

## SUNIL HEALTHCARE LIMITED

Registered Office:

38 E/252-A, 1st Floor, Vijay Tower, Shahpurjat, New Delhi-110049

### NOTICE

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the Members of the Company will be held at 12.30 pm on Friday the 16<sup>th</sup> September, 2011 at the registered office of the Company at 38 E/252-A, 1st Floor, Vijay Tower, Shahpurjat, New Delhi-110049, to transact the following business:-

#### Ordinary Business

1. To receive and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2011 and report of the Auditors and Directors thereon.
2. To elect a Director in place of Mr. Rajat Kumar Niyogi who retires by rotation and being eligible offers himself for re-election.
3. To appoint the Statutory Auditors and fix their remuneration and in that connection to consider and if thought fit to pass with or without modification(s), the following resolution:  
**"RESOLVED THAT** M/s Singhi & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board."

#### Special Business

4. **To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:**

**"RESOLVED THAT** pursuant to the section 314 (1) (b) and other applicable provisions, if any of the Companies Act, 1956, read with the Directors relatives (office or place of profit) rules 2003 and also subject to such terms, conditions, alterations, modifications, changes and variation as may be specified while according such approval for which the Board of Directors of the company (hereinafter referred to as the "Board"), be and is hereby authorized to accept, if it thinks fit, the consent of the Company be and is hereby accorded to pay of Rs. 76375/- plus perquisites as applicable as per the rules of the Company as a monthly remuneration to Mr. Ishan Khaitan son of Mr. Anil Khaitan, Chairman cum Managing Director of the Company to hold and continue to hold office or place of profit under the company as a President (Operation & Marketing) together with the other facilities applicable to the other employee occupying similar post or posts within the same salary and grade, or with such other designation as directors may from time to time decide with effect from 01.04.2011 on the following terms as to remuneration

- 1 Salary: - Rs. 76375/- (Rupees Seventy Six Thousand Three Hundred Seventy Five Only) per month with such annual increments as the board may decided from year to year.
- 2 House Rent Allowance:- As applicable to other employee in grade E-1 presently 40% of Salary ( Not payable if company accommodation is provided)
- 3 Annual Bonus:- As applicable to the other employee in grade E-1( Presently 20 % of Salary )
- 4 Contribution to Provident and Superannuation Fund:- As applicable to the other senior employee in grade E-1(Presently 12 % of the salary)
- 5 Gratuity at the rate of one month's salary for every complete year of service - to be covered under senior staff group gratuity scheme.
- 6 Reimbursement of Medical Expenses:- As per scheme applicable to the other employee in grade E-1

- 7 Entertainment Allowance and such other allowance as applicable to the other employee in grade E-1
- 8 Leave Travel Assistance:- As per scheme applicable to employee in grade E-1
- 9 Lunch Expenses :- As per scheme applicable to employee in grade E-1
- 10 And other perquisites as applicable to employee in grade E-1

**"FURTHER RESOLVED THAT** the allowance and perquisites referred to above be and are hereby authorised to be paid and allowed to Mr. Ishan Khaitan in accordance with the relevant rules of the company with such variation /increase therein as may be in force from time to time."

**"FURTHER RESOLVED THAT** Mr. Virendra Garg, Secretary of the Company be and is hereby authorized to take all such appropriate steps and to do all such acts, deeds and things to give effect to the above mentioned resolution."

**5 To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:**

**"RESOLVED THAT** pursuant to the section 314 (1) (b) and other applicable provisions, if any of the Companies Act, 1956, read with the Directors relatives (office or place of profit) rules 2003 and also subject to such terms, conditions, alterations, modifications, changes and variation as may be specified while according such approval for which the Board of Directors of the company (hereinafter referred to as the "Board"), be and is hereby authorized to accept, if it thinks fit, the consent of the Company be and is hereby accorded to pay of Rs. 117625/- plus perquisites as applicable as per the rules of the Company as a monthly remuneration to Mrs. Sarita Khaitan W/o of Mr. Anil Khaitan, Chairman cum Managing Director of the Company to hold and continue to hold office or place of profit under the company as a Chief Strategic Officer together with the other facilities applicable to the other employee occupying similar post or posts within the same salary and grade, or with such other designation as directors may from time to time decide with effect from 01.04.2011 on the following terms as to remuneration:-

1. Salary: - Rs. 117625/- (Rupees One Lacs Seventeen Thousand Six Hundred Twenty Five Only) per month with such annual increments as the board may decide from year to year.
2. House Rent Allowance:- As applicable to other employee in the same grade presently 40% of salary ( Not payable if company accommodation is provided)
3. Annual Bonus:- As applicable to the other employee in the same grade ( Presently 20 % of Salary)
4. Contribution to Provident and Superannuation Fund:- As applicable to the other senior employee in the same grade (Presently 12 % of the salary)
5. Gratuity at the rate of one month's salary for every complete year of service - to be covered under senior staff group gratuity scheme.
6. Reimbursement of Medical Expenses:- As per scheme applicable to the other employee in the same grade.
7. Entertainment Allowance and such other allowance as applicable to the other employee in the same grade.
8. Leave Travel Assistance:- As per scheme applicable to employee in the same grade
9. Lunch Expenses: - As per scheme applicable to employee in the same grade.
10. And other perquisites as per scheme applicable to employee in the same grade

**"FURTHER RESOLVED THAT** the allowance and perquisites referred to above be and are hereby authorised to be paid and allowed to Mrs. Sarita Khaitan in accordance with the relevant rules of the company with such variation /increase therein as may be in force from time to time."

**"FURTHER RESOLVED THAT** Mr. Virendra Garg, Secretary of the Company be and is hereby authorized to take all such appropriate steps and to do all such acts, deeds and things to give effect to the above mentioned resolution."

**6 To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and pursuant to the section 198, 309 and 310 and other applicable provisions of the Companies Act, 1956 and approval of the Company be and is hereby accorded for the remuneration up to Rs. 1,19,175/- (Rupees One Lacs Nineteen Thousand One Hundred Seventy Five Only) p.m. plus perquisites as applicable as per the rules of the Company according to sub clause (B) of the Clause 1 of the part II of Schedule XIII of the Companies Act-1956 be paid starting from 1st April, 2011 to 31st March 2014 to Mr. Anil Khaitan, Chairman-cum-Managing Director as per following terms and conditions:

Remuneration shall be for the period from 1st April, 2011 to 31st March, 2014

**1. Emoluments:**

Salary: Rs. 1, 19,175/- (Rupees One Lacs Nineteen Thousand One Hundred Seventy Five Only) per month.

2. Bonus/Ex-Gratia- Payable upto 20% of the Salary on an annualized basis.

Perquisites: In addition to salary, will be entitled to the following perquisites/benefits-

**Part-A:**

1 Housing.

**Housing -I**

The expenditure by the Company on hiring accommodation for him shall be subject to a ceiling of 60% (sixty percent) of his salary over and above 10% (ten percent) payable by him.

**Housing - II**

Where the Company does not provide accommodation to him, House Rent Allowance subject to the ceiling laid down in Housing -I, shall be paid to him.

**Medical Benefits:**

Reimbursement of expenses actually incurred the total cost of which to the Company shall not exceed one month's salary in a year or three month's salary in a block of three years.

**Leave Travel Concession:**

For him and his family, once in a year upto two months salary shall be provided.

**Personal Attendant:**

Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed Rs. 9,500/- (Rupee Nine Thousand Five Hundred Only) per month.

**Part-B:**

The Company's Contribution towards Provident Fund, Superannuation Fund or Annuity Fund: Such contribution to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

**Gratuity:**

Payable in accordance with the Gratuity Scheme of the Company, provided that this shall not exceed one-half month's salary for each completed year of his services with the Company, subject to a ceiling as per the Act.

**Part-C:**

**Conveyance and Telephone:**

Free use of the Company's Car with Driver for the purpose of the Company's business and telephone facility at his residence, which shall not be considered as perquisites/benefits, but the use of car for

private purpose and personal long distance calls on telephone shall be billed by the Company to him.

**3. Earned/Privilege Leave:**

He will also be entitled to earned/privilege leave on full pay and allowances, as per the rules of the Company, but not exceeding one month's leave for every eleven months' service under the Company.

4. He will be reimbursed Entertainment Expenses incurred by him in connection with the business of the Company as approved by the Board of Directors of the Company.
5. Either party may terminate the appointment by giving three (3) months notice in writing to the other, provided that the Company may in the alternative terminate the appointment by paying to Mr. Anil Khaitan three month's salary in lieu of such notice.

**"RESOLVED FURTHER THAT** Mr. Virendra Garg, Secretary of the Company be and is hereby authorized to take all such appropriate steps and to do all such acts, deeds and things to give effect to the above mentioned resolution."

**7 To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:**

**"RESOLVED THAT** the Authorised Share Capital of the Company be Increased from Rs. 10,00,00,000/ (Rupee Ten Crore Only) divided into 98,00,000 Equity shares of Rs. 10/- each and 20,000 Redeemable Preferential Shares of Rs. 100/- each to Rs 11,00,00,000/- (Rupee Eleven Crore only) divided into 1,08,00,000 (One Crore Eight Lacs only) equity shares of Rs. 10/- each and 20,000 (Twenty thousand only) Redeemable Preference Shares of Rs. 100/- each , and that the Clause V of the Memorandum of association of the Company be substituted by the Following Clause V"

**Clause- V**

"The Share Capital of the Company Shall be Rs 11,00,00,000/- (Rupee Eleven Crore only) divided into 1,08,00,000 (One Crore Eight Lacs Only) equity shares of Rs. 10/- each and 20,000 (Twenty Thousand only) Redeemable Preference Shares of Rs. 100/- each"

**"FURTHER RESOLVED** that the Sub-Clause 1 of Clause 4 of the Article of association of the Company be substituted by the Following Sub-Clause 1"

**Sub-Clause 1 of Clause 4**

"The Share Capital of the Company Shall be Rs 11,00,00,000/- (Rupee Eleven Crore only) divided into 1,08,00,000 (One Crore Eight Lacs Only) equity shares of Rs. 10/- each and 20,000 (Twenty Thousand only) Redeemable Preference Shares of Rs. 100/- each"

**8 To consider and if thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution:**

**"RESOLVED THAT** subject to the guidelines issued by the Securities and Exchange Board of India and subject to the approval of the Reserve Bank of India under the FEMA, 1999 for allotment and issue of new equity shares to the non-resident members and also subject to such terms, conditions, alterations, modifications, changes and variation as may be specified while according such approval for which the Board of Directors of the company (hereinafter referred to as the "Board"), be and is hereby authorized to accept, if it thinks fit, the consent of the Company be and is hereby accorded to capitalize Rs. 93,22,500/-, out of amount standing to the Profit and Loss Account of Rs. 38,436,068/- in the books of the company as on 31<sup>st</sup> March, 2011 such sum be set free for distribution among the holders of existing fully paid equity shares of Rs.10 each of the company, whose names will appear in the register of members of the company as on date to be decided by the Board in that behalf as Record Date, as an increase of the amount of share capital of the company held by each such member

and not as income or in lieu of dividend credited as 9,32,500 fully paid-up equity shares as bonus shares in the proportion of new one equity shares for every ten existing fully paid equity shares held."

**"RESOLVED FURTHER THAT** the above proposal will be subject to the following terms and conditions:-

- (i) The new equity shares to be allotted as bonus shares will be allotted subject to the terms of the Memorandum and Articles of Association of the company.
- (ii) The new equity shares shall rank pari passu in all respects with and carry the same rights as the existing fully paid-up equity shares of the company and notwithstanding the date or dates of allotment thereof shall be entitled to participate in full in any dividend to be declared in respect of the financial year in which the allotment of the new equity shares pursuant to this Resolution is made.
- (iii) No letter of allotment will be issued by the company in respect of new equity shares. However, the equity share certificates in respect thereof will be ready for delivery to the allottees within 2 months from the date of allotment thereof.
- (iv) If as a result of implementation of this resolution, any member become entitle to a fraction of new equity shares to be allotted as a Bonus Shares the company, shall not issue any certificate or coupon is respect of such fractional shares but the total no of such new equity shares representing such fraction shall be allotted by the board to the nominee to be selected by the board who would hold them as trustee for the equity shareholders who would have been entitled to such fractions, in case the same were issued. Such nominee will be soon as possible sell such equity shares allotted to him at the prevailing market rate and the net sale proceeds of such shares after adjusting the cost and expenses in respect thereof be distributed among such members who are entitled to such fractions in the proportion of their respective holding and allotment of fraction thereof.
- (v) No allotment of Bonus shares of distribution of proceeds in respect of fractions to non-resident Indian members will be made till the approval of Reserve Bank of India is obtained by the company.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things whatsoever including settling any question, doubt or difficulty that may arise with regard to or in relation to the issue or allotment of the bonus shares and to accept on behalf of the company any conditions, modifications relating to the issue of bonus shares prescribed by the Reserve Bank of India or any other authority including Stock Exchanges where the shares of the Company are listed and which the Board in its discretion thinks fit and proper.

**By the Order of the Board**

**Place - New Delhi  
Dated- 06.08.2011**

**Anil Kumarr Khaitan  
Chairman cum Managing Director**

**Notes**

1. A member entitles to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member.
2. The appointing the proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 10<sup>th</sup> September, 2011 to 16<sup>th</sup> September 2011 (both days inclusive).

4. Explanatory statements pursuant to the provisions of section 173(2) of the Companies Act 1956 are given in the annexure attached hereto.
5. Members, who are holding shares in identical orders of names in more than one folio, are requested to write to the Company's Share Transfer Agents M/s MCS Limited at "F-65 First Floor, Okhla Industrial Area, Phase-I, New Delhi 110020.
6. Members holding shares in physical form are requested to furnish their email id by post or by emailing to **virendra.garg@sunilhealthcare.com / info@sunilhealthcare.com** along with their Folio No. for sending necessary communication / information in future. The members holding shares in electronic form may get their email id's updated with their respective Depository Participants.
7. Pursuant to the provisions of the Section 205A (5) and 205 C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed interim dividend for the financial year 2002-03 to the Investor Education & Protection fund (The IEPF) established by the Central Government Dividend for the financial year ended March, 31, 2004 and thereafter which remains unpaid or unclaimed for a period of 7 years from the date they become due for payment will be transferred by the company to IEPF. **The last dates for the claiming of such unclaimed dividends are mention as per annexure 2.** Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company. It may be noted that the Company had sent reminders to the members in this regards. **Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amount which were unclaimed and unpaid for a period of seven years for the date they first became due for payment and no payment shall be made in respect of any such claims.**

#### **Annexure to the Notice**

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

#### **Item No. 4**

Mr. Ishan Khaitan son of Mr. Anil Khaitan, Chairman Cum Managing Director of the Company was appointed in the company as on 29.09.2010 with the approval of the Shareholders of the Company and further approval from the Central Government of the Company as a President (Operation & Marketing). Further Mr. Ishan Khaitan has a wide experience in marketing and technical field and in his guidance the performance of the company has grow up and there will be tremendous chance for growth in future. Further the company also consider his hard worked and dedication towards the company. In the light of above and future plan for entering in the global market, the management of the company has decided to increase in the remuneration from Rs. 47650/- to Rs.76375/- plus perquisites as applicable as per the rules of the Company as a monthly remuneration.

The Board of Director of the Company in their meeting held on 28.05.2011 decided to hold and continue to hold office or place of profit under the Company as a President (Operation & Marketing) at a monthly remuneration of Rs. 76375/- per month together with the other facilities applicable to the other employee occupying similar post or posts within the same salary and grade or as per the law and rules of the Company and subject to such terms and conditions as are stipulated in the letter of appointment of him or with such other designation as directors may from time to time decide .

He is son of Mr. Anil Khaitan, Chairman cum Managing Director of the Company and therefore approval of the members under section 314 (1) (b) of the Companies Act-1956 is necessary for him to hold and continue to hold office or place of profit in the Company on the salary as proposed in the resolution.

Except Mr. Anil Khaitan no other director are concerned or interested in the proposed resolution.

**Item No. 5**

Mrs. Sarita Khaitan W/o of Mr. Anil Khaitan, Chairman Cum Managing Director of the Company was appointed in the company as on 29.07.2006 as a Chief Strategic Officer of the Company without any remuneration but agree to reimburse all the expenses incurred by her in performing her duties for the company. The company has considered her hard working and dedication towards the company and in his guidance the performance of the company has grown up and there will be tremendous chance for growth in future. The management of the company has decided to pay a sum of Rs. 117625/- plus perquisites as applicable as per the rules of the Company to her as a monthly remuneration.

The Board of Director of the Company in their meeting held on 28.05.2011 decided that she will hold and continue to hold office or place of profit under the Company as a Chief Strategic Officer at a monthly remuneration of Rs. 117625/- per month together with the other facilities applicable to the other employee occupying similar post or posts within the same salary and grade or as per the law and rules of the Company and subject to such terms and conditions as are stipulated in the letter of appointment of him or with such other designation as directors may from time to time decide .

She is wife of Mr. Anil Khaitan, Chairman cum Managing Director of the Company and therefore approval of the members under section 314 (1) (b) of the Companies Act-1956 is necessary for him to hold and continue to hold office or place of profit in the Company on the salary as proposed in the resolution.

Except Mr. Anil Khaitan no other director are concerned or interested in the proposed resolution.

**Item No. 6**

Mr. Virendra Garg, Secretary of the Company propose to the committee that company has decided to pay a sum of Rs. 119175/- plus perquisites as applicable as per the rules of the Company as a monthly remuneration to Mr. Anil Khaitan, Chairman cum Managing Director of the company with effect from 1st April, 2011 subject to approval of shareholders of company.

The Board Members after discussing all the provisions of the Companies Act, 1956, proposed that the Company may pay remuneration as per the Schedule -XIII of Companies Act, 1956 and recommended that the Company should pay the above remuneration to him for the period starting from 1st April, 2011 to 31st March, 2014 subject to the approval of the shareholders of the Company

Approval of the members is sought at this Annual General Meeting for payment of remuneration to Mr. Anil Kumarr Khaitan as set out in the text of the resolution.

**Information pursuant to Clause-A of Part -II of Schedule XIII**

**General Information**

Company is engaged in the manufacturing of Hard Gelatin Capsules Shells, which is a pharmaceutical intermediary, since 1976. The Company has increased the installed capacity from time to time and the present production capacity is 7000 Million Capsules per annum. Operations of the company for the last three years are as under:

Particulars	(Rs. in Lacs)		
	For Year 2008-09	For Year 2009-10	For Year 2010-11
Net Sales	3061.59	3476.72	3761.82
Profit before Tax (After exceptional items)	36.84	43.62	173.97
EPS (after exceptional items) (In Rs.)	0 .30	0.79	1.37
Export Sales (FOB)	1060.21	999.20	849.97

During the year 2010-11 Exports of the Company are lower as compared to the year 2009-10. The Company doesn't have any foreign investments. The increase in profits during the year was due to higher sales and saving in the interest cost.

**Interest of Directors**

Except Mr. Anil Kumar Khaitan no other director are concerned or interested in the proposed resolution.

**Item No. 7**

To increase the capital base and issue of bonus shares it is necessary to increase the Authorised Share Capital of the Company. The Present authorised shares capital is Rs. 10,00,00,000/- (Rupee Ten Crores Only) divided into 98,00,000 Equity shares of Rs. 10/- each and 20,000 Redeemable Preferential Shares of Rs. 100/- each. Keeping this in view the Board approved the increase of the share capital from Rs. 10,00,00,000/- (Rupee Ten Crores Only) divided into 98,00,000 Equity shares of Rs. 10/- each and 20,000 Redeemable Preferential Shares of Rs. 100/- each to Rs 11,00,00,000/- (Rupee Eleven Crores only) divided into 1,08,00,000 (One Crores Eight Lacs only) equity shares of Rs. 10/- each and 20,000 (Twenty thousand only) Redeemable Preference Shares of Rs. 100/- each and Memorandum and Article of Association of the Company has to be amended accordingly. Therefore Directors of your Company recommend to pass the proposed resolution as special resolution.

**Interest of Directors**

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the shares held by them, by their relatives and by the companies/institutions of which they are Directors or members.

**Item No. 8**

To increase the capital base of the Company the Board of directors of the Company in their meeting held on 06.08.2011 had decided to declare the Bonus shares. The present paid-up equity capital of the Company is Rs.932.25 lakhs. The Free Reserve as on 31<sup>st</sup> March, 2011 was Rs.649.93 lakhs. The Directors have pleasure in proposing the issue of Bonus Shares in the ratio of one new fully paid Bonus Equity Share for every ten existing equity shares. For this purpose, it is proposed to capitalize a sum of Rs. 93,22,500/- to be applied for the issue of 9,32,250 new Equity Shares as Bonus Shares to the holders of the existing 93,22,500 Equity Shares on a date to be decided and fixed later by the Board of Directors. The capitalization will be done by withdrawing permissible amounts from Profit & Loss Accounts as mentioned in the Resolution. The proposed Bonus Issue is in conformity with the SEBI guidelines. The said bonus issue shares will rank pari passu in all respects with the existing 93,22,500 Equity Shares of the Company from the date of allotment. These shares will be entitled to participate in any dividend that may be declared in respect of any financial year.

The other parts of the Resolution set out the manner and the terms and conditions of the proposed bonus issue and also deal with the procedural and administrative matters.

Hence the Directors of your Company recommend the shareholders of the Company to pass the proposed resolution.

**Interest of Directors**

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the shares held by them, by their relatives and by the companies/institutions of which they are Directors or members.

Place -New Delhi

Dated- 06th Aug, 2011

**By the Order of the Board**

**Anil Kumarr Khaitan  
Chairman cum Managing Director**

**ANNEXURE: 1**

**PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTOR BEING PROPOSED TO BE APPOINTED / RE-APPOINTED**

<b>Name of Director</b>	<b>Date of Birth &amp; No. of share Held</b>	<b>Qualification</b>	<b>Nature of Experience</b>	<b>Directorship in other companies</b>	<b>Committee Chairmanship / Membership</b>
Mr Rajat Kumar Niyogi	12/05/ 1940 Nil	MA in History	More than 45 years experience in the Indian Police Service	Nil	Member of Selection & Remuneration Committee and Audit Committee of the Company

**ANNEXURE: 2**

**Information in respect of unclaimed and unpaid dividends declared for year 2003-04 and thereafter:**

<b>S.N.</b>	<b>Financial Year</b>	<b>Date of Declaration of the Dividend</b>	<b>Last date for the Claming of Unpaid Dividend</b>
1	31.03.2004	29.09.2004	28.09.2011
2	31.03.2005	28.09.2005	27.09.2012
3	31.03.2006	29.09.2006	28.09.2013
4	31.03.2007	26.09.2007	25.09.2014
5	31.03.2008	25.09.2008	24.09.2015
6	31.03.2009	29.09.2009	28.09.2016

Place -New Delhi  
Dated- 06th Aug, 2011

**By the Order of the Board**

**Anil Kumarr Khaitan  
Chairman cum Managing Director**

## SUNIL HEALTHCARE LIMITED

### DIRECTORS' REPORT TO THE MEMBERS:

Your Directors have great pleasure in presenting the 37<sup>th</sup> Annual Report on the business and operations together with the audited statement of accounts of your Company for the year ended 31<sup>st</sup> March 2011.

#### Financial Results

	<b>2010-11</b> <b>( Rs in Lacs)</b>	<b>2009-10</b> <b>( Rs in Lacs)</b>
Profit before depreciation	490.74	357.77
Depreciation	<u>316.77</u>	<u>314.15</u>
Profit before tax	<b>173.97</b>	<b>43.62</b>
<b>Less: - Provision for Taxation</b>		
For Current Year	(51.86)	(6.74)
For Earlier Year refund/adjustment including FBT	2.22	4.20
For MAT Credit	12.14	(0.00)
For Deferred Tax	<u>(8.42)</u>	<u>(4.05)</u>
Profit After Tax	<b>128.05</b>	<b>37.03</b>
Add: - Profit b/f from previous year	<u>256.31</u>	<u>348.24</u>
	<b>384.36</b>	<b>385.27</b>
<b>Less</b> Transfer to General Reserve	<u>0.00</u>	<u>0.00</u>
Balance carried to Balance Sheet	<b>384.36</b>	<b>385.27</b>

#### Operations:

During 2010-11 the production of Hard Gelatin Capsule Shells was 1.79% higher at 6090.87 Million against 5983.66 Million in the previous year. The Gross Sale is higher by 10.5% at Rs. 4050 lacs against Rs 3665 lacs in the previous year, which was mainly due to increase in the sales volume.

Profit before tax during the year was higher at Rs.173.97 lacs against Rs. 43.62 lacs in the previous year. The profit was higher due to the higher sales and lower interest cost. The management of the Company is optimistic about the current fiscal and the future prospects of the Company.

Management of the Company is committed to further improve the performance in the coming year and to achieve more sales and more profitability by optimizing product mix and exploring new avenues to achieve overall growth of the Company.

#### Directors:

Mr. Rajat Kumar Niyogi, Director of the Company retires by rotation at the ensuing Annual General Meeting, being eligible, offer himself for re-appointment.

#### Public Deposit

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

#### Dividend

With a view to conserve your company's resources and for the growth of the Company, the directors do not recommended any dividend for the year ended 31.03.2011

### **Auditors & Auditor's Report:**

M/s Singhi & Co, Chartered Accountants, New Delhi would retire from their office at the conclusion of the ensuing Annual General Meeting. M/s Singhi & Co. Chartered Accountants, New Delhi, being eligible, offer themselves for re-appointment as Auditors of the Company.

The Statutory Auditors of the Company have submitted Auditor's Report on the accounts of the Company for the period ended 31<sup>st</sup> March 2011, which is self explanatory.

### **Corporate Governance**

The management of the Company believes that the great companies are built on the foundation of good governance practices. Corporate governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulators and the community at the large. They strongly believe that this relationship can be built & strengthened through corporate fairness, transparency and accountability. At your Company, prime importance is given to reliable financial information, integrity, transparency, empowerment and compliance with law in letter & spirit.

The Securities & Exchange Board of India (SEBI) in its efforts to strengthen the Corporate Governance had revised the existing clause 49 of Listing Agreement. Your Company, following the spirit of market regulator and its endeavor to excel through corporate governance is complying with revised Clause 49. A separate section on corporate governance is given elsewhere in this Annual Report and **the auditor's certificate on compliance with corporate governance norms is attached thereto.**

### **Directors' Responsibility Statement:**

Pursuant to section 217(2AA) of the Act, your Directors confirm the followings:

- a) That in preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2010; the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) That the accounting policies selected and applied are consistent and have 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 and of the profit or loss of the Company for that period.
- c) That the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the annual accounts have been prepared on a going concern basis.

### **Industrial Relation :-**

Relation with the employees remain cordial and your Directors wish to place on record their appreciation of the co-operation and contribution made by the employees at all levels.

### **Particulars of Employees:**

The company has not paid any remuneration attracting the provision of Companies (Particulars of employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regards.

### **Conservation of Energy, Technical Absorption, Research & Development and Foreign Exchange Earnings & Outgo:**

Energy conservation measures, progress made in technology absorption and foreign exchange earning and outgo, as required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in a separate statement is given in the Annexure 'A' forming part of this report.

**Acknowledgements:**

Your Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. Without their commitment, dreams and hard work, Company's consistent growth was not possible.

Your Board also wishes to place on record its sincere appreciation for the whole hearted support received from our Bankers, Shareholders, and all other business associates for their valuable assistance and co-operation.

Place -New Delhi  
Dated- 06<sup>th</sup> August, 2011

**By the Order of the Board**

**Anil Kumarr Khaitan**  
**Chairman cum Managing Director**

**Annexure 'A' to Director's Report**

**1 Conservation of Energy**

**(a) Energy Conservation measures taken.**

The Company has instituted in house Energy Audit Committee which gives recommendations from time to time , which are implemented. This has enabled the Company to achieve Power Factor of Unity in most of the months.

**(b) Additional Investment and proposal, if any, being implemented for the reduction of energy consumption.**

No additional capital expenditure is being implemented at the moment except expenses on power saving motors and pumps.

**(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

The above mentioned measures taken by the Company has enabled the Company to the consumption of electricity and fuel oils under control.

**2 Energy Consumption**

The energy consumption and energy consumption per unit of production as per Form'A' of the annexure to the rules in respect of the industries specified in the schedule thereto are as under:

<b>A</b>	<b>Power &amp; Fuel Consumption</b>	<b>Unit</b>	<b>2010-11</b>	<b>2009-10</b>
	<b>Electricity</b>			
(a)	Purchased			
-	Units	Kwh	8234980	7699380
-	Total Amount	Rs.	36004134	33850877
-	Rate Per Unit	Rs.	4.37	4.4
(b)	Own generation through DG sets			
-	Units	Kwh	198836	683798
-	Unit per Ltr of Diesel	Kwh	3.39	3.30
-	Cost per unit(Direct Cost)	Rs.	9.74	8.93

**B Consumption per unit of production**

Product	Hard Gelatine Capsule Shells		
Electricity	Kwh per	1306	1370
	Million		
	Capsules		

**3 Technology Absorption:****A Reasearch & development (R&D)**

- |  |  |
|--|--|
| (a) Specified area in which R&D carried out by the Company | Continuous efforts made to improve the process                           |
| (b) Benefits derived as a result of the above R & D        | Improvement in quality and production efficiency                         |
| (c) Future Plan of action                                  | Continuous efforts will be done to improve the process and productivity. |
| d) Expenditure in R & D                                    |  |
| I) Capital   | Debited to the respective heads of accounts                              |
| II) Recurring  |  |
| III) Total   |  |
| IV) R&D expenditure as a % of total turnover               |  |

**B. Technology Absorption, Adaptation & Innovation :**

- |  |  |
|--|--|
| (a) Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation   | Not Applicable   |
| (b) Benefits derived as a result of the above efforts  | Not Applicable   |
| (c) In case of Imported Technology ( Imported during the last five years) reckoned from the beginning of the financial year. | The Company has not purchased or got any technology from abroad during the year. |
| I ) Technology imported  | Not Applicable   |
| II) Year of Import   | Not Applicable   |
| III) Has the Technology fully been absorbed?   | Not Applicable   |
| IV) If not fully absorbed area where this has not taken place, reasons thereof and future plan of action.                    | Not Applicable   |

**4 Foreign Exchange Earnings & Outgo:**

- |     |  |  |
|-----|--|--|
| A   | Activities relaing to exports initiative taken to increase exports, development of new export market for products and services , and export plans. | Company continues to work to improve its exports and develop new market for increasing the exports |
| B   | Total Foreign Exchange used and earned   | <b>2010-11</b> <b>2009-10</b>  |
| (a) | Used                      Rs. in Lacs  | 253.61                      227.84   |
| (b) | Earned                      Rs. in Lacs  | 849.97                      999.20   |

## **SUNIL HEALTHCARE LIMITED**

### **MANAGEMENT DISCUSSIONS & ANALYSIS REPORT:**

#### **1. OVERVIEW:**

Sunil Healthcare Limited, having its state of art plant is situated at Alwar; Rajasthan for manufacture of Hard Gelatin Capsule Shells commenced its manufacturing operation in 1976 with installed capacity of 200 million Hard Gelatin Capsule Shell. With gradual expansion, now the installed capacity is 7000 million capsules p.a.

#### **2. INDUSTRY OUTLOOK:**

The product of the Company Hard Gelatin Capsule Shell is used by Pharmaceutical and Food supplement Companies as a container for administering various medicines and food supplements. Therefore, the growth of the industry is dependent on the growth of pharmaceutical and food supplement companies domestically and globally.

**"The Indian pharmaceutical industry is a success story providing employment for millions and ensuring that essential drugs at affordable prices are available to the vast population of this sub-continent."**

The Indian pharmaceuticals market is expected to reach US\$ 55 billion in 2020 from US\$ 12.6 billion in 2009. This was stated in a report title "India Pharma 2020: Propelling access and acceptance, realising true potential" by McKinsey & Company. In the same report, it was also mentioned that in an aggressive growth scenario, the pharma market has the further potential to reach US\$ 70 billion by 2020.

Due to increase in the population of high income group, there is every likelihood that they will open a potential US\$ 8 billion market for multinational companies selling costly drugs by 2015. This was estimated in a report by Ernst & Young. The domestic pharma market is estimated to touch US\$ 20 billion by 2015. The healthcare market in India to reach US\$ 31.59 billion by 2020. The sale of all types of pharmaceutical drugs and medicines in the country stands at US\$ 9.61 billion, which is expected to reach around US\$ 19.22 billion by 2012. Thus India would really become a lucrative destination for clinical trials for global giants.

Therefore, the company foresees a good growth in the demand of Hard Gelatin Capsules Shell in the Indian market if the above trend continues in the coming year.

The Indian Capsules are competitive in International Market and their acceptability is increasing. Even developed markets which are quite conservative in accepting pharma products from developed countries are opening up, which is offering good opportunities in export market.

#### **3. OPPORTUNITIES:**

Even as the Indian Pharmaceutical Industry is grouping with the product patent resume in force the domestic companies could leverage the emerging opportunities in the change scenario to evolve into the global Pharma Outsourcing world capital in the near by future.

Domestic Pharma Companies will increasingly be looking to consolidate across the value chain by partnership or merging with companies that have complimentary strength.

The thrust of the company is to increase its exports to the maximum extent and increase our market share due to industry growth because of host of drugs getting de patented.

#### **4. CHALLENGES:**

Competition in the global market is a common phenomenon for any industry. The company is also facing the same but is quite competent to handle the competition successfully. In the domestic the numbers of players are increasing and the capacity is also increasing, but besides the fact the demand is also gradually increasing. The major pressure is on the price.

**5. COMPANY OUTLOOK:**

With the increase of installed capacity and exports of the product of the company, the management is optimistic about the future outlook of the company in short, medium and long-term basis.

**6. RISK CONCERNS:**

Risk is an expression of uncertainty about events and their possible outcomes that could have a material impact on the goal of the Company. Since no business is risk free, the Management of the Company is committed to their ongoing and proactive recognition, assessing their possible influence and initiating action to mitigate their impact.

The management had reviewed the risk management policies and accordingly the assets, buildings, plant & machinery, stocks etc. of the company have been adequately insured. The Company follows pragmatic policies in its receivable management and has elaborate checks in places. Detailed report on Risk Analysis is enclosed as per Annexure.

**7. INTERNAL CONTROL SYSTEM AND ADEQUACY:**

The Company has proper and adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly.

The Company has effective systems in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws. This is continually reviewed for effectiveness and is augmented by written policies and guidelines, the careful selection of qualified personal and a strong internal audit programme.

Adherence to the internal controls and their adequacy is ensured through frequent management/ internal audits. A qualified and independent Audit Committee of the Board of Directors also reviews the internal auditors' reports and the adequacy of internal controls at quarterly intervals.

**8. DISCUSSIONS ON FINANCIAL PERFORMANCE:**

Highlights	2010-11	2009-10	% Change
Total Production (Capsules In Millions)	6091	5984	1.79
Total Sales (Capsules In Millions)	5993	5714	4.88
Income from Operations (In Lacs)	3762	3477	8.20
Profit before Interest, Dep. & Tax (In Lac)	718	641	12.01
Interest Expenditure (Net of Income)	227	283	-19.79
Depreciation	317	314	0.96
Profit before Tax (IN lacs)	<b>174</b>	<b>44</b>	295.45
Profit After Tax	<b>128</b>	<b>37</b>	245.95
Earnings per share (In Rs.)	1.37	0.79	73.42

**(i) Sales**

There was increase in the sales volume and value in the current year by 4.88% and 8.20% respectively.

**(ii) Profit before interest, Depreciation and Tax**

PBIDT increased by 12.01% for the year when compared to the last year. This increase in net profit is mainly due to saving in the interest cost and higher sales.

**(iii) Interest**

There was decrease of Rs. 56 lacs in the interest cost during the year mainly on account of repayment of Term Loan.

**(iv) Net Profit**

The net profit has increased from Rs. 37 lacs in 2009-10 to Rs. 128 lacs in 2010-11. This increase in net profit are mainly due to saving in the interest cost and higher sales.

**9. HUMAN RESOURCES:**

The Company maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employee have enabled the Company to remain at the forefront of the industry.

In today's comparative world where creativity and innovation are increasingly becoming important. Development of Human Resource is the call of the day. The Company is taking various steps to develop the skills and enhance the knowledge of the human resource which include the following

- a. Comprehensive and user friendly Performance Management System has been implemented to create a result oriented culture.
- b. Development needs have been identified through Performance Management System.  
These needs are being fulfilled through various training programmes and lectures by internal as well as external faculty.
- c. Regular Training programmes are conducted comprising behavioral and technical programme.
- d. Company has started "**Extensive training on WHO-GMP**" in the organization to create self-awareness among the employees, to bring out the creativity and improving the way of handling the things.

**10. QUALITY INITIATIVE**

**Our Quality policy is:**

**"We shall produce capsules for customer's delight by continual focused improvement plans"**

We maintain a consistent quality of our product as per the norms of WHO GMP. To maintain the stringent quality norms, we have modern quality Control Laboratory equipped with sufficient instruments and qualified persons operate them. Our Quality Assurance works hand in hand with our production to ensure products of customer's requirement.

The Company is registered with **US FDA**, which reflects standard of its quality. The company has also received **ISO: 9001-2008** certification which shows further quality standards.

In recognition of quality performance, the company has been awarded India's **Top 500 manufacturing small and mid sized Company Award**.

**11. INFORMATION TECHNOLOGY**

We are using modern technology available for improvement of Business processes across the functions by automating the routine administration tasks and creating various knowledge management databases. The Company also has its web site [www.sunilhealthcare.com](http://www.sunilhealthcare.com) to provide all the details about the Company and its product. Company is in process of SAP implementation.

**12. CAUTIONARY STATEMENT:**

Statement in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either.

## **SUNIL HEALTHCRE LIMITED**

### **RISK ANALYSIS :-**

#### **Risk Identification**

The probable material effects of an uncertain environment (both internal as well as external) on business goals are identified. The factors which could affect the performance vis-à-vis the stated objectives are determined.

Each and every activity is analyzed and the internal and external forces acting on them along with the negative resultant which could possibly surface is identified where internal factors are perceived to be the drivers, adequate policy - procedure checks are installed within the business processes for earlier recognition and corrective measures to overcome the same. In case of external drivers, a continuous cost benefit analysis is done to take a proactive approach and safe guard the business outcome on a substantial basis.

#### **Risk Management and Control**

It involves prioritization and assessment of risks, which hinder the achievement of the Company's goals and to devise appropriate controls to mitigate these risks, then evaluating and reviewing the control mechanism and redesigning it from time to time in the light of its effectiveness. The Company ensures sensitivity to detect risk, ensuring flexibility to respond to risk and ensuring capability of resources to mitigate risk.

#### **Market related Risk**

##### **1. Competitors**

The Company is expecting to derive a large part of its revenues from outside India, by entering new overseas markets and by expanding its customers base in the countries which it already has its presence.

Within India, the Company' have an extensive marketing network and Company's Brand Name '**SUNLOC**' have significant goodwill among the customers.

The Company is optimistic that by its quality product and good customer relations will enable it to enhance its presence in its chosen markets.

##### **2. Concentration Risk**

###### **Dependence on few customers.**

The Company is pursuing a two-pronged risk minimization strategy increasing revenues from key customers on an absolute basis but decreasing their proportion in the Company's overall revenues. Further the Company is trying to add some new customers.

The Company is concentrating on serving a rationalized customer base in the domestic market accompanied by higher satisfaction and retention levels as an effective counter to the new entrant in the business.

In the international market the Company intends to focus on select geographical areas to begin with leading to a disproportionate business concentration. The Company is moving to unserved geographies and would continue to explore new markets across the globe, with wider customer base.

##### **3. Business segments**

The Company deals in Business segment of Manufacturing Hard Gelatin Capsule Shells. In this segment the company has reached to installed capacity of 7000 million capsules at the existing facility. The Company is also planning to increase this capacity to 10000 million capsules by the end of financial year 2011-12. The Company has also started a new business segment of Trading of Foods items under the brand name of "**SUNLOC FOOD** in the last year ."

#### 4. **Geographical Concentration of business.**

Last year Exports accounts for about 21 % of the Company's revenues and during current fiscal the Company is expecting to increase its exports to 35%. During the year the Company is exploring new area for increasing their presence in global market.

Within India, the Company enjoys a major presence in all geographical segments; North and West India contributing a major part of the Company's revenues because of the sheer size of this market and logistics convenience.

#### **Financial Risk**

- **Business Process**

The Company's management reviews all the operational data on regular basis to assess and manage risks and controls related to business processes and financial disclosures. The database is regularly updated and data mining and continuous monitoring is done to mitigate the potential risks associated with financial behavior of business.

- **Foreign currency risk**

During the year about 35 % of the Company's revenue is expected from foreign exchange, any fluctuation in which could have an impact on the Company's top line as well as bottom line.

The Company has laid down standard operating procedures to de-risk itself against currency volatility and out sources expert advice whenever required.

- **Receivables management risk**

The Company has a defined credit policy duly approved and reviewed by the Management from time to time, which is strictly monitored. The policy categorically stipulates the extension of credit only on a selective basis after a thorough customer evaluation. In most of the cases, dispatch is made after adequate securitisation and any default is not likely to have a significant effect on the company's total profitability.

#### **Strategic Risk**

- **Investments in core competence**

The Company has made substantial investments in new four Capsule Manufacturing Machines at the end of the last year and upgrading their manufacturing facility further Due to this expansion for early phase due to high interest cost returns may be lower, but in the long run returns would improve and help to meet the Competition and increase our market share. The Company has embarked on its second phase of expansion to encash on our core competence.

- **Proprietary risks/ contingencies**

The Company has initiated adequate insurance covers to hedge against natural risks in the business. These are assessed on a regular basis and the Company takes the best possible coverage of insurance from the well-established public and private sector insurance companies.

#### **Operational Risks**

- **Cost Competitiveness**

The Company has not been able to retain its cost advantage due to major expansion undertaken. But in long run economy of scale would play a role and cost should reduce in long run.

The Company has invested in large, world-class plants to encash economics of scale to enhance quality and reduce costs.

- **Manpower related risks**

The Company values its employees as main driver of sustainable growth. In view of this, it has instituted defined roles and responsibilities across various levels accompanied by robust systems to ensure appropriate information flow and better productivity.

Skilled manpower for the manufacturing and marketing functions is abundantly available. The Company enjoys a fair blend of youth and experience; it has a prudent mix of a competent and experienced Board as well as young and energetic operational team.

#### **Compliance Risks**

- **Contractual risks**

The Company is exposed to possible liabilities that could arise from the non-performance of certain contractual conditions. Presently the Company don't foresee any such risk as Company has established a review and documentation process for contracts.

Each contract to be executed by or on behalf of the Company requires vetting from the Company's legal and secretarial department before execution. While vetting contracts, the department evaluates the legal risk involved and ascertains legal responsibilities.

- **Compliance and Environmental risks**

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the countries in which it operates. The Company has an informed and proactive legal cell, which ensures compliance with various statutes. Besides, it also take advise from reputed law firms from time to time. The legal cell advises the Company on various compliance issues and ensures their alignment with the laws of jurisdiction as well as to the territory where the Company operates. The Board reviews the detailed Compliance Report on quarterly basis.

The Company also recognizes the need for sustainability with a minimal impact on the ecology and environment. In view of this, the Company makes continuous investments in treating effluents. These investments result in compliance with the most progressive global standards.

#### **Cautionary Statement**

This report on risk management provides the details of the risk which may be faced by the Company. Risks detailed here are not exhaustive but are for information purposes only. The actual risks faced by the Company in future may vary substantially from those outlined herein. Some of the statements written herein are forward looking and should not be construed as a guarantee of performance. The readers must exercise their own due diligence before forming any opinion based on this report.

### **REPORT ON CORPORATE GOVERNANCE:**

In compliance with Corporate Governance requirements as prescribed by SEBI and inculcated in Clause 49 of the Listing Agreement with Stock Exchange's, the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2011 is set out below for information to stakeholders and investors of the Company.

The Management of the Company believes that the great companies are built on the foundation of good governance practices. Corporate governance is all about effective management of relationship among constituents of the system, i.e. shareholders, management, employees, customers, vendors, regulatory authorities and the community at the large. It strongly believes that this relationship can be built & strengthened through corporate fairness, transparency and accountability.

#### **(A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy of Corporate Governance is to ensure transparency in all dealing and maintain highest standard of professionalism, integrity, accountability, social responsibility, fairness, and business ethics. We consider ourselves as trustees of our shareholders and relentlessly attempt to maximize long-term shareholder value.

Your Directors confirm the practice of good Corporate Governance codes by the Company in true spirit and are pleased to present below the report on it.

**(B) BOARD OF DIRECTORS**

The Board of Director's guide, direct and oversee the management and protect long term interests of stakeholders, employees and society at large. The Board also ensures compliance of the applicable provisions, code of ethical standards and accurate financial reporting.

The Board of Directors of the Company shall have an optimum combination of Executive and Non-executive Directors with not less than fifty percent of the Board of Directors comprising of Non-executive Directors. In case the Company has an Executive Chairman, at least half of the Board should comprise of Independent Director. Company further agrees that a Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 committees across all Companies in which he is Director.

- (a) The Board of Directors of the Company consists of 6 directors comprising one Executive Director and Five Non Executive Independent Directors. The Independent Directors are eminent professionals with wide range of knowledge and experience in business, industry administration and finance Composition of the Board of Directors as at 31<sup>st</sup> March 2011 is as follows

S.N.	Name of the Director	Category	Other Boards Particulars			
			Director Ships (A)	Chairman Ship (B)	Committee (s) (C) ( Including SHL)	
					Chairman Ship	Member Ship
1	Mr. Anil Kumarr Khaitan	Executive	---	1	---	---
2	Mr.S.N.Balasubramanian	Independent / Non-Executive	---	---	1	---
3	Mr. Joginder Singh IPS (Retd)	Independent / Non-Executive	1	---	1	---
4	Mr. Rajat Kumar Niyogi IPS (Retd.)	Independent / Non-Executive	---	---	---	3
5	Mr. Sanjay Kumar Kaushik	Independent / Non-Executive	---	---	---	3
6	Mr. B. P. Srinivasan	Independent / Non-Executive	---	---	---	---

**Notes:**

- A. Directorship in other companies.  
B. Chairmanship in other companies.  
C. Committee includes Shareholders/ Investors Grievance Committee, Audit Committee and Selection & Remuneration Committee.  
D. None of the director is related to any other director.
- (b) The Board of Directors of the Company shall meet at least four times a year, with a maximum gap of four months between the two meetings to consider amongst other business, the quarterly performance of the Company and financial results. The Board of Directors of the Company held 4 meetings during the financial year 2010-11, on 29.05.2010, 14.08.2010, 10.11.2010 and 29.01.2011

The attendance of each Director at these meetings was as follows:

S No.	Name of the Director	No. of Board Meeting Held	No. of Board Meetings Attended	Attendance at last AGM
1	Mr. Anil Kumarr Khaitan (Chairman Cum Managing Director)	4	4	Yes
2	Mr. S N Balasubramanian	4	4	Yes
3	Mr. Joginder Singh IPS (Retd.)	4	3	No
4	Mr. Sanjay Kumar Kaushik	4	2	No
5	Mr. Rajat Kumar Niyogi IPS (Retd.)	4	4	No.
6	Mr. B. P. Srinivasan (Prof)	4	3	No.

(c) The Company places before the Board, all relevant and necessary information for seeking the necessary approvals and directions on the operation and plans of the Company.

(d) The information made available to the Board.

Among others, includes:

- Annual operating plans of business, capital budgets, and updates.
  - Quarterly results of the Company and its operating divisions or business segments.
  - Minutes of meeting of the Audit Committee and other committees.
  - Information on recruitment and remuneration of senior officers just below the board level.
  - Materially important show cause, demand, prosecution and penalty notices.
  - Serious accidents or dangerous occurrences if any.
  - Any materially significant effluent or pollution problems.
  - Any materially relevant defaults in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
  - Any issue, which involves possible public or product liability, claims of a substantial nature.
  - Details of any joint venture or collaboration agreement, if any.
  - Transactions that involves substantial payment towards goodwill, brand equity, or intellectual property, if any.
  - Significant developments in the human resources and industrial relation fronts.
  - Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
  - Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement and,
  - Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.
  - Litigation on or by the Company, if any.
  - Show Cause notice of material significance, if any.
- (e) All pecuniary relationship or transactions of the non-executive directors' viz. a viz. the Company should be disclosed in the Annual Report.
- (f) The brief details of director (s) retiring by rotation and seeking re-appointment u/s 257 of the Companies

Act, 1956, is appended to the notice convening the 37th Annual General Meeting.

The Company did not have any pecuniary relationship/ transaction with Non Executive Directors during the year except the sitting fees paid to them for attending the Board Meeting and Committee Meeting.

**(C) BOARD COMMITTEES**

Your Company's Board has three sub-committees: -

- ☞ Audit Committee.
- ☞ Selection & Remuneration Committee
- ☞ Shareholders & Investor Grievance Committee.

**(I) Audit Committee:-**

**Constitution**

The Audit Committee seeks to ensure both corporate governance and provides assistance to the Board of Directors in fulfilling the Board's overall responsibilities. The Audit Committee of the Company is constituted, caring with the provisions of clause 49 of the Listing Agreement entered into with the Stock Exchanges read with section 292A of the Companies Act, 1956.

**Composition & Role of Audit Committee**

A qualified and independent Audit Committee shall be set up having a minimum of three independent non-executive directors as members. The Audit Committee presently comprises of three members viz. Mr. S. N. Balasubramanian, Mr. Sanjay Kumar Kaushik and Mr. Rajat Kumar Niyogi IPS (Retd.). Mr. S. N. Balasubramanian is the Chairman of the Audit Committee. All the members of the committee possess good knowledge of finance, accounts and basic elements of Company Law.

**The Role of Audit Committee shall include the following:-**

- a) Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending the appointment and removal of external auditors, fixation of audit fees and approval for payment of any other services;
- c) Reviewing with management the annual financial statement before submission to the Board, focusing primarily on;
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualification in draft Audit Report.
  - Significant adjustment arising out of Audit.
  - The going concern assumption.
  - Compliance with Accounting Standards.
  - Compliance with Stock Exchange and Legal requirements concerning financial statements.
  - Any Related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- d) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function,
- f) Reviewing the findings of any internal investigation by the internal auditors into matters where

there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.

- g) Discussion with external auditors before the audit commences nature and scope of audit as well as has post audit discussion to ascertain any area of concern.
- h) Reviewing the Company's financial and risk management policies.
- i) To look into the reasons for substantial default in the payment to the depositors, debenture holders, shareholders.(in case of non payment of declared dividends) and creditors.

The Audit Committee met 4 times during the financial year 2010-11 on 29.05.2010, 14.08.2010, 10.11.2010 and 29.01.2011.

The Composition of the Audit Committee of the Company and the attendance of each Director at these meeting was as follows:

S No.	Members of Audit Committee	Category	No. of Meeting Held	No. of Meetings attended	Whether last AGM attended
1	Mr. S N Balsubramanian	Non executive /Independent	4	4	Yes
2	Mr. Sanjay Kumar Kaushik	Non executive /Independent	4	2	No
3	Mr. Rajat Kumar Niyogi IPS (Retd.)	Non executive /Independent	4	4	No.

There has been no change in the composition of Audit Committee since the last Annual general Meeting of the Company as stated above.

## (II) Selection & Remuneration Committee

### Constitution

The Selection & Remuneration Committee has been constituted in order to bring about objectivity in determining the final selection & remuneration package while striking a balance between the interest of the Company and the shareholders.

### Composition

The Selection & Remuneration Committee presently comprises of three members' viz. Mr. Joginder Singh IPS (Retd.), Mr. Sanjay Kumar Kaushik and Mr. Rajat Kumar Niyogi IPS (Retd.). Mr. Joginder Singh is the Chairman of the Committee.

During the year 2010-11 only one meeting of Committee was held on 29.05.2010 on the following matters:-

1. Recommend/ review the remuneration payable to Chairman Cum Managing Director of the Company.
2. Appointment of Mr. Ishan Khaitan as a President (Operation & Marketing) of the Company

### Remuneration Policy.

Mr. Anil Kumarr Khaitan, Chairman Cum Managing Director is being paid minimum remuneration as stipulated in Part II of the Schedule XIII of the Companies Act, 1956 w.e.f 8th January 2004 and other non-executive directors are paid sitting fees @ Rs. 3500/- up to 31st July 2009 and Rs. 5000/- after

31.07.2009 for each meeting of the Board or any committee attended by them plus reimbursement of actual traveling and out of pocket expenses.

#### Remuneration to Directors

The details of remuneration paid to all the Directors during the year ended 31st March 2011 are given below:-

S No.	Name	Salary	Perquisites & Allowances	Sitting Fees	Total
1	Mr. Anil Kumarr Khaitan	1142700	1203506	---	2346206
2	Mr. Joginder Singh IPS (Retd.)	-	-	15000	20500
3	Mr. Sanjay Kumar Kaushik	-	-	25000	17000
4	Mr. S.N. Balasubramanian	-	-	40000	34000
5	Mr. Rajat Kumar Niyogi	-	-	45000	37500
6	Mr. B. P. Srinivasan	-	-	15000	13500

#### (III) Shareholders & Investor Grievance Committee

A Board Committee under the Chairmanship of Non-Executive Director shall be formed to specifically look into the status of redressal of Shareholders and investors complaints and suggest measures to improve investor relations. The committee is authority for registration of transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, issue of duplicate shares certificate and dematerialization of shares etc. This committee shall be designated as 'Shareholders/investors Grievance Committee'

Board vide resolution dated 23<sup>rd</sup> May 2007, had Authorised to Managing Director and Secretary of the Company to give effect to the Share Transfers and report the same to Board Members in the subsequent Board Meetings. The transfer / transmission formalities are processed as and when they received. Mr. Virendra Kumar Garg, Company Secretary has been designated the Compliance Officer for the Stock Exchange as well for investor queries / complaints and the Insider Trading Code.

The Investors Grievance Committee consists of following Members:-

1. Mr. Sanjay Kumar Kaushik
2. Mr. Rajat Kumar Niyogi IAS (Retd.)

The Committee met 12 times during the financial year 2010-11 on 15.04.2010, 30.04.2010, 15.05.2010, 15.06.2010, 30.06.2010, 30.07.2010, 31.08.2010, 30.10.2010, 30.11.2010, 31.12.2010, 15.02.2011, 28.02.2011, 15.03.2011 and 31.03.2011.

During the financial year no investor grievance was received. The status of investor queries/complaints was nil mention as under:

S.No	No. of Investor Queries/Complaints received in the year 2010-11	Pending at the end of the year	No of Pending Share Transfers
1	Nil	Nil	Nil

#### (D) General Meetings

1. The Annual General Meeting of the Company (AGMs) has been held at the Following places in the last three (3) years

Financial Year	Venue	Day , Date & Time	Details of Special Resolution Passed
36 <sup>th</sup> AGM held for the FY 2009-10	38E/252-A, First Floor, Vijay Tower, Shahpurjat, New Delhi-110049	Tuesday, 29 <sup>th</sup> June, 2010, 11.30 A.M.	Yes (2)
35 <sup>th</sup> AGM held for the FY 2008-09	38E/252-A, First Floor, Vijay Tower, Shahpurjat, New Delhi-110049	Thursday 29 <sup>th</sup> September, 2009, 12.30 P.M.	Yes (2)
34 <sup>th</sup> AGM held for the FY 2007- 08	17-18, Old Industrial Area, Alwar-301001, Rajasthan	Wednesday, 25 <sup>th</sup> September, 2008, 12.30 P.M.	No.

- At the 36<sup>th</sup> annual General Meeting , two special resolution were passed for the following matters:
    1. For renewal cum enhancement in the remuneration of Chairman cum Managing Director of the Company.
    2. For Appointment of Mr. Ishan Khaitan as a President ( Operation & Marketing) of the Company.
  - At the 35<sup>th</sup> annual General Meeting , two special resolution were passed for the following matters:
    - 1 For appointment of Mr. Kahaan Khaitan a relative of director of the company as a Management Trainee as per section 314 (1) (b) of the Companies Act-1956
    - 2 For appointment of Mr. Ishan Khaitan a relative of director of the company as a Management Trainee as per section 314 (1) of the Companies Act-1956
  - At the 34<sup>th</sup> Annual General Meeting of the Company no resolution was passed as a special resolution.
- 2. No Extra Ordinary General Meeting of the Company (EGMs) was held during the year**

**(E) Disclosures**

- (a) Related Party Transactions have been disclosed under Note no. 12 in Schedule 19 the "Notes on Accounts" to the accounts for the year under review.
- (b) The Company has complied with all the requirements of the listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI, as applicable.
- (c) No penalties have been imposed or strictures have been issued by SEBI or any other Stock Exchange or any other Statutory Authorities on matters related to capital market.
- (d) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.
- (e) A certificate from CEO/CFO was placed before the board.

**(F) Means of Communication**

- All material information about the Company is promptly sent to the Stock Exchanges where the Shares of the Company are listed.
- The quarterly unaudited results and the annual audited financial results are published in prominent daily Newspaper **"The Pioneer"** in English, a leading National newspaper and in **"Veer Arjun"** in Hindi, a regional newspaper.
- The Annual Reports are posted to every Shareholder of the Company.

**(G) Corporate Ethics**

**a) Code of Conduct for Prevention of Insider Trading**

The Company has instituted a comprehensive code of conduct for its management, staff and directors for prevention of insider trading. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. Mr. Virendra Kumar Garg, Company Secretary has been appointed as Compliance Officer and is responsible for adherence to '**Code for Prevention of Insider Trading**'.

**b) Combined Code of Corporate governance & Conduct**

To be in sync with international standards of Corporate governance and to be in line with the needs of the dynamic market, the Company has adopted Combined Code of Corporate governance and Conduct which is being used as a tool to exceed and excel through better Corporate governance and fair and transparent practice.

**(H) General Shareholder's Information**

**(a) Annual General Meeting**

<b>Day, Date and Time</b>	At 12.30 PM Friday on 16 <sup>th</sup> September, 2011
<b>Venue</b>	38E./252-A, Vijay Tower, First Floor, Shahpurjat, New Delhi
<b>Agenda</b>	1 Adoption of Audited Accounts, Directors' and Auditors Report 2 Re-appointment of Directors 3 Re-appointment of Auditors 5. Appointment of Relative of CMD as an Employee of the Company 6 Revision in Remuneration of CMD 7 Revision in remuneration of relative of CMD 8 Increase in the Authorised Share Capital of the Company 9. Issue of the bonus shares

**(b) Financial Calendar:- (Tentative)**

**Financial Year** : 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012

1<sup>st</sup> Quarterly Results : 4<sup>th</sup> week of July, 2011

2<sup>nd</sup> Quarterly Results : 4<sup>th</sup> week of October, 2011

3<sup>rd</sup> Quarterly Results : 4<sup>th</sup> week of January, 2012

4<sup>th</sup> Quarterly Results : 4<sup>th</sup> week of April, 2012

**(c) Book Close Date** : 10<sup>th</sup> September, 2011 to 16<sup>th</sup> September, 2011  
(Both days inclusive)

**(d) Listing of Equity Shares: on Stock Exchanges** : Delhi, Kolkata and Jaipur

**(e) Market Price Data:** - There was no trading of the Shares during last financial year.

**(f)** There are no outstanding GDR's/ ADR's /Warrants or any Convertible instruments which would have any impact on the Equity.

**(g) Registrar & Share Transfer Agent: -**

**M/s MCS Ltd.** (Unit- Sunil Healthcare Ltd)

Sri Venkatesh Bhavan, F-65, First Floor, Okhla Industrial Area, Phase I, New Delhi- 110020

Ph. 011- 41406149-51 Fax-011-41409881

**(h) Share Transfer System**

Transfer of shares / debentures is processed and registered within the stipulated time, provided all the documents are valid and complete in all respect. The matter is reviewed by the Board in its quarterly meetings. The Company has appointed M/s MCS Limited as its Registrar & Share Transfer Agent for both physical and Demat segment of equity shares.

(j) **Distribution of Shareholding & shareholding pattern**

**DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011**

No. of Shares Range	No. of Shareholders	% of Shareholders	Value of Shares Held	% of Shareholding
1 to 5,00	5523	94.77	561452	6.02
501 to 1,000	167	2.87	115458	1.24
1,001 to 2,000	65	1.12	90256	0.97
2,001 to 3,000	14	0.24	36434	0.39
3,001 to 4,000	5	0.09	17250	0.19
4,001 to 5,000	3	0.05	13508	0.14
5,001 to 10,000	17	0.29	114138	1.22
10,001 to 50,000	15	0.26	353046	3.79
50,001 and above	19	0.33	8020958	86.04
<b>Total</b>	<b>5828</b>	<b>100.00</b>	<b>9322500</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2011**

Categories	No. of Shares Shareholders	% of Shareholders	No of Shareholders	% of Shareholding
Promoters/ Directors & their relatives including associates Companies and Person acting in concert.	13	0.22	6439324	69.07
Banks/Financial Institutions/ Insurance Companies/Mutual Funds etc.	6	0.10	9524	0.10
NRI's and OCB's	NIL	NIL	NIL	NIL
Other Bodies Corporate	58	0.99	1705686	18.30
Indian Public	5751	98.69	1167966	12.53
<b>Total</b>	<b>5828</b>	<b>100</b>	<b>9322500</b>	<b>100</b>

(k) **Dematerialization of Shares**

**ISIN NO. INE 671C01016**

80,46,489 shares of the Company are being held in Demat form as on 31<sup>st</sup> March 2011 with NSDL /CDSL.

(l) **Compliance officer**

Mr. Virendra Kumar Garg

Manager Legal cum Company Secretary

M/s Sunil Healthcare Limited, 17/18, Old Industrial Area, Alwar - 301 001, Rajasthan

(m) **Factory Location: - 17/18, Old Industrial Area, Alwar-301001 (Rajasthan)**

(n) **Address for Correspondence:-**

**Works.**

**Regd off**

**R & T Agent-**

17/18 Old Industrial Area, Alwar-301001 (Rajasthan)

38E/252A, First Floor, Vijay Tower, Shahpurjat, New Delhi- 110049

**M/s MCS Ltd.** (Unit- Sunil Healthcare Ltd)

Sri Venkatesh Bhavan, F-65, First Floor

Okhla Industrial Area, Phase I, New Delhi- 110020

Ph. 011- 41406149-51 Fax-011-41409881

**Brief resume of persons proposed to be Appoint / re-appointed as Director of the Company at the Annual general meeting**

<b>Name</b>	Mr Rajat Kumar Niyogi
<b>Age</b>	71 Years
<b>Particulars</b>	More than 45 years experience in the Indian Police Service
<b>Name of the Companies in which also holds Directorship</b>	NIL

**COMPLIANCE CERTIFICATE:**

Compliance Certificate for Corporate Governance from Statutory Auditors of the Company is annexed herewith.

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,

**The Members of  
Sunil Healthcare Limited**

We have examined the compliance of conditions of Corporate Governance by SUNIL HEALTHCARE LIMITED for the year ended 31st March 2011 as stipulated in clause 49 of Listing Agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify the Company has complied with the conditions of Corporate Governance as stipulated in the above mention Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance as to further viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

**For SINGHI & CO.  
Chartered Accountants  
Firm Reg. No. 302049E**

Sd/-

**B. K. Sipani**

**Partner**

**Membership No. 88926**

**Place: New Delhi**

**Dated: 06<sup>th</sup> August, 2011**

**DECLARATION OF COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

To,

Sunil Healthcare Limited  
38E/252-A, First Floor, Vijay Tower, Shahpurjat  
New Delhi-110049

The Company has framed a specific Code of Conduct for the members of the Board of Directors and Seniors Management Personnel of the Company pursuant to the Clause 49 of the Listing Agreement with the Stock Exchange to further strengthen corporate governance practice in the Company.

All the members of the Board and Senior Management Personal of the Company have affirmed due observance of the said Code of Conduct in so far it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2011.

**Place: New Delhi**

**Date: 06<sup>th</sup> August, 2011**

**Anil Kumarr Khaitan  
Chairman cum Managing Director**

**SUNIL HEALTHCARE LTD**

**AUDITORS REPORT TO THE MEMBERS OF SUNIL HEALTHCARE LTD.**

We have audited the attached Balance Sheet of SUNIL HEALTHCARE LIMITED, as at 31<sup>st</sup> March 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit and 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.

- v. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. *Refer note no. 14 in Schedule 19 regarding Rs. 27,11,520 balance remuneration and reimbursement of expenses to an employee, which representation to the central government has been made.*
- viii. Subject to note no. vi 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 notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011
  - b) In the case of the Profit and Loss account, of the profit of the company for the year ended on that date and
  - c) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For SINGHI & CO.**  
**Chartered Accountants**  
**Firm Reg. No. 302049E**

**Place:- New Delhi**  
**Dated:- 28<sup>th</sup> May' 2011**

**B.K.Sipani**  
**Partner**  
**Membership No : 88926**

**SUNIL HEALTHCARE LTD**  
**Annexure to the Auditors' Report**

(Referred to in paragraph (3) of our report to the members of Sunil Healthcare Limited, on the Accounts for the year ended March 31, 2011)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets of the company have been physically verified by the management as per a regular programme of verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year.
- (ii) a. As explained to us inventories were physically verified during the year by the management at reasonable intervals.
- 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 explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed, during the year company has not taken / granted any loans, secured or unsecured from / to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of other clause of paragraph 4 (iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

During the course of our audit, no major weakness has been noticed in internal control system.

- (v) In our opinion and according to information and explanations provided by the management, we are the opinion that the company has not entered into any contract or arrangement exceeding value of Rs. five lacs, which require to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not received any deposits from public u/s 58A & 58AA of the Companies Act, 1956 and rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209 (i) (d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, services tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities except delay in some cases. There are no undisputed outstanding statutory dues as at the year-end for a period of more than six months *except advance income tax Rs 7,24,075 which have been since paid.*
- b. According to the records of the Company, there are no dues outstanding after adjusting payment made under protest of sales tax, income tax, service tax, custom tax, wealth tax, excise duty and cess on account of any dispute, other than the following:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
The Sales Tax Act.	Sales Tax	29,675	1982-83	DC (A) Alwar

- (x) The Company has no accumulated loss at the end of the financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted, though delay in some cases in repayment of dues to banks. We have been informed that the Company has not issued any debenture during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities except investment in mutual funds, which has been sold during the year.
- (xv) According to the information and explanations given to us, the Company has not given corporate guarantees in favour of financial institution/bank for loans taken by others.
- (xvi) In our opinion and on the basis of information and explanations given to us, the term loan was applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and overall examination of the Balance Sheet and Cash Flow of the company, funds raised on short-term basis have not been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debenture during the year. Hence, question of creation of security or charge does not arise.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company, noticed or reported during the year.

**For SINGHI & CO.**  
**Chartered Accountants**  
**Firm Reg. No. 302049E**

**Place:- New Delhi**

**Dated:- 28<sup>th</sup> May' 2011**

**B.K.Sipani**

**Partner**

**Membership No : 88926**

**SUNIL HEALTHCARE LIMITED**  
**BALANCE SHEET**  
As at 31<sup>st</sup> March 2011

	Schedule	As at 31 <sup>st</sup> March- 2011 (Rs)	As at 31 <sup>st</sup> March- 2010 (Rs)
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	93,225,000	46,612,500
Reserves & Surplus	2	<u>69,521,416</u>	103,467,948
<b>Loan Funds</b>			
Secured Loans	3	135,738,903	178,147,904
Unsecured Loans	4	<u>4,817,821</u>	17,663,993
<b>Deferred Tax Liability (Net)</b>		25,766,449	24,924,672
	<b>Total</b>	<b><u>329,069,589</u></b>	<b><u>370,817,017</u></b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block	5	485,844,075	476,128,207
Less: Depreciation		<u>243,027,655</u>	<u>211,212,108</u>
Net Block		242,816,420	264,916,098
Capital Work In Progress		<u>47,470</u>	47,470
	6	6,400	6,400
<b>Investments</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Interest Receivable		831,397	635,205
Inventories	7	49,248,054	40,168,112
Sundry Debtors	8	92,047,265	116,931,341
Cash & Bank Balances	9	10,971,191	8,070,154
Loans & Advances	10	<u>18,441,010</u>	<u>27,755,571</u>
		171,538,917	193,560,383
Less:			
<b>Current Liabilities &amp; Provisions</b>			
Current liabilities	11	78,474,438	84,607,424
Provisions		<u>6,865,180</u>	<u>3,105,910</u>
		85,339,618	87,713,334
<b>Net Current Assets</b>		86,199,299	105,847,049
Accounting Policy and Notes on Accounts	19		
	<b>Total</b>	<b><u>329,069,589</u></b>	<b><u>370,817,017</u></b>

Schedule 1 to 11 and Schedule 19 form an integral part of the Balance Sheet

As per our Report Annexed

FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO.  
Chartered Accountants  
Firm Reg. No. 302049E

Chairman cum Managing Director

Anil Kumarr Khaitan

**Sd/-**  
(B K SIPANI)  
PARTNER  
M. No. 88926

Directors

Mr. RK Niyogi IPS (Retd.)  
Mr. S N Balsubramanian  
Mr. Joginder Singh

New Delhi  
The 28<sup>th</sup> May' 2011

Manager-Legal cum Company Secretary

Mr. Virendra Garg

**SUNIL HEALTHCARE LIMITED**  
**PROFIT & LOSS ACCOUNT**

For the year ended 31<sup>st</sup> March 2011

	Schedule	Current Year 2010-11 (Rs)	Previous Year 2009-10 (Rs)
<b>INCOME:</b>			
Gross Sales		405,012,208	366,536,472
Less: Excise Duty		<u>28,829,830</u>	<u>18,864,079</u>
Net Sales		376,182,378	347,672,393
Other Income	12	6,149,455	17,588,505
Increase/(Decrease) in Stocks	13	<u>3,931,226</u>	<u>3,832,534</u>
		<u>386,263,059</u>	<u>369,093,432</u>
<b>EXPENDITURE:</b>			
Raw Materials consumed	14	134,280,422	111,318,646
Purchase of Trading foods		2,242,955	8,904,841
Power & Fuel		42,815,737	45,161,882
Payments to & Provision for Employees	15	36,221,931	30,249,014
Managerial Remuneration		2,346,206	480,800
Manufacturing & Other Expenses	16	70,881,535	75,543,353
Selling Expenses	17	25,714,228	33,399,087
Interest	18	22,686,164	28,258,849
Depreciation	31,815,547		31,553,373
Transferred from Revaluation of Fixed Assets Reserve (Refer Note No 2(d) of Schedule 19)	(138,746)	31,676,801	(138,746)
		<u>368,865,978</u>	<u>364,731,099</u>
<b>Profit before Tax</b>		17,397,081	4,362,333
Provision for Taxation			
For Current year		(5,186,624)	(674,000)
For Earlier year refund/adjustment including FBT		222,328	419,740
For Mat Credit		1,213,706	-
For Deferred Tax		(841,778)	(405,372)
<b>Profit after Tax</b>		<u>12,804,714</u>	<u>3,702,701</u>
Profit brought forward from Previous Year		25,631,355	34,823,779
<b>Balance Available for Appropriation</b>		<u>38,436,068</u>	<u>38,526,480</u>
<b>Balance Carried to Balance Sheet</b>		<u>38,436,068</u>	<u>38,526,480</u>
Basic & Diluted Earning Per Share (Rs. 10 each ) (Refer note no.11)		1.37	0.79
Accounting Policy and Notes on Accounts 19			

Schedule 12 to 18 and Schedule 19 form an integral part of the Profit & Loss Account.

As per our Report Annexed

FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO.

Chairman cum Managing Director

Anil Kumarr Khaitan

Chartered Accountants

Firm Reg. No. 302049E

**Sd/-**

(B K SIPANI)

PARTNER

M. No. 88926

Directors

Mr. RK Niyogi IPS (Retd.)

Mr. S N Balsubramanian

Mr. Joginder Singh

New Delhi  
The 28<sup>th</sup> May' 2011

Manager-Legal cum Company Secretary

Mr. Virendra Garg

**SUNIL HEALTHCARE LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED MARCH 31, 2011**

	<b>For the year ended on 31.03.11 (Rs)</b>	<b>For the year ended on 31.03.10 (Rs)</b>
<b>A CASH FLOW FORM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	17,397,081	4,362,333
Adjustments for:		
Depreciation	31676801	31414627
(Profit)/Loss on sale of Long Term Investments	-	(844,523)
Dividend received on Current Investment	-	(256,148)
Long Term Investment write off	-	10,000
Unrealised Foreign Exchange (gain)/loss	(31,712)	1,132,853
Sundry liabilities no longer required written back	(2,168,267)	(8,310,803)
Bad Debts, loans and advances written off	544,489	1,256,574
Provision for doubtful Debts & Advances	-	259,843
(Profit)/Loss on sales of Fixed Assets	-	1,263,281
Interest Income	(1,893,867)	(953,838)
Interest Expenses	<u>22,686,164</u>	<u>28,258,849</u>
<b>Operating Profit/(Loss) before working capital changes</b>	68,210,689	57,593,048
<b>Movement in working capital</b>		
(Increase)/Decrease in Inventories	(9,079,943)	6,558,289
(Increase)/Decrease in Sundry Debtors	24,155,476	(29,086,742)
(Increase)/Decrease Loans & Advances	5,070,795	1,858,632
Increase/(Decrease) in Current Liabilities & Provisions	<u>(2,480,911)</u>	<u>23,145,473</u>
<b>Cash Generated from/(Used in) Operations</b>	85,876,106	60,068,700
Less : Direct Tax (paid)/ refund	<u>3,892,578</u>	<u>(616,077)</u>
Net cash from/(used in) operating activities	<u>89,768,684</u>	<u>59,452,623</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(10,406,212)	(17,469,447)
Sale of Fixed Assets	-	886,501
Sale of Investment	-	2,929,775
Dividend received on Current Investment	-	256,148
Movement in Margin Money	(346,730)	(2,365,195)
Interest Received	<u>1,697,675</u>	<u>1,385,908</u>
<b>Net Cash from/(used in) Investing Activities</b>	<u>(9,055,267)</u>	<u>(14,376,310)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	(52,534,033)	(21,357,522)
Proceeds from short term borrowings	(2,721,139)	6,876,313
Dividend Paid	-	(2,726,715)
Interest Paid	<u>(22,686,164)</u>	<u>(28,264,993)</u>
<b>Net Cash from/(used in) Financing Activities</b>	<u>(77,941,336)</u>	<u>(45,472,917)</u>
<b>Net Increase/(decrease) in Cash &amp; Cash equivalents (A+B+C)</b>	2,772,080	(396,604)
<b>Cash and Cash equivalents at the beginning of year</b>	<u>2,664,472</u>	<u>3,061,076</u>
<b>Cash and Cash equivalents at the end of the year</b>	<u>5,436,552</u>	<u>2,664,472</u>
<b>Components of Cash &amp; Cash equivalents</b>		
<b>Cash in hand</b>	341,151	124,551
<b>Balances with Sechedule Banks</b>		
In Current Accounts	3,531,615	2,419,024
In EEFC A/c	1,563,786	120,897
Unclaimed Dividend Accounts	434,639	652,412
Fixed and Call Deposit Accounts	<u>5,100,000</u>	<u>4,753,270</u>
	10,971,191	8,070,154
Less: Fixed Deposit considered in Investing Activity & Unclaimed dividend lying with Bank	<u>(5,534,639)</u>	<u>(5,405,682)</u>
	<u>5,436,552</u>	<u>2,664,472</u>

As per our Report Annexed

For SINGHI & CO.

Chartered Accountants

Firm Reg. No. 302049E

**Sd/-**

(B K SIPANI)

PARTNER

M. No. 88926

New Delhi

The 28<sup>th</sup> May' 2011

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Chairman cum Managing Director

Anil Kumarr Khaitan

Directors

Mr. RK Niyogi IPS (Retd.)

Mr. S N Balsubramanian

Mr. Joginder Singh

Manager-Legal cum Company Secretary

Mr. Virendra Garg

**SUNIL HEALTHCARE LIMITED**

	<b>As at 31.03.2011 (Rs)</b>	<b>As at 31.03.2010 (Rs)</b>
<b>Schedule - 01 SHARE CAPITAL</b>		
<b>Authorised:</b>		
98,00,000 Equity Shares of Rs 10/- each	98,000,000	98,000,000
20,000 11% Redeemable Cumulative Preference Shares of Rs 100/- each	2,000,000	2,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed and Paid up:</b>		
9322500 Equity Shares of Rs 10/- each (out of above 46,61,250 Shares issued as Bonus Shares by capitalisation of Security Premium 3,37,17,375/- and Balance in Profit Loss Account Rs. 1,28,95,125/-)	93,225,000	46,612,500
	<u>93,225,000</u>	<u>46,612,500</u>
<b>Schedule - 02 RESERVES &amp; SURPLUS</b>		
<b>Capital Reserves:</b>		
As per last account		
Central Subsidy	1,500,000	1,500,000
Profit on re-issue of Forfeited Shares	16,927	16,927
	<u>1,516,927</u>	<u>1,516,927</u>
<b>Share Premium Account</b>		
As per last account	33,717,375	33,717,375
Less: Utilised for issue of bonus shares	<u>33,717,375</u>	<u>33,717,375</u>
	-	-
<b>Capital Redemption Reserve</b>		
As per last account	750,000	750,000
<b>Revaluation of Fixed Assets Reserve</b>		
As per last account	3,917,167	4,055,913
Less: Transfer to Profit & Loss Account	<u>(138,746)</u>	<u>(138,746)</u>
	3,778,421	3,917,167
<b>General Reserve</b>		
As Per Last Account	25,040,000	25,040,000
Add: Transfer from Profit & Loss Account	<u>- 25,040,000</u>	<u>-</u>
	-	-
<b>Profit &amp; Loss Account</b>		
As per last accounts	38,526,480	38,526,480
Less: Utilised for issue of bonus shares	<u>1,28,95,125</u>	<u>1,28,95,125</u>
	25,631,355	25,631,355
Less: Transfer to profit & Loss Account	<u>25,631,355</u>	<u>-</u>
	-	-
Balance in Profit & Loss Account	<u>38,436,068</u>	<u>38,526,480</u>
	<u>69,521,416</u>	<u>103,467,948</u>

**SUNIL HEALTHCARE LIMITED**

	<b>As at 31.03.2011 (Rs)</b>	<b>As at 31.03.2010 (Rs)</b>
<b>Schedule - 03 SECURED LOANS</b>		
Term Loans from a bank	44,496,419	86,013,398
Vehicle loan from Banks	77,753	351,573
Vehicle loan from Other	1,190,797	1,931,630
Cash Credit Limit from a Bank	89,973,934	89,851,304
	<u>135,738,903</u>	<u>178,147,904</u>

Payable within one year Rs.20674992/- (Previous Year Rs. 42531630/-)

Term Loans are Secured by specific Plant & Machineries and other immovable or movable fixed Assets, as the case may be, purchased against specific loan and in two cases also secured by present and future stocks of raw materials , stores and spares and work in progress. The same is also secured by equitable mortgage of land & building or extention of mortgage or hypothecation charge on the entire (except assets having specific charge against specific loans) fixed assets of the company. The same is also personally guaranteed by Chairman cum Managing Director and his two relatives.

Cash Credit is Secured by first charge by way of hypothecation on the entire stock of inventories, receivables, bills, and other chargeable current assets of the company (both present and future) and extension of first mortgage / hypothecation charge on the entire fixed assets of the company. The same is also personally guaranteed by Chaiman cum Managing director and his two relatives.

Vehicle loan from Banks and others are Secured against hypothecation of specific assets acquired.

**Schedule - 04 UNSECURED LOANS**

Loan from Chairman cum Managing director (Interest Free)	-	2,843,770
Loan from Bodies Corporate*	4,817,821	14,820,223
	<u>4,817,821</u>	<u>17,663,993</u>

\* Repayable with in one year Rs 4817821/ (Previous year Rs.1002403/-)

**SUNIL HEALTHCARE LIMITED**
**Schedule - 05 FIXED ASSETS**

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 31st March 2010	Additions/ Adjustment	Deduction/ Adjustment	As at 31st March 2011	Up to 31st March 2010	For the Year	Deduction/ Adjustment	Up to 31st March 2011	As at 31st March 2011	As at 31st March 2010
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Land (Leasehold)	3,117,316	-	-	3,117,316	986,658	39,272	-	1,025,929	2,091,387	2,130,658
Buildings	59,528,832	-	-	59,528,832	12,540,884	1,847,238	-	14,388,122	45,140,710	46,987,948
Plant & Machinery	370,160,949	8,876,033	-	379,036,982	182,568,650	27,426,908	-	209,995,558	169,041,424	187,592,299
Electrical Installations	21,597,039	-	-	21,597,039	5,774,729	962,456	-	6,737,185	14,859,854	15,822,310
Furniture & Fixtures, Office Equipments, Fire Fighting Equipments; and Improvement on Rented Premises.	12,661,877	790,980	-	13,452,857	7,263,108	729,483	-	7,992,591	5,460,266	5,398,769
Vehicles **	7,380,428	48,855	-	7,429,283	1,753,791	701,458	-	2,455,249	4,974,034	5,626,637
Medical & Diagnostic Equipments	1,537,930	-	-	1,537,930	180,453.00	108,732	-	289,185	1,248,745	1,357,477.00
Tools & Dies	143,836	-	-	143,836	143,836	-	-	143,836	-	-
	<b>476,128,207</b>	<b>9,715,868</b>	<b>-</b>	<b>485,844,075</b>	<b>211,212,108</b>	<b>31,815,547</b>	<b>-</b>	<b>243,027,655</b>	<b>242,816,420</b>	<b>264,916,098</b>
<b>Previous Year Figures</b>	<b>461,209,716</b>	<b>18,356,635</b>	<b>3,438,144</b>	<b>476,128,207</b>	<b>180,947,098</b>	<b>31,553,373</b>	<b>1,288,362</b>	<b>211,212,108</b>	<b>264,916,098</b>	<b>280,262,617</b>

\* Including Rs 2,55,89,695/- added on Revaluation.

\*\* Vehicles includes Rs.43,91,536/- under Finance Scheme

**SUNIL HEALTHCARE LIMITED**

	<b>As at 31.03.2011 (Rs)</b>	<b>As at 31.03.2010 (Rs)</b>
<b>Schedule - 06 INVESTMENTS</b>		
<b>Unquoted</b>		
Long term, other than trade National Saving Certificates (NSC) (Deposited with Govt Authorities )	6,400	6,400
	<u>6,400</u>	<u>6,400</u>
<b>Schedule - 07 INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stores & Spare Parts etc.	8,650,417	7,298,668
Raw Materials	7,722,732	3,925,764
Finished Goods	28,025,794	22,667,080
Others Product	-	217,966
Semi Finished Goods	1,447,644	2,661,148
Work In Progress	2,762,312	2,251,293
Capsule Scrap	639,155	1,146,193
	<u>49,248,054</u>	<u>40,168,112</u>
<b>Schedule - 08 SUNDRY DEBTORS (Unsecured)</b>		
(Considered Good unless Otherwise stated)		
Debts outstanding for a period exceeding six months*		
Considered Good*	11,268,566	13,187,036
Considered Doubtful	-	259,843
Other Debts	<u>80,778,699</u>	<u>103,744,305</u>
	92,047,265	117,191,184
Less: Provision for doubtful debts	-	259,843
	<u>92,047,265</u>	<u>116,931,341</u>
* Includes under litigation Rs.NIL/- (Previous year 344256/-)		
<b>Schedule - 09 CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Bank Balances:</b>		
Cash in Hand	341,151	124,551
<b>Balances with scheduled Banks:</b>		
In Current Accounts	3,531,615	2,419,024
In EEFC A/C (us \$35,023.20, previous Year US \$ 2678.33)	1,563,786	120,897
In Dividend Account*	434,639	652,412
In Fixed Deposited Account **	5,100,000	4,753,270
	<u>10,971,191</u>	<u>8,070,154</u>

\* Represents Unclaimed Dividend

\*\* FDR deposited with bank against margin

**SUNIL HEALTHCARE LIMITED**

	<b>As at 31.03.2011 (Rs)</b>	<b>As at 31.03.2010 (Rs)</b>
<b>Schedule - 10 LOANS &amp; ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advances Recoverable in cash or kind, or for the value to be received and/or pending adjustments:		
Balance with Central Excise Authorities etc.	759,087	488,735
Prepaid Expenses	1,395,060	1,265,040
Advance to Employees	211,640	218,744
Advance Tax/Income Tax deducted at source (Net of Provision)	-	232,317
Income Tax paid under Protest/Refundable	1,850,821	6,552,614
Share Application Money	1,100,000	
Others	4,166,159	6,379,878
( Including advances for capital item Rs.21,29,814/- Previous Year Rs.17,66,575/-)		
Sundry Deposits*	8,958,243	12,618,243
	<u>18,441,010</u>	<u>27,755,571</u>

\*Includes Rs.54,00,000/- (Previous Year Rs.90,80,000/-) as margin money to Body Corporate against unsecured borrowings.

**Schedule - 11 CURRENT LIABILITIES & PROVISIONS****Current Liabilities:**

## Sundry Creditors

Due to Micro Small & Medium Enterprises  
(Refer Note 16 in Schedule 19)

Other Creditors	73,546,125	81,717,544
Other Liabilities	1,244,365	1,524,604
Advance / Credit balance of Customers	3,249,309	712,863

Investor Education & Protection Fund

Unclaimed Dividend*	434,639	652,412
	<u>78,474,438</u>	<u>84,607,424</u>

**Provisions:**

Proposed for Income Tax (Net of Advance and MAT Credit)	2,709,058	-
Provision for Gratuity	1,539,147	1,148,506
Provision for Leave encashment	2,616,975	1,957,404
	<u>6,865,180</u>	<u>3,105,910</u>
	<u>85,339,618</u>	<u>87,713,334</u>

\* Not due for deposit as at Balance Sheet date

**SUNIL HEALTHCARE LIMITED**

	<b>Current Year 2010-11 (Rs)</b>	<b>Previous Year 2009-10 (Rs)</b>
<b>Schedule - 12 OTHER INCOME</b>		
<b>Interest on Deposits:</b>		
From Banks(Gross) (TDS Nil) (Previous Year Rs.NIL/-)	-	-
Others (Gross) (TDS Rs.49683/-) (Previous year Rs. 113362/-)	1,893,867	9,53,838
Dividend received on Current Investment	-	2,56,148
Profit on Sale of Current Investments	-	8,44,523
Miscellaneous Receipts	854,569	1,723,193
Bad Debts Recovered	-	5,500,000
Liabilities/Sundry Balances no longer required written back	2,168,267	8,310,803
Provisions for doubtful debts written back	180,000	-
Interest subsidy received	1,052,752	-
(Refer Note no. 15 in schedule 19)	<u>6,149,455</u>	<u>17,588,505</u>
<b>Schedule - 13 INCREASE / (DECREASE) IN STOCKS</b>		
<b>Opening Stocks:</b>		
Finished Goods	22,667,080	8,385,876
Other Products	217,966	287,721
Semi Finished Goods	2,661,148	12,158,930
Work In Progress	2,251,293	3,238,188
Capsule Scrap	1,146,193	1,040,430
	<u>28,943,680</u>	<u>25,111,145</u>
<b>Closing Stocks:</b>		
Finished Goods	28,025,794	22,667,080
Other Products	-	217,966
Semi Finished Goods	1,447,645	2,661,148
Work In Progress	2,762,312	2,251,293
Capsule Scrap	639,155	1,146,193
	<u>32,874,906</u>	<u>28,943,680</u>
(Decrease) / Increase in Stocks	<u>3,931,226</u>	<u>3,832,534</u>
<b>Schedule - 14 RAW MATERIALS CONSUMED</b>		
Opening Stock	3,925,764	14,648,768
Add: Purchases	138,077,389	100,595,642
	142,003,153	115,244,410
Less: Closing Stock	<u>7,722,731</u>	<u>3,925,764</u>
Raw Materials consumed	<u>134,280,422</u>	<u>111,318,646</u>
<b>Schedule - 15 PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
Salary, Wages, Allowances, and Bonus etc	28,574,434	24,660,474
Contribution to group gratuity fund	1,233,437	491,238
Contribution to Provident and other funds	2,354,633	2,049,477
Workmen & Staff Welfare Expenses	4,059,427	3,047,825
	<u>36,221,931</u>	<u>30,249,014</u>

**SUNIL HEALTHCARE LIMITED**

	<b>Current Year 2010-11 (Rs)</b>	<b>Previous Year 2009-10 (Rs)</b>
<b>Schedule - 16 MANUFACTURING &amp; OTHER EXPENSES</b>		
Stores & Spare Parts	4,292,195	4,336,805
Packing Materials	11,686,758	10,754,316
Job Work charges	13,139,176	8,907,269
Rent	2,546,306	4,155,138
Rates & Taxes	65,418	77,003
Insurance	1,746,494	1,762,559
Repair, Maintenance & Replacements to:		
Plant & Machinery	12,930,223	11,955,202
Building	1,023,565	1,070,804
Others	3,041,203	2,463,544
Directors' Sitting Fee	140,000	125,500
Directors Travelling Expenses	378,170	1,297,393
Travelling & Conveyance	6,372,243	6,150,578
Security Expenses (Watch & Ward)	484,168	410,570
Auditors' Remuneration	204,645	174,460
Postage, Telegram & Telephone Expenses	2,285,709	1,963,284
Legal & Professional Charges	2,354,398	2,764,943
Charity & Donation	13,000	16,500
Excise Duty on (Increase)/Decrease in Closing Stock	(281,037)	2,031,239
Miscellaneous Expenses	8,676,611	10,465,065
Bad Debts/Advances/Sundry Balances written off	624,332	
Less Provision for doubtful debts written back	79,843	
Provision for doubtful Debts	-	259,843
Loss on Sale/Discard Of Fixed Assets (Net)	-	1,263,281
Exchange Rate Difference (Net)	(762,199)	1,881,484
	<u>70,881,535</u>	<u>75,543,353</u>
<b>Schedule - 17 SELLING EXPENSES</b>		
Advertisement & Publicity	98,168	409,356
Sales Promotion	1,182,903	1,216,082
Commission on Sales	1,487,912	2,060,321
Freight, Packing & Handling Charges (Net)	21,491,640	28,018,287
Transit insurance	275,398	224,686
Other Expenses	1,178,207	1,470,354
	<u>25,714,228</u>	<u>33,399,087</u>
<b>Schedule - 18 INTEREST</b>		
On Term Loans	9,586,022	14,851,346
To Banks	11,548,634	11,766,421
To Others	1,551,508	1,641,082
	<u>22,686,164</u>	<u>28,258,849</u>

## SUNIL HEALTHCARE LIMITED

### Schedule - 19 NOTES ON ACCOUNTS

#### 1 Nature of Operation:

The company has manufacturing facility at Alwar (Rajasthan) for 7000 Million of Hard Gelatin Capsule Shells. During the year company has started business of Trading of Food items.

#### 2 Significant Accounting Policies:

##### a) Basis of Accounting

The financial statement have been prepared to comply in all material respects with the mandatory Accounting Standards issued under the Accounting Standard rules, 2006 notified by the Central Government and the relevant provisions of The Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis unless otherwise stated.

##### b) Use of Estimates:

The preparations of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

##### c) Fixed Assets:

Fixed Assets other than those which have been revalued, are stated at their cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses, in respect of setting up of new projects, related preoperational expenses are also capitalised and included in costs. Revalued Assets are stated at the value determined on revaluation.

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal / external factors, an impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the asset's Net Selling Price and Value in Use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

##### d) Depreciation:

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act 1956, (as amended). Depreciation on amount added upto 31st March 2007 due to exchange difference are provided on the balance useful life of the assets. Depreciation on amount added on Revaluation has been provided on Straight Line Method at the rates considered reasonable by the Valuers.

Leasehold land is amortised over the period of the lease. Improvement in rented premises and attached furniture etc. thereon is depreciated over the lease period.

##### e) Investments:

Long Term Investments are stated at cost. Diminution in value of investment is not provided wherever the diminution is temporary in nature. Current investment are carried at lower of cost and fair value.

##### f) Inventories:

Inventories other than capsule scrap are valued at lower of cost or net realizable value. Stock of capsule scrap is valued at net realizable value. Cost is determined on FIFO basis and wherever required appropriate overheads are taken into account. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost. Excise Duty payable on finished goods lying within the factory premises is also considered in valuation of Finished Goods.

In view of substantially large number of items in work-in-progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The company, however, physically verifies such stocks at the end of every year and valuation is made on the basis of such physical verification.

**g) Retirement Benefits:**

- i) Year end liability in respect of Gratuity benefits to the Employees of the Company has been determined on the basis of actuarial valuation. Gratuity upto certain amount per employee is covered under an Irrevocable Gratuity Fund under the Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India. The contribution towards the premium of the policy paid to the fund is treated as revenue expenditure. Excess of liability determined as per actuarial valuation over the reimbursement from Gratuity Fund is provided in the accounts.
- ii) Year end liability on account of unavailed leave has been provided in the accounts on actuarial basis.

**h) Foreign Currencies:**

Transactions in Foreign Currency are accounted at exchange rate prevailing on the date of transaction. Monetary items denominated in Foreign Currency as at the Balance Sheet date are converted into rupee equivalent at the year end exchange rate.

**i) Sales and Services:**

Sales are recognised when all significant risks and rewards of ownership are transferred to the customers and are net of returns, claims and discount etc.

**j) Taxation:**

Provision for current taxation is being made in accounts, as per the provisions of the Income Tax Act 1961. Deferred tax is recognized, subject to prudence in case of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in compliance with Accounting Standard -22 "Accounting For Taxes On Income" issued under the Companies Accounting Standard Rules, 2006 notified by the Central Government.

**k) Recognition of Income and Expenditure:**

All the Income and Expenditure are accounted on accrual basis except claims, being uncertainty in realization, are accounted for as and when realized/ settled.

**l) Borrowing costs:**

Borrowing cost are recognised as expenses in the period in which they are incurred except for borrowings for acquisition of qualifying assets which are capitalised upto the date, the asset is ready for its intended use.

**m) Provisions:**

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

**n) Contingent Liabilities:**

Contingent Liabilities are not provided for and disclosed in the notes to accounts in the Annual Statement of Account.

**3. Contingent Liabilities not provided for:**

	<b>As at 31st March, 2011 (Rs)</b>	<b>As at 31st March 2010 (Rs)</b>
(a) Income Tax Demand under appeal (Paid under Protest Rs. 15,14,891 Previous year Rs.55,99,783)	14, 30,248	38, 15,605
(b) Demand for Octroi under dispute	8, 46,836	8, 46,836
(c) Estimated amount of contracts remaining to be executed on Capital Account not provided for in the accounts (Net of Advances Rs.72,21,446 Previous Year Rs. 14,39,476)	93, 51,260	32,06,050
(d) Customs duty on capital Goods imported under EPCG Scheme, against which Export obligation is to be fulfilled.	60, 33,469	65,66,910
(e) Customs duty on Raw Material imported under Advance License, against which Export obligation is to be fulfilled.	19, 01,566	50,96,939
4. In the opinion of the Management, the Current Assets and Loans & Advances are approximately of the value stated, if realized in the ordinary course of business.		
5 Sundry Debtors, Creditors, Loans and Advances are subject to confirmations.		
6 a) Sales includes export benefits of Rs. 26,32,455/- (Previous year Rs. 31,42,210)		
b) Sales are after deduction of sales returns aggregating Rs.30, 69,802 /- (previous year Rs. 83,47,814/-) in respect of the goods sold in the previous year.		

**7. Remuneration to Chairman cum Managing Director:**

	<b>Current Year (2010-11) (Rs.)</b>	<b>Previous Year (2009-10) (Rs.)</b>
Salary	11,42,700	2,40,000
Provident Fund	1,37,124	28,800
Perquisites (including monetary values)	10,66,382	2,12,000
Total	<u>23,46,206*</u>	<u>4,80,800*</u>

\* excluding actuarial valuation of Gratuity & leave encashment.

**8. Auditors Remunerations:**

Audit Fee	90,000	90,000
Tax Audit Fee	30,000	20,000
Company Law Matter	10,000	10,000
Certification Work	52,000	40000
Travelling and other expenses	22,645	14460
<b>TOTAL</b>	<u><b>204645</b></u>	<u><b>174460</b></u>

- 9 **Segment Reporting:** Segment information has been prepared in conformity with the accounting policy adopted for preparing and presenting the financial statements of the company. As part of secondary reporting revenues are attributed to geographic areas based on the location of the customers. The following tables present the revenue, profit, assets and liabilities information relating to the business/geographical segment for the year ended 31.03.2011

<b>Reportable Segments</b>	<b>Current Year 2010-2011 Amount (In Rs.)</b>	<b>Previous Year 2009-10 Amount (In Rs.)</b>
<b>Segment Revenue</b>		
<b>Sales &amp; other income:</b>		
a) EHG Capsule Shells	3780821221	352879892
b) Other	2355845	10326497
Total	380437966	363206389
Less: Inter Segment Sales	-	-
<b>Total Revenue</b>	<b>380437966</b>	<b>363206389</b>
<b>Segment Result</b>		
a) EHG Capsule Shells	40352634	37368475
b) Others	517950	(6059002)
Unallocable Income (Net)	(2681206)	357871
Total	38189378	31667344
Less:- Interest (Net of Interest Income Rs.1893867)	20792297	27305011
Profit/Loss Before Tax	17397081	4362333
Less: Provision for taxation		
-Current Year	(5186624)	(674000)
-Earlier Year	222328	419740
-MAT Credit	1213706	-
-Deferred Tax	(841778)	(405372)
Profit/Loss after Tax	12,804,714	3702701
<b>Other Information</b>		
Segments Asset		
a) EHG Capsule Shells	410026825	448170302
b) Others	1257124	2281101
c) Unallocable	3125257	8078948
Total	414409207	458530351
<b>Segment Liabilities</b>		
a) EHG Capsule Shells	84756894	86056740
b) Others	146084	1004182
c) Unallocable (including deferred tax liabilities Rs.25766449)	262030888	25577084
Total	111106067	112638006
<b>Capital Expenditure</b>		
a) EHG Capsule Shells	9715868	17469447
b) Others	-	9000
c) Unallocable	-	-
Total	9715868	17478447

<b>Depreciation</b>		
a) EHG Capsule Shells	31568069	31090463
b) Others	108732	324164
c) Unallocable	-	-
Total	31676801	31414627
Non Cash Expenditure other than depreciation and amortization Loss on current investment (unallocable)		
<b>Secondary Segments- Geographical by location of customers Reportable segments : Revenue</b>	<b>Current year</b>	<b>Current year</b>
Domestic	288286997	255705320
Export	92150969	107501069
Total	380437966	363206389
<b>Debtors at the year end:</b>		
Domestic	77203101	81446693
Export	14844164	35484648
Total	92047265	116931341
<b>Other Information:</b>		
The company has common assets for producing goods for domestic market and overseas market		

**Notes:**

- I. The company is organized into two main business segments, namely: EHG Capsule Shells and others. Segments have been identified and reported taking into account, the nature of product, the differing risks and returns, the organization structure and the internal financial reporting systems.
- II. Segment revenue in each of above domestic business segment primarily includes sales and other income in the respective segments. Segment revenue comprises of:

	<b>Current Year (Rs.)</b>	<b>Previous Year (Rs.)</b>
Sales & Services.	376182378	348996603
Other Income identifiable to segment	4255588	14209786
Total Segment revenue	<b>380437966</b>	<b>363206389</b>
Add: unallocated Income	1893867	2054509
Total revenue of the company	<b>382331833</b>	<b>365260898</b>

- III. Segment revenue in the geographical segment considered for disclosure are as follows:
  - a) Revenue within India includes sales to customers located within India and earnings in India.
  - b) Revenue outside India includes sales to customers located outside India and earnings outside India.
- IV Segment, revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**10 DEFERRED TAX LIABILITY-**

Major components of deferred tax assets and liabilities arising on account of timing difference are:

	As At 31.03.2011	(Charged)/credited during the year)	As at 31.03.10
	Rs.	Rs.	Rs.
<b>Liability :</b>			
Difference in WDV Value of Fixed	2, 74, 29,130	(5,88,382)	2,68,40,749
<b>TOTAL</b>	<b>2, 74, 29,130</b>	<b>(5, 88,382)</b>	<b>2,68,40,749</b>
<b>Assets :</b>			
Provision for Leave Encashment etc.	16, 62,681	(2,53,396)	19,16,077
<b>TOTAL</b>	<b>16, 62,681</b>	<b>(2,53,396)</b>	<b>19,16,077</b>
Net Deferred Tax Assets/(Liability)	(2,57,664,49)	(8,41,778)	(2,49,24,672)
<b>11 Basic &amp; Diluted Earning Per Share:</b>		<b>Current Year (2010-11)</b>	<b>Previous Year (2009-10)</b>
No. of Shares outstanding during the year		93, 22,500	46, 61,250
Net Profit after tax (Rs.)		1,28,04,714	3,702,701
Basic/Diluted Earning Per Share (Rs) (Face value Rs. 10 each)		1.37	0.79
<b>12 Related Parties Disclosure as required under Accounting Standard- 18 issued by the Govt. of India under The Companies (Accounting Standards) Rules, 2006 to the extent identified by the company</b>			
(A) Enterprises over which key management personnel and their relatives are able to exercise significant influence.			
(1) SNK Mechatronics Limited.			
(2) M/s Magnum Computers Private Limited			
(3) M/s Shalimar Industries Limited			
(B) Key Management Personnel: (1) Mr. Anil Kumarr Khaitan, Chairman cum Managing Director			
(C) Relative of Directors:			
1. Mrs. Sarita Khaitan	Wife		
2. Mr. Ishan Khaitan	Son		
3. Mr. Kahaan Khaitan	Son		
4. Mr. Sunil Khaitan	Brother		
(D) Transactions with the related parties during the year:			

Transaction With Related Parties	A	B	C	Total	A	B	C	Total
	During the Year ended 31.03.11				During the Year ended 31.03.10			
Lease Rent Paid	-	-	960000	960000	-	-	960000	960000
Building Maintenance	-	-	1140000	1140000	-	-	1140000	1140000
Un-secured loan taken	-	-	-	-	-	3515000	-	3515000
Un-secured loan Repayment	-	2843769	-	2843769	-	671231	-	671231
Dividend Paid	-	-	-	-	301714	530508	180928	1013150
Managerial Remuneration	-	2346206	--	2346206	-	480080	-	480080
Salary & Allowance	-	-	822120	822120	-	-	-	-
Stipend *	-	-	180000	180000	-	-	314516	-
Advance Against Service	1100000	-	-	1100000	-	-	-	-
Closing Balance Receivable	1100000	-	-	1100000	-	-	-	-
Closing Balance Payable	-	-	444239	444239	-	2843769	325620	3169389

\* Excluding reimbursement of expenses pertaining to higher studies abroad (refer note no. 14 in schedule 19).

13 Disclosure as per Accounting Standard - 15  
Effective 1 January 2007, the Company adopted revised Accounting Standard - 15 (Revised 2005) on  
'Employee Benefits'.

	<u>31/03/2011</u>	<u>31/03/2010</u>
<b>a) Change in present value of obligation</b>		
a) Present value of obligation as at the beginning of the period	5135148	4962159
b) Acquisition adjustment	--	--
c) Interest cost	400542	347351
d) Past service cost	--	--
e) Current service cost	416867	324069
f) Curtailment cost/(Credit)	--	--
g) Settlement cost/(Credit)	--	--
h) Benefits paid	(573237)	(615939)
i) Actuarial (gain)/loss on obligation	841763	(117508)
j) Present value of obligation as at the end of period (31/03/11)	6221083	5135148
<b>b) The amounts to be recognized in balance sheet</b>		
a) Present value of obligation as at the end of the period	6221083	5135148
b) Fair value of plan assets as at the end of the period	4681937	3986642
c) Funded status	--	--
d) Excess of actual over estimated	--	--
e) Unrecognized actuarial (gains)/losses	--	--
f) Net asset/(liability) recognized in balance sheet	(1539147)	(1148506)
<b>c) Expense recognized in the statement of profit and loss</b>		
a) Current service cost	416867	324069
b) Past service cost	--	--
c) Interest cost	400542	347351
d) Expected return on plan assets	(427334)	(321022)
e) Curtailment cost / (Credit)	--	--
f) Settlement cost / (credit)	--	--
g) Net actuarial (gain)/ loss recognized in the period	841763	87019
h) Expenses recognized in the statement of profit & losses	1231838	437417
<b>d) Changes in fair value of plan assets</b>		
a) Fair value of plan assets at beginning	3986642	3508436
b) Acquisition Adjustment	--	--
c) Expected return on plan assets	427334	321022
d) Contributions	841198	742634
e) Benefits Paid	(573237)	(615939)
f) Actuarial Gain/(Loss) on plan assets	NIL	30489
g) Fair value of plan assets at the end of year	4681937	3986642
<b>e) Break-Up of the defined benefit obligations</b>		
- Funded	4681937	3986642
- Unfunded	1513186	1148506
Total Obligation as at Balance sheet date.	<u>6195123</u>	<u>5135148</u>
<b>f) Category of plan assets (Funded)</b>		
Qualifying Insurance policy	100%	100%
Following are the principle Actuarial Assumptions used as at the balance sheet date:		
Discount Rate	8.00%	7.80%
Expected rate of return on any plan assets	9.15%	9.15%
Average Salary escalation rate	3.00%	3.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Gratuity upto certain amount per employee is covered under an irrevocable Gratuity Fund under the Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India. The company has also recognized Rs.1721174/-(Previous Year Rs. 1533556/-) being contribution to employees' provident fund (Defined contribution plan)

14. Mr. Kahaan Khaitan son of Sh. Anil Kumarr Khaitan Chairman cum Managing Director was appointed with effect from 02.05.2009 as Management Trainee as approved by shareholders in their meeting held on 29.09.09. The Company has incurred total expenditure of Rs 3529520 in previous year within the limited approved by shareholders. The Central Government has approved Rs. 8,18,000/- including annual expenses of Rs. 2,18,000/- . The company has made representation to the Central Government to approve balance remuneration. Pending approval no further adjustment has been made.
- 15 Other income includes Rs.10, 52,752 interest subsidy from Sales Tax Department for the period 2008-09 & 2009-10 accounted for on receipt basis due to uncertainty in realization..
- 16 Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company has no information from suppliers being registered under the Micro, Small and Medium Enterprises Development Act, 2006 hence relevant information has not been disclosed. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of its Act is not expected to be material.
- 17 a) Foreign currency exposure that are not hedged by derivative instruments or otherwise-

Nature	As on 31.03.2011		As on 31.03.2010	
	In 'USD'	In Equivalent Rupee	In 'USD'	In Equivalent Rupee
Receivables	308590	13778570	786102	35484648
Payables	306142	13669248	138969	6273061

  

Nature	As on 31.03.2011		As on 31.03.2010	
	In 'EURO'	In Equivalent Rupee	In 'EURO'	In Equivalent Rupee
Receivables	16850	1065594	-	-
Payables	4000	252960	-	-

- b) The company has no outstanding derivative instrument as at balance sheet date.

**18 INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS  
3, 4-C & 4-D, PART - II OF SCHEDULE VI TO THE COMPANIES ACT 1956**

	Unit	For the Year 2010-11		For the Year 2009-2010	
<b>A Licenced &amp; Installed Capacity and Production for the Year *</b>					
Hard Gelatin Capsule Shells					
- Licenced Capacity	Million		NA		NA
- Installed Capacity *	Million		7000.000		7000.000
- Production **	Million		6090.870		5983.664
ii) Capsule Making Machine					
- Licenced Capacity	Nos		NA		NA
- Installed Capacity	Nos		2		2
- Production	Nos		Nil		Nil
*Installed capacity as certified by the Management.					
** Excluding sales return during the year					
	<b>Unit</b>	<b>2010-2011</b>		<b>2009-2010</b>	
		<b>Quantity</b>	<b>Value (Rs)</b>	<b>Quantity</b>	<b>Value (Rs)</b>
<b>B Sales</b>					
Hard Gelatin Capsule Shells	Million	5993.194	401,353,611	5714.956	356,817,435
Crushed Waste		-	1,334,100	-	716,750
Others		-	2,324,497	-	9,002,287
<b>TOTAL</b>		<b>5,993.194</b>	<b>405,012,208</b>	<b>5,714.956</b>	<b>366,536,472</b>
<b>C Finished Goods</b>					
(Hard Gelatin Capsule Shells)					
(a) Opening Stock	Million	427.098	22,667,080	158.390	8,385,876
(b) Closing Stock	Million	524.774	28,025,794	427.098	22,667,080
<b>D Raw Materials Consumed</b>					
(a) Gelatin	MT	483.330	127975931	432.800	105428507
(b) Colour, Dyes & Chemicals			6304491		5890139
(c) Others			-		-
			<b>134,280,422</b>		<b>111,318,646</b>
<b>E CIF Value of Imports</b>					
(a) Stores & Spares			544,743		848,177
(b) Capital Goods			7,177,615		3,146,639
(c) Raw material			14,680,920		8,904,840
<b>F Expenditure in Foreign Currency</b>					
(a) Travelling Expenditure			1,516,708		1,149,389
(b) Commission on Sales			675,258		879,454
(c) Others			765,100		7,856,040
<b>G Value of Raw Materials; and Stores &amp; Spare Parts Consumption</b>					
		(Rs)	(%)	(Rs)	(%)
(a) Raw Materials					
- Imported		14240291	10.60	10655301	9.57
- Indigeneous		120040131	89.40	100663345	90.43
- Others		-		-	
		<b>134,280,422</b>	<b>100.00</b>	<b>111,318,646</b>	<b>100.00</b>
(b) Stores & Spare Parts (Including debited to other heads)					
- Imported		65084	0.81	291497	4.42
- Indigeneous		7930868	99.19	6305217	95.58
		<b>7,995,952</b>	<b>100.00</b>	<b>6,596,714</b>	<b>100.00</b>
<b>H Earnings in Foreign Exchange</b>					
FOB Value of Exports	In Rs		84,997,045		99,920,230

19 Previous Year's figures have been regrouped wherever found necessary to conform with Current Years Classifications.

**20 Information pursuant to Notification GSR-386(E) dated 15th May 1995.**

**I Registration Details**

Registration No : L24302DL1973PLC189662  
State Code : 55

**Balance Sheet as at**

	<b>31<sup>st</sup> March 2011</b>	<b>31<sup>st</sup> March 2010</b>
	<b>(Rs in Thousand)</b>	<b>(Rs in Thousand)</b>
<b>II Capital raised during the year</b>		
Public Issue	--	--
Bonus Issue	46613	--
Right Issue	--	--
Private Placement	--	--
<b>III Position of Mobilisation &amp; Deployment</b>		
Total Liabilities	329,070	370817
Total Assets	329,070	370817
<b>Source of Fund</b>		
Paid up Capital	93,225	46,613
Reserves & Surplus	69,521	103,468
Secured Loans	135,739	178,148
Unsecured Loans	4,818	17,664
Deferred Tax Liability	25,766	24,925
<b>Application of Fund</b>		
Net Fixed Assets	242,864	264,964
Investments	6	6
Net Current Assets	86,199	105,847
Miscellaneous Expenditure	-	-
Accumulated Loss	-	-
<b>IV Performance of the Company</b>		
Turnover/Other Income etc	382,332	365,261
Total Expenditure	364,935	360,899
Profit before Tax	17,397	4,362
Profit after Tax	12,805	3,703
Basic & Diluted Earning Per Share (In Rs)	1.37	0.79
Dividend Rate (%)	-	-
<b>V Genetic Names of Principal Products of the Company</b>		
(As per Monetary Terms)		
Item Code (ITC Code) No	:	30039089
Product Description	:	Hard Gelatin Capsule Shells IP

As per our Report Annexed

FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO.  
Chartered Accountants  
Firm Reg. No. 302049E

Chairman cum Managing Director

Anil Kumarr Khaitan

**Sd/-**  
(B K SIPANI)  
PARTNER  
M. No. 88926

Directors

Mr. RK Niyogi IPS (Retd.)  
Mr. S N Balsubramanian  
Mr. Joginder Singh

New Delhi  
The 28<sup>th</sup> May' 2011

Manager-Legal cum Company Secretary

Mr. Virendra Garg