



ZENITH HEALTHCARE LIMITED

17TH

ANNUAL REPORT

2010-2011

Zenith Healthcare Limited

SEVENTEEN ANNUAL GENERAL MEETING PROGRAMME

DATE : 24th SEPTEMBER, 2011
DAY : Saturday
TIME : 03.30 PM
VENUE : ATMA Conference Hall,
Ahmedabad Textile Mills'
Association,
Ashram Road, Navrangpura,
Ahmedabad - 380 009

NOTE TO SHAREHOLDERS:

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copy at the meeting.

CONTENTS:

- (1) Board of Directors and Other Information
- (2) Notice
- (3) Directors' Report
- (4) Management Discussion & Analysis
- (5) Report on Corporate Governance
- (6) Auditors' Report
- (7) Balance Sheet
- (8) Profit & Loss Account
- (9) Schedules to the Balance Sheet and Profit & Loss Account
- (10) Accounting Policies & Notes on Accounts
- (11) Balance Sheet Abstract
- (12) Cash Flow Statement pursuant to Clause 32 of the Listing Agreement
- (13) Attendance Slip & Proxy Form

BOARD OF DIRECTORS

Shri Mahendra C. Raycha	Chairman & Managing Director
Smt. Neela Raycha	Executive Director
Shri Atul Thakker	Director
Shri Gaurang Vora	Director
Shri Tejas Thakker	Director
Shri Ashwin Thakker	Director
Shri Rajesh Thakker	Director
Shri Akshit Raycha	Director

COMPANY SECRETARY Shri Piyush Patel, 344, Krishnanagar, Opp. Dipali Nagar, Odhav, Ahmedabad- 382 425	COMPANY LAW CONSULTANT M/s. Kamlesh M. Shah & Co., Practicing Company Secretaries, 801/A, Mahalaya Building, opp. Hotel President, off C.G. Road, Near Swastik Char Rasta, Navrangpura, Ahmedabad
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BANKERS OF THE COMPANY

Punjab National Bank
State Bank of India

STATUTORY AUDITORS

M/s. Jayesh R. Mor & Co.,
Chartered Accountants,
Ahmedabad

INTERNAL AUDITORS

M/s. Nimesh M. Shah & Co.,
Chartered Accountants,
Ahmedabad

REGISTERED AND CORPORATE OFFICE

201 & 205 Labh Complex, 12-B, Sattar Taluka Society,
P.O. Navjivan, Ahmedabad - 380 014.

REGISTRAR & SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT. LTD.,
E-2/3, ANSA INDUSTRIAL ESTATE,
SAKIVIHAR ROAD, SAKINAKA,
ANDHERI (E), MUMBAI - 400 072

WORKS

388/34, Changodar Industrial Estate,
Sarkhej - Bavla Highway,
Changodar - 382 210

LISTING AT

Ahmedabad Stock Exchange Ltd.,
Kamdhenu Complex,
Nr. Panjarapole,
Ambawadi,
Ahmedabad - 380 015

Bombay Stock Exchange Ltd.,
25th floor,
P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001

NOTICE

NOTICE is hereby given to the Members of Zenith Healthcare Limited that 17th Annual General Meeting of the Members of the Company will be held on Saturday, the 24th September, 2011 at 03.30 P.M. at ATMA Conference Hall, Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad- 380 009 to transact the following Business:

ORDINARY BUSINESS :

- (1) To receive, consider, approve and adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31/3/2011, the Profit & Loss Account & Cash Flow Statement for the year ended on that date and the Report of the Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Tejash Thakker, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Gaurang Vora, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
- (4) To appoint the Auditors for the next financial year to hold the office as such from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

- (5) To consider and if, thought fit, to pass with or without modification (s), the following resolution as an ORDINARY RESOLUTION :

RESOLVED THAT MR. AKSHIT M. RAYCHA who was appointed as an Additional Director w.e.f. 29.10.2010 and who holds office only upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation"

PLACE : AHMEDABAD
DATE : 16.08.2011

BY ORDER OF THE BOARD OF DIRECTORS
PIYUSH PATEL
COMPANY SECRETARY

NOTES :

- (1) A Member entitled to attend and vote at the meeting is also entitled to appoint a Proxy to attend and vote instead of himself and on behalf of him and that a Proxy need not be a member of the Company.
- (2) Proxies in order to be effective should be duly stamped, completed in the prescribed form and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- (3) Members desiring any information as regards accounts, are requested to write to the Company atleast 7 days before the meeting to enable the management to keep the information ready.
- (4) Members are requested to be in their seats at the meeting before the scheduled time of commencement of the Meeting to avoid interruption in the proceedings.
- (5) Members who are holding Equity Shares in Physical Form, are requested to intimate any change of address, if any, directly to the Company's **Registrar & Share Transfer Agent - Bigshare Services Pvt. Ltd. , Mumbai.**
- (6) The Register of Members and Share Transfer Books of the Company shall remain closed from 16.09.2011 To 24.09.2011 (both days inclusive).
- (7) If Shareholders have any complaint/grievance, please write to the Company's Registrar & Share Transfer Agent - Bigshare Services Pvt. Ltd. The Company has designated an exclusive E-mail ID called zhlgriev@yahoo.in for redressal of shareholders' complaints/grievances.
- (8) With effect from 25th June, 2001, equity shares of your Company are compulsorily traded in dematerialised form as mandated by the SEBI. Your Company has already Tri-Partite agreement with two Depositories viz. National Securities Depository Limited & Central Depository Services (India) Limited.

Shareholders who are holding old share certificate(s) of Rs.10/- each, are requested to return the ORIGINAL old share certificate(s) [which is / are no longer tradeable] directly to the Company's Registrar & Share Transfer Agent - Bigshare Services Pvt. Ltd., for cancellation alongwith Application duly signed by all the holders, to enable to issue New Share Certificate(s) in physical form after effecting Reduction, if any, and Sub-division in to Re.1/- each in lieu thereof.

- (9) The Ministry of Corporate Affairs has taken a 'Green initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. **Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' with M/s. Bigshare Services Pvt. Ltd./ Investors Service Department of the Company.** The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants Only. Even after registering for E-Communication, the Shareholders of the Company are entitled to receive such communication in physical form, upon request.

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under item No. 5 of Notice.

Item No. 5

Mr. Akshit M. Raycha was appointed as an Additional Director of the Company at the Meeting of Board of Directors of the Company held on 29.10.2010. As per the provision of Section 260 of the Companies Act, 1956, Mr. Akshit M. Raycha holds office upto the date of forthcoming Annual General Meeting.

The Company has received a notice in writing under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. Board is of the opinion that his appointment would be beneficial to the Company and hence, recommend passing of resolution as Ordinary Resolution at an Item No. 5 of the Notice.

None of the Director except Mr. Mahendra Raycha and Smt. Neela Raycha is in any way concerned or interested in this resolution.

Statement Regarding the Directors seeking appointment/re-appointment in ensuing annual general meeting.

Name of Director : Tejas Dilipbhai Thakker, Date of Birth : 20.09.1974, Date of reappointment : As on the Date of Annual General Meeting , Expertise in specific functional area: He is businessman and having expertise in marketing and other liassion work.

Qualification : Commerce graduate, No. of Equity Shres held : Nil, List of Outside Company Directorship held : Nil ,Member of Committees of Board of Directors of the Company : He is the member of Remuneration Committee

Name of Director : Gaurang Girdharlal Vora, Date of Birth : 03.04.1959, Date of reappointment : As on the Date of Annual General Meeting , Expertise in specific functional area : He is Practising Chartered Accountant since last 25 years and having deep knowledge in finance and taxation matters.

Qualification : M.Com.,F.C.A.,No. of Equity Shres held : Nil, List of Outside Company Directorship held: Nil Member of Committees of Board of Directors of the Company : Chairman of Audit Committee and Member of Investor grievance committee & remuneration committee

Name of Director : Akshit M. Raycha ,Date of Birth : 05.05.1989,Date of Appointment : 29.10.2010 Expertise in specific functional area : He has Three years experience in Production and Marketing with reputed Pharmaceutical Company, Qualification : Commerce Graduate and MBA, from Ahmedabad University Associated with Cambridge University, No. of Equity Shres held : 189,817 List of outside Company Directorship held : Zenith Lifecare Pvt. Ltd., & Zenith Medicine Pvt. Ltd., Member of Committees of Board of Directors of the Company : Audit Committee

DIRECTORS' REPORT

To,
The Members,
ZENITH HEALTHCARE LIMITED

Dear Shareholders,
Your Directors have pleasure in presenting herewith the 17th Audited Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2011.

FINANCIAL HIGHLIGHTS

During the financial year 2010-2011, the financial operational results of the Company is as under :

(Amount in Rs.)

Particulars	Year ended on 31st March 2011	Year ended on 31st March 2010
Turnover Gross income	4,46,20,163	4,30,73,803
Profit Before Depreciation	55,20,728	48,57,995
Provision for Depreciation	16,06,898	17,83,493
Profit Before Tax	39,13,830	30,74,502
Provision for Tax	12,85,000	10,38,500
Net Profit after Tax	26,28,830	20,36,002
Add: Balance as per last Balance Sheet	64,93,555	43,38,749
Defferred Tax Assets / (Liability)	36,608	1,18,804
Net Profit carried to Balance Sheet	91,12,4554	64,93,555

(1) YEAR UNDER REVIEW :

Inspite of keen competition, during the year under review, your Company has achieved sales of Rs. 44620163 against Rs. 43073803 in the Previous year. The Profit before depreciation is Rs. 5520728 for the current year against Rs.4857995 of the previous year. The Company is improving their performance.

(2) DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed & that no material departures have been made from the same;
- (b) that they have selected such accounting policies and applied them consistently and made judgements and estimated that are reasonable and prudent so as to give a true and fair view 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 they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;
- (d) that they have prepared the annual accounts on a going concern basis.

(3) CORPORATE GOVERNANCE :

A report on the Corporate Governance alongwith a certificate from the auditors of the Company regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement as also the management Discussion and Analysis Report are annexed to this Report.

(4) FIXED DEPOSIT :

The Company has neither invited nor accepted any fixed deposit from public during the year under review as defined under Section 58A of the Companies Act, 1956.

(5) DIVIDEND :

Due to small amount of profit, your Directors do not recommend any dividend for the year ended on 31st March, 2011.

(6) DIRECTORS :

Shri Tejash Thakker & Shri Gaurang Vora, Directors of the Company retire by rotation as per provisions of the Act at this Annual General Meeting. However, being eligible offers themselves for re-appointment, your Directors recommend to appoint them by passing resolutions.

The Notice convening the Annual General Meeting includes the proposals for the appointment/re-appointment of the Directors. Brief resumes of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of the Companies in which they hold directorship/membership/chairmanship of the Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges have been provided as an annexure to the Notice convening the Annual General Meeting.

(7) PARTICULARS OF EMPLOYEES :

None of the employee falls within the limits prescribed under the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies(Particulars of Employees) Rules,1975 as amended.

(8) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUT GO :

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with Rules 2 of the Companies (Disclosure of particulars in the Reports of Board of Directors) Rules 1988, the particulars relating to conservation of Energy, Technology Absorption, Foreign Exchange outgo/ earnings, etc. are given in Annexure - A as a part of this Report.

(9) STATUTORY AUDITORS:

M/s. Jayesh R. Mor & Co., Chartered Accountants, Ahmedabad, the retiring auditors hold office of the Auditors up to the date of this Annual General Meeting as per provisions of the Act. The Company has received a letter from the said auditors to the effect that their appointment shall be within the limits laid down under Section 224(1B) of the Companies Act. A resolution proposing their re-appointment as Statutory Auditors of the Company for the period from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting is required to be passed. Your Directors recommend to pass the said resolution.

(10) INTERNAL AUDITORS :

M/s. Nimesh M. Shah & Co., Chartered Accountants, Ahmedabad, were appointed as Internal Auditors of the Company. The Company has received a letter from the said Auditors to continue to act as Internal Auditors of the Company.

(11) AUDITORS OBSERVATION :

The Company had given Loans and Advances in the nature of loans to various corporate and non-corporate entities. The Board is of the opinion that the same will be recoverable and hence, no provision for the same as bad and doubtful advances are required in the books of accounts. However, notes to be Accounts to itself are clarificatory and self-explanatory in nature.

(12) INFORMATION PURSUANT TO STOCK EXCHANGE LISTING AGREEMENT :

The Company's Equity Shares are at present listed and traded on Ahmedabad Stock Exchange Limited and Bombay Stock Exchange Limited. The Company has duly paid the annual Listing Fees of both the Stock Exchanges for and up to the financial year ending on 31.03.2012. The Equity Shares of the Company are freely tradeable on both the Stock Exchanges and trading thereof have not been suspended at any time during the year under review. The Company has been regularly and timely making all compliances of the various clauses of the Listing Agreement and SEBI Regulations from time to time.

(13) AUDIT COMMITTEE :

The Company has formed Audit Committee in compliance to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Details are separately given in Report on Corporate Governance.

(14) INSURANCE :

The Assets of your Company have been adequately insured.

(15) APPRECIATION :

Your Directors take this opportunity to acknowledge the trust reposed in your Company by its Shareholders, Bankers, Customers, Suppliers, various Government Authorities and Clients. Your Directors sincerely appreciate the dedication & commitment of all employees, without which the continuing progress of the Company would not have been possible.

On Behalf of Board of Directors
of Zenith Healthcare Limited

ANNEXURE - A TO THE REPORT OF DIRECTORS
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies Rules, 1988, information regarding conservation of energy, technologies absorption and foreign exchange earnings and outgo are given as under:-

POWER AND FUEL CONSUMPTION

	CURRENT 2010-2011	PREVIOUS 2009-2010
[A] ELECTRICITY		
Purchased		
Total Units	73,950	56,663
Total Amount Rs.	5,05,468	4,21,952
Rate per Unit Rs.	6.84	7.45
Through Diesel Generation		
Total Units (in Litres)	2958	5,670
Total Amount Rs.	29,352	62,255
Rate per Unit Rs.	9.92	10.98
[B] Technology Absorption, Adaption & Innovation	Nil	Nil
[C] Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Expenditure	Rs. 83,936	Nil

CONSERVATION OF ENERGY:

The Company continued to accord high priority to the conservation of energy.

ANNEXURE - B TO THE REPORT OF DIRECTORS
REPORT ON CORPORATE GOVERNANCE:
BOARD COMPOSITION:

Name of Director	Designation	DIN No.	Type	Executive/ Non-Executive
Shri Mahendra C. Raycha	Chairman & Managing Director	00577647	Promoter	Executive
Smt. Neela Raycha	Executive Director	01258479	—	Executive
Shri Atul Thakker	Director	01157384	Independent Director	Non - Executive
Shri Gaurang Vora	Director	01157447	Independent Director	Non - Executive
Shri Tejas Thakker	Director	01157506	Independent Director	Non - Executive
Shri Ashwin Thakker	Director	01153319	Independent Director	Non - Executive
Shri Rajesh Thakker	Director	01597404	Independent Director	Non - Executive
Shri Akshit M. Raycha	Director	03039859	Independent Director	Non - Executive

BOARD COMMITTEES:

Currently the Board has three committees:

- A. Audit Committee
- B. Investor Grievance Committee
- C. Remuneration Committee

COMPOSITION OF COMMITTEES
A. AUDIT COMMITTEE

<i>Name</i>	<i>Designation</i>
1. Shri Gaurang Vora	Chairman
2. Shri Atul Thakker	Member
3. Shri Nimesh M.Shah	Internal Auditor
4. Shri Akshit Raycha	

B. INVESTOR GRIEVANCE COMMITTEE

<i>Name</i>	<i>Designation</i>
1. Shri Ashwin Thakker	Chairman
2. Shri Gaurang Vora	Member
3. Shri A.C.Patel	Member

C. REMUNERATION COMMITTEE

<i>Name</i>	<i>Designation</i>
1. Shri Rajesh Thakker	Chairman
2. Shri Gaurang Vora	Member
3. Shri Tejas Thakker	Member

No. of Board and Committee Meeting held during the Year:

<i>Name of the Committee</i>	<i>No. of Meetings held</i>
Board	6
Audit Committee of Board	4
Investor Grievance Committee	1
Remuneration Committee of Board	1

Attendance of the Directors:

Name of Director	Board Meeting	ACB Meetings	IGCB Meetings	RCB Meetings
1. Shri Mahendra C. Raycha	6	—	—	—
2. Smt. Neela Raycha	6	—	—	—
3. Shri Atul Thakker	6	4	—	—
4. Shri Gaurang Vora	4	3	1	1
5. Shri Tejas Thakker	5	—	—	1
6. Shri Ashwin Thakker	3	—	1	—
7. Shri Rajesh Thakker	2	—	—	1
8. Shri Akshit M. Raycha	1	1	—	—

FUNCTION OF AUDIT COMMITTEE :

The Audit Committee is headed by Shri Gaurang Vora as Chairman and other Directors namely Shri Tejas Thakker and Shri Nimesh M.Shah and Akshit M.Raycha. The members of the Audit Committee consisting Chartered Accountants by Profession & Businessmen. Shri Nimesh M. Shah is an independent Chartered Accountant and is acting as Internal Auditors for the Company. Shri Gaurang Vora is also a Chartered Accountant, Independent and is the Chairman of the Committee is looking policy matter of financial and accounting position of the Company. The Committee meets atleast once in every quarter and prepare its minutes on the proceeding and business discussed, transacted. All committee reports and minutes are placed before the Board in all its meetings for information, guidance, directions and taking the same on record. Other functional powers, duties etc. of the committee are defined taking in to account the legal provision of the listing.

FUNCTION OF INVESTORS SERVICES COMMITTEE:

The Committee is entrusted with the responsibility to address the Shareholders and investors complaints with respect to transfer of Shares, non-receipt of annual report etc. and ensures an expeditious share transfer process in line with proceedings of the Share of the Company, and also provides continuous guidance to improve the service levels for investor.

REMUNERATION COMMITTEE:

This Committee takes care of remuneration payable to Chairman & Managing Director, Executive Director, Directors and sitting fees, if any, payables to all other Directors of the Company. In addition there to the committee also takes care of remuneration payable to top executives like Production Manager, General Manager, Personnel Manager, Finance Manager etc. The Committee also recommend to the Board the remuneration package to be fixed and payable to class of workers and is in now precess of fixing up of the retirement package to be offered to the employees of the Company .

Directors present at the last Annual General Meeting dated September 28, 2010

1. Shri Mahendra C. Raycha	Chairman & Managing Director
2. Smt. Neela Raycha	Executive Director
3. Shri Atul Thakker	Director
4. Shri Gaurang Vora	Director
5. Shri Tejas Thakker	Director
6. Shri Rajesh Thakker	Director
7. Shri Ashwin Thakker	Director
8. Shri Akshit M. Raycha	Director

Disclosure:

- (i) Disclosures on materially significant related party transactions i.e. transaction of the Company of material nature, with its promoters, the directors or the management their subsidiaries or relative etc. that may have potential conflict with the interest of Company at large. The transactions did not have any potential conflict with the interest of the Company.
- (ii) Details of non-compliance by the Company, penalties, structures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil

Investor Services :

**All share transfers and related operations are conducted by the
Company's Registrar & Share Transfer Agent :**

Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Mumbai - 400 072

Telephone No. (022) 40430200, 284470652 Fax No. (022) 28475207

E-Mail ID - info@bigshareonline.com

Demat ISIN No. for Equity Shares of the Company in NSDL & CDSL: INE812B01026

For the Convenience of our investor, the Company has designated exclusive E-MAIL ID i.e. zhlgriev@yahoo.in

All investors are requested to avail this facility.

Details of Shares Price movement during the year at Bombay Stock Exchange Limited.

Month	High (Rs.)	Low (Rs.)
April, 2010	1.22	1.01
May, 2010	1.33	1.00
June, 2010	1.45	1.02
July, 2010	1.59	1.00
August, 2010	1.69	1.12
September, 2010	1.54	1.10
October, 2010	1.46	1.00
November, 2010	1.43	1.00
December, 2010	1.24	0.78
January, 2011	1.21	0.82
February, 2011	1.08	0.73
March, 2011	1.08	0.72

Annual General Meeting:

Date	Venue
1. September 23, 2008	: ICSI, Navdeep Hall, Chinubhai Tower, B-Wing, 2nd floor, Opp. Handloom House, Ashram Road, Ahmedabad-9.
2. September 30, 2009	: ATMA Conference Hall, Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad-380 009.
3. September 28, 2010	: ATMA Conference Hall, Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad-380 009.

ANNEXURE - C TO THE REPORT OF DIRECTORS

AGM : Date, Time and Venue	: 24th September, 2011 at 03 : 30 P.M. : ATMA Conference Hall, Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad - 380 009.
Financial Calendar	: April to March
Particulars	Board Meeting to approve Unaudited Quarterly Financial Results
Quarter ending 30th June, 2011 Quarterly / Half Year ending 30th September, 2011	: Latest by end of July, 2011
Quarter ending 31st December, 2011	: Latest by end of October, 2011
Year ending 31st March, 2012	: Latest by end of January, 2012
Date of Book Closure	: Latest by end of April, 2012
Listing on Stock Exchange	: 16.09.2011 to 24.09.2011 (both days inclusive)
Distribution of Shareholding	: Ahmedabad Stock Exchange Ltd., Bombay Stock Exchange Ltd.
Registrar & Share Transfer Agent	: Please refer Annexure - C
Dematerialisation of Shares	: Bigshare Services Pvt. Ltd., is the Registrar and Transfer Agent of the Company and handles the entire Share Registry work, both Physical and Electronic. Accordingly, all documents, transfer deed, demat requests and other communications in relation thereto should be addressed to the Registrar and Transfer Agent.
	: 4,11,25,850 Equity Shares representing 76.53% of the total Equity Share Capital has been dematerialised as on 31st March, 2011.

Distribution of Shareholding* as on 31.03.2011

Holdings	Number of Shareholders	Total Amt. of Shares Face Value
Upto 5000	7665	12267882
5001-10000	600	4876482
10001-20000	205	2979213
20001-30000	86	2165927
30001-40000	22	782350
40001-50000	25	1155452
50001-100000	27	2055106
100001 & Above	45	27456588

* Both in Physical and Dematerialised Form.

Shareholding Pattern as on 31.03.2011

Category	No. of Shares	% of holding to total
Promoters, Director & Associates	14009117	26.07
Foreign Holding	344364	0.64
Corporates	5983962	11.14
Mutual Fund	211000	0.39
Public	33190557	61.76
Total	53739000	100.00

Compliance Officer : Mr. Amit Patel
201 & 205, Labh Complex, 12 - B, Sattar Taluka Society,
P.O. Navjivan, Ahmedabad - 380 014. Tel. (079)27541004

MANAGEMENT DISCUSSION & ANALYSIS REPORT:**(A) INDUSTRY STRUCTURE DEVELOPMENT AND OUTLOOK :**

The Company operates in the single Business Segment of Manufacturing of Pharmaceuticals formulation in the forms of Tablets,Capsules, Oral liquid and Injectable. Industry is expected to achieve average annual growth.

(B) OPPORTUNITIES,THREATS, RISKS & CONCERNS :

Very high competition from large and small and new comers in the pharma field,it is very difficult to stand in stable position. It is expected that due to increased in the products mix, the Company's future business & financial position would be maintained.

(C) INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

The Company has a good system of internal controls in all spheres of its activity. The internal control system is supplemented by effective internal audit being carried out by an external firm of Chartered Accountants. The Audit committee regularly reviews the findings of the internal auditors and effective steps to implement the suggestions/ observations of the Auditors are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the Company exists.

(D) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECTS TO OPERATIONAL PERFORMANCE :

Inspite of very high competition from new comers, Company has achieved reasonable profit.

(E) CAUTIONARY STATEMENT :

Statements in the Management Discussion and analysis describing the Company's position and expectation may be "Forward Looking Statements" within the meaning of applicable securities laws & regulations.Actual results could differ materially from those expressed or implied.Important factors that could make,among other economic conditions affecting demand / supply and price conditions in the market in which the Company operates,in the Government regulations, Tax Laws and other statutes and incidental factors.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

ZENITH HEALTHCARE LIMITED

We have examined the compliance of conditions of Corporate Governance by Zenith Healthcare Limited,for the year ended on 31st March, 2011,as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of the Management.Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

PLACE : AHMEDABAD
DATE : 16th August, 2011

For Jayesh R. Mor & Co.
Chartered Accountants

[Jayesh R. Mor]
Proprietor
Membership No. 37941

AUDITORS' REPORT

**TO
THE MEMBERS OF ZENITH HEALTHCARE LIMITED**

We have audited the attached Balance Sheet of Zenith Healthcare Limited as at 31st March, 2011 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 disclosure 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 Section 227(4A) 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 in paragraph above, we report that;

- a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of such books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts as submitted to us;
- e) On the basis of the written confirmations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting standards referred to in Sub-section (3C) of Section 211 of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the Accounting Policies and other 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 :
 - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - (ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - (iii) In so far as it relates to the Cash Flow statement, of the cash flows for the year ended on that date.

**For Jayesh R. Mor & Co.
Chartered Accountants**

**PLACE : AHMEDABAD
DATE : 16th August, 2011**

**[Jayesh R. Mor]
Proprietor
Membership No. 37941**

ANNEXURE TO THE AUDITORS' REPORT

1. In respect of its fixed assets;
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
 - b. Physical verification of major assets was conducted by the Management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with the books of record.
 - c. In our opinion, the Company has not disposed off substantial fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories;
 - a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed physical verification of inventory as compared with the books of record.
3.
 - a. The Company as not taken any loan secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act ,1956.
 - b. The Company as not granted any loan secured or unsecured to Companies,firms or other pariteis listed in the register maintained under Section 301 of the Companies Act , 1956.
4. In our opinion, there are an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in internal controls.
5. In our opinion and according to the information and explanation given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act,1956. The Company has not made any transaction to be entered in to a registered in pursuance of Section 301 of the Companies Act, 1956.
6. As informed, the Company has not accepted any deposits from the public.
7. In our opinion, the Company has an adequate internal audit system, which was conducted by an independent firm of Chartered Accountants, which in our opinion is commensurate with its size and nature of its business.
8. According to the information and explanation given to us, proper records have been maintained as prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
 - a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, custom duty, excise, cess and any other material statutory dues applicable to it.
 - b. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth-tax, custom duty, excise, cess were in arrears, as at 31st March,2011 for a period of more than six months from the date they became payable.

- c. According to the information and explanation given to us, there are no dues of income-tax, sales-tax, wealth-tax, custom duty, excise, cess etc. which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year immediately preceding such financial year.
 11. Based on our examination and explanation given by the management, the Company has no dues to financial institutions, banks or debentureholders.
 12. Based on our examination and according to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
 14. In our opinion and based on our examination of the records, the Company has maintained proper records of transactions and contracts in respect of trading in securities and other investments and timely entries have been made therein. All shares and other investments have been held by the Company in its own name.
 15. On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. The Company has not obtained any term loans.
 17. On the basis of our examination of the books of accounts and the information and explanations given to us, no funds have been raised on a short-term basis that have been used for long-term investment and vice versa.
 18. 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.
 19. During the year, the Company has not issued any debentures.
 20. The Company has not raised any money by way of public issue during the year.
 21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Jayesh R. Mor & Co.
Chartered Accountants**

**PLACE : AHMEDABAD
DATE : 16th August, 2011**

**[Jayesh R. Mor]
Proprietor
Membership No. 37941**

BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in Rs.)

PARTICULARS	SCHEDULE	AS AT 31-03-2011	AS AT 31-03-2010
SOURCES OF FUNDS :			
Shareholder's Funds :			
Share Capital	1	5,37,39,000	5,37,39,000
Reserves & Surplus	2	<u>92,88,095</u>	<u>66,57,096</u>
		6,30,27,095	6,03,96,096
LOAN FUNDS :			
Secured Loans	3	3,82,415	15,11,823
NET DEFERRED TAX LIABILITY			
	4	3,00,477	3,37,085
	TOTAL	<u>6,37,09,987</u>	<u>6,22,45,004</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	3,56,07,361	3,50,91,213
Less : Depreciation		<u>2,43,05,967</u>	<u>2,2,699,069</u>
Net Block		1,13,01,394	1,23,92,144
INVESTMENTS			
	6	19,70,487	46,462
CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	7	98,73,689	1,01,36,782
Sundry Debtors		2,39,90,111	2,26,01,227
Cash & Bank Balances		74,65,537	69,08,651
Loan & Advances		<u>1,48,84,703</u>	<u>1,73,47,815</u>
	TOTAL	<u>5,62,14,039</u>	<u>5,69,94,475</u>
LESS : CURRENT LIABILITIES & PROVISIONS :			
Current Liabilities	8	39,68,716	56,25,349
Provisions		<u>18,07,217</u>	<u>15,62,727</u>
		<u>57,75,933</u>	<u>71,88,076</u>
Net Current Assets	TOTAL	50438106	<u>4,98,06,399</u>
	TOTAL	<u>6,37,09,987</u>	<u>6,22,45,004</u>

Significant Accounting policies and Notes on Accounts. 15

As per our report of even date

FOR JAYESH R. MOR & CO.

Chartered Accountants

Jayesh R. Mor

Proprietor

Membership No.37941

PLACE : AHMEDABAD
DATE : 16.08.2011

For and on behalf of the Board of Directors

MAHENDRA RAYCHA

Chairman & Managing Director

NEELA RAYCHA

Executive Director

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

(Amount in Rs.)

PARTICULARS	SCHEDULE	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
INCOME :			
Sales including Trading Sales(Net of VAT/CST)		4,09,03,336	4,20,88,096
Less : Excise Duty & Edu. Cess Expenses		14,60,650	17,14,305
Net Sales		<u>3,94,42,686</u>	4,03,73,791
Other Income	9	52,67,969	24,58,708
Increase (Decrease) in Stock	10	(90,492)	2,41,304
	TOTAL	<u><u>4,46,20,163</u></u>	<u><u>4,30,73,803</u></u>
EXPENDITURE :			
Raw Material Consumption	11	1,32,60,706	1,42,72,049
Packing Material Consumption	12	39,74,101	38,58,395
Trading Purchase		58,38,173	48,50,886
Manufacturing Expenses	13	34,05,648	31,42,084
Administrative, Selling & Distribution Expenses	14	1,26,20,807	1,20,92,393
Depreciation		16,06,898	17,83,493
	TOTAL	<u><u>4,07,06,333</u></u>	<u><u>39999,301</u></u>
Profit before Income Tax		39,13,830	30,74,502
Less : Provision for Income Tax		12,85,000	10,38,500
Less : Provision for Fringe Benefit Tax		—	—
Profit after Tax		26,28,830	20,36,002
Balance from Previous Year		<u>64,93,555</u>	43,38,749
Amount available for Appropriations		<u><u>91,22,385</u></u>	<u><u>63,74,751</u></u>
Appropriations :			
Deferred Tax Assets		(36,608)	(1,18,804)
Short/(Excess) Provision of I.T.		34,439	—
Balance carried to Balance Sheet		<u>91,24,554</u>	64,93,555
		<u><u>91,22,385</u></u>	<u><u>63,74,751</u></u>

Significant Accounting policies and Notes on Accounts 15

As per our report of even date

For and on behalf of the Board of Directors

FOR JAYESH R. MOR & CO.

Chartered Accountants

Membership No.37941

Jayesh R. Mor

Proprietor

MAHENDRA RAYCHA

Chairman & Managing Director

PLACE : AHMEDABAD
DATE : 16.08.2011
NEELA RAYCHA

Executive Director

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in Rs.)

		AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE : 1 SHARE CAPITAL :			
Authorised Capital			
	11,00,00,000 Equity Shares of Re. 1/- each	11,00,00,000	11,00,00,000
ISSUED CAPITAL			
	5,37,39,000 Equity Shares of Re. 1/- each (Previous year 5,37,39,000 Equity Shares of Re. 1/- each)	5,37,39,000	5,37,39,000
Subscribed & Paid up Capital :			
	5,37,39,000 Equity Shares of Re. 1/- each (Previous year 5,37,39,000 Equity Shares of Re.1/- each)	5,37,39,000	5,37,39,000
	TOTAL	5,37,39,000	5,37,39,000
SCHEDULE : 2 RESERVES & SURPLUS :			
	Capital Reserve	1,37,089	1,37,089
	Amalgamation Reserve	16,237	16,237
	Profit & Loss Account	91,24,554	64,93,555
	General Reserve	10,215	10,215
	TOTAL	92,88,095	66,57,096
SCHEDULE : 3 SECURED LOANS :			
	State Bank of India - Overdraft Facility against FDR.	3,82,415	15,11,823
	TOTAL	3,82,415	15,11,823
SCHEDULE : 4 NET DEFERRED TAX LIABILITY			
	Opening Balance	3,37,085	4,55,889
	Less : Deferred Tax Asset for the year	(36,608)	(1,18,804)
		3,00,477	3,37,085
	Net Deferred Tax Liability	TOTAL 300477	3,37,085

SCHEDULE : 5 FIXED ASSETS

SR. NO.	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01-04-2010	Addition Dur. Year	Deduction Dur. Year	As at 31-03-2011	As at 01-04-2010	Addition Dur. Year	Deduction Dur. Year	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
1	Land	8,00,900	--	--	8,00,900	--	--	--	--	8,00,900	8,00,900
2	Factory Building	1,2,533,149	--	--	12,533,149	7,435,288	508,392	--	7,943,680	4,589,469	5,097,861
3	Plant & Machineries	13,914,240	9,922	--	13,924,162	9,771,598	575,617	--	10,347,215	3,576,947	4,142,642
4	Electrification	2,142,713	--	--	2,142,713	1,709,970	60,028	--	1,769,998	372,715	432,743
5	R & D Equipments	541,063	460,975	--	1,002,038	352,477	70,988	--	423,465	578,573	188,586
6	Furniture & Dead Stock	1,230,203	--	--	1,230,203	1,019,438	38,044	--	1,057,482	172,721	210,765
7	Vehicles	2,609,488	--	--	2,609,488	1,562,339	270,368	--	1,832,707	776,781	1,047,149
8	Office Equipments	962,952	45,251	--	1,008,203	727,967	71,669	--	799,636	208,567	234,985
9	Office Premises	356,505	--	--	356,505	119,992	11,792	--	131,784	224,721	236,513
	Total	35,091,213	516,148	--	35,607,361	2,26,99,069	1,606,898	--	24,305,967	11,301,394	12,392,144
	Previous Year	34,880,959	210,254	--	35,091,213	2,09,15,576	1,783,493	--	22,699,069	12,392,144	13,965,393

(Amount in Rs.)

	No. of Shares	Face Value	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE : 6 INVESTMENTS				
Equity Shares (Quoted)				
HDFC Bank Ltd.	7	10	576	576
GIC Housing Finance Ltd.	300	10	2,700	2700
IDBI Bank Ltd.	1440	10	16,500	16500
Mehta Cad Cam Systems Share			1922500	----
NSC			28211	26,686
(Market Value of Quoted Investments is Rs. 2,52,324/-)		TOTAL	1970487	46,462
SCHEDULE : 7 CURRENT ASSETS, LOANS & ADVANCES :				
(1) Inventories :				
Raw Materials			28,34,556	29,96,527
Packing Materials - Alopethic			13,85,010	13,47,824
- Ayurvedic			----	
Finished Goods/Trading /Branch Stock			52,40,596	55,49,544
Laboratory Chemicals			25,000	25,000
Work in Process			388,527	2,17,886
		TOTAL	98,73,689	1,01,36,782
(2) Sundry Debtors :				
(Unsecured considered good)				
- Outstanding for more than six months			77,17,806	61,23,801
- Others			1,62,72,305	1,64,77,426
		TOTAL	2,39,90,111	2,26,01,227
(3) Cash & Bank Balance :				
Cash on Hand			2,50,863	1,52,267
Branch Cash on Hand			1,41,577	2,802
Petty Cash			2,151	4,011
Allahabad Bank - (Branch - Kolkata)			9,807	82,561
Punjab National Bank A/c.No.3751002100032648			70,643	89,119
Punjab National Bank A/c.No.3751002100034105			10,331	10,331
Union Bank of India			1,75,165	62,560
PNB Allotment Money collection A/c.			5,000	5,000
Fixed Deposits with State Bank of India			68,00,000	65,00,000
		TOTAL	74,65,537	69,08,651
(4) Loan & Advances :				
a) Inter Corporate Deposits			18,75,700	37,86,459
b) Non-Corporate Deposits			8,90,288	6,50,000
c) Advances Recoverable in Cash in kind			95,04,151	99,06,460
d) Other Advances			2,97,220	4,45,015
e) Security Deposits			3,89,789	4,31,522
f) Advance Income Tax			16,30,335	12,25,000
g) TDS from Interest			1,55,147	8,34,732
h) Loans & Advances to Employees			1,42,073	68,627
		TOTAL	1,48,84,703	1,73,47,815
TOTAL CURRENT ASSETS			5,62,14,039	5,69,94,475

SCHEDULE : 8 CURRENT LIABILITIES & PROVISION :		AS AT	AS AT
CURRENT LIABILITIES		31.03.2011	31.03.2010
i) Sundry Creditors for Goods		24,26,316	29,68,674
ii) Sundry Creditors for Expenditure		15,42,400	26,56,675
	TOTAL	<u>39,68,716</u>	<u>56,25,349</u>
PROVISION :			
For Income Tax 2006 - 2007		----	76,000
For Income Tax 2008 - 2009		----	57,000
For Income Tax 2009 - 2010		----	10,38,500
For Income Tax 2010 - 2011		12,85,000	----
For FBT 2006 - 2007		----	35,000
For FBT 2007 - 2008		----	56,000
For FBT 2008 - 2009		----	51,500
Provision for Expenses		5,22,217	2,48,727
	TOTAL	<u>18,07,217</u>	<u>15,62,727</u>
SCHEDULE : 9 OTHER INCOME :			
Accrued NSC Interest		4,792	5,424
Interest Income		7,76,305	9,43,606
Dividend		5,754	1,270
Job Charges		1,72,772	1,52,934
Sale of Scraps		9,664	44,394
Kasar		18,000	64,367
Office Rent Income		59,351	18,000
Physician Sample Sales		1,28,518	3,19,115
Inactive Materials		----	1,33,598
Branch Profit		40,92,813	7,76,000
	TOTAL	<u>52,67,969</u>	<u>24,58,708</u>
SCHEDULE : 10 INCREASE IN STOCK :			
Closing Stock	Finished Goods	48,78,339	51,39,471
	Work in Process	<u>3,88,527</u>	2,17,886
			<u>52,66,866</u>
Less : Opening Stock	Finished Goods	51,39,471	47,82,627
	Work in Process	<u>2,17,886</u>	3,33,427
			<u>53,57,358</u>
	TOTAL	<u>(90,492)</u>	<u>2,41,304</u>
SCHEDULE : 11 RAW MATERIALS CONSUMPTION :			
Opening Stock	Alopethic	29,96,527	27,20,054
	Laboratory Chemicals	25,000	25,000
Add : Purchase :	Alopethic	1,30,58,934	1,45,06,360
	Laboratory Chemicals	39,801	42,162
	(A)	<u>1,61,20,262</u>	<u>1,72,93,576</u>
Less : Closing Stock	Alopethic	28,34,556	29,96,527
	Laboratory Chemicals	25,000	25,000
	(B)	<u>28,59,556</u>	<u>30,21,527</u>
	TOTAL (A - B)	<u>1,32,60,706</u>	<u>1,42,72,049</u>

SCHEDULE : 12 PACKING MATERIALS CONSUMPTION :

Opening Stock	Ayurvedic	----	23,105
	Alopathic	13,47,824	12,69,175
Add : Purchase :	Alopathic	40,11,287	39,13,940
		(A)	53,59,111
Less : Closing Stock	Ayurvedic		—
	Alopathic	13,85,010	13,47,824
		(B)	13,85,010
	TOTAL	(A - B)	39,74,101

SCHEDULE : 13 MANUFACTURING EXPENSES :

Factory Salary	18,11,775	16,43,699
Electricity Expenses	4,70,388	4,10,000
Laboratory Testing Charges	5,91,558	5,99,386
Packing Materials -(Bonsai A/c)	28,403	1,19,776
Inward Freight Expenses	82,679	84,958
Machine Repairing Expenses	1,56,096	1,24,571
Factory Expenses	96,488	79,091
Product Approval Charges	11,650	3,500
Water Charges	46,980	53,650
Procurement charges	6,500	19,925
Art & Design Exp.	1,000	3,528
Trade Discount Exp.	1,02,130	----
	TOTAL	34,05,648

SCHEDULE : 14 ADMINISTRATIVE, SELLING & DISTRIBUTION EXP :

Advertisement Expenses	32,566	25,458
Accounting Writing Charges	14,092	38,347
Abkari Jakat Expenses	21,967	35,155
Annual Custodial Fees	79,232	43,396
Auto LPG Expenses	----	45,512
Auditor Remuneration	44,120	40,000
Bank Commission	8,869	8,578
Bank Interest Expenses	1,44,618	1,38,670
Bonus	3,39,925	2,34,125
Bad-Debts	3,08,450	9,93,144
Breakage Expiry	8,33,026	14,04,768
Building Maintenance Exp.	----	30,091
Central Sales Tax Exp./ Purchase Tax	2,99,732	1,79,643
Complex Maintenance Expenses	13,250	13,950
Conveyance Expenses	1,787	2,903
Diesel Expenses	2,49,026	2,14,966
Donation Exp.	----	500
Diwali Exp.	7,559	6,548
Electricity Exp. (S.D.)	781	144
Electricity Exp. (H.O.)	36,075	22,832
Electricity Exp. (R.O.)	----	547
Empolyer Contribution E.S.I.	7,248	---
Empolyer Contribution P.F.	3,23,246	166,726
EPF Admn. Charges	28,703	14,810
Garden Expenses	16,795	9,680
General Meeting Exp.	16,021	—

Gratuity Expenses	9,519	1,95,991
Godown Rent Expenses	1,20,000	1,14,000
Gujarat Labour Welfare Fund	810	796
Insurance Expenses	1,29,891	1,03,826
Internet Connection Exp.	27,224	22,262
Kasar	3,543	—
Leave Encashment	2,32,804	64,606
Legal & Professional Charges	75,162	53,156
Listing Fees	38,605	38,605
Managerial Remuneration	18,00,000	15,60,000
Membership Fees	----	12,020
Maintenance Charges	----	6,000
Misc. Expenses	18,184	—
Mobile Expenses	22,700	32,067
M.R.Incentive	72,500	58,000
Municipal / Gram Panchayat Tax	20,280	19,955
OfficeExpenses	34,302	42,691
Outward Freight Exp.	6,92,227	6,23,923
Petrol Expenses	29,074	31,843
Postage & Courier Charges	96,047	99,839
Pick-up Van Exp.	1,19,926	—
Printing & Stationery Exp.	1,10,040	1,18,196
Professional Tax (Company)	4,800	4,800
Prior Period Exp	12,243	----
Rate Difference Expenses	71,926	1,94,559
ROC Fees	7,750	4,500
Repairs & Maintenance	71,379	80,590
Rent Exp.	1,80,000	1,14,000
Retained Expenses	1,02,386	95,397
Renewal Fees Exp.	----	2,112
Salary	13,19,854	10,82,895
Sales Commission	31,81,545	27,16,626
Sales Promotion Exp.	5,27,142	4,63,675
Scooter Exp.	----	6,219
Security Charges	87,594	89,124
Service Tax	4,100	3,544
Share Transfer Exp.	----	9,927
Staff Bus Exp.	58,720	24,245
Staff Welfare & Medical Exp.	50,707	76,166
Telephone Exp.	46,440	44,029
Toll Tax Exp.	2,267	1,863
Trade Mark Exp.	1,13,100	49,000
Travelling Exp.	1,95,494	1,26,393
Vehicle Exp.	84,523	20,105
Xerox Exp.	18,911	14,357
TOTAL	<u>1,26,20,807</u>	<u>1,20,92,393</u>

SCHEDULE : 15 NOTES FORMING PART OF ACCOUNTS - 31.03.2011**1 SIGNIFICAN ACCOUNTING POLICIES adopted by the Company in the preparation and presentation of the Accounts :-****I) SYSTEMS OF ACCOUNTING**

- a) The Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the the Companies Act,1956.
- b) Accounting policies not specifically referred to otherwise are consistant with the generally accepted account-ing principles. The Company follows the mercantile systems of accounting and recognises income and expendi-ture on accrued basis.

II) FIXED ASSETS

- a) Fixed Assets are stated as cost less accumulated depreciation. All cost relating to acquisition and installation of Fixed Assets including financial cost upto the date the assets are put to used and adjustment arising from exchange rate variation relating to specific borrowing towards to the fixed assets.

III) DEPRECIATION

- a) Depreciation on Fixed Assets is provided on Written down value method at rates and in the manner specified under Schedule XIV to the Companies Act,1956 read with the relevant circulars issued by the Department of Company Affairs.
- b) Depreciation on Assets acquired during the period is provided on pro-rata basis with reference to the date of addition/disposal.

IV) INVESTMENTS

Long term investments are carried at cost. Provision for demunation in the value of investments is made only, if, such a decline is other than temporary in the opinion of the management.

V) FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of transactions. The resulting gain/loss is recognised in the profit and loss account.

VI) INVENTORIES

Stocks of Raw materials,Packing materials and Work-in-process are valued at Cost while Finished Goods is valued at lower of cost or market value.

VII)REVENUE RECOGNITION

- a) Sales- sales is accounted net of VAT,CST & Excise duty paid on PLA.Sales is recognised at the point of despatch of finished goods. Job Charges income is accounted at end of each quarter on the basis of work done for the parties.
- b) Unutilised CENVAT credit accounted at the end of year.
- c) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim.
- d) Interest on loans & advances accounts are provided at the rate mutually decided orally between the parties. If, there are no certainty of recoverable of loans & advances, the interest is not provided.
- e) The amount of Bad & Doubtfuls written off from Sundry Debtors, loans & advances, accounts on the basis of parties capacity for payment or tentative decision is possible of court cases.

VIII) CASH FLOW

The cash flow statement is prepared as per method prescribed in accounting Standard-(AS)-3.

IX) CONTINGENT LIABILITIES

Contingent liabilities are defined in acounting Standard (AS)-29 are disclosed by way of notes to the accounts, if required.

X) EARNING PER SHARE

Earning per Share on the basis of diluted earnings per share (EPS) in accordance with Accounting Standard-20 issued by the Institure of Chartered Accountants of India. The Basis EPS has been computed by dividing the net profit available to equity shareholders by the weighted average number of equity shares outstanding during the accounting period.

XI) SEGMENT REPORTING

The Company's main business is manufacturing of H.L. Medicine. All other activities of the Company revolve around this main business. There are no separate segments within the Company as defined by AS 17 (Segment Reporting) issued by The Institute of Chartered Accountants of India.

XII) DEFERRED TAX :

Deferred Tax assets or liabilities is recognised for timing difference between the profit as per financial statements and the profit offered to income tax, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date. The Deferred Tax assets are recognised only, if, there is reasonable certainty that sufficient future taxable income will be available, against which that can be realise.

XIII) IMPAIRMENT LOSS OF ASSETS :

Considering absence of indication of impairment from external and internal sources of information as laid down under AS-28 issued by ICAI and considering the nature of business, no exercise for impairment of fixed assets has been deemed necessary in terms of para 6 of relevant standard.

B. NOTES ON ACCOUNTS :	2010-2011	2009-2010
1. Contingent Liabilities not provided for :	Nil	Nil
2. Auditors' Remuneration :		
Audit Fee	27,575	25,000
Tax Audit Fee	8,272	7,500
Fees for Certification work & S.Tax	8,273	7,500
	<u>44,120</u>	<u>40,000</u>
3. Managerial Remuneration :		
a Remuneration to Chairman & Managing Director/Executive Director	18,00,000	15,60,000
4. Foreign Exchange outgo :	Rs. 83,936	Nil
5. Earnings in Foreign Exchange on account of export :	Nil	Nil
6. Raw Material Consumption is after taking excise CENVAT/Edu.Cess/Sec.& High.Sec.Edu.Cess credit of Rs.3531/-		
7. Licensed Capacity, Installed Capacity and Production :		
(A) Licensed Capacity : Delicensed		
(B) Installed Capacity per Annum :		
Tablets Nos. 168000000 *		
Capsules Nos. 375000000 *		
Liquid Mls. 900000000 *		
* As certified by the management and being a technical matter accepted by the Auditors as correct.		
(C) PRODUCTION	(2010-2011)	(2009 - 2010)
	Qty.(Nos.)	Amount(Rs.)
Tablets/Capsules (Nos.)	3,14,04,010	-----
Liquid (Mls.)	3,59,45,000	-----
Injectable (Nos.)	----	-----
(D) Trading Purchase :		
Tablets/Capsules (Nos.)	20,21,420	18,94,086
Liquid (Mls.)	2,68,170	2,20,050
Injectable (Nos.)	2,66,135	3,64,723
Ointments (Nos.)	25,150	30,095
(E) Sales :		
Tablets/Capsules (Nos.)	3,19,44,123	3,27,99,269
Liquid (Mls.)	3,60,59,040	3,73,12,540
(F) Trading Sales :		
Tablets/Capsules (Nos.)	20,27,690	17,98,312
Liquid (Mls.)	10,23,295	6,31,090
Injectable (Nos.)	2,74,420	3,04,557
Ointments (Nos.)	23,158	34,727
(G) Opening Stock		
Tablets/Capsules (Nos.)	58,17,998	57,65,977
Liquid (Mls.)	56,65,390	49,22,040
W.I.P. Tab/Cap (Nos.)	6,07,650	5,16,302
W.I.P. Liquid (Mls.)	2,48,780	4,98,000
Trading - Tablets/ Capsules (Nos.)	7,30,234	6,34,460
Injectable	1,75,323	1,15,157
Liquid	8,66,005	12,77,045
Ointments	8,022	12,654

(H) Closing Stock/W.I.P. etc. :				
Tablets/Capsules (Nos.)	49,10,443		58,17,998	
Liquid (Mls.)	47,41,060		56,65,390	
Stock in Transit	----	29,47,860	-	34,07,711
W.I.P. Tab/Cap (Nos.)	6,01,330		6,07,650	
W.I.P. Liquid (Mls.)	-		2,48,780	
Trading - Tablets/Capsules Nos.	7,18,519		7,30,234	
Liquid (Mls.)	1,10,880	19,30,479	8,66,005	
Injectable (Nos.)	1,67,038		1,75,323	19,49,646
Ointments (Nos.)	9,999		8,022	
Branch Stock	----	3,62,257	—	4,10,073
(I) Raw Materials Consumed :				
Active, Inactive & Solvent Kgs.	43184.771		3,85,64.260	
Capsules Nos.	3252.839	1,32,60,706	36,96,852	1,42,72,049
(J) Packing Materials Consumed :		39,74,101	—	38,58,395
(k) Production Loss / Q.C. Samples				
Tablets/Capsules (Nos.)	3,73,762	----	10,36,937	—
Liquid (Mls.)	10,59,070	----	11,38,330	—
Injectable (Nos.)	----	----	—	—

SCHEDULE - 4
8. CALCULATION OF DEFERRED TAX ASSET / (LIABILITY) AS ON 31st MARCH, 2010

Sr. No.	Description	As Per Companies Act	As Per Income Tax Act	Difference	Remarks	Applicable Tax Rate	Deferred Tax Asset/ (Liabilities)
A.	Depreciable Assets Excluding Land	10500494	9528077	972417	As a result of accelerated depreciation claimed under Tax Act on own assets WDA as per IT and books is different. Tax saved on account of Accelerated depreciation is now to be provided as Deferred Tax Liability	30.90%	300477
Net Deferred Tax Assets (Liabilities) as at 31st March, 2011							(300477)
Net Deferred Tax Assets (Liabilities) as at 31st March, 2010							(337085)
DTA							36608
Net Deferred Tax Asset / (Liability)							(300477)

9. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the Disclosures of Transactions with related parties, as define in the Accounting Standard are given below :

I. List of related parties with whom transaction have taken place and relationships :

Sr. No.	Name of Related Party	Relationship
1.	Mahendra C. Raycha	Key Management Personnel
2.	Neela Raycha	Executive Director & Relative of Key Management Personnel
3.	Ray Remedies Pvt. Ltd.	Associate Company
4.	M/s. Raxin Healthcare	Associate Firm

ii Amount paid (received) during the year to related parties transactions :

Sr. No.	Nature of Payments	Key Management Personnel	Relatives of key Management Personnel	Associates
1.	Remuneration	12,00,000	6,00,000	—
2.	Office Rent	1,80,000	—	(18,000)
3.	Material Purchase	—	—	52,258
4.	Material Sales	—	—	(11,29,994)
5.	Job Charges	—	—	(1,72,773)
6.	Freight/Exps.	—	—	(27,382)
7.	Godown Rent	—	—	1,20,000

iii Loans & Advances in the nature of loans given to relatives of Key Management Personnel

Sr. No.	Name of Relatives	Balance as on 31st March 2011	Maximum Balance during the year
1.	Thakker Chatrabhuj D.	2,40,288	10,00,000

10.	Earning per share (EPS)	2010-2011	2009-2010
	Profit after Tax	26,28,830	20,36,002
	No. of Equity Shares	5,37,39,000	5,37,39,000
	Earning per share (EPS)	0.05	0.04

11. In the opinion of the Management, the Current Asset have a value on realisation in the ordinary course of business at least equal to the amount at which are stated in the Balance Sheet except those recovery are doubtful nature to the extent of Rs. 9,35,418/-

12. Parties balances whether debit, credit or on whatever account are subject to confirmation by the parties concerned.

13. Previous year's figures regrouped, wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

FOR JAYESH R. MOR & CO.
Chartered Accountants

MAHENDRA RAYCHA
Chairman & Managing Director

JAYESH R. MOR
Proprietor

NEELA RAYCHA
Executive Director

PLACE : AHMEDABAD
DATE : 16.08.2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART [IV] OF THE COMPANIES ACT, 1956**

1. Registration Details		
Registration		State Code
2 3 5 7 4		0 4
Balance Sheet Date		
31	03	1 1
Date	Month	Year
2. Capital raised during the year [Amount in Rs. Thousand]		
Public Issue		Right Issue
NIL		NIL
Bonus Issue		Private Placement
NIL		NIL
3. Position of Mobilisation and Deployment of Fund [Amount in Rs. Thousand]		
Total Liabilities		Total Assets
6 3 7 0 9		6 3 7 0 9
Sources of Funds :		
Paid up Capital		Reserve & Surplus
5 3 7 3 9		9 2 8 8
Secured Loans		Unsecured Loans
3 8 2		NIL
Application of Funds :		
Net Fixed Assets		Investments
1 1 3 0 1		1 9 7 0
Net Current Assets		Misce.Expenditure
5 0 4 3 8		—
Deferred Tax Assets(Liability)		
(3 0 0)		
4. Performance of Company [Amount in Rs. Thousand] :		
Turnover including other incomes		Total Expenditure
4 4 6 2 0		4 0 7 0 6
Profit before tax		Profit after tax
3 9 1 4		2 6 2 9
Earning per Share in Rs.		Dividend Rate %
0.05		NIL
5. Generic Names of Principal Products/Services of Company :		
Item Code No. [ITC Code]	3 0 0 3	
Product Description	TABLETS, CAPSULES, ORAL LIQUIDS, INJECTABLES AND OINTMENTS	
Item Code No. [ITC Code]	-----	
Product Description	-----	

As per our report of even date

FOR JAYESH R. MOR & CO.
Chartered Accountants

JAYESH R. MOR
Proprietor

PLACE : AHMEDABAD
DATE : 16.08.2011

For and on behalf of the Board of Directors

MAHENDRA RAYCHA
Chairman & Managing Director

NEELA RAYCHA
Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011 (Rs. in Lacs)

	2010-2011	2009-2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes & Extraordinary Items :	39.14	30.75
Adjustment for :		
- Depreciation	16.07	17.83
- Other Income	(52.68)	(24.59)
Operating Profit before working capital changes	2.53	23.99
Adjustment for :		
- Trade & other Receivables	10.75	(63.35)
- Inventories	2.63	(9.84)
- Trade Payables	(14.12)	17.87
- Deferred Tax Liability	(0.37)	(1.19)
- Cash Generated from Operations	(1.11)	(56.51)
Net Cash flow from Operating Activities (A)	1.42	(32.52)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5.16)	(2.10)
Sale of Fixed Assets	----	---
Purchase/Sales of Investment	(19.24)	(0.02)
Other Income	52.68	24.59
Net Cash used in investing activities (B)	28.28	22.47
C) CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loan received/repaid Bank O.D.	(11.29)	6.19
Provision	(12.84)	---
Adjustment	---	(1.28)
Net Cash Flow from financing activities (C)	(24.13)	7.47
Net Increase/(Decrease) in Cash Flow (A+B+C)	5.57	(2.58)
Opening Balance of Cash & Bank Balance	69.09	71.67
Closing Balance of Cash & Bank Balance	74.66	69.09

Note : Figures in Brackets represent outflows

As per our report of even date

FOR JAYESH R. MOR & CO.
Chartered Accountants

JAYESH R. MOR
Proprietor

PLACE : AHMEDABAD
DATE : 16.08.2011

For and on behalf of the Board of Directors

MAHENDRA RAYCHA
Chairman & Managing Director

NEELA RAYCHA
Executive Director

Book-Post

TO,



If undelivered, please return to :

Zenith Healthcare Limited

201, Labh Complex, 12-B, Sattar Taluka Society,

P.O. Navjivan, AHMEDABAD - 380 014

Zenith Healthcare Limited

201, Labh Complex, 12-B, Sattar Taluka Society, P.O. Navjivan, Ahmedabad - 380 014

ATTENDANCE SLIP

DP ID No.* _____

Beneficiary A/c No.* _____

Folio No. _____

I, Shri/Smt. _____ of _____ member/

proxy of Zenith Healthcare Limited do hereby record my presence at the 17 th Annual General Meeting of the members of the Company to be held on Saturday, the 24th September,2011 at 3.30 P.M. at ATMA Conference Hall, Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad-380 009.

Date : _____

Place : _____
**(Signature of the Member/
Proxy attending the meeting)**

* Applicable for investors holding Shares in electronic form.

Zenith Healthcare Limited

201, Labh Complex, 12-B, Sattar Taluka Society, P.O. Navjivan, Ahmedabad - 380 014

FORM OF PROXY

DP ID No.* _____

Beneficiary A/c No.* _____

Folio No. _____

I, Shri/Smt. _____ being a member of Zenith Healthcare Limited, holding _____ Shares in the Company do hereby appoint Shri/Smt. _____ of _____

or failing him/her Shri/Smt. _____ of _____ or failing him/her Shri/Smt. _____ of _____

to remain present at the 17 th Annual General Meeting of the Company to be held on Saturday, the 24th day of September,2011 at 3.30 P.M. at ATMA Conference Hall, Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad-380 009 or at any adjournment thereof and to vote for and on my behalf, if poll is granted.

Affix
Rupee 1
Revenue
Stamp

Date : _____
Place : _____
**(Signature of the Member/
Proxy attending the meeting)**

* Applicable for investors holding Shares in electronic form.