

SUNIL HEALTHCARE LIMITED

Registered Office:

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

NOTICE

Notice is hereby given that the 38th Annual General Meeting of the Members of the Company will be held at 12.30 P.M on Monday the 16th July, 2012 at the registered office of the Company at 38 E/252-A, 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 31st March 2012 and report of the Auditors and Directors thereon.
2. To elect a Director in place of Mr. Sanjay Kumar Kaushik 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 ₹ 89,650/- 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 01.04.2012 on the following terms as to remuneration:-

- 1 Salary: - ₹ 89,650/- (Rupees Eighty Nine Thousand Six Hundred Fifty 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 provisions of Section 269, 309, 310 & 316 read with Schedule XIII as amended and the consent of the Company be and is hereby accorded, the re-appointment of Mr. Anil Khaitan as Chairman Cum Managing Director of the Company be and is approved for a period of five years commencing from 1st August 2012."

"FURTHER 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 ₹ 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, 2012 to 31st March 2013 to Mr. Anil Khaitan, Chairman-cum-Managing Director as per following terms and conditions:-

Remuneration shall be for the period from 1st April, 2012 to 31st March, 2013.

1. Emoluments:

Salary: ₹ 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 medical 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 ₹ 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 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."

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

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act 1956 and other applicable provisions of the Companies Act-1956 and 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 borrow from time to time for the purpose of the Company's business any sum or sums of money as it may deem proper notwithstanding that the money to be so borrowed, together with the money already borrowed by the Company, if any (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid up capital of the Company and its Free Reserves, if any, that is to say, reserves not set apart for any specific purpose provided that the total, amount of the money to be borrowed together with the money already borrowed (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed ₹ 100 Crore (Rupee Hundred Crore Only) outstanding at any point of time and that for the implementation of this resolution the Board may act through any member thereof or any other person

duly authorized by the Board in this behalf."

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

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

"RESOLVED that in supercession of earlier resolution and pursuant to the provision of section 293 (1) (a) and other provisions, if any of the Companies Act, 1956 the Board of Directors of the Company be and are hereby authorised to mortgage or charge all or any part of immovable or movable assets of the Company, whosoever situated, both present and future and whole or part of the undertakings of the Company of any nature and kind whatsoever and /or creating a floating charge in all or any immovable and movable assets of the Company in favour of Banks, Financial Institutions, any other lenders to secure the amount borrowed or to be borrowed by the Company from time to time for the due payment of principle monies together with the interest payable by the Company in respect of such borrowing subject to a maximum of ₹ 100 Crore."

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to delegate all or any of the previously mentioned powers/authorities to any committee of Directors and/ or officers or to any one or more directors and officers of the Company."

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to execute necessary documents for creating the aforesaid mortgage and/ or charge and do all such acts and things as may be necessary for giving effect to the above resolution."

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

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

"Resolved that in supercession of earlier resolution and 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, remuneration of Mr. Kahaan Khaitan, son of Mr. Anil Khaitan Chairman Cum Managing director of the Company, working as a management trainee in the Company increased from ₹ 15000/- per month to ₹ 50000/- per month w.e.f 01.04.2011 plus higher studies expenses within the limit of approval received from the Central Government be and is hereby approved looking to his international networking, international exposure, talent, skills, hard work and dedication towards the Company, and other terms and conditions will remain same as per the appointment."

"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."

By the Order of the Board

Place - New Delhi

Dated- 28.05.2012

**Anil 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 10th July, 2012 to 16th July, 2012 (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 or 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 dividend for the financial year 2003-04 to the **Investor Education & Protection fund (The IEPF)** established by the Central Government.

Dividend for the financial year ended March, 31, 2005 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 29.06.2010 with the approval of the Shareholders of the Company and further approval from the Central Government of the Company as a President (Operation & Marketing). Looking to his international networking, international exposure, talent, skills, hard work and dedication towards the Company and wide experience in marketing and technical field, the management of the company has decided to increase in the remuneration from ₹ 76375/- to ₹ 89650/- 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 28.05.2012 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 ₹ 89650/- 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

Mr. Virendra Garg, Company Secretary informed to the board members that the present term of Mr. Anil Khaitan is valid upto 31.07.2012. He further informed that board of directors of the Company in their meeting held on 28.05.2012 has confirm the re-appointment of Mr. Anil Khaitan as a Chairman Cum Managing Director of the Company for further five years starting form 1st August, 2012 with subject to the approval from the shareholders of the Company.

Mr. Virendra Garg, Secretary of the Company propose to the remuneration committee that company has decided to continue to pay a sum of ₹ 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, 2012 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 continue 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, 2012 to 31st March, 2013 subject to the approval of the shareholders of the Company.

Approval of the members is sought at this Annual General Meeting for the re-appointment and payment of remuneration to Mr. Anil 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	(₹ in Lacs)		
	For Year 2009-10	For Year 2010-11	For Year 2011-12
Net Sales	3476.72	3761.82	4342.71
Profit before Tax (After exceptional items)	43.62	173.97	328.09
EPS (after exceptional items) (In R.)	0.79	1.37	2.24
Export Sales (FOB)	999.20	849.97	1524.20

During the year 2011-12 Exports of the Company are higher as compared to the year 2010-11. The Company doesn't have any foreign investments. The increase in profits during the year was due to higher sales realisation and saving in the interest cost.

Interest of Directors

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

Item No.6

Mr. Virendra Garg, Company Secretary inform that as per the Section 293(1) (d) of the Companies Act, 1956 requires that the Board of Directors of the Company should obtain the consent of the Shareholders in the General Meeting to enable them to borrow moneys where the amount to be borrowed together with the amount already borrowed by the Company will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose.

In the Extra Ordinary General Meeting of the Company held on 09th April, 2004, the Board of Directors of the Company were authorised to borrow from time to time money for the purpose of carrying on the business of the Company subject to the condition that amount to be borrowed together with the amount already borrowed by the Company shall not exceed ₹ 50 Crore (Rupee Fifty Crore Only). In view of the increase in the volume of business and improved market conditions the management of the Company is planning for expansion and modernization. And to part finance its expansion and diversification plans through borrowed funds, therefore the power of the Board of Directors for borrowing funds to be enhanced to ₹ 100 Crore. Accordingly, it is required to obtain the consent of the shareholders pursuant to the Section 293(1) (d) of the Companies Act, 1956 to increase the limit of borrowing powers of the Board of Directors from ₹ 50 Crore to ₹ 100 Crore to give the necessary power to the Board of Directors of the Company.

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

None of the Directors of the Company has any interest or concern in the said resolution.

Item No.7

Mr. Virendra Garg, Secretary of the Company informed to the Board that to part finances the expansion program and to meet the enhanced working capital requirement, UCO Bank has sanctioned Term Loan of ₹ 420 Lakh and the Working Capital Limits have been enhanced from ₹ 1475 Lakh to ₹ 1947 Lakh. The bankers require mortgage and hypothecation of immovable and movable assets of the Company for their existing as well newly sanctioned Loan and for this purpose the Board of Directors of the Company should be authorised with the approval of shareholders of the Company to borrow money from time to time from Banks, Financial Institutions and any other sources by way of mortgaging, hypothecation and creating charge on the immovable and movable assets of the Company. In terms of section 293 (1) (a) of the Companies Act, 1956 it is required to provide necessary powers to Board to sell, lease mortgage and /or hypothecate the whole or substantially the whole of immovable and movable assets of the Company.

None of the directors are in any way concerned /interested in the said resolution.

Item No.8

Mr. Virendra Garg, Company Secretary of the Company informed that company had received a letter dated 04.03.2011 from the Central Government for granting approval ₹ 8.18 Lakh per annum as a remuneration plus higher studies expenses in respect of Mr. Kahaan Khaitan son of Mr. Anil Khaitan Chairman cum Managing Director of the Company to hold an office or place of profit in the company as a Management Trainee in terms of Special Resolution passed by the members in their Annual General Meeting held on 29.09.2009. Looking to his international networking, international exposure, talent, skills, hard work and dedication towards the Company, the management of the company has decided to increase in the remuneration from ₹15000/- to ₹ 50000/- plus perquisites as applicable as per the rules of the Company as a monthly remuneration of Mr. Kahaan Khaitan and higher studies expenses but within the limit of approval received from the Central Government.

The Board of Director of the Company in their meeting held on 31.01.2012 decided to hold and continue to hold office or place of profit of Mr. Kahan Khaitan under the Company as a Management Trainee at a monthly remuneration of ₹ 50000/- plus higher studies expenses but within the limit of approval received from the Central Government.

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.

By the Order of the Board

Place -New Delhi
Dated- 28th May, 2012

Anil 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

Name of Director	Date of Birth & No. of share Held	Qualification	Nature of Experience	Directorship in other companies	Committee Chairmanship / Membership
Mr Sanjay Kumar Kaushik	01/01/ 1969 Nil	B Com	More than 13 years experience in the own business	Nil	Member of Selection & Remuneration Committee, Shareholder and Investor Grievance Committee and Audit Committee of the Company

ANNEXURE: 2

Information in respect of unclaimed and unpaid dividends declared for year 2004-05 and thereafter:

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

By the Order of the Board

Place -New Delhi
Dated- 28th May, 2012

Anil Khaitan
Chairman cum Managing Director

SUNIL HEALTHCARE LIMITED

DIRECTORS' REPORT TO THE MEMBERS:

Your Directors have great pleasure in presenting the 38th Annual Report on the business and operations together with the audited statement of accounts of your Company for the year ended 31st March 2012.

Financial Results

	2011-12 (₹ in Lacs)	2010-11 (₹ in Lacs)
Profit before depreciation and Finance Cost	840.22	723.83
Finance Cost	191.03	233.09
Depreciation	321.10	316.77
Profit before tax	<u>328.09</u>	<u>173.97</u>
Less: - Provision for Taxation		
For Current Year	(146.75)	(37.50)
For Deferred Tax	35.53	(8.42)
Profit After Tax	<u>216.87</u>	<u>128.05</u>

Operations:

During 2011-12 the production of Hard Gelatin Capsule Shells was 6150 Million against 6091 Million in the previous year. The Gross Sales value is higher by 14.10 % at ₹ 4621 lacs against ₹ 4050 lacs in the previous year.

Profit before tax during the year was 88.51% higher at ₹ 328.09 lacs against ₹ 173.97 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.

Expansion Project:

Director of the Company please to inform the shareholders of the Company that your company is in process to install and commission of five new capsule machines during the coming fiscal year. As a result of this expansion the installed capacity will be increased from 7000 million capsules to 10000 million capsules per annum.

Directors:

Mr. Sanjay Kumar Kaushik, 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 31.03.2012

Bonus Issue:

To increase the capital base of the Company, the board of directors of the company had issued and

allotted the bonus shares in the ration of one equity shares for every ten equity shares held by the shareholders of the company as on record date fixed by the board of directors of the company in the last financial year. The bonus shares were issued after getting the approval of shareholders of the company and in the compliance of guideline issued by the SEBI for Bonus Shares. As result of the Bonus shares the paid up capital of the company was increased from ₹ 9,32,25,000 to ₹ 10, 25, 47,500.

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 31st March 2012, which is self explanatory.

Demating The Physical Shares

As you are aware that the Shares of our Company are presently listed at Delhi Stock Exchange, Jaipur Stock Exchange & Calcutta Stock Exchange, but there has been no trading at all these Exchanges for the last many years. Now, with the intent to provide liquidity to our valued shareholders, the Board of Directors of the Company have made an application to Bombay Stock Exchange (BSE) for Direct Listing of the Company. By virtue of the proposed listing at BSE, the Shareholders of the Company will get the trading platform and will enable them to liquefy their investments.

Once the Listing application of the Company is approved and the trading starts at BSE, it shall be possible only in Demat mode. So, the Directors of the Company hereby make a request to all its valued Members, to have their shareholdings in the Company converted into Demat mode. For any assistance, the Compliance Officer, Mr. Virendra Garg, Company Secretary of Company and M/s MCS Limited, New Delhi, Registrar and Transfer Agents may be contacted.

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 31st March 2012, 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 he 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.

By the Order of the Board

Place -New Delhi

Dated- 28th May, 2012

Anil 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:-

A	Power & Fuel Consumption	Unit	2011-12	2010-11
	Electricity			

(a) Purchased			
- Units	Kwh	7983765	8234980
- Total Amount	₹	40612024	36004134
- Rate Per Unit	₹	5.09	4.37
(b) Own generation through DG sets			
- Units	Kwh	518504	198836
- Unit per Ltr of Diesel	Kwh	3.36	3.39
- Cost per unit(Direct Cost)	₹	10.65	9.74
B Consumption per unit of production			
Product	Hard Gelatine Capsule Shells		
Electricity	Kwh per Million Capsules	1312	1306

3 Technology Absorption:

A Research & 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 relating 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 | 2011-12 2010-11 |
| (a) Used ₹ in Lacs | 615.34 253.61 |
| (b) Earned ₹ in Lacs | 1524.20 849.97 |

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 Pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. It ranks very high, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

Playing a key role in promoting and sustaining development in the vital field of medicines, Indian Pharma Industry boasts of quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past 53 years and helped to put India on the pharmaceutical map of the world.

The Indian pharmaceuticals market looks poised to grow to \$55 billion in 2020, according to a new McKinsey & Company report - "India Pharma 2020: Propelling access and acceptance, realising true potential". This will be a quadrupling of the market from the \$12.6 billion the industry made in 2009. The report states that the Pharma market has the further potential to reach \$70 billion by 2020 if aggressive growth efforts are embraced.

Acknowledging existing discontinuities in global pharmaceuticals markets, the report says it is the BRIC countries, including India that will lead growth in the coming decade.

Therefore, the company foresees a good growth in the demand of Hard Gelatin Capsules Shell in the Indian market.

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 developing countries are opening up, which is offering us good opportunities in export market.

3. OPPORTUNITIES:

Even as the Indian Pharmaceutical Industry is groping with the product patent resume in force the domestic companies could leverage the emerging opportunities in the changed 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 its market share due to in growing domestic market.

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 ADEQUECY:

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	2011-12	2010-11	% Change
Total Production (Capsules In Millions)	6150	6091	0.97
Total Sales (Capsules In Millions)	6142	5993	2.48
Net Revenue from Operations (In Lacs)	4343	3762	15.44
Profit before Interest, Dep. & Tax (In Lac)	840	724	16.02
Finance Cost	191	233	-18.25
Depreciation	321	317	1.27
Profit before Tax (IN lacs)	328	174	88.51
Profit After Tax	217	128	69.53
Earnings per share (In Rs.)	2.24	1.37	63.50

(i) Sales

There was increase in the sales volume and value in the current year by 2.48% and 15.44% respectively.

(ii) Profit before interest, Depreciation and Tax

PBIDT increased by 16.02 % 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 ₹ 42 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 ₹ 128 lacs in 2010-11 to ₹ 217 lacs in 2011-12. 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 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

- **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.

- **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.

- **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 2012-13.

The Company has also started a new business segment of Trading of Foods items under the

brand name of "SUNLOC FOOD." Presently at the development stage, the company is only engaged in the marketing activities i.e. importing & exporting of spices and various food products.

- **Geographical Concentration of business.**

Last year Exports accounts for about 35 % of the Company's revenues and during current fiscal the Company is expecting to increase its exports to 40%. 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 40 % 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 takes advice 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 31st March, 2012 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 31st March 2012 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 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 2011-12, on 28.05.2011, 06.08.2011, 14.11.2011 and 31.01.2012.
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 Khaitan (Chairman Cum Managing Director)	4	3	Yes
2	Mr. S N Balasubramanian	4	4	Yes
3	Mr. Joginder Singh IPS (Retd.)	4	4	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	2	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 38th 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 2011-12 on 28.05.2011, 06.08.2011, 14.11.2011 and 31.01.2012.

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 Niyogi IPS (Retd.) Mr. Joginder Singh is the Chairman of the Committee.

During the year 2011-12 only one meeting of Committee was held on 28.05.2011 on the following matters:-

1. Recommend/ review the remuneration payable to Chairman Cum Managing Director of the Company.
2. Recommend/ review the remuneration payable to Mr. Ishan Khaitan, President (Operation & Marketing) of the Company.
3. Recommend/ Remuneration to Mrs. Sarita Khaitan, Chief Strategic Officer of the Company.

Remuneration Policy.

Mr. Anil 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 @ ₹ 5000/- up to 28th May, 2011 and ₹ 7000/- after 28th May,

2011 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 2012 are given below:-

S No.	Name	Salary	Perquisites & Allowances	Sitting Fees	Total
1	Mr. Anil Khaitan	1601712	1329580	---	2931292
2	Mr. Joginder Singh IPS (Retd.)	-	-	31000	31000
3	Mr. Sanjay Kumar Kaushik	-	-	28000	28000
4	Mr. S.N. Balasubramanian	-	-	52000	52000
5	Mr. Rajat Kumar Niyogi	-	-	57000	57000
6	Mr. B. P. Srinivasan	-	-	14000	14000

(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 23rd 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 15 times during the financial year 2011-12 on 30.04.2011, 16.05.2011, 31.05.2011, 30.06.2011, 15.07.2011, 30.07.2011, 16.08.2011, 31.08.2011, 15.10.2011, 31.10.2011, 30.11.2011, 15.12.2011, 31.01.2011, 29.02.2012 and 15.03.2012.

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 following places in the last three (3) years.

Financial Year	Venue	Day , Date & Time	Details of Special Resolution Passed
37 th AGM held for the FY 2010-11	38E/252-A, First Floor, Vijay Tower, Shahpurjat, New Delhi-110049	Friday, 16 th September, 2011	Yes (4)
36 th AGM held for the FY 2009-10	38E/252-A, First Floor, Vijay Tower, Shahpurjat, New Delhi-110049	Tuesday 29 th June, 2010	Yes (2)
35 th AGM held for the FY 2008- 09	38E/252-A, First Floor, Vijay Tower, Shahpurjat, New Delhi-110049	Tuesday, 29 th September, 2009	Yes (2)

- At the 37th annual General Meeting , four 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 renewal cum enhancement in the remuneration of Mr. Ishan Khaitan, President (Operation & Marketing) of the Company.
 3. For remuneration to Mrs. Sarita Khaitan, Chief Strategic Officer of the Company.
 4. To increased the authorised share capital of the company.
- At the 36th 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 , President (Operation & Marketing) of the Company
- At the 35th 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
- 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. 29 in the "Notes to the Financial Statement" 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

(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

Day, Date and Time	At 12.30 PM on 16th July, 2012
Venue	38E,/252-A, Vijay Tower, Shahpurjat, New Delhi-110049
Agenda	1 Adoption of Audited Accounts, Directors' and Auditors Report 2 Re-appointment of Directors 3 Re-appointment of Auditors 4. Revision in remuneration of relative of CMD 5 Re-appointment and Renewal in remuneration of CMD 6 Increase in the borrowing power of the board of directors 7 Authorisation to board of directors to mortgage or charge of the assets of the company 8. Revision in remuneration of relative of CMD

(b) Financial Calendar:- (Tentative)

Financial Year	: 1st April, 2012 to 31st March, 2013
1st Quarterly Results	: 4th week of July, 2012
2nd Quarterly Results	: 4th week of October, 2012
3rd Quarterly Results	: 4th week of January, 2013
4th Quarterly Results	: 4th week of April, 2013

- (c) **Book Close Date** : 10th July, 2012 to 16th July, 2012 (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 & 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.
- (i) **Distribution of Shareholding & shareholding pattern**

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2012

No. of Shares Range	No. of Shareholders	% of Shareholders	Value of Shares Held	% of Shareholding
1 to 5,00	5543	94.85	561812	6.03
501 to 1,000	164	2.81	113208	1.21
1,001 to 2,000	63	1.08	87206	0.94
2,001 to 3,000	16	0.27	41624	0.45
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	113838	1.22
10,001 to 50,000	15	0.26	353046	3.79
50,001 to 100,000	3	0.05	183596	1.97
50,001 and above	15	0.26	7837412	84.07
Total	5844	100.00	9322500	100.00

SHAREHOLDING PATTERN AS ON 31st MARCH 2012

Categories	No. of Shares Shareholders	% of Shareholders	No of Shareholders	% of Shareholding
Promoters/ Directors & their relatives including associates Companies and Person acting in concert.	12	0.21	6439324	69.07
Banks/Financial Institutions/ Insurance Companies/Mutual Funds etc.	6	0.10	9524	0.102
NRI's and OCB's	NIL	NIL	NIL	NIL
Other Bodies Corporate	59	1.00	1705461	18.30
Indian Public	5767	98.69	1168191	12.53
Total	5844	100.00	9322500	100.00

(j) Dematerialization of Shares**ISIN NO. INE 671C01016**80, 70,638 shares of the Company are being held in Demat form as on 31st March 2012 with NSDL /CDSL.**(k) Compliance officer**

Mr. Virendra Kumar Garg

Manager Legal cum Company Secretary

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

(l) Factory Location: - 17/18, Old Industrial Area, Alwar-301001 (Rajasthan)**(m) Address for Correspondence:-****Works.**

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

Regd office

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

R & T 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

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

Name	Mr Sanjay Kumar Kaushik
Age	43 Years
Particulars	More than 13 years experience in the own business
Name of the Companies in which also holds Directorship	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 2012 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 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**

**Place: New Delhi
Dated: 28th May, 2012**

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

DECLARATION OF COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,

Sunil Healthcare Limited
38E/252-A, 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, 2012

**Place: New Delhi
Date: 28th May, 2012**

**Anil 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 31st March 2012 and also the Profit and Loss Statement 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 Statement 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

Statement 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 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012, from being appointed as directors 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 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 31st March, 2012
 - b) In the case of the Profit and Loss Statement, 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:- 28th May' 2012

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, 2012)

- (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 the 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 clauses 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 the information and explanations provided by the management, we are of the opinion that the Company has not entered into any contract or arrangement exceeding value of Rs five lakh, 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) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by central government for the maintenance of cost records under section 209(1)(d) of the Companies' Act in respect to the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (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 amounting to ₹ 55.20 Lakhs.

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 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 any loan and advance 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:- 28th May' 2012

B.K.Sipani
Partner
Membership No : 88926

SUNIL HEALTHCARE LIMITED
BALANCE SHEET
As at 31st March 2012

(₹ in Lakhs)

	Notes	As at 31/03/2012	As at 31/03/2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1,025.48	932.25
Reserves & Surplus	2	817.47	695.21
		1,842.95	1,627.46
Non-Current Liabilities			
Long-term Borrowings	3	244.08	271.69
Deferred Tax Liabilities (Net)	4	222.13	257.66
Long-term Provisions	5	48.21	27.88
		514.42	557.23
Current Liabilities			
Short-term Borrowings	6	1,217.44	899.74
Trade Payables	7	571.45	608.44
Other Current Liabilities	8	370.76	408.79
Short-term Provisions	9	126.58	40.77
		2,286.23	1,957.74
	TOTAL	4,643.60	4,142.43
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	2,253.25	2,427.31
Intangible Assets		2.27	0.85
Capital Work-in-Progress		29.62	0.47
Long-term Loans and Advances	11	266.64	51.61
		2,551.78	2,480.24
Current Assets			
Current Investments	12	0.06	0.06
Inventories	13	568.71	492.48
Trade Receivables	14	1,231.22	920.48
Cash and Bank Balances	15	130.51	109.71
Short-term Loans and Advances	16	134.40	109.60
Other Current Assets	17	26.92	29.86
		2,091.82	1,662.19
	TOTAL	4,643.60	4,142.43
Contingent Liabilities and Commitment	18		
Significant Accounting Policies and Notes on Accounts	29		

Notes 1 to 29 form an integral part of the Financial Statement

As per our Report of even date Annexed FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO. Chairman cum Managing Director

Anil Khaitan

Chartered Accountants

Firm Reg. No. 302049E

Sd/-

(B K SIPANI)

PARTNER

M. No. 88926

New Delhi

The 28th May' 2012

Directors

Chief Financial Officer

Manager-Legal cum Company Secretary

Mr. Joginder Singh

Mr. S N Balsubramanian

Mr. Sanjay Kaushik

Mr. RK Niyogi IPS (Retd.)

Mr. B.P. Srinivasan

Mr. Pawan Rathi

Mr. Virendra Garg

SUNIL HEALTHCARE LIMITED
PROFIT & LOSS STATEMENT

For the year ended 31st March 2012

(₹ in Lakhs)

	Notes	Year Ended 31/03/2012	Year Ended 31/03/2011
REVENUES			
Gross Revenue from Operations	19	4,621.44	4,050.12
Less: Excise Duty		278.73	288.30
Net Revenue from Operations		4,342.71	3,761.82
Other Income	20	85.59	70.23
Total Revenues (I)		4,428.30	3,832.05
EXPENSES			
Purchases of Stock-in-Trade		13.37	22.43
Cost of Materials Consumed	21	1,356.64	1,342.80
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade	22	74.14	(39.31)
Employee Benefits Expenses	23	542.01	385.68
Power and Fuel	24	477.47	428.16
Other Expenses	25	1,124.45	968.46
Total Expenses (II)		3,588.08	3,108.22
Profit before Finance Cost, Depreciation Amortisation and Tax (I)-(II)		840.22	723.83
Finance Costs	26	191.03	233.09
Depreciation and Amortization	27	321.10	316.77
Profit before Tax		328.09	173.97
Tax Expenses:	28		
Current Tax		(146.75)	(37.50)
Deferred Tax		35.53	(8.42)
Profit/ (Loss) for the period		216.87	128.05
Earnings per Equity Share:of Rs. 10/-Per share			
Basic	29.2.4	2.24	1.37
Diluted		2.24	1.37
Significant Accounting Policy and Notes on Accounts	29		

Notes 1 to 29 form an integral part of the Financial Statement

As per our Report of even date Annexed FOR AND ON BEHALF OF BOARD OF DIRECTORS

For SINGHI & CO. Chairman cum Managing Director

Anil Khaitan

Chartered Accountants

Firm Reg. No. 302049E

Sd/-

(B K SIPANI)

PARTNER

M. No. 88926

New Delhi

The 28th May' 2012

Directors

Chief Financial Officer

Manager-Legal cum Company Secretary

Mr. Joginder Singh
Mr. S N Balsubramanian
Mr. Sanjay Kaushik
Mr. RK Niyogi IPS (Retd.)
Mr. B.P. Srinivasan

Mr. Pawan Rathi
Mr. Virendra Garg

SUNIL HEALTHCARE LIMITED

CASH FLOW STATEMENT

For the year ended 31st March 2012

(₹ in Lakhs)

	Year Ended 31/03/2012	Year Ended 31/03/2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	328.09	173.97
Adjustment for :		
Finance Costs	191.03	233.09
Depreciation and Amortization Expenses	321.10	316.77
Loss on Sales of Fixed Assets	0.22	-
Liabilities required written back	(44.48)	(21.68)
Advance and Bad debts written of	0.76	5.44
Intrest Income	(13.96)	(18.94)
Operating profit before working capital changes	782.76	688.65
Changes in working Capital:		
Inventories	(76.23)	(90.80)
Trade and other Receivables	(325.17)	241.24
Short Term Loan and advances	(28.64)	50.70
Current Liabilities & Provision	35.95	(24.81)
Cash generation from Operation	388.67	864.98
Payment of Direct Taxes	(52.46)	38.93
Net Cash generated/ (used) - Operating Activities	336.21	903.91
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(408.03)	(104.06)
Sale of Fixed Assets	0.15	-
Movement in Margin Money	(9.14)	(3.47)
Interest Received	13.96	16.98
Net Cash Generated/ (Used) - Investing Activities	(403.06)	(90.55)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long-term Borrowings	(48.76)	(525.34)
Proceeds/ Repayment of Short-term Borrowings (Net)	317.70	(27.21)
Finance Cost Paid	(198.47)	(233.09)
Net Cash Generated/ (Used) - Financing Activities	79.47	(785.64)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	12.62	27.72
Add : Opening Cash and Cash Equivalents	54.36	26.64
Closing Cash and Cash Equivalents	66.98	54.36
Components of Cash & Cash Equivalents		
Cash in hand	4.28	3.41
Balance with Schedule Bank		
In Current Accounts	62.70	50.95
Unclaimed Divident Accounts	3.39	4.35
Fixed & Call Deposits Accounts	60.14	51.00
	130.51	109.71
Less: Fixed Deposits Considered in Investing Activity & Unclaimed Dividend Lying with Bank	63.53	55.35
	66.98	54.36

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.
2. Figures have been regrouped/ rearranged wherever necessary.

As per our Report of even date Annexed FOR AND ON BEHALF OF BOARD OF DIRECTORS		
For SINGHI & CO.	Chairman cum Managing Director	Anil Khaitan
Chartered Accountants		
Firm Reg. No. 302049E		
Sd/-	Directors	Mr. Joginder Singh
(B K SIPANI)		Mr. S N Balsubramanian
PARTNER		Mr. Sanjay Kaushik
M. No. 88926		Mr. RK Niyogi IPS (Retd.)
New Delhi	Chief Financial Officer	Mr. B.P. Srinivasan
The 28 th May' 2012	Manager-Legal cum Company Secretary	Mr. Pawan Rathi
		Mr. Virendra Garg

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
1. Share Capital:		
A. Authorized, Issued, Subscribed and Paid-up Share Capital		
Authorized:		
10800000 (Previous year 9800000) Equity Shares of ₹10 /-each.	1,080.00	980.00
20000 (Previous year 20000) Redeemable Cumulative Preference Shares of ₹100/- each	20.00	20.00
	1,100.00	1,000.00
Issued:		
10254750 (Previous year 9322500) Equity Shares of ₹ 10 /-each.	1,025.48	932.25
	1,025.48	932.25
Subscribed and Paid-up:		
10254750 (Previous year 9322500) Equity Shares of 10/- each fully paid-up	1,025.48	932.25
	1,025.48	932.25

B. Reconciliation of Shares outstanding at the beginning and at the end of year are given below:

	2011-12		2010-11	
	Numbers	₹ Lakhs	Numbers	₹ Lakhs
Equity Shares outstanding at the beginning of the year	9322500	932.25	4661250	466.13
Add: Bonus Shares Issued during the year	932250	93.23	4661250	466.12
Less: Equity Shares bought back/ redeemed during the year	-	-	-	-
Equity Shares outstanding at the end of the year	10254750	1025.48	9322500	932.25

Terms/Right attached to equity shares

Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company the holder of equity share will be entitled to receive remaining assets of the Company after preference distribution. The distribution will be in proportion to the number of equity shares held by the share holders. There is no restriction on distribution of dividends. However same is subject to the approval of the shareholders in the Annual General Meeting.

C	2011-12	2010-11	2009-10	2008-09	2007-08
Number of Shares issued for consideration other than cash					
Bonus shares	932,250	4,661,250			
	932,250	4,661,250	-	-	-

D Detail of shareholder holding more than 5 percent shares of the Company as on reporting date are given below:

Name of shareholder	As at 31/03/2012 *		As at 31/03/2011	
	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
Mr. Anil Khaitan	2394235	23.41%	2122032	22.76%
M/S Magnum Computer Private Limited	1327211	12.94%	1206556	12.94%
Kundan Financial Services Private Limited	531810	5.19%	483464	5.19%

* Including Bonus shares. but yet to be credited in their accounts.

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
2 Reserves and Surplus:		
(i) <u>Capital Reserve</u>		
Balance as per last financial statement	15.17	15.17
	15.17	15.17
(ii) <u>Capital Redemption Reserve</u>		
Balance as per last financial statement	7.50	7.50
	7.50	7.50
(iii) <u>Share Premium Account</u>		
Balance as per last financial statement	-	337.17
Less: Utilised for issue of fully paid Bonus Shares	-	337.17
	-	-
(iv) <u>Revaluation of Fixed Assets Reserve</u>		
Balance as per last financial statement	37.78	39.17
Less: Transfer to Profit & Loss Account	1.39	1.39
	36.39	37.78
(v) <u>General Reserve</u>		
Balance as per last financial statement	250.40	250.40
	250.40	250.40
(vi) <u>Profit & Loss Statement - Balance</u>		
Balance as per last financial statement	384.36	385.26
Less: Utilised for issue of fully paid Bonus Shares	93.22	128.95
	291.14	256.31
Add: Profit during the year	216.87	128.05
	508.01	384.36
Total Reserve and Surplus (i to vi)	817.47	695.21

3 Long-term Borrowings

	Non-Current Portion		Current Maturities	
	As at		As at	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Secured				
Term Loans From a Bank (a)	177.15	267.09	198.60	177.88
Vehicle Loan from Bank (b)	47.13	-	9.78	0.78
Vehicle Loans from others (c)	-	4.60	4.60	55.48
	224.28	271.69	212.98	234.13
Unsecured				
Inter Corporate Deposits (d)	10.00	-	-	-
Loans from Directors (e)	9.80	-	-	-
	19.80	-	-	-
	244.08	271.69	212.98	234.13

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

- (a) Term Loans are Secured by specific Plant & Machineries and other immovable or movable fixed Assets, purchased against specific loan. The same is also personally guaranteed by Chaiman cum Managing director and his relative. Term loans aggregative ₹ 267.09 lakhs (including current maturity) is payable in 15 equally monthly installments of ₹ 16.55 lakhs and 16th Istallment of ₹ 18.84 lakhs carries interest rate of 16% p.a.

Term loan aggregative ₹ 420 lakhs (Including undisbursed amount ₹ 311.34 lakhs payable in equally monthly installments of ₹ 7 lakhs beginning with effect from April 2013 and carries rate of interest 16% p.a.

- (b) Vehicle loan from Bank is secured against hypothecation of specific assets acquired and aggregate of ₹ 47.13 Lakhs payable in 37 equally monthly instalments of ₹ 1.27 Lakhs and carries rate of interest 10.5% p.a.
- (c) Vehicle loan from other is secured against hypothecation of specific assets acquired and aggregate of ₹ 4.60 Lakhs payable in 7 equally instalments of ₹ 0.66 Lakhs and carries rate of interest 10.5% p.a.
- (d) Intercompany deposits are repayable after 5 year and are interest free
- (e) Loans from director are repayable after 5 yer and are interest free

4 Deferred Tax Liabilities (Net)	(₹ in Lakhs)	
	As at 31/03/2012	31/03/2011
Deferred Tax Liabilities		
Depreciation and Amortization Expenses	248.07	274.29
	<u>248.07</u>	<u>274.29</u>
Deferred Tax Assets		
Provision for Employee Benefits allowable on payable basis	25.94	16.63
	<u>25.94</u>	<u>16.63</u>
Deferred Tax Liabilities (Net)	<u>222.13</u>	<u>257.66</u>
5 Long-term Provisions		
Employee Benefits	48.21	27.88
	<u>48.21</u>	<u>27.88</u>
6 Short-term Borrowings		
Secured		
Loans repayable on demand Cash credit from Bank (a)	875.67	899.74
Unsecured		
Buyer's Credit from a Bank in Foreign Currency	341.77	-
	<u>1,217.44</u>	<u>899.74</u>

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(a) 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 Chairman cum Managing director and his relative.

	(₹ in Lakhs)	
	As at	
	31/03/2012	31/03/2011
7 Trade Payables		
Payable to Micro, Small and Medium Enterprises (a)	-	-
Others	571.45	608.44
	571.45	608.44

(a) The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the necessary disclosure required under MSME-Act-2006 can not be made .

8 Other Current Liabilities

Current maturities of long-term debt	212.98	234.13
Interest accrued but not due on borrowings	1.56	-
Unpaid Dividends	3.39	4.35
Customers' Credit Balances and Advances against orders	33.78	47.36
Capital Liabilities	7.89	25.36
Liabilities for Employees	61.97	56.34
Statutory dues Payables	49.19	41.25
	370.76	408.79

9 Short-term Provisions

Employee Benefits	21.83	13.68
Provision for Current Tax (Net of Advance Tax)	104.75	27.09
	126.58	40.77

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements
10 Fixed Assets
A. Tangible Assets
(₹ in Lakhs)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 31st March 2011	Additions/ Adjustments	Deduction/ Adjustments	As at 31st March 2012	Up to 31st March 2011	For the year	Deduction/ Adjustments	Up to 31st March 2012	As at 31st March 2012	As at 31st March 2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Leasehold Land	31.17	-	-	31.17	10.26	0.39	-	10.65	20.52	20.91
Buildings	595.29	12.32	-	607.61	143.88	18.28	-	162.16	445.46	451.41
Plant and Equipment	3,773.37	48.07	-	3,821.44	2,083.81	276.28	-	2,360.09	1,461.35	1,689.56
Electric Installations	215.97	10.58	-	226.55	67.37	9.80	-	77.17	149.38	148.60
Furniture and Fixtures and Improvement on Rented	61.74	0.64	-	62.38	25.42	7.45	-	32.87	29.51	36.32
Office Equipment	72.79	2.70	7.60	67.89	54.51	-	7.23	47.29	20.61	18.28
Vehicles	74.29	74.37	-	148.66	24.55	9.09	-	33.63	115.03	49.74
Tools & Dies	1.44	-	-	1.44	1.44	-	-	1.44	-	-
Others Assets	15.38	-	-	15.38	2.89	1.09	-	3.98	11.40	12.49
	4,841.44	148.68	7.60	4,982.52	2,414.13	322.37	7.23	2,729.28	2,253.25	2,427.31
Previous Year	4,744.28	97.16	-	4,841.44	2,095.97	318.16	-	2,414.13	2,427.31	2,648.31

Vehicles includes ₹ 17.92 Lacs (Previous Year ₹43.92 Lacs) under Finance Scheme

B Intangible Assets
(₹ in Lakhs)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 31st March 2011	Additions/ Adjustments	Deduction/ Adjustments	As at 31st March 2012	Up to 31st March 2011	For the year	Deduction/ Adjustments	Up to 31st March 2012	As at 31st March 2012	As at 31st March 2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Software	17.00	1.54	-	18.54	16.15	0.12	-	16.27	2.27	0.85
	-	-	-	-	-	-	-	-	-	-
	17.00	1.54	-	18.54	16.15	0.12	-	16.27	2.27	0.85
Previous Year	17.00	-	-	17.00	16.15	-	-	16.15	0.85	0.85

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
11 Long-term Loans and Advances:		
(Unsecured, considered good)		
Capital Advances	226.93	15.74
Security Deposits	38.58	35.58
Other loans and advances	1.13	0.29
	<u>266.64</u>	<u>51.61</u>
12 Current Investments		
Current portion of Long-term Investments		
Investments in Government Securities (National Saving Certificates)	0.06	0.06
	<u>0.06</u>	<u>0.06</u>
13 Inventories:		
(As taken, valued and certified by the Management)		
(Valued at cost or Net Realisable value whichever is lower)		
Raw Materials	119.19	44.23
Raw Materials in Transit	86.97	32.60
Work-in-Progress	64.13	42.10
Finished Goods	188.36	280.26
Capsule Scrap	2.12	6.39
Stores and Spares	107.94	86.50
	<u>568.71</u>	<u>492.48</u>
14 Trade Receivables:		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months (from the due date)	178.53	112.69
Outstanding for a period less than six months	1,052.69	807.79
	<u>1,231.22</u>	<u>920.48</u>
15 Cash and Bank Balances:		
Cash and Cash Equivalents		
Balance with Banks:		
Current Accounts	62.70	50.95
Cash in hand	4.28	3.41
	<u>66.98</u>	<u>54.36</u>
Other Balances		
Balance with Banks:		
Earmarked Balances (Unpaid Dividend)	3.39	4.35
Margin Money Account	4.50	4.45
Deposits maturing within 12 months	55.64	46.51
	<u>63.53</u>	<u>55.35</u>
	<u>130.51</u>	<u>109.71</u>
16 Short-term Loans and Advances		
(Unsecured and considered good)		
Security Deposit	-	54.00
Prepaid Expenses	16.92	13.66
Advance to Suppliers	81.63	32.19
Others	12.18	2.16
Excise Duty & Service Tax Receivable	23.67	7.59
	<u>134.40</u>	<u>109.60</u>

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
17 Other Current Assets		
Accrued Export and Other Incentives	21.08	3.03
Accrued Other Income	3.94	8.31
Others	0.01	0.01
Income Tax refundable	1.04	3.36
Income Tax paid under Protest	0.85	15.15
	<u>26.92</u>	<u>29.86</u>
18 Contingent Liabilities and Commitments		
A. Contingent Liabilities		
(a) Claims against the company not acknowledged as debt:		
Demad for Octroi under disputes	8.47	8.47
Income Tax and Wealth Tax	0.85	15.15
"(Paid under Protest ₹ 0.85 lakhs Previous year ₹ 15.15 lakhs)""		
(b) Customs duty on capital Goods imported under EPCG Scheme, against which Export obligation is to be fulfilled.	Nil	60.33
(c) Customs duty on Raw Material imported under Advance License, against which Export obligation is to be fulfilled.	126.22	19.02
B. Commitments		
(a). Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances ₹ 226.93 Lakhs Previous Year ₹ 15.74 Lakhs)	544.32	93.51
19 Revenue from Operations :		
Sale of Products	4,562.30	4,023.80
Other Operating Revenue		
Export and Other Incentives	59.14	26.32
Gross Revenue from Operations	<u>4,621.44</u>	<u>4,050.12</u>
Less: Excise Duty	278.73	288.30
Net Revenue from Operations	<u>4,342.71</u>	<u>3,761.82</u>
Sales of product are after deduction of sales returns aggregating ₹ 29.98 lakhs (Previous year ₹ 30.69 lakhs) in respect of the goods sold in the previous year		
20 Other Income:		
Interest Income	13.96	18.94
Liabilities/ Provisions no longer required written back	44.48	21.68
(Gain)/ Loss on foreign currency transactions and translation (Net)	-	8.73
Provision for doubtful debts written back	-	1.80
Interest Subsidy received	-	10.53
Miscellaneous Receipts	27.15	8.55
	<u>85.59</u>	<u>70.23</u>
21 Cost of Materials Consumed:		
Raw Material		
Gelatin	1,283.32	1,279.76
Colour & Chemical	73.32	63.04
	<u>1,356.64</u>	<u>1,342.80</u>

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
22 Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade		
Opening Inventories		
Work-in-Progress (EHG Capsules)	42.10	49.12
Finished Goods	280.26	226.67
Capsule Scrap	6.39	11.46
Stock-in-Trade	-	2.19
	328.75	289.44
Less: Closing Inventories		
Work-in-Progress (EHG Capsules)	64.13	42.10
Finished Goods	188.36	280.26
Capsule Scrap	2.12	6.39
Stock-in-Trade	-	-
	254.61	328.75
	74.14	(39.31)
23 Employee Benefits Expenses:		
Salaries and Wages	439.62	309.21
Contribution to Provident and other Funds	51.77	35.88
Employee Welfare	50.62	40.59
	542.01	385.68
24 Power and Fuel:		
Power and Fuel	477.47	428.16
	477.47	428.16
25 Other Expenses:		
Consumption of Stores and Spares	43.02	42.92
Job Work charges	175.47	131.39
Packing Materials	110.37	116.87
Repairs to Buildings	9.35	10.24
Repairs to Machinery	146.60	129.30
Travelling & Conveyance including Directors' Travelling	85.37	67.50
Legal & Professional Charges	32.48	23.54
Rates and Taxes	2.63	0.65
Rent	49.40	25.46
Insurance	17.56	17.46
Auditors' Remuneration - (a)	2.52	2.05
Freight and Forwarding Expenses (Net)	207.32	217.67
Commission on Sales	24.82	14.89
Bad Loans, Advances and Debts written off/ (written back) (Net)	0.76	5.44
Donation	0.41	0.13
Directors' Fees	1.82	1.40
Loss on foreign currency transactions and translation (Net) (Other than considered as finance cost)	4.67	-
Loss on sale of Fixed Assets	0.22	-
Increase/ Decrease of Excise Duty on closing stock	2.98	(2.81)
Miscellaneous Expenses (including 0.50/- (Previous Year Nil) for increasing in Authorised Share Capital	206.68	164.35
	1,124.45	968.46

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
(a) Details of Auditors' Remuneration are as follows:		
Statutory Auditors:		
For Audit	1.20	0.90
For Tax Audit	0.30	0.30
For Quaterly Review	0.30	0.30
For Company Law matters	0.10	0.10
For Certification	0.47	0.22
Reimbursement of expenses	0.15	0.23
	2.52	2.05
26 Finance Costs:		
Interest Expenses	165.93	226.86
Other Borrowing Costs	12.35	5.12
Net (Gain) /Loss on foreign currency transactions and translation	18.42	1.11
	196.70	233.09
Less: Transfer to Capital Work-in-Progress	5.67	-
	191.03	233.09
27 Depreciation and Amortization Expenses:		
Depreciation and Amortization Expenses:	322.49	318.16
Less: Transfer from Revaluation of Fixed Assets Reserve	(1.39)	(1.39)
	321.10	316.77
28 Tax Expenses		
Current Tax		
Current Tax for the year	145.00	49.64
Less: MAT Credit Entitlement	-	12.14
	145.00	37.50
Current Tax adjustments for earlier years (Net)	1.75	-
	146.75	37.50
Deferred Tax		
Deferred Tax for the year	35.53	(8.42)
	35.53	(8.42)

29 Significant Accounting Policies and Notes On Accounts

Nature of Operation

The company has manufacturing facility at Alwar (Rajasthan) for 7000 Million of Hard Gelatin Capsule Shells. Company is also doing business of Trading of Food items.

29.1 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

SUNIL HEALTHCARE LIMITED

Notes to the Financial Statements

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.

(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.

(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.

SUNIL HEALTHCARE LIMITED

29.2 Notes on Accounts

29.2.1 Some of the Trade Receivable, Payable, Borrowing and Loans & Advances are subject to confirmation
 29.2.2 In the opinion of the management, the current assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.

29.2.3 Disclosure required by Accounting Standard (AS) 15 (Revised) on "Employee Benefits":

A. Gratuity - Defined Benefit Scheme (based on actuarial valuation): (₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
(a) Change in Defined Benefit Obligations:		
Present value of Defined Benefit Obligations at the beginning of the year	62.21	51.35
Current Service Cost	5.28	4.17
Past Service Cost	-	-
Interest Cost	4.98	4.00
Curtailement Cost/ (Credit)	-	-
Settlement Cost/ (Credit)	-	-
Plan Amendments	-	-
Actuarial Gain/ (Loss)	16.89	8.42
Benefits Paid	(11.24)	(5.73)
Present value of Defined Benefit Obligations at year end	<u>78.12</u>	<u>62.21</u>
(b). Change in Fair value of Plan Assets:		
Fair value of Plan Assets at the beginning of the year	46.82	39.87
Expected return on Plan assets	4.57	4.27
Actuarial Gain/ (Loss)	-	-
Contributions	8.25	8.41
Benefits Paid	(11.24)	(5.73)
Fair value of Plan Assets at the year end	<u>48.40</u>	<u>46.82</u>
(c). Amount recognised in Balance Sheet:		
Fair value of Plan Assets at the year end	48.40	46.82
Present value of Defined Benefit Obligations at year end	78.12	62.21
Amount recognised in Balance Sheet at year end	<u>(29.72)</u>	<u>(15.39)</u>
(d). Expenses recognised in Statement of Profit and Loss:		
Current Service Cost	5.28	4.17
Past Service Cost	-	-
Interest Cost	4.98	4.00
Curtailement Cost/ (Credit)	-	-
Settlement Cost/ (Credit)	-	-
Actuarial Gain/ (Loss)	16.89	8.42
Expected return on Plan assets	(4.57)	(4.27)
Expenses recognised in Statement of Profit and Loss during the year	<u>22.58</u>	<u>12.32</u>
(e). Break-Up of the defined benefit obligations		
Funded	(48.40)	(46.82)
Unfunded	29.72	15.39
Total Obligation as at Balance Sheet date	<u>18.68</u>	<u>31.43</u>
(f). Investments details of Plan Assets:		
Qualifying Insurance Policy	100%	100.00%
(g). Principal Actuarial Assumptions:		
Discount rate based on market yields available on Government bonds	8.60%	8.00%

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

Expected rate of return on assets	9.15%	9.15%
Service cost increases taking into account inflation, seniority, promotion and other relevant factors.	3.00%	3.00%

The estimates of the future salary increases, considered in actuarial valuation, taken 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 recognised ₹ 25.56 Lakhs (Previous Year ₹ 17.21 Lakhs) being contribution to employees' Provident Fund (Defined Contribution Plan)

		(₹ in Lakhs)	
		As at	
		31/03/2012	31/03/2011
29.2.4	Earning per Share (EPS) of ₹ 10/- each		
	Profit/ (Loss) for the period	216.87	128.05
	Weighted average number of shares used in the calculation of EPS:		
	Weighted average number of Basic Equity Shares outstanding	9671457	9322500
	Weighted average number of Diluted Equity Shares outstanding	9671457	9322500
	Face value of per share	10.00	10.00
	Basic EPS	2.24	1.37
	Diluted EPS	2.24	1.37

29.2.5 Related Party Disclosures:

Transactions for the year ended 31 st March 2012		Year ended 31 st March 2012	Year ended 31 st March 2011
	Mr. Anil Khaitan (Key Management Personal)		
1	Unsecured Loan Taken	9.80	-
2	Unsecured Loan Repayment	-	28.44
3	Managerial Remuneration	29.31	23.46
	Closing Balance Payable	12.28	2.28
	Mrs. Sarita Khaitan (Wife of Key Management Personal)		
1	Lease rent paid	9.60	9.60
2	Building Maintenance	11.40	11.40
3	Salary & Allowance	27.00	-
	Closing Balance Payable	1.97	-
	Mr. Ishan Khaitan (Son of Key Management Personal)		
1	Salary & Allowance	17.87	8.22
2	Closing Balance Payable	0.64	8.22
	Mr. Kahaan Khaitan (Son of Key Management Personal)		
1	Salary & Allowance	8.18	-
2	Stipend	-	1.80
	Closing Balance Payable	-	3.44
	M/S SNK Mecotronics Limited (Significant influence of Key Management Personal)		
1	Advance Against Service	-	11.00
2	Closing Balance Receivable	11.00	11.00
	Total	139.05	118.86

(Above Transaction Excludes Bonus shares issued)

SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

29.2.6 Segment Informations

- a Company's business activity falls within a single primary business segment vis EHG Capsule.
b **Segment Reporting (by Geographical demarcation):**
(a) The segment is based on geographical demarcation i.e. India and rest of the World.
(b) The Company's from external customers and information about its assets and others by geographical location are follows.

(₹ in Lakhs)

	Year ended 31/03/2012			Year ended 31/03/2011		
	India	Res of World	Total	India	Res of World	Total
Operating Revenue (Net)	2,656.91	1,685.80	4,342.71	2,813.99	947.83	3,761.82
Debtors as at the year end	701.01	530.21	1,231.22	772.03	148.45	920.48
Capital Expenditure	179.37	-	179.37	97.16	-	97.16

The Company has common fixed assets in India for providing goods for domestic as well as overseas market.

29.2.7

A. C.I.F. value of imports by the Company (Excluding imported items purchased locally):

(₹ in Lakhs)

	As at	
	31/03/2012	31/03/2011
Raw Materials	525.18	146.81
Stores and Spares	10.48	5.45
Capital Goods	17.61	71.78
B. Expenditure in foreign currency during the year:		
Travelling Expenditure	44.10	15.17
Commission on Sales	7.77	6.75
Others	10.20	7.65

C. Value of Raw Materials, Coal and Stores and Spares consumed during the year ended:

	Value (₹ in Lakhs)		Percentage (%)	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Raw Materials:				
Imported	426.41	142.40	31.43%	10.60%
Indigenous	930.23	1,200.40	68.57%	89.40%
	1,356.64	1,342.80	100%	100%
Stores and Spares:(Included debited to other heads)				
Imported	6.46	0.65	6.49%	0.81%
Indigenous	93.08	79.31	93.51%	99.19%
	99.54	79.96	100%	100%

D. Earnings in Foreign Exchange:

Export of Goods on F.O.B. basis	1,524.20	849.97
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SUNIL HEALTHCARE LIMITED
Notes to the Financial Statements

29.2.8 a) Foreign currency exposure that are not hedged by derivative instruments or otherwise-

	As on 31.03.2012		As on 31.03.2011	
	In USD	In Equivalent ₹	In USD	In Equivalent ₹
Receivable	10.36	530.21	3.09	137.79
Payables	15.95	815.81	3.06	136.69
	<u>In Euro</u>	<u>In Equivalent ₹</u>	<u>In Euro</u>	<u>In Equivalent ₹</u>
Receivable	-	-	0.17	10.66
Payables	0.04	2.74	0.04	2.53

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

29.2.9 The Company has prepared current year account as per presentation and disclosure requirement of revised schedule VI to the Companies Act, 1956 applicable with effect from 1st April 2011. The previous year figure has been reclassified/regrouped confirm current year figure.

29.2.10 Borrowing cost capitalised during the year ₹ 5.67 Lakhs (Previous year NIL)

As per our Report of even date Annexed		FOR AND ON BEHALF OF BOARD OF DIRECTORS	
For SINGHI & CO. Chartered Accountants Firm Reg. No. 302049E	Chairman cum Managing Director	Anil Khaitan	
Sd/- (B K SIPANI) PARTNER M. No. 88926 New Delhi The 28 th May' 2012	Directors	<div style="border-left: 1px solid black; border-right: 1px solid black; padding: 2px;"> Mr. Joginder Singh Mr. S N Balsubramanian Mr. Sanjay Kaushik Mr. RK Niyogi IPS (Retd.) Mr. B.P. Srinivasan </div>	
	Chief Financial Officer Manager-Legal cum Company Secretary	Mr. Pawan Rathi Mr. Virendra Garg	