

"BEST SME FOR CORPORATE GOVERNANCE (SMALL)"
Winner of Business Today - Yes Bank SME Awards 2011

19^{th.}
Annual Report
2011-12



**Ishita Drugs &
Industries Limited**

"Our basic drugs in the service of humanity worldwide"

NINETEENTH ANNUAL REPORT AND ACCOUNTS

Board Of Directors	:	Mr. Jagdish Agrawal - Chairman & Managing Director Mr. P. R. Rastogi - Director Mr. Govind Gupta - Director Dr. S. K. Agrawal - Director Mrs. Abha Agrawal - Director
Bankers	:	Corporation Bank ICICI Bank Ltd. Punjab National Bank Citibank N.A.
Auditors	:	M/s. Kishor Goyai & Co. Chartered Accountants, Ahmedabad.
Corporate Office	:	11,Valmik Complex, Near Parimal Garden, C.G.Road, Ellisbridge, Ahmedabad - 380 006.
Registered Office & Factory	:	Survey No. 179/1, Village : Vasna-Iyava, Taluka : Sanand, District : Ahmedabad - 382 170.
Investors' Complaints may be addressed to	:	Mr.Suresh Parmar Share Department at Corporate office. E-mail: ishitadrugs@vsnl.net

ANNUAL GENERAL MEETING
On Saturday, 29th September, 2012
at 3.00 P.M. at Registered Office
of the Company

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Members of **ISHITA DRUGS AND INDUSTRIES LIMITED** will be held on Saturday, 29th September, 2012 at 3.00 P.M. at the Registered Office of the Company situated at Survey No. 179/1, Vasna-Iyava, Tal. Sanand, Dist. Ahmedabad to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2012, and the Balance Sheet as on that date, Directors' Report and the Auditors' Report thereon.
- To appoint a Director in place of Mr. Govind Gupta, who retires by rotation and, being eligible, offers himself for reappointment.
- To appoint a Director in place of Mrs. Abha Agrawal, who retires by rotation and, being eligible, offers herself for reappointment.
- To appoint the Auditors of the Company for the financial year 2012-13 and to fix their remuneration.

SPECIAL BUSINESS:

- To consider and if thought fit, to pass, with or without modification the following resolution as an **Special Resolution**.

"RESOLVED THAT subject to the provisions of section 198, 269, 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Jagdish Agrawal, be and is hereby appointed as Managing Director of the Company for a period of 3 years w.e.f. 01.10.2012, not liable to retire by rotation, on the remuneration including salary and perquisites to be paid or granted to him as laid out in the draft agreement between the Company and Shri Jagdish Agrawal placed before the meeting and initialed by the Chairman of the Board for the purpose of identification, be and the same is hereby approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized further to increase, enlarge, vary and including salary, dearness allowances, perquisites, commission and other allowance etc. up to the limits prescribed in this behalf under Schedule XIII of the companies Act, 1956 or any further statutory revision, modification, clarification or re-enactment thereof for the time being in force and / or the guidelines for managerial remuneration issued by the Central Government from time to time and from the date the statutory provisions and / or the guidelines coming into force without any further reference to the Company in General Meeting.

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, things, matters as may be considered necessary, desirable or expedient to give effect to this Resolution."

For and on behalf of the Board

Sd/-

Place: Ahmedabad
Dated: 25th May, 2012

Jagdish Agrawal
Managing Director

NOTES:

- A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a Member. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
- Members are requested to advise immediately any change in their address to the Company.
- The Member Register and Share Transfer books shall remain closed from 24.09.2012 to 29.09.2012 (both days inclusive).
- Demat facility is available for the Equity Shares of the Company under ISIN INE 806D01016. The members are requested to avail this facility for the shares held by them, as the shares of the Company are to be traded compulsorily in Demat form as per SEBI guidelines.

Explanatory Statement pursuant to Section - 173 (2) of the Companies Act, 1956.**Item No. 5 :**

Mr. Jagdish Agrawal is looking after the overall management of the Company. His term of appointment expires on 15.10.2012. Pursuant to the recommendation of the Remuneration Committee, the Board of Directors, proposes to reappoint him for a period of 3 years from 1st October, 2012 on the terms and conditions mentioned herein below:

- Salary: In the range of Rs. 2,00,000 – Rs. 2,50,000 per month, within which his basic salary, house rent allowance, special allowances, LTA, other allowances etc. would be determined, with annual increments, within the aforesaid range, as may be decided by the Board in accordance with the company's policy and provisions of Schedule XIII of the Companies Act, 1956.
- Perquisites : In addition to Salary Mr. Jagdish Agrawal will be entitled to the following perquisites / benefits.

CATEGORY – A

- Medical Reimbursement
Expenses incurred for the Director and his family, subject to a ceiling of one month's salary over a period of one year
- Leave Travel Concession
For self and his family, once in a year in accordance with the rules of the Company.
- Personal Accident Insurance
Premium not exceeding ₹ 15000/- per annum.

CATEGORY – B

- Company's contribution towards provident fund as per the rules of the Company.
- Company's contribution towards superannuation fund as per the rules of the Company.
- Gratuity as per the rules of the Company not exceeding one half month's salary for each completed year of service as a Director.

CATEGORY – C

- Free telephone facility at residence.
- Provision of car with driver for use on Company's business.
- Leave on full salary and perquisites for a period of one month for every eleven months service subject to a condition that leave accumulated but not availed of will not be allowed to be encashed.
- The Director shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The remuneration, inclusive of salary and perquisites, of Mr. Jagdish Agrawal would be governed by and subject to the ceilings prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956, or any other amendment, modification, verification or re-enactment thereof.

The explanatory statement together with the notice should be treated as an abstract of the terms of Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956. Mr. Jagdish Agrawal is deemed to be concerned or interested in this Resolution which pertains to his appointment and remuneration payable to him. Further Mrs. Abha Agrawal is deemed to be concerned in this resolution being relative of Mr. Jagdish Agrawal. None of the other Directors is concerned or interested in this Resolution.

Explanatory Statement pursuant to Section II of Schedule XIII of the Companies Act, 1956.

ITEM No. 5

I. GENERAL INFORMATION ABOUT THE COMPANY

The company is engaged in the business of manufacturing of various APIs (Active Pharma Ingredients) and drug intermediates. It has built up a reputation as a manufacturer of "high quality" products and is known for its ethical dealings in business. The company supplies its products to leading pharmaceutical companies of India. The products are also being exported to various countries across the world.

The management's view on the business operations and financial performance of the company, including export performance and earnings, is given under the Directors' Report forming part of the Annual Report of the company.

II. INFORMATION ABOUT THE APPOINTEE

Mr. Jagdish Agrawal, the Managing Director of the Company, has been associated with the company right from the conceptual stage till date. His current tenure is for a period of 5 years w.e.f 15.10.2007.

Mr. Jagdish Agrawal is a highly qualified person with a B. E. (Chemical Engineering) from U.D.C.T. Mumbai and a M.S. (Chem. Engg.) from University of Florida, USA. He has over 35 years of experience in the chemicals and pharmaceuticals industry and is widely acknowledged as an industry expert. He is a member of various Govt. Committees and Industry Association committees, in an advisory and executive role. He is also a first generation entrepreneur and often lectures at prestigious institutes of Ahmedabad on that subject. He was honoured with the UDYOG PATRA Award in 1982 at the hands of the Vice – President of India.

He has been at the helm of your Company for many years and is responsible for the overall strategic growth of the company as well as the day-to-day functioning of the company. Under his leadership, the company has been able to turn around and wipe out all carried forward losses. Being an industry expert he provides invaluable technical guidance to the production department and is fully involved at a micro level with all issues pertaining to the factory and production. He is also liaising with various regulatory bodies and govt. departments.

Recently, your Company was declared as the "BEST SME FOR CORPORATE GOVERNANCE (SMALL)" at the Business Today – Yes Bank SME Awards 2011 in New Delhi. The award is a reflection of the high ethical standards and transparency adopted by the company, under the leadership of Mr. Jagdish Agrawal, in its business dealings and serving of shareholders' interests.

The present remuneration of the Managing Director includes a salary of ₹ 135000/- per month and other perquisites, for the last two years.

The present salary is below the industry standard of salary for similarly qualified and experienced professionals at such high positions. In the last few years, the remuneration levels in the pharmaceutical industry have gone up significantly, at all levels and across all sizes of industry. It is becoming increasingly difficult to retain technically qualified people at lower salary levels.

It is now proposed to re-appoint Mr. Jagdish Agrawal at a salary of ₹ 200000/- per month and other perquisites, as per details given in the Notice to the AGM along with the Explanatory statement(s) forming part of the Notice, subject to approval of the shareholders

Mr. Jagdish Agrawal is related to Mr. Sumit Agrawal, CFO of your company.

III. OTHER INFORMATION

The company is presently in a phase of financial consolidation. The difficult times faced by the company during its initial years of operations had resulted in carried forward losses, which the company has been able to wipe off in the last few years. On account of its prior experiences, the company is presently working in certain low volume high margin niche products and also limiting its sales to few select prestigious customers. Consequently, the profits of the company are presently seen to be inadequate.

However, the company is now focusing on adjusting its growth strategy with the rapidly changing economic scenario. The present consolidation phase will provide a good launching pad to the company. The company is also working with some international merchant exporters to increase its exports as also trying to identify some high volume, low margin products to improve capacity utilization of its facilities. The Board of the company has also decided to commence business activities in areas of agri-commodities. All these steps should improve the working of the company in the next few years.

IV. DISCLOSURES

The remuneration paid to managerial person(s) in 2011-2012 was ₹ 28,20,000. Other disclosures are mentioned under the heading "Corporate Governance" in the Director's Report attached to the Annual Report.

The proposed remuneration of the Managing Director is within the ceiling limits prescribed under Paragraph 1(B) of Section II of the Schedule XIII of the Companies Act, 1956. The proposed enhancement in salary has been approved by a resolution passed by the Remuneration Committee.

The explanatory statement together with the notice should be treated as an abstract of the terms of Agreement and Memorandum of concern or interest under section 302 of the Companies Act, 1956. Mr. Jagdish Agrawal is deemed to be concerned or interested in this resolution, as resolutions at Item No.5 pertains to his re-appointment and fixing of his remuneration. Mrs. Abha Agrawal is deemed to be concerned in this resolution being relative of Mr. Jagdish Agrawal. None of the other Directors is concerned or interested in these Resolutions.

For and on behalf of the Board

Sd/-

Jagdish Agrawal
Managing Director

Place: Ahmedabad
Dated: 25th May, 2012

DIRECTORS' REPORT

Dear Shareholders,
We have pleasure in presenting the **Nineteenth Annual Report** together with the Audited Accounts of your Company for the year ended on 31st March-2012.

WORKING RESULTS

	Rupees in Lacs	
	For the year ended 31.03.2012	For the year ended 31.03.2011
Turnover & other incomes	550.69	894.28
Operating gross profit	41.59	68.16
Financial Charges	(2.81)	(2.08)
Depreciation	(7.83)	(7.43)
Profit before tax	30.95	58.64
Provision for Income Tax	(9.00)	(18.00)
Deferred Tax Assets	(1.16)	(1.60)
Net profit / loss (-)	20.80	39.04
Previous period adjustment	(0.03)	(0.18)

DIVIDEND

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

BUSINESS OPERATIONS & FINANCIAL PERFORMANCE

The overall recessionary conditions prevailing all over the world during the period under review affected the exports of your company and the total exports (direct and indirect) declined to ₹ 74.91 lakh from ₹ 415.15 lakh during the previous year. Consequently, the turnover of the company also declined to ₹ 550.69 lakh (PY ₹ 894.28 lakh). This also led to a corresponding decline in the Profit before tax to ₹ 30.95 lakh (PY ₹ 58.64 lakh).

During the year under review, the company has increased its investments in agro-commodities out of its surplus funds. This has not only helped in diversifying the business risk, but also improved returns on the idle funds, thereby helping maintain the profitability during recessionary conditions. The company would continue to look for more opportunities in this area.

ACHIEVEMENTS

The Board is pleased to inform you that your company has been declared the "BEST SME FOR CORPORATE GOVERNANCE (SMALL)" at the Business Today – Yes Bank SME Awards 2011.

The prestigious award was received by Mr. Jagdish Agrawal, Managing Director, on behalf of your company at the hands of Shri Virbhadra Singh, Hon'ble Minister for Micro, Small and Medium Enterprises, at a glittering ceremony at The Grand, New Delhi. The award ceremony was attended by over 300 CEOs and entrepreneurs from around the country. The award is a reflection of the high ethical standards and transparency adopted by the company in its business dealings and serving of shareholders' interests.

The Business Today – YES Bank SME Awards seek to recognize the performance of SMEs in the country in 12 different categories. The 2011 edition of these Awards had received more than 2,80,000 applications from SMEs located all over India. All the applicants were evaluated in three phases – quantitative analysis, detailed survey and a final selection by a jury comprising eminent personalities from the corporate world.

The management of your company has always believed in establishing good Corporate Governance practices so that positive aspects of a small business is combined with the assurance that investors' interest would be recognized and addressed. This award is a reflection of the confidence in and the support enjoyed by the management of the company from all its shareholders.

FUTURE OUTLOOK

In the current year, the company intends to focus on looking for alternate export products and markets, so as to get back on the growth path. The management of the company has redoubled its efforts to increase the exports (direct and indirect), which would be the key for future growth.

PERSONNEL

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

DIRECTORS

Mr. Govind Gupta and Mrs. Abha Agrawal retire by rotation, and being eligible, have offered themselves for reappointment. The Board recommends their re-appointment.

The tenure of the Managing Director, Mr. Jagdish Agrawal, expires on 15.10.12. It is proposed to appoint him as Managing Director for a further period of 3 years w.e.f. 01.10.12, at the terms and conditions, details of which are given in the Notice to the AGM and the Explanatory Statement(s) forming part of the Notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- i. that in the preparation of annual accounts, the applicable accounting standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2012 and of the profit of the Company for the year;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

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

STATUTORY AUDITORS

The Company, in its last annual general meeting, had appointed M/s. Kishor Goyal & Co. as auditors for the year 2011-12. The remarks made in the Auditors' report are self-explanatory.

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

COST AUDITOR

Pursuant to the Government Order no.52/26/CAB-2010 dated 02/05/11 under Section 233B of the Companies Act, 1956, the Company has appointed Malahar A. Dalwadi, Cost Accountant, Ahmedabad (Membership No. 30680) as the Cost Auditor of the Company for the financial year ended 31st March, 2012, for audit of cost accounting records relating to the products manufactured by your company.

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

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

CORPORATE GOVERNANCE

Provisions of Clause 49 of the Listing Agreement relating to Corporate governance are not applicable to the Company. However, with a view to increase investors' trust and transparency in its operations, the Board has

decided to voluntarily adopt and follow some of the provisions of the Clause 49 of the Listing Agreement. A separate Report on Corporate Governance forms part of this Annual Report.

ACKNOWLEDGMENT

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

For and on behalf of the Board

Place: Ahmedabad
Dated: 25th May, 2012

Sd/-
Jagdish Agrawal
Managing Director

ANNEXURE**CONSERVATION OF ENERGY**

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

FORM - A

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

POWER AND FUEL CONSUMPTION

	2011-12	2010-11
(1) Electricity		
(a) Purchased units KWH (GEB)	129120	149094
Total amount Rs.	878703	914600
Average Rate per Unit ₹	6.81	6.13
(b) Own Generation through D.G.		
Amount of Diesel ₹	—	—
Units of Diesel consumed (Ltrs)	—	—
(2) Other Fuels ₹	604889	619012

CONSUMPTION PER UNIT OF PRODUCTION

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

RESEARCH AND DEVELOPMENT

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

FORM-B

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

(A) Research and Development (R&D)

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

Research and Development efforts will be continued in process development. The Company is considering technical tie-ups

with Indian and Foreign research institutes for new molecules in the chemical and biotechnology spheres.

4. Expenditure on R & D :

	2011-12	2010-11
(a) Capital	—	—
(b) Recurring	₹ 135860	₹ 207175
Total (a+b)	₹ 135860	₹ 207175
(c) Total R&D expenditure as a percentage of total turnover	0.25%	0.23%

(B) Technology Absorption, Adaptation and Innovation

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

(C) Foreign exchange earnings and outgo

- Foreign Exchange Earning - ₹ 638808 (PY ₹ 5069523)
- Foreign Exchange Outgo - ₹ 1292261 (PY ₹ 4939200)

For and on behalf of the Board

Place: Ahmedabad
Dated: 25th May, 2012

Sd/-
Jagdish Agrawal
Managing Director

REPORT ON CORPORATE GOVERNANCE & GENERAL SHAREHOLDER INFORMATION

A. REPORT ON CORPORATE GOVERNANCE

I. Company's philosophy on Corporate Governance:

Your company has always adapted the highest ethical standards in business and good Corporate Governance practices so that positive aspects of a "family-run" business are combined with the assurance that investors' interests would be recognized and addressed.

The salient features of the company's philosophy on corporate governance are:

1. Compliance with all Statutory laws as also other rules / requirements regarding directors / related person remuneration, disclosures, etc.
2. Clear separation of company owned resources and personal accounts
3. Reliance on structures and processes that are recognized as good and moral corporate practices rather on "family" persons, making it a truly professionally managed Company.
4. Full transparency in functioning and accountability of management to the Board
5. Internal controls and Risk management under supervision of Independent Directors

With transparent and honest administrative practices, the management of your company believes it can further increase investors trust and work responsibly to maximize all shareholders value.

II. Board of Directors:

Composition:

As on date, the Board of Directors of your Company comprises five (5) Directors of which three (3) are Non-Executive/Independent Directors, one (1) is a Non-Executive Promoter Director and one is Managing Director of the Company. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. All directors, except the Managing Director, retire by rotation every two years. The details of the Directors being re-appointed on retirement by rotation at the ensuing Annual General Meeting are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

The term of Mr. Jagdish Agrawal as the Managing Director expires on 15th October, 2012 and consequently it is proposed to appoint him for a further tenure of 3 years and the terms and conditions of his appointment are mentioned in the Notice to the Annual General meeting and the Explanatory statement(s) forming part of the Notice.

Number of Board Meetings:

During the financial year ended on March 31, 2012, five (5) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed four (4) months.

Date(s) on which meeting(s) were held :

Board Meeting were held on 30/04/11, 30/07/11, 25/08/11, 20/10/11 & 23/01/12.

The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business.

Committees of the Board:

Currently, there are THREE (3) Committees of the Board, namely: Remuneration Committee, Shareholders / Investors Grievance Committee and Share Transfer Committee. The Board decides the terms of reference for these Committees. The minutes / report of the meetings of the Committees are placed before the Board for information and action thereon, if any. The details as to the composition, terms of reference, number of meetings etc., of these Committees are provided hereunder:

REMUNERATION COMMITTEE :

Composition and terms of reference:

The Remuneration Committee comprises of four (4) Directors and Mr. Govind Gupta, Independent Director, acts as the Chairman of the Committee. The Committee's terms of reference includes, inter-alia, reviewing and recommending to the Board – the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 314 of the Companies Act, 1956.

Date(s) on which the meeting(s) were held

During the financial year ended 31st March 2012, four (4) Committee Meetings were held on 30/04/11, 30/07/11, 20/10/11 & 23/01/12.

Details of remuneration paid to the Directors of the Company are as follows:

Managing Director:

The present remuneration of the Managing Director includes a salary of ₹ 135000/- per month and other perquisites, as approved by the Remuneration committee and shareholders at the AGM held on 30th September, 2010. For the financial year 2011-12, the remuneration payable to Mr. Jagdish Agrawal is reviewed by the Remuneration Committee.

The present remuneration is below the industry standard of salary for similarly qualified and experienced professionals at senior positions. In the last few years, the remuneration levels in the pharmaceutical industry have gone up significantly, at all levels and across all sizes of industry.

Since the tenure of Mr. Jagdish Agrawal is expiring on 15.10.12, it is proposed to re-appoint him as Managing Director at a salary of ₹ 200000/- per month and other perquisites, as per details given in the Notice to the AGM along with the Explanatory statement(s) forming part of the Notice, subject to approval of the shareholders.

The remuneration proposed to be paid to him has been approved by the Remuneration Committee of the Board of Directors of the Company. The remuneration payable to him is commensurate with the responsibility conferred upon him by the Board, the size of the Company and scope of its operations as well as taking into account external benchmarks. The remuneration is within the limits prescribed under Schedule XIII of the Companies Act 1956.

Non-Executive Directors:

The Non-Executive Directors on the Board of your company are very senior and experienced professionals, and play a crucial role in defining the overall growth strategy of the company. They also play a pivotal role in safeguarding the interests of the investors at large by playing an appropriate control role. Their active involvement in the company's business processes and their independent views ensure a very high level of governance in the company.

The Non Executive directors are providing honorary services and have not been paid any salary, sitting fees, performance based incentives or any stock options during the financial year 2011-12.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

Composition and terms of reference:

The Board of Directors of the Company has constituted the Shareholders/ Investors Grievance Committee which is chaired by an Independent Director to specifically look into the redressal of shareholders queries and complaints.

The terms of reference of the Committee include, inter-alia, the following:

1. To specifically look into queries and complaints received from the shareholders of the Company,
2. To oversee the performance of the Registrar and Transfer Agent of the Company, and
3. To recommend measures for overall improvement in the quality of services to the investors.

Date(s) on which the meeting(s) were held

During the financial year 2011-12, the Committee met four times on 30/04/11, 30/07/11, 20/10/11 & 23/01/12. There were no pending complaints at the end of the financial year 2011-12.

SHARE TRANSFER COMMITTEE:

Composition and terms of reference:

The Board of Directors of the Company has constituted the Share Transfer Committee to monitor, supervise and approve the requests received from the shareholders and others, for transfers, transmissions, etc. The requests are handled by the Company in co-ordination with Sharepro Services

(India) Private Limited, the Company's Registrar and Transfer Agent. The Share Transfer Committee has been delegated powers to administer the following:

1. To effect transfer of shares;
2. To effect transmission or deletion of shares;
3. To issue duplicate share certificates, certificates on requests for rematerialisation, consolidation or split etc.
4. To approve the register of members as on the record date and/ or book closure dates for receiving any corporate benefits.

Date(s) on which the meeting(s) were held

During the financial year 2011-12, the Committee met four times on on 30/04/11, 30/07/11, 20/10/11 & 23/01/12.

III. General Body Meetings:

The venue and the time of the last three Annual General Meetings of the Company are as follows:

Year	Location	Meeting Date	Time	No. Of Special Resolution set out at the AGM
2010-11	Survey No. 179/1,	30/09/11	3.00 p.m	Nil
2009-10	Village : Vasna-lyava, Ta.Sanand	30/09/10		2
2008-09	Dist. A-bad	30/09/09		Nil

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

IV. Disclosures:

1. Disclosures on materially significant related party transactions:

Your Company has not entered into any transaction of a material nature except transactions with related parties which are furnished under Notes to the Financial Statements as stipulated under Accounting Standard 18 (AS-18), with the Promoters, Directors or the Management, their subsidiaries or relatives etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

2. Disclosures on non-compliances by the Company :

Your Company has complied with all the requirements of the Stock Exchange(s) and the Securities Exchange Board of India on matters related to Capital Markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

3. Disclosure of Accounting Treatment:

Your Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 and relevant provisions of the Companies Act, 1956. In preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standards.

4. Details of compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement:

As already mentioned in the Director's Report, the provisions of the Clause 49 of the Listing Agreement do not apply to the Company. However, the company has voluntarily chosen to adopt and follow certain provisions of the Clause 49 of the Listing Agreement.

B. GENERAL SHAREHOLDER INFORMATION:

1. AGM for F. Y. 2011-12	29/09/2012 at 3.00 p.m at Survey No. 179/1, Village : Vasna-lyava, To Sanand, Dist, A-bad.			
2. Dates of Book closure	24/09/2012 to 29/09/2012 (both days inclusive)			
3. Listing on Stock Exchanges	BSE (Stock Code : 524400) & ASE (Stock Code : 26940)			
4. Share Registrar	Sharepro Services (India) Private Limited, 13AB Samhita Warehousing Complex, 2 nd floor, Sakinaka, Andheri (E), Mumbai-400072			
5. Share Transfer System	The Shares of the compny are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects.			
6. De-materilisation of Shares	As on 31/03/12, over 75% shares of the company were held in de-materialised form			
7. Market Data, High, Low & volume during each month in last financial year	Month	High	Low	Volume (Nos.)
	Apr-11	53.75	37.25	85,279
	May-11	40.80	32.45	60,992
	Jun-11	37.00	26.15	37,861
	Jul-11	47.80	24.35	1,57,499
	Aug-11	47-50	41.60	1,47,435
	Sep-11	52.35	39.40	1,63,862
	Oct-11	45.75	28.25	43,419
	Nov-11	33.90	24.85	78,778
	Dec-11	34.55	24.85	29,434
	Jan-12	31.50	25.30	59,605
	Feb-12	29.25	25.40	17,458
Mar-12	27.60	22.40	44,107	
8. Plant Locations	Survey No.179/1, Village : Vasna-lyava, Ta, Sanand, A-bad			
9. Address for correspondence	11-Vamik Complex, Nr. Parimal Garden, Paldi, Ahmedabad-380006			

GREEN INITIATIVE IN CORPORATE GOVERNANCE:

Pursuant to Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, Ministry of Corporate Affairs (MCA) has launched "Green Initiative in Corporate Governance" whereby the companies are allowed to send notices, documents and other communication to the shareholders in electronic mode. In view of the above circulars issued by MCA, from the current financial year 2012-13, your Company proposes to send documents like the Notice convening the general meetings, Financial statements, Directors' Report, Auditors' Report, etc to the email address provided by you to your Depository Participant (DP)/ Company's Registrar, Sharepro Services (India) Private Limited. Your Company encourages its shareholders to support the "Green Initiative" by registering their email addresses with their respective depositories/ Company's Registrar and Transfer Agent and intimate changes in the email address from time to time.

AUDITORS' REPORT**TO THE SHAREHOLDERS OF ISHITA DRUGS AND INDUSTRIES LTD.**

We have audited the attached Balance Sheet of Ishita Drugs and Industries Limited as at 31st March-2012 and also the Profit & Loss account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

- 1) As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - iii. The Balance Sheet, Profit & 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 & 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 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes on accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Kishor Goyal & Co.
Chartered Accountants

Sd/-
(Kishor Goyal)
Partner
Membership No.047286

Place : Ahmedabad
Dated : 25th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the Fixed Assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed of any substantial / major part of the Fixed Assets.
2. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given

to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.

3. According to the information and explanations given to us, the Company has not taken / granted any loan from parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly clause (iii) (b) (c) & (d) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - a. Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under Section 301 have been so entered.
 - b. In our opinion and according to the explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding in the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at that time.
6. The Company has not accepted deposits from the public and has complied with the directives issued by the Reserve Bank of India from time to time in this regard.
7. The Company has no internal audit system as the volume of commercial production has not reached optimum levels.
8. Pursuant to the Government Order no.52/26/CAB-2010 dated 02/05/11 under Section 233B of the Companies Act, 1956, the Company has appointed Malahar A. Dalwadi, Cost Accountant, Ahmedabad (Membership No. 30680) as the Cost Auditor of the Company for the financial year ended 31st March, 2012, for audit of cost accounting records relating to the products manufactured by your company.
9. According to the records of the Company and information given to us, Company is regular in depositing P.F. etc. with the appropriate authority and there are no arrears of such dues.
10. The accumulated losses of the Company have not exceeded fifty per cent of its net worth as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and on the basis of the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
12. According to our examinations of the records of the Company and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. Based on the examinations of the records and evaluation of the internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, Company has not given guarantees for loans taken by others from banks or financial institutions during the year.
16. On the basis of examinations of records and as per the information and explanations given to us, the Company has not raised any term loan during the year.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term or long-term basis during the year.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanation given to us, the Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For Kishor Goyal & Co.
Chartered Accountants

Sd/-
(Kishor Goyal)
Partner
Membership No.047286

Place : Ahmedabad
Dated : 25th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

S. N.	Particulars	Note No.	As at 31-03-12 Amount in ₹	As at 31-03-11 Amount in ₹
I	EQUITY AND LIABILITIES			
1	Share Capital			
	(a) Share Capital	A	29903000	29903000
	(b) Reserve and Surplus	B	16608095	14530865
	Total (1)		46511095	44433865
2	Non Current Liabilities			
	(a) Long Term Borrowings	C	129629	443298
	(b) Deferred Tax Liabilities (net)		699747	584223
	Total (2)		829376	1027521
3.	Current Liabilities			
	(a) Short Term Borrowings	D	92260	2717310
	(b) Trade Payables		5724503	21968404
	(c) Other Current Liabilities	E	358995	827771
	(d) Short Term Provisions	F	840774	719250
	Total (3)		7016531	26232735
	Total (1+2+3)		54357002	71694120
II	ASSETS			
1.	Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	G	9610143	9790940
	(ii) Capital Work in progress		202482	202482
	(b) Non Current Investment	H	1536900	1536900
	(c) Long-term Loans & Advances	I	493200	493200
	Total (1)		11842725	12023522
2.	CURRENT ASSETS			
	(a) Current Investment	J	15124317	12000000
	(b) Inventories	K	6668946	13226327
	(c) Trade Receivables		10804437	26435490
	(d) Cash and Cash Equivalents	L	9355838	6217215
	(e) Short Term Loans and Advances	M	438667	1701541
	(f) Other Current Assets	N	122072	90026
	Total (2)		42514278	59670599
	Total (1+2)		54357002	71694120

Notes on Accounts & Significant Accounting Policies O

As per our attached report of even date.

For Kishor Goyal & Co.
Chartered Accountants

Sd/-
Kishor Goyal
Partner

Ahmedabad,
Dated : 25th May, 2012

Sd/-
Jagdish Agrawal
Managing Director

Sd/-
Mrs. Abha Agrawal
Director

Ahmedabad,
Dated : 25th May, 2012

Sd/-
Govind Gupta
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

S. N.	Particulars	Note No.	Year 2011-12 Amount in ₹	Year 2010-11 Amount in ₹
	REVENUES			
I	Revenue from operation		53606239	88290158
II	Other Income	PL-1	<u>1462922</u>	<u>1122947</u>
III	Total Revenue (I+II)		55069161	89413105
IV	EXPENSES			
	(a) Cost of Material Consumed	PL-2	20358833	55813669
	(b) Purchase of Stock in Trade	PL-3	9721722	9772138
	(c) Changes in inventories of finished goods, work-in- Progress and Stock-in-Trade	PL-4	6251638	(3628520)
	(d) Employee benefit expenses	PL-5	5007079	4431791
	(e) Financial Charges	PL-6	280985	207599
	(f) Depreciation		782964	742545
	(g) Manufacturing and other Exp.	PL-7	<u>9570505</u>	<u>16209495</u>
	Total Expenses		51973727	83548716
V	Profit before exceptional and extra ordinary Item and tax (III-IV)		3095435	5864389
VI	Tax Expense			
	(a) Previous Year's Tax		2680	18494
	(b) Provision for Income Tax		900000	1800000
	(c) Provision for Deferred Tax		115524	159721
VII	Profit (Loss) for the Period (V+VI)		2077231	3886174
VIII	Earning Per Equity Share			
	(a) Basic		0.69	1.30
	(b) Diluted		---	---

Notes on Accounts & Significant Accounting Policies O

As per our attached report of even date.

For Kishor Goyal & Co.
Chartered Accountants

Sd/-
Jagdish Agrawal
Managing Director

Sd/-
Govind Gupta
Director

Sd/-
Kishor Goyal
Partner
Ahmedabad,
Dated : 25th May, 2012

Sd/-
Mrs. Abha Agrawal
Director
Ahmedabad,
Dated : 25th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	For the year 2011-12 Amount in ₹	For the year 2010-11 Amount in ₹
A Cash flow from operating activities :		
Profit before tax	3095435	5864389
Add : Depreciation	782964	742545
Interest & Other financial charges	280985	384321
Loss On Sale of Fixed Assets	---	362837
Less : Interest received	1107386	952083
Dividend received	1500	1500
Income from Investments	326163	100109
Operating profit before change in working capital	<u>2724334</u>	<u>61236678</u>
Add : Trade Debtors	15631053	(15492996)
Decrease / (Increase) in Inventory	6557381	5631205
Decreases / Increase) in Loans and advances	1230827	(607496)
Less : Provision for Taxation	900000	1800000
Prior Period Expenses	2680	18494
Trade creditors / Current Liabilities / Provisions	<u>16468334</u>	<u>(5423009)</u>
Net cash generated from operating activities (A)	8772581	(741094)
B Cash inflow from investing activities :		
Add : Investment sold / (purchased)	(3124317)	(8500000)
Dividend received	1500	1500
Income from Investments	326163	100109
Profit on sale of fixed assets	---	---
Less : Capital work in progress	---	202482
Loss on Sale of Fixed assets	---	362837
Investment in fixed assets	<u>602167</u>	<u>403931</u>
Net cash generated from investing activities (B)	(3398821)	(9367641)
C Cash flow from financial activities :		
Add : Interest received	1107386	952083
Add: Borrowing	(3061538)	2865899
Less : Interest & Other financial charges	280985	207599
Net cash generated from financial activities (C)	<u>(2235137)</u>	<u>3610383</u>
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	3138623	(6498352)
Opening balance of Cash and cash equivalents	6217215	12715567
Closing balance of Cash and cash equivalents	<u>9355838</u>	<u>6217215</u>
Net Increase/(decrease) in Cash & Cash Equivalents	<u>3138623</u>	<u>(6498352)</u>
Note : Figures in bracket indicate negative value		

Correctly extracted from Audited accounts of the Company

Sd/-
Mrs. Abha Agrawal
Director

Sd/-
Jagdish Agrawal
Managing Director

Sd/-
Govind Gupta
Director

Place : Ahmedabad,
Dated : 25th May, 2012

Auditors' Certificate

We have verified the above cash flow statements of Ishita Drugs And Industries Limited from the audited financial statement for the year ended on 31st March, 2012 and found the same to be drawn in accordance therewith and also with requirements of clause 32 of the listing agreement with the Stock Exchanges.

For Kishor Goyal & Co.
Chartered Accountants

Place : Ahmedabad,
Dated: 25th May, 2012

Sd/-
Kishor Goyal
Partner

Notes	As at 31-Mar-12 Amount in ₹	As at 31-Mar-11 Amount in ₹
A Share Capital		
(1) Authorised :		
35,00,000 Equity Shares of Rs. 10/- each	35000000	35000000
(2) Issued, Subscribed and paid up :		
2990300 Equity Shares of Rs.10/- each fully paid up	29903000	29903000
Total	29903000	29903000
B Reserve & Surplus		
1 Capital Reserve		
State Cash Subsidy	1500000	1500000
2 General Reserve		
As per Last Balancesheet	12866365	8980191
Add : Transfer surplus in Statement of profit & Loss A/c	2077231	3886174
	14943595	12866365
3 Forfeited Shares	164500	164500
	16608095	14530865
C Long Term Borrowings		
HDFC Bank Ltd. - Vehicle Loan	129629	443298
Total	129629	443298
D Short Term Borrowings		
Cash Credit (Against Hypothecation of Stocks & receivables)	92260	2717310
	92260	2717310
E Other Current Liabilities		
Current Maturities of Long term debts (Vehicle Loan)	314669	437488
TDS Payable	44326	185491
Current year's tax payable (Net of advance tax)	---	204792
Total	358995	827771
F Short Term Provisions		
(a) Provision for Employee Benefits	22154	20769
(b) Others	818620	698481
Total	840774	719250
G Fixed Assets		

Particulars	Gross Block				Depreciation				Net Block	
	As at 01/04/11 ₹	Addition ₹	Deduction ₹	As at 31/03/12 ₹	As at 01/04/11 ₹	Addition ₹	Deduction ₹	As at 31/03/12 ₹	As at 31/03/12 ₹	As at 31/03/11 ₹
Factory Land	904811	---	---	904811	---	---	---	---	904811	904811
Plant and Machinery	20061354	341966	---	20403320	17349359	271436	---	17620795	2782525	2711998
Laboratory Equipment	1163765	110915	---	1274681	777544	59259	---	836803	437878	386222
Cylinders	14441	---	---	14441	14441	---	---	14441	---	---
Effluent Treatment Plant	1608641	---	---	1608641	1528209	---	---	1528209	80432	80432
Factory Building	5891110	---	---	5891110	2807448	196763	---	3004211	2886899	3083662
Office Building	1264568	---	---	1264568	343502	20612	---	364114	900545	921062
Furniture and Fixtures	750816	60623	---	811439	699323	49211	---	748534	62905	51492
Office Equipment	309195	---	---	309195	266658	2646	---	269304	39891	42532
Computers	482366	888663	---	571029	341608	31305	---	372913	198116	140752
Vehicles	1622607	---	---	1622607	154643	151732	---	306375	1316232	1467962
Total	34073674	602167	---	34675841	24282734	782964	---	25065698	9610143	9790940
Previous Year	33908933	891768	727027	34073674	23779379	742545	239190	24282734	9790940	10129552

Notes	As at 31-Mar-12 Amount in ₹	As at 31-Mar-11 Amount in ₹
H Non Current Investment :		
(a) Unquoted		
500 Equity of Textile Traders Co-operative	12500	12500
Bank Ltd. Each of ₹ 25 fully paid up		
70000 Shares of Umang Financial Services Ltd Each of ₹ 10/- fully paid up	700000	700000
3000 Shares of Anvi Lifescience Pvt. Ltd Each of ₹ 100/- fully paid up	600000	600000
Aggregate value of Unquoted Investment At Cost ₹ 1312500 (PY ₹ 1312500)		
(b) Quoted		
204 Shares of Jet Airways Each of ₹ 10/- fully paid up (Market value ₹ 66596 (PY ₹ 91219))	224400	224400
Total	<u>1536900</u>	<u>1536900</u>
I Long Term Loans and Advances		
Security Deposits	493200	493200
(Unsecured Considered Good Unless Otherwise stated)		
Total	<u>493200</u>	<u>493200</u>
J Current Investment		
Investment in units of Mutual Fund	15124317	12000000
Total	<u>15124317</u>	<u>12000000</u>
K Inventories :		
As taken, valued and certified by the M.D.		
Raw material (at cost)	2282310	1152001
Raw material in transit (at cost)	1017712	1046306
Work in Process (at cost)	3315542	9567180
Packing, Fuel Etc. (at cost)	53382	44187
Closing Stock of Traded goods	—	1416653
Total	<u>6668946</u>	<u>13226327</u>
L Cash & Cash Equivalent :		
Cash on Hand	41910	31894
Banks Balance		
In Current Accounts	257542	133417
In EEFC Accounts	12920	12920
In Fixed Deposite Accounts	9043466	6038984
Total	<u>9355838</u>	<u>6217215</u>
M Short term Loans & Advances :		
(Unsecured - Considered good)		
Advances recoverable in cash or kind or for value to be received	277929	1701541
Advance Payment of Income Tax (Net of Provision)	160738	---
Total	<u>438667</u>	<u>1701541</u>
N Other Current Assets :		
Prepaid Expenses	122072	90026
Total	<u>122072</u>	<u>90026</u>
PL-1 Other Income :		
Discount & Kasar	27873	(22360)
Dividend Income	1500	1500
Interest Income	1107386	952083
Income From Investments	326163	100109
Foreign Exchange Gain	---	91615
Total	<u>1462922</u>	<u>1122947</u>
PL-2 Cost of Materials Consumed :		
Consumption of Raw Material	20267542	55372229
Consumption of Packing Material	91291	441439
Total	<u>20358833</u>	<u>55813669</u>

Notes		For the year 2011-12 Amount in ₹	For the year 2010-11 Amount in ₹
PL-3 PURCHASES OF TRADED GOODS			
Consumption of Goods Traded		9721722	9772138
	Total	<u>9721722</u>	<u>9772138</u>
PL-4 INVENTORY ADJUSTMENTS			
(a) Opening Stock			
Manufacturing Goods		---	---
Work in process		9567180	5938660
		<u>9567180</u>	<u>5938660</u>
(b) Closing Stock			
Manufacturing Goods		---	---
Work in process		3315542	9567180
		<u>3315542</u>	<u>9567180</u>
Net Inventory Adjustments (a-b)	Total	<u>6251638</u>	<u>(3628520)</u>
PL-5 EMPLOYEE BENEFITS EXPENSE			
Salary & wages & Bonus		3292676	3004361
Gratuity		1385	1385
Staff Welfare Exp.		62370	11782
Director's Remuneration		1620000	1360000
Contribution for Provident Fund		30648	54263
	Total	<u>5007079</u>	<u>4431791</u>
PL-6 FINANCIAL CHARGES			
Interest		89888	61608
Other financial charges		191097	145991
	Total	<u>280985</u>	<u>207599</u>
PL-7 OTHER EXPENSES			
A. MANUFACTURING EXPENSE			
Stores & Spare		535349	1617188
Power & Fuel		1483592	1533612
Repairs to Plant & machinery		170128	104993
Conversion charges		37598	101401
Laboratory Exp.		30449	54817
Research & Development Expenses		135860	207175
Excise duty on sales		3788800	7983849
ETP Maintenance exp.		144044	96966
		<u>6325820</u>	<u>11700001</u>
B ADMINISTRATIVE EXPENSE			
Books & Periodicals		16537	16939
Repairs To Building		154725	174871
Repairs To Others		126862	76682
Insurance Exp.		113915	112037
Security Exp.		152392	106609
Printing & Stationery Exp.		79947	71541
Postage & Telephones		126333	151321
Office and General Exp.		298084	390400
Motor Car Expenses		148727	183483
Payment to Auditor		15000	15000
Legal & Professional fees		113547	171462
Listing, filling & license fees		38936	35570
Share Transfer Exp.		24500	39619
Loss on sale of fixed assets		---	362837
Rent,Rates & Taxes		873007	317136
		<u>2282512</u>	<u>2225506</u>
C SELLING & DISTRIBUTION EXPENSE			
Traveling & Conveyance		540927	448726
Freight & Forwarding		220678	373839
Sales Commission		26894	1370747
Advertisement		173674	90676
		<u>962173</u>	<u>2283988</u>
GRAND TOTAL (A + B + C)	Total	<u>9570505</u>	<u>16209495</u>

NOTE - O SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2012.

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

ACCOUNTING CONVENTION

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

FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

DEPRECIATION

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

INVESTMENTS

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

INVENTORIES

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

MODVAT

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

SALES

Sales are accounted inclusive of excise duty.

FOREIGN CURRENCY TRANSACTIONS

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

EXCISE DUTY

As per past practice, the Company is accounting for liability for excise duty on finished goods lying in factory premises as and when the same are cleared. Accordingly, estimated liability amounting to ₹ NIL (P.Y. ₹ NIL) in respect of such goods as on 31.03.2012 has not been provided for in the accounts and hence not included in valuation of inventory. Non-provision of this liability will not affect profit for the year.

CUSTOM DUTY

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

PROVISION FOR RETIREMENT BENEFITS

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

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

EXPENSES

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

TIMING REVENUE RECOGNITION

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

TAXATION

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

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

CASH FLOW STATEMENT

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

CONTINGENT LIABILITIES

All liabilities have been provided for in the accounts except liabilities of a contingent

nature, which have been disclosed at their estimated value in the notes on accounts.

IMPAIRMENT OF ASSETS

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

PRIOR PERIOD ITEMS

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

NOTES:

- Tax provision for income tax has been made as per the Income Tax Act, 1961.
- Debit and credit balances in respect of debtors, loans and advances and creditors are subject to confirmation and reconciliation.
- In accordance with the Accounting Standard AS-11 issued by the Institute of Chartered Accountants of India, net loss of ₹ 0.20 lacs (PY gain of ₹ 0.92 lacs) due to foreign exchange fluctuations arising on foreign currency transactions has been considered in the Profit and Loss Account.
- In the year under review, the Company has provided the gratuity ₹ 1385 (P.Y. ₹ 1385) towards gratuity calculated up to the date of Balance Sheet date according to the Gratuity Act on incremental basis.
- The company has provided for deferred tax of ₹ 115524 (P.Y. ₹ 159721) for the year under review as per AS-22 in the profit and loss account.
- Contingent liability to the extent not provided for: ₹ NIL (P.Y. ₹ NIL)
- Previous year figures have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.
- Estimated amount of capital contracts remaining to be executed and not provided for net of advance paid: ₹ NIL (P.Y. ₹ NIL).
- Managerial Remuneration paid:

	2011-12	2010-11
	Mg. Dir.	Mg. Dir.
(a) Salary Rs.	1620000	1260000
(b) Perks/ Reimbursement Rs.	----	100000

	2011-12	2010-11
10. Payment to Auditors		
As an auditor	15000	15000
For Taxation & Other works	10000	10000
For Tax Audit	7000	7000
Out of Pocket Expense	5000	5000

- The Company has not received any information from any of the suppliers of their status as Small Scale Industrial Unit. Hence, the amounts due to them outstanding as at 31st March 2012 is not ascertainable.

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

- List of related parties
 - Subsidiaries: The Company does not have any subsidiary Company.
 - Key Management personnel
Mr. Jagdish Agrawal
Mr. Sumit Agrawal
 - Relatives of Key Management Personnel
Ishita Pharmaceuticals
J & J Chemicals

b. Transactions / balances outstanding with Related parties

Particulars	Key Management Relative	Relatives of Key
	Personnel	Management Personnel
	Amount	Amount
Managerial Remuneration	2820000	----
Sales of Goods / Services	---	6704351
Purchases of Goods / Services	---	8482327
Investment in equity shares/	---	1300000
Share Application Money		
Debtors outstanding at year end	---	---
Loans/advance at year end	---	300000
Creditors outstanding at year end	---	---

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

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

Particulars	2011-12	2010-11
	Amount	Amount
Profit after Tax	2077231	3886174
Weighted Average no. of equity shares of ₹ 10 each		
Basic	2990300	2990300
Diluted	---	---
EPS (₹)		
Basic	0.69	1.30
Diluted	---	---

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

14. Quantitative details and other information :

A	Sales	Unit	for the year 2011-12		for the year 2010-11	
			Quantity	Value ₹	Quantity	Value ₹
	Manufacturing goods & Bulk drugs	MT	44.332	42592085	77.911	78441158
	Goods traded in Drugs/Intermediates	MT	----	----	17.200	6437000
	Others	----	----	9319861	----	3412000
	Total			51911946		88290158
B	Raw material consumed					
	A.S.C.	MT	27.400	2419933	21.000	3062092
	3-CP	MT	10.000	3712487	26.200	11786475
	Others	---	---	14135123	---	40523663
	Total			20267542		55372229
C	Purchased goods traded :					
	Drugs/Intermediates	MT	---	---	17.200	6184450
	Others	---	---	8305069	---	3587688
	Total			8305049		9772138
D	Value and quantitative break up in respects of opening and closing stock of Goods manufactured, purchased and traded :					
	Opening stock					
	Manufacturing goods					
	Bulk drugs	MT	---	---	---	---
	Total			---		---
	Closing stock					
	Manufacturing goods					
	Bulk drugs	MT	---	---	---	---
	Total			---		---
E	Capacity and production					
	Information in respect of each class of goods manufactured :					
	Class of goods	A/c. year	Licensed Capacity	Installed Capacity	Production MT	
	Bulk Drugs	2011-12	N/A	---	44.332	
	Bulk Drugs	2010-11	N/A	---	77.911	
F	Value of imports in rupees calculated on CIF basis in respect of;					
	Material			Curr. Yr. Rs.	Prev. Yr. Rs.	
	Capital Goods			1292261	4939200	
G	Expenditure in foreign currency :					
	Purchases of materials			1292261	4939200	
H	Value of raw materials, stores and spares consumed :					
			Rs.	%	Rs.	%
	(a) Value of raw material consumed :					
	Imported		536189	3.00%	8751170	16.00%
	Indigenous		19731353	97.00%	46621059	84.00%
			20267542	100.00%	53372229	100.00%
	(b) Value of stores and spares consumed :					
	Indigenous		535349	100.00%	1617188	100.00%
			535349	100.00%	1617188	100.00%
I	Amount remitted in foreign currency on account of dividend		NIL	NIL		
J	Earnings in foreign exchange Rs.		638808	5069523		

Signature to Notes A to O

 For Kishor Goyal & Co
Chartered Accountants

 Sd/-
Jagdish Agrawal
Managing Director

 Sd/-
Govind Gupta
Director

 Sd/-
Kishor Goyal
Partner
Ahmedabad,
Dated : 25th May, 2012

 Sd/-
Mrs. Abha Agrawal
Director
Ahmedabad,
Dated : 25th May, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No.	L24231GJ1992PLC017054	State Code	04
Balance Sheet Date	31-Mar-12		

Capital raised during the year (Amount in thousands)

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

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

Total Liabilities	54357	Total Assets	54357
Source of Funds			
Paid up Capital	29903	Secured Loans	130
Reserves & Surplus	16608	Deferred Tax	700
Current Liabilities	7017		
Application of Funds			
Net Fixed Assets	9610	Current Assets	42514
Investments	1537	Capital Work in progress	202
Long term Loans & Advance	493		

Performance of the Company (Amount in thousands)

Turnover	55069	Total expenditure	50511
Profit before tax	3095	Profit after tax	2077
Earning per Share Rs.	0.69	Dividend Rate (%)	---

Generatic Names of Three Principal Products/services of Company.

(as per monetary terms)

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

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

As per our attached report of even date.

For Kishor Goyal & Co

Sd /-

Sd /-

Chartered Accountants

Jagdish Agrawal**Govind Gupta**

Managing Director

Director

Sd /-

Sd /-

Kishor Goyal**Mrs.Abha Agrawal**

Partner

Director

Ahmedabad,

Ahmedabad,

Dated : 25th May, 2012

Dated : 25th May, 012

ISHITA DRUGS AND INDUSTRIES LTD

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

Proxy Form

DP ID : _____

CLIENT ID : _____

FOLIO No. : _____

No. of Shares held _____

I/We _____

of _____

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

_____ of _____

or failing him _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 29th September, 2012 and at any adjournment thereof.

Affix
100 Paise
Revenue
Stamp

Signed this _____ day of _____ 2012

Signature _____

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

ISHITA DRUGS AND INDUSTRIES LTD

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

Attendance Slip

(To be handed over at the entrance of the meeting hall)

19th Annual General Meeting - 29th September 2012

DP ID : _____

CLIENT ID : _____

FOLIO No. : _____

No. of Shares held _____

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

Full name of Member (in BLOCK LETTERS) _____

Full name of Proxy (in BLOCK LETTERS) _____

Member's/Proxy's Signature _____

BOOK-POST

To,

If undelivered, please return to :

Ishita Drugs & Industries Limited

Regd. Office : Survey No. 179/1, Village : Vasna-Iyava,
Taluka : Sanand, District : Ahmedabad - 382 170.