



**FREDUN PHARMACEUTICALS LIMITED**

**23RD ANNUAL REPORT  
2009-2010**

**FREDUN PHARMACEUTICALS LIMITED**

1. BOARD OF DIRECTORS
  - Dr . (Mrs) Daulat N. Medhora  
Chairperson cum Joint  
Managing Director
  - Mr. Nariman B. Medhora  
Managing Director
  - Dr. C.K. Shah
  - Dr. Aspi N. Raimalwala
  - Mr. P.R. Ramaswamy
  - Mr. Fredun N. Medhora
2. AUDITORS
  - V. D. Khandekar and Co.  
Chartered Accountants  
101.Bhagirathi Niwas,  
Bhawani Shankar Road,  
Dadar (W), Mumbai-400028
3. BANKERS
  - S.V. Co-op Bank Ltd.  
Dena Bank
4. FACTORY
  - 14, 15, 16, Zorabian Industrial Complex,  
Veoor, Palghar (East) -401404  
District- Thane.
5. REGISTRAR & TRANSFER  
AGENTS & CUSTODIAN  
OF SHARES
  - Purva Sharegistry Pvt . Ltd.  
33, Printing House,  
28-D, Police Court Lane.  
Behind old Handloom House. Fort .  
Mumbai - 400001
6. REGISTERED OFFICE
  - 26, Manoj Industrial Premises  
G.D. Ambekar Marg .Wadala  
Mumbai -400031.

**FREDUN PHARMACEUTICALS LIMITED**

Registered Office : 26, Manoj Industrial Premises, G.D. Ambekar Marg,  
Wadala, Mumbai – 400 031.

**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual **General Meeting** of the members of FREDUN PHARMACEUTICALS LIMITED will be held on Saturday the 28<sup>th</sup> August 2010 at 11.30 a.m. at Mumbai Marathi Granthasangrahalay, 172 Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai-400 014 to transact the following business:

**ORDINARY BUSINESS :**

1. To consider, approve and adopt the audited accounts, the Balance Sheet for 31st March 2010 and Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. C.K. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board

**For Fredun Pharmaceuticals Limited**

Nariman Medhora  
Managing Director

Place : Mumbai

Date : 31st May 2010

**Registered Office:**

26, Manoj Industrial Premises, G.D. Ambekar Marg,  
Wadala, Mumbai – 400 031.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY, A PROXY FORM TO BE EFFECTIVE MUST BE LODGED WITH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the attendance slip duly signed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd August 2010 to 28th August 2010 both days inclusive for the purpose of the Annual General Meeting.
4. Members seeking any information with regard to accounts are requested to write to the Company early so as to enable the Management to keep the information ready.

**REPORT OF THE BOARD OF DIRECTORS**

To,  
The Members  
Fredun Pharmaceuticals Limited

Yours Directors are pleased to present the 23<sup>rd</sup> Annual Report of your Company together with the Audited statement of Accounts for the financial year ended 31<sup>st</sup> March, 2010

**1. FINANCIAL RESULTS:**

	Financial Year	
	2009-10 (Rs.In Lacs)	2008-09 (Rs.In Lacs)
(i) Turnover of sales & Other Income	511.78	416.05
(ii) Total Expenditure	429.84	349.20
(iii) Profits (+) Loss (-) before Interest, Depreciation & Amortisation	81.94	66.85
(iv) Amortisation of Deferred revenue expenditure	----	----
(v) Profits (+) Loss(-) before Interest & Depreciation	81.94	66.85
(vi) Interest	42.10	33.00
(vii) Depreciation	24.19	22.29
(viii) Profit (+) / Loss (-) before extra- ordinary/ exceptional items	15.65	11.56
(ix) Extra- ordinary / Exceptional Items	(6.36)	(0.60)
(x) Profit (+) / Loss (-) before Tax	9.29	10.96
(xi) Less: Provision for Taxation (Current Tax) & (deferred tax )	1.87	4.76
(xii) Profit (+) / Loss (-) after tax	7.42	6.20
(xiii) Profit (+) / Loss (-) of Previous Year	25.08	22.88
(xiv) Net Profit (+) / Net Loss (-)	32.50	29.08
Proposed preference Dividend	2.00	4.00
Tax on Dividend	1.02	----
Net Profit	29.48	25.08

2. **DIVIDEND:** To conserve the resources, your Directors do not recommend any dividend on the Equity shares of the Company, however as per the terms of the issue of Preference shares, the dividend on Preference shares has been considered and the necessary provisions for the dividend has been made.

3. **OPERATIONS AND FUTURE OUTLOOK:** During the Financial Year ended 31<sup>st</sup> March 2010 the sales turnover of the Company was to the extent of Rs. 511.78 lacs as against Rs.

416.05 lacs in the Previous year. The profit before interest and depreciation was Rs. 81.94 lacs as against Rs. 66.85 lacs in the previous year, and the net profit for the year of Rs. 7.42 lacs was carried to the Balance Sheet.

Though the Company falls into the category of MSME, it tries to follow the ethical standards of corporate governance as under:

- i) Each Director of the Board brings in key expertise in different areas thus discharging their fiduciary duties.
- ii) Ethical business conduct by the management & employees.
- iii) Maintaining systems for Internal Controls on all operations.
- iv) Accurate disclosures of all material operations and financial information to the stakeholders.

The Company gives high priority to customer feedback and complaints. There is a well documented policy for complaint handling which ensures that not only all complaints are recorded but also monitored for effective resolution within a specified turnaround time.

#### 4. **TRAINING AND HUMAN RESOURCE MANAGEMENT :**

At Fredun training and development initiatives are designed and implemented based on the needs of the Company. During the year, a number of programmes were conducted to improve operational efficiencies and skills of the workers. Training was also imparted to office staff members to enhance productivity. The Company is in the process of renewing its ISO certification.

#### 5. **Service Quality Initiatives**

The long-term sustainability of business growth depends to a large extent on the robustness of the Company's operational processes and the quality of customer service. This is even more of a challenge in a rapid growth scenario which the Company has been experiencing. The Company has therefore been investing in various process improvements and service quality initiatives over past few years. The Company has been assessed for Performance and Credit rating based on the guides as approved by the Government of India, Ministry of Micro, Small and Medium, Enterprises (MSME) through The National Small Industrial Corporation (NSIC) and as approved by Indian Banks Association (IBA). The Directors believe that this would facilitate growth and profitability and improve the return on investment for stakeholders in the long term.

6. **AUDITORS:** The Members are requested to appoint the Auditors for the current year and to fix their remuneration .The Company's retiring Auditors M/s V.D.Khandeker and Co. Chartered Accounts retire at the forthcoming Annual General Meeting and are eligible for reappointment .

#### 7. **COMPLIANCE CERTIFICATE UNDER SECTION 383 A OF THE COMPANIES ACT, 1956**

As per Section 383A (1) of The Companies Act, 1956 your Company has obtained a Compliance Certificate from a practicing Company secretary which forms part of this report.

## 8. DIRECTORS :

The Company's Board comprise of individuals of integrity with considerable experience and expertise across a wide range of disciplines including general management and business strategy .

Dr. C.K. Shah a Director of the Company retires by rotation at the ensuing Annual General Meeting and offers himself for reappoint as per the Articles of Association.

## 9. RESONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirms.

1. In the preparation of the Annual Account, the applicable Accounting Standards have been followed .
2. The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and profit of the Company for that year.
3. Proper and sufficient care has been taken for maintenance of Accounting Records in accordance with the provision of the Act for safeguarding the Assets of the Company and for preventing /detecting fraud and other irregularities.
4. The Annual Accounts are prepared on a going concern basis.

## 10.. STATUTORY INFORMATION:

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREGIN EXCHANGE EARNING &amp; OUTGO

Information in accordance with the provision of section 217 (10) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1998 regarding conservation of energy, technology absorption and foreign exchange earning and outgo is given below:

## a. CONSERVATION OF ENERGY

During the financial year the Company has been constantly striving to reduce dependency on non-renewable sources of energy and all possible efforts were made to ensure optimum conservation of energy at the factory .These measures included :

- Continuous watch being kept on energy utilization.
- In- house energy audit conducted at regular intervals.
- Regular maintenance of the Plant & Machinery.

b. TECHNOLOGY ABSORPTION AND INNOVATION

The Company follows continuous process of upgradation and adaptation of technological information through the visits of various consultants and the Research and Development Department keeps itself abreast of the technical and scientific development and innovation relating to the Company's line of products.

No specific expenditure on R and D has been incurred; R and D being treated as an integral part of the manufacturing process.

No Technology has been imported. The indigenous technology available is continuously being updated to improve the overall performance of the Company.

c. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earned	Rs. 1,97,85,572
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Foreign Exchange Outgo	Rs. 2,53,301
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11. PERSONNEL: The employee relations during the year under review remained cordial . There are no employees who are in receipt of emoluments in excess of the limits prescribed under Section 217(2A) of the Companies Act 1956 during the year ended 31<sup>st</sup> March 2010

12. ACKNOWLEDGEMENTS:

The Company would like to acknowledge all its stakeholders, key partners for their support in a year that has undoubtedly been one of the most challenging and difficult periods.

The Directors appreciate the continued guidance received from various Regulatory Authorities including RBI, SEBI, Ministry of Corporate Affairs, The Registrar of Companies, The OTC Exchange, Mumbai, Excise Authorities, Income Tax and Sales Tax Authorities.

Your Directors value the professionalism of all the employees of the Company who have relentlessly worked in this challenging environment and whose efforts have stood the Company in good stead.

By order of the Board

For Fredun Pharmaceuticals limited

Place : Mumbai  
Date : 31st May 2010

Dr. (Mrs.) D. N. Medhora  
Chairperson-cum-joint-Managing Director



**COMPLIANCE CERTIFICATE****Registration No. : L24239MH1987PLC043662**

Nominal Capital : Rs. 3,00,00,000/-

To,

The Members of  
Fredun Pharmaceuticals Limited  
26, Manoj Industrial Premises, G. D. Ambekar Marg,  
Wadala, Mumbai- 400 031.

I/We have examined the registers, records, books and Papers of Fredun Pharmaceuticals Limited (the Company) as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended on 31<sup>st</sup> March 2010.( Financial Year ) In my/our opinion and to the best of my/our information and according to the examination carried out by me/us and explanations furnished to me/us by the Company, its officers and agents, I/we certify that in respect of the aforesaid financial year :

1. The Company has kept maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in Annexure 'B' to this certificate, with The Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public Limited Company, hence the comments are not required.
4. The Board of Directors duly met **Four** Times respectively on 30<sup>th</sup> June 2009, 29<sup>th</sup> July 2009, 31<sup>st</sup> October 2009 and 30<sup>th</sup> January 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. According to the information and explanation given to us, the Company has closed its Register of Members from **24<sup>th</sup> September 2009 to 30<sup>th</sup> September 2009** and necessary compliance under Section 154 of the Act has been made during the financial year ended 31<sup>st</sup> March 2010.
6. According to the information given to us, the Annual general Meeting for the financial year ended on 31<sup>st</sup> March 2009 was held on **30<sup>th</sup> September 2009** after giving due notice to the members of the Company and the resolution passed there at were duly recorded in Minutes Book maintained for the purpose.
7. According to the information given to us **No** Extra-Ordinary General Meetings was held during the financial year ended 31<sup>st</sup> March 2010.
8. On the basis of records made available to us, the Company has not advanced any loans to its Directors or persons referred to under Section 295 of the Act.

9. According to the information given to us and on the basis of records, the Company has entered into contracts falling within the purview of Section 297 of the Act.
10. According to the information given to us and on the basis of records made available to us, the Company has made entries in the register maintained under Section 301 of the Act.
11. According to the information given to us and on the basis of records made available to us, there were no instances falling within the purview of section 314 of the Act, hence the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. On the basis of records made available to us, the Company has not issued any duplicate share certificates during the financial year.
13. I report that :
  - (i) There was no allotment/transmission of securities during the financial year ended 31<sup>st</sup> March 2010, however transfer of **1800 Equity shares** has taken place
  - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) The Company was not required to post warrants to any members to of the Company as no dividend was declared during the financial year.
  - (iv) The Company did not have (a) any amounts in unpaid dividend account, (b) application money due to refund, (c) matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education Fund and hence no amounts were required to be transferred to Investor Education and Protection Fund.
  - (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. During the financial year two new Directors have been appointed and necessary Form, No 32 for their appointments have been filed on **3<sup>rd</sup> December 2009** with The Registrar of Companies Maharashtra, however no appointment in respect of any alternate/additional Directors and Directors to fill the casual vacancy have taken place during the financial year.
15. During the financial year the Company has appointed Managing Director, Jt. Managing Director and a Whole Time Director and the necessary agreements for their appointments was duly executed by the Company.
16. According to the information given to us and on the basis of records made available to us, the Company has not appointed any sole selling agents during financial year.
17. On the basis of records made available to us and as per our opinion, the Company was required to obtain approvals of the Central Government under Section 297 of The Companies Act, 1956 from Regional Director prescribed under the various provisions of the Act during the financial year and the necessary application has already been filed with the Regional Director on **03.12.09 and on 25.01.10**

18. On the basis of records made available to us, the Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. On the basis of records made available to us, the Company has not issued any shares, debentures, or other securities during the financial year ended 31<sup>st</sup> March 2010.
20. On the basis of records made available to us, the Company has not bought back any shares during the financial year.
21. On the basis of records made available to us, there was no redemption of shares or debentures during the financial year.
22. According to the information and explanation given to us and on the basis of records made available to us, there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of shares.
23. According to the information and explanation given to us and on the basis of records made available to us the Company has not invited/accepted deposits including any unsecured loans falling within the purview of Section 58A during the financial year., ended 31<sup>st</sup> March 2010
24. According to the information given to us, and on the basis of records available, the amount borrowed by the Company from its Directors, Members, banks and others during the financial year ended 31<sup>st</sup> March 2010 are within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act has been passed.
25. According to the information and explanation given to us, and on the basis of records the Company has not made any loans and investments or given any guarantees or provided any securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. According the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to other state during the year under scrutiny..
27. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. According to the information and explanation given to us and on the basis of records, the Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year under scrutiny.
30. According to the information and explanation given to us and on the basis of records made available to us, the Company has not altered its Articles of Association during the financial year.

31. On the basis of written representation received from the Company, there were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. According to the information and explanation given to us, the Company has not received any money as security from its employees during the financial year.
33. On the basis of records made available to us, the Company has deposited both the employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

**For Rajendra And Co.,**

**Company Secretaries**

Place : Mumbai  
Date : 31st May 2010

(Rajendra R. Vaze.)  
Company Secretary  
C.P.No. : 1975  
F.C.S.No.: 4247

**ANNEXURE 'A'****Registers as maintained by the Company :****Statutory Registers.**

1. Register of members : U/S. 150 34 Minute book of Board meetings : U/S. 193  
 2. Register of Directors : U/S. 303 4. Minute of Book of shareholder's meetings : U/S. 193  
 5. Register of Director's shareholdings. : U/S. 307

**ANNEXURE 'B'****Forms and returns as filed by the Company with Registrar of Companies, Regional Director, Central Government, or other authorities during the financial year ended 31<sup>st</sup> March 2010**

S. No	Form No/Return	Filed under	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether Requisite additional fees paid/ Yes/No.
1.	Annual Return (for AGM held on 30.9.2009)	Form No 20B 159(1)	21.1.10	No	Yes
2.	Annual Accounts (for the Y.E. 31.03.2009)	Form No 23AC 220(1)	11.11.09	No	Yes
3.	Compliance Certificate (for the Y.E. 31.03.2009)	Form No 66 383A	23.10.09	Yes	N.A.
4.	Form no 32		03.12.09	No.	Yes
5.	Form no. 23		16.10.09	Yes	N.A.
6.	Form no 17 ( 4 forms)		29.12.09	Yes	N.A.
7.	Form no. 17 ( 4 forms)		09.01.10	Yes	N.A.
8.	Form no. 17		02.02.10	Yes	N.A.
9.	Form no 24A		03.12.09	Yes	N.A.
10.	Form No. 61		02.03.10	Yes	N.A.
11.	Form No 24A		25.01.10	Yes	N.A.

**AUDITOR'S REPORT****TO THE MEMBERS OF FREDUN PHARMACEUTICALS LIMITED,**

We have audited the attached Balance sheet of FREDUN PHARMACEUTICALS LIMITED, as on 31<sup>st</sup> March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 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.

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

- i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of the books.
- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit & Loss Account of the Company dealt with by this report, generally comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 to the extent these are applicable to the Company.
- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and note no. 13, 14, 15 & 17 give the information required by the Companies Act, 1956, in the manner so required and true and fair view in conformity with the accounting principles generally accepted in India:
  - ◆ In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
  - ◆ In the case of the Profit and Loss Account, of the Profit for the year ended on 31<sup>st</sup> March, 2010.
  - ◆ In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31<sup>st</sup> March, 2010.

For **V.D.KHANDEKAR & CO**

*Chartered Accountants*

PLACE : MUMBAI  
DATE : 31-05-2010

**(V.D.KHANDEKAR)**  
*Proprietor*

**Annexure referred to in Paragraph 1of our audit report of even date.**

- (i) (a) The Company is in the process of updating records showing the full particulars of Fixed Assets including quantitative particulars and details about situation of Fixed Assets.
- (b) The management of the Company has physically verified Fixed Assets, at reasonable intervals. The discrepancies observed during the physical verification have not been material and have been suitably dealt with in the books of accounts.
- (c) There has been no sale of substantial part of fixed assets to affect going concern status of the Company.
- (ii) (a) The management has physically verified all the inventories at reasonable intervals of time during the period under report.
- (b) In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate, having regard to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies observed during the physical verification have not been material and have been suitably dealt with in the books of account.
- (iii) (a) During the year under audit the Company has not obtained secured or unsecured loans from Companies, firms or other parties covered under registrar maintained under Section 301 of the Companies Act, 1956.
- (b) As per the information and explanations given to us the Company has not granted any loans to parties mentioned in the register u/s. 301 of the Companies Act, 1956.
- (iv) 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, fixed assets and for the sale of goods. There is no continuing failure to correct major weaknesses in the internal control.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts or arrangements referred to in section 301 of the Act that need to be entered in to the register maintained under section 301 have been so entered.
- (b) According to the information and the explanations given to us, the transaction made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered in to during the period at price which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from public and therefore the provisions of section 58A & 58AA of the Companies Act, 1956 and rules there under are not applicable.
- (vii) During the year under Audit the Company has introduced Internal Audit system. However the same required strengthening.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.

- (ix) According to information and explanations given to us, the Company has been generally regular in depositing Provident Fund, Income Tax Deducted at source and that the employees' State Insurance Act is not applicable to Company. In respect of Central Excise the Company has filed appeals before CEGAT in respect of the excise demand and penalty amounting to Rs. 2,47,984/- for the period 1998-99, 1999-00 & 2000-01.
- (x) The Company has not incurred any cash losses in the year under report or in the immediately preceding Financial Year.
- (xi) Repayment of installments and payment of interest on Term loan are generally in Time.
- (xii) On the basis of information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information & explanation given to us the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xiv) According to information and explanation given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) The Company obtained Term Loans of Rs.122.74 during the year and out of the same Rs.120.00 lacs have been utilized for repayment of loan earlier term loan and Rs. 2.74 lacs have been utilized for purchase of Fixed Assets.
- (xvi) During the year under audit the Company has purchased Fixed Assets worth Rs. 16.27 lacs out of the short term funds.
- (xvii) In our opinion and according to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- (xviii) According to the information and explanation given to us, the Company has not issued debentures during the year under audit and hence, the question of price being prejudicial to the interest of the Company does not arise.
- (xix) The Company has not made preferential allotment of shares during the period and accordingly the question of price being prejudicial to the interest of the Company does not arise.
- (xx) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- (xxi) The Company has not raised monies on public issue during the period and accordingly the question of end use of monies raised does not arise.
- (xxii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **V.D. KHANDEKAR & CO**  
*Chartered Accountants*

PLACE : MUMBAI  
DATE : 31-05-2010

**(V.D. KHANDEKAR)**  
*Proprietor*



**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	26,245,500	26,245,500
Reserves & Surplus	2	4,143,520	4,544,988
<b>Loan Funds</b>			
Secured Loans	3	34,010,729	23,776,678
Unsecured Loans	4	1,758,140	1,834,857
		<u>35,768,869</u>	<u>25,611,535</u>
<b>Deferred Tax Liability</b>		<u>4,251,634</u>	<u>4,208,578</u>
		<u><b>70,409,523</b></u>	<u><b>60,610,601</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	82,987,003	81,985,276
Less Depreciation		<u>33,371,719</u>	<u>30,111,175</u>
Net Block		<b>49,615,284</b>	<b>51,874,101</b>
<b>Investments (at cost)</b>	6	<b>2,600</b>	<b>-</b>
<b>Current Assets, Loans and Advances</b>			
Inventories		11,562,508	7,886,927
Sundry Debtors		11,912,969	6,880,520
Cash and Bank Balances		2,516,818	1,799,390
Loans, Advances and Deposits		<u>11,577,758</u>	<u>9,926,826</u>
		<u>37,570,053</u>	<u>26,493,663</u>
Less: Current Liabilities and Provisions:	8		
Current Liabilities		14,964,392	15,677,847
Provision for Gratuity		1,148,462	1,148,462
Provision for Proposed Dividend		600,000	400,000
Provision for Outstanding Exp.		35,867	58,549
Provision for Taxation (Current)		323,701	562,395
Provision for Dividend Tax		<u>101,970</u>	<u>-</u>
		<u>17,174,392</u>	<u>17,847,253</u>
Net Current Assets		<b>20,395,661</b>	<b>8,646,410</b>
Miscellaneous Expenditure		<b>395,978</b>	<b>90,090</b>
Profit & Loss			
		<u><b>70,409,523</b></u>	<u><b>60,610,601</b></u>
Notes on Accounts	13		

The Schedules referred to above and the notes thereon form an integral part of the accounts.

This is the balance sheet referred to in our report of even date

**For V.D. KHANDEKAR & CO.**  
Chartered Accountants

By order of the Board of Directors  
**(Dr.) Mrs. Daulat N. Medhora**  
Chairperson cum Joint Managing Director

**(V.D. KHANDEKAR)**  
Proprietor

**Nariman B. Medhora**  
Managing Director

Place : Mumbai  
Date: 31.05.2010

Place : Mumbai  
Date: 31.05.2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST, MARCH 2010**

	Schedule	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>INCOME</b>			
Sales	9	47,477,737	40,010,140
Other Income	10	3,700,556	1,594,783
		<b>51,178,293</b>	<b>41,604,923</b>
<b>EXPENDITURE</b>			
Manufacturing and other Expenses	11	42,984,025	34,920,065
Interest and Finance Charges	12	<u>4,210,512</u>	<u>3,300,098</u>
		<b>47,194,537</b>	<b>38,220,163</b>
<b>PROFIT BEFORE DEPRECIATION</b>		<b>3,983,756</b>	<b>3,384,760</b>
Depreciation		<b>2,418,753</b>	<b>2,229,118</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>1,565,003</b>	<b>1,155,642</b>
Prior period adjustments		<b>(636,146)</b>	<b>(59,547)</b>
		<b>928,857</b>	<b>1,096,095</b>
Provision For Taxation			
Current -		143,509	180,192
Deferred -		<u>43,056</u>	<u>296,233</u>
		<b>186,565</b>	<b>476,425</b>
<b>PROFIT AFTER TAX</b>		<b>742,292</b>	<b>619,670</b>
Balance Brought Forward From Previous Year		<b>2,508,020</b>	<b>2,288,350</b>
		<b>3,250,312</b>	<b>2,908,020</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		<b>200,000</b>	<b>400,000</b>
Provision for dividend tax		<b>101,970</b>	<b>-</b>
Profit and Loss Account carried forward		<b>2,948,342</b>	<b>2,508,020</b>
		<b>3,250,312</b>	<b>2,908,020</b>
Notes on account	13		

The Schedule referred to above and the notes thereon form an intergral part of the accounts.

**For V.D. KHANDEKAR & CO.**  
Chartered Accountants

**(V.D. KHANDEKAR)**  
Proprietor

Place : Mumbai  
Date: 31.05.2010

By order of the Board of Directors  
**(Dr.) Mrs. Daulat N. Medhora**  
Chairperson cum Joint Managing Director

**Nariman B. Medhora**  
Managing Director

Place : Mumbai  
Date: 31.05.2010

**SCHEDULE TO ACCOUNTS**

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>SCHEDULES 1:</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
27,00,000 Equity Shares of Rs 10/- each	27,000,000	27,000,000
30000 Preference share Rs 100/- each	<u>3,000,000</u>	<u>3,000,000</u>
	<b>30,000,000</b>	<b>30,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
23,52,400 Equity Shares of Rs.10/- each (P.Y.23,96,700)	23,524,000	23,524,000
Add : Forfeited Shares	221,500	221,500
25,000 8% Cumulative Redeemable Preference Share of Rs.100/- each	<u>2,500,000</u>	<u>2,500,000</u>
	<b>26,245,500</b>	<b>26,245,500</b>

(of the above shares 77,500 equity shares are allotted as fully paid up pursuant to a contract without payment being received in cash)

**SCHEDULE 2:  
RESERVES & SURPLUS**

Revaluation Reserve	1,195,178	2,036,969
Profit & Loss A/c.	<u>2,948,342</u>	<u>2,508,019</u>
	<b>4,143,520</b>	<b>4,544,988</b>

**SCHEDULE 3:  
SECURED LOANS**

<b>Term loans</b>		
The Shamrao Vithal Co-Op Bank – Over Draft	7543773	—
The Shamrao Vithal Co-Op Bank – Packing Credit	4216318	—
The Shamrao Vithal Co-Op Bank – FBDL/FBP	5810284	—
From Bank of Baroda–Packing Credit	—	3,475,000
From Bank of Baroda–FBDL/FBP	—	4,331,301
The Shamrao Vithal Co-Op Bank– Term Loan	12,418,595	—
From Bank of Baroda–Term Loan	—	6,041,704
From IDBI Bank – Term Loan	—	6,000,000
From IDBI Bank – Current A/c	—	136,609
From Reliance Capital Ltd –Term Loan	3,066,551	3,792,064
The National Small Industries Corpn Ltd.	<u>955,208</u>	<u>—</u>
	<b>34,010,729</b>	<b>23,776,678</b>

- Notes: 1. Over Draft from The Shamrao Vithal Co-Op. Bank Ltd. is secured by equitable mortgage of office premises and by personal guarantees of three directors of the Company.
2. The Term Loan from The Shamrao Vithal Co-Op. Bank Ltd. is secured by equitable mortgage of factory unit, hypothecation of machinery and furniture.
3. Out of the Term Loan from banks & other financial institution installments & interest due within one year are Rs. 1200688/- and Rs. 147306/- respectively. (P.Y. 2088112/- and, 21211/-)
4. The Term Loan from Reliance Capital Ltd. is secured by equitable mortgage of Air Handling Unit & Rapid Grinder Machine.
5. Credit facilities granted by NSIC are secured by bank guarantee.

**SCHEDULE 4:  
UNSECURED LOANS**

<b>Short term loans:</b>		
From Banks	621,741	1,459,401
From Directors	<u>1,136,399</u>	<u>375,456</u>
	<b>1,758,140</b>	<b>1,834,857</b>

Unsecured loan from Citibank is guaranteed by two directors personally and loan from Kotak Mahindra Bank is guaranteed by one director personally. Further unsecured over draft is guaranteed by two directors personally.

**FREDUN PHARMACEUTICALS LIMITED**  
(01.04.2009 To 31.03.2010)

**SCHEDULE 5 : Fixed Assets**

STATEMENT OF DEPRECIATION AS PER COMPANIES ACT 1956 FOR THE YEAR 2009-2010

Name of the Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as at 01.04.2009	Additions/ Adjustments	Dedn.	COST as at 31.03.2010	Upto 31.03.2009	For The Year	Deduction/ Adjustment	UPTO 31.03.2010 RS.	AS AT 31.03.2010 RS.	AS AT 31.03.2009 RS.
Freehold land	5235279	0	0	5235279	0	0	0	0	5235279	5235279
Building - Factory	24645162	70784	0	24715946	6444449	825220		7269669	17446277	18200713
Office Premises	6730140	0	0	6730140	650417	109701	0	760118	5970022	6079723
Plant & Machinery	35618791	1146728	625571.00	36139948	16945447	1710951	52672.00	18603726	17536222	18673344
Electrical Installation	2750645	20938	0	2771583	1320946	127070		1448016	1323567	1429699
Electrical Fittings	976403	2721	0	979124	511854	41711		553565	425559	464549
Lab Glassware Apparatus & Factory Equipments	1416291	0	0	1416291	775943	62994		838937	577354	640348
Furniture/Office Equipment	3065683	362140	0	3427823	2855609	197079		3052688	375135	210074
Office Equipment	129543	0	0	129543	22839	6153		28992	100551	106704
Computer	1411019	23987	0	1435006	577351	232337		809688	625318	833668
Motor Car / Vehicle	6320	0	0	6320	6320	0	0	6320	0	0
<b>GRAND TOTAL</b>	<b>81985276</b>	<b>1627298</b>	<b>625571</b>	<b>82987003</b>	<b>30111175</b>	<b>3313216</b>	<b>52672</b>	<b>33371719</b>	<b>49615284</b>	<b>51874101</b>
PREVIOUS YEAR	70919184	11066092	0	81985276	27040266	3070909	0	30111175	51874101	43878918

\*\*\* ADDITIONS ARE NET OFF OF VAT & EXCISE

**SCHEDULE TO ACCOUNTS**

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>SCHEDULE 6:</b>		
<b>INVESTMENTS (at cost)</b>	2,600	—
100 shares of Rs.25 each of The Shamrao Vithal Co-op. Bank Ltd.		
<b>SCHEDULE 7:</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A) CURRENT ASSETS</b>		
Inventories (As taken, valued and certified by the Managing Director)		
Stock in trade (At Cost)		
<b>Raw material</b>	3,771,046	3,161,947
Packing material	3,556,940	3,957,578
Finished goods	399,473	722,280
Materials under process	3,427,751	45,122
Stock In Transit	407,298	—
	<b>11,562,508</b>	<b>7,886,927</b>
Sundry Debtors (Unsecured – considered good)		
Due for more than six months	—	487,128
Other debts	11,912,969	6,393,392
	<b>11,912,969</b>	<b>6,880,520</b>
Cash & Bank balances		
Cash on hand	1,173,693	1,124,541
<b>with scheduled bank:</b>		
In current account	13,281	249,054
Margin with BOB in fixed deposit account	810,145	425,795
Margin with IDBI in fixed deposit account	213,699	—
Margin with SVC in fixed deposit account	306,000	—
	<b>2,516,818</b>	<b>1,799,390</b>
<b>B) Loans And Advances And Deposits</b> (Unsecured – considered good)		
Advance recoverable in cash or in kind or for value to be received	4,503,610	3,889,243
Deposit with government authorities and others	488,690	478,690
Advance Tax – TDS & FBT	1,070,757	1,209,198
Balance with Central Excise	5,514,701	4,349,695
	<b>11,577,758</b>	<b>9,926,826</b>
	<b>37,570,053</b>	<b>26,493,663</b>

**SCHEDULE TO ACCOUNTS**

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>SCHEDULE 8:</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors		
For Capital Goods	551,925	2,168,247
For Goods	9,753,283	5,020,364
For Expenses	1,404,745	1,618,213
For Others	3,254,439	6,871,023
	<b>14,964,392</b>	<b>15,677,847</b>
<b>B) Provision:</b>		
Provision for Gratuity	1,148,462	1,148,462
Provision for proposed dividend	600,000	400,000
Provision for Outstanding exp.	35,867	58,549
Provision for Taxation (Current)	323,701	562,395
Provision for dividend tax	101,970	—
	<b>2,210,000</b>	<b>2,169,406</b>
<b>SCHEDULE 9:</b>		
<b>SALE</b>		
Finished goods	36,539,287	27,305,988
Conversion charges	10,938,450	12,704,152
	<b>47,477,737</b>	<b>40,010,140</b>
<b>SCHEDULE 10:</b>		
<b>OTHER INCOME</b>		
Interest (Gross)	67,846	56,469
(Tax deducted at source Rs. 2787/-)P.Y.Rs.4165/-		
DEPB Licence sale and provision	1,047,661	1,218,773
Foreign Exchange Gain/loss	168	319,541
Sundry Creditors W/back	1,889,485	—
Discount Received	100,000	—
Sample & Products dev. Chgs	595,396	—
	<b>3,700,556</b>	<b>1,594,783</b>
<b>SCHEDULE 11:</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Raw materials consumption and other expenses:		
Raw material consumed		
Opening stocks	3,161,947	3,010,821
Add: Purchases	20,102,448	10,069,648
(Includes Rs.3909655/- purchases (P.Y. NIL) from a proprietary concern of a director)		
	<b>23,264,395</b>	<b>13,080,469</b>
Less : Closing stock in transit	76,745	
Less : Closing stock	3,771,046	3,161,947
	<b>19,416,604</b>	<b>9,918,522</b>
Traded Goods purchase	—	670,840

**SCHEDULE TO ACCOUNTS**

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>Schedule II Contd.....</b>		
Excise duty	1534501	190,063
Custom Duty	-	202,835
Sales Tax on Purchases	424574	324,385
Stores & Spares	506682	506,618
Packing expenses	5766656	4,978,968
Power & fuel	2152740	2,129,613
Laboratory Chemical	115689	100,313
Labour charges	62169	207,176
Testing charges	570350	89,100
Factory Maintenance	115109	185,452
Transportation Inward	46256	52,292
Freight Inward	18032	13,730
Clearing & Forwarding Inward	7570	16,365
Art Work expenses	8,050	11,300
Fire Safety Expenses	34,276	17,880
Repair & Maintenance of :		
Building	70,722	13,996
Machinery	176,762	33,876
Other Assets	567,674	493,175
	<b>815,158</b>	<b>541,047</b>
<b>ADD/(LESS)</b>		
<b>DECREASE (INCREASE) IN</b>		
Finished/Process/Traded stocks		
Opening Stocks		
Finished goods	722,280	1,861,823
Materials under process	45,122	344,006
	<u>767402</u>	<u>2,205,829</u>
Less: Closing Stocks		
Finished goods	399473	722,280
Materials under process	3427751	45,122
	<u>3827224</u>	<u>767,402</u>
	<b>(3,059,822)</b>	<b>1,438,427</b>
	<b>(3,059,822)</b>	<b>1,438,427</b>
	<b>28,534,594</b>	<b>21,594,926</b>
<b>Employee's Remuneration and Benefits:</b>		
Salaries Wages and bonus	8,491,892	7,861,195
Medical Expenses	24,248	65,332
Welfare Expenses	247,356	223,113
Labour Welfare Fund	5,172	5,610
Employer's Contribution to PF	294,288	285,456
	<u>9,062,956</u>	<u>8,440,706</u>

**SCHEDULE TO ACCOUNTS**

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>Schedule 11 Contd..</b>		
<b>Selling and Distribution expenses:</b>		
Sample Expenses	4,134	16,175
Sales Promotion	502,181	479,243
Freight & Transportation	640,250	380,900
Clearing & Forwarding	77,591	229,953
Advertisement	35,743	61,524
Octroi Duty	1,000	—
Brokerage & Commission	8,180	216,942
Discount	167,658	37,266
	<b>1,436,737</b>	<b>1,422,003</b>
<b>Administration and other expenses:</b>		
Office expenses	22,293	24,048
Security Charges	349,779	381,485
Insurance	201,723	161,106
Rent (Paid to Director Rs. 114000/- P.Y.)	126,120	115,100
Rates & taxes	615,565	157,122
Service Tax on Transport	2,880	5,751
Motor Vehicles and Conveyance Expenses	328,656	230,331
Legal & Professional Fees	606,286	453,571
Printing & Stationary	269,183	205,660
Travelling (including Director's Local travelling Rs.84,176/-- (P.Y.Rs.,6,289/--) Foreign travelling Rs.538,603/=(P.Y.Rs NIL/--)	67,135	659,819
Communication Expenses	463,091	535,353
Electricity Charges	136,548	154,213
Hire Charges	31,005	5,974
Donations	3,853	3,753
Entertainment Expenses	17,603	—
Exchange rate difference	248,475	—
Director's Sitting fees	2,800	3,300
Product Registration Charges	65,075	68,870
Agency Expenses	70,785	71,400
Deferred Revenue expenses written off	132,778	45,045
Sundry Debtors w/off	25,812	8,852
Penalty	-	2,000
Miscellaneous expenses w/off	52	—
Miscellaneous expenses	90,941	97,577
	<b>3,878,438</b>	<b>3,390,330</b>



**SCHEDULE TO ACCOUNTS**

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
<b>Schedule 11 Contd..</b>		
<b>Auditor's Remuneration:</b>		
For Audit fees	40,000	40,000
For Tax Audit Fees	12,500	12,500
For VAT Audit Fees	12,500	12,500
For Certification work	5,000	7,100
For Taxation Work	1,300	—
For Out of Pocket Expense	—	—
	<u>71,300</u>	<u>72,100</u>
	<u><b>42,984,025</b></u>	<u><b>34,920,065</b></u>

**SCHEDULE 12:****INTEREST AND FINANCE CHARGES**

1) Banks	2,947,110	2,166,475
2) Other's / Directors (includes Rs.96451/- paid to Directors) (P.Y.Rs. NIL)	722,058	574,320
3) Other Finance charges	<u>541,344</u>	<u>559,303</u>
	<u><b>4,210,512</b></u>	<u><b>3,300,098</b></u>

**SCHEDULE 13:****NOTES ON ACCOUNTS****1. Significant Accounting policies:****Basis of Accounting**

The accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated. For recognition of income and expenditure mercantile system of accounting is followed.

**Revenue recognition**

Sales & conversion charges are inclusive of excise duty, packing and forwarding charges and sales tax. Revenues from the sale of goods are recognized upon passage of title to the customer which generally coincides with their delivery.

**Fixed assets**

Fixed assets are shown at cost less depreciation except that the land, building and Plant & Machinery which were revalued are shown at revalued figures and depreciation adjusted accordingly.

**Depreciation**

Depreciation on Fixed Assets has been provided on straight line method at the rates and on the basis prescribed in schedule XIV of the companies act, 1956.

**Export Incentives**

The benefits under DEPB scheme are accounted on accrual basis in the year of export.

**Foreign currency transaction**

Transactions arising in foreign currencies during the year are converted at the rate ruling on the transaction dates. All exchange differences arising from conversion are included in the profit and loss account.

**Inventories**

- a) Raw materials are valued at cost on FIFO basis.
- b) Packing Materials are valued at cost on FIFO basis.
- c) Work in Progress is valued at cost on FIFO basis.
- d) Finished goods are valued at cost on FIFO basis.

**Contingent Liabilities**

Contingent liabilities are disclosed by way of notes on accounts.

**Taxes on Income**

Deferred tax is recognised subject to the consideration of prudence on timing differences, being the difference between taxable income & accounting income that originate in one period & are capable of reversal in one or more subsequent periods..

**Retirement Benefits**

Provident fund is administered through Regional Provident Fund commissioner. The accruing liability towards Gratuity is calculated according to actuarial valuation and fully provided upto 31st March, 2010. However encashment of leave to staff is accounted on cash basis.

**Impairment of fixed assets**

The carrying amounts of fixed assets are reviewed at the balance sheet date in accordance with AS-28 on impairment of assets to determine whether there is any indication of impairment exists. An impairment loss is recognized whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognized in profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum depreciated historical cost.

**Special Capital Incentive:**

The Special capital incentive towards Plant & Machinery due from Development Corporation of Konkan Ltd., has been reduced from the fixed assets.

**Segment Reporting:**

1. The Company has identified that its operating segments are its primary segments. The analysis of geographical segments is based on the areas in which the customers of the Company are located & that the geographical segments are considered as secondary segments.
2. Additional information pursuant to schedule VI to the Companies Act, 1956 is given to the extent applicable to the Company.
3. Provision for Taxation for Current Year is made as per Section 115 JB of the Income Tax Act, 1961. Further, as per Accounting Standard-22 issued by ICAI, liability for deferred taxation has been created under the head Provision for Taxation. Provision for dividend tax includes short provision of Rs-71,070/- for earlier years.
4. In the opinion of the board of directors the provision for depreciation and all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.
5. In the opinion of the board of directors, the current assets, loans and advance are of the value stated if realized in the ordinary course of business.
6. The Company has provided for depreciation on straight line method at the rate specified in schedule XIV of the Companies Act, 1956.
7. Balances of sundry debtors, sundry creditors, loans and advances, whether receivable or payable are subject to confirmation.
8. The liability under VAT and set off have been accounted for on the basis of working prepared by the Company.
9. Contingent liabilities not provided for:
  - A. Outstanding Bank Guarantees Rs. 23,51,250/- /- (P.Y. Rs. 7,92,000/-)
  - B. Excise Demand of Rs. 2,47,984/- (P.Y. Rs. 2,47,984/-).
  - C. Demand from Income Tax department for A.Y. 2008-09 Rs. 116785/-

10. Salaries, wages and bonus include salary (gross) paid to managing director Rs 3,60,000/- (P.Y Rs 3,60,000/-), Joint Managing Director –Rs 3,60,000/- (P. Y Rs 3,60,000/-) and Director Rs.210000/- (P.Y. NIL).
11. In accordance with the requirement for disclosure of amounts due to SSI Units the Company has not compiled the list of its sundry creditors who satisfy this criterion. Subject to this the information relating to payment overdue and interest to SSI Units cannot be computed.
12. Information given in accordance with Accounting Standard -18 on Related Party Disclosures issued by ICAI.
- a) Names of Related Parties: -  
Key Management Personnel-
- Mr. N. B. Medhora  
Dr. (Mrs.) D. N. Medhora  
Dr. Aspi N. Raimalwala  
Mr. Fredun N. Medhora  
Dr. C. K. Shah w.e.f. 15.09.2009  
Mr. P. R. Ramaswamy w.e.f 15.09.2009
- Business Organizations controlled by key management personnel or their relatives-  
Fredna Enterprises  
Fredun Healthcare Pvt. Ltd.
- b) There are purchases of Rs. 39,09,655.50 from a proprietary firm of Mr. N. B. Medhora The Managing Director.
- c) An advance of Rs. 75,000/- has been received from a Pvt. Ltd. Company in which two directors are the directors.
- d) Rent paid for occupying Industrial Gala to a Director Rs. 1,14,000/-.
13. No provision has been made in the accounts for the cess under the Companies Act 1956.
14. The position of appeals filed before Central Excise Authority is as below :

PERIOD	AMOUNT (Rs.)	ISSUE	Authority	STATUS
June 1998	58300/-	Non- admissibility of SSI benefit.	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench	Stay Granted
Jan 2000 to Aug 2000	189684/-	Lower rate applied for clearance to Institutions.	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench	Stay Granted

15. For Assessment Year 2008-09 the Income Tax Department has raised a demand of Rs. 116785/- against which the Company is in the process of filing an application U/S 264 of the Income Tax Act, 1961 and is confident of nullifying the said demand due to Carried forward depreciation. In view of this no provision has been made in the accounts for the same.
16. The management has ascertained that there is no material impairment of any of its assets and as such no provision under Accounting Standard 28 on impairment of assets issued by the Institute of Chartered Accountants of India is required.
17. An amount of Rs-1814462/- being balance in Central Excise account of a customer is transferred to Profit & Loss A/c and included under the head other Income, on the basis of advice of Central Excise consultant.
18. Land, Building, Plant and Machinery, Furniture and Office Equipments have been revalued by management during the Financial year 2004-2005 by independent valuer. The relevant details are as under:

Assets	Book Value (Rs.)	Revalued Amount (Rs.)	Year of Revaluation F.Y.	Increase (Rs.)	Accumulated Depreciation (Rs.)
Land	16,67,950	52,08,000	2004-2005	35,40,050	NIL
Building (Factory)	97,33,551	1,63,44,078	2004-2005	66,10,527	32,54,321
Plant and Machinery	1,38,65,792	1,65,92,058	2004-2005	27,26,266	50,20,537
Electrical Installation	10,34,391	13,23,777	2004-2005	2,89,386	68,730
Electrical Fittings	5,56,518	6,14,711	2004-2005	58,193	13,820
Lab Glassware Apparatus & Equipments	7,54,428	8,69,454	2004-2005	1,15,026	27,320
Furniture and Office Equipments	22,87,306	(9,88,282)	2004-2005	(12,99,024)	NIL

The accumulated depreciation also includes depreciation on revaluation made in the F.Y. 1998-99.

19. Information given in accordance with the requirements of Accounting Standard – 17 on Segment Reporting issued by the ICAI. The Company is operating in only one segment i.e. Pharmaceutical Formulations

The geographical segment is considered as secondary segment

The financial results relate to mainly manufacture of pharmaceutical products. In accordance with Accounting Standard (AS)–17 financial results of Jobwork segment (conversion charges) are not shown separately. Since, the same are less than limit for separate disclosure.

#### Geographical Segments

The Company primarily operates in India & therefore the geographical segment is divided into Indian & Overseas markets.

Gross Sales	Rs in Lakhs
India	163.92
Overseas	201.47
<b>Total</b>	<b>365.39</b>

**20. In calculating Basic & Diluted Earnings Per Share:**

	2009-10	2008-09
a) Numerator used: Profit after Tax	Rs.7,42,292	Rs.6,19,670
b) Denominator used: Number of Equity shares	23,52,400	23,52,400
Basic Earning Per Share	0.31	0.26
Diluted Earning Per Share	0.31	0.26

**21. Additional information required under Schedule VI of the Companies Act, 1956****1 Capacity and Production**

Product	Units	Qty Installed Capacity	Actual production	
			Total	For Sale
Tablets	.000 Nos	450000 (450000)	284540 (2,64,619)	161275 (1,06,328)
Capsules	.000 Nos	150000 (150000)	1160 (21,704)	1160 (1700)
Dry Syrup	Kgs	90000 (90000)	420 (—)	420 (—)

**2 Sale of finished Goods**

Product	Units	Qty	Value Rs.
Tablets	.000 Nos	1,62,691 (1,01,278)	3,33,03,483 (2,56,08,538)
Capsules	.000 Nos	1,160 (1,700)	8,01,855 (5,73,187)
Dry Syrup	Kgs	420 (—)	3,70,170 (—)
Others	Kgs	— (—)	20,63,779 (11,24,263)

**3 Stock of Finished Goods**

Product	Opening Stock		Closing Stock	
	Quantity (000 Nos)	Value (in Rs)	Quantity (000 Nos)	Value (in Rs)
Tablets	5330 (770)	7,22,280 (3,44,006)	3914 (5330)	3,99,473 (7,22,280)
Capsules	— (—)	— (—)	— (—)	— (—)
Dry Syrup	— (—)	— (—)	— (—)	— (—)
Others	— (—)	— (—)	— (—)	— (—)

## 4 Raw Material consumed during the year

	Quantity (in Kgs.)	Value (in Rs.)
Griseofulvin I.P.	505.420 (202.040)	2395523.53 (657646.83)
Erythromycin Srearate IP	593.900 (0.785)	1414556.23 (1378.87)
Doxycycline HCL	118.700 (—)	339617.75 (—)
Clarithromycin IP	274.650 (19.310)	3396134.22 (206717.08)
MCHC Powder	33300.000 (—)	3467548.75 (—)
Nifedipine I.P.	2567.540 (2358.000)	3151301.71 (2446431.60)
Metformine Hcl	5004.670 (1520.330)	793790.87 (283595.13)
Cefixine Trihydrate USP	137.312 (98.708)	1732419.95 (1424458.70)
Gelatine Capsules	8033300 (7808500)	673833.91 (603974.43)
M.C.C.P	3538.860 (3947.148)	456141.15 (247544.68)
Cross Providone XL	672.715 (2.330)	547145.98 (2474.25)
Methylene Chloride	10031.100 (1738.930)	438969.60 (67504.79)
Iso Propyl Alcohol Less Excise & VAT	7303.550 (986.120)	554507.10 (80228.07)
Others		-2150508.55 2205621.80 (1267123.54)
<b>TOTAL</b>		<b>194,16,604.00</b>

**5 Value of Imported & Indigenous Raw Materials & Spare Parts consumed & Percentage thereof:**

	Total Value Consumption (in Rs.)	Indigenous Value (in Rs.)	Imported Value (in Rs.)	Percentage of Imported	Consumption Indegenous
1 Raw Materials	1,94,16,604	1,94,16,604	—	—	100%
2 Spare Parts	5,06,682	5,06,682	—	—	100%

**6 Value of Import of CIF basis**

Raw Materials

**2009-2010****2008-2009**

—

—

**7 Expenditure in Foreign Currency****2009-2010****2008-2009**

(Rs)

(Rs)

Travelling

—

—

Others

2,53,301

6,70,332

**8 Earnings in Foreign Currency****2009-2010****2008-2009**

(Rs)

(Rs)

Export of goods on FOB basis

1,97,85,572

1,66,32,217

**22. Figures for the previous year have been regrouped and rearranged wherever necessary.****For V.D. KHANDEKAR & CO.**

Chartered Accountants

By order of the Board of Directors

**(Dr.) Mrs.Daulat N.Medhora**

Chairperson cum Joint Managing Director

**(V.D. KHANDEKAR)**

Proprietor

**Nariman B.Medhora**

Managing Director

PLACE : MUMBAI

DATE: 31.05.2010

PLACE : MUMBAI

DATE: 31.05.2010



## Information pursuant Part IV of Schedule VI of Companies Act, 1956

## Balance Sheet Abstract &amp; Company's General Profile

**I. Registration Details**

Registration No. L24239MH1987PLC043662  
Balance Sheet Date 31.03.2010

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

<b>Public Issue</b>	<b>Right Issue</b>
Nil	Nil
<b>Bonus Issue</b>	<b>Private Placement</b>
Nil	Nil

**III. Position of mobilisation & Deployment of funds (Amount in Rs.Thousands)**

<b>Total Liabilities</b>	<b>Total Assets</b>
70410	70410
<b>Sources of Funds</b>	<b>Reserves &amp; Surplus</b>
	4144
<b>Paid up Capital</b>	
26245	
<b>Secured Loans</b>	<b>Unsecured Loans</b>
34011	1758
<b>Investments</b>	
3	
<b>Misc. Expenditure</b>	
396	

**IV. Performance of Company**

<b>Turnover Total</b>	<b>Expenditure</b>
51178	50249
<b>Profit/ Loss Before Tax</b>	<b>Profit / Loss After Tax</b>
929	187
<b>Earning Per Share (in Rs.)</b>	<b>Dividend @ (in%)</b>
0.31	Nil

**V. Generic names of Principal Products/Services of the Company**

(As per Monetary Terms)

**Product Description**

Pharmaceuticals

Formulations

By Order of the Board of Directors

Place: Mumbai  
Date: 31.05.2010

(Dr.) Mrs. Daulat N. Medhora  
Chairperson cum Joint Managing  
Director

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

	(RS. IN LACS) 2009-2010	(RS. IN LACS) 2008-2009
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT BEFORE TAXATION	15.65	11.56
ADJUSTMENTS FOR :		
DEPRECIATION	24.19	22.29
DEFERRED REVENUE EXPENSES WRITTEN OFF	1.33	0.45
	25.52	22.74
<b>CASH GENERATED FROM OPERATIONS</b>	<b>41.17</b>	<b>34.30</b>
PRIOR PERIOD ADJUSTMENTS	-6.36	-0.60
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>34.81</b>	<b>33.70</b>
EFFECTS OF CHANGES IN WORKING CAPITAL ITEMS		
INCREASE / DECREASE IN INVENTORY	-36.76	10.56
INCREASE / DECREASE IN DEBTORS	-50.32	18.32
INCREASE / DECREASE IN LOANS & ADVANCES	-16.51	-23.94
ADJUSTMENT FOR TAX PROVISION	-3.82	-
INCREASE / DECREASE IN CURRENT LIABILITIES	-7.36	-49.12
INCREASE / DECREASE IN MISCELLANEOUS EXP	-4.39	-119.16
NET CASH FLOW FROM OPERATING ACTIVITIES	<b>-84.35</b>	<b>-10.48</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
INVESTMENTS PURCHASED	-0.03	0
PURCHASE OF FIXED ASSETS	-10.01	-10.04
	-110.66	-110.66
	<b>-94.39</b>	<b>-121.14</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
INCREASE / DECREASE IN LOANS	101.57	126.15
<b>NET INCREASE / DECREASE IN CASH</b>	<b>7.18</b>	<b>5.01</b>
OPENING CASH & BANK BALANCE	17.99	12.98
<b>CLOSING CASH &amp; BANK BALANCE</b>	<b>25.17</b>	<b>17.99</b>

Note:-

- 1) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on "Cash Flow Statement"
- 2) Figures in Negative sign indicate cash outflow.
- 3) Previous year figures have been regrouped & recast, wherever necessary, to conform to the current year's classification.
- 4) The schedules referred to in the Balance Sheet and Profit & Loss A/c. form an integral part of the Cash Flow Statement

**FOR FREDUN PHARMACEUTICALS LTD**

**MR. NARIMAN B. MEDHORA**  
(MANAGING DIRECTOR)

**(DR.) MRS. DAULAT N. MEDHORA**  
(CHAIR PERSON CUM JOINT MANAGING DIRECTOR)

MUMBAI  
DATE: 31.05.2010

**AUDITORS' CERTIFICATE**

THE ABOVE CASH FLOW STATEMENT HAS BEEN COMPILED FROM AND IS BASED ON THE AUDITED ACCOUNTS OF FREDUN PHARMACEUTICALS LIMITED FOR THE YEAR ENDED 31ST MARCH 2010 REPORTED UPON BY US ON 31.05.2010. THIS STATEMENT HAS BEEN PREPARED PURSUANT TO CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGES.

**FOR V.D. KHANDEKAR & CO**  
CHARTERED ACCOUNTANTS

PLACE: MUMBAI  
DATE : 31.05.2010

**(V.D. KHANDEKAR)**  
PROPRIETOR

**FREDUN PHARMACEUTICALS LIMITED**  
Registered office: 26, Manoj Industrial Premises,  
G.D. Ambekar Marg, Wadala, Mumbai- 400 031.

### PROXY FORM

Reg. Folio No. \_\_\_\_\_ No. of shares Held \_\_\_\_\_

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

\_\_\_\_\_ being a membership of FREDUN PHARMACEUTICALS LIMITED

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing

him/her \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ as my / our proxy to vote for me/us on my/our

behalf at the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Company to be held on Saturday the **28<sup>th</sup> August 2010** at **11-30 a.m.** at Mumbai Marathi Granthasangrahalay, 172, Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai - 400 014.

Signed this \_\_\_\_\_ day of September 2010 Signature \_\_\_\_\_

**Note:** This form duly complied stamped and must be deposited at Registered Office of the Company, no later than 48 hours before the meeting.

**FREDUN PHARMACEUTICALS LIMITED**  
Registered office: 26, Manoj Industrial Premises,  
G.D. Ambekar Marg, Wadala, Mumbai- 400 031.

### ATTENDANCE SLIP

(To be handed over at the reception)

Twenty Third Annual General Meeting on 28<sup>th</sup> August 2010 at 11.30 a.m.

I, hereby record by presence at Twenty Third Annual General Meeting of the Company held at Mumbai Marathi Granthasangrahalay, 172, Mumbai Marathi Granthasangrahalay Marg, Naigaon, Mumbai - 400 014.

Full Name of the Member (in BLOCK LETTERS) \_\_\_\_\_

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

No. Shares held \_\_\_\_\_

Full Name of Proxy (in BLOCK LETTERS) \_\_\_\_\_

Members / Proxy's Signature.

**Note:**

1. Shareholder/Proxy holders are requested to bring this attendance slip with them duly complied and signed, when they come to the meeting and hand them over at reception.

BOOK POST

*If undelivered please return to:*

FREDUN PHARMACEUTICALS LIMITED

26, Manoj Industrial Premises, G. D. Ambekar Marg,  
Wadala, Mumbai - 400 031. (India)

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