



Delivering value

 **PHARMACEUTICALS LTD.**

27th Annual Report 2009-10

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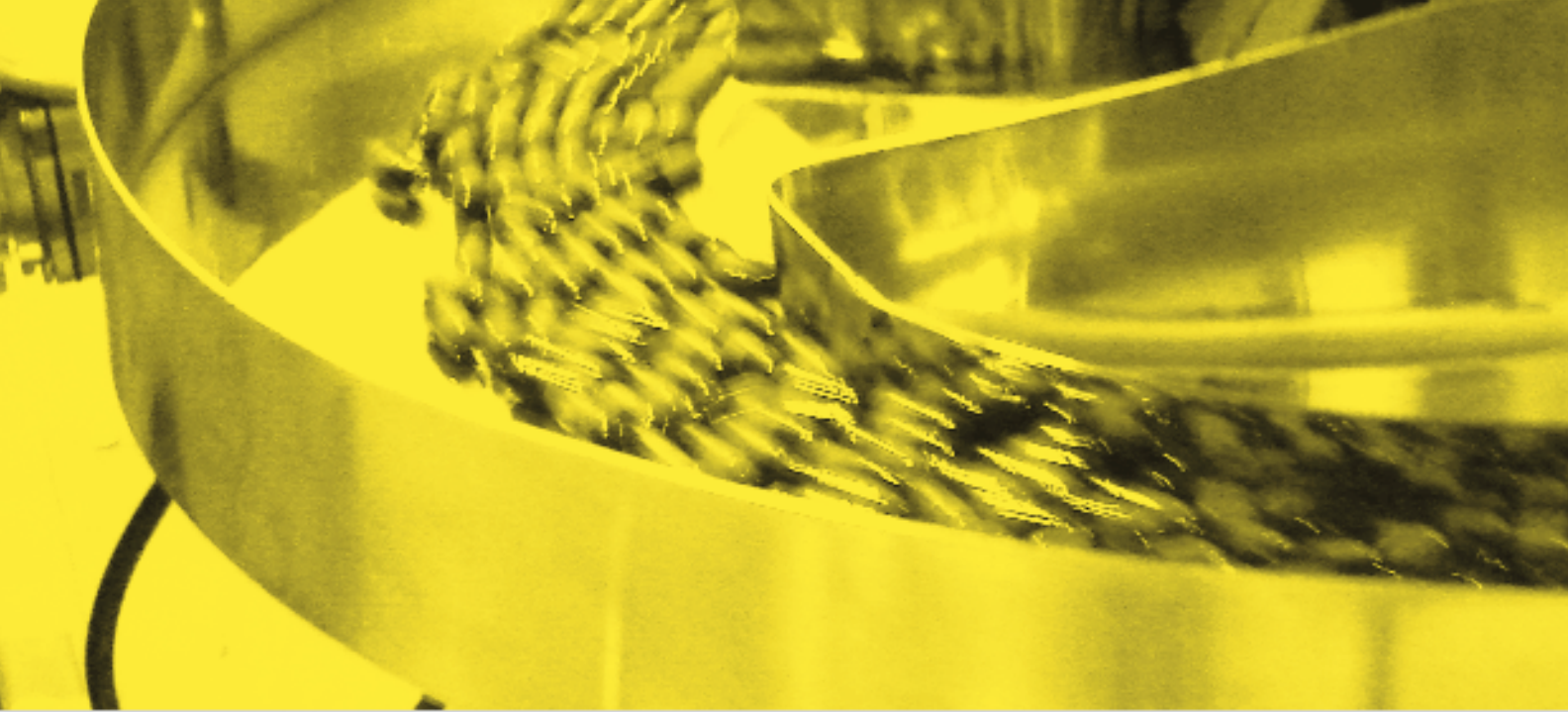
About us



Elder Pharmaceuticals Ltd. (Elder Pharma) is an integrated pharmaceutical player, and is ranked as the 28th (ORG-IMS) largest pharmaceutical company in the country. The Company, which commenced operations in 1989, is rated as one of the fastest growing companies, in terms of revenue, in the pharmaceutical industry.

Underpinning the Company's extensive presence across the domestic pharmaceutical chain are its in-house manufacturing, in-licensing agreements, Active Pharmaceutical Ingredients and Dosage Formulations, backed by intensive Research & Development.

Elder Pharma has geographically diversified manufacturing facilities across six locations: Paonta Sahib (Himachal Pradesh), Selaqui (Uttarakhand), Langha Road (Uttarakhand), Patalganga (Maharashtra), Nerul (Maharashtra) and Pawane (Maharashtra). Together, these help Elder Pharma cater to customers on a pan-India platform.



Delivering value

Niche therapeutic presence. New products.
Growing markets.

Founded on a strong foundation built over three decades of unwavering commitment, we have strategically developed a network that is designed to deliver - in every conceivable way to each of our stakeholders.

To our customers, we have constantly delivered one of the biggest portfolios of high quality & niche pharmaceutical products and solutions across multiple therapeutic areas.

To our employees, we have striven relentlessly to deliver a rewarding work place that helps nurture their talent and skills to meet the demands of an increasingly competitive marketplace.

To our partners, we have persistently delivered maximum returns for their investment at all times through the development of a credible growth trajectory.



The result:

Ranked as the 28th largest pharmaceutical company in the country*.

Presence across multiple therapeutic segments.

Focused business strategy of clocking growth through manufacturing and marketing of proprietary products, coupled with products acquired through more than 20 in-licensing agreements with global pharmaceutical players.

Product portfolio of over 250-270 formulation brands, many of which enjoy market leadership.



* ORG-IMS June 2010



“We are currently focussing on developing new and innovative products that would add to our existing niche product basket while investing in our existing capacities to successfully cater to the growing needs of the market.”

Chairman's letter

Dear Shareholders,

The year 2009-10 saw India weather the effects of the global economic crisis. An industrial slowdown early in 2008, followed by the global financial crisis, contributed to the deceleration in annual GDP growth to 6.4% in 2009. However, India escaped the brunt of the global financial crisis due of cautious banking policies and a relatively low dependence on exports for growth. Domestic demand, driven by purchases of consumer durables and automobiles, has re-emerged as a key driver of the economy, as exports have fallen since the global crisis started.

Against this backdrop let me give you an overview of the Indian pharmaceutical industry. The domestic pharma market has grown at a 14% CAGR over the past 18 years. However, drug consumption per capita in India is still among the lowest globally. Moreover, large swathes of India consume far lower than the national average, indicating significant scope for catch-up. A state-wise breakdown suggests per capita consumption is linked to incomes, literacy rates and availability of medical infrastructure. Along with rising income levels, we expect the share of healthcare in consumption to rise, driving strong demand for pharmaceuticals.

Review of operations in 2009-10

I am happy to announce that your Company continues to witness an increase in demand as can be seen by the financial performance delivered over the year. Your Company has reported a growth of 13.35% in its top-line. The net profit for your Company stood at Rs. 55.39 crores.

Our business model has once again proved to be resilient to the macroeconomic volatility. This impressive financial performance is on the back of a healthy domestic performance. Women's Healthcare continued to remain our lead value creator and we are aligning our efforts to grow presence in the Nutraceuticals and Pain Management business spaces. We are also optimistic on the rest of the businesses including Cardiac and Anti-infective, which will continue to grow at a robust pace.

Further, we are focussing on penetrating into the hinterlands of India through our rural marketing team Elvista which has been expanding its presence in the rural market as well as tier II and tier III cities. Our stated goal is to increase Elvista's marketing strength to about 750 people by 2012.

We are currently focussing on developing new and innovative products that would add to our existing niche product basket while investing in our existing capacities to successfully cater to the growing needs of the market. This along with shifting of our manufacturing activities to excise-free zones of Uttarakhand will allow us benefits of saving on excise duty and tax.

Overall, having assimilated a robust foundation and a reputation of excellence with respect to our in-licensing partners, we are ready to realise stronger performance across the value chain while creating an enhanced shareholder value.

Outlook

We continue to explore all opportunities to strengthen our existing product portfolio through our own R&D pipeline coupled with in-licensing options to expand our product range. Subsequently, we have also identified the growing hand sanitizer segment and plan to launch products shortly. In addition, we are focusing our efforts on consolidating our operations, strengthening our marketing and implementing innovative marketing initiatives to increase our market share in key segments. Through this business strategy your Company has started the process of building up a strong platform in order to turnaround and achieve our ultimate goal of creating a better shareholder value and enhanced brand image.

On parting note

As we look ahead at the new fiscal, we do it with a sense of confidence that things are going to be even better. With the continued support and co-operation of our employees and stakeholders, who have been the backbone of our success odyssey so far, we are going to move on to newer and higher levels of achievement in every aspect of our business arena. It is with optimism and pleasure that I look forward to this new phase in our journey.

Warm Regards,
J. Saxena
Chairman



Delivering value by posting robust results

(Standalone)

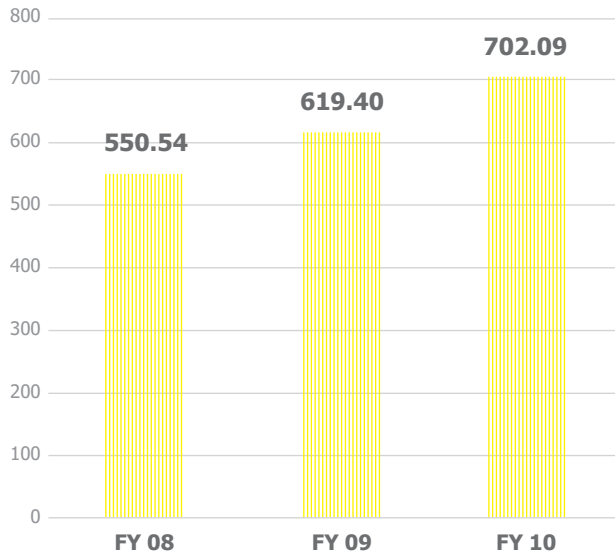
(Rs. crores)

	FY 10	FY 09	FY 08
Balance Sheet items			
Equity Paid Up	18.89	18.89	18.82
Net Worth	470.83	411.07	384.95
Capital Employed	474.67	415.33	383.58
Gross Block	535.40	224.86	211.53
Net Working Capital	483.44	393.41	337.30
Current Assets	604.41	506.66	423.42
Current Liabilities and Provisions	120.97	113.51	86.13
Profit & Loss items			
Total Income	710.42	628.16	558.78
Net Sales	702.09	619.40	550.54
PBIDT	136.99	108.97	112.91
PBT	64.68	58.59	78.57
PAT	55.39	50.64	68.64
EPS (in Rs.)	29.37	26.86	36.74

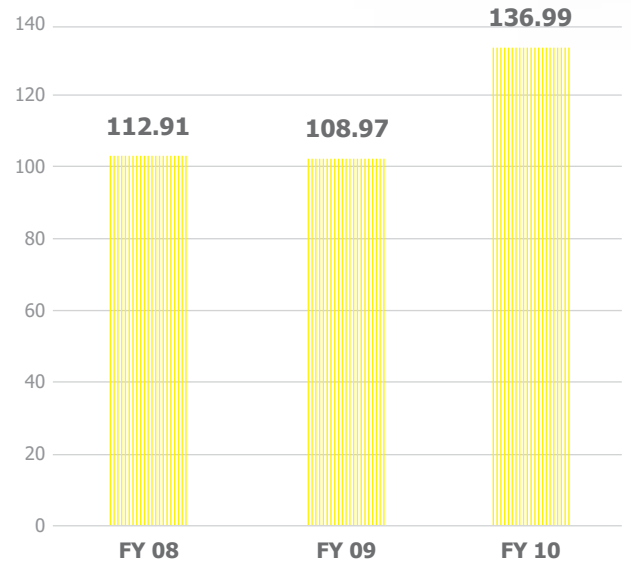




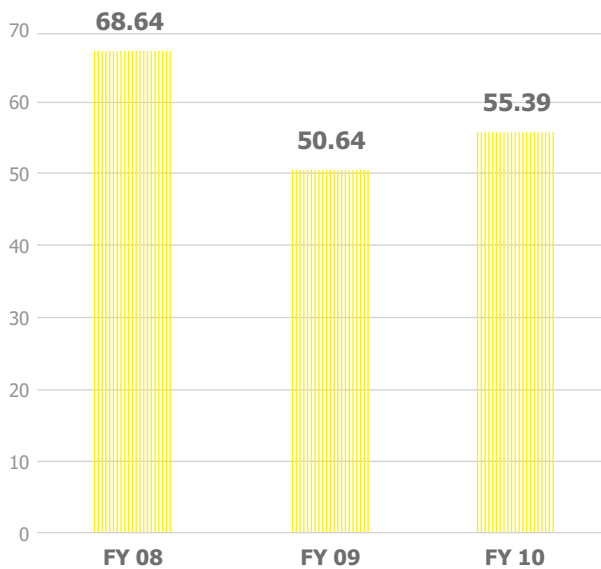
Net Sales (Rs. crores)



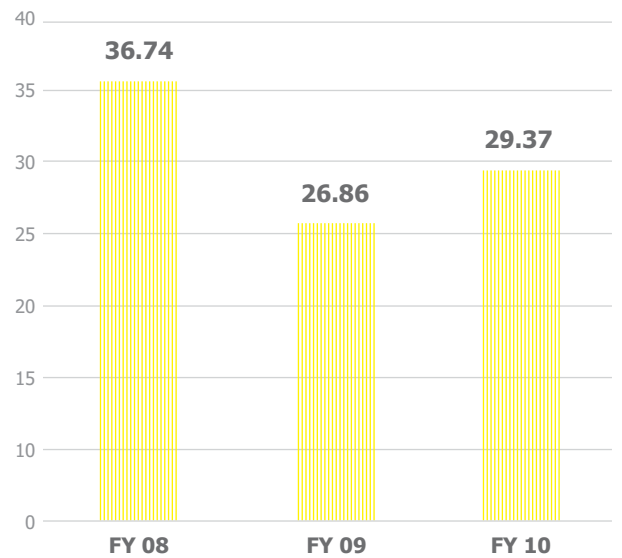
PBIDT (Rs. crores)



PAT (Rs. crores)



EPS (in Rs.)



Delivering value by capitalising on key business strengths

Diverse business strengths hold the key to the Company's success story.

Dominant presence in niche therapeutic segments

Successful brand development expertise with a portfolio of segment-leading brands

Strong relationships with international innovator companies through successful in-licensing agreements

State-of-the-art research and development facilities

Extensive marketing and distribution footprint

Growing international marketing & distribution presence





Non- patent infringement policy, which minimises the risk of potential liabilities arising from IPR litigation

Ability to identify strategic partners and complementary products for forging in-licensing agreements

Geographically diversified, certified and well-equipped manufacturing facilities

Experienced management team

On the back of its robust business strengths Elder Pharma would further consolidate its formulation-centric presence by adopting a two-pronged approach of manufacturing and marketing both its own product range and also products acquired through in-licensing agreements inked with global pharmaceutical players.



Delivering value by launching new products

Launch of new products, leadership in niche segments as well as increased introduction of new in-licensed products has resulted in maintaining the Company's growth trajectory.

The Company has plans for launching various new products, both proprietary and in-licensed in therapeutic areas where it is already entrenched. These launches are expected to further strengthen the product portfolio and enable growth as well as increase market share in niche therapeutic areas.

Since the close of the year under review the Company has launched the following products:

NRT Pastilles

Elder Pharma has entered into an agreement with Gelnova for manufacturing NRT Pastilles with state-of-the-art patented European technology. Gelnova has patented nicotine pastille with unique German delivery system. NRT Pastilles are distinctly superior to conventional nicotine chewing gum.

Ecozyme

Ecozyme works as a nutritional supplement and was recently launched as a supplement in the management of male infertility and as an adjuvant therapy with cardiac medications to improve cardiac function in heart failure, cardiomyopathy & hypertension. This product also works as a co-prescription with statins to replenish the decrease in body CoQ10 content.

The following products were launched in the year under review:

Flavospas-O

Elder Pharma, with an intention to cater to the urinary anti-infective segment, launched Flavospas-O. This product helps in treating the urinary tract infections, surgical intervention of the urinary tract, BHP and pyelonephritis.

Tazomust

Tazomust caters to the anti-infective segment and is useful in cases of VAP (Hospital Acquired Pneumonia), intra-abdominal infections, complicated urinary tract infection, Septicemia, Serious Skin & Soft Tissue Infections (SSTI's), Febrile Neutropenia and bone & joint infection.

Somazina OD

This product is useful in the management of brain stroke.



Delivering value by establishing presence in niche therapeutic segments

Since inception, the Company has forayed and established its presence in fast-growing and fast-evolving niche therapeutic segments across the entire pharma value chain. However, Women's Healthcare, Wound Care & Pain Management, as well as Nutraceuticals, continue to be the Company's focus areas on the back of a robust market size and a strong foothold in these segments.

Women's Healthcare

With increasing female population & life expectancy, the Indian Women's Healthcare market continues to show a good growth. The Company's products address therapeutic needs of a woman ranging from pre-menstrual syndrome, infertility to menopause as well as problems related to vitamin deficiencies, hormonal imbalance and labor/parturition. The Company's key brand Shelcal has firmly established itself as the No. 1 supplement in the calcium supplements market with the company also launching new line variants of the brand which have ramped up successfully. Some key brands in this segment are as follows:

S. No.	Brand	Nature	FY09 Sales (Rs. crores)	FY10 Sales (Rs. crores)
1	Shelcal	Own brand	66.50	82.18
2	Shelcal-CT	Own brand	8.61	19.98
3	B-Long	Own brand	2.58	3.28
4	Deviry	Own brand	5.69	6.42

Source: ORG. IMS Data



Wound Care / Pain Management

This is yet another emerging market as the incidences of wounds, especially the chronic ones is on the rise due to multiple factors. Traditional wound care is the primary treatment approach in India, but the advanced wound care is gaining momentum. In this segment, the Company addresses a wide range of wound applications and pain-management products used during surgeries. Chymoral, the Company's key brand in this segment is a market leader and has a robust 86% market share. Some key brands in this segment are as follows:

S. No.	Brand	Nature	FY09 Sales (Rs. crores)	FY10 Sales (Rs. crores)
1	Chymoral	Own brand	31.37	41.42
2	Chymoral Plus	Own brand	7.70	11.43
3	Tantum	In-licensed brand	3.74	5.16

Source: ORG. IMS Data



Delivering value by establishing presence in niche therapeutic segments

Nutraceuticals

The Indian Nutraceuticals market has been growing at a CAGR of 18% for the last 3 years, much faster than the global growth rate of 7%. According to Ernst & Young and FICCI estimates the latent market in India at 2-4 times the existing market size (between Rs. 89 billion and Rs. 172 billion) with nearly 148 million potential customers. The key products offered by the Company in this segment include vitamin supplements & vitamin combination specialised products capable of handling problems of diabetes, arthritis, neurological issues & cardiac ailments. Some key brands in this segment are as follows:

S. No.	Brand	Own / In-licensed	FY09 Sales (Rs. crores)	FY10 Sales (Rs. crores)
1	Eldervit-12	Own brand	15.07	18.90
2	Eldervit ZC	Own brand	7.06	8.37
3	Nephrocaps	Own brand	1.99	2.91
4	Phytomega	In-licensed brand	2.59	2.82

Source: ORG. IMS Data



Anti-Infectives

The Company's product portfolio in anti-infectives comprises of cephalosporins, aminoglycosides and amoxicillin which help in the treatment of range of infections, including several bacterial infections, UTI and RTI. The market size for this therapeutic segment is estimated at Rs. 72 bn. Some key brands offered by the Company include:

S. No.	Brand	Nature	FY09 Sales (Rs. crores)	FY10 Sales (Rs. crores)
1	Formic-O	Own brand	17.99	30.54
2	Widcef	Own brand	4.18	5.01
3	Kefbactum	Own brand	4.22	4.64
4	Tobraneg	Own brand	4.08	4.50
5	Elfi	Own brand	2.83	6.12

Source: ORG. IMS Data



Lifestyle Disease Care

Although the medical advances have reduced the death rates due to infectious diseases, changes in lifestyles have led to an increase in the incidences of death due to lifestyle diseases like diabetes, heart diseases, cancer, etc. The WHO has identified India as one of the nations that will have most of the lifestyle disorders in the near future. Some of the key focus areas of the Company in this domain are anti-hypertensives, neuroprotectives, cardioprotectives. Some key brands offered are:

S. No.	Brand	Nature	FY09 Sales (Rs. crores)	FY10 Sales (Rs. crores)
1	Amifru - 40	Own brand	3.66	3.98
2	Somazina	In-licensed	15.36	16.70
3	Hibor	In-licensed	2.43	3.69

Source: ORG. IMS Data

While Elder Pharma enjoys a commanding leadership position in Women's Healthcare, Wound Care and Nutraceuticals the Company is making efforts to gradually gain a better foothold in the lifestyle disease care and anti-infective segments.

Delivering value by penetrating into rural and mass markets

The Indian growth story is now spreading itself to India's hinterlands. Rural India, which accounts for more than 70% of the country's one billion population, is not just witnessing an increase in its income but also in consumption and production.

According to a report by McKinsey, the rural and tier II pharmaceuticals market will account for almost half of the growth till 2015. The tier II market will grow to 44% by 2015, amounting to USD 8.8 billion.

To tap this growing market the Company has forayed into these markets by setting up two distinct divisions: Elvista which focuses on the rural markets and Adventtus which focuses on the mass markets.



A deeper insight into each of these divisions is as follows:

Elvista

- Elvista is targeting categories like anti-peptic ulcerants, anti-malarials, anti-infectives, NSAIDS, quinolones and cough medications
- Elvista comprises of 265 medical representatives
- It is marketing brands such as 'Eldervit-12 injection', as well as niche brands, such as Mucodyne, Mucobron, Protocream and Venex
- In order to facilitate efficient market penetration and to garner recognition, the Company has arranged for Taxi Tours of its products in the rural regions
- Set very clear objectives and has various levels to monitor and measure Elvista's operational and financial performance
- The Company has set a goal of increasing Elvista's marketing strength to about 750 people by 2012

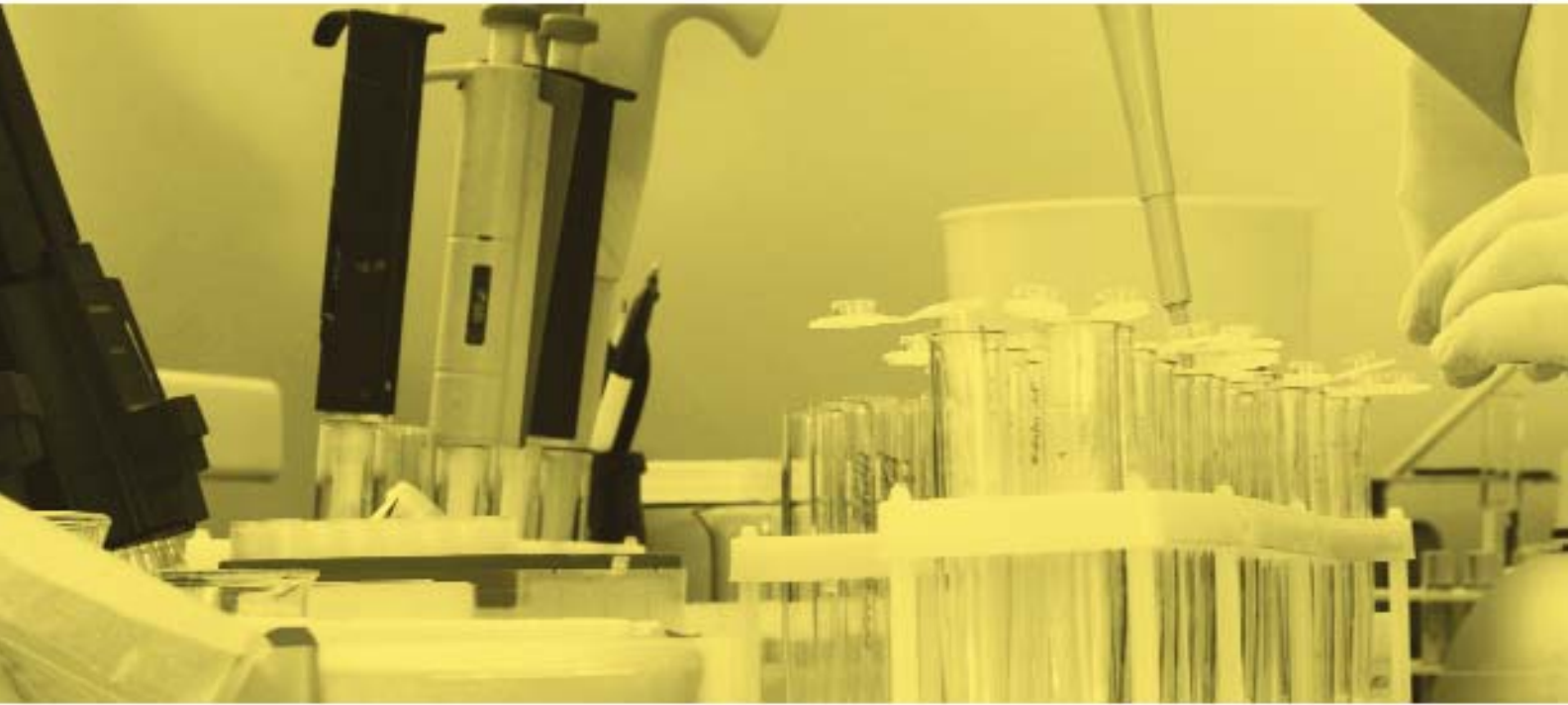
Adventus

- A multi-speciality division present in the anti-infectives, pain management and nutraceuticals
- The team comprises of 300 medical representatives which is targeting General Practitioners (GP) in Class 1 & 2 towns
- Efforts are concentrated on launching economical products in these mass markets
- Elfi, Clavactum, Tixor-O are some of the products gaining acceptance in this segment
- The product portfolio also comprises of brands such as Gastromax and Ondanz targeted towards gastro intestinal disorders



Gauging the success of these two divisions, together they are likely to contribute significantly towards the Company's revenues on the back of increased marketing strength and product portfolio.

Delivering value through overseas operations



Elder Pharma is primarily focussed on the domestic markets. However, despite being a domestic centric Company, Elder Pharma is open to the international markets that offer promising opportunities. With that focus in mind, the Company has two international ventures.

Elder Bulgaria

In the year under review Elder Pharma commenced commercial activities in `Elder Bulgaria EOOD. Having acquired a stake of 61% in Biomed, one of the top 10 pharmaceutical distributors in Bulgaria, the Company will look to capitalise on this alliance by penetrating the EU and CIS markets on a larger scale.

Biomed markets pharma products for about 200 companies. Equipped with a formulation plant for manufacturing tablets in Bulgaria Elder Pharma is striving to make Biomed facility EU compliant and upgrade its quality control systems. On account of this development the Company will commence business development activities in the markets of Russia, CIS and other East EU markets. This alliance also offers Elder Pharma an opportunity to market Shelcal in the Europe by manufacturing in Biomed's plant which is well equipped for Shelcal.

This is expected to provide the necessary boost to the Company's international business since it has now started full-fledged operations. Elder Pharma plans optimum utilisation of this distribution network to sell their products in the European markets, thereby foraying into the Rs. 48 billion EU and CIS markets.





Expanding international footprints

In line with its strategy to augment its foothold in the global markets the Company has acquired a 21.1% stake in UK Based Nutraceutical major NeutraHealth PLC' through wholly owned Dubai Subsidiary, Elder International FZCO. This will enable the Company to gain access to multiple brands in the UK and to establish a footprint in the regulated EU markets. NeutraHealth has 3 subsidiaries namely Biocare, NutriGold and Brunel Healthcare & Health Products which are involved in marketing and distribution of a varied range of Nutraceutical products such as vitamins, health supplements, Detox and Travel-Guard. As the Company has a strong presence in the Nutraceutical segment this acquisition would further result in expanding its product portfolio.

These international ventures are likely to strengthen the Company's presence in exports.



Delivering value by adopting a focused future strategy

**Growing
the
top-line.**

**Expanding
rural market
presence.**

**Improving
operational
efficiencies.**

A three pronged focused strategy adopted by the Company to deliver robust growth and performance in the coming years.

Focus on a growing top-line

With a view to improve the market share and revenues, the Company plans to increase its line of niche products in the domestic formulations and therapeutic space. Along with this, the Company is focussing on consolidating its brand portfolio but at the same time continually striving to form strategic alliances with companies for in-licensing and manufacturing their products in India. This expertise in developing alliances with various innovator companies for in-licensing and manufacturing / marketing partnerships, strong focus on building brands and well established domestic marketing network are the key strengths that the Company would continue to focus on.

Further, regular investments are made in the Research & Development department to develop newer initiatives in niche therapeutic areas providing Elder Pharma a competitive edge over its peers.



Expanding rural market base

The Company has been expanding its pan-India presence in the highly lucrative and yet untapped rural areas. As discussed earlier for this purpose, the management had formed a rural marketing division called Elvista. This rural marketing division is witnessing increased traction and the Company expects this division to contribute significantly towards the topline in a span of 2-3 years

Enhancing operational efficiencies

For optimum operational efficiency, Elder Pharma is persistently endeavouring to streamline the supply chain mainly by optimal utilisation and also by commencing new facilities in Uttarakhand and Himachal Pradesh for a steady product pipeline. The Company is utilising its manufacturing capacities to the optimum to cater to the demands in the domestic markets and also for in-license manufacturing in partnership with various multinational companies which shall provide a steady source of income.

Further, efforts are ongoing to move its product manufacturing facilities to excise free zones of Uttarakhand. This shall ensure effective cost control and will enable the Company to improve its margins thereby increasing its profits.

Elder Pharma has commissioned a new manufacturing unit at Langha Road, Uttarakhand during the year under review which has been designed and integrated as per requirements and guidelines adhering to USFDA approval. This is being touted as a future boost to the Company which is steadily making its foray into international markets, notwithstanding the fact that the Company already has and is persistently augmenting its presence in the domestic pharma sector.



Management Discussion & Analysis

INDUSTRY DEVELOPMENTS

Global pharmaceutical industry

The global pharmaceutical market is expected to grow 4% to 6% in 2010 to USD 825 billion. Over the five years ending 2013, the global market is expected to expand 4% to 7%. The US market is expected to strengthen in the near term, due to a boost in pharmacy stocking levels in 2009. Also, price increases for protected products are continuing at a good rate. In other parts of the world, the impact of the economic downturn depends on the severity of the recession in the particular country and the structure of funding for pharma companies. The "pharmerging markets" (a term coined by IMS) are expected to continue to grow 12% to 14% next year, and 13% to 16% over the next five years.

Indian pharmaceutical industry

During the current year 2009-10, Pharma was among the few sectors that managed to expand its revenues despite global recession and financial crises. Strong domestic demand, growing preference for generics worldwide and favourable rupee-dollar exchange rate helped the Indian pharmaceutical sector.

The Indian pharmaceutical sector is poised for robust growth, from a market size of USD 6.3 billion in 2005, the Indian pharmaceuticals market will grow to about USD 20 billion by 2015. This implies a compounded annual growth rate of 12.3%.

Six trends that are likely to influence the growth of the Indian pharmaceuticals market over the next decade: doubling of disposable incomes and the number of middle-class households, expansion of medical infrastructure, greater penetration of health insurance, rising prevalence of chronic diseases, adoption of product patents, and aggressive market penetration driven by the relatively

smaller companies.

In terms of scale, the Indian pharmaceutical market is ranked 14th in the world. By 2015, it will rank among the top 10 in the world, overtaking Brazil, Mexico, South Korea and Turkey. More importantly, the incremental market growth of USD 14 billion over the next decade is likely to be the third largest among all markets. The US and China are expected to add USD 200 billion and USD 23 billion respectively. India, Japan, Canada and the UK are expected to be the next in line, with growth expectations in the range of USD 13–14 billion during this timeframe.

Elder Pharma with its well entrenched domestic presence is geared to capitalise on the prevailing opportunities.

Sector outlook

The domestic pharma market has grown at a 14% CAGR over the past 18 years. However, drug consumption per capita in India is still among the lowest globally. Even adjusting for India having the lowest prices in the world, the per capita consumption volumes are lower than in the US and Japan. Moreover, large swathes of India consume far lower than the national average, indicating a significant scope for growth. A state-wise breakdown suggests per capita consumption is linked to income, literacy rate and the availability of medical infrastructure. Along with rising income levels, we expect the share of healthcare in consumption to rise, driving strong demand for pharmaceuticals.

COMPANY OVERVIEW

Incorporated in 1989, the Company is engaged in the manufacture of a variety of pharmaceutical-based intermediaries, formulations and bulk drugs, with intense focus on extensive research and development programs undertaken in collaboration with various foreign companies. Elder Pharma



with an array of acknowledged brands has established itself as a fast growing pharmaceutical company with a presence in niche therapeutic segments. Besides this, it is planning entry into newer therapies and ramping up of marketing operations.

Financial overview

In 2009-10, the sales of Elder Pharma increased by 13.09% to Rs. 710.42 crores from Rs. 628.16 crores in the previous fiscal. The Company's net profit after tax stood at Rs. 55.39 crores as compared to Rs. 50.64.

Segment analysis

All the Company's key business divisions have maintained their growth trajectory and managed to register encouraging revenues.

Elder Pharma witnessed a robust performance in the Women's Healthcare division. This division has been displaying a consistent growth trend since the year of its launch and continues to be a leading growth driver amongst all other business divisions. The recently introduced extension of Shelcal named Shelcal CT is gaining traction, thus further strengthening performance from this division. Shelcal CT has featured amongst the most successful launches in recent times since its inception and is making noteworthy contribution to the Company's revenues.

The Nutraceuticals business division maintained its leadership position in the domestic Nutraceuticals segment. The Company's own brand 'Eldervit' was the key contributor to this division's performance. 'Eldervit-12 Injection' is being marketed in the semi-urban and rural market through the Rural Marketing Team Elvita as these regions are seeing substantial demand for this drug. Phytomega, an in-licensed brand has been well-accepted in the domestic market and is garnering healthy

growth. The in-licensing pact with Daiwa, Japan for Imbran is also gaining momentum. The newly launched Pepamino, Phytomega are expected to boost sales in this division going further.

The Pain Management division has witnessed a healthy growth. The Company's own brand 'Chymoral' continues to remain the key revenue driver with a robust 86% market share in its category.

The Company has recorded an encouraging performance in the Anti-infectives division. The Company's alliance with Chemische Fabrik Dr Weigert GmbH & Co KG for marketing of infection control products in the country to the medical, veterinary, environmental and Government sectors has strengthened this business division.



Expenditure analysis

(Rs. crores)	FY 10	FY 09	% shift
Staff cost	94.34	86.55	9.00
Interest cost	51.78	37.39	38.48

There was considerable increase in overall expenditure of the Company owing to newly undertaken initiatives across the organization. Employee cost was higher as a result of commissioning of the Rural Marketing Team Elvista. The Company has also incremented the existing manpower at the R&D facility at Nerul.

Interest costs were higher primarily due to the Company's borrowings attributed to expansion and upgradation of existing manufacturing facilities, commissioning of Langha Road facility as well as marketing and distribution activities in Biomeda, Bulgaria.

Net earnings analysis

(Rs. crores)	FY 10	FY 09	% shift
PBT	64.67	58.59	10.37
PAT	55.39	50.64	9.37
EPS (Rs.)	29.37	26.86	9.34

Despite the sharp rise in attributed to sharp rise in interest cost the Company posted robust results. This growth can be attributed on account healthy contribution from the Company's key business divisions.

Recent developments

- Elder Pharma received the award for "India's Most Watched Company of the Year 2010" at 3rd Annual Pharmaceutical Leadership Summit & Awards, 2010.
- The Company focussed on further expanding domestic operations while strengthening brand value. The Company's

Rural Marketing initiative 'Elvista' was a step forward in this regard. This division continued on its route to gaining increasing traction in the rural as well as semi urban cities, thereby extending the Company's reach as well as making noteworthy contribution to the revenues. Demands for Eldervit-12 Injection through Elvista has been growing at an encouraging rate.

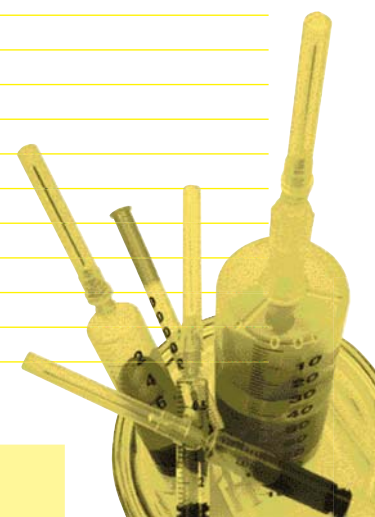
- The Langha Road facility has been commissioned in the excise-free zone of Uttarakhand in the quarter under review. Elder Pharma is presently manufacturing liquid dosage and syrups in this plant. The Company is also in the process of completing construction of the Cephalosporin block in this premise.
- The Company has already commenced operations at Biomeda in Bulgaria and has increased its controlling stake in the same to 61%. Elder is currently undertaking distribution and marketing activities of own products through Biomeda's network to capitalise on its strategic geographical location.

Business performance

In-licensing agreements

In-licensed products have maintained the Company's growth trajectory. Elder Pharma has a strong in-licensing model coupled with newly signed pacts that strictly adheres to a patent non-infringement strategy which is the key to its progress in striking new relationships. The Company has various new products in the pipeline through in-licensing arrangements with strategic foreign partners. These launches are expected to further strengthen the product portfolio and enable growth as well as increase market share in niche therapeutic areas. Elder Pharma's in-licensed products have been well accepted and gaining traction in the markets. Some key in-licensing products include:

Company	Product	Segment
Enzymotec	Phytomega	Nutritional Supplement
Angelini	Tantum Gel & Oral Rinse	Anti-Inflammatory
Zambon	Fluimucil	Respiratory
Farmaka	Redirinse Mouthwash	Anti-Inflammatory
Gnosis	Sampure & Ecozyme	Nutritional Supplement
Laboratories Farmaceuticos Rovi	Hibor	Anti-Thrombotic
Ferrer	Somazina	CNS
Sterisol AB	Sterisol Hand Disinfectant	Disinfectant
Hoffman La Roche	Bonviva	Anti - Osteoporosis
Sciclone	Zadaxin	Anti - Viral
Daiwa	Imbran	Nutritional Supplement



Brand performance

The Company has plans for launching various new products in the domestic formulations segments in therapeutic areas where it is already entrenched. The Company's own formulations brands have proven their sustainability especially Shelcal Group, Chymoral and Eldervit. 6 of the Company's brands are market leaders in their respective segments. Shelcal is the 33rd largest brand in the Indian pharmaceutical industry

The performance of the Company's proprietary is evident from the following:

S. No.	Product	Segment	Ranking	Latest Market Share (%)
1	Shelcal	Calcium Supplement	1	24.26%
2	Chymoral	Wound healing Enzyme	1	84.98%
3	Formic-O	Anti-Bacterial	1	46.22%
4	Eldervit-12	Vitamin B12-injectible	1	39.05%
5	Amifru-40	Anti-Hypertension Product	1	60.92%
6	Somazina	Neuroprotective	2	17.87%

Source: ORG. IMS Data MAT June, 2010

Additionally to leverage the success of its flagship brands Elder Pharma has introduced brand extensions for its popular brands. The introduction of various brand extensions has resulted in augmenting sales, brand presence and product portfolio.

MANUFACTURING FACILITIES

Elder Pharma has established its manufacturing prowess through the establishment of its manufacturing units, coupled with a state-of-the-art facility for research & development, thus placing it attractively to leverage the immense opportunities unfolding in the global pharmaceutical marketplace. The Company's manufacturing units are equipped for manufacture of various dosage forms like tablets, capsules, syrups, injectibles, topical creams and ointments.



Elder Pharma is in the process of shifting its manufacturing facilities to excise free zones as well as the existing facilities are being upgraded in order to cater to the growing demand in the domestic market. A detailed account of the same is as follows:

1. Langha Road (Uttarakhand)

Elder Pharma commissioned the Langha Road facility in FY 10 with a trial run. The Company is aiming for USFDA compliance and WHO approvals for this plant as it is being set up strictly as per the required standards and guidelines of these certification societies. The plant will assist the Company in meeting the market demand in the European Union and CIS countries. Trial runs for this plant are already

underway. This plant is being equipped for manufacture of formulations in injectibles in liquid ampoules form, oral liquids, tablets and Soft Gelatin dosage forms.

2. Paonta Sahib (Himachal Pradesh)

Elder Pharma completed the construction of the Paonta Sahib facility in Himachal Pradesh during FY 09 and has become operational at 30% load presently. It is catering to the growing demand for tropical formulations like creams, lotions, ointments and personal care products. The facility is equipped with state-of-the-art equipment working towards getting globally recognised certification. The facility would cater to the growing needs of the domestic and developing markets.

3. Selaqui (Uttarakhand)

Elder Pharma is expanding its production capacity at this unit which is currently running at 75% load following which, the plant will be in a position to address growing product demand for solid dosage (Tablets and Capsules) in developing markets. Rising quality consciousness resulted in an investment in state-of-the-art equipment to enhance productivity and upgrade this plant to international regulatory requirements of WHO. The Company has carried out expansion in this manufacturing unit recently. The plant is now being upgraded as per UK MHRA specifications.

4. Patalganga (Maharashtra)

Patalganga unit consists of 2 plants for API and formulations and was upgraded according to ICH Q7A guidelines for the manufacture of products for markets in US and UK. The plant's certifications – ISO 9001:2000, WHO-cGMP and filed COS with the European Directorate for Quality of Medicine make it possible for Elder to cater to the demanding needs of the regulated markets. These approvals will enable the Company to export Clarithromycin to Europe and file a USDMF for Clarithromycin. Elder strengthened its position as a viable CRAMs partner for European and US alliances.

RESEARCH & DEVELOPMENT

At Elder Pharma, R&D is regarded as the backbone of the Company evident from the establishment of a modern Research and Development facility at Nerul, which has earned recognition from the Department of Scientific & Industrial Research, Ministry of Science & Technology, New Delhi. The key R&D and manufacturing strengths ensure a steady product pipeline. Continuous investment is being made by the Company on R&D in an attempt to develop newer initiatives in niche therapeutic areas.

The key objectives of the R&D initiatives at Elder Pharma are as follows:

- Development of new products
- Developing NDDS (New Drug Delivery Systems) for the existing products in order to augment the product benefits
- Developing formulations which are currently being outsourced so that these can be manufactured in-house in order to ensure quality control and cost savings
- Development of analytical methods, documentation and patent registrations

Currently, the Company has over 35 products in the pipeline across various therapeutic segments which would be available over a span of 2-3 years.

OUTLOOK

Elder Pharma is a key player in the niche segment has a very good presence in the domestic market especially in the sectors

viz. Women's health care, Nutraceuticals and Wound care. The Anti-infectives division is also making its presence felt in the domestic market and is contributing substantially to the Company's revenues. Though the company has limited presence in the international market, it's the risk from foreign exchange fluctuations is minimised. The Company aims to persistently increase its market presence in domestic as well as international market through new launches and international alliances.

HUMAN RESOURCES

Human Resources form an integral part of the Company's strategy for growth. Elder Pharma employs 3215 employees. The growth attained by the Company is largely a function of the competence and quality of its human resources. Elder Pharma has always aimed to create a workplace where each individual can reach his optimum potential. The Company has a performance rewarding culture enabling it to create leaders out of its own employees. Elder Pharma also undertakes various training and development initiatives to hone the skills and expertise of its people.

INTERNAL AUDIT AND CONTROL SYSTEMS

The Company's internal control system complements the nature and size of the business. Internal controls have been designed to prevent fraud and misuse of Company resources, protecting in turn shareholder interest. The internal audit team constantly monitors the controls and any feedback, whether positive or negative, is communicated directly to the management. The external audit panel reports on the adequacy of internal controls to the management and an independent audit committee.

CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities, laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied.



DIRECTORS' REPORT

The Directors are pleased to present this the Twenty seventh Annual Report of the Company together with the audited Accounts for the year ended 31st March 2010. The working results of the Company for the year ended 31st March 2010 vis-à-vis those of the previous year are summarized below:

		Year ended 31.03.2010 (Rs. in Crores)	Year ended 31.03.2009 (Rs. in Crores)
1.	Sales and other Income	710.42	628.16
2.	Profit before Tax	64.68	58.59
3.	Less: Provision for Tax		
	Current Year	10.50	6.50
	Deferred Tax	(1.21)	(0.15)
	Fringe Benefit Tax	-	1.60
4.	Profit after Tax	55.39	50.64
5.	Less: Prior year Tax adjustments	-	(1.50)
6.	Add: Profit as per the last		
	Balance Sheet	173.54	159.92
7.	Profit available for appropriation	228.93	209.06
	Out of which Directors recommend		
	Appropriation as under:		
	Proposed Dividend	5.66	4.71
	Tax on Dividend	0.94	0.80
	Transfer to General Reserve	30.00	30.00
	Surplus carried forward to Balance Sheet	192.34	173.54

OPERATIONS:

Your Company achieved Sales Turnover of Rs. 702.79 crores during the year under review which represents an increase of Rs.82.77 crores representing 13.35% increase over the previous year. However, in view of the economic pressures the pre and post tax profits were under pressure and did not show as much increase as in Sales Turnover. The profit before tax for the year was Rs.64.68 crores whereas profit after tax was Rs.55.39 crores.

During the year under review the Company introduced a number of new products in the market like Pepamino, a research based nutritional supplement from a Norwegian company, Flavospas – O, for treatment of Urinary Tract Infections, Tazomust, an Anti-infective having wide range of indications and applications and Somazina OD for the management of cerebral strokes. During the current accounting year the Company has introduced products like NRT Pastilles, a Nicotine replacement therapy with unique German delivery system and Ecozyne, a nutritional supplement for management of male infertility.

The Company has plans for launching various new products, both own and in-licensed, in therapeutic areas where it is already entrenched. These launches are expected to further strengthen the product portfolio and enable growth as well as increase market share in niche therapeutic areas.

All the products of the Company including new introductions have been well accepted by the medical fraternity in India. The main therapeutic area of interest to the Company continues to be Women's healthcare, Wound care, Neutraceuticals / Vitamin Supplements, Life Style & Diabetes, Dermatology, Antibiotics and CNS.

The Directors are pleased to inform that during the year under review the formulation facilities of the Company set up as per the US FDA requirements at Village Charba, Langha Road, Tehsil Vikas Nagar, District Dehradun, in the State of Uttarakhand for manufacture of injectibles in liquid ampoule form, oral liquids, tablets and capsules dosage forms, have commenced commercial production. The said unit is eligible for incentives such as the Central Excise exemption for a period of ten years from the year of commencement of commercial production, Income Tax exemption, Central Subsidy, etc.

The other two units of the Company in North India, one at Sela Qui near Dehradun in Uttarakhand and the other at Paonta Sahib in Himachal Pradesh have been enjoying the Central Government's excise and income tax incentives. The production capacities have been expanded at the Sela Qui unit in Uttarakhand. The said unit is being upgraded to meet UK MHRA accreditation. This accreditation will help the Company cater to some of the export markets.

During the previous year the Ministry of Corporate Affairs, New Delhi (MCA) had commenced an investigation on the Company under Section 235 of the Companies Act, 1956. The investigation report was forwarded to the Company for its comments thereon. After receipt of Company's comments the investigating agency issued a show cause notice to the Company and some of its Directors / officers relating only to alleged violations of certain provisions of the Companies Act, 1956 which the Company has replied. The Company reckons that the matter is concluded as the investigating agency has since issued the last letter dated 4th February 2010 in the matter only warning the Company to be particular in future in complying with the provisions of Section 154 of the Companies Act, 1956.

GLOBAL DEPOSITORY RECEIPTS:

The Company had made an issue of Global Depository Receipts (GDR) during the year 2004-05. All the issued GDRs have been converted into shares and no GDR is outstanding as on 31st March 2010. The Company's listing for the GDRs, however, continues on the Luxembourg Stock Exchange and as on 31st March 2010 the quote for Company's GDRs was \$ 15.985.

I DIVIDEND:

The Directors recommend a dividend of 30% i.e. Rs.3/- per share of Rs.10/- each for the year ended 31st March 2010 and the same will be paid on or before 25th October 2010 to those shareholders whose names appear in the Register of Members as on 20th September 2010.

I DIRECTORS:

During the year under review Mr. Peter Bibby resigned as Director on health grounds. The Board accepted his resignation at its meeting held on 29th April 2009. The Directors report with a heavy heart Mr. Bibby's sad demise later on 22nd July 2009. Since the close of the Accounting year under review Mr. M. V. Thomas, a Founder Director who was appointed by the General Meeting as an executive director of the Company designated as Director (Finance) and whose period of office as such Director (Finance) expired on 30th June 2010, resigned as Director effective 1st July 2010 vide his letter dated 1st July 2010. He was appointed as the Chief Financial Officer in terms of the Listing requirements and will be continuing with the Company in that capacity.

During the accounting year under review, Mrs. Urvashi Saxena, who was appointed as an Additional Director by the Directors at their meeting held on 29th April 2009, was appointed by the Shareholders at the 26th Annual General Meeting of the Company held on 29th September 2009 as a non-executive and independent Director whose period of office is liable to retirement by rotation.

Dr. R. Srinivasan, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company but being eligible has offered himself for re-appointment.

Dr. Sailendra Narain, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company but being eligible has offered himself for re-appointment.

Mr. Saleem Shervani, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company but being eligible has offered himself for re-appointment.

During the year under review the Shareholders at the 26th Annual General Meeting of the Company re-appointed Mr. Jagdish Saxena as Managing Director of the Company for a period of five years w.e.f. 1st May 2009.

As required under Clause 49 of the Listing Agreement the details of Dr. R. Srinivasan, Dr. Sailendra Narain and Mr. Saleem Shervani, Directors due to retire by rotation at the ensuing Annual General Meeting but having offered for their re-appointment are given in the Report on Corporate Governance.

I AUDITORS:

M/s. S. S. Khandelwal & Co., Chartered Accountants, Mumbai retire as the Auditors of the Company at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to

get re-appointed and have given a declaration that if re-appointed their appointment will be within the limits specified under Section 224(1)(B) of the Companies Act, 1956. On the recommendation of the Audit Committee, the Board proposes the re-appointment of M/s. S. S. Khandelwal & Co. as Auditors of the Company for the financial year 2010-11. You are requested to appoint Auditors and fix their remuneration.

The Directors have appointed M/s. Sevekari, Khare and Associates, Cost Accountants, Mumbai as Cost Auditors of the Company for the financial year 2010-11 and their appointment has been approved by the Central Government.

I JOINT VENTURES / SUBSIDIARIES / INVESTMENTS:

During the accounting year 2006-07 the Company established a wholly owned subsidiary in the Jebel Ali Free Trade Zone, Dubai, U.A.E. called '**ELDER INTERNATIONAL FZCO**'. The Company was issued a trading license in March 2007 for 'para pharmaceuticals marketing'. The Company has, through this Dubai subsidiary made investments in NeutraHealth PLC, U.K., and Elder Biomedica AD, Bulgaria, a step down subsidiary in which it has 61% interest. Elder Biomedica AD holds 100% interest in Elder Bulgaria EOOD, a manufacturing company and Biomedica 2000 EOOD, a distribution company. Bulgaria being a part of European Union now offers an excellent opportunity for the Company to enter Eastern European as well as CIS countries. The manufacturing unit in Bulgaria will soon be upgraded and expanded for manufacturing products for the Eastern European and CIS markets. The distribution business in Bulgaria has started picking up and is slowly gaining the lost ground. As reported in the last year's report the logistic support business has been merged with the distribution company in Bulgaria during the accounting year under review.

During the accounting year under review it was decided to withdraw from Ghana joint venture and the joint venture agreement with Vincom Pharmaceuticals Limited, Ghana, was terminated. The Company, however, continues to hold it's stake in the Nepal Joint Venture company.

Mr. J. Saxena, Chairman and Managing Director of the Company continues to be a Director on the Board of Neutrahealth PLC.

The Company had incorporated a wholly owned subsidiary in Cyprus by the name 'Somerta Holdings Co. Limited'. From inception no activity was carried out in the said subsidiary. The Directors in their last report, had informed the shareholders that the said Cyprus subsidiary would shortly be closed. Accordingly, application was made for closing the Cyprus subsidiary. The Directors would like to inform the shareholders that the Registrar of Companies, Nicosia has issued a Certificate dated 5th May 2010 certifying that the name of Somerta Holdings Co. Limited has been struck off the Register under the Companies Law Cap. 113, Section 327 on the 28th April 2010. However, since the closure has taken place after the close of the accounting year under review the accounts of the said Cyprus subsidiary are attached as a part of annual accounts

and are included in the Consolidated Accounts of the Company for the year ended 31st March 2010.

| BANKERS AND FINANCIAL INSTITUTIONS:

The Directors wish to put on record their sincere gratitude to the consortium of Banks for working capital comprising State Bank of India, Canara Bank, Syndicate Bank, Development Credit Bank Ltd., Axis Bank Ltd., DBS Bank Ltd. and Bank of Rajasthan Ltd. for their continued and timely support to the Company. The Directors are also thankful to and wish to put on record their sincere gratitude to various term lenders for their timely support to the Company.

| EXPORT HOUSE STATUS:

The Company continues to enjoy 'Export House' status. The Company's products are exported to certain African and South East Asian markets. The registration procedures are presently going on in a number of countries and once their formalities are completed, the Company's exports are expected to increase.

| CREDIT RATING BY CARE:

The Company continues to enjoy the highest rating of 'PR1+' assigned to its Commercial Paper programme by Credit Analysis and Research Limited (CARE) for an amount of Rs.75.00 crores. As at 31st March 2010 the Company had issued CPs to the extent of Rs.25.00 crores and placed them with investors at the most competitive rates of interest. The subscription amount of the Commercial Papers is utilized for earmarking working capital limits.

During the accounting year under review stand alone Commercial Paper programme of a value of Rs.50.00 crores was rated by CARE assigning to it the highest PR1+ (PR One Plus) rating. These Commercial Papers are being placed by the Company at the most competitive rates of interest. The Commercial Paper programme of the Company has helped it reduce interest cost.

| ISO / WHO GMP ACCREDITATION:

The Company continues to be certified as conforming to ISO 9001 : 2000 for development, manufacturing and marketing of pharmaceutical products. The Company's bulk drug manufacturing plant at Patalganga was upgraded according to ICH Q7A guidelines. The Company has been upgraded for customers sourcing APIs manufactured in the plant for the US and European markets. The said plant has been audited by customers and approved by them. While the Sela Qui formulations plant of the Company has been accredited for WHO GMP the said plant is being upgraded for UK MHRA accreditation. The formulations plant at Nerul has obtained WHO GMP renewal. The plant at Paonta Sahib built as per the highest standards is in the process of being subjected to inspection for WHO GMP accreditation. The upcoming formulations plant at Langha Road near Dehradun is designed as per USFDA requirements.

| DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors, on the basis of compliance certificate received from Managing Director, CFO and other executives of the Company and subject to disclosures in annual accounts as on 31st March 2010 and on the basis of discussions with the Statutory Auditors of the Company from time to time, declare and confirm:

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March 2010 and the profit of the Company for that year.
- c) That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March 2010 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.
- d) That the Directors had prepared the accounts for the financial year ended 31st March 2010 on a 'going concern basis'.

| CORPORATE GOVERNANCE:

In pursuance of the system of Corporate Governance instituted by SEBI and forming part of the Listing Agreement with the Stock Exchanges, a report thereon is separately attached to this report.

| RESEARCH AND DEVELOPMENT ACTIVITY:

The Research and Development activities of the Company continue to be recognized by the Department of Science and Technology, Government of India. The Research and Development laboratory of the Company has successfully developed certain import substitute molecules and has been working on development of a number of other molecules. It has also been continuously working on process developments of the molecules already developed by it. The Company has filed totally sixteen Indian patents with seven PCT applications. Out of these one PCT application has been entered in the USA, Europe and Japan. The Company enjoys approval to the Research & Development Facility from the Secretary, DSIR u/s 35 (2AB) of the Income Tax Act, 1961 for claiming rebate on the expenses incurred by the Company on Research and Development.

I INSURANCE OF ASSETS:

All the fixed assets, finished goods, semi-finished goods, raw materials, packing materials and other goods and assets of the Company lying at different locations and in-transit have been insured against fire, burglary, transit, riots, strike, malicious damage and allied risks.

I CAPITALISATION:

During the year under review the Company has added fixed assets worth Rs.311.14 crores whereas disposal and adjustment of fixed assets amounted to Rs.0.60 crores. The Company had capital work in progress amounting to Rs.65.74 crores as at 31st March 2010 at various project sites.

I DEPOSITS:

The Company's public deposit scheme has been receiving good response from depositors. The Company is regular in repayment and payment of interest and has not defaulted therein. The Company has been complying with the provisions of Section 58A and the rules made thereunder. As at 31st March 2010 the fixed deposits outstanding under the public deposit scheme were Rs.39.88 crores. During the accounting year under review the Company has appointed Bajaj Capital Limited as the Managers to the Fixed Deposit Schemes of the Company.

I AUDITORS' REPORT:

Note(s) on accounts as referred to in the Auditors Report is / are self-explanatory and therefore do not call for further comments or explanation.

I PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended is available at the registered office of the Company. As per the provisions of Section 219(i)(b)(iv) of the Companies Act, 1956 this Report and Accounts are being sent to all Shareholders

of the Company and others entitled to it excluding the aforesaid information. Any shareholder interested in obtaining a copy of the statement under Section 219(2A) of the Companies Act, 1956, may write to the Company Secretary at the address of the registered office of the Company.

I EMPLOYER / EMPLOYEE RELATIONS:

The relationship with the workers of the Company's manufacturing units and other staff continues to be cordial. The Directors wish to place on record their sincere appreciation and gratitude for the services rendered by the workers and staff at all levels.

I EMPLOYEE STOCK OPTION PLAN:

The Shareholders at the 21st Annual General Meeting of the Company passed a resolution approving the Employee Stock Option Plan called 'Elder ESOP 2004'. A total of 1,439,274 equity shares of the Company are available under Elder ESOP 2004 for grant of Options at an exercise price of 15% discount to the market rate. No Options were granted to the Employees during the accounting year under review. As at 31st March 2010 there were 1,153,526 shares for which Options could still be granted to Employees under Elder ESOP 2004.

I CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as applicable, the particulars relating to conservation of energy and technology absorption are given in Annexure 1 to this Report.

The foreign exchange outgo during the year under review was Rs.30.13 crores for imports of raw materials / trading and other items, and Rs.0.43 crores for foreign travel. The Company also paid Rs.3.93 crores in foreign exchange as interest on the External Commercial Borrowing of Japanese Yen equivalent of USD 15 million. The foreign exchange earnings during the year were Rs.17.46 crores on account of exports on FOB basis.

For and on behalf of the Board

J. Saxena
Chairman

Mumbai, 18th August, 2010

ANNEXURE – I

A. POWER & FUEL CONSUMPTION	2009-10	2008-09
1. ELECTRICITY PURCHASED:		
Units	5,373,715	5,780,208
Total Amount	Rs. 29,597,187	Rs. 25,662,531
Rate/Unit	Rs. 5.51	Rs. 4.44
2. COAL	Not Applicable	Not Applicable
3. FURNACE OIL (L.D.O):		
Quantity (Ltrs)	134,455	142,430
Total Amount	Rs. 5,650,919	Rs. 6,213,964
Average Rate	Rs. 42.03	Rs. 43.63
4. FURNACE OIL:		
Quantity (Ltrs)	210,000	177,630
Total Amount	Rs. 4,147,500	Rs. 4,668,800
Average Rate	Rs. 19.75	Rs. 26.28
5 FURNACE OIL (DIESEL)		
Quantity (Ltrs)	11,405	23,964
Total Amount	Rs. 405,615	754,627
Average Rate	35.56	31.49
6. Liquefied Petroleum Gas (LPG):		
Quantity (Kgs)	139,810	176,103
Total Amount	Rs. 7,653,197	Rs. 9,984,618
Average Rate	Rs. 54.74	Rs. 56.70
5. OTHER/INTERNAL GENERATION		
Units	501,675	290,931
Quantity H.S.D. (Ltrs)	158,885	89,888
Total Amount	Rs. 5,629,815	Rs. 3,265,140
Rate/Unit	Rs. 11.22	Rs. 11.22

CONSUMPTION PER UNIT OF PRODUCTION:

For finished Packed Production per lac packs of formulations/per Kg. of Bulk Drug

Item	2009-10	2008-09
1. Electricity:		
For Formulations	Rs. 26,009.76	Rs. 19,316.57
For Bulk Drugs	Rs. 82.8	Rs. 70.66
2. L.D.O.		
For Formulations	Rs. 9,246.73	Rs. 6,927.19
For Bulk Drugs	Rs. 11.95	Rs. 31.18
3. Furnace Oil		
For Bulk Drugs	Rs. 363.55	Rs. 513.17
4. Furnace Oil (Diesel)		
For Formulations	Rs. 5,482.54	Rs. 14,481.42
5. Liquefied Petroleum Gas:		
For Formulations	Rs. 15,914.73	Rs. 19,106.81
6. Coal:	Not Applicable	Not Applicable
7. a) LSHS	Not Applicable	Not Applicable
b) HSD	Not Applicable	Not Applicable

FORM ' B '

The company has established Research and Development (R&D) facilities in the field of APIs and Formulations. This facility has earned recognition from the Department of Scientific & Industrial Research, Ministry of Science & Technology, New Delhi u/s 35 (2AB) of the Income Tax Act, 1961 for claiming rebate on the expenses incurred on R&D. The Strength of these development activities lies in the innovative chemistry-driven research leading to generation of cost effective and non-infringing routes for APIs / Intermediates/Dosage forms. The Company has filed totally sixteen Indian patents with seven PCT applications. Out of these one PCT application has been entered in the USA, Europe and Japan.

The objectives of the Company's Research & Development initiatives are as under:

- Development of new products
- Revision of existing products
- Analytical method development
- Documentation
- Intellectual property rights
- Customer assistance

Specific areas in which R & D is being done are antispasmodic, urinary tract infection, wound healing and anti-malarial along with the Non-steroidal anti-inflammatory, muscle relaxants & women health care etc. The following major APIs namely, Piperaquine phosphate, Amiloride hydrochloride, Flavoxate hydrochloride, Diosmin, Tolfenamic acid, Diacerein, Zolpidem tartrate and Tizanidine hydrochloride have been developed in-house and successfully commercialized on plant scale.

R&D has successfully developed the Intermediate molecules such as 2-hydroxypyridine-N-oxide, 1, 2, 4-Triazolo [4, 3-a] pyridine-3-one and zolpidic acid, etc.

New Pharmaceutical preparations including mouth dissolving tablets, taste mask tablets, sustained release / controlled release formulations in different dosage forms utilizing the latest technology have been developed.

■ BENEFITS DERIVED:

- a. The development of innovative approach to synthesize & manufacture import constituents will support the nation in building up a strong technological base.
- b. The APIs thus manufactured will render an uninterrupted flow of these APIs into the Indian market thus controlling cost and quality of formulations.

■ FUTURE PLAN OF ACTION:

To develop and commercialize the latest antibiotics, anti-bacterial, anti-cancer and specialized dermal products and make them available at affordable cost to the common man.

■ EXPENDITURE ON R&D:

		2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
a.	Capital Expenditure	76.22	36.28
b.	Recurring Expenditure	463.43	415.44

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Name of the Subsidiary:	: Elder International FZCO, Dubai, U.A.E.
Financial Year of the subsidiary Company	: 1 st April to 31 st March every year
Extent of Interest	: 100%
No. of Shares held by Elder Pharmaceuticals Limited	: 4 Shares of DHS 1,00,000 each held in the name of Elder Pharmaceuticals Limited and 1 Share of DHS 1,00,000 each held in the name of Mr. J. Saxena for the benefit of Elder Pharmaceuticals Limited
Net aggregate amount Profits / (Losses) of the Subsidiary so far as it concerns to the members of Elder Pharmaceuticals Limited as it is not dealt with the Company's Accounts for the year ended 31 st March 2010 of the subsidiary	: Not Applicable
Net aggregate amount Profits / (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in the accounts of Elder Pharmaceuticals Limited for subsidiary's Financial Year ended 31 st March 2010	: The accounts of the Subsidiary were audited for the year ended 31 st March 2010. The loss of Rs. 585.36 Lacs has been dealt with in the consolidated accounts of Elder Pharmaceuticals Limited.
Name of the Subsidiary:	: Somerta Holdings Limited.
Financial Year of the subsidiary Company	: 1 st April 2008 to 31 st March every year
Extent of Interest	: 100%
No. of Shares held by Elder Pharmaceuticals Limited	: 5,000 Shares of Euro 1 each held in the name of Elder Pharmaceuticals Limited
Net aggregate amount Profits / (Losses) of the Subsidiary so far as it concerns to the members of Elder Pharmaceuticals Limited as it is not dealt with the Company's Accounts for the year ended 31 st March 2010 of the subsidiary	: Not Applicable
Net aggregate amount Profits / (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in the accounts of Elder Pharmaceuticals Limited for subsidiary's Financial Year ended 31 st March 2009	: The accounts of the Subsidiary were audited for the year ended 31 st March 2010. The loss of Rs.3.68 Lacs has been dealt with in the consolidated accounts of Elder Pharmaceuticals Limited.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges the Directors submit for the information of the Shareholders the following Report on Corporate Governance.

1. CORPORATE PHILOSOPHY:

The Management has always believed in good corporate governance and has been practicing it since inception to the extent feasible and beneficial for the enhancement of long term shareholder value and protecting the interests of the other constituents involved in the working of the Company. It has adopted the philosophy of openness and transparency in its dealings with the insiders and outsiders alike.

2. BOARD OF DIRECTORS:

The Board of Directors of the Company comprises eleven Directors, three (27%) of whom are executive Directors and the remaining eight (73%) are independent non-executive Directors. Mr. J. Saxena, Promoter, is the Managing Director of the Company and also the Chairman of the Board. The Company is in compliance with Clause 49 of the Listing Agreement regarding composition of directors.

With effect from 27th March 2008 the Company had been paying sitting fees of Rs.15,000/- to the non-executive-Directors for the meetings of the Board or Committees of the Board attended by them.

THE STATEMENT OF OTHER DIRECTORSHIPS, MEMBERSHIPS OF COMMITTEES, ETC. IS GIVEN BELOW.

	Name of Directors	Chair-manships	Director-ships	Member of Committees	Attendance at The last AGM
1	Mr. J. Saxena	Two	Four	One	Yes
2.	Mr. M. V. Thomas (up to 30 th June 2010)	None	None	None	Yes
3.	Mr. Yusuf Karim Khan	None	One	None	Yes
4.	Mr. Alok Saxena	One	Six	One	Yes
5.	Dr. R.Srinivasan	Three	Twelve	Eleven	Yes
6.	Dr. J.S.Juneja	One	Three	One	Yes
7.	Dr. Sailendra Narain	None	One	None	No
8	Mr. Michael Bastian	Two	Four	Four	Yes
9.	Dr. S. Jayaram	None	None	None	Yes
10	Mr. Saleem I. Shervani	Two	Ten	None	No
11	Mr. Peter Bibby (up to 29 th April 2009)	None	None	None	No
12	Mr. Edoardo Richter	None	None	None	No
13	Mrs. Urvashi Saxena (W.e.f. 29 th April 2009)	None	One	One	No

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:

During the year ended 31st March 2010 there were seven meetings of the Board of Directors of the Company. The dates on which the Board Meetings were held are as follows: 29th April 2009, 29th July 2009, 25th August 2009, 29th September 2009, 24th October 2009 19th January 2010 and 15th February 2010. The time gap between two meetings was not more than four months.

	Name of Director	Number of Board Meetings held	Number of Meetings attended
1	Mr. J. Saxena	Seven	Seven
2.	Mr. M. V. Thomas (up to 30 th June 2010)	Seven	Seven
3.	Mr. Alok Saxena	Seven	Seven
4.	Mr. Yusuf Karim Khan	Seven	Six
5.	Dr. R. Srinivasan	Seven	Six
6.	Dr. J. S. Juneja	Seven	Seven
7.	Dr. Sailendra Narain	Seven	Two
8.	Dr. S. Jayaram	Seven	Seven
9.	Mr. Saleem Shervani	Seven	Three
10.	Mr. Peter Bibby (up to 29 th April 2009)	One	None
11.	Mr. Edoardo Richter	Seven	None
12.	Mr. Michael Bastian	Seven	Seven
13.	Mrs. Urvashi Saxena (w.e.f. 29 th April 2009)	Seven	Six

BOARD PROCEDURE:

The Board of Directors of the Company meets at regular intervals at meetings of the Board and also informally as and when required.

The Board met on seven occasions during the financial year 2009-10. The time gap between two consecutive meetings of the Board of Directors was not more than four months.

The following information is placed before / made available to the Board:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Statutory Compliances.
17. Disclosure of interest by Directors.
18. Cost Audit Reports.

3. AUDIT COMMITTEE:

The Board of Directors has set up an Audit Committee the scope whereof is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee presently has four members namely, Mr. Michael Bastian, Dr. J. S. Juneja, Dr. R. Srinivasan and Dr. Sailendra Narain all of whom are non-executive and independent Directors having financial and accounting knowledge. Mr. Michael Bastian is the Chairman of the Audit Committee with effect from 29th April 2009. The Managing Director, Director (Finance)/CFO, the Whole Time Director, the Executive Director, the Statutory Auditors, the Cost Auditor and internal auditors may be invited to attend meetings of the Audit Committee as and when required, The Committee met on six occasions during the accounting year under review.

Mr. Michael Bastian, the Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 29th September 2009.

The role of the Audit Committee was defined and continues to be as under:

- a) Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial information is correct, sufficient and credible.
- b) Recommending to the Board, appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing with the management the annual financial statements before submission to the board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
1. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 2. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 3. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 4. Discussion with internal auditors any significant findings and follow up there on.
 5. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 6. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 7. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

8. To approve a candidate for appointment of Chief Financial Officer by the management.
9. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
10. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The attendance at the meetings of the Audit Committee held during the year ended 31st March 2010 was as under:

Name	No. of meetings Held	Attended
Dr. J. S. Juneja	Six	Six
Dr. R. Srinivasan	Six	Five
Dr. Sailendra Narain	Six	Two
Mr. Michael Bastian	Six	Six

Necessary quorum was present at the Audit Committee meetings. Mr. S. P. Date, Company Secretary acts as the Secretary of the Audit Committee.

4. REMUNERATION OF DIRECTORS:

Non-executive Directors:

The Company does not pay any remuneration to non-executive Directors except by way of sitting fee which with effect from 27th March 2008 was Rs.15,000/- for every meeting of the Board or the Committee thereof attended by them.

Details of payments made to Non-Executive Directors during the year ended 31st March 2010 are given below:

Name	Sitting Fees (Rs.)
Dr. R. Srinivasan	1,80,000
Dr. Joginder Singh Juneja	1,95,000
Dr. Sailendra Narain	60,000
Mr. Saleem Shervani	45,000
Dr. S. Jayaram	1,05,000
Mr. Michael Bastian	1,95,000
Mr. Peter Bibby (Up to 29 th April 2009)	Nil
Mr. Edoardo Richter	Nil
Mrs. Urvashi Saxena (w.e.f. 29 th April 2009)	90,000

Whole-Time Directors:

The Whole-Time Directors of the Company received their remuneration by way of monthly remuneration. Such remuneration (inclusive of perquisites) paid to the Whole-Time Directors during the year ended 31st March 2010 is given in the table below.

Name/Designation	Amount (Rs.)			Total
	Salary	Perquisites & Benefits	Retiral	
Allowances				
Mr. J. Saxena				
Managing Director	27,452,400	3,574,600	2,573,712	33,600,712
Mr. M. V. Thomas				
Director (Finance)	4,793,700	450,000	675,000	5,918,700
Mr. Alok Saxena				
Whole-Time Director	9,466,800	867,000	1,300,500	11,634,300
Mr. Yusuf Karim Khan				
Executive Director	4,665,000	504,000	756,000	5,925,000

Note:

1. The appointment of each Whole-Time / Executive Director is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' prior notice in writing to the other party.

Remuneration Committee:

The Company has formed a sub-Committee of the Board called Remuneration Committee which consists of three Directors namely, Dr. R. Srinivasan, Dr. S. Jayaram and Mr. Jagdish Saxena with Dr. R. Srinivasan, a non-executive independent Director as its Chairman. The Remuneration Committee reviews the remuneration of whole time / executive Directors of the Company and recommends to the Board periodical revisions in their remuneration. During the year under review the Committee did not hold any meeting. Mr. S. P. Date, Company Secretary acts as the Secretary of the Remuneration Committee.

Remuneration Policy:

The Company decides the remuneration package of the whole time / executive Directors after considering (a) employment scenario (b) remuneration package of the industry for the like candidate and (c) remuneration package of managerial talent of other industries. The annual pay is also linked to the performance of the Company in general and individual achievement measured against specific key result areas based on Company's objectives.

MANAGEMENT:

The Management Discussion and Analysis Report on various matters forms a part of the Directors' Report. The said report is appearing elsewhere in this Annual Report.

5. SHAREHOLDERS:

A sub-Committee of the Board under the Chairmanship of Dr. R. Srinivasan, a non-executive Director with Dr. S. Jayaram and Mr. M.V. Thomas as the other members thereof designated as "Shareholders/Investors Grievances Committee" has been formed to look into the redressing of shareholders and investors complaints. Since Mr. M. V. Thomas resigned effective 1st July 2010 and his resignation was accepted by the Board at its meeting held on 27th July 2010, the said sub-Committee has been reconstituted with Mr. Alok Saxena having been appointed to replace Mr. M. V. Thomas. The Committee met only once during the year under review on 3rd December 2009 to attend to and address grievances of a Fixed Deposit holder in the Company. Dr. R. Srinivasan and Mr. M. V. Thomas had attended the said meeting. Mr. S. P. Date, Company Secretary acts as the Secretary of the Shareholders / Investors Grievances Committee.

It is the policy of the Company to attend to and address the complaints of shareholders and investors as early as they can be. During the year under review the Company had received 26 complaints from the statutory authorities and all of them have been promptly attended to and addressed. Apart from this the Company has received 232 requests / complaints on various matters relating to non-receipt of dividend, change of address, consolidation, duplicate certificates, etc. As on 31st March 2010 no requests / complaints were pending to be attended to.

The Board of Directors of the Company has delegated the power of share transfer to the Registrars and Share Transfer Agents namely, Link Intime India Pvt. Ltd. who are attending to the work of share transfers and dematerialisation of shares at regular periodicity. The share transfer and dematerialisation work is overseen by the Company Secretary and reported to Directors at their meetings.

6. DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS HELD:

For the Year		Date & Time of AGM	Venue
2008-09	26 th AGM	29 th September 2009 10.30 a.m.	Juhu Vile Parle Gymkhana Club Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.
2007-08	25 th AGM	27 th September 2008 10.30 a.m.	Juhu Vile Parle Gymkhana Club Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.
2006-07	24 th AGM	27 th September 2007 10.30 a.m.	Juhu Vile Parle Gymkhana Club Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.

During the last three AGMs the following Special Resolutions were passed.

24th AGM – Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, etc. for an amount of USD 50 million.

25th AGM – Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, etc. for an amount of USD 50 million.

26th AGM – Special Resolution for re-appointment of Mr. Jagdish Saxena as a Director in whole time service not liable to retirement by rotation to be designated as Managing Director effective 1st May 2009.

26th AGM – Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, etc. pursuant to provisions of Section 81 and / or 81(1A) as applicable and other applicable provisions of the Companies Act, 1956.

No Special Resolution was passed last year through postal ballot.

7. DISCLOSURES:

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have any potential conflict with the interests of the Company.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. There were no penalties imposed or any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

Secretarial Audit

A qualified Company Secretary in whole time practice carries out secretarial audit to inter alia reconcile the admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Auditor also confirms that the total issued / paid up capital is in agreement with the aggregate number of shares in physical and dematerialized form.

Code of Conduct:

The Code of Conduct for Directors and Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company. The CEO declares that the Board Members and Senior Management covered by the Code of Conduct affirmed compliance with the Code of Conduct of the Company.

CEO / CFO Certification:

The CEO / CFO of the Company have certified to the Board as required under Clause 49(v) of the Listing Agreement.

8. MEANS OF COMMUNICATION:

The quarterly/annual unaudited provisional financial results are published in the newspapers Free Press Journal and Nav Shakti as per the following indicative schedule. The same are posted on the web site of the Company.

For the quarter ending 30th June – last week of July / first week of August

For the quarter ending 30th September – last week of October / first week of November

For the quarter ending 31st December – last week of January / first week of February

For the quarter/year ending 31st March – last week of April / first week of May

The audited annual accounts for the year ending on 31st March are dispatched to the shareholders in the last week of August/first week of September.

The provisional quarterly as well as annual audited financial results are up loaded on the Company's website viz. <http://www.elderindia.com>

9. GENERAL SHAREHOLDER INFORMATION:

Date, time and venue of the 27th AGM	:	Tuesday the 28 th September 2010 at 10.30 a.m. at Juhu Vile Parle Gymkhana Club Plot No. U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.
Financial Year	:	April to March
Date of Book Closure	:	Monday the 20 th September 2010 to Tuesday the 28 th September 2010 (Both days inclusive)
Dividend Payment Date	:	On or before 25 th October 2010
Listing on Stock Exchanges	:	Equity shares of the Company are listed on the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing fees as prescribed for both the exchanges have been paid for the year 2010-2011.

Stock Code:

The Stock Exchange, Mumbai (BSE)	-	532322
Scrip ID on Bolt	-	ELDERPH
The National Stock Exchange of India (NSE)	-	ELDERPHARM
NSDL/CDSL – ISIN - for fully paid-up Equity Shares is	-	INE 975A01015

STOCK MARKET DATA

The monthly high and low quotations and volume of shares traded during April 2009 to March 2010 on the Bombay Stock Exchange Limited, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE) are as follows:

	The Bombay Stock Exchange Ltd.			National Stock Exchange Ltd.		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April 2009	220	191	65,479	228	165.75	1,02,955
May 2009	250	200.20	88,992	252.30	201	1,69,064
June 2009	254.90	218.20	1,38,177	255	220.25	3,60,890
July 2009	291	227	89,101	288	226.60	2,45,778
August 2009	310	270.30	24,378	313.50	226.60	2,86,118
September 2009	338.90	260	12,72,809	339.70	260	20,42,856
October 2009	299	253	1,56,701	299.80	253.10	3,10,824
November 2009	284	246.10	24,698	281.95	241.40	45,520
December 2009	316.50	258	9,73,972	316.70	257	14,52,949
January 2010	337.90	290	2,12,971	339	290.25	3,94,722
February 2010	373	311.60	1,97,831	373.35	292.30	3,68,637
March 2010	383	335	1,99,628	382	351.75	2,56,409

REGISTRAR AND SHARE TRANSFER AGENTS:

The Company has appointed Link Intime India Pvt. Ltd. as its Registrar and Share Transfer Agents for both Demat as well as Physical segment. The Office of Link Intime is situated at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078. They are available on Phone No.(022) 2596 3838 / 2594 6970 and their Fax No. is (022) 2594 6979. Their e-mail ID is rnt.helpdesk@linkintime.co.in

SHARE TRANSFER SYSTEM:

Link Intime India Pvt. Ltd., the Registrars and Share Transfer Agents follow the following transfer procedure. All the documents received by them are numbered and inwarded. After specimen signatures are checked and tallied with those on record the transfer documents are edited, checked and in case of objections, objection code is marked and communicated to the Transferee. After the objection is cleared all valid cases are allotted transfer numbered. A dummy transfer register is generated for checking and after corrections, if any, final transfer register is prepared. Endorsements stickers are affixed on the share certificates and covering letters are attached to the transferred certificates. A journal for registration is created and the transfer documents checked with the journal are dispatched. Simultaneously shareholders records are updated.

In case of demat transfers the data of transfers is received from the depositories once in a week. The same is downloaded and the shareholder record are updated.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010.

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	15,793	97.54	913,616	4.85
501 to 1000	180	1.11	144,861	0.77
1001 to 2000	83	0.51	126,042	0.67
2001 to 3000	37	0.23	91,402	0.48
3001 to 4000	9	0.06	32,158	0.17
4001 to 5000	11	0.07	50,837	0.27
5001 to 10000	24	0.15	162,177	0.86
10001 and above	54	0.33	17,336,393	91.93
Grand Total	16,191	100.00	18,857,486	100.00

Out of the above

NUMBER OF SHARES IN PHYSICAL MODE: 418,872 Equity Shares in respect of 4,918 holders as on 31st March 2010.

NUMBER OF SHARES IN DEMAT MODE: 18,438,614 Equity Shares in respect of 11,273 holders as on 31st March 2010.

CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2010

Category	No. of Shares	% of Shareholding
Promoters & Group Companies	7,641,808	40.52
Financial Institutions/Banks	1,699,477	9.02
NRI/Foreign Holding	5,739,161	30.43
Private Corporate Bodies	1,578,780	8.37
Indian Public	2,198,260	11.66
Total	18,857,486	100.00

GDRs:

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange. The said GDRs were quoted at US\$ 15.985 as on 31st March 2010. As at the end of the accounting year under review no GDRs were outstanding.

Elder ESOP 2004:

At the 21st Annual General Meeting of the Company held on 28th September 2004 the Shareholders of the Company had approved Employees Stock Option Scheme called 'Elder ESOP 2004' in respect of 1,439,274 shares. There are no Options outstanding as at 31st March 2010. However, Elder ESOP 2004 still has a balance of 1,153,526 shares for which Options can be issued to Employees.

Plant Locations:

The Company's plants are situated at the following locations:

1. Plot No. D-219 & 220
T.T.C. Industrial Area,
Thane-Belapur Road, Navi Mumbai 400 706
2. Plot No. C-21/2, T.T.C. Industrial Area, Village – Pawane
Navi Mumbai 400 704
3. Plot No. A-36
Patalganga Industrial Area,
Village Khaire, Taluka Khalapur
District Raigad, Maharashtra 410 220
4. Plot No. C-11/2
Sela Qui Industrial Area
Near Dehradun
Uttaranchal
5. Plot No. 103,
Paonta Sahib Industrial Area
Village: Gondpur
Tehsil: Paonta Sahib
District: Sirmour
Himachal Pradesh
6. Village Charba
Tehsil-Vikasnagar
District-Dehradun
Uttarakhand

Address for Correspondence:

The Company has appointed Link Intime India Pvt. Ltd. as its Share Transfer Agents. All communications with regard to transfer, transmission, instructions / enquiries on Electronic Clearing Service (ECS), dividend, dematerialising of shares, etc. should be addressed to the Share Transfer Agents at the following address.

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078.
Phone No.(022) 2596 3838 / 2594 6970
Fax No. is (022) 2594 6979
Email: rnt.helpdesk@linkintime.co.in

The Shareholders are also welcome to communicate directly with the Company at the following address.

Registered Office:
Secretarial Department
Elder Pharmaceuticals Limited
'Elder House', Plot No. C-9,
Dalia Industrial Estate
Off Veera Desai Road
Andheri (West)
Mumbai 400 053
E-mail: corporate@elderindia.com

Details of directors seeking re-appointment given pursuant to clause 49 of the listing agreement:

As required by Clause 49 of the Listing Agreement given hereunder are the details of Dr. R. Srinivasan, Dr. Sailendra Narain and Mr. Saleem Shervani, the retiring Directors seeking re-appointment.

Dr. R. Srinivasan:

Dr. Raghavachari Srinivasan was appointed as a Director on the Board on 15th December 1997. As per the provisions of Section 262 of the Companies Act, 1956 and clause 134 of the Articles of Association of the Company Dr. Srinivasan is due to retire at the ensuing Annual General Meeting but being eligible has offered himself for re-appointment.

Dr. R. Srinivasan, 78, holds a Doctorate in Banking and Finance from the University of Bombay. He is also a Fellow of the Institute of Banking and Finance apart from being a Certified Associate of the Institute.

Dr. Srinivasan had over 43 years of experience in Banks and was the Chairman of three different banks at New Delhi, Kolkata and Mumbai. He retired as Chairman and Managing Director of Bank of India, Mumbai.

While in active service Dr. Srinivasan was on the Boards of various institutions like IDBI, IRBI, New India Assurance, Discount and Finance House, E.C.G.C., Agricultural Finance Corporation, etc. and on the governing board of training institutions like the Reserve Bank of India, Bankers' Training College and National Institute of Bank Management.

Dr. Srinivasan's other Directorships are (1) Hi Tech Pharmaceuticals Pvt. Ltd.(2) Graphite India Ltd. (3) Mcleod Russel India Ltd. (4) Williamson Magor & Co. Ltd. (5) J. M. Financial Asset Management Pvt. Ltd. (6) Shalimar Paints Ltd. (7) Goldiam International Ltd. (8) Snowcem Paints Pvt. Ltd. (9) Nayamode Solutions Pvt. Ltd. (10) XL Telecom Ltd. (11) Suchirindia Developers Pvt. Ltd. (12) J. Kumar Infraprojects Ltd. He is also on committees of some of these companies like Audit, Shareholders' Grievance, Investment Advisory and Remuneration. The presence of Dr. Srinivasan on the Board will immensely benefit the Company.

The Board recommends the appointment of Dr. R. Srinivasan.

Dr. Sailendra Narain:

The Shareholders appointed Dr. Sailendra Narain as a Director whose office is liable to retirement by rotation at the 19th Annual General Meeting held on 30th September 2002. As per the provisions of Section 262 of the Companies Act, 1956 and

clause 134 of the Articles of Association of the Company Dr. Narain is due to retire at the ensuing Annual General Meeting but being eligible has offered himself for re-appointment.

Dr. Sailendra Narain, 70, is an International Financial Consultant and has done M.A. in Economics in the first class and M.A. in Sociology with first in the first class and has won two University Gold Medals. He is also a Certified Associate of Indian Institute of Bankers (CAIIB). He has done Ph.D. in humanity from the University of Patna, his thesis titled "Role of Small Scale Industries in the economic growth of India". He has varied work experience and exposure during his 41 years long career. He started as an Officer in Reserve Bank of India in 1965 and became Director and Joint Secretary in the Government of Haryana, Institutional Finance Department. He was a Senior Executive in Industrial Development Bank of India (IDBI) and is the former Chairman and Managing Director of Small Industries Development Bank of India (SIDBI), an Apex Bank in India for development, financing and promotion of SMEs. He has also worked as World Bank Programme Advisor in Nigeria and UNIDO Advisor in Ethiopia for development of SMEs and banks/financial institutions. He is presently the Chairman of Centre of SMEs Growth and Development Finance at Mumbai. Dr. Narain specializes in the areas like Country Policy Planning, Institution Building, Investment and Marketing/Trade Promotion, Resource Planning, HRD and Training Programmes, etc.

Dr. Narain's other Directorships are as under:

IDBI Bank Ltd.

The presence of Dr. Narain on the Board will immensely benefit the Company.

The Board recommends the appointment of Dr. Sailendra Narain.

Mr. Saleem Shervani:

The Shareholders appointed Mr. Saleem I. Shervani as a Director whose office is liable to retirement by rotation at the 21st Annual General Meeting held on 28th September 2004. As per the provisions of Section 262 of the Companies Act, 1956 and clause 134 of the Articles of Association of the Company Mr. Shervani is due to retire at the ensuing Annual General Meeting but being eligible has offered himself for re-appointment.

Mr. Shervani, 57, an ex-Member of Parliament, is an Arts Graduate gold medallist in Economics from Aligarh Muslim University. Mr. Shervani had been Minister of State for Health & Family Welfare (Independent Charge) in 1996 in the Union Cabinet. In June 1997 he was appointed Minister of State for External Affairs. Mr. Shervani was honoured with the "Indira Gandhi National Unity Award" in November 1990 for his outstanding services, achievements and contributions.

He is the Chairman – cum – Managing Director of Shervani Industrial Syndicate Limited. He is also the Chairman of Star Hotels Ltd. His other directorships are as under:

1. Shervani Sugar Syndicate Ltd.
2. ATB Cargo Pvt. Ltd.
3. Capon Food Specialities Ltd.
4. LinkQuest Telecom Pvt Ltd.
5. Shervani Hospitalities Ltd.
6. Tara Snacks & Foods Pvt. Ltd.
7. IMRP Insurance Services Pvt. Ltd.
8. Pure Gold Jewellers LLC, Dubai

The presence of Mr. Shervani on the Board will immensely benefit the Company.

The Board recommends the appointment of Mr. Saleem Shervani

Unclaimed Dividend:

All unclaimed / unpaid dividend amounts up to the financial year ended 31st March 2002 have been transferred to Investor Education & Protection Fund and no claims will lie against the Company in respect of the unclaimed amounts so transferred. The unclaimed dividend declared in respect of the financial year ended 31st March 2003 is in the process of being transferred to the Investor Education & Protection Fund.

The following Dividend, if unclaimed for 7 years, will be transferred to IEPF as follows:

For the Financial year	Unclaimed Dividend As on 31/03/2010 (Rs.)	Unclaimed dividend A/C with
2002-03	4484,404	BNP Paribas
2003-04	464,545.10	Corporation Bank
2004-05	360,562	Standard Chartered Bank
2005-06	590,312.50	Standard chartered Bank
2006-07	538,259	Standard Chartered Bank
2007-08	347,427.50	State Bank of India
2008-09	336,280	State Bank of India

10. RISK ASSESSMENT AND MITIGATION:

The Company has formulated an appropriate policy for identification, assessment and mitigation of risks. The policy will be reviewed as and when required depending upon the change in the circumstances affecting the Company and its business.

11. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Adequate well established control procedures for internal control are already in place. The well qualified Internal Audit Team implements these procedures and controls. Risk evaluation procedures have also been introduced. However, in view of growing activities the internal audit team is being strengthened and the scope of internal audit is widened.

12. FINANCIAL AND OPERATIONAL PERFORMANCE:

Sales: Company's operating income for the year ended 31st March 2010 was Rs.702.79 crores as against Rs.620.02 crores in the previous year marking an increase of 13.34%.

Depreciation: Depreciation / Amortisation was at a higher figure of Rs.16.77 crores which was higher by Rs.5.25 crores as compared to previous year. The increase was because of the provision of depreciation on additional fixed assets acquired / capitalised during the year.

PBT and PAT: Profit before tax during the year under review was Rs.64.68 crores as against Rs.58.59 crores in the previous year. Profit after tax was Rs.55.39 crores as against Rs.50.64 crores in the previous year. The increase in the profit before and after tax is because of the higher sales turnover.

Earning per Share/Book Value Per Share: Earning per Share for the year under review was Rs.29.37 as basic and on diluted basis per share as against Rs.26.86 as basic and on diluted basis per share in the previous year.

The EPS was higher because of the increase in Net Profit.

Book value Per Share was Rs.249.68 as on 31st March 2010 as against Rs.217.98 as on 31st March 2009.

Net Worth: Net Worth of the Company as on 31st March 2010 was Rs.470.83 crores as against Rs.411.07 crores as on 31st March 2009 which has increased by Rs.59.76 crores as compared to that on 31st March 2008.

WEBSITE OF THE COMPANY:

The Company's website address is <http://www.elderindia.com> and the quarterly un-audited financial statements, audited annual accounts and financial results and shareholding distribution are uploaded on the website on a regular basis. The website has a separate section for the investors through which they can reach the Company for redressing their complaints/grievances, if any.

ELECTRONIC CLEARANCE SYSTEM (ECS) FOR DIVIDEND:

Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use bank account details furnished by the investors for distributing dividends payable to them by using Electronic Clearance Service (ECS) wherever ECS facility is available. Those investors who are not registered with the Company for ECS payment of dividend may register themselves now. Necessary form for registering the details is enclosed with this annual report. The registration details should reach the Registrars and Share Transfer Agents of the Company on or before 20th September 2010 to enable them to accept the request.

CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of

ELDER PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Elder Pharmaceuticals Limited (the Company) for the year ended on 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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 the 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 that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

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

For S.S.KHANDELWAL & CO.
Chartered Accountants
(Firm Registration No:105064W)

Place: Mumbai
Dated : 18th August 2010

S.S. Khandelwal
Proprietor
Membership No. 31487

AUDITOR'S REPORT

To the Members of Elder Pharmaceuticals Ltd.

- 1) We have audited the attached Balance Sheet of ELDER PHARMACEUTICALS LIMITED as at March 31, 2010, the related Profit and Loss Account of the Company 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.
- 2) 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.
- 3) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that:
 - i)
 - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the management during the year has physically verified the fixed assets in a phased periodical manner, 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 physical verification.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
 - ii)
 - a) As explained to us, the management at regular intervals during the year has physically verified inventories.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory.
 - iii) According to the information and explanations given to us, the Company has not taken loans from the parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We have relied on the representation of the management that the monies due from parties referred to in note No. 17 of Schedule 20, are advances and not in the nature of loans. .
 - iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
 - v)
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) Based on the information and explanations given to us, we are of the opinion that the transactions made in pursuance of the contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the vale of Rs.5 lakhs in respect of any party during the year have been made at reasonable prices, having regard to the prevailing market price at the relevant time.

- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) The Company has an internal audit system commensurate with the size and the nature of its business.
- viii) The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- ix) a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities.
- b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under.

No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (Rs. Lacs)
1	Sales Tax	Assessment Dues	Asst. Commissioner Commercial Tax, West Bengal	8.61
2	Sales Tax	Assessment Dues	Asst. Commissioner Commercial Tax, Rajasthan	8.95
3	Income Tax	Assessment Dues	Commissioner of Income Tax	73.79
4	Customs Act	Adjudication Order	Customs, Excise & Service Tax Appellate tribunal	49.50
5	Central Excise	Adjudication Order	Customs, Excise & Service Tax Appellate tribunal	12.55

- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- xii) To the best of our knowledge and belief and according to the information and explanation given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
- xiii) According to the Cash Flow statement and other records examined by us and the information and explanations given to us, on all overall basis, funds raised on short term basis, have prima facie, not been used during the year for long term investments.
- xiv) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, which causes the financial statements to be materially misstated.
- xv) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses xii, xiii, xiv, xviii, xix, and xx of Para 4 of the Companies (Auditors' Report) Order are not applicable to the Company.
- 4) Further to our comments in paragraph (3) above, we state that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account;
- d) In our opinion, the Cash Flow Statement, Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956
- e) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the said Directors is disqualified as on 31st March, 2010 from being appointed as director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the 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 the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010 and
 - ii) In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement of the cash flows of the Company for the year ended on that date.

For S.S.KHANDELWAL & CO.
Chartered Accountants
(Firm Registration No:105064W)

Place : Mumbai
Dated : 18th August, 2010

S.S. Khandelwal
Proprietor
Membership No.31487

BALANCE SHEET AS AT 31ST MARCH 2010

		(Rs. in Lacs)	
	SCHEDULE No.	As At 31st March, 2010	As At 31st March, 2009
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	1	1,888.72	1,888.72
Reserves and Surplus	2	45,578.39	39,644.26
LOAN FUNDS :			
Secured Loans	3	40,408.58	25,613.26
Unsecured Loans	4	15,159.19	14,400.55
DEFERRED TAX LIABILITY :			
(Refer Note No.4 in Schedule 20)			
Deferred Tax Liability		1,372.11	1,367.27
Less : Deferred Tax Asset		990.79	864.78
		381.32	502.49
TOTAL		103,416.20	82,049.28
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	53,540.35	22,486.63
Less: Depreciation / Amortisation		7,009.67	5,360.50
Net Block		46,530.68	17,126.13
Capital Work in Progress		6,574.09	25,215.13
INVESTMENTS	6	1,967.75	392.75
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	7	14,255.56	8,810.52
Sundry Debtors	8	19,324.46	17,762.69
Cash and Bank Balances	9	7,730.99	6,379.18
Other Current Assets	10	345.77	257.70
Loans and Advances	11	18,784.15	17,456.47
		60,440.93	50,666.56
Less : CURRENT LIABILITIES AND PROVISIONS:			
Current Liabilities	12	9,577.57	8,489.73
Provisions	13	2,519.68	2,861.56
		12,097.25	11,351.29
NET CURRENT ASSETS		48,343.68	39,315.27
TOTAL		103,416.20	82,049.28
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	20		

AS PER OUR REPORT OF EVEN DATE
For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Lacs)	
	SCHEDULE No.	Year Ended 31st March, 2010	Year Ended 31st March, 2009
INCOME			
Operating Income	14	70,279.14	62,002.18
Other Income	15	763.10	813.84
TOTAL		71,042.24	62,816.02
EXPENSES			
Materials Cost	16	33,101.35	30,151.30
Other Expenses	17	23,778.25	21,351.41
Reserch & Development Expenditure	18	463.44	415.44
		57,343.04	51,918.15
PROFIT BEFORE INTEREST & FINANCE CHARGES, DEPRECIATION,EXCEPTIONAL ITEMS		13,699.20	10,897.87
Interest & Finance Charges	19	5,078.28	3,739.34
Exchange loss/(gain)(net) on loans		475.57	147.15
Depreciation and Amortisation		1,677.36	1,152.33
TOTAL		7,231.21	5,038.82
PROFIT BEFORE TAX		6,467.99	5,859.05
Less : Provision for Tax			
Current		1,050.00	650.00
Deferred		(121.17)	(15.30)
Fringe Benefit		-	160.00
PROFIT AFTER TAX		5,539.16	5,064.35
Less : Tax for earlier years		-	150.00
		5,539.16	4,914.35
Balance brought forward		17,354.30	15,991.51
BALANCE AVAILABLE FOR APPROPRIATION		22,893.46	20,905.86
APPROPRIATIONS:			
i) Proposed Dividend		565.72	471.44
ii) Tax on Dividend		93.96	80.12
iii) Transfer to General Reserve		3,000.00	3,000.00
iv) Balance carried forward		19,233.78	17,354.30
		22,893.46	20,905.86
EARNING PER SHARE			
(Face Value Rs.10/- per share)			
- Basic		Rs. 29.37	Rs. 26.86
- Diluted (Refer Note No.13 in Schedule 20)		Rs. 29.37	Rs. 26.86

AS PER OUR REPORT OF EVEN DATE
For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010
(Rs. in Lacs)

	2009-2010		2008-2009	
(A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax & extraordinary items		6,467.99		5,859.05
Add : <u>Adjustment for -</u>				
Depreciation	1,649.17		1,124.60	
Interest paid	5,078.28		3,739.34	
Exchange loss(gain)(net) on loans	475.57		147.14	
Dividend Received	(3.94)		(165.95)	
Interest Received	(173.40)		(243.81)	
Other income (considered separately)	(585.76)		(404.08)	
		<u>6,439.92</u>		<u>4,197.24</u>
Operating Profit before working capital changes		12,907.91		10,056.29
<u>Working capital changes -</u>				
Less: Increase in Sundry Debtors	(1,561.77)		(3,807.57)	
Increase in Loans & Advances	(1,369.67)		(4,098.65)	
Increase in Inventories	(5,445.04)		(443.00)	
(Increase)/Decrease in Other Current Assets	(88.07)		159.20	
(Decrease)/Increase in Current Liabilities	2,577.95		9,048.31	
(including working capital finance)				
		<u>(5,886.60)</u>		<u>858.29</u>
CASH GENERATED FROM OPERATIONS		7,021.31		10,914.58
Interest paid		(5,078.28)		(3,739.34)
Tax adjustments		(1,050.00)		(960.00)
Cash flow before Extraordinary Items		893.03		6,215.24
Net Cash Flow from Operating Activities - I		893.03		6,215.24
(B) CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(12,472.53)		(10,388.71)	
Sale of Fixed Assets	59.84		175.69	
Purchase of Investments	(1,575.00)		5,796.01	
Exchange loss/(gain)(net) on loans	(475.57)		(147.15)	
Interest Received	173.40		243.81	
Dividend Received	3.94		165.95	
Other Income Received	585.76		404.08	
Net Cash Used in Investing Activities - II		(13,700.16)		(3,750.32)
Cash flow after investing Activities - III = (I-II)		(12,807.13)		2,464.92

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd...)**(Rs. in Lacs)**

	2009-2010		2008-2009	
(C) CASH FLOW FROM FINANCING ACTIVITIES :				
Share Capital Money received	-		6.53	
Share Premium Money received	-		129.99	
Employees Stock Option Scheme	-		(46.54)	
Share Application Money Pending Allotment	-		(136.52)	
Proceeds from Long Term Borrowings (net of repayment)	14,710.50		(2,158.82)	
Dividend Paid	(471.44)		(471.44)	
Tax on distributed Dividend	(80.12)		<u>(80.12)</u>	
Net Cash flow from Financing Activities - IV		14,158.94		(2,756.92)
Net Cash flow after Financing Activities		1,351.81		(292.00)
Cash and Cash Equivalents				
Opening Cash and Cash Equivalents		6,379.18		6,671.18
Closing Cash and Cash Equivalents		7,730.99		6,379.18
		1,351.81		(292.00)

AS PER OUR REPORT OF EVEN DATE
For S S KHANDELWAL & CO.,
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

		As At 31st March, 2010	(Rs. in Lacs) As At 31st March, 2009
SCHEDULE 1			
SHARE CAPITAL :			
AUTHORISED :			
3,00,00,000 Equity Shares of Rs.10/- each		3,000.00	3,000.00
(Previous Year 3,00,00,000 Equity Shares of Rs.10/-each)		<u>3,000.00</u>	<u>3,000.00</u>
ISSUED, SUBSCRIBED AND PAID - UP :			
1,88,57,486 Equity Shares of Rs.10/- each		1,885.74	1,885.74
(Previous Year 1,88,57,486 Equity Shares of Rs.10/-each)			
fully paid up.			
Add : Forfeiture of Shares		2.98	2.98
		1,888.72	1,888.72
SCHEDULE 2			
RESERVES AND SURPLUS :			
SHARE PREMIUM			
Opening Balance	18,272.80		18,142.81
Add: Addition during the year	<u>-</u>		<u>129.99</u>
		18,272.80	18,272.80
HEDGING RESERVE			
(Refer Note No. 14 (b) in Schedule 20)		383.81	425.74
GENERAL RESERVE			
Opening Balance	6,118.51		3,118.51
Add :Transfer from Profit & Loss Account	<u>3,000.00</u>		<u>3,000.00</u>
	9,118.51		6,118.51
Less :Transitional loss recognised pursuant to early adoption of Accounting Standard-30 "Financial Instruments Recognition and Measurement."			
(Refer Note No. 14 (a) in Schedule 20)	<u>(1,430.51)</u>		<u>(2,527.09)</u>
		7,688.00	3,591.42
PROFIT AND LOSS ACCOUNT			
		19,233.78	17,354.30
		45,578.39	39,644.26

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

	As At 31st March, 2010	(Rs. in Lacs) As At 31st March, 2009
SCHEDULE 3		
SECURED LOANS :		
(A) Loans from Banks		
Long Term Loans	24,150.47	8,664.76
(B) Loans from Banks for Working Capital	10,941.31	9,001.27
(C) External Commercial Borrowing	5,315.95	7,940.65
(D) Others	0.85	6.58
	40,408.58	25,613.26
(A) Long Term Loans and External Commercial Borrowing from Banks are secured by –		
1. A first mortgage and charge on all the immovable and movable fixed assets both present and future ranking pari-passu with the existing charge holders for their term loans and also secured by second charge over current assets of the company.		
2. Irrevocable and unconditional personal guarantees of two of the Directors.		
(B) Loans from Banks for Working capital are secured by first pari passu charge by hypothecation of stocks-in-trade and Book Debts and second charge over all the immovable and movable fixed assets both present and future of the company and also personal guarantees of some of the Directors.		
(C) Other loans are secured by hypothecation of the assets acquired.		
SCHEDULE 4		
UNSECURED LOANS :		
Fixed Deposits	3,987.69	1,639.55
Trade Deposits	1,271.50	940.00
From Banks	7,750.00	9,450.00
Others	2,150.00	2,371.00
	15,159.19	14,400.55

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULE 5 FIXED ASSETS :

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION					NET BLOCK	
	Cost as at 01.04.2009	Additions	Adjustment	Cost as at 31.03.2010	Upto 31.03.2009	Adjustment	For the year	Upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
TANGIBLE										
LAND-FREEHOLD	180.39	2,197.57	-	2,377.96	-	-	-	-	2,377.96	180.39
LAND-LEASEHOLD	256.18	-	-	256.18	-	-	-	-	256.18	256.18
BUILDINGS	7,803.56	7,259.05	-	15,062.61	1,029.56	-	321.00	1,350.56	13,712.05	6,774.00
R&D-BUILDING	77.94	-	-	77.94	2.82	-	2.60	5.42	72.52	75.12
PLANT & MACHINERY	11,347.91	20,639.04	-	31,986.95	3,117.46	-	1,056.57	4,174.03	27,812.92	8,230.45
R&D-PLANT & MACHINERY	400.72	44.53	-	445.25	84.88	-	20.80	105.68	339.57	315.84
FURNITURE & FIXTURES	1,723.66	407.09	-	2,130.75	760.91	-	125.41	886.32	1,244.43	962.75
R&D-FURNITURE & FIXTURES	106.22	1.15	-	107.37	9.60	-	6.78	16.38	90.99	96.62
MOTOR VEHICLES	417.55	41.20	(59.84)	398.91	208.64	(28.18)	37.94	218.40	180.51	208.91
INTANGIBLE										
TRADEMARKS*	172.50	-	-	172.50	146.63	-	25.87	172.50	-	25.87
TECHNICAL KNOW-HOW**	-	523.93	-	523.93	-	-	80.38	80.38	443.55	-
TOTAL	22,486.63	31,113.56	(59.84)	53,540.35	5,360.50	(28.18)	1,677.35	7,009.67	46,530.68	17,126.13
Previous Year	21,153.26	1,509.06	(175.69)	22,486.63	4,235.90	(27.73)	1,152.33	5,360.50	17,126.13	16,917.32

* The cost of acquisition of Trade Mark is amortised over a period of five years from the date of acquisition.

** The cost of acquisition of the Technical Know-how is amortised over their estimated useful lives.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULE 6 INVESTMENTS :

		(Rs. in Lacs)					
	Nature of Investment	Face Value Rs.	Numbers		Value		
			As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009	
LONG TERM INVESTMENTS (At Cost, Other than Trade)							
(A) UNQUOTED							
	Maharashtra Apex Corp.Limited	Non-Conv. Debenture	1000	25	25	0.21	0.21
	Bombay Mercantile Co-op.Bank Limited	Equity Shares	30	533	533	0.16	0.16
	Elder Instruments Private Limited	Equity Shares	10	765,000	765,000	76.50	76.50
	The Saraswat Co-operative Bank Limited	Equity Shares	10	2,500	2,500	0.25	0.25
	VTC Industries Limited	Equity Shares	10	10,000	10,000	2.10	2.10
	The Kalyan Janata Sahakari Bank Limited	Equity Shares	25	20,000	20,000	5.00	5.00
	Elder Universal Pharmaceuticals (Nepal) P Ltd	Equity Shares	100 NRs.	500,000	500,000	50.00	50.00
(B) QUOTED							
	Elder Projects Limited	Equity Shares	10	300,200	300,200	22.52	22.52
	Elder Health Care Limited	Equity Shares	10	321,200	321,200	32.12	32.12
	The Karnataka Bank Limited	Equity Shares	10	63,400	63,400	38.04	38.04
(C) SUBSIDIARY							
	Elder International FZCO, Dubai, U.A.E.	Equity Shares	100000 DHS	5	5	62.41	62.41
	Somerta Holdings Co. Limited, Cyprus	Equity Shares	1 Euro	5000	5000	3.16	3.16
TOTAL (A)						292.47	292.47
CURRENT INVESTMENTS In Mutual Funds (Other than Trade)							
NAME OF MUTUAL FUND							
		Units As at 1st April, 2009	Units Purchase 2009-2010	Units Redeemed 2009-2010	Units As at 31st March, 2010	Value As at 31st March, 2010	Value As at 31st March, 2009
	UTI Liquid Cash Plan Inst-DIO-reinvestment	583.50	20.56	--	604.06	5.95	5.95
	UTI Infrastructure Advantage Fund-DDP	50000.00	--	--	50000.00	4.33	4.33
	UTI Infrastructure Advantage Fund	200000.00	--	--	200000.00	25.00	25.00
	HDFC AMC-PMS-REAL ESTATE PORTFOLIO-I	--	--	--	--	70.00	40.00
	SBI Infrastructure Fund-I Growth	250000.00	--	--	250000.00	25.00	25.00
	Canara Bank Robeco	--	244498.78	--	244498.78	25.00	--
	AXIS EF-DIV	--	200000.00	--	200000.00	20.00	--
	UTI MONEY MKT FUND	--	49836.80	--	49836.80	500.00	--
	ICICI PRUDENTIAL-DDR	--	499966.05	--	499966.05	500.00	--
	TARUS BOND	--	46389.27	--	46389.27	500.00	--
TOTAL (B)						1675.28	100.28
TOTAL (A + B)						1,967.75	392.75
Aggregate Value of Investment :		31st March, 2010		31st March, 2009			
		Market Value	Book Value	Market Value	Book Value		
Quoted		420.84	92.68	299.03	92.68		
Unquoted		-	1,875.07	-	300.07		

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

		(Rs. in Lacs)	
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 7			
INVENTORIES :			
Stores and Spares		24.76	20.72
Raw Materials		1,087.06	872.33
Packing Materials		368.54	319.55
Work-in-Process		1,153.63	343.98
Finished Goods		11,621.57	7,253.94
		14,255.56	8,810.52
SCHEDULE 8			
SUNDRY DEBTORS :			
(Unsecured, Considered Good)			
More than Six Months	1,714.75		1,284.23
Less: Provision for Doubtful Debts	142.78		49.21
		1,571.97	1,235.02
Other Debtors		17,752.49	16,527.67
		19,324.46	17,762.69
SCHEDULE 9			
CASH AND BANK BALANCES :			
1. Cash in hand		25.83	25.10
2. With Scheduled Banks in			
i) Current Accounts		7,047.84	5,313.16
ii) Fixed Deposit Accounts		5.50	695.00
iii) Margins Accounts		578.09	284.28
iv) Unpaid Dividend Accounts		31.22	34.40
3. Cheques in transit		42.51	27.24
		7,730.99	6,379.18

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

		(Rs. in Lacs)	
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 10			
OTHER CURRENT ASSETS :			
Interest Accrued on Deposits		38.99	104.52
Sales Tax Refund Receivable		279.27	135.40
Licence and Other Recoverables		27.51	17.78
		345.77	257.70
SCHEDULE 11			
LOANS AND ADVANCES :			
(Unsecured, Considered Good)			
Loans and Advances		267.50	1,556.50
Advances recoverable in cash or in kind or for value to be received		16,599.95	13,430.36
Balance with Central Excise		465.66	374.12
Advance Income Tax		1,451.04	2,095.49
		18,784.15	17,456.47
SCHEDULE 12			
CURRENT LIABILITIES :			
Sundry Creditors :			
Total outstanding dues of micro and small enterprises (Refer Note No.5 in Schedule 20)	605.86		386.07
Total outstanding dues of creditors other than micro and small enterprises.	3180.80		2843.69
		3,786.66	3,229.76
Other Liabilities		5,759.69	5,225.57
Unclaimed Dividend*		31.22	34.40
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.			
		9,577.57	8,489.73
SCHEDULE 13			
PROVISIONS :			
For Taxation		1,860.00	2,310.00
For Proposed Dividend		565.72	471.44
For Tax on Dividend		93.96	80.12
		2,519.68	2,861.56

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		Year ended 31st March, 2010	Year ended 31st March, 2009
(Rs. in Lacs)			
SCHEDULE 14			
OPERATING INCOME :			
Sales	70,876.48		62,895.69
Less: Excise Duty	667.05		955.21
		70,209.43	61,940.48
Other Services		69.71	61.70
		70,279.14	62,002.18
SCHEDULE 15			
OTHER INCOME :			
Dividend		3.94	165.95
Interest earned		173.40	243.81
(including tax deducted at source of Rs.5.26 lacs, previous year Rs.16.19 lacs)			
Profit on Sale of Assets		-	14.88
Miscellaneous		585.76	389.20
		763.10	813.84
SCHEDULE 16			
MATERIAL COST			
Raw Materials consumed		7,584.65	7,390.90
Packing Materials consumed		2,647.28	2,254.53
Finished Goods purchased		28,046.70	21,074.56
Increase/Decrease in work-in-process & finished goods			
Opening Stock :			
Work-in-process	343.98		494.12
Finished Goods	7,253.94		6,535.11
	7,597.92		7,029.23
Less:			
Closing Stock :			
Work-in-Process	1,153.63		343.98
Finished Goods	11,621.57		7,253.94
	12,775.20		7,597.92
(Increase)/Decrease		(5,177.28)	(568.69)
		33,101.35	30,151.30

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Lacs)	
		Year ended 31st March, 2010	Year ended 31st March, 2009
SCHEDULE 17			
OTHER EXPENSES :			
Salaries, Wages and Allowances		8,175.32	7,380.54
Contribution To Provident and Other Funds		481.68	469.00
Staff Welfare		409.90	533.74
Employee Compensation Under ESOP		-	(46.54)
Rent		359.76	395.25
Rates and Taxes		358.66	449.95
Power, Fuel and Electricity		657.37	634.92
Spares & Tools		156.53	162.96
Manufacturing charges		686.72	654.86
Repairs and Maintenance :			
To Building	12.95		14.16
To Machinery	187.36		74.48
To Others	133.33		135.66
		333.64	224.30
Insurance		106.60	112.44
Travelling and Conveyance		3,864.32	3,154.22
Printing and Stationery		206.30	168.27
Selling Expenses		4,742.83	4,347.50
Communication		391.15	348.68
Packing, Freight and Forwarding		658.68	756.73
Vehicles Maintenance		121.47	135.11
Payment to Auditors:			
Audit Fees	13.24		13.48
Certifications, Quarterly Review & Other Services	8.42		9.94
Vat Audit	1.65		2.81
Reimbursement of Expenses	1.25		1.13
		24.56	27.36
Legal and Professional charges		652.79	518.24
Loss on Sale of Assets		21.52	-
Provision for Doubtful Debts		122.73	24.34
Miscellaneous		1,245.72	899.54
		23,778.25	21,351.41

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Lacs)	
		Year ended 31st March, 2010	Year ended 31st March, 2009
SCHEDULE 18			
RESERCH & DEVELOPMENT			
R & D Chemicals & Expenses		78.96	83.84
Manufacturing charges		-	1.37
Power, Fuel and Electricity		9.54	3.74
Salaries, Wages and Allowances		338.83	289.33
Contribution to Provident and other Funds		13.75	13.96
Staff Welfare		14.61	15.51
Communication		1.25	1.41
Conveyance		2.82	2.70
Vehicles Maintenance		3.68	3.58
		463.44	415.44
SCHEDULE 19			
INTEREST & FINANCE CHARGES :			
To Banks and Financial Institutions		1648.07	1591.36
To Others		3430.21	2147.98
		5,078.28	3,739.34

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 20

NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

i) Basis of Accounting Policies:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub section (3C) of section 211 of the Companies Act, 1956.

ii) Use of Estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balance of assets & liabilities, revenue and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future events could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

iii) Fixed Assets:

Fixed Assets are stated at their original cost of acquisition or construction including incidental expenses related to acquisition and installation of the concerned assets.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Profit and Loss Account.

iv) Depreciation:

Depreciation on fixed assets is provided on straight line method as per Section 205 (2) (b) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV to the said Act.

The softwares which are an integral part of hardware are accordingly considered part of computers.

v) Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end in terms of para 5 to 13 of AS-28 issued by Institute of Chartered Accountants of India (ICAI) for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets, impairment loss when crystallized is charged against revenue of the year.

vi) Investments:

Long term investments are stated at cost. Diminution in value, if any, which is of temporary nature, is not provided for.

vii) Intangible Assets :

Intangible Assets are initially measured at cost and amortized so as to reflect the pattern in which the asset's economic benefits are consumed.

Expenditure on acquiring trade marks is being amortized over a period of five years.

Technical know-how is amortized over their estimated useful lives.

viii) Inventories :

- a) Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.
- b) Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value.
- c) Cost (net of Input tax credit availed) of Raw Materials, Stores & Spare Parts, Packing Materials & Finished Goods is determined on FIFO basis.
- d) Cost of Finished Goods and Work-in-Progress is determined by taking raw material/packing material cost (net of input tax credit availed), labour and relevant appropriate overheads.

ix) Foreign currency transactions :

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date on which the transactions occur. Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account.

In respect of forward contract, the premium or discount on these contracts is recognized as income or expenditure over the period of the contracts. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the year.

x) Derivatives Instruments and Hedge Accounting:

The Company is exposed to foreign currency fluctuation on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contract, the difference between the forward rate and the exchange rate, being the premium or discount at the inception of a forward exchange contract is recognised as income/expense over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows, attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account. In the absence of a designation as an effective hedge, loss is recognised in the profit and loss account.

xi) Foreign operations :

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to the operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the transaction procedures applicable to the revised classification are applied for the date of the change in classification.

xii) Sales:

Revenue from sales of goods is being recognized on accrual basis on transfer of ownership to the customers. The sales are stated net of trade discounts, excise duty, sales returns and sales taxes.

Revenue from rendering of services are recognized on completion of service.

xiii) Export Benefits / Incentives :

Benefits on account of entitlement of export incentives are recognized as and when the right to receive is established.

xiv) Leases :

Lease rentals are accounted on accrual basis in accordance with the terms of respective lease agreements.

xv) Research and Development :

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets.

xvi) Retirement Benefits :

- a). Contributions to the Provident Fund are made at a pre-determined rate and charged to the Profit & Loss Account.
- b). Liability towards Gratuity and Leave Encashment is provided on the basis of actuarial determination. Liability towards Superannuation is provided in accordance with the scheme administered by Life Insurance Corporation of India.

xvii) Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset, up to the date such assets are ready for their intended use.

Other borrowing/ financing costs are charged to the Profit & Loss Account

xviii) Taxation :

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provision of Local Income Tax as applicable to the financial year.

Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted on substantively enacted at the Balance Sheet date.

In case where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosure have been made towards contingent liabilities, if any.

xix) Provision and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is required.

xx) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

	As At 31st March, 2010 (Rs. in Lacs)	As At 31st March, 2009 (Rs. in Lacs)
2. CONTINGENT LIABILITIES		
a) Letters of Credit	2933.74	2208.39
b) Bank Guarantees	180.39	222.08
c) Corporate Guarantees to Subsidiary	-	13986.70
d) Disputed liability in respect of :		
i) Income tax	73.79	263.14
ii) Sales tax	17.56	8.61
iii) Customs Duty	49.50	49.50
iv) Excise Duty	12.55	7.94
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	1906.21	1667.48

4. Deferred Tax:		
A) Deferred Tax Liability:		
i) Depreciation	1372.11	1367.27
B) Deferred Tax Asset:		
i) Leave encashment	159.96	146.90
ii) Others	830.83	717.88
	990.79	864.78
Deferred Tax Liability (Net) (A-B)	381.32	502.49

5. Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :-

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
(a) Dues remaining unpaid as at 31st March		
Principal	605.86	386.07
Interest	39.52	0.91
(b) Interest paid in terms of section 16 of the Act	--	--
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	31.00	0.81
(d) Amount of interest accrued and remaining unpaid as at 31st March	--	1.47
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	--	--

6. Particulars in respect of installed capacity and actual production :

Class of Goods	Unit of Measure	Installed Capacity		Actual Production	
		Year ended 31-03-2010	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2009
TABLETS	LACS	29908.32	20618.32	11846.43	11107.26
CAPSULES	LACS	4808.40	2988.00	532.68	458.64
INJECTABLES	LACS	1560.00	-	379.37	348.74
OINTMENTS	TONNES	1255.20	1255.20	260.49	197.73
SYRUPS / LIQUIDS	KILO LTRS	8616.00	1056.00	736.69	757.69
POWDERS / ACTIVE PHARMACEUTICALS	TONNES	233.40	261.12	91.58	160.09
INGREDIENTS & DRUG INTERMEDIATES					

NOTE :

- The Installed Capacity is as certified by the management and not verified by auditors, this being a technical matter.
- Actual Production Includes:
 - Sample Production.
 - Production at Loan Licences locations.
 - Production of goods for Captive consumption.

7. Stock & Sales of Finished Goods :

(Value Rs. in lacs)

CLASS OF GOODS	UNIT OF MEASURE	Year ended 31-03-2010						Year ended 31-03-2009					
		Sales		Opening Stocks		Closing Stocks		Sales		Opening Stocks		Closing Stocks	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
TABLETS	LACS	22099.23	37597.31	1819.58	3054.87	2440.15	7060.82	12367.45	30717.38	1784.04	2383.98	1819.58	3054.87
CAPSULES	LACS	1296.95	3572.10	253.63	357.57	161.66	436.67	922.38	4302.66	176.97	557.40	253.63	357.57
INJECTABLES	LACS	567.23	6508.89	58.11	557.17	38.69	1821.95	551.55	7389.09	168.00	949.62	58.11	557.17
OINTMENTS	TONNES	438.90	4228.07	81.98	1138.75	41.72	478.00	847.06	4037.22	117.09	772.44	81.98	1138.75
SYRUPS / LIQUIDS	KILO LTRS	1481.08	3455.28	208.34	687.75	185.02	475.21	1293.43	2880.58	309.65	667.29	208.34	687.75
POWDERS / ACTIVE PHARMACEUTICALS INGREDIENTS & DRUG INTERMEDIATES	TONNES	69215.31	10085.58	8.21	121.12	13462.39	209.53	25917.64	10148.89	26.83	221.96	8.21	121.12
OTHERS	--	--	5429.25	--	1336.71	--	1139.39	--	3419.87	--	982.42	--	1336.71
TOTAL			70876.48		7253.94		11621.57		62895.69		6535.11		7253.94

Note : The closing stocks stated above is after breakages, obsolete/date expired stocks, physician samples & also for captive consumption in case of bulk drugs.

8. Purchases of Finished Goods :

(Value Rs. in lacs)

Particulars	Unit of Measure	Year ended 31-03-2010		Year ended 31-03-2009	
		Quantity	Value	Quantity	Value
TABLETS	LACS	10870.37	7771.40	1295.74	3591.64
CAPSULES	LACS	672.31	1456.53	540.39	1490.92
INJECTABLES	LACS	168.44	2082.79	92.93	1681.40
OINTMENTS	TONNES	138.16	2352.16	614.22	3255.01
SYRUPS / LIQUIDS	KILO LTRS	721.06	1751.22	434.43	1229.55
POWDERS / ACTIVE PHARMACEUTICALS INGREDIENTS & DRUG INTERMEDIATES	TONNES	82577.91	9152.72	25738.94	7324.69
OTHERS		-	3479.88	-	2501.35
TOTAL			28046.70		21074.56

9. Raw Materials Consumed :

(Value Rs. in lacs)

Particulars	Unit of Measure	Year ended 31-03-2010		Year ended 31-03-2009	
		Quantity	Value	Quantity	Value
PROTEOLYTIC ENZYME CONCENTRATE	Kgs.	4257.17	878.75	3996.15	873.67
CITICHOLIN SODIUM	Kgs.	4457.42	1014.59	4157.35	918.50
OTHERS	--	-	5691.31	-	5598.73
TOTAL			7584.65		7390.90
Whereof :					
		AMOUNT	%	AMOUNT	%
IMPORTED		3039.05	40.07	2904.79	39.30
INDIGENOUS		4545.60	59.93	4486.11	60.70
TOTAL		7584.65	100.00	7390.90	100.00

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
10. Value of Imports on CIF basis:		
Raw Materials/Finished goods	2984.28	5524.78
11. Expenditure in Foreign currency :		
- Travelling	42.64	21.46
- Interest Paid on ECB	392.69	467.51
- Others	29.08	0.63
12. Earning in Foreign Exchange:		
Export of Goods on FOB basis	1745.67	1444.74
13. Earning per share:		
Profit attributed to equity shareholders	5539.17	5064.35
Weighted average number of equity shares	18857486	18857486
Diluted Weighted average number of equity shares	18857486	18857486
Nominal value of equity shares	Rs. 10/-	Rs. 10/-
Earning per shares	Rs. 29.37	Rs. 26.86
Diluted earning per shares	Rs. 29.37	Rs. 26.86

14. Hedging and Derivatives

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 - "Financial Instruments : "Recognition and Measurement" ("AS 30"), the company has upon early adoption of AS 30 with effect from October 1, 2008, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. Pursuant to the adoption :-

- Transitional Gain representing the Gain on fair valuation of foreign currency options, determined to be ineffective cash flow hedges on the date of adoption, amounting to Rs.1096.58 Lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.
- Gain on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to Rs.383.81 Lacs, on the date of adoption, has been recognised in the hedging reserve account.

Following are the outstanding forward exchange contracts and currency options entered into the Company.

Category	Currency	Cross Currency	Amount In JPY (Million)	Currency Option Type	Purpose
Structured Currency Option	JPY	USD	110.88	USD Put/JPYCall	Hedging

15. Defined Benefit Plans

In accordance with applicable Indian laws, the company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the year of employment with the company. The company provides the gratuity benefit through annual contributions to a fund managed by the Insurer (LIC). Under this plan, the settlement obligation remains with the company, although the Employees Gratuity Trust administers the plan and determines the contribution premium required to be paid by the company.

Change in the benefit obligation

	31.03.2010	31.03.2009
	Rs. in Lacs	Rs. in Lacs
Projected Benefit Obligation (PBO) at the beginning of the year	750.41	697.37
Service cost	74.24	74.24
Interest cost	60.03	55.79
Benefits paid	(48.65)	(99.33)
Actuarial loss/(gain)	20.64	22.33
PBO at the end of the year	856.68	750.41
Change in plan assets		
Fair value of plan assets at the beginning of the year	651.92	584.21
Expected return on plan assets	62.70	56.46
Employer contributions	94.57	110.59
Benefits paid	(48.65)	(99.33)
Actuarial gain/(loss)	62.70	56.46
Fair value of plan assets at the end of year	760.55	651.92
Present value of unfunded obligation	96.13	98.49
Recognised liability	96.13	98.49
Net gratuity cost for the year ended is as follows:		
Service cost	74.24	74.24
Interest cost	60.03	55.79
Expected return on plan assets	(62.70)	(56.46)
Actuarial loss/(gain)	(42.06)	(34.13)
Net gratuity cost	29.51	39.44

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.

Particulars	Gratuity	Gratuity
Discount Rate	8.00%	8.00%
Salary Increase for different categories of employees	5.00%	5.00%

16. Segment Information

The company is primarily engaged and deals in pharmaceuticals & related products, which in the context of Accounting Standard-17, is the only business segment and has been identified as the primary reporting segment. Accordingly, the information appearing in these financial statements relate to the aforesaid primary reporting segment.

Secondary segmental reporting is performed on the basis of the geographical locations of customers. The geographical segments considered for disclosure are based on the revenue within India (including sales to customers located in India and service income accrued in India) and revenues outside India (sales to customers located outside India).

Segment	Domestic		Exports		Total	
	Year ended		Year ended		Year ended	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Segment Revenue	69168.45	59669.58	1777.74	3287.81	70946.19	62957.39
Segment Assets	18947.88	17454.45	376.58	308.24	19324.46	17762.69

Note : Segment Assets represent amount due from customers.

- 17.** During the previous year the Ministry of Corporate Affairs New Delhi (MCA) had commenced an investigation on the Company under Section 235 of the Companies Act, 1956. The investigation report was forwarded to the Company for its comments thereon. After receipt of Company's comments the investigating agency issued a show cause notice to the Company and some of its Directors/ Officers relating only to alleged violations of certain provisions of the Companies Act, 1956 which the Company has replied. The Company reckons that the matter is concluded as the investigating agency has since issued the last letter dated 4th February 2010 in the matter only warning the Company to be particular in future in complying with the provisions of Section 154 of the Companies Act, 1956
- 18.** Debtors are secured to the extent of security deposit of **Rs.1271.50** lacs (Previous Year Rs 940.00 lacs) received from Distributors and Consignment Agents.
- 19.** Sundry Debtors and Loans & Advances for value to be received includes **Rs.967.25** lacs (Previous Year Rs.1097.22 lacs) and **Rs1415.56**.lacs (Previous Year Rs.396.86 lacs) respectively due from a company in which one of the Directors of this company is interested as Director. Maximum Debit Balance outstanding during the year **Rs.1097.22** lacs and **Rs 1415.56** lacs (Previous Year Rs.1097.22 lacs and Rs 396.86 lacs) respectively.
- 20.** The Company's Plant at Village Charba, Langa Road commenced commercial production during the financial year. The delay in getting the statutory clearance, which was beyond the control of the management, resulted in time and cost over run of the project.

21. I Related Party Disclosures :-

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below :

Names of the related parties and description of relationship :

- | | |
|--|--|
| (A) Related parties where control exists : Subsidiaries | Elder International FZCO Dubai, UAE
Somerta Holdings Co. Limited, Cyprus |
| (B) Enterprises over which key management personnel and their relatives are able to exercise significant influence | Elder Health Care Limited.
Elder Projects Limited.
Elder Instruments Private Limited.
Maveer Prints Private Limited
E W F Pharmaceuticals Private Limited.
Redle Pharmaceuticals Private Limited
Akshaya Holdings Private Limited.
Anjay Prints
Ansul Printers |
| (C) Key Management Personnel and their Relatives | Mr J Saxena
Mr M V Thomas
Mr Alok Saxena
Mr Yusuf Karim Khan
Mrs Shalini Kumar |

Note: Related party relationship is as identified by the company and relied upon by the auditors

I I (1) The following transactions were carried out with the related parties in the ordinary course of business. Details relating to parties referred to (B) above :

Particulars	(Rs. in Lacs)	
	Year Ended 31st March, 2010	Year Ended 31st March, 2009
1. Purchase of materials / finished goods.	7767.77	4182.77
2. Purchase of Assets.	--	0.21
3. Sale of materials / finished goods.	657.67	46.54
4. Expenses charged to other companies.	71.65	46.01
5. Expenses charged by other companies.	587.15	498.90
6. Interest income .	--	67.15
7. Outstanding receivables, net of payables*	2024.18	2172.86
8. Outstanding deposits receivable.	--	1189.00
9. Advances to subsidiary	4996.37	6078.25

* Transactions with the above parties are accounted in the respective current accounts.

(2) Details relating to persons referred to in item (C) above:

Particulars	(Rs. in Lacs)	
	Year Ended 31st March, 2010	Year Ended 31st March, 2009
1 Remuneration /Others	630.43	573.96

22. Previous year's figures have been regrouped / rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For S S KHANDELWAL & CO.,
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

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

I Registration Details			
Registration No.			29714
State Code			11
Balance Sheet Date			31.03.2010
II Capital raised during the year (Amt. Rs. in Lacs)			
Public Issue			Nil
Right Issue			Nil
Bonus Issue			Nil
Private Placement			Nil
III Position of mobilisation and deployment of funds. (Amt. Rs. In Lacs)			
Total Liabilities			103416.20
Total Assets			103416.20
Source of funds			
Paid up capital			1888.72
Reserves and Surplus			45578.39
Secured Loans			40408.58
Unsecured Loans			15159.19
Deferred Tax			381.32
Application of funds			
Net Fixed Assets			53104.77
Investments			1967.75
Net Current Assets			48343.68
Miscellaneous expenditure			Nil
Accumulated losses			Nil
IV Performance of the company (Rs. in Lacs)			
Turnover (including other income)			71042.24
Total expenditure			64574.25
(+)Profit/(-)Loss before tax	(+)		6467.99
(+)Profit/(-)Loss after tax	(+)		5539.16
Earnings per share(Rs.)			Rs. 29.37
Dividend (%)			30
V Generic names of three principle products/services of the company (as per monetary terms)			
<u>Item Code</u>			<u>Product description</u>
300450.03			Calcium
300490.11			Trypsin and Chymotrypsin
3042.00			L-Carnitine

AS PER OUR REPORT OF EVEN DATE

For S S KHANDELWAL & CO.,
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF ELDER PHARMACEUTICALS LTD.

1. We have audited the attached consolidated Balance Sheet of ELDER PHARMACEUTICALS LIMITED as at March 31, 2010, and also the consolidated Profit and Loss Account of the Company and the consolidated Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management, and have been prepared by the management on the basis of separate unaudited financial statements of the subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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.
3. We did not audit the financial statements of subsidiaries whose financial statements reflect net liabilities of Rs.3438.35 lacs as at March 31, 2010, total revenues of Rs.1881.01 lacs and net cash inflows amounting to Rs.(8131.19) lacs for the year ended on that date.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21- consolidated financial statements issued by the Institute of Chartered Accountants of India.
 - a) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the other notes and schedules give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; in case of:
 - i) The consolidated balance sheet, of the state of affairs of the Company as at March 31, 2010.
 - ii) The consolidated profit and loss account, of the profit for the year ended on that date; and.
 - iii) The consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.S.KHANDELWAL & CO.
Chartered Accountants
(Firm Registration No:105064W)

Place : Mumbai
Dated : 18th August, 2010

S.S. Khandelwal
Proprietor
Membership No.31487

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule No.		As at 31st March, 2010	(Rs. in Lacs) As at 31st March, 2009
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS :				
Share Capital	1		1,888.72	1,888.72
Reserves and Surplus	2		46,159.40	37,331.25
MINORITY INTEREST			1,039.16	-
LOAN FUNDS :				
Secured Loans	3		40,408.58	33,445.24
Unsecured Loans	4		16,977.37	16,469.13
DEFERRED TAX LIABILITY :				
(Refer Note No.4 in Schedule 20)				
Deferred Tax Liability		1,372.11		1,367.27
Less : Deferred Tax Asset		990.79		864.78
			381.32	502.49
TOTAL			106,854.55	89,636.83
APPLICATION OF FUNDS :				
FIXED ASSETS :				
Gross Block	5	56,095.13		22,486.63
Less: Depreciation / Amortisation		7,051.54		5,360.50
Net Block			49,043.59	17,126.13
Capital Work in Progress			6,574.09	25,215.13
INVESTMENTS	6		6,595.62	5,020.62
CURRENT ASSETS, LOANS AND ADVANCES :				
Inventories	7	14,337.57		8,810.52
Sundry Debtors	8	19,534.76		17,762.69
Cash and Bank Balances	9	7,862.96		14,642.34
Other Current Assets	10	345.77		257.70
Loans and Advances	11	14,937.08		12,457.21
		57,018.14		53,930.46
Less : CURRENT LIABILITIES AND PROVISIONS :				
Current Liabilities	12	9,857.21		8,793.95
Provisions	13	2,519.68		2,861.56
		12,376.89		11,655.51
NET CURRENT ASSETS			44,641.25	42,274.95
TOTAL			106,854.55	89,636.83
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	20			

AS PER OUR REPORT OF EVEN DATE
For S S KHANDELWAL & CO.,
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	Year ended 31st March, 2010	(Rs. in Lacs) Year ended 31st March, 2009
INCOME			
Operating Income	14	72,160.15	62,034.10
Other Income	15	857.76	965.91
TOTAL		73,017.91	63,000.01
EXPENSES			
Materials Cost	16	34,739.97	30,183.09
Other Expenses	17	24,716.17	21,625.30
Reserch & Development Expenditure	18	463.44	415.44
		59,919.58	52,223.83
PROFIT BEFORE INTEREST & FINANCE CHARGES, DEPRECIATION,EXCEPTIONAL ITEMS		13,098.33	10,776.18
Interest & Finance Charges	19	5,302.08	4,134.34
Exchange loss/(gain)(net) on loans		426.00	(1,538.52)
Depreciation and Amortisation		1,719.23	1,152.33
TOTAL		7,447.31	3,748.15
PROFIT BEFORE TAX		5,651.02	7,028.03
Less : Provision for Tax			
Current		1,050.00	650.00
Deferred		(121.17)	(15.30)
Fringe Benefit		-	160.00
PROFIT AFTER TAX		4,722.19	6,233.33
Less : Tax for earlier years		-	150.00
		4,722.19	6,083.33
MINORITY INTEREST		227.94	-
PROFIT AFTER MINORITY INTEREST		4,950.13	6,083.33
Balance brought forward		18,524.31	15,992.54
BALANCE AVAILABLE FOR APPROPRIATION		23,474.44	22,075.87
APPROPRIATIONS:			
i) Proposed Dividend		565.72	471.44
ii) Tax on Dividend		93.96	80.12
iii) Transfer to General Reserve		3,000.00	3,000.00
iv) Balance carried forward		19,814.76	18,524.31
		23,474.44	22,075.87
EARNING PER SHARE			
(Face Value Rs.10/- per share)			
- Basic		Rs.26.25	Rs. 33.05
- Diluted		Rs.26.25	Rs. 33.05
(Refer Note No.5 in Schedule 20)			

AS PER OUR REPORT OF EVEN DATE
For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in Lacs)	
	2009 - 2010	2008 - 2009
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax & extraordinary items	5,878.96	7,028.03
Add: <u>Adjustment for -</u>		
Depreciation	1,691.04	1,124.60
Interest paid	5,302.08	4,134.34
Exchange loss(gain)(net) on loans	426.00	(1,538.53)
Dividend Received	(3.94)	(165.95)
Interest Received	(173.40)	395.70
Other income (considered separately)	(680.42)	(404.26)
	<u>6,561.36</u>	<u>3,545.90</u>
Operating Profit before working capital changes	12,440.32	10,573.93
<u>Working capital changes -</u>		
Less: Increase in Sundry Debtors	(1,772.07)	(3,807.57)
Increase in Loans & Advances	(2,521.86)	(4,963.53)
Increase in Inventories	(5,527.05)	(443.00)
(Increase)/Decrease in Other Current Assets	(88.07)	159.20
(Decrease)/Increase in Current Liabilities	(5,278.61)	17,183.62
(including working capital finance)		
	(15,187.66)	8,128.72
CASH GENERATED FROM OPERATIONS	(2,747.34)	18,702.65
Interest paid	(5,302.08)	(4,134.34)
Tax adjustments	(1,050.00)	(960.00)
Cash flow before Extraordinary Items	(9,099.42)	13,608.31
Net Cash Flow from Operating Activities - I	(9,099.42)	13,608.31
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(15,027.31)	(10,388.70)
Sale of Fixed Assets	59.84	175.69
Purchase of Investments	(1,575.00)	5,026.23
Exchange loss/(gain)(net) on loans	(426.00)	1,538.53
Interest Received	173.40	(395.70)
Dividend Received	3.94	165.95
Other Income Received	680.42	404.26
Net Cash Used in Investing Activities - II	(16,110.71)	(3,473.74)
Cash flow after investing Activities - III = (I-II)	(25,210.13)	10,134.57

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.....)

	2009 - 2010		(Rs. in Lacs)	
			2008 - 2009	
(C) CASH FLOW FROM FINANCING ACTIVITIES :				
Share Capital Money received	-		6.53	
Share Premium Money received	-		129.99	
Employees Stock Option Scheme	-		(46.54)	
Share Application Money Pending Allotment	-		(136.52)	
Minority Interest	1,039.16			
Proceeds from Long Term Borrowings (net of repayment)	17,943.15		(2,795.67)	
Dividend Paid	(471.44)		(471.44)	
Tax on distributed Dividend	(80.12)		(80.12)	
Net Cash flow from Financing Activities - IV		18,430.75		(3,393.77)
Net Cash flow after Financing Activities		(6,779.38)		6,740.80
Cash and Cash Equivalents				
Opening Cash and Cash Equivalents		14,642.34		7,901.54
Closing Cash and Cash Equivalents		7,862.96		14,642.34
		(6,779.38)		6,740.80

This is the cash flow statement referred to in our report of even date

AS PER OUR REPORT OF EVEN DATE

For S S KHANDELWAL & CO.,

Chartered Accountants

(Firm Registration No:105064W)

J. Saxena

Managing Director

Alok Saxena

Whole Time Director

Yusuf Karim Khan

Executive Director

(S S KHANDELWAL)

(Proprietor)

Membership No.31487

M. V. Thomas

Chief Financial Officer

S. P. Date

Company Secretary

Mumbai, 18th August, 2010

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

		(Rs. in Lacs)	
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 1			
SHARE CAPITAL :			
AUTHORISED :			
3,00,00,000 Equity Shares of Rs.10/- each		3,000.00	3,000.00
(Previous Year 3,00,00,000 Equity Shares of Rs.10/-each)		<u>3,000.00</u>	<u>3,000.00</u>
ISSUED, SUBSCRIBED AND PAID - UP :			
1,88,57,486 Equity Shares of Rs.10/- each		1,885.74	1,885.74
(Previous Year 1,88,57,486 Equity Shares of Rs.10/-each) fully paid up.			
Add : Forfeiture of Shares		2.98	2.98
		1,888.72	1,888.72
SCHEDULE 2			
RESERVES AND SURPLUS :			
SHARE PREMIUM			
Opening Balance		18,272.80	18,142.81
Add: Addition during the year		<u>-</u>	<u>129.99</u>
		18,272.80	18,272.80
HEDGING RESERVE			
(Refer Note No.6(b) in Schedule 20)		383.82	425.74
GENERAL RESERVE			
Opening Balance		6,118.53	3,118.53
Add :Transfer from Profit & Loss Account		<u>3,000.00</u>	<u>3,000.00</u>
		9,118.53	6,118.53
Less :Transitional loss recognised pursuant to early adoption of Accounting Standard-30 "Financial Instruments Recognition and Measurement." (Refer Note No.6(a) in Schedule 20)		<u>(1,430.51)</u>	<u>(6,010.13)</u>
		7,688.02	108.40
PROFIT AND LOSS ACCOUNT		19,814.76	18,524.31
		46,159.40	37,331.25

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

		(Rs. in Lacs)	
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 3			
SECURED LOANS :			
(A) Loans from Banks			
Long Term Loans		24,150.47	8,664.76
(B) Loans from Banks for Working Capital		10,941.31	16,833.25
(C) External Commercial Borrowing		5,315.95	7,940.65
(D) Others		0.85	6.58
		40,408.58	33,445.24
(A) Long Term Loans and External Commercial Borrowing from Banks are secured by –			
1 A first mortgage and charge on all the immovable and movable fixed assets both present and future ranking pari-passu with the existing charge holders for their term loans and also secured by second charge over current assets of the company.			
2 Irrevocable and unconditional personal guarantees of two of the Directors.			
(B) Loans from Banks for Working capital are secured by first pari passu charge by hypothecation of stocks-in-trade and Book Debts and second charge over all the immovable and movable fixed assets both present and future of the company and also personal guarantees of some of the Directors.			
(C) Other loans are secured by hypothecation of the assets acquired.			
SCHEDULE 4			
UNSECURED LOANS :			
Fixed Deposits		3,987.69	1,639.55
Trade Deposits		1,271.50	940.00
From Banks		7,750.00	9,450.00
Others		3,968.18	4,439.58
		16,977.37	16,469.13

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULE 5

CONSOLIDATED FIXED ASSETS :

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Cost as at 01.04.2009	Additions	Adjustment	Cost as at 31.03.2010	Upto 31.03.2009	Adjustment	For the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE										
LAND-FREEHOLD	180.39	2,197.57	-	2,377.96	-	-	-	-	2,377.96	180.39
LAND-LEASEHOLD	256.18	-	-	256.18	-	-	-	-	256.18	256.18
BUILDINGS	7,803.56	7,259.05	-	15,062.61	1,029.56	-	321.00	1,350.56	13,712.05	6,774.00
R&D-BUILDING	77.94	-	-	77.94	2.82	-	2.60	5.42	72.52	75.12
PLANT & MACHINERY	11,347.91	21,352.90	-	32,700.81	3,117.46	-	1,098.44	4,215.90	28,484.91	8,230.45
R&D-PLANT & MACHINERY	400.72	44.53	-	445.25	84.88	-	20.80	105.68	339.57	315.84
FURNITURE & FIXTURES	1,723.66	407.09	-	2,130.75	760.91	-	125.41	886.32	1,244.43	962.75
R&D-FURNITURE & FIXTURES	106.22	1.15	-	107.37	9.60	-	6.78	16.38	90.99	96.62
MOTOR VEHICLES	417.55	41.20	(59.84)	398.91	208.64	(28.18)	37.94	218.40	180.51	208.91
INTANGIBLE										
TRADEMARKS*	172.50	-	-	172.50	146.63	-	25.87	172.50	-	25.87
TECHNICAL KNOW-HOW**	-	523.93	-	523.93	-	-	80.38	80.38	443.55	-
GOODWILL	-	1,840.92	-	1,840.92	-	-	-	-	1,840.92	-
TOTAL	22,486.63	33,668.34	(59.84)	56,095.13	5,360.50	(28.18)	1,719.22	7,051.54	49,043.59	17,126.13
Previous Year	21,153.26	1,509.06	(175.69)	22,486.63	4,235.90	(27.73)	1,152.33	5,360.50	17,126.13	16,917.32

*The cost of acquisition of Trade Mark is amortised over a period of five years from the date of acquisition.

** The cost of acquisition of the Technical Know-how is amortised over their estimated useful lives.

SCHEDULE 6

INVESTMENTS :

(Rs. in Lacs)

	Nature of Investment	Face Value Rs.	Numbers		Value	
			As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
LONG TERM INVESTMENTS						
(At Cost, Other than Trade)						
(A) UNQUOTED						
Maharashtra Apex Corp.Limited	Non-Convnt. Debenture	1000	25	25	0.21	0.21
Bombay Mercantile Co-op.Bank Limited	Equity Shares	30	533	533	0.16	0.16
Elder Instruments Private Limited	Equity Shares	10	765,000	765,000	76.50	76.50
The Saraswat Co-operative Bank Limited	Equity Shares	10	2,500	2,500	0.25	0.25
VTC Industries Limited	Equity Shares	10	10,000	10,000	2.10	2.10
The Kalyan Janata Sahakari Bank Limited	Equity Shares	25	20,000	20,000	5.00	5.00
Elder Universal Pharmaceuticals (Nepal) P Ltd	Equity Shares	100 NRs.	500,000	500,000	50.00	50.00
(B) QUOTED						
Elder Projects Limited	Equity Shares	10	300,200	300,200	22.52	22.52
Elder Health Care Limited	Equity Shares	10	321,200	321,200	32.12	32.12
The Karnataka Bank Limited	Equity Shares	10	63,400	63,400	38.04	38.04
Neutra Health PLC	Equity Shares	10 Pence	37,101,786	37,101,786	4693.44	4693.44
Total (A)					4920.34	4920.34

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

(Rs. in Lacs)

CURRENT INVESTMENTS						
In Mutual Funds (Other than Trade)						
NAME OF MUTUAL FUND	Units As at 1st April, 2009	Units Purchase 2009-2010	Units Redeemed 2009-2010	Units As at 31st March, 2010	Value As at 31st March, 2010	Value As at 31st March, 2009
UTI Liquid Cash Plan Inst-DIO-reinvestment	583.50	20.56	--	604.06	5.95	5.95
UTI Infrastructure Advantage Fund-DDP	50000.00	--	--	50000.00	4.33	4.33
UTI Infrastructure Advantage Fund	200000.00	--	--	200000.00	25.00	25.00
HDFC AMC-PMS-REAL ESTATE PORTFOLIO-I	--	--	--	--	70.00	40.00
SBI Infrastructure Fund-I Growth	250000.00	--	--	250000.00	25.00	25.00
Canara Bank Robeco	--	244498.78	--	244498.78	25.00	--
AXIS EF-DIV	--	200000.00	--	200000.00	20.00	--
UTI MONEY MKT FUND	--	49836.80	--	49836.80	500.00	--
ICICI PRUDENTIAL-DDR	--	499966.05	--	499966.05	500.00	--
TARUS BOND	--	46389.27	--	46389.27	500.00	--
TOTAL (B)					1675.28	100.28
TOTAL (A+B)					6,595.62	5,020.62

Aggregate Value of Investment :	31st March, 2010		31st March, 2009	
	Market Value	Book Value	Market Value	Book Value
Quoted	420.84	92.68	299.03	92.68
Unquoted	--	6,502.94	--	4,927.94

(Rs. in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 7		
INVENTORIES :		
Stores and Spares	24.76	20.72
Raw Materials	1,087.06	872.33
Packing Materials	368.54	319.55
Work-in-Process	1,153.63	343.98
Finished Goods	11,703.58	7,253.94
	14,337.57	8,810.52
SCHEDULE 8		
SUNDRY DEBTORS :		
(Unsecured, Considered Good)		
More than Six Months	1,714.75	1,284.23
Less: Provision for Doubtful Debts	142.78	49.21
	1,571.97	1,235.02
Other Debtors	17,962.79	16,527.67
	19,534.76	17,762.69

CONSOLIDATED SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2010

		(Rs. in Lacs)	
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 9			
CASH AND BANK BALANCES :			
1. Cash in hand		25.83	25.10
2. With Scheduled Banks in			
i) Current Accounts		7,179.81	13,576.32
ii) Fixed Deposit Accounts		5.50	695.00
iii) Margins Accounts		578.09	284.28
iv) Unpaid Dividend Accounts		31.22	34.40
3. Cheques in transit		42.51	27.24
		7,862.96	14,642.34
SCHEDULE 10			
OTHER CURRENT ASSETS :			
Interest Accrued on Deposits		38.99	104.52
Sales Tax Refund Receivable		279.27	135.40
Licence and Other Recoverable		27.51	17.78
		345.77	257.70
SCHEDULE 11			
LOANS AND ADVANCES :			
(Unsecured, Considered Good)			
Loans and Advances		267.50	1,556.50
Advances recoverable in cash or in kind or for value to be received		12,752.88	8,431.10
Balance with Central Excise		465.66	374.12
Advance Income Tax		1,451.04	2,095.49
		14,937.08	12,457.21
SCHEDULE 12			
CURRENT LIABILITIES :			
Sundry Creditors :			
Total outstanding dues of micro and small enterprises	605.86		386.07
Total outstanding dues of creditors other than micro and small enterprises.	3,180.80		2843.69
		3,786.66	3,229.76
Other Liabilities		6,039.33	5,529.79
Unclaimed Dividend*		31.22	34.40
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.			
		9,857.21	8,793.95
SCHEDULE 13			
PROVISIONS :			
For Taxation		1,860.00	2,310.00
For Proposed Dividend		565.72	471.44
For Tax on Dividend		93.96	80.12
		2,519.68	2,861.56

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		Year ended 31st March, 2010	(Rs. in Lacs) Year ended 31st March, 2009
SCHEDULE 14			
OPERATING INCOME :			
Sales	72,756.89		62,927.61
Less: Excise Duty	667.05		955.21
		72,089.84	61,972.40
Other Services		70.31	61.70
		72,160.15	62,034.10
SCHEDULE 15			
OTHER INCOME :			
Dividend		3.94	165.95
Interest earned (including tax deducted at source of Rs.5.26 lacs, previous year Rs.16.19 lacs)		173.40	395.70
Profit on Sale of Assets		-	14.88
Miscellaneous		680.42	389.38
		857.76	965.91
SCHEDULE 16			
MATERIAL COST			
Raw Materials consumed		7,606.66	7,390.90
Packing Materials consumed		2,647.28	2,254.53
Finished Goods purchased		29,638.96	21,106.35
Increase/Decrease in work-in-process & finished goods			
Opening Stock :			
Work-in-process	343.98		494.12
Finished Goods	7,253.94		6,535.11
	7,597.92		7,029.23
Less:			
Closing Stock :			
Work-in-Process	1,153.63		343.98
Finished Goods	11,621.57		7,253.94
	12,775.20		7,597.92
(Increase)/Decrease		(5,152.93)	(568.69)
		34,739.97	30,183.09

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		Year ended 31st March, 2010	(Rs. in Lacs) Year ended 31st March, 2009
SCHEDULE 17			
OTHER EXPENSES :			
Salaries, Wages and Allowances		8,773.16	7,380.54
Contribution To Provident and Other Funds		481.68	469.00
Staff Welfare		409.90	533.74
Employee Compensation Under ESOP		-	(46.54)
Rent		359.76	395.25
Rates and Taxes		358.66	449.95
Power, Fuel and Electricity		657.37	634.92
Spares & Tools		156.53	162.96
Manufacturing charges		686.72	654.86
Repairs and Maintenance :			
To Building	12.95		14.16
To Machinery	187.36		74.48
To Others	133.33		135.66
		333.64	224.30
Insurance		106.60	112.44
Travelling and Conveyance		3,864.32	3,154.22
Printing and Stationery		206.30	168.27
Selling Expenses		4,742.83	4,347.50
Communication		391.15	348.68
Packing, Freight and Forwarding		658.68	756.73
Vehicles Maintenance		121.47	135.11
Payment to Auditors:			
Audit Fees	13.24		13.48
Certifications, Quarterly Review & Other Services	8.42		9.94
Vat Audit	1.65		2.81
Reimbursement of Expenses	1.25		1.13
		24.56	27.36
Legal and Professional charges		652.79	518.24
Loss on Sale of Assets		21.52	-
Provision for Doubtful Debts		122.73	24.34
Miscellaneous		1,585.80	1,173.43
		24,716.17	21,625.30

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31st March, 2010	(Rs. in Lacs) Year ended 31st March, 2009
SCHEDULE 18		
RESERCH & DEVELOPMENT		
R & D Chemicals & Expenses	78.96	83.84
Manufacturing charges	-	1.37
Power, Fuel and Electricity	9.54	3.74
Salaries, Wages and Allowances	338.83	289.33
Contribution to Provident and other Funds	13.75	13.96
Staff Welfare	14.61	15.51
Communication	1.25	1.41
Conveyance	2.82	2.70
Vehicles Maintenance	3.68	3.58
	463.44	415.44
SCHEDULE 19		
INTEREST & FINANCE CHARGES :		
To Banks and Financial Institutions	1648.07	1591.36
To Others	3654.01	2542.98
	5,302.08	4,134.34

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 20

NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting Policies:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub section (3C) of section 211 of the Companies Act, 1956.

ii. Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balance of assets & liabilities, revenue and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future events could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

iii. Principles of Consolidation:

The unaudited financial statements of subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended March 31, 2010.

- a) The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of assets after eliminating intra group balances and transactions.
- b) The foreign subsidiaries are identified as non integral subsidiaries and is translated into Indian rupees as follows:
 - i) All assets are translated into Indian rupees at the end of the year exchange rate prevailing.
 - ii) The resulting exchange rate difference is reported as a component of reserve and surplus under the head Foreign Currency Translation Reserve
- c) The subsidiaries considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% Ownership Interest	
		As At 31.03.2010	As At 31.03.2009
SOMERTA HOLDINGS CO. LIMITED	CYPRUS	100%	100%
ELDER INTERNATIONAL FZCO	DUBAI	100%	100%

iv. Fixed Assets:

Fixed Assets are stated at their original cost of acquisition or construction including incidental expenses related to acquisition and installation of the concerned assets.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Profit and Loss Account.

v. Depreciation:

Depreciation on fixed assets is provided on straight line method as per Section 205 (2) (b) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV to the said Act.

The software is an integral part of hardware are accordingly considered part of computers.

vi. Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end in term of Para 5 to 13 of AS-28 issued by Institute of Chartered Accountants of India (ICAI) for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets, impairment loss when crystallized is charged against revenue of the year.

vii. Investments:

Long term investments are stated at cost. Diminution in value, if any, which is of temporary nature, is not provided for.

viii. Intangible Assets:

Intangible Assets are initially measured at cost and amortized so as to reflect the pattern in which the assets economic benefits are consumed.

Expenditure on acquiring trade marks is being amortized over a period of five years.

Technical know-how is amortized over their estimated useful lives.

ix. Inventories:

- a) Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.
- b) Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value.
- c) Cost (net of Input tax credit availed) of Raw Materials, Stores & Spare Parts, Packing Materials & Finished Goods is determined on FIFO basis.
- d) Cost of Finished Goods and Work-in-Progress is determined by taking raw material/packing material cost (net of input tax credit availed), labour and relevant appropriate overheads.

x. Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date on which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account.

In respect of forward contract, the premium or discount on these contracts is recognized as income or expenditure over the period of the contracts. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the year.

xi. Derivatives Instruments and Hedge Accounting:

The Company is exposed to foreign currency fluctuation on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contract, the difference between the forward rate and the exchange rate, being the premium or discount at the inception of a forward exchange contract is recognised as income/expense over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows, attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account. In the absence of a designation as an effective hedge, loss is recognised in the profit and loss account.

xii. Foreign operations :

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to the operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the transaction procedures applicable to the revised classification are applied for the date of the change in classification.

xiii. Sales:

Revenue from sales of goods is being recognized on accrual basis on transfer of ownership to the customers. The sales are stated net of trade discounts, excise duty, sales returns and sales taxes.

Revenue from rendering of services is recognized on completion of service.

xiv. Export Benefits / Incentives :

Benefits on account of entitlement of export incentives are recognized as and when the right to receive is established.

xv. Leases :

Lease rentals are accounted on accrual basis in accordance with the terms of respective lease agreements.

xvi. Research and Development :

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets.

xvii. Retirement Benefits :

- a) Contributions to the Provident Fund are made at a pre-determined rate and charged to the Profit & Loss Account.
- b) Liability towards Gratuity and Leave Encashment is provided on the basis of actuarial determination. Liability towards Superannuation is provided in accordance with the scheme administered by Life Insurance Corporation of India.

xviii. Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset, up to the date such assets are ready for their intended use.

Other borrowing/ financing costs are charged to the Profit & Loss Account

xix. Taxation:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provision of local Income tax as applicable to the financial year.

Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted on substantively enacted at the Balance Sheet date.

In case where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosure have been made towards contingent liabilities, if any

xx. Provisions and Contingent Liabilities:

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is required.

	As at 31st March, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
2. CONTINGENT LIABILITIES		
a) Letters of Credit	2933.74	2208.39
b) Bank Guarantees	180.39	222.08
c) Corporate Guarantees to Subsidiary	--	13986.70
d) Disputed liability in respect of :		
i) Income tax	73.79	263.14
ii) Sales tax	17.56	8.61
iii) Customs Duty	49.50	49.50
iv) Excise Duty	12.55	7.94
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	1906.21	1667.48
4. Deferred Tax:		
A) Deferred Tax Liability:		
i) Depreciation	1372.11	1367.27
B) Deferred Tax Asset:		
i) Leave encashment	159.96	146.90
ii) Others	830.83	717.88
	990.79	864.78
Deferred Tax Liability (Net) (A-B)	381.32	502.49
5 Earning per share:		
Profit attributed to equity shareholders	4950.13	6233.33
Weighted average number of equity shares	18857486	18857486
Diluted Weighted average number of equity shares	18857486	18857486
Nominal value of equity shares	Rs. 10/-	Rs. 10/-
Earning per shares	Rs. 26.25	Rs. 33.05
Diluted earning per shares	Rs. 26.25	Rs. 33.05

6 Hedging and Derivatives

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 - "Financial Instruments : "Recognition and Measurement" ("AS 30"), the company has upon early adoption of AS 30 with effect from October 1, 2008, to the extent that the adoption does not conflict existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. Pursuant to the adoption :-

- Transitional Gain representing the Gain on fair valuation of foreign currency options, determined to be ineffective cash flow hedges on the date of adoption, amounting to Rs.1096.58 Lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.
- Gain on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to Rs.383.81 Lacs, on the date of adoption, has been recognised in the hedging reserve account. Following are the outstanding forward exchange contracts and currency options entered into the Company.

Category	Currency	Cross Currency	Amount In JPY (Million)	Currency Option Type	Purpose
Structured Currency Option	JPY	USD	110.88	USD Put/JPYCall	Hedging

7 Segment Information

The company is primarily engaged and deals in pharmaceuticals & related products, which in the context of Accounting Standard-17, is the only business segment and has been identified as the primary reporting segment. Accordingly, the information appearing in these financial statements relate to the aforesaid primary reporting segment. Secondary segmental reporting is performed on the basis of the geographical locations of customers. The geographical segments considered for disclosure are based on the revenue within India (including sales to customers located in India and service income accrued in India) and revenues outside India (sales to customers located outside India).

Segment	Domestic Year ended		Exports Year ended		Total Year ended	
	31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Segment Revenue	71049.46	59701.50	1777.74	3287.81	72827.20	62989.31
Segment Assets	19158.18	17454.45	376.58	308.24	19534.76	17762.69

Note : Segment Assets represent amount due from customers

- 8** During the previous year the Ministry of Corporate Affairs New Delhi (MCA) had commenced an investigation on the Company under Section 235 of the Companies Act, 1956. The investigation report was forwarded to the Company for its comments thereon. After receipt of Company's comments the investigating agency issued a show cause notice to the Company and some of its Directors/officers relating only to alleged violations of certain provisions of the Companies Act, 1956 which the Company has replied. The Company reckons that the matter is concluded as the investigating agency has since issued the last letter dated 4th February 2010 in the matter only warning the Company to be particular in future in complying with the provisions of Section 154 of the Companies Act, 1956
- 9** Debtors are secured to the extent of security deposit of **Rs.1271.50** lacs (Previous Year Rs 940.00 lacs) received from Distributors and Consignment Agents.
- 10** Sundry Debtors and Loans & Advances for value to be received includes **Rs.967.25** lacs (Previous Year Rs.1097.22 lacs) and **Rs1415.56** lacs (Previous Year Rs.396.86 lacs) respectively due from a company in which one of the Directors of this company is interested as Director. Maximum Debit Balance outstanding during the year **Rs.1097.22** lacs and **Rs 1415.56** lacs (Previous Year Rs.1097.22 lacs and Rs 396.86 lacs) respectively.
- 11** The Company's Plant at Village Charba, Langa Road commenced commercial production during the financial year. The delay in getting the statutory clearance, which was beyond the control of the management, resulted in time and cost overrun of the project.

12 I Related Party Disclosures :-

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below :

Names of the related parties and description of relationship :

- | | | |
|--|--------------|---|
| (A) Related parties where control exists | Subsidiaries | Elder International FZCO Dubai, UAE
Somerta Holdings Co. Limited, Cyprus |
| (B) Enterprises over which key management personnel and their relatives are able to exercise significant influence | | Elder Health Care Limited.
Elder Projects Limited.
Elder Instruments Private Limited.
Maveer Prints Private Limited
E W F Pharmaceuticals Private Limited.
Redle Pharmaceuticals Private Limited
Akshaya Holdings Private Limited.
Anjay Prints
Anshul Printers |
| (C) Key Management Personnel and their Relatives | | Mr J Saxena
Mr M V Thomas
Mr Alok Saxena
Mr Yusuf Karim Khan
Mrs Shalini Kumar |

Note: Related party relationship is as identified by the company and relied upon by the auditors.

II (1) The following transactions were carried out with the related parties in the ordinary course of business. Details relating to parties referred to (B) above :

	Particulars	(Rs. in Lacs)	
		Year ended 31st March, 2010	Year ended 31st March, 2009
1.	Purchase of materials / finished goods.	7767.77	4182.77
2.	Purchase of Assets.	--	0.21
3.	Sale of materials / finished goods.	657.67	46.54
4.	Expenses charged to other companies.	71.65	46.01
5.	Expenses charged by other companies.	587.15	498.90
6.	Interest income .	--	67.15
7.	Outstanding receivables, net of payables*	2024.18	2172.86
8.	Outstanding deposits receivable.	--	1189.00
9.	Advances to subsidiary	4996.37	6078.25

* Transactions with the above parties are accounted in the respective current accounts.

(2) Details relating to persons referred to in item (C) above:

	Particulars	(Rs. in Lacs)	
		Year ended 31st March, 2010	Year ended 31st March, 2009
1	Remuneration /Others	630.43	573.96

13 Previous year's figures have been regrouped / rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For S S KHANDELWAL & CO.,
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

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

I Registration Details			
Registration No.			29714
State Code			11
Balance Sheet Date			31.03.2010
II Capital raised during the year (Amt. Rs. in Lacs)			
Public Issue			Nil
Right Issue			Nil
Bonus Issue			Nil
Private Placement			Nil
III Position of mobilisation and deployment of funds. (Amt. Rs. In Lacs)			
Total Liabilities			106854.55
Total Assets			106854.55
Source of funds			
Paid up capital			1888.72
Reserves and Surplus			46159.40
Secured Loans			40408.58
Unsecured Loans			16977.37
Deferred Tax			381.32
Application of funds			
Net Fixed Assets			55617.68
Investments			6595.62
Net Current Assets			44641.25
Miscellaneous expenditure			Nil
Accumulated losses			Nil
IV Performance of the company			(Rs. in Lacs)
Turnover (including other income)			73017.91
Total expenditure			67366.89
(+)Profit/(-)Loss before tax	(+)		5651.02
(+)Profit/(-)Loss after tax	(+)		4722.19
Earnings per share(Rs.)			Rs.26.25
Dividend (%)			30
V Generic names of three principle products/services of the company (as per monetary terms)			
<u>Item Code</u>			<u>Product description</u>
300450.03			Calcium
300490.11			Trypsin and Chymotrypsin
3042.00			L-Carnitine

AS PER OUR REPORT OF EVEN DATE

For S S KHANDELWAL & CO.,
Chartered Accountants
(Firm Registration No:105064W)

J. Saxena
Managing Director

Alok Saxena
Whole Time Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

M. V. Thomas
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 18th August, 2010

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their report along with the audited financial statements for the year ended March 31, 2010.

Financial results:

The Company has reported a net consolidated loss after the minority interest is AED 4,774,569 for the year ended March 31, 2010 as compared to previous year's profit of 8,303,743. The Directors consider the results and the financial position of the Company to be satisfactory.

Directors:

The Directors throughout the year were as:

Mr. Alok Saxena

Mr. Yusuf Karim Khan, and

Mr. Shrikrishna P. Date.

Mr. Suresh Vasant Pai was the Manager/Secretary throughout the year.

Auditors:

Grant Thornton, Dubai, UAE are the present auditors of the Company and the Directors recommend their appointment for the financial year ending March 31, 2011.

Alok Saxena

Chairman of the Board

August 10, 2010

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

ELDER INTERNATIONAL FZCO

JABEL ALI FREE ZONE

Dubai, United Arab Emirates

Report on the Financial Statements:

We have audited the accompanying financial statements of ELDER INTERNATIONAL FZCO ("the Company"), which comprise the balance sheet as at March 31, 2010, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles as disclosed in the notes to these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles as disclosed in the notes to these financial statements

Report on Other Legal and Regulatory Requirements

As required by the Implementing Regulations No. 1 of 1999 issued pursuant to Dubai Local Law No. 2 of 1986, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief, no violations of the above mentioned Laws or of the Implementing Regulations or of the Memorandum and Articles of Association of the Company have occurred during the year, which would have had a material effect on the business of the Company or on its financial position.

GRANT THORNTON

Dubai, United Arab Emirates

Date: August 10, 2010

BALANCE SHEET AS AT 31ST MARCH 2010

	2010		2009	
	AED	INR	AED	INR
ASSETS		IN LACS		IN LACS
NON CURRENT				
PROPERTY .PLANT & EQUIPMENT	5,822,659	713.86	-	-
GOODWILL	226,222	27.73	-	-
INVESTMENT IN SUBSIDIARY	14,789,468	1,813.19	14,734,298	2093.74
	20,838,349	2,554.78	14,734,298	2,093.74
CURRENT				
INVESTMENTS AVAILABLE FOR SALE	38,282,545	4,693.44	33,029,134	4,693.44
INVENTORIES	668,936	82.01	-	-
TRADE AND OTHER RECEIVABLES	1,690,615	207.27	7,053,822	1,002.35
DUE FROM RELATED PARTY	1,186,320	145.44	583,957	82.98
BANK BALANCES	1,076,410	131.97	58,150,327	8,263.16
	42,904,826	5,260.13	98,817,240	14,041.93
TOTAL ASSETS	63,743,175	7,814.91	113,551,538	16,135.67
EQUITY AND LIABILITIES				
EQUITY				
SHARE CAPITAL	500,000	61.30	500,000	71.05
INVESTMENTS FAIR VALUE ADJUSTMENT RESERVE	(4,523,495)	(554.58)	(9,776,906)	(1,389.30)
RESERVES	122,336	15.00	-	-
RETAINED EARNINGS	1,290,848	158.26	8,374,338	1,189.99
	(2,610,311)	(320.02)	(902,568)	(128.25)
MINORITY INTEREST	8,475,998	1,039.16	-	-
EQUITY DEFICIT	5,865,687	719.13	(902,568)	(128.25)
NON CURRENT LIABILITIES				
LOAN FROM RELATED PARTY	127,378	15.62	-	-
CURRENT LIABILITIES				
SHORT TERM BORROWINGS	14,830,163	1,818.18	69,673,200	9,900.56
DUE TO RELATED PARTIES	40,742,495	4,995.03	42,780,490	6,079.11
ACCOUNTS & OTHER PAYABLE	2,177,452	266.96	2,000,416	284.26
TOTAL CURRENT LIABILITIES	57,750,110	7,080.16	114,454,106	16,263.93
TOTAL EQUITY AND LIABILITIES	63,743,175	7,814.91	113,551,538	16,135.67

These financial statements were approved and signed by director on 10th August, 2010

Mr. Alok Saxena
Chairman

INCOME STATEMENT FOR PERIOD FROM APRIL 01,2009 TO MARCH 31,2010

	2010		2009	
	AED	INR	AED	INR
		IN LACS		IN LACS
SALES	15,342,642	1,881.01	224,654	31.92
COST OF SALES	(13,132,430)	(1,610.04)	(223,736)	(31.79)
GROSS PROFIT	2,210,212	270.97	918.00	0.13
OPERATING EXPENSES				
ADMINISTRATIVE AND SELLING EXPENSES	(8,235,925)	(1,009.72)	(1,848,873)	(262.72)
OPERATING LOSS	(6,025,713)	(738.75)	(1,847,955)	(262.59)
OTHER INCOME / (EXPENSES)				
ADJUSTMENT FOR MERGER	486,826	59.68		
OTHER INCOME	283,742	34.79		
INTEREST INCOME	2,482	0.30	1,068,881	151.89
FOREIGN CURRENCY EXCHANGE GAINS	444,345	54.48	11,862,565	1,685.67
FINANCE CHARGES	(1,825,441)	(223.80)	(2,779,748)	(395.00)
	(608,046)	(74.55)	10,151,698	1,442.56
NET (LOSS) / INCOME BEFORE MINORITY INTEREST	(6,633,759)	(813)	8,303,743	1,179.96
MINORITY INTEREST	1,859,190	227.94	-	
NET (LOSS) / INCOME FOR THE YEAR	(4,774,569)	(585.36)	8,303,743	1,179.96

DIRECTORS' REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31st March 2010.

Principal activities

The principal activities of the Company, which is unchanged from last year, are to act as a holding and investment Company.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

Share Capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors as at 31st March 2010 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all directors presently are members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 12 to the financial statements.

Independent Auditors

The independent auditors, HMI & PARTNERS LTD., have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors

Briantserve Limited

Director

Nicosia, Cyprus, 15th April 2010

INDEPENDENT AUDITOR'S REPORT

To the Members of
Somerta Holdings Co. Limited

Report on the Financial Statements:

We have audited the financial statements of Somerta Holdings Co. Limited (the "Company") on pages 5 to 14, which comprise the balance sheet as at 31 March 2010 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements give a true and fair view of the financial position of Somerta Holdings Co. Limited as of 31 March 2010 and of its financial performance and its cash flows for the year then ended are in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the Company incurred a loss of Euro 6.073 for the year ended 31st March 2010, as of that date the Company's current liabilities exceeded its current assets by Euro 15.915. These conditions, along with other matters as set forth in Note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal Requirements:

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Other Matter:

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

HMI & Partners Ltd.,
Certified Public Accountants- CY
Nicosia, 15 April 2010

**BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 (EUR)	2010 INRs in Lacs	2009 (EUR)	2009 INRs in Lacs
ASSETS					
Non-current assets					
current assets					
Receivables	7	5000	3.03	5000	3.35
		5000	3.03	5000	3.35
Total assets		5000	3.03	5000	3.35
EQUITY AND LIABILITIES					
Equity					
Share Capital	8	5000	3.03	5000	3.35
Accumulated Loss		(20915)	(12.68)	(14842)	(9.94)
		(15915)	(9.65)	(9842)	(6.59)
CURRENT LIABILITIES					
Trade and other payable	9	20915	12.68	14842	9.94
		20915	12.68	14842	9.94
Total equity and liabilities		5000	3.03	5000	3.35

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 (EUR)	2010 INRs in Lacs	2009 (EUR)	2009 INRs in Lacs
REVENUE					
Gross Profit		-	-	-	-
Administration expenses		(6073)	(3.68)	(4551)	(3.05)
Operating Loss		(6073)	(3.68)	(4551)	(3.05)
Finance Cost	5	-	-	267	0.18
Loss Before Tax		(6073)	(3.68)	(4284)	(2.87)
Tax	6	-	-	-	-
Net Loss for the year		(6073)	(3.68)	(4284)	(2.87)
Other comprehensive Income		-	-	-	-
Total comprehensive Income for the year		(6073)	(3.68)	(4284)	(2.87)
Somaerta Holdings Co. Limited					

On 15 April 2010 the Board of Directors of Sometra Holdings Co. Limited authorised these financial statements for issue

Briantserve Limited
Director

CORPORATE INFORMATION

Board of Directors

Mr. J. Saxena, Chairman & Managing Director
Mr. M.V. Thomas, Director (Finance) (upto 30th June 2010)
Mr. Alok Saxena, Whole Time Director
Mr. Yusuf Karim Khan, Executive Director
Dr. R. Srinivasan, Director
Dr. Joginder Singh Juneja, Director
Dr. Sailendra Narain, Director
Mr. Michael Bastian, Director
Mr. Saleem Shervani, Director
Dr. S. Jayaram, Director
Mr. Peter Bibby, Director (Upto 29th April 2009)
Mr. Edoardo Carlo Richter, Director
Mrs. Urvashi Saxena (w.e.f. 29th April 2009)

Company Secretary / Compliance Officer

Mr. S. P. Date

Chief Financial Officer

Mr. M. V. Thomas

Audit Committee

Mr. Michael Bastian, Chairman (w.e.f. 29th April 2009)
Dr. Joginder Singh Juneja, Chairman
Dr. R. Srinivasan
Dr. Sailendra Narain

Shareholders' / Investors' Grievances Committee

Dr. R. Srinivasan, Chairman
Dr. S. Jayaram
Mr. Alok Saxena (w.e.f. 27th July 2010)

Remuneration Committee

Dr. R. Srinivasan, Chairman
Dr. S. Jayaram
Mr. J. Saxena

Compensation Committee

Dr. Joginder Singh Juneja, Chairman
Mr. Saleem Shervani
Mr. J. Saxena

Auditors

M/s. S. S. Khandelwal & Co.
Chartered Accountants,
Fountain Chambers,
Nanabhai Lane,
Mumbai - 400 023.

Cost Auditors

M/s. Sevekari, Khare & Associates
A-4, Hari Nivas, 1st Floor (Rear Side),
L.J. Road, Mumbai - 400 028.

Bankers

State Bank of India
Syndicate Bank
Development Credit Bank Limited
Axis Bank Limited
Canara Bank
DBS Bank Limited
The Bank of Rajasthan Ltd.

Registered Office

Elder House
Plot No. C-9, Dalia Industrial Estate,
Off Veera Desai Road, Andheri (West)
Mumbai 400 053.
Tel.(022) 26730058 Fax : (022) 26730051
Email : corporate@elderindia.com
Website : www.elderindia.com

Registrar & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel. (022) 25963838 / 25946970 Fax : (022) 25946979.
Email : rnt.helpdesk@linkintime.co.in

Zonal Sales Offices

Mumbai

Pipewala Bldg., 4th Floor, 'A' Wing, Shahid Bhagat Singh Rd,
Mumbai - 400 005. Tel. (022) 22021878.

Kolkata

12-A, Rani Bhawani Road, Taki House, Kolkata - 700 026.
Tel. (033) 24668875 / 6757.

Chennai

158, Arcot Road, II Floor, Eastern Wing, Chennai - 600 026.
Tel. (044) 28256336

New Delhi

11-B/8, Pusa Road, Northern Extn. Scheme,
New Delhi - 110060. Tel. (011) 25825601 / 05.

Factories

1. Plot No. D-219 & D-220, T.T.C. Industrial Area,
Thane- Belapur Road, Navi Mumbai - 400 706.
Tel. (022) 27672343 / 27685830.
2. Plot No. C-21/2 T.T.C. Industrial Area,
Village Pawne,
Navi Mumbai - 400 704.
Tel. (022) 27682656.
3. Plot No. A-36, Patalganga Industrial Area,
Village - Khaire,
Taluka - Khalapur,
District - Raigad,
Maharashtra 410 220.
Tel. (02192) 254395 / 6.
4. Plot No. C-11/1 Sela Qui Industrial Area,
Near Dehradun, Uttarakhand Pin 248 197.
5. Plot No. 103, Paonta Sahib Industrial Area,
Village Gondpur, Dist. Sirmour, Himachal Pradesh.
6. Village Charba, Tehsil - Vikasnagar,
Dist.: Dehradun, Uttarakhand

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of **Elder Pharmaceuticals Limited** will be held at Juhu Vile Parle Gymkhana Club, Plot No. U-13, 13th Road, J.V.P.D. Scheme, Juhu, Mumbai 400 049 on Tuesday the 28th day of September 2010 at 10.30 a.m. to transact the following business:

I As Ordinary Business:

1. To receive and adopt the audited Balance Sheet as at 31st March 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Auditors and to fix their remuneration.
4. To appoint a Director in place of Dr. R. Srinivasan who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Sailendra Narain who retires by rotation but being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. Saleem Shervani who retires by rotation but being eligible offers himself for re-appointment.

I As Special Business:

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and in supercession of the earlier resolution(s) the Board of Directors of the Company be and is hereby authorized to borrow money from time to time up to a limit not exceeding in the aggregate Rs.12,500,000,000/- (Rupees One Thousand Two Hundred Fifty Crores Only) notwithstanding that the monies already borrowed and the monies to be borrowed by the Company (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital and its free reserves, that is to say the reserves not set apart for any specific purpose".

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging all the movable and immovable assets and properties of the Company wheresoever situate, both present and future whether tangible or not and of every nature and kind whatsoever and / or creating a floating charge on all or any of the immovable assets / properties of the Company for the purpose of securing any loans, advances, credit facilities, debt instruments, etc. taken and / or issued by the Company from time to time".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorized to take such necessary action for giving effect to the above Resolution".

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West)
Mumbai 400 053.

Dated: 18th August 2010

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing a Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Transfer Books of the Company shall remain closed from Monday the 20th day of September 2010 to Tuesday the 28th day of September 2010 (both days inclusive).
5. Any queries on accounts must reach the Registered Office at least seven days before the date of the Meeting.
6. The Members are requested to bring their copy of Annual Report with them.
7. Any change of address should be notified to the Company immediately.

By Order of the Board

S. P. Date
Company Secretary

8. The dividend for the year ended 31st March 2010 as recommended by the Board, if sanctioned at the Meeting, will be paid on or before 25th October 2010 to those shareholders whose names appear in the Company's Register of Members on 20th September 2010.
9. The Company offers facility of payment of dividend through Electronic Clearance Service (ECS) of Reserve Bank of India. The ECS format is attached with this Annual Report. The shareholders are requested to submit the duly filled form to the Registrars on or before 20th September 2010.

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West)
Mumbai 400 053.

By Order of the Board

S. P. Date
Company Secretary

Dated: 18th August 2010

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

I Item No. 7:

The Company has set for itself a very ambitious target of becoming a 1,000 crores company by the year 2010-11. It has already taken an initiative by spreading its activities globally. While organic growth is planned in the domestic and export markets through own and in-license products the Company is looking at opportunities for inorganic growth. It has already taken a strategic stake in a U.K. company and has acquired a manufacturing and distribution businesses in Bulgaria. Existing manufacturing units both in India and abroad need continual expansion and upgradation and at the same time new facilities may be required to be set up to meet global export regulated and semi-regulated market requirements. For this purpose the Company either directly by itself and / or through its subsidiaries / step down subsidiaries will be required to borrow from banks / financial institutions both in India and abroad by way of funding arrangements or through debt instruments like debentures / bonds, ECBs, foreign currency bonds and loans and the like which may also require corporate guarantee of the Company.

As per the provisions of Section 293(1)(d) of the Companies Act, 1956 the Directors of the Company shall not except with the consent of the Company in General Meeting borrow moneys where the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose. It is therefore proposed to seek authority to the Board for borrowing to the extent of Rs.1250.00 crores which amount exceeds the aggregate of paid-up capital and free reserves of the Company. Hence this resolution.

None of the Directors is concerned or interested in this resolution.

I Item No. 8:

For its business activities the Company either directly by itself or through its subsidiaries / step down subsidiaries is required to borrow from time to time from banks, financial institutions, finance companies and other lenders either by way of working capital, term loans, projects loans, corporate loans, debt instruments either in India and or abroad. These borrowings are required to be secured by creation of charge / mortgage in different forms on the movable and immovable assets of the Company in favour of the lender(s) / their agents as trustees / custodians / security trustees, etc. including in respect of intangible assets of the Company. Since the resolution for authority to Directors to borrow up to Rs.1,250.00 crores is proposed under Section 293(1)(d) of the Companies Act, 1956 it is also proposed to seek from shareholders their authority for the higher amount of up to Rs. 1,250.00 crores under Section 293(1)(a) of the Companies Act, 1956. Hence this resolution.

None of the Directors is concerned or interested in this resolution.

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West)
Mumbai 400 053.

By Order of the Board

S. P. Date
Company Secretary

Dated: 18th August 2010

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To ,
 Elder Pharmaceuticals Ltd.
 C/o. Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 L.B.S Marg, Bhandup West, Mumbai 400 078

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY.

For shares held in physical form

Master Folio No.

For shares held in electronic form

DP ID

Client ID

FOR OFFICE USE ONLY
ECS Ref. No. <input style="width: 80%;" type="text"/>

Name of Sole / First holder	<input style="width: 95%;" type="text"/>
Bank name	<input style="width: 95%;" type="text"/>
Branch name	<input style="width: 95%;" type="text"/>
Branch code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <p style="font-size: small; margin-top: 5px;">(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number.</p>

Account type [Please Tick (✓) wherever applicable]	Savings <input type="checkbox"/>	Current <input type="checkbox"/>	Cash Credit <input type="checkbox"/>
---	----------------------------------	----------------------------------	--------------------------------------

A/c. No. (as appearing in the cheque book)

Effective date of this mandate

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, the Company/ Link Intime India Private Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI / Elder Pharmaceuticals Limited.

I further undertake to inform the Company any change in my Bank/branch code and account number.

Dated : _____ _____ (Signature of Sole / First holder)

Notes :

1. Whenever the Shares in the given folio are entirely dematerialised, then this ECS mandate form will stand rescinded.
2. For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.

PROXY FORM

Regd. Office : ELDER HOUSE, Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053

Reg. Folio No. _____ DP ID No. * _____ Client ID No.* _____

*Applicable for Member holding Shares in electronic form.

I/We _____ of _____

being a Member/Members of the abovenamed Company, hereby appoint _____

of _____ or failing him _____

of _____ as my/our proxy to vote for me/us on my/our behalf at the 27th ANNUAL GENERAL MEETING of the Company, to be held on Tuesday, 28th September, 2010 at 10.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010

Signature _____

Affix
Re. 1/-
Revenue
Stamp

Note: This form in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

—(Tear Here)—

ATTENDANCE SLIP

Regd. Office : ELDER HOUSE, Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053

Reg. Folio No. _____ DP ID No. * _____ Client ID No.* _____

*Applicable for Member holding Shares in electronic form.

I certify that I am a registered Member/Proxy for registered member of the Company.

I hereby record my presence at the 27th ANNUAL GENERAL MEETING of the Company held on Tuesday, 28th September, 2010 at 10.30 a.m. at Juhu Vile Parle Gymkhana Club, Plot No. U-13, 13th Road, J.V.P.D. Scheme, Juhu, Mumbai 400 049

Member's/Proxy's name in BLOCK Letters

Member's/Proxy's Signature

Note:

Please fill in this attendance slip and hand it over at the entrance of the hall.

Forward-Looking Statement

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future information or otherwise.



Elder House

Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai 400053
www.elderindia.com