



# FREDUN PHARMACEUTICALS LIMITED

**27<sup>TH</sup> ANNUAL REPORT  
2013-2014**

**FREDUN PHARMACEUTICALS LIMITED**

CIN NO: - L24239MH1987PLCO43662

1. BOARD OF DIRECTORS  
  
Dr. (Mrs) Daulat N. Medhora  
Chairperson-cum  
Joint Managing Director  
  
Mr. Nariman B. Medhora  
Managing Director  
  
Mr. Fredun N. Medhora  
Whole Time Director  
Dr. C. K. Shah  
  
Dr. Aspi N. Raimalwala
2. AUDITORS  
  
M/S. Savla & Associates  
Chartered Accountants
3. BANKERS  
  
The Shamrao Vithal Co-op Bank Ltd.
4. FACTORY  
  
14, 15, 16, Zorabian Industrial Complex,  
Veoor, Palghar (East) -401404  
District- Thane.
5. REGISTRAR & TRANSFER  
AGENTS & CUSTODIAN  
OF SHARES  
  
Purva Sharegistry (India) Pvt. Ltd  
Unit no. 9, Shiv Shakti Ind. Estt.  
J.R. Boricha marg,  
Opp. Kasturba Hospital Lane  
Lower Parel (E)  
Mumbai - 400011
6. REGISTERED OFFICE  
  
26, Manoj Industrial Premises  
G. D. Ambekar Marg. Wadala  
Mumbai - 400 031.

**FREDUN PHARMACEUTICALS LIMITED**

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

**NOTICE**

Notice is hereby given that the **27th Annual General Meeting** of the members of FREDUN PHARMACEUTICALS LIMITED will be held on 30th September, 2014 at 11.00 a.m. at Mumbai Marathi Granthasangrahalay, 172 Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai-400 014 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2014 the Balance sheet as at that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Mr. Dr. Aspi N. Raimalwala (DIN NO. 2454860) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

4. 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 Section 196, 197, 203 with Schedule V and all other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 including any statutory modifications or reenactments thereof for the time being in force and subject to the approval of the Central Government if required, the Company hereby accords the approval of the re- appointment of Mr. Fredun Medhora (DIN No 01745348) as the Whole Time Director of the Company for the period of one year commencing from 1st April 2014 upto 31st March 2015 upon such terms and conditions and including the provisions of total remuneration as set in the Explanatory statement to this notice with the authority to the Board of Directors to vary the remuneration payable to Mr. Fredun Medhora including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Fredun Medhora as may be agreed between the Board of Directors and Mr. Fredun Medhora.

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay to Mr. Fredun Medhora remuneration as decided by the Board or any committee thereof from time to time as minimum remuneration with the approval of the shareholders if necessary.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution with the limits stipulated in The Companies Act, 2013.”

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 provisions of Sections 196, 197, 203 along with Schedule V and all other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 including any statutory modifications or reenactments thereof for the time being in force and subject to the approval of the Central Government if required, the Company be and hereby accords the approval of the re-appointment of Mr. Nariman B. Medhora(DIN NO. 02060357) as the Managing Director of the Company for the period of three years commencing from 1st January 2015 upto 31st December 2017 upon such terms and conditions as may be prescribed and including the provisions of total remuneration as set in the Explanatory statement to this notice with the authority to the Board of Directors to vary the remuneration payable to Mr. Nariman B. Medhora as including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Nariman B. Medhora as may be agreed between the Board of Directors and Mr. Nariman B. Medhora.

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay to Mr. Nariman B. Medhora remuneration as decided by the Board or any committee thereof from time to time as minimum remuneration with the approval of the shareholders as may be necessary.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution with the limits stipulated in The Companies Act, 2013.”

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 Sections 196, 197, 203 along with Schedule V and all other applicable provisions, if any, of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014



including any statutory modifications or reenactments thereof for the time being in force and subject to the approval of the Central Government if required, the Company be and hereby accords the approval of the appointment of Dr. (Mrs) Daulat N Medhora (DIN NO. 01745277) as the Joint Managing Director of the Company for the period of three years commencing from 1st January 2015 upto 31st December 2017 upon such terms and conditions as may be prescribed and including the provisions of total remuneration as set in the Explanatory statement to this notice with the authority to the Board of Directors to vary the remuneration payable to Dr. (Mrs) Daulat N Medhora as including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Dr. (Mrs) Daulat N Medhora as may be agreed between the Board of Directors and Dr. (Mrs) Daulat N Medhora.

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay to Dr. (Mrs) Daulat N Medhora remuneration as decided by the Board or any committee thereof from time to time as minimum remuneration with the approval of the shareholders as may be necessary.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution with the limits stipulated in The Companies Act, 2013.”

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF The Company, A PROXY FORM TO BE SUBMITTED/LODGED WITH THE REGISTERED OFFICE OF The Company 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A person can act as proxy on behalf of members not exceeding fifty [50] and holding in the aggregate not more than ten percent of the total share capital of the Company. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFERS BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM THE 25th September, 2014 TO 30th September, 2014 (BOTH DAYS INCLUSIVE)
4. MEMBERS / PROXIES SHOULD BRING THE ATTENDANCE SLIP DULY FILLED IN FOR ATTENDING. THE MEETING AS ADMISSION TO THE MEETING WILL NOT BE ALLOWED WITHOUT THE ATTENDANCE SLIP.

5. MEMBERS SEEKING ANY INFORMATION WITH REGARD TO ACCOUNTS ARE REQUESTED TO WRITE TO THE COMPANY EARLY SO AS TO ENABLE THE MANAGEMENT TO KEEP THE INFORMATION READY.
6. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IS ENCLOSED HEREWITH.

By the order of the Board  
**For Fredun Pharmaceuticals Limited**

**Nariman Medhora**  
**Managing Director**

Registered office:  
26, Manoj Industrial Premises, G.D. Ambekar Marg,  
Wadala, Mumbai - 400031.

Dated : 24/05/2014  
Palce : Mumbai

**ANNEXURE TO NOTICE:**

EXPLANATORY STATEMENT PURSUANT TO Section 173 (2) OF THE COMPANIES Act, 1956

**Item No 4**

Mr. Fredun Medhora was appointed by the Company as the Whole Time Director of The Company w.e.f. 1st October 2013 upto 31st March 2014. And his appointment was duly approved by the shareholders of the Company at the 26th Annual General Meeting of the Company held on 30th December 2013.

Considering the business activities of the Company, the Board of Directors of the Company have decided to re-appoint him as the Whole Time Director for the term of one year i.e. with effect from 1st April 2014 upto 31st March 2015 on the basis of revised terms and conditions and revised remuneration. as set below :

- 1) Remuneration: Rs. 1,00,000/- per month including Basic, HRA, Bonus and Ex-gratia
- 2) Perquisites :

Medical Expenses : The Company shall pay and or reimburse all expenses incurred for himself and for his family subject to Rs. 20,000/- per year subject to the taxability as per Income Tax Act, 1961.

Leave Travel concession : The Company shall pay and or reimburse Travel Expenses incurred while on leave for himself and for his family once in a year in accordance with any rules specified by the Company but the amount should not exceed Rs. 25000/- per year subject to the taxability as per Income Tax Act, 1961.

The terms and condition of the appointment of the Whole Time Director may be altered and varied from time to time by the Board as the Board of Directors may consider necessary and deem fit, so as not to exceed the limits prescribed in 196, 197, 203 with Schedule V and all other applicable provisions, if any, of the Companies Act 2013

Notwithstanding, where in any financial year during the currency of tenure of the Whole Time Director, the Company has no profits or if the profits are inadequate, it may continue to pay him remuneration by way of salary and perquisites as above, as minimum remuneration.

The Whole Time Director shall be entitled to leave in accordance with rules of the Company. Leave accumulated but not availed of at the time of leaving the services of the Company on any ground shall be allowed to be encashed. This will not be considered as a perquisite.

The appointment of Mr. Fredun Medhora as the Whole Time Director may be terminable by either party by giving two months notice in writing.

Disputes between the Company and the Whole Time Director or with the heirs or with the legal representatives may be settled by Arbitration under the INDIAN ARBITRATION ACT, 1940.

Apart from the aforesaid remuneration, the Whole Time Director shall also be entitled to reimbursement of entertainment and conveyance expenses, other expenses actually incurred by him in the course of and for the purpose of the Company's business.

The Whole Time Director shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

The Whole Time Director shall not become interested or otherwise concerned directly or through his wife or through his minor children in any selling agency of the Company except with the consent of the Company as per the provisions of the law in forces as applicable to the Company

The Board of Directors of the Company have now decided to re-appoint Mr. Fredun Medhora as the Whole Time Director of the Company for the further period of 1 year w.e.f 1st April 2014 upto 31st March 2015 subject to the supervision, direction of the Board of Directors of the Company on the revised remuneration and hence .it has become necessary that his re-appointment and terms and conditions of his re-appointment including remuneration payable to him should be approved by the shareholders of the Company and hence the Board have decided to place the resolution for the approval of the shareholders.

The draft agreements to be entered into between the Company and Mr. Fredun Medhora and the remuneration to be payable on his re-appointment is placed for the approval of the Members.

The total remuneration payable to Mr. Fredun Medhora shall be subject to the provisions of Schedule V of The Companies Act, 2013. .

The copy of the draft agreement to be entered into by the Company with Mr. Fredun Medhora is open for inspection by Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays and Holidays.

Mr. Fredun Medhora alongwith his parents Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora are interested in the Resolution as stated in No. 4 of the Notice to the extent of remuneration payable to Mr. Fredun Medhora as per The Companies Act, 2013.. None of the



other Directors are interested in the Resolution.

The resolution is set out at item No. 4 of the accompanying Notice and accordingly the Board recommends the same for the approval of the Shareholders.

**Item No. 5 & 6.**

Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora were originally appointed by the Company as the Managing Director and Joint Managing Director of the Company respectively w. e. f. 1st January 2010 upto 31st December 2014 and their appointments were duly approved by the shareholders of the Company at the 22nd Annual General Meeting of the Company held on 30th September 2009.

Considering the business activities of the Company, the Board of Directors of the Company have decided to re-appoint both of them Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora as the Managing Director and Joint Managing Director of the Company for the term of three years i.e. with effect from 1st January 2015 upto 31st December 2017 on the basis of revised terms and conditions and revised remuneration as set below :

1) Remuneration: Rs. ,100,000/- per month to each of them including Basic, HRA, Bonus and Ex-gratia.

2) Perquisites :

Medical Expenses : The Company shall pay and or reimburse all expenses incurred for Mr. Nariman Medhora and for his family and to Dr. (Mrs). D.N. Medhora and for her family subject to Rs. 20,000/- per year to each of them subject to the taxability as per Income Tax Act, 1961.

Leave Travel concession : The Company shall pay and or reimburse Travel Expenses incurred while on leave for Mr. Nariman Medhora and for his family and to Dr. (Mrs). D.N. Medhora and for her family once in a year in accordance with any rules specified by the Company but the amount should not exceed Rs. 25000/- per year to each of them subject to the taxability as per Income Tax Act, 1961 Other Allowances and Perquisites: In accordance with the rules of the Company.

The terms and condition of the appointment of the Managing Director and Joint Managing Director may be altered and varied from time to time by the Board as the Board of directors may consider necessary and deem fit, so as not to exceed the limits prescribed in 196, 197, 203 with Schedule V and all other applicable provisions, if any, of the Companies Act 2013

Notwithstanding, where in any financial year during the currency of tenure of the Managing

Director and Joint Managing Director, the Company has no profits or if the profits are inadequate, it may continue to pay him/her remuneration by way of salary and perquisites as above, as minimum remuneration.

The Managing Director and Joint Managing Director shall be entitled to leave in accordance with rules of the Company. Leave accumulated but not availed of at the time of leaving the services of the Company on any ground shall be allowed to be encashed. This will not be considered as a perquisite.

The appointment of Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora as the Managing Director and Joint Managing Director may be terminable by either the respective Director(s) or The Company by giving two months notice in writing.

Disputes between the Company and the Managing Director and the Joint Managing Director or with their heirs or with the legal representatives may be settled by Arbitration under the INDIAN ARBITRATION ACT, 1940.

Apart from the aforesaid remuneration, the Managing Director and Joint Managing Director shall also be entitled to reimbursement of entertainment and conveyance expenses, other expenses actually incurred by them in the course of and for the purpose of the Company's business.

The Managing Director and Joint Managing Director shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

The Managing Director and Joint Managing Director shall not become interested or otherwise concerned directly or through his wife and through her husband or through his minor children in any selling agency of the Company except with the consent of the Company as per the provisions of the law in forces as applicable to the Company

The Board of Directors of the Company have now decided to re-appoint Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora as the Managing Director or the Joint Managing Director of the Company for the further period of 3 years w. e. f 1st January 2015 upto 31st December 2017 subject to the supervision, direction of the Board of Directors of the Company on the revised remuneration, and hence, it has become necessary that these two re-appointments and terms and conditions of their re-appointment including remuneration payable to them should be approved by the shareholders of the Company and hence the Board have decided to place the resolutions for the approval of the shareholders.

The draft agreements to be entered into between the Company and Mr. Nariman B. Medhora, and the draft agreements to be entered into between the Company and Dr. (Mrs) Daulat N

Medhora and the remuneration to be payable on their re-appointments is placed for the approval of the Members.

The total remuneration payable to Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora shall be subject to the provisions of Schedule V of The Companies Act, 2013.

The copy of the draft agreement to be entered into by the Company with Mr. Nariman B. Medhora and by the Company with Dr. (Mrs) Daulat N Medhora is open for inspection by Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays and Holidays.

Mr. Nariman B. Medhora and Dr. (Mrs) Daulat N Medhora alongwith their son Mr. Fredun Medhora are interested in these Resolutions i.e. 5 & 6 of the Notice to the extent of remuneration payable to them as per The Companies Act, 2013. None of the other Directors are interested in these Resolutions.

The resolutions are set out at item No. 5 & 6 of the accompanying Notice and accordingly the Board recommends the same for the approval of the Shareholders.

**Fredun Pharmaceuticals Limited**

**Nariman Medhora**  
**Managing Director**

Registered office:  
26, Manoj Industrial Premises, G.D. Ambekar Marg,  
Wadala, Mumbai - 400031.

Dated : 24/05/2014  
Place : Mumbai

## REPORT OF THE BOARD OF DIRECTORS

To,  
The Members  
Fredun Pharmaceuticals Limited

Your Directors are pleased to present the Twenty Seventh Annual Report of your Company with the Audited Accounts for the year ended March 31, 2014..

### 1. FINANCIAL RESULTS:

#### FINANCIAL PERFORMANCE AND FUTURE PROSPECTS:

	March 31 st 2014	March 31 st 2013
Sales Income	212,847,624	150,817,629
Other Income	3,602,337	3,439,048
Total Income	216,449,961	154,256,677
Profit /Loss before interest & depreciation	17902682	17,310,149
Finance Cost	8,106,593	8,840,867
Depreciation / Amortization	5256233	4,896,544
Profit/Loss before taxes	4,539,856	3,572,738
Prior period adjustments	---	-3,105,508
Profit/ Loss before Taxation	4,539,856	467,230
Current Income . Tax	1,770,680	273,360
Income tax Deferred	347,040	121,284
Profit/(Loss) after tax	2,422,136	72,586

### 1. OPERATIONS

Your Company posted a total income of Rs. 212,847,624/- compared to the income of Rs. 150,817,629/- for the previous year and the Net Profit After Taxation of Rs. 2,422,136/- compared to the Net Profit After Taxation of Rs. 72,586/- for the previous year. The Turnover of the Company increased substantially as compared to the previous year on account of increase in the business activities coupled with control over overhead expenses. Your Directors are confident that the Company will be able to show better results in the current year also.

### 2. BUSINESS OUTLOOK

Over the years your Company has focused on increasing the Export activities and as on date your Company has its presence into various countries and plans to expand

globally. Your Company is in the process of modernizing the technology and introducing new formulations to meet the growing requirements of different customers. Your Company has made various process improvements to cut down the costs and improve the quality of the products. To maintain the cGMP, your Company follows well-documented quality management systems. Your Company is in the process of an expansion and increasing manufacturing facilities of the current manufacturing unit at Palghar. To conserve the funds your Directors do not recommend any dividend for the year March 31st 2014.

**3. DEPOSITS**

Your Company has not accepted any fixed deposits from the Public.

**4. EMPLOYEES:**

There are no employees whose details are required to be given as per Section 217 (2A) of the Companies Act, 1956.

**5. TRAINING AND HUMAN RESOURCE MANAGEMENT:**

The Company continued to put concerted efforts in recruiting, quality people and lowering work stress. Capacity building, development programs and 'Train the Trainer' programs were other key focus areas during the year. The relationship between the management and employees is pleasant and without any disputes. Morale of the employees continued to be high.

**6. ENVIROMENT PROTECTION**

The Company has been complying with the requirements of the Pollution Control Regulations- in the State of Maharashtra.

**7. CONSERVATION OF ENERGY**

The Company conducts In-House energy audit at regular intervals with proper monitoring and maintenance of all the machineries. Low energy lighting and high efficiency meters have been installed to yield significant investment benefits and additional savings.

**8. RESEARCH AND DEVELOPMENT**

Your Company has set up a complete R & D Department to develop new formulations with proper process and analytical method validations. Improvements in existing manufacturing processes are continuously carried out to economize the cost of production and improve the quality of the formulation.

**9. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings: Export of Goods - Rs. 1060.05 Lakhs

Foreign Exchange Outgo: - Rs. 101.97 Lakhs.

**10. INSURANCE :**

All assets of your Company including the office at Wadala, factory unit at Palghar, machineries, fixtures, stocks, raw materials, packing materials, work-In-progress, finished goods etc . have been adequately insured.

**11. DIRECTOR'S RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the information provided by the management, your directors state that:

- i. In the preparation of annual accounts, the applicable accounting standards have been followed.
- ii. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31 2014 and of the profit of the Company for the year ended on that date.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv. The annual accounts of the Company have been prepared on a going concern basis.

**12. DIRECTORS :**

In accordance with the provisions of the Companies Act, 2014 and the Article of Association of the Company Dr A .M Raimalwala is liable to retire by rotation at the ensuing Annual General Meeting and he is eligible for re-appointment. Mr. Nariman Medhora , Dr. Mrs. D.N. Medhora and Mr. Fredun Medhora will be going to be reappointed as the Managing Director, Joint Managing Director and the Whole Time Director of the Company subject to the approval of the shareholders. Necessary resolutions for the re-appointment of the aforesaid Directors have been included in the Notice convening the ensuing Annual General meeting.

**13. AUDITORS**

The Auditors M/s. Savla & Associates Mumbai Chartered Accountants(Registration No 109361 W) hold the office until the conclusion of the ensuing Annual General Meeting and they are eligible for reappointment as the Auditors. Members are requested to consider their re-appointment and to fix their remuneration for the year ended on 31st



March 2015. Pursuant to the provisions of Section 139 of The Companies Act, 2013 and the rules framed there under, it is proposed to appoint M/s. Savla & Associates Chartered Accountants as the statutory Auditors of the Company. The Company has received a confirmation from M/S. Savla & Associates to the Effect that their appointment, if made, will comply with the eligibility criteria in terms of Section 141 (3) of The Companies Act, 2013.

#### 14. AUDITOR'S OBSERVATIONS

As regards Point Nos 1 & 2 mentioned in the Independent Auditor's Report, the Board of Directors state as under :

1. The Company has appointed Cost Auditors as per Section 233B of the Companies Act 1956. The report of the Cost audit for the financial year ended 31st March 2014 was under preparation as the due date for the same is 30 September 2014.
2. The Company had written letters to several parties inquiring about their MSME status however very few responses were received but the purchases of the Company are regularly made on mutually agreeable credit terms.

#### 15. COMPLIANCE CERTIFICATE UNDER SECTION 383 A OF THE COMPANIES ACT, 1956.

As per Section 383 A of the Companies Act, 1956 your Company has obtained a compliance certificate from a practicing Company Secretary which forms part of this Report.

#### 16. ACKNOWLEDGMENTS

The Company would like to acknowledge all its stakeholders, ShamraoVithal Co-Operative Bank Limited and its key partners for their support to the Company. Your Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment. Your Directors also acknowledge the continued guidance received from various Regulatory Authorities Including RBI, SEBI, Ministry of Corporate Affairs, The Registrar of Companies,OTCEI, Excise Authorities, Income Tax and Sales Tax Authorities.

**By order of the Board**  
For Fredun Pharmaceuticals Limited

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

Place : Mumbai

Date : 24/05/2014

**COMPLIANCE CERTIFICATE**

**Registration No. : L24239MH1987PLC043662**

Nominal Capital : Rs. 3,00,00,000/-

To,  
The Members of  
Fredun Pharmaceuticals Limited  
26, Manoj Industrial Premises, G. D. Ambekar Marg,  
**Wadala, Mumbai- 400 031 .**

I/We have examined the registers, records, books and Papers of Fredun Pharmaceuticals Limited (the Company) as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2014. (financial year) In my/our opinion and to the best of my/our information and according to the examination carried out by me/us and explanations furnished to me/us by the Company, its officers and agents, I/we certify that in respect of the aforesaid financial year :

1. The Company has kept maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in annexure 'B' to this certificate, with The Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, hence the comments are not required.
4. The Board of Directors duly met 4 Times respectively on 30/05/2013, 14/08/2013, 15/11/2013 and 14/02/2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. According to the information and explanation given to us, the Company has closed its Register of Members from **24th December 2013 to 30th December 2013** and necessary compliance under Section 154 of the Act has been made during the financial year ended 31st March 2014.

6. According to the information given to us, the Annual general Meeting for the financial year ended on 31st March 2013 was held on 30th December 2013 after giving due notice to the members of the Company and the resolution passed there at were duly recorded in Minutes Book maintained for the purpose.
7. According to the information given to us No Extra-Ordinary General Meetings was held during the financial year ended 31st March 2014.
8. On the basis of records made available to us, the Company has not advanced any loans to its Directors or persons referred to under Section 295 of the Act.
9. According to the information given to us and on the basis of records, the Company has entered into contracts falling within the purview of Section 297 of the Act.
10. According to the information given to us and on the basis of records made available to us, the Company has made entries in the register maintained under Section 301 of the Act.
11. According to the information given to us and on the basis of records made available to us, there were no instances falling within the purview of section 314 of the Act, hence the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. On the basis of records made available to us, the Company has not issued any duplicate share certificates during the financial year.
13. I report that:
  - (i) There was no transfer / allotment / transmission of any securities, have taken place during the financial year ended 31st March 2014.
  - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) The Company was not required to post warrants to any members to of the Company as no dividend was declared during the financial year.
  - (iv) The Company did not have (a) any amounts in unpaid dividend account, (b) application money due to refund, (c) matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education Fund and hence no amounts were required to be transferred to Investor Education and Protection Fund.

- (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of any Directors, additional Directors, alternate Directors and Directors to fill the casual vacancy during the financial year.
  15. The Company has appointed a Whole Time Director, however the Company has not appointed any Managing Director /Manager during the financial year.
  16. According to the information given to us and on the basis of records made available to us, the Company has not appointed any sole selling agents during financial year.
  17. On the basis of records made available to us and as per our opinion, the Company has already obtained approval of the Central Government under Section 297 of The Companies Act, 1956 from Regional Director however the Company was not required to obtain any approvals of the Company Law Board, The Registrar of Companies prescribed under the various provisions of the Act during the financial year.
  18. On the basis of records made available to us, the Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. On the basis of records made available to us, the Company has not issued any shares, debentures, or other securities during the financial year ended 31st March 2014.
  20. On the basis of records made available to us, the Company has not bought back any shares during the financial year.
  21. On the basis of records made available to us, there was no redemption of shares or debentures during the financial year.
  22. According to the information and explanation given to us and on the basis of records made available to us, there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of shares.
  23. According to the information and explanation given to us and on the basis of records made available to us the Company has not invited/accepted deposits including any unsecured loans falling within the purview of Section 58A during the financial year ended 31st March 2014.

24. According to the information given to us, and on the basis of records available, the amount borrowed by the Company from its Directors, Members, banks and others during the financial year ended 31st March 2014 are within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act has been passed.
25. According to the information and explanation given to us, and on the basis of records the Company has not made any loans and investments or given any guarantees or provided any securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to other state during the year under scrutiny.
27. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year under scrutiny.
30. According to the information and explanation given to us and on the basis of records made available to us, the Company has not altered its Articles of Association during the financial year.
31. On the basis of written representation received from the Company, there were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. According to the information and explanation given to us, the Company has not received any money as security from its employees during the financial year.

33. On the basis of records made available to us, the Company has deposited both the employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

**For Rajendra And Co.,  
Company Secretaries**

Place : Mumbai.  
Date : 24th May 2014

(Rajendra R. Vaze.)  
Company Secretary  
C.P.No. : 1975  
F.C.S.No.: 4247

Registers maintained by **Fredun Pharmaceuticals Limited,**

**Annexure "A"**

<b>Sr. No.</b>	<b>Registers Maintained</b>	<b>Section</b>
1	Register of Members	150
2.	Register and index of Shareholders	152
2.	Minutes of the meetings of Board of Directors	193
4.	Minutes of the General Meetings	196
5.	Register of companies and firms in which Directors etc. are interested	301(3)
6.	Register of Directors	303
7.	Register of Directors Shareholdings	307



## Annexure "B"

Forms and Returns as filed by Fredun Pharmaceuticals Limited, Mumbai with The Registrar of Companies, Regional Director, Central Government or other authorities during/for the financial year ended on 31st March, 2014.

Sr. No.	Forms/ Document	Particulars	MCA Challan Details	Delay Yes/No	Remarks
1	E-Form No.23AC & 23ACA Balance Sheet Section 220	Adoption of Balance Sheet at Annual General Meeting held on 30th December 2013	SRN:Q28483030 Dt. 27.01.2014	No	--
2	E-Form No.66 Section 383A (1)	Secretarial Compliance Certificate for the Financial Year ended on 31st March, 2013	SRN:Q27971324Dt. 08.01.2014	No	--
3	E-Form No.20B Annual Return Section 159	Annual Return made upto Annual General Meeting held on 30th December 2013	-	--	--
4	E-Form No 23		B93128213 Dt. 06.01.2014	No	-
5	E-Form8	Creation of Creation of Charges	B79813051 Dt: 22.07.2013	No	--
	E-Form 8	Creation of Creation of Charges	B85659035 Dt: 30.09.2013	No	--
	E-Form 17	Satisfaction of Charge	B85373207	No	--
	E-Form 8\	Creation of Creation of Charges	Dt: 26.09.2013 B90174772	No	--
	E-Form 8	Creation of Creation of Charges	Dt: 28.11.2013 B91803841	No	--
			Dt: 18.12.2013		

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF FREDUN PHARMACEUTICALS LIMITED****REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying Financial Statements of Fredun Pharmaceuticals Limited (the Company), which comprise the Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatements.

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

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

Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, The Balance Sheet, the Statement of Profit & Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For SAVLA & ASSOCIATES  
*Chartered Accountants*  
(Firm Registration No. : 109361W)

DEEPAK G. SAVLA  
Partner  
(Membership No. 043901)  
Mumbai, 23rd May, 2014

**Annexure to the Independent Auditor's Report**

**(Referred to in paragraph 1 under "Report on Other Legal & Regulatory Requirements section of our report of even date)**

- i) In respect of its Fixed Assets :
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year, there's a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. During the year, the Company has not disposed-off any substantial part of fixed assets.
- (ii) In respect of its Inventory :
- (a) As explained to us, the inventories of finished goods, work-in-process and raw materials were physically verified by the management. In our opinion, having regard to the nature and location of the stocks, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) During the year the Company has not granted and/or obtained any loans and advances to/from companies, firms or other parties covered under 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 are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions

that need to be entered into the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public and therefore the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules thereunder are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Cost Audit has been made mandatory for the Company as per section 233B of the Companies Act, 1956. The Report of Cost Auditors has not been made available to us.
- (ix) According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the 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 in repayment of dues to financial institution or bank except for the following :

**ICICI Bank Car Loan :**

Month	Due Date of Payment	Date of Payment	Amount of Interest	Amount of Principal	Repayment of Installment	Number of delay in days
December	01.12.2013	11.12.2013	5,512/-	8,180	13,692	10

**Shamrao Vithal Co-op Bank Ltd. Term Loan No.3 :**

Month	Due date of payment	payment date	Amount of Interest	Amount of Principal	Repayment of Installment	Number of Delay in Days
Jun-13	18-06-13	28-06-13	109327	164258	273585	10
Aug-13	18-08-13	26-08-13	109670	163915	273585	8
Sep-13	18-09-13	25-09-13	102842	170743	273585	7
Oct-13	18-10-13	12-11-13	105243	168342	273585	25
Nov-13	18-11-13	29-11-13	100348	173237	273585	11
Dec-13	18-12-13	31-12-13	100328	173257	273585	13
Jan-14	18-01-14	27-01-14	97,472.00	176113	273585	9
Feb-14	18-02-14	01-03-14	85,842.00	187743	273585	13
Mar-14	18-03-14	25-03-14	92,637.00	180948	273585	7

**Shamrao Vithal Co-op Bank Ltd. Term Loan No.4 :**

Month	Due date of payment	payment date	Amount of Interest	Amount of Principal	Repayment of Installment	Number of Delay in Days
Jun-13	26-06-13	02-07-13	39,912.00	57156	97068	6
Aug-13	26-08-13	31-08-13	39,747.00	57321	97068	5
Sep-13	26-09-13	10-10-13	37,797.00	59271	97068	14
Oct-13	26-10-13	12-11-13	38,660.00	58408	97068	17
Dec-13	26-12-13	31-12-13	36,748.00	60320	97068	5

- (xii) On the basis of information and explanation given to us, the Company has not granted any loans or 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 (Auditors Reports) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information & explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable.



- (xv) In our opinion and according to the information & explanation given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Company.
- (xvi) According to the information & explanation given to us, the terms and conditions on which loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanation given to us, the Company has not issued any debentures and hence, the question of creating security or charge thereof does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For SAVLA & ASSOCIATES

*Chartered Accountants*

(Firm Registration No. : 109361W)

DEEPAK G. SAVLA

Partner

(Membership No. 043901)

Mumbai, 23rd May, 2014

**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Notes	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders Fund</b>			
Share Capital	2	26245500	26245500
Reserve & Surplus	3	2274392	149462
		<b>28519892</b>	26394962
<b>Non-current Liabilities</b>			
Long Term Borrowings	4	20059725	13430929
Deferred Tax Liabilities (Net)	5	4720163	4373123
Long Term Provisions	6	2146903	2146903
		<b>26926791</b>	19950955
<b>Current Liabilities</b>			
<b>Short Term Borrowings</b>			
Trade Payables	7	43767048	31693504
Other Current Liabilities	8	51040009	32146458
Short Term Provisions	9	19106176	32292866
		7176211	4969352
		<b>121089443</b>	101102180
		<b>176536126</b>	147448098
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	10	69540678	59632755
Intangible Assets	11	659286	591047
Non-current Investments	12	2600	2600
Long Term Loans & Advances	13	4915423	480270
Other Non-current Assets	14	1775275	2618629
		<b>76893262</b>	63325301
<b>Current Assets</b>			
Inventories	15	35807140	32485608
Trade Receivables	16	34283473	19550378
Cash and Cash Equivalents	17	4178662	5721490
Short Term Loans & Advances	18	2086122	6247884
Other Current Assets	19	23287467	20117438
		<b>99642864</b>	84122797
		<b>176536126</b>	147448098

The accompanying notes are an integral part of the financial statements  
As per our Report of Even Date

**For SAVLA & ASSOCIATES****For FREDUN PHARMACEUTICALS LIMITED**

Chartered Accountants  
Deepak G. Savla  
Mem. No. 43901

**Dr. (Mrs.) Daulat N. Medhora**  
Joint Managing Director

**Mr. Nariman B. Medhora**  
Managing Director

Place : Mumbai  
Date: 23.05.2014

Place : Mumbai  
Date: 23.05.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Notes	As on 31/03/2014 Rs.	As on 31/03/2013 Rs.
<b>REVENUE</b>			
Revenue from Operations	20	<b>216934689</b>	155891795
Less : Excise Duty		<b>4087065</b>	5074166
Revenue from Operations (Net)		<b>212847624</b>	150817629
Other Income	21	<b>3602337</b>	3439048
		<b>216449961</b>	154256677
<b>EXPENSES</b>			
Cost of Materials Consumed	22	<b>101837974</b>	89487869
Purchases of Stock-in-Trade	23	<b>17930144</b>	4408272
Changes in Inventories of FG/WIP/Stock-in-trade	24	<b>4734871</b>	-3075591
Employee Benefit Expenses	25	<b>28361348</b>	20261191
Finance Cost	26	<b>8106593</b>	8840867
Depreciation & Amortisation Expenses	27	<b>5256233</b>	4896544
Other Expenses	28	<b>45682942</b>	25864788
		<b>211910105</b>	150683940
Profit Before Exceptional and Extraordinary Items & Tax		<b>4539856</b>	3572737
Profit Before Extraordinary Items & Tax		<b>4539856</b>	3572737
Prior Period Items		<b>0</b>	-3105508
Profit Before Tax		<b>4539856</b>	467229
Tax expenses	29	<b>-2117720</b>	-394644
Profit/(Loss) for the period from continuing operations		<b>2422136</b>	72585
Profit/(Loss) for the period		<b>2422136</b>	72585
<b>Earnings per Share</b>			
Basic EPS (in Rs.)		<b>1.03</b>	0.03
Diluted EPS (in Rs.)		<b>1.03</b>	0.03
Face value per Equity Share		<b>10</b>	10

The accompanying notes are an integral part of the financial statements  
As per our Report of Even Date

**For SAVLA & ASSOCIATES**

Chartered Accountants  
Deepak G. Savla  
Mem. No. 43901

Place : Mumbai  
Date: 23.05.2014

**For FREDUN PHARMACEUTICALS LIMITED**

**Dr. (Mrs.) Daulat N. Medhora**  
Joint Managing Director

Place : Mumbai  
Date: 23.05.2014

**Mr. Nariman B. Medhora**  
Managing Director

**NOTES TO FINANCIAL STATEMENT**

disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**Taxes on Income**

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

**Retirement Benefits**

Provident Fund is administered through Regional Provident Fund Commissioner. The accruing liability gratuity is calculated according to actuarial valuation and fully provided upto 31st March,2014. However encashment of Leave to staff is accounted on cash basis.

**Impairment of Fixed Assets**

Management periodically assesses using external and internal sources whether there is an indication that assets may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale prices or present value as determined above.

**Special Capital Incentive:**

The special capital incentive towards Plant & Machinery due from Development Corporation of Konkan Ltd. has been reduced from the fixed assets. Credit linked Capital Subsidy received for technology up-gradation from Ministry of MSME, Government of India has been reduced from fixed assets.

**Segment Reporting:**

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

## NOTES TO FINANCIAL STATEMENT

### 2. SHARE CAPITAL

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
<b>Note: 1</b>		
<b>Authorised Share Capital</b>		
2700000 Equity Shares of Rs. 10/- each	27000000	27000000
30000 8% Cumulative Redeemable Preference Shares of Rs. 100/- each	3000000	3000000
Issued Subscribed and Paid up capital	<b>30000000</b>	30000000
<b>Paid Up Share Capital</b>		
Equity Share Capital (44300 sh forfeited)	221500	221500
Paid Up Share Capital	<b>23524000</b>	23524000
Preference Share Capital (8% Cumulative)	<b>2500000</b>	2500000
	<b>26245500</b>	26245500
	<b>26245500</b>	26245500

#### A. Reconciliation of Shares Outstanding at the beginning and at the end of the year

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
<b>Equity Shares</b>				
At the beginning of the year	2352400	23524000	2352400	23524000
Addition during the year	0	0	0	0
Deductions during the year	0	0	0	0
Outstanding at the end of the year	2352400	23524000	2352400	23524000
<b>Preference Shares</b>				
At the beginning of the year	25000	2500000	25000	2500000
Addition during the year	0	0	0	0
Deductions during the year	0	0	0	0
Outstanding at the end of the year	25000	2500000	25000	2500000

#### B) Rights, Preferences & Restrictions attached

##### I Equity Shares

The company has only class of equity share having a par value of Rs. 10/- each. Each holder of the equity share is entitled to one vote per share. No dividend has been declared by the company on these shares. In the event of liquidation of the company the holders of the equity shares are entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held held by the share holder. In case of joint holders the vote of senior who votes in person or by proxy shall be accepted. For this purpose seniority shall be determined by the order in which names of share holder stand in register of members.

##### II 8 % Cumulative Redeemable Preference shares

1 Dividend - 8% of Face value.

2 Redeemable in financial year 2014-2015

## NOTES TO FINANCIAL STATEMENT

Name of the shareholder	31-03-14		31-03-13	
	No. of shares	% of Holding	No. of shares	% of Holding
Daulat N. Medhora	1361500	57.88	1361500	57.88
Nariman B Medhora	345600	14.69	345600	14.69
Fredun Healthcare Pvt. Ltd.	182000	7.74	182000	7.74

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
<b>3. RESERVES &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	149462	310,857
Deduction during the year		
Shortfall for tax provision of earlier years	63216	0
Provision for Dividend Tax	33990	33,980
Provision for Preference Dividend	200000	200,000
	-147,744	76,877
Profit / (Loss) during the year	2,422,136	72,585
	2,274,392	149,462
	2,274,392	149,462
<b>4. LONG TERM BORROWINGS</b>		
Secured Loans -Rupee Term Loan		
Reliance Capital Ltd. 201504	536629	777130
Reliance Capital Ltd. 245420	1544328	0
Reliance Capital Ltd. 249561	517983	0
The Shamrao Vithal Co-op Bank Loan - 3	4692644	7241056
The Shamrao Vithal Co-op Bank Loan - 4	1888474	2638342
The Shamrao Vithal Co-op Bank -23	3846988	0
The Shamrao Vithal Co-op Bank -24	5119580	0
	18146626	10656528
<b>Other Long Term Borrowings - Secured</b>		
Secured Loans - For Fixed Assets	1595026	1499868
	1595026	1499868
<b>Other Long Term Borrowings - UnSecured</b>		
Long Term - Loans & Advances From Related Parties	0	5738
Unsecured Loans - From Directors	318073	1268795
	318073	1274533
	20059725	13430929
<b>Details of Bonds &amp; Debentures Issued</b>		
Earliest Date of Redemption /	0	0
Conversion	0	0
Nominal Value	0	0



## NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
No. of Debentures	0	0
Value of Debentures	0	0
Rate of Interest	0	0
Nature of Security	0	0
Particulars of Redemption / Conversion	0	0
<b>5. Deferred Tax Liabilities</b>		
Deferred Tax Liabilities	4720163	4373123
	<b>4720163</b>	4373123
	<b>4720163</b>	4373123
<b>6. LONG TERM PROVISIONS</b>		
<b>Other Long Term Provisions</b>		
Provision for Gratuity	1799272	1799272
Provision for Leave Salary	347631	347631
	<b>2146903</b>	2146903
	<b>2146903</b>	2146903
<b>7 SHORT TERM BORROWINGS</b>		
<b>Secured Loans - Loans Repayable on Demand</b>		
The SVC PSDL	5243821	2720500
	<b>5243821</b>	2720500
<b>Other Loans &amp; Advances</b>		
Overdraft From ICICI Bank	319687	0
SVC Co-op Bank - Hundi	0	1530000
The National Small Industries Corpn Ltd.	2149907	2385143
The Shamrao Vithal Co-op Bank - Overdraft	13144924	10860747
The Shamrao Vithal Co-Op Bank - Packing Credit	22908709	14197114
	<b>38523227</b>	28973004
	<b>43767048</b>	31693504
<b>8 OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long Term Debt	7077120	5258410
Advances Received	8961988	26297218
Other Current Liabilities	3067068	737238
	<b>19106176</b>	32292866
<b>9 SHORT TERM PROVISIONS</b>		
<b>Provision for Statutory Liabilities</b>		
Profession tax payable	41019	0
Provision for Taxation	1770680	972861
TDS on contractors	15240	4313

**NOTES TO FINANCIAL STATEMENT**

<b>Particulars</b>	<b>As at March, 31 2014 Rs.</b>	<b>As at March, 31 2013 Rs.</b>
TDS on Interest	<b>30978</b>	100060
TDS on professional services	<b>60835</b>	0
TDS on rent	<b>12000</b>	36000
TDS on salary wages directors	<b>30449</b>	47643
	<b>1961201</b>	1160877
<b>Provision for Dividend</b>		
Provision for proposed dividend	<b>1400000</b>	1200000
	<b>1400000</b>	1200000
<b>Provision for Dividend Distribution Tax</b>		
Provision for dividend distribution tax	<b>236375</b>	202385
	<b>236375</b>	202385
<b>Other Short Term Provisions</b>		
Bonus payable	<b>993471</b>	687187
Directors Remuneration Payable	<b>305661</b>	146999
OT Wages	<b>248</b>	248
PF administration payable	<b>7280</b>	8586
PF employee contribution	<b>79413</b>	65377
PF employer contribution	<b>82504</b>	65377
Salary Payable	<b>377714</b>	208033
Wages	<b>1732344</b>	1224283
	<b>3578635</b>	2406090
	<b>7176211</b>	4969352

## NOTES TO FINANCIAL STATEMENT

## 10 . TANGIBLE FIXED ASSETS

	Freehold land	Building	Plant & Machinery	Electrical Installat	Lab Glassware Appara	Furniture/ Office Equ	Motor Car	Office Premises	Computer	Previous Year Total	Factory Equip-ments	Electric fittings	Office Equip-ment	Total
Gross Block As on 31/03/2013	5235279	25531845	52205737	3582961	1426741	4350185	2169164	6730140	2151062	0	306568	979124	366524	105035330
Additions	0	0	12919239	506230	0	342036	785662	0	242976	0	0	215425	0	15011568
Deductions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
As on 31/03/2014	5235279	25531845	65124976	4089190	1426741	4692221	2954826	6730140	2394037	0	306568	1194549	366524	120046897
<b>Depreciation As on 31/03/2013</b>	0	9802089	26385632	1761887	1028219	2986858	134669	1089221	1449021	0	19845	684421	60713	45402575
During the Year Deductions	0	852763	3163995	173714	63489	194724	237983	109701	226874	0	12614	46169	21618	5103644
As on 31/03/2014	0	10654852	29549627	1935601	1091708	3181582	372652	1198922	1675895	0	32459	730590	82331	50506219
<b>Impairment As on 31/03/2013</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
For the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reversal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
As on 31/03/2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Block As on 31/03/2014</b>	5235279	14876993	35575349	2153589	335033	1510639	2582174	5531218	718142	0	274109	463959	284193	69540678
<b>As on 31/03/2013</b>	5235279	15729756	25820105	1821074	398522	1363327	2034495	5640919	702041	0	286723	294703	305811	59632755

## NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
Interest Income	118153	182942
Misc.Other Income	370000	619757
Sundry Credit Balance	412	122624
	3602337	3439048
<b>22 COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials</b>		
<b>Opening Stock</b>		
Opening Stock	10776248	10541123
Stock in Transit	14300	785760
Raw materials purchased	78995452	65323946
	0	0
Add : Incidental Expenses on Purchases"		
Less : Transfer / Sale of Raw Material	0	0
Less : Purchase Return	0	0
Less : Capitalisation of Raw Material	0	0
Less : Closing Stock		
Closing Stock	14095298	10776248
Stock in Transit	9641	14300
	75681061	65860281
<b>Packing Materials</b>		
Opening Stock		
Opening Stock	6627827	4413325
"Stock in Transit	325506	246123
Add : Purchases"		
Purchases	28828624	24693197
"Packing Expenses	166854	13777
Less : Closing Stock"		
Closing Stock	10312200	6627827
Closing Stock in Transit	1383145	325506
	24253466	22413089
<b>Stores &amp; Spares</b>		
Opening Stock	0	0
Add : Purchases		
Consumables Purchases	1458815	583400
Spare Parts Purchases	0	0
Stores and spares	444632	631099
Less : Closing Stock	0	0
	1903447	1214499
	101837974	89487869

### NOTES TO FINANCIAL STATEMENT

<b>Imported &amp; Indigenous raw materials</b>				
	31/03/2014		31/03/2013	
	Value	%	Value	%
Imported	9027770	11	0	0
Indigenous	69967682	89	60786115	100
<b>Imported &amp; Indigenous Stores &amp; Spares</b>				
Imported	0	0	0	0
Indigenous	1903447	100	1214499	100

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
<b>23 PURCHASE OF STOCK-IN-TRADE</b>		
<b>Traded Goods</b>		
Purchases	17930144	4408272
	17930144	4408272
	17930144	4408272
<b>24. CHANGE IN INVENTORIES</b>		
<b>Finished Goods</b>		
Opening Stock	8127123	3671316
Less : Closing Stock	-5453510	-8127123
	2673613	-4455807
<b>Work in Progress</b>		
Opening Stock	6614604	7994820
Less : Closing Stock	-4553346	-6614604
	2061258	1380216
	4734871	-3075591
<b>Finished Goods</b>		
Closing Stock (Closing Value of cost (Net) without taxes)	5453510	8127123
	5453510	8127123
<b>Work In Progress</b>		
Material under process	4553346	6614604
	4553346	6614604
<b>25. EMPLOYEE BENEFIT EXPENSES</b>		
Labour welfare fund employers contribution	29249	6084
Medical Expenses	34717	78357
PF Employers' contribution	1154118	764808
Salary wages and bonus	26300563	18984756
Staff Welfare	842701	427186
	28361348	20261191
<b>26. FINANCE COST</b>		
Bank Charges	1226060	1159228
Bank Interest	4966252	5820739
Other Interest	1914282	1860900
	8106593	8840867

## NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
<b>27. DEPRECIATION &amp; AMORTISATION EXPENSES</b>		
Depreciation	5256233	4896544
	5256233	4896544
<b>28 OTHER EXPENSES</b>		
<b>Manufacturing &amp; Service Cost</b>		
Clearing and forwarding inward	55023	0
Electricity Factory	5926999	5671177
Factory Expenses	431881	604479
Fire safety expenses	77114	18905
Freight Inward	901	450
Lab Chemical Expenses	293843	151347
Outside Labour Expenses	743911	1923821
Repairs and maintenance	3184270	877879
Testing and Analysis	703598	299656
Transportation inward	1019942	195725
	12437482	9743439
Research & Development Expenditure		
Research and Development expenditure	10600	0
	10600	0
<b>Other Expenses</b>		
Advertising expenses	33105	2500
Agency Expenses	148726	43743
Audit fees	250000	109000
Business promotion expenses	1645402	108491
Certification work by auditor	5500	23450
Clearing and forwarding outward expenses	1369426	642588
Commission expenses	22300	64900
Computer & Software Expenses	147534	141137
Cost Audit Fees	30000	0
Deferre revenue expenses written off	843354	843353
Donation expenses	16952	33200
Earnest Money Deposit Written off	33500	0
Ecise MODVAT Written Off	306047	0
Electricity Expenses - Office	244564	175831
Foreign Exchange Gain or Loss	3370805	0
Freight outward expenses	8586949	2329818
Hire Charges	102513	125405
Insurance Charges	765912	557085
Loss on Sale of Fixed Assets	0	339768
Membership & Subscription	94878	85924
Miscellaneous Expenses W/Off	3	1
Motor Car & Conveyance Expenses	681780	484127
Office Expenses	117727	50529
Other expenses	232592	165667

## NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
Other services by auditor	8000	9500
Printing & Stationary	539180	502307
Product registration charges	1232099	0
Professional Fees	6059087	4913634
Rates taxes & fees	818679	714033
Rent	724000	382000
Sales promotion expenses	960917	363987
Sample expenses	266805	45540
Secreterial Audit Fees	19000	0
Security Deposit Written Off	7000	0
Security expenses	764406	729639
Telephone Expenses	1661225	1018909
Transportation outward	408258	346221
Travelling Expenses	716634	769062
	33234860	16121349
	45682942	25864788
<b>29. TAX EXPENSES</b>		
Deferred Tax	-347040	-121284
Provisional for Income Tax	-1770680	-273360
	-2117720	-394644
<b>30 EARNING PER SHARE (EPS)</b>		
a. Net Profit / Loss attributable to Equity Shareholders (Basic)		
Net Profit after Tax as per Profit & Loss Account	2422136	72585
Net Profit attributable to Equity Shareholders (Basic)	2422136	72585
"b. Details of No. of Shares used for Basic Earning Per Share Number of Equity Shares at the start of the period"	2352400	2352400
Net Profit attributable to Equity Shareholders (Basic)	2352400	2352400
"c. Net Profit / Loss attributable to Equity Shareholders (Diluted) Net Profit after Tax as per Profit & Loss Account"	2422136	72585
Net Profit attributable to Equity Shareholders (Basic)	2422136	72585
"d. Details of No. of Shares used for Diluted Earning Per Share Number of Equity Shares at the start of the period"	2352400	2352400
Weighted Average No. of Shares for Diluted EPS	2352400	2352400
Face Value per Share	10	10
<b>31. VALUE OF IMPORTS (on CIF BASIS)</b>		
Raw Materials	9027770	0
Packing Materials	0	0
Traded Goods	0	0
Stores Spares and Components	0	0
Capital Goods	0	0
<b>32. PAYMENTS TO AUDITORS</b>		
Tax Audit Fees	250000	109000

## NOTES TO FINANCIAL STATEMENT

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
Other Consultancy	57000	9500
Certification Fees	5500	23450
	312500	141950
<b>33 EARNINGS IN FOREIGN EXCHANGE</b>		
FOB Value of Manufactured Goods Exported	125686163	75171502
FOB Value of Traded Goods Exported	0	0
Revenue received from Services	0	0
Interest Income Received	0	0
Dividend Income Received	0	0
Insurance & Freights On Exports	0	0
Profit in Foreign Currency on Sale of Assets	0	0
Royalty, Knowhow, Professional & Consultancy Fees	0	0
Other Income Received in Foreign Currency	0	0
	125686163	75171502
<b>34. EXPENDITURE IN FOREIGN CURRENCY</b>		
Expenditure incurred in Foreign Exchange	0	0
Interest Charges in Foreign Currency	0	0
Commission, Brokerage & Discount Charges	0	0
Professional Charges	479017	0
Bank & Finance Charges	21808	0
Logistic Charges	0	0
Foreign Tax	0	0
Royalty Charges	0	0
Sales, Marketing & Advertising Expenses	63075	320584
Meeting Expenses	0	0
Research & Development Expenses	0	0
Intangible Asset Charges	0	0
Membership & Subscription Expenses	0	0
Insurance Charges	0	0
Telecommunication Expenses	0	0
Other Expenditure in Foreign Currency	932128	1588143
Total Expenses in Foreign Currency	1496028	1908727
Net Earnings in Foreign Currency	124190135	73262775
Capital Expenditure in Foreign Currency	0	0
	124190135	73262775
<b>35. DIVIDEND REMITTED IN FOREIGN CURRENCY</b>		
Number of Non-Resident Shareholders		
No. of Shares held - Fully Paid		
No. of Shares held - Partly Paid		
Dividend paid		
Year to which Dividend relates		



**NOTES TO FINANCIAL STATEMENT****36. OTHER NOTES**

1. Additional information pursuant to schedule VI to the Companies Act,1956 is given to the extent applicable to the company.
2. In the opinion of Board of Directors the provision for depreciation and all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.
3. Balances of some of the trade receivables, trade payables, loans and advances are subject to confirmation.
4. The liability of VAT and set off have been accounted for on the basis of working prepared by the company.
5. In accordance with the requirement for disclosure of amounts due to SSI units, as per "Micro, Small and Medium Enterprises Development Act,2006" the company has not compiled the list of its sundry creditors who satisfy this criterion.
6. Information given in accordance with Accounting Standard-18 on Related Party Disclosures issued by ICAI :

Names of the Related Parties :

Key Management Personnel :

- ii) Mr. N.B.Medhora
- iii) Mrs. Dr. D.N.Medhora
- iv) Mr. Fredun N. Medhora

Business Organiation controlled by Key Managment Personnel or their relatives :

- i) Fredna Enterprises
- ii) Fredun Healthcare Pvt.Ltd.

Following are the transactions entered into with the Related Parties :

Purchases made from Fredna Enterprises amounting to Rs. 50,625/-.

Purchases made from Fredun Healthcare Pvt.Ltd. amounting to Rs. 1,05,761/-.

Sales made to Fredun Healthcare Pvt.Ltd. amounting to Rs. 3,38,545/-.

Director's Remuneration paid to Mr.N.B.Medhora(Managing Director) Rs.3,60,000/- . Director's Remuneration paid to Mrs. Dr. D.N.Medhora(Joint Managing Director) Rs.3,60,000/- . Director's Remuneration paid to Mr. Fredun N. Medhora(Director) Rs.7,50,000/-.

Rent paid to Mr. N. B. Medhora Rs. 7,20,000/-.

7. Information given in accordance with the requirements of Accounting Standard 17 on

## NOTES TO FINANCIAL STATEMENT

### Segment Reporting :

The Company is operating in only one segment i.e. Pharmaceutical Formulations The Geographical segment is considered as secondary segment.

### Geographical Segments :

The Company primarily operates in India & therefore the geographical segment is divided into

Indian and Overseas markets :

Sales in India : 8,38,02,674/-

Overseas Total: : 13,58,84,980/21,96,87,654/--

8. With regards to the Term Loans taken from Shamrao Vithal Co-op Bank Ltd., the bank itself debits the installment amounts periodically. And thus delay in payment of installment is only due to the bank debiting the installments amount late and not due to company's lag.
9. Previous year's figures are regrouped & rearranged wherever necessary.

### Grouping to Notes to Accounts

Particulars	As at March, 31 2014 Rs.	As at March, 31 2013 Rs.
<b>Other Long Term Borrowings - Secured</b>		
<b>Secured Loans - For Fixed Assets</b>		
ICICI Bank Car Loan	1110272	1499868
ICICI Bank Car Loan 7508	484754	0
	<b>1595026</b>	1499868
<b>Other Long Term Borrowings - Unsecured</b>		
<b>Long Term - Loans &amp; Advances From Related Parties</b>		
Fredun Healthcare Pvt. Ltd.	0	5738
	<b>0</b>	5738
<b>Unsecured Loans - From Directors</b>		
Daulat N Medhora	115440	405156
Fredun N Medhora	115262	441437
Nariman B Medhora	87370	422202
	<b>318073</b>	1268795
<b>Trade Payables</b>		
Consumables and Spares	47866	368541
Expenses	8766404	2786521
Finished Goods	358579	0
Packing Material	14536292	7114739

**GROUPING TO NOTES TO ACCOUNTS**

<b>Particulars</b>	<b>As at March, 31 2014 Rs.</b>	<b>As at March, 31 2013 Rs.</b>
Raw Materials	27330867	21876658
	51040009	32146458
<b>Current Maturity of Long Term Debt</b>		
Current Maturity of Long Term Borrowings	7077120	5258410
	7077120	5258410
<b>Advances Received</b>		
Advance from customers	8961988	26297218
	8961988	26297218
<b>Other Current Liabilities</b>		
AEBC Card	157457	18397
Citibank Credit Card	44277	368262
KGN Pharmaceuticals centre excise	103241	99509
Liability for Capital Goods	689711	0
SBI Credit Card	109210	198676
US Vitamin Ltd	1963171	52394
	3067068	737238
<b>Other Security Deposits</b>		
Unsecured, considered good	1300	2580
Bombay Chamber of Commerce and Industry	0	33500
Earnest money deposit	441990	434690
Maharashtra State Electricity Board	2500	2500
MTNL Deposit	187500	0
Reliance Capital Ltd. ( 249561)	630415	0
Reliance Capital Ltd.( 245420)	0	7000
Security Deposit	25000	0
Swami Enterprises (Coffee Machine)	1288705	480270
<b>Other Long Term Loans &amp; Advances</b>		
Unsecured, considered good		
Advance for Capital Items	3626718	0
	3626718	0
<b>Other Trade Receivables</b>		
Unamortised Expenses	1775275	2618629
	1775275	2618629