



**Standard Medical &
Pharmaceuticals Limited**

26th ANNUAL REPORT 2009-2010



BOARD OF DIRECTORS

A Raghava Reddy

Chairman

S Basu Thakur

Managing Director

V Rajagopal Reddy

Director

A Siva Kumar Reddy

Director

Auditors

M/s J B Reddy & Co.,

Chartered Accountants

Registered Office

6-3-652, 'Kautilya',

Somajiguda, Hyderabad-500 082.

Ph: 040 - 2331 0066, Fax: 2332 7464



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of Standard Medical & Pharmaceuticals Limited, will be held on Tuesday, the 28th September, 2010 at 3.30 p.m at Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016 to transact the following business:-

ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
02. To appoint a Director in the place of Sri A Siva Kumar Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

04. To Consider and if thought fit, to pass the following resolution, with or without any modification(s) as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule - XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri S. Basu Thakur be and is hereby re-appointed as the Managing Director of the Company for a period of THREE years, with effect from 30.11.2009 upon the Terms and Conditions set out below:

SALARY

Rs.12,000/- (Rupees Twelve thousand only) per month.

PERQUISITES

- i. Rent Free Residential Accommodation or House Rent Allowance, subject to 50% of salary. Expenditure on Gas, Electricity, Water and Furnishings will be borne by the Company and the same will be valued as per the Income Tax Rules, 1962, however, subject to a ceiling of 10% of the salary.
- ii. Reimbursement of Medical Expenditure for self and his family subject to a ceiling of one month's salary per year or three months salary over a period of three years.
- iii. Leave Travel Concession for self and his family once in a year in accordance with the Rules of the Company.
- iv. Fees of Clubs subject to a maximum of two clubs will be borne by the Company. However, this will not include the Admission and Life Membership Fees.
- v. Personal Accident Insurance and/or such Medical/Health Care Insurance(s) for self and his family at a premium not exceeding Rs.5,000/- per annum.

- vi. Company's contribution to the Provident Fund and Superannuation Fund, if any, will be allowed as per the Rules of the Company and to the extent not taxable under the Income Tax Act/Rules.
- vii. Gratuity as per the Rules of the Company not exceeding half a month's salary for each completed year of service.
- viii. Use of the Company's car with driver for official purpose.
- ix. Telephone facility at residence and Mobile for official use.
- x. Reimbursement of entertainment expenses actually and properly incurred for the purpose of the business of the company.
- xi. Encashment of leave at the end of the tenure as per the leave rules of the Company.

In case, the Company incurs loss or suffers inadequacy of profits in any year, the same salary and perquisites as above shall be paid as minimum remuneration to the Managing Director.

NOTES:

01. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll in his stead and the Proxy need not be a Member. The Proxy Forms should be lodged with the Company not less than 48 hours before the time for holding the meeting.
02. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, the 25th September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive).

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 04

Sri S. Basu Thakur has been the Managing Director of the Company for the past 16 years. The period of three years of his previous appointment has expired on 29.11.2009. In compliance with the provisions of the Companies Act, 1956, the Board has re-appointed him as Managing Director for a period of three years with effect from 30.11.2009 on the terms and conditions set out in the resolution in their Board Meeting held on 30.10.2009. As per the provisions of the Companies Act, 1956 his appointment as Managing Director and payment of remuneration require the approval of the Shareholders. Hence resolution No. 04 is included in the notice.

None of the Directors is concerned or interested in the said resolution.

By Order of the Board

Place : Hyderabad
Date : 3rd August, 2010

A. RAGHAVA REDDY
CHAIRMAN



DIRECTORS' REPORT

To

The Members of
Standard Medical & Pharmaceuticals Limited,

Your Directors take pleasure in presenting this 26th Annual Report together with the Audited Accounts for the year ended 31st March, 2010 and the Report of the Auditors thereon.

FINANCIAL & OPERATIONAL RESULTS

The Financial and Operational results of the Company for the year under review as compared to the previous year are furnished hereunder:

	(Rs. in lakhs)	
	2009-2010	2008-2009
Total Income	3.29	2.69
Total Expenditure	16.42	15.12
Profit / (Loss) before Tax	(13.13)	(12.43)
Provision for Fringe Benefit Tax	0.00	0.02
Profit / (Loss) after Tax	(13.13)	(12.45)

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

OPERATIONS

There is no business income during the year. Expenditure have been kept under control; however, certain fixed expenses are being incurred irrespective of any operations in the company.

DIVIDEND

In view of the loss, your directors have not recommended any dividend on the paid up equity share capital of the company, for the year.

DIRECTORS

Sri A. Siva Kumar Reddy, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDIT COMMITTEE

The present Audit Committee consists of three Directors viz. Sri V. Rajagopal Reddy, Sri A. Raghava Reddy and Sri A. Sivakumar Reddy. Sri V. Rajagopal Reddy is the Chairman of the Committee. The Audit Committee met five times till 31.03.2010 and reviewed various aspects of accounting and financial statements etc.

AUDITORS

M/s. J B Reddy & Company, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

As regards the Auditors' observation under para No. VI of their report, members' attention is invited to Note No. I.I under the 'Notes on Accounts', which is self-explanatory.

In respect of the Auditors' observation in their report on delays in making payments towards Provident Fund and E.S.I. Contributions, necessary efforts are being given to remit the amount in time. With regard to the Sales Tax and Provident Fund dues as observed by the Auditors, efforts are on to clear the said amounts.

PUBLIC DEPOSITS

During the year, the Company has not accepted any deposits from public.

CORPORATE GOVERNANCE

Management discussion and analysis and report on Corporate Governance is as per Annexure, which form part of this report.

PARTICULARS OF EMPLOYEES

Section 217(2A) of the Companies Act, 1956 and relevant Rules framed thereunder are not applicable to your Company since none of the employees is in receipt of remuneration exceeding the limits specified thereunder.

PARTICULARS RELATING TO CONSERVATION OF ENERGY ETC.,

The requirements relating to furnishing of certain particulars under Section 217(1)(e) of the Companies Act, 1956 with regard to conservation of energy and technology absorption are not applicable to your Company.

There were no Foreign Exchange earnings nor any outgo of Foreign Exchange during the year under review.

ACKNOWLEDGEMENT

Your Directors wish to thank all the Banks, various Governmental Agencies and Investors of your Company for their understanding and support. Your Directors also take this opportunity to convey their appreciation to all the Employees of your Company for their contribution.

for and on behalf of the Board

Place : Hyderabad
Date : 3rd August, 2010

A. RAGHAVA REDDY
Chairman



ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

The Company is engaged in the business of Marketing/Trading of Hospital Products & Consumables.

1. Business overview & outlook

The Healthcare Industry of India is also growing at the same pace of its economy. Despite having centres of excellence in healthcare delivery, these facilities are limited and are inadequate in meeting the current healthcare demands. Nearly one million Indians die every year due to inadequate healthcare facilities and 700 million people have no access to specialist care. Central Government efforts at influencing public health have focused on the five-year plans on co-ordinated planning with the states and on sponsoring major health programmes.

With the growing demand of healthcare facilities medical equipment market is also growing at a rapid pace. Manufacturing quality medical equipment in India is the need of the hour and the scope of building up the manufacturing facilities is huge.

2. Performance review

The Company could not do any business during the year 2009-10 due to paucity of investible funds. To carry out business operations, working capital funds are required. Since the financials of the company is not good, it is becoming extremely difficult to organize working capital funds. However, efforts are on to get the same.

As there were no business operations during the year, the points relating to financial review, strategic moves and the risk factors are not elaborated.

CORPORATE GOVERNANCE

The Company's philosophy on Code of Corporate Governance : The Company believes in fair business and Corporate Practices while dealing with all the shareholders, customers and others. The Company believes in discharging its statutory obligations and duties to its best ability.

Board of Directors : The Board of the Company consists of four Directors.

Composition of Directors is as follows :

Sri A Raghava Reddy	: Chairman
Sri S Basu Thakur	: Managing Director
Sri V Rajagopal Reddy	: Director
Sri A Sivakumar Reddy	: Director

Board Procedure : During the Financial Year 2009-10 five meetings of the Board were held. The maximum time gap between any two meetings was not more than three months. The details of Board, Audit Committee and Shareholders /Investors Grievance Committee Meetings held during the year 2009-10 are given below :

	Date of the Meeting	Total Members	Total Members Attended
1. Board Meeting	30.04.2009, 30.06.2009, 30.07.2009, 30.10.2009 29.01.2010.	4	4
2. Audit Committee	30.04.2009, 30.06.2009, 30.07.2009, 30.10.2009 29.01.2010.	3	3
3. Shareholders'/Investors' Grievance Committee	23.05.2009, 22.06.2009, 30.07.2009, 20.08.2009 29.10.2009, 26.11.2009, 31.12.2009, 29.01.2010 26.02.2010, 31.03.2010.	2	2



The details of the attendance of each Director at the Board Meetings and the last AGM held during the year 2009-10 are given below:

Name of the Director	Attendance at Board Meeting	AGM Yes/No
Sri A. Raghava Reddy	5	Yes
Sri S. Basu Thakur	5	Yes
Sri V. Rajagopal Reddy	5	Yes
Sri A. Sivakumar Reddy	5	Yes

Audit Committee : The Audit Committee consists of three directors viz: Sri V. Rajagopal Reddy, Sri A. Raghava Reddy and Sri A. Sivakumar Reddy.

Sri V. Rajagopal Reddy is the Chairman of the Audit Committee and he is an independent director. The other members Sri A. Raghava Reddy is the non-executive Chairman of the Board and Sri A. Sivakumar Reddy is an independent director.

The Audit Committee met five times during the year.

Remuneration Committee: No separate remuneration committee is constituted.

Except for the managerial remuneration paid to Sri S Basu Thakur, Managing Director as mentioned in Note No. 4 under the Notes on Accounts, none of the Directors is paid any remuneration except the sitting fees for the Board Meetings attended.

Shareholders'/ Investors' Grievance Committee : The Shareholders'/Investors' Grievance Committee consists of Sri A Raghava Reddy, Chairman and Sri S Basu Thakur, Managing Director. The Committee met ten times during the year. There are no complaints outstanding as on 31.03.2010. Sri S. Basu Thakur, Managing Director is the compliance officer.

Share Transfer System: The concerned Committee attends to the Share Transfer formalities once in 20/30 days.

General Body Meetings : The details of location and time of last three Annual General Meetings are given below :

Year	Location	Date	Time
2006-2007	Hotel Green Park, Greenlands, Begumpet, Hyderabad	28th Sept., 2007	3.30 P.M.
2007-2008	Hotel Green Park, Greenlands, Begumpet, Hyderabad	22nd Sept., 2008	3.30 P.M.
2008-2009	Hotel Green Park, Greenlands, Begumpet, Hyderabad	29th Sept., 2009	3.30 P.M.

There was no resolution put through postal ballot.

Disclosures :

- No transactions of material nature has been entered into by the Company with its Promoters, Directors or the Management, their successors, relatives etc., that may have potential conflict with the interest of the Company at large. For the details of other transactions and past transactions with deemed related parties, the members attention is invited to Note no.8 in the notes on accounts.
- The details of Non-compliance by the Company :** Except for suspension of the trading in the shares of the Company by the Bombay Stock Exchange Ltd., Mumbai due to delay in payment of Annual Listing Fees, there were no instances of Non-compliance or penalty, strictures passed on the Company by any Stock Exchange or SEBI or any Statutory Authority on any matter related to the Capital Markets during the last three years.



CEO/CFO Certification : In accordance with the provisions of clause 49(v) of the Listing Agreement, the Managing Director of the Company, has furnished the requisite certificate to the Board of Directors, the Audit Committee and the Auditors.

Means of Communication : The quarterly and half yearly results of the Company were published during the Financial Year under review in the News Papers namely, Financial Express & Andhra Prabha.

General Shareholders Information : The Twenty Sixth Annual General Meeting will be held on Tuesday, the 28th September, 2010 at 3.30 P.M. at Hotel Green Park, Greenlands, Begumpet, Hyderabad.

Date of Book Closure : The Company's Share Transfer Books will remain closed from Saturday, the 25th September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive) for the purpose of Annual General Meeting for the Financial Year ended 31st March, 2010.

Listing on Stock Exchanges : The Company's shares are presently listed on the Stock Exchange at Mumbai, Chennai and Delhi. The members approved the resolution for delisting of shares from Stock Exchanges at Chennai & Delhi. The Company has not been regular in payment of annual listing fee to these Stock Exchanges in view of the losses and strained cashflows. The respective addresses of Stock Exchanges are given below :

Stock Code :

(In BSE) 511042

Addresses

The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
The Madras Stock Exchange Ltd.	Exchange Bldg.PB.No.183, 11, 2nd line Beach, Chennai-600 001
The Delhi Stock Exchange Association Ltd.	DSE House, 3/1, Asaf Ali Road, New Delhi - 110 002

Market Price Data : Not available

Registrar and Transfer Agents : The Company has not appointed any Registrar and Transfer Agents and its in-house Share Department provides all shareholder related services.

Dematerialisation of Shares : The Company's Equity Shares are included in the list of Companies whose scrips have been mandated by SEBI for settlement only in dematerialised form by all investors. The Company has taken up with NSDL and CDSL in this regard.

Distribution of Shareholdings as on 31st March, 2010.

No. of equity Shares held	% of share capital
1- 500	49.78
501- 1000	18.60
1001- 2000	8.42
2001- 3000	1.94
3001- 4000	0.70
4001- 5000	0.66
5001-10000	1.03
10001 and above	18.87
TOTAL	<u>100.00</u>



Auditors' Certificate on Corporate Governance : As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given hereunder.

Investor Correspondence : The Company's Share Department provides assistance to members under the supervision of Mr. G S N Raju.

Any query relating to shares and requests for transactions such as transfers, transmissions and nomination facilities, duplicate share certificates, change of address, non-receipt of dividend/Annual Report, as also regarding dematerialisation of shares may please be taken up with :

Mr G S N Raju

Standard Medical & Pharmaceuticals Ltd.
6-3-652, 'Kautilya', Somajiguda
Hyderabad - 500 082
Ph: 040 - 2331 0066, Fax: 2332 7464
Email: smpl_ig@medinovaindia.com

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company. It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2010 as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

Place : Hyderabad
Date : 14th May, 2010

A RAGHAVA REDDY
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Standard Medical & Pharmaceuticals Ltd.,

We have examined the compliance of conditions of Corporate Governance by Standard Medical & Pharmaceuticals Ltd., for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, except for the suspension of trading in shares of the company by the Bombay Stock Exchange Limited, due to delay in payment of listing fees and also non-payment of listing fee to the stock exchanges at Chennai and Delhi, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We 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 **J B REDDY & CO.**,
Chartered Accountants
Firm Regn.No. 003256S

Place : Hyderabad
Date : 3rd August, 2010

A V REDDY
Partner
M.No. 23983



AUDITORS' REPORT

To

The Members of
Standard Medical & Pharmaceuticals Limited,

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

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

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company;

- iii. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required *subject to Note No.1.1 in the Notes on Accounts in Schedule-L regarding preparation of accounts on principles applicable to the going concern*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) In the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

for **J B REDDY & CO.,**
Chartered Accountants
Firm Regn. No. 003256S

Place : Hyderabad
Date : 3rd August, 2010

A V REDDY
Partner
M No. 23983



ANNEXURE TO AUDITORS' REPORT

(This is the Annexure referred to in our Report of even date)

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. All fixed assets have not been physically verified by the Management during the year but there is a regular programme 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.
- c. There was no disposal of Fixed Assets during the year.
- ii) During the year the company has not carried any Trading activity and the Company is not having any Inventory at the year end. Hence other matters specified in the clause are not applicable to the company.
- iii) a. The Company has not granted any loans, Secured or Unsecured, to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b. The Company has obtained unsecured loans from two Companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year-end balance of loans obtained from such parties was Rs. 17,92,08,203/-. The said loans/advances are interest free and other terms and conditions on which the said loans/advances were obtained are not prima facie prejudicial to the interest of the company. As per the information and explanations given to us, there are no specific terms and conditions as to repayment of these loans except that the amounts are to be repaid in a phased manner depending upon the resources available to the Company from time to time.
- iv) In our opinion, there is an adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit no major weaknesses have been noticed in Internal controls.
- v) a. 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 has 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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) During the year under audit, the company has not accepted any Deposits from the public.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 for any of its products.
- ix) a. The provisions of Excise Duty, Cess and others are not applicable to the Company. *However, the company is not regular in depositing the Provident Fund and Employee's State Insurance contributions.*
- b. According to the information and explanations given to us *excepting an amount of Rs. 3,52,312/- representing Sales Tax and Provident Fund dues*, there were no other undisputed statutory dues outstanding, at the year end for a period of more than six months from the date they became payable.
- c. According to the records of the Company and on the basis of the information and explanations given to us, there are no dues of Sales-tax, Income-tax, Custom Duty, Wealth tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute.
- x) *The accumulated losses of the Company at the end of the financial year are more than Fifty percent of its net worth.* The Company has incurred cash losses during the financial year and in the immediately preceding financial year.
- xi) The Company has not defaulted in repayment of dues to the Financial Institutions or banks or Debenture Holders.
- xii) The Company has not granted any loans or advance on the basis of security by the way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund, nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable.



- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The Company has not obtained any term loans during the year.
- xvii) The funds raised on short term basis have not been used for long term investment and whereas part of long term funds were used for working capital requirement of the company.
- xviii) The Company has not made, during the year any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) Based on books and records produced to us by the management, securities have been created in respect of debentures issued.
- xx) During the year the company has not raised money by public issues. Hence other matters specified in the Clause are not applicable to the Company.
- xxi) As per the checks carried out by us, no fraud on or by the company has been noticed or reported during the year under report.

for **J B REDDY & CO.,**
Chartered Accountants
Firm Regn. No. 003256S

Place : Hyderabad
Date : 3rd August, 2010

A V REDDY
Partner
M No. 23983



BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SOURCES OF FUNDS			
1 Shareholders' Funds			
a) Share Capital	A	10,80,68,375	10,80,68,375
b) Reserves & Surplus	B	1,62,89,850	1,62,89,850
		12,43,58,225	12,43,58,225
2 Loan Funds			
a) Secured Loans	C	4,74,310	4,74,310
b) Unsecured Loans	D	8,25,00,992	7,60,00,992
		8,29,75,302	7,64,75,302
TOTAL		20,73,33,527	20,08,33,527
APPLICATION OF FUNDS			
1 Fixed Assets			
a) Gross Block	E	2,48,01,737	2,48,01,737
b) Less: Depreciation Net Block		2,44,59,174	2,43,98,755
		3,42,563	4,02,982
2 Investments			
	F	2,75,14,200	2,75,14,200
3 Current Assets, Loans & Advances			
	G	46,24,109	6,14,852
Less: Current Liabilities & Provisions			
	H	10,57,83,746	10,70,21,612
Net Current Assets		-10,11,59,637	-10,64,06,760
Profit & Loss Account		28,06,36,401	27,93,23,105
Notes on Accounts	L		
TOTAL		20,73,33,527	20,08,33,527

As per our report of even date

for **J B REDDY & CO.**,
Chartered Accountants
Firm Regn. No. 003256S

for and on behalf of the Board

A V REDDY
Partner
M No. 23983

A RAGHAVA REDDY
Chairman

S BASU THAKUR
Managing Director

Place : Hyderabad
Date : 3rd August, 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 (Rupees)	For the year ended 31.03.2009 (Rupees)
INCOME			
Other Income	I	3,29,512	2,69,812
		<u>3,29,512</u>	<u>2,69,812</u>
		=====	=====
EXPENDITURE			
Staff Expenses	J	5,81,713	5,41,319
Administrative and Other Expenses	K	10,00,676	8,85,535
Depreciation	E	60,419	86,037
		<u>16,42,808</u>	<u>15,12,891</u>
		=====	=====
Profit / (Loss) before Tax		(13,13,296)	(12,43,079)
Provision for Fringe Benefit Tax		0	2,023
		<u>0</u>	<u>2,023</u>
Net Profit / (Loss) for the year		(13,13,296)	(12,45,102)
Loss brought forward from earlier years		27,93,23,105	27,80,78,003
		<u>27,93,23,105</u>	<u>27,80,78,003</u>
Balance carried to Balance Sheet		28,06,36,401	27,93,23,105
		=====	=====

As per our report of even date

for **J B REDDY & CO.**,
Chartered Accountants
Firm Regn. No. 003256S

for and on behalf of the Board

A V REDDY
Partner
M No. 23983

Place : Hyderabad
Date : 3rd August, 2010

A RAGHAVA REDDY
Chairman

S BASU THAKUR
Managing Director



SCHEDULE - A

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Share Capital:		
Authorised:		
1,40,00,000 Equity Shares of Rs.10/- each	14,00,00,000	14,00,00,000
10,00,000 Unclassified Shares of Rs.10/- each	1,00,00,000	1,00,00,000
TOTAL	15,00,00,000 =====	15,00,00,000 =====
Issued, Subscribed & Paid-up:		
1,08,45,700 Equity Shares of Rs.10/- each Subscribed and called up in full.	10,84,57,000	10,84,57,000
Less: Calls-in-arrears	3,88,625	3,88,625
TOTAL	10,80,68,375 =====	10,80,68,375 =====

SCHEDULE - B Reserves & Surplus

Capital Reserve (Central Subsidy)	23,04,400	23,04,400
Share Premium	19,65,450	19,65,450
General Reserve	20,20,000	20,20,000
Debenture Redemption Reserve	1,00,00,000	1,00,00,000
TOTAL	1,62,89,850 =====	1,62,89,850 =====

SCHEDULE - C Secured Loans

15% Secured Redeemable Non-Convertible Debentures	4,74,310	4,74,310
TOTAL	4,74,310 =====	4,74,310 =====

SCHEDULE - D Unsecured Loans

from Companies	8,25,00,992	7,60,00,992
TOTAL	8,25,00,992 =====	7,60,00,992 =====

SCHEDULE - E**FIXED ASSETS**

(Amount in Rupees)

Sl. NO.	DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
		As at 31.3.2009	Additions	As at 31.03.2010	Upto 31.03.2009	For the Year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
1.	Land	79,955	0	79,955	0	0	0	79,955	79,955
2.	Plant & Machinery	1,30,41,330	0	1,30,41,330	1,30,33,588	2,223	1,30,35,811	5,519	7,742
3.	Office Equipment	19,70,078	0	19,70,078	16,92,108	47,526	17,39,634	2,30,444	2,77,970
4.	Furniture & Fixtures	8,43,802	0	8,43,802	8,29,081	6,061	8,35,142	8,660	14,721
5.	Vehicles	86,87,495	0	86,87,495	86,87,495	0	86,87,495	0	0
6.	Electrical Installations	1,79,077	0	1,79,077	1,56,483	4,609	1,61,092	17,985	22,594
	TOTAL	2,48,01,737	0	2,48,01,737	2,43,98,755	60,419	2,44,59,174	3,42,563	4,02,982





SCHEDULE - F

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
Investments		
Long Term		
Trade (Quoted): 2750220 Equity Shares of Rs.10/- each fully Paid up in Medinova Diagnostic Services Limited. (Market Value as on 31st March 2010 is Rs.3.21 each.)	2,75,02,200	2,75,02,200
Trade (Unquoted) 200 Equity Shares of Rs.10 each in Universal Research Centre and Hospitals	2,000	2,000
Non-trade 1000 Equity Shares of Rs.10 each in Saraswat Co-operative Bank Limited	10,000	10,000
TOTAL	<u>2,75,14,200</u> =====	<u>2,75,14,200</u> =====

SCHEDULE - G

Current Assets, Loans & Advances

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
A. Current Assets:		
i) Inventories (as certified by Management) Stationery	0	1,585
ii) Sundry Debtors Debts outstanding for more than 6 months Considered good	1,98,227	1,98,227
Considered doubtful of recovery	<u>16,95,934</u>	<u>16,95,934</u>
	<u>18,94,161</u>	<u>18,94,161</u>
Less: Provision for doubtful debts	<u>16,95,934</u>	<u>16,95,934</u>
iii) Cash and Bank Balances	1,98,227	1,98,227
Cash on Hand	16,927	16,468
Balances with Scheduled Banks in Current Accounts	50,101	39,718
in No Lien Account	40,00,000	0
Sub-Total (A)	<u>42,65,255</u>	<u>2,55,998</u>
B. Loans and Advances (Unsecured considered good)		
Deposits	3,58,854	3,58,854
Sub Total (B)	<u>3,58,854</u>	<u>3,58,854</u>
TOTAL (A + B)	<u>46,24,109</u> =====	<u>6,14,852</u> =====



SCHEDULE - H

Current Liabilities & Provisions:	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
A) Current Liabilities		
i) Sundry Creditors for supplies, expenses & services	84,09,886	81,94,468
ii) Other Liabilities	9,70,99,101	9,85,74,293
Sub Total (A)	10,55,08,987	10,67,68,761
B) Provisions for :		
- Gratuity	2,74,759	2,50,828
- Fringe Benefit Tax	0	2,023
Sub Total (B)	2,74,759	2,52,851
TOTAL (A+B)	10,57,83,746 =====	10,70,21,612 =====

SCHEDULE - I

Other Income	For the year ended 31.03.2010 (Rupees)	For the year ended 31.03.2009 (Rupees)
Miscellaneous Income	3,29,512	2,69,812
TOTAL	3,29,512 =====	2,69,812 =====

SCHEDULE - J

Staff Expenses	For the year ended 31.03.2010 (Rupees)	For the year ended 31.03.2009 (Rupees)
Staff Salaries, Bonus and Allowances	4,99,771	4,70,675
Company's Contribution to PF & ESI	38,741	35,830
Gratuity	23,931	11,568
Other Benefits	19,270	23,246
TOTAL	5,81,713 =====	5,41,319 =====



SCHEDULE - K

	For the year ended 31.03.2010 (Rupees)	For the year ended 31.03.2009 (Rupees)
Administrative and Other Expenses		
Rent	4,07,568	3,20,204
Rates & Taxes	29,112	22,569
Printing & Stationery	47,221	43,797
Postage, Telephones & Trunk Calls	1,71,531	1,62,315
Travelling & Conveyance	45,130	49,604
Legal & Professional charges	30,000	39,000
Remuneration to Auditors		
– Audit Fee	18,000	18,000
– Taxation matters	15,000	15,000
Directors Sitting Fees	7,500	6,000
Insurance	7,545	10,061
Annual Listing Fees	58,241	51,000
Bank Charges	992	1,716
Other expenses	1,62,836	1,46,269
	10,00,676	8,85,535
TOTAL	10,00,676	8,85,535

SCHEDULE - L

NOTES ON ACCOUNTS

I. Significant Accounting Policies

- 1.1. Although, the accumulated losses of the Company together with the Loss for the year ended 31st March, 2010 exceeded its Capital and Reserves, since the company with its future plans, is hopeful of turning around, the accounts have been prepared on a going concern concept.
- 1.2. **Cost Convention:** The Accounts have been prepared under historical cost convention.
- 1.3. **Revenue Recognition:** All incomes and expenditure are accounted on accrual basis.
- 1.4. **Fixed Assets:** Land is valued at cost. Other Fixed Assets including Assets given on lease are valued at Cost less accumulated Depreciation.
- 1.5. **Depreciation:** Depreciation is provided on 'straight line' method at the rates specified in Schedule XIV of the Companies Act, 1956.
- 1.6. **Investments:** Investments being long term in nature are carried at cost. The decline in the value, if any, being temporary in nature, has not been provided.
- 1.7. **Inventories:** Stock of Stationery is carried at lower of cost and net realisable value. Cost is determined on First-in First-out basis.
- 1.8. **Employees Benefits:**
 - a) Contribution to Provident Fund is recognised as an expenditure on accrual basis.
 - b) The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plan of the entity is an unfunded plan. The Company accounts for the liability for future Gratuity benefits on the basis of an independent actuarial valuation.
 - c) Leave encashment is not categorised as a retirement benefit, as the company is in the practice of paying the leave encashment benefit every year.



2. The liability under the 15% Non-convertible debentures, being unpaid without proper and valid claims, is continuing under Secured Loans. The said Debentures, as per the terms of issue are secured by way of second charge over leased assets and assets under Hire Purchase Agreements and book debts pertaining to such Lease and Hire Purchase assets.

3. **Contingent Liabilities not provided for:**

Claims not acknowledged as debts : Rs. 1,02,52,607/-

Relating to the above, a proposal for settlement with a scheduled bank is made and the same is pending for clearance with the said bank. In line with the said proposal Rs. 40.00 lakhs was deposited in a 'No Lien' account.

(Previous year Rs. 1,02,52,607/-)

4. Managerial Remuneration	:	2009-2010	2008-2009
Sri S Basu Thakur		(Rs.)	(Rs.)
Salary		1,44,000	1,44,000
Rent Free Accommodation		57,600	57,600
Contribution to Provident Fund		17,280	17,280
Perquisites		26,400	26,400
		<hr/>	<hr/>
	TOTAL	2,45,280	2,45,280
		<hr/>	<hr/>

5. The Company has filed Suits for recovery of the dues in respect of certain cases which are in different stages and final outcome is awaited. However, appropriate provisions have been made for doubtful debts.
6. Balances of Sundry Debtors, Sundry Creditors, Loans and Advances payable or receivable are subject to confirmations to be obtained from the parties.
7. There were no dues to SSI Units as at the year end.

8. **Related Party Transactions:**

As required by Accounting Standard - AS 18 "**Related Party Disclosures**" issued by the Institute of Chartered Accountants of India, details of transactions and list of related parties with whom transactions have taken place during the year are as follows:

- a) Company on which presumed significant influence exists.

Name of the Company	:	Medinova Diagnostic Services Limited	
Nature of Relationship	:	Presumed significant influence	
Nature of Transactions		Volume (Rupees)	
		For the year ended	For the year ended
		31.03.2010	31.03.2009
Receiving Services			
Sharing of Expenses - Net	:	3,368	3,94,513
Amount Transfer - Net	:	31,00,000	40,00,000
Amounts Outstanding at the Balance Sheet date		As at	As at
		31.03.2010	31.03.2009
- Unsecured Loan	:	3,32,28,305	3,48,28,305
- Advances received including Advance for Capital Items	:	6,17,28,718	6,17,25,350
- Accrued Interest	:	3,49,78,493	3,64,78,493
- Investment in Shares	:	2,75,02,200	2,75,02,200



- b) **Key Management Personnel**
- | | For the year ended
31.03.2010 | For the year ended
31.03.2009 |
|---|--|----------------------------------|
| Sri S. Basu Thakur, Managing Director
Remuneration | Rs. 2,45,280 | Rs. 2,45,280 |
- c) There are no Loans and Advances in the nature of Loans to Subsidiaries, Associates etc. as required to be disclosed under Clause 32 of listing agreement. The Company has an investment of Rs.275.02 lacs in 2750220 Equity Shares of Rs.10/- each in its Associate Company M/s Medinova Diagnostic Services Limited.
9. Deferred Income Taxes: Eventhough, the Company has unabsorbed Depreciation and carry forward losses, deferred tax asset has not been recognised in the books of accounts since generation of sufficient future taxable income in near future is uncertain.
10. The company is engaged in the Business of Marketing/Trading of Hospital Products. There are no other reportable segments.
11. Previous year's figures have been re-grouped wherever necessary to confirm to the figures for the current year.
12. **Disclosure required by the AS-15 (Revised) - Employee Benefits.**
The Company adopted the revised Accounting Standard - 15 Employee Benefits. The details of the components of net benefit expenses recognised in the profit and loss account with regard to gratuity and amounts recognised in the Balance Sheet are given below.
- a. **Expenses Recognised in statement of Profit & Loss Account:**
- | | for the year
2009-2010
Amount (Rs.) | for the year
2008-2009
Amount (Rs.) |
|--|--|---|
| Current Service Cost | 8,164 | 3,447 |
| Interest Cost on benefit obligation | 20,066 | 19,141 |
| Expected return on plan assets | Nil | Nil |
| Net Actuarial (gain) / loss recognized in the year | (4,299) | (11,020) |
| Past services cost | Nil | Nil |
| Net benefit expenses | 23,931 | 11,568 |
| Actual return on plan assets | NA | NA |
- b. **Changes in present value of the defined benefit obligation:**
- | | As at
31.03.2010
Amount (Rs.) | As at
31.03.2009
Amount (Rs.) |
|--|--|-------------------------------------|
| Opening defined benefit obligation | 2,50,828 | 2,39,260 |
| Interest Cost | 20,066 | 19,141 |
| Current Services Cost | 8,164 | 3,447 |
| Benefits paid | Nil | Nil |
| Actuarial (gains) / losses on obligation | (4,299) | (11,020) |
| Closing defined benefit obligation | 2,74,759 | 2,50,828 |
- c. **Actuarial Assumptions:**
- | | | |
|----------------|-----------------------------|----------|
| Salary Rise | 6% | 6% |
| Discount Rate | 8% | 8% |
| Attrition Rate | 1% | 1% |
| Mortality Rate | Table of LIC 1994-96 | 1994-96 |
| Retirement Age | 58 Years | 58 Years |
13. Information as required under part - IV, Schedule VI of the Companies Act, 1956 is given in the Annexure.

As per our report of even date

for J B REDDY & CO.,
Chartered Accountants
Firm Regn. No. 003256S

for and on behalf of the Board

A V REDDY
Partner
M No. 23983

Place : Hyderabad
Date : 3rd August, 2010

A RAGHAVA REDDY
Chairman

S BASU THAKUR
Managing Director



**INFORMATION PERSUANT TO PART - IV OF SCHEDULE VI
OF THE COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Annexure referred to under Note No. 13 (Schedule-L)

i) **Registration Details :**

Registration No. : 4152 of 1983-84
Balance Sheet Date : 31.03.2010 State Code : 01

ii) **Capital raised during the year (Amount in Rs. Thousands) :**

Public Issue : NIL Right Issues : NIL
Bonus Issue : NIL Private Placement : NIL

iii) **Position of Mobilisation and Deployment of Funds :
(Amount in Rs. Thousands)**

Total Liabilities : 207333 Total Assets : 207333

Sources of Funds

Paid-up Capital : 108068 Reserves&Surplus : 16290
Secured Loans : 474 Unsecured Loans : 82501

Application of Funds

Net Fixed Assets : 342 Investments : 27514
Net Current Assets : -101159 Miscellaneous Expenditure : NIL
Accumulated Losses : 280636

iv) **Performance of Company (Amount in Rs. Thousands)**

Turnover : 329 Total Expenditure : 1642
Loss before Tax : 1313 Loss after Tax : 1313
Earnings per Share (Rs.) : N.A
Dividend : NIL

v) **Generic Names of three principal products/services of Company:**

(as per Monetary terms)

The Company is now in the business of **MARKETING/TRADING OF HOSPITAL PRODUCTS.**

As per our report of even date

for J B REDDY & CO.,
Chartered Accountants
Firm Regn. No. 003256S

for and on behalf of the Board

A V REDDY
Partner
M No. 23983

Place : Hyderabad
Date : 3rd August, 2010

A RAGHAVA REDDY
Chairman

S BASU THAKUR
Managing Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31st March, 2010 (Rs.in lacs)	For the year ended 31st March, 2009 (Rs.in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before Tax and Extraordinary items	(13.13)	(12.43)
Adjustments for:		
Depreciation	0.60	0.86
Operating Profit / (Loss) before Working Capital changes	(12.53)	(11.57)
Adjustments for:		
Trade & Other receivables	0.00	0.34
Inventories	0.01	0.01
Trade payables	(12.35)	(17.30)
Cash generated from operations	(24.87)	(28.52)
Fringe Benefit Tax paid	0.02	0.05
NET CASH FROM OPERATING ACTIVITIES	(24.89)	(28.57)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	0.00	0.00
NET CASH FROM INVESTING ACTIVITIES	0.00	0.00
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Unsecured Loans	65.00	28.00
NET CASH FROM FINANCING ACTIVITIES	65.00	28.00
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	40.11	(0.57)
Cash and Cash equivalents as at the beginning of the year	0.56	1.13
Cash and Cash equivalents as at the end of the year	40.67	0.56

This is the Cash Flow Statement referred to in our report of even date.

for **J B REDDY & CO.**,
Chartered Accountants
Firm Regn. No. 003256S

for and on behalf of the Board

A V REDDY
Partner
M No. 23983

Place : Hyderabad
Date : 3rd August, 2010

A RAGHAVA REDDY
Chairman

S BASU THAKUR
Managing Director



STANDARD MEDICAL & PHARMACEUTICALS LIMITED

Registered Office:6-3-652, 'Kautilya', Somajiguda, Hyderabad-500082

TWENTY SIXTH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

FOLIO NO.

NAME &
ADDRESS :

**PLEASE COMPLETE THIS SLIP AND
HAND IT OVER AT THE ENTRANCE
OF THE MEETING HALL DULY SIGNED**

I hereby record my presence at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company being held at **HOTEL GREEN PARK, GREENLANDS, BEGUMPET, HYDERABAD** at 3.30 P.M. on Tuesday, the 28th September, 2010.

Name of the Shareholder/Proxy*

Signature of the Shareholder/Proxy*

* Strike out whichever is not applicable



STANDARD MEDICAL & PHARMACEUTICALS LIMITED

Registered Office:6-3-652, 'Kautilya', Somajiguda, Hyderabad-500082

TWENTY SIXTH ANNUAL GENERAL MEETING

PROXY FORM

Folio No.

I/We being a Member/Members of **STANDARD MEDICAL & PHARMACEUTICALS LIMITED** hereby appoint of in the district of or failing him of in the district of as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, the 28th September, 2010 or at any adjournment thereof.

Signed this day of 2010.

Name
Address.....
.....
.....

Affix Re. 1/-
Revenue
Stamp
Signature

N.B.: The Proxy Form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. The Proxy need not be a Member of the Company. The form should be signed across the stamp as per specimen signature registered with the Company.

**BOOK POST
PRINTED - MATTER**

If undelivered please return to :



Standard Medical & Pharmaceuticals Limited
Regd. Office:6-3-652, 'Kautilya',
Somajiguda, Hyderabad-500082