



NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of Members of Godavari Drugs Limited will be held on 29th September 2011 at 2.00 P.M. at J.S. Krishna Murthy Hall, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad -500 004 (A.P) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2011, Balance Sheet as on that date, and Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Dilip Patel who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.S.A.Hussain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Place:SECUNDERABAD
Date: 10.08.11

MUKUND KAKANI
MANAGING DIRECTOR

NOTES:

- 1 A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- 2 The instruments of proxy duly stamped and executed should be deposited at the Registered office of the company at least forty-eight hours before the time fixed for commencement of the meeting.
- 3 The register of members and share transfer books will remain closed from 23rd September 2011 to 29th September 2011 (Both days inclusive).
- 4 Members are requested to intimate immediately any change in their address to the company.



DIRECTORS' REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting their Twenty Third Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS:		(Rs. in Lacs)	
Particulars	2010-11	2009-10	
Sales and other Income	532.01	439.35	
Extra ordinary Items	---	---	
Profit before interest and Depreciation	102.27	81.83	
Interest	10.94	12.02	
Depreciation	88.38	87.94	
Profit/(Loss) before tax	2.95	18.13	
Earlier year tax	0.00	0.00	
Fringe Benefit tax	(0.03)	0.00	
Deferred tax	0.00	(1.05)	
Adjustment pertaining to previous year (2.29)		(0.63)	
Profit/(Loss) before tax	0.64	(19.81)	
Corporate tax (MAT)	(0.12)	0.00	
Profit/loss After Tax	0.51	0.00	
Balance brought forward from last year(981.14)		(961.32)	
Balance Carried to Balance Sheet (980.62)		(981.14)	

PERFORMANCE

The gross Sales and contract manufacturing income for the year marked a 20.10% increase at 523.69 lacs as against 436.04 over the last year.

OPERATIONS

The main area of operations continues to be contract manufacturing along with small quantities of independent products. The Company is striving to ensure full utilization of the product capacity to improve sales and volumes.

FUTURE DEVELOPMENT

The Company continues to attempt improvements in the present process through the R & D division, and also proposes to take up some independent products under developments, which are now at pilot plant stage. Further keeping in requirements of the demands of the customers the company is undertaking some additions to upgrade the present facilities to ensure better returns.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of the provision of Section 217(2AA) of the Companies Act, 1956, the Directors of your company hereby furnish the following responsibility statement with regard to annual accounts, accounting policies, maintenance of adequate accounting records etc. of the company.

- That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material deviation, if any, there from;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011.

- That the Directors have taken proper and sufficient care 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;

That the Directors had prepared the annual accounts on a ongoing concern basis.

AUDIT REPORT

The observations made by statutory auditors are self-explanatory.

INDUSTRIAL SAFETY AND POLLUTION CONTROL

The company continues to follow its policy of maintaining highest standards of safety. Regular plantation of trees taken around the plant ensures friendly environment and reduction in pollution.

INDUSTRIAL RELATIONS

Industrial relation between the management and the employees during the year under review remained cordial. The welfare activities continued as before.

PARTICULARS OF EMPLOYEES

There is no employee drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the information is given in the annexure forming part of this Report.

DIRECTORS: Sri Dilip Patel and Sri S.A.Hussain , directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

AUDITORS: M/s. S. Daga & Company, Chartered Accountants, the present Auditors of the Company retire and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT:

Your Directors acknowledge with deep sense of appreciation, the continued support from Employees, Shareholders/Investors, Customers and Suppliers.

For and on behalf of the Board

Place: Secunderabad

Date: 10.08.11

GHANSHYAM JAJU

CHAIRMAN



ANNEXURE TO DIRECTORS' REPORT

Particulars as required under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy: The Company continued its efforts to improve energy consumption through planned and close monitoring of manufacturing methods and processes. The details of total energy consumption are set out in Form 'A' enclosed.

B. Technology Absorption: Efforts made in technology absorption are as per Form 'B' enclosed.

C. Foreign Exchange Earnings and Outgo: Nil

Total foreign exchange used and earned:

Used: Nil

Earned: Nil

FORM - A

(Form for disclosure of particulars with respect to Conservation of Energy)

Particulars	Unit	2010-11	2009-10
A. Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Units	000KWH	1817	1897
Total Amount	Rs. in Lacs	108.15	110.20
Average cost	Rs./KWH	5.95	5.81
b) Own Generation			
i. Through Diesel Generator			
		—	—
ii. Through Steam Turbine Generator			
		—	—
2. Coal			
"C" Grade for Steam Generation			
Quantity	Tons	—	—
Total Cost	Rs. in Lacs	—	—
Average cost	Rs./Ton	—	—
3. Furnace Oil			
(For Steam Generation)			
Quantity	K.L	—	10.00
Total Cost	Rs. in Lacs	—	0.75
Average cost	Rs./KL	—	—
Agro /Ind. Waste			
Quantity	Tons	3577	3212
Total Cost	Rs. in Lacs	91.32	81.36
Average cost	Rs./Ton	2553	2533
5 Others/Internal Generation			
		—	—

B. Consumption per unit of production: Since the company manufactures different types of bulk Drugs and drug intermediates, it is not practicable to give consumption per unit of production.

FORM - B

Research and development (R & D)

1. Specific areas in which R & D was carried out by the Company: Development of technology for advanced bulk drugs and intermediates

2. Benefits derived as a result of the above R&D: Development of process and identification of new drug intermediates

3. Future plan of action: The company has plans to upgrade process Technology through its own R&D efforts to improve quality and reduce costs.

4. Expenditure on R&D:

a) Capital Rs.:	NIL
b) Recurring:	Rs. 2122531
c) Total:	Rs. 2122531
d) Total R&D expenditure as a percentage of total turnovers:	4.00

Technology absorption, adoption and innovation :

1. Efforts made towards technology: In-house developments towards backward Integration, absorption, adoption, both on technology and engineering fronts, innovation.

2. Benefits derived as a result of: Resulted in reduction of manufacturing costs, in the above efforts

3. Particulars of technology imported: NIL during the last five years reckoned from the beginning of the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

With growing economy and per capita income the local demand is envisaged to pickup substantially, the local manufacturer with low cost production will have advantage in the present situation.

OUTLOOK

Take over of foreign companies by major Indian manufacturers will ensure more products to be outsourced from India, to achieve cost competitiveness. Companies with big manufacturing capacities will have an opportunity to participate in the changed scenario.

OPPORTUNITIES AND THREATS

Since 2005 after the patent regime in place there is encouraging atmosphere for out sourcing by big pharma companies resulting in mutual strategic benefits to Indian pharma companies.

The Global pharmaceuticals market consider India increasingly as an important base to source bulk drugs active and intermediate pharmaceutical ingredients since it has advantage of low cost manufacturing infrastructure and equipments facility in the country with proven technological and processes engineering.

The company presently is undertaking contract manufacturing from reputed organisation apart from their own products restarted in a small way. The company is sure to increase the productions of the on going products and add some new products in near future, which are under advance stage of developments.

MANAGEMENT OF RISK AND CONCERN

The company has initiated a number of steps to ensure financial discipline.

The company proposes to add further clients of repute for contract manufacturing to ensure steady progress and utilization of facilities, which will add to the profitability.

With various approvals for its manufacturing facilities its track records of commitment to quality and capability to handle diverse product portfolio the company has an advantage of de-risked business.



COMPLIANCE REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY

The company's philosophy on Corporate Governance is concerned with how the company is run and the manner in which the Board of Directors discharges its mission and responsibilities to ensure proper management, with accountability in the best interests of shareholders and other stakeholders. In addition, the issue of transparency and disclosure of information about the affairs of the company assumes greater importance.

2. BOARD OF DIRECTORS

The Board of Directors comprises of Managing Director, one Executive Director and four Non-Executive Directors. The four Non-Executive Directors includes the Chairman who alongwith the Managing Director and another Non-Executive Director represent promoter group while the other two are an independent Director.

During the financial year 2010-2011 the Board met Five times on 29th April, 27th July, 03rd September, 10th November and 11th February 2011. The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting with particulars of their Directorship and Committee Memberships are given in the following table.

Name of the Director	Category of Directorship	Board Meetings attended	Lost AGM attended	No. Of outside Directorships	No. of other Committee Memberships
Shri. Ghanshyam Jaju	NED	5	Yes	Nil	Nil
Shri. Mukund Kakani	MD	5	Yes	Nil	Nil
Shri. Kirti Kumar Jain	ED	5	Yes	Nil	Nil
Shri. P. C. Shrimal	NED	5	Yes	1	1
Mr. Dilip Patel	ID	5	No	7	6
Mr. S A Hussain	ID	5	Yes	2	2

Outside Directorships do not include Directorship in private limited companies.

3. AUDIT COMMITTEE

Adhering to the principles envisaged in clause 49 of the listing agreement the audit committee was formed, which has met Five times in FY 2010-2011 on 29th April, 27th July, 03rd September, 10th November and 11th February 2011.

The terms of reference of Audit Committee is as contained in the section II of Corporate Governance code as per the Listing Agreement. The Audit Committee comprises of Executive Director and Independent Directors namely Shri. Kirti Kumar Jain, Shri. Dilip Patel and Shri. S. A. Hussain. The Statutory Auditor is invitee to the meetings.

4. REMUNERATION OF DIRECTORS

The Non-Executive Directors do not receive any remuneration from the company apart from sitting fees for attending the meetings of Board, which is decided by Board of Directors.

The details of remuneration paid to the Directors during the financial year 2010-11 are given below.

Name of the Director Salary (In Rs.)

Shri. Mukund Kakani	24,000 P.M.
Shri. Kirti Kumar Jain	15,000 P.M.

The tenure of appointment of each of the above Managing Director and Executive Director is for a Period of 5 years. Notice period, severance fees and stock options are not applicable.

5. SHAREHOLDERS COMMITTEE

The Board has constituted a Shareholders and Investors Grievance Committee which comprises of Shri. P C Shrimal, Chairman, Shri. Dilip Patel and Shri. S. A. Hussain as members. During the year, the committee met two times on 27th July 2010 and 11th February 2011. The committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service. Given below and all of them have been resolved to date. There were no share transfers pending for registration for more than 30 days.

The status of shareholder's complaints/request during the financial year 2010-11 is as under

Sl.No.	Nature of Complaint/request	Received	Cleared
1	Change / Correction of Address	01	01
2.	No. Of transfers	11	08
3.	Non receipt of shares /Others	04	04

The Complaints from the shareholders are given top priority and have been attended to on day-to-day basis.

6. CODE OF CONDUCT

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition the Company has adopted a code of conduct for its Non-Executive Directors and Senior Management Personnel.

7. GENERAL BODY MEETINGS

The details of last three Annual General / Extra Ordinary General Meetings are as follows:

Year	Location	Date	Time
2009-2010	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	28 th Sept 2010	2.00P.M.
2008-2009	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	26 th Sept 2009	2.30P.M.
2007-2008	J. S. Krishnamurthy Hall, FAPCCI Premises, Red Hills, Hyderabad	26 th Sept 2008	2.30P.M.

In some of the above AGMs the shareholders passed certain special resolutions as set out in the respective notices. No special resolutions were passed through postal ballot during the previous year.

At the forthcoming AGM there is no item on the agenda that needs approval by means of postal ballot.

8. DISCLOSURES

The Company complied with all the regulations of the Stock Exchanges, Securities and Exchange Board of India and other statutory bodies regulating the capital markets. No Stretchers or penalties were imposed on the company. There are no transactions with related parties having potential conflict with the interest of the company at large. Other transactions are adequately disclosed in the notes to Annual accounts.

9. MEANS OF COMMUNICATION

The company shares are listed on Bombay Stock Exchange and financial results on quarterly basis are being submitted to the Stock Exchange and have been published in the newspapers.

The quarterly financial results of the company are generally published in the following newspapers.



Business Standard (English Daily) and Andhra Bhoomi (Telugu Daily) There has been no display of official news releases and there have been no presentations made to institutional investors or to the analysts.

10. GENERAL SHAREHOLDERS INFORMATION

Sl.No.	Item	Details
1.	AGM Date, Time and Venue	On 29 th September, 2011 at 2.00 P.M at J. S. Krishnamurthy hall, FAPCCI Premises, Red hills, Hyderabad. (To be held)
2.	Financial Calendar 2011-2012(Tentative)	First Quarter Results – By 15th Aug 2011 Second Quarter /Half year Results -By 15th November 2011 Third Quarter/Nine Months Results - By 15th February 2012 Fourth Quarter/Year end Results -By 15th May 2012
3.	Dates of book closure	23-09-2011 to29-09-2011 (Both days inclusive)
4.	Listing on Stock Exchanges	Bombay Stock Exchange
5.	Stock Code	530317 (BSE)
6.	Demat ISIN No. For NSDL & CDSL	INE362C01012
7.	Market Price Data	

Months	Bombay Stock	Exchange Ltd.
	High (Rs.)	Low (Rs.)
April'10	6.24	5.40
May'10	8.14	5.82
June'10	7.81	6.70
July'10	8.57	6.75
August'10	8.07	7.31
September'10	8.20	7.01
October'10	8.05	7.20
November'10	8.14	6.76
December'10	7.75	5.95
January'11	7.83	6.32
February'11	7.15	5.89
March'11	5.78	4.80

8.	Performance in comparison to BSE Index / CRISIL Index	The shares are infrequently traded and hence not applicable.
9.	Registrars and Transfer Agents (For both physical and electronic)	CIL Securities Pvt Ltd. 214, Raghava Ratna Towers Abids,Hyderabad.
10.	Share transfer system	Share transfers are registered and returned with in a Period of thirty days from The date of receipt, if the documents are in order in all respects.

11. Shareholding Pattern as on 31st March 2011

Category	No. of Shares	Percentage
Promoter	3695840	49.077
Financial Institution and Banks	134873	1.79
Bodies Corporate	590165	7.84
Indian Public	2862515	38.01
NRI's / OCB's	247107	3.286
TOTAL	7530500	100.00

12. Distribution of shareholding as on 31st March 2011

Shareholding of Nominal Value	No. of	% of total	Shares	% of total	Amount
					Holders
From	To				
—	5000	3481	97.67	10374090	13.78
5001	10000	21	0.59	1569710	2.08
10001	20000	19	0.53	2955260	3.92
20001	30000	7	0.20	1685300	2.24
30001	40000	5	0.14	1597090	2.12
40001	50000	3	0.08	1366150	1.81
50001	100000	15	0.43	13232540	17.58
100001	ABOVE	13	0.36	42524860	56.47
TOTAL		3564	100.00	75305000	100.00

13. Dematerialisation of shares and Liquidity : The trading in Company's shares is permitted only in dematerialized form. In order to enable to shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL and CDSL

14. Outstanding ADRs / GDRs: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

15. Plant Location: A-6/2, MIDC, Nanded, - 431 603, Maharashtra.

16. Address for correspondence Registered office:
1-8-303/34, Mayfair, Sardar Patel Road,
Secunderabad - 500 003, Phone: 91-40-2784 9700,
Fax: 91-40-2784 9859
E-mail: info@godavaridrugs.com

Shareholders holding shares in electronic form should address all their Correspondence to their respective depository participants.

DECLARATION OF MANAGING DIRECTOR ON THE COMPANY'S CODE OF CONDUCT

In terms of Clause 49 of the Listing Agreement, I hereby confirm that all the Board members and Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them for the year ended 31st March 2011.

Place: Secunderabad
Date:10.08.11.

Mukund Kakani
Managing Director



AUDTOR'S REPORT ON COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE

To the shareholders of **GODAVARI DRUGS LIMITED**

We have examined the compliance of conditions of corporate governance by the Godavari drugs limited for the year ended on 31st March 2011 as stipulated in clause 49 of the 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 the 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 that the company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned listing agreement. We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the shareholders grievance committee. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For S. Daga & Co.
Chartered accountant

Date: 10.08.2011
Place: Hyderabad

T.V. Subba Rao
Partner M. No. 9636

**AUDTOR'S REPORT
To the Members of GODAVARI DRUGS LTD.**

1. We have audited the attached Balance Sheet of GODAVARI DRUGS LTD. as at 31st March 2011 and also the Profit and Loss Account of the company for the year ended on that date annexed thereto and the Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (i) As required by the Companies (Auditor's Report) Order, 2003 (and amended by The Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - (ii) Further to our comments in the Annexure referred to above, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. on the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant accounting policies and notes appearing in Schedule 19 thereon, *more particularly Note No.4(b) with regard to non confirmation of balances to the debit or credit of parties and Note No.10 regarding R&D expenses of Rs.1,34,87,282/- (Pr.year Rs.1,43,11,907/-) mentioned against Miscellaneous expenditure in Balance sheet pending impairment testing and consequent provisioning of loss if any, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.DAGA & CO.,
Chartered Accountants,
(FRN 000669S)

(T.V SUBBA RAO)
Partner
M.No:9636

Place: Hyderabad
Date : 10.08.2011



ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of our Report of even date:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, most of the fixed assets have been physically verified by the Management during the year. In our opinion, the frequency of such physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification as compared to the available records.
- (c) There was no substantial disposal of fixed assets during the year.
2. (a) Physical verification of Inventory has been conducted by the management at reasonable intervals.
- (b) The procedures for physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, as compared to the book records.
3. The company has taken unsecured loans from six parties covered in the register maintained u/s.301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.138.31 lacs (Previous year Rs.168.77 lakhs), the year end balance is Rs.116.48lakhs (Previous year Rs.138.31 Lakhs) in case of said parties covered in the register maintained u/s.301 of the Companies Act.

The company has not granted unsecured loans to Companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.

As per the information and explanation provided to us, interest paid on unsecured loans taken from parties are reasonable as per prevailing market rate in case of two parties and no interest is charged by four parties listed in the register maintained under section 301 of the Companies Act, 1956. All the loans are repayable on demand and the other terms and conditions on which loans have been taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.

4. In our opinion and according to the information and explanation 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 purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing major weaknesses in internal control system.
5. a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 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 register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public but has accepted unsecured loans from shareholders and directors for which no return was filed with in the meaning of provisions of section 58A, 58AA of the Companies Act, 1956 or any other relevant provisions of the act, and rules framed there under.

7. In our opinion, the company has to strengthen the internal audit system commensurate with the size and nature of its business.
8. The company has not maintained cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956. We have been informed that adequate steps are being taken to maintain the cost records and accounts as prescribed by law.
9. a) The company is generally regular in depositing undisputed Statutory dues including Provident fund and Employees' state insurance, Income-Tax, Sales-Tax, Service tax, Custom duty, Excise duty, Cess. except sales tax of Rs.13,94,968/-, Profession tax of Rs.25,513/- and TDS of Rs.14,536/- which are undisputed and outstanding for more than six months. Further, there are delays in payment of Provident Fund, Employees State Insurance and TDS.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Service tax, Custom Duty, Excise duty and Cess were outstanding at the year end for a period of more than six months from the date they become payable.
10. The company has accumulated losses exceeding more than fifty percent of its net worth at the end of the financial year – Rs.980.62 lakhs (Pr.Year Rs.981.14 lakhs). The company has not incurred any cash losses during the financial year and in the financial year immediately preceding the financial year.
11. The interest accrued and due on the loans due to the State Bank of Bikaner & Jaipur is outstanding pending settlement Rs.1977290/- (Previous year Rs.1977290-).
12. There are no unsecured loans granted against pledge of securities/shares which are outstanding as at the end of year.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. In our opinion and according to the information and explanation given to us, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has not raised any fresh term loan during the year.
17. 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 by the company or vice versa.
18. The company does not have any outstanding debentures during the year.
19. The company has not raised any money through public issue during the year.
20. Based on 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 S.DAGA & CO.,
Chartered Accountants,
(F.No.000669S)

(T.V SUBBA RAO)
Partner
M.No:9636

Place: Hyderabad
Date: 10.08.2011

**BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule	31.03.2011		31.03.2010	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders Fund					
Share Capital	1	75,305,000		75,305,000	
Reserves & Surplus	2	113,472,993		113,472,993	
			188,777,993		188,777,993
Loan Funds					
Secured Loans	3		1,977,290		1,977,290
Unsecured Loans	4		11,648,169		13,831,153
Deferred tax Liability (Net)	5		2,222,625		2,222,625
TOTAL			204,626,077		206,809,061
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	6	181,966,489		178,698,531	
Less: Depreciation		120,510,244		111,672,444	
Net Block		61,456,245		67,026,087	
Add: Capital work in progress		1,584,013		1,366,722	
			63,040,258		68,392,809
Current Assets , Loans and Advances					
Current Assets	7	37,942,465		32,277,478	
Loans & Advances	8	25,476,539		12,150,986	
		63,419,004		44,428,464	
Less: Current Liabilities & Provisions	9	33,382,839		18,437,738	
Net Current Assets			30,036,165		25,990,726
Miscellaneous expenditure	10		13,487,281		14,311,907
Profit & Loss account			98,062,373		98,113,619
TOTAL			204,626,077		206,809,061

As per our attached report of even date

For S. DAGA & Co.,
Chartered Accountants
(FRN.000669 S)

For and on behalf of the Board

(T.V. SUBBA RAO)
Partner M.No.9636
Place: Hyderabad
Date: 10.08.11

MUKUND KAKANI
Managing Director

KIRTIKUMAR JAIN
Executive Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2011**

	Schedule	31.03.2011 Rupees	31.03.2010 Rupees
INCOME			
Turnover	11	52,369,476	43,604,120
Less: Excise duty		---	---
		-----	-----
		52,369,476	43,604,120
Accretion/(Decretion)	12	4,737,006	3,419,070
Other Income	13	832,006	331,704
		-----	-----
TOTAL		57,938,488	47,354,894
		-----	-----
EXPENDITURE			
Raw Materials	14	7,260,487	3,474,878
Power & Fuel	15	20,668,439	19,566,568
Expenditure on Personnel	16	9,168,125	7,829,402
Manufacturing, Administrative & Selling Exps	17	10,615,013	8,300,082
Interest	18	1,093,680	1,202,506
Depreciation	6	8,837,800	8,794,467
		-----	-----
TOTAL		57,643,544	49,167,903
		-----	-----
Profit/(Loss) before tax		294,944	(1,813,009)
Provision for taxation			
Corporate tax		12,000	---
Fringe Benefit tax		2,601	---
Deferred tax		0	(105000)
		-----	-----
Profit /(Loss) after tax		280,343	(1,918,009)
Prior period expenses		(229,097)	(63,435)
Profit /(Loss) after tax		51,246	(1,981,444)
Balance brought forward from previous year		(98,113,619)	(96,132,176)
		-----	-----
Balance carried to Balance Sheet		(98,062,373)	(98,113,619)
		-----	-----
Basic Earning per share (Excl. Extra ordinary item)			
Basic Earning per share (Face value Rs.10/- each)		0.01	(0.26)
Diluted Earning Per share (Face value Rs.10/- each)		0.01	(0.26)
Notes to the accounts and significant accounting policies 19			

As per our attached report of even date

For S. DAGA & Co.,
Chartered Accountants
(FRN.000669 S)

For and on behalf of the Board

(T.V. SUBBA RAO)
Partner M.No.9636
Place: Hyderabad
Date: 10.08.11

MUKUND KAKANI
Managing Director

KIRTIKUMAR JAIN
Executive Director


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	2010-11 Rs.	2009-10 Rs.
A. Cash Flow From Operating Activities:		
Net Profit/loss before prior period adjustments	280,343	(1,918,009)
Adjustment for depreciation	8,837,800	8,794,467
Deferred revenue expenses written off	824,624	824,622
Operating Profit before working capital changes	9,942,767	7,701,080
Adjustment for		
Trade and other receivables	11,357,415	(199,934)
Inventories	7,048,269	3,324,851
Trade Payables	14,945,101	(437,893)
Cash Generated from Operations	6,482,184	4,138,270
Prior period adjustments	(229,097)	(63,435)
Capital work in progress	(217,289)	---
Net Cash Flow from Operating Activities (A)	6,035,798	4,074,835
B. Cash Flow From Investing Activities:		
Purchase Of Fixed Assets	(3,267,958)	(1,093,191)
Deferred revenue expenses	---	---
Net Cash Used In Investing Activities (B)	(3,267,958)	(1,093,191)
C. Cash Flow From Financing Activities:		
Proceeds from issue of Share Capital	---	---
Unsecured loans received	---	810,000
Unsecured loans paid	(2,182,984)	(3,045,686)
Term Loans paid	---	---
Net Cash flow from Financing Activities (C)	(2,182,984)	(2,235,686)
Net increase in cash and cash equivalents (A+B+C)	584,856	745,958
Cash and Cash equivalents at beginning of the year	1,127,322	381,364
Cash and Cash equivalents at end of the year	1,712,178	1,127,322

As per our attached report of even date

For S. DAGA & Co.,
Chartered Accountants
(FRN.000669 S)

For and on behalf of the Board

(T.V. SUBBA RAO)
Partner M.No.9636

MUKUND KAKANI
Managing Director

KIRTIKUMAR JAIN
Executive Director

Place: Hyderabad
Date: 10.08.11


SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2011		31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED CAPITAL				
100,00,000 Equity shares of Rs.10/- each (Previous year 100,00,000 Equity shares of Rs.10/- each)		75,305,000		75,305,000
ISSUED, SUBSCRIBED AND PAID UP		-----		-----
75,30,500 Equity shares of 10/- each fully paid up (Previous year 71,55,500 Equity shares of 10/- each fully paid up)		75,305,000		75,305,000
		-----		-----
TOTAL		75,305,000		75,305,000
		-----		-----
SCHEDULE 2 : RESERVES & SURPLUS				
Investment Allowance Reserve		1,654,000		1,654,000
Capital Reserves:				
Central Subsidy	1,000,000		1,000,000	
Maharashtra State Special Capital Incentive	4,500,000		4,500,000	
		-----		-----
		5,500,000		5,500,000
Share Premium		106,318,993		106,318,993
		-----		-----
TOTAL		113,472,993		113,472,993
		-----		-----
SCHEDULE 3 : SECURED LOANS				
Cash Credit From Scheduled Banks		1,977,290		1,977,290
		-----		-----
TOTAL		1,977,290		1,977,290
		-----		-----
SCHEDULE 4 : UNSECURED LOANS				
5,500,000 Loan from Directors		4,565,379		5,019,409
Loan from Others		7,082,790		8,811,744
		-----		-----
TOTAL		11,648,169		13,831,153
		-----		-----
SCHEDULE 5 : DEFERRED TAX LIABILITY				
DEFERRED TAX LIABILITIES				
On Fiscal allowances on Fixed assets		2,222,625		2,117,625
Add / (Less) : DEFERRED TAX ASSETS				
On Others		0		105,000
		-----		-----
TOTAL		2,222,625		2,222,625
		-----		-----



Name of the Asset Dep	GROSS BLOCK						DEPRECIATION BLOCK						AMOUNT IN RS	
	Rate of the year	As at 01.04.10 the year	Additions during Period	Sales during the Year	As at 31.03.11 the year	Upto 01.04.10 the year	Deletions During year	Adjust During year	For the Period	Upto 31.03.11	As at 31.03.11	As at 31.03.10	NET BLOCK	
Lease hold land	0	327,800	0	0	327,800	0	0	0	0	0	327,800	327,800		
Factory Building	3.34	22,703,260	0	0	22,703,260	9,792,205	0	0	758,289	10,550,494	12,152,766	12,911,055		
Plant & Machinery	5.28	142,991,013	3,225,258	0	146,216,271	93,401,660	0	0	7,568,164	100,969,824	45,246,447	49,589,353		
Furniture & Fixture	18.10 wdv	371,945	0	0	371,945	352,628	0	0	3,496	356,124	15,821	19,317		
Elect.Installations	4.75	8,521,534	0	0	8,521,534	4,907,382	0	0	404,773	5,312,155	3,209,379	3,614,152		
Vehicles	25.89 wdv	740,437	0	0	740,437	723,635	0	0	4,350	727,985	12,452	16,802		
Laboratory Equipments	5.15	1,185,620	0	0	1,185,620	785,748	0	0	61,059	846,807	338,813	399,872		
Office Equipment	13.91 wdv	552,593	0	0	552,593	456,975	0	0	13,300	470,275	82,318	95,618		
Computers	40 wdv	1,304,329	42,700	0	1,347,029	1,252,211	0	0	24,367	1,276,578	70,451	52118		
Total		178,698,531	3,267,958	0	181,966,489	111,672,444	0	0	88,37,800	120,510,244	61,456,245	67,026,087		
Previous year		177,605,340	1,093,191	0	178,698,531	102,877,977	0	0	8,794,467	111,672,444	670,226,087	74,727,363		

**SCHEDULES FORMING PART OF BALANCE SHEET**

	31.03.2011		31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 7 : CURRENT ASSETS				
A. INVENTORIES				
(as taken, valued and certified by management)				
Raw Materials	7,214,897		3,590,925	
Finished Goods	12,419,760		5,408,897	
Work in Process	9,127,142		11,400,999	
Others	1,403,571		2,716,280	
	-----	30,165,370	-----	23,117,101
B. SUNDRY DEBTORS				
(Unsecured, considered good)				
Debts outstanding for a period exceeding six months	0		0	
Other debts	6,064,917		8,033,055	
	-----	6,064,917	-----	8,033,055
C. CASH AND BANK BALANCES				
Cash on hand	185,372		351,999	
With schedule Banks in current accounts	1,526,806		775,323	
	-----	1,712,178	-----	1,127,322
TOTAL	(A to C)	37,942,465		32,277,478
		-----		-----
SCHEDULE 8 : LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise stated)				
Advances recoverable in cash or in kind of for value to be received		18,755,686		6,593,543
Staff Advances		940,256		629,990
Advance tax		1,105,814		252,670
Deposit with Govt Depts		1,860,398		1,860,398
with Others		16,000		16,000
Cenvat credit receivable		2,798,385		2,798,385
		-----		-----
TOTAL		25,476,539		12,150,986
		-----		-----
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors :				
For goods		4,003,505		1,173,463
For capital expenditure		1,026,201		850,483
For others		26,167,110		14,650,025
Advance from customers		20,013		20,798
PROVISIONS				
Corporate Tax		12,000		0
Leave encashment		121,407		48,656
Retirement benefits		2,032,603		1,694,313
		-----		-----
TOTAL		33,382,839		18,437,738
		-----		-----



	31.03.2011		31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
DEFERRED REVENUE EXPENDITURE				
Research & Development				
Opening Balance		14,311,905		15,136,529
Less: Written off during the year		824,624		824,622
		-----		-----
TOTAL		13,487,281		14,311,907
		-----		-----
SCHEDULE - 11: TURNOVER				
CONTRACT MANUFACTURING SALES				
Finished Goods		40,213,218		39,538,257
		-----		-----
		12,156,258		4,065,863
		-----		-----
		52,369,476		43,604,120
		-----		-----
SCHEDULE - 12 : ACCRETION/(DECRETION) IN STOCKS				
Closing Stock				
Finished Goods	12,419,760		5,408,897	
Work in process	9,127,142		11,400,999	
	-----	21,546,902	-----	16,809,896
Less: Opening Stock				
Finished goods	5,408,897		3,551,667	
Work in process	11,400,999		9,839,159	
	-----	16,809,896	-----	13,390,826
		-----		-----
		4,737,006		3,419,070
		-----		-----
SCHEDULE- 13 : OTHER INCOME				
Interest on deposits		95,147		95,145
Rebates & Discounts		---		196
Miscellaneous Income		586,215		189,679
Sundry amounts written back		150,644		46,684
		-----		-----
		832,006		331,704
		-----		-----
SCHEDULES - 14: RAW MATERIALS				
Opening Stock	3,590,655		5,475,437	
Add:Purchases	10,884,454		1,590,096	
	-----	14,475,109	-----	7,065,533
Less :Closing Stock	7,214,622		3,590,655	
Less: Cost of raw material sold	---		---	
	-----	7,214,622	-----	3,590,655
		-----		-----
		7,260,487		3,474,878
		-----		-----


SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2011		31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE -15:POWER & FUEL				
Power		10,815,460		11,020,164
Fuel & Water		9,852,979		8,546,404
		-----		-----
		20,668,439		19,566,568
		-----		-----
SCHEDULE -16 : EXPENDITURE ON PERSONNEL				
Salaries & Wages and Allowances		8,375,111		7,202,730
Contribution to provident fund		476,703		409,317
Contribution to employees state insurance		203,697		181,726
Staffwelfare expenses		112,614		35,629
		-----		-----
		9,168,125		7,829,402
		-----		-----
SCHEDULE-17:				
MANUFACTURING,ADMINISTRATIVE & SELLING EXPNESES				
Consumption of Stores		2,342,718		2,130,979
Lab chemicals consumed		760,887		496,349
Repairs and maintenance:				
Building	102,751		93,010	
Plant and machinery	166,589		172,494	
Others	63,052		73,342	
	-----	332,392	-----	338,846
Rent		480,000		480,000
Rates & taxes		186,740		223,509
Insurance		167,866		178,400
Printing and stationary		72,458		64,780
Postage, telegrams and telephones		386,546		352,171
Electricity charges		59,096		60,448
Bank commission and charges		201		3,909
Directors remuneration		468,000		468,000
Labour charges		817,683		559,893
Packing and forwarding charges		90,300		80,987
Travelling Expenses		584,183		186,924
Miscellaneous expenses		857,288		498,497
Auditors remuneration		60,000		60,000
Deffered revenue exp. Written off		824,624		824,624
Research & Development expenses		2,122,531		1,291,766
Books & periodicals		1,500		
		-----		-----
		10,615,013		8,300,083
		-----		-----
SCHEDULE - 18: INTEREST				
On Loans from Others		1,093,680		1,202,506
		-----		-----
		1,093,680		1,202,506
		-----		-----



SCHEDULE – 19: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31.03.2011

A.SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONCEPTS

The company follows mercantile system of Accounting and recognizes Income and Expenditure on accrual basis. Accounting Policies not otherwise referred to consistent with generally accepted principles.

REVENUE RECOGNITION

- a) Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership are transferred to the customer.
- b) Interest income is accounted as per contractual terms entered into with the parties concerned.

TURNOVER

Turnover comprises sale of goods and contract manufacturing charges.

FIXED ASSETS

Fixed Assets are stated at cost less depreciation.

DEPRECIATION

Depreciation on Plant & Machinery, Factory Building, Electrical Installations and Laboratory Equipment is provided on straight line method, while in case of Furniture and Fixtures, Vehicles, Office Equipment and Computers is provided on written down value method as per the rates prescribed in schedule XIV of the Companies Act, 1956 as amended and rules framed there under.

INVENTORIES

Raw materials, Trading goods, Work-in-process and finished goods are valued at the lower of cost or net realizable value.

Cost of raw materials, packing materials, trading goods and stores, spares is determined on first -in first - out basis. Cost of work-in-process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

BORROWING COSTS

Borrowing costs that are attributable to acquisition or construction of fixed assets are capitalised as part of such assets for the period up to the date of commencement of production. All other borrowing costs are charged to revenue.

RESEARCH AND DEVELOPMENT

- (i) Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets
- (ii) Research and Development expenditure incurred are charged to Profit & Loss account of the year under relevant head of Account.
- (iii) Research and Development expenditure incurred on identified products on or before 31st March 2003, the benefit of which is expected to accrue to the company over period of time will be written off in five years from the production / launch of the product.

GOVERNMENT GRANTS

Grants in the form of capital/investment subsidy are treated as capital reserve.

FOREIGN EXCHANGE TRANSACTIONS

Revenue from overseas clients and collections are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Monetary Assets and Liabilities denominated in foreign currency as at the Balance Sheet date not covered by foreign exchange contracts are translated at year-end rates. The resultant exchange differences are recognized in the Profit & Loss account.

RETIREMENT BENEFITS

Accrued liability for retirement benefits (Gratuity) is calculated based on the assumption that these benefits are payable to all employees at the end of the accounting year.

Contributions to defined schemes such as Provident Fund, Employees State Insurance Scheme and Provision for Bonus are accounted for on accrual basis.

TAXES ON INCOME

Tax on Income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Deferred tax assets and liabilities are accounted for based on the difference between taxable income and accounting income that originate in one period and reasonably expected to reverse in the subsequent periods.

Deferred tax assets arising from timing differences are recognised to the extent, there is reasonable certainty that these would be realised in future.

EMPLOYEE BENEFITS

a. Short term employee benefits:

Undiscounted value of short term employee benefits such as salaries, wages, bonus and exgratia are recognised as expense in the period in which the employee renders the related service.

b. Long Term Employee Benefits

Defined contribution Plans:

Contribution to defined contribution plans being employee Provident Fund, Employee state insurance and Employee Pension schemes are recognized in the profit and loss account during the period in which the employee renders the related service.

Defined Benefit Plans:

Liabilities in respect of defined benefit plans being Gratuity and Leave encashment are determined based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognised immediately in the profit and loss account.

B. NOTES TO ACCOUNTS

1 CONTINGENT LIABILITIES

	As at	As at
On account of bank	31.03.11	31.03.10
Guarantee	15000	15000

2 SECURED LOANS

Working Capital cash credit with State Bank of Bikaner & Jaipur (secured by inventories, receivables and other movables assets)	1977290	1977290
---	---------	---------

3 Employee Benefits The Company has the various benefits prescribed to employee as under:

- 1. Defined Contribution Schemes
 - a. Employee Provident Fund
 - b. Employee Pension Scheme
 - c. Employee State Insurance
- 2. Defined Benefit Schemes
 - a. Gratuity Plan is payable to all eligible employees of the company in terms of the provisions of the payment of Gratuity Act.



b. Leave Encashment Plan –Eligible employees of the company can carry forward and encash leaves on super annuation, death and resignation subject to maximum accumulation of 30 days.The assumptions and other disclosures relating to the Actuarial Valuation of Gratuity and Leave encashment are as under:

A. Gratuity

i. Assumptions	31.03.11	31.03.10
	Rs	Rs
Mortality	Lic(1994-96)Ult	Lic(1994-96)Ult
Interest/Discount Rate	8.17%	8.00%
Rate of increase in compensation	1.50%	1.50%
Rate of return (expected) on plan assets	N.A.	N.A.
Employee Attrition rate (past service(p.s))	Ps:0-40:15%	Ps:0-40:15%
Expected average remaining service of employees in years	4.64	4.75
Notes: The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market.		
ii. Change in Present Value of Obligation		
Present Value of obligation at beginning of period	1694313	1421115
Interest cost	134087	99478
Current Service Cost	145662	139162
Past service cost- (non-vested benefits)	—	—
Past service cost- (vested benefits)	—	—
Benefits paid	(36463)	—
Actuarial (gain)/loss on obligation	95004	34558
Present Value of Obligation at end of period	2032603	1694313
iii. Changes in fair value of plan assets		
Fair value of plan Assets at beginning of period	—	—
Expected Return on Plan Assets	—	—
Contributions	36463	—
Benefit Paid	(36463)	—
Actual gain/loss on plan Assets	—	—
Fair value of plan Assets at end of period	—	—
iv. Fair Value of Plan Assets		
Fair value of plan Assets at beginning of period	—	—
Actual Return on Plan Assets	—	—
Contributions	36463	—
Benefit Paid	(36463)	—
Fair value of plan Assets at end of period	—	—
Funded Status	—	—
(including unrecognized past service cost)	(2032603)	(1694313)
Excess of actual over estimated return on Plan Assets	—	—
v. Experience History		
	31.03.11	31.03.10
(Gain)/Loss on obligation due to change in assumption	(11156)	143366
Experience (Gain)/Loss on obligation	106160	(108808)
Actuarial Gain/(Loss) on Plan Assets	—	—
vi. Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (Obligation)	(95004)	(34558)
Actuarial Gain/(Loss) for the period (Plan assets)	—	—
Total Gain/(Loss) for the period	(95004)	(34558)
Actuarial Gain/(Loss) recognized for the period	(95004)	(34558)
Unrecognized Actuarial Gain/Loss at end of Period	—	—

vii. Past Service Cost Recognized

Past service cost-(non vested benefits)	—	—
Past service cost-(vested benefits)	—	—
Average remaining future service till vesting of the benefit	—	—
Recognized past service cost – non vested benefits	—	—
Recognized past service cost – vested benefits	—	—
Un recognized past service cost-non vested benefits	—	—

viii. Amounts to be recognized in the balance sheet

and statement of Profit & loss account		
Present Value of Obligation at end of period	2032603	1694313
Fair Value of Plan Assets at end of period	—	—
Funded Status	(2032603)	(1694313)
Unrecognized Actuarial Gain/(Loss)	—	—
Unrecognized cost service cost – non vested benefits	—	—
Net Asset/(Liability) recognized in the balance sheet	(2032603)	1694313

ix. Expense recognized in the statement of P & L A/c.

Current Service Cost	145662	139162
Interest Cost	134087	99478
Past service cost –(non vested benefits)	—	—
Past service cost –(vested benefits)	—	—
Unrecognized past service cost –Non vested benefits	—	—
Expected Return on Plan Assets	—	—
Net Actuarial (Gain) / Loss recognized for the period	95004	34558
Expense recognised in the statement of P & L A/c.	374753	273198

x. Movements in the Liability recognized in Balance Sheet

Opening Net Liability	1694313	1421115
Expenses as above	374753	273198
Contribution paid	(36463)	—
Closing Net Liability	2032603	1694313

B. Compensated Absence

i. Assumptions	31.03.11	31.03.10
	Rs	Rs
Mortality	Lic(1994-96)Ult	Lic(1994-96)Ult
Discount Rate	8.17%	8.00%
Rate of increase in compensation	1.50 %	1.50 %
Rate of return (expected) on plan assets	N.A.	N.A.
Employee Attrition rate cost service ps(ps))	Ps:0-40:15%	Ps:0-40:15%
Expected average remaining service of employees in years	4.64	4.75
ii. Change in Present Value of Obligation		
P VO at beginning of period	48656	116425
Interest cost	3585	8150
Current Service Cost	85077	110002
Past service cost-(non vested benefits)	—	—
Past service cost-(vested benefits)	—	—
Benefits paid	(7680)	—
Actuarial (gain)/loss on obligation	(8231)	(185921)
Present Value of Obligation at end of period	121407	48656
iii. Changes in fair value of plan assets		
Fair value of plan Assets at beginning of period	—	—
Expected Return on Plan Assets	—	—
Contributions	7680	—
Benefit Paid Actual gain/loss on plan Assets	(7680)	—
Fair value of plan Assets at end of period	—	—



iv. Fair Value of Plan Assets			
Fair value of plan Assets at beginning of period	—	—	
Actual Return on Plan Assets	—	—	
Contributions	7680	—	
Benefit Paid	(7680)	—	
Fair value of plan Assets at end of period	—	—	
Funded Status(including unrecognized past service cost)(121407)		(48656)	
Excess of actual over estimated return on Plan Assets	—	—	
v. Experience History			
(Gain)/Loss on obligation due to change in assumption	(747)	5836	
Experience (Gain)/Loss on obligation	(7484)	(191757)	
Experience (Gain)/Loss on Plan Assets	—	—	
vi. Actuarial Gain/(Loss) Recognized			
Actuarial Gain/(Loss) for the period (Obligation)	8231	185921	
Actuarial Gain/(Loss) for the period (Plan assets)	—	—	
Total Gain/(Loss) for the period	8231	185921	
Actuarial Gain/(Loss) recognized for the period	8231	185921	
Unrecognized Actuarial Gain/Loss at end of Period	—	—	
vii. Past Service Cost Recognized			
Past service cost-(non vested benefits)	—	—	
Past service cost-(vested benefits)	—	—	
Average remaining future service till vesting of the benefit	—	—	
Recognized past service cost – non vested benefits	—	—	
Recognized past service cost – vested benefits	—	—	
Un recognized cost service cost-non vested benefits	—	—	
viii. Amounts to be recognized in the balance sheet and statement of Profit & loss account			
Present Value of Obligation at end of period	121407	48656	
Fair Value of Plan Assets at end of period	—	—	
Funded Status	(121407)	(48656)	
Unrecognized Actuarial Gain/(Loss)	—	—	
Un recognized cost service cost-non vested benefits	—	—	
Nett Asset/(Liability) recognized in the balance sheet(121407)		(48656)	
ix. Expense recognized in the statement of P & L A/c.			
Current Service Cost	85077	110002	
Interest Cost	3585	8150	
Past service cost-(non vested benefits)	—	—	
Past service cost-(vested benefits)	—	—	
Unrecognized past service cost non vested benefits	—	—	
Expected Return on Plan Assets	—	—	
Net Actuarial (Gain) / Loss recognized for the period (8231)		(185921)	
Expense recognised in the statement of P & L A/c.	80431	(67769)	
x. Movements in the Liability recognized in Balance Sheet			
Opening Net Liability	48656	116425	
Expenses as above	80431	(67769)	
Contribution paid	(7680)	—	
Closing Net Liability	121407	48656	
xi Short term compensated absence liability			
Valuation date	31.3.11	31.3.10	
No of Days	554	341	
Amount*	144906	77501	
*(not included in net liabilities under item x			
4 CURRENT ASSESTS, LOANS AND ADVANCES			
a. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business. The provision for depreciation and for all known liabilities are adequate and not in excess of the amounts considered reasonably necessary.			
b. The company has not obtained confirmation of balances out standing to the debit or credit of the parties.			
5 Disclosure in accordance with section 22 of Micro, Small and Medium Enterprise Development Act, 2006			
a. Principal amount remaining unpaid and interest due thereon	Nil	Nil	
b. Interest paid in term of Section 16	Nil	Nil	
c. interest due and payable for the period of delay in payment	Nil	Nil	
d. Interest accrued and remaining unpaid	Nil	Nil	
e. Interest due and payable even in succeeding years	Nil	Nil	
6 CAPITAL INCENTIVES:			
Maharashtra State Special Capital Incentives granted under the 1993 scheme are refundable if within the operating period, the company does not comply any of the conditions mentioned in terms of the sanction.	4500000	4500000	
7 The company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements, which are not cancelable, range between 11 months and 9 years generally or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent.			
8 Claim of Cenvat Refund receivable towards Cenvat Credit availed on inputs used in Manufacture of finished product sold in domestic market which is pending with Department	2798385	2798385	
9 Sundry creditors written back which in the opinion of the management, no longer payable has been credited and disclosed under the head "Other income."	150644	46685	
10. The company has developed new products costing Rs.1,34,87,282/-(previous year Rs.1,43,11,907/- ,the said project has been delayed for more than three years,hense such products / project could be impaired . The management is in the process of carrying out an evolution for impairment. Pending completion of impairment testing, the impact of non provisioning of loss if any , is presently not ascertainable.			
11. DIRECTORS 'REMUNERATION	31.03.11	31.0310	
Salary	468000	468000	
Sitting fees	42000	42000	
12. AUDITORS REMUNERATION INCLUDES			
Statutory audit	35000	35000	
Tax audit	15000	15000	
Certification and other matters	10000	10000	
TOTAL	60000	60000	
13. Earnings Per Share (EPS)			
i) Basic Earning per Share:			
Numerator for Basic Earning per Share:			
Profit/(Loss) attributable to Equity share			



holders after tax	51246	(1981444)
Profit/(Loss) after Tax excluding Extra ordinary item	51246	(1981444)
Denominator for Basic Earning per Share:		
Weighted Average No of Shares	7530500	7530500
Basic Earning per Share	0.01	(0.26)

14 Segment Reporting as per Accounting Standard –17

Primary segment is manufacture of bulk drugs and is only the reportable segment.

SECONDARY (GEOGRAPHICAL) SEGMENT India	52369476	43604120
Asia pacific other India	---	---
TOTAL	52369476	43604120

The geographical revenues are segregated based on the locations of the Customers. In India, its home country, the company carries out contractManufacturing, produces and sells Bulk drugs

15. Promoters and shares holdings.

	31.03.11	31.03.10
Aggregate of Non-Promoters shareholding		
No. Of Shares	3834660	3831560
Percentage	50.92	50.52
Promoters and promoter group		
Shareholding		
a) Pledged/Encumbered Number of shares	444000	500000
Percentage of shares (as a % of the total share holding of promoter and promoter group)	11.58	13.50
Percentage of shares (as a % of the total share capital of the company)	5.90	6.64
b) Non-Encumbered Number of shares	3390660	3225840
Percentage of shares (as a % of the total share holding of promoter and promoter group)	88.42	86.50
Percentage of shares (as a % of the total share capital of the company)	43.18	42.84

16. RELATED PARTY TRANSACTIONS

Names of Associated Companies
P.C.S Securities Ltd., Godavari Capital Pvt Ltd,
Godavari Homes Pvt. Ltd and A.K Paper Products Pvt. Ltd

Names of Associated Firms Nil

Names of Key Management Personnel

Mr. Ghanshyam Jaju, Mr. Mukund Kakani and Mr. Kirti Kumar Jain

Names of Relatives of Key Management Personnel

Mrs. Kamala Jaju, Mr. Mohit Jaju and Mrs. Sushma Kakani

Disclosures of transactions between the company and the related parties (In Rupees)

Name of transaction	Key management Personnel	Relatives	Total
Rent Paid	0	480000	480000
	(0)	(4880000)	(4800000)
Remuneration	468000	90000	90000
	(4680000)	(90000)	(90000)
Interest Paid	0	1093680	1093680
	(0)	(1202507)	(1202507)
Loan –Receipt1	0	0	0
	(0)	(810000)	(810000)
Loan –Repayment	454030	1728954	2182984
	(0)	(2510000)	(2510000)

Balances	As at 31.03.2011		
a) Loans	4565379	7082790	11648169
	(5019409)	(8374744)	(13394153)
b) Sundry creditors	3902093	599016	4501109
	(118000)	(0)	(118000)

17.Particulars in respect of licensed capacity, installed capacity and actual production.

Products	Licensed capacity		Installed capacity		Production	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
(a) Bulk Drugs	1418	1418	770	770		
i. Own Production					29.773	17.252
ii. Intermediates			40	40	0.00	0.00
(b) Contract Mfg—		---	40	40	308.195	325262

18.Break up of Turnover

	2010 - 2011		2009 - 2010	
	Quantity MTs	Value Rs.in Lacs	Quantity MTs	Value Rs.in Lacs
(a)Bulk Drugs				
i.OwnProducts/Sales/				
Home consumption	24.260	106.16	12.150	40.66
ii.Intermediates/Sales	2.518	15.40	00.0	0.00
(b) Contract Mfg.	320.992	402.13	317.933	395.38
Total		522.69		436.04

19.Particulars of opening stock

(a) Bulk Drugs	0.196	2.01	0.392	4.41
(b) Intermediates	3.164	13.53	3.068	10.15
(c)Work in process	Numerous	114.01	Numerous	98.39
(d) Contract Mfg.-Conv. charges	35.834	38.55	14.726	20.95
TOTAL		168.10		133.91

20.Particulars of closing stock

(a) Bulk Drugs	5.709	59.76	0.196	2.01
(b) Intermediates	0.646	2.78	3.164	13.53
(C) Work in process	Numerous	91.27	Numerous	114.01
(d) Contract Mfg.-Conv. charges	23.037	61.65	35.834	38.55
TOTAL		215.46		168.10

21.Particulars in respect of consumption of Raw materials

	Qty (Kgs)	Value (Rs)	Qty (Kgs)	Value (Rs)
		Lakhs		Lakhs
Solvents	0.10	4.32	0.26	3.47
Chemicals	Numerous	68.29	Numerous	31.28
Total		72.61		34.75

22. Particulars in respect of Raw material purchased for trading

	Qty(Kgs)	Value(Rs.)	Qty(Kgs)	Value(Rs)
		Lakhs		Lakhs
SALES Solvents/Chemicals	Nil	Nil	Nil	0
PURCHASES				
Solvents/Chemicals	Nil	Nil	Nil	0

23. The variation in published unaudited quarterly results for the financial year 2010-2011 has exceeded more than 10 % due to increase in Elec.Expences by Rs 6.88 lakhs.

24. Previous year figures have been regrouped and reclassified wherever necessary to confirmed to the Current year's classification.

As per our attached report of even date For and on behalf of the Board

For S.DAGA & Co.,
Chartered Accountants
(FRN 000669 S)

T.V SUBBA RAO
Partner M.No: 9636
Place: Secunderabad
Date: 10.08.2011

MUKUND KAKANI
Managing Director

KIRTIKUMAR JAIN
Executive Director



BALANCE SHEET ABSTRACT AND GENERAL PROFILE

I. Registration Details

Registration No. :

State Code :

Balance sheet Date :

II. Capital Raised during the year (Amount in rs. Thousands)

Public Issue

Right Issue :

Bonus Shares

Private Placement :

III. Position on Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets :

Sources of Funds

Paid - up Capital :

Reserves & Surplus :

Secured Loans :

Unsecured Loans :

Deferred Tax Liability

Application of Funds

Net Fixed Assets :

Investments :

Net Current Assets :

Misc. Expenditure :

Accumulated Losses :

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

Total Expenditure :

+ - Profit / (Loss) Before Tax

-

+ - Profit / (Loss) After Tax

-

(Please tick appropriate box +for profit -for loss)

Earning per Share before

Extra - Ordinary Item (in Rs.)

Dividend(%)

V. Generic Names of Two Principal Products of Company (as per monetary terms)

Product Description :

Product Description :