



# **tonira** PHARMA LIMITED

**19<sup>th</sup>  
ANNUAL REPORT  
2010-11**

## 19<sup>th</sup> ANNUAL REPORT 2010-11

**Board of Directors** : Bhailalbhai B. Shah, Chairman  
 Mahesh Bhatt  
 Rajesh J. Shah  
 Dev Prakash Yadava  
 J. L. Nagori  
 Harish Kamath  
 L. K. Gupta, Executive Director

**Company Secretary** : Heta Mehta

**Bankers** : Kotak Mahindra Bank Ltd.

**Auditors** : Mitesh P. Vora & Company  
 Chartered Accountants  
 Ahmedabad.

**Registered Office** : 23-24, G.I.D.C Estate,  
 Nandesari, Dist. Vadodara  
 Gujarat – 391 340

**Works** : 4722, G.I.D.C. Industrial Estate,  
 Ankleshwar, Dist. Bharuch  
 Gujarat – 393 002, India

23-24, G.I.D.C Estate,  
 Nandesari, Dist. Vadodara  
 Gujarat – 391 340, India

**Registrar & Share Transfer Agent** : Link Intime India Private Limited  
 308, Jaldhara Complex,  
 Opp. Manisha Society, Old Padra Road,  
 Vadodara – 390 015.  
 Tel : 0265-3249857, 2250241,  
 Fax : 0265-2250246 (Telefax)  
 Email : alpesh.gandhi@linkintime.co.in

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## NOTICE

NOTICE is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of Tonira Pharma Limited will be held on Friday, the 12<sup>th</sup> August, 2011 at 1.30 p.m. at its Registered Office at Plot No. 23-24, GIDC Industrial Estate, Nandesari, Dist. Vadodara – 391 340, Gujarat to transact the following Business:

### Ordinary Business :

1. To receive, consider and adopt the Balance Sheet of the Company as at 31<sup>st</sup> March, 2011 and the Profit & Loss Account for the year ended as of that date together with reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. J. L. Nagori, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh J. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mahesh M. Bhatt, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business :

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
“RESOLVED THAT Mr. Lalit Kumar Gupta who was appointed as an Additional Director of the Company, pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:  
“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the Consent of the Company be and is hereby accorded for the appointment of Mr. Lalit Kumar Gupta as the Executive Director of the Company, for a period of 3 years commencing from 23rd March, 2011 on the terms and conditions including remuneration as are set out in the Agreement dated 23rd March, 2011 entered into between the Company and Mr. Lalit Kumar Gupta, a copy whereof is placed before Meeting, which agreement is hereby specially approved with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration and / or agreement subject to the same not exceeding the limits set out in the said Schedule XIII to the Companies Act, 1956 hereinafter be made by the Central Government in that behalf, from time to time or any amendments thereto as may be agreed to by the Board and Mr. Lalit Kumar Gupta.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Mr. Lalit Kumar Gupta, the Executive Director, be paid the said remuneration as Minimum Remuneration, subject to the ceiling as prescribed in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

For and on behalf of the Board of Directors,

Date: 20<sup>th</sup> May, 2011  
Place: Mumbai

Heta Mehta  
Company Secretary

**NOTES :**

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 4th August, 2011 to Friday, 12th August, 2011 (both days inclusive).
- (3) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business at Item No.6 and item No. 7 is attached herewith.
- (4) The information required to be provided under the Listing Agreement with the Stock Exchanges regarding the Directors retiring by rotation and eligible for re-appointment and Director being appointed is furnished in the Annexure.
- (5) Members are requested to:
  - a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
  - b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence; and
  - c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
- (6) All documents referred in the Notice will be available for inspection by the members at the Registered Office of the Company during working hours on all working days upto the date of the Annual General Meeting and shall also be placed before the members at the said Annual General Meeting.

## **ANNEXURE TO NOTICE OF THE ANNUAL GENERAL MEETING**

### **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

**Item No.6**

The Board of Directors of the Company have appointed Mr. Lalit Kumar Gupta as Additional Director of the Company with effect from 23<sup>rd</sup> March, 2011 pursuant to Article 91 of Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956. He holds office of Additional Director upto the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Lalit Kumar Gupta for appointment as a Director of the Company. The Company has also received consent in writing from Mr. Lalit Kumar Gupta to act as a Director, if appointed.

Mr. Lalit Kumar Gupta is a qualified B. Tech (Chemical), AMIChE, AMIE. He has rich experience of nearly 40 years in the pharmaceutical industry having worked in various capacities with Ipca Laboratories Limited, Morepen Laboratories Limited and Haryana Drugs and Pharmaceuticals Ltd. His last assignment was with Ipca Laboratories Limited as Sr. Vice President – Bulk Drugs. Considering his rich experience which will be useful to the Company, he has been appointed as an Additional Director on the Board of Directors of the Company.

The Board recommends the resolution for adoption.

None of the Directors, except Mr. Lalit Kumar Gupta is concerned or interested in passing of this resolution.

**Item No.7**

The Board of Directors, at their meeting held on 23<sup>rd</sup> March, 2011 have appointed Mr. Lalit Kumar Gupta as the Executive Director of the Company for a period of 3 years with effect from 23<sup>rd</sup> March, 2011 upon the terms and conditions as enumerated in the Agreement dated 23<sup>rd</sup> March, 2011 entered into between the Company and Mr. Gupta. His appointment is subject to the approval of the Shareholders in terms of Section 269 of the Companies Act, 1956.

The main terms of his appointment are as under:

- 1) Tenure : 3 years with effect from 23<sup>rd</sup> March, 2011
- 2) Remuneration : Salary Rs. 2,50,000/- per month
- 3) Perquisites : The Executive Director will also be entitled to the perquisites mentioned below:

**CATEGORY 'A' :**

- i) Provident Fund : Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company.
- ii) Gratuity : As per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- iii) Encashment of Leave : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

However, contribution to provident fund, payment of gratuity, leave encashment will not be included in the computation of perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.

**CATEGORY 'B' :**

- i) Car: Provision of car with driver for use on Company's business is not to be considered as perquisites.
- ii) Telephone : Telephone(s) at the residence of the Executive Director and mobile phone(s) for official use is not to be considered as perquisites.
- iii) The Executive Director shall be entitled to annual privilege leave on full salary for a period of thirty days and such leave shall be allowed to be accumulated for not more than ninety days.
- iv) Reimbursement of entertainment expenses actually and properly incurred by him in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors and the reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors.
- v) As long as Mr. Lalit Kumar Gupta functions as Executive Director, he shall not be paid any sitting fee for attending the Meetings of the Board of Directors or Committee thereof.
- vi) In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of Salary and perquisites as minimum remuneration.

**Other Terms and Conditions:**

- i) The Company shall be entitled to forthwith terminate the agreement if he becomes insolvent or makes any composition or arrangement with his creditors or he ceases to be a Director of the Company.
- ii) Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at anytime by giving to the other party 60 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Executive Director shall cease to be the Director of the Company. Provided that the aforesaid notice may be waived mutually by the parties hereto.
- iii) The terms and conditions of the Agreement including the remuneration payable to the Executive Director may be altered and varied from time to time by the Board as it may, in its discretion, deem fit.

Considering his educational qualification and wide and varied experience in pharmaceutical industry, the Board considers that his association with the Company as Executive Director will benefit the Company.

The agreement between the Company and Mr. Lalit Kumar Gupta is available for inspection by the members of the Company at its Registered Office between 3.00 p.m. and 5.00 p.m. on any working day of the Company.

The Board recommends the resolution for adoption.

None of the Directors, except Mr. Lalit Kumar Gupta is concerned or interested in passing this resolution.

**I. General Information as required under Schedule XIII to the Companies Act, 1956**

1	Nature of industry	Pharmaceuticals
2	Date or expected date of commencement of commercial production	The Company is already in the business of manufacturing / marketing of Active Pharmaceutical Ingredients / Drug Intermediates.
3	In case of new company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
4	Financial performance based on given indicators	The details of the financial performance of the Company for the last 5 financial years are given in the 3 <sup>rd</sup> cover page of the Annual Report 2010-11 accompanying this notice.
5	Export performance and net foreign exchange earned / foreign collaborations	The Company is engaged in export business and has no foreign collaborations. The export income of the Company is given in the notes to the accounts.
6	Foreign investments or collaborators, if any	None

**II Information about the appointee**

1	Background details	Mr. Lalit Kumar Gupta aged 61 years, as the Executive Director, is overall in-charge of the management of the Company. He is a qualified B. Tech (Chemical), AMIChE, AMIE and has nearly 40 years of experience in the pharmaceutical industry.
2	Past remuneration	About Rs. 40 lacs per annum as Sr. Vice President – Bulk Drugs with Ipca Laboratories Limited.
3	Recognition or awards	None
4	Job profile and his suitability	His qualification and vast experience in the Pharma Industry is of immense benefit to the Company and he is the suitable candidate to hold office of Executive Directorship in the Company.
5	Remuneration proposed	As per the explanatory statement provided to item No. 7 of the accompanying notice.
6	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin.)	The remuneration paid / to be paid to the Executive Director is in line with the industry standard of similar size of Company.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	None.



### III Other information

- |   |   |   |
|---|---|---|
| 1 | Reasons of loss or inadequate profits                             | Though the margins are gradually improving, the same was under pressure due to competition from other manufacturers.  |
| 2 | Steps taken or proposed to be taken for improvement               | Necessary steps are taken to improve the profitability like cost containment, new product addition, increasing the geographical reach of Company's marketing activities, etc. |
| 3 | Expected increase in productivity and profits in measurable terms | It is expected that the Company should do reasonably well in financial terms and increase the profitability within the next 2-3 years.  |

### IV Disclosures

- |   |   |  |
|---|---|--|
| 1 | The shareholders of the company shall be informed of the remuneration package of the managerial person  | Given under explanatory statement in the accompanying notice.  |
| 2 | The following disclosures shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report :-<br><br>i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors<br><br>ii) Details of fixed component and performance linked incentives along with the performance criteria<br><br>iii) Service contracts, notice period, severance fees<br><br>iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable | Disclosed in Corporate Governance Report forming part of this Annual Report.<br><br>Furnished in the explanatory statement forming part of this notice.<br><br>As per explanatory statement forming part of this notice and Corporate Governance Report accompanying this notice.<br><br>Not applicable since the Company has no scheme for grant of any stock option either to the Directors or to the employees. |

**For and on behalf of the Board of Directors,**

**Date: 20<sup>th</sup> May, 2011**

**Place: Mumbai**

**Heta Mehta**  
**Company Secretary**

## ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

Information pursuant to Clause 49 of the Listing Agreement regarding details of Directors being re-appointed / appointed.

<b>Name of the Directors</b>	<b>Mr. J. L. Nagori</b>	<b>Mr. R. J. Shah</b>	<b>Mr. Mahesh M. Bhatt</b>	<b>Mr. Lalit Kumar Gupta</b>
<b>Date of Birth</b>	10.08.1960	06.12.1961	12.04.1957	18.04.1950
<b>Date of Appointment</b>	31.10.2008	24.03.2003	24.03.2003	23.03.2011
<b>Specialized Expertise</b>	General Management, Production, Regulatory & Finance	Project Finance, Audit and Taxation	Audit and Taxation	API manufacturing, R&D, Regulatory etc.
<b>Qualifications</b>	CA	<ul style="list-style-type: none"> <li>● B.Com</li> <li>● FCA</li> <li>● CS-Final</li> </ul>	<ul style="list-style-type: none"> <li>● B.Com.</li> <li>● FCA</li> <li>● ACS</li> </ul>	<ul style="list-style-type: none"> <li>● B.Tech (Chemical)</li> <li>● AMIICHe</li> <li>● AMIE</li> </ul>
<b>Directorships of other Companies as on 31<sup>st</sup> March, 2011</b>	<ul style="list-style-type: none"> <li>● Exon Laboratories P.Ltd.</li> <li>● Paschim Chemicals P.Ltd.</li> <li>● J L N Corporate Services Pvt Ltd.</li> </ul>	Radiant Parenterals Ltd.	Nil	Nil
<b>Membership of the Committee of Directors as on 31<sup>st</sup> March, 2011</b>	Nil	Chairman of Audit Committee and Remuneration Committee of Tonira Pharma Limited	Member of Audit Committee, Shareholder Grievance Committee and Remuneration Committee of Tonira Pharma Limited	Nil





## DIRECTORS' REPORT

To,  
The Shareholders  
Tonira Pharma Limited

Your Directors have pleasure in presenting herewith their 19<sup>th</sup> Annual Report for the year ended 31<sup>st</sup> March, 2011.

### Financial Performance:

Following figures summarize the financial performance of the Company.

(Rs. in Lacs)

Particulars	2010-11	2009-10
Sales and other income (Net of Excise duty & Sales Tax)	3016.42	3684.02
Profit before Foreign Exchange (Gain) / Loss, Financial Cost and Depreciation	320.78	632.37
Foreign Exchange (Gain) / Loss	(60.98)	(53.46)
Financial Cost	295.17	267.63
Depreciation and Amortisation	307.19	283.79
Profit / (Loss) before Tax	(220.60)	134.41
Less : Provision for taxation		
Current	-	25.00
Deferred	(12.49)	32.01
Add: MAT Credit Entitlement	-	25.00
Net Profit / ( Loss ) after Tax	(208.11)	102.40
Adjustments		
Balance of Profit brought forward	639.80	537.40
Amount available for appropriation	431.68	639.80
Your Directors recommend the following appropriations		
Balance carried forward to Balance Sheet	431.68	639.80

### Financial Performance and Operations Review:

During the financial year under Report, your Company had a net total income of Rs. 3016.42 Lacs as against Rs. 3684.02 Lacs in the previous year. The decrease in the income is mainly on account of disruption in manufacturing operations at Company's manufacturing facility at Ankleshwar (Gujarat) on account of air and water pollution issues generally faced by Ankleshwar industrial area. The Company's manufacturing unit at Ankleshwar was operating at reduced production load during the second half of the financial year under Report to keep the production waste and effluents at minimum possible level. During the same period, your Company invested funds in improving its pollution control capabilities by installing Reverse Osmosis (RO) and Multiple Evaporator (ME) plants. With the upgradation of its pollution control capabilities, your Company's Ankleshwar manufacturing facility is now operating at its optimum production capacity with increased production volume since April, 2011.

The operations for the financial year under report have resulted in a net loss of Rs. 208.11 Lacs as against net profit of Rs. 102.40 Lacs in the previous financial year.

### Subsidiary Company / Consolidated Financial Statement:

In accordance with Accounting Standard AS-21, the audited consolidated financial statements together with Auditor's Report is annexed to this Annual Report along with statement pursuant to Section 212 of the Companies Act, 1956.

The required financial details of the subsidiary company is also annexed with this Annual Report.

The Audited Accounts of the subsidiary company is not annexed to this Annual Report and is available for inspection at the Registered Office of the Company and is also uploaded on the Company's website. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office.

### Dividend:

In view of the losses incurred during the financial year under Report, your Board does not recommend payment of any dividend to the Shareholders.

**Directors:**

Mr. J. L. Nagori, Mr. Rajesh J. Shah and Mr. Mahesh M. Bhatt retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. Lalit Kumar Gupta was appointed as Additional Director and designated as Executive Director of the Company with effect from 23<sup>rd</sup> March, 2011.

Mr. R. K. P. Verma resigned as the Managing Director of the Company with effect from 3<sup>rd</sup> May, 2011 upon completion of his period of appointment. He has also resigned as a Director of the Company effective from 20<sup>th</sup> May, 2011. The Board places on record its sincere appreciation for services rendered by Mr. R. K. P. Verma during his tenure as the Managing Director.

A brief note on Directors retiring by rotation and eligible for re-appointment as well as Director being appointed is furnished in the Annexure to the Notice calling the ensuing Annual General Meeting.

**Directors' Responsibility Statement:**

In terms of the Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:-

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at end of the financial year March 31, 2011 and of the loss of the Company for the year;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors have prepared the Annual Accounts on a going concern basis.

**Corporate Governance:**

As per the requirement of listing agreement with the Bombay Stock Exchange Ltd., your Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance together with a certificate of its compliance from Company Secretary in Practice, forms part of this report as **Annexure-B**.

**Fixed Deposits:**

During the year under review, the Company has not accepted any fixed deposits.

**Auditors, Audit Report and Audited Accounts:**

M/s Mitesh P. Vora & Co., Chartered Accountants, retire as Auditors and being eligible, offer themselves for re- appointment.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and therefore, do not call for any further comments.

**Employees:**

There were no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

In accordance with the requirements of 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, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the enclosed **Annexure-C**.

**Acknowledgements:**

Your Directors place on record their appreciation for the continued co-operation and support extended to the Company by the Company's bankers. Your Directors also thank the Trade and Consumers for their patronage of the Company's products. Your Directors also place on record their profound admiration and sincere appreciation of the continued hard work put in by employees at all levels.

**For and on behalf of the Board**

**Date : 20<sup>th</sup> May, 2011**  
**Place: Mumbai**

**Bhailal B. Shah**  
**Chairman**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry Scenario and Developments:**

Indian Pharmaceutical Industry is one of the fast growing sector of the Indian Economy clocking double digit growth consistently over the few years. India is preferred cost effective manufacturing location for pharmaceuticals. Comparatively low cost of Active Pharmaceutical Ingredients (APIs), robust manufacturing capabilities, existence of regulatory approved manufacturing facilities for APIs and formulations and availability of abundant skilled manpower are the main driving factors for healthy growth of Indian pharma industry.

For Indian API manufacturers, opportunities are present in two forms -one export of non patented APIs to regulated market of US, Europe and Japan and another the contract manufacturing of patent-protected APIs for patent/license holders.

### **Introduction:**

Tonira Pharma Limited is a Star Export House company engaged in manufacturing and marketing of Active Pharmaceutical Ingredients (APIs). The Company's manufacturing units situated at Nandesari and Ankleshwar are inspected and approved by PMDA Japan. With the recent US FDA approval of the Nandesari manufacturing unit, the Company will now have access to regulated markets of US for its APIs.

### **SWOT Analysis**

#### **Strengths:**

1. Tonira is a quality producer of APIs and Intermediates for its customers as per their specific requirements.
2. Its Nandesari manufacturing unit is USFDA approved and ISO 9002 certified. Both Nandesari and Ankleshwar manufacturing units are PMDA, Japan accredited.
3. Tonira has a state-of-the-art R & D Center at Nandesari, Dist. Vadodara. The Center is engaged in developing manufacturing process for newer APIs through innovative and cost effective processes.
4. Tonira has capability to provide Contract Research and Manufacturing services to its customers.
5. The Company has also filed few Drug Master Files in CTD format.

#### **Risk and Concerns:**

The growing competition, foreign exchange fluctuation, increasing energy and solvent costs are few causes of concern.

#### **Opportunities and threats:**

All pharmaceutical companies which have succeeded in achieving manufacturing excellence over the years and have developed cost-effective synthesis routes have scope for partnering with other companies for contract manufacturing and research services i.e. CRAMS. With the state-of the art R&D Center and regulatory compliant manufacturing facilities, the Company is geared up to encash the business opportunities available in this space.

#### **Internal Control and its Adequacy:**

For effective inter departmental communications and follow up process, networks for communication have been installed. The system of internal control provides updated accounting records and the necessary financial information essential for running business. The Company has a clearly defined organization structure and delegation authority. Sufficient control is exercised through monthly, quarterly and annual business reviews by the management.

#### **Financials:**

The detailed financial analysis of the Company's operations for the year is given in the Directors' Report and therefore, the same is not repeated.

**Human Resources:**

Human Resource being the most significant of the factors contributing to the success of the Company in achieving its objectives. The Company has been following a proactive policy for Human Resource Management. Suitably qualified and trained team has been engaged and continuously developed to facilitate smooth and efficient functioning of all departments. New recruitments have been made to keep pace with increasing requirement of skilled and experienced technical personnel for new projects and expansion. Initiatives to develop a team capable of functioning in ever changing technology have been taken.

The Company has total 151 Employees as of 31<sup>st</sup> March, 2011.

**Outlook and Future Strategy:**

With the new DMFs getting filed and manufacturing facilities approved by PMDA Japan and USFDA, the Company is confident of good growth in exports in the coming year.

The Company is focusing on core business of manufacturing and marketing of APIs and Intermediates. Research and Development has been put on fast track for cost competitiveness and to comply with the requirements of regulatory market. Cost rationalization and management control at all levels are practiced to ensure operational efficiencies in the sphere of manufacturing and marketing.

Armed with strong resource base and a vision to be a leading manufacturer of APIs in selected therapeutic areas, Tonira is poised to unleash its true potentials to meet the challenges and exploit the growth opportunities ahead.

**Cautionary Statement:**

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates regarding future performance may be forward looking statements and are based on currently available information and current scenario. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties which could cause actual results to differ materially from those that may be indicated in such statements.

**ANNEXURE – B**
**REPORT ON CORPORATE GOVERNANCE**

In compliance with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd, the Company submits the report on the matters mentioned in the said Clause and lists the practices followed by the Company.

**1. Company's Philosophy on Code of Corporate Governance:**

Tonira Pharma Limited's philosophy on Corporate Governance envisages working based on transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The business operations are conducted to benefit its stakeholders.

The Company is in compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement entered in to with the Bombay Stock Exchange Limited.

**2. Board of Directors:**

The present strength of the Board of Directors of the Company consists of seven Directors of which one is professional Executive Director, two Promoter Nominee Directors, and four Non Executive Independent Directors, with independent judgment in the deliberation and decision of the Board. The Chairman of the Board is a Non-Executive Director. The composition of the Board was in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited.

5 (Five) board meetings were held during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

<b>26<sup>th</sup> May, 2010</b>	<b>29<sup>th</sup> October, 2010</b>	<b>23rd March, 2011</b>
<b>6<sup>th</sup> August, 2010</b>	<b>10<sup>th</sup> February, 2011</b>	

The last Annual General Meeting of the Company was held on 6<sup>th</sup> August, 2010.

Details of the names and categories of the Directors, their attendance at Board Meetings and Annual General Meeting, shareholding of each of the Director of the Company are given below:

<b>Name of Director</b>	<b>Category</b>	<b>Meetings attended during 2010-11</b>	<b>Attendance at Last AGM (06.08.2010)</b>	<b>Equity shares held in the Company*</b>
Bhailal B. Shah	Chairman, Non Executive Director	5	Yes	8,400
Mahesh Bhatt	Non Executive, Independent Director	5	Yes	0
R. J. Shah	Non Executive, Independent Director	4	Yes	0
R. K. P Verma *	Managing Director	5	Yes	14,300
Harish P. Kamath	Non Executive, Promoter Nominee Director	5	Yes	0
Dev Prakash Yadava	Non Executive, Independent Director	4	Yes	15,306
J. L. Nagori	Non Executive, Promoter Director	4	Yes	0
L.K. Gupta	Executive Director (Appointed on 23.03.2011)	1	--	0

\*Resigned as Managing Director of the Company on 3rd May, 2011 upon completion of his term of appointment. Also resigned as a Director of the Company, which resignation was accepted at the Meeting of the Board of Directors of the Company held on 20<sup>th</sup> May, 2011.

The above shareholding as at 31<sup>st</sup> March, 2011 is in respect of shares which are held by Directors as first holder and in which shares they have beneficial interest.

Information regarding Directors seeking re-appointment / Director being appointed is given in the Annexure to the Notice calling ensuing Annual General Meeting which is annexed to this Report.

None of the director on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the Companies in which they are Directors. Necessary disclosures regarding Committee position in other public limited companies as at 31<sup>st</sup> March, 2011 have been made by all the Directors.

None of the director of the Company is director of any other public limited company or member of any committee thereof, except the following :

Name of the Director	Name of the Public Ltd. Company	Nature of Interest
Bhailal B. Shah	1. Tirupati Sarjan Limited	Chairman
	2. Titan Laboratories Private Limited	Chairman
	3. Tirupati Developers Uganda Limited	Chairman
	4. Tonira Exports Limited	Director
Dev Prakash Yadava	1. Universal Starch & Allied Ind. Limited	Independent Director
	2. Unique Sugar Limited	Independent Director
R. J. Shah	1. Radiant Parenterals Limited.	Director

None of the Non Executive Directors have any material pecuniary relationship or transactions with the Company. Necessary information as mentioned in Annexure 1A to the Clause 49 of the Listing Agreement has been placed before the Board.

### Code of Conduct

The Board of Directors has laid down the Code of Conduct (copy available on Company's website) applicable to all Board Members and Senior Executives of the Company. All Board Members and Senior Executives have affirmed compliance of the Code of Conduct. A declaration by CEO / Executive Director to this effect is given in this report.

### 3. Audit Committee:

#### ● Composition, Name of Members and Chairman and Terms of Reference:

The Audit Committee of the Company comprises of Mr. Rajesh J. Shah (Chairman of the Committee), Mr. Mahesh Bhatt, Mr. Dev Prakash Yadava and Mr. Harish P. Kamath, all being Non Executive Directors. All the members of the committee except Mr. Harish P. Kamath are Independent Directors. All members of the Audit Committee have knowledge on financial matters and the Chairman of the Audit Committee is a Senior Chartered Accountant in practice having accounting and financial management expertise.

The person in charge of Finance Department, Internal Auditor and Statutory Auditor / their representatives attend the meetings on invitation.

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The terms of Reference to this Committee, inter-alia, covers all the matters specified under Section 292 (A) of the Companies Act, 1956 and also all the matters listed under Clause 49 of the Listing Agreement with Stock Exchange such as oversight of the Company's financial reporting process, recommending the appointment / re-appointment of statutory auditors, reviewing with the management annual financial statements, quarterly financial statements and other matters as covered under role of audit committee in Clause 49. The Audit Committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company / Company's subsidiary as well as seek outside legal and professional advice.

The Audit committee reviews all the information which is a mandatory requirement under the corporate governance.

- Audit Committee meetings and the attendance during the financial year 2010-11.

There were 5 (Five) meetings of the Audit Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

26 <sup>th</sup> May, 2010	29 <sup>th</sup> October, 2010	23rd March, 2011
6 <sup>th</sup> August, 2010	10 <sup>th</sup> February, 2011	

The attendance of each member of the Audit Committee in the committee meetings is given below:

Name of the Director	No. of meetings held	No. of meetings attended
R. J. Shah	5	4
Mahesh Bhatt	5	5
Dev Prakash Yadava	5	4
Harish Kamath	5	5

#### 4. Shareholders'/Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee currently comprises of Mr. Dev Prakash Yadava, Mr. Harish P. Kamath and Mr. Mahesh M. Bhatt. Mr. Dev Prakash Yadava is the Chairman of the committee.

There were 4 (Four) meetings of this Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

26 <sup>th</sup> May, 2010	29 <sup>th</sup> October, 2010
6 <sup>th</sup> August, 2010	10 <sup>th</sup> February, 2011

The attendance of each member of the Shareholders'/Investors' Grievance Committee in the committee meetings is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Dev Prakash Yadava	4	3
Harish Kamath	4	4
Mahesh Bhatt	4	4

Mrs. Heta Mehta, Company Secretary is the Compliance Officer of the Company.

This Committee monitors share transfers, transmissions and other shareholders related activities including redressal of investor grievances.

During the year, 2 investors' complaints were received and resolved to the satisfaction of Shareholders. No complaint or request for share transfer was pending as of 31<sup>st</sup> March, 2011 and no request for Dematerialisation of shares was pending for approval as on that date for a period exceeding 21 days.

#### 5. Remuneration Committee:

The Remuneration Committee comprises of two Independent Non-Executive Directors viz. Mr. R. J. Shah and Mr. Mahesh Bhatt as members with Mr. Harish Kamath, the Non Executive Promoter Nominee Director as the other Member of the Committee. Mr. R. J. Shah is the Chairman of the Committee.

The Committee recommends / reviews remuneration of the Managing / Executive Director and Senior Management Staff of the Company based on their performance and defined assessment criteria. Remuneration Policy of the Company is directed towards rewarding performance. The Remuneration policy is in consonance with the existing Industry practice.

The remuneration paid to Managing / Executive Director is recommended by the Remuneration Committee and approved by the Board of Directors in the Board Meeting.

There were 2 (Two) meetings of this Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

29 <sup>th</sup> October, 2010
23 <sup>rd</sup> March, 2011

**Details of remuneration paid to Managing / Executive Director during the Financial Year 2010-2011.**

The aggregate value of salary and perquisites including Company's contribution to provident fund, gratuity fund etc., for the year ended 31<sup>st</sup> March, 2011 paid to the Managing Director and Executive Director and his terms and conditions of appointment are as under:

Particulars	RKP Verma – Managing Director	Mr. L.K.Gupta – Executive Director
Salary	Rs. 30.00 lacs	Rs. 75,000/-
Perquisites	Rs. 3.60	Rs. 9,000/-
Total	Rs. 33.60 lacs	Rs. 84,000/-
Tenure	3 years from 03.05.2008	3 years from 23.03.2011
Notice period	The appointment can be terminated by either party by giving three months notice in writing.	The appointment can be terminated by either party by giving 60 days notice in writing.

Sitting fees are being paid to the Directors for attending Meetings @ Rs.4000/- per Board Meeting and @ Rs.2000/- per Committee Meetings (increased to Rs. 6000/- per Board Meeting and Rs. 4000/- per Committee Meetings with effect from 20<sup>th</sup> May, 2011).

Sitting fees paid for attending Board / Committee meetings during the financial year under report:

Particulars	R. J. Shah	Mahesh Bhatt	Harish Kamath	Dev Prakash Yadava	J.L.Nagori	Bhailal B. Shah
Sitting fee (Rupees)	28,000.00	42,000.00	42,000.00	28,000.00	16,000.00	20,000.00

There were no other pecuniary relationships or transactions of the Non Executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its directors / employees.

**6. General Body Meetings:**

Particulars of the last 3 Annual General Meetings held are as under.

Date	Time	Place	Special Resolutions passed at the AGM
06.08.2010	1.30 p.m.	Company's Registered Office at 23-24, GIDC Estate, Nandesari, Dist. : Vadodara - 391 340	None
31.07.2009	1.30 p.m.	NIA Hall, Nandesari Industries Association, Plot No. 134/1, Opp. Shopping Centre, Nandesari-391340 Dist. Vadodara	None
14.08.2008	1.30 p.m.	NIA Hall, Nandesari Industries Association, Plot No. 134/1, Opp. Shopping Centre, Nandesari-391340 Dist. Vadodara	Appointment of Managing Director

All the resolutions including special resolutions set out in the respective notices calling the AGM were passed by the shareholders. No postal ballots were used for voting at these meetings. There is no proposal to pass any Special Resolution through postal ballot at the ensuing Annual General Meeting.





**9.7 Stock Market Data : Monthly High & Low prices and comparison with BSE Sensex**

Months	Share Price of Tonira Pharma Limited			BSE Sensex	
	High	Low	Volume	High	Low
Apr-2010	36.00	29.00	3,91,951	18,047.86	17,276.80
May-2010	35.80	26.55	1,73,237	17,536.86	15,960.15
Jun-2010	33.50	26.50	2,38,744	17,919.62	16,318.39
Jul-2010	39.90	29.30	3,57,089	18,237.56	17,395.58
Aug-2010	34.50	27.00	5,06,226	18,475.27	17,819.99
Sep-2010	44.85	28.05	23,29,018	20,267.98	18,027.12
Oct-2010	39.50	33.25	1,10,160	20,854.55	19,768.96
Nov-2010	35.85	25.20	1,46,390	21,108.64	18,954.82
Dec-2010	30.95	25.20	63,851	20,552.03	19,074.57
Jan-2011	28.70	23.70	64,903	20,664.80	18,038.48
Feb-2011	26.45	19.25	2,89,339	18,690.97	17,295.62
Mar-2011	22.95	16.75	2,86,728	19,575.16	17,792.17

**Share Transfer System :**

Presently, the share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. All requests for Dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e. National Securities Depository Ltd (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

**9.8 Distribution of Shareholding as on 31<sup>st</sup> March, 2011.**

Nominal value of Shareholdings (in Rs.)	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Up to 5000	7653	84.41	13,31,939	16.77
5001 - 10000	747	8.24	6,49,901	8.18
10001 - 20000	300	3.31	4,83,519	6.09
20001 - 30000	118	1.30	3,03,968	3.82
30001 - 40000	51	0.56	1,81,001	2.28
40001 - 50000	65	0.72	3,11,201	3.92
50001 - 100000	85	0.94	6,20,579	7.81
100001 and above	47	0.52	40,62,092	51.13
Total	9066	100.00	79,44,200	100.00

The Company has not issued any GDRs /ADRs /Warrants or any convertible instrument.

**9.9 Dematerialisation of Shares:**

69,10,584 (86.99%) Equity Shares of the Company have been Dematerialized up to 31<sup>st</sup> March, 2011.

**9.10 Plant locations:**

4722, G.I.D.C. Industrial Estate,  
Ankleshwar, Dist. Bharuch  
Gujarat - 393 002.

23-24, G.I.D.C. Industrial Estate,  
Nandesari, Dist. Vadodara,  
Gujarat - 391 340.



**9.11 Address for Correspondence:**

Link Intime India Private Limited, Unit: Tonira Pharma Limited, Opp Manisha Society, Old Padra Road, Vadodara – 391 340. Tel: 0265-3249857, 2250241 Fax: 0265-2250246 (Telefax) Email: alpesh.gandhi@linkintime.co.in	Secretarial Dept. Tonira Pharma Ltd. 23-24, GIDC Industrial Estate Nandesari, Vadodara – 391 340. Phone: 0265- 2840795 Fax No. 0265 – 2840796 secretarial@tonira.com
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**Declaration**

As provided under Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange, it is hereby declared that all the Board Members and Senior Executives of the Company have affirmed compliance with the Code of Conduct for the year ended 31.03.2011.

**For Tonira Pharma Ltd.**

**Date : 20.05.2011**  
**Place : Mumbai**

**L.K.Gupta**  
**Executive Director / CEO**

**Certificate of Practicing Company Secretary**

**To the members of Tonira Pharma Limited.**

We have examined the compliance of conditions of Corporate Governance by Tonira Pharma Limited for the year ended on 31<sup>st</sup> 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 with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' 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 Jayesh Vyas & Associates**  
**Practicing Company Secretary**

**Place : Mumbai**  
**Date : 20.05.2011**

**(Jayesh Vyas)**  
**F C S -5072;C P No.-1790**

## Certificate

To,  
The Board of Directors,  
Tonira Pharma Ltd.  
Nandesari, Dist. Vadodara, Gujarat.

This is to certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2011 and that to the best of my knowledge and belief;
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the Company during the year which is fraudulent, illegal or in violation of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Tonira Pharma Ltd.**

**Date : 20.05.2011**  
**Place : Mumbai**

**L.K. Gupta**  
**Executive Director / CEO**

**Annexure - C****Information pursuant to the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988****1. CONSERVATION OF ENERGY****(i) Energy conservation measures taken :**

The Company continues its policy of giving priority to energy conservation measures including regular review of energy input and consumption and effective control on utilisation of energy.

**(ii) Additional investments and proposals being implemented for reduction of energy consumption :**

The Company is continuously installing electroflow and other devices to improve quality of power through voltage improvement.

**(iii) Impact of the above measures :**

The adoption of energy conservation measures have resulted in considerable savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor.

**(i) Power and Fuel Consumption**

	<u>2010-11</u>	<u>2009-10</u>
a) Electricity		
(i) Purchased		
Units (KHP)	<b>2,403,479</b>	2,391,672
Total Amount (Rs. In Lacs)	<b>142.78</b>	125.66
Rate / Unit (Rs.)	<b>5.94</b>	5.25
(ii) Own Generation		
Through Diesel Generator		
Units (KWH)	<b>26,550</b>	21,879
Units per-ltr, of diesel oil (KWH)	<b>3.20</b>	3.26
Cost of Diesel per KWH (Rs.)	<b>12.50</b>	11.90
b) Light Diesel Oil (LDO)		
Quantity (K.Ltrs.)	<b>N.A.</b>	N.A.
Total Amount (Rs. In Lacs)	<b>N.A.</b>	N.A.
Average Rate / Ltr. (Rs.)	<b>N.A.</b>	N.A.
c) Others (Rs. In Lacs)		
HSD		
LSDS		
Coal		
Furnace Oil		
Others		
Steam		
Units (scm)	<b>6,89,824</b>	6,81,027
Total Cost (Rs.)	<b>10,664,914</b>	7,711,624
Cost/Unit (scm)	<b>15.46</b>	11.32

**B. Consumption per unit of Production:**

In view of the varied nature of the products and packs, the compilation of accurate consumption per unit of production is not feasible.

## 2. TECHNOLOGY ABSORPTION

### Research & Development

(A) Specific areas in which R&D work was carried out by the Company:

- (i) Development of indigenous technologies for major drugs and intermediates, process improvements, technology absorption and optimisation of basic drugs, process simplification etc.
- (ii) Improvement of existing processes to improve yields and quality, reduce cost and lead to eco friendly process.
- (iii) Development of non-infringing processes for APIs.

(B) Benefits derived as a result of the above R & D :

- (i) R&D efforts have helped bring out an improvement in processes, product design and operating efficiencies.
- (ii) Development of various APIs and Intermediates.
- (iii) Development of new markets, adaptation to meet export requirements, quality upgradation and cost reduction.

(C) Future Plan of Action :

- (i) Development of various APIs/intermediates having good potential for exports and local market.

(D) Expenditure on R & D: Since not significant, the same is clubbed in the business expenses.

(E) Imported technology (imported during last 5 years):

The Company has not imported any technology during the last 5 years.

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Earnings

The CIF value of exports of the Company during the year aggregated to Rs. 2727.48 Lacs as against Rs. 3507.78 Lacs in the previous year.

(B) Outgo

Detailed information is furnished in the Notes to the Accounts.



## **AUDITOR'S REPORT**

To,  
The Members of  
Tonira Pharma Limited.

We have audited the attached Balance Sheet of **M/s. TONIRA PHARMA LIMITED**, as at **31<sup>st</sup> March, 2011**, the annexed Profit and Loss Account for the year ended on that date and also 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatements. 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 principle 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to above, we report that:
  - A. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - B. 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;
  - C. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account of the Company;
  - D. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - E. Based on the representations made by the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31<sup>st</sup> March, 2011, prima facie disqualified from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

Subject to the above, in our opinion and to the best of our information and according to explanations given to us, the said financial statements, read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and present 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 31<sup>st</sup> March, 2011;
- ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- iii) in the case of Cash Flow Statements, of the cash flows for the year ended on that date.

**For MITESH P. VORA & COMPANY**  
(Firm Regn. No. 116071W)  
CHARTERED ACCOUNTANTS

**C.A. MITESH P. VORA**  
PARTNER  
(M. No. 37530)

PLACE : MUMBAI  
DATE : 20<sup>th</sup> MAY 2011

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011 OF M/S TONIRA PHARMA LTD.**

1. (a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However updation w.r.t. the additions to the fixed assets showing full details is required.
- (b) As explained to us and on the basis of representations received from the management of the Company, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, which in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, discrepancies noticed on such verification were not material compared to the available records.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
2. (a) As explained to us, inventories have been physically verified during the year by the management.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies noticed on verification between physical stocks and book records were not material.
3. According to the information and explanations given to us, the Company has taken unsecured loans from one party covered under register maintained u/s 301 of the Companies Act, 1956. However the terms at which the loans have been taken are not prejudicial to the interest of the company.
4. During the year company has not granted loans & advances, unsecured loans, to the parties covered under register maintained u/s 301 of the Companies Act, 1956.
5. On the basis of appropriate audit procedure followed by us and in terms of the information and explanations given to us, we are of the opinion that there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our previous assessment, no major weakness in internal control has come to our notice.
6. On the basis of audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that there are such transaction in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of the Companies Act, 1956 and required to be entered in the register maintained under Section 301 of the said Act, and same are reasonable having regard to the prevailing market prices at the relevant time.
7. In our opinion and according to the information and explanation given to us, the Company has not invited any deposits from the public for which provision of Section 58-A of the Companies Act, 1956 and its Rules are applicable.
8. The Company has Internal audit system, in our opinion it commensurates with its size and nature of its business.
9. As explained through management representation made, all records regarding material, labour etc. as required under Section 209(1)(d) of the Companies Act, 1956 have been maintained by the company, however we have not examined the same during the course of our audit.
10. (a) According to the records of the Company, it has been regular in depositing the undisputed Statutory dues including provident fund, Employees' State Insurance, Income tax, Sales tax, Excise Duty and other Statutory Dues with the appropriate authorities.
- (b) As explained to us, and on the basis of our examination of the records, there are no disputed statutory dues pending before any authorities; except the following:





**Income Tax Liabilities:**

Asst. Year	Demand (Rs. in lacs)	Remarks
2003-04	141.81	The matter is pending for disposal before the Hon'ble CIT (Appeal) III, Baroda.
2004-05	32.25	The matter is pending for disposal before the Hon'ble CIT (Appeal) III, Baroda.
2005-06	122.69	The matter is pending for disposal before the Hon'ble CIT (Appeal) III, Baroda.
2007-08	69.38	The matter is pending for disposal before the Hon'ble CIT (Appeal) III, Baroda.
<b>Total</b>	<b>366.13</b>	
Less :	(67.40)	The amount represents the amount deposited under protest and refunds adjusted by I.T. Dept. against above demands raised.
<b>Net</b>	<b>298.73</b>	

**Excise Liability:**

Nature of Dues	Amount (Rs. In Lacs)	Forum where dispute is pending
1. Excise Duty on WIP on de-bonding	23.07	Commissioner of Central Excise & Custom, Surat
2. Interest and penalty on past anti-dumping duty and excise duty	415.28	High Court, Gujarat.

The Department of Central Excise and Customs, Surat (the Department) has raised demand of Rs. 415.28 lacs against the Company towards interest and penalty on past anti-dumping duty and excise liabilities. The said amount of interest and penalty demanded is not payable in accordance with the order passed by the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT). The Department had moved the Hon'ble Gujarat High Court against the said CESTAT order and as per the order of the said Hon'ble High Court, the Company has furnished a Bank Guarantee of Rs.200 lacs to the Department.

11. The Company has neither cash loss nor accumulated losses at the end of the year under report.
12. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
13. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of share, debentures or any other securities.
14. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institutions. However, the company has given a counter guarantee of Rs. 3000.00 lacs to IPCA LABORATORIES LTD. for guarantee given by them for credit facilities availed by the company from Kotak Mahindra Bank.
15. In our opinion, the term loans availed by the company during the year were prima facie, applied for the purpose for which they were obtained, other than temporary deployment pending application.
16. On the overall examination of the financial statements of the company, funds raised on short-term basis have, prima facie not been used during the year for long-term investment.
17. The provisions of Paragraph 4 (xviii) of Companies (Auditors' Report) Order, 2003 are not applicable to the Company, since the Company is a listed Company.
18. The Company has not issued any debentures during the year. Accordingly, the Clause 4 (xix) of Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
19. The Company has not raised any money by public issue during the year.
20. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed by the Company during the year.

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, Clauses (iii)(b), (iii)(c), (iii)(d), xiii and xiv of paragraph 4 of the aforesaid Order, are in our opinion, not applicable to the Company.

**For MITESH P. VORA & COMPANY**  
(Firm Regn. No. 116071W)  
CHARTERED ACCOUNTANTS  
**C.A. MITESH P. VORA**  
PARTNER  
(M. No. 37530)

PLACE : MUMBAI  
DATE : 20<sup>th</sup> MAY 2011



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

PARTICULARS	Schedule	As at 31st March, 2011		As at 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	79,442,000		79,442,000	
Reserves and Surplus	2	43,168,440	122,610,440	63,979,596	143,421,596
<b>Loan Funds</b>					
Secured Loans	3	187,548,475		212,054,849	
Unsecured Loans	3	179,733,659	367,282,134	100,882,208	312,937,057
Deferred Taxation (Net) (Refer Note No. 4 )			(8,687,168)		(7,438,168)
			<u>481,205,406</u>		<u>448,920,485</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	468,583,647		452,365,490	
Less : Depreciation/Amortisation/ Impairment		234,534,880		206,840,122	
Net Block		234,048,767		245,525,368	
Capital Work-in-Progress and Capital Advances		12,140,091	246,188,858	5,434,563	250,959,931
<b>Investments</b>	5		1,353,000		1,353,000
<b>Current Assets, Loans and Advances</b>					
Inventories	6	155,582,355		117,313,759	
Sundry Debtors	7	38,113,892		63,337,125	
Cash and Bank Balances	8	22,213,719		30,780,382	
Loans and Advances	9	83,959,082		65,728,467	
			<u>299,869,048</u>		<u>277,159,733</u>
<b>Less : Current Liabilities and Provisions</b>					
Current Liabilities	10	63,949,770		77,384,103	
Provisions		2,255,730		3,168,076	
			<u>66,205,500</u>		<u>80,552,179</u>
<b>Net Current Assets</b>			<u>233,663,548</u>		<u>196,607,554</u>
			<u>481,205,406</u>		<u>448,920,485</u>
<b>Notes to the Accounts</b>	17				

As per our Report of even date attached

**FOR MITESH P. VORA & COMPANY**  
Chartered Accountants  
Firm Registration No. 116071W

**MITESH P. VORA**  
Partner  
M.No.37530

PLACE : Mumbai  
DATE : 20th May, 2011

For and on behalf of the Board of Directors

**B. B. SHAH**  
CHAIRMAN

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE : Mumbai  
DATE : 20th May, 2011

**HETA MEHTA**  
COMPANY SECRETARY



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

PARTICULARS	Schedule	2010-11		2009-10	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Sales			303,165,863		370,199,003
Less : Excise duty		2,303,689		1,746,533	
Sales tax		541,548	2,845,237	361,576	2,108,109
			300,320,626		368,090,894
Income from Operations	11	981,309		196,624	
Other Income	12	340,050	1,321,359	114,455	311,079
			301,641,985		368,401,973
<b>EXPENDITURE</b>					
Material Cost and Inventory Adjustments	13	150,126,671		183,627,034	
Personnel Cost	14	46,977,756		48,694,114	
Manufacturing and Other Expenses	15	72,460,214		72,844,542	
Financial Cost	16	29,517,137		26,762,985	
Depreciation and Amortisation	4	30,718,724		28,378,907	
Loss/(Gain) on foreign exchange translations		(6,098,361)	323,702,141	(5,346,474)	354,961,108
<b>PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEMS</b>			(22,060,156)		13,440,865
Less : Provision for Taxation					
- Current			-	2,500,000	
- Deferred (Net)		(1,249,000)	(1,249,000)	3,201,139	5,701,139
Add: MAT Credit Entitlement			-		2,500,000
<b>PROFIT/(LOSS) AFTER TAXATION BEFORE EXCEPTIONAL ITEMS</b>			(20,811,156)		10,239,726
<b>EXCEPTIONAL ITEMS</b>			-		-
<b>NET PROFIT/(LOSS)</b>			(20,811,156)		10,239,726
Balance brought forward			63,979,596		53,739,870
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			43,168,440		63,979,596
<b>APPROPRIATIONS</b>			-		-
Balance carried forward to Balance Sheet			43,168,440		63,979,596
			43,168,440		63,979,596
<b>EARNINGS PER SHARE (In Rupees)</b>					
[Refer Note No. 11]					
(Nominal value of each share Rs. 10/-)					
Basic					
Before Exceptional Items			(2.62)		1.29
After Exceptional Items			(2.62)		1.29
Diluted					
Before Exceptional Items			(2.62)		1.29
After Exceptional Items			(2.62)		1.29
<b>Notes to the Accounts</b>	17				

As per our Report of even date attached

For and on behalf of the Board of Directors

**FOR MITESH P. VORA & COMPANY**

Chartered Accountants  
Firm Registration No. 116071W

**MITESH P. VORA**

Partner  
M.No.37530

**B. B. SHAH**  
CHAIRMAN

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE : Mumbai  
DATE : 20th May, 2011

PLACE : Mumbai  
DATE : 20th May, 2011

**HETA MEHTA**  
COMPANY SECRETARY



**CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
1 Net profit before taxation and extraordinary item		(22,060,156)		13,440,865
Adjustments for :				
Depreciation , amortisation and Impairment	30,718,724		28,378,907	
Provision for Employee benefits	(441,973)		817,962	
Loss / ( Profit ) on Sale of assets	379,483		79,703	
Foreign exchange (gain) / loss	(6,098,361)		(5,346,474)	
Misc. Balances Written Off / (back)	(2,817,501)		-	
Misc. Expenditure Written Off	-		1,646,726	
Dividend Income	(1,134)		(1,134)	
Interest expense	27,915,037	49,654,275	26,138,065	51,713,755
2 Operating profit before working capital changes		27,594,119		65,154,620
Decrease/(Increase) in Receivables	13,155,632		6,891,976	
Decrease/(Increase) in Inventories	(38,268,596)		14,012,386	
Increase/(Decrease) in Sundry creditors & Working Capital Loan	(9,426,385)	(34,539,349)	(7,068,700)	13,835,662
3 Cash generated from operation		(6,945,230)		78,990,282
Income tax paid (Net)		(1,896,859)		(4,231,996)
Gratuity contribution to LIC		(470,373)		(254,672)
Net cash from/(used in) operating activities		(9,312,462)		74,503,614
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(27,267,634)		(37,880,746)	
Dividend Income	1,134		1,134	
Investment in Subsidiaries	-		(996,000)	
Proceeds from sale of assets	940,500		647,155	
Net cash from / (used) in investing activities		(26,326,000)		(38,228,457)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long-term borrowings		65,000,000		78,319,671
Repayment of Long term Borrowings		(24,632,310)		(63,195,813)
Interest paid		(13,295,891)		(26,138,065)
Net cash from/(used in) financing activities		27,071,799		(11,014,207)
Net increase/(decrease) in cash and cash equivalents ( A + B + C )		(8,566,663)		25,260,950
Cash and cash equivalents at beginning of the year		30,780,382		5,519,432
Cash and cash equivalents at end of the year		22,213,719		30,780,382
<b>Components of Cash &amp; Cash Equivalents:</b>				
Cash on hand		184,740		222,237
Margin money with banks		20,749,100		22,900,050
Balances with scheduled banks				
On current accounts		748,927		1,231,181
On deposit accounts		530,952		6,426,914

As per our Report of even date attached

For and on behalf of the Board of Directors

**FOR MITESH P. VORA & COMPANY**

Chartered Accountants  
Firm Registration No. 116071W

**MITESH P. VORA**  
Partner  
M.No.37530

**B. B. SHAH**  
CHAIRMAN

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EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE : Mumbai  
DATE : 20th May, 2011

PLACE : Mumbai  
DATE : 20th May, 2011

**HETA MEHTA**  
COMPANY SECRETARY



## SCHEDULES TO THE ACCOUNTS

Schedules 1 to 17 forming part of the Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011.

	31.03.2011 Rupees	31.03.2010 Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,20,00,000 Equity Shares of Rs. 10 each	<u>120,000,000</u>	<u>102,500,000</u>
(Previous year 1,02,50,000 Equity Shares of Rs.10 each)		
<b>Issued, Subscribed and Paid up:</b>		
79,44,200 Equity Shares of Rs.10 each	<u>79,442,000</u>	79,442,000
(Previous year 79,44,200 equity Shares of Rs. 10 each)		
PER BALANCE SHEET	<u><u>79,442,000</u></u>	<u><u>79,442,000</u></u>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Profit and Loss Account	<u>43,168,440</u>	63,979,596
PER BALANCE SHEET	<u><u>43,168,440</u></u>	<u><u>63,979,596</u></u>
<b>SCHEDULE 3 : LOANS</b>		
<b>a) Secured Loans</b>		
I. Working Capital Loan - Cash credit/Export limits	<u>127,109,109</u>	126,983,173
II. Term Loan		
- Rupee Term Loan	<u>42,722,222</u>	64,271,518
- Working Capital Term Loan	<u>17,222,222</u>	20,000,000
(All the above loans from Kotak Mahindra Bank are Secured by first and exclusive hypothecation on all existing and future current assets and movable fixed assets of the Company, first and exclusive charge by way of equitable mortgage on the immovable properties of the company bearing plot No. 4722,4723,4731 and 4732 at GIDC, Ankleshwar and plot No. 23 and 24 at GIDC, Nandesari.)		
III. Vehicle Loans		
(Secured by Hypothecation of Cars)		
- ICICI Bank.	<u>295,629</u>	458,993
- Kotak Mahindra Primus Limited.	-	27,680
- TML Financial Services Ltd.	<u>199,293</u>	313,485
PER BALANCE SHEET	<u><u>187,548,475</u></u>	<u><u>212,054,849</u></u>
<b>b) Unsecured Loans</b>		
Inter Corporate Deposits	<u>179,733,659</u>	100,882,208
PER BALANCE SHEET	<u><u>179,733,659</u></u>	<u><u>100,882,208</u></u>



**SCHEDULE 4 : FIXED ASSETS**

(Amount in Rs.)

Sr. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Additions during the year	Sales, W/off during adjustments	As on 31.03.2011	up to 31.03.2010	During the Year	Sales, W/off adjustments during the year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
1	Leasehold Land	15,414,837	-	-	15,414,837	-	-	-	-	15,414,837	15,414,837
2	Factory Building	106,753,409	596,392	-	107,349,801	21,990,393	3,567,657	-	25,558,050	81,791,751	84,763,016
3	Plant and Machinery	301,989,398	19,709,143	(4,108,581)	317,589,960	170,223,373	24,567,503	(2,907,327)	191,883,549	125,706,411	131,766,025
4	Office Equipments	2,382,215	-	-	2,382,215	689,612	113,155	-	802,767	1,579,448	1,692,603
5	Furniture and Fixtures	11,540,736	37,600	-	11,578,336	5,234,334	732,331	-	5,966,665	5,611,671	6,306,402
6	Vehicle	8,649,402	32,090	(235,368)	8,446,124	4,279,947	804,556	(116,639)	4,967,864	3,478,260	4,369,455
7	Computer	5,635,493	186,881	-	5,822,374	4,422,463	933,522	-	5,355,985	466,389	1,213,030
	<b>Total</b>	<b>452,365,490</b>	<b>20,562,106</b>	<b>(4,343,949)</b>	<b>468,583,647</b>	<b>206,840,122</b>	<b>30,718,724</b>	<b>(3,023,966)</b>	<b>234,534,880</b>	<b>234,048,767</b>	
	Previous year	420,680,007	33,321,608	(1,636,125)	452,365,490	179,370,483	28,378,907	(909,268)	206,840,122	12,140,091	245,525,368
8	Construction work-in-progress and capital advances										5,434,563
	PER BALANCE SHEET									<u>246,188,858</u>	<u>250,959,931</u>

**SCHEDULE 5 : INVESTMENTS -At cost : (Trade, Unless otherwise stated)**

	No. of Shares		Face Value	
	31.03.2011	31.03.2010	Rupees	Rupees
<b>Long term Investments</b>				
<b>Unquoted :</b>				
Gujarat Industrial Co-Op Bank Ltd.	140	140	50	7,000
Bharuch Eco Acqua Infrastructure Limited	35,000	35,000	10	350,000
Tonira Exports Ltd	99,600	99,600	10	996,000
PER BALANCE SHEET			<u>1,353,000</u>	<u>1,353,000</u>



**SCHEDULES TO THE ACCOUNTS**

	31.3.2011		31.3.2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 6 : INVENTORIES</b>				
(As taken, valued and certified by the Management)				
<b>Stock in Trade</b>				
Raw materials		95,952,662		55,553,603
Packing materials		629,639		493,905
Work-in-process		39,262,744		40,856,490
Finished goods		17,700,865		18,571,791
Stores and spares		2,036,445		1,837,970
PER BALANCE SHEET		<u>155,582,355</u>		<u>117,313,759</u>
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>				
(Unsecured-considered good, unless otherwise stated)				
Outstanding for more than six months		997,968		1,248,917
Other debts		37,115,924		62,088,208
PER BALANCE SHEET		<u>38,113,892</u>		<u>63,337,125</u>
<b>SCHEDULE 8 : CASH AND BANK BALANCES</b>				
Cash on hand		184,740		222,237
Margin money with banks [Refer Note no. 2 (d)(ii)]		20,749,100		22,900,050
Balances with scheduled banks				
On current accounts	748,927		1,231,181	
On deposit accounts	530,952	1,279,879	6,426,914	7,658,095
PER BALANCE SHEET		<u>22,213,719</u>		<u>30,780,382</u>
<b>SCHEDULE 9 : LOANS AND ADVANCES</b>				
(Unsecured-considered good, unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received		43,445,650		31,699,416
Deposits		4,510,488		4,613,397
Advance Income Tax (Net of Provision)		9,504,146		7,607,287
MAT Credit Entitlement		2,500,000		2,500,000
Advance Excise duty		23,998,798		19,308,367
PER BALANCE SHEET		<u>83,959,082</u>		<u>65,728,467</u>
<b>SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry creditors :				
-Micro, Small and Medium Enterprises (Refer Note No. 7)		-		-
-Others	25,413,764		35,727,099	
Against acceptance of import documents	25,855,066		29,470,719	
Unclaimed Dividend		-	446,449	
Other liabilities	8,693,732		10,585,532	
Advances from customers	3,219,513		957,358	
Interest accrued but not due on loans	767,695	63,949,770	196,946	77,384,103
<b>Provisions</b>				
Provision for gratuity	439,559		1,245,508	
Provision for leave encashment	1,604,618		1,778,152	
Provision for leave travel assistance	211,553	2,255,730	144,416	3,168,076
PER BALANCE SHEET		<u>66,205,500</u>		<u>80,552,179</u>

**SCHEDULES TO THE ACCOUNTS**

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 11 : INCOME FROM OPERATIONS</b>				
Export Incentives		857,834		-
Other income from operations		123,475		196,624
PER PROFIT AND LOSS ACCOUNT		<u>981,309</u>		<u>196,624</u>
<b>SCHEDULE 12 : OTHER INCOME</b>				
Profit on sale of assets		276,510		59,474
Dividend Income		1,134		1,134
Miscellaneous income		62,406		53,847
PER PROFIT AND LOSS ACCOUNT		<u>340,050</u>		<u>114,455</u>
<b>SCHEDULE 13 : MATERIAL COST AND INVENTORY ADJUSTMENTS</b>				
<b>Raw materials consumed</b>				
Opening stock	55,553,603		56,417,125	
Add: Purchases	172,331,222		145,230,264	
Raw material conversion charges	20,342,471		21,818,533	
	<u>248,227,296</u>		<u>223,465,922</u>	
Less: Closing stock	95,952,662	152,274,634	55,553,603	167,912,319
<b>Packing materials consumed</b>				
Opening stock	493,905		554,159	
Add: Purchases	1,891,258		1,956,667	
	<u>2,385,163</u>		<u>2,510,826</u>	
Less: Closing stock	629,639	1,755,524	493,905	2,016,921
<b>Finished goods purchased</b>		1,416,091		-
<b>Inventory adjustments</b>				
Stock at commencement				
Work-in-process	40,856,490		45,136,340	
Finished goods	18,571,791		27,989,735	
	<u>59,428,281</u>		<u>73,126,075</u>	
Less :Stock at close				
Work-in-process	39,262,744		40,856,490	
Finished goods	17,700,865		18,571,791	
	<u>56,963,609</u>	2,464,672	<u>59,428,281</u>	13,697,794
<b>Neutralisation of duties and taxes on inputs on exports - DEPB/Drawback benefits</b>		(7,912,538)		-
<b>Variation in excise duty on :</b>				
Closing stock of finished goods	128,288		-	
Less : Opening stock of finished goods	-	128,288	-	-
PER PROFIT AND LOSS ACCOUNT		<u>150,126,671</u>		<u>183,627,034</u>
<b>SCHEDULE 14 : PERSONNEL COST</b>				
Payment to and provision for salaries, wages and bonus		42,497,811		44,010,220
Contribution to provident fund, employees' state Insurance and other funds		3,077,240		2,518,421
Welfare expenses		1,336,455		1,924,371
Recruitment & Training Expenses		66,250		241,102
PER PROFIT AND LOSS ACCOUNT		<u>46,977,756</u>		<u>48,694,114</u>



**SCHEDULES TO THE ACCOUNTS**

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 15 : MANUFACTURING AND OTHER EXPENSES</b>				
Consumption of stores		7,411,566		4,764,286
Power, fuel, gas & water charges		26,207,487		20,883,331
Repairs :				
- Building	2,068,447		1,599,786	
- Machinery	7,767,456		7,602,600	
- Others	379,956	10,215,859	217,256	9,419,642
Insurance		2,278,586		3,146,312
Rent		426,589		537,294
Rates and taxes		1,335,714		2,560,615
Freight, forwarding and transportation		7,800,878		7,278,711
Commission		5,180,691		6,733,361
Auditors' remuneration :				
Audit fees (Including tax audit)	125,000		125,000	
Taxation	-		-	
Reimbursement of expenses	41,782	166,782	36,825	161,825
Loss on sale of assets		655,993		139,177
Laboratory expenses and analytical charges		2,155,477		2,505,586
Communication expenses		1,109,205		1,295,891
Travelling expenses		1,075,029		1,143,412
Professional charges		2,977,885		2,574,098
Printing and stationery		1,212,569		1,344,824
Books, Subscription & Software		131,505		522,904
Product Registration Expenses		280,140		937,374
Sales & marketing expenses		14,381		110,721
Net miscellaneous balance written off /(back)		(2,817,501)		465,144
Bad debt W/off		-		1,433,470
Intellectual property right expenses		15,000		37,363
DMF, Patent & Promotional Expenses		-		1,646,726
Excise duty		58,714		287,072
Miscellaneous expenses		4,567,665		2,915,403
<b>PER PROFIT AND LOSS ACCOUNT</b>		<b>72,460,214</b>		<b>72,844,542</b>
<b>SCHEDULE 16 : FINANCIAL COST</b>				
Interest Expenses				
On fixed loans	25,228,592		21,641,574	
Others	2,686,445	27,915,037	4,496,491	26,138,065
Less: Interest income		1,862,954		2,031,119
[Including tax deducted at source Rs.1,77,894)				
(Previous year Rs. 1,77,792)]				
		26,052,083		24,106,946
Bank charges		3,465,054		2,656,039
<b>PER PROFIT AND LOSS ACCOUNT</b>		<b>29,517,137</b>		<b>26,762,985</b>

**SCHEDULE 17 :**
**ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**
**1. SIGNIFICANT ACCOUNTING POLICIES**
**a) Accounting Convention**

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies discussed more fully below, are consistent with those used in the previous year.

**b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Inflation**

Assets and liabilities are shown at historical cost except revalued assets, which are shown at revalued amounts. No adjustments are made for changes in purchasing power of money.

**d) Fixed Assets**

- i. Fixed assets are recorded at cost of acquisition or construction less CENVAT/Service Tax/VAT credit availed. Revalued assets are recorded at revalued amounts.
- ii. Project expenses pending allocation are apportioned to the fixed assets of the project proportionately.
- iii. Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use.
- iv. Intangible Assets are recorded at cost of acquisition.

**e) Investments**

Long term Investments are stated at cost. Provisions are made for diminution in value of Investments other than temporary in nature. Current Investments are stated at cost or market value, whichever is lower.

**f) Depreciation, Amortisation and Impairment**

Depreciation on all assets of the Company is charged on straight line method over the useful life as provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year.

**g) Inventories**

Items of inventories are valued on the basis given below:

Raw Materials and Packing Materials	At Cost net of CENVAT/VAT computed on First-in-First-out method.
Work-in-process and Finished Goods	At cost including material cost net of CENVAT/VAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or realisable value, whichever is lower in case of finished goods. Excise duty is considered as cost for finished goods wherever applicable.
Stores and Spares	Stores and spare parts are valued at purchase cost.

**h) Employees Benefits**

- i. Retirement benefits in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.
- ii. Gratuity being a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year.

- iii. Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. Leave Travel Assistance (LTA) liability has been provided on the basis of actual accumulated obligation.

**i) Excise Duty and CENVAT Credit**

- i. The excise duty expenses are bifurcated into three components: excise duty expenses related to sales is reduced from Gross Sales, excise duty relating to the difference between the closing and opening stock of finished goods is recognized in the material cost and inventory adjustments and the un-recovered excise duty is recognized under manufacturing and other expenses.
- ii. CENVAT credit utilised during the year is accounted in excise duty and unutilised CENVAT balance at the year end is considered as advance excise duty.

**j) Service Tax Credit**

Service tax credit utilised during the year towards excise liability is accounted in excise duty and unutilised service tax credit at the year-end is considered as advance excise duty.

**k) Sales**

Local sales include excise duty and sales tax.

**l) Foreign Exchange Transactions**

Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year is recognised in the Profit and Loss Account.

Foreign currency transactions remaining unsettled at the end of the year are converted at year-end rates. Gain or loss arising on account of transactions covered by forward contract is recognised over the period of contracts.

Current assets and current liabilities at the end of the year not covered by forward contracts are converted at the year end rate and the resultant gain or loss is accounted for in the Profit and Loss Account.

**m) Research and Development**

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to fixed assets.

**n) Revenue Recognition**

- i. In respect of incentives attributable to the export of goods, the Company following the accounting principle of matching revenue with the cost has recognised export incentive receivable when all conditions precedent to the eligibility of benefits have been satisfied and when it is reasonably certain of deriving the benefit. Since these schemes are meant for neutralisation of duties and taxes on inputs pursuant to exports, the same are grouped under material costs.
- ii. The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under income from operations.
- iii. Revenue in respect of insurance/other claims, interest, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.
- iv. Dividend income is recognized when the unconditional right to receive the income is established.

**o) Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

**p) Taxation**

Tax expenses comprise Current Tax and Deferred Tax:

**I. Current Tax:**

Current Tax is calculated as per the provisions of the Income tax Act, 1961.

**II. Deferred Tax:**

Deferred Tax is recognized on timing differences being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on balance sheet date.

**III.** In view of judicial pronouncements and in accordance with advice of the Company's Tax Advisor, no provision has been made for the completed assessments, which are in appeal.

**IV. MAT Credit:**

MAT Credit entitlement is recognized only when the Company actually avails the MAT credit based on its annual tax computation.

**q) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor recorded in financial statements.

**r) Government grants**

The company accounts government grants relating to fixed assets as deferred income and recognizes the same proportionately over the useful life of the asset.

	<b>31.03.2011</b>	31.03.2010
	<b>Rupees in Lacs</b>	Rupees in lacs
<b>2. Contingent liabilities not provided for in respect of :</b>		
a) Unexpired letter of Credit	-	122.64
b) Corporate Guarantee received for Bank facilities	3000.00	3000.00
c) Counter Guarantee given for above guarantee	3000.00	3000.00
d) Excise Liabilities		
<b>Nature of dues</b>	<b>Amount (Rs. in lacs)</b>	<b>Forum where dispute is pending</b>
i. Excise Duty on WIP on de-bonding	23.07	Commissioner of Central Excise & Custom, Surat
ii. Interest and penalty on past anti-dumping duty and excise duty	415..28	High Court, Gujarat

The above referred amount of interest and penalty demanded is not payable in accordance with the order passed by the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT). The Department had moved the Hon'ble Gujarat High Court against the said CESTAT order and as per the order of the said Hon'ble High Court, the Company has furnished a Bank Guarantee of Rs.200 lacs to the Department. The Bank guarantee is obtained from Corporation Bank, Kandivali against 100% margin in the form of Fixed Deposit Receipt (FDR) and the FDR is endorsed in favour of the Bank for issuing the said Bank guarantee.



e) Income Tax

Assessment Year	Amount (Rs. in lacs)	Forum where dispute is pending
2003-04	141.81	Commissioner of Income Tax (Appeal) III, Baroda
2004-05	32.25	Commissioner of Income Tax (Appeal) III, Baroda
2005-06	122.69	Commissioner of Income Tax (Appeal) III, Baroda
2007-08	69.38	Commissioner of Income Tax (Appeal) III, Baroda
<b>Total</b>	<b>366.13</b>	

A sum of Rs. 67.40 lacs which represents payment made under protest and refunds has been adjusted against above demands by Income Tax Dept.

3. **PARTICULARS PURSUANT TO PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF THE COMPANIES ACT, 1956 IN PART II OF SCHEDULE VI OF COMPANIES ACT, 1956.**

(A) CAPACITY CLASS OF GOODS

LICENSED : N.A.

INSTALLED : The Company is manufacturing Bulk drugs, Drugs Intermediate, Fine Chemicals etc.; the installed capacity varies with change in products, product mix even though there may not be increase in Plant and Machineries.

(B) **STATEMENT OF PRODUCTION, SALE AND STOCK OF FINISHED GOODS (EXCLUSIVE OF CAPTIVE CONSUMPTION) :**

(Qty. in kgs.) (Rs. in Lacs)

CLASS OF GOODS	YEAR	Op. Stock (Qty.)	Op. Stock (Amt)	Production (Qty.)	Sales (Qty)	Sales (Amt.)	Closing Stock (Qty.)	Closing Stock (Amt.)
Bulk Drugs & Intermediates	2010-11	7916.31	185.72	58698.08	61655.00	2973.08	4959.39	177.01
	2009-10	11758.66	279.90	75873.61	79715.96	3666.55	7916.31	185.72
Others	2010-11	-	-	-	-	30.13	-	-
	2009-10	-	-	-	-	14.36	-	-
Total	2010-11		185.72			3003.21		177.01
	2009-10		279.90			3680.91		185.72

(C) **STATEMENT OF RAW MATERIALS CONSUMPTION :**

(Rs. in Lacs)

Name of Raw Material	Units	2010-11		2009-10	
		Qty.	Amount	Qty.	Amount
1:3 Di-Chloro Acetone	Kgs.	21,850	95.70	18,800	82.53
Guanyl Thiourea (G.T.U.)	Kgs.	20,765	57.92	25,010	67.36
Sulfamide	Kgs.	18,597	114.36	19,240	115.02
Others	Kgs.	-	1254.77	-	1414.21
<b>TOTAL</b>			<b>1522.75</b>		1679.12

(None of the raw material individually forms more than 10% of the total consumption.)

**(D) PARTICULARS OF IMPORTED & INDIGENEOUS RAW MATERIALS CONSUMED**

(Rs. in Lacs)

	2010-11		2009-10	
	%	Rs.	%	Rs.
Imported at landed cost	48.54	739.14	48.78	819.10
Indigenous	51.46	783.61	51.22	860.02
<b>TOTAL</b>	<b>100.00</b>	<b>1522.75</b>	<b>100.00</b>	<b>1679.12</b>

**(E) VALUE OF IMPORTS OF RAW MATERIAL AND CAPITAL ITEM ON C.I.F. BASIS**

(Rs. in Lacs)

	2010-11	2009-10
Raw Material	792.13	546.72
Capital Item	41.39	31.82
<b>Total</b>	<b>833.52</b>	<b>578.54</b>

**(F) EXPENDITURE IN FOREIGN CURRENCY**

(Rs. in Lacs)

	2010-11	2009-10
Brokerage and Commission	53.79	77.63
Travelling Expenses	2.85	2.59
Bank Interest - FCNR / PCFC - Term Loan	-	26.40
Product Registration Expenses	2.80	9.37
Legal Expenses	3.36	1.26
Import & Export Rates & Taxes	0.20	-
Imported books & subscriptions	0.36	0.38
<b>Total</b>	<b>63.36</b>	<b>117.63</b>

**(G) EARNINGS IN FOREIGN EXCHANGE**

(Rs. In Lacs)

	2010-11	2009-10
FOB value of Exports	2727.48	3507.78

## 4. Break-up of Deferred tax assets and liabilities are as under:

(Amount in Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>Deferred tax liability on account of</b>		
Depreciation	2,40,93,000	1,94,55,000
<b>Deferred tax asset on account of</b>		
Unabsorbed Depreciation	1,74,35,000	1,02,97,000
Business Losses	1,46,82,000	1,56,31,000
Unpaid Expenses	6,63,168	9,65,168
<b>Net deferred tax asset</b>	<b>86,87,168</b>	<b>74,38,168</b>



5. In the opinion of the Board of Directors, all the current assets, loans & advances have value on realisation at least of an amount equal to the amount at which they are stated in the Balance Sheet.
6. Outstanding Balances of Loans, Advances, Debtors and Creditors are subject to confirmation from parties.
7. The company has not received any information from its suppliers regarding their status under the Micro, Small and Medium enterprise development Act, 2006 and hence no disclosure required under the said Act can be made.
8. In our Opinion provision for impairment of assets is not required as the carrying amount of assets do not exceed its recoverable amount.
9. The amount of long term loans repayable in the following 12 months aggregate to Rs. 199.24 lacs (Previous year Rs. 403.27 lacs).

10. **Managerial Remuneration**

The company has been advised that computation of net profits for the purpose of Director's Remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission is agreed to be paid to the Directors. The aggregate of remuneration to Directors is as under:

(Rs. In Lacs)

	2010-11	2009-10
<b>Directors Remuneration</b>		
<b>Salary &amp; Contribution to provident fund &amp; other funds</b>		
Mr. R K P Verma	<b>33.60</b>	33.60
Mr. L. K Gupta	<b>0.84</b>	-
<b>Perquisites &amp; benefits</b>		
Mr. R K P Verma	<b>0.22</b>	0.22
<b>Sitting Fees</b>		
Mr. Harish P. Kamath	<b>0.42</b>	0.36
Mr. Rajesh J.Shah	<b>0.28</b>	0.24
Mr. Dev Prakash Yadava	<b>0.28</b>	0.36
Mr. Mahesh Bhatt	<b>0.42</b>	0.28
Mr. J. L. Nagori	<b>0.16</b>	0.20
Mr. Bhailal B. Shah	<b>0.20</b>	0.16
<b>Total</b>	<b>36.33</b>	35.42

**11. Earning per share**

The earning per share is calculated by dividing the profit / (loss) after tax by weighted average no. of shares outstanding for basic & diluted EPS.

Sr. No	Particulars	2010-11	2009-10
i)	Profit after tax before Exceptional Item (Rs.)	<b>(2,08,11,156)</b>	1,02,39,726
ii)	Profit after tax and exceptional Items (Rs.)	<b>(2,08,11,156)</b>	1,02,39,726
iii)	No. of shares outstanding	<b>79,44,200</b>	79,44,200
iv)	Weighted Average no. of shares outstanding (Nos.) - Basic	<b>79,44,200</b>	79,44,200
v)	Weighted Average no. of shares outstanding (Nos.) - Diluted	<b>79,44,200</b>	79,44,200
vi)	Nominal value of equity share (Rs.)	<b>10</b>	10
	<b>Basic EPS</b>		
vii)	Earning per share before Exceptional Item (Rs.) (i/iv)	<b>(2.62)</b>	1.29
viii)	Earning per share after Exceptional Item (Rs.) (ii/iv)	<b>(2.62)</b>	1.29
	<b>Diluted EPS</b>		
ix)	Earning per share before Exceptional Item (Rs.) (i/v)	<b>(2.62)</b>	1.29
x)	Earning per share after Exceptional Item (Rs.) (ii/v)	<b>(2.62)</b>	1.29

12. The entire operations of the Company relate to only one segment viz. pharmaceuticals. As such, there is no separate reportable segment under Accounting Standard - 17 on Segment Reporting.
13. As per Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet are given herein

(Amount in Rs.)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
<b>I.</b>	<b>Change in Benefit Obligation</b>				
	Liability at the beginning of the year	<b>19,38,045</b>	15,82,700	<b>17,78,152</b>	9,75,908
	Interest cost	<b>1,55,044</b>	1,26,616	<b>1,42,252</b>	73,193
	Current Service Cost	<b>2,34,331</b>	2,03,173	<b>4,47,619</b>	5,50,352
	Past year Service Cost	-	-	-	-
	Benefit Paid	-	-	<b>(7,02,109)</b>	(5,38,234)
	Actuarial (gain)/loss on obligations	<b>2,35,988</b>	25,556	<b>(61,296)</b>	7,16,933
	Curtailments and Settlements	-	-	-	-
	Liability at the end of the year	<b>25,63,408</b>	19,38,045	<b>16,04,618</b>	17,78,152
<b>II.</b>	<b>Fair Value of Plan Assets</b>				
	Fair Value of Plan Assets at the beginning of the year	<b>11,51,543</b>	5,70,565	-	-
	Expected Return on Plan Assets	<b>1,59,122</b>	94,972	-	-
	Contributions	<b>8,13,184</b>	4,86,006	-	-
	Benefit paid	-	-	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Fair Value of Plan Assets at the end of the year	<b>21,23,849</b>	11,51,543	-	-





(Amount in Rs.)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
<b>III.</b>	<b>Actual Return on Plan Assets</b>				
	Expected Return on Plan Assets	<b>1,59,122</b>	94,972	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Actual Return on Plan Assets	<b>1,59,122</b>	94,972	-	-
<b>IV.</b>	<b>Amount Recognised in the Balance Sheet.</b>				
	Liability at the end of the year	<b>25,63,408</b>	19,38,045	<b>16,04,618</b>	17,78,152
	Fair Value of Plan Assets at the end of the year	<b>21,23,849</b>	11,51,543	-	-
	Difference	<b>4,39,559</b>	7,86,502	-	-
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	<b>4,39,559</b>	7,86,502	<b>16,04,618</b>	17,78,152
<b>V.</b>	<b>Expenses Recognised in the Income Statement</b>				
	Current Service Cost	<b>2,34,331</b>	2,03,173	<b>4,47,619</b>	5,50,352
	Interest Cost	<b>1,55,044</b>	1,26,616	<b>1,42,252</b>	73,193
	Expected Return on Plan Assets	<b>(1,591,22)</b>	(94,972)	-	-
	Net Actuarial (gain)/loss to be Recognised	<b>2,35,988</b>	25,556	<b>(61,296)</b>	7,16,933
	Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-	-	-
	Effect of Curtailment or Settlements	-	-	-	-
	Expense Recognised in Profit and Loss Account	<b>4,66,241</b>	2,60,373	<b>5,28,575</b>	13,40,478
<b>VI.</b>	<b>Balance Sheet Reconciliation</b>				
	Opening Net Liability	<b>7,86,502</b>	10,12,135	<b>17,78,152</b>	9,75,908
	Expense as above	<b>4,66,241</b>	2,60,373	<b>5,28,575</b>	13,40,478
	Past year Service cost	-	-	-	-
	Employers Contribution	<b>(8,13,184)</b>	(4,86,006)	<b>(7,02,109)</b>	(5,38,234)
	Amount Recognised in Balance Sheet	<b>4,39,559</b>	7,86,502	<b>16,04,618</b>	17,78,152
<b>VII.</b>	<b>Actuarial Assumptions</b>				
	Discount Rate	<b>8.0%</b>	8.0%	<b>8.0%</b>	7.5%

- Note: i) Employer's contribution includes payments made by the Company directly to its past employees.
- ii) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

14. Related Party Disclosure as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India.

**Relationships:**

**A. Entities where control exists**

**Shareholders of Tonira Pharma Ltd.**

Ipca Laboratories Ltd.

**B. Subsidiaries**

Tonira Export Ltd.

**C. Other Related Parties (Entities in which Directors have significant influence)**

Titan Laboratories (P) Ltd.

**D. Directors**

Mr. B. B. Shah	Mr. R K P Verma (upto 2.05.2011)	Mr. L. K. Gupta (w.e.f 23.03.2011)
Mr. Mahesh Bhatt	Mr. Harish Kamath	Mr. J. L. Nagori
Mr. Dev Prakash Yadava	Mr. R. J. Shah	

The following transactions were carried out with the related companies & enterprises in the ordinary course of the business.

(Rs. in Lacs)

Particulars	2010-11	2009-10
<b>Transactions relating to parties referred to in (A) above</b>		
Sales of Material	121.84	47.59
Purchases of Material	68.12	3.86
Purchases of Assets	0.38	17.66
Sales of Assets	0.63	5.49
Expenses incurred on behalf of related party	-	0.51
Expenses incurred by related party on our behalf	1.80	3.06
Interest on ICD's	179.26	136.15
ICD's taken/ (repaid) during the year (Net)	750.00	(140.00)
Advances Settled during the year	-	21.65
Corporate Guarantee received by Tonira for bank facilities	3000.00	3000.00
Counter guarantee given by Tonira for above guarantee	3000.00	3000.00
<b>Transactions relating to parties referred to in (B) above</b>		
Rent paid	0.96	0.96
<b>Transactions relating to parties referred to in (C) above</b>		
Sale of Material	0.84	17.42
<b>Details relating to parties referred to in (D) above</b>		
Remuneration to director including Perquisites	34.57	33.82
Sitting fees to Independent Directors	1.76	1.60



Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

(Rs. in Lacs)

	2010-11	2009-10		2010-11	2009-10
<b>Purchase of Goods &amp; Services</b>			<b>Rent and other expenses</b>		
Ipca Laboratories Ltd.	68.12	3.86	Tonira Export Ltd.	0.96	0.96
<b>Sale of Goods &amp; Services:</b>			<b>Sales of Assets</b>		
Ipca Laboratories Ltd.	121.51	47.59	Ipca Laboratories Ltd.	0.63	5.49
<b>Purchases of Assets</b>			<b>ICD taken/(repaid) (Net)</b>		
Ipca Laboratories Ltd.	0.38	17.66	Ipca Laboratories Ltd.	750.00	(140.00)
<b>Guarantees Outstanding</b>			<b>Interest on ICD's</b>		
Ipca Laboratories Ltd.	3000.00	3000.00	Ipca Laboratories Ltd.	179.26	136.15
<b>Remuneration</b>			<b>Payables</b>		
Mr. R K P Verma	33.82	33.82	Ipca Laboratories Ltd.	1792.36	912.71

15. Details of loans and advances in the nature of loan to subsidiary, associates etc. as required under clause 32 of the listing agreement:

(Amount in Rs.)

Sr. No.	Name of the company	Relationship	Balance as on		Maximum outstanding during	
			31.03.2011	31.03.2010	2010-2011	2009-2010
1	Tonira Export Ltd.	Subsidiary	14,01,075	14,63,263	14,63,263	15,59,263

16. Previous year's figures have been regrouped and rearranged wherever necessary.  
 17. Notes 1 to 16 of Schedule 17 form an integral part of the Balance Sheet and the Profit & loss account.

**As per our Report of even date attached**

**FOR MITESH P. VORA & COMPANY**

Chartered Accountants  
 Firm Registration No. 116071W

**MITESH P. VORA**  
 Partner  
 M.No.37530

PLACE : Mumbai  
 DATE : 20th May, 2011

For and on behalf of the Board of Directors

**B. B. SHAH**  
 CHAIRMAN

**L. K. GUPTA**  
 EXECUTIVE DIRECTOR

**R. J. SHAH**  
 DIRECTOR

PLACE : Mumbai  
 DATE : 20th May, 2011

**HETA MEHTA**  
 COMPANY SECRETARY

**18. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

**I. Registration details.**

 Registration No. 

	1	8	1	5	6
--	---	---	---	---	---

 State Code 

	0	4
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 Balance Sheet 

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0	3
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2	0	1	1
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0	4
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 Date Month Year

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

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 Public Issue 

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 Rights Issue 

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 Bonus Issue 

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 Private Placement 

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**III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)**

--	--	--	--	--	--	--	--

 Total Liabilities 

5	4	7	4	1	1
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--	--	--	--	--	--	--	--

 Total Assets 

5	4	7	4	1	1
---	---	---	---	---	---

**Sources of Funds**

--	--	--	--	--	--	--	--

 Paid-Up Capital 

--	--	--	--	--	--	--	--

 Share Application money 

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 Reserves & Surplus 

4	3	1	6	8
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 Secured Loans 

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 Unsecured Loans 

1	7	9	7	3	4
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 Deferred Tax Liability 

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**Application of Funds**

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 Net Fixed Assets 

2	4	6	1	8	9
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 Investments 

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 Net Current Assets 

2	3	3	6	3	3
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 Misc. Expenditure 

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 Accumulated Losses 

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

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 Turnover 

3	0	1	6	4	2
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 Total Expenditure 

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+	-						
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 Profit/Loss Before Tax 

2	2	0	6	0
---	---	---	---	---

+	-						
---	---	--	--	--	--	--	--

 Profit/Loss After Tax (\*) 

2	0	8	1	1
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 Earning Per Share in Rs. 

-	2	.	6	2
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 Dividend Rate % 

--	--	--	--	--	--	--	--

**V. Generic names of three principal products/services of the Company.**

(as per monetary terms)

 Item Code No. 

N	A								
---	---	--	--	--	--	--	--	--	--

  
 (ITC Code) 

B	U	L	K						
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 Product Description 

F	A	M	O	T	I	D	I	N	E	
N	I	F	I	D	E	P	I	N		
Z	A	L	T	O	P	R	O	F	E	N

For and on behalf of the Board of Directors

**B. B. SHAH**  
CHAIRMAN

**R. J. SHAH**  
DIRECTOR

 PLACE : Mumbai  
DATE : 20th May, 2011

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**HETA MEHTA**  
COMPANY SECRETARY

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**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TONIRA PHARMA LIMITED  
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TONIRA PHARMA LIMITED  
AND ITS SUBSIDIARY**

We have examined the attached consolidated Balance Sheet as at 31<sup>st</sup> March 2011, the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year then ended of Tonira Pharma Limited and its subsidiary.

These financial statements are the responsibility of the management of Tonira Pharma Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principle used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of subsidiary. Financial statements of the subsidiary have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Tonira Pharma Ltd. and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Tonira Pharma Ltd. and its subsidiary, we are of the opinion that :

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Tonira Pharma Limited and its subsidiary as at 31<sup>st</sup> March 2011 and
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Tonira Pharma Limited and its subsidiary for the year then ended.
- c) the Consolidated Cash Flow Statement, gives a true and fair view of the cash flows of Tonira Pharma Limited and its subsidiary for the year then ended.

For **MITESH P. VORA & COMPANY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 116071W

**C.A. MITESH P. VORA**  
PARTNER  
M.No. 37530

PLACE : MUMBAI  
DATE : 20th MAY 2011

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	Schedule	31st March,2011		31st March,2010	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	79,442,000		79,442,000	
Reserves and Surplus	2	<u>42,324,437</u>	<u>121,766,437</u>	<u>63,124,457</u>	142,566,457
<b>Minority Interest</b>			<b>610</b>		566
<b>Loan Funds</b>					
Secured Loans	3	187,548,475		212,054,849	
Unsecured Loans	3	<u>179,733,659</u>	<u>367,282,134</u>	100,882,208	312,937,057
Deferred Taxation (Net) (Refer Note No. 5 )			<u>(8,687,168)</u>		(7,438,168)
			<u><u>480,362,013</u></u>		<u><u>448,065,912</u></u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	470,334,120		454,115,963	
Less : Depreciation/Amortisation/Impairment		<u>234,685,631</u>		<u>206,976,225</u>	
Net Block		<u>235,648,489</u>		247,139,738	
Capital Work-in-Progress and Capital Advances		<u>12,140,091</u>	<u>247,788,580</u>	<u>5,434,563</u>	252,574,301
<b>Investments</b>	5		<b>357,000</b>		357,000
<b>Current Assets, Loans and Advances</b>					
Inventories	6	155,582,355		117,313,759	
Sundry Debtors		38,113,892		63,337,125	
Cash and Bank Balances	7	22,229,679		30,833,052	
Loans and Advances	8	<u>82,558,007</u>		<u>64,265,204</u>	
		<u>298,483,933</u>		<u>275,749,140</u>	
<b>Less : Current Liabilities and Provisions</b>					
Current Liabilities	9	64,011,770		77,446,453	
Provisions		<u>2,255,730</u>		<u>3,168,076</u>	
		<u>66,267,500</u>		<u>80,614,529</u>	
<b>Net Current Assets</b>			<b>232,216,433</b>		195,134,611
			<u><u>480,362,013</u></u>		<u><u>448,065,912</u></u>
<b>Notes to the Accounts</b>	16				

**As per our Report of even date attached** For and on behalf of the Board of Directors

**FOR MITESH P. VORA & COMPANY**

Chartered Accountants  
Firm Registration No. 116071W

**MITESH P. VORA**

Partner  
M.No.37530

**B. B. SHAH**  
CHAIRMAN

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE : Mumbai  
DATE : 20th May, 2011

PLACE : Mumbai  
DATE : 20th May, 2011

**HETA MEHTA**  
COMPANY SECRETARY



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	Schedule	2010-11		2009-10	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Sales			<b>303,165,863</b>		370,199,003
Less: Excise duty		<b>2,303,689</b>		1,746,533	
Sales tax		<b>541,548</b>	<b>2,845,237</b>	<u>361,576</u>	<u>2,108,109</u>
			<b>300,320,626</b>		<u>368,090,894</u>
Income from Operations	10	<b>981,309</b>		196,624	
Other Income	11	<b>340,050</b>	<b>1,321,359</b>	<u>118,869</u>	<u>315,493</u>
			<b>301,641,985</b>		<u>368,406,387</u>
<b>EXPENDITURE</b>					
Material Cost and Inventory Adjustments	12	<b>150,126,671</b>		183,627,034	
Personnel Cost	13	<b>46,977,756</b>		48,704,114	
Manufacturing and Other Expenses	14	<b>72,434,246</b>		72,777,078	
Financial Cost	15	<b>29,517,277</b>		26,765,886	
Depreciation and Amortisation	4	<b>30,733,372</b>		28,408,201	
Loss/(Gain) on foreign exchange translations		<b>(6,098,361)</b>	<b>323,690,961</b>	<u>(5,346,474)</u>	<u>354,935,839</u>
<b>PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEMS</b>			<b>(22,048,976)</b>		13,470,548
Less : Provision for Taxation					
- Current			-	2,500,000	
- Deferred (Net)		<b>(1,249,000)</b>	<b>(1,249,000)</b>	<u>3,252,884</u>	<u>5,752,884</u>
Add: MAT Credit Entitlement			-		<u>2,500,000</u>
<b>PROFIT/(LOSS) AFTER TAXATION BEFORE EXCEPTIONAL ITEMS</b>			<b>(20,799,976)</b>		10,217,664
<b>EXCEPTIONAL ITEMS</b>			-		-
Share of profit transferred to Minority Interest			44		-
<b>NET PROFIT/(LOSS)</b>			<b>(20,800,020)</b>		10,217,664
Balance brought forward			<b>63,124,457</b>		53,739,870
Less: Goodwill on acquisition of susidiary			-		<u>(833,077)</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<b>42,324,437</b>		<u>63,124,457</u>
<b>APPROPRIATIONS</b>			-		-
Balance carried forward to Balance Sheet			<b>42,324,437</b>		<u>63,124,457</u>
			<b>42,324,437</b>		<u>63,124,457</u>
<b>EARNINGS PER SHARE (In Rupees)</b>					
[Refer Note No. 12]					
(Nominal value of each share Rs. 10/-)					
Basic					
			<b>(2.62)</b>		1.29
			<b>(2.62)</b>		1.29
Diluted					
			<b>(2.62)</b>		1.29
			<b>(2.62)</b>		1.29
<b>Notes to the Accounts</b>	16				

**As per our Report of even date attached** For and on behalf of the Board of Directors

**FOR MITESH P. VORA & COMPANY**

Chartered Accountants  
Firm Registration No. 116071W

**MITESH P. VORA**

Partner  
M.No.37530

**B. B. SHAH**  
CHAIRMAN

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE : Mumbai  
DATE : 20th May, 2011

PLACE : Mumbai  
DATE : 20th May, 2011

**HETA MEHTA**  
COMPANY SECRETARY

**CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

		2010-11	
		Rupees	Rupees
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
1	Net profit before taxation and extraordinary item		(22,048,976)
	Adjustments for :		
	Depreciation, amortisation and Impairment	30,733,372	
	Provision for Employee benefits	(441,973)	
	Loss / ( Profit ) on Sale of assets	379,483	
	Foreign exchange (gain) / loss	(6,098,361)	
	Misc. Balances Written Off / ( back)	(2,817,501)	
	Dividend Income	(1,134)	
	Interest expense	27,915,037	49,668,923
2	Operating profit before working capital changes		27,619,947
	Decrease/(Increase) in Receivables	13,155,632	
	Decrease/(Increase) in Inventories	(38,268,596)	
	Increase/(Decrease) in Sundry creditors & Working Capital Loan	(9,488,923)	(34,601,887)
3	Cash generated from operation		(6,981,940)
	Income tax paid (Net)		(1,896,859)
	Gratuity contribution to LIC		(470,373)
	Net cash from/(used in) operating activities		(9,349,172)
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed assets	(27,267,634)	
	Dividend Income	1,134	
	Proceeds from sale of assets	940,500	(26,326,000)
	Net cash from / (used) in investing activities		(26,326,000)
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from long-term borrowings	65,000,000	
	Repayment of long term Borrowings	(24,632,310)	
	Interest paid	(13,295,891)	27,071,799
	Net cash from/(used) in financing activities		27,071,799
	Net increase/(decrease) in cash and cash equivalents ( A + B + C )		(8,603,373)
	Cash and cash equivalents at beginning of the year		30,833,052
	Cash and cash equivalents at end of the year		22,229,679
	<b>Components of Cash &amp; Cash Equivalents:</b>		
	Cash on hand		184,740
	Margin money with banks		20,749,100
	Balances with scheduled banks		
	On current accounts		764,887
	On deposit accounts		530,952

**As per our Report of even date attached**

For and on behalf of the Board of Directors

**FOR MITESH P. VORA & COMPANY**

Chartered Accountants  
Firm Registration No. 116071W

**MITESH P. VORA**

Partner  
M.No.37530

**B. B. SHAH**  
CHAIRMAN

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE : Mumbai  
DATE : 20th May, 2011

PLACE : Mumbai  
DATE : 20th May, 2011

**HETA MEHTA**  
COMPANY SECRETARY

Note: This being the second year when consolidated financials are prepared in accordance with AS-21 "Consolidated Financial Statements", the Previous year's Cash flow figures have not been presented.



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011.

	31.03.2011		31.03.2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>				
<b>Authorised :</b>				
1,20,00,000 Equity Shares of Rs. 10/- each (Previous year 1,02,50,000 Equity Shares of Rs.10 each)		<u>120,000,000</u>		<u>102,500,000</u>
<b>Issued, Subscribed and Paid up</b>				
79,44,200 Equity Shares of Rs.10/- each (Previous year 79,44,200 equity Shares of Rs. 10 each)		<u>79,442,000</u>		<u>79,442,000</u>
		<u>79,442,000</u>		<u>79,442,000</u>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>				
Profit and Loss Account		<u>42,324,437</u>		<u>63,124,457</u>
PER BALANCE SHEET		<u>42,324,437</u>		<u>63,124,457</u>
<b>SCHEDULE 3 : LOANS</b>				
<b>a) Secured Loans</b>				
I. Working Capital Loan - Cash credit/Export limits		<u>127,109,109</u>		<u>126,983,173</u>
II. Term Loan				
- Rupee Term Loan		<u>42,722,222</u>		<u>64,271,518</u>
- Working Capital Term Loan		<u>17,222,222</u>		<u>20,000,000</u>
(All the above loans from Kotak Mahindra Bank are Secured by first and exclusive hypothecation on all existing and future current assets and movable fixed assets of the Company, first and exclusive charge by way of equitable mortgage on the immovable properties of the company bearing plot No. 4722,4723,4731 and 4732 at GIDC, Ankleshwar and plot No. 23 and 24 at GIDC, Nandesari.)				
III. Vehicle Loans (Secured by Hypothecation of Cars)				
- ICICI Bank.		<u>295,629</u>		<u>458,993</u>
- Kotak Mahindra Primus Limited.		-		<u>27,680</u>
- TML Financial Services Ltd.		<u>199,293</u>		<u>313,485</u>
PER BALANCE SHEET		<u>187,548,475</u>		<u>212,054,849</u>
<b>b) Unsecured Loans</b>				
Inter Corporate Deposits		<u>179,733,659</u>		<u>100,882,208</u>
PER BALANCE SHEET		<u>179,733,659</u>		<u>100,882,208</u>

**SCHEDULE 4 : FIXED ASSETS**

(Amount in Rs.)

Sr. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Additions during the year	Sales, W/off adjustments during the year	As on 31.03.2011	up to 31.03.2010	During the Year	Sales, W/off adjustments during the year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
1.	Leasehold Land	16,266,698	-	-	16,266,698	-	-	-	-	16,266,698	16,266,698
2.	Factory Building	107,652,021	596,392	-	108,248,413	22,126,496	3,582,305	-	25,708,801	82,539,612	85,525,525
3.	Plant and Machinery	301,989,398	19,709,143	(4,108,581)	317,589,960	170,223,373	24,567,503	(2,907,327)	191,883,549	125,706,411	131,766,025
4.	Office Equipments	2,382,215	-	-	2,382,215	689,612	113,155	-	802,767	1,579,448	1,692,603
5.	Furniture and Fixtures	11,540,736	37,600	-	11,578,336	5,234,334	732,331	-	5,966,665	5,611,671	6,306,402
6.	Vehicle	8,649,402	32,090	(235,368)	8,446,124	4,279,947	804,556	(116,639)	4,967,864	3,478,260	4,369,455
7.	Computer	5,635,493	186,881	-	5,822,374	4,422,463	933,522	-	5,355,985	466,389	1,213,030
	<b>Total</b>	<b>454,115,963</b>	<b>20,562,106</b>	<b>(4,343,949)</b>	<b>470,334,120</b>	<b>206,976,225</b>	<b>30,733,372</b>	<b>(3,023,966)</b>	<b>234,685,631</b>	<b>235,648,489</b>	
	Previous year	420,680,007	35,072,081	(1,636,125)	454,115,963	179,370,483	28,408,201	(802,459)	206,976,225		247,139,738
8.	Construction work-in-progress and capital advances										
										<b>12,140,091</b>	<b>5,434,563</b>
										<b>247,788,580</b>	<b>252,574,301</b>

PER BALANCE SHEET

**SCHEDULE 5 : INVESTMENTS - At cost : (Trade, Unless otherwise stated)**

	No. of Shares		Face Value	
	31.03.2011	31.03.2010	Rupees	Rupees
<b>Long term investments</b>				
Unquoted :				
Gujarat Industrial Co-Op Bank Ltd.	140	140	50	7,000
Bharuch Eco Acqua Infrastructure Limited	35,000	35,000	10	350,000
<b>PER BALANCE SHEET</b>			<b>357,000</b>	<b>357,000</b>



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	31.03.2011		31.03.2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 6 : INVENTORIES</b>				
(As taken, valued and certified by the Management)				
<b>Stock in Trade</b>				
Raw materials		95,952,662		55,553,603
Packing materials		629,639		493,905
Work-in-process		39,262,744		40,856,490
Finished goods		17,700,865		18,571,791
Stores and spares		2,036,445		1,837,970
PER BALANCE SHEET		<u>155,582,355</u>		<u>117,313,759</u>
<b>SCHEDULE 7 : CASH AND BANK BALANCES</b>				
Cash on hand		184,740		222,237
Margin money with banks [Refer Note No. 3(d)(ii)]		20,749,100		22,900,050
Balances with scheduled banks				
On current accounts	764,887		1,283,851	
On deposit accounts	530,952	1,295,839	6,426,914	7,710,765
PER BALANCE SHEET		<u>22,229,679</u>		<u>30,833,052</u>
<b>SCHEDULE 8 : LOANS AND ADVANCES</b>				
(Unsecured-considered good, unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received		42,044,575		30,236,153
Deposits		4,510,488		4,613,397
Advance Income Tax (Net of Provision)		9,504,146		7,607,287
MAT Credit Entitlement		2,500,000		2,500,000
Advance Excise duty		23,998,798		19,308,367
PER BALANCE SHEET		<u>82,558,007</u>		<u>64,265,204</u>
<b>SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry creditors :				
-Micro, Small and Medium Enterprises (Refer Note No. 8)		-		-
-Others	25,475,764		35,727,099	
Against acceptance of import documents	25,855,066		29,470,719	
Unclaimed Dividend		-	446,449	
Other liabilities	8,693,732		10,647,882	
Advances from customers	3,219,513		957,358	
Interest accrued but not due on loans	767,695	64,011,770	196,946	77,446,453
<b>Provisions</b>				
Provision for gratuity	439,559		1,245,508	
Provision for leave encashment	1,604,618		1,778,152	
Provision for leave travel assistance	211,553	2,255,730	144,416	3,168,076
PER BALANCE SHEET		<u>66,267,500</u>		<u>80,614,529</u>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 10 : INCOME FROM OPERATIONS</b>				
Export Incentives		857,834		-
Other income from operations		123,475		196,624
PER PROFIT AND LOSS ACCOUNT		<u>981,309</u>		<u>196,624</u>
<b>SCHEDULE 11 : OTHER INCOME</b>				
Profit on sale of assets		276,510		59,474
Dividend Income		1,134		1,134
Miscellaneous income		62,406		58,261
PER PROFIT AND LOSS ACCOUNT		<u>340,050</u>		<u>118,869</u>
<b>SCHEDULE 12 : MATERIAL COST AND INVENTORY ADJUSTMENTS</b>				
<b>Raw materials consumed</b>				
Opening stock	55,553,603		56,417,125	
Add: Purchases	172,331,222		145,230,264	
Raw material conversion charges	20,342,471		21,818,533	
	<u>248,227,296</u>		<u>223,465,922</u>	
Less: Closing stock	95,952,662	152,274,634	55,553,603	167,912,319
<b>Packing materials consumed</b>				
Opening stock	493,905		554,159	
Add: Purchases	1,891,258		1,956,667	
	<u>2,385,163</u>		<u>2,510,826</u>	
Less: Closing stock	629,639	1,755,524	493,905	2,016,921
<b>Finished goods purchased</b>		1,416,091		-
<b>Inventory adjustments</b>				
Stock at commencement				
Work-in-process	40,856,490		45,136,340	
Finished goods	18,571,791		27,989,735	
	<u>59,428,281</u>		<u>73,126,075</u>	
Less : Stock at close				
Work-in-process	39,262,744		40,856,490	
Finished goods	17,700,865		18,571,791	
	<u>56,963,609</u>	2,464,672	<u>59,428,281</u>	13,697,794
<b>Neutralisation of duties and taxes on inputs on exports - DEPB/Drawback benefits</b>		(7,912,538)		-
<b>Variation in excise duty on :</b>				
Closing stock of finished goods	128,288		-	
Less : Opening stock of finished goods	-	128,288	-	-
PER PROFIT AND LOSS ACCOUNT		<u>150,126,671</u>		<u>183,627,034</u>
<b>SCHEDULE 13 : PERSONNEL COST</b>				
Payment to and provision for salaries, wages and bonus		42,497,811		44,020,220
Contribution to provident fund, employees' state				
Insurance and other funds		3,077,240		2,518,421
Welfare expenses		1,336,455		1,924,371
Recruitment & Training Expenses		66,250		241,102
PER PROFIT AND LOSS ACCOUNT		<u>46,977,756</u>		<u>48,704,114</u>



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES</b>				
Consumption of stores		7,411,566		4,764,286
Power, fuel, gas & water charges		26,207,487		20,883,331
Repairs :				
- Building	2,068,447		1,599,786	
- Machinery	7,767,456		7,602,600	
- Others	379,956	10,215,859	217,256	9,419,642
Insurance		2,278,586		3,146,312
Rent		330,589		441,294
Rates and taxes		1,377,526		2,560,615
Freight, forwarding and transportation		7,800,878		7,278,711
Commission		5,180,691		6,733,361
Auditors' remuneration :				
Audit fees (Including tax audit)	125,000		125,000	
Taxation	-		-	
Reimbursement of expenses	41,782	166,782	36,825	161,825
Loss on sale of assets		655,993		139,177
Laboratory expenses and analytical charges		2,155,477		2,505,586
Communication expenses		1,109,205		1,295,891
Travelling expenses		1,075,029		1,143,492
Professional charges		3,006,105		2,598,283
Printing and stationery		1,212,569		1,345,014
Books, Subscription & Software		131,505		522,904
Product Registration Expenses		280,140		937,374
Sales & marketing expenses		14,381		110,721
Net miscellaneous balance written off /(back)		(2,817,501)		465,144
Bad debt W/off		-		1,433,470
Intellectual property right expenses		15,000		37,363
DMF, Patent & Promotional Expenses		-		1,646,726
Excise duty		58,714		287,072
Miscellaneous expenses		4,567,665		2,919,484
PER PROFIT AND LOSS ACCOUNT		<u>72,434,246</u>		<u>72,777,078</u>
<b>SCHEDULE 15 : FINANCIAL COST</b>				
Interest Expenses				
On fixed loans	25,228,592		21,641,574	
Others	2,686,445	27,915,037	4,496,491	26,138,065
		27,915,037		26,138,065
Less: Interest income		1,862,954		2,031,119
[Including tax deducted at source Rs.1,77,894) (Previous year Rs. 1,77,792)]				
		<u>26,052,083</u>		<u>24,106,946</u>
Bank charges		3,465,194		2,658,940
PER PROFIT AND LOSS ACCOUNT		<u>29,517,277</u>		<u>26,765,886</u>

**SCHEDULE 16 : ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**
**1. PRINCIPLES OF CONSOLIDATION:**

The consolidated financial statements relate to Tonira Pharma Ltd. and its Subsidiary. The consolidated financial statements have been prepared in accordance with Accounting Standard - 21 "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared on the following basis: -

- The Financial Statements of the Company and its subsidiary company have been combined on a line- by - line basis by adding together the book values of like items of Assets, Liabilities, Income and expenses after fully eliminating intra group balances and inter group transactions resulting in unrealized profits and losses.
- The financial statements of the Subsidiary used in consolidation are drawn up to the same reporting date as that of the Company i.e. 31<sup>st</sup> March.
- The difference between the cost to the Company of its investments in the subsidiary over the Company's portion of equity is recognized in the financial statement as Goodwill or Capital Reserve.

The subsidiary company included in consolidation and Company's holding therein is as under: -

<u>Name of the Subsidiary</u>	<u>% of ultimate holding</u>	
	2010-11	2009-10
Tonira Export Ltd.	<b>99.60</b>	99.60

**2. SIGNIFICANT ACCOUNTING POLICIES**
**a) Accounting Convention**

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies discussed more fully below, are consistent with those used in the previous year.

**b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Inflation**

Assets and liabilities are shown at historical cost except revalued assets, which are shown at revalued amounts. No adjustments are made for changes in purchasing power of money.

**d) Fixed Assets**

- i. Fixed assets are recorded at cost of acquisition or construction less CENVAT/Service Tax/VAT credit availed. Revalued assets are recorded at revalued amounts.
- ii. Project expenses pending allocation are apportioned to the fixed assets of the project proportionately.
- iii. Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use.
- iv. Intangible Assets are recorded at cost of acquisition.

**e) Investments**

Long term Investments are stated at cost. Provisions are made for diminution in value of Investments other than temporary in nature. Current Investments are stated at cost or market value which ever is lower.

**f) Depreciation, Amortisation and Impairment**

Depreciation on all assets of the Company is charged on straight line method over the useful life as provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year.

**g) Inventories**

Items of inventories are valued on the basis given below:

Raw Materials and Packing Materials	At Cost net of CENVAT/VAT computed on First-in-First-out method.
Work-in-process and Finished Goods	At cost including material cost net of CENVAT/VAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or realisable value, whichever is lower in case of finished goods. Excise duty is considered as cost for finished goods wherever applicable.
Stores and Spares	Stores and spare parts are valued at purchase cost.

**h) Employees Benefits**

- i. Retirement benefits in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.
- ii. Gratuity being a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year.
- iii. Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. Leave Travel Assistance (LTA) liability has been provided on the basis of actual accumulated obligation.

**i) Excise Duty and CENVAT Credit**

- i. The excise duty expenses are bifurcated into three components: excise duty expenses related to sales is reduced from Gross Sales, excise duty relating to the difference between the closing and opening stock of finished goods is recognized in the material cost and inventory adjustments and the un-recovered excise duty is recognized under manufacturing and other expenses.
- ii. CENVAT credit utilised during the year is accounted in excise duty and unutilised CENVAT balance at the year end is considered as advance excise duty.

**j) Service Tax Credit**

Service tax credit utilised during the year towards excise liability is accounted in excise duty and unutilised service tax credit at the year-end is considered as advance excise duty.

**k) Sales**

Local sales include excise duty and sales tax.

**l) Foreign Exchange Transactions**

Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year is recognised in the Profit and Loss Account.

Foreign currency transactions remaining unsettled at the end of the year are converted at year-end rates. Gain or loss arising on account of transactions covered by forward contract is recognised over the period of contracts.

Current assets and current liabilities at the end of the year not covered by forward contracts are converted at the year end rate and the resultant gain and loss are accounted for in the Profit and Loss Account.

**m) Research and Development**

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to fixed assets.

**n) Revenue Recognition**

- i. In respect of incentives attributable to the export of goods, the Company following the accounting principle of matching revenue with the cost has recognised export incentive receivable when all conditions precedent to the eligibility of benefits have been satisfied and when it is reasonably certain of deriving the benefit. Since these schemes are meant for neutralisation of duties and taxes on inputs pursuant to exports, the same are grouped under material costs.
- ii. The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under income from operations.
- iii. Revenue in respect of insurance/other claims, interest, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.
- iv. Dividend income is recognized when the unconditional right to receive the income is established.

**o) Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

**p) Taxation**

Tax expenses comprise Current Tax and Deferred Tax:

**I. Current Tax:**

Current Tax is calculated as per the provisions of the Income tax Act, 1961.

**II. Deferred Tax:**

Deferred Tax is recognized on timing differences being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on balance sheet date.

**III.** In view of judicial pronouncements and in accordance with advice of the Company's Tax Advisor, no provision has been made for the completed assessments, which are in appeal.

**IV. MAT Credit:**

MAT Credit entitlement is recognized only when the Company actually avails the MAT credit based on its annual tax computation.

**q) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor recorded in financial statements.

**r) Government grants**

The company accounts government grants relating to fixed assets as deferred income and recognizes the same proportionately over the useful life of the asset.





**31.03.2011**      31.03.2010  
**Rupees in Lacs**      Rupees in Lacs

3. **Contingent liabilities not provided for in respect of :**

a) Unexpired letter of Credit	-	122.64
b) Corporate Guarantee received for Bank facilities	3000.00	3000.00
c) Counter Guarantee given for above guarantee	3000.00	3000.00
d) Excise Liabilities		

Nature of dues	Amount (Rs. in lacs)	Forum where dispute is pending
i. Excise Duty on WIP on de-bonding	23.07	Commissioner of Central Excise & Custom, Surat
ii. Interest and penalty on past anti-dumping duty and excise duty	415.28	High Court, Gujarat

The above referred amount of interest and penalty demanded is not payable in accordance with the order passed by the Hon'ble Central Excise and service Tax Appellate Tribunal (CESTAT). The Department had moved the Hon'ble Gujarat High Court against the said CESTAT order and as per the order of the said Hon'ble High Court, the Company has furnished a Bank Guarantee of Rs.200 lacs to the Department. The Bank guarantee is obtained from Corporation Bank, Kandivali against 100% margin in the form of Fixed Deposit Receipt (FDR) and the FDR is endorsed in favour of the Bank for issuing the said Bank guarantee.

e) Income Tax

Assessment Year	Amount (Rs. in lacs)	Forum where dispute is pending III
2003-04	141.81	Commissioner of Income Tax (Appeal) III, Baroda
2004-05	32.25	Commissioner of Income Tax (Appeal) III, Baroda
2005-06	122.69	Commissioner of Income Tax (Appeal) III, Baroda
2007-08	69.38	Commissioner of Income Tax (Appeal) III, Baroda
<b>Total</b>	<b>366.13</b>	

A sum of Rs. 67.40 lacs which represents payment made under protest and refunds has been adjusted against above demands by Income Tax Dept.

4. **PARTICULARS PURSUANT TO PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF THE COMPANIES ACT 1956 IN PART II OF SCHEDULE VI OF COMPANIES ACT, 1956**

(A) CAPACITY : CLASS OF GOODS

LICENSED : N.A.

INSTALLED : The Company is manufacturing Bulk drugs, Drugs Intermediate, Fine Chemicals etc.; the installed capacity varies with change in products, product mix even though there may not be increase in Plant and Machineries.

(B) **STATEMENT OF PRODUCTION, SALE AND STOCK OF FINISHED GOODS (EXCLUSIVE OF CAPTIVE CONSUMPTION) :**

(Qty. in kgs.) (Rs. in Lacs)

CLASS OF GOODS	YEAR	Op. Stock (Qty.)	Op Stock (Amt)	Production (Qty.)	Sales (Qty)	Sales (Amt.)	Closing Stock (Qty).	Closing Stock (Amt.)
Bulk Drugs & Intermediates	2010-11	7916.31	185.72	58698.08	61655.00	2973.08	4959.39	177.01
	2009-10	11758.66	279.90	75873.61	79715.96	3666.55	7916.31	185.72
Others	2010-11	-	-	-	-	30.13	-	-
	2009-10	-	-	-	-	14.36	-	-
Total	2010-11		185.72			3003.21		177.01
	2009-10		279.90			3680.91		185.72

(C) **STATEMENT OF RAW MATERIALS CONSUMPTION :**

(Rs. in Lacs)

Name of Raw Material	Units	2010-11		2009-10	
		Qty.	Amount	Qty.	Amount
1:3 Di-Chloro Acetone	Kgs.	21,850	95.70	18,800	82.53
Guanyl Thiourea (G.T.U.)	Kgs.	20,765	57.92	25,010	67.36
Sulfamide	Kgs.	18,597	114.36	19,240	115.02
Others	Kgs.	-	1254.77	-	1414.21
<b>TOTAL</b>			<b>1522.75</b>		1679.12

(None of the raw material individually forms more than 10% of the total consumption.)

(D) **PARTICULARS OF IMPORTED & INDIGENEOUS RAW MATERIALS CONSUMED**

(Rs. in Lacs)

	2010-11		2009-10	
	%	Rs.	%	Rs.
Imported at landed cost	48.54	739.14	48.78	819.10
Indigenous	51.46	783.61	51.22	860.02
<b>TOTAL</b>	<b>100.00</b>	<b>1522.75</b>	<b>100.00</b>	<b>1679.12</b>



**(E) VALUE OF IMPORTS OF RAW MATERIAL AND CAPITAL ITEM ON C.I.F. BASIS**

(Rs. in Lacs)

	2010-11	2009-10
Raw Material	792.13	546.72
Capital Item	41.39	31.82
<b>Total</b>	<b>833.52</b>	<b>578.54</b>

**(F) EXPENDITURE IN FOREIGN CURRENCY**

(Rs. in Lacs)

	2010-11	2009-10
Brokerage and Commission	53.79	77.63
Traveling Expenses	2.85	2.59
Bank Interest - FCNR / PCFC - Term Loan	-	26.40
Product Registration Expenses	2.80	9.37
Legal Expenses	3.36	1.26
Import & Export Rates & Taxes	0.20	-
Imported books & subscriptions	0.36	0.38
<b>Total</b>	<b>63.36</b>	<b>117.63</b>

**(G) EARNINGS IN FOREIGN EXCHANGE**

(Rs. In Lacs)

	2010-11	2009-10
FOB value of Exports	2727.48	3507.78

**5. Break-up of Deferred tax assets and liabilities are as under:**

(Amount in Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>Deferred tax liability on account of</b>		
Depreciation	2,40,93,000	1,94,55,000
<b>Deferred tax asset on account of</b>		
Unabsorbed Depreciation	1,74,35,000	1,02,97,000
Business Losses	1,46,82,000	1,56,31,000
Unpaid Expenses	6,63,168	9,65,168
<b>Net deferred tax asset</b>	<b>86,87,168</b>	<b>74,38,168</b>

6. In the opinion of the Board of Directors, all the current assets, loans & advances have value on realisation at least of an amount equal to the amount at which they are stated in the Balance Sheet.

7. Outstanding Balances of Loans, Advances, Debtors and Creditors are subject to confirmation from parties.

8. The company has not received any information from its suppliers regarding their status under the Micro, Small and Medium enterprise development Act, 2006 and hence no disclosure required under the said Act can be made.

9. In our Opinion provision for impairment of assets is not required as the carrying amount of assets do not exceed its recoverable amount.
10. The amount of long term loans repayable in the following 12 months aggregate to Rs. 199.24 lacs (Previous year Rs. 403.27 lacs).
11. Managerial Remuneration

The company has been advised that computation of net profits for the purpose of Director's Remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission is agreed to be paid to the Directors. The aggregate of remuneration to Directors is as under:

(Rs. In Lacs)

	2010-11	2009-10
<b>Directors Remuneration</b>		
Salary & Contribution to provident fund & other funds		
Mr. R K P Verma	33.60	33.60
Mr. L. K Gupta	0.84	-
Perquisites & benefits		
Mr. R K P Verma	0.22	0.22
<b>Sitting Fees</b>		
Mr. Harish P. Kamath	0.42	0.36
Mr. Rajesh J. Shah	0.28	0.24
Mr. Dev Prakash Yadava	0.28	0.36
Mr. Mahesh Bhatt	0.42	0.28
Mr. J. L. Nagori	0.16	0.20
Mr. Bhailal B. Shah	0.20	0.16
<b>Total</b>	<b>36.33</b>	<b>35.42</b>

12. **Earning per share**

The earning per share is calculated by dividing the profit/ (loss) after tax by weighted average no. of shares outstanding for basic & diluted EPS.

Sr. no	Particulars	2010-11	2009-10
i)	Profit after tax before Exceptional Item (Rs.)	(2,07,99,976)	1,02,17,664
ii)	Profit after tax and exceptional Items (Rs.)	(2,07,99,976)	1,02,17,664
iii)	No. of shares outstanding	79,44,200	79,44,200
iv)	Weighted Average no. of shares outstanding (Nos.) - Basic	79,44,200	79,44,200
v)	Weighted Average no. of shares outstanding (Nos.) - Diluted	79,44,200	79,44,200
vi)	Nominal value of equity share (Rs.)	10	10
	<b>Basic EPS</b>		
vii)	Earning per share before Exceptional Item (Rs.) (i/iv)	(2.62)	1.29
viii)	Earning per share after Exceptional Item (Rs.) (ii/iv)	(2.62)	1.29
	<b>Diluted EPS</b>		
ix)	Earning per share before Exceptional Item (Rs.) (i/v)	(2.62)	1.29
x)	Earning per share after Exceptional Item (Rs.) (ii/v)	(2.62)	1.29

13. Remuneration to auditors of the Subsidiary is grouped with the professional charges.
14. Significant accounting policies and notes to this consolidated financial statement are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the Management could be better viewed when referred from the individual financial statements.

15. The entire operations of the Company relate to only one segment viz. pharmaceuticals. As such, there is no separate reportable segment under Accounting Standard - 17 on Segment Reporting.
16. As per Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet are given herein:

(Amount in Rs.)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
<b>I.</b>	<b>Change in Benefit Obligation</b>				
	Liability at the beginning of the year	<b>19,38,045</b>	15,82,700	<b>17,78,152</b>	9,75,908
	Interest cost	<b>1,55,044</b>	1,26,616	<b>1,42,252</b>	73,193
	Current Service Cost	<b>2,34,331</b>	2,03,173	<b>4,47,619</b>	5,50,352
	Past year Service Cost	-	-	-	-
	Benefit Paid	-	-	<b>(7,02,109)</b>	(5,38,234)
	Actuarial (gain)/loss on obligations	<b>2,35,988</b>	25,556	<b>(61,296)</b>	7,16,933
	Curtailments and Settlements	-	-	-	-
	Liability at the end of the year	<b>25,63,408</b>	19,38,045	<b>16,04,618</b>	17,78,152
<b>II.</b>	<b>Fair Value of Plan Assets</b>				
	Fair Value of Plan Assets at the beginning of the year	<b>11,51,543</b>	5,70,565	-	-
	Expected Return on Plan Assets	<b>1,59,122</b>	94,972	-	-
	Contributions	<b>8,13,184</b>	4,86,006	-	-
	Benefit paid	-	-	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Fair Value of Plan Assets at the end of the year	<b>21,23,849</b>	11,51,543	-	-
<b>III.</b>	<b>Actual Return on Plan Assets</b>				
	Expected Return on Plan Assets	<b>1,59,122</b>	94,972	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Actual Return on Plan Assets	<b>1,59,122</b>	94,972	-	-
<b>IV.</b>	<b>Amount Recognised in the Balance Sheet</b>				
	Liability at the end of the year	<b>25,63,408</b>	19,38,045	<b>16,04,618</b>	17,78,152
	Fair Value of Plan Assets at the end of the year	<b>21,23,849</b>	11,51,543	-	-
	Difference	<b>4,39,559</b>	7,86,502	-	-
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	<b>4,39,559</b>	7,86,502	<b>16,04,618</b>	17,78,152
<b>V.</b>	<b>Expenses Recognized in the Income Statement</b>				
	Current Service Cost	<b>2,34,331</b>	2,03,173	<b>4,47,619</b>	5,50,352
	Interest Cost	<b>1,55,044</b>	1,26,616	<b>1,42,252</b>	73,193
	Expected Return on Plan Assets	<b>(1,59,122)</b>	(94,972)	-	-
	Net Actuarial (gain)/loss to be Recognised	<b>2,35,988</b>	25,556	<b>(61,296)</b>	7,16,933
	Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-	-	-
	Effect of Curtailment or Settlements.	-	-	-	-
	Expense Recognised in Profit and Loss Account	<b>4,66,241</b>	2,60,373	<b>5,28,575</b>	13,40,478





(Rs. in Lacs)

Particulars	2010-11	2009-10
Expenses incurred by related party on our behalf.	1.80	3.06
Interest on ICD's	179.26	136.15
ICD's taken/ (repaid) during the year (Net)	750.00	(140.00)
Advances Settled during the year	-	21.65
Corporate Guarantee received by the Company for bank facilities	3000.00	3000.00
Counter guarantee given by the Company for above guarantee	3000.00	3000.00
<b>Transactions relating to parties referred to in (B) above</b>		
Sale of Material	0.84	17.42
<b>Details relating to parties referred to in (C) above</b>		
Remuneration to director including Perquisites	34.57	33.82
Sitting fees to Independent Directors	1.76	1.60

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

(Rs. in Lacs)

	2010-11	2009-10		2010-11	2009-10
<b>Purchase of Goods &amp; Services</b>			<b>Sales of Assets</b>		
Ipca Laboratories Ltd.	68.12	3.86	Ipca Laboratories Ltd.	0.63	5.49
<b>Sale of Goods &amp; Services:</b>			<b>ICD taken/(repaid) (Net)</b>		
Ipca Laboratories Ltd.	121.51	47.59	Ipca Laboratories Ltd.	750.00	(140.00)
<b>Purchases of Assets</b>			<b>Interest on ICD's</b>		
Ipca Laboratories Ltd.	0.38	17.66	Ipca Laboratories Ltd.	179.26	136.15
<b>Guarantees Outstanding</b>			<b>Payables</b>		
Ipca Laboratories Ltd.	3000.00	3000.00	Ipca Laboratories Ltd.	1792.36	912.71
<b>Remuneration</b>					
Mr. R K P Verma	33.82	33.82			

18. Previous year's figures have been regrouped and rearranged wherever necessary.  
 19. Notes 1 to 18 of Schedule 16 form an integral part of the Balance Sheet and the Profit & loss account.

**As per our Report of even date attached  
 FOR MITESH P. VORA & COMPANY**  
 Chartered Accountants  
 Firm Registration No. 116071W

For and on behalf of the Board of Directors

**MITESH P. VORA**  
 Partner  
 M.No.37530

**B. B. SHAH**  
 CHAIRMAN

**L. K. GUPTA**  
 EXECUTIVE DIRECTOR

**R. J. SHAH**  
 DIRECTOR

PLACE : Mumbai  
 DATE : 20th May, 2011

PLACE : Mumbai  
 DATE : 20th May, 2011

**HETA MEHTA**  
 COMPANY SECRETARY

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES.**

PARTICULARS	NAME OF THE SUBSIDIARY
	TONIRA EXPORTS LTD.
Financial year / period of the subsidiary companies ended on	31 <sup>st</sup> March, 2011
No. of Equity shares held by Tonira Pharma Limited in the subsidiary as at 31 <sup>st</sup> March, 2011.	99,600 Equity shares of Rs.10/- each fully paid
Extent of interest of Tonira Pharma Limited in the capital of the subsidiary	99.60%
Net aggregate amount of the profits / (losses) of the subsidiaries so far it concerns to the members of Tonira Pharma Limited as it is not dealt with the Company's Accounts for the year ended 31 <sup>st</sup> March, 2011 of the subsidiary	Rs. 11,180
Net aggregate amount of the profits / (losses) of the subsidiaries so far as dealt with or provision is made for those losses in the Accounts of Tonira Pharma Limited for the subsidiary's Financial year ended 31 <sup>st</sup> March, 2011.	Nil

**Information pertaining to Subsidiary Company**

(Amount in Rs.)

PARTICULARS	TONIRA EXPORTS LTD.
Capital	10,00,000
Reserves	1,68,123
Total Assets	16,15,682
Total Liabilities	16,15,682
Investments	Nil
Total Income	96,000
Profit / (loss) Before Taxation	11,180
Provision for Taxation	Nil
Profit / (loss) After Taxation	11,180
Proposed Dividend	Nil

The Company owns 99.60% interest in the above subsidiary.

As per our Report of even date attached  
For **Mitesh P. Vora & Company**  
Chartered Accountants  
Firm Registration No. 116071W

**For and on behalf of the Board of Directors**

**MITESH P. VORA**  
Partner  
M. No. 37530

**B. B. SHAH**  
CHAIRMAN

**L. K. GUPTA**  
EXECUTIVE DIRECTOR

**R. J. SHAH**  
DIRECTOR

PLACE: MUMBAI  
DATE : 20<sup>th</sup> May, 2011

PLACE: MUMBAI  
DATE : 20<sup>th</sup> May, 2011

**HETA MEHTA**  
COMPANY SECRETARY





**PROXY**

Registered Office: Plot No. 23-24, G.I.D.C. Estate, Nandesari - 391340, Dist : Vadodara, Gujarat.

I/We .....  
of ..... in the district of ..... being a member/members of the above named  
Company 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 19th Annual General Meeting of the Company to be held on Friday, the 12th day of August, 2011 at  
1.30 p.m. and at any adjournment thereof.

Signed this ..... day of.....2011

Signed by the said .....

Reg. Folio No. .... No. of Shares held .....

\* Client ID No. ....

\* DP ID No. ....

Re. 1  
Revenue  
Stamp

Note.: The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered  
Office of the Company not less than FORTY EIGHT hours before the time for holding the meeting.

\* Applicable for investors holding shares in electronic form.



**ATTENDANCE SLIP**

Registered Office: Plot No. 23-24, G.I.D.C. Estate, Nandesari - 391340, Dist : Vadodara, Gujarat.

I hereby record my presence at the 19th Annual General Meeting held at Plot No. 23-24, G.I.D.C. Estate,  
Nandesari - 391340, Dist : Vadodara, Gujarat on Friday, the 12th day of August, 2011 at 1.30 p.m.

Name of the Shareholder (s) .....

(In Block Capitals)

Name of the Proxy or Company Representative .....

(In Block Capitals)

Signature of the Shareholder or

Proxy or Company Representative .....

Notes : 1. A Proxy attending on behalf of a Shareholder should please write the name of the Shareholder from  
whom he/she holds Proxy.

2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional  
copies of the same will not be made available at the Meeting.

Reg. Folio No. .... No. of Shares held .....

\* Client ID No. ....

\* DP ID No. ....

\* Applicable for investors holding shares in electronic form



**FIVE YEARS' PERFORMANCE HIGHLIGHTS****(Rs. Lacs)**

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Total Income*</b>	3675.95	3287.28	4165.06	3684.02	3016.42
<b>Profit before Tax</b>	269.91	(526.29)	234.00	134.41	(220.60)
<b>Profit / (Loss) after Tax</b>	164.03	(582.98)	74.44	102.48	(208.11)
<b>Share Capital</b>	794.42	794.42	794.42	794.42	794.42
<b>Reserves &amp; Surplus</b>	1213.57	630.59	524.85	639.80	431.68
<b>Net Worth</b>	2007.99	1425.01	1319.27	1434.22	1226.10
<b>Net Block</b>	2778.67	2632.60	2421.85	2509.60	2461.89
<b>Earnings per share (Rs.)</b>	2.06	(7.34)	0.94	1.29	(2.62)
<b>Book Value per share (Rs.)</b>	25.28	17.94	16.61	18.05	15.43

**\*Net of Excise Duty and Sales Tax**

*Registered Office*



**tonira** PHARMA LIMITED

**TONIRA PHARMA LTD.**

23-24, GIDC Estate,  
Nandesari, Dist. Vadodara,  
Gujarat - 391 340.