language)

To the Shareholders,

The Financial Statements that require your examination and approval have been prepared on the basis of the schemes as set forth in Italian Civil Code, sections 2424 and 2425.

The Financial Statements are organized in Balance Sheet, Income Statement and Notes

Balance Sheet and Income Statement

(Amounts in Euro)

	Current F.Y.	Previous F.Y.	Difference
	31-Dec-08	31-Dec-07	2008/2007
ASSETS			
A. CREDITS FROM SHAREHOLDERS			
A Credits from Shareholders for payments of Capital of which already called for			
TOTAL (A)	-	-	
B. FIXED ASSETS			
B.I- Intangible assets			
B.I.1 Start up and extention costs			
B.I.2 Research, development and advertising costs			-
B.I.3 Industrial patent rights and rights of use of Intellectual property			-
B.I.4 Concessions, licences, trademarks and similar rights	29,131	37,250	(8,119)
B.I.5 Goodwill			
B.I.6 Intangible assets in progress and advance payments	1,987,036	303,296	1,683,740
B.I.7 Other intangible assets	119,832	141,337	(21,505)
Total (net book value)	2,135,999	481,883	1,654,116
B.II- Tangible assets			
B.II.1 Land and buildings	2,461,322	2,546,339	(85,017)
B.II.2 Plants and Machinery	4,837,149	5,004,862	(167,713)
B.II.3 Industrial and commercial equipments	171,147	45,515	125,632
B.II.4 Other tangible assets	33.420	32.258	1,162
B.II.5 Tangible assets in progress and advance payments			-
Total (net book value)	7,503,038	7,628,974	(125,936)


STRIDES ITALIA SRL

	Current F.Y. 31-Dec-08	Previous F.Y. 31-Dec-07	Difference 2008/2007
B.III- Financial assets			
B.III.1 Equity interests in :			
1.a subsidiary companies			
1.b associated companies			
1.c parent companies			
1.d other companies			
B.III. 2 Credits:			
2.a from subsidiary companies			
- within 12 months			
- over 12 months			
2.b from associated companies			
- within 12 months			
- over 12 months			
2.c from parent companies			
- within 12 months			
- over 12 months			
2.d from other companies			
- within 12 months	4,200	1,500	2,700
- over 12 months			-
B.III.3 Other securities			
B.III.4 Own Shares (nominal value: Euros)			
Total	4,200	1,500	2,700
TOTAL FIXED ASSETS (B)	9,643,237	8,112,357	1,530,880
C. CURRENT ASSETS			
C.I- Inventories			
C.I.1 Raw, ancillary and consumable materials	1,007,608	785,515	222,093
C.I.2 Products undergoing processing and semi-manufactured products	399,785	100,479	299,306
C.I.3 Work in progress ordered			-
C.I.4 Finished goods and merchandise	1,285,279	768,396	516,883
C.I.5 Advance payments	-	1,675,000	(1,675,000)
Total	2,692,672	3,329,390	(636,718)
C.II- Receivables			
C.II.1 from customers			
- within 12 months	1,681,649	516,635	1,165,014
- over 12 months			
C.II.2 from subsidiary companies			
- within 12 months			
- over 12 months			
C.II.3 from associated companies			
- within 12 months			
- over 12 months			


STRIDES ITALIA SRL

	Current F.Y. 31-Dec-08	Previous F.Y. 31-Dec-07	Difference 2008/2007
C.II.4 from parent companies			
- within 12 months			
- over 12 months			
C.II.4- bis tax credits			
- within 12 months	1,543,356	683,145	860,211
- over 12 months			
C.II.4 -ter tax credit for prepaid taxes			
- within 12 months			
- over 12 months			
C.II.5 from other companies			
- within 12 months	169,887	37,142	132,745
- over 12 months			
Total	3,394,892	1,236,922	2,157,970
C.III- Securities (Short-term Investment)			
C.III.1 Equity interests in subsidiary companies			
C.III.2 Equity interests in associated companies			
C.III.3 Equity interests in parent companies			
C.III.4 Equity interests in other companies			
C.III.5 Own shares (nominal value: Euros)			
C.III.6 Other securities			
Total	-	-	-
C.IV- Liquid assets			
C.IV.1 Bank and postal deposits	50,542	257,915	(207,373)
C.IV.2 Cheques			
C.IV.3 Cash on hand	587	350	237
C.IV.4 Cash in transit			
Total	51,129	258,265	(207,136)
TOTAL CURRENT ASSETS (C)	6,138,693	4,824,577	1,314,116
D. ACCRUALS AND DEFERRED			
- Accrued income			
- Deferred charges	3,338	58,587	(55,249)
TOTAL ACCRUALS AND DEFERRED (D)	3,338	58,587	(55,249)
TOTAL ASSETS	15,785,268	12,995,521	2,789,747
LIABILITIES			
A. SHAREHOLDERS' EQUITY			
A.I - Share capital	3,688,540	1,510,000	2,178,540
A.II - Share premium reserve	-	3,617,853	(3,617,853)


STRIDES ITALIA SRL

	Current F.Y. 31-Dec-08	Previous F.Y. 31-Dec-07	Difference 2008/2007
A.III - Revaluation reserves			
A.IV - Legal reserve			-
A.V - Reserve for own shares			
A.VI - Statutory reserves			
A.VII - Other reserves :			
- Extraordinary reserve			-
- Merger reserve			-
- Unavailable reserve for prepaid taxes			-
- Consolidation reserves			
- Rounding off / up reserve	2	-	2
A.VIII - Retained earnings (accumulated losses)			
A.IX - Profit (loss) for the year	(579,405)	(2,484,267)	1,904,862
TOTAL SHAREHOLDERS' EQUITY (A)	3,109,137	2,643,586	465,551
B. PROVISIONS FOR RISKS AND CHARGES			
B.1 Retirement pension funds and similar obligations			
B.2 Tax funds			-
B.3 Other funds			-
TOTAL PROVISIONS (B)	-	-	-
C. SEVERANCE INDEMNITY (T.F.R.)	1,564,421	1,630,609	(66,188)
D. PAYABLES			
D.1 Bond loans			
- within 12 months			
- over 12 months			
D.2 Convertible stock loans			
- within 12 months			
- over 12 months			
D.3 Loans from Shareholders			
- within 12 months			
- over 12 months	-	2,642,460	(2,642,460)
D.4 Payables to banks			
- within 12 months	1,378,772	296,571	1,082,201
- over 12 months	454,454	-	454,454
D.5 Payables to other lenders			
- within 12 months	-	236,674	(236,674)
- over 12 months	2,474,483	642,857	1,831,626
D.6 Advances paid			
D.7 Trade payables			
- within 12 months	5,452,837	2,141,736	3,311,101
- over 12 months			


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	Current F.Y. 31-Dec-08	Previous F.Y. 31-Dec-07	Difference 2008/2007
D.8			
Liabilities on bills accepted and drawn			
- within 12 months			
- over 12 months			
D.9			
Payables to subsidiary companies			
- within 12 months			
- over 12 months			
D.10			
Payables to associated companies			
- within 12 months			
- over 12 months			
D.11			
Payables to parent companies			
- within 12 months	550,007	1,820,746	(1,270,739)
- over 12 months			
D.12			
Tax liabilities			
- within 12 months	164,149	129,353	34,796
- over 12 months			
D.13			
Liabilities to social security and welfare institutes			
- within 12 months	176,114	180,797	(4,683)
- over 12 months			
D.14			
Other liabilities			
- within 12 months	460,894	629,414	(168,520)
- over 12 months			
TOTAL PAYABLES (D)	11,111,710	8,720,608	2,391,102
E.			
ACCRUALS AND DEFERRED			
- Accrued liabilities	-	718	718
- Deferred Income	-	-	-
TOTAL ACCRUALS AND DEFERRED (E)	-	718	718
TOTAL LIABILITIES	15,785,268	12,995,521	2,789,747
MEMORANDUM ACCOUNTS			
- Guarantees given to third parties	-	400,000	(400,000)
- Corporate Guarantee	535,227	-	535,227
- Bank sureties and letters of credit			-
- Commitments for leases			-
- Commitments for forward currency sales			-
- Others	-		
TOTAL CONTRA ACCOUNTS	535,227	400,000	135,227
INCOME STATEMENT			
A.			
VALUE OF PRODUCTION			
A.1			
Revenues from sales and services	6,773,186	1,901,244	4,871,942
A.2			
Inventory variations on products undergoing processing, semi-manufactured and finished products	816,189	868,875	(52,686)


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		Current F.Y. 31-Dec-08	Previous F.Y. 31-Dec-07	Difference 2008/2007
A.3	Inventory variations on work in progress ordered			-
A.4	Variations on fixed assets for direct labour		238,202	(238,202)
A.5	Other operating income :			
	- operating income	567,161	50,241	516,920
	- contributions for operating expenses			-
	Total	8,156,536	3,058,562	5,097,974
B.	COSTS OF PRODUCTION			
B.6	for raw, ancillary and consumable materials	3,792,022	2,537,144	1,254,878
B.7	for services	5,074,938	1,836,446	3,238,492
B.8	for use of third party property	271,451	63,122	208,329
B.9	for employees :			
9.a	wages and salaries	2,739,778	1,019,160	1,720,618
9.b	social security charges	892,402	341,834	550,568
9.c	severance indemnity	231,809	105,210	126,599
9.d	retirement pension and similar			-
9.e	other costs	79,296	6,110	73,186
B.10	Depreciation and write downs :			
10.a	depreciation of intangible fixed assets	41,289	16,192	25,097
10.b	depreciation of tangible fixed assets	495,269	315,860	179,409
10.c	writedowns of receivables included in current assets and liquid assets			-
B.11	Inventory variations on raw, ancillary, consumable materials and merchandise	(222,092)	(785,516)	563,424
B.12	Allocations for risks			-
B.13	Other allocations			
B.14	Other operating charges	50,547	11,745	38,802
	Total	13,446,709	5,467,307	7,979,402
	Difference between production value and costs (A-B)	(5,290,173)	(2,408,745)	(2,881,428)
C.	FINANCIAL INCOME AND CHARGES			
C.15	Income from equity interests :			
	- from subsidiary companies			
	- from associated companies			
	- from other companies			-
C.16	Other financial income :			
16.a	from credits registered in fixed assets :			
	- subsidiary companies			
	- associated companies			
	- parent companies			
	- other companies			-
16.b	from securities registered in fixed assets			
16.c	from securities registered in current assets			


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	Current F.Y. 31-Dec-08	Previous F.Y. 31-Dec-07	Difference 2008/2007
16.d other income not included above :			
- subsidiary companies			
- associated companies			
- parent companies			
- other companies	256	506	(250)
C.17 Interests and other financial charges :			
- from subsidiary companies			
- from associated companies			
- from parent companies	(121,023)	(48,118)	(72,905)
- from other companies	(126,318)	(25,815)	(100.503)
C.17 -bis Foreign exchange gains / losses:	65,862	(2,067)	67929
Total (15+16-17+/-17bis)	(181,223)	(75,494)	(105,729)
D. ADJUSTMENTS TO THE VALUES OF FINANCIAL ASSETS			
D.18 Revaluations :			
18.a of equity interests			
18.b of financial fixed assets			-
18.c of securities registered in current assets			
D.19 Writedowns :			
19.a of equity interests			
19.b of financial fixed assets			-
19.c of securities registered in current assets			
Total (18-19)	-	-	-
E. EXTRAORDINARY INCOME AND EXPENSES			
E.20 Income :			
- from gains on disposal not included in item 5			
- from rounding up or off	1	-	1
- from other reasons	4,891,990	-	4,891,990
E.21 Expenses :			
- from losses on disposal not included in item 14			-
- from previous year income taxes			-
- from rounding up or off			-
- from other reasons	-	(28)	28
Total (20-21)	4,891,991	(28)	4,892,019
FINANCIAL YEAR RESULT before tax (A-B+/-C+/-D+/-E)	(579,405)	(2,484,267)	1,904,862
22 Financial year income tax :			
- current income taxes			
- deferred (prepaid) taxes			
23. PROFIT (LOSS) FOR THE YEAR	(579.405)	(2.484.267)	1,904,862
The amounts above comply with the accounting records			



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NOTES TO THE FINANCIAL STATEMENTS

General

Sundry information and activities performed

The company's purpose is the production and sale of active pharmaceutical ingredients (API) achieved with fermentation technologies.

It is underlined that with the deed dated 3 December 2008 drafted by mister Carlo Cafiero, Notary in Milan, Exhibit N. 84534 and Registration N. 10913, the shareholders' meeting has resolved:

1. The share capital reduction due to losses and simultaneous reconstitution of the same up to Euro 688.540, subscribed by Sequent European Holdings Limited;
2. The share capital increase up to Euro 3.688.540,00 to be reserved to the company Agnus Global Holding Pte. Limited, that has subscribed and paid-in the share capital increase reserved to it equal to Euro 3.000.000.

Valuation criteria

The accounting principles applied for the drafting of these financial statements comply with the enacted rules of the Civil Code, as well as with the accounting standards approved by the C.N.D.C.E.C. (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and, missing those, the ones approved by the O.I.C. (Organismo Italiano di Contabilità) and by I.A.S.B. (International Accounting Standards Board).

The financial statements items have been valued taking into account general principles such as prudence and inherence, respecting moreover the going concern principle.

The prudence principle application has implied the separate evaluation of the elements comprising the single postings or items of assets and liabilities to avoid off-settings between losses that should have been recognised and profits not to be recognised as not yet realised.

In compliance with the accrual principle, transactions and other events have been recognised and attributed to the period to which such transactions and events refer to, and not to the one in which the related cash movements occur (receipts and payments).

The valuation, bearing in mind the economic function of assets and liabilities, and considering that it supports the principle of substance over form- mandatory where not explicitly in contrast with other specific rules regarding the financial statements- permits to disclose transactions with a view to the economic reality underlying the formal aspects.

In particular, the valuation criteria adopted in the drafting of the financial statements have been the following:

Fixed assets

Intangible

They are recorded at historical cost of purchase and shown net of amortisation made during the related periods and recognised directly in the single items.

Assets in course of construction and capitalised costs have been recorded as assets with the approval of the Statutory Board of Auditors and amortized over five periods.

Software licences are fully amortised over five periods.

If, independently from amortisation already made, an other-than-temporary impairment arises, the asset will be



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accordingly written-down. Should in subsequent periods the reasons for the impairment cease to exist, the original value, adjusted only by amortization charges, will be reinstated.

Tangible

They are recorded at purchase cost and adjusted for related provisions.

In the calculation of the carrying amount we have taken into account ancillary costs and costs incurred for the use of the asset, net of trade discounts and cash discounts of significant amount.

Depreciation is made on a straight line basis on the basis of rates considered suitable given the estimated economic useful life of the assets.

In comparison with the prior period, amortisation schedules have been reviewed and the useful life of assets has been recalculated, to be coherent with the criteria used at Group level, of which the company is part.

Stated below are the depreciation rates applied:

Buildings:	3.34%
Light constructions:	3.34%
Generic plants:	7.42%
Purification plants:	7.42%
Specific plants:	7.42%
Telephone and security systems:	6.33%
Security systems:	6.33%
Generic equipment:	4.75%
Specific equipment:	4.75%
Lab equipment:	4.75%
Industrial vehicles:	9.5%
Furniture and ordinary office machines:	6.33%
EDP systems:	16.21%

Tangible fixed assets have not been revalued.

Depreciation has been made taking into account actual usage period of assets.

Financial

Debtors recorded as financial fixed assets are shown at estimated realisable value.

Inventory

Closing goods for resale are valued using the weighted average cost method, considering the last month of the period.

Closing Inventory is valued at the lower between FIFO and estimated realisable value, as determinable from market trends, if lower; the cost of Inventory is determined using the following criteria:

- Raw materials, ancillaries and consumables: purchase cost.
- Work in progress and finished goods: lower between production cost and estimated realisable value as foreseeable from market trends.

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Inventory value is adjusted by a suitable depreciation provision, that takes into account obsolete items and related realisable value.

Debtors

Debtors are shown at estimated realisable value. The adjustment of the face value of debtors to the estimated realisable value is achieved by means of a suitable provision for bad debts, bearing in mind general and industry economic conditions, as well as country risk.

Cash and banks

Cash and banks are shown at nominal value.

Payables

These are recognised at nominal value, modified in case of returns or invoice adjustments.

Accruals and prepayments

They have been determined respecting the accrual principle with regards to the period under consideration.

No multi-annual accrual and prepayments have been recorded.

Severance provision

It states the actual debt accrued towards employees in accordance with enacted law provisions and labour contracts, taking into account any compensation of a regular nature. The provision corresponds to the total of all the severance payments accrued by employees at the balance sheet date, net of advances paid, and is equivalent to what should have been paid to employees in case of termination of the employment contract at that date.

Memorandum accounts

Secured guarantees for debts recognised in the financial statements are shown at the same amount as the guaranteed payables; personal guarantees are recorded for the actual amount of the commitment.

Costs and revenues

These are shown in compliance with the prudence and the accrual principles.

Revenues for the sale of products are recognised with the property transfer, which normally occurs with the delivery or shipment of the said goods.

Income taxes

Provisions for taxes are made according to the accrual principle and determined on the basis of the taxable income, calculated as required by applicable tax law.

Deferred tax liabilities are recognised only if it is reasonably probable that a debt will arise in the future and they are recorded in the Provision for deferred taxes. Future tax benefits deriving from losses brought forward or from deferred tax assets are recognised only if the recovery is reasonably certain and in the near future. They are recorded as current assets under the heading Advanced taxes.

Deferred tax assets and liabilities are calculated at the existing rate at reversal date.



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Balance Sheet

Assets

B) Fixed assets

I. Intangible fixed assets

The breakdown of the item under examination is given below:

Cost description	Value 31/12/2007	Increase of the period	Decrease of the period	Amortisation at 31/12/08	Value at 31/12/2008
Software	37,250	0		8,119	29,131
Work in progress	65,094	1,675,000	0	0	1,740,094
Work in progress prg vancomicina	238,202	8,740	0	0	246,942
Other intangibles	141,337	11,665	0	33,170	119,832
	481,883	1,695,405	0	41,289	2,135,999

The • 1.675.000 Increase is related to the purchasal of the new technologies Vancomycin and Telcoplanin. The amortisation will start when the new technologies will be actually used.

That amount has been reclassified from the heading "advances" of inventory where by mistake it had been classified in the prior period.

II. Tangible fixed assets

Tangible fixed assets are described below:

Cost description	Value 31/12/2007	Movements in the period	Depreciation at 31/12/08	Value 31/12/2008
Land and buildings	2,505,037	0	83,578	2,421,459
Light constructions	41,302	0	1,439	39,863
Generic plants	1,949,349	137,533	154,854	1,932,028
Purification plants	437,597	68,695	39,138	467,154
Specific plants	2,616,642	22,682	207,684	2,431,640
Telephone and security systems	1,274	1,638	148	2,764
Security systems	0	3,781	219	3,562
Generic equipment	4,385	115,198	1,304	118,278
Specific equipment	7,350	5,028	544	11,834
Lab equipment	33,781	9,248	1,993	41,036
Industrial vehicles	12,915	0	1,339	11,576
Furniture and ordinary office machines	6,577	713	472	6,818
Fixtures	0	3,808	177	3,631
Edp Systems	12,765	1,009	2,380	11,394
	7,628,974	369,331	495,269	7,503,038


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III. Financial fixed assets

Financial fixed assets are recorded in the financial statements for Euro 4.200,00 which refer exclusively to guarantee deposits made for lease contracts.

C) Current assets
I. Inventory and advances

The balance is divided as follows:

Description	Balance at 31/12/2008	Balance at 31/12/2007
1) Raw materials, ancillaries and consumables	1,007,608	785,515
2) Work in progress and semi finished products	399,785	100,479
3) Finished products and goods	1,285,279	868,396
4) Inventory depreciation provision	0	-100,000
5) Advances	0	1,675,000
Total Inventory	2,692,672	3,329,390

As said above an amount equal to Euro 1.675.000 recorded under the heading "Advances" in the prior period has been reclassified under the heading advances of intangible assets as it refers to the new technologies Vancomycin and Telcoplanin acquired during 2007.

II. Debtors

Balance at 31/12/2008

3,394,892

Description	Value 31/12/2008	Value 31/12/2007
Towards clients	1,681,649	516,635
Advances to suppliers	105,000	13,617
Towards parent companies	0	7,070
Towards social institutions	28,520	14,272
Tax receivables	1,543,356	683,145
Towards others	36,367	2,183
	3,394,892	1,236,922

Trade debtors have not been written down.

Debtors towards social and insurance institutions refer to the Inps credit for severance indemnity allocation for Euro 28.520.

Tax receivables refer to a VAT credit amounting to 1,439,778, to a tax credit on severance indemnity amounting to Euro 103,576 and to a credit for withholding taxes on interests amounting to Euro 2.


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IV. Cash and banks
Balance at 31/12/2008
51,129

Description	31/12/2008	31/12/2007
Bank and postal deposits	50,542	257,915
Cash and similar items	587	350
	51,129	258,265

D) Prepayments and accruals

Balance at 31/12/2008	Balance at 31/12/2007
3,338	58,587

They measure revenues and charges that, with respect to the accrual principle, are advanced or deferred with regards to the numerical and/or evidence occurrence; they are independent from the receipt or payment date of related revenues and charges, in common between two or more periods and dividable on a time basis.

The item under examination refers mainly to prepayments related to costs for maintenance and insurance expenses.

Liabilities
A) Net equity
Balance at 31/12/2008
3,109,137
Statement of net equity movements

	Share Capital	Legal Reserve	Share premium reserve	Profit/loss of the period	Total
Net equity at incorporation	10,000	0	0	0	10,000
Branch contribution dated 2/8/07	1,500,000		3,617,853	0	5,117,853
Net equity at 2/8/07	1,510,000	0	3,617,853	0	5,127,853
Result for the period at 31/12/2007				(2,484,267)	(2,484,267)
Net equity at 31/12/2007	1,510,000	0	3,617,853	(2,484,267)	2,643,586
Allocation of period result:	0	0	(2,484,267)	2,484,267	0
Capital increase	5,918,773	0	0	0	5,918,773
Used to offset losses	(3,740,233)	0	1,133,586	0	4,873,819
Result for the period at 31/12/2008				(579,405)	(579,405)
Net equity at 31/12/2008	3,688,540	0	0	(579,405)	3,109,137

The extraordinary meeting of shareholders with the deed dated 3 December 2008 drafted by Notary mister Caferio, has resolved:

1. The share capital reduction due to current losses (at the date of 31 October 2008 amounting to Euro 4.873.819) and simultaneous reconstitution of the same up to Euro 688.540, subscribed by Sequent European Holdings Limited;


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2. The share capital increase up to Euro 3.688.540,00 to be reserved to the company Agnus Global Holding Pte. Limited, that has subscribed and paid-in the share capital increase reserved to it equal to Euro 3.000.000.

Classification statement of net equity:

Nature/description	Amount	Possibility of withdrawal	Unrestricted part	Withdrawals made over the three previous periods for the coverage of losses:	Withdrawals made over the three previous periods for other reasons:
Capital	3,688,540		3,688,540		
Capital reserves :					
Share premium reserve					
Total	3,688,540		3,688,540		
Restricted part	3,688,540		3,688,540		
Residual unrestricted part	0		0	0	

Legenda: A: For capital increase B: For loss coverage C: For shareholder distribution

C) Employee severance provision

Balance at 31/12/2008

1,564,421

Description	Value 31/12/2008	Value 31/12/2007
Severance provision	1,564,421	1,630,609

The amount provided for represents the actual debt of the company at 31/12/2008 towards the employees hired at that date, net of advances paid.

During the period, taking into consideration the categories of employment, the personnel summary was as follows:

	Employee N. at 31.12.2008	Employee N. at 31.12.2007
Managers	1	1
Clerks	41	38
Middle managers	2	2
Workers	45	41
Total	89	82

D) Payables

Balance at 31/12/2008

10,843,970

Description	Value 31/12/2008	Value 31/12/2007
Payables towards the member SeQuent European Holdings Ltd	550,007	-
Payables towards the member Agnus Global Holdings Pte Ltd	2,474,483	-


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Payables towards Strides Arcolab International Ltd		1,150,000
Payables for loan Strides Arcolab International Ltd		1,492,460
Payables towards banks	1,833,226	296,571
Payables towards lenders	-	879,531
Trade payables	5,452,837	3,962,482
Tax payables	164,149	129,353
Payables towards social security institutions	176,114	180,797
Other payables	460,894	629,414
Total	11,111,710	8,720,608

Payables are valued at nominal value and the expiry date of the same is as follows:

Description	Within the following Period	After the following period	Total
Payables towards the member SeQuent			
European Holdings Ltd		550,007	550,007
Payables towards the member Agnus			
Global Holdings Pte Ltd		2,474,483	2,474,483
Payables towards Interbanca	188,403	454,454	642,857
Trade payables	5,452,837	0	5,452,837
Bank payables	1,190,369	0	1,190,369
Tax payables	164,149	0	164,149
Payables towards social security institutions	176,114	0	176,114
Other payables	460,894	0	460,894
	7,632,766	3,478,944	11,111,710

It is stated that no payables expiring after five years exist.

The heading payables towards members refers to the following items:

- 1) Payable towards SeQuent European Holdings Ltd amounting to Euro 550,007.
- 2) Payable towards Agnus Global Holdings Pte Ltd amounting to • 2,474,483. The payable is represented by the debtors transfer to Linkace occurred the 10 September 08.

The payable does not bear interest.

Trade payables include payables towards utility companies (power), (strategic services with regards to the company's business), and the balances are the following:

ENI SpA amounting to Euro 535,227 (of which Euro 112,910 for invoices to be received)

ENEL SpA amounting to Euro 1.165,152 (of which Euro 154,830 for invoices to be received)

With regards to ENI the payable has been guaranteed by a "Corporate Guarantee" Issued by the company Strides Arcolab International Limited (London).

With ENEL an agreement is being formalised and it foresees a payment deferment of the payable, guaranteed as in the previous case by a "Corporate Guarantee".


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Bank payables refer to advances on invoices issued to customers and not yet cashed for an amount of Euro 1,190,369 and a mortgage Interbanca for Euro 642,857.

Tax payables refer for Euro 162,478 to Irpef (tax on personal income) on employees compensation, and for Euro 1,671 to Irpef on consultancy fees.

Payables towards social security institutions refer for Euro 137,330 to payables towards Inps and for the rest to payables for contributions to be paid to Inail, Previndai, Fonchim, Faschim, Fasi.

The **other payables** are composed mainly of employees, board of directors and statutory auditors' compensation to be paid.

E) Prepayments and accruals

Balance at 31/12/2008

0

Description	Value	Value
	31/12/2008	31/12/2007
Accrued expenses	0	718
Total	0	718

Memorandum accounts

Balance at 31/12/2008

535,227

Description	Value	Value
	31/12/2008	31/12/2007
Personal guarantees issued by the Company	0	400,000
Personal guarantees issued in favour of the Company	535,227	0
Total	535,227	400,000

It is stated that the reasons, related to the period 2007, for the recording of the Euro 400,000 amount do not exist anymore and therefore the related item has been written off. Dated 22 December 2008 the company Arcolab International Ltd (London) has issued a "Corporate Guarantee" without limits which should expire 30 April 2010 as a guarantee for the payment of the debt towards ENI for power supply: the amount Euro 535,227 is equal to the payable towards the supplier at the 31 December 2008.

Income statement
A) Production value

Balance at 31/12/2008

8,156,536

Description	31/12/2008	31/12/2007
Sales revenues	6,773,186	1,901,244
Change in inventory of work in progress, semi finished goods and finished products	816,189	868,875


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Increase in fixed assets due to own work	-	238,202
Other revenues and income: - sundry	567,161	50,241
	8,156,536	3,058,562

Sales increase amounting to • 4.9 millions is linked to an improvement in service to clients, also meeting delivery terms of orders received, considering however that during 2007 period the company operated for 5 months.

B) Production costs

Balance at 31/12/2008

13,448,596

Description	31/12/2008	31/12/2007
Raw materials, ancillaries and goods	3,792,022	2,537,144
Services	5,074,938	1,836,446
Lease of third party assets	271,451	63,122
Salaries and wages	2,739,778	1,019,160
Social charges	892,402	341,834
Severance provision	233,696	105,210
Other employee costs	79,296	6,110
Intangible assets amortization	41,289	16,192
Tangible assets depreciation	495,269	315,860
Changes in inventory of raw materials, ancillaries, consumables and goods	(222,092)	(785,516)
Sundry operating charges	50,547	11,745
	13,448,596	5,467,307

Costs of raw materials, ancillaries, consumables and goods; service costs

Costs for raw materials, ancillaries, consumables and goods are equal to Euro 3,792,022 and relate to: purchase of raw materials and finished products for Euro 3,406,478, consumables for Euro 354,707 stationery for Euro 18,098 fuel for Euro 9,115, petty equipment for Euro 2,230 electric consumables for Euro 83 books and magazines for Euro 1,311.

Service costs amount to Euro 5,074,938 and the most relevant items are the following:

Euro 544,830 for consultancies, Euro 95,000 for resolved compensation in favour of directors and statutory auditors, Euro 2,405,434 for utilities, Euro 421,947 for maintenance expenses, Euro 121,069 for insurance premiums, Euro 1,008,920 for waste disposal.

Lease of third party assets

The cost for the lease of third party assets equal to Euro 271,451 refers to: rent expenses and condominium expenses for Euro 10,748 lease Instalments for Euro 35,088, hire Instalments and related services for Euro 225,615.



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Employee cost

The item includes the entire expense for employees which comprises performance increases, redundancy incentives, category changes, contingency allowances, accrued vacation pay, and provisions in accordance with applicable laws and labour contracts.

Amortisation of intangible fixed assets

Amortisation of intangible fixed assets amounts to Euro 41,289 and refer to: amortisation of multi-annual costs for Euro 33,170 and amortisation of software for Euro 8,119.

Depreciation of tangible fixed assets

Depreciation has been calculated on the basis of useful life of the asset and exploiting of the same in production.

Tangible fixed asset depreciation is equal to Euro 495,269 and refers to: land and building depreciation for Euro 83,578, depreciation of light constructions for Euro 1,439, depreciation of plants for Euro 401,824, depreciation of equipment for Euro 3,841 and depreciation of motor vehicles for Euro 1,339, depreciation of electronic office machines for Euro 649 and depreciation of Edp systems for Euro 2,380, depreciation of security systems for Euro 219.

Sundry operating charges

Sundry operating charges are equal to Euro 50,547 and refer to: deductible taxes and duties for Euro 46,260, company expenses for Euro 154, fines and sanctions for • 3,591, membership fees for • 457 and negative roundings for Euro 85.

C) Financial revenues and charges

Balance at 31/12/2008
(155.339)

Description	31/12/2008	Financial revenues
		31/12/2007
Bank interest income	6	385
Other interest income	250	121
	256	506
Description	31/12/2008	Financial charges
		31/12/2007
Bank interest charges	81,896	3,414
Interest charge on parent company Financing	121,023	48,118
Interest charge on loans	29,343	22,388
Other interest charges	15,079	13
	247,341	73,933
Description	31/12/2008	Exchange differences
		31/12/2007
Exchange losses	(44,670)	(2,275)
Exchange gains	110,532	208
	65,862	(2,067)



STRIDES ITALIA SRL

E) Extraordinary revenues and charges

Balance at 31/12/2008

4.891.990

Description	31/12/2008	Extraordinary Items
		31/12/2007
Extraordinary profit		
Non recurrent revenues	27,666	-
Non recurrent revenue for member loss coverage	4,873,819	-
Extraordinary charges		
Non recurrent charges	(9,495)	(28)
	4,891,990	28

The amount of Euro 4,9 millions includes the waivers of the loans granted to the company by the members, made during the period as a partial coverage of the current losses.

The breakdown of the waivers is as follows:

Agnus Global Holdings Pte Limited, Singapore • 3,000,000

SeQuent European Holdings Limited, Cyprus • 1,873,819

Even if said amount could have been accounted for as a net equity reserve, it has been judged more suitable to show it as an extraordinary charge as it was the intention of the members to reduce current losses disclosing directly the effect in the income statement.

Taxes on income of the period

No current taxes have been charged to the period.

Deferred taxes have not been recognised as, even though it is reasonable to forecast a possible future use of the same, the moment of actual usage appears quite distant in time.

Supplementary Information

Art. 2428, comma 3) and 4) of Civil Code

It is declared that no shares of the parent company are held by the company, not even by means of a trust company or of a third party; moreover said shares have not been bought or sold, during the period, not even by means of a trust company or by the interposition of a third party.

Events subsequent to the balance sheet date

To date no other event has occurred after 31 December 2008 of such importance to change materially the Balance Sheet structure at that time or requiring adjustments or supplementary disclosures to the Financial Statements that we present for your approval.

On behalf of the BOARD OF DIRECTORS

The President
K.R. Ravishankar


HISTORICAL PROSPECTIVE
BALANCE SHEET

Rs in lac

As at 31st, March	2005	2006	2007	2008	2009
Sources of funds					
Equity share capital	1,195.46	650.00	787.60	1,108.52	1,108.52
Reserve & surplus	955.57	1,330.79	2,704.81	4,628.58	4,850.66
Net worth	2,151.03	1,980.79	3,492.41	5,737.10	5,959.18
Secured Loans	-	-	436.35	2,520.67	4,882.83
Unsecured Loans	-	-	-	-	51.70
Total Loans	-	-	436.35	2,520.67	4,934.53
Deffered tax liability	110.17	124.84	171.36	234.20	241.64
Total Liabilities	2,261.20	2,105.63	4,100.12	8,491.97	11,135.35
Application of funds					
Gross block	1,081.77	1,189.01	2,404.59	5,120.62	5,689.74
Depreciation	-	-	472.33	767.09	1,172.49
Net block	1,081.77	1,189.01	1,932.26	4,353.53	4,517.25
Capital WIP	-	-	41.14	245.18	289.91
NB + CWIP	1,081.77	1,189.01	1,973.41	4,598.71	4,807.16
Investment	9.23	115.07	15.24	115.24	2,408.19
Current Assets					
Inventories	170.37	187.78	520.88	1,595.16	2,186.40
Debtors	556.36	809.59	1,609.64	2,160.18	1,991.31
Cash and bank balance	284.79	205.28	626.42	413.05	397.82
Loans & advances	610.08	239.29	406.57	1,151.07	1,161.27
Total Current Assets	1,621.59	1,441.94	3,163.50	5,319.47	5,736.80
Current Liabilities					
Creditors	224.06	495.09	662.35	1,197.56	1,508.64
Other current liabilities	-	-	185.55	180.24	72.64
Provisions	227.33	145.30	204.12	163.64	235.52
Total Current liabilities	451.39	640.39	1,052.02	1,541.44	1,816.80
Net current assets	1,170.20	801.55	2,111.48	3,778.02	3,920.00
Total Assets	2,261.20	2,105.63	4,100.12	8,491.97	11,135.35


HISTORICAL PROSPECTIVE
PROFIT AND LOSS ACCOUNT

Rs in lac

For the year ended 31st March	2005	2006	2007	2008	2009
Sales and income from operations	2,546.93	3,234.79	4,472.14	7,479.60	10,606.20
Other Income	52.63	64.97	393.73	39.71	179.22
Total Income	2,599.56	3,299.76	4,865.87	7,519.31	10,785.42
Direct Mfg Cost	1,653.63	2,128.69	2,826.89	5,050.83	7,161.14
Purchase of Trading goods	228.23	304.20	256.56	231.86	85.89
Increase / Decrease in stocks of	(8.79)	22.29	(47.03)	173.09	(212.31)
Employee Cost	94.34	135.98	303.84	519.90	873.13
Admn Exp	67.13	66.43	137.37	282.16	491.44
Selling and Distribution exp	38.21	43.42	59.66	225.39	408.26
Research & Development exp	-	-	46.93	128.01	149.80
Exchange Rate Fluctuation	-	-	-	50.77	440.85
Other expences	-	-	-	-	-
Preliminary Exp R/Off	0.80	-	-	-	-
Total cost	2,073.54	2,701.01	3,584.22	6,662.01	9,398.20
PBDIT	526.02	598.75	1,281.65	857.30	1,387.22
Interest	5.00	3.54	29.56	186.70	419.36
PBDT	521.02	595.21	1,252.09	670.60	967.86
Depreciation	46.53	53.50	137.93	299.79	414.41
Profit before tax	474.48	541.70	1,114.16	370.81	553.45
Current tax	(140.00)	(150.05)	225.01	74.51	183.37
Deferred Tax	(27.23)	(14.67)	6.08	59.75	7.43
Fringe benefit tax	-	(1.69)	2.08	6.42	11.00
Excess/Short prov of Tax for earlier year	-	-	0.66	(22.05)	-
Security Transaction Tax	-	(0.02)	-	-	-
Earlier Year Exp/Adj	(0.21)	(0.04)	-	-	-
Profit after tax	307.05	375.23	880.32	252.18	351.65
Appropriations					
Dividend on Equity Shares	-	-	75.00	138.70	110.85
Tax on Distributed Profit	-	-	12.75	23.57	18.84
Transfer to General Reserve	-	-	80.00	10.00	10.00
Balance carried to Balance Sheet	620.27	450.03	1,139.84	1,242.52	1,292.43

Note: * 1 USD = Rs.50.75 (Exchange Rate as on March 31, 2009).

1 USD = Rs.40.10 (Exchange Rate as on March 31, 2008).

Previous year figures have been regrouped/ restated wherever necessary to make them comparable with those of the current year.

P I DRUGS & PHARMACEUTICALS LIMITED

REGD. OFFICE: 116, VARDHAMAN INDUSTRIAL COMPLEX, L.B.S. MARG, THANE (W) – 400 601.

ATTENDANCE SLIP

24TH ANNUAL GENERAL MEETING – 4TH SEPTEMBER 2009

To be handed over at the entrance of the meeting venue.

Name of the attending member in Block letters: _____

Name of the proxy: _____

(In Block letters to be filled in by Proxy attending instead of the member)

No. of Shares held: _____

Ledger Folio No.: _____

DP. ID No.*: _____

Client Id* : _____

I hereby record my presence at the 24th Annual General Meeting of the Company held on Friday the 4th day of September 2009 at Hotel Royal Inn, Gokul Nagar, L B S Marg, Thane (W) - 400601 at 10.30 a.m.

Member's/Proxy Signatures

* Applicable for Investors holding shares in electronic form.

P I DRUGS & PHARMACEUTICALS LIMITED

REGD. OFFICE: 116, VARDHAMAN INDUSTRIAL COMPLEX, L.B.S. MARG, THANE (W) – 400 601.

PROXY FORM

I/We _____ of _____ being a Member/

Members of P I Drugs & Pharmaceuticals Limited, hereby appoint _____

of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 24th ANNUAL GENERAL MEETING of the Company to be held on Friday the 4th day of September 2009 at Hotel Royal Inn, Gokul Nagar, L B S Marg, Thane (W) - 400601 at 10.30 a.m.

No. of Shares held: _____

Ledger Folio No.: _____

DP. ID No.*: _____

Client Id* : _____

Affix Re. 1
Revenue
Stamp

Date:

Signature

Note: 1) Proxy form must reach the Company's Registered office not less than 48 hours before the commencement of meeting. 2) The Proxy Form should be signed across the stamp as per specimen signature registered with the Company.

* Applicable for Investors holding shares in electronic form.

P. I. Drugs & Pharmaceuticals Ltd.

Regd. Off.: 116, Vardhaman Industrial Complex, L.B.S. Marg, Thane (W) 400 601