



ANNUAL
REPORT
&
ACCOUNTS
2009-2010



**EAST INDIA PHARMACEUTICAL
WORKS LIMITED**

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CONTENTS

Board of Directors	3
A Decade at a Glance	4
Directors' Report	5
Auditors' Report	11
Balance Sheet	14
Profit & Loss Account	15
Cash Flow Statement	16
Schedules	17
Balance Sheet Abstract	31
EAST INDIA Organisation	32
Names & Addresses of C & F Agents	34
Annual Report & Accounts of QASAR HEALTHCARE PVT. LTD	35

BOARD OF DIRECTORS

Dr. Samir Bhattacharya	Dr. Ranabir Mukherjee
Dr. Subrata Das Gupta	Mr. Probir Roy
Mr. Bhaskar Prasad Gupta	Mr. Raban Sengupta
Dr. Saroj Kumar Gupta (till 21.05.2010)	Mr. Amit Kumar Sen
Dr. Ram Narayan Mukherji	Mr. Dipankar Dutta Gupta
Dr. Himadri Sengupta (from 25.06.2010)	Mr. Debarshi Duttagupta (from 01.07.2010)
(In the casual vacancy caused by the death of Dr. Saroj Kumar Gupta)	Mr. Sukamal Chandra Basu (Additional Director appointed on 25.06.2010)

MANAGING DIRECTORS

Mr. Amit Kumar Sen
Mr. Dipankar Dutta Gupta

EXECUTIVE DIRECTOR

Mr. Debarshi Duttagupta
(from 01.07.2010)

MANAGER – PROJECT FINANCE & COMPANY SECRETARY

Mr. Nirjhar Mukhopadhyay

REGISTERED OFFICE

6, Nandalal Bose Sarani
Kolkata 700 071

AUDITORS

U. M. Chaudhuri & Co.
Chartered Accountants
35-B, Lake Place
Kolkata 700 029

PRINCIPAL BANKERS

United Bank of India
Hazra Road Branch
53, S. P. Mukherjee Road, Kolkata 700 026
The Hongkong & Shanghai Banking Corporation Limited
31, B. B. D. Bagh, Kolkata 700 001

BANKERS

Andhra Bank, AXIS Bank Ltd., Bank of Baroda, Bank of India, Canara Bank, Corporation Bank, CITIBANK, N.A., Indian Bank, Indian Overseas Bank, HDFC Bank Ltd., ING Vysya Bank, Punjab National Bank, Standard Chartered Bank, Standard Chartered Grindlays Bank, State Bank of India, Syndicate Bank, The Kapol Co-operative Bank Ltd., Union Bank of India

A DECADE AT A GLANCE

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fixed Assets	1401.32	1518.51	1514.75	1369.35	817.35	700.85	590.61	525.91	593.94	604.75
Current Assets, Loans & Advances	6191.97	5389.37	5025.11	4173.80	4511.46	4372.49	4664.65	4772.13	4241.55	4126.52
Share Capital	444.97	444.97	444.97	444.97	444.97	444.97	444.97	444.97	444.97*	296.66
Reserves & Surplus	2540.97	2329.62	2142.00	2004.33	1847.15	1836.30	1831.90	1642.22	1464.21	1435.49
Loans	2020.61	1865.32	1668.50	1436.59	1299.38	1495.86	1440.73	1381.05	1504.99	1538.83
Current Liabilities & Provisions	2771.09	2409.68	2385.36	1739.37	1803.34	1340.65	1575.47	1885.72	1423.22	1462.20
Sales	11523.93	10621.26	10312.12	9117.19	8335.61	8083.73	8633.49	8462.45	8297.41	8131.74
Material Consumption	3890.29	3722.08	3166.44	2879.59	2697.48	2341.66	2384.77	2468.60	2756.62	2852.79
Staff Expenses	3087.13	2794.49	2428.82	2279.03	2073.02	2153.66	2046.42	2067.77	1731.52	1618.35
Contribution to Exchequer	1065.60	1033.49	1634.58	1403.67	1408.05	1494.94	1736.12	1802.17	1738.22	1701.90
Interest & Bank Charges	226.21	223.77	168.67	132.24	133.29	157.50	191.59	209.48	224.55	255.67
Profit Before Tax	589.33	473.04	382.94	287.00	136.68	66.30	478.23	428.54	432.26	494.27
Profit After Tax	351.44	317.77	254.80	274.63	86.96	55.14	310.43	278.41	266.03	306.74
Profit Retained	211.35	187.62	137.66	157.18	10.85	4.40	189.68	178.01	177.04	218.48
Dividend on Ordinary Shares	27%⁺	25%	22.5%	17%	15%	10%	24%	20%	20%	27%

All figures are in lacs Rs.

+ Proposed

* Bonus Shares issued 1:2 capitalising from General Reserve & Capital Redemption Reserve.

DIRECTORS' REPORT

The Directors present their report for the year ending on 31st March, 2010. At the outset, we have to inform with a deep sense of sorrow that on 21st May, 2010 Dr. Saroj Kumar Gupta, an eminent Oncologist, recipient of Padmasree, former Sheriff of Calcutta, Founder Director of Cancer Centre Welfare Home And Research Institute breathed his last. He joined our Board in April, 1989 and has been a key player in Board Meetings. We will miss his wise counsel. On behalf of the EIPW family, we pray to God for eternal peace for his soul.

During the year, India's benchmark measure of food inflation rose to nearly a 11-year high, emphasizing the challenge policy makers face in curbing inflation without hurting a nascent economic recovery. An index of food articles, compiled by the commerce ministry, increased 18.22 percent in the week ended December 26 from a year earlier, following a 19.83 percent increase in the previous week. Food price inflation accelerated to 19.95 percent in the week to December 5, the fastest pace since December, 1998. The benchmark wholesale-price inflation rate may rise as high as 7.5 percent by March 31, 2010, more than the Central Bank's estimate of 6.5 percent. The Government and the Central Bank injected fiscal and monetary stimulus of more than 12 percent of gross domestic product between September 2008 and April last year, helping India's economy grow 7.9 percent in the three months ended Sept. 30, the fastest pace in 1½ years.

The domestic pharmaceutical industry continued to witness strong growth momentum. Led by high penetration into tier II/III cities, increased number of new product launches and increase in field-force strength, the market grew by a robust 17.7% (ORG IMS MAT March 2010). The Indian Pharmaceutical market has become increasingly attractive for large multinational pharmaceutical companies as they aggressively pursue growth opportunities in the emerging markets.

The Government of India is considering implementation of a new drug policy, which would considerably expand purview of price control over drugs. Price control will adversely affect the profitability of our company. The country faces major healthcare concerns like the affordability of medicines, how accessible they are to the local population, unresolved issues on price control and a spate of IPR-related concerns that confront drug-makers, in the country and overseas. A greater involvement by the key ministers could help to formulate policies and resolve pending issues, besides helping to devise strategies to tackle the healthcare challenges facing the country.

In spite of this adverse scenario, the financial result of the Company shows substantial improvement. The turnover increased from Rs., 106.21 crores to 115.24 crores during the year under review.

	Rs.	Rs.
Profit before tax		5,89,32,537
Less: Provision for taxation	2,00,00,000	
Less: Net Deferred Tax Charges (Credit)	<u>(42,63,618)</u>	1,57,36,382
		4,31,96,155
Less : Tax Adjustment for earlier years		<u>80,51,831</u>
Profit after Tax/Adjustment		<u>3,51,44,324</u>

The Directors proposed to pay dividend @ 27% which will absorb Rs. 1,20,14,298/- and tax thereon of Rs. 19,95,425/- leaving a balance of Rs. 2,11,34,601/- to be added to the General Reserve.

For the current year, we feel, there will be significant rise in employment cost due to increase in ESI contribution as the threshold limit of wages has been increased to Rs. 15,000/- from Rs. 10,000/-. The upper limit of gratuity to be paid under Payment of Gratuity Act has been revised to Rs. 10,00,000/- from Rs. 3,50,000/- at present. It is likely to have an adverse effect in future as our contributions towards payment of Gratuity and ESI will increase substantially.

Our efforts to upgrade our facilities continue unabated. During the year under review, we have spent approximately Rs. 91 lakhs in acquiring new equipment including Rs. 6.26 lakhs for R&D. The new products which are to be



Directors' Report

introduced shortly in the market are – REMYCINE TABLETS [AZITHROMYCIN TABLETS], REMYCINE SUSPENSION [AZITHROMYCIN ORAL SUSPENSION], TRULUB EYE DROPS [OCULAR LUBRICANT], PYRIGESIC IV [PARACETAMOL INFUSION], PYRIGESIC SUSPENSION [ACETAMINOPHEN ORAL SUSPENSION], KAFBIN SYRUP [SUGAR FREE], HEPNAR [SUGAR FREE] and KAFBIN LOZENGES [SUGAR FREE] respectively.

Exports – there was a significant breakthrough last year – the value of exports was Rs. 3,24,48,008/- against Rs. 15,41,629/- during the previous year. This was mainly due to export to Chile about which a mention was made in the last year's report.

Fixed Deposits - The total deposits under the Public Deposit Schemes as on 31st March, 2010, was Rs. 292 lakhs (previous year Rs. 295 lakhs) and total number of deposits were 2014 (previous year 2042). A sum of Rs. 3 lakhs was paid on maturity. There were no overdue unpaid deposits.

Directors – The Directors due to retire by rotation at the forthcoming Annual General Meeting are Dr. Ranabir Mukherjee, Sri Bhaskar Prosad Gupta and Sri Raban Sengupta. All of them have consented to act as Directors, if re-elected. Directors recommend they be re-elected as Directors of the Company.

In the casual vacancy caused by the death, Dr. Saroj Kumar Gupta, the Board of Directors in their meeting held on 25th June, 2010, have decided to co-opt Dr. Himadri Sengupta, M.S., Professor of Surgery at Vivekananda Institute of Medical Sciences, a noted surgical specialist of Calcutta. The Directors are of the opinion that his inclusion in the Board will be in the best interests of the Company.

In the same meeting, the Board of Directors have appointed Sri Sukamal Chandra Basu, F.C.A., Retd. Chairman and Managing Director of Bank of Maharashtra. He has vast experience in the field of banking for the last 40 years. The Board of Directors are of the view that his association will be of great help to the company. As an additional Director, he will retire at the forthcoming AGM and will seek re-election. A notice has already been received from a shareholder proposing his name as Director. The Board recommends that he be appointed.

In its meeting held on 1st July, 2010, the Board has appointed Sri Debarshi Duttgupta as Additional Director designated as Executive Director in the full time employment of the Company. He is the son of Sri Dipankar Dutta Gupta, one of the Managing Directors of the Company. He joined the Company on 1st July, 2002, as Manager-Law & Strategy and was subsequently re-designated as Manager-Coordination, Corporate Planning & Strategy. As an Additional Director, he will retire at the next AGM and will seek re-election as a whole time Director for a period of 5 years. A notice from a member has already been received proposing his name as a whole time Director. The Directors recommend his appointment.

QASAR - Our subsidiary Company suffered a loss of Rs. 8,59,441/- against a loss of Rs. 15,97,912/- in the previous year. As has been mentioned in our previous report, the operations of the Company have already been taken over by the Parent Company under the "Wellness Division". Hopefully, QASAR will come up with its new business plan in the coming year and make a turn around.

Particular of employees – The details of remuneration paid to employees, which in aggregate was more than the limited prescribed U/s 217 (2A) of the Companies Act, 1956, and the rules made thereunder, is enclosed.

Your Auditors, M/s. U.M. Chaudhuri & Co., Chartered Accountants, retire at the end of this meeting and are eligible for reappointment.

We will be completing our 75th year on 27th April, 2011. When Late Asoke Kumar Sen started EIPW in a very humble way in 1936, little did he realize that it would survive 75 years and grow to be one of the leading Pharma manufacturers in Eastern India employing about 1300 people. It has been only possible because he was later joined by stalwarts like Late H.N. Dutt Gupta. The founders always believed in quality which is still the benchmark of EIPW. It is our utmost endeavour to keep up the high standards set by our founding fathers. In our pursuit of excellence, we have always enjoyed the support of our employees, shareholders, the Medical Fraternity, our Banks, Suppliers – to all of whom we are grateful. We are hopeful, your continued support will lead us to scale newer heights. We look forward to a glorious 75th year.

Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) That the Directors have prepared the annual accounts on a going concern basis.

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

1. CONSERVATION OF ENERGY :

As a measure of conservation of energy, your Company has been conducting regular energy audits, equipment rationalization, particularly compressors and pumps, to maximize energy conservation and replacement of old equipment with new energy efficient items.

FORM – A

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

A. Power & Fuel Consumption		Year ended 31st March, 2010	Year ended 31st March, 2009
1. Electricity			
(a) Purchased Unit	KWH	23,83,584	22,22,770
Total Amount	Rs.	1,43,54,761	1,22,84,479
Rate / Unit	Rs.	6.02	5.53
(b) Own Generation			
(i) Through Diesel Generator-Unit	KWH	44,898	76,330
Units per Lt. of Diesel Oil	KWH	2.79	2.29
Cost / Unit	Rs.	12.46	15.18
(ii) Through Steam Turbine/Generator		NIL	NIL
2. Furnace Oil			
Quantity	KL	12	116
Total Amount	Rs.	3,04,158	36,05,073
Average Rate	Rs./KL	25,346.50	31,078.22



3. Others

(a) LDO

Quantity	KL	311	187
Total Amount	Rs.	1,41,07,129	80,45,380
Average Rate	Rs./KL	45,319.74	43,106.87

(b) Servotherm

Quantity	Ltr	840	210
Total Amount	Rs.	93,556	16,901
Average Rate	Rs./L	111.37	80.48

FORM – B

II. Form for disclosure of particulars with respect to Research & Development and Technology absorption.

A. Research and Development (R&D)

1. New & novel Ayurvedic hypoglycemic products are in the process of development from indigenous sources. Several new probiotic and enzymatic products are being developed in Biotechnology and Molecular Biology division and the development is in advanced stage. Reduction of cost with subsequent improvement of quality is being continuously practiced by R&D Work.

2. Benefits derived as a result of R&D :

Two and new Ayurvedic formulations anti-obesity and anti-hyperlipidemic products are in the final stage for introduction. A new and novel probiotic drug has been licensed for introduction.

3. Future plan of action :

Projects for development of several new active pharmaceutical ingredients like novel haematinic preparations are being taken up.

4. Expenditure on R&D :

Capital	Rs. 6,25,835
Recurring	Rs. 95,19,824
Total	<u>Rs. 1,01,45,659</u>
Total R&D Expenditure (As a percentage of total turnover)	0.88%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Process has been started for implementation of good laboratory practices as per World Health Organisation norms for Quality Control Laboratories for Sarsuna and Durgapur units. A new state of the art oral solid dosage form manufacturing unit is under implementation at Sarsuna unit.

2. Development of new and innovative processes through application of modern technology had resulted in the development and introduction of new and innovative products.

III. Foreign Exchange Earnings and Outgo :

A. Registration of our products – some products are already registered in Myanmar, Cambodia, Vietnam, Laos and Chile.

B. Foreign Exchange :

Earned	—	Rs. 142.55 lacs
Outgo	—	Rs. 1158.76 lacs

(including Rs. 1117.68 lakhs for import of raw materials, Rs. 5.52 lakhs for import of capital goods and Rs. 24.22 lakhs for patents and licences).

Directors' Report

Information as per Section 217 (2A)(a)(i) &(b)(i) & (ii) read with Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for 12 months ended 31st March, 2010.

Sl. No.	Name	Age	Designation	Gross Remuneration Rs.	Qualification	No. of years of experience	Date of appointment	Last appointment	Position held Period
1.	Dutta Gupta Dipankar	59	Managing Director	27,25,515/-	B.A., B.S.(NY), M.B.A.(NY)	36	01.11.75	A.T. & T. Co. Inc.	Consultant 2 years
2.	Sen Amit Kumar	66	Managing Director	27,40,838/-	M.Com., F.C.A., F.C.I.S., F.C.S., F.C.M.I., M.I.M.A.	42	01.9.67	First Appointment	

The appointments are contractual.

Note: Gross remuneration includes Salary, House Rent Subsidy, Contribution to Provident Fund, Medical Benefits and other perquisites.

Kolkata,
Dated, the 1st July, 2010

Sd/- S. Bhattacharya, S. Das Gupta, B. P. Gupta,
Directors R. N. Mukherji, R. Mukherjee, P. Roy,
R. Sengupta, H. Sengupta, S. C. Basu
Executive Director Debarshi Duttagupta
Managing Directors A. K. Sen, D. Dutta Gupta



Brief Profile of Directors seeking re-appointment at the Annual General Meeting

(Additional voluntary disclosures; not required for unlisted public company)

Prof. (Dr.) Ranabir Mukherjee

Date of Birth

3rd December, 1928

Qualification

MBBS (Cal), DOMS(Cal), MS(Lucknow),

Resume

- i) Prof. Mukherjee is a leading Eye Surgeon of the country.
- ii) Former President of the All India Ophthalmological Society (Chennai- 2000-01).
- iii) Former Vice-Principal and Professor & Head of the Department of Ophthalmology, Calcutta National Medical College.
- iii) Dr. Mukherjee was a member of the Senate of the Calcutta University for many years.
- iv) He is a Fellow of the State Medical Faculty of West Bengal and a member of its Governing Body.
- v) The Founder and Director of the Eye Care & Research Centre, Kolkata. Author of Books on Ophthalmology.
- vi) Dr. Mukherjee has contributed about 70 scientific papers in different journals and National and International conferences.
- vii) received the "Distinguished Service Award" of the Asia Pacific Academy of Ophthalmology for meritorious service in Ophthalmology in the Asia Pacific area in 1997.

Mr. Raban Sengupta

Date of Birth

5th December, 1943

Qualification

B.Com-University of Pune, Chartered Accountancy.

Resume

- i) Mr. Raban Sengupta is an eminent Chartered Accountant and has a wide exposure in several capacities in various industries.
- ii) was the Chief of Finance in Brooke Bond India Ltd., Clarion-McCann Advertising Ltd. and Group Finance Director of the OHI Group of Companies, Muscat.
- iii) was the Managing Director of Non-Resident Investments, Pension & Annuities Ltd.
- iv) has expertise in the field of Group Consolidations, Public issues Management, Mergers and Acquisitions and Portfolio Management.

Mr. Bhaskar Prasad Gupta

Date of Birth

11th November, 1940

Qualification

1st. Class Hons. In Mathematics from St. Xavier's College, Calcutta. LL.B from University College, London. Barrister-at-Law from Lincoln's Inn, London.

Resume

- i) Practising Lawyer - Senior Advocate in the Supreme Court of India and the Calcutta High Court.
- ii) was a member of the Governing Body of St. Xavier's College, Calcutta for about 10 years.
- iii) was a member of the Indian Advisory Board of ANZ Grindlay's Bank for about 6 years.
- iv) Former President of Calcutta Club in 1990.

Mr. Sukamal Chandra Basu

Date of Birth

15th December, 1946

Qualification

M.Com, LL.B, FCA.

Resume

A Chartered Accountant was the Chairman and Managing Director of Bank of Maharashtra. He joined United Bank of India in 1970 as a Probationary Officer. Thereafter his professional achievements include:

- i) was on deputation to Bank of Baroda from January 1982 to May 1995 as a General Manager, Inspection & Chief Vigilance Officer.
- ii) Former General Manager (Credit) of United Bank of India from June 1995 to April 1999.
- iii) Former Executive Director of Bank of Maharashtra from April 1999 to September 2000.
- iv) was a member of the Peer Review Board of the Institute of Chartered Accountants of India from 2002-2005.
- v) Joined as a Senior Partner of M/s Dutta Sarkar & Co. in September 2006.
- vi) was also on the Board of EXIM Bank.
- vii) was the Deputy Chairman of Indian Bank's Association and also an Ex-member of the Governing Council of National Institute of Bank Management.

Currently, an Advisor and Management Consultant of several corporate and is in the policy formulation and overview of the Statutory/Internal Audit of PSU, Commercial Bank and Corporate.

Mr. Debarshi Duttagupta

Date of Birth

9th October, 1976

Qualification

LL.B - University of Calcutta.

Resume

was practicing Advocate at the Hon'ble High Court, Calcutta from 2001 to 2002. Served as Junior to Justice Dipankar Datta and Sri Kalyan Bandhopadhyay. Member- Legal Committee of Organisation of Pharmaceutical Producers of India (OPPI) and Member of Indian Pharmaceutical Association (IPA) and Bengal National Chamber of Commerce and Industry (BNCCI).

AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of East India Pharmaceutical Works Limited as at 31st March, 2010 and the related Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, which are in agreement with the books of account, all of which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

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

- i) we have obtained all the information which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the Company as required by law so far as it appears from our examination of those books.
- ii) in our opinion and according to the information and explanations given to us in the course of audit, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- iii) on the basis of written representations obtained from all the Directors of the Company, which has been taken on record by the Board of Directors of the Company and as made available to us, Directors of the Company do not have any disqualification as referred to in Section 274(1)(g) of the Companies Act, 1956.
- iv) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules A to P attached, give the information required by the Companies Act, 1956, in the manner so required and the Balance Sheet gives a true and fair view of the Company's affairs as at 31st March, 2010, and the Profit and Loss Account on that date give a true and fair view of the profit for the year ended 31st March, 2010, and Cash Flow Statement of the Cash Flows for the year ended on that date.

for U. M. CHAUDHURI & CO.
Chartered Accountants
Sd/- A.B.Chaudhuri
Proprietor
Membership No. 002767

35-B, Lake Place, Kolkata - 700 029
Kolkata, Dated, the 1st July, 2010



Annexure to Auditors' Report on the Accounts for 2009-2010 referred to in paragraph 3 of our report of even date.

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit, we report that :

1. (a) The Company has maintained records showing full particulars, including quantitative details and situations of Fixed Assets.
(b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
(c) Assets disposed off during the year, do not constitute a substantial part of Fixed Assets and has not affected the Company's status as a going concern.
2. (a) Inventory has been physically verified by the management during the year at reasonable frequencies.
(b) In our opinion and according to information and explanation given to us, the procedures of such physical verification has been reasonable and adequate having regard to the nature of the business and the size of the Company.
(c) On the basis of our examination, we are of opinion that proper records have been maintained for inventories and discrepancies noticed on physical verification were not material.
3. On the basis of examination of the records and the explanations given to us by the management, the Company has not taken or granted any loans, secured or unsecured from or to Companies, Firms or other parties covered in the register, maintained under section 301 of the Companies Act, 1956.
4. According to the information and explanations given to us and in our opinion, there are adequate internal control procedures commensurate with the size and nature of the Company for the purchase of inventory and fixed assets and for the sale of goods, and we have not observed continuing failure to rectify any weaknesses in such internal control.
5. According to information and explanations given to us by the management of the Company, the Company has not entered into any transaction during the year, which is needed to be entered in the register maintained under Sec.301 of the Companies Act, 1956.
6. In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Sec.58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public. We are informed by the management of the Company that no orders under the aforesaid sections were passed by the Company Law Board on the Company.
7. The Company has an internal audit system commensurate with the size and nature of its business.
8. On the basis of records broadly reviewed by us, we are of the opinion that *prima facie*, the cost records and accounts prescribed by the Central Government under Sec.209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to carry out and have not carried out any detailed examination of those records and accounts.
9. According to the information and explanations given to us and the records examined by us,
 - a) the Company was generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues applicable with the appropriate authorities; and
 - b) no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - c) details of particulars of disputed statutory dues of Income Tax, Sales Tax, Excise Duty, Customs Duty, as at 31st March, 2010, which has not been paid are given below.

Auditors' Report

Name of the Statute	Nature of Demand	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	71,09,551	1995-1996 to 1999-2000	Tribunal sent back to CIT(A) for fresh hearing and was pending. In 1996-97 Company preferred an appeal at the Calcutta High Court, which is pending.
Central Excise Act, 1944	Central Excise and Education Cess (including penalty Rs. 67,699)	1,35,398	2006-2007 to 2008-2009	Assistant Commissioner of Central Excise Kolkata – V Commissionerate
- Do -	Reversal of Cenvat Credit & Education Cess	1,17,500	2007-2008	- Do -
- Do -	Central Excise and Education Cess	3,93,578	2005-2006 2006-2007 2007-2008	- Do -
- Do -	Central Excise, Education Cess, Applicable Interest including penalty of Rs. 28,53,814 [The Company got a stay order from the Commissioner (Appeals)]	57,07,628	01.10.2005 to 31.03.2006	Commissioner (Appeals), Central Excise, Kolkata – IV

10. There is no accumulated loss of the Company, as per the Balance Sheet as at the end of the financial year. The Company has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holder.
12. According to informations and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures or other Securities.
13. Provision of any special statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company.
14. The Company is not dealing in or trading in Shares, Securities, Debentures and other Investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion the term loans are being applied for the purpose for which they are raised.
17. No funds raised on short-term basis have been used for long-term investment. No long term funds have been used to finance any short-term purpose except permanent working capital.
18. There was no allotment of shares during the year.
19. No debentures were issued by the Company during the year.
20. The Company has not raised any money by public issue.
21. We are informed by the management of the Company that no fraud on or by the Company has been noticed or reported during the year.

35-B, Lake Place, Kolkata - 700 029
Kolkata, Dated, the 1st July, 2010

for U. M. CHAUDHURI & CO.
Chartered Accountants
Sd/- A.B.Chaudhuri
Proprietor
Membership No. 002767



BALANCE SHEET

AS AT 31ST MARCH, 2010

	Schedule	Rs.	Year ended 31st March, 2010 Rs.	Rs.	Year ended 31st March, 2009 Rs.
APPLICATION OF FUNDS					
Fixed Assets	A		14,01,32,453		15,18,50,803
Investments	B		2,40,135		2,40,135
NET CURRENT ASSETS					
Current Assets, Loans & Advances					
Inventories	C	24,39,61,883		21,46,89,560	
Sundry Debtors	D	23,32,24,100		20,10,37,546	
Cash & Bank Balances	E	8,69,15,371		6,80,17,008	
Loans & Advances	F	5,50,95,803		5,51,92,965	
		<u>61,91,97,157</u>		<u>53,89,37,079</u>	
Less :					
Current Liabilities & Provisions	G	27,71,09,004		24,09,67,669	
Net Current Assets		<u>34,20,88,153</u>		<u>29,79,69,410</u>	
Deferred Tax Asset/(Liability)		<u>1,81,94,225</u>	<u>36,02,82,378</u>	<u>1,39,30,607</u>	<u>31,19,00,017</u>
			<u>50,06,54,966</u>		<u>46,39,90,955</u>
SOURCES OF FUNDS					
Share Capital	H		4,44,97,399		4,44,97,399
Reserve & Surplus	I		25,40,96,656		23,29,62,055
Loans	J		20,20,60,911		18,65,31,501
			<u>50,06,54,966</u>		<u>46,39,90,955</u>

This is the Balance Sheet referred to in our report of even date to the members of the Company.

For U. M. CHAUDHURI & CO.
Chartered Accountants
Sd/- A. B. Chaudhuri
Proprietor
Membership No. 002767
Kolkata, Dated, the 1st July, 2010

Sd/-
Directors S. Bhattacharya, S. Das Gupta, B. P. Gupta,
R. N. Mukherji, R. Mukherjee, P. Roy,
R. Sengupta, H. Sengupta, S.C Basu
Executive Director Debarshi Duttagupta
Managing Directors A. K. Sen, D. Dutta Gupta
Mgr.- Proj. Fin. & C.S. Nirjhar Mukhopadhyay
Kolkata, Dated, the 1st July, 2010

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31st March, 2010		Year ended 31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			1,15,23,92,764		1,06,21,25,760
Miscellaneous Receipts	K		48,16,262		40,11,625
			<u>1,15,72,09,026</u>		<u>1,06,61,37,385</u>
EXPENDITURE					
Materials Consumed	L		38,90,28,993		37,22,07,992
(Increase)/Decrease in Finished Goods and Materials in Process	M		(49,84,450)		(1,58,93,996)
Manufacturing, Administrative and Selling Expenses	N		64,39,13,117		57,99,49,258
Excise Duty			2,32,00,913		3,36,92,725
Interest & Bank Charges	O		2,26,20,959		2,23,77,007
Depreciation / Amortisation			2,44,96,957		2,65,00,679
			<u>1,09,82,76,489</u>		<u>1,01,88,33,665</u>
Profit before Taxation			5,89,32,537		4,73,03,720
Less : Provision for Taxation :					
Current Year		2,00,00,000		1,75,00,000	
Deferred Tax Charge/(Credit) for the year		(42,63,618)		(40,73,298)	
Fringe Benefit Tax		—	1,57,36,382	21,00,000	1,55,26,702
			<u>4,31,96,155</u>		<u>3,17,77,018</u>
Tax Adjustment for earlier years			(80,51,831)		—
			<u>3,51,44,324</u>		<u>3,17,77,018</u>
APPROPRIATION & TRANSFERS					
Proposed Dividend @ 27.00% on Ordinary Shares (previous year @ 25%)			1,20,14,298		1,11,24,350
Provision for Dividend Tax			19,95,425		18,90,583
General Reserve			2,11,34,601		1,87,62,085
			<u>3,51,44,324</u>		<u>3,17,77,018</u>
NOTES ON ACCOUNTS	P				

This is the Profit & Loss Account referred to in our report of even date to the members of the Company.

For U. M. CHAUDHURI & CO.
Chartered Accountants
Sd/- A. B. Chaudhuri
Proprietor
Membership No. 002767
Kolkata, Dated, the 1st July, 2010

Sd/- Directors S. Bhattacharya, S. Das Gupta, B. P. Gupta,
R. N. Mukherji, R. Mukherjee, P. Roy,
R. Sengupta, H. Sengupta, S.C Basu
Executive Director Debarshi Duttgupta
Managing Directors A. K. Sen, D. Dutta Gupta
Mgr.- Proj. Fin. & C.S. Nirjhar Mukhopadhyay
Kolkata, Dated, the 1st July, 2010



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	5,89,32,537	4,73,03,720
Adjustments For :		
Depreciation/Amortisation	2,44,96,957	2,65,00,679
(Profit)/Loss on sale of Fixed Assets	(7,63,817)	(10,35,595)
Interest Received	(5,18,040)	(10,66,398)
Interest Paid	2,26,20,959	2,23,77,007
Operating Profit before working capital changes	10,47,68,596	9,40,79,413
(Increase)/Decrease in Inventories	(2,92,72,323)	(85,88,950)
(Increase)/Decrease in Trade & Other Receivables	(3,88,71,425)	(54,27,607)
Increase/(Decrease) in Trade Payables	3,96,68,222	(21,94,251)
Cash generated from operations	7,62,93,070	7,78,68,605
Direct Tax Paid	(2,57,91,476)	(1,62,75,305)
Net Cash Flow from Operating Activities	5,05,01,594	6,15,93,300
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,39,39,672)	(2,78,97,479)
Sale of Fixed Assets	19,24,883	20,56,640
Interest Received	5,18,040	10,66,398
Net Cash Flow from Investing Activities	(1,14,96,749)	(2,47,74,441)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/(repayment of) borrowings (net)	1,55,29,410	1,96,81,071
Payment of dividend and dividend tax	(1,30,14,933)	(1,17,13,440)
Interest Paid	(2,26,20,959)	(2,23,77,007)
Net Cash Flow from Financing Activities	(2,01,06,482)	(1,44,09,376)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	1,88,98,363	2,24,09,483
Cash & Cash Equivalents at the beginning of the year	6,80,17,008	4,56,07,525
Cash & Cash Equivalents at the end of the year	8,69,15,371	6,80,17,008

This is the Cash Flow Statement referred to in our report of even date to the members of the Company.

For U. M. CHAUDHURI & CO.
Chartered Accountants
Sd/- A. B. Chaudhuri
Proprietor
Membership No. 002767
Kolkata, Dated, the 1st July, 2010

Sd/- Directors S. Bhattacharya, S. Das Gupta, B. P. Gupta,
R. N. Mukherji, R. Mukherjee, P. Roy,
R. Sengupta, H. Sengupta, S.C Basu
Executive Director Debarshi Dutttagupta
Managing Directors A. K. Sen, D. Dutta Gupta
Mgr.- Proj. Fin. & C.S. Nirjhar Mukhopadhyay
Kolkata, Dated, the 1st July, 2010

SCHEDULES

referred to and forming part of the accounts

SCHEDULE A

Fixed Assets

	Land Rs.	Building Rs.	Machinery Rs.	Furniture & Fixture Rs.	Vehicles Rs.	Patents & Licences Rs.	Total Rs.
Cost as at 31st March, 2009	7,82,047	7,32,07,011	26,86,38,329	1,76,98,133	1,69,81,956	1,09,26,221	38,82,33,697
Additions during the year	—	63,14,421	90,66,029	14,01,438	46,11,399	24,22,191	2,38,15,478
Deletions	—	—	13,34,365	—	35,60,045	—	48,94,410
Cost as at 31st March, 2010(A)	7,82,047	7,95,21,432	27,63,69,993	1,90,99,571	1,80,33,310	1,33,48,412	40,71,54,765
Depreciation/Amortisation upto 31st March, 2009	—	2,25,38,283	20,08,77,963	1,13,06,776	86,56,907	28,78,770	24,62,58,699
Deletions	—	—	13,27,535	—	24,05,809	—	37,33,344
Depreciation/Amortisation for the year ended 31st March, 2010	—	47,33,414	1,43,15,248	19,36,233	24,55,144	10,56,918	2,44,96,957
Depreciation/Amortisation upto 31st March, 2010(B)	—	2,72,71,697	21,38,65,676	1,32,43,009	87,06,242	39,35,688	26,70,22,312
Written Down Value as on 31st March, 2010(A-B)	7,82,047	5,22,49,735	6,25,04,317	58,56,562	93,27,068	94,12,724	14,01,32,453
Fixed Assets as on 31st March, 2010	7,82,047	5,22,49,735	6,25,04,317	58,56,562	93,27,068	94,12,724	14,01,32,453
PREVIOUS YEAR	7,82,047	6,05,44,533	6,77,60,366	63,91,357	83,25,049	80,47,451	15,18,50,803

Schedules forming part of the accounts

SCHEDULE B

	Rs.	Year ended 31st March, 2010 Rs.	Rs.	Year ended 31st March, 2009 Rs.
Investment (at cost)				
A. Government Securities :				
Quoted : Rs. 27,475 (Face value Rs.37,700)				
Unquoted: Rs. 8,160		35,635		35,635
B. Trade (Unquoted) :				
5 Equity Shares of Capexil (Agencies) Ltd. (estimated realisable value Nil)		5,000		5,000
10,000 Equity Shares of Rs.10 each fully paid up – Adeiq International Ltd.		1,00,000		1,00,000
C. Subsidiary Company :				
9,950 Equity Shares of Rs.10 each fully paid up – Qasar Healthcare Pvt. Ltd.		99,500		99,500
		<u>2,40,135</u>		<u>2,40,135</u>
Market value of quoted Investment :				
(Lodged as Security Deposit – Face value Rs.14,400)		22,997		22,997

SCHEDULE C

Inventories

Stock (at lower of cost or net realisable value) :

Raw Materials	5,62,17,078	3,30,26,413
Materials-in-Process	65,01,271	51,85,271
Stock of Packaging Materials, etc.	1,99,08,006	1,88,10,798
Finished Goods	16,13,35,528	15,76,67,078
	<u>24,39,61,883</u>	<u>21,46,89,560</u>

SCHEDULE D

Sundry Debtors (Unsecured)

(a) Debts outstanding for a period exceeding six months:				
Considered good		1,17,29,432		2,54,10,213
Considered doubtful	53,68,330		51,54,801	
Less : Provision for doubtful debts	<u>53,68,330</u>	NIL	<u>51,54,801</u>	NIL
(b) Other Debts:				
Considered good		22,14,94,668		17,56,27,333
		<u>23,32,24,100</u>		<u>20,10,37,546</u>

Schedules forming part of the accounts

SCHEDULE E

	Rs.	Year ended 31st March, 2010 Rs.	Rs.	Year ended 31st March, 2009 Rs.
Cash and Bank Balances				
In Hand		6,79,648		4,40,549
With Scheduled Banks:				
In Current Accounts		8,45,34,205		6,59,32,897
In Fixed Deposit Accounts		<u>17,01,518</u>		<u>16,43,562</u>
		<u>8,69,15,371</u>		<u>6,80,17,008</u>

SCHEDULE F

Loans & Advances				
Unsecured & Considered Good :				
Advances recoverable in cash or kind		4,97,23,002		4,92,53,719
Deposit for tender, electricity, balance with Excise, etc.		<u>53,72,801</u>		<u>59,39,246</u>
		<u>5,50,95,803</u>		<u>5,51,92,965</u>

SCHEDULE G

Current Liabilities & Provisions

(i) Current Liabilities :

Sundry Creditors

(a) for Goods	12,43,79,640		9,44,88,125	
(b) for Other Liabilities	<u>11,90,08,113</u>	24,33,87,753	<u>10,86,81,394</u>	20,31,69,519

Unpaid Dividends*		88,68,645		94,85,027
Interest accrued but not due on loans		<u>23,02,638</u>		<u>22,36,268</u>
		<u>25,45,59,036</u>		<u>21,48,90,814</u>

(ii) Provisions :

For Dividends		1,20,14,298		1,11,24,350
For Tax on proposed Dividend		19,95,425		18,90,583
For Taxation (including FBT)	2,00,00,000		1,96,00,000	
Less : Advance Paid	<u>(1,14,59,755)</u>	<u>85,40,245</u>	<u>(65,38,078)</u>	<u>1,30,61,922</u>
		<u>27,71,09,004</u>		<u>24,09,67,669</u>

*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.



Schedules forming part of the accounts

SCHEDULE H

	Rs.	Year ended 31st March, 2010 Rs.	Rs.	Year ended 31st March, 2009 Rs.
Share Capital				
Authorised :				
1,00,00,000 Ordinary Shares of Rs. 10/- each		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued :				
44,50,765 Ordinary Shares of Rs. 10/- each		<u>4,45,07,650</u>		<u>4,45,07,650</u>
Subscribed and paid up :				
44,50,080 Ordinary Shares of Rs.10/- each fully called up		<u>4,45,00,800</u>		<u>4,45,00,800</u>
Less : Calls Unpaid		<u>3,401</u>		<u>3,401</u>
		<u>4,44,97,399</u>		<u>4,44,97,399</u>

Of the above shares 43,40,080 Ordinary Shares were issued as fully paid up Bonus Shares by capitalisation of Capital Redemption Reserve & General Reserve.

SCHEDULE I

Reserves and Surplus

General Reserve :				
As per last Balance Sheet	22,49,52,055		20,61,89,970	
Add: Transfer from Profit & Loss Account	<u>2,11,34,601</u>	<u>24,60,86,656</u>	<u>1,87,62,085</u>	22,49,52,055
Investment Fluctuation Reserve		10,000		10,000
Contingency Reserve		<u>80,00,000</u>		<u>80,00,000</u>
		<u>25,40,96,656</u>		<u>23,29,62,055</u>

Schedules forming part of the accounts

SCHEDULE J

	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
Secured Loan		
Cash Credit :		
From United Bank of India	11,90,00,627	9,56,77,686
From The Hongkong & Shanghai Banking Corporation Ltd.	2,36,21,664	2,28,02,744
From United Bank of India (Term Loan) (Phase II)	2,04,21,824	2,94,98,471
(All the above are secured by hypothecation of stock and book debts. In addition, the Company's immovable properties at Sarsuna, Pathakpara and Durgapur factories are mortgaged to UBI. United Bank of India is holding prior first charge on specific plant and machineries procured under Project for implementation of Schedule-M of GMP. The Hongkong & Shanghai Banking Corporation Limited has taken part as a consortium banker only in financing Working Capital of the Company. UBI has extended <i>pari passu</i> charge on the immovable properties mentioned aforesaid, to HSBC and both the bankers are now holding the joint charge on immovable properties.)		
From Kotak Mahindra Primus Ltd. (Secured against hypothecation of Vehicles financed by them)	6,96,050	NIL
From Family Credit Ltd. (Secured against hypothecation of Vehicles financed by them)	6,32,670	10,74,949
From ICICI Bank (Secured against hypothecation of Vehicles financed by them)	48,891	7,13,377
From HDFC Bank (Secured against hypothecation of Vehicles financed by them)	29,10,459	9,82,235
From Magma Fincorp Ltd. (Secured against hypothecation of Vehicles financed by them)	9,00,784	13,66,322
From Small Industries Development Bank of India * (Under Direct Discounting Scheme)	46,31,942	48,96,717
Unsecured Loan		
From Public Deposit Scheme	2,91,96,000	2,95,19,000
	<u>20,20,60,911</u>	<u>18,65,31,501</u>

*The amount paid by SIDBI has been secured by a second charge on the Company's immovable properties.



Schedules forming part of the accounts

SCHEDULE K

	Rs.	Year ended 31st March, 2010 Rs.	Rs.	Year ended 31st March, 2009 Rs.
Miscellaneous Receipts				
Interest*		5,18,040		10,66,398
Claim		7,63,348		63,516
Refund of Excise Duty		5,01,730		5,193
Profit/(Loss) on Sale of Fixed Assets		7,63,817		10,35,595
Other Receipts		<u>22,69,327</u>		<u>18,40,923</u>
		<u>48,16,262</u>		<u>40,11,625</u>

*Includes tax deducted at source Rs. 29,434 (Previous year : Rs. 52,465)

SCHEDULE L

Materials Consumed

Raw Materials :				
Opening Stock	3,30,26,413		4,01,36,005	
Add: Purchases	<u>29,29,95,745</u>		<u>25,42,37,730</u>	
	<u>32,60,22,158</u>		<u>29,43,73,735</u>	
Less: Closing Stock	<u>5,62,17,078</u>	26,98,05,080	<u>3,30,26,413</u>	26,13,47,322
Packaging Materials & Others :				
Opening Stock	1,88,10,798		1,90,06,252	
Add: Purchases	<u>11,63,20,075</u>		<u>10,84,94,215</u>	
	<u>13,51,30,873</u>		<u>12,75,00,467</u>	
Less: Closing Stock	<u>1,99,08,006</u>	11,52,22,867	<u>1,88,10,798</u>	10,86,89,669
Trading Goods		<u>40,01,046</u>		<u>21,71,001</u>
		<u>38,90,28,993</u>		<u>37,22,07,992</u>

SCHEDULE M

(Increase)/Decrease in Finished Goods & Materials-in-Process

Opening Stock :				
Finished Goods	15,76,67,078		14,32,34,577	
Materials-in-Process	<u>51,85,271</u>	16,28,52,349	<u>37,23,776</u>	14,69,58,353
Less: Closing Stock :				
Finished Goods	16,13,35,528		15,76,67,078	
Materials-in-Process	<u>65,01,271</u>	16,78,36,799	<u>51,85,271</u>	16,28,52,349
		<u>(49,84,450)</u>		<u>(1,58,93,996)</u>

Schedules forming part of the accounts

SCHEDULE N

	Year ended 31st March, 2010		Year ended 31st March, 2009
	Rs.	Rs.	Rs.
Manufacturing, Administrative and Selling Expenses			
Salaries, Wages & Bonus	24,65,07,048		22,55,23,950
Contribution to Provident Fund & Other Funds	5,12,38,238		4,47,74,747
Workmen & Staff Welfare Expenses	1,09,67,344		91,49,952
Freight & Handling	5,38,82,770		3,79,28,342
Insurance	29,25,487		26,88,495
Power & Fuel	3,33,19,993		2,82,77,307
Payment to Auditors	3,00,000		3,00,000
Publicity	1,38,67,110		1,31,29,124
Rates, Taxes & License fees	9,45,236		22,95,327
Rent	83,46,872		69,92,023
Bad Debts	3,84,217		26,12,556
Provision for Doubtful Debts	2,13,529		1,32,991
Conversion Charges	3,69,23,867		3,29,68,027
Commission to C & F Agents	1,94,83,319		1,97,67,756
Commission to Consignment Agents	26,468		21,909
Discount	1,33,56,039		1,17,30,406
Repairs:			
Machineries	74,83,899		43,59,796
Buildings	16,72,363	91,56,262	13,47,977
Sales Tax		5,38,13,775	4,81,71,245
Travelling		5,32,85,188	5,07,92,242
Miscellaneous		3,49,70,355	3,69,85,086
		<u>64,39,13,117</u>	<u>57,99,49,258</u>

SCHEDULE O

Interest & Bank Charges

Interest on Overdraft	1,19,96,659	1,09,91,593
Interest on Term Loans	24,09,245	36,51,694
Interest on Public Deposit Scheme	38,92,379	39,51,298
Interest on Other Loans & Bank Charges	43,22,676	37,82,422
	<u>2,26,20,959</u>	<u>2,23,77,007</u>



Schedules forming part of the accounts

SCHEDULE P

	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
Notes on Accounts		
1. Estimated outstanding commitments for Capital Expenditure not provided for	38,62,072	11,72,691
2. Contingent Liabilities not provided for :		
a) In respect of Income Tax matters (Disputed), (The I.T.A.T. reverted the appeal for the assessment year 1998-99 to the CIT(A) with a favourable decision, to the Company. For the assessment year 1996-97, the Appeal is pending before the Calcutta High Court, u/s 260A of the Income Tax Act. The Company is expecting a favourable judgement.)	71,09,551	71,09,551
b) Amount demanded by Central Excise Department : In respect of Central Excise Duty and Education Cess (The Company has got an order from the Commissioner (Appeals) in respect of the demand of Rs. 2,52,267 for the year ended on 31.03.2009. The matter has been settled in our favour as per order in Appeal No. 40/KOL-V/2009 dated 08.12.2009. The details of disputed statutory dues of Central Excise Duty as at 31st.March, 2010, which has not been admitted by the Company are as under : – pending with Asst. Commissioner of Central Excise, Kol-V Commissionerate Rs. 6,46,476 – pending with Commissioner (Appeals) of Central Excise, Kol-IV Rs. 57,07,628 The Company has obtained a stay order from the Commissioner (Appeals) in respect of demand of Rs. 57,07,628)	63,54,104	2,52,267
c) In respect of Sales Tax matters (Disputed), – the matter pending with Revision Board for the financial year 1997-98 has been settled in the favour of the Company vide order dated 14.12.2009	NIL	2,05,774
Items (a) and (b) are not acknowledged as debt by the Company.		
3. Application u/s 20 of Urban Land (Ceiling and Regulation) Act,1976 for exemption has been filed and is under consideration.		
4. i) Excise Duty is adjusted by value of 'CENVAT' for inputs consumed for production during the year.		
ii) In view of changes happening recently in circumstances, it is being felt necessary to contemplate policies regarding valuation of finished goods (Inventories) by providing for liabilities against excise duty in respect of the inventory lying at factory's non-duty paid godown. However, such accounting treatment has no impact on the year's revenue.		
5. Details of payment to Auditors :		
For Audit	2,50,000	2,50,000
For Tax Audit	50,000	50,000
For Others	NIL	NIL
	<u>3,00,000</u>	<u>3,00,000</u>

Schedules forming part of the accounts

SCHEDULE P (Contd.)

	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
6. Directors' Remuneration included in Schedule 'N' are :		
Salary	34,00,000	31,60,000
Commission	12,00,000	10,00,000
Other Benefits	8,66,353	7,68,046
Directors' Fees	80,000	80,000
	<u>55,46,353</u>	<u>50,08,046</u>
Computation of Net Profit u/s 349 of the Companies Act, 1956 and calculation of Directors' Commission :		
Profit before Taxation	5,89,32,537	4,73,03,720
Add : Directors' Remuneration	55,46,353	50,08,046
Add : Depreciation charged to Accounts	2,44,96,957	2,65,00,679
Add : Provision for Doubtful Debts	2,13,529	1,32,991
	<u>8,91,89,376</u>	<u>7,89,45,436</u>
Less : Depreciation u/s 350	2,44,96,957	2,65,00,679
Less : Capital Profit on Sale of Assets	7,63,817	10,35,595
Profit for the purpose of Directors' Commission	<u>6,39,28,602</u>	<u>5,14,09,162</u>
Maximum Commission payable to the Directors @ 2%	12,78,572	10,28,183
Actual Commission to the Directors	<u>12,00,000</u>	<u>10,00,000</u>

7. Disclosures on Related Parties :

(a) Related Party	Relationship
(i) Qasar Healthcare Private Limited	Subsidiary (Shareholding 99.5%)
(ii) Key Management Personnel	
Shri Amit Kumar Sen	Managing Director
Shri Dipankar Dutta Gupta	Managing Director
(iii) Relative of Key Management Personnel	
Shri Debarshi Duttgupta	Son of Shri Dipankar Dutta Gupta, Managing Director

(b) Transactions with Related Party during the period

	Subsidiary	Key Management Personnel	Relative of Key Management Personnel
Sale of Goods	Rs. 3,43,654	—	—
Receivables	Rs. 92,25,893	—	—
Remuneration	—	(Refer point no. 6)	Rs. 5,56,356

8. Licensed and Installed Capacities (per annum) with Production, Opening Stock, Closing stock and Turnover of Bulk Drugs :

	Unit	Annual Licensed Capacity (See Note)	Annual Installed Capacity (See Note)	Opening Stock Qty. Value (Rs. in lacs)	Production in 2009-2010	Closing Stock Qty. Value (Rs. in lacs)	Turnover in 2009-2010 Qty. Value (Rs. in lacs)
BULK DRUGS	Kg.	7,30,700	6,38,700				
(i) Captive consumption	Kg.			NIL	4,34,863	4,249	—
				NIL	(4,20,536)	67.21	—
(ii) Sales	Kg.			NIL	2,990	150	2,840
				NIL	(2,405)	1.54	(2,905)
							(26.18)

Production includes production at loan licencees' locations.



Schedules forming part of the accounts

SCHEDULE P (Contd.)

9. Details of Raw Materials consumed :	Unit	Quantity	Value (Rs. in lacs)
i) Organic Chemicals and Solvents	M.T.	1202.09 (1056.71)	764.26 (659.17)
	K.L.	NIL (NIL)	NIL (NIL)
ii) Inorganic Chemicals and Solvents	M.T.	285.17 (261.80)	1325.32 (1203.12)
iii) Vitamins	M.T.	0.37 (0.36)	8.65 (10.01)
iv) Hormones	Kg.	35.28 (67.81)	16.03 (24.89)
v) Others	—	—	583.79 (716.28)
			<u>2,698.05</u> <u>(2,613.47)</u>

The above includes the undernoted items with consumption above Rupees Fifteen Lacs in value.

Items	Unit	Quantity	Value (Rs. in lacs)
1. 4-Chloro 2-Amino Phenol	M.T.	70.45 (63.20)	221.80 (229.48)
2. Caustic Liquid	M.T.	141.94 (124.54)	22.30 (24.57)
3. Diastase (Purchased)	M.T.	7.65 (7.92)	57.32 (68.41)
4. Ferric Chloride	M.T.	59.70 (60.45)	24.36 (27.26)
5. Glycerine	M.T.	222.25 (213.02)	97.42 (155.56)
6. Hydrocortisone Acetate	Kg.	35.28 (67.81)	16.03 (24.89)
7. Iodine	M.T.	83.53 (76.81)	1278.66 (1151.29)
8. 4-Chloro 2-Nitro Phenol	M.T.	63.43 (54.71)	84.25 (85.79)
9. Paracetamol	M.T.	116.08 (57.54)	275.43 (138.25)
10. Propylene Glycol	M.T.	55.67 (38.02)	56.36 (48.12)
11. Sorbitol	M.T.	406.55 (385.14)	135.33 (142.57)
12. Starch	M.T.	114.17 (101.21)	31.88 (25.50)
13. Sodium Sulphacetamide (Purchased)	M.T.	3.20 (2.74)	32.12 (26.26)
14. Sugar	M.T.	263.84 (238.38)	90.38 (59.01)

Schedules forming part of the accounts

SCHEDULE P (Contd.)

10. (i) Capacities, Production (including samples), Opening Stock, Closing Stock and Turnover of Formulations :

	Unit	Annual Installed Capacity (See Note)	Opening Stock Qty. Value (Rs. in lacs)	Production in 2009-2010	Closing Stock Qty. Value (Rs. in lacs)	Turnover in 2009-2010 Qty.	Value (Rs. in lacs)
(a) Liquid	Lit.	72,62,930	4,43,799 839.55	18,93,493 (18,67,332)	4,47,554 888.52	18,14,021 (18,72,301)	5349.34 (5237.76)
(b) Solid	Kg.	1,91,500	NIL NIL	NIL (NIL)	NIL NIL	NIL (NIL)	NIL (NIL)
(c) Ointment	Kg.	3,45,620	5,951 59.80	13,250 (20,439)	5,270 66.63	12,956 (15,416)	150.72 (181.08)
(d) Tablets (in Nos.)	Crores	246	6.22 335.41	98.13 (84.44)	6.45 344.29	97.44 (83.19)	5131.21 (4373.91)
(e) Capsules (in Nos.)	Crores	18.62	1.56 322.95	2.25 (3.29)	0.90 264.96	2.60 (2.51)	586.03 (564.88)
(f) Injectables	Lit.	29,900	73 2.14	4,803 (2,789)	858 28.01	3,999 (3,926)	222.45 (224.80)
(g) Others	—	—	—	—	—	—	NIL (NIL)
(h) Spirituous	Lit.	3,60,000	Nil Nil	Nil (Nil)	Nil Nil	Nil (Nil)	Nil (Nil)
(i) Non-Spirituous	Lit.	1,44,000	Nil Nil	Nil (Nil)	Nil Nil	Nil (Nil)	Nil (Nil)
							11,439.75 (10,582.43)

Production includes production at loan licencees' locations.

(ii) Trading Goods :

	Unit	Opening Stock Qty. Value (Rs. in lacs)	Purchase in 2009-2010 Qty.	Closing Stock Qty. Value (Rs. in lacs)	Turnover in 2009-2010 Qty.	Value (Rs. in lacs)
(a) Liquid	Lit.	NIL NIL	1967 (NIL)	290 0.79	1677 (NIL)	4.45 (NIL)
(c) Ointment	Kg.	NIL NIL	NIL (NIL)	NIL NIL	NIL (NIL)	NIL (NIL)
(d) Tablets (in Nos.)	Lacs	3.41 16.82	11.24 (4.46)	8.32 17.27	5.98 (1.04)	41.06 (12.65)
(e) Capsules (in Nos.)	Lacs	NIL NIL	4.87 (NIL)	1.11 1.35	3.77 (NIL)	9.85 (NIL)
(f) Injectables	Lit.	NIL NIL	NIL (NIL)	NIL NIL	NIL (NIL)	NIL (NIL)
(g) Others*	—	— NIL	* NIL	— NIL	—	NIL (NIL)
						55.36 (12.65)

* Quantity in respect of Miscellaneous items could not be ascertained.



Schedules forming part of the accounts

SCHEDULE P (Contd.)

11. Value of Imports (CIF value) during the year :

(a) Raw Materials	Rs. 1117.68 lacs (Rs. 844.76 lacs)
(b) Spare Parts	NIL (NIL)
(c) Capital Goods	Rs. 5.52 lacs (NIL)

12. Value of imported and indigenous raw materials, spare parts and components consumed during the year :

	Consumption during 2009-2010	% to Total
(a) Imported raw materials, spare parts and components (valued at total cost i.e. C.I.F. plus Duty, etc.)	Rs. 1,278.66 lacs (Rs. 1,186.51 lacs)	32.21% (32.06%)
(b) Indigenously acquired (including items acquired through Government Agencies) raw materials, spare parts and components.	Rs. 2,571.62 lacs (Rs. 2,513.86 lacs)	66.79% (67.94%)
	<u>Rs. 3,850.28 lacs</u> (Rs. 3,700.37 lacs)	

13. Expenditure in foreign currencies (on payment basis) :

(a) On account of travelling	Rs. 10,52,283	(Rs. 8,42,788)
(b) On account of patents and licences	Rs. 24,22,191	(Rs. 32,75,830)
(c) On account of other matters	Rs. 34,089	(Rs. 40,595)
(d) On account of royalty	Rs. 47,110	(NIL)

14. Research & Development expenditure debited to :

(a) Fixed Assets	Rs. 6,25,835	(Rs. 13,10,900)
(b) Profit & Loss Account	Rs. 95,19,824	(Rs. 1,43,88,787)

15. Amount of exchange difference (net) debited / credited to Profit & Loss Account

Rs. 4,31,384 Debit (Rs. 1,47,738 Debit)

16. Earnings in foreign currencies

Rs. 1,42,55,362 (Rs. 16,57,372)

17. Figures for the previous years have been rearranged and regrouped, where necessary.

18. (a) Total amount outstanding to Small Scale Industrial Undertaking as on 31.03.2010 is Rs. 1,47,33,680 (Rs. 1,41,98,774).

(b) The particulars of small-scale industries as defined under Micro, Small & Medium Enterprises Development Act, 2006 have been furnished to the extent such parties have been identified on the basis of information available with the Company. Names of Small Scale Industrial Undertaking to whom the Company owe a sum which is outstanding for more than 30 days as on 31.03.2010 are as follows :

(i) Autofits	(xii) Packwell Industries
(ii) B. D. Enterprises	(xiii) Profulla Box Mfg. Co. Pvt. Ltd.
(iii) Classic Bottle Caps Private Limited	(xiv) Printco
(iv) Coloprint	(xv) Progressive Plastics Industries
(v) Colour Printing & Packaging	(xvi) RPJ Packaging Private Limited
(vi) Fenoplast Limited	(xvii) Sangido Enterprises
(vii) Flutepack	(xviii) Senco Enterprises
(viii) Modern Packaging (Hyderabad) Pvt. Ltd.	(xix) Synchronise Scientific Glass Works Pvt. Ltd.
(ix) National Box Co.	(xx) Take Plast
(x) National Packaging Industries	(xxi) Vesat Plastic
(xi) New City Box Co.	(xxii) Wide Angle Packaging System Pvt. Ltd.

Schedules forming part of the accounts

SCHEDULE P (Contd.)

19. Figures in brackets, wherever they occur in Schedule P, indicate last year's figures.

20. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Accounting :**

The accounts have been prepared on the principles of historical costs, and going concern basis.

b) **Revenue Recognition :**

All revenues are generally recognised on accrual basis. Sales value is stated inclusive of Excise Duty and Sales Tax.

c) **Fixed Assets :**

Fixed assets, including those utilised in R&D activities, are capitalised at cost of acquisition value inclusive of freight inward, duties and taxes and incidental expenses (Net of 'CENVAT', wherever applicable)

d) **Borrowing Costs :**

Borrowing costs are recognised as expense in the period in which they are incurred.

e) **Depreciation :**

Depreciation on original cost has been provided on the Written Down Value basis at the rates as per Schedule XIV and read with Section 350 of the Companies Act, 1956. Patent and Licence Fees are amortised over the useful life of the asset, as estimated by the Management.

f) **Research and Development Expenses :**

Revenue expenditure on Research and Development is charged to Profit and Loss Account in the year in which it is incurred. Expenditure of capital nature are capitalised.

g) **Inventories :**

Inventories are valued at lower of costs and estimated net realisable value. Cost of finished goods represent the cost of materials, labour, excise duty and factory overheads. Raw materials and Materials-in-process are valued on the basis of Weighted Average Cost. 'CENVAT' credit receivable against inputs are adjusted with Excise Duty as stated in Note 4(i).

h) **Proposed Dividend :**

Dividend proposed by the Directors pending approval at the Annual General Meeting is provided for in the Books of Account.

i) **Retirement Benefits :**

(i) Contribution to recognised Provident Fund/Pension Fund are charged to revenue. Approved Superannuation Scheme and Gratuity Fund under Group Gratuity Scheme are with Life Insurance Corporation of India and are also charged to revenue. Liability for Gratuity is determined on the basis of actuarial valuation by Life Insurance Corporation.

(ii) Leave encashment benefits are provided for on an actuarial/accrual basis.

j) **Transactions in Foreign Currencies** are accounted for at exchange rates prevailing at the time the transactions took place.

k) **Taxes on Income :**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax liabilities/assets are recognised at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

For U. M. CHAUDHURI & CO.
Chartered Accountants
Sd/- A. B. Chaudhuri
Proprietor
Membership No. 002767
Kolkata, Dated, the 1st July, 2010

Sd/- S. Bhattacharya, S. Das Gupta, B. P. Gupta,
Directors R. N. Mukherji, R. Mukherjee, P. Roy,
R. Sengupta, H. Sengupta, S.C Basu
Executive Director Debarshi Duttagupta
Managing Directors A. K. Sen, D. Dutta Gupta
Mgr.- Proj. Fin. & C.S. Nirjhar Mukhopadhyay
Kolkata, Dated, the 1st July, 2010



**STATEMENT IN ACCORDANCE WITH THE PROVISIONS OF SECTION 212 OF
THE COMPANIES ACT, 1956**

1. Name of the subsidiary Company : QASAR HEALTHCARE PRIVATE LIMITED
2. The financial year of the subsidiary Company ended on : 31st March, 2010
3. Extent of the interest of the Company in its subsidiary at the end of the financial year : 9,950 Equity Shares of Rs. 10/- each, fully paid up.
4. (a) The net aggregate amount of Profits/(Losses) not dealt in the Holding Company's account :
 - (i) For the financial year ended 31st March, 2010 — (Rs. 8,59,441)
 - (ii) Previous year — (Rs. 15,97,912)
- (b) The net aggregate amount of Profits/(Losses) dealt with in the Company's account :
 - (i) For the financial year ended 31st March, 2010 — Nil
 - (ii) Previous year — Nil

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Information pursuant to Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.	8598
State Code	21
Balance Sheet Date	31st March, 2010

II. Capital raised during the year (Rs. in '000)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Rs. in '000)

Total Liabilities	7,77,764
Total Assets	7,77,764
Sources of Funds :	
Paid-up Capital	44,497
Reserves & Surplus	2,54,097
Secured Loan	1,72,865
Unsecured Loan	29,196
Current Liabilities & Provisions	2,77,109
Application of Funds :	
Net Fixed Assets	1,40,133
Investments	240
Current Assets, Loans and Advances	6,19,197
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil
Deferred Tax Asset	18,194

IV. Performance of the Company (Rs. in '000)

Turnover	11,57,209
Total Expenditure	10,98,276
Profit Before Tax	58,933
Profit After Tax	35,144
Earning per Share (Rs.)	7.90
Dividend Rate (%)	27

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

(i) Item Code No.	30049029
Product Description	IODOCHLOROHYDROXYQUINOLINE
(ii) Item Code No.	30049084
Product Description	ENZYME SYRUP
(iii) Item Code No.	30045010
Product Description	IRON SYRUP



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Andhra Pradesh					
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Assam					
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Orissa					
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West Bengal					
Kolkata Branch					
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Vadodara - 390 018
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M/S MEHADIA & SONS

H.No. 1195/96/97, W.No. 5, Block-E
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E-mail : mehadianjadi@satyam.net.in

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Thane - 421 302
Phone No. : (02522) 307575
Fax : 02522-307500
E-mail : sklogistics@sk1932.com

M/S PAREKH INTEGRATED SERVICES PVT. LTD.

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E-mail : vpsrivastava@parekhgroup.net

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BOARD OF DIRECTORS

Mr. Amit Kumar Sen
Mr. Dipankar Dutta Gupta
Mr. Subrata Ray
Mr. Nirjhar Mukhopadhyay
Mr. Debarshi Duttagupta

REGISTERED OFFICE

102, S. P. Mukherjee Road, 3rd Floor
Kolkata 700 026
Phone : 91 33 22873004/7/9, 24552490
Fax : 91 33 22873853/4289

AUDITORS

APS Associates
Chartered Accountants
3-C, Madan Street, (1st Floor)
Kolkata 700 072

PRINCIPAL BANKER

United Bank of India
Hazra Road Branch
53, S. P. Mukherjee Road
Kolkata 700 026



QASAR HEALTHCARE PRIVATE LIMITED

(A subsidiary of East India Pharmaceutical Works Limited)



DIRECTORS' REPORT

The Directors present their report for the year ended on 31st March, 2010. During the year under review, the operation resulted in a loss of Rs. 8,59,441/- as against a loss of Rs. 15,97,912/- of the previous year. The turnover declined from Rs. 18,73,364/- to Rs. 13,45,127/-.

The stock in hand declined from Rs. 16,47,761/- (31.03.2009) to NIL on 31.03.2010. As stated in last years report, the Parent Company has taken over the marketing and distribution of all the products of QASAR by creating "Wellness Division", during the financial year.

The loss for the year under review as reported above was Rs. 8,59,441/- which when added to the brought forward loss of Rs. 81,40,781/- comes to Rs. 90,00,222/- which is being carried forward. In view of the accumulated loss, no dividend is being declared.

In terms of the Articles of Association of the Company, all the Directors retire and being eligible offer themselves for re-election.

Our Auditors, M/s. APS Associates, Chartered Accountants, retire at this meeting and are eligible for reappointment.

There were no employees covered by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that :

- i) While preparing Annual Accounts the applicable accounting standards have been followed with no material departure.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the loss of the Company for the financial year.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

1. CONSERVATION OF ENERGY : Not applicable.

FORM A - Form for disclosure of particulars with respect to conservation of energy.

A. Power & Fuel Consumption : Not applicable.

B. Energy consumption per unit of production : Not applicable.

FORM B - Form for disclosure of particulars with respect to Research & Development and Technology absorption.

A. Research and Development (R&D)

1. Specific areas in which R&D is carried out : Not applicable.

2. Benefits derived as a result of R&D : Not applicable.

3. Future Plan of Action : Not applicable.

B. Technology Absorption, Adaptation and Innovation : Not applicable.

2. FOREIGN EXCHANGE EARNINGS & OUTGO :

Earned — Nil (Previous Year : Nil)

Outgo — Nil (Previous Year : Nil)

Kolkata,

Dated, the 25th June, 2010

Sd/- A. K. Sen, D. Dutta Gupta,
Directors S. Ray, N. Mukhopadhyay, Debarshi Duttagupta

AUDITORS' REPORT

To The Members of QASAR HEALTHCARE PRIVATE LIMITED

1. We have audited the attached Balance Sheet of QASAR HEALTHCARE PRIVATE LIMITED as at 31st March, 2010 and the Profit & Loss Account 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from all the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 ;
 - and
 - b) in case of the Profit and Loss Account, of the loss for the year ended on that date.

Kolkata,
Dated, the 25th June, 2010

Sd/- A.Dutta
Partner
For and on behalf of
APS ASSOCIATES
Chartered Accountants
Membership No. FCA 17693



Auditors' Report

ANNEXURE TO AUDITORS' REPORT

To The Members of QASAR HEALTHCARE PRIVATE LIMITED

Refer paragraph 3 of our report of even date

1. The Company does not have any fixed assets.
2. The Company's stock-in-trade were held by C & F Agents during the year. There is no stock at the year end.
3. The Company has maintaining proper records of its stock-in-trade during the year.
4. a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained u/s 301 of the Act. In view of this, particulars of sub clauses (b), (c) and (d) are not applicable.
e) (i) The Company has not taken any loan from any company, firm or other party covered in the register maintained u/s 301 of the Companies Act.
(ii) In view of this, particulars of sub clauses (f) and (g) are not applicable.
5. According to the information and explanations provided by the management, we are of opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. The Company is regular in payment of its statutory dues and there are no arrears of outstanding statutory dues for a period of more than six months.
8. The Company's accumulated loss as on 31st March, 2010 is more than 50% of its net worth and the Company has incurred cash loss during the year ended 31st March, 2010. The Company also incurred cash loss in the immediately preceding financial year ended 31st March, 2009.
9. According to the information given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
10. In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
11. In our opinion, the Company does not deal or trade in shares, securities, debentures or other investments.
12. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
13. The Company has not made any preferential allotment of shares during the year.
14. The Company has not issued any debentures during the year.
15. The Company has not raised any money by way of public issue during the year.
16. 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.

In our opinion other matters specified in the Order are not applicable to the Company.

Kolkata,
Dated, the 25th June, 2010

Sd/- A.Dutta
Partner
For and on behalf of
APS ASSOCIATES
Chartered Accountants
Membership No. FCA 17693

QASAR HEALTHCARE PRIVATE LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2010

	Schedule	Year ended 31st March, 2010		Year ended 31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Share Holders' Fund :					
Share Capital	A		<u>1,00,000</u>		<u>1,00,000</u>
APPLICATION OF FUNDS					
Current Assets, Loans & Advances :					
Current Assets		3,18,446		21,80,198	
Loans and Advances		<u>30,904</u>		<u>31,902</u>	
		3,49,350		22,12,100	
Less : Current Liabilities and Provisions :	C	<u>92,49,572</u>	<u>(89,00,222)</u>	<u>1,02,52,881</u>	<u>(80,40,781)</u>
Profit and Loss Account			<u>90,00,222</u>		<u>81,40,781</u>
			<u>1,00,000</u>		<u>1,00,000</u>
Notes on Accounts	D				

This is the Balance Sheet referred to in our report of even date.

Sd/-A.Dutta
Partner
For and on behalf of
APS ASSOCIATES
Chartered Accountants
Membership No. FCA 17693
Kolkata, Dated, the 25th June, 2010

Sd/- A. K. Sen, D. Dutta Gupta,
Directors S. Ray, N. Mukhopadhyay, Debarshi Duttagupta
Kolkata, Dated, the 25th June, 2010



QASAR HEALTHCARE PRIVATE LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
INCOME		
Sales	13,45,127	18,73,364
Miscellaneous Receipts	4,163	14,375
Adjustment relating to earlier year	1,14,908	—
Closing Stock	—	16,47,761
	14,64,198	35,35,500
EXPENDITURE		
Opening Stock	16,47,761	32,56,865
Purchase	3,43,654	9,25,568
Re-distribution Expenses	1,35,652	5,47,909
Commission to C&F Agents	1,08,415	2,68,267
Sales Tax	18,945	48,466
Insurance	8,604	48,111
Bank Charges	2,752	5,626
Filing Fees	2,700	300
Legal Expenses	22,530	7,500
Taxes & Licences	5,900	6,915
Auditors' Remuneration	13,236	13,236
Bad Debts	13,490	—
Miscellaneous Expenses	—	4,649
	23,23,639	51,33,412
PROFIT / (LOSS) BEFORE TAX	(8,59,441)	(15,97,912)
NET PROFIT / (LOSS)	(8,59,441)	(15,97,912)
Profit / (Loss) Brought Forward	(81,40,781)	(65,42,869)
BALANCE CARRIED TO BALANCE SHEET	(90,00,222)	(81,40,781)
NOTES ON ACCOUNTS : SCHEDULE – 'D'		

This is the Profit and Loss Account referred to in our report of even date.

Sd/-A.Dutta
Partner
For and on behalf of
APS ASSOCIATES
Chartered Accountants
Membership No. FCA 17693
Kolkata, Dated, the 25th June, 2010

Sd/- A. K. Sen, D. Dutta Gupta,
Directors S. Ray, N. Mukhopadhyay, Debarshi Duttagupta
Kolkata, Dated, the 25th June, 2010

QASAR HEALTHCARE PRIVATE LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.

SCHEDULE A

SHARE CAPITAL

Authorised :				
1,00,000 Equity Shares of Rs. 10/- each		<u>10,00,000</u>		<u>10,00,000</u>
Subscribed & Paid-up :				
10,000 Equity Shares of Rs. 10/- each (of the above 9,950 Equity Shares are held by EAST INDIA PHARMACEUTICAL WORKS LIMITED, the Holding Company)		<u>1,00,000</u>		<u>1,00,000</u>
Total		<u>1,00,000</u>		<u>1,00,000</u>

SCHEDULE B

CURRENT ASSETS, LOANS & ADVANCES

1. Current Assets :

Balance with United Bank of India				
In Current Account with :-				
Hazra Road Branch		<u>1,72,323</u>		75,990
Dum Dum Park Branch		<u>8,441</u>		37,744
Raipur Branch		<u>166</u>		6,226
Lucknow Branch		<u>83,645</u>		2,32,158
Indore Branch		<u>418</u>		5,078
Patna Branch		<u>119</u>		22,279
In Fixed Deposit Account		<u>50,000</u>		50,000
Stock in Trade (As certified by Management)		—		16,47,761
Sundry Debtors :-				
Debts exceeding six months		<u>3,334</u>	12,413	
Other Debts		—	<u>90,549</u>	<u>1,02,962</u>
		<u>3,18,446</u>		<u>21,80,198</u>

2. Loans & Advances :

Pre-paid Expenses		—		5,072
Security Deposit		<u>15,000</u>		15,000
Interest Receivables		<u>15,904</u>		11,830
		<u>30,904</u>		<u>31,902</u>

Total (1+2)		<u>3,49,350</u>		<u>22,12,100</u>
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QASAR HEALTHCARE PRIVATE LIMITED

Year ended
31st March, 2010
Rs.

Year ended
31st March, 2009
Rs.

SCHEDULE C

CURRENT LIABILITIES & PROVISIONS

Current Liabilities :

Sundry Creditors for Goods	92,25,893	1,00,15,847
Outstanding liabilities for Expenses	23,679	1,26,344
Advance from Customers	—	1,10,690
Total	<u>92,49,572</u>	<u>1,02,52,881</u>

Sd/-A.Dutta
Partner
For and on behalf of
APS ASSOCIATES
Chartered Accountants
Membership No. FCA 17693
Kolkata, Dated, the 25th June, 2010

Sd/- A. K. Sen, D. Dutta Gupta,
Directors S. Ray, N. Mukhopadhyay, Debarshi Dutttagupta
Kolkata, Dated, the 25th June, 2010

QASAR HEALTHCARE PRIVATE LIMITED

Notes on Accounts 2009-2010

SCHEDULE D

1. Significant Accounting Policies :-

- The Accounts have been prepared on the principals of historical cost and going concern basis.
- Domestic Sales are inclusive of Value Added Tax. No seperate accounting for VAT is made in view of specific provision in the relevant Act for medicines, except for sales effected in Uttar Pradesh.
- Export Sales, if any, are considered at exchange rate prevalent at the time of despatch. Fluctuation in the exchange rate is accounted for on realisation basis.
- Stocks are valued at cost.
- Accounts are prepared on mercantile basis.

2. Details of Purchase, Sales and Closing Stock :-

ITEM/UNIT	FOR THE YEAR	OPENING STOCK		PURCHASE		SALES		CLOSING STOCK	
		Qty.	Value(Rs.)	Qty.	Value(Rs.)	Qty.	Value(Rs.)	Qty.	Value(Rs.)
Hepnar	2009-10	4,004	1,68,615	224	7,771	4,228	1,60,900	—	—
200 ml.	2008-09	5,755	2,49,324	17,160	7,24,461	18,911	6,84,906	4,004	1,68,615
Kafbin	2009-10	3,136	87,962	16,718	4,61,612	19,854	4,70,896	—	—
100 ml.	2008-09	7,489	2,14,104	7,040	2,01,107	11,393	2,52,604	3,136	87,962
Lozenges	2009-10	9,753	13,91,184	(802)	(1,25,729)	8,951	7,13,331	—	—
Jar-200 pcs.	2008-09	19,348	27,93,437	—	—	9,595	9,35,854	9,753	13,91,184
	2009-10		16,47,761		3,43,654		13,45,127		—
	2008-09		32,56,865		9,25,568		18,73,364		16,47,761

Note : Sales is net of returns but inclusive of free samples and breakages/damages.

3. Related Party Disclosures as per Accounting Standard 18

- Name of Related Party : East India Pharmaceutical Works Ltd. (EIPWL)
- Nature of Relation : Holding Company
- Value of Transactions with the Related Party : (i) Rs. 3,43,654 being net value of goods purchased
(ii) Rs. 92,25,893 being balance payable

4. Disclosure as per Accounting Standard 20

- Net Earnings for the year : NIL
- No. of Shares : 10,000
- Earnings per share : NIL

5. In view of uncertainty in future profit, no Deferred Tax Asset has been recognised.

6. Since the Company has no employee, AS-15 (Revised) is not applicable.

7. As on the date of the Balance Sheet there has been no impairment of any asset as mentioned in AS - 28.

8. Previous years' figures have been regrouped and re-arranged, wherever necessary.

Sd/-A.Dutta

Partner

For and on behalf of

APS ASSOCIATES

Chartered Accountants

Membership No. FCA 17693

Kolkata, Dated, the 25th June, 2010

Sd/- A. K. Sen, D. Dutta Gupta,
Directors S. Ray, N. Mukhopadhyay, Debarshi Duttagupta
Kolkata, Dated, the 25th June, 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.

5 8 6 0 5

State Code

2 1

Balance Sheet Date

3 1 0 3 2 0 1 0

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issues *

N I L

Rights Issue

N I L

* Issues on conversion of Warrant / GDRs

Bonus Issues

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

9 3 4 9

Total Assets

9 3 4 9

Sources of Funds

Paid-up Capital

1 0 0

Reserves & Surplus

N I L

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

N I L

Investments

N I L

Net Current Assets

(-) 8 9 0 0

Misc. Expenditure

N I L

Accumulated Losses

9 0 0 0

IV. Performance of Company (Amount in Rs. Thousands)

Turnover **

1 3 4 9

Total Expenditure

2 3 2 4

**Includes Other Income

+

-

Profit/Loss Before Tax

✓ (-) 8 5 9

+

-

Profit/Loss After Tax

✓ 8 5 9

(Please tick appropriate box + for profit, - for loss)

Earning per Share (in Rs.)

N I L

Dividend Rate %

N I L

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.
(ITC Code)

N O T A P P L I C A B L E

Product
Description

T R A D I N G O F M E D I C I N E S E T C.

Item Code No.
(ITC Code)

N A

Product
Description

N A

Item Code No.
(ITC Code)

N A

Product
Description

N A