



# STEPPING AHEAD

*one step has defined our history,  
the next will set path for the golden future...*

15<sup>TH</sup>  
ANNUAL REPORT  
2008 - 09

**Lincoln**  
PHARMACEUTICALS LTD.  
Healthcare for all



# research & development

State of art R&D facility of LPL with dedicated and highly qualified scientists are working round the clock to cope up with science of 21st Century for serving towards the health of our society. Here we try to extend the boundaries of pharmaceuticals world and bringing the products that have the potential to make our lives far healthier and happier.

Our R&D department is a compilation of multi disciplinary activities like formulations and development pharmacological research, molecular synthesis and new analytical method of development. With this team we have a very promising future in stock for Lincoln Pharmaceuticals Ltd (LPL)

## SOME OF THE PLATFORMS WE ARE WORKING UPON

01. Nanotechnology Platform:
02. New Drug Delivery Systems (NDDS):
  - Oro-mucosal absorption
  - Nasal delivery
  - Recto-vaginal route
  - Target drug delivery system
  - Micro emulsion
  - In situ gelling
03. Sustained Released Technique:
04. Eco- friendly processes and safe formulations:
05. Analytical Development activities:
06. Products with new molecules

## RECENTLY LAUNCHED PRODUCTS DEVELOPED AT R&D DIVISION:

- 1) ARH-L FORTE / DS TABLET:
- 2) VIVIAN 1 ML INJECTION:
- 3) NAM-COLD BILAYER TABLETS:

**REGISTERED OFFICE**

2nd Floor, Nirav Complex, Opp. Navrang High School,  
Naranpura, Ahmedabad - 380 014.

**NOTICE**

**NOTICE** is hereby given that the **Annual General Meeting** of the Members of the Company will be held on Wednesday, the 30<sup>th</sup> day of September, 2009 at 10.30 a.m. at The Auditorium Basement, Ahmedabad Textile Industry's Research Association (ATIRA), Dr. Vikram Sarabhai Marg, P.O. Ambavadi, Ahmedabad-380015, to transact the following business:

**ORDINARY BUSINESS**

- (1) To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2009 and Profit and Loss Account for the year ended on that day together with the Directors' Report and the Auditors' Report thereon.
- (2) To declare Dividend on Equity Shares.
- (3) To appoint a Director in place of Shri Mihir V. Patel, who retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- (4) To appoint a Director in place of Shri Arvind G. Patel, who retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- (5) To appoint Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

- (6) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310, 311 and any other provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval be and is hereby granted for the re-appointment of Shri Mahendra G. Patel as the Managing Director of the Company for a period of 5 years commencing from 1<sup>st</sup> October, 2008 on the terms and condition as contained in the explanatory statement thereto."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to enhance, enlarge, alter, or vary the scope and quantum of remuneration and perquisites of Shri Mahendra G. Patel which revision should be in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the Rules and Regulations made there under and/or such guidelines as may be announced by the Central Government from time to time without further reference to the Company in General Meeting."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such actions as may be necessary, to give full and final effect to the decision taken herein."

- (7) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310, 311 and any other provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval be and is hereby granted for the re-appointment of Shri Rajnikant G. Patel, as the Jt. Managing Director of the Company for a period of 5 years commencing

from 1<sup>st</sup> October, 2008 on the terms and condition as contained in the explanatory statement thereto."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to enhance, enlarge, alter, or vary the scope and quantum of remuneration and perquisites of Shri Rajnikant G. Patel which revision should be in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the Rules and Regulations made hereunder and/or such guidelines as may be announced by the Central Government from time to time without further reference to the Company in General Meeting."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such actions as may be necessary, to give full and final effect to the decision taken herein."

- (8) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310, 311 and any other provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval be and is hereby granted for the re-appointment of Shri Hasmukhbhai I. Patel as a Whole Time Director of the Company for a period of 5 years commencing from 1<sup>st</sup> October, 2008 on the terms and condition as contained in the explanatory statement thereto."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to enhance, enlarge, alter, or vary the scope and quantum of remuneration and perquisites of Shri Hasmukhbhai I. Patel which revision should be in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the Rules and Regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time without further reference to the Company in General Meeting."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such actions as may be necessary, to give full and final effect to the decision taken herein."

- (9) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

A. "**RESOLVED THAT** pursuant to the provision of Section 94, 97 and all other applicable provisions, if any, of the companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from 100,000,000/- (Rupees Ten Crores) divided into 10,000,000 ( One Crore) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs.12,00,00,000 (Rupees Twelve Crores Only) by creation of 20,00,000 (Twenty Lacs) equity shares of Rs. 10/- (Rupees Ten Only) each, with the rights, privileges and conditions attaching thereto as are provided by the regulations of the company for the time being with the powers to increase or reduce its capital and to divide the shares into the capital for the time being into other classes thereto respectively such preferential, deferred, qualified

or other special rights privileged conditions, or restriction, as may be determined by in accordance with the Articles of Association of the company and to vary, modify or abrogate any such rights, privileges or conditions or restriction in such manner as may for the time being permitted by the Articles of the company or the legislative provisions for the time being in force in that behalf.

**B. "RESOLVED THAT** pursuant to the provision of Section 16 and all other applicable provisions if any, of the Companies Act, 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and the following be and is hereby substituted in its place as a new Clause "V"

V. The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crore Only) divided into 12,00,00,000 (One Crore Twenty Lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each.

(10) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and subject to the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to the approval, consent, permission and/or sanction, as may be necessary of any other appropriate authority, if any, Institution or Body and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by appropriate authority in granting such approval, consent, permission and/or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include any Committee duly constituted by the Board of Directors or any Committee which the Board of Directors may hereafter constitute, to exercise one or more of its powers including the powers conferred by this resolution) to issue, offer and allot upto 24,00,000 (Twenty Four Lacs) Equity Shares on preferential basis at a price of Rs. 27/- per Share (Rs. 10/- face value + Rs. 17/- Premium) being the price which is in accordance with the SEBI guidelines for preferential issues, to the following person (s) / entity (s).

Sr. No.	Name of the Proposed Allottees	Maximum No. of Equity Shares to be allotted
1.	Down Town Travels Private Limited.	3,75,000
2.	Global Securities Limited.	4,25,000
3.	Incap Financial Services Limited.	4,00,000
4.	S J Securities Limited.	4,00,000
5.	Arunima Real Estate Private Limited.	4,00,000
6.	Arcadia Mercantile Capital Limited.	4,00,000
<b>Total</b>		<b>24,00,000</b>

"RESOLVED FURTHER THAT Equity Shares to be issued at a price of Rs. 27/- (Rs.10/- face value + Rs.17/- premium), is determined in accordance with the prevailing SEBI(Disclosure and Investor Protection) Guidelines, 2000."

"RESOLVED FURTHER THAT the 'Relevant date' for the preferential issue, as per SEBI(Disclosure and Investor Protection) Guidelines, 2000 for the determination of applicable price for Equity Shares is 31<sup>st</sup> August, 2009."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the appropriate authority may impose at the time of their approval as agreed by the Board."

"RESOLVED FURTHER THAT the issue of Equity Shares shall rank pari passu with the existing equity shares of the Company in all respects."

"RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting Equity Shares of the Company as aforesaid, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Equity Shares of the Company, as it may, in its absolute discretion, deem fit and proper."

(11) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provision of section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded for commencing and undertaking all of the business and activities embodied in Clause 34 of the "other object Clause III (C)" of the Memorandum of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, and things as may be deemed expedient and necessary to give effect this resolution."

**BY ORDER OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED.**

Place : Registered office  
2nd Floor, Nirav Complex,  
Opp. Navrang High School,  
Naranpura, Ahmedabad

**(MAHENDRA G. PATEL)**  
MANAGING DIRECTOR

Date :31 - 08 - 2009

**NOTES :**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies in order to be valid must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the special business are annexed hereto.
- Members are requested to notify the changes, if any, in their registered address.

4. The Register of Members and Share Transfer Book of the Company shall remain closed from Saturday, 19<sup>th</sup> day of September, 2009 to Wednesday, 30<sup>th</sup> September, 2009 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
5. Members are requested to bring their copy of Annual Report to the meeting.
6. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. Information required to be furnished under the Listing Agreement, as required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be re-appointed, are given below:

I. Name : Shri Mihir V. Patel  
 Date of Birth : 23-05-1961  
 Qualification : M.S. (Electronics), U.S.A.  
 Expertise : Computer related field and Implementation of.  
 Computer application business.

II. Name : Shri Arvind G. Patel  
 Date of Birth : 29-09-1950  
 Qualification : B.E. (Electrical)  
 Expertise : Planing, Project implementation and export activities.

#### EXPLANATORY STATEMENT

#### PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

##### Item No. 6

This item relates to the re-appointment of Shri Mahendra G. Patel as a Managing Director. During the tenure, he has continuously contributed to a great extent in the growth of the Company. Considering several aspects, the Board of Directors has considered it appropriate and advisable to re-appoint him for a period of 5 years with effect from 1<sup>st</sup> October, 2008 and accordingly he has been re-appointed as the Managing Director. The remuneration has been fixed with the approval of the Remuneration Committee. The terms and conditions of re-appointment are as under :

##### (1) Salary :

Rs. 60,000/- per month in the scale of Rs. 60,000/- -Rs.7,500/-  
 -- Rs.1,05,000/- 10,000 – 235,000, the annual increment(s) to be determined by the Board of Directors. Annual increment shall fall due on 1<sup>st</sup> April every year and board is authorised to give maximum 5 increments.

##### (2) Perquisites :

- i) House Rent Allowance at the rate of 25% of Salary.
- ii) Education Allowance :  
Rs.5,000/- (Rupees Five Thousand) per month.
- iii) Books & Periodicals :  
Rs. 1,000/- (Rupees Two Thousand) per month.
- iv) Uniform Allowance: Not exceeding Rs. 5,000/- per month
- v) Medical Reimbursement :

Expenses incurred for self and his family subject to a ceiling of Rs. 15,000/- in a year.

##### vi) Leave Travel Concession :

Not Exceeding Rs. 5,000/- per month.

##### vii) Personal Accident Insurance : Personal accident Insurance premium upto Rs.4,000/- p.a.

##### viii) Provident Fund & Superannuation :

Company's contribution to provident fund as per rules of Employees Provident Fund Act, 1952.

Company's contribution towards superannuation fund as per rules of Company as and when applicable, which together with P.F. contribution shall not exceed 25% of such other percentage as may be laid down from time to time under the Income Tax Act, 1961 and rules there under.

##### ix) Gratuity :

Gratuity at the rate of one half month's salary for every completed year of service.

##### x) Provision for car for use on Company's business or reimbursement of conveyance expenses and telephone at residence. He shall be billed by the Company for personal long distance calls on telephone and use of car for private purposes.

##### xi) He shall be entitled to fully paid leave as per the Company's rules. Encashment of leave at the end of the tenure is permitted and shall not be included in the computation of the ceiling on perquisites.

##### xii) Payment of membership fee of two clubs. However, life and admission membership fees shall not be allowed.

##### xiii) Reimbursement of entertainment expenses actually and properly incurred in course of legitimate business of the Company.

Your directors recommend to pass the proposed resolution.

Shri Mahendra G. Patel, himself and Shri Rajnikant G. Patel & Shri Arvind G. Patel, being relatives are concerned or interested in the resolution.

##### Item No. 7

This item relates to the re-appointment of Shri Rajnikant G. Patel as the Jt. Managing Director. During the tenure, he has continuously contributed to a great extent in the growth of the Company. Considering several aspects, the Board of Directors has considered it appropriate and advisable to re-appoint him for a period of 5 years with effect from 1<sup>st</sup> October, 2008 and accordingly he has been re-appointed as the Jt. Managing Director. The remuneration has been fixed with the approval of the Remuneration Committee. The terms and conditions of re-appointment are as under :

##### (1) Salary :

Rs. 60,000/- per month in the scale of Rs. 60,000/- -Rs.7,500/-  
 -- Rs.1,05,000/- 10,000 – 235,000, the annual increment(s) to be determined by the Board of Directors. Annual increment shall fall due on 1<sup>st</sup> April every year and board is authorised to give maximum 5 increments.

##### (2) Perquisites :

- i) House Rent Allowance at the rate of 25% of Salary.
- ii) Education Allowance :  
Rs.5,000/- (Rupees Five Thousand) per month.



- iii) *Books & Periodicals :*  
Rs. 1,000/- (Rupees Two Thousand) per month.
- iv) *Uniform Allowance :* Not exceeding Rs. 5,000/- per month
- v) *Medical Reimbursement :*  
Expenses incurred for self and his family subject to a ceiling of Rs. 15,000/- in a year.
- vi) *Leave Travel Concession :*  
Not Exceeding Rs. 5,000/- per month.
- vii) *Personal Accident Insurance :* Personal accident Insurance premium upto Rs.4,000/- p.a.
- viii) *Provident Fund & Superannuation :*  
Company's contribution to provident fund as per rules of Employees Provident Fund Act, 1952.  
  
Company's contribution towards superannuation fund as per rules of Company as and when applicable, which together with P.F. contribution shall not exceed 25% of such other percentage as may be laid down from time to time under the Income Tax Act, 1961 and rules thereunder.
- ix) *Gratuity :*  
Gratuity at the rate of one half month's salary for every completed year of service.
- x) Provision for car for use on Company's business or reimbursement of conveyance expenses and telephone at residence. He shall be billed by the Company for personal long distance calls on telephone and use of car for private purposes.
- xi) He shall be entitled to fully paid leave as per the Company's rules. Encashment of leave at the end of the tenure is permitted and shall not be included in the computation of the ceiling on perquisites.
- xii) Payment of membership fee of two clubs. However, life and admission membership fees shall not be allowed.
- xiii) Reimbursement of entertainment expenses actually and properly incurred in course of legitimate business of the Company.

Your directors recommend to pass the proposed resolution.

Shri Rajnikant G. Patel, himself and Shri Mahendra G. Patel & Shri Arvind G. Patel, being relatives are concerned or interested in the resolution.

#### **Item No. 8**

This item relates to the re-appointment of Shri Hasmukhbhai I. Patel as the Whole-time Director. During the tenure, he has continuously contributed to a great extent in the growth of the Company. Considering several aspects, the Board of Directors has considered it appropriate and advisable to re-appoint him for a period of 5 years with effect from 1<sup>st</sup> October, 2008 and accordingly he has been re-appointed as the Whole-time Director. The remuneration has been fixed with the approval of the Remuneration Committee. The terms and conditions of re-appointment are as under :

#### **(1) Salary :**

Rs. 60,000/- per month in the scale of Rs. 60,000/- -Rs.7,500/- - Rs. 1,05,000/- 10,000 – 235,000, the annual increment(s) to be determined by the Board of Directors. Annual increment shall fall due on 1<sup>st</sup> April every year and board is authorised to give maximum 5 increments.

#### **(2) Perquisites :**

- i) House Rent Allowance at the rate of 25% of Salary.
- ii) *Education Allowance :*  
Rs.5,000/- (Rupees Five Thousand) per month.
- iii) *Books & Periodicals :*  
Rs. 1,000/- (Rupees Two Thousand) per month.
- iv) *Uniform Allowance :* Not exceeding Rs. 5,000/- per month
- v) *Medical Reimbursement :*  
Expenses incurred for self and his family subject to a ceiling of Rs. 15,000/- in a year.
- vi) *Leave Travel Concession :*  
Not Exceeding Rs. 5,000/- per month.
- vii) *Personal Accident Insurance :* Personal accident Insurance premium upto Rs.4,000/- p.a.
- viii) *Provident Fund & Superannuation :*  
Company's contribution to provident fund as per rules of Employees Provident Fund Act, 1952.  
  
Company's contribution towards superannuation fund as per rules of Company as and when applicable, which together with P.F. contribution shall not exceed 25% of such other percentage as may be laid down from time to time under the Income Tax Act, 1961 and rules thereunder.
- ix) *Gratuity :*  
Gratuity at the rate of one half month's salary for every completed year of service.
- x) Provision for car for use on Company's business or reimbursement of conveyance expenses and telephone at residence. He shall be billed by the Company for personal long distance calls on telephone and use of car for private purposes.
- xi) He shall be entitled to fully paid leave as per the Company's rules. Encashment of leave at the end of the tenure is permitted and shall not be included in the computation of the ceiling on perquisites.
- xii) Payment of membership fee of two clubs. However, life and admission membership fees shall not be allowed.
- xiii) Reimbursement of entertainment expenses actually and properly incurred in course of legitimate business of the Company.

Your directors recommend to pass the proposed resolution.

Shri Hasmukhbhai I. Patel, himself is concerned or interested in the resolution.

**Item No.9**

The present Authorised Share Capital of the Company is Rs. 100,000,000/- (Rupees Ten crores) divided into 10,000,000 equity shares of Rs. 10/- each. With the view to invite further capital in the company, it is necessary to increase the Authorised Share Capital of the company to Rs. 120,000,000 (Rupees Twelve crores) divided into 12,000,000 equity shares of Rs. 10/- each. The proposed increase of the authorised capital requires the approval of members of the company.

Consequent upon the increase in the Authorised Share capital, Memorandum of Association of the company will also require alteration so as to reflect the increase in share capital.

The Board of Directors recommends that the resolutions be passed. None of the Directors of the company is in any way concerned or interested in the resolutions.

A copy of the Memorandum of Association together with a copy of the Memorandum of Association reflecting the proposed amendments is available for inspection by the members of the company at its Registered Office between 11.00 AM and 1.00 PM on any working day (except Saturday & Bank Holidays) of the company.

**Item No. 10**

As the members are aware that it has been a policy of your Company to grow with pace by identifying right opportunities. The present business scenario provide very good growth potential for the company, and your Company is trying its best to maximize the shareholders' value by accelerating the growth in pace with the opportunities. With such a gradual growth, various measures are required to enhance financial resources. In view of this it is proposed to issue Equity Shares on preferential/private placement basis to the Person(s) / Entity(s), as per the details mentioned in the Resolution.

The offer, issue and allotment of 24,00,000 Equity Shares to the Person (s) / Entity(s) shall be completed within the prescribed period of 15 days from the date of passing of the special resolution in accordance with the guidelines of the Securities & Exchange Board of India (SEBI) for Preferential Issues, being Chapter XIII to the SEBI (Disclosure and Investor Protection) Guidelines, 2000, or within such other time as may be permitted under the said guidelines. The said Equity Share shall have such face value and premium amount and shall be subject to such terms and conditions, as are stated in the special resolution mentioned above.

**The Disclosure as required under "SEBI Guidelines for Preferential Issue" under SEBI (DIP) Guidelines, 2000 are as under:**

**a) Objects of the issue:**

To mobilize resources to augment the long term working capital requirement, for upgradation of existing manufacturing facilities and R & D capacity and to pay off part of the debts of the Company. Accordingly, the company proposes to offer, issue and allot the Equity Shares on preferential basis.

**b) Intention of Promoters/Directors/Key Management persons to subscribe to the offer:**

The promoters/Directors / Key Management of the Company have conveyed writing of their intention to subscribe to the offer being proposed under special resolution mentioned above of the notice for shareholders' approval at this meeting.

**c) Shareholding Pattern before and after the Preferential Allotment**

The shareholding pattern of the company before and after the preferential issue are as under:

Shareholding Pattern	Before preferential issue		After preferential issue of shares	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
<b>A PROMOTERS HOLDING</b>				
1. PROMOTERS				
Indian Promoters	2699200	35.46	2699200	26.96
Foreign Promoters	0.00	0.00	0.00	0.00
2. Persons Acting In Concert	328500	4.32	703500	7.03
<b>SubTotal</b>	<b>3027700</b>	<b>39.78</b>	<b>3402700</b>	<b>33.99</b>
<b>B NON PROMOTERS HOLDING</b>				
3. Institutional Investors	0.00	0.00	0.00	0.00
a. Mutual Funds and UTI	0.00	0.00	0.00	0.00
b. Bank, Financial Institutions, Insurance Companies, (Central / State Govt. Institutions/Non-Government Institutions)	0.00	0.00	0.00	0.00
c. FIIs	0.00	0.00	0.00	0.00
<b>SubTotal</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
4. OTHERS				
a Private Corporate Bodies	919689	12.08	2944689	29.42
b Indian Public	3002482	39.45	3002482	30.00
c NRIs / OBCs	530785	6.98	530785	5.30
d Any others (Clearing Members)	129644	1.70	129644	1.29
(Trusts)	500	0.01	500	0.00
<b>SubTotal</b>	<b>4583100</b>	<b>60.22</b>	<b>6608100</b>	<b>66.01</b>
<b>GRANDTOTALS</b>	<b>7610800</b>	<b>100.00</b>	<b>10010800</b>	<b>100.00</b>

**Note: Assuming full allotment of 24,00,000 Equity Shares as fully paid and thereby increasing the paid up capital of the company by 24,00,000 equity shares.**

**d) Proposed time within which allotment will be completed:**

The allotment of aforesaid Equity Shares as proposed

under special resolution of the notice will be completed within 15 days period from the passing of the said resolution at this meeting, or such other time as may be prescribed under the SEBI's Guidelines on Preferential Issues.

**e) Identity of allottees with percentage of expanded capital to be held by them:**

The proposed allottees for aforesaid Equity Shares pursuant to special resolution at mentioned above of the notice and the percentage of expanded capital to be held by them after the proposed allotment of the said equity shares to them as per the said resolution are as under:

Sr. No.	Name of Allottees	Category	Before preferential Issue		After preferential issue of shares	
			No. of Share	% of Share holding	No. of Shares	% of Share holding
1	Down Town Travels Private Limited	Promoter Group	0.00	0.00	375000	3.75
2	Global Securities Limited	Non Promoters	0.00	0.00	425000	4.25
3	Incap Financial Services Limited	Non Promoters	0.00	0.00	400000	4.00
4	S J Securities Limited	Non Promoters	0.00	0.00	400000	4.00
5	Arunima Real Estate Private Limited	Non Promoters	0.00	0.00	400000	4.00
6	Arcadia Mercantile Capital Limited	Non Promoters	0.00	0.00	400000	4.00
TOTAL					2400000	24.00

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholder in general meeting decide otherwise by passing a special resolution.

Hence, consent of the shareholders by way of a Special Resolution is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the SEBI, (Disclosure and Investor Protection) Guidelines and the listing agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

**f) Change in Management**

The proposed preferential allotment of equity shares will not result in any change in the management and control of the company. Voting right shall change according to the change in shareholding pattern mentioned above.

**g) Pricing:**

The issue of equity shares on preferential basis shall be at a price of Rs. 27/- (Rs. 10/- face value + Rs. 17/- premium). The price is determined in compliance with SEBI Guidelines for Preferential Issues.

**h) Relevant Date:**

Relevant date for this purpose is 31<sup>st</sup> August 2009 i.e. 30 days prior to the date of this meeting of the members of company i.e. 30<sup>th</sup> September 2009.

**i) Auditor Certificate**

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's guidelines as in force till date is kept open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M on any working days (except Saturday and bank holidays) and also shall be laid before the shareholders at the proposed Annual General Meeting.

**j) Lock In :**

The Equity Shares to be allotted on preferential basis shall be locked-in as per SEBI Guidelines.

Your directors recommend the above resolution for your approval.

The members are, therefore, requested to accord their approval to the passing of resolution as set out in the Notice.

Shri Mahendra G. Patel, himself Shri Rajnibhai Patel and Shri Arvindbhai Patel, being relatives are deemed to be concerned or interested in the resolution.

**Item No. 11**

As per provisions of section 149 (2A) of the Companies Act, 1956, approval of the shareholders by means of a Special Resolution for commencement of any business as set out in Other Objects clause of the Memorandum of Association of the Company.

Your directors has thought it advisable and in the interest of the Company to get the approval of the shareholders is sought for the commencement and undertaking all or any of the business specified in the sub clauses 34 other objects Clause (III) (C) of the Memorandum of Association of the Company, is required.

Your directors recommend the above resolution for your approval.

The members are, therefore, requested to accord their approval to the passing of resolution as set out in the Notice.

None of the directors of the Company is any way concerned or interested in the aforesaid proposed resolution.

**BY ORDER OF THE BOARD  
FOR LINCOLN PHARMACEUTICALS LIMITED.**

Place: - Registered office  
2nd Floor, Nirav Complex,  
Opp. Navrang High School,  
Naranpura, Ahmedabad

**(MAHENDRA G. PATEL)  
MANAGING DIRECTOR**

Date :31 - 08 - 2009



**LINCOLN PHARMACEUTICALS LIMITED**

Registered Office : 2nd Floor, Nirav Complex, Opp. Navrang High School, Naranpura, Ahmedabad

**ATTENDANCE SLIP**

Annual General Meeting

Reg. Folio No. \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I hereby record my presence at the **15th ANNUAL GENERAL MEETING OF THE COMPANY** held at The Auditorium Basement , Ahmedabad Textile Industry's Research Association(ATIRA), Dr. Vikram Sarabhai Marg, P.O. Ambavadi, Ahmedabad-380 015, Wednesday, the **30th September, 2009** at 10.30 A.M.

(Member's / Proxy's name in block letters)

\_\_\_\_\_  
(Member's / Proxy's Signature)

**Note : Please fill in the attendance slip and hand it over at the ENTRANCE OF THE COMPANY**

**LINCOLN PHARMACEUTICALS LIMITED**

Registered Office : 2nd Floor, Nirav Complex, Opp. Navrang High School, Naranpura, Ahmedabad

**PROXY**

Folio No. \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

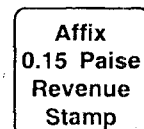
a Member / members of the above named Company, hereby appoint Mr/Mrs/Miss \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him / her, Mr/Mrs/Miss \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Wednesday, the **30th September, 2009** at 10.30 A.M. and at any adjournment thereof.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

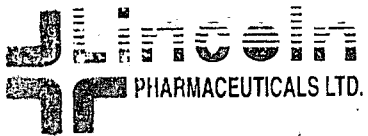


**Note:** The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time of holding the meeting.

BOOK-POST

To,

*If undelivered, please return to :*



**REGISTERED OFFICE**  
2nd Floor, Nirav Complex,  
Opp. Navrang High School, Naranpura,  
Ahmedabad - 380 014.

Pratiksha  
98252 62512

**BOARD OF DIRECTORS**

<b>Shri Kishor M. Shah</b>	Chairman
<b>Shri Mahendra G. Patel</b>	Managing Director
<b>Shri Rajnikant G. Patel</b>	Joint Managing Director
<b>Shri Hasmukh I. Patel</b>	Wholetime Director
<b>Shri Arvind G. Patel</b>	Wholetime Director
<b>Shri Mihir V. Patel</b>	Director
<b>Shri Pirabhai Suthar</b>	Director
<b>Shri Ishwarbhai A. Patel</b>	Director
<b>Shri Maganbhai R. Patel</b>	Director

**BANKERS**

State Bank of India

**AUDITORS**

M/s. Rajendra N. Shah & Co.

**REGISTERED OFFICE**

2nd Floor, Nirav Complex,  
Opp. Navrang High School,  
Naranpura,  
Ahmedabad - 380 014.

**CORPORATE OFFICE**

"Lincoln House"  
Behind Satyam Complex,  
Science City Road, Village Sola,  
Ahmedabad.

**PLANT**

Trimul Estate  
Khatraj, Ta : Kalol  
District : Gandhinagar  
Gujarat.

## DIRECTORS REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Annual Report together with the audited Statement of Accounts for the year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

The operating results of the Company for the year ended on 31<sup>st</sup> March, 2009 are briefly indicated below:

	(Amount in Lacs)	
	2008-2009	2007-2008
Profit Before Depreciation and Taxation	752.59	722.69
Less : Depreciation	86.27	70.67
Less : Provision for Taxation – Current/F.B.T.	165.00	180.00
Less/Add : Provision for Taxation – Deferred	70.44	5.76
<b>Profit after Taxation</b>	<b>430.88</b>	<b>466.26</b>
Add : Balance brought forward	910.76	577.98
Less : Income tax Written off of earlier year	0.00	0.00
Less/Add : Short defer tax provision of earlier year	4.53	1.63
<b>Profit available for Appropriation</b>	<b>1346.17</b>	<b>1042.61</b>
<b>APPROPRIATION</b>		
1. Proposed Dividend	91.33	91.33
2. Dividend Tax	15.52	15.52
3. General Reserve	25.00	25.00
<b>Net Balance carried to Balance sheet</b>	<b>1214.32</b>	<b>910.76</b>

### OPERATIONS

During the year under review, your company has performed very well. Total sales have increased from Rs. 8891.52 lacs to Rs. 11401.77 lacs which shows increase of 28%. The Company has earned net profit of Rs. 430.88 lacs as against Profit of Rs. 466.26 lacs of previous year. Profit is decreased on account of higher differ tax provision and trading loss on Securities. Further details are given in management discussions and analysis Report, which forms part of this report.

### CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance practice mandated by Clause 49 of the Listing Agreement. A report on the same is given separately.

### DIVIDEND

Your Directors are pleased to recommend a payment of dividend @ 12% for the year ended 31-03-2009. (Previous year -12%).

### DEPOSITS

The Company has not accepted deposits within the meaning of Section 58A of the Companies Act, 1956.

### DIRECTORS

Shri Mihir V. Patel and Shri Arvind G. Patel , Directors of the Company are retiring by rotation and being eligible, offer themselves for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief and according to the information and explanation obtained by them, confirm that:

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) the accounts have been prepared on going concern basis.

### SUBSIDIARY COMPANY :

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of the subsidiary Company is annexed herewith.

### INSURANCE

The Company has taken adequate insurance to cover its assets.

### LISTING

Company's Securities are listed with the Stock Exchanges at Ahmedabad and Mumbai. The Company has already paid the listing fees for the year 2009-2010 to both the Stock Exchanges.

### EMPLOYEES :

As there are no employees drawing remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, from time to time, statement under section 217(2A) is not required.

### COST AUDIT

M/s. Kiran J. Mehta & Company Cost Accountants, Ahmedabad, have been appointed to conduct cost audit for the year ended 31-03-2009.

### AUDITORS :

The Company's Auditors M/s. Rajendra N. Shah & Co., Chartered Accountants will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Members are requested to appoint auditors for the current year and fix remuneration.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars to be given in respect of the above activity under the Companies (Disclosure of Particulars in report of Directors) Rules, 1988 is given in the annexure to this report.

### ACKNOWLEDGEMENT :

The Board is thankful to its bankers for their continued support and assistance which has played important role in progress of the Company. Your Directors places on records their appreciation for the assistance and co-operation extended by Medical Professionals, stockists, dealers and employees of the Company at all level and other business associates for their commitment, dedication and respective contribution to the Company's operations during the year under review.

### FOR AND ON BEHALF OF THE BOARD

PLACE : AHMEDABAD

DATE : 31-08-2009

MAHENDRA G. PATEL  
(MANAGING DIRECTOR)

HASMUKHBHAI I. PATEL  
(WHOLE-TIME DIRECTOR)

**ANNEXURE TO THE DIRECTORS' REPORT**

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**I. CONSERVATION OF ENERGY**

The Company put its best efforts to conserve energy and for effective use of the same.

**FORM : A**

**A. POWER & FUEL CONSUMPTION:**

	<u>Current Year</u>	<u>Previous Year</u>
1. Electricity		
I) Purchased Units (in lacs)	8.15	7.77
Total amount (Rs. in lacs)	46.92	40.06
Rate/Unit (Rs.)	5.76	5.16
II) Own Generation through Diesel Generation Sets (kWh)	—	—
Units/ Litre of Diesel (kWh)	—	—
Cost / unit (Rupees)	—	—
2. Diesel LDO used in Boiler to generate steam for the Process		
I) Quantity (Litre)	—	—
Total Cost (Rupees)	—	—
Average Rate / MT (Rupees)	—	—
LPG used in Boiler to generate steam for the Process		
II) Quantity (Kgs)	—	—
Total Cost (Rupees)	—	—
Average Rate / MT (Rupees)	—	—
III) Consumption per unit of production <i>Since the Company is manufacturing different products using the same facilities at the same time, it is not practicable to give consumption per unit of production.</i>		
3. Furnace Oil (K. Lit)	—	—
Total Amount / Avg Cost	—	—
4. Other / Internal Generation (Units)	—	—
Total Cost / Rate (Rupees)	—	—

**FORM : B**

**II. RESEARCH AND DEVELOPMENT (R&D)**

Company is continuously carrying out R & D activities in the areas of new product/process development, improvement in existing process.

These efforts have resulted in improvement in production process, better quality, stability and bio invisibility.

**Benefits derived as a result of the above R & D.**

Production processes have improved resulting in better productivity.

**Expenditure on R & D :**

Expenditure charged to respective primary heads of accounts.

**III. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :**

The Company always keeps itself updated with all latest technological innovation by way of constant communications, consulting experts. Efforts are being made to reduce cost, improvement in performance etc.

**IV. FOREIGN EXCHANGE EARNINGS AND OUT GO:**

	<u>Current year</u>	<u>Previous year</u>
Earnings :	Rs. 1815.28 lacs	Rs. 1542.06 lacs
Out go :	Rs. 460.88 lacs	Rs. 254.74 lacs

**FOR AND ON BEHALF OF THE BOARD**

PLACE : AHMEDABAD  
DATE : 31-08-2009

MAHENDRA G. PATEL  
(MANAGING DIRECTOR)

HAMUKHBHAI I. PATEL  
(WHOLE-TIME DIRECTOR)



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

1	Name of the Company	Zulianc Healthcare Ltd.
2	Financial year of the subsidiary ended on	31st March, 2009
3	The Company's Interest in the subsidiary as on 31st March, 2009	
	(i) Number of Equity shares	50,000
	(ii) Face value	Rs. 10/- each
	(iii) Extent of Holding	100%
4	Net aggregate amount of profit/(Loss) of the subsidiary for the above financial year so far as the concern members of the company:-	
	(i) Not dealt with in the Books of Accounts of the Company for the year ended 31st March, 2009	NIL
	(ii) Dealt with in the Books of Accounts of the Company for the year ended 31st March, 2009	NIL
5	Net aggregate amount of profit/(Loss) of the Subsidiary for the previous financial years, since it became a subsidiary, so far as they concern members of the Company	
	(i) Not dealt with in the Books of Accounts of the Company for the year ended 31st March, 2009	NIL
	(ii) Dealt with in the Books of Accounts of the Company for the year ended 31st March, 2009	NIL

**FOR AND ON BEHALF OF THE BOARD**

PLACE : AHMEDABAD  
DATE : 31-08-2009

MAHENDRA G. PATEL  
(MANAGING DIRECTOR)

HASMUKHBHAI I. PATEL  
(WHOLE-TIME DIRECTOR)

## CORPORATE GOVERNANCE REPORT

**(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)**

The Securities and Exchange Board of India (SEBI) has introduced a code of corporate governance for listed companies which is implemented through the listing Agreements with the Exchanges with which the Company is listed. The Company has complied with the corporate governance requirements set out in Clause 49 of the listing Agreement.

### 1) Company's Philosophy on Code of Corporate Governance.

The Company believes that good corporate governance leads to corporate growth and long term gain in shareholders value. The Company is committed to maintain the highest standard of corporate governance in its conducts towards shareholders, employees, customers, suppliers and other stakeholders.

Our focus on sustainable growth, productivity improvement, commitment to quality and safety in operations is unrelenting.

### 2) Board of Directors

#### Composition :

The Board of Directors consists of total 9 Directors. The composition of Board is compliant with the requirement of Clause 49 (1A) i.e. more than 50% of Directors are non-executive Directors and more than 33% of Directors are independent Directors.

The detailed composition of the Board and other related information is given in the table below.

#### Board meetings :

During the year, Eight Board Meetings were held on 01-04-2008, 24-04-2008, 21-07-2008, 20-08-2008, 01-10-2008, 21-10-2008, 01-12-2008 and 29-01-09.

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships and committee Memberships are given as below:

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	No. of other directorships	No. of other Committee Members
1.	Shri Kishor M. Shah	Chairman Non-Executive Director	4	No	1	—
2.	Shri Mahendra G. Patel	Managing Director	7	Yes	4	—
3.	Shri Rajnikant G. Patel	Joint Managing Director	8	Yes	—	—
4.	Shri Hasmukh I. Patel	Whole-time Director	7	Yes	1	—
5.	Shri Arvind G. Patel	Whole-time Director	6	Yes	1	—
6.	Shri Mihir V. Patel	Non-Executive Director	6	Yes	1	—
7.	Dr. Pirabhai Suthar	Non-Executive Director	4	No	—	—
8.	Shri Ishwarbhai A. Patel	Non Executive Director	6	Yes	1	—
9.	Dr. Maganbhai R. Patel	Non Executive Director	4	No	—	—

- This number excludes the directorship/committee membership held in private companies and also of the Company.
- As required by the Companies Act, 1956 and Clause 49 Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees ( audit / remuneration / investor grievances committees ) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

#### Information placed before the Board of Directors :

All major decisions regarding resources mobilization, capital expenditure, etc are considered by the Board, in addition to day-to-day matters, which are statutorily required to be placed before the Board of Directors for its approval. Following information is regularly put up the Board for its consideration and approval :

- Review of operational results
- Quarterly financial results
- Minutes of the meeting of Audit Committee, Remuneration Committee as well as Shareholder's/Investors Grievance Committee of the Board.
- Compliance with various statutory requirements.

The Board is informed of all material, financial and commercial decision from time to time.

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review.

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review. None of directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

### 3) Audit Committee

Pursuant to the provisions of Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreements, the Company has Audit Committee of Directors. The Audit Committee consist of 3 (Three) Independent Directors and 1 (One) executive Director – Shri Ishwarbhai A. Patel, Chairman – Independent Director, Shri Mihir V. Patel, Independent Director, Dr. Pirabhai Suthar, Independent Director and Shri Mahendra G. Patel - Executive Director. The Company Secretary is also Secretary to the Audit Committee. During the year , 5(Five) Committee Meetings were held on 24-04-2008,21-07-2008, 20-08-2008, 21-10-2008 and 29-01-2009.

The power and role of the Audit Committee are as per the provision of Companies Act, 1956 and agreement with the Stock Exchange.

The term of the reference of the Audit Committee include approving and implementing the audit procedure and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines. The Audit Committee met prior to the finalization of Accounts for the year ended 31<sup>st</sup> March 2009.

The interval between two meetings convened was not more than four months. The audit committee adheres to the SEBI guidelines in terms of quorum of its meetings, functioning, role and powers as also those set out in Companies Act, 1956.

### 4) Remuneration Committee

The Company has a Remuneration Committee. The Committee reviews the remuneration package of the Managing Director, Jt. Managing Director & Whole time Directors and recommends suitable revision to the Board, which is subject to approval of the Board and shareholders as well as to ceilings prescribed under Schedule XIII of the Companies Act, 1956. The minutes of the Remuneration Committee are circulated to the Board, discussed and taken note of by the Board.

The Remuneration Committee comprises of three independent Directors. Shri Ishwarbhai A. Patel, Dr. Pirabhai Suthar and Shri Maganbhai Patel are the members of the Committee.

During the year, 1(One) Committee Meeting was held on 25-09-2008.

#### Details of remuneration for the year ended 31-03-2009.

Name	Position held During the period	Salary and Allowances	Perquisites Rs.	Total Remuneration Rs.
Shri Mahendra G. Patel	Managing Director	900000	240000	1140000
Shri Rajnikant G. Patel	Jt. Managing Director	900000	240000	1140000
Shri Hasmukh I. Patel	Whole-time Director	900000	240000	1140000
Shri Arvind G. Patel	Whole-time Director	900000	240000	1140000

### 5) Shareholders'/ Investors' Grievances cum Share Transfer Committee

As a measure of good corporate governance and to focus on the Shareholders' grievances and towards strengthening investor relations and to expedite the transfer process in the physical segment, the Board has constituted a Shareholders/ Investors Grievances cum share Transfer Committee consisting of four Directors, Shri Arvind G. Patel, Shri Mahendra G. Patel, Shri Hasmukh I. Patel, and Shri Ishwarbhai A. Patel.

The committee deals with issue of duplicate share certificates, redressing of shareholders and investors complaints and Grievances like transfer of shares/securities, non-receipts of Balance-sheet and non-receipt Dividend etc.

**6) Code of Conduct**

The Company's code of conduct has been complied with by all the members of the Board and select employees of the Company. The Company has in place a prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information.

**7) SECRETARIAL AUDIT**

Pursuant to SEBI's circular dated December 31, 2002 on Secretarial Audit, a practicing company secretary carried out the said audit for the quarter ended 30-06-2008, 30-09-2008, 31-12-2008 and 31-03-2009. The Audit Report confirms that there is no discrepancy whatsoever in the issued, listed and admitted capital of the Company.

**8) Management Discussion and Analysis:**

**(a) Industry Structure and Developments**

The Company is primarily engaged in the business of manufacture and sale of pharmaceutical products.

The Company was triumphant in withstanding the stiff competition faced from competitors in marketing its products and has achieved growth in sales turnover. The financial year 2008-2009 has been good for our company, and has achieved good growth.

**(b) Opportunities and Outlook**

The Company is optimistic about its growth prospectus in the future. The Company has been concentrating on building brand image in the market.

The Company is facing stiff competition from various pharma companies in domestic market. However, Company is well positioned to leverage the opportunities to manage the challenges that have arisen in domestic market.

**(c) Outlook**

The Company expects to increase its market share in the existing market by increasing its portfolio through new product launches, expanding its geographical coverage in more regions and undertaking large job contracts. We are cautiously optimistic of our prospects in 2009-10 and believe that the year will go a long way in stabilizing our growth path. Company also concentrate on job work of various multi national Companies and adding new products to its existing product range. This would also help the Company to perform better in coming years.

**(d) Risk and Concerns**

Company is facing competition from various small scale manufacturers in certain pharma products. Manufacturing cost and administrative costs are also increasing day by day. But Company is equipped to meet the challenges by introduction of innovative marketing, effective management of cost and expenses.

**(e) Internal Control Systems and their adequacy**

The Company has an adequate system of Internal Control relating to purchase of stores, raw materials, plant & machineries, equipments & various components and for the sale of goods commensurate with the size of the Company and nature of business.

The system of Internal Control of the Company is adequate keeping in mind the size and complexity of your Company's business. Systems are regularly reviewed to ensure effectiveness.

**(f) Financial Performance**

Financial Performance with respect to Operational Performance is discussed in the main part of the Report.

**(g) Material Developments in Human Resources / Industrial Relations**

The Pharmaceutical industry is knowledge driven, considering this aspect, we continue to build our team with high quality talent.

Company continued to have cordial & harmonious relation with its employees. Company is putting thrust on providing training both in house and outside.

## 9) General Body Meetings

The last three Annual General Meetings and Extra Ordinary General Meeting were held as under :-

Financial Year ended	Date	Time	Venue
31-03-2008	30-09-2008	10.30 A.M.	The Auditorium Basement, Ahmedabad Textile Industry's Research Association, Vastrapur, Ahmedabad - 380015
31-03-2007	29-09-2007	10.00 A.M.	Auditorium Hall, Sapath – II, Opp. Rajpath Club, S. G. Highway, Ahmedabad - 380015
31-03-2006	30-09-2006	10.00 A.M.	The Seminar Room, Ahmedabad Textile Industry's Research Association, Vastrapur, Ahmedabad - 380015

### Extra Ordinary General Meeting:

—	24-05-2008	10.00 A.M.	The Auditorium Basement, Ahmedabad Textile Industry's Research Association, Vastrapur, Ahmedabad - 380015
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No Special Resolution was put through postal ballot. At the forthcoming AGM, there is no item on the agenda that needs approval by postal ballot.

## 10) Disclosures

In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies that are consistently applied have been set out in the Notes to the Accounts.

Related party transactions during the year have been disclosed as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. Details of related party transactions were periodically placed before the Audit Committee. These transactions are not likely to have any conflict with the Company's interest. Business risk evaluation and managing such risk is an ongoing process within the organization. The Board is regularly briefed of risks assessed and the measures adopted by the company to mitigate the risks.

No strictures / penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to the capital market during last 3 years.

The Company's code of conduct has clearly laid down procedures for reporting unethical behavior, actual or suspected fraud or violation of the ethics policies. No employee of the company was denied access to the Audit Committee.

Of the non-mandatory requirements relevant to the Company, training of the Board members and mechanism for evaluation non-executive Board members have not been put in place.

## 11) Means of Communication

1. The Company has published its quarterly results in Indian Express, Financial Express, Economic Times, Business Standard.
2. The Management discussion & Analysis form part of the Annual Report, which is posted to all the members of the Company.

## 12) General Shareholder Information

Date, time and venue of AGM	30.09.2009 at 10.30 A.M. at ATIRA, Vastrapur, Ahmedabad – 380 015.
Dates of Book Closure	From Saturday, 19.09.09 to Wednesday, 30.09.09
Listing on Stock Exchanges	The Stock Exchanges at Ahmedabad, Mumbai.
Listing Fees	Paid the fees to Stock Exchanges as per listing agreement.
Demat Arrangement	With NSDL and CDSL
ISIN NO.	INE 405C01035
Registered Office	2 <sup>nd</sup> Floor, Nirav Complex, Opp. Navrang High School, Naranpura, Ahmedabad - 380 014.
Dividend Payment Date	06.10.2009
Compliance Officer	Shri Arvindbhai G. Patel
Registrar and Share Transfer Agent	Pinnacle Shares Registry Private Limited., Nr. Ashoka Mills, Naroda Road, Ahmedabad – 380 025.

**13) Financial Calendar 2009-2010 (tentative)**

Annual General Meeting	Last week of September 2010
Results for quarter ending September 30, 2009	By last week of October 2009
Results for quarter ending December 31, 2009	By last week of January 2010
Results for year ending March 31, 2010 (un-Audited)	3 <sup>rd</sup> /4 <sup>th</sup> week of April 2010

**14) Share price on The Stock Exchange, Mumbai**

Sr. No.	Month	High (Rs.)	Low (Rs.)
1.	April '08	9.75	7.18
2.	May '08	8.69	6.80
3.	June '08	7.32	5.52
4.	July '08	6.50	5.15
5.	August '08	6.99	5.71
6.	September '08	6.40	4.04
7.	October '08	5.30	3.02
8.	November '08	4.30	2.95
9.	December '08	4.33	3.11
10.	January '09	4.90	3.53
11.	February '09	4.48	3.75
12.	March '09	4.26	3.45

**15) Share Transfer System**

The share transfers received in physical form are presently processed and the said share certificates returned within a period of 30 days from the date of receipt, subject to the documents being complete in all respects.

There were no transfers pending as on 31-03-2009 exceeding the limit prescribed by listing agreement.

**16) Distribution of Shareholding as on 31-03-2009**

No. of Shares	No. of Shareholders	% of holders	No. of Shares	% of Shares
Upto 500	7998	86.28	1169027	15.36
501 – 1000	777	8.38	616244	8.10
1001 – 2000	255	2.75	395518	5.20
2001 – 3000	76	0.82	187983	2.47
3001 – 4000	23	0.25	84644	1.11
4001 – 5000	26	0.28	120910	1.59
5001 – 10000	45	0.49	329287	4.33
10001 and above	70	0.76	4707187	61.85
<b>Total</b>	<b>9270</b>	<b>100.00</b>	<b>76,10,800</b>	<b>100.00</b>

**17) Pattern of Shareholding**

Sr. No.	Category	No. of Shares	(%)
1.	NRI	527092	6.93
2.	Financial Institutions/Banks	NIL	NIL
3.	Mutual Funds	NIL	NIL
4.	Promoters	3027700	39.78
5.	Body Corporate	975790	12.82
6.	Indian Publics	3030899	39.82
7.	Others	49319	0.65
	<b>Total</b>	<b>7610800</b>	<b>100.00</b>



**18) Dematerialisation of Shares on 31-03-2009**

As on 31<sup>st</sup> March 2009, 96.48% of the Company's total shares representing 73,42,787 Shares were held in dematerialized form and the balance 3.52% representing 2,68,013 shares were in paper form.

**(19) Outstanding GDRs / ADRs / Warrants etc.**

There is no outstanding GDRs / ADRs as on date.

Company has issued 10,000,000 preferential warrants on 21-07-2008 with a right to subscribe equity shares @ Rs. 10/- per share of equity shares of face value of Rs. 2/- each and company has received Re. 1 per each warrant. Subsequently Company has consolidated 5 equity shares of Rs. 2/- each fully paid up in to one equity share of Rs. 10/- each. In view of the same, the right to subscribe the equity shares would get consolidated at the time of exercise of right to convert warrant in to equity share.

**20) Locations**

The Company's plant is located at Trimul Estate, Khatraj, Tal.: Kalol, Dist.: Gandhinagar., Gujarat.

**21) Address of Correspondence**

Registered Office :- 2<sup>nd</sup> Floor, Nirav Complex, Opp. Navrang School, Naranpura, Ahmedabad – 380 014., OR Share Transfer Agent, M/s. Pinnacle Shares Registry Private Limited., Nr. Ashoka Mills, Naroda Road, Ahmedabad – 380 025.

**22) Non Mandatory requirements :**

**a) Remuneration Committee :**

As stated earlier, the Board has already set up a Remuneration Committee. Details regarding composition and scope of the Remuneration Committee are given at Item 4 above.

**b) Shareholders Rights :**

The Company's quarterly results are furnished to the Stock Exchange and also published in the newspapers and therefore not sent to the shareholders.

Adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

**Declaration**

As provided under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2009.

**FOR AND ON BEHALF OF THE BOARD**

PLACE : AHMEDABAD

DATE : 31-08-2009

MAHENDRA G. PATEL  
(MANAGING DIRECTOR)

HASMUKHBHAI I.PATEL  
(WHOLE-TIME DIRECTOR)

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## AUDITORS' CERTIFICATE

To,  
The Members,  
**Lincoln Pharmaceuticals Limited**

We have examined the compliance of conditions of Corporate Governance by **Lincoln Pharmaceuticals Limited**, for the year ended 31<sup>st</sup> March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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(s) is/are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance cum Share Transfer 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 and on behalf of  
**M/s. Rajendra N. Shah & Co.,**  
Chartered Accountants

Place : Ahmedabad  
Date : 31-08-2009

**(Rajendra N. SHAH)**  
Proprietor

## AUDITORS' REPORT

To  
The Members of  
Lincoln Pharmaceuticals Limited

We have audited the attached Balance Sheet of Lincoln Pharmaceuticals Limited, as at 31<sup>st</sup> March 2009 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 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 principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) order, 2004, (together order) issued by the Central 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 above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account :
- d. In our opinion, the Balance Sheet and Profit and Loss Account 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. On the basis of written representation received for the Directors, as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-Section (1) of section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanation given to us, the said 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:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009 and
  - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
  - iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date:

**FOR, RAJENDRA N. SHAH & CO.**  
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD  
DATE : 31.08.2009

**(R. N. SHAH)**  
PROPRIETOR

## ANNEXURE TO THE REPORT OF THE AUDITORS

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and Situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals. We have been informed that no discrepancies between fixed assets and book records have been noticed in respect of the assets physically verified during the year under report.
- (c) The company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) *The company is maintaining proper records of inventory. Discrepancies noticed on physical verification have been properly dealt with in the books of account;*
- (iii) (a) The company has not taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of Act, 1956. Accordingly paragraphs (iii) (b), (c) and (d) of the Companies (Auditor's Report) order, 2003 are not applicable.
- The company has not given loans to any parties covered in the register maintained under 301 of the Companies Act, 1956.
- (iv) In our opinion and according to explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) In our opinion and according to explanations given to us, transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- (b) In our opinion and according to explanations given to us, each of these transactions made in pursuance of contracts or arrangements entered in register maintained u/s. 301 of companies act, 1956 and exceeding Rs. Five lacs.
- (c) in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) Internal audit is carried out by the firm of Chartered Accountants. On the basis of reports made by them to the management, we are of the opinion that the company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company relating the manufacture of Pharmaceuticals product pursuant to the Rule made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the *company* Act, 1956 and are of the opinion that prime-facie the prescribed accounts and records has been made and maintained. We have however, not made a detailed examination of the said records with a view of determine whether they are accurate and complete.
- (ix) On the basis of information and explanations given to us in respect of statutory and other dues, we state that
- (a) the company is regular in depositing with statutory authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax,

Wealth Tax, Custom Duty, Excise Duty, cess and any other Statutory dues with the appropriate authorities during the year.

- (b) According to information and explanations given to us, due outstanding of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess on account of any disputes, are as follows :

Name of Statute	Income Tax Act 1961
Nature of dues	Additions made by the Additional (CIT)
Amount (Rs.)	Rs. 34,95,435/-
Period for which Amount relates	Assessment year 1999-2000 to 2006-07
Forum where Dispute is pending	CIT (Appeals) & APPELATE TRIBUNAL

- (x) There are no accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the financial year immediately preceding such financial year also.
- (xi) According to information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) During this year, the company has not granted any loans and advances on the basis of security or by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of Special Statutes applicable to Chit fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the company.
- (xiv) The company is in dealing or trading in shares, securities, debentures or other investments.
- (xv) According to information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion & According to the information & explanation given to us, on an overall basis, the term loan have been applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and on overall examination of the balance sheet of the company, we report the funds raised on short term basis have not been used for long term investment by the company.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the registered maintained under section 301 of the Companies Act 1956.
- (xix) No debenture has been issued by the company and hence the question of creating securities in respect thereof does not arise.
- (xx) During the year, the company has not raised money by public issue.
- (xxi) According to information and explanations given to us, any fraud on or by the company has not been noticed or reported during the year.

**FOR, RAJENDRA N. SHAH & CO.**  
**CHARTERED ACCOUNTANTS**

PLACE : AHMEDABAD  
 DATE : 31.08-2009

**(R. N. SHAH)**  
**PROPRIETOR**





**AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-2009**

PARTICULARS	SCH NO.	FOR THE YEAR ENDED 31.03.2009 RUPEES	FOR THE YEAR ENDED 31.03.2008 RUPEES
<b>[A] INCOME</b>			
(a) Sales	13	1,140,176,763	889,152,223
(b) Other income	14	2,020,644	253,889
(c) Stock Variation	15	25,619,272	(12,832,928)
TOTAL		<u>1,167,816,679</u>	<u>876,573,184</u>
<b>[B] EXPENDITURE</b>			
(a) Trading in Securities		16,681,637	---
(b) Purchase of finished goods		506,845,836	359,977,281
(c) Materials consumptiuons	16	229,026,808	169,557,306
(d) Manufacturing expenses	17	28,378,773	26,670,569
(e) Personnel expenses	18	77,424,803	61,579,618
(f) Sales & Administrative expenses	19	216,167,686	164,849,427
(g) Financial charges	20	18,031,339	21,669,526
(h) Depreciation		8,627,216	7,067,278
TOTAL		<u>1,101,184,098</u>	<u>811,371,005</u>
<b>PROFIT BEFORE TAXATION</b>		66,632,581	65,202,179
Current Year Income tax provision.		12,500,000	13,500,000
F.B.T. Provision		4,000,000	4,500,000
Deferred tax		7,044,607	576,360
<b>PROFIT AFTER TAX</b>		43,087,974	46,625,819
ADD: BALANCE BROUGHT FORWARD		91,075,769	57,797,874
Income tax written off earlier year		---	---
Excess defered tax provision of earlier year		453,409	162,817
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>TOTAL</b>	<u>134,617,152</u>	<u>104,260,876</u>
<b>APPROPRIATION</b>			
(a) Proposed Dividend		9,132,960	9,132,960
(b) Dividend tax		1,552,147	1,552,147
(c) General Reserve		2,500,000	2,500,000
		<u>13,185,107</u>	<u>13,185,107</u>
<b>NET BAL. TRANS. TO BALANCE SHHEET</b>	<b>TOTAL</b>	<u>121,432,045</u>	<u>91,075,769</u>

As per our report of even date  
**For Rajendra N. Shah & Co.**  
Chartered Accountants

**Rajendra N. Shah**  
Proprietor

Place : Ahmedabad  
Date : 31-08-2009

**Annual Report 2008-2009**

On behalf of the Board of Directors

**M. G. PATEL**

Managing Director

**R. G. PATEL**

Joint Managing Director

**H. I. PATEL**

Whole time Director

Place : Ahmedabad

Date : 31-08-2009

**SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31.03.2009**

PARTICULARS	AS AT 31.03.2009 RUPEES	AS AT 31.03.2008 RUPEES
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000,000 Equity share of Rs 10/- each. [Previous Year 45,000,000 Equity Share of Rs. 2/- each]	100,000,000	90,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
7,610,800 Equity share of Rs 10/- each. [Previous Year 38,054,000 Equity Share of Rs. 2/- each]	76,108,000	76,108,000
10,000,000 Preferential warrants to subscribe equity share @ Rs. 10/- per share of equity shares of face value of Rs. 2/- (Refer note-16 of Notes of Account)	10,000,000	0
<b>TOTAL</b>	<b>86,108,000</b>	<b>76,108,000</b>
<b>SCHEDULE - 2 : RESERVE &amp; SURPLUS</b>		
<b>1. SHARE PREMIUM</b>		
Balance as per last	132,744,000	132,744,000
Add: Addition during the year	-	-
	132,744,000	132,744,000
<b>2. GENERAL RESERVE</b>		
Balance as per last	20,621,600	18,121,600
Add: Addition during the year	2,500,000	2,500,000
	23,121,600	20,621,600
Less : Deduction during the year	0	0
	23,121,600	20,621,600
<b>3. SUBSIDY</b>		
Balance as per last	1,000,000	1,000,000
Add: Addition during the year	0	0
	1,000,000	1,000,000
<b>4. Profit &amp; loss Appropriation A/c.</b>		
	121,432,045	91,075,769
<b>TOTAL</b>	<b>278,297,645</b>	<b>245,441,369</b>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
(a) State Bank of India Term Loan of SBI	13,200,000	---
<b>TOTAL</b>	<b>13,200,000</b>	<b>---</b>
Short Term Working Capital Loan Cash Credit Account	61,318,166	52,863,129
F.B.P.Account	25,455,065	20,628,410
S.B.S. Corporate Loan	---	---
S.L.C. Loan A/c	20,000,000	15,000,000
<b>TOTAL</b>	<b>106,773,231</b>	<b>88,491,539</b>
<b>GRAND TOTAL</b>	<b>119,973,231</b>	<b>88,491,539</b>
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
(a) Sales tax diff. credit facility	5,128,280	14,298,542
(b) Security- trade deposit	23,700,755	20,835,189
(c) Inter corporate deposit	7,000,000	7,000,000
<b>TOTAL</b>	<b>35,829,035</b>	<b>42,133,731</b>

**SCHEDULE - 5 : FIXED ASSETS**

ASSETS	GROSS BLOCK				DEPRECIATION FUND				NET BLOCK	
	OP.BAL	ADD.	SALE	NET	OP.BAL	ADD.	SALE	NET	31-03-09	31-03-08
Factory Land	4,185,035	900,000		5,085,035	0	0	0	0	5,085,035	4,185,035
Buildings	47,600,483	10,277,777		57,878,260	11,515,253	1,224,738	0	12,739,991	45,138,269	36,085,230
Plant & Machinery	58,264,074	49,393,440		107,657,514	22,737,363	2,544,382	0	25,281,745	82,375,769	35,526,711
Ele. Installation	6,309,821	0	0	6,309,821	3,077,898	299,717	0	3,377,615	2,932,206	3,231,923
Furniture & Fitting	21,836,511	954,500		22,791,011	7,170,666	2,959,393	0	10,130,059	12,660,952	14,665,845
Vehicles	15,560,779	4,218,482	671,163	19,108,098	3,057,259	1,598,985	132,688	4,523,556	14,584,542	12,503,520
Office Building (Tulip)	5,916,000	0	0	5,916,000	0	0	0	0	5,916,000	5,916,000
<b>Grand Total</b>	<b>159,672,703</b>	<b>65,744,199</b>	<b>671,163</b>	<b>224,745,739</b>	<b>47,558,439</b>	<b>8,627,215</b>	<b>132,688</b>	<b>56,052,966</b>	<b>168,692,773</b>	<b>112,114,264</b>
Previous Year	126,682,516	33,860,353	870,166	159,672,703	40,842,487	7,067,278	351,326	47,558,439	112,114,264	85,840,029

**PARTICULARS**
**AS AT  
31.03.2009  
RUPEES**
**AS AT  
31.03.2008  
RUPEES**
**SCHEDULE - 6 : INVESTMENTS**

(At cost, Unquoted &amp; other than trade)

**[A] LONG TERM INVESTMENT IN MUTUAL ( At Cost )**

Birla Midcap Fund (16299)	-	2000000
Birla Sunlife Frontline Equity Fund (28050)	-	2000000
DSP ML Tiger Fund	-	2500000
DSPML Equity Fund (123594)	-	2000000
HDFC Fixed Maturity Plans - Series VII	-	2000000
HDFC Top 200 Fund	-	2500000
ICICI Prudential Infrastructure Fund (47770)	-	1500000
Kotak Opportunities Fund	-	2500000
Reliance Diversified Power Section Fund (11146)	-	1000000
Reliance Growth Fund (11981)	-	4000000
Reliance Natural Resources Fund (48900)	-	500000
SBI Magnum Equity Fund	-	2000000
SBIMF - Magnum Comma Fund (31847)	-	1000000
Sundaram BNP PARIBAS Capex Opportu Fund (29005)	-	1000000
Sundaram BNP PARIBAS S.M.I.L.E. Fund (41219)	-	1500000
<b>TOTAL</b>	<b>-</b>	<b>28000000</b>

**[B] INVESTMENT IN FMP PLAN**

ABN AMRO Flexible Short Term Plan - Series	-	15000000
--	---	----------

**TOTAL**
**-**
**15000000**
**TOTAL INVESTMENT**
**-**
**43000000**
**[C] Equity shares of Navnirman Co.Op.Ltd. 320 (320)**

Bank Ltd each of Rs 25/- fully paid.	8,000	8,000
Equity share of Vijay Co.Op.Bank.Ltd. 20 (20) each of Rs 10/- fully paid.	200	200
Equity share of Naroda Ind.Co.Bank Ltd. 10 (10) each of Rs 25/- Fully paid.	1,000	1,000
NSC purchased	10,000	10,000

**TOTAL**
**19,200**
**19,200**
**[D] Investment in Subsidiary Company**

Zullinc Healthcare Ltd. - 50,000 Equity shares of Rs. 10 each fully paid up	500,000	-
---	---------	---

**TOTAL**
**500,000**
**-**
**TOTAL INVESTMENT**
**519,200**
**43,019,200**

PARTICULARS	AS AT 31.03.2009 RUPEES	AS AT 31.03.2008 RUPEES
<b>SCHEDULE - 7 : INVENTORIES</b>		
(As taken, valued and certified by management)		
Raw Materials	17,728,990	20,339,235
Packing Materials	8,281,849	10,670,416
Work In Progress	9,018,754	17,734,949
Finished Goods	78,840,928	54,775,601
Finished Goods - C & F	29,270,651	19,000,511
<b>TOTAL</b>	<b>143,141,172</b>	<b>122,520,712</b>
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
(Unsecured & Considered goods)		
Exceeding six Month	29,674,280	20,125,088
(Includes Rs. 16.30 Lakhs are under litigation - considered good)		
Others	200,164,894	148,542,199
<b>TOTAL</b>	<b>229,839,174</b>	<b>168,667,287</b>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES</b>		
Cash on Hand	1,127,165	1,051,139
<b>BALANCE WITH SCHEDULE BANKS</b>		
(a) Current Account	16,743,185	5,528,603
(b) Fixed Deposit Account	10,424,049	7,599,146
(c) Dividend Account	132,736	132,736
	27,299,970	13,260,485
<b>BALANCE WITH NON SCHEDULE BANKS</b>		
(a) Current Account	17,041,160	15,966,058
(b) Fixed Deposit Account	---	2,874,483
	17,041,160	18,840,541
<b>TOTAL</b>	<b>45,468,295</b>	<b>33,152,165</b>
<b>SCHEDULE - 10 : LOANS &amp; ADVANCES</b>		
(Un-secured, Considered Goods)		
(a) Inter-Corporate Deposits	12,677,968	7,036,379
(b) Income Tax & T.D.S.	68,122,104	49,209,417
(c) Advance for Capital Goods	4,019,465	7,343,973
(d) Balance with Govt. Authorities	16,468,520	18,441,406
(e) Advances recoverable in cash or kind for value to be received	41,287,765	49,014,600
<b>TOTAL</b>	<b>142,575,822</b>	<b>131,045,775</b>
<b>SCHEDULE - 11 : CURRENT LIABILITIES</b>		
Sundry creditors - Raw Materials	80,446,467	58,586,801
Sundry Creditors - Expense & Others	27,853,513	22,827,024
Statutory Liabilities	6,272,210	4,565,802
<b>TOTAL</b>	<b>114,572,190</b>	<b>85,979,627</b>
<b>SCHEDULE - 12 : PROVISIONS</b>		
(a) Taxation Provision	64,072,804	47,572,804
(b) Proposed Dividend	9,132,960	9,132,960
<b>TOTAL</b>	<b>73,205,764</b>	<b>56,705,764</b>

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 RUPEES	FOR THE YEAR ENDED 31.03.2008 RUPEES
<b>SCHEDULE - 13 : SALES</b>		
(a) Export sales	190,666,366	160,759,871
(b) Domestic Sales	939,149,818	728,392,352
(c) Sale of Securities	10,360,579	---
<b>TOTAL</b>	<b>1,140,176,763</b>	<b>889,152,223</b>
<b>SCHEDULE - 14 : OTHER INCOME</b>		
Dividend	1,985,364	212,019
Other Income	35,280	41,870
<b>TOTAL</b>	<b>2,020,644</b>	<b>253,889</b>
<b>SCHEDULE - 15 : STOCK VARIATION</b>		
<b>(a) Closing stock of :</b>		
Work in Progress	9,018,754	17,734,949
Finished goods	78,840,928	54,775,601
Finished goods - C & F	29,270,651	19,000,511
	117,130,333	91,511,061
<b>(b) opening stock of :</b>		
Work in Progress	17,734,949	16,392,487
Finished goods	54,775,601	66,982,024
Finished goods - C & F	19,000,511	20,969,478
	91,511,061	104,343,989
<b>TOTAL</b>	<b>25,619,272</b>	<b>(12,832,928)</b>
<b>SCHEDULE - 16 : MATERIALS CONSUMED</b>		
<b>1 Raw Materials Consumption</b>		
Opening stock	20,339,235	11,421,172
Add : Purchase during the year	171,968,547	117,504,234
	192,307,782	128,925,406
Less : Closing Stock	17,728,990	20,339,235
	174,578,792	108,586,171
<b>2 Packing Materials Consumption</b>		
Opening stock	10,670,416	9,256,909
Add : Purchase during the year	52,059,449	62,384,642
	62,729,865	71,641,551
Less : Closing Stock	8,281,849	10,670,416
	54,448,016	60,971,135
<b>TOTAL</b>	<b>229,026,808</b>	<b>169,557,306</b>
<b>SCHEDULE - 17 : MANUFACTURING EXPENSES</b>		
Power & fuel	8,872,933	6,018,322
Stores & spare Consumed	8,148,882	8,547,584
Labour charges	10,923,768	10,936,653
Laboratory Goods & Testing charges	433,190	1,168,010
<b>TOTAL</b>	<b>28,378,773</b>	<b>26,670,569</b>

PARTICULARS	FOR THE YEAR ENDED 31.03.2009 RUPEES	FOR THE YEAR ENDED 31.03.2008 RUPEES
<b>SCHEDULE - 18 : PERSONNEL EXPENSES</b>		
Salaries, Wages, Allowances & Reimbursement of expenses (Including Directors' remuneration of Rs 4,560,000 (Previous year Rs 2,560,000)	74,130,508	57,133,700
Contribution to Staff welfare funds	2,034,492	2,909,303
Staff welfare expenses	1,259,803	1,536,615
<b>TOTAL</b>	<b>77,424,803</b>	<b>61,579,618</b>
<b>SCHEDULE - 19 : SALES &amp; ADMINISTRATIVE EXPENSES</b>		
<b>[A] SELLING EXPENSES</b>		
Export noor	15,377,032	7,130,777
Advertisement	510,461	328,450
Sales Commission & other expenses	16,296,119	21,219,818
Sales promotion & Mkt. Expenses	53,581,851	43,394,535
Travelling (Ref. Note : B-5 In Sch. 22)	50,341,522	40,776,905
Outward transportation	4,017,222	6,476,534
<b>TOTAL(A)</b>	<b>140,124,207</b>	<b>119,327,019</b>
<b>[B] ADMINISTRATIVE EXPENSES</b>		
Audit fees	47,500	45,000
Computer expenses	903,690	966,876
Conveyance & vehicals	2,366,175	1,910,191
Donation	86,005	70,279
Insurance	666,119	637,215
Legal & registration	8,306,787	1,767,168
Short term loss on Mutual Fund	7,318,363	423,900
Loss on sale of assets	258,475	218,840
Office expenses	1,868,847	2,309,586
Post, telephone & Telegrams	4,478,602	2,918,522
Professional & consulting fees	5,012,599	3,503,158
Rent, rates & taxes	40,905,554	27,984,783
Repairs & maintenance	2,622,572	1,240,597
Stationary & printing	1,202,191	1,526,293
<b>TOTAL(B)</b>	<b>76,043,479</b>	<b>45,522,408</b>
<b>TOTAL</b>	<b>216,167,686</b>	<b>164,849,427</b>
<b>SCHEDULE - 20 : FINANCIAL CHARGES</b>		
Bank Commission	3,822,846	2,262,679
Interest (Net)	14,208,493	19,406,847
<b>TOTAL</b>	<b>18,031,339</b>	<b>21,669,526</b>

As per our report of even date  
For **Rajendra N. Shah & Co.**  
Chartered Accountants

**Rajendra N. Shah**  
Proprietor

Place : Ahmedabad  
Date : 31-08-2009

On behalf of the Board of Directors

**M. G. PATEL**

Managing Director

**R. G. PATEL**

Joint Managing Director

**H. I. PATEL**

Whole time Director

Place : Ahmedabad  
Date : 31-08-2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-03-2009

RS IN LACS

	31-03-2009	31-03-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax & other ordinary items	666.32	652.02
<b>Adjustment for</b>		
Depreciation	86.27	70.67
Short term loss on share	73.18	4.23
<b>Short term Trading Loss</b>	63.21	0.00
Loss on sale of assets	2.58	2.19
Other income	(-) 0.35	(-) 0.42
Dividend	(-) 19.85	(-) 2.12
	<u>205.04</u>	<u>74.55</u>
<b>Operating profit before working capital change</b>	<b>871.36</b>	<b>726.57</b>
Current Assets	(-) 933.22	228.67
Current Liabilities	450.92	(-) 265.79
	<u>(-) 482.30</u>	<u>494.46</u>
<b>Cash generation from operation</b>	<b>389.06</b>	<b>1221.03</b>
Direct tax paid	165.01	184.24
Dividend tax Paid	15.52	15.52
	<u>180.53</u>	<u>199.76</u>
Cash flow before investment income	208.53	1021.27
Other income	0.35	0.42
Dividend	19.85	2.12
	<u>20.20</u>	<u>2.54</u>
<b>Net cash flow from operating activities</b>	<b><u>228.73</u></b>	<b><u>1023.81</u></b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Investment	288.61	430.00
Purchase of fixed assets	(-) 657.44	338.60
Sale of fixed assets	2.81	(-) 3.00
	<u>(-) 366.02</u>	<u>765.60</u>
<b>Net cash used in investment activities</b>	<b><u>(-) 137.29</u></b>	<b><u>258.21</u></b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES</b>		
Issue of share capital	100.00	0.00
Deposit Accepted	28.65	(-) 15.61
Sales tax deferment	(-) 91.70	45.90
Loan from bank & others	314.82	10.48
Inter corporate deposit	0.00	0.00
Dividend on equity paid	(-) 91.32	91.32
	<u>260.45</u>	<u>132.09</u>
<b>Net cash flow from all activities</b>	<b>123.16</b>	<b>126.12</b>
<b>Cash &amp; bank balance as at 31-03-2008</b>	<b><u>331.52</u></b>	<b><u>205.40</u></b>
<b>cash &amp; bank balance as at 31-03-2009</b>	<b><u>454.68</u></b>	<b><u>331.52</u></b>

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS  
FOR, LINCOLN PHARMACEUTICALS LIMITED**

PLACE : AHMEDABAD  
DATE : 31 - 08 - 2009

MAHENDRA G. PATEL  
(MANAGING DIRECTOR)

HASMUKH I. PATEL  
(WHOLETIME DIRECTOR)

**AUDITORS' CERTIFICATE**

I have verified the above cash flow statement of Lincoln Pharmaceuticals Limited derived from the audited financial statement for the year ended 31st March, 2009 and found the same to be shown in accordance herewith and also with the requirements of clause 32 of the listing agreement with exchange.

**FOR, RAJENDRA N. SHAH & CO.**  
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD  
DATE : 31.08.2009

**(R. N. SHAH)**  
PROPRIETOR

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.      State Code

Balance Sheet Date

Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue       Rights Issue

Bonus Issue       Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Sources of Funds	Application of Funds
Paid up Capital <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/>	Net Fixed Assets <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="2"/>
Reserves & Surplus <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="9"/>
Secured Loans <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="3"/>	Net Current Assets <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/>
Unsecured Loans <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Deferred Tax Liabilities <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/>	
Total Liabilities <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/>	Total Assets <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/>

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover        Total Expenditure

Profit Before Tax       Profit After Tax

Earning Per Share in Rs.       Dividend Rate %

### V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Pharmaceuticals Formulation

Pharmaceuticals Formulation

Antibiotics

As per our report of even date  
**For Rajendra N. Shah & Co.**  
 Chartered Accountants

**Rajendra N. Shah**  
 Proprietor

Place : Ahmedabad  
 Date : 31-08-2009

On behalf of the Board of Directors

**M. G. PATEL**

Managing Director

**R. G. PATEL**

Joint Managing Director

**H. I. PATEL**

Whole time Director

Place : Ahmedabad  
 Date : 31-08-2009

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF LINCOLN PHARMACEUTICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LINCOLN PHARMACEUTICALS LIMITED AND ITS SUBSIDIARY-ZULINC HEALTHCARE LIMITED**

- 1) We have examined the attached consolidated Balance Sheet of Lincoln Pharmaceuticals Limited and its subsidiaries as at 31<sup>st</sup> March, 2009 and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statements of subsidiaries, whose financial statement reflect total assets of Rs.567470/- as at 31<sup>st</sup> March, 2009 These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
- 4) 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 Statement" on the basis of the separate audited financial statement of Lincoln Pharmaceuticals Limited and its subsidiary included in the Consolidated Financial Statement.
- 5) On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of Lincoln Pharmaceuticals Limited and its aforesaid subsidiary and read with the accounting policies and other notes give the information required by the Companies Act, 1956 (as amended) in the manner so required and give a true and fair view:-
  - i) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of Lincoln Pharmaceuticals Limited and its subsidiary as at 31<sup>st</sup> March, 2009.
  - ii) In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of Lincoln Pharmaceuticals Limited and its subsidiary for the year ended on that date.

**FOR, RAJENDRA N. SHAH & CO.**  
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD  
DATE : 31.08.2009

**(R. N. SHAH)**  
PROPRIETOR

CONSOLIDATED AUDITED BALANCE SHEET AS AT 31.03.2009

NO. PARTICULARS	SCH NO.	TOTAL 31.03.2009 RUPEES
<b>[A] SOURCES OF FUNDS</b>		
<b>SHAREHOLDER'S FUNDS</b>		
(a) Share capital	1	86,108,000
(b) Reserve & surpluses	2	278,297,645
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<b>364,405,645</b>
<b>LOAN FUNDS</b>		
(a) Secured Loans	3	119,973,231
(b) Un-secured loans	4	35,829,035
		155,802,266
<b>DEFERRED TAX LIABILITY</b>		22,250,571
<b>TOTAL</b>		<b>542,458,482</b>
<b>[B] APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>	5	
(a) Gross Block		224,745,739
(b) Depreciation fund		56,052,966
(c) Net Block		168,692,773
<b>INVESTMENTS</b>	6	19,200
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
(a) Inventory	7	143,141,172
(b) Debtors	8	229,839,174
(c) Cash & Bank balance	9	45,993,295
(d) Loans & Advances	10	142,508,352
		561,481,993
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>		
(a) Creditors	11	114,631,219
(b) Provisions	12	73,205,764
		187,836,983
<b>NET CURRENT ASSETS</b>		<b>373,645,010</b>
<b>MISC. EXPENDITURE</b>		
(a) Preliminary Expenses		101,499
<b>TOTAL</b>		<b>542,458,482</b>

As per our report of even date  
For **Rajendra N. Shah & Co.**  
Chartered Accountants

**Rajendra N. Shah**  
Proprietor

Place : Ahmedabad  
Date : 31-08-2009

On behalf of the Board of Directors

**M. G. PATEL**

Managing Director

**R. G. PATEL**

Joint Managing Director

**H. I. PATEL**

Whole time Director

Place : Ahmedabad  
Date : 31-08-2009

**SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2009**

	TOTAL 31.03.2009 RUPEES
<b>SCHEDULE : 1 - SHARE CAPITAL</b>	
<b>AUTHORISED</b>	
10,000,000 Equity Shares of Rs.10 each.	100,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>	
7,610,800 Equity share of Rs 10 each.	76,108,000
[Previous Yr. 380,540,000 Eq. Share of Rs. 2/- each]	
10,000,000 issue of share warrents of Rs Rs 10 per warrant	10,000,000
<b>TOTAL</b>	<b>86,108,000</b>
<b>SCHEDULE : 2 - RESERVE &amp; SURPLUS</b>	
<b>1. SHARE PREMIUM</b>	
Balance as per last	132,744,000
Add: Addition during the year	0
	<u>132,744,000</u>
<b>2. GENERAL RESERVE</b>	
Balance as per last	20,621,600
Add: Addition during the year	2,500,000
	<u>23,121,600</u>
Less : Deduction during the year	0
	<u>23,121,600</u>
<b>3. SUBSIDY</b>	
Balance as per last	1,000,000
Add: Addition during the year	0
	<u>1,000,000</u>
<b>4. Profit &amp; loss Appropriation Account.</b>	
	<u>121,432,045</u>
<b>TOTAL</b>	<b><u>278,297,645</u></b>
<b>SCHEDULE : 3 - SECURED LOANS</b>	
<b>(a) State Bank of India</b>	
Term loan from SBI	13,200,000
<b>Total</b>	<u>13,200,000</u>
<b>SHORT TERM WORKING CAPITAL LOAN</b>	
Cash Credit Account	61,318,166
F.B.P.Account.	25,455,065
S.D.S.Corporate Loan	-
S.L.C Loan A/C	20,000,000
<b>Total</b>	<u>106,773,231</u>
<b>TOTAL</b>	<b><u>119,973,231</u></b>
<b>SCHEDULE : 4 - UNSECURED LOANS</b>	
(a) Sales tax differement credit facility	5,128,280
(b) Security- trade deposit	23,700,755
(c) Inter corporate deposit	7,000,000
<b>TOTAL</b>	<b><u>35,829,035</u></b>

31.03.2009

RUPEES

**SCHEDULE : 6 - INVESTMENTS****(Unquoted & other than trade)****LONG TERM INVESTMENT IN MUTUAL ( At Cost )**

BIRLA MIDCAP FUND(16299)	0
BIRLA SUNLIFE FRONTLINE EQUITY FUND (28050)	0
DSP ML TIGER FUND	0
DSPML EQUITY FUND (123594)	0
HDFC FIXED MATURITY PLANS - SERIES VII	0
HDFC TOP 200 FUND	0
ICICI PRUDENTIAL INFRASTRUCTURE FUND(47770)	0
KOTAK OPPORTUNITIES FUND	0
RELIANCE DIVERSIFIED POWER SECTOR FUND (11146)	0
RELIANCE GROWTH FUND(11981)	0
RELIANCE NATURAL RESOURCES FUND(48900)	0
SBI MAGNUM EQUITY FUND	0
SBIMF - MAGNUM COMMA FUND (31847)	0
SUNDARAM BNP PARIBAS CAPEX OPPORTU FUND(29005)	0
SUNDARAM BNP PARIBAS S.M.I.L.E. FUND (41219)	0
<b>TOTAL</b>	<b>0</b>

**INVESTMENT IN FMP PLAN**

ABN AMRO FLEXIBLE SHORT TERM PLAN-SERIES	0
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<b>TOTAL</b>	<b>0</b>
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<b>TOTAL INVESTMENT</b>	<b>0</b>
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Equity shares of Navnirman Co.Op.Ltd. 320 (320)	8,000
'Bank Ltd each of Rs 25/- fully paid.	
Equity share of Vijay Co.Op.Bank.Ltd.20 (20)	200
each of Rs 10/- fully paid.	
Equity share of Naroda Ind.Co.Bank Ltd. 10 (10)	1,000
'Each of Rs 25/- Fully paid.	
NSC purchased	10,000
<b>TOTAL</b>	<b>19,200</b>
<b>TOTAL INVESTMENT</b>	<b>19,200</b>

**SCHEDULE : 7 - INVENTORIES****(As taken, valued and certified by management)**

Raw Materials	17,728,990
Packing Materials	8,281,849
Work In Progress	9,018,754
Finished Goods	78,840,928
Finished Goods - C & F	29,270,651
<b>TOTAL</b>	<b>143,141,172</b>

**SCHEDULE : 8 - SUNDRY DEBTORS****( Unsecured & Considered goods )**

Exceeding six Month	29,674,280
(Includes Rs 16.30 are under litigation - considered good)	
Others	200,164,894
<b>TOTAL</b>	<b>229,839,174</b>

31.03.2009  
RUPEES

**SCHEDULE : 9 - CASH & BANK BALANCES**

<b>Cash on Hand</b>	1,127,165
<b>BALANCE WITH SCHEDULE BANKS</b>	
(a) Current Account	17,268,185
(b) Fixed Deposit Account	10,424,049
(c) Dividend Account	132,736
	<u>27,824,970</u>
<b>BALANCE WITH NON SCHEDULE BANKS</b>	
(a) Current Account	17,041,160
(b) Fixed Deposit Account	0
	<u>17,041,160</u>
<b>TOTAL</b>	<u>45,993,295</u>

**SCHEDULE : 10 - LOANS & ADVANCES**

**(Un-secured, Considered Goods)**

(a) Inter-Corporate Deposits	12,677,968
(b) Income Tax & T.D.S.	68,122,104
(c) Advance for Capital Goods	4,019,465
(d) Balance with Govt. Authorities	16,468,520
(f) Advances recoverable in cash or kind for value to be recd.	41,220,295
<b>TOTAL</b>	<u>142,508,352</u>

**SCHEDULE : 11 - CURRENT LIABILITIES**

Sundry creditors - Raw Materials	80,446,467
Sundry Creditors - Expense & others	27,912,542
Statutory Liabilities	6,272,210
<b>TOTAL</b>	<u>114,631,219</u>

**SCHEDULE : 12 - PROVISIONS**

(a) Taxation Provision	64,072,804
(b) Proposed Dividend	9,132,960
<b>TOTAL</b>	<u>73,205,764</u>

As per our report of even date  
**For Rajendra N. Shah & Co.**  
Chartered Accountants

**Rajendra N. Shah**  
Proprietor

Place : Ahmedabad  
Date : 31-08-2009

On behalf of the Board of Directors

<b>M. G. PATEL</b>	Managing Director
<b>R. G. PATEL</b>	Joint Managing Director
<b>H. I. PATEL</b>	Whole time Director

Place : Ahmedabad  
Date : 31-08-2009



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-03-2009**

RS IN LACS

31-03-2009

<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit before tax & other ordiner items		666.32
	Adjustment for		
	Depreciation	86.27	
	Short term loss on share	73.18	
	<b>SHORT TERM TRADING LOSS</b>	63.21	
	Loss on sale of assets	2.58	
	Other Income	-0.35	
	Dividend	-19.85	<u>205.04</u>
	Operating profit before working capital change		871.36
	Current Assets	-932.55	
	Current Liabilities	451.51	<u>-481.04</u>
	Cash generation from operation		390.32
	Direct tax paid	165.01	
	Dividend tax paid	15.52	
	Preliminary & Preoperative Exp.Paid	1.01	<u>181.54</u>
	Cash flow before investment income		208.78
	Other Income	0.35	
	Dividend	19.85	<u>20.2</u>
	<b>Net cash flow from operating activities</b>		<u><u>228.98</u></u>
<b>B</b>	<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
	Investment	293.61	
	Purchase of fixed assets	-657.44	
	Sale of fixed assets	2.81	<u>-361.02</u>
	Net cash used in investment activities		<u><u>-132.04</u></u>
<b>C</b>	<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
	Issue of share capital	100	
	Deposits Accepted	28.65	
	Sales tax deferement	-91.7	
	Loan from bank & others	314.82	
	Inter corporate deposit	0	
	Dividend on equity paid	-91.32	<u>260.45</u>
	<b>Net cash flow from all activities</b>		<u><u>128.41</u></u>
	Cash & bank balance as at 31-03-2008		331.52
	Cash & bank balance as at 31-03-2009		459.93

FOR & ON BEHALF OF BOARD OF DIRECTORS  
FOR LINCOLN PHARMACEUTICALS LIMITED

PLACE : AHMEDABAD  
DATE : 31.08.2009

**MAHENDRA G. PATEL**  
Managing Director

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## AUDITORS CERTIFICATE

I have verified the above consolidated cash flow statement of Lincoln Pharmaceuticals Limited derived from consolidated audited financial statement for the year ended 31st March, 2009 and found the same to be shown in accordance herewith and also with the requirements of clause 32 of the listing agreement with exchange.

**FOR, RAJENDRA N. SHAH & CO.**  
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD  
DATE : 31.08.2009

**(R. N. SHAH)**  
PROPRIETOR

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.      State Code

Balance Sheet Date

Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue      Rights Issue

Bonus Issue      Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Sources of Funds	Application of Funds
Paid up Capital <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/>	Net Fixed Assets <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="2"/>
Reserves & Surplus <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/>
Secured Loans <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="3"/>	Net Current Assets <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="5"/>
Unsecured Loans <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/>
Deferred Tax Liabilities <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/>	
Total Liabilities <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/>	Total Assets <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/>

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover        Total Expenditure

Profit Before Tax       Profit After Tax

Earning Per Share in Rs.    .   Dividend Rate %

### V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Pharmaceuticals Formulation

Pharmaceuticals Formulation

Antibiotics

As per our report of even date  
For **Rajendra N. Shah & Co.**  
Chartered Accountants

**Rajendra N. Shah**  
Proprietor

Place : Ahmedabad  
Date : 31-08-2009

On behalf of the Board of Directors

**M. G. PATEL**

Managing Director

**R. G. PATEL**

Joint Managing Director

**H. I. PATEL**

Whole time Director

Place : Ahmedabad  
Date : 31-08-2009

**SCHEDULE NO. : 21 : GENERAL NOTES FORMING PART OF ACCOUNT -**

**[A] SIGNIFICANT OF ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

**1. Classification of Income and expenditure {Except Otherwise Indicated}**

- (i) All Expenditure and income are accounted for under the natural head of accounts.
- (ii) All financial items of income and expenditure having a material bearing on the financial statement are recognised on accrual basis, except income by way of dividend and expenses by way of leave encashment which is accounted on cash basis
- (iii) Consolidated financial statement of parent & subsidiary company prepared in addition to separate financial statement of subsidiary company.

**2. VALUATION**

**(i) FIXED ASSETS**

Fixed assets are normally accounted on cost basis including cost of acquisition, installation and net of modvat. impairment loss, if any is recognised in the year in which impairment take place.

**(ii) INVENTORIES**

inventories are valued at cost or net realisable value whichever is lower. The cost is determined on FIFO basis and where applicable includes the cost of materials (net of available credit), labour and factory overheads. Finished products includes excise duty on products manufactured.

- (iii) Trading Investment are valued at cost of market value whichever is lower.

**3. Stores, spares tools and dies are charges to revenue.**

**4. DEPRECIATION**

- (i) Depreciation on fixed assets are provided on straight line method at the rate and method prescribed in schedule xiv to the companies Act, 1956.
- (ii) Depreciation on addition/deletion on fixed assets are provided on pro rata basis.

**5. SALES**

- (i) Export sales are accounted at current prevailing rate and on realisation difference of exchange rate is adjusted in the accounts.
- (ii) Sales goods return, rate difference, claims, etc. are accounted in the year in which the transaction are taken place.
- (iii) The sales is inclusive of excise duty and value added tax as applicable.

**6. PURCHASE**

- I Purchase goods returns are adjusted from the purchase of the year in which the transaction take place.
- II Purchased goods are inclusive of excise duty, value added tax and purchased related direct expenses.

**7. RETIREMENT BENEFITS :**

- i The company has taken a group policy for gratuity with the Life Insurance Corporation of India. The gratuity liabilities is accounted as per the actuarial contribution demanded by L.I.C.
- ii The company makes contribution to provident fund which are recognised in the profit & loss account on accruals basis.

**8. INVESTMENT**

Long term & short term investment are stated at cost after deducting provision made, if any, for permanent diminution in the value.

Trading Investment are shown as a current assets under the head of inventory. profit or loss arise on sales of trading investment are accounted as business profit or loss.

**9. MISC. EXPENDITURE**

Public issue, preliminary expenses and deferred revenue expenses if any are written off over a period.

**10. CONTINGENT LIABILITIES :-**

Contingent liabilities are not provided for in the accounts. These are disclosed by way of notes to the accounts.

**11. CAPITAL WORK IN PROGRESS**

These are stated at cost and other relevant overheads incurred during the construction period.

**12. CLAIM BY/AGAINST THE COMPANY**

Claim by/against the company arising on any account are provided in the accounts on receipts/ acceptance basis.

**13. RESERCH & DEVELOPMENT**

Revenue expenditure on R & D are charged to respective head of accounts in the year in which they are incurred. Capital expenditure on R & D are treated as addition to fixed assets. No depreciation on R & D assets has been provided.

**14. FOREIGN CURRENCY TRANSACTIONS**

- 1 Assets and liabilities in foreign currency , covered by forward contracts are stated at forward contract rate while those not covered by forward contracts are stated at the rate ruling at the year end.
- 2 Exchange difference relating to fixed assets are adjusted in the cost of the assets.
- 3 Any other exchange difference are dealt with in the profit & loss account.

15 The consolidated finanacial statement relate to Lincoln Pharmaceuticals Limited (the Parent Company) and its subsidiaries - Zullinc Healthcare limited.

**16 Principles of Consolidation**

The consolidated financial statement have been prepared in accordance with Accounting Standard 21 (AS-21)- "Consolidated Finanacial Statement issued by the Institute of Chartered Accountant of India. The Consolidated financial statements have been prepared on the following basis.

- i. The financial Statements of the parent and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets,liabilites,income and expenses,after fully eliminating intra-group balances and unrealised profit or losses of intra group transactions.
- ii The consolidated financial statements have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented, to the extent possible, in the same manner as the parent company's seprate financial statement
- iii The excess of cost to the parent company of its investment in the subsidiary over the parent company's portion of equity of the subsidiary is recognised in the finacial statements as Goodwill. This goodwill is tested for impairment at end of financial year. The excess of parent company portion of equity over the cost of investement as at the date of its investment is treated as capital reserve
- iv The finanacial statements of the Subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended march 31,2009.
- v Consolidated financial statement of parent & subcdiary company prepared in addition to separate financial statement of subcdiary company.  
The parent company holding in subcdiary company considered in consolidation financial statement as follow:

vi	Name of company	Country Incorporation.	Proportion of shareholding 31.03.2009	Proportion of shareholding 31.03.2008
	Zullinc Healthcare Ltd.	India	100%	0
	Grand total		100%	0

**[B] NOTES FORMING PARTS OF ACCOUNTS**

1. Previous year's figures have been regrouped and rearranged wherever necessary occurances.

	<u>2008-2009</u>	<u>2007-2008</u>
<b>2. PAYMENT TO AUDITOR</b>		
Audit Fees	45,000	45,000
As advisor in any other in resp. of cert.chg.	2500	0
<b>Total</b>	<u><u>47,500</u></u>	<u><u>45,000</u></u>

**3. CONTINGENT LIABILITY NOT PROVIDED FOR**

{A}	Commitment under letter of credit	41,331,180	5,317,431
{B}	Guarantee given	4,551,638	10,029,703
	<b>Total</b>	<b><u>45,882,818</u></b>	<b><u>15,347,134</u></b>

**4. DETAILS OF SECURITY OF SECURED LOANS AS PER SCHEDULE NO.: 3**

**{B} Working Capital is secured by.....**

- (i) Hypothecation of all raw material comprising of bulk drugs and chemicals, stock in progress, finished goods, all other stores and spares and receivable/book debts, both present and future.
- (ii) Personal guarantee of managing director, joint managing director and one whole time director
- (iii) Collateral security by way of mortgage created or to be create on immovable property of the company. Hypothecation of all movable plants, machineries, and other movable assets both present and future and other movables assets present and future of the company.

**5. R & D expenses :**

- 1 Since 2001, Company's in house R & D unit has been approved, by Government of india, Ministry of science & technology, Department of Scientific and industrial Reserch. New Delhi. Further ,Company's in house R & D unit has been also approved for weighted deduction u/s 35(2)(AB) of the income tax act w.e.f. 15.12.2007.

- 2 The details of In house R & D unit expenses for the year are given hereunder :

Particulars	2008-09			
	CAPITAL	REVENUE	CAPITAL	REVENUE
Building construction	0		5136880	0
Fixed Assets	5495947		3888766	0
Personnel exp.		6054927	0	6424908
Material purchases		2381514	0	707837
Direct expenses		2059939	0	1852066
Administrative expenses		947413	0	128206
<b>TOTAL</b>	<b>5495947</b>	<b>11443793</b>	<b>9025646</b>	<b>9113017</b>

**5. Details of Director Remuneration**

Name	Position held During the Year	Salary & Allowances	Perquisites	Total Remuneration
Shri Mahendra G. Patel	Managing Director	900000	240000	1140000
Shri Rajnikant G. Patel	Jt. Managing Director	900000	240000	1140000
Shri Hasmukh I. Patel	Wholetime Director	900000	240000	1140000
Shri Arvind G. Patel	Wholetime Director	900000	240000	1140000

**6. Quantitative and other information to the provision of paragraph 3&4 part II of schedule VI to the companies act, 1956 (as certified by management)**

**6.1 Capacity/Production/Sales/Stocks**

Classification	Unit	Licence	2008-2009	2007-2008
(a) Tablets	Nos.	N.A.	1000000000	1000000000
(b) Capsules	Nos.	N.A.	450000000	450000000
(c) Syrup	Nos.	N.A.	6000000	6000000
(d) Cream	Nos.	N.A.	3000000	3000000

## 6.2 Production

Products	Unit	2008-2009	2007-2008
Acease Tablet	Strip	25800	17000
Chemisprin Tablet	Strip	0	0
Tacizol 400 Tab	Strip	1539520	489240
Alldox Capsule	Strip	50900	252000
Quinnox Tablets 250 MG	Strip	1192020	1199845

Products	2008-2009			2007-2008	
	Units	Qty.	Rs.	Qty.	Rs.
<b>6.3 1. Turnover</b>					
Acease Tablet	Strip	25800	2704688	17000	1268370
Chemisprin Tablet	Strip	0	0	0	0
Tacizol 400 Tab	Strip	1539520	3844944	489240	933179
Alldox Capsule	Strip	50900	1011250	352800	1428046
Quinnox Tablets 250 MG	Strip	1192020	4273006	1211045	3590293
Others			112834287E		881932335
<b>Total</b>			<b>1140176763</b>		<b>889152223</b>
<b>6.3 2. Opening Stock</b>					
Acease Tablet	Strip	0	0	0	0
Chemisprin Tablet	Strip	0	0	0	0
Tacizol 400 Tab	Strip	0	0	0	0
Alldox Capsule	Strip	0	0	100800	338688
Quinnox Tablets 250 MG	Strip	0	0	11200	24909
Others			73776112		124949870
			<b>73776112</b>		<b>125313467</b>
<b>6.3 3. Closing Stock</b>					
Acease Tablet	Strip	0	0	0	0
Chemisprin Tablet	Strip	0	0	0	0
Tacizol 400 Tab	Strip	0	0	0	0
Alldox Capsule	Strip	0	0	0	0
Quinnox Tablets 250 MG	Strip	0	0	0	0
Others			108111579		73776112
			<b>108111579</b>		<b>73776112</b>

### Notes....

#### 1. Production includes :

- Goods manufactured in company's factory premises.
- Goods manufactured on loan licenses basis in the factory premises of third party.
- Goods purchased by the company.

## 7. Raw Material Consumed

7.1 Raw Material Name	Units	2008-2009		2007-2008	
		Qty.	Rs.	Qty.	Rs.
Betamethasone Valerate	Kgs.	8403	913493	14941	1297210
Chloroquine Phosphate	Kgs.	3546	2685515	3430	2341758
Ciprofloxacin	Kgs.	3092	3476447	647	596064
Erythromycin Stearate	Kgs.	9	12096	1777	2587917
Griseofulvin	Kgs.	500	2205998	1267	3033761
Ibuprofen	Kgs.	3203	1476155	6654	3246442
Paracetamol	Kgs.	128698	25253945	21146	2882712
Rock Phosphate (Calcite)	Kgs.	0	0	0	0
Others			138555143		92600307
			<b>174578792</b>		<b>108586171</b>

Particulars	2008-2009		2007-2008	
	% of total Consum..	Amount	% of total Consum..	Amount
7.2 Brake-up of Raw Materials				
Imported	15.52	27103342	17.56	18375699
Indigenous	84.48	147475450	82.44	90210472
	<b>100.00</b>	<b>174578792</b>	<b>100</b>	<b>108586171</b>

Particulars	2008-2009	2007-2008
8. Total Value of stores & spares consumed		
Imported	0	0
Indigenous	8148883	8547584
<b>Total....</b>	<b>8148883</b>	<b>8547584</b>
8.1 C.I.F. Value of Import		
(a) Raw Materials	31185353	21180448
(b) Stores & Spares	0	0
(c) Capital Goods	1180673	0
<b>Total....</b>	<b>32366026</b>	<b>21180448</b>
9. Particulars regarding foreign exchange earning in foreign exchange		
(a) Export goods calculated on F.O.B. Basis	181527660	154206102
<b>Total....</b>	<b>181527660</b>	<b>154206102</b>
(b) Expenditure in foreign currency		
Travelling	8115660	1779430
Products registration fees/Inspection/others Expenses	5606084	2514054
Import of Raw materials	32366026	21180448
<b>Total....</b>	<b>46087770</b>	<b>25473932</b>
10. Deferred Tax		

1 During the year, the company has accounted for deferred tax in accordance with the accounting standard -22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India. Accordingly the accumulated deferred tax assets & liabilities have been recognised for timing difference identified as on 31.03.2009 with corresponding charges to carry forward prior year balance of profit & loss account.



2 The deferred tax during the year for the timing difference is accounted using the tax rates that have been enacted , the net difference arising thereon is debited to profit & loss account.

3 The breake up of defered tax assets & liabilities into major componentsat the year end is as below

NO.	PARTICULARS	As at 01.04.2008	tax effects for the period	As at 31.03.2009
1	Fixed Assets	450.78	208.82	659.60
	<b>TOTAL</b>	<b>450.78</b>	<b>208.82</b>	<b>659.60</b>
	Deffered tax liabilities :	156.59	70.44	222.50
	Excess provision of earlier year		4.53	

#### 11. SEGMENT REPORTING [AS PER AS -17]

##### PRIMARY SEGMENT

##### BUSINESS SEGMENT

- 1 Manufacturing & marketing of Pharmaceuticals Products.
- 2 Trading in chemicals products, Bulk drug & share & securities.

##### PRIMARY SEGMENT

No.	PRODUCTS	2008-09	2007-08
1.	Pharma products	924220537	692214689
2.	Chemicals	178709815	170103856
3.	Bulk Drug	26885832	0
4.	Trading - SEC M/f.	10360579	0
	<b>TOTAL</b>	<b>1140176763</b>	<b>862318540</b>

Standard - 17 as issued by Institute of chartered Accountants of India.

##### SECONDARY SEGMENT

No.	2008-09		2007-08	
	Geographic	Total	Geographic	Total
1	Export	190666366	Export	160759871
2	Domestic	949510397	Domestic	701558674
	<b>TOTAL</b>	<b>1140176763</b>	<b>Total</b>	<b>862318545</b>

The segment revenue in the domestic & export business segments primary includes net sales from supply of manufactured goods, sales of traded items of the respective segments only. it does not includes the other income of respective segments. Revenue within the india includes sales to the customers located within the india. Revenue outside india includes sales to customers located outside india

#### 12. RELATED PARTY DISCLOSURE [AS PER AS -18]

A Related parties disclusre as required by as 18, (Related party disclosure) are given below :

Lincoln Parenterals Limited - significance influence

Karnavati Distributors Limited -Significance influence.

#### B KEY MANAGEMENT PERSONNEL

- 1 Mahendrabhai G. Patel - Managing Director
- 2 Rajnikant G. Patel - Joint Managing Director
- 3 Hasmukh I Patel, - Whole time director
- 4 Arvind G. Patel - whole time Director

**C TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR ENDED MARCH,31,2009**

	<b>Maximum Outstanding Balance</b>		
	<u>2008-09</u>	<u>2007-08</u>	
Lincoln Parenteras Limited	Rs 24821620	Rs 20324312	
Karnavati Distributors Limited	Rs 3724834	Rs 5803672	
<b>13. EARNING PER SHARE [AS PER AS- 20]</b>			
Outstanding equity shares (nos.) of Rs. 10/- (Previous of Rs. 2/-)	7610800	38054000	
Net profit after tax	Rs. 43087974	Rs. 46625819	
Earning per share (RS.)	Rs 5.66	Rs 1.23	
<b>14. Investment in Subsidiary Company</b>			
Company	No. of Shares	Total Capital	Parent company
Zullinc Healthcare Ltd.	50,000	Rs. 500,000	Rs. 500,000
Percentage of holding		100%	100%

**15. IMPAIRMENT [AS PER AS : 28 OF ICAI]**

As per guidelines issued by the Institute of Chartered Accountants of India under AS-28 "Impairment of Assets", the Company has assessed the recoverable amount of the relevant assets and found that there is no indication of any impairment loss exists in relation to its assets as at 31st March, 2009.

- 16.** Company has issued 10,000,000 preferential warrants on 21-07-2008 with a right to subscribe equity shares of Rs. 2/- each and company has received Re. 1 per each warrant. Subsequently company has consolidated 5 equity shares of Rs. 2/- each fully paid up into one equity share of Rs. 10/- each. In view of the same, the right to subscribe the equity shares would get consolidated at the time of exercise of right to convert into equity share.

As per our report of even date  
**For Rajendra N. Shah & Co.**  
Chartered Accountants

**Rajendra N. Shah**  
Proprietor

Place : Ahmedabad  
Date : 31-08-2009

On behalf of the Board of Directors

**M. G. PATEL** Managing Director  
**R. G. PATEL** Joint Managing Director  
**H. I. PATEL** Whole time Director

Place : Ahmedabad  
Date : 31-08-2009



**ZULLINC HEALTHCARE LIMITED.****DIRECTORS' REPORT**

To,  
The Members,

Your Directors present herewith the First Annual Report together with the Audited Statement of Accounts for the period ended 31<sup>st</sup> March 2009.

**FINANCIAL RESULTS :**

The Company has been incorporated on 16<sup>th</sup> October, 2008 as a wholly owned Subsidiary.

The Company has not commenced commercial activities during the period and accordingly no profit and loss account for the period under review has been prepared.

**DIVIDEND :**

In view of non commencement of commercial activities, your Directors do not recommend any dividend for the period under review.

**DEPOSITS :**

The Company has not accepted deposits with in the meaning of Section 58 A of the Companies Act 1956, during the year under review.

**DIRECTORS :**

This being a first Annual General Meeting , all the first Directors of the Company retire from the board and being eligible, offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, the Directors Confirm that :

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (2) appropriate accounting policies have been selected and applied them consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year;
- (3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) the accounts have been prepared on going concern basis.

**EMPLOYEES :**

As there are no employees drawing remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, from time to time, statement under section 217(2A) is not required.

**AUDITORS :**

The Company's Auditors K. P. Sompura and Company, Chartered Accountants will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Members are requested to appoint auditors for the current year and fix remuneration.

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

Since operations have not started, particulars required to be given in respect of the above activity under the Companies (Disclosure of Particulars in report of Directors) Rules, 1988 is not given.

**ACKNOWLEDGEMENT :**

The Board is thankful to its bankers for their continued support and assistance.

**BY ORDER OF THE BOARD**  
**For ZULLINC HEALTHCARE LIMITED**

**Place : Ahmedabad**

**Date : 31-08-2009**

**(DIRECTOR)**

**(DIRECTOR)**

## AUDITOR REPORT

To  
The Members of  
Zullinc Healthcare Limited,

1. We have audited the attached Balance Sheet of Zullinc Healthcare Limited as at March 31, 2009 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;

**FOR K.P.SOMPURA AND COMPANY**  
CHARTERED ACCOUNTANTS

Place : Ahmedabad  
Date : 31.08.2009

**K.P.SOMPURA**  
PROPRIETOR

**ANNEXTURE TO THE AUDITOR REPORT OF ZULLINC HEALTHCARE LIMITED**

- (i) (a) The Company have no fixed assets during the year. The maintained proper records and physical verification by management is not applicable
- (ii) (a) The company has not started any businesses during the year hence physical verification of inventory at reasonable intervals and maintenance of proper records are not applicable.
- (iii) As informed to us, the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business.,
- (v) According to the information and explanations given to us, there are no such transaction which are to be entered into the register maintained under section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the records of the Company, no dues outstanding of sales-tax, Investor education and protection fund, income-tax, custom duty, wealth-tax, excise duty and cess on account of any dispute:
- (x) The Company accumulated losses at the end of the financial year are less than fifty percent of its net worth. Further, the Company has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us by the management, company have not availed any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

**FOR K.P.SOMPURA AND COMPANY**  
CHARTERED ACCOUNTANTS

Place : Ahmedabad  
Date : 31.08.2009

**K.P.SOMPURA**  
PROPRIETOR

ZULLINC HEALTHCARE LIMITED.

AUDITED BALANCE SHEET AS ON 31.03.2009

PARTICULARS	SCHEDULE	31.03.2009 AMOUNT
[A] SOURCES OF FUNDS		
SHAREHOLDER'S FUNDS		
(a) Share capital	1	500,000
(b) Reserve & surpluses	2	-
Total Shareholder's Funds		<u>500,000</u>
LOAN FUNDS		
(a) Secured loans		-
(b) Un-secured loans	3	67,470
		<u>67,470</u>
<b>Total</b>		<u><b>567,470</b></u>
[B] APPLICATION OF FUNDS		
FIXED ASSETS		
GROSS BLOCK		-
LESS:- DEPRECIATION		-
NET BLOCK		-
CURRENT ASSETS, LOANS & ADVANCES		
(a) Inventory		-
(b) Debtors		-
(c) Cash & bank Balance	4	525,000
(d) Loans & Advances		-
		<u>525,000</u>
LESS: CURRENT LIABILITIES & PROVISIONS		
(a) Creditors	5	59,029
(b) Provisions		-
		<u>59,029</u>
NET CURRENT ASSETS		<u><b>465,971</b></u>
MISCELLANEOUS EXPENDITURE	6	101,499
<b>Total</b>		<u><b>567,470</b></u>

As per our report on even date  
**FOR, K.P.SOMPURA AND COMPANY**  
**Chartered Accountants**

KISHORE P. SOMPURA  
 Proprietor

Place : Ahmedabad  
 Date : 31.08.2009

On behalf of Directors...

M.G.PATEL      DIRECTOR

H.I.PATEL      DIRECTOR

Place : Ahmedabad  
 Date : 31.08.2009

ZULLINC HEALTHCARE LIMITED

**SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31.03.2009**

PARTICULARS	31.03.2009 AMOUNT
<b>SCHEDULE 1 : SHARE CAPITAL</b>	
<b>Authorised share capital</b>	
50,000 Equity shares of Rs 10 each.	<u>500,000</u>
<b>Issued, subscribed and paid up capital</b>	
50,000 Equity shares of Rs. 10 each.	<u>500,000</u>
<b>Total</b>	<u><u>500,000</u></u>
<b>SCHEDULE NO.2</b>	
Unsecured loan from holding company	<u>67,470</u>
<b>Total</b>	<u><u>67,470</u></u>
<b>SCHEDULE 3 : CASH &amp; BANK BALANCE</b>	
Cash on Hand	-
Balance with Scheduled Banks	
(a) Current Account	525,000
(b) Fixed Deposit Account	-
Balance with Non -Scheduled Banks	
(a) Current Account	-
(b) Fixed Deposit Account	-
<b>Total</b>	<u><u>525,000</u></u>
<b>SCHEDULE 4 : CURRENT LIABILITIES</b>	
Sundry Creditors- Expense	<u>59,029</u>
<b>Total</b>	<u><u>59,029</u></u>
<b>SCHEDULE 5 : MISCELLANEOUS EXPENDITURE</b>	
(To the extent not written off or adjusted )	
Preliminary exp.	42,470
Pre-operative expenses	<u>59,029</u>
<b>Total</b>	<u><u>101,499</u></u>

As per our report on even date  
**FOR, K.P.SOMPURA AND COMPANY**  
**Chartered Accountants**

KISHORE P. SOMPURA  
 Proprietor

Place : Ahmedabad  
 Date : 31.08.2009

On behalf of Directors...

M.G.PATEL      DIRECTOR

H.I.PATEL      DIRECTOR

Place : Ahmedabad  
 Date : 31.08.2009



**ZULLINC HEALTHCARE LIMITED**

**NOTES OF ACCOUNTS FOR THE YEAR 2008-09**

**[A] ACCOUNTING POLICIES**

- 1 Classification of Income and expenditure {Except Otherwise Indicated}
  - I All Expenditure and income are accounted for under the natural head of accounts.
  - II All Income & expenses are accounted on accruals basis.
  - III Preliminary & pre-operative expenses are to be written off over a period of ten years.
  - IV Expenses before commencement of business are treated as a pre-operative expenses.
- 2 Claim by/against the Company  
 Claim by/against the company arising on any account are provided in the accounts on receipts /acceptance basis

**NOTES FORMING PARTS OF ACCOUNTS**

- 1 This is the first year of audit commencing accounting year from 11-11-2008 to 31.03.2009
- 2 Expenses incurred before commencement of business are treated as preoperative expenses.
- 3 Company incorporation expenses are treated as a preliminary expenses.
- 4 Company has not started any commercial activities during the first year of audit hence no profit & loss account is prepared.
- 5 Company is a wholly subsidiary company of Lincoln Pharmaceuticals limited.
- 6 Sundry debit /credit balances are subject to confirmations
- 7 Payment to auditor

Particulars	2008-09
Audit Fees	NIL
As advisor in any other in resp. of cert.chg.	NIL
Total....	<u>NIL</u>

As per our report on even date  
**FOR, K.P.SOMPURA AND COMPANY**  
**Chartered Accountants**

KISHORE P. SOMPURA  
 Proprietor

Place : Ahmedabad  
 Date : 31.08.2009

On behalf of Directors...

M.G.PATEL            DIRECTOR

H.I.PATEL            DIRECTOR

Place : Ahmedabad  
 Date : 31.08.2009

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

I. REGISTRATION DETAILS

Registration No.       State Code

Balance Sheet Date          
 Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue      Rights Issue

Bonus Issue      Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

**Sources of Funds**

**Application of Funds**

Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="6"/>
Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="8"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/>
Deferred Tax Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		
Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/>

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Profit Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Profit After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Earning Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

As per our report on even date  
**FOR, K.P.SOMPURA AND COMPANY**  
 Chartered Accountants

KISHORE P. SOMPURA  
 Proprietor

Place : Ahmedabad  
 Date : 31.08.2009

On behalf of Directors...

M.G.PATEL DIRECTOR

H.I.PATEL DIRECTOR

Place : Ahmedabad  
 Date : 31.08.2009



**ARH Inj.**

$\alpha$ - $\beta$  Arteether injection 150 mg/ml

**ARH Plus**

injection 60 mg/ml

**ARH Tablet**

50 mg Tablets

**FETON<sup>®</sup>**

Orange

Ferric Ammonium Citrate, Cyanocobalamin, Folic Acid

**PROLIN**

Natural Micronised Progesterone 100 mg/ 200 mg Capsules

**Protosol**  
Liquid

Forma Guanine 40 mg - Pirene Hidroclorido 200 mg - Vit. B<sub>12</sub> 1 mg - Folic Acid 1 mg - Vit. E, K<sub>1</sub> 5 mg

**CALBONE-500**

Calcium Carbonate 1250 (Calcium 500mg) + Vitamin D<sub>3</sub> 250 I.U. Tablets

**DOMI-UP**

Ondansetron 4/8mg Tablets and 2mg/ml Injections

**ERGOLIN<sup>™</sup>**

Methylergometrine Maleate 0.125 mg Tablets / 0.2 mg/ml Injections

**L-BEX<sup>™</sup>12-1500**

Mecobalamin + Folic Acid + Alpha Lipoic Acid + Pyridoxine + Riboflavin Tab.

**L-BEX FORTE<sup>™</sup>**

Beta carotene, Lycopene, Lutein, Grape seed extract, and minerals Cap.  
Methylcobalamine, Vit-C, Folic acid, Niacinamide Inj.

**L-BEX<sup>™</sup> Z** Syrup



[www.lincolnpharma.com](http://www.lincolnpharma.com)

### Registered Office

Nirav Complex, Opp.  
Navarang High School, Naranpura,  
Ahmedabad - 380 014 (Guj) India.

Phone: +91-79- 27682347, 27681895,  
27682704, 267680297, 27682708

Fax: +91-79-27682644

E-mail: [info@lincolnpharma.com](mailto:info@lincolnpharma.com)

### Plant

10, 12, 13, Trimul Estate,  
After Vadsar Village,  
Near Khatraj Chokdi, P.O. Khatraj-382721  
Talu.: kalol, Dist. Gandhinagar,  
Gujarat, India.

Phone: 02764-281010, 281290, 281339,  
281340

Fax: 02764-281809

E-mail: [plant@lincolnpharma.com](mailto:plant@lincolnpharma.com)