

SUNIL HEALTHCARE LIMITED

Registered Office:

38 E/252-A, 1st Floor, Vijay Tower, Shahpurjat, New Delhi-110049

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of the Company will be held at 11.30 A.M on Tuesday the 29th June, 2010 at the registered office of the Company at 38 E/252-A, 1st Floor, Vijay Tower, Shahpurjat, New Delhi-110049, to transact the following business:-

Ordinary Business

1. To receive and adopt the Audited Accounts of the Company for the year ended 31st March 2010 and report of the Auditors and Directors thereon.
2. To elect a Director in place of Mr. Joginder Singh who retires by rotation and being eligible offers himself for re-election.
3. To appoint the Statutory Auditors and fix their remuneration and in that connection to consider and if thought fit to pass with or without modification(s), the following resolution:

"RESOLVED THAT M/s Singhi & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board."

Special Business

4. **To consider and if thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution:**

"RESOLVED THAT subject to the guidelines issued by the Securities and Exchange Board of India and subject to the approval of the Reserve Bank of India under the FEMA, 1999 for allotment an issue of new equity shares to the non-resident members and also subject to such terms, conditions, alterations, modifications, changes and variation as may be specified while according such approval which the Board of Directors of the company (hereinafter referred to as the "Board"), be and is hereby authorized to accept, if it thinks fit, the consent of the Company be and is hereby accorded to capitalize Rs. 4,66,12,500/-, out of amount standing to the credit of Securities Premium Account of Rs. 3,37,17,375/- and Profit and Loss Account of Rs. 1,28,95,125/- in the books of the company as on 31st March 2010 such sum be set free for distribution among the holders of existing fully paid equity shares of Rs.10 each of the company, whose names will appear in the register of members of the company as on date to be decided by the Board in that behalf as Record Date, as an increase of the amount of share capital of the company held by each such member and not as income or in lieu of dividend credited as 46,61,250 fully paid-up equity shares as bonus shares in the proportion of new one equity shares for every one existing fully paid equity shares held."

"RESOLVED FURTHER THAT the above proposal will be subject to the following terms and conditions:-

- (i) The new equity shares to be allotted as bonus shares will be allotted subject to the terms of the Memorandum and Articles of Association of the company.
- (ii) The new equity shares shall rank pari passu in all respects with and carry the same rights as the existing fully paid-up equity shares of the company and notwithstanding the date or dates of allotment thereof shall be entitled to participate in full in any dividend to be declared in respect of the financial year in which the allotment of the new equity shares pursuant to this resolution is made.

- (iii) No letter of allotment will be issued by the company in respect of new equity shares. However, the equity share certificates in respect thereof will be ready for delivery to the allottees within 2 months from the date of allotment thereof.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things whatsoever including settling any question, doubt or difficulty that may arise with regard to or in relation to the issue or allotment of the bonus shares and to accept on behalf of the company any conditions, modifications relating to the issue of bonus shares prescribed by the Reserve Bank of India or any other authority including Stock Exchanges where the shares of the Company are listed and which the Board in its discretion thinks fit and proper."

5. To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the section 314 (1) (b) and other applicable provisions, if any of the Companies Act, 1956, read with the Directors relatives (office or place of profit) rules 2003 and also subject to such terms, conditions, alterations, modifications, changes and variation as may be specified while according such approval which the Board of Directors of the company (hereinafter referred to as the "Board"), be and is hereby authorized to accept, if it thinks fit, the consent of the Company be and is hereby accorded and subject to the approval of Central Government and such modification and variations as the Central Government may suggest to appoint Mr. Ishan Khaitan son of Mr. Anil Kumarr Khaitan, Chairman cum Managing Director of the Company to hold and continue to hold office or place of profit under the company as a Director (Operation & Marketing) at a monthly remuneration of Rs. 47650/- per month or with such other designation as directors may from time to time decide with effect from 01.04.2010 or such other date as may be permitted under the Central Government approval on the following terms as to remuneration:-

- 1 Salary: - Rs. 47650 (Rupees Forty Seven Thousand Six Hundred fifty Only) per month with such annual increments as the board may decided from year to year.
- 2 House Rent Allowance:- As applicable to other employee in grade E-1 presently 40% Salary (Not payable if company accommodation is provided)
- 3 Annual Bonus:- As applicable to the other employee in grade E-1(Presently 20 % of Salary)
- 4 Contribution to Provident and Superannuation Fund:- As applicable to the other senior employee in grade E-1(Presently 12 % of the salary)
- 5 Gratuity at the rate of one month's salary for every complete year of service - to be covered under senior staff group gratuity scheme.
- 6 Reimbursement of Medical Expenses:- As per scheme applicable to the other employee in grade E-1
- 7 Entertainment Allowance and such other allowance as applicable to the other employee in grade E-1
- 8 Leave Travel Assistance:- As per scheme applicable to employee in grade E-1
- 9 Lunch Expenses :- As per scheme applicable to employee in grade E-1
- 10 And other perquisites as applicable to employee in grade E-1

"FURTHER RESOLVED THAT the allowance and perquisites referred to above be and are hereby authorised to be paid and allowed to Mr. Ishan Khaitan in accordance with the relevant rules of the company with such variation /increase therein as may be in force from time to time."

"FURTHER RESOLVED THAT Mr. Virendra Garg, Secretary of the Company be and is hereby authorized to take all such appropriate steps and to do all such acts, deeds and things to give effect to the above mentioned resolution."

6 To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and pursuant to the section 198, 309 and 310 and other applicable provisions of the Companies Act, 1956 and approval of the Company be and is hereby accorded for the remuneration upto Rs., 95, 225/- (Rupee Ninety Five Thousand Two Hundred Twenty Five only) p.m. plus perquisites according to sub clause (B) of the Clause 1 of the part II of Schedule XIII of the Companies Act-1956 be paid starting from 1st April, 2010 to 31st March 2011 to Mr. Anil Kumarr Khaitan, Chairman-cum-Managing Director as per following terms and conditions:

Remuneration shall be for the period from 1st April, 2010 to 31st March, 2011

1. Emoluments:

Salary: Rs. 95225/- (Rupees Ninety Five Thousand Two Hundred Twenty Five only) per month.

2. Bonus/Ex-Gratia- Payable upto 20% of the Salary on an annualized basis.

Perquisites: In addition to salary, will be entitled to the following perquisites/benefits-

Part-A:

1 Housing.

Housing -I

The expenditure by the Company on hiring accommodation for him shall be subject to a ceiling of 60% (sixty percent) of his salary over and above 10% (ten percent) payable by him.

Housing - II

Where the Company does not provide accommodation to him, House Rent Allowance subject to the ceiling laid down in Housing -I, shall be paid to him.

Medical Benefits:

Reimbursement of expenses actually incurred the total cost of which to the Company shall not exceed one month's salary in a year or three month's salary in a block of three years.

Leave Travel Concession:

For him and his family, once in a year upto two months salary shall be provided.

Personal Attendant:

Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed Rs. 12000/- (Rupee Twelve Thousand Only) per month.

Part-B:

The Company's Contribution towards Provident Fund, Superannuation Fund or Annuity Fund: Such contribution to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

Gratuity:

Payable in accordance with the Gratuity Scheme of the Company, provided that this shall not exceed one-half month's salary for each completed year of his services with the Company, subject to a ceiling as per the Act.

Part-C:

Conveyance and Telephone:

Free use of the Company's Car with Driver for the purpose of the Company's business and telephone

facility at his residence, which shall not be considered as perquisites/benefits, but the use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to him.

3. Earned/Privilege Leave:

He will also be entitled to earned/privilege leave on full pay and allowances, as per the rules of the Company, but not exceeding one month's leave for every eleven months' service under the Company.

4. He will be reimbursed Entertainment Expenses incurred by him in connection with the business of the Company as approved by the Board of Directors of the Company.
5. Either party may terminate the appointment by giving three (3) months notice in writing to the other, provided that the Company may in the alternative terminate the appointment by paying to Mr. Anil Kumarr Khaitan three month's salary in lieu of such notice.

"RESOLVED FURTHER THAT Mr. Virendra Garg, Secretary of the Company be and is hereby authorized to take all such appropriate steps and to do all such acts, deeds and things to give effect to the above mentioned resolution."

By the Order of the Board

Place - New Delhi

Dated- 29.05.2010

**Anil Kumarr Khaitan
Chairman cum Managing Director**

Notes

1. A member entitles to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member.
2. The appointing the proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd June, 2010 to 29th June, 2010 (both days inclusive)
4. Explanatory statements pursuant to the provisions of section 173(2) of the Companies Act 1956 are given in the annexure attached hereto.
5. Members, who are holding shares in identical orders of names in more than one folio, are requested to write to the Company's Share Transfer Agents M/s MCS Limited at "F-65 First Floor, Okhla Industrial Area, Phase-I, New Delhi 110020.
6. Pursuant to the provisions of the Section 205A (5) and 205 C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed interim dividend for the financial year 2001-2002 to the **Investor Education & Protection fund (The IEPF)** established by the Central Government .

Dividend for the financial year ended March, 31, 2003 and thereafter which remains unpaid or unclaimed for a period of 7 years from the date they become due for payment will be transferred by the company to IEPF. **The last dates for the claiming of such unclaimed dividends are mention as per annexure 2.** Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company.

It may be noted that the Company had sent reminders to the members in this regards. **Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amount which were unclaimed and unpaid for a period of seven years for the date they first became due for payment and no payment shall be made in respect of any such claims.**

Annexure to the notice**Explanatory statement pursuant to the Section 173(2) of the Companies Act, 1956****Item No.4**

To increase the capital base of the Company the Board of directors of the Company in their meeting held on 29.05.2010 had decided to declare the Bonus shares. The present paid-up equity capital of the Company is Rs.466.12 lakhs. The Free Reserve as on 31st March 2010 was Rs.972.84 lakhs. The Directors have pleasure in proposing the issue of Bonus Shares in the ratio of one new fully paid Bonus Equity Share for every one existing equity shares. For this purpose, it is proposed to capitalize a sum of Rs.4,66,12,500/- to be applied for the issue of 46,61,250 new Equity Shares as Bonus Shares to the holders of the existing 46,61,250 Equity Shares on a date to be decided and fixed later by the Board of Directors. The capitalization will be done by withdrawing permissible amounts from the Securities Premium Account and Profit & Loss Accounts as mentioned in the Resolution. The proposed Bonus Issue is in conformity with the SEBI guidelines. The said bonus issue shares will rank pari passu in all respects with the existing 46, 61, 250 Equity Shares of the Company from the date of allotment. These shares will be entitled to participate in any dividend that may be declared in respect of any financial year beginning from 1st April 2010.

The other parts of the Resolution set out the manner and the terms and conditions of the proposed bonus issue and also deal with the procedural and administrative matters.

Hence the Directors of your Company recommend the shareholders of the Company to pass the proposed resolution.

Interest of Directors

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the shares held by them, by their relatives and by the companies/institutions of which they are Directors or members.

Item No.5

Mr. Ishan Khaitan son of Mr. Anil Kumarr Khaitan, Chairman cum Managing Director of the Company has done his Engineering from University of Illinois at Urbana - Champaign was appointed as a Management Trainee in the Company as on dated 01.06.2009 on a monthly remuneration of Rs. 15000/- per month. He has carried out certain marketing and technical research assignment and obtain a vide experience in the marketing and technical filed as a part of his training in the company.

The Board of Director of the Company in their meeting held on 29.05.2010 decided to appoint Mr. Ishan Khaitan son of Mr. Anil Kumarr Khaitan, Chairman cum Managing Director of the Company to hold and continue to hold office or place of profit under the Company as a Director (Operation & Marketing) at a monthly remuneration of Rs. 47650/- per month together with the other facilities applicable to the other employee occupying similar post or posts within the same salary and grade or as per the law and rules of the Company and subject to such terms and conditions as are stipulated in the letter of appointment of him or with such other designation as directors may from time to time decide .

He is son of Mr. Anil Kumarr Khaitan, Chairman cum Managing Director of the Company and therefore approval of the members under section 314 (1) (b) of the Companies Act-1956 is necessary for him to hold and continue to hold office or place of profit in the Company on the salary as proposed in the resolution.

Application for the approval of the Central Government is being made The Board of Directors are being authorised to accept such modification / alteration or amendments as may be directed by the shareholders of the Company and accepted by Mr. Ishan Khaitan.

Except Mr. Anil Kumarr Khaitan no other director are concerned or interested in the proposed resolution.

Item No 6

Mr. Virendra Garg, Secretary of the Company propose to the committee that company has decided to pay a sum of Rs. 95225/- as a monthly remuneration to Mr. Anil Kumarr Khaitan, Chairman cum Managing Director of the company with effect from 1st April, 2010 with subject to approval of shareholders of the company.

The Selection & Remuneration Committee members after discussing all the provisions of the Companies Act, 1956, proposed that the Company may pay remuneration as per the Schedule -XIII of Companies Act, 1956 and recommended that the Company should pay the above remuneration to him for the period starting from 1st April, 2010 to 31st March 2010.

Approval of the members is sought at this Annual General Meeting for payment of remuneration to Mr. Anil Kumarr Khaitan as set out in the text of the resolution.

Information pursuant to Clause-A of Part -II of Schedule XIII

General Information

Company is engaged in the manufacturing of Hard Gelatin Capsules Shells, which is a pharmaceutical intermediary, since 1976. The Company has further increased the installed capacity for production of 7000 Million Capsules per annum. Operations of the company for the last three years are as under:

Particulars	Rs. in Lacs)		
	For Year 2007-08	For Year 2008-09	For Year 2009-10
Net Sales	2575.00	3061.59	3476.72
Profit before Tax (After exceptional items)	210.99	36.84	43.62
EPS (after exceptional items) (In Rs.)	3.47	0.30	0.79
Export Sales (FOB)	831.16	1060.21	999.20

During the year 2009-10 Exports of the Company are slightly lower as compared to the year 2008-09. The Company doesn't have any foreign investments. The increase in profits during the year was due to higher sales and saving in the interest cost.

Interest of Directors

Except Mr. Anil Kumar Khaitan no other director are concerned or interested in the proposed resolution.

By the Order of the Board

Place -New Delhi

Dated- 29th May, 2010

**Anil Kumarr Khaitan
Chairman cum Managing Director**

ANNEXURE: 1

**PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES
FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTOR BEING PROPOSED TO BE
APPOINTED / RE-APPOINTED**

Name of Director	Date of Birth & No. of share Held	Qualification	Nature of Experience	Directorship in other companies	Committee Chairmanship / Membership
Mr. Joginder Singh	12/10/ 1939 Nil	MA in English	More than 45 years experience in the Indian Police Service and also he is a author	1	Chairman of Selection & Remuneration Committee of the Company

ANNEXURE: 2

Information in respect of unclaimed and unpaid dividends declared for year 2002-03 and thereafter:

S.N.	Financial Year	Date of Declaration of the Dividend	Last date for the Clamming of Unpaid Dividend
1	31.03.2003	27.09.2003	26.09.2010
2	31.03.2004	29.09.2004	28.09.2011
3	31.03.2005	28.09.2005	27.09.2012
4	31.03.2006	29.09.2006	28.09.2013
5	31.03.2007	26.09.2007	25.09.2014
6	31.03.2008	25.09.2008	24.09.2015
7	31.03.2009	29.09.2009	28.09.2016

**Place - New Delhi
Dated- 29th May, 2010**

By the Order of the Board

**Anil Kumarr Khaitan
Chairman cum Managing Director**

SUNIL HEALTHCARE LIMITED

DIRECTORS' REPORT TO THE MEMBERS:

Your Directors have great pleasure in presenting the 36th Annual Report on the business and operations together with the audited statement of accounts of your Company for the year ended 31st March 2010.

Financial Results

	2009-10 (Rs in Lacs)	2008-09 (Rs in Lacs)
Profit before depreciation	357.77	323.80
Depreciation	314.15	286.96
Profit before tax	43.62	36.84
Less: - Provision for Taxation		
For Current Year	(6.74)	(7.66)
For Earlier Year refund/Adjustment including FBT	4.20	(1.96)
For Fringe Benefit Tax	(0.00)	(6.96)
For Deferred Tax	(4.05)	(6.36)
Profit After Tax	37.03	13.90
Add: - Profit b/f from previous year	348.24	411.60
	385.27	425.50
Less: - Trfd to General Reserve	0.00	50.00
Provision for Dividend on Equity Shares	0.00	23.31
Provision for Taxation on Dividend	0.00	3.96
Balance carried to Balance Sheet	385.27	348.23

Operations:

During 2009-10 the production of Hard Gelatin Capsule Shells was 17.64% higher at 6150 Million against 5228 Million in the previous year. Capsule Gross Sales are also 11.64 % higher at Rs. 3665 lacs against Rs 3283 lacs in the previous year, which was mainly due to increase in the sales volume.

Profit before tax during the year was higher at Rs. 43.62 lacs against Rs. 36.84 lacs in the previous year. The profit was higher due to the higher sales and lower interest cost. The management of the Company is optimistic about the current fiscal and the future prospects of the Company.

Management of the Company is committed to further improve the performance in the coming year and to achieve more sales and more profitability by optimizing product mix and exploring new avenues to achieve overall growth of the Company.

Directors:

Mr. Joginder Singh, Director of the Company retires by rotation at the ensuing Annual General Meeting, being eligible, offer himself for re-appointment.

Public Deposit:

The Company has not accepted any Deposit within the meaning of Section 58A of the Companies Act, 1956.

Dividend:-

With a view to conserve your company's resources, the directors do not recommended any dividend for the year ended 31.03.2010.

Bonus Issue:-

To increase the capital base of the Company the board of directors of the company has decided to declare the bonus shares in the ration of one equity shares for every one equity shares held by the shareholders of the company as on record date to be fixed by the board of directors of the company. The bonus shares to be issued after getting the approval of shareholders of the company and in the compliance of guideline issued by the SEBI for Bonus Shares. As result of the Bonus shares the paid up capital of the company will increase from Rs. 4,66,12,500 to Rs. 9,32,25,000.

Auditors & Auditor's Report:

M/s Singhi & Co, Chartered Accountants, New Delhi would retire from their office at the conclusion of the ensuing Annual General Meeting. M/s Singhi & Co. Chartered Accountants, New Delhi, being eligible, offer themselves for re-appointment as Auditors of the Company.

The Statutory Auditors of the Company have submitted Auditor's Report on the accounts of the Company for the period ended 31st March 2010, which is self explanatory.

Corporate Governance:

The management of the Company believes that the great companies are built on the foundation of good governance practices. Corporate governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulators and the community at the large. They strongly believe that this relationship can be built & strengthened through corporate fairness, transparency and accountability. At your Company, prime importance is given to reliable financial information, integrity, transparency, empowerment and compliance with law in letter & spirit.

The Securities & Exchange Board of India (SEBI) in its efforts to strengthen the Corporate Governance had revised the existing clause 49 of Listing Agreement. Your Company, following the spirit of market regulator and its endeavor to excel through corporate governance is complying with revised Clause 49. A separate section on corporate governance is given elsewhere in this Annual Report and **the auditor's certificate on compliance with corporate governance norms is attached thereto.**

Directors' Responsibility Statement:

Pursuant to section 217(2AA) of the Act, your Directors confirm the followings:

- a) That in preparation of the Annual Accounts for the year ended 31st March 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) That the accounting policies selected and applied are consistent and have 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 or loss of the Company for that period.
- c) That the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the annual accounts have been prepared on a going concern basis.

Industrial Relation :-

Relation with the employees remain cordial and your Directors wish to place on record their appreciation of the co-operation and contribution made by the employees at all levels.

Particulars of Employees:

The company has not paid any remuneration attracting the provision of Companies (Particulars of employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regards.

Conservation of Energy, Technical**Absorption, Research & Development and****Foreign Exchange Earnings & Outgo:**

Energy conservation measures, progress made in technology absorption and foreign exchange earning and outgo, as required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in a separate statement is given in the Annexure 'A' forming part of this report.

Acknowledgements:

Your Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. Without their commitment, dreams and hard work, Company's consistent growth was not possible.

Your Board also wishes to place on record its sincere appreciation for the whole hearted support received from our Bankers, Shareholders, and all other business associates for their valuable assistance and co-operation.

Place -New Delhi
Dated- 29th May, 2010

By the Order of the Board

Anil Kumarr Khaitan
Chairman cum Managing Director

SUNIL HEALTHCARE LIMITED

Annexure 'A' to Director's Report

1 Conservation of Energy

(a) Energy Conservation measures taken.

The Company has instituted in house Energy Audit Committee which gives recommendations from time to time, which are implemented. This has enabled the Company to achieve Power Factor of Unity in most of the months.

(b) Additional Investment and proposal, if any, being implemented for the reduction of energy consumption.

No additional capital expenditure is being implemented at the moment except expenses on power saving motors and pumps.

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

The above mentioned measures taken by the Company has enabled the Company to the consumption of electricity and fuel oils under control.

2 Energy Consumption

The energy consumption and energy consumption per unit of production as per Form'A' of the annexure to the rules in respect of the industries specified in the schedule thereto are as under:-

A Power & Fuel Consumption		Unit	2009-10	2008-09
Electricity				
(a)	Purchased			
	- Units	Kwh	7699380	7754094
	- Total Amount	Rs.	33850877	33006691
	- Rate Per Unit	Rs.	4.4	4.26
(b)	Own generation through DG sets			
	- Units	Kwh	683798	150208
	- Unit per Ltr of Diesel	Kwh	3.30	3.20
	- Cost per unit (Direct Cost)	Rs.	8.93	9.59
B Consumption per unit of production				
	Product	Hard Gelatine Capsule Shells		
	Electricity	Kwh per	1370	1385
		Million		
		Capsules		

3 Technology Absorption:

A Reasearch & development (R&D)

- | | | |
|-----|--|--|
| (a) | Specified area in which R&D carried out by the Company | Continuous efforts made to improve the process |
| (b) | Benefits derived as a result of the above R & D | Improvement in quality and production efficiency |

(c)	Future Plan of action	Continuous efforts will be done to improve the process and productivity.
d)	Expenditure in R & D	
	I) Capital	Debited to the respective heads of accounts
	II) Recurring	
	III) Total	
	IV) R&D expenditure as a % of total turnover	
B	Technology Absorption, Adaptation & Innovation :	
(a)	Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation	Applicable
(b)	Benefits derived as a result of the above efforts	Not Applicable
(c)	In case of Imported Technology (Imported during the last five years) reckoned from the beginning of the financial year.	The Company has not purchased or got any technology from abroad during the year.
	I) Technology imported	Not Applicable
	II) Year of Import	Not Applicable
	III) Has the Technology fully been absorbed?	Not Applicable
	IV) If not fully absorbed area where this has not taken place, reasons thereof and future plan of action.	Not Applicable

4 Foreign Exchange Earnings & Outgo:

A	Activities relating to exports initiative taken to increase exports, development of new export market for products and services , and export plans.	Company continues to work to improve its exports and develop new market for increasing the exports		
B	Total Foreign Exchange used and earned	2009-10	2008-09	
(a)	Used Rs. in Lacs	227.84	494.34	
(b)	Earned Rs. in Lacs	999.20	1060.21	

SUNIL HEALTHCARE LIMITED

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT:

1. OVERVIEW:

Sunil Healthcare Limited, having its state of art plant is situated at Alwar; Rajasthan for manufacture of Hard Gelatin Capsule Shells commenced its manufacturing operation in 1976 with installed capacity of 200 million Hard Gelatin Capsule Shell. With gradual expansion, now the installed capacity is 7000 million capsules p.a.

2. INDUSTRY OUTLOOK:

The product of the Company Hard Gelatin Capsule Shell is used by Pharmaceutical and Food supplement Companies as a container for administering various medicines and food supplements. Therefore, the growth of the industry is dependent on the growth of pharmaceutical and food supplement companies domestically and globally.

The Indian Pharmaceutical Industry is a success story providing employment for millions and ensuring that essential drugs at affordable prices are available to the vast population of this sub-continent.

The Indian Domestic pharma market, which consistently grew at 9.5% CAGR in last 5 years, is poised to accelerate at 13.6% between 2006-10 to touch the market size of US\$ 9.48 billion by 2010 from 2006 level of little over US\$ 5.7 billion, according to a Paper brought out by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Cygnus.

The Paper on Indian Pharma Industry - Quest for Global Leadership gives reasons for this growth, emphasizing that indigenous pharma market is expected to be largely driven by new product launches, especially new branded drugs by foreign firms in next 4 years. The growth rate thus is likely to reach its peak by 2008-09, after which it may stagnate with a few new product launches, adds ASSOCHAM & Cygnus Paper.

Between 2000 to 2005, domestic pharma industry grew at an CAGR of about 9.5% and touched the market size at US\$ 5.13 billion by March 2005. However, towards March 2006, the growth rate jumped to 11% to hit the market size of US\$ 5.7 billion, further adds the Paper, forecasting that it will hover around 13.6% between 2006-10 to take up domestic pharma market size at US\$ 9.48 billion by 2010

Therefore, the company foresees a good growth in the demand of Hard Gelatin Capsules Shell in the Indian market if the above trend continues in the coming year.

The Indian Capsules are competitive in International Market and their acceptability is increasing. Even developed markets which are quite conservative in accepting pharma products from developed countries are opening up, which is offering good opportunities in export market.

3. OPPORTUNITIES:

Even as the Indian Pharmaceutical Industry is grouping with the product patent resume in force the domestic companies could leverage the emerging opportunities in the change scenario to evolve into the global Pharma Outsourcing world capital in the near by future.

Domestic Pharma Companies will increasingly be looking to consolidate across the value chain by partnership or merging with companies that have complimentary strength.

The thrust of the company is to increase its exports to the maximum extent and increase our market share due to industry growth because of host of drugs getting de patented.

4. CHALLENGES:

Competition in the global market is a common phenomenon for any industry. The company is

also facing the same but is quite competent to handle the competition successfully. In the domestic the numbers of players are increasing and the capacity is also increasing, but besides the fact the demand is also gradually increasing. The major pressure is on the price.

5. COMPANY OUTLOOK:

With the increase of installed capacity and exports of the product of the company, the management is optimistic about the future outlook of the company in short, medium and long-term basis.

6. RISK CONCERNS:

Risk is an expression of uncertainty about events and their possible outcomes that could have a material impact on the goal of the Company. Since no business is risk free, the Management of the Company is committed to their ongoing and proactive recognition, assessing their possible influence and initiating action to mitigate their impact.

The management had reviewed the risk management policies and accordingly the assets, buildings, plant & machinery, stocks etc. of the company have been adequately insured. The Company follows pragmatic policies in its receivable management and has elaborate checks in places. Detailed report on Risk Analysis is enclosed as per Annexure.

7. INTERNAL CONTROL SYSTEM AND ADEQUACY:

The Company has proper and adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly.

The Company has effective systems in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws. This is continually reviewed for effectiveness and is augmented by written policies and guidelines, the careful selection of qualified personal and a strong internal audit programme.

Adherence to the internal controls and their adequacy is ensured through frequent management/ internal audits. A qualified and independent Audit Committee of the Board of Directors also reviews the internal auditors' reports and the adequacy of internal controls at quarterly intervals.

8. DISCUSSIONS ON FINANCIAL PERFORMANCE:

Highlights	2009-10	2008-09	% Change
Total Production (Capsules In Millions)	6150	5228	17.64
Total Sales (Capsules In Millions)	5881	5248	12.06
Income from Operations (In Lacs)	3477	3062	13.55
Profit before Interest, Dep. & Tax (In Lac)	641	637	0.63
Interest Expenditure (Net of Income)	283	312	-9.29
Depreciation	314	288	9.02
Profit before Tax (IN lacs)	44	37	18.92
Profit After Tax	37	14	164.42
Earnings per share (In Rs.)	0.79	0.30	163.33

(i) Sales

There was increase in the sales volume and value in the current year by 12.06% do and 13.55% respectively.

(ii) Profit before interest, Depreciation and Tax

PBIDT increased by 0.63% for the year when compared to the last year. This increased in net

profit is mainly due to saving in the interest cost.

(iii) Interest

There was decrease of Rs. 29 lacs in the interest cost during the year mainly on account of repayment of Term Loan.

(iv) Net Profit

The net profit has increased from Rs. 14 lacs in 2008-09 to Rs. 37 lacs in 2009-10. This increase in net profit is mainly due to saving in the interest cost.

9. HUMAN RESOURCES:

The Company maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employee have enabled the Company to remain at the forefront of the industry.

In today's comparative world where creativity and innovation are increasingly becoming important. Development of Human Resource is the call of the day. The Company is taking various steps to develop the skills and enhance the knowledge of the human resource which include the following

- a. Comprehensive and user friendly Performance Management System has been implemented to create a result oriented culture.
- b. Development needs have been identified through Performance Management System.
These needs are being fulfilled through various training programmes and lectures by internal as well as external faculty.
- c. Regular Training programmes are conducted comprising behavioral and technical programme.
- d. Company has started **"Extensive training on WHO-GMP"** in the organization to create self-awareness among the employees, to bring out the creativity and improving the way of handling the things.

10. QUALITY INITIATIVE

Our Quality policy is:

"We shall produce capsules for customer's delight by continual focused improvement plans"

We maintain a consistent quality of our product as per the norms of WHO GMP. To maintain the stringent quality norms, we have modern quality Control Laboratory equipped with sufficient instruments and qualified persons operate them. Our Quality Assurance works hand in hand with our production to ensure products of customer's requirement.

The Company is registered with US FDA, which reflects standard of its quality. The company has also received ISO: 9001-2000 certification which shows further quality standards.

In recognition of quality performance, the company has been awarded India's Top 500 manufacturing small and mid sized Company Award.

11. INFORMATION TECHNOLOGY

We are using modern technology available for improvement of Business processes across the functions by automating the routine administration tasks and creating various knowledge management databases. The Company also has its web site www.sunilhealthcare.com to provide all the details about the Company and its product. Company in process of SAP implementation.

12. CAUTIONARY STATEMENT:

Statement in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, protections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either.

SUNIL HEALTHCRE LIMITED

RISK ANALYSIS :-

Risk Identification

The probable material effects of an uncertain environment (both internal as well as external) on business goals are identified. The factors which could affect the performance vis-à-vis the stated objectives are determined.

Each and every activity is analyzed and the internal and external forces acting on them along with the negative resultant which could possibly surface is identified where internal factors are perceived to be the drivers, adequate policy - procedure checks are installed within the business processes for earlier recognition and corrective measures to overcome the same. In case of external drivers, a continuous cost benefit analysis is done to take a proactive approach and safe guard the business outcome on a substantial basis.

Risk Management and Control

It involves prioritization and assessment of risks, which hinder the achievement of the Company's goals and to devise appropriate controls to mitigate these risks, then evaluating and reviewing the control mechanism and redesigning it from time to time in the light of its effectiveness. The Company ensures sensitivity to detect risk, ensuring flexibility to respond to risk and ensuring capability of resources to mitigate risk.

Market related Risk

1. Competitors

The Company is expecting to derive a large part of its revenues from outside India, by entering new overseas markets and by expanding its customers base in the countries which it already has its presence.

Within India, the Company' have an extensive marketing network and Company's Brand Name '**SUNLOC**' have significant goodwill among the customers.

The Company is optimistic that by its quality product and good customer relations will enable it to enhance its presence in its chosen markets.

2. Concentration Risk

Dependence on few customers.

The Company is pursuing a two-pronged risk minimization strategy increasing revenues from key customers on an absolute basis but decreasing their proportion in the Company's overall revenues. Further the Company is trying to add some new customers.

The Company is concentrating on serving a rationalized customer base in the domestic market accompanied by higher satisfaction and retention levels as an effective counter to the new entrant in the business.

In the international market the Company intends to focus on select geographical areas to begin with leading to a disproportionate business concentration. The Company is moving to unserved geographies and would continue to explore new markets across the globe, with wider customer base.

3. Business segments

The Company deals in business segment of Manufacturing Hard Gelatin Capsule Shells. In this segment the company has reached to installed capacity of 7000 million capsule at the existing facility. The company is also planning to increase this capacity to 10000 million capsule by the

end of the financial year 2011-12. The company has also started a new business segment of trading of Foods items under the brand name of "SUNLOC FOOD"

4. Geographical Concentration of business.

Last year Exports accounts for about 27% of the Company's revenues and during current fiscal the Company is expecting to increase its exports to 35%. During the year the Company is exploring new area for increasing their presence in global market.

Within India, the Company enjoys a major presence in all geographical segments; North and West India contributing a major part of the Company's revenues because of the sheer size of this market and logistics convenience.

Financial Risk

- **Business Process**

The Company's management reviews all the operational data on regular basis to assess and manage risks and controls related to business processes and financial disclosures. The database is regularly updated and data mining and continuous monitoring is done to mitigate the potential risks associated with financial behavior of business.

- **Foreign currency risk**

During the year about 35 % of the Company's revenue is expected from foreign exchange, any fluctuation in which could have an impact on the Company's top line as well as bottom line.

The Company has laid down standard operating procedures to de-risk itself against currency volatility and out sources expert advice whenever required.

- **Receivables management risk**

The Company has a defined credit policy duly approved and reviewed by the Management from time to time, which is strictly monitored. The policy categorically stipulates the extension of credit only on a selective basis after a thorough customer evaluation. In most of the cases, dispatch is made after adequate securitisation and any default is not likely to have a significant effect on the company's total profitability.

Strategic Risk

- **Investments in core competence**

The Company has made substantial investments in new four Capsule Manufacturing Machines at the end of the last year and upgrading their manufacturing facility further. Due to this expansion for early phase due to high interest cost returns may be lower, but in the long run returns would improve and help to meet the Competition and increase our market share. The Company has embarked on its second phase of expansion to encash on our core competence.

- **Proprietary risks/ contingencies**

The Company has initiated adequate insurance covers to hedge against natural risks in the business. These are assessed on a regular basis and the Company takes the best possible coverage of insurance from the well-established public and private sector insurance companies.

Operational Risks

- **Cost Competitiveness**

The Company has not been able to retain its cost advantage due to major expansion undertaken. But in long run economy of scale would play a role and cost should reduce in long run.

The Company has invested in large, world-class plants to encash economics of scale to enhance

quality and reduce costs.

- **Manpower related risks**

The Company values its employees as main driver of sustainable growth. In view of this, it has instituted defined roles and responsibilities across various levels accompanied by robust systems to ensure appropriate information flow and better productivity.

Skilled manpower for the manufacturing and marketing functions is abundantly available. The Company enjoys a fair blend of youth and experience; it has a prudent mix of a competent and experienced Board as well as young and energetic operational team.

Compliance Risks

- **Contractual risks**

The Company is exposed to possible liabilities that could arise from the non-performance of certain contractual conditions. Presently the Company don't foresee any such risk as Company has established a review and documentation process for contracts.

Each contract to be executed by or on behalf of the Company requires vetting from the Company's legal and secretarial department before execution. While vetting contracts, the department evaluates the legal risk involved and ascertains legal responsibilities.

- **Compliance and Environmental risks**

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the countries in which it operates. The Company has an informed and proactive legal cell, which ensures compliance with various statutes. Besides, it also take advise from reputed law firms from time to time. The legal cell advises the Company on various compliance issues and ensures their alignment with the laws of jurisdiction as well as to the territory where the Company operates. The Board reviews the detailed Compliance Report on quarterly basis.

The Company also recognizes the need for sustainability with a minimal impact on the ecology and environment. In view of this, the Company makes continuous investments in treating effluents. These investments result in compliance with the most progressive global standards.

Cautionary Statement

This report on risk management provides the details of the risk which may be faced by the Company. Risks detailed here are not exhaustive but are for information purposes only. The actual risks faced by the Company in future may vary substantially from those outlined herein. Some of the statements written herein are forward looking and should not be construed as a guarantee of performance. The readers must exercise their own due diligence before forming any opinion based on this report.

SUNIL HEALTHCARE LIMITED

REPORT ON CORPORATE GOVERNANCE:

In compliance with Corporate Governance requirements as prescribed by SEBI and inculcated in Clause 49 of the Listing Agreement with Stock Exchange's, the Company's Report on Corporate Governance for the year ended 31st March, 2010 is set out below for information to stakeholders and investors of the Company.

The Management of the Company believes that the great companies are built on the foundation of good governance practices. Corporate governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulatory authorities and the community at the large. It strongly believes that this relationship can be built & strengthened through corporate fairness, transparency and accountability.

(A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy of Corporate Governance is to ensure transparency in all dealing and maintain highest standard of professionalism, integrity, accountability, social responsibility, fairness, and business ethics. We consider ourselves as trustees of our shareholders and relentlessly attempt to maximize long-term shareholder value.

Your Directors confirm the practice of good Corporate Governance codes by the Company in true spirit and are pleased to present below the report on it.

(B) BOARD OF DIRECTORS

The Board of Director's guide, direct and oversee the management and protect long term interests of stakeholders, employees and society at large. The Board also ensures compliance of the applicable provisions, code of ethical standards and accurate financial reporting.

The Board of Directors of the Company shall have an optimum combination of Executive and Non-executive Directors with not less than fifty percent of the Board of Directors comprising of Non-executive Directors. In case the Company has an Executive Chairman, at least half of the Board should comprise of Independent Director. Company further agrees that a Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 committees across all Companies in which he is Director.

- (a) The Board of Directors of the Company consists of six directors comprising One Executive Director and Five Non Executive Independent Directors. The Independent Directors are eminent professionals with wide range of knowledge and experience in business, industry administration and finance Composition of the Board of Directors as at 31st March 2010 is as follows:

S.N.	Name of the Director (A)	Category	Other Boards Particulars			
			Director Ships (B)	Chairman Ship (C)	Committee (s) (D) (Including SHL)	
					Chairman Ship	Member Ship
1	Mr. Anil Kumarr Khaitan	Executive	---	1	---	---
2	Mr.S.N.Balasubramanian	Independent / Non-Executive	---	---	1	---
3	Mr. Joginder Singh IPS (Retd)	Independent / Non-Executive	1	---	1	---
4	Mr. Rajat Kumar Niyogi IPS (Retd.)	Independent / Non-Executive	---	---	---	3
5	Mr. Sanjay Kumar Kaushik	Independent / Non-Executive	---	---	---	3
6	Mr. B. P. Srinivasan	Independent / Non-Executive	---	---	---	---

Notes:

- A. Directorship in other companies.
 - B. Chairmanship in other companies.
 - C. Committee includes Shareholders & Investors Grievance Committee, Audit Committee and Selection & Remuneration Committee.
 - D. None of the director is related to any other director.
- (b) The Board of Directors of the Company shall meet at least four times a year, with a maximum gap of four months between the two meetings to consider amongst other business, the quarterly performance of the Company and financial results. The Board of Directors of the Company held 4 meetings during the financial year 2009-10, on 29.06.2009, 31.07.2009, 30.10.2009 and 30.01.2010

The attendance of each Director at these meetings was as follows:

S No.	Name of the Director	No. of Board Meeting Held	No. of Board Meetings Attended	Attendance at last AGM
1	Mr. Anil Kumarr Khaitan (Chairman Cum Managing Director)	4	4	Yes
2	Mr. S N Balasubramanian	4	4	Yes
3	Mr. Joginder Singh IPS (Retd.)	4	4	No
4	Mr. Sanjay Kumar Kaushik	4	2	No
5	Mr. Rajat Kumar Niyogi IPS (Retd.)	4	4	No.
6	Mr. B. P. Srinivasan (Prof)	4	3	No.

- (c) The Company places before the Board, all relevant and necessary information for seeking the necessary approvals and directions on the operation and plans of the Company.
- (d) The information made available to the Board.
- Among others, includes:
- Annual operating plans of business, capital budgets, and updates.
 - Quarterly results of the Company and its operating divisions or business segments.
 - Minutes of meeting of the Audit Committee and other committees.
 - Information on recruitment and remuneration of senior officers just below the board level.
 - Materially important show cause, demand, prosecution and penalty notices.
 - Serious accidents or dangerous occurrences if any.
 - Any materially significant effluent or pollution problems.
 - Any materially relevant defaults in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
 - Any issue, which involves possible public or product liability, claims of a substantial nature.
 - Details of any joint venture or collaboration agreement, if any.
 - Transactions that involves substantial payment towards goodwill, brand equity, or intellectual property, if any.

- Significant developments in the human resources and industrial relation fronts.
 - Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
 - Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement and,
 - Non- compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.
 - Litigation on or by the Company, if any.
 - Show Cause notice of material significance, if any.
- (e) All pecuniary relationship or transactions of the non-executive directors' viz. a viz. the Company should be disclosed in the Annual Report.
- (f) The brief details of director (s) retiring by rotation and seeking re-appointment u/s 257 of the Companies Act, 1956, is appended to the notice convening the 36th Annual General Meeting.
- The Company did not have any pecuniary relationship/ transaction with Non Executive Directors during the year except the sitting fees paid to them for attending the Board Meeting and Committee Meeting.

(C) BOARD COMMITTEES

Your Company's Board has three sub-committees: -

- ☞ Audit Committee.
- ☞ Selection & Remuneration Committee
- ☞ Shareholders & Investor Grievance Committee.

(I) Audit Committee:-

Constitution

The Audit Committee seeks to ensure both corporate governance and provides assistance to the Board of Directors in fulfilling the Board's overall responsibilities. The Audit Committee of the Company is constituted, caring with the provisions of clause 49 of the Listing Agreement entered into with the Stock Exchanges read with section 292A of the Companies Act, 1956.

Composition & Role of Audit Committee

A qualified and independent Audit Committee shall be set up having a minimum of three independent non-executive directors as members. The Audit Committee presently comprises of three members viz. Mr. S. N. Balasubramanian, Mr. Sanjay Kumar Kaushik and Mr. Rajat Kumar Niyogi IPS (Retd.). Mr. S. N. Balasubramanian is the Chairman of the Audit Committee. All the members of the committee possess good knowledge of finance, accounts and basic elements of Company Law.

The Role of Audit Committee shall include the following:-

- a) Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending the appointment and removal of external auditors, fixation of audit fees and approval for payment of any other services;
- c) Reviewing with management the annual financial statement before submission to the Board, focusing primarily on;
 - Any change in accounting policies and practices.

- Major accounting entries based on exercise of judgment by management.
 - Qualification in draft Audit Report.
 - Significant adjustment arising out of Audit.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with Stock Exchange and Legal requirements concerning financial statements.
 - Any Related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- d) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function,
- f) Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
- g) Discussion with external auditors before the audit commences nature and scope of audit as well as has post audit discussion to ascertain any area of concern.
- h) Reviewing the Company's financial and risk management policies.
- i) To look into the reasons for substantial default in the payment to the depositors, debenture holders, shareholders.(in case of non payment of declared dividends) and creditors.

The Audit Committee met 4 times during the financial year 2009-10 on 29.6.2009, 31.07.2009, 30.10.2009 and 30.01.2010.

The Composition of the Audit Committee of the Company and the attendance of each Director at these meeting was as follows:

S No.	Members of Audit Committee	Category	No. of Meetings Held	No. of Meetings attended	Whether last AGM attended
1	Mr. S N Balsubramanian	Non executive /Independent	4	4	Yes
2	Mr. Sanjay Kumar Kaushik	Non executive /Independent	4	2	No
3	Mr. Rajat Kumar Niyogi IPS (Retd.)	Non executive /Independent	4	4	No.

There has been no change in the composition of Audit Committee since the last Annual general Meeting of the Company as stated above.

(II) Selection & Remuneration Committee

Constitution

The Selection & Remuneration Committee has been constituted in order to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

Composition

The Selection & Remuneration Committee presently comprises of three members' viz. Mr. Joginder Singh IPS (Retd.), Mr. Sanjay Kumar Kaushik and Mr. Rajat Kumar Niyogi IPS (Retd.) Mr. Joginder Singh is the Chairman of the Selection & Remuneration Committee.

During the year 2009-10 only two meeting of the Committee was held on 29.06.2009 & 31.07.2009 to the following matter :-

1. Selection & appointment of Mr. Kahaan Khaitan as a management trainee.
2. To increase the sitting fees of the directors for the each board and committee meeting.
3. Recommend/ review the remuneration payable to Chairman Cum Managing Director of the Company.

Remuneration Policy.

Mr. Anil Kumarr Khaitan, Chairman Cum Managing Director is being paid minimum remuneration as stipulated in Part II of the Schedule XIII of the Companies Act, 1956 w.e.f 8th January 2004 and other non-executive directors are paid sitting fees @ Rs. 3500/- up to 31st July 2009 and Rs. 5000/- after 31.07.2009 for each meeting of the Board or any committee attended by them plus reimbursement of actual traveling and out of pocket expenses.

Remuneration to Directors

The details of remuneration paid to all the Directors during the year ended 31st March 2010 are given below:-

S No.	Name	Salary	Perquisites & Allowances	Sitting Fees	Total
1	Mr. Anil Kumarr Khaitan	240000	240800	---	480800
2	Mr. Joginder Singh IPS (Retd.)	-	-	20500	20500
3	Mr. Sanjay Kumar Kaushik	-	-	17000	17000
4	Mr. S.N. Balasubramanian	-	-	34000	34000
5	Mr. Rajat Kumar Niyogi	-	-	37500	37500
6	Mr. B. P. Srinivasan	-	-	13500	13500

(III) Shareholders & Investor Grievance Committee

A Board Committee under the Chairmanship of Non-Executive Director shall be formed to specifically look into the status of redressal of Shareholders and investors complaints and suggest measures to improve investor relations. The committee is authority for registration of transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, issue of duplicate shares certificate and dematerialization of shares etc. This committee shall be designated as 'Shareholders/investors Grievance Committee'

Board vide resolution dated 23rd May 2007, had Authorised to Managing Director and Secretary of the Company to give effect to the Share Transfers and report the same to Board Members in the subsequent Board Meetings. The transfer / transmission formalities are processed as and when they received. Mr. Virendra Kumar Garg, Company Secretary has been designated the Compliance Officer for the Stock Exchange as well for investor queries / complaints and the Insider Trading Code.

The Investors Grievance Committee consists of following Members:-

1. Mr. Sanjay Kumar Kaushik
2. Mr. Rajat Kumar Niyogi IAS (Retd.)

The Committee met 12 times during the financial year 2009-10 on 15.04.2009, 15.05.2009, 15.07.2009, 31.08.2009, 15.10.2009, 16.11.2009, 30.11.2009, 31.12.2009, 30.01.2010, 15.02.2010, 15.03.2010 and 31.03.2010.

During the financial year 2 investor grievance was received. The status of investor queries/complaints was nil mention as under:

S.No	No. of Investor Queries/Complaints received in the year 2009-10	Pending at the end of the year	No of Pending Share Transfers
1	3	Nil	Nil

(D) General Meetings

1. The Annual General Meeting of the Company (AGMs) has been held at the following places in the last three (3) years.

Financial Year	Venue	Day , Date & Time	Details of Special Resolution Passed
35 th AGM held for the FY 2008-09	38E/252-A, First Floor, Vijay Tower, Shahpurjat, New Delhi-110049	Tuesday, 29 th September, 2009 at 11.30 A.M.	Yes (2)
34 th AGM held for the FY 2007-08	17-18, Old Industrial Area, Alwar-301001 Rajasthan	Thursday 25 th September, 2008, 12.30 P.M.	No
33 rd AGM held for the FY 2006- 07	17-18, Old Industrial Area, Alwar-301001, Rajasthan	Wednesday, 26 th September, 2007 12.30 P.M.	Yes (1)

- At the 35th Annual General Meeting , two special resolution were passed for the following matters:
 1. For appointment of Mr. Kahaan Khaitan a relative of director of the company as a Management Trainee as per section 314 (1) (b) of the Companies Act-1956
 2. For appointment of Mr. Ishan Khaitan a relative of director of the company as a Management Trainee as per section 314 (1) of the Companies Act-1956
- At the 34th Annual General Meeting of the Company no resolution was passed as a special resolution.
- At the 33rd Annual General Meeting, a special resolution was passed for re-appointment and renewal of remuneration of Chairman cum Managing Director of the Company.

2. No Extra Ordinary General Meeting of the Company (EGMs) was held during the year

(E) Disclosures

- (a) Related Party Transactions have been disclosed under Note no. 13 in Schedule 19 the "Notes on Accounts" to the accounts for the year under review.
- (b) The Company has complied with all the requirements of the listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI, as applicable.
- (c) No penalties have been imposed or strictures have been issued by SEBI or any other Stock Exchange or any other Statutory Authorities on matters related to capital market.
- (d) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

- (e) A certificate from CEO/CFO was placed before the board.

(F) Means of Communication

- All material information about the Company is promptly sent to the Stock Exchanges where the Shares of the Company are listed.
- The quarterly unaudited results and the annual audited financial results are published in prominent daily Newspaper '**The Pioneer**' in English, a leading National newspaper and in "**Veer Arjun** " in Hindi, a regional newspaper.
- The Annual Reports are posted to every Shareholder of the Company.

(G) Corporate Ethics

a) Code of Conduct for Prevention of Insider Trading

The Company has instituted a comprehensive code of conduct for its management, staff and directors for prevention of insider trading. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. Mr. Virendra Kumar Garg, Company Secretary has been appointed as Compliance Officer and is responsible for adherence to '**Code for Prevention of Insider Trading**'.

b) Combined Code of Corporate governance & Conduct

To be in sync with international standards of Corporate governance and to be in line with the needs of the dynamic market, the Company has adopted Combined Code of Corporate governance and Conduct which is being used as a tool to exceed and excel through better Corporate governance and fair and transparent practice.

(H) General Shareholder's Information

(a) Annual General Meeting

Day, Date and Time	At 11.30 AM Tuesday on 29 th June, 2010,
Venue	38E,/252-A, Vijay Tower, First Floor, Shahpurjat, New Delhi-110049
Agenda	1 Adoption of Audited Accounts, Directors' and Auditors Report 2 Re-appointment of Directors 3 Re-appointment of Auditors 4. Issue of Bonus Shares 5. Appointment of Relative of CMD as an Employee of the Company 6. Revision in Remuneration of CMD

(b) Financial Calendar:- (Tentative)

Financial Year	: 1 st April, 2010 to 31 st March, 2011
1st Quarterly Results	: 4 th week of July, 2010
2nd Quarterly Results	: 4 th week of October, 2010
3rd Quarterly Results	: 4 th week of January, 2011
4th Quarterly Results	: 4 th week of April, 2011

- (c) **Book Close Date** : 23rd June 2010 to 29th June 2010
(Both days inclusive)
- (d) **Listing of Equity Shares: on Stock Exchanges** Delhi, Kolkata and Jaipur
- (e) **Market Price Data:** - There was no trading of the Shares during last financial year.
- (f) There are no outstanding GDR's/ ADR's /Warrants or any Convertible instruments which would have any impact on the Equity.
- (g) **Registrar & Share Transfer Agent: -**
M/s MCS Ltd.
(Unit- Sunil Healthcare Ltd)
Sri Venkatesh Bhavan
F-65, First Floor
Okhla Industrial Area, Phase I
New Delhi- 110020
Ph. 011- 41406149-51 Fax-011-41409881
- (h) **Share Transfer System**
Transfer of shares / debentures is processed and registered within the stipulated time, provided all the documents are valid and complete in all respect. The matter is reviewed by the Board in its quarterly meetings.
The Company has appointed M/s MCS Limited as its Registrar & Share Transfer Agent for both physical and Demat segment of equity shares.
- (j) Distribution of Shareholding & shareholding pattern

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010

No. of Shares Range	No. of Shareholders	% of Shareholders	Value of Shares Held	% of Shareholding
1 to 5,00	5611	97.50	339224	7.28
501 to 1,000	66	1.15	46034	0.99
1,001 to 2,000	18	0.31	26224	0.56
2,001 to 3,000	13	0.23	36005	0.77
3,001 to 4,000	5	0.09	18412	0.40
4,001 to 5,000	2	0.03	8349	0.18
5,001 to 10,000	3	0.05	17750	0.38
10,001 to 50,000	23	0.40	405408	8.70
50,001 and above	14	0.24	3763844	80.75
Total	5755	100.00	4661250	100.00

SHAREHOLDING PATTERN AS ON 31ST MARCH 2010

Categories	No. of Shares Shareholders	% of Shareholders	No of Shareholding	% of Shareholding
Promoters/ Directors & their relatives including associates Companies and Person acting in concert.	13	0.23	3219662	69.07
Banks/Financial Institutions/ Insurance Companies/Mutual Funds etc.	6	0.10	4762	0.10
NRI's and OCB's	NIL	NIL	NIL	NIL
Other Bodies Corporate	55	0.95	741794	15.92
Indian Public	5681	98.72	695032	14.91
Total	5755	100	4661250	100

(k) Dematerialization of Shares**ISIN NO. INE 671C01016**

40, 24,617 shares of the Company are being held in Demat form as on 31st March 2010 with NSDL /CDSL.

(l) Compliance officer

Mr. Virendra Kumar Garg, Company Secretary
M/s Sunil Healthcare Limited
17/18, Old Industrial Area, Alwar - 301 001, Rajasthan

(m) Factory Location: - 17/18, Old Industrial Area, Alwar-301001 (Rajasthan)

(n) Address for Correspondence:-
Works.

17/18 Old Industrial Area, Alwar-301001 (Rajasthan)
38E/252A, First Floor, Vijay Tower, Shahpurjat
New Delhi- 110049

Regd off**R & T Agent-**

M/s MCS Ltd.
(Unit- Sunil Healthcare Ltd)
Sri Venkatesh Bhavan, F-65, First Floor
Okhla Industrial Area, Phase I, New Delhi- 110020
Ph. 011- 41406149-51 Fax-011-41409881

Brief resume of persons proposed to be Appoint / re-appointed as Director of the Company at the Annual general meeting

Name	Mr. Joginder Singh
Age	71 Years
Particulars	More than 45 years experience in the Indian Police Service and also he is a author
Name of the Companies in which also holds Directorship	M/s CMYK Printech Limited

COMPLIANCE CERTIFICATE:

Compliance Certificate for Corporate Governance from Statutory Auditors of the Company is annexed herewith.

SUNIL HEALTHCARE LIMITED

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Sunil Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by SUNIL HEALTHCARE LIMITED for the year ended 31st March 2010 as stipulated in clause 49 of Listing Agreement of the said Company with stock exchange.

The compliance of 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 the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify the Company has complied with the conditions of Corporate Governance as stipulated in the above mention Listing Agreement.

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

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302409E

Dated: 29th May, 2010
Place: New Delhi

Sd/-
B. K. Sipani
Partner
Membership No. 88926

DECLARATION OF COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,
Sunil Healthcare Limited
38E/252-A, First Floor
Vijay Tower, Shahpurjat
New Delhi-110049

The Company has framed a specific Code of Conduct for the members of the Board of Directors and Seniors Management Personnel of the Company pursuant to the Clause 49 of the Listing Agreement with the Stock Exchange to further strengthen corporate governance practice in the Company.

All the members of the Board and Senior Management Personal of the Company have affirmed due observance of the said Code of Conduct in so far it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2010

Place: New Delhi
Date: 29th May, 2010

Anil Kumarr Khaitan
Chairman cum Managing Director

SUNIL HEALTHCARE LTD

AUDITORS REPORT TO THE MEMBERS OF SUNIL HEALTHCARE LTD.

We have audited the attached Balance Sheet of SUNIL HEALTHCARE LIMITED, as at 31st March 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit and

Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- v. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. Refer note no. 15 in Schedule 19 regarding payment of Rs.3529520/- towards remuneration and reimbursement of expenses to an employee, awaiting approval of Central Government.
- viii. Subject to note no. vi above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010
 - b) In the case of the Profit and Loss account, of the profit of the company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302409E

Place:- New Delhi
Dated:- 29th May' 2010

B.K.Sipani
Partner
Membership No : 88926

SUNIL HEALTHCARE LTD

Annexure to the Auditors' Report

(Referred to in paragraph (3) of our report to the members of Sunil Healthcare Limited, on the Accounts for the year ended March 31, 2010)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets of the company have been physically verified by the management as per a regular programme of verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year.
- (ii) a. As explained to us inventories were physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are 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 is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a. According to the information and explanations given to us, the Company has taken unsecured loans from a party covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount involved during the year was Rs. 35,15,000 and year end balance was Rs. 28,43,769.
- b. In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of company.
- c. According to the information and explanations given to us, during the year the Company has not granted any loan to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and

explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.

- (v) In our opinion and according to the information and explanations provided by the management, we are of the opinion that the Company has not entered into any contract or arrangement exceeding value of Rs five lakh, which require to be entered into the register maintained under section 301 of the Companies Act 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not received any deposits from public U/S 58A of the Companies Act, 1956 and rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209 (i) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, services tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities *except delay in some cases*. There are no undisputed outstanding statutory dues as at the year-end for a period of more than six months *except Sales Tax Rs. 309315/-* which has been adjusted against interest subsidy (Refer Note no. 17 of Schedule no. 20)
- b. According to the records of the Company, there are no dues outstanding after adjusting payment made under protest of sales tax, income tax, service tax, custom tax, wealth tax, excise duty and cess on account of any dispute, other than the following:

Name of the statute	Nature of the dues	Amount (Rs. Lacs)	Period to which amount relates	Forum where dispute is pending
The Sales Tax Act.	Sales Tax	29,675	1982.83	DC (A) Alwar

- (x) The Company has no accumulated loss at the end of the financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted, though delay in some cases in repayment of dues to banks. We have been informed that the Company has not issued any debenture during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities except investment in which has been sold during the year Mutual Fund.
- (xv) According to the information and explanations given to us, the Company has not given corporate guarantees in favour of financial institution/bank for loans taken by others.
- (xvi) In our opinion and on the basis of information and explanations given to us, the term loan was applied for the purpose for which they were obtained.

- (xvii) According to information and explanations given to us and overall examination of the Balance Sheet and Cash Flow of the company, funds raised on short-term basis have not been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debenture during the year. Hence, question of creation of security or charge does not arise.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company, noticed or reported during the year.

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302409E

Place:- New Delhi

Dated:- 29th May' 2010

B.K.Sipani
Partner
Membership No : 88926

SUNIL HEALTHCARE LIMITED

BALANCE SHEET

As at 31st March 2010

	Schedule	As at 31 st March- 2010 (Rs)	As at 31 st March- 2009 (Rs)
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	1	46,612,500	46,612,500
Reserves & Surplus	2	<u>103,467,948</u>	99,903,993
Loan Funds			
Secured Loans	3	178,147,904	197,651,365
Unsecured Loans	4	<u>17,663,993</u>	12,641,741
Deferred Tax Liability (Net)		24,924,672	24,519,299
Total		<u>370,817,017</u>	<u>381,328,898</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	5	476,128,207	461,209,716
Less: Depreciation		<u>211,212,108</u>	<u>180,947,098</u>
Net Block		264,916,098	280,262,618
Capital Work In Progress		<u>47,470</u>	934,658
Investments	6	6,400	2,101,652
Current Assets, Loans & Advances			
Interest Receivable		635,205	1,067,275
Inventories	7	40,168,112	46,726,400
Sundry Debtors	8	116,931,341	90,393,453
Cash & Bank Balances	9	8,070,154	6,099,460
Loans & Advances	10	<u>27,755,571</u>	<u>29,381,886</u>
		193,560,383	173,668,474
Less:			
Current Liabilities & Provisions	11		
Current liabilities		84,607,424	69,357,783
Provisions		<u>3,105,910</u>	<u>6,280,721</u>
		<u>87,713,334</u>	<u>75,638,504</u>
Net Current Assets		105,847,049	98,029,969
Accounting Policy and Notes on Accounts	19		
Total		<u>370,817,017</u>	<u>381,328,898</u>

Schedule 1 to 11 and Schedule 19 form an integral part of the Balance Sheet

As per our Report Annexed

FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO.

Chairman cum Managing Director

Anil Kumarr Khaitan

Chartered Accountants

Firm Reg. No. 302409E

Sd/-

Director

Mr. R K Niyogi IPS (Retd.)

Mr. B P Srinivasan

(B K SIPANI)

PARTNER

M. No. 88926

Mr. S N Balsubramanian

Mr. Sanjay Kumar Kaushik

New Delhi

Manager-Legal cum Company Secretary

Mr. Virendra Garg

The 29th May' 2010

Sr. Manager (Finance & Accounts)

Mr. K K Goyal

SUNIL HEALTHCARE LIMITED
PROFIT & LOSS ACCOUNT
For the year ended 31st March 2010

	Schedule	Current Year 2009-10 (Rs)	Previous Year 2008-09 (Rs)
INCOME:			
Gross Sales		366,536,472	328,292,717
Less: Excise Duty		<u>18,864,079</u>	<u>22,133,200</u>
Net Sales		347,672,393	306,159,517
Oral Care Services		1,324,210	602,433
Other Income	12	16,264,295	10,530,189
Increase/(Decrease) in Stocks	13	<u>3,832,534</u>	<u>5,736,165</u>
		<u>369,093,432</u>	<u>323,028,304</u>
EXPENDITURE:			
Raw Materials consumed	14	111,318,646	98,589,596
Purchase of Oral Care Product		-	333,955
Purchase of Trading Goods		8,904,841	-
Power & Fuel		45,161,882	37,304,524
Payments to & Provision for Employees	15	30,249,014	29,507,401
Managerial Remuneration		480,800	858,000
Manufacturing & Other Expenses	16	75,543,353	67,140,143
Selling Expenses	17	33,399,087	25,740,146
Interest	18	28,258,849	31,174,289
Depreciation		31,553,373	28,834,495
Transferred from Revaluation of Fixed Assets Reserve		(138,746)	(138,746)
(Refer Note No 2(d) of Schedule 19)			
		<u>364,731,099</u>	<u>319,343,803</u>
Profit before Tax		4,362,333	3,684,500
Provision for Taxation			
For Current year		(674,000)	(766,000)
For Earlier year refund/adjustment including FBT		419,740	(196,050)
For Fringe Benefit Tax		-	(696,000)
For Deferred Tax		<u>(405,372)</u>	<u>(636,095)</u>
Profit after Tax		3,702,701	1,390,355
Profit brought forward from Previous Year		<u>34,823,778</u>	<u>41,160,138</u>
Balance Available for Appropriation		38,526,479	42,550,493
Transfer to General Reserve		-	(5,000,000)
Provision for Dividend on Equity Shares		-	(2,330,625)
Provision for Tax on Dividend		-	(396,090)
Balance Carried to Balance Sheet		<u>38,526,479</u>	<u>34,823,778</u>
Basic & Diluted Earning Per Share (Rs. 10 each) (Refer note no.12)		0.79	0.30
Accounting Policy and Notes on Accounts	19		

Schedule 12 to 18 and Schedule 19 form an integral part of the Balance Sheet

As per our Report Annexed

FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302409E

Chairman cum Managing Director

Anil Kumarr Khaitan

Sd/-
(B K SIPANI)
PARTNER
M. No. 88926

Director

Mr. R K Niyogi IPS (Retd.)
Mr. B P Srinivasan
Mr. S N Balsubramanian
Mr. Sanjay Kumar Kaushik

New Delhi
The 29th May' 2010

Manager-Legal cum Company Secretary
Sr. Manager (Finance & Accounts)

Mr. Virendra Garg
Mr. K K Goyal

SUNIL HEALTHCARE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH, 31 2010
A CASH FLOW FROM OPERATING ACTIVITIES
Net Profit before tax

Adjustments for:

Depreciation

(Profit)/ Loss on sale of Long Term Investments

Dividend received on current Investment

Long Term Investment write off

Unrealised Foreign Exchange (gain)/loss

Sundry liabilities no longer required written back

Bad debts, loans and advances written off

Provision for doubtful debts & advances

(Profit)/loss on sale of Fixed Assets

Interest Income

Interest expenses

Operating Profit / (Loss) before working capital changes movement in working capital

(Increase) / Decrease in Inventories

(Increase) / Decrease in Sundry Debtors

(Increase) / Decrease in Loans and Advances

Increase / (Decrease) in Current liabilities & Provisions

Cash generated from/ (Used in) operations

Less : Direct Tax (Paid)/refund

Net cash from/ (used in) operating activities
B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets

Sale of Fixed Assets

Purchase of investment

Sale of investments

Dividend received on Current Investment

Movement in Margin Money

Interest Received

Net cash from/ (used in) Investing Activities
C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from long term borrowings

Proceeds from short term borrowings

Dividend Paid

Interest Paid

Net cash from/ (used in) financing activities
Net Increase/ (decrease) in Cash and Cash equivalents(A+B+C)
Cash and Cash equivalents at the beginning of the year
Cash and Cash equivalents at the end of the year
Components of Cash & Cash equivalents
Cash in hand
Cheques in hand
Balance with Scheduled Banks

In Current Accounts

In EEFC A/C

Unclaimed Dividend Accounts

Fixed and Call Deposit Accounts

Less :- Fixed Deposit Considered in Investing Activity & Unclaimed

Dividend lying with Bank

**For the year
ended 31.03.10
(Rs)**
**For the year
ended 31.03.09
(Rs)**

4,362,333

3,684,498

31,414,627

28,695,749

(8,44,523)

1,301,265

(2,56,148)

-

10,000

-

11,32,853

(639,537)

(8,310,803)

(17,72,420)

1,256,574

1,272,676

259,843

-

12,63,281

1,53,523

(9,53,838)

(11,88,616)

28,258,849

31,174,289

57,593,048

62,681,427

6,558,289

(13,839,212)

(29,086,742)

(61,81,474)

1,858,632

(2,352,067)

23,145,473

20,343,408

60,068,700

60,652,082

(6,16,077)

(1,373,503)

59,452,623

59,278,579

(17,469,447)

(36,364,519)

886,501

304,549

-

(5,000,000)

2,929,775

7,583,207

2,56,148

-

(2,365,195)

2,692,025

1,385,908

604,101

(14,376,310)

(30,180,637)

(21,357,522)

(7,812,815)

6,876,313

12,483,103

(2,726,715)

(2,726,715)

(28,264,993)

(31,180,175)

(45,472,917)

(29,236,602)

(396,604)

(138,660)

3,061,076

3,199,736

2,664,472

3,061,076

124,551

217,385

-

-

2,419,024

2,791,887

120,897

51,804

652,412

650,309

4,753,270

2,388,075

8,070,154

6,099,460

(5,405,682)

(3,038,384)

2,664,472

3,061,076

As per our Report Annexed

For SINGHI & CO.

Chartered Accountants

Firm Reg. No. 302409E

Sd/-

(B K SIPANI)

PARTNER

M. No. 88926

New Delhi

The 29th May' 2010

FOR AND ON BEHALF OF BOARD OF DIRECTORS
Chairman cum Managing Director

Director

Manager-Legal cum Company Secretary
Sr. Manager (Finance & Accounts)

Anil Kumarr Khaitan

Mr. R K Niyogi IPS (Retd.)

Mr. B P Srinivasan

Mr. S N Balsubramanian

Mr. Sanjay Kumar Kaushik

Mr. Virendra Garg

Mr. K K Goyal

SUNIL HEALTHCARE LIMITED

	As at 31.03.2010 (Rs)	As at 31.03.2009 (Rs)
Schedule - 01 SHARE CAPITAL		
Authorised:		
98,00,000 Equity Shares of Rs 10/- each	98,000,000	98,000,000
20,000 11% Redeemable Cumulative Preference Shares of Rs 100/- each	2,000,000	2,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid up:		
4661250 Equity Shares of Rs 10/- each (out of above 10,05,500 Shares issued as Bonus Shares by capitalisation of General Reserve Rs. 30,00,000 and Balance in Profit Loss Account Rs. 70,55,000)	46,612,500	46,612,500
	<u>46,612,500</u>	<u>46,612,500</u>
Schedule - 02 RESERVES & SURPLUS		
Capital Reserves:		
As per last account		
Central Subsidy	1,500,000	1,500,000
Profit on re-issue of Forfeited Shares	<u>16,927</u>	<u>16,927</u>
	1,516,927	1,516,927
Share Premium Account		-
As per last account	33717375	33,717,375
Capital Redemption Reserve		
As per last account	750,000	750,000
Revaluation of Fixed Assets Reserve		
As per last account	4,055,913	4,194,659
Less: Transfer to Profit & Loss Account	<u>(138,746)</u>	<u>(138,746)</u>
	3,917,167	4,055,913
General Reserve		
As Per Last Account	<u>25,040,000</u>	20,040,000
Add: Transfer from Profit & Loss Account	25,040,000	<u>5,000,000</u>
	25,040,000	25,040,000
Profit & Loss Account		
Profit & Loss Account - Balance (As per account annexed)	38,526,479	34,823,778
	<u>103,467,948</u>	<u>99,903,993</u>

SUNIL HEALTHCARE LIMITED

	As at 31.03.2010 (Rs)	As at 31.03.2009 (Rs)
Schedule - 03 SECURED LOANS		
Term Loans from a bank	86,013,398	110,894,419
Vehicle loan from Banks	351,572	748,917
Vehicle loan from Other	1,931,630	189,269
Cash Credit Limit from a Bank	89,851,304	85,818,760
	<u>178,147,904</u>	<u>197,651,365</u>

Payable within one year Rs.3,84,73,817/- (Previous Year Rs. 3,13,25,641/-)

Term Loans are Secured by specific Plant & Machineries and other immovable or movable fixed Assets, as the case may be, purchased against specific loan and in two cases also secured by present and future stocks of raw materials, stores and spares and work in progress. The same is also secured by equitable mortgage of land & building or extension of mortgage or hypothecation charge on the entire (except assets having specific charge against specific loans) fixed assets of the company. The same is also personally guaranteed by Chairman cum Managing director and his two relatives.

Cash Credit is Secured by first charge by way of hypothecation on the entire stock of inventories, receivables, bills, and other chargeable current assets of the company (both present and future) and extension of first mortgage / hypothecation charge on the entire fixed assets of the company. The same is also personally guaranteed by Chairman cum Managing director and his two relatives.

Vehicle loan from Banks and others are Secured against hypothecation of specific assets acquired.

Schedule - 04 UNSECURED LOANS

Loan from Chairman cum Managing director (Interest Free)	2,843,769	-
Loan from Bodies Corporate*	<u>14,820,224</u>	<u>12,641,741</u>
	<u>17,663,993</u>	<u>12,641,741</u>

* Repayable within one year Rs.1,02,13,276/- (Previous year Rs.89,30,120)

SUNIL HEALTHCARE LIMITED
Schedule - 05 FIXED ASSETS

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 31st March 2009*	Additions/ Adjustment	Deduction/ Adjustment	As at 31st March 2010	Up to 31st March 2009	For the Year	Deduction/ Adjustment	Up to 31 st March 2010	As at 31st March 2010	As at 31st March 2009
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Land (Leasehold)	3,117,316	-	-	3,117,316	947,387	39,271	-	986,658	2,130,658	2,169,929
Buildings	59,024,309	504,523	-	59,528,832	10,668,344	1,872,540	-	12,540,884	46,987,948	48,355,965
Plant & Machinery	356,677,454	13,483,495	-	370,160,949	155,726,462	26,842,188		182,568,650	187,592,299	200,950,992
Electrical Installations	21,597,039		-	21,597,039	4,812,273	962,456	-	5,774,729	15,822,310	16,784,766
Furniture & Fixtures, Office Equipments, Fire Fighting Equipments; and Improvement on Rented Premises.	12,340,757	1,670,939	1,349,819	12,661,877	6,576,074	1,051,231	364,197	7,263,108	5,398,769	5,764,683
Vehicles **	6,444,227	2,697,678	1,761,477	7,380,428	1,985,869	656,198	888,276	1,753,791	5,626,637	4,458,358
Medical & Diagnostic Equipments	1,864,778		326,848	1,537,930	86,853.00	129,489	35,889	180,453	1,357,477	1,777,925
Tools & Dies	143,836	-	-	143,836	143,836	-	-	143,836	-	-
	461,209,716	18,356,635	3,438,144	476,128,207	180,947,098	31,553,373	1,288,362	211,212,108	264,916,098	280,262,617
Previous Year Figures***	440,652,996	26,845,421	6,288,701	461,209,716	154,680,520	29,754,220	3,487,642	180,947,098	280,262,618	

* Including Rs 2,55,89,695/- added on Revaluation.

** Vehicles includes Rs.43,91,536/- under Finance Scheme

*** For Preivous year figure - Deduction/Adjustment of Plant & Machinery includes Rs. 3262712/- (Depreciation Rs. 919725) relating to written back of credit balance of a creditor for capital goods.

SUNIL HEALTHCARE LIMITED

		As at 31.03.2010 (Rs)	As at 31.03.2009 (Rs)
Schedule - 06 INVESTMENTS			
Unquoted	No. of Shares units	No. of Shares units	
Long Term Investments: other than Trade Equity Shares of Rs. 10 each of Myle Soft Technologies Ltd. (Includes 4000 share received as bonus share)	-	5000	10,000
National Saving Certificates (NSC)	6,400		6,400
Current Investment			
Investment in Mutual Fund (Unit of Rs. 10 each)			
DSPML India TIGER Fund-Dividend	-	128073.77	1,488,986
HSBC Unique Opportunities Fund -Dividend	-	105193.22	596,266
	6,400		2,101,652
During the year company has purchased and sold following Units in Mutual Funds:			
Name of Fund	No. of Units	No. of Units	
DSPML World Gold Fund	-		489246.365
Schedule - 07 INVENTORIES			
(As taken, valued and certified by the Management)			
Stores & Spare Parts etc.	7,298,668		6,966,487
Raw Materials	3,925,764		14,648,768
Finished Goods	22,667,080		8,385,876
Oral Care Products	217,966		287,721
Semi Finished Goods	2,661,148		12,158,930
Work In Progress	2,251,293		3,238,188
Capsule Scrap	1,146,193		1,040,430
	40,168,112		46,726,400
Schedule - 08 SUNDRY DEBTORS (Unsecured)			
(Considered Good unless Otherwise stated)			
Debts outstanding for a period exceeding six months*			
Considered Good*	13,187,036	2,768,241	
Considered Doubtful	259,843	13,446,879	2,768,241
Other Debts	103,744,305		87,625,212
	117,191,184		90,393,453
Less: Provision for doubtful debts	259,843		-
	116,931,341		90,393,453

* Includes under litigation Rs. 3,44,256/- (Previous year 2,59,843/-) & Claim with ECGC Rs. Nil (Previous Year Rs. 1044317)

SUNIL HEALTHCARE LIMITED

	As at 31.03.2010 (Rs)	As at 31.03.2009 (Rs)
Schedule - 09 CASH & BANK BALANCES		
Cash & Bank Balances:		
Cash in Hand	124,551	217,385
Balances with scheduled Banks:		
In Current Accounts	2,419,024	2,791,887
In EEFC A/C (US\$ 2678.33, Previous Year US\$ 1022)	120,897	51,804
In Dividend Account*	652,412	650,309
In Current Account (Against Margin Money)	4,753,270	2,388,075
	<u>8,070,154</u>	<u>6,099,460</u>
* Represents Unclaimed Dividend		
Schedule - 10 LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances Recoverable in cash or kind, or for the value to be received and/or pending adjustments:		
Balance with Central Excise Authorities etc.	488,735	1,874,797
Prepaid Expenses	1,265,040	1,364,073
Advance to Employees	218,744	459,222
Advance Tax/Income Tax deducted at source (Net of Provision)	232,317	849,218
Income Tax paid under Protest/Refundable	6,552,614	5,703,396
Others	6,379,878	3,674,337
(Including advances for capital item Rs.14,39,470/- Previous Year Rs.19,16,144/-)		
Sundry Deposits*	12,618,243	15,456,843
	<u>27,755,571</u>	<u>29,381,886</u>
*Includes Rs.90,80,000/- (Previous Year Rs.1,10,80,000/-) as margin money to Body Corporate against unsecured borrowings.		
Schedule - 11 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities:		
Sundry Creditors		
Due to Micro Small & Medium Enterprises (Refer Note 18 in Schedule 19)		
Other Creditors	81,717,544	66,873,247
Other Liabilities	1,524,605	1,355,611
Advance credit balance of Customers	712,863	472,472
<u>Investor Education & Protection Fund</u>		
Unclaimed Dividend*	652,412	650,309
Interest Accrued But Not Due	-	6,144
	<u>84,607,424</u>	<u>69,357,783</u>
Provisions:		
Proposed Dividend	-	2,330,625
Dividend Tax	-	396,090
Provision for FBT (Net of Advance)	-	129,500
Provision for Gratuity	1,148,506	1,453,723
Provision for Leave encashment	1,957,404	1,970,783
	<u>3,105,910</u>	<u>6,280,721</u>
	<u>87,713,334</u>	<u>75,638,504</u>

* Not due for deposit as at Balance Sheet date

SUNIL HEALTHCARE LIMITED

	Current Year 2009-10 (Rs)	Previous Year 2008-09 (Rs)
Schedule - 12 OTHER INCOME		
Interest on Deposits:		
From Banks(Gross) (TDS Nil) (Previous Year Rs. 30614/-)	-	166,279
Others (Gross) (TDS Rs.113362/-) (Previous year Rs. 208450/-)	953,838	1,022,337
Dividend received on Current Investment	2,56,148	
Profit on Sale of Current Investments	844,523	-
Miscellaneous Receipts	398,983	136,262
Bad Debts Recovered	5,500,000	-
Liabilities/Sundry Balances no longer required written back	8,310,803	1,772,420
Claim Received	-	770,709
Exchange Rate Difference (Net)	-	6,662,182
	<u>16,264,295</u>	<u>10,530,189</u>
Schedule - 13 INCREASE / (DECREASE) IN STOCKS		
Opening Stocks:		
Finished Goods	8,385,876	8,670,799
Oral Care Products	287,721	-
Semi Finished Goods	12,158,930	8,778,196
Work In Progress	3,238,188	1,925,985
Capsule Scrap	1,040,430	-
	<u>25,111,145</u>	<u>19,374,980</u>
Closing Stocks:		
Finished Goods	22,667,080	8,385,876
Oral Care Products	217,966	287,721
Semi Finished Goods	2,661,148	12,158,930
Work In Progress	2,251,293	3,238,188
Capsule Scrap	1,146,193	1,040,430
	<u>28,943,680</u>	<u>25,111,145</u>
Increase/ (Decrease) in Stocks	<u>3,832,534</u>	<u>5,736,165</u>
Schedule - 14 RAW MATERIALS CONSUMED		
Opening Stock	14,648,768	8,083,082
Add: Purchases	100,595,642	105,155,282
	115,244,410	113,238,364
Less: Closing Stock	3,925,764	14,648,768
Raw Materials consumed	<u>111,318,646</u>	<u>98,589,596</u>
Schedule - 15 PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Salary, Wages, Allowances, Bonus and Gratuity etc	25,151,712	24,387,937
Contribution to Provident and other funds	2,049,477	2,233,805
Workmen & Staff Welfare Expenses	3,047,825	2,885,659
	<u>30,249,014</u>	<u>29,507,401</u>

SUNIL HEALTHCARE LIMITED

		Current Year 2009-10 (Rs)	Previous Year 2008-09 (Rs)
Schedule - 16 MANUFACTURING & OTHER EXPENSES			
Stores & Spare Parts		4,071,151	3,560,571
Other Consumables		265,654	839,208
Packing Materials		10,754,316	10,744,756
Job Work charges		8,907,269	6,464,648
Rent		4,155,138	3,959,539
Rates & Taxes		77,003	81,462
Insurance		1,762,559	1,790,373
Repair, Maintenance & Replacements to:			
Plant & Machinery	11,955,202		12,842,321
Building	1,070,804		1,424,256
Others	<u>2,463,544</u>	15,489,550	2,827,139
Directors' Sitting Fee		125,500	87,500
Directors Travelling Expenses		1,297,393	484,820
Travelling & Conveyance		6,150,578	4,905,744
Security Expenses (Watch & Ward)		410,570	436,653
Auditors' Remuneration		174,460	152,561
Postage, Telegram & Telephone Expenses		1,963,283	1,795,059
Legal & Professional Charges		2,764,943	3,521,833
Charity & Donation		16,500	9,001
Excise Duty on (Increase)/Decrease in Closing Stock		2,031,239	239,208
Miscellaneous Expenses		10,465,065	8,246,028
Investment in Subsidiary Written off*		- 22,180	-
Less: Provision for diminution in shares		- (22,180)	-
Debtor and Advance written off		- 785,688	-
Less: Provision for doubtful		- (785,688)	-
Bad Debts/Advances/Sundry Balances written off		1,256,574	1,272,676
Provision for doubtful Debts		259,843	-
Loss on Sale/Discard Of Fixed Assets (Net)		1,263,281	153,523
Loss on Current Investment		-	1,301,265
Exchange Rate Difference (Net)		1,881,484	-
		<u>75,543,353</u>	<u>67,140,143</u>
*Including Long Term Investment write off Rs. 10000/-			
Schedule - 17 SELLING EXPENSES			
Advertisement & Publicity		409,356	439,664
Sales Promotion		1,216,082	1,087,866
Commission on Sales		2,060,321	2,716,279
Freight, Packing & Handling Charges (Net)		28,018,287	19,098,121
Transit insurance		224,686	213,031
Other Expenses		1,470,354	2,185,185
		<u>33,399,087</u>	<u>25,740,146</u>
Schedule - 18 INTEREST			
On Term Loans		14,851,346	18,086,608
To Banks		11,766,421	11,079,298
To Others		1,641,082	2,008,383
		<u>28,258,849</u>	<u>31,174,289</u>

SUNIL HEALTHCARE LIMITED

Schedule - 19 NOTES ON ACCOUNTS

1 Nature of Operation:

The company has manufacturing facility at Alwar (Rajasthan) for 7000 Million of Hard Gelatin Capsule Shells. During the year company has started business of Trading of Food Items.

2 Significant Accounting Policies:

a) Basis of Accounting

The financial statement have been prepared to comply in all material respects with the mandatory Accounting Standards issued under the Accounting Standard rules, 2006 notified by the Central Government and the relevant provisions of The Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except claims which are accounted for on receipt basis due to uncertainty in realization.

b) Use of Estimates:

The preparations of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

c) Fixed Assets:

Fixed Assets other than those which have been revalued, are stated at their cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses, in respect of setting up of new projects, related preoperational expenses are also capitalised and included in costs. Revalued Assets are stated at the value determined on revaluation.

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal / external factors, an impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the asset's Net Selling Price and Value in Use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

d) Depreciation:

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act 1956, (as amended). Depreciation on amount added upto 31st March 2007 due to exchange difference are provided on the balance useful life of the assets. Depreciation on amount added on Revaluation has been provided on Straight Line Method at the rates considered reasonable by the Valuers.

Leasehold land is amortised over the period of the lease. Improvement in rented premises and attached furniture etc. thereon is depreciated over the lease period.

e) Investments:

Long Term Investments are stated at cost. Diminution in value of investment is not provided wherever the diminution is temporary in nature. Current investment are carried at lower of cost and fair value.

f) Inventories:

Inventories other than crushed waste are valued at lower of cost or net realizable value. Stock of crushed waste is valued at net realizable value. Cost is determined on FIFO basis and wherever required appropriate overheads are taken into account. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost. Excise Duty payable on finished goods lying within the factory premises is also considered in valuation of Finished Goods.

In view of substantially large number of items in work-in-progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The company, however, physically verifies such stocks at the end of every month and valuation is made on the basis of such physical verification.

g) Retirement Benefits:

- i) Year end liability in respect of Gratuity benefits to the Employees of the Company has been determined on the basis of actuarial valuation. Gratuity upto certain amount per employee is covered under an Irrevocable Gratuity Fund under the Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India. The contribution towards the premium of the policy paid to the fund is treated as revenue expenditure. Excess of liability determined as per actuarial valuation over the reimbursement from Gratuity Fund is provided in the accounts.
- ii) Year end liability on account of unavailed leave has been provided in the accounts on actuarial basis.

h) Foreign Currencies:

Transactions in Foreign Currency are accounted at exchange rate prevailing on the date of transaction. Monetary items denominated in Foreign Currency as at the Balance Sheet date are converted into rupee equivalent at the year end exchange rate.

i) Sales and Services:

Sales are recognised when all significant risks and rewards of ownership are transferred to the customers and are net of returns, claims and discount etc. Services for Oral Care are recognised as and when services are provided

j) Taxation:

Provision for current taxation is being made in accounts, as per the provisions of the Income Tax Act 1961. Deferred tax is recognized, subject to prudence in case of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in compliance with Accounting Standard -22 "Accounting For Taxes On Income" issued under the Companies Accounting Standard Rules, 2006 notified by the Central Government.

k) Recognition of Income and Expenditure:

All the Income and Expenditure are accounted on accrual basis except claims, being uncertainty in realization, are accounted for as and when realized/ settled.

l) Borrowing costs:

Borrowing cost are recognised as expenses in the period in which they are incurred except for borrowings for acquisition of qualifying assets which are capitalised upto the date, the asset is ready for its intended use.

m) Provisions:

A Provision is recognized when an enterprise has 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. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.

n) Contingent Liabilities:

Contingent Liabilities are not provided for and disclosed in the notes to accounts in the Annual Statement of Account.

3. Contingent Liabilities not provided for:

	As at 31st March, 2010 (Rs)	As at 31st March 2009 (Rs)
(a) Income Tax Demand under appeal (Paid under Protest Rs. 55,99,783, Previous year Rs.55,99,783)	38,15,605	55,99,783
(b) Demand for Octroi under dispute	8,46,836	8,46,836
(c) Estimated amount of contracts remaining to be executed on Capital Account not provided for in the accounts (Net of Advances Rs.1439476 Previous Year Rs. 1916144)	32,06,050	36,13,930
(d) Customs duty on capital Goods imported under EPCG Scheme, against which Export obligation is to be fulfilled.	65,66,910	89,54,157
(e) Customs duty on Raw Material imported under Advance License, against which Export obligation is to be fulfilled.	50,96,939	31,34,654
4. In the opinion of the Management, the Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.		
5 Sundry Debtors, Creditors, Loans and Advances are subject to confirmations.		
6 a) Sales includes export benefits of Rs. 31,42,210/- (Previous year Rs. NIL)		
b) Sales are after deduction of sales returns aggregating Rs. 8347814/- (previous year Rs. 21,68,793/-) in respect of the goods sold in the previous year.		
7 Following expenses relating to earlier years have been charged to the respective heads of account:		

	Current Year (2009-10) (Rs.)	Previous Year (2008-09) (Rs.)
(i) Freight Packing & Handling charges	NIL	34,000
(ii) Travelling & Conveyance	<u>NIL</u>	<u>1,000</u>
Total:	<u>NIL</u>	<u>35000</u>

8. Remuneration to Chairman cum Managing Director:

Salary	2,40,000	3,40,000
Provident Fund	28,800	40,800
Perquisites (including monetary values)	2,12,000	4,77,200
Total	<u>4,80,800*</u>	<u>8,58,000*</u>

* excluding actuarial valuation of Gratuity & leave encashment.

9 Auditors Remunerations:

Audit Fee	90,000	60,000
Tax Audit Fee	20,000	20,000
Company Law Matter	10,000	10,000
Certification Work	40000	32500
Travelling and other expenses	14460	30061
TOTAL	<u>174460</u>	<u>152561</u>

- 10 **Segment Reporting:** Segment information has been prepared in conformity with the accounting policy adopted for preparing and presenting the financial statements of the company. As part of secondary reporting revenues are attributed to geographic areas based on the location of the customers. The following tables present the revenue, profit, assets and liabilities information relating to the business/geographical segment for the year ended 31.03.2010

Reportable Segments	Current Year 2009-2010 Amount (In Rs.)	Previous Year 2008-09 Amount (In Rs.)
Segment Revenue		
Sales & other income:		
a) EHG Capsule Shells	361882179	315433558
b) Oral Care	1324210	669964
Total	363206389	316103522
Less: Inter Segment Sales	-	-
Total Revenue	363206389	316103522
Segment Result		
a) EHG Capsule Shells	37520392	45387893
b) Oral Care	(6156449)	(9461953)
Unallocable Income (Net)	303401	(2255766)
Total	31667344	33670174
Less:- Interest (Net of Interest Income Rs.953838)	27305011	29985673
Profit/Loss Before Tax	4362333	3684500
Less: Provision for taxation		
-Current Year	(674000)	(766000)
-Earlier Year	419740	(196050)
-Fringe Benefit Tax	-	(696000)
-Deferred Tax	(405372)	(636095)
Profit/Loss after Tax	3702701	1390355
Other Information		
Segments Asset		
a) EHG Capsule Shells	448170302	441890795
b) Oral Care	2281101	4704757
c) Unallocable	8078948	10371851
Total	458530351	456967403
Segment Liabilities		
a) EHG Capsule Shells	86056740	70249473
b) Oral Care	1004182	1876363
c) Unallocable (including deferred tax liabilities Rs.24924672)	25577084	28031967
Total	112638006	100157803
Capital Expenditure		
a) EHG Capsule Shells	17469447	24003587
b) Oral Care	9000	3776492
c) Unallocable	0	0
Total	17478447	27780079

Depreciation		
a) EHG Capsule Shells	31090463	28386910
b) Oral Care	324165	308839
c) Unallocable	0	0
Total	31414627	28695749
Non Cash Expenditure other than depreciation and amortization Loss on current investment (unallocable)	0	1301265
Secondary Segments- Geographical by location of customers Reportable segments : Revenue	Current year	Previous year
Domestic	255705320	203221653
Export	107501069	112881869
Total	363206389	316103522
Debtors at the year end:		
Domestic	81446693	61782427
Export	35484648	28611026
Total	116931341	90393453
Other Information: The company has common assets for producing goods for domestic market and overseas market		

Notes:

- I. The company is organized into two main business segment, namely:EHG Capsule Shells and Oral Care. Segments have been identified and reported taking into account, the nature of product, the differing risks and returns, the organization structure and the internal financial reporting systems.
- II. Segment revenue in each of above domestic business segment primarily includes sales and other income in the respective segments. Segment revenue comprises of:

	Current Year (Rs.)	Previous Year (Rs.)
Sales & Services.	348996603	306761950
Other Income identifiable to segment	14209786	9341572
Total Segment revenue	363206389	316103522
Add: unallocated Income	2054509	1188616
Total revenue of the company	365260898	317292138

- III. Segment revenue in the geographical segment considered for disclosure are as follows:
 - a) Revenue within india includes sales to customers located within india and earnings in India.
 - b) Revenue outside india includes sales to customers located outside india and earnings outside india.
- IV Segment, revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- V. During the year the company has closed the business of oral coral products

11 DEFERRED TAX LIABILITY-

Major components of deferred tax assets and liabilities arising on account of timing difference are:

	As At 31.03.2010	(Charged)/credited during the year	As at 31.03.09
	Rs.	Rs.	Rs.
Liability :			
Difference in WDV Value of Fixed	(2,68,40,749)	2,032,26	(2,70,43,975)
Others Assets	Nil	(4,42,300)	4,42,300
TOTAL	(2,68,40,749)	(2,39,074)	(2,66,01,675)
Assets :			
Provision for Leave Encashment etc.	19,16,077	7,52,087	11,63,990
Others	Nil	(9,18,386)	9,18,386
TOTAL	19,16,077	(1,66,299)	20,82,376
Net Deferred Tax Assets/(Liability)	(2,49,24,672)	(4,05,372)	(2,45,19,299)
12 Basic & Diluted Earning Per Share:		Current Year (2009-10)	Previous Year (2008-09)
No. of Shares outstanding during the year		4661250	4661250
Net Profit after tax (Rs.)		37,02,701	13,90,355
Basic/Diluted Earning Per Share (Rs)		0.79	0.30
(Face value Rs. 10 each)			
13 Related Parties Disclosure as required under Accounting Standard- 18 issued by the Govt. of India under The Companies (Accounting Standards) Rules, 2006 to the extent identified by the company			
(A) Enterprises over which key management personnel and their relatives are able to exercise significant influence.			
(1) Shalimar Industries Ltd.			
(2) Satya Sons Services Ltd.			
(3) Magnum Computers Pvt. Ltd.			
(B) Key Management Personnel: (1) Mr. Anil Kumarr Khaitan, Chairman Cum Managing Director			
(2) Dr. Sheikh A.S. President (up to 31-03-2009)			
(C) Relative of Directors:			
1. Mrs. Sarita Khaitan	Wife		
2. Mr. Ishan Khaitan	Son		
3. Mr. Kahaan Khaitan	Son		
4. Mr. Sunil Khaitan	Brother		
(D) Transactions with the related parties during the year:			

Transaction With Related Parties	A	B	C	Total	A	B	C	Total
	During the Year ended 31.03.10				During the Year ended 31.03.09			
Lease Rent Paid	--	--	960000	960000	--	--	525000	525000
Building Maintenance	--	--	1140000	1140000	--	--	--	--
Un-secured loan taken	--	3515000	--	3515000	--	--	--	--
Un-secured loan Repayment	--	671231	--	671231	--	--	--	--
Dividend Paid	301714	530508	180928	1013150	301714	530508	180928	1113150
Managerial Remuneration	--	480080	--	480080	--	2409734	--	2409734
Stipend*	--	--	314516	314516	--	--	--	--
Closing Balance Receivable	--	--	--	--	--	--	--	--
Closing Balance Payable	--	2843769	325620	2854873	--	--	--	--

*Excluding reimbursement of expenses pertaining to higher studies abroad (refer note no. 15 in schedule 19)

14 Disclosure as per Accounting Standard - 15

Effective 1 January 2007, the Company adopted revised Accounting Standard - 15 (Revised 2005) on 'Employee Benefits'.

	<u>31/03/2010</u>	<u>31/03/2009</u>
a) Change in present value of obligation		
a) Present value of obligation as at the beginning of the period	4962159	5542908
b) Acquisition adjustment	--	--
c) Interest cost	347351	443433
d) Past service cost	--	--
e) Current service cost	324069	375728
f) Curtailment cost/(Credit)	--	--
g) Settlement cost/(Credit)		
h) Benefits paid	(6,15939)	(651059)
i) Actuarial (gain)/loss on obligation	(117508)	(748851)
j) Present value of obligation as at the end of period (31/03/10)	5135148	4962159
b) The amounts to be recognized in balance sheet		
a) Present value of obligation as at the end of the period	5135148	4962159
b) Fair value of plan assets as at the end of the period	3986642	3508436
c) Funded status	--	--
d) Excess of actual over estimated	--	--
e) Unrecognized actuarial (gains)/losses		
f) Net asset/(liability) recognized in balance sheet	(1148506)	(1453723)
c) Expense recognized in the statement of profit and loss		
a) Current service cost	324069	375728
b) Past service cost	--	--
c) Interest cost	347351	443433
d) Expected return on plan assets	(321022)	(282469)
e) Curtailment cost / (Credit)	--	--
f) Settlement cost / (credit)	--	--
g) Net actuarial (gain)/ loss recognized in the period	87019	(788397)
h) Expenses recognized in the statement of profit & losses	437417	(251705)
d) Changes in fair value of plan assets		
a) Fair value of plan assets at beginning	3508436	3087093
b) Acquisition Adjustment		
c) Expected return on plan assets	321022	282469
d) Contributions	742634	750387
e) Benefits Paid	(615939)	(651059)
f) Actuarial Gain/(Loss) on plan assets	30489	39546
g) Fair value of plan assets at the end of year	3986642	3508436
e) Break-Up of the defined benefit obligations		
- Funded	3986642	3508436
- Unfunded	1148506	1453723
Total Obligation as at Balance sheet date.	<u>5135148</u>	<u>4962159</u>

f) Category of plan assets (Funded)

Qualifying Insurance policy	100%	100%
Following are the principle Actuarial Assumptions used as at the balance sheet date:		
Discount Rate	7.80%	7.00%
Expected rate of return on any plan assets	9.15%	9.15%
Average Salary escalation rate	3.00%	3.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Gratuity upto certain amount per employee is covered under an Irrevocable Gratuity Fund under the Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India. The company has also recognized Rs.1533556/-(Previous Year Rs. 1708132/-) being contribution to employees' provident fund (Defined contribution plan)

15. Mr. Kahaan Khaitan son of Sh. Anil Kumarr Khaitan Chairman cum Managing Director was appointed as Management Trainee as approved by shareholders in their meeting held on 29.09.09 at remuneration of Rs. 15000/- per month and further reimbursement of total expenses not exceeding USD 75000 per year for his higher studies abroad. During the year company has paid Rs. 3529520 (USD 74633 on this account. The Company has filed an application for the approval of Central Government under section 314 of the Companies Act, 1956. Such approval is awaited.
16. Pending receipt of credit note, the Company has written back liability Rs.7781377.65 payable to a foreign supplier due to supply of inferior quality material.
17. Pending receipt of Confirmation from Sales Tax Department, the company has adjusted sales tax payable Rs.652161/- for the period 2009-10 against claim for the Interest subsidy under Rajasthan investment promotion scheme, 2003.
- 18 Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company has no information from suppliers being registered under the Micro, Small and Medium Enterprises Development Act, 2006 hence relevant information has not been disclosed. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of its Act is not expected to be material.
- 19 a) Foreign currency exposure that are not hedged by derivative instruments or otherwise-

Nature	As on 31.03.2010		As on 31.03.2009	
	In 'USD'	In Equivalent Rupee	In 'USD'	In Equivalent Rupee
Debtors	786102	35484648	565534	28611026
Creditors	138969	6273061	260511	13273043

- b) The company has no outstanding derivative instrument as at balance sheet date.

**20. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS
3, 4-C & 4-D, PART -II OF SCHEDULE VI TO THE COMPANIES ACT 1956**

		Unit	For the Year 2009-10		For the Year 2008-2009	
A	Licenced & Installed Capacity and Production for the Year *					
	Hard Gelatin Capsule Shells					
	- Licenced Capacity	Million	NA		NA	
	- Installed Capacity *	Million	7000.000		6300.000	
	- Production **	Million	6149.913		5228.058	
ii)	Capsule Making Machine					
	- Licenced Capacity	Nos	NA		NA	
	- Installed Capacity	Nos	2		2	
	- Production	Nos	Nil		Nil	
*Installed capacity as certified by the Management.						
**Against unsorted production for the year 5971.984 million, Previous year 5777.743 million.						
		Unit	2009-2010		2008-2009	
B	Sales		Quantity	Value (Rs)	Quantity	Value (Rs)
	Hard Gelatin Capsule Shells	Million	5881.205	365,724,707	5248.128	328,174,256
	Crushed Waste		-	716,750	-	50,930
	Oral Care Products		-	95,015	-	67,531
	TOTAL		5,881.205	366,536,472	5,248.128	328,292,717
C	Finished Goods					
	(Hard Gelatin Capsule Shells)					
	(a) Opening Stock	Million	158.390	8,385,876	178.460	8,670,799
	(b) Closing Stock	Million	427.098	22,667,080	158.390	8,385,876
D	Raw Materials Consumed					
	(a) Gelatin	MT	432.800	105428507	416.475	92508504
	(b) Colour, Dyes & Chemicals			5890139		6081092
	(c) Others		-		-	
				111,318,646		98,589,596
E	CIF Value of Imports					
	(a) Stores & Spares			848,177		745,761
	(b) Capital Goods			3,146,639		3,169,741
	(c) Raw material			8,904,840		42,763,575
F	Expenditure in Foreign Currency					
	(a) Travelling Expenditure			1,149,389		938,305
	(b) Commission on Sales			879,454		1,531,535
	(c) Others			7,856,040		285,111
G	Value of Raw Materials; and Stores & Spare Parts Consumption					
			(Rs)	(%)	(Rs)	(%)
	(a) Raw Materials					
	- Imported		10655301	9.57	36579505	37.10
	- Indigeneous		100663345	90.43	62010091	62.90
	- Others		-		-	
			111,318,646	100.00	98,589,596	100.00
	(b) Stores & Spare Parts					
	(Including debited to other heads)					
	- Imported		291497	4.42	240313	3.54
	- Indigeneous		6305217	95.58	6548174	96.46
			6,596,714	100.00	6,788,487	100.00
H	Earnings in Foreign Exchange					
	FOB Value of Exports	In Rs	99,920,230		106,020,773	
21 Previous Year's figures have been regrouped wherever found necessary to conform with Current Years classifications.						

21 Previous Year's figures have been regrouped wherever found necessary to conform with Current Years classifications.

22 Information pursuant to Notification GSR-386(E) dated 15th May 1995.

Registration Details

Registration No : 189662
State Code : 55

		Balance Sheet as at	
		31st March 2010	31st March 2009
		(Rs in	(Rs in
		Thousand)	Thousand)
II Capital raised during the year			
Public Issue		--	--
Bonus Issue		--	--
Right Issue		--	--
Private Placement		--	--
III Position of Mobilisation & Deployment			
Total Liabilities		370,817	381,329
Total Assets		370,817	381,329
Source of Fund			
Paid up Capital		46,613	46,613
Reserves & Surplus		103,468	99,904
Secured Loans		178,148	197,651
Unsecured Loans		17,664	12,642
Deferred Tax Liability		24,925	24,519
Application of Fund			
Net Fixed Assets		264,964	281,197
Investments		6	2,102
Net Current Assets		105,847	98,030
Miscellaneous Expenditure		-	-
Accumulated Loss		-	-
IV Performance of the Company*			
Turnover/Other Income etc		365,261	317,292
Total Expenditure		360,899	313,608
Profit before Tax		4,362	3,685
Profit after Tax		3,703	1,390
Basic & Diluted Earning Per Share (In Rs)		0.79	0.30
Dividend Rate (%)		0	5
V Genetic Names of Principal Products of the Company			
(As per Monetary Terms)			
Item Code (ITC Code) No	:	30039089	
Product Description	:	Hard Gelatin Capsule Shells IP	

As per our Report Annexed

FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO.
Chartered Accountants

Chairman cum Managing Director

Anil Kumarr Khaitan

Sd/-
(B K SIPANI)
PARTNER
M. No. 88926

Director

Mr. R K Niyogi IPS (Retd.)
Mr. B P Srinivasan
Mr. S N Balsubramanian
Mr. Sanjay Kumar Kaushik

New Delhi
The 29th May' 2010

Manager-Legal cum Company Secretary
Sr. Manager (Finance & Accounts)

Mr. Virendra Garg
Mr. K K Goyal