

**18<sup>th.</sup> Annual Report**  
**2010-11**



**Ishita Drugs &  
Industries Limited**

**An ISO 9001 : 2000 Company**

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*" Our basic drugs in the service of humanity worldwide "*

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**EIGHTEENTH ANNUAL REPORT AND ACCOUNTS**

**Board Of Directors** : Mr. Jagdish Agrawal- Chairman & Managing Director  
Mr. P. R. Rastogi - Director  
Mr. Govind Gupta - Director  
Dr. S. K. Agrawal - Director  
Mrs. Abha Agrawal - Director

**Bankers** : Corporation Bank  
ICICI Bank Ltd.  
Punjab National Bank  
Citibank N.A.

**Auditors** : M/s. Kishor Goyal & Co.  
Chartered Accountants,  
Ahmedabad.

**Corporate Office** : 11, Valmik Complex, Near Parimal Garden,  
C.G.Road, Ellisbridge, Ahmedabad - 380 006.

**Registered Office &  
Factory** : Survey No. 179/1, Village : Vasna-Iyava,  
Taluka : Sanand, District : Ahmedabad

**Investors' Complaints may  
be addressed to** : Mr.Suresh Parmar  
Share Department  
at Corporate office.  
E-mail: [ishitadrugs@vsnl.net](mailto:ishitadrugs@vsnl.net)

**ANNUAL GENERAL MEETING  
On Friday, 30th September, 2011  
at 3.00 P.M. at Registered Office  
of the Company**

**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of ISHITA DRUGS AND INDUSTRIES LIMITED will be held on Friday, 30th September, 2011 at 3.00 P.M. at the Registered Office of the Company situated at Survey No. 179/1, Vasna-Iyava, Tal. Sanand, Dist. Ahmedabad to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2011, and the Balance Sheet as on that date, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Dr. S. K. Agrawal, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Prakash Rastogi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint the Auditors of the Company for the financial year 2011-12 and to fix their remuneration.

**NOTES:**

- a) A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a Member. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
- b) Members are requested to advise immediately any change in their address to the Company.
- c) The Member Register and Share Transfer books shall remain closed from 23.09.2011 to 30.09.2011 (both days inclusive).
- d) Demat facility is available for the Equity Shares of the Company under ISIN INE 806D01016. The members are requested to avail this facility for the shares held by them, as the shares of the Company are to be traded compulsorily in Demat form as per SEBI guidelines.

Sd/-

Place: Ahmedabad

**Jagdish Agrawal**

Dated: 25th August, 2011

Managing Director

**DIRECTORS' REPORT**

Dear Shareholders,

We have pleasure in presenting the **Eighteenth Annual Report** together with the Audited Accounts of your Company for the year ended on 31st March-2011.

**WORKING RESULTS**

Rupees in Lacs

	For the year ended 31.03.2011	For the year ended 31.03.2010
Turnover & other incomes	894.28	657.61
Operating gross profit	68.16	78.81
Financial Charges	(2.08)	(3.84)
Depreciation	(7.43)	(18.71)
Profit before tax	58.64	56.26
Provision for Income Tax	(18.00)	(19.00)
Provision for Deferred Tax	(1.60)	1.54
Net profit / loss (-)	39.04	38.80
Previous period adjustment	(0.18)	(12.75)

**DIVIDEND**

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

**BUSINESS OPERATIONS & FINANCIAL PERFORMANCE**

The company has recorded a total turnover of Rs. 894.28 lakh during the year under review, a healthy growth of about 36% on its PY turnover of Rs. 657.61 lakh. The Company has been making indirect exports of certain high value items through a very reputed company, which has helped contribute to this increase. The Profit before tax has also increased slightly to Rs. 58.64 lakh (PY 56.26 lakh).

During the year under review, the Company has made investments in agri commodities, to spread its business risk. This initiative would help the company in improving returns on idle funds and would contribute to the profitability of the company from the current year onwards.

**FUTURE OUTLOOK**

The Company intends to upgrade its manufacturing facilities in the current year. This would help in meeting the stringent requirements of the large pharmaceutical customers and fuel future growth of the company.

The Company also intends to increase its investment in agri commodities, in a gradual, low-risk manner, which would help in diversifying the risk as well as add to the profits of the company.

**PERSONNEL**

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

**DIRECTORS**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm:

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

**FIXED DEPOSITS**

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

**AUDITORS**

The Company, in its last annual general meeting, had appointed M/s. Kishor Goyal & Co. as auditors for the year 2010-11. The remarks made in the Auditors' report are self-explanatory.

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

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

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

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGMENT**

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

For and on behalf of the Board

Sd/-

Place: Ahmedabad  
Dated: 25th August, 2011

**Jagdish Agrawal**  
Managing Director

**ANNEXURE****CONSERVATION OF ENERGY**

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

**FORM - A**

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

**POWER AND FUEL CONSUMPTION**

	2010-11	2009-10
(1) Electricity		
(a) Purchased units KWH (GEB)	149094	121004
Total amount Rs.	914600	781482
Average Rate per Unit Rs.	6.13	6.46
(b) Own Generation through D.G.		
Amount of Diesel Rs.	----	----
Units of Diesel consumed (Ltrs)	----	----
(2) Other Fuels Rs.	619012	560215

**CONSUMPTION PER UNIT OF PRODUCTION**

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

**RESEARCH AND DEVELOPMENT**

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

**FORM-B**

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

**(A) Research and Development (R&D)**

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

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

	2010-11	2009-10
(a) Capital	----	----
(b) Recurring	Rs.207175	Rs.157654
Total (a+b)	Rs.207175	Rs.157654
(c) Total R&D expenditure as a percentage of total turnover	0.23%	0.25%

**(B) Technology Absorption, Adaptation and Innovation**

- Efforts, in brief, made towards technology absorption, adaptation and innovation :
 

Our R&D laboratory has carried out detailed experiments for the Process development of drug intermediates.
- Benefits derived as a result of the above efforts, e.g., development, import substitution, etc.:-
 

Commercial Production of the speciality chemical product (Drug Intermediate) may be taken up in near future.
- In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) Nil

**(C) Foreign exchange earnings and outgo**

- Foreign Exchange Earning - Rs.5069523 (PY Rs. 7654622)
- Foreign Exchange Outgo -Rs.4939200 (PY Rs. 14674741)

For and on behalf of the Board

Place: Ahmedabad  
Dated: 25th August, 2011

Sd/-  
**Jagdish Agrawal**  
Managing Director

**AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF ISHITA DRUGS AND INDUSTRIES LTD.**

We have audited the attached Balance Sheet of Ishita Drugs and Industries Limited as at 31st March-2011 and also the Profit & Loss account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

- As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- Further to our comments in the Annexure referred to in paragraph 1 above:
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
  - The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes on accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
    - In the case of Profit and Loss Account, of the profit for the year ended on that date; and
    - In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : Ahmedabad  
Dated : 25th August, 2011

**For Kishor Goyal & Co.**  
Chartered Accountants  
**(Kishor Goyal)**  
Partner  
Membership No.047286

**ANNEXURE TO THE AUDITOR'S REPORT**

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

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

**For Kishor Goyal & Co.**  
Chartered Accountants

Sd/-

(Kishor Goyal)

Partner

Membership No.047286

Place : Ahmedabad

Dated : 25th August, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Note	As at 31-Mar-11 Rupees	As at 31-Mar-10 Rupees
<b>Sources of Funds :</b>			
Shareholders' Funds			
Paid up Share Capital	1	29903000	29903000
Shares Forfeited A/c		164500	164500
Reserves and Surplus			
Capital Reserve			
State Cash Subsidy		1500000	1500000
General Reserve			
Balance in Profit & Loss A/c		12866365	8980191
		<b>44433865</b>	<b>40547691</b>
Loan Funds			
Secured Loans	2	3598096	732197
Deferred Tax Liabilities			
		584223	424502
	Total	<b>48616183</b>	<b>41704390</b>
<b>Application of Funds :</b>			
Fixed Assets			
Gross Block	3	34073674	33908933
Less : Depreciation		24282734	23779379
Net Block		9790940	10129554
Capital Work-in-Process			
		202482	—
Investments			
	4	13536900	5036900
Current Assets, Loans and Advances			
Inventories	5	13226327	18876532
Sundry Debtors	6	26435490	10942494
Cash and Bank Balances	7	6517215	12715567
Loans and Advances	8	3579975	3272478
		49759007	45788072
Less : Current Liabilities & Provisions	9	24673145	19250136
Net Current Assets		25085862	26537936
	Total	<b>48616183</b>	<b>41704390</b>
Notes on Accounts & Significant Accounting Policies	16		

As per our attached report of even date.

**For Kishor Goyal & Co.**  
Chartered Accountants

**Jagdish Agrawal**  
Managing Director

**Dr.S.K.Agrawal**  
Director

**Kishor Goyal**  
Partner  
Ahmedabad,  
Dated : 25th August, 2011

**Mrs.Abha Agrawal**  
Director  
Ahmedabad,  
Dated : 25th August, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

	Note	2010-11 Rupees	2009-10 Rupees
<b>Income :</b>			
Sales		88290158	63928814
Other Income	10	1122947	1832123
	Total	89413105	65760936
<b>Less : Expenditure :</b>			
Cost of Material Consumed	11	65585806	48050378
Changes in inventory of work in progress & finished goods.	12	(3628520)	(2463451)
Employee Benefit Expenses	13	4431791	3610137
Manufacturing and Other Exp.	14	16209495	8682871
Financial Charges	15	207599	384321
Depreciation		742545	1870982
	Total	83548716	60135237
Operational Profit for the year before extra ordinary item & Tax		5864389	5625700
<b>Taxation :</b>			
Provision for Income Tax		1800000	1900000
Provision for Deferred Tax		159721	(153893)
<b>Net Profit after Tax</b>		3904668	3879593
Less : Prior Period Items		(18494)	(1275305)
Add : Balance brought forward from previous year		8980191	6375903
Balance carried to Balance Sheet profit/(loss)	Total	12866365	8980191
Notes on Accounts & Significant Accounting Policies	16		

As per our attached report of even date.

**For Kishor Goyal & Co.**  
Chartered Accountants

**Jagdish Agrawal**  
Managing Director

**Dr.S.K.Agrawal**  
Director

**Kishor Goyal**  
Partner  
Ahmedabad,  
Dated : 25th August, 2011

**Mrs.Abha Agrawal**  
Director  
Ahmedabad,  
Dated : 25th August, 2011



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

	For the year 2010-11 Rupees	For the year 2009-10 Rupees
<b>A Cash flow from operating activities :</b>		
Profit before tax	5864389	5625700
Add : Depreciation	742545	1870982
Interest & Other financial charges	207599	384321
Loss on sale of Fixed assets	362837	---
Less : Interest received	952083	930279
Dividend received	1500	1500
Income from Investments	100109	95078
Profit on sale of fixed assets	---	19285
Operating profit before change in working capital	<u>6123678</u>	<u>6834860</u>
Add : Trade Debtors	(15492996)	495068
Decrease/(Increase) in Inventory	5631205	(13565399)
Decrease/(Increase) in Loans and advances	(307496)	(789015)
Less : Provision for Taxation	1800000	1900000
Prior Period Expenses	18494	1275305
Trade creditors	<u>(5423009)</u>	<u>(10148405)</u>
Net cash generated from operating activities (A)	<u>(441094)</u>	<u>(51387)</u>
<b>B Cash inflow from investing activities :</b>		
Add : Investment sold / (purchased)	(8500000)	(510000)
Dividend received	1500	1500
Income from Investments	100109	95078
Profit on sale of fixed assets	---	19285
Less : Capital work in progress	202482	---
Investment in fixed assets	<u>403931</u>	<u>1147933</u>
Net cash generated from investing activities (B)	<u>(9367641)</u>	<u>(1542070)</u>
<b>C Cash flow from financial activities :</b>		
Add : Interest received	952083	930279
Add: Borrowing	2865899	459439
Less : Interest & Other financial charges	<u>207599</u>	<u>384321</u>
Net cash generated from financial activities (C)	<u>3610383</u>	<u>1005397</u>
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	<u>(6198352)</u>	<u>(588059)</u>
Opening balance of Cash and cash equivalents	12715567	13303626
Closing balance of Cash and cash equivalents	<u>6517215</u>	<u>12715567</u>
Net Increase/(decrease) in Cash & Cash Equivalents	<u>(6198352)</u>	<u>(588059)</u>
Note : Figures in bracket indicate negative value		

Correctly extracted from Audited accounts of the Company

**Mrs. Abha Agrawal**  
Director  
Place : Ahmedabad,  
Dated : 25th August, 2011

**Jagdish Agrawal**  
Managing Director

**Dr. S.K. Agrawal**  
Director

**Auditors' Certificate**

We have verified the above cash flow statements of Ishita Drugs And Industries Limited from the audited financial statement for the year ended on 31st March, 2011 and found the same to be drawn in accordance therewith and also with requirements of clause 32 of the listing agreement with the Stock Exchanges.

**For Kishor Goyal & Co.**  
Chartered Accountants

Place : Ahmedabad,  
Dated: 25th August, 2011

**Kishor Goyal**  
Partner

	As at 31-Mar-11 <u>Amount Rs.</u>	As at 31-Mar-10 <u>Amount Rs.</u>		As at 31-Mar-11 <u>AmountRs.</u>	As at 31-Mar-10 <u>Amount Rs.</u>
<b>Note-1 : Share Capital</b>			<b>Note-5 : Inventories</b>		
Authorised :			As taken, valued and certified by the M.D		
35,00,000 Equity Shares of Rs. 10/- each	<u>35000000</u>	<u>35000000</u>	Raw material ( at cost )	1152001	11418136
Issued, Subscribed and paid up :			Raw Material in transit (at cost or market price whichever is lower)	1046306	---
2990300 Equity Shares of Rs.10/- each fully paid up	<u>29903000</u>	<u>29903000</u>	Work in Process ( at cost )	9567180	5938660
Total	<u>29903000</u>	<u>29903000</u>	Packing, Fuel Etc. ( at cost )	44187	84083
			Closing Stock of traded goods	<u>1416653</u>	<u>1416653</u>
			<b>Total</b>	<u>13226327</u>	<u>18857532</u>

**Note-2 : Secured Loans**

Cash Credit( Against Hypothecation of Stock & Receivables)	2717310	---
Vehicle Loan - HDFC Bank Ltd.	880786	675027
Vehicle Loan - ICICI Bank Ltd.	---	57170
<b>Total</b>	<u>3598096</u>	<u>732197</u>

**Note-3 : Fixed Assets**

Particulars	Gross Block				Depreciation				Net Block	
	As at 01/04/10 Rs.	Addition Rs.	Deduction Rs.	As at 31/03/11 Rs.	As at 01/04/10 Rs.	Addition Rs.	Deduction Rs.	As at 31/03/11 Rs.	As at 31/03/11 Rs.	As at 31/03/10 Rs.
	Factory Land	904811	---	---	904811	---	---	---	---	904811
Plant and Machinery	19916742	144712	---	20061354	17099289	250070	---	17349359	2711996	2817453
Laboratory Equipment	1154265	9500	---	1163765	728665	48879	---	777544	386222	425601
Cylinders	14441	---	---	14441	14441	---	---	14441	---	---
Effluent Treatment Plant	1608641	---	---	1608641	1528209	---	---	1528209	80432	80432
Factory Building	5891110	---	---	5891110	2610685	196763	---	2807448	3083662	3280425
Office Building	1264568	---	---	1264568	322890	20612	---	343502	921066	941678
Furniture and Fixtures	750816	---	---	750816	651796	47527	---	699323	51493	99020
Office Equipment	289067	20128	---	309195	264393	2265	---	266658	42537	24674
Computers	420660	61706	---	482366	321512	20096	---	341608	140758	99148
Vehicles	1693812	655822	727027	1622607	237500	156333	239190	154643	1467964	1456312
<b>Total</b>	<b>33908933</b>	<b>891768</b>	<b>727027</b>	<b>34073674</b>	<b>23779379</b>	<b>742545</b>	<b>239190</b>	<b>9790940</b>	<b>9790940</b>	<b>10129554</b>
Previous Year	33056375	1253648	401090	33908933	22203772	1870982	295375	23779379	10129554	10852603

**Note-4 : Investments – at cost**

- Trade Investment
  - Unquoted – Long Term Investments
 

500 Equity Shares of Textile Traders Co-operative Bank Ltd. each of Rs. 25 fully paid up	12500	12500
70000 Shares of Umang Financial Services Ltd. Each of Rs. 10/- fully paid up	700000	700000
3000 Shares of Anvi Lifesciences Pvt Ltd each of Rs. 100/- fully paid up	600000	600000
Aggregate value of Unquoted Investment- At cost Rs.1312500 (PYRs.1312500)		
  - Quoted - Long Term Investments
 

204 Shares of Jet Airways each of Rs.10/- fully paid up (Market value Rs.91219 (PY Rs.97960))	224400	224400
---	--------	--------
- Other Investments – Quoted
 

Investment in Units of Mutual Funds	12000000	3500000
<b>Total</b>	<u>13536900</u>	<u>5036900</u>

**Note-6 : Sundry Debtors**  
( Unsecured and Considered good )

Outstanding for a period of more than six months	58128	62145
Others	26377362	10880349
<b>Total</b>	<u>26435490</u>	<u>10942494</u>

**Note -7 : Cash & Bank Balances**

Cash on hand	31894	174464
Banks Balance		
In Current Accounts	133417	2098643
In EEFC Account	12920	12920
In Fixed Deposit Accounts	6338984	10431540
<b>Total</b>	<u>6517215</u>	<u>12715567</u>

	As at 31-Mar-11 Amount Rs.	As at 31-Mar-10 Amount Rs.	For the year 2010-11 Rupees	For the year 2009-10 Rupees
<b>Note-8 : Loans and Advances</b> (Unsecured - Considered good)				
Advances recoverable in cash or kind or for value to be received	1984767	1832584		
Advance Payment of Income Tax	1595208	1439894		
Total	<u>3579975</u>	<u>3272478</u>		
<b>Note-9 : Liabilities</b>				
Sundry Creditors	21968404	15538326		
Other Liabilities	2704741	3711809		
Total	<u>24673145</u>	<u>19250136</u>		
	<b>For the year 2010-11 Rupees</b>	<b>For the year 2009-10 Rupees</b>		
<b>Note-10 : Other Income</b>				
Discount & Kasar	(22360)	(45)		
Dividend Income	1500	1500		
Profit on sale of fixed assets	---	19285		
Interest Income	952083	930279		
Income from Investments	100109	95078		
Foreign Exchange Gain	91615	591631		
Insurance Claimed Received	---	194395		
Total	<u>1122947</u>	<u>1832123</u>		
<b>Note-11: Cost of Materials Consumed</b>				
Cost of Material				
Consumption of Raw Material	55372229	34443597		
Consumption of Packing Material	441439	365713		
Value of Goods traded	9772138	13241068		
Total	<u>65585806</u>	<u>48050378</u>		
<b>Note-12 : Changes in inventory of work in progress &amp; finished goods</b>				
(a) Opening Stock				
Manufacturing Goods	---	---		
Work in process	5938660	3475209		
Total	<u>5938660</u>	<u>3475209</u>		
(b) Closing Stock				
Manufacturing Goods	---	---		
Work in process	9567180	5938660		
Total	<u>9567180</u>	<u>5938660</u>		
<b>Net Inventory Adjustments (a-b)</b>	<u>(3628520)</u>	<u>(2463451)</u>		
<b>Note-13 : Employee Benefit Expenses</b>				
Salary & wages	3004361	2654493		
Gratuity	1385	2597		
Staff Welfare Exp.	11782	7739		
Director's Remuneration	1360000	900000		
Contribution for Provident Fund	54263	45308		
Total	<u>4431791</u>	<u>3610137</u>		
<b>Note-14 : Manufacturing and other expenses</b>				
Power & Fuel	1533612	1341697		
Books & Periodicals	16939	22576		
Conversion Charges	101401	71780		
Stores & Spares	1617188	516426		
Excise duty on sales	7983849	3325629		
Repairs				
- To Machinery	104993	129125		
- To Building	174871	39434		
- To Others	<u>76682</u>	<u>89754</u>		
Total	<u>356546</u>	<u>258313</u>		
Laboratory Exp.	54817	16043		
Research & Development Expenses	207175	157654		
Freight & Forwarding	373839	1022372		
Insurance Exp.	112037	122500		
Security Exp.	106609	119340		
ETP Maintenance exp.	96966	10998		
Export Documents Clearing Exp	5673	3640		
Printing & Stationery Exp.	71541	75349		
Postage & Telephones	151321	139953		
Traveling & Conveyance	448726	135185		
Office and General Exp.	390400	225124		
Motor Car Expenses	183483	112626		
Sales Commission	1370747	578588		
Advertisement	90676	96645		
Payment to Auditor	15000	15000		
Legal & Professional fees	165790	232146		
Listing, filling & license fees	35570	39184		
Share Transfer Exp.	39619	27008		
Loss on sale of fixed assets	362837	---		
Rates & Taxes	317136	17119		
Total	<u>16209495</u>	<u>8682871</u>		
<b>Note-15 : Financial Charges</b>				
Interest	61608	165694		
Other financial charges	145991	218626		
Total	<u>207599</u>	<u>384321</u>		

**Note - 16****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2011.**

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

**ACCOUNTING CONVENTION**

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

**FIXED ASSETS**

Fixed assets are stated at historical cost less depreciation.

**DEPRECIATION**

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

**INVESTMENTS**

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

**INVENTORIES**

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

**MODVAT**

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

**SALES**

Sales are accounted inclusive of excise duty.

**FOREIGN CURRENCY TRANSACTIONS**

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

**EXCISE DUTY**

As per past practice, the Company is accounting for liability for excise duty on finished goods lying in factory premises as and when the same are cleared. Accordingly, estimated liability amounting to Rs.NIL (P.Y.Rs.NIL) in respect of such goods as on 31.03.2011 has not been provided for in the accounts and hence not included in valuation of inventory. Non-provision of this liability will not affect profit for the year.

**CUSTOM DUTY**

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

**PROVISION FOR RETIREMENT BENEFITS**

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

Provident Fund: The employer and employee make statutory contribution towards the Government's Provident Fund and the same is charged in the profit and loss of the Company.

**EXPENSES**

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

**TIMING REVENUE RECOGNITION**

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

**TAXATION**

Provision for taxation is made based on the current tax rates in force.

Deferred tax charge or credit (reflecting the tax effect of timing difference between accounting income and taxable income for the period) is determined in accordance with the Accounting Standard-22 of the Institute of Chartered Accountants of India. The deferred tax charged or credited and the corresponding deferred tax liabilities or assets are recognized using the tax rate that have been enacted or subsequently established by the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**CASH FLOW STATEMENT**

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

**CONTINGENT LIABILITIES**

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

**IMPAIRMENT OF ASSETS**

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

**PRIOR PERIOD ITEMS**

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

**NOTES :**

- Tax provision for income tax has been made as per the Income Tax Act, 1961.
- Debit and credit balances in respect of debtors, loans and advances and creditors are subject to confirmation and reconciliation.
- In accordance with the Accounting Standard AS-11 issued by the Institute of Chartered Accountants of India, net gain of Rs. 0.92 lacs (PY gain of Rs. 5.91 lacs) due to foreign exchange fluctuations arising on foreign currency transactions has been considered in the Profit and Loss Account.
- In the year under review, the Company has provided the gratuity Rs. 1385 (P.Y. Rs. 1385) calculated up to the date of Balance Sheet date according to the Gratuity Act on incremental basis.
- The company has provided the deferred tax of Rs. 159721 (P.Y. Rs. -153893) for the year under review as per AS-22 in the profit and loss account.
- Contingent liability to the extent not provided for : NIL ( P.Y Rs. NIL)
- Previous year figures have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.
- Estimated amount of capital contracts remaining to be executed and not provided for net of advance paid Rs.85000/- (PY Rs. NIL).
- Managerial Remuneration paid:

	2010-11	2009-10
	Mg. Dir.	Mg. Dir.
(a) Salary Rs.	1260000	900000
(b) Perks/ Reimbursement Rs.	100000	----
10. Payment to Auditors	2010-11	2009-10
As an auditor	15000	15000
For Taxation & Other works	10000	10000
For Tax Audit	7000	7000
Out of Pocket Expense	5000	5000

11. The Company has not received any information from any of the suppliers of their status as Small Scale Industrial Unit. Hence, the amounts due to them outstanding as at 31st March 2011 is not ascertainable.

12. Related party disclosures as per the Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India:

- List of related parties
  - Subsidiaries: The Company does not have any subsidiary Company.
  - Key Management personnel
    - Mr. Jagdish Agrawal
    - Mr. Sumit Agrawal
  - Relatives of Key Management Personnel
    - Ishita Pharmaceuticals
    - Anvi Lifesciences Pvt Ltd
    - J & J-Chemicals
- Transactions / balances outstanding with Related parties

Particulars	Key Management	Relatives of Key
	Personnel	Management
	Amount Rs.	Personnel
		Amount Rs.
Managerial Remuneration	1942000	---
Sales of Goods / Services	---	10876407
Purchases of Goods /Services	---	8382148
Investment in equity shares/		
Share Application Money	---	1300000
Debtors outstanding at year end	---	---
Loans/advance at year end	---	300000
Creditors outstanding at year end	---	---

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

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

Particulars	2010-11	2009-10
	Amount Rs.	Amount Rs.
Profit after Tax	3904668	3879593
Weighted Average no. of equity shares of Rs. 10 each		
Basic	2990300	2990300
Diluted	---	---
EPS ( Rs. )		
Basic	1.31	1.30
Diluted	----	----

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

**14. Quantitative details and other information :**

	Unit	for the year 2010-11		for the year 2009-10	
		Quantity	Value Rs.	Quantity	Value Rs.
<b>A Sales</b>					
Manufacturing goods					
Bulk drugs	MT	77.911	78441158	216.436	49153628
Goods traded in					
Drugs/Intermediates	MT	17.200	6437000	111.275	5344470
Others	----	----	3412000	----	9430715
<b>Total</b>			<b>88290158</b>		<b>63928814</b>
<b>B Raw material consumed</b>					
A.S.C.	MT	21.000	3062092	11.000	1367986
3-CP	MT	26.200	11786475	24.000	11012326
Others	----	----	40523663	----	22063285
<b>Total</b>			<b>55372229</b>		<b>34443597</b>
<b>C Purchased goods traded :</b>					
Drugs/Intermediates	MT	17.200	6184450	111.275	3903000
Others	----	----	3587688	----	10687261
<b>Total</b>			<b>9772138</b>		<b>14590261</b>
<b>D Value and quantitative break up in respects of opening and closing stock of Goods manufactured, purchased and traded :</b>					
Opening stock					
Manufacturing goods					
Bulk drugs	MT	---	---	---	---
<b>Total</b>			<b>---</b>		<b>---</b>
Closing stock					
Manufacturing goods					
Bulk drugs	MT	---	---	---	---
<b>Total</b>			<b>---</b>		<b>---</b>
<b>E Capacity and production</b>					
Information in respect of each class of goods manufactured :					
Class of goods	A/c. year	Licensed Capacity	Installed Capacity	Production MT	
Bulk Drugs	2010-11	N/A	----	77.911	
Bulk Drugs	2009-10	N/A	----	216.436	
<b>F Value of imports in rupees calculated on CIF basis in respect of :</b>					
			Curr. Yr. Rs.	Prev. Yr. Rs.	
Material			4939200	14674741	
Capital Goods			---	----	
<b>G Expenditure in foreign currency :</b>					
Purchases of materials			4939200	14674741	
Capital Goods			---	---	
<b>H Value of raw materials, stores and spares consumed :</b>					
		Rs.	%	Rs.	%
(a) Value of raw material consumed :					
Imported		8751170	16.00%	7014911	20.37%
Indigenous		46621059	84.00%	27428686	79.63%
		53372229	100.00%	34443597	100.00%
(b) Value of stores and spares consumed :					
Indigenous		1617188	100.00%	516426	100.00%
		1617188	100.00%	516426	100.00%
<b>I Amount remitted in foreign currency on account of dividend</b>					
			NIL	NIL	
<b>J Earnings in foreign exchange Rs.</b>					
			5069523	7654622	

Signature to notes 1 to 16

For Kishor Goyal & Co  
Chartered Accountants

Kishor Goyal  
Partner  
Ahmedabad,  
Dated : 25th August, 2011

Jagdish Agrawal  
Managing Director

Mrs. Abha Agrawal  
Director  
Ahmedabad,  
Dated : 25th August, 2011

Dr.S.K.Agrawal  
Director

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

Registration No.	L24231GJ1992PLC017054	State Code	04
Balance Sheet Date	31-Mar-11		

**Capital raised during the year ( Amount in thousands )**

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

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

Total Liabilities	48616	Total Assets	48616
Source of Funds			
Paid up Capital	29903		
Reserves & Surplus	14366	Secured Loans	3598
Shares forfeited	165	Deferred Tax	584
Application of Funds			
Net Fixed Assets	9993	Net Current Assets	25086
Investments	13537	Accumulated Losses	---

**Performance of the Company ( Amount in thousands )**

Turnover	89413	Total expenditure	82426
Profit before tax	5864	Profit after tax	3905
Earning per Share Rs.	1.31	Dividend Rate (%)	0%

**Generic Names of Three Principal Products/services of Company.**

(as per monetary terms)

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

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

As per our attached report of even date.

**For Kishor Goyal & Co**  
Chartered Accountants

**Jagdish Agrawal**  
Managing Director

**Dr.S.K.Agrawal**  
Director

**Kishor Goyal**  
Partner  
Ahmedabad,  
Dated : 25th August, 2011

**Mrs.Abha Agrawal**  
Director  
Ahmedabad,  
Dated : 25th August, 2011

**ISHITA DRUGS AND INDUSTRIES LTD**

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

**Proxy Form**

DP ID :		No. of Shares held	
CLIENT ID :			
FOLIO No. :			

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

of \_\_\_\_\_

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

\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 30th September, 2011 and at any adjournment there of.

Affix  
100 Paise  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011 Signature \_\_\_\_\_

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

**ISHITA DRUGS AND INDUSTRIES LTD**

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

**Attendance Slip**

(To be handed over at the entrance of the meeting hall)  
18th Annual General Meeting - 30th September 2011

DP ID :		No. of Shares held	
CLIENT ID :			
FOLIO No. :			

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

Full name of Member (in BLOCK LETTERS) \_\_\_\_\_

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

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

**Ishita Drugs & Industries Limited**

**An ISO 9001 : 2000 Company**

**Regd. Office : Survey No. 179/1, Village : Vasna-Iyava,**

**Taluka : Sanand, District : Ahmedabad - 382 170.**