



ISHITA DRUGS AND INDUSTRIES LIMITED

SIXTEENTH ANNUAL REPORT 2008-09

AN ISO 9001 : 2000 COMPANY

FOR, ISHITA DRUGS & INDUSTRIES LTD.

AUTHORISED SIGNATORY

Certified ISO 9001 By



Certificate No. 157241



UKAS
QUALITY
MANAGEMENT

008

"Our basic drugs in the service of humanity worldwide"

SIXTEENTH ANNUAL REPORT AND ACCOUNTS

Board Of Directors	: Mr. Jagdish Agrawal - Chairman & Managing Director Mr. P. R. Rastogi - Director Mr. Govind Gupta - Director Dr. S. K. Agrawal - Director Mrs. Abha Agrawal - Director
Bankers	: Corporation Bank ICICI Bank Ltd. Punjab National Bank Citibank N.A.
Auditors	: M/s. Kishor Goyal & Co. Chartered Accountants, Ahmedabad.
Corporate Office	: 11, Valmik Complex, Near Parimal Garden, C.G. Road, Ellisbridge, Ahmedabad - 380 006.
Registered Office & Factory	: Survey No. 179/1, Village : Vasna-Iyava, Taluka : Sanand, District : Ahmedabad
Investors' Complaints may be addressed to	: Mr. Suresh Parmar Share Department at Corporate office. E-mail: ishitadrugs@vsnl.net

ANNUAL GENERAL MEETING

On Wednesday, 30th September, 2009
at 3.00 P.M. at Registered Office
of the Company

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING** of the Members of **ISHITA DRUGS AND INDUSTRIES LIMITED** will be held on Wednesday, 30th September, 2009 at 3.00 P.M. at the Registered Office of the Company situated at Survey No. 179/1, Vasna-Iyava, Tal. Sanand, Dist. Ahmedabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2009, and the Balance Sheet as on that date, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Prakash Rastogi, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr.S.K.Agrawal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint the Auditors of the Company for the year 2009-10 and to fix their remuneration.

For and on behalf of the Board

Place: Ahmedabad

Jagdish Agrawal

Dated: 25th August, 2009

Managing Director

NOTES:

- a) A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a Member. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
- b) Members are requested to advise immediately any change in their address to the Company.
- c) The Member Register and Share Transfer books shall remain closed from 24.09.2009 to 30.09.2009 (both days inclusive).
- d) Demat facility is available for the Equity Shares of the Company under ISIN INE 806D01016. The members are requested to avail this facility for the shares held by them, as the shares of the Company are to be traded compulsorily in Demat form as per SEBI guidelines.

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the **Sixteenth Annual Report** together with the Audited Accounts of your Company for the year ended on 31st March-2009.

WORKING RESULTS

	Rupees in Lacs	
	For the year ended 31.03.2009	For the year ended 31.03.2008
Turnover & other incomes	503.29	411.05
Operating gross profit	67.89	65.98
Financial Charges	(3.17)	(5.39)
Depreciation	(25.04)	(24.55)
Profit before tax	39.68	36.04
Fringe Benefit Tax	(0.32)	(0.26)
Provision for Income Tax	(4.90)	-
Minimum Alternate Tax	-	(2.60)
Mat Credit available	-	2.60
Deferred Tax Assets	5.31	5.48
Net profit / loss (-)	39.77	41.26
Previous period adjustment	(3.95)	-

DIVIDEND

With a view to consolidate the financial position of the Company, the Board has not recommended any dividend for the year under review.

BUSINESS OPERATIONS & FINANCIAL PERFORMANCE

We are pleased to inform you that despite a general slowdown in the economy, the company was able to achieve an increase of about 22% in the total income, from Rs. 411.05 lakh in the previous year to Rs. 503.29 lakh in the year under review. However, the exports of the company were affected by the global recessionary trends and were lower at Rs. 44.44 lakh (PY Rs. 94.43 lakh). The Profit before tax of the company has increased to Rs.39.68 lacs (P.Y.36.04 lacs).

The company has, during the year under review, undertaken a small expansion-cum-debottlenecking project, which is reflected in increase of Rs. 22.06 lakh in the gross fixed assets of the company. Further, the company has also refurbished / upgraded many of its existing equipment. This expansion and upgradation will help in better capacity utilization. The impact of these projects will be felt in the current year.

As part of its diversification and growth plans, the company has taken a strategic stake in a recently commissioned pharmaceutical finished dosage form manufacturing company, based in Mehsana, Gujarat. Based on the growth of that company, your company would take a view on increasing its stake.

FUTURE OUTLOOK

The present economic scenario presents a stiff challenge for the company. The domestic and export operations of the company are likely to be impacted and the margins of the company are expected to remain under pressure in the current year. However, the management of your Company is fairly confident of maintaining the present levels of growth for the company. To this end, the company has already identified few other products which would help increase the sales and profits of the company.

The minor expansion and upgradation project undertaken by the company is likely to be completed in the current year. However, due to depressed market conditions, it may not get reflected in increased turnover in the current year.

PERSONNEL

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 are not applicable since none of employees is in receipt of remuneration in excess of the limits specified therein during the year under review.

DIRECTORS

Mr. Prakash Rastogi and Dr. S. K. Agrawal retire by rotation, and being eligible, have offered themselves for reappointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- i. that in the preparation of annual accounts, the applicable accounting standards have been followed;
- ii. that 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 a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2009 and of the profit of the Company for the year;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

The Company has not accepted any fixed deposit from the public during the year. (PY Rs.NIL).

AUDITORS

The Company, in its last annual general meeting, had appointed M/s. Kishor Goyal & Co. as auditors for the year 2008-09. The remarks made in the Auditors' report are self-explanatory.

M/s. Kishor Goyal & Co, Chartered Accountants, Ahmedabad the retiring auditors, offer themselves for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The statement containing the necessary information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed herewith.

CORPORATE GOVERNANCE

Provision of Clause 49 relating to corporate governance is not applicable to the Company.

ACKNOWLEDGMENT

We wish to place on record our deep appreciation of the co-operation and assistance received by the Company from the staff and employees. We further wish to thank our bankers for their continued support to the Company.

For and on behalf of the Board

Place: Ahmedabad
Dated: 25th August, 2009

Jagdish Agrawal
Managing Director

ANNEXURE**CONSERVATION OF ENERGY**

The Company has been persistently striving to achieve improved efficiency in energy consumption by consistently running the plant at very high steam efficiency, close monitoring of energy consuming equipments, optimizing the use of steam centers minimizing losses and better housekeeping. The Company continues to make strenuous efforts to conserve and optimize the consumption of energy through improved operational methods.

FORM - A

Form for disclosure of particulars with respect to the conservation of energy.

POWER AND FUEL CONSUMPTION

	2008-09	2007-08
(1) Electricity		
(a) Purchased units KWH (GEB)	105782	137388
Total amount Rs.	676838	774430
Average Rate per Unit Rs.	6.40	5.64
(b) Own Generation through D.G.		
Amount of Diesel Rs.	-----	98756
Units of Diesel consumed (Ltrs)	-----	2800
(2) Other Fuels Rs.	278220	647477

CONSUMPTION PER UNIT OF PRODUCTION

It is impractical to apportion the consumption and cost of utilities to each product in view of multiplicity of products.

RESEARCH AND DEVELOPMENT

The Company through its R&D efforts has made significant progress in various activities like Process Development, Analytical Methods, Development and Chemical Synthesis.

FORM-B

Form of disclosure of particulars with respect to the technology absorption.

(A) Research and Development (R&D)

1. Specific areas in which R&D is carried out by the Company.
 - Process development for newer bulk drugs and process improvement for existing product
 - Development of new analytical methods for quality control and quality assurance during production.
2. Benefits derived as a result
 - Successful Commercialization of the process developed by R&D department significant savings due to in house process development.
 - Better margins due to improvement in yields.
 - Improved quality of products due to adaptation of better methods of analysis by quality assurance.
3. Future plan of action

Research and Development efforts will be continued in process development. The Company is considering technical tie-ups with Indian and Foreign research institutes for new molecules in the chemical and biotechnology spheres.

AUDITORS' REPORT

Expenditure on R & D:

	<u>2008-09</u>	<u>2007-08</u>
(a) Capital		
(b) Recurring	Rs.137564	Rs.126312
Total (a+b)	Rs.137564	Rs.126312
(c) Total R&D expenditure as a percentage of total turnover	0.28%	0.31%

(B) Technology Absorption, Adaptation and Innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation :
Our R&D laboratory has carried out detailed experiments for the Process development of drug intermediates.
- Benefits derived as a result of the above efforts, e.g., development, import substitution, etc.:-
Commercial Production of the speciality chemical product (Drug Intermediate) may be taken up in near future.
- In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) Nil

(C) Foreign exchange earnings and outgo

- Foreign Exchange Earning - Rs.3290659
(PY Rs. 9476644)
- Foreign Exchange Outgo - Rs.5830827
(PY Rs. 7136873)

For and on behalf of the Board

Place: Ahmedabad
Dated: 25th August, 2009**Jagdish Agrawal**
Managing Director**TO THE SHAREHOLDERS OF ISHITA DRUGS & INDUSTRIES LTD.**

We have audited the attached Balance Sheet of **Ishita Drugs and Industries Limited** as at 31st March-2009 and also the Profit & Loss account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

- As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- Further to our comments in the Annexure referred to in paragraph 1 above:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes on accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Kishor Goyal & Co.
Chartered Accountants(Kishor Goyal)
Partner
Membership No.047286Place: Ahmedabad
Dated: 25th August, 2009

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date to the members of **Ishita Drugs and Industries Limited**.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the Fixed Assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed of any substantial / major part of the Fixed Assets.
2. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
3. According to the information and explanations given to us, the Company has not taken / granted any loan from parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly clause (iii) (b) (c) & (d) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - a. Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under Section 301 have been so entered.
 - b. In our opinion and according to the explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding in the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at that time.
6. The Company has not accepted deposits from the public and has complied with the directives issued by the Reserve Bank of India from time to time in this regard.
7. The Company has no internal audit system as the volume of commercial production has not reached optimum levels.
8. We have been informed that maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act 1956 in respect of the Company's products.
9. According to the records of the Company and information given to us, Company is regular in depositing P.F. etc. with the appropriate authority and there are no arrears of such dues.
10. The accumulated losses of the Company have not exceeded fifty per cent of its net worth as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and on the basis of the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. According to our examinations of the records of the Company and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a 'nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. Based on the examinations of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, Company has not given guarantees for loans taken by others from banks or financial institutions during the year.
16. On the basis of examinations of records and as per the information and explanations given to us, the Company has raised term loan during the year. But the company has not taken disbursement of the same and hence this clause is not applicable.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term or long-term basis during the year.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanation given to us, the Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For Kishor Goyal & Co.
Chartered Accountants

(Kishor Goyal)
Partner
Membership No.047286

Place : Ahmedabad
Dated : 25th August, 2009

Balance Sheet as at 31st March, 2009

Particulars	Schedule	As at 31-Mar-2009 Rupees	As at 31-Mar-2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds :			
Paid up Share Capital	1	29903000	29903000
Share Forfeited A/c		164500	164500
Reserves and Surplus			
Capital Reserve			
State Cash Subsidy		<u>1500000</u>	<u>1500000</u>
General Reserve			
Balance in Profit & Loss A/c		<u>6375903</u>	<u>2793707</u>
		37943403	34361207
Loan Funds			
Secured Loans	2	272758	927439
Deferred Tax Liabilities		578395	1109504
Total		<u>38794556</u>	<u>36398150</u>
APPLICATION OF FUNDS			
Fixed Assets	3		
(A) Gross Block		33056375	30850252
Less : Depreciation		<u>22203772</u>	<u>19699643</u>
Net Block		10852603	11150609
(B) Capital Work-in progress		-----	617059
Investments	4	4226900	1236900
Current Assets, Loans & Advances			
Inventories	5	5292133	5593655
Sundry Debtors	6	11437562	11184918
Cash and Bank Balances	7	13303626	7966718
Loans and Advances	8	<u>2483463</u>	<u>1783858</u>
		32516784	26529149
Less : Current Liabilities & Provisions	9	<u>9101731</u>	3135567
Net Current Assets		23415053	<u>23393582</u>
	Total	<u>38794556</u>	<u>36398150</u>
Notes on Accounts & Significant Accounting Policies	15		

As per attached report of even date

For Kishor Goyal & Co.
Chartered Accountants

Jagdish Agrawal
Managing Director

Govind Gupta
Director

Kishor Goyal
Partner

Mrs. Abha Agrawal
Director

Place : Ahmedabad
Date : 25th August, 2009

Place : Ahmedabad
Date : 25th August, 2009

Profit and Loss Account for the year ended 31st March, 2009

Particulars	Schedule	2008-2009 Rupees	2007-2008 Rupees
Income :			
Sales		49604115	40472907
Other Income	10	724881	632588
	Total	50328996	41105495
Less : Expenditure :			
Material & Inventory Adjustments	11	31936898	24030488
Personnel Cost	12	3109943	2705784
Manufacturing and Other Exp.	13	8493260	7770980
Financial Charges	14	316703	539089
Depreciation		2504129	2455287
	Total	46360933	37501628
Operational Profit for the year before extra ordinary item & tax		3968063	3603867
Taxation :			
Fringe Benefit Tax		31799	26128
Provision for Income Tax		490000	-----
Provision for Deferred Tax		(531109)	(548346)
Net Profit after Tax		3977373	4126085
Minimum Alternate Tax		-----	260000
Less : MAT Credit Available		-----	260000
Net Profit for the year		3977373	4126085
Less : Prior Period Items		(395177)	-----
Less : Provision for Deferred Tax for earlier years		-----	(1657850)
Add : Balance brought forward from previous year		2793707	325472
Balance carried to Balance Sheet profit/(Loss)		6375903	2793707
Notes on Accounts & Significant Accounting Policies	15		

As per attached report of even date

For Kishor Goyal & Co.
Chartered Accountants

Jagdish Agrawal
Managing Director

Govind Gupta
Director

Kishor Goyal
Partner
Place : Ahmedabad
Date : 25th August, 2009

Mrs. Abha Agrawal
Director
Place : Ahmedabad
Date : 25th August, 2009

Cash Flow Statment For The Year Ended 31st March 2009

Particulars	Schedule	For the Year 2008-2009 Rupees	For the Year 2007-2008 Rupees
A Cash flow from operating activites :			
Profit before tax		3613995	4152213
Add : Depreciation		2504129	2455287
Interest & Other financial charges		316703	539089
Less : Interest received		673839	135600
Dividend recived		1500	2724
Income from Investments		60090	54255
Deferred Tax Assets		531109	548346
Profit on Sale of fixed assets		-----	160656
Operating profit before change in working capital		5168289	6245009
Add : Trade Debtors		(252644)	(570952)
Increase in Inventory		301522	(1158571)
Increase in Loans and advances		(699605)	(86654)
Less : Fringe Benefit Tax		31799	26128
MAT credit for previous year		260000	-----
Trade creditors		(5966164)	1655976
Net cash generated from operating activities (A)		10451926	2746728
B Cash inflow from investing activities :			
Add : Investment sold / (Purchased)		(3290000)	346488
Dividend received		1500	2724
Income from Investments		60090	54255
Profit on sale of fixed assets		-----	160656
Less : Capital work in progress		(617059)	(20140)
Investment in fixed assets		2206123	1575585
Net cash generated from investing activites (B)		(4817473)	(991321)
C Cash flow from financial activites :			
Add : Interest received		673839	135600
Add : Borrowing		-----	927439
Less : Repayment of borrowings		654681	-----
Interest & Other financial charges		316703	539089
Net Cash generated from financial activites (C)		(297545)	523949
Net Increase/(decrease) in Cash & Cash Equivalentents (A+B+C)		5336908	2279356
Opening balance of Cash and Cash equivalentents		7966718	5687362
Closing balance of Cash & Cash equivalentents		13303626	7966718
Net Increase/(decrease) in Cash & Cash Equivalentents		5336908	2279356

Note : Figures in bracket indicate negative value

Correctly extracted from Audited accounts of the Company

Mrs. Abha Agrawal

Director

Palce : Ahmedabad.

Dated : 25th August, 2009

Auditor's Certificate

We have veified the above cash flow statements of Ishita And Industries Limited from the autited finacial statement for the year ended on 31st March, 2009 and found the same to the drawn in accordance therewith and also with requirements of clause 32 of listing agreement with the Stock Exchanges.

For Kishor Goyal & Co.

Chartered Accountants

Palce : Ahmedabad.

Dated : 25th August, 2009

Kishor Goyal

Partner

	<u>31-Mar-09</u> <u>Amount Rs.</u>	<u>31-Mar-08</u> <u>Amount Rs.</u>
Schedule-1 : Share Capital		
Authorised :		
35,00,000 Equity Shares of Rs. 10/- each	<u>35000000</u>	<u>35000000</u>
Issued, Subscribed and paid up : 2990300 Equity Shares of Rs.10/- each fully paid up	<u>29903000</u>	<u>29903000</u>
Total	<u>29903000</u>	<u>29903000</u>
Schedule-2 : Secured Loans		
Cash Credit		
(Against Hypothecation of stock & receivables)	-----	460551
ICICI Vehicle Loan	<u>272758</u>	<u>466888</u>
Total	<u>272758</u>	<u>927439</u>

Schedule-5 : Inventories

As taken, valued and certified by the M.D.

Raw material (at cost)	<u>1063429</u>	<u>2073970</u>
Raw Material in transit (at cost or market price whichever is lower)	<u>673469</u>	<u>494189</u>
Work in Process (at cost)	<u>3475209</u>	<u>2897509</u>
Packing, Fuel Etc. (-at cost)	<u>80026</u>	<u>127987</u>
Total	<u>5292133</u>	<u>5593655</u>

Schedule-6 : Sundry Debtors

(Unsecured and Considered good)

Outstanding for a period of more than six months	<u>147183</u>	<u>146074</u>
Others	<u>11290379</u>	<u>11038844</u>
Total	<u>11437562</u>	<u>11184918</u>

Schedule-3 : Fixed Assets

Particulars	Gross Block			Depreciation			Net Block			
	As at 01/04/08 Rs.	Addition Rs.	Deduction Rs.	As at 31/03/09 Rs.	As at 01/04/08 Rs.	Addition Rs.	Deduction Rs.	As at 31/03/09 Rs.	As at 31/03/09 Rs.	As at 31/03/08 Rs.
Factory Land	904811	-	-	904811	-	-	-	-	904811	904811
Plant and Machinery	17999571	1803089	-	19802660	13813476	1923485	-	15736961	4065700	4186095
Laboratory Equipment	684178	322487	-	1006665	534586	102880	-	637466	369200	149593
Cylinders	14441	-	-	14441	14441	-	-	14441	-	-
Effluent Treatment Plant	1608641	-	-	1608641	1449688	78521	-	1528209	80432	158953
Factory Building	5891110	-	-	5891110	2217159	196763	-	2413922	3477188	3673951
Office Building	1264568	-	-	1264568	281666	20612	-	302278	962290	982902
Furniture And Fixtures	738967	5499	-	744466	557797	46812	-	604609	139857	181170
Office Equipment	289067	-	-	289067	261013	1690	-	262703	26364	28054
Computers	326781	24048	-	350829	286970	26057	-	313027	37802	39811
Vehicles	1128117	51000	-	1179117	282848	107309	-	390157	788960	845269
Total	30850252	2206123	-	33056375	19699643	2504129	-	22203772	10852603	11150609
Previous Year	29470940	1888487	509175	30850252	17440629	2455287	196273	19699643	11150609	12030312

Schedule-4 : Investments - at cost

1. Trade Investment		
(a) Unquoted - Long Term Investments		
500 Equity Shares of Textile Traders Co-operative	12500	12500
Bank Ltd. each of Rs. 25 fully paid up		
70000 Shares of Umang Financial Services Ltd. each of Rs. 10/- fully paid up	700000	700000
3000 Shares of Anvi Lifesciences Pvt Ltd each of Rs. 100/- fully paid up	600000	
Aggregate value of Unquoted Investment- At cost Rs.1312500 (PYRs.712500)		
(b) Share Application Money : Chemengers Inventa Pvt. Ltd.	-----	300000
(c) Quoted - Long Term Investments		
204 Shares of Jet Airways each of Rs.10/- fully paid up (Market value Rs.36420 (PY Rs.128979))	224400	224400
2. Other Investments - Quoted		
Investment in Units of Mutual Funds	2990000	-----
Total	<u>4526900</u>	<u>1236900</u>

Schedule-7 : Cash and Bank Balances

Cash on hand	<u>134872</u>	<u>546183</u>
Banks Balance		
In Current Accounts	<u>2322389</u>	<u>241009</u>
In EEFC Account	<u>12920</u>	<u>1039751</u>
In Fixed Deposit Accounts	<u>10833445</u>	<u>6139775</u>
Total	<u>13303626</u>	<u>7966718</u>

Schedule-8 : Loans and Advances (Unsecured - Considered good)

Ad. recoverable in cash or kind or for value to be received	<u>1341103</u>	<u>1493775</u>
Advance Payment of Income Tax	<u>1142360</u>	<u>290083</u>
Total	<u>2483463</u>	<u>1783858</u>

Schedule-9 : Liabilities

Sundry Creditors	<u>7969057</u>	<u>2504678</u>
Other Liabilities	<u>1132674</u>	<u>630889</u>
Total	<u>9101731</u>	<u>3135567</u>

	For the Year 2008-09 Amount Rs.	For the Year 2007-08 Amount Rs.
Schedule-10 : Other Income		
Discount & Kasar	(10548)	262853
Dividend Income	1500	2724
Profit on sale of fixed assets	—	160656
Interest Income	673839	135600
Income from Investments	60090	54255
Other Misc. Income	—	16500
Total	724881	632588

Schedule-11 : Material and Inventory Adjustments

A. Material		
Consumption of Raw Material	22570992	18685219
Consumption of Packing Material	146597	280127
Value of Goods traded	9797009	5152651
Total-A	32514598	24117997
B. Inventory Adjustments		
(a) Opening Stock		
Manufacturing Goods	—	—
Work in process	2897509	2810000
	2897509	2810000
(b) Closing Stock		
Manufacturing Goods	—	—
Work in process	3475209	2897509
	3475209	2897509
Net Inventory Adjustments (a-b) Total-B	(577700)	(87509)
Total (A+B)	31936898	24030488

Schedule-12 : Personnel Cost

Salary & wages	2143811	1762172
Gratuity	2596	100624
Staff Welfare Exp.	22859	38331
Director's Remuneration	900000	760000
Contribution for Provident Fund	40677	44657
Total	3109943	2705784

Schedule-13 : Manufacturing and other expenses

Power & Fuel	937018	1414623
Books & Periodicals	23199	—
Conversion Charges	46844	435451
Stores & Spares	475117	191195
Excise duty on sales	3786730	3381791
Repairs		
- To Machinery	239449	101646
- To Building	108569	30115
- To Others	60133	184696
	408151	316457
Laboratory Exp.	11432	13728
Research & Development Expenses	137564	126312
Freight & Forwarding	644548	147045
Insurance Exp.	93896	91657
Security Exp.	84010	73525
ETP Maintenance exp.	71841	335380
Export Documents Clearing Exp	3415	26880
Printing & Stationery Exp.	64990	57377
Postage & Telephones	145959	164442
Traveling & Conveyance	494707	226282
Office and General Exp.	238998	111010
Motor Car Expenses	124375	101605
Sales Commission	269266	47390
Advertisement	62097	39021
Payment to Auditor	15000	15000
Legal & Professional fees	243338	141882

Listing, filling & license fees	58437	38724
Share Transfer Exp.	21360	26438
Loss on Sale of Fixed Assets	—	228152
Rates & Taxes	30969	19612
Total	8493260	7770980

Schedule-14 : Financial Charges

Schedule-14 : Financial Charges		
Provision for Foreign Exchange		
Fluctuation	125228	68976
Interest	121570	130659
Other financial charges	69905	339454
Total	316703	539089

SCHEDULE - 15**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2009.**

Significant Accounting Policies adopted by the Company in the preparation and presentation of the Accounts.

ACCOUNTING CONVENTION

The financial statements are prepared and presented under historical cost convention on accrual basis of accounting, in accordance with Indian Generally Accepted Accounting Principles and Accounting Standard issued by the Institute of Chartered Accountants of India.

FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

DEPRECIATION

Depreciation of Fixed Assets is provided on straight-line method particularly on Plant and Machineries on Triple Shift Basis. Rates of Depreciation adopted are as specified in Schedule XIV of the Companies Act, 1956. Depreciation on the additions is calculated pro rata from the date of additions. Depreciation is not provided on deletion of assets, as it has no effect on the results of the Company.

INVESTMENTS

Long term investments are stated at cost less provision for diminution, if any, in the value of such investments. Diminution in the value is provided for where the management is of the opinion that the diminution is of a permanent nature. Short term investments are valued at lower of cost or net realizable value.

INVENTORIES

- Packing & fuel are valued at cost on FIFO Basis.
- Raw materials are valued at cost on FIFO Basis.
- Finished goods are valued at cost or market value whichever is lower.
- Work in progress is valued at cost.

MODVAT

Convet benefit is accounted on accrual basis on purchases of raw materials and capital goods and on actual payment basis on input services. The Convet benefit is appropriated against payment of excise duty on clearance of excisable goods.

SALES

Sales are accounted inclusive of excise duty.

FOREIGN CURRENCY TRANSACTIONS

Foreign Currency transactions are recorded at exchange rate prevailing on the date of transaction/ realization. Current Assets / Liabilities are taken at transaction value. Diminution in the value is provided for where the management is of the opinion that the diminution is of a permanent nature. The resultant difference, if any, on realization is recognized in the profit & loss account.

EXCISE DUTY

As per past practice, the Company is accounting for liability for excise duty on finished goods lying in factory premises as and when the same are cleared. Accordingly, estimated liability amounting to Rs. NIL (P.Y.Rs. NIL) in respect of such goods as on 31.03.2009 has not been provided for in the accounts and hence not included in valuation of inventory. Non-provision of this liability will not affect profit for the year.

CUSTOM DUTY

Custom duty is charged in the year when it is paid.

PROVISION FOR RETIREMENT BENEFITS

Gratuity: The Company's obligations towards gratuity to employees has been provided for at actuals and other retirement benefits as per policy of the company have been provided for as per AS-15(Revised). The same have been charged in the profit and loss of the Company. Provident Fund: The employer and employee make statutory contribution towards the Government's Provident Fund and the same is charged in the profit and loss of the Company.

EXPENSES

Material known liabilities are provided based on available information / estimates.

TIMING REVENUE RECOGNITION

In appropriate circumstances, revenue (income) is recognized when no significant uncertainty as to measurability or collectability exists.

TAXATION

Provision for taxation is made based on the current tax rates in force. Deferred tax charge or credit (reflecting the tax effect of timing difference between accounting income and taxable income for the period) is determined in accordance with the Accounting Standard-22 of the Institute of Chartered Accountants of India. The deferred tax charged or credited and the corresponding deferred tax liabilities or assets are recognized using the tax rate that have been enacted or subsequently established by the Balance Sheet date. Deferred tax assets are recognized and carried forward 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 realised.

FRINGE BENEFIT TAX

Consequent to the introduction of Fringe Benefit Tax (FBT) effective from April 1, 2005, the Company has made necessary provisions for FBT in accordance with the guidance note on accounting for FBT, issued by the Institute of Chartered Accountants of India.

CASH FLOW STATEMENT

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past and future cash receipts and payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

CONTINGENT LIABILITIES

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes on accounts.

IMPAIRMENT OF ASSETS

Impairment loss, if any, is recognized in accordance with the accounting standard AS-28 issued by the Institute of Chartered Accountants of India.

PRIOR PERIOD ITEMS

Material items of prior period non-recurring and extra ordinary items, if any, are disclosed separately.

NOTES:

1. Tax provision for income tax has been made as per the Income Tax Act, 1961.
2. Debit and credit balances in respect of debtors, loans and advances and creditors are subject to confirmation and reconciliation.
3. In accordance with the Accounting Standard AS-11 issued by the Institute of Chartered Accountants of India, net loss of Rs. 1.25 lacs (PY Rs. 0.69 lacs) due to foreign exchange fluctuations arising on foreign currency transactions has been considered in the Profit and Loss Account.
4. In the year under review, the Company has provided the gratuity Rs. 2596 (P.Y. Rs. 48855) calculated up to the date of Balance Sheet date according to the Gratuity Act on incremental basis.
5. The company has credited the deferred tax assets of Rs. 531109 (P.Y. Rs. 548346) for the year under review as per As-22 in the profit and loss account.

6. Contingent liability to the extent not provided for:

- | | | |
|--|------------|---------------|
| | 31.03.2009 | 31.03.2008 |
| a) Letter of credit opened by banks on behalf of the company | NIL | Rs. 58,30,827 |
7. Previous year figures have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.
8. Estimated amount of capital contracts remaining to be executed and not provided for net of advance paid Rs. NIL (PY Rs. NIL).
9. Managerial Remuneration paid:
- | | | |
|----------------|-----------------|-----------------|
| | <u>2008-09</u> | <u>2007-08</u> |
| | <u>Mq. Dir.</u> | <u>Mq. Dir.</u> |
| (a) Salary Rs. | 900000 | 760000 |
10. Payment to Auditors
- | | | |
|---------------------------|----------------|----------------|
| | <u>2008-09</u> | <u>2007-08</u> |
| As an auditor | Rs. 15000 | 15000 |
| For Taxation & other work | Rs. 2500 | 2246 |
| For Tax Audit | Rs. 7000 | 6630 |
| Out of Pocket Exp. | Rs. 1000 | 1124 |
11. The Company has not received any information from any of the suppliers of their status as Small Scale Industrial Unit. Hence, the amounts due to them outstanding as at 31st March 2009 is not ascertainable.
12. Related party disclosures as per the Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India:
- a. List of related parties
 - i. Subsidiaries: The Company does not have any subsidiary Company.
 - i. Key Management personnel
Mr. Jagdish Agrawal
Mr. Sumit Agrawal
 - ii. Relatives of Key Management Personnel
Ishita Pharmaceuticals
Mrs. Pratibha Agrawal
Umang Financial Services Ltd.
Anvi Lifesciences Pvt Ltd
J & J Chemicals
 - b. Transactions / balances outstanding with Related parties

Particulars	Key Management Personnel	Relatives of Key Management Personnel
	Amount Rs.	Amount Rs.
Managerial Remuneration	1479600	---
Sales of Goods / Services	---	14993394
Purchases of Goods / Services	---	9255622
Investment in equity shares/ Share Application Money	---	1300000
Debtors outstanding at year end	---	4090410
Loans/advance at year end	---	138000
Creditors outstanding at year end	---	---

Note: Related parties are as identified by the Company and relied upon by the auditors.

13. Earning per Shares (EPS) as per Accounting Standard AS-20

Particulars	2008-09	2007-08
	Amount Rs.	Amount Rs.
Profit after Tax	3977373	4126085
Weighted Average no. of equity shares of Rs. 10 each		
Basic	2990300	2990300
Diluted	---	---
EPS (Rs.)		
Basic	1.33	1.38
Diluted	---	---

Additional information pursuant to the provisions of paragraph 3, 4C, and 4D of part-II of the schedule VI of the Companies Act, 1956.

14. Quantitative details and other information :

	Unit	for the year 2008-09		for the year 2007-08	
		Quantity	Value Rs.	Quantity	Value Rs.
A Sales					
Manufacturing goods					
Bulk drugs	MT	49.216	38606814	70.528	35046069
Goods traded in					
Drugs/Intermediates	MT	49.625	10863475	5.050	5256516
Others	-----	-----	133825	-----	170322
Total			<u>49604115</u>		<u>40472907</u>
B Raw material consumed					
P.A.B.S.	MT	26.000	3890565	33.000	4182241
3-CP	MT	19.200	6609600	28.000	7446732
Others	-----	-----	12070827	-----	7056246
Total			<u>22570992</u>		<u>18685219</u>
C Purchased goods traded :					
Drugs/Intermediates	MT	49.625	9671700	5.050	5152651
Others	-----	-----	125309	-----	-----
Total			<u>9797009</u>		<u>5152651</u>
D Value and quantitative break up in respects of opening and closing stock of Goods manufactured, purchased and traded :					
Opening stock					
Manufacturing goods					
Bulk drugs	MT	-----	-----	-----	-----
Total			<u>-----</u>		<u>-----</u>
Closing stock					
Manufacturing goods					
Bulk drugs	MT	-----	-----	-----	-----
Total			<u>-----</u>		<u>-----</u>
E Capacity and production					
Information in respect of each class of goods manufactured :					
Class of goods	A/c. year	Licensed Capacity	Installed Capacity	Production MT	
Bulk Drugs	2008-09	N/A	-----	49.216	
Bulk Drugs	2007-08	N/A	-----	70.528	
F Value of imports in rupees calculated on CIF basis in respect of ;					
			Curr. Yr. Rs.	Prev. Yr. Rs.	
Material			5830827	7106996	
Capital Goods			-----	-----	
G Expenditure in foreign currency :					
Purchases of materials			5830827	7106996	
Capital Goods			-----	-----	
Foreign Bank Charges			-----	25260	
Advertisement Expenses			-----	4617	
H Value of raw materials, stores and spares consumed :					
		Rs.	%	Rs.	%
(a) Value of raw material consumed :					
Imported		6557657	29.05%	6644357	35.56%
Indigenous		16013335	70.95%	12040862	67.44%
Total		<u>22570992</u>	<u>100.00%</u>	<u>18685219</u>	<u>100.00%</u>
(b) Value of stores and spares consumed :					
Indigenous		475117	100.00%	191195	100.00%
Total		<u>475117</u>	<u>100.00%</u>	<u>191195</u>	<u>100.00%</u>
I Amount remitted in foreign currency on account of dividend			NIL	NIL	
J Earnings in foreign exchange Rs.			3290659	9476644	

Signature to Schedules 1 to 15

 For Kishor Goyal & Co.
Chartered Accountants

 Kishor Goyal
Partner

Place : Ahmedabad

Date : 25th August, 2009

 Jagdish Agrawal
Managing Director

 Mrs. Abha Agrawal
Director

Place : Ahmedabad

Date : 25th August, 2009

 Govind Gupta
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**Registration Details**

Registration No.	L24231GJ1992PLC017054	State Code	04
Balance Sheet Date	31-Mar-09		

Capital raised during the year (Amount in thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

Position of Mobilisation and Deployment of Funds. (Amount in thousands)

Total Liabilities	38795	Total Assets	38795
Source of Funds			
Paid up Capital	29903	Unsecured Loans	—
Reserves & Surplus	7876	Secured Loans	273
Shares forfeited	165	Deferred Tax	578
Application of Funds			
Net Fixed Assets	10853	Net Current Assets	23415
Investments	4527	Accumulated Losses	—

Performance of the Company (Amount in thousands)

Turnover	49604	Total expenditure	45636
Profit before tax	3968	Profit after tax	3977
Earning per Share Rs.	1.33	Dividend Rate (%)	—

Generatic Names of Three Principal Products/services of Company.

(as per monetary terms)

Item Code No. (ITC Code)	29419060
Product Description	NORFLOXACIN
Item Code No. (ITC Code)	29362920
Product Description	NICOTINICACID
Item Code No. (ITC Code)	29350015
Product Description	SULFONAMIDES

Note : Classification of products/services under ITC code being of a technical nature is not verified by the Auditors

As per our attached report of even date

For Kishor Goyal & Co.
Chartered Accountants

Kishor Goyal
Partner

Place : Ahmedabad

Date : 25th August, 2009

Jagdish Agrawal
Managing Director

Mrs. Abha Agrawal
Director

Place : Ahmedabad

Date : 25th August, 2009

Govind Gupta
Director

ISHITA DRUGS AND INDUSTRIES LTD

Registered Office : Survey No. 179/1 , Vasna Iyava, Sanand.

Proxy Form

DP ID : _____

CLIENT ID : _____

FOLIO No. : _____

No. of Shares held _____

I/We _____

of _____

being a member/members of ISHITA DRUGS AND INDUSTRIES LIMITED hereby appoint

_____ of _____

or failing him _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 30th September, 2009 and at any adjournment thereof.

Affix
100 Paise
Revenue
Stamp

Signed this _____ day of _____ 2009

Signature _____

Note: This form duly completed and signed must be deposited at the registered Office of the Company not less than 48 hours before the Meeting.

ISHITA DRUGS AND INDUSTRIES LTD

Registered Office : Survey No. 179/1 , Vasna Iyava , Sanand.

Attendance Slip

(To be handed over at the entrance of the meeting hall)
16th Annual General Meeting - 30th September 2009

DP ID : _____

CLIENT ID : _____

FOLIO No. : _____

No. of Shares held _____

I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company held at Survey no. 179/1, Vasna Iyava, Sanand. Dist : Ahmedabad at 3.00 P.M.

Full name of Member (in BLOCK LETTERS) _____

Full name of Proxy (in BLOCK LETTERS) _____

Member's/Proxy's Signature _____

BOOK-POST

If undelivered, please return to:

ISHITA DRUGS & INDUSTRIES LTD.

Registered Office :

Survey No. 179/1, Vasna-Iyavã,

Taluka - Sanand,

Dist. : Ahmedabad. (Gujarat)