

19th ANNUAL REPORT 2010 - 11

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।
मा कर्मफलहेतुर्भूर्मा ते सङ्गोऽस्त्वकर्मणि ॥



Global solution for contract manufacturing



KILITCH DRUGS (INDIA) LTD.



KILITCH DRUGS (INDIA) LTD.

A responsible corporate citizen.



Smile on the face of Ms. Sessy from Ethiopia, whose surgery was sponsored by Eyekare Kilitch Ltd.



The product display during the launch of Eyekare Kilitch Ltd.



CHAIRMAN'S MESSAGE.....!!

“Progress, of the best kind, is comparatively slow. Great results cannot be achieved at once; and we must be satisfied to advance in life as we walk, step by step.” - Samuel Smiles

I have pleasure to communicate with you the performance of our Company in 2010-2011.

It was a year of high volatility over entire world & the scenario in Indian Pharma market too was no different. In spite of that our company did very well in the year under reference & dominated the contract work for injectable market, which is our core competence.

Due to the steep rise in ancillary cost & staff salaries there is marginal decrease in net profit but I am confident with the measures being taken, we will do well in current year.

*Our subsidiary i.e. Eyekare Kilitch Ltd. is doing well & in the financial year 2011-12, we expect to spread our wings all over India. Eyekare provides world class eye-care products. **Mr. Ashok Vij** (Ex-Director Ranbaxy) joined Eyekare Kilitch Ltd as Director - marketing, not being a Board Member, a few months back. He comes with enormous experience of 41 years in Marketing. I am sure that under his able leadership, Eyekare Kilitch Limited will scale new heights in India and abroad.*

Products of Eyekare Kilitch Limited have been well applauded by Ophthalmic fraternity. As a result of product quality of international standards, it received overwhelming support from them.

As mentioned to you in the past, thrust on exports continued further and new markets like Russia, Ukraine, Kazakhstan, Vietnam & host of African countries besides G.C.C countries have been covered and Product Dossiers are being submitted or products are being registered. Our Company expects to do well on export front in the coming years.

As a social responsibility, Eyekare Kilitch Limited, our subsidiary, took an initiative for free Eye surgeries in ETHIOPIA and these free Eye surgeries were performed by Doctors who are also on the Board of Eyekare.

Our hormone & carbapenems facility is in the final stage to start operation. After the starting of above facility our Company will be one of the largest manufacturers of injectable in India.

I thank you for the support extended by all of you and wish all of you a prosperous future.

Pratap K.Mehta



19TH ANNUAL REPORT 2010 -11

BOARD OF DIRECTORS

PRATAP K. MEHTA (Chairman)
MUKUND P MEHTA (Managing Director).
PARESH P MEHTA (Joint Managing Director).
BHAVIN M. MEHTA (Director)
MUKESH SHAH (Director)

NEELIMA A. WAINGANKAR (Wholetime Director)(MRS.)
PANKAJ KAMDAR (Director)
SHAILESH CHHEDA (Director)
HEMANG ENGINEER (Director)

CORE MANAGEMENT TEAM

MUKUND P.MEHTA Managing Director
PARESH P.MEHTA Joint Managing Director
BHAVIN M. MEHTA Director Business Development

POANTA PLANT
M. AGASHIWALA Sr. VP Operations
PRADYUMNA PANDE GM- Mechanical
A. N. MISHRA SR. DGM

MUMBAI PLANT
YAJURVEDI General Manager
JAYANT MADARKAR Factory Manager

EYEKARE CORE TEAM

ASHOK VIJ (Director-Marketing) [Not being Board Member]
MIRA MEHTA President

AUDITORS

R.N.R. IYER & CO.

COMPANY SECRETARY

Kanika Bareja

BANKERS

THE SHAMRAO VITHAL CO-OP BANK LTD.
AXIS BANK LTD
STATE BANK OF INDIA
ICICI BANK LTD.

REGISTERED OFFICE

C-301/2, M.I.D.C. TTC Industrial Area,
Pawane Village, Thane. 400 705
Tel.: 022-27670322, 27680913, 65144185
Fax: 022-27680912

ADMINISTRATIVE OFFICE

Ujagar Industrial Estate, Unit No. 37,
W.T. Patil Marg, Deonar, Mumbai - 400 088
Tel.: 022-67033322 / Fax: 022-67031658
Website: www.killitch.com
e-mail: info@killitch.com

REGISTRARS & 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 / Fax: 022-25946969

CORPORATE

NEELIMA A.WAINGANKAR (MRS.)
VP Corporate QA/QC
DEEPU K. PANANKATTIL
VP International Marketing

CONTENTS

Kilitch Drugs (India) Limited

Notice	03
Directors Report & MDA	07
Corporate Governance Report	12
Auditors Report	20
Balance Sheet	22
Profit & Loss A/c	23
Schedules	24
Notes Forming Part of the accounts	29
Balance Sheet abstract	33
Cash flow statement	34

Eyekare Kilitch Limited

Directors Report	36
Compliance Certificate	37
Auditors Report	40
Balance Sheet	42
Profit & Loss A/c	43
Schedules	44
Notes Forming Part of the accounts	46
Cash flow statement	49

Consolidated Financial Statements

Auditors Report	51
Balance Sheet	53
Profit & Loss A/c	53
Schedules	54
Notes Forming Part of the accounts	59
Cash flow statement	62

DEMATERIALISATION OF SHARES

The Equity Shares of the Company are available for Dematerialisation. Shareholders are requested to take appropriate steps to convert their holdings from physical mode to electronic mode. The ISDN No. is 729D01010

ATTN : SHAREHOLDERS

As informed through 19th Annual Report please send all communication including any request for change of address and Share transfer to the Registrars' Office Shareholder seeking information of accounts published here in are requested to furnish their queries to the Company at least 10 days before the date of meeting 19th Annual General Meeting on Saturday the 10th September, 2011 at 9.00 a.m. at Registered Office of the Company.

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of **KILITCH DRUGS (INDIA) LIMITED** will be held at C-301/2, MIDC, TTC Industrial Area, Pawane Village, Thane: 400701 on **Saturday, 10th September 2011 at 9.00 A.M.** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To consider declaration of dividend.
3. To appoint a Director in place of Mr. Bhavin Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pankaj Kamdar who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. RNR Iyer & Co., Chartered Accountants as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the re-appointment of **Mr. Mukund Mehta** as the **Managing Director** of the Company for the term of **five years commencing from 30th September, 2011 and ending on 29th September, 2016** upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Mukund Mehta.”

“RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further

subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the re-appointment of **Mr. Paresh Mehta** as the **Whole time Director** designated as **Joint Managing Director** of the Company for the term of **Five years commencing from 30th September, 2011 and ending on 29th September, 2016** upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Paresh Mehta.”

“RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the re-appointment of **Mrs. Neelima Waingankar** as the **Whole time Director** of the Company for the term of **Five years commencing from 27th January, 2012 and ending on 26th January, 2017** upon the terms and conditions including remuneration as set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mrs. Neelima Waingankar.”

“RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits.”

“RESOLVED FURTHER THAT the Board of Directors of the

Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution.”

**For and On behalf of the
Board of Directors**

**Place : Mumbai
Date : 25/07/2011**

**MUKUND MEHTA
MANAGING DIRECTOR**

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

- 2) The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, 23rd August 2011 to Tuesday, 30th August 2011** (both days inclusive)
- 3) Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- 4) All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
- 5) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- 6) Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 for all the items under Special Business is annexed to the Notice.
- 7) For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.
- 8) IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
- 9) Members are requested to bring their copies of the reports to Annual General Meeting.
- 10) Members holding shares in physical form in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.
- 11) In order to exercise strict control over the transfer documents,

members are requested to send the transfer documents/ correspondence, if any, directly to:

**Link Intime India Private Limited
Registrar & Share Transfer Agent**
C-13, Pannanlal Silk Mills Compound,
L.B.S. Marg, Bhandup(W), Mumbai-400078
Tel: 022- 25963838; Fax: 022-25946969

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

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

Item No.6:

Mr. Mukund Mehta [hereinafter referred to as the said Managing Director], aged 57 years, is proposed to be reappointed as the Managing Director of our Company by your Board at their meeting held on 25th July 2011. The said Managing Director is responsible for guiding the company's management and global operation to its next phase of growth.

Further, Mr. Mukund Mehta, aged 57 years is a Commerce and Law graduate and has a rich experience of banking and other related financial matters. He was instrumental in signing a Joint Venture MOU with the largest trade organization in Yemen, Sudan and U.A.E. to set up an ultra modern manufacturing facility in Sanaa, Khartoum and Dubai for manufacturing of pharmaceutical formulations. Thus, this glorious achievement singularly stands testimony to his entrepreneurship.

Presently, he is responsible for spearheading the management and operations of our Company.

In view of the above and taking into consideration the leadership qualities, your Board proposes to reappoint Mr. Mukund Mehta as the Managing Director of the Company on the remuneration package as detailed below and as approved by the Remuneration Committee.

CATEGORY	PARTICULARS
Basic Salary	Upto maximum ₹2,00,000/- (Rupees Two Lacs Only) per month or ₹ 24,00,000/- (Rupees Twenty Four Lacs Only) per annum based on merit and taking into account the Company's Performance.
Perquisites and Allowances	<p>Category A</p> <p>Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the medi claim Policy.</p> <p>Leave Travel Concession: Company shall provide leave travel fare for the Managing Director and his family once a year, anywhere</p>

in India as per the Rules applicable to the Company and per Income Tax Rules.

Category B

The Company shall contribute towards Provident Funds/ Superannuation Fund/ Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.

The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service.

Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules.

The perquisites under this category shall not be included in the computation of ceiling on remuneration.

Category C

The Company shall provide a car with a driver at the cost of the Company for business use of the Company.

The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed.

Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Managing Director.

Sitting Fees The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.

Remuneration The remuneration (including perquisites) referred to above is subject to the overall limit as specified in Schedule XIII of the Companies Act, 1956.

Except Mr. Mukund Mehta (being himself), Mr. Pratap Mehta (being father), Mr. Paresh Mehta (being brother) and Mr. Bhavin Mehta (being son) no other Director of the Company may be deemed to be concerned or interested in passing of said resolution.

Item No.7:

Mr. Paresh Mehta [hereinafter referred to as the said Jt. Managing Director], aged 47 years, is proposed to be reappointed as the Joint Managing Director of our Company by your Board at their meeting held on 25th July 2011.

The said Jt. Managing Director is a Pharmacy graduate from Bombay University having 27 years of experience in pharmaceutical formulation technology. Timely implementation of any project is his motto and he goes to its logical end that resulted in the completion of Kilitch Drugs (India) Limited in a record time of 330 days from grass root level to commissioning. The largest, latest and the most prestigious project executed by him in last 3 years has set an example of his ability to showcase the world what an entrepreneur can envision.

Presently, he is responsible for smooth and efficient functioning of day to day business operations of our Company.

In view of the above and taking into consideration the leadership qualities, your Board proposes to reappoint Mr. Paresh Mehta as the Joint Managing Director of the Company on the remuneration package as detailed below and as approved by the Remuneration Committee.

CATEGORY

PARTICULARS

Basic Salary Upto maximum ₹1,50,000/- (Rupees One Lac Fifty Thousand Only) per month or ₹ 18,00,000/- (Rupees Eighteen Lacs Only) per annum based on merit and taking into account the Company's Performance.

Perquisites and Allowances

Category A

Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the medi claim Policy.

Leave Travel Concession: Company shall provide leave travel fare for the Jt. Managing Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.

Category B

The Company shall contribute towards Provident Funds/ Superannuation Fund/ Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.

The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service.

Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules.

The perquisites under this category shall not be included in the computation of ceiling on remuneration.

Category C

The Company shall provide a car with a driver at the cost of the Company for business use of the Company.

The Jt. Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed.

Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Jt. Managing Director.

Sitting Fees The Jt. Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.

Remuneration The remuneration (including perquisites) referred to above is subject to the overall limit as specified in Schedule XIII of the Companies Act, 1956.

Except Mr. Paresh Mehta (being himself), Mr. Pratap Mehta (being father) and Mr. Mukund Mehta (being brother), no other Director of the Company may be deemed to be concerned or interested in passing of said resolution.

Item No.8:

Mrs. Neelima Waingankar [hereinafter referred to as the said Whole time Director], is proposed to be reappointed as the Whole time Director

As required by Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed / reappointed are given below:

Name of Directors	Age [in yrs.]	Qualification	Experience	No. of shares held
Mr. Bhavin Mehta	34	Graduate in Pharmacy From M.E.T.'s Institute of Pharmacy	Around 8 years of experience in the Pharma Industry	103300
Mr. Pankaj Kamdar	57	B.Com	25 years of experience in Retail pharmaceutical business.	NIL
Mr. Mukund Mehta	57	Commerce and Law graduate	Rich experience of banking and other related financial matters. He was instrumental in signing a Joint Venture MoU with the largest trade organization in Yemen, Sudan and U.A.E. to set up an ultra modern manufacturing facility in Sanaa, Khartoum and Dubai for manufacturing of pharmaceutical formulations.	655592
Mr. Paresh Mehta	47	Pharmacy graduate from Bombay University	27 years of experience in pharmaceutical formulation technology.	841068
Mrs. Neelima Waingankar	43	Microbiologist from Mumbai University & Advanced Diploma in Pharma QA Mgt.	22 years of working experience in the Pharma Industry in QC / QA functions as well as manufacturing operations	NIL

of our Company by your Board at their meeting held on 25th July 2011.

The said Whole time Director has about 22 years of working experience in the Pharma Industry, in QC / QA functions as well as manufacturing operations. Apart from being a Microbiologist from Bombay University, she also holds an Advanced Diploma in Pharma QA management from IPER-Pune.

In view of the above, your Board proposes to reappoint Mrs. Neelima Waingankar as the Whole time Director of the Company on the remuneration package as detailed below and as approved by the Remuneration Committee.

CATEGORY	PARTICULARS
Basic Salary	Upto maximum ₹1,00,000/- (Rupees One Lac Only) per month or ₹ 12,00,000/- (Rupees Twelve Lacs Only) per annum based on merit and taking into account the Company's Performance.
Sitting Fees	The Whole time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. She shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by her for attending meeting of the Board of Directors and the Committees thereof.
Remuneration	The remuneration referred to above is subject to the overall limit as specified in Schedule XIII of the Companies Act, 1956.

None of the Directors of the Company may be deemed to be concerned or interested in passing of said resolution.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 19th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS:

	[Amt. in ₹ Lacs]	
	31/03/2011	31/03/2010
Sales and Other income	14626.08	14313.21
Profit before interest, Depreciation & Tax	2239.4	2439.24
Depreciation	558.74	607.26
Interest	372.53	453.47
Profit after Interest & Depreciation	1308.13	1378.51
Provision for Taxes	261.00	275.58
Provision for deferred Tax	1.07	5.59
Net Profit after Taxes	1046.06	1097.34
Prior period interest on Tax	-	3.97
Prior period expenses	-	46.47
Profit after exceptional items	1046.06	1046.90
Balance brought forward	2588.18	1805.74
Profit available for appropriation	3634.24	2852.64
Balance Transferred to Balance Sheet	3379.95	2588.18

REVIEW OF PERFORMANCE:

During the year under review, Net Profit After Tax was ₹1046.06 lacs as against Net Profit After Tax of ₹1097.34 lacs for the corresponding previous year.

Further, Sales and other income grew from ₹14313.21 lacs to ₹14626.08 lacs during the year ended 31st March 2011.

DIVIDEND:

During the year under review, the Board of Directors of the Company is pleased to recommend dividend @ 10% subject to the approval of the Members at their ensuing Annual General Meeting.

DIRECTORS:

During the year under review, Mr. Bhavin Mehta and Mr. Pankaj Kamdar, Directors retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting.

Further, Mr. Nitin Shah resigned as the Whole time Director of the Company w.e.f. 25/07/2011.

Further, it is proposed to reappoint Mr. Mukund Mehta as Managing Director, Mr. Pares Mehta as Whole time Director designated as Jt. Managing Director and Mrs. Neelima Waingankar as Whole time Director of the Company for a further period of five years from the expiry of their respective dates of previous appointments.

FIXED DEPOSITS:

The Company has not accepted any loans or deposits from public in contravention of Section 58A of the Companies Act, 1956, and rules

framed under the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS:

M/s RNR Iyer & Co, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting. The members are requested to appoint auditors and to fix their remuneration.

EXPLANATION U/S. 217(3) OF THE COMPANIES ACT, 1956:

Note No.12 to Significant Accounting Policies:

The said Note is self explanatory and do not call for any further explanation.

STATEMENT U/S. 212 REGARDING SUBSIDIARY COMPANY:

The Statement pursuant to the provisions of Section 212 of the Companies Act, 1956 regarding Subsidiary Company is annexed to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

Power and Fuel Consumption	2010-11	2009-10
a) Electricity		
Purchased Unit (in thousand)	8777.73	7861.48
Total Amount (₹ in thousand)	42131.13	33,748.59
Rate/ Unit (₹)04.80	04.29	
b) Own Generator		
Fuel (Diesel)		
Total Amount (₹in thousand)	6307.64	3829.70
Rate per Litre (Rs)	32.85	29.01
Fuel (Furnace Oil)		
Total Amount (₹in thousand)	16282.74	9917.53
Rate per Litre (Rs)	29.06	27.18

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

During the year under review, the Company has not imported any technology.

FOREIGN EXCHANGE EARNING & OUTGO

	₹ In Lacs	
	2010-11	2009-10
Earnings	699.05	633.94
Outgoings	1618.61	1103.80

PARTICULARS OF EMPLOYEES:

None of the employees of the company is in receipt of remuneration exceeding ₹60,00,000/- per annum, if employed for whole of the year or ₹5,00,000/- per month if employed for part of the year.

INSURANCE:

All properties of the Company including factory, building, plant & machinery, Stock are adequately insured.

FUTURE OUTLOOK:

It is so rightly said "The greatest quality is seeking to serve others".

As stated by our directors, once our hormone and carbapenem facility starts we are sure it will be one of the largest injectable manufacturing units in India. We will be having more products added into the product list facilitating domestic as well as international growth of the company. In the similar wisdom we always endeavor to come up with innovative medicines which assists animal and people live life healthier.

NEW VISION:

Kilitch Drugs (India) Ltd with its exhaustive experience and expertise in manufacturing now opens its wings further and takes up challenges in the sector of marketing.

EyeKare Kilitch Ltd., a subsidiary company launched in the last quarter of the year 2009, has achieved a handsome market share in west and East regions of India. It will be operating Pan India by the end of financial year 2011-12. Our product basket now consist of brands such as OXYEYE, OLOEYE, GATIEYE, MOXIEYE, TOBAEYE, ZETAX-O, WETEYE, WETEYE FORTE, WETEYE UNIMS, MOXIEYE-D, OSMOEYE, CORTEYE, TIMOEYE, OPTRVO, KETOYEYE, KETOYEYE-O AND PREDEYE covering all therapeutic segments. In coming quarters we are coming up with more segments. Beyond the specifics of a successful enterprise, the story that emerges here is that determination, persistence and a commitment to quality are the crucial ingredients that could work wonders in just about any business.

FOCUS ON GLOBAL BUSINESS:

In the current year we have successfully launched our company's product in the market of BENIN. The business is closely monitored by the Country Manager based in Benin, along with his marketing team works in the promotion of our branded products. This market is expected to gather momentum and bring good business volume. We have been able to get registration for our products in the markets of West Africa. Also as a part of spreading our business globally we were also successful in getting our products registered in the South East Asian countries like Vietnam, Philippines etc and also have started exporting to these countries. The major achievement in the previous year was the establishment of your company in Ethiopian market.

The company expects to achieve excellent business in these markets.

FOCUS ON HUMAN RESOURCE:

The year 2010-11 has been quite significant for human resource where several initiatives were taken forward. Talent management was taken up as a specific focus area in HR towards integrating employee Development and successful planning.

Employee engagement is one of the key elements in the success of our organization. Your organization has embarked upon a path for building up the same through appreciative enquiry methodology.

CREDIT RATINGS:

Your Company has been accorded A- rating for short term and long term debt by CRISIL. The rating indicates high amount of safety, the prospects of timely reporting of debts/obligations being the best, considering the size of the Company and nature of its business.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Report on management discussion and analysis as required under the Listing Agreement with The Stock Exchanges is enclosed to this Report. Certain statements in this section may be forward looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook

EMPLOYEE STOCK OPTION SCHEME:

During the year under review, employees exercised 29,706 options under Kilitch ESOS 2007. Further options were not granted during the year. Details of the same are given in the annexure to this report.

DIRECTORS' RESPONSIBILITY STATEMENT as required pursuant to inserted Sec. 217(2AA):

- i. that in the preparation of annual accounts for the Financial year 2010-11, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

The Company continued to believe in and accordingly upgrade itself with concept of Corporate Governance. The company has successfully maintained a code of Corporate Governance in all its concerned operations comprehensively. Corporate Governance and Management Discussion & Analysis Report forms part of this Annual Report. The Company has obtained a Certificate from Practicing Company Secretary for maintenance of Code of Corporate Governance.

LISTING ON NATIONAL STOCK EXCHANGE OF INDIA LIMITED:

Your Directors are pleased to inform you that the Company got listed on National Stock Exchange of India Limited on September 29, 2010.

APPRECIATION:

Your Directors place on record their sincere appreciation for the services rendered by the employees of the Company. Further, your Directors are also grateful to the shareholders and Bankers of the Company and authorities at various levels for their continued valuable support and cooperation in the progress of the Company.

**For and On behalf of the
Board of Directors**

Place: Mumbai	PRATAPK. MEHTA	MUKUND MEHTA
Date : 25/07/2011	CHAIRMAN	MANAGING DIRECTOR

Statement pursuant to Section 212 of the Companies Act, 1956

Sr. No.	Name of the Subsidiary	EYE KARE KILITCH LTD.
1	Financial Year Ended	31/03/2011
2	Shares of Subsidiary held as on 31st March, 2011	3364930
a.	Total Number of Shares and face value	5000000 of ₹10/- each
b.	Extent of holding	67.30%
3	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Kilitch Drugs (India) Limited for current financial year	₹186370/-
a	Dealt with in the accounts of Kilitch Drugs (India) Ltd.	No

b	Not dealt with in the accounts of Kilitch Drugs (India) Ltd.	Yes
4	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Kilitch Drugs (India) Ltd. for the previous financial year	(₹2376830/-)
a	Dealt with in the accounts of Kilitch Drugs (India) Ltd.	No.
b	Not dealt with in the accounts of Kilitch Drugs (India) Ltd.	Yes

**For and On behalf of the
Board of Directors**

Place: Mumbai PRATAPK. MEHTA MUKUND MEHTA
Date : 25/07/2011 CHAIRMAN MANAGING DIRECTOR

Annexure to the Directors' report

		Kilitch ESOS 2007				
		Grant I	Grant II	Grant III	Grant IV	Total
(a)	Options granted (in the previous years and nil in current year)	186600	14000	64575	64525	329700
(b)	Pricing Formula	₹ 47.50	₹ 47.50	₹ 47.50	₹ 47.50	
(c)	Options vested	186600	7280	7749	8315	209944
(d)	Options exercised	25206	2415	908	1177	29706
(e)	Total number of shares arising as a result of exercise of options	25206	2415	908	1177	29706
(f)	Options lapsed (as at 31st March 2011)	Nil	Nil	Nil	Nil	
(g)	Variation of terms options (during the year ended 31 March 2011)	Nil				
(h)	Money realized by exercise of options	1197285	114713	43130	55907.5	1411035
(I)	Total number of options in force (as at 31st March 2010)	161394	11585	63667	63348	299994
(j)	Employee wise details of options granted to					
2	Employees to whom more than 5% options granted during the year	Nil	Nil	Nil	Nil	
3	Employees to whom options more than 1% of issued capital granted during the year	Nil	Nil	Nil	Nil	
(k)	Diluted EPS, pursuant to issue of shares on exercise of options					7.73
(l), 1	Method of calculation of employee compensation cost	Calculation is based on intrinsic value method				
2	Intrinsic Value per share	₹67.50	₹61.60	₹22.75	₹89.00	
3	Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options	Employee compensation cost would have been higher by ₹20,35,514/- had the Company used fair value method for accounting the options issued under ESOS				
4	Impact of this difference on Profits and on EPS of the Company value method of accounting the options issued under ESOS	Profits would have been lower by ₹20,35,514/- and EPS would have been lower by ₹0.15, had the Company used fair				
(m) 1	Weighted average exercise price	₹ 47.50	₹ 47.50	₹ 47.50	₹ 47.50	
2	Weighted average fair value of options based on Black Scholes methodology	₹ 85.13	₹ 79.89	₹ 43.12	₹ 108.30	
(n)	Significant assumptions used to estimate fair value of options including weighted average					
1	Risk free interest rate	7.00%	7.00%	7.00%	7.00%	
2	Expected life	Average life taken as 2 years from date of grant				
3	Expected volatility	70.00%	71.00%	65.00%	81.00%	
4	Expected dividends	Not separately included, factored in volatility working				
5	Closing market price of share on a date prior to date of grant	₹ 115.00	₹109.10	₹ 70.25	₹ 136.50	

Auditors' Certificate on Employee Stock Option Scheme

To
The Members of
Kilitch Drugs (India) Limited

We have examined the books of accounts and other relevant records and based on the information and explanations given to us, we certify that in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company passed in General Meeting in earlier year and modification approved in EGM held on 31st May 2010.

For R.N.R. IYER & CO.
Chartered Accountants
Firm Registration No. 103786W

RAJKUMARIYER
PROPRIETOR 2010
Membership No. 33964

Place: *Mumbai*
Date: 25/07/2011

MANAGEMENT DISCUSSION AND ANALYSIS:

OPPORTUNITIES

The demand for our branded generic products has increased substantially. We have focused on some innovative fix-dose combinations like that of ceftriaxone + sulbactam (ONECEF-SB) and anti-malarials. Our core marketing team has just launched ONECEF-SB in the French speaking area of Africa called as FRANCOPHONE. We have stationed our own country manager to take care of the business opportunities in 10 countries in the Francophone region.

Our subsidiary EYEKARE KILITCH LIMITED is poised for a big expansion and with the appointment of a new director solely dedicated for EYEKARE business operations, we see a bright future for our ophthalmological range of products.

We have added new customers for contract manufacturing from our Paonta plant. In this year our Hormone block & Carbapenem block in Paonta plant will be ready and that will be a big boost to our business.

THREATS & CONCERNS

As usual and well known to every body, pharmaceutical industry including your company is exposed to product liabilities in market place which include regulatory mishaps, product patent issues, adverse drug monitoring and product recalls etc.. These factors are very critical for pharmaceutical business operations.

OUTLOOK

Asia is fast becoming the center of world economy and business houses in India will be benefited immensely. Amongst all the industries Pharmaceuticals will be a major beneficiary and your company is prepared to take on this challenge. Now India is considered as the "Generic Pharma Capital of the World" and major American and European companies are looking for India to manufacture their products. Your company is in the advance stage of negotiations with some American pharmaceutical house for manufacturing some of their global brands. These are going to add value and profits to your company. We are participating in important international conferences like CPHI, trade fares, buyer seller meets etc in order to generate further business opportunities.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Code as per Clause No.49 in the Listing Agreement of the Stock Exchanges and also by applicable provisions of the Companies (Amendment) Act, 2000, has been implemented by the Company. A report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company has committed to bring about the good corporate governance practices. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interaction with stakeholders including shareholders, employees, the government and the lenders.

2. BOARD OF DIRECTORS

As on 31st March, 2011 the strength of Board of Directors was 09, comprising of 03 Executive Directors, 06 Non-Executive Directors including 02 Promoter Directors and 04 Independent Directors. The Chairman of the Company is Non-Executive Promoter Director.

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees as per Clause 49 (I) (c) (ii) (across all Companies in which they are Directors).

The composition of the Board of Directors and also the number of other Companies of which he/she is a Director and Member/Chairman as on March 31, 2011, are as under:

Names of Directors	Category of Directorship	Directorship in other companies	Committee Membership(s) of other Companies		No. of shares held
			Member	Chairman	
Mr. Pratap Keshavji Mehta	Chairman, Non Executive Director	3	-	-	617965
Mr. Mukund Prataprai Mehta	Managing Director	3	-	-	655592
Mr. Paresh Prataprai Mehta	Jt. Managing Director	3	-	-	841068
Mr. Bhavin Mukund Mehta	Non Executive Director	3	-	-	103300
Ms. Neelima Abhay Waingankar	Whole time Director	-	-	-	-
Mr. Mukesh Damji Shah	Independent And Non Executive Director	-	-	-	4000
Mr. Pankaj Ottamchand Kamdar	Independent And Non Executive Director	-	-	-	-
*Mr. Nitinkumar Chandulal Shah	Whole time Director	-	-	-	-
Mr. Hemang Jagdish Engineer	Independent And Non Executive Director	-	-	-	-
Mr. Shailesh Hansraj Chheda	Independent And Non Executive Director	-	-	-	-

**Resigned as the Whole time Director w.e.f. 25/07/2011*

None of the Directors holds directorships in more than 15 Companies, membership in committee of Board in more than 10 Companies and Chairmanship of more than 5 Committees.

BOARD PROCEDURE:

The Board meets at least once every quarter to review the quarterly performance and the financial results. The Board's role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans, annual operating budgets, compliance with statutory requirements, major accounting provisions and write-offs are considered by the Board.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the year **09 (Nine)** Board Meetings were held during the financial year ended March 31, 2011, the dates of which are 24/04/2010, 06/07/2010, 30/07/2010, 10/08/2010, 08/10/2010, 16/10/2010, 12/11/2010, 14/11/2010 and 14/02/2011.

The attendance of each Director at Board Meetings and at the last Annual General Meeting is as under:

Name of the Director	No. of Board meetings attended	Attendance of last AGM held on 20/09/2010.
Mr. Pratap Keshavji Mehta	09	-
Mr. Mukund Prataprai Mehta	09	Present
Mr. Paresb Prataprai Mehta	09	-
Mr. Bhavin Mukund Mehta	09	Present
Mr. Mukesh Damji Shah	06	Present
Mr. Pankaj Ottamchand Kamdar	04	-
*Mr. Nitinkumar Chandulal Shah	03	-
Mr. Hemang Jagdish Engineer	04	-
Mr. Shailesh Hansraj Chheda	03	-
Ms. Neelima Abhay Waingankar	01	-

**Resigned as the Whole time Director w.e.f. 25/07/2011*

3. AUDIT COMMITTEE:

BROAD TERMS OF REFERENCE

The Audit Committee of the Company, inter-alia, acts as a control mechanism in the financial and other important departments of the Company. The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49 (II) of the Listing Agreement and as specified by the Board of Directors of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year. The role of the Audit Committee includes the following:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other service
- Reviewing with management the financial statements before submission to the Board.
- Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function and procedures.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with External Auditors before the audit commences, the nature and the scope of Audit as well as have post audit discussion.
- Reviewing the Company's financial and risk management policies.

COMPOSITION

The Audit Committee comprises of Four Directors, all are non executive and independent Directors. All these Directors possess knowledge by corporate finance, accounts and company law.

The constitution of the Audit Committee is as follows:

S.N	Name of Director	Executive/Non-Executive Independent
1.	Mr. Mukesh Damji Shah.	Chairman & Non-Executive, Independent
2.	Mr. Shailesh Hansraj Chheda	Non-Executive Independent
3.	Mr. Hemang Jagdish Engineer	Non-Executive Independent
4.	Mr. Pankaj Ottamchand Kamdar	Non-Executive Independent

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2011, Four Audit Committee Meetings were held on 24/04/2010, 30/07/2010, 12/11/2010 and 14/02/2011.

The attendance at the Audit Committee Meetings is as under:

Name of Director	No. of meetings attended
Mr. Mukesh Damji Shah	04
Mr. Shailesh Hansraj Chheda	04
Mr. Hemang Jagdish Engineer	04
Mr. Pankaj Ottamchand Kamdar	04

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 20/09/2010 to attend the shareholders' queries.

4. SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE:

FUNCTIONS

The Board of Directors of the Company has constituted a Committee of Directors which also functions as 'Shareholders'/Investors Grievances Committee', consisting of four members, chaired by Non executive Independent Director. The Committee interalia, deals with various matters relating to:

- transfer/transmission of shares;
- issue of duplicate share certificates;
- investors' grievances and redressal mechanism and recommend measures to improve the level of investor services.

Details of shares transfer/transmission approved by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

COMPOSITION

The constitution of the Committee of Directors is as under:

Name of Director	Designation
Mr. Mukesh Damji Shah.	Chairman, Non-Executive & Independent
Mr. Shailesh Hansraj Chheda	Non-Executive & Independent
Mr. Hemang Jagdish Engineer	Non-Executive & Independent
Mr. Pankaj Ottamchand Kamdar	Non-Executive & Independent

5. COMPENSATION COMMITTEE:

The Board of Directors of the Company has constituted Compensation Committee to administer Kilitch ESOS 2007.

The composition of the said Compensation Committee is as under:

Name of Director	Designation
Mr. Mukesh Damji Shah	Chairman, Independent
Mr. Pankaj Ottamchand Kamdar	Member, Independent
Mr. Bhavin Mehta	Member, Non executive

No further options were granted during the year. Employees exercised 29706 Options during the year. The number of options outstanding is 299994. Each option represents a right but not obligation to apply for 1 fully paid equity share of ₹10/- each at the exercise price of ₹47.50. The options granted vest over 3 years from the date of grant. Disclosure as required by SEBI guidelines on ESOS is annexed to the Directors' report.

6. REMUNERATION POLICY:

The Board of Directors is authorized to decide Remuneration to Executive Directors. The Remuneration structure comprises of Salary and Perquisites. Salary is paid to Executive Directors within the Salary grade approved by the Members.

The details of Remuneration paid to Executive Directors for the Financial Year 2010-11.

Sr.No.	Name of Directors	Remuneration paid (in ₹)
1.	Mr. Paresh Prataprai Mehta	900000
2.	Mr. Mukund Prataprai Mehta	900000
3.	Ms. Neelima Abhay Waingankar	780800
4.	*Mr. Nitinkumar Chandulal Shah	444200

**Resigned as the Whole time Director w.e.f. 25/07/2011*

DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS:

The Company had received 32 investor complaints, which were resolved to the satisfaction of the said investors. Thus there are no investor complaints which are pending for the year ended 31st March 2011.

7. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of the Meeting	Time
2007-2008	22/09/2008	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M
2008-2009	22/09/2009	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M
2009-2010	20/09/2010	C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.	9.00 A.M.

8. DISCLOSURES:

There were no transactions of material nature between the Company and its Directors or Senior Management and their relatives or Promoters that may have potential conflict with interest of the Company. The Register of Contracts containing transactions, in which Directors are interested, have been placed before the Board regularly.

Transactions with related parties, as per requirements of Accounting Standard 18 are disclosed elsewhere in this Annual Report.

During the last Three years there has been no instance of non compliance by the Company on any matter related to capital market. Hence there were no strictures or penalties imposed either by SEBI or Stock Exchanges or any Statutory Authority for non compliance of any matter related to capital market.

9. MEANS OF COMMUNICATION:

The Quarterly Reports of the Company are published in accordance with the Requirements of the Listing Agreement.

News Papers in which results are normally published:

1. Free Press Journal (English)
2. Navshakti (Marathi)

10. IMPLEMENTATION OF CODE OF CONDUCT FOR INSIDER TRADING:

Kilitch Drugs (India) Limited has adopted Code of Conduct for Insider Trading and is based on the SEBI framework and is stringent than the statutory code being enforced by the SEBI. Kilitch Drugs (India) Limited follows strict guidelines in respect of insiders' stock trading and related disclosures. Ms. Kanika Bareja, Company Secretary is designated as the Compliance Officer to over see its implementation. Periodic disclosures have been obtained from all the Directors and 'designated employees'. Under the aforesaid code all Directors and Designated Employees are required to conduct all their dealing in securities of the Company only in valid trading window after obtaining pre clearance from the Company as per the pre dealing procedure described in the Code.

11. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:

As stipulated by SEBI, "Practising Company Secretary" carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total Listed and paid up capital is in agreement with the aggregate of the total number of Shares in dematerialised form (held by NSDL and CDSL) and total number of Shares in physical form.

12. GENERAL SHAREHOLDERS' INFORMATION:

1. Annual General Meeting Scheduled to be Held:

Date : Saturday, 10th September 2011 at 9.00 A.M.
Time : 9.00 A.M.
Venue [Regd. Office] : C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane-400705.

2. Date of Book Closure:

Tuesday, 23rd August 2011 to Tuesday, 30th August 2011 (both days inclusive.)

3. Financial Calendar:

The next financial calendar year of the Company will be from 1st April, 2011 to 31st March, 2012.

Financial Reporting for:

Financial Reporting for the quarter ending 30th June, 2011.
Financial Reporting for the quarter ending 30th September, 2011.
Financial Reporting for the quarter ending 31st December, 2011.
Financial Reporting for the quarter ending 31st March, 2012.

Date:

Up to 15th August, 2011
Up to 15th November 2011
Up to 15th February 2012
Up to 15th May 2012

4. Listing on Stock Exchanges:

Equity Shares of the Company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

5. Stock Codes:

- National Stock Exchange of India Limited (NSE) - **KILITCH**
- Bombay Stock Exchange Limited: (BSE): **B2 - 524500**

6. Stock Price Data:

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited are as follows:

BSE, MUMBAI			
MONTH	High (₹)	Low (₹)	No. of shares Traded
April, 2010	115.00	100.00	4,35,117
May, 2010	110.90	92.05	2,24,662
June, 2010	109.90	86.05	2,28,916
July, 2010	126.50	96.00	6,33,378
August, 2010	118.40	97.05	3,09,625
Sept, 2010	144.40	111.10	14,08,581
Oct, 2010	132.00	104.70	6,28,423
Nov, 2010	112.40	85.00	2,26,417
Dec, 2010	98.00	79.10	1,38,818
Jan, 2011	97.75	72.15	59,562
Feb, 2011	88.00	65.00	85,595
March, 2011	70.80	58.50	79,774

7. Address for Correspondence:

Administrative Office

: Ujagar Industrial Estate, 37, W.T. Patil Marg,
Deonar, Mumbai: 400 088.

Share Transfer in physical form :
and in other communication in Registrar & Share Transfer Agent
that regards including share certificates, dividends
and change of address etc. may be addressed to

Link Intime India Private Limited
C-13, Pannanlal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai-400078
Tel. Nos. : 022-25963838,
Fax No. : 022-25946969
Web Site : www.kilitch.com
e-mail : investor_complaints@kilitch.com

8. Share Transfer System:

Shares sent for transfer in physical to Link Intime India Private Limited (R&T Agents), are registered and returned with a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposal. All requests for dematerialisation of shares are processed by the Company and Link Intime India Private Limited within 21 days.

9. Dematerialisation of shares:

As on 31st March, 2011, 1,23,84,245 shares are held in dematerialized form with NSDL and CDSL out of total Equity Shares of 1,32,31,828 aggregating to 93.59%.

10. Distribution of shareholding as on 31st March, 2011:

No. of shares held	No. of shareholders	No. of shares held	% of shareholding
1 to 500	8200	1541472	88.57
501 to 1000	566	459703	06.11
1001 to 2000	233	353628	02.52
2001 to 3000	68	175253	00.73
3001 to 4000	43	153042	00.46
4001 to 5000	32	150713	00.35
5001 to 10000	58	440298	00.63
10001 to 9999999999	58	9957719	00.63
TOTAL	9258	13231828	100.000

11. Shareholding Pattern as on 31st March, 2011:

Category	No. Of Shares Held	% of Shareholding
Promoter's holding		
1. Indian		
- Individuals/ Hindu Undivided	21,14,625	15.98
- Bodies Corporate	60,12,742	45.44
- Others	3,98,068	3.01
2. Foreign	Nil	-
Sub-Total.....	85,25,435	64.43
Non-Promoters holding		
3. Institutional Investors		
a. Mutual Funds and UTI	Nil	-
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	100	-
c. FIIS	1,712	00.01
Sub-Total.....	1,812	0.01
4. Others		
a. Bodies Corporate	2,92,081	2.21
b. Indian Public	40,56,255	30.66
c. NRI/OCBs	2,93,422	2.22
d. Trusts	1,000	0.01
e. Clearing Members	61,823	0.47
Sub-Total.....	47,04,581	33.92
Grand Total.....	1,32,31,828	100.00

Note:

The total foreign shareholding for the year ended 31st March, 2011 is 293422 shares which in percentage terms is 2.22% of the issued and subscribed capital.

The number of Equity Shares under Lock-in-period as on 31/03/2011 are **NIL**.

Shareholding pattern in case of demated shares has been prepared based on download of data received from NSDL / CDSL as on 31st March 2011.

DECLARATION

I, Mukund Mehta, Managing Director of Kilitch Drugs (India) Limited, based on confirmations received from all the Directors and Senior Management of the Company, do hereby state that all Board Members and senior management personnel have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March 2011.

BY AND ON BEHALF OF THE BOARD

**Mukund Mehta
Managing Director**

Place : *Mumbai*

Date : *25/07/2011*

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

KLITCH DRUGS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by KLITCH DRUGS (INDIA) LIMITED for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure 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 the abovementioned Listing Agreement.

We have to state that in respect of investor's grievances, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders/investor's Grievance Committee.

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

For: M/s. Deep Shukla & Associates

Company Secretaries

Deep Shukla

(Proprietor)

FCS No. 5652, CP No. 5364

Place : Mumbai

Date : 25/07/2011

AUDITORS REPORT

To

The Members of Kilitch Drugs (India) Limited

- 1 We have audited the attached Balance Sheet of Kilitch Drugs (India) Limited (the "Company") as at 31st March, 2011, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- a) 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;
- (b) 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;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto subject to **Note No 12 of the Significant Accounting Policies** give the information required by the Act, 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, 2011
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M/S R.N.R. Iyer and Co.,
Chartered Accountants
Firm Registration No 103786W

Rajkumar Iyer
(Proprietor)
Membership No 33964

Place : *Mumbai*

Date : 25th July, 2011

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 of the Auditor's Report of even date to the members of Kilitch Drugs (India) Limited)

1. The Company has maintained proper records showing full particulars, including Quantitative details and situation of its fixed assets. According to the information and explanations given to us the fixed assets have been physically verified by the Management at regular intervals. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. We were informed that no material discrepancies between the book records and the physical Inventory have been noticed. In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed of by the Company during the year under preview.
2. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of Inventory as compared to book records were not material and have been properly dealt with in the books of account.



3. The Company has not granted secured / unsecured loans, to any companies, firms or other parties registered in the register maintained under Section 301 of the Act.
4. The Company has not taken any loans, secured or unsecured, from companies, firms and other parties listed in the register maintained under Section 301 of the Act.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system 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 and services. During the course of Audit no major weakness has been noticed in the internal control system.
6. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangement and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The Company has not accepted any deposit from the Public within the meaning and provisions of Section 58A and 58AA of the Companies Act, 1956.
8. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Act, 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 records with a view to determine whether they are accurate or complete.
10. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, and other statutory dues as applicable with the appropriate authorities. There are no outstanding dues in respect of the above items, which are more than six months as at the balance sheet date.
11. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
12. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
15. In our opinion the company is not a dealer or trader in shares, securities, debentures and other investments.
16. In our opinion and according to the information and explanations given to us the Company has not given guarantees for loans taken by others from banks and other financial institutions
17. The Term Loans obtained by the Company have been applied for the purposes for which they were obtained.
18. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
19. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
20. The Company has not issued any debentures during the year.
21. The Company has not raised any money by public issues during the year.
22. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For M/S R.N.R. Iyer and Co.,
Chartered Accountants
Firm Registration No 103786W

Rajkumar Iyer
(Proprietor)
Membership No 33964

Place : Mumbai
Date : 25th July, 2011



Balance Sheet as at 31st March 2011

(₹ In Lacs)

	Schedule No	As at March 31, 2011	As at March 31, 2010
Sources of Funds :			
Shareholders' Funds			
Share Capital	1	1,323.18	1,320.21
Reserves and Surplus	2	7,121.54	6,218.63
		8,444.72	7,538.84
Loan Funds			
Secured Loan	3	5,305.71	
		5,305.71	4,298.97
Total		13,750.43	11,837.81
Application of Funds			
Fixed Assets	4		
Gross Block		7,424.19	7,098.68
Less: Depreciation		3,231.47	2,673.06
Net Block		4,192.72	4,425.62
Capital Work in Progress		4,315.23	2,210.60
		8,507.95	6,636.22
Deferred Tax Assets (net)		746.66	
		746.66	450.86
Investments	5	218.08	
		218.08	146.58
Net Current Assets :			
Current Assets, Loans and Advances			
Inventories	6	1,675.62	1,245.00
Sundry Debtors	7	3,844.85	4,794.80
Cash and Bank Balances	8	932.93	365.09
Loans and Advances	9	259.49	275.56
		6,712.89	6,680.45
Less : Current Liabilities and Provisions			
Current Liabilities	10	1,470.31	1,393.20
Provisions	11	979.55	718.72
		2,449.86	2,111.92
Net Current Assets		4,263.03	4,568.53
Miscellaneous Expenditure	12	14.71	
Pre-operative Expenses (To the extent not written off or adjusted)		14.71	35.62
Total		13,750.43	11,837.81
Notes to Accounts	20		
The Schedules referred to above form an integral part of Balance Sheet			

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

For and on behalf of Board of Directors

For R.N.R. IYER & CO
Chartered Accountants
Firm Registration No. 103786W

Pratap K Mehta : Chairman
Mukund P. Mehta : Managing Director

Rajkumar Iyer
Proprietor
Membership No.33964

Paresh P. Mehta : Jt. Managing Director
Bhavin M. Mehta : Director

Place : Mumbai
Dated : 25/07/2011

Kanika Bareja (Ms.) : Company Secretary

Profit and Loss Account for the year ended March 31, 2011

(₹ In Lacs)

	Schedule No	As at March 31, 2011	As at March 31, 2010
Income			
Sales and Other Income			
Sales		14,599.53	14,265.19
Other Income	13	26.55	48.02
		14,626.08	14,313.21
Expenditure			
Cost of Material Consumed	14	10,097.38	9,827.01
Employee Cost	15	505.10	401.04
Manufacturing Expenses	16	1,373.07	1,219.68
Administrative Expenses	17	296.93	282.04
Interest and Financial Expenses	18	372.53	453.47
Selling Expenses	19	114.20	144.20
Depreciation	4	558.74	607.26
		13,317.95	12,934.70
Profit before Taxation		1,308.13	1,378.51
Provision for Taxation		261.00	275.58
Provision for Deferred Tax		1.07	5.59
Profit after Taxation		1,046.06	1,097.34
Prior Period Interest on Tax		-	3.97
Prior Period Expenses		-	46.47
		-	50.44
Profit after Exceptional Item		1,046.06	1,046.90
Balance Brought Forward		2,588.18	1,805.74
Profit Available for Appropriation		3,634.24	2,852.64
Appropriation:			
Transfer to General Reserve		100.00	110.00
Dividend			
Proposed Dividend		132.32	132.02
Tax on Proposed Dividend		21.97	22.44
		154.29	154.46
Balance Carried Forward		3,379.95	2,588.18
Notes to Accounts	20		
Total		3,634.24	2,852.64
Basic earnings per share		7.91	8.31
Diluted earnings per share		7.73	8.14
Nominal Value per share		10.00	10.00

The Schedules referred to above form an integral part of Profit and Loss Accounts

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

For and on behalf of Board of Directors

For R.N.R. IYER & CO
Chartered Accountants
Firm Registration No. 103786W

Pratap K Mehta : Chairman
Mukund P. Mehta : Managing Director

Rajkumar Iyer
Proprietor
Membership No.33964

Paresh P. Mehta : Jt. Managing Director
Bhavin M. Mehta : Director

Place : Mumbai
Dated : 25/07/2011

Kanika Bareja (Ms.) : Company Secretary

Schedules forming part of the Balance Sheet

(₹ In Lacs)

March 31, 2011

March 31, 2010

Schedule 1 : Share Capital

Authorised

20,00,0000 Equity Shares of ₹ 10 each fully paid

2,000.00

2,000.00

Issued, Subscribed and Paid-up

1,32,31,828 Equity Shares of ₹ 10 each fully paid

1,323.18

1,320.21

(PY 1,32,02,122 Equity Shares of ₹10 each fully Paid)

Total

1,323.18

1,320.21

Schedule 2 : Reserves and Surplus

	2010	Addition	Deductions		
Capital Reserve	30.00	-	-	30.00	30.00
Share Premium A/c	2,747.24	30.90	-	2,778.14	2,747.24
Call On Shares Forfeited a/c	58.00	-	-	58.00	58.00
General Reserve	588.51	100.00	-	688.51	588.51
Employee Stock Options Outstanding	206.70	-	19.76	186.94	206.70
Balance in Profit & Loss Accounts	2,588.18	791.77	-	3,379.95	2,588.18
Total	6,218.63	922.67	19.76	7,121.54	6,218.63

Schedule 3 : Secured Loans

From Banks

Cash Credit

3,742.24

2,581.70

(Secured by way of Hypothecation of Stock and Debtors)

Term Loans

1,563.47

1,717.27

(Secured by way of Mortgage of Factory Land and Building)

Total

5,305.71

4,298.97

Schedule 4 : Fixed Assets

(₹ In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions/ Transfers	Deductions/ Transfers	As at 31-Mar-11	As at 31-Mar-10	For the year	Deduction	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Land	183.24	43.49	0.00	226.73	0.00	0.00	0.00	0.00	226.73	183.24
Factory Building	2 326.24	1.64	0.00	2 327.87	804.69	152.15	0.00	956.84	1 371.03	1 521.55
Office premises	133.24	0.00	0.00	133.24	43.64	4.48	0.00	48.12	85.12	89.60
Plant & Machinery	3 357.29	217.87	0.00	3 575.16	1 212.27	311.38	0.00	1 523.65	2 051.51	2 145.02
Furniture & Equipment	199.85	26.60	0.00	226.45	108.11	19.03	0.00	127.13	99.32	91.74
Computer	123.50	22.24	0.00	145.74	95.77	14.13	0.00	109.90	35.84	27.73
Motor Car	69.69	0.00	0.00	69.69	42.31	7.09	0.00	49.40	20.29	27.38
Office Equipment	101.89	1.61	0.00	103.50	61.47	7.39	0.00	68.86	34.64	40.41
Air Conditioner	98.45	3.83	0.00	102.28	78.93	3.11	0.00	82.05	20.23	19.52
Electrical Installation	254.13	1.18	0.00	255.32	121.12	18.62	0.00	139.73	115.58	133.02
Laboratory Equipment	247.44	6.17	0.00	253.61	103.10	20.32	0.00	123.41	130.20	144.35
Pager	0.36	0.00	0.36	0.00	0.33	0.00	0.33	0.00	0.00	0.03
Mobile Phone	3.36	1.23	0.00	4.59	1.34	1.03	0.00	2.37	2.22	2.02
Total	7 098.68	325.87	0.36	7 424.19	2 673.06	558.74	0.33	3 231.47	4 192.72	4 425.62
Previous Balance	6 704.13	-	33.58	7 098.68	2 069.93	607.26	4.13	2 673.06	4 425.62	
Capital Work-in Progress (Including Capital advances)									4 315.23	
Previous Balance									2 210.60	

Notes:

- Depreciation has been charged only on these assets which are used during the year for business purpose.
- Depreciation has been claimed on assets values net of CENVAT, wherever CENVAT set off has been availed.

Schedules forming part of the Balance Sheet

(₹ In Lacs)

March 31, 2011

March 31, 2010

Schedule 5 : Investments

Fully Paid at Cost

	Market Value	Quantity		
Quoted - Long Term Equity Shares	Per Share			
Century Enka Ltd	181.90	1,000.00	0.73	0.73
Colgate Pamolive India Ltd	814.80	100.00	0.95	0.95
JK Lakshmi Cement Ltd	51.05	720.00	0.33	0.33
Century Textile & Industries Ltd	350.05	500.00	2.28	2.28
Pfizer Ltd	1,224.95	400.00	4.94	4.94
Reliance Power Ltd	129.70	2,616.00	7.36	7.36
Bengal & Assam Company Ltd	242.55	15.00	4.99	4.99
Unquoted - In Subsidiary Company :				
Eye Kare Kilitch Ltd - Fully Paid ₹ 10 Per Share		1,364,930.00	136.50	125.00
- Partly Paid ₹1 Per Share & ₹2 Per Share Premium		2,000,000.00	60.00	-
Total			218.08	146.58

Schedule 6 : Inventories

(See Schedule 20 -Note A-6)

Raw Material	975.78	810.89
Packing Material	189.56	128.04
Work-in-Process	340.54	178.98
Finished Goods	137.42	81.95
Stores and Spare Parts	31.00	21.85
Goods in Transit	1.32	23.29
Total	1,675.62	1,245.00

Schedule 7 : Sundry Debtors (Unsecured and considered good)

Debts outstanding for a period exceeding six months	1,099.20	1,094.31
Others Debts	2,745.65	3,700.49
Total	3,844.85	4,794.80

Schedule 8 : Cash and Bank Balances

Cash in Hand	1.21	2.87
<u>With Scheduled Banks in:</u>		
Current Account	862.84	218.04
Deposit Account	68.88	144.18
Total	932.93	365.09

Schedule 9 : Loans and Advances (Unsecured and Consider good)

Deposit	63.82	134.26
Advances (recoverable in cash or in kind or for value to be received)	124.08	-
Prepaid Expenses	5.81	4.68
Taxes Paid	26.41	30.32
Deferred Employee Compensation	39.37	106.30
Total	259.49	275.56

Schedules forming part of the Balance Sheet

	(₹ In Lacs)	
	March 31, 2011	March 31, 2010
Schedule 10 : Currents Liabilities		
Sundry Creditors	1,261.91	1,177.28
Other Liabilities	208.40	215.92
Total	1,470.31	1,393.20
Schedule 11 : Provisions		
Provisions for Taxation	825.26	564.26
Provisions for Dividend and Dividend Tax	154.29	154.46
Total	979.55	718.72
Schedule 12 : Miscellaneous Expenditure		
Opening Balance	35.62	56.53
Add : During the Year	-	-
Less : written off during the year	20.91	20.91
	14.71	35.62

Schedules forming part of the Profit and Loss Account

(₹ In Lacs)

	For the year ended 31st March 2011	For the year ended 31st March 2010
Schedule 13 : Other Income		
Interest from Banks and Others	12.75	11.58
Dividend Received	0.83	0.93
Foreign Currency Exchange Gain	3.72	14.44
Discount Received	2.11	0.96
Miscellaneous Income	7.14	1.63
Insurance Claim Received	-	18.48
Total	26.55	48.02
Schedule 14 : Cost of Material Consumed		
Cost of Goods Sold		
Opening Stock	938.93	971.34
Add: Purchases	10,497.33	9,690.63
Add: Freight	43.49	34.54
	11,479.75	10,696.52
Less: Closing Stock	1,165.34	938.93
	A 10,314.41	9,757.59
Increase/ Decrease (in Stock of Finished Goods and Work in progress)		
Closing Stock		
Finished Goods	137.42	81.95
Work-in-progress	340.54	178.98
	B 477.96	260.93
Opening Stock		
Finished Goods	81.95	119.06
Work-in-progress	178.98	211.29
	C 260.93	330.35
Total	(A-B+C) 10,097.38	9,827.01
Schedule 15 : Employee Costs		
Salaries, Wages and Bonus	381.15	318.41
Staff Welfare Expenses	32.63	8.90
Company's Contribution to provident and other funds	19.06	15.52
Employee stock Option Plan	66.94	53.90
Medical Expenses and Reimbursement	5.32	4.31
Total	505.10	401.04

Schedules forming part of the Profit and Loss Account

(₹ In Lacs)

	For the year ended 31st March 2011	For the year ended 31st March 2010
Schedule 16 : Manufacturing Expenses		
Labour and Packing Charges	371.37	221.88
Fuel for Boiler and Generator	227.91	140.30
Power and Electricity	421.31	337.49
Repairs and Maintenance	82.07	120.49
Lab Consumable/ Analytical Charges	68.48	70.27
Water Charges	6.91	4.19
Factory Consumables	195.02	325.06
Total	1,373.07	1,219.68
Schedule 17 : Administrative Expenses		
Directors Remuneration	30.25	34.19
Foreign Travel Exp.	12.28	32.74
Insurance	11.58	10.84
Miscellaneous Expenses	54.84	60.69
Miscellaneous Expenses w/off	20.91	20.91
Audit Remuneration	3.00	2.50
Printing and Stationery	20.21	17.16
Professional Charges	56.74	46.55
Telephone and Communication	19.65	17.88
Vehicle Expenses	13.06	8.96
Travelling Expenses	38.44	29.62
Rent , Rates and Taxes	15.97	-
Total	296.93	282.04
Schedule 18 : Interest and Financial Expenses		
Bank Interest, Commission Charges	372.53	453.47
Total	372.53	453.47
Schedule 19 : Selling Expenses		
Freight Outward	36.58	1.06
Business Promotion	53.72	84.51
Advertising / Sales Commission	6.15	29.71
Discount Allowed [Sales]	9.49	10.23
Export Expenses	8.26	18.69
Total	114.20	144.20

Schedule 20: Significant Accounting Policies & Notes on Accounts

(A) Significant Accounting Policies:

1) Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in conformity with the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government to the extent applicable and the relevant provisions of the Companies Act, 1956.

2) Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) in India requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements and of the reported amounts of the revenues and expenses for the year. Actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively in current and future periods.

3) Revenue Recognition

- a) Sales are recognized on completion of sale of goods and are recorded net of trade discounts, rebates, and excise duty on own manufactured products.
- b) Revenue in respect of export sales is recognized on shipment of products.
- c) Service Income (Processing Charges) is recognised as per contractual terms.
- d) Dividend Income is recognised on receipt basis
- e) Interest Income is recognised on time proportionate method.

4) Fixed Assets and Depreciation

- a) Fixed Assets are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Cost (net of input tax credit received/receivable) includes related expenditure and pre-operative and project expenses for the period up to completion of the construction/assets are put to use.
- b) Depreciation is provided on Written Down Value Method as per Section 205(2)(b), at the rates prescribed for single shift in Schedule XIV of The Companies Act, 1956.
- c) Depreciation on addition/disposal of the Fixed Assets during the year is provided on prorata basis according to the period during which the assets are put to use.
- d) The expenditure incidental to the expansion are allocated to Fixed Assets in the year of commencement of the commercial production.

5) Investments

Investments are valued at cost.

6) Inventories

- a) Raw Material, Packing Material, Stores and spare parts are valued at cost or net realisable value whichever is lower.
- b) Work-in-progress and Finished Goods inventories include production overheads, to the extent applicable
- c) Cost of Raw Materials, Packing Materials and Stores & Spare part are determined on last purchase price.

7) Miscellaneous Expenditure

Miscellaneous Expenditure is written off on a straight-line basis over a period of five years.

8) Borrowing Costs

Borrowing Costs are recognized as an expense in the period in which they are incurred except the borrowing cost attributable to the acquisition/construction of a qualifying asset which are capitalized as part of the cost of such asset, up to the date, the assets are ready for their intended use.

9) Foreign Currency Transactions

The transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. The exchange difference resulting from settled transaction is adjusted in the profit and loss account. Year end balances of monetary items are restated at the year end exchange rates and the resultant net gain or loss is adjusted in the profit and loss account.

10) Taxation

- a) **Excise Duty :-** Excise Duty is accounted net of Cenvat benefit availed on purchase inputs, fixed assets and eligible services
- b) **Value Added Tax [VAT] :-** VAT is accounted net of VAT paid on purchases and Fixed Assets.

11) Taxes on Income

- a) Tax expenses comprises current and deferred tax.
- b) Current Tax is measured as the amount expected to be paid in accordance with the provisions of The Income Tax Act, 1961.
- c) Deferred Tax reflects the impact of current year timing differences between book and tax profits and reversal of timing difference of earlier years. Deferred Tax is measured based on the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date.
- d) Deferred Tax Assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12) Retirement Benefits

Contributions in respect of defined retirement schemes such as Provident Funds are charged to the Profit and loss Account as incurred. The company does not provide for gratuity as required under AS 15 accounting guidelines prescribed by Institute of Chartered Accountants of India (ICAI). However, whenever an eligible employee retires / resigns services the company computes liability for gratuity as per payment of gratuity Act, and charges it to the profit and loss accounts.

13) Employee Stock Option Plan

Employee Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed by Guidance Note on 'Accounting for Employee Share-based payments' issued by Institute of Chartered Accountants of India (ICAI) read with Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 issued by SEBI. The excess of market value if any, of the stock options as on the date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the Profit and Loss Account on vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding, which is shown under Reserves and Surplus.

14) Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earnings per share is computed by dividing the net Profit for the period by the weighted average number of Equity shares outstanding during the period, as adjusted for the effects of all diluted potential equity shares.. Diluted earnings per share is computed by dividing the net Profit for the period by the number of Equity shares outstanding during the year.

15) Cash Flow Statement:

The cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow statements and present cash flows by operating, investing & financing activities of the company.

16) Proposed Dividend:

Dividend recommended by the Board of Directors is provided in the Accounts, pending approval of the Annual General Meeting.

(B) Notes on Accounts:

1) Group / Classification

Previous year's figures have been regrouped and "or" reclassified wherever necessary.

2) Figures in bracket indicate previous year figures

3) Contingent Liabilities not provided for:

(₹ in Lacs)

Particulars	As at 31 st March	
	2011	(2010)
1) In respect of guarantees given by Banks and Counter Guarantees given by the Company	138.39	67
2) In respect of letter of credits	234.33	194

4) Related Party Transactions

Name of the related parties and Nature of Relationship

a) Subsidiary Companies/ Concerns

EyeKare Kilitch Ltd.

b) Directors and their Relatives

Mr. Pratap Mehta	Chairman
Mr. Mukund Mehta	Managing Director
Mr. Pareshe Mehta	Jt. Managing Director
Mr. Bhavin Mehta	Director

c) Enterprises significantly influenced by Directors and/or their relatives

NBZ Pharma Ltd.
J.D. Enterprises

Related Party Transactions

₹ In Lacs

Nature of Transaction	Subsidiary company		Directors and Their Relatives		Enterprises significantly influenced by Directors and their relatives	
	2011	(2010)	2011	(2010)	2011	(2010)
Repayment of loans			NIL	(167.70)		
Loans received			NIL	(9.57)		
Purchases					5545.38	(3370.04)
Sales	63.79	(0.00)			5247.12	(409.52)
Director's Remuneration and Sitting Fees			30.25	(34.28)		
Rent Received	6.00	(0.00)				
Interest Paid	14.92	(0.00)				
In Shares including Premium	235.00	(125.00)				
Outstanding						
a) Payable	239.76	(0.00)	NIL	NIL		
b) Receivable	NIL	NIL	NIL	NIL	659.44	(1370.05)

5) Employee Stock Option Plan

The Compensation Committee of the Board allotted 29706 shares during the year on exercise of Employee stock option under Kilitch ESOS 2007. Each option is convertible into one equity share of ₹10/- each at exercise price of ₹47.50/- per share.

The employee compensation cost on account of this grant applicable for the year is ₹ 66,94,356 as against ₹1,00,37,624 accounted in the previous year which was inclusive of ₹46,47,648 charge for earlier years resulting due to modification in the exercise price during that year.

6) The Major Components of deferred Tax /Assets/ Liability , based on the effect of the timing differences , as at 31, March , 2011 , are as under

	(₹ Lacs)	
	<u>2011</u>	<u>(2010)</u>
Deferred Tax Liability	-	-
Depreciation	50.91	(49.87)
Deferred Tax Assets		
Minimum Alternative Tax	797.57	(500.69)
Net Deferred Assets	746.66	(450.86)

7) Value of Imported and Indigenous Raw and Packing Materials, Stores and Spare Parts consumed:

	2010-11		(2009-10)	
	Value in Lacs	%	Value in Lacs	%
Raw, Packing Materials & Stores and Spares :				
Imported	839.65	8.00%	(1033.51)	(10.25%)
Indigenous	9669.80	92.00%	(9049.13)	(89.75%)
Total	10509.43	100.00	(10082.64)	(100.00)

8) Expenditure in Foreign Currency:

	(₹ In Lacs.)	
	2010-11	2009-10
Raw & Packing Material Purchase	839.65	(1033.51)
Capital Goods	746.22	(41.20)
Business Promotion and Traveling	32.74	(57.54)

9) Earnings in Foreign Currency:

	(₹ In Lacs.)	
	2010-11	2009-10
Exports	699.05	(633.94)

10) Segment information

The company is predominantly engaged in Pharmaceutical business and this constitutes the only reportable business segment in accordance with the requirement of Accounting Standard 17- Segment Reporting issued by the Institute of Chartered Accountants of India.

11) Installed Capacity, Actual Production:

At Thane, Mumbai

Product	Installed Capacity	Actual Production*
Injectables	30,00,00,000 (Units)	3,93,84,746 (packs) [2,64,77,909 (packs)]

At Paonta Sahib, Himachal Pradesh

Product	Installed Capacity	Actual Production*
Dry Powder	9,00,00,000 (Units)	4,33,06,964 Units [3,60,36,637 (Units)]
Small Vials	9,00,00,000 (Units)	4,17,97,727 Units [3,88,68,686 (Units)]
Small Ampoules/Capsule	4,50,00,000 (Units)	1,14,34,938 Units [1,82,89,562 (Units)]

*Note: Actual Production includes Loan License production.

12) Auditors Remuneration

	2010-11	(2009-10)
Audit Fees	2.50	(2.00)
Tax Audit Fees	0.50	(0.50)
Taxation Matters	0.00	(0.00)
Other Services	0.00	(0.00)
	3.00	(2.50)

13) Remuneration to the Directors: (₹ In Lacs)

	2010-11	(2009-10)
Salary	30.25	(34.19)

14) Sundry Creditors, Debtors , Loans and Advance:

- a) **Sundry Creditors:** The company has sent requests to its creditors asking them if they are covered under micro small and medium industries. As no confirmation from the creditors were received the company has not classified creditors into micro, small and medium industries and outstanding payable to them has not been shown separately. The Sundry creditors are unconfirmed but fully payable and includes ₹239.75 Lacs Previous year ₹Nil from Eyekare Kilitch Ltd which is its subsidiary.
- b) **Sundry Debtors, Loans and Advance :** The Sundry Debtors, Loan and advance are unconfirmed, and unsecured but considered good. Amount receivable from a subsidiary company is ₹ NIL.(P.Y 4.13 lacs)

15) Earnings per Share:

	2010-11	(2009-10)
Profit Attributable to Equity Shareholders	1046.06	(1097.34)
No. of Equity share outstanding during the year	1,32,31,828	(13202122)
Nominal Value of Equity Share ₹	10/-	10/-
Earnings per Share (₹)	7.91	8.31
Diluted number of shares	1,35,31,822	1,34,75,600
Diluted Earnings Per Share (₹)	7.73	8.14

As Per our report of even date attached

For **R.N.R. IYER & CO**

Chartered Accountants

Firm Registration No. 103786W

Rajkumar Iyer

Proprietor

Membership No.33964

Place : Mumbai

Dated : 25/07/2011

For and on behalf of Board of Directors

Pratap K Mehta

: Chairman

Mukund P. Mehta

: Managing Director

Paresh P. Mehta

: Jt. Managing Director

Bhavin M. Mehta

: Director

Kanika Bareja (Ms.)

: Company Secretary

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile :

I. Registration No.:	L24239MH1992PLC066718	State Code:	11
Balance Sheet Date :	31st March 2011		
II. Capital Raised during the year (Amount in ₹'000)			
Public Issue :	NIL	Rights Issue :	NIL
Bonus Issue :	NIL	Private Placement :	297.06
III. Position of Mobilisation and Deployment of Funds (Amount in ₹'000)			
Total Liabilities	1,375,043	Total Assets	1,375,043
Sources of Funds		Application of Funds	
Paid-up Capital	132,318	Fixed Assets	850,795
Reserves and Surplus	712,154	Investments	21,808
Share Application Money	0	Net Current Assets	426,303
Secured Loans	530,571	Misc. Expenditure	1,471
Unsecured Loans	0	Accumulated Losses	0
Deferred Tax Liability	0	Deffered Tax Asset	74,666
IV. Performance of Company (Amount in ₹'000)			
Turnover	1,462,608	Total Expenditure	1,331,795
Profit /(Loss) Before Tax	130813	Profit/(Loss) After Tax	104,606
Earning per share in ₹	7.91	Dividend Rate	10%
V Generic Names of Three Principal Products of the Company			
Item Code			300.2
Product Description	Gentamicin Sulphate Inj. IP		
Item Code			300.2
Product Description	Dexamethason Sodium Phosphate Inj. IP		
Item Code			300.2
Product Description	vIt. B-Complex Inj. NFI		

For and on behalf of Board of Directors

Pratap K Mehta : *Chairman*
Mukund P. Mehta : *Managing Director*

Paresh P. Mehta : *Jt. Managing Director*
Bhavin M. Mehta : *Director*

Place : Mumbai
Dated : 25/07/2011

Kanika Bareja (Ms.) : *Company Secretary*

Cash Flow Statement for the year ended March 31, 2011

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Cash Flow from Operating Activities:		
Net Profit before Tax	1,308.13	1,378.51
Adjustments for:		
Depreciation	558.74	607.26
Loss on Sale of Fixed Assets		
Interest from Banks & Others	(18.75)	(11.58)
Dividend received	(0.83)	(0.93)
Employee Stock Option	-	53.89
Profit on Sale of Mutual Fund		
Miscellaneous expenditure w/off	20.91	20.91
Operating Profit before working capital changes	1,868.20	2,048.06
Adjustments for:		
Inventories	(430.62)	81.70
Sundry Debtors	949.95	666.83
Loans and Advances	16.07	899.70
Current Liabilities and Provisions	76.77	(2,157.89)
Taxes paid	(296.87)	(319.64)
Net Cash flow from Operating Activities	2,183.50	1,218.76
Cash Flow from Investing Activities:		
Purchase of Fixed Assets (net)	(2,430.14)	(1,849.32)
Investments (Net of Profit)	(71.50)	(125.00)
Interest from Banks & Others	18.75	11.58
Dividend received	0.83	0.93
Preoperative Exp.	-	
Net Cash flow from Investing Activities	(2,482.06)	(1,961.81)
Cash Flow from Financing Activities:		
Increase on Share Capital (including Shares Premium)	14.11	-
Prior Period Expenses	-	
Dividend paid (incl. div. tax)	(154.45)	(150.97)
Paid for long term loans	1,006.74	756.55
Proceeds from Warrants		
Net Cash flow from Financing Activities	866.40	605.58
Net Increase/Decrease in Cash & Cash Equivalents	567.84	(137.47)
Cash & Cash Equivalents, beginning of the year	365.09	502.56
Cash & Cash Equivalents, end of the year	932.93	365.09

This is the Cash Flow referred to in our Report of even date

For R.N.R. IYER & CO
Chartered Accountants
Firm Registration No. 103786W

Rajkumar Iyer
Proprietor
Membership No.33964

Place : Mumbai
Dated : 25/07/2011

For and on behalf of Board of Directors

Pratap K Mehta : Chairman
Mukund P. Mehta : Managing Director

Paresh P. Mehta : Jt. Managing Director
Bhavin M. Mehta : Director

Kanika Bareja (Ms.) : Company Secretary





DIRECTORS REPORT

To

The Members,

Your Directors are pleased to present the Second Annual Report of Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2011. The summarized financial results for the year ended 31st March, 2011 are as under:

Financial Results

Amt. in ₹

Particulars	For the Financial Year ended 31st March, 2011
Sales & Other Income	1,09,80,565
Profit before Interest, Depreciation & Tax	3,55,742
Less: Depreciation	NIL
Less: Interest	(3818)
Net Profit Before Tax	3,51,924
Less : Provision for Tax	NIL
Less : Deferred Tax	75,000
Profit / (Loss) after Tax	2,76,924
Add : Profit / (Loss) brought forward	(23,77,068)
Balance Carried over to Balance Sheet	(21,00,144)
Transfer to General Reserve	NIL
Proposed Dividend	NIL
Balance Transferred to Balance Sheet	(21,00,144)

Review of Operation

During the year under review, the Company has earned Net Profit to the tune of ₹2,76,924/- as against Net Loss of ₹23,77,068/- for the period ended March 31, 2010.

Future Outlook:

Your Board of Directors is pleased to inform you that the Company has taken further strides to expand operations across PAN INDIA. The Company has good presence and progressive growth in the field of ophthalmology as a major player.

Participation:

Your Company has aggressive business oriented plan and shall be participating in the major events during the financial year 2011-12, after having good experience of our participation in the following

- Bombay Ophthalmic Association 2010.
- OCCULAR TRAUMA : Society of India, Mumbai.
- INTERNATIONAL CONFERENCE on Occuloplasty at TATA memorial Hospital, Mumbai.

Social responsibilities:

In continuation to our social responsibility, we as a Company have extended our support to 60 patients in the African Country, Ethiopia, to get their eye surgery free of cost

Even during World Glaucoma Week, the Company distributed free samples and patient education literature to the diagnosed patients. Nevertheless our Company continues to market DPCO products as a social responsibility.

Focus on human resources:

Focus on human resource is a continuous process in the organisation and all steps are incurred to impart proper training in the area of their operation, so as to make them more productive as well providing them the contagiously working atmosphere.

Dividend

Due to inadequacy of sufficient distributable Net Profits, your Board is unable to recommend any dividend for the year ended 31st March, 2011.

Capital Expenditure

During the year under review, the Company did not incur any Capital Expenditure.

Auditors

M/s R.N.R. Iyer & Co., Chartered Accountants, having its office at No.10, Vaishak, 2B, P.K. Road, Nahur, Mulund (West), Mumbai-400080 will hold office until the conclusion of the ensuing Annual General Meeting.

The members are requested to appoint Auditors' and to fix their remuneration.

Explanation u/s.217(3) of the Companies Act, 1956:

Note No.4 to Notes to Accounts:

Deferred Revenue Expenditure

The Company has incurred expenditure amounting to ₹9930110.49 towards various heads. The Board of Directors feels that since the benefit will accrue to the Company over a period of 2 years, it has been decided to defer 50% of expenses to next financial year.

Directors

During the year under review, Mr. Mukund Mehta and Mr. Pratap Mehta, Directors, retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting.

Dr. Ambarish Darak who also retires by rotation, has not communicated with the Board regarding his offer of his reappointment at the forthcoming Annual General Meeting, consequently causing vacancy in the Board which is not proposed to be filled in.

Further, your Board wishes to place on record valuable contribution made by Dr. Ambarish Darak during his tenure as the Director of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that:

1. In preparation of the Annual Accounts for the financial year 2010-11, the applicable accounting standards have been followed.
2. The Directors had 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 profit or loss of the company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

Particulars of Employees

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.



Deposits

The Company has not accepted any deposits from the Public within the meaning of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption do not apply to the Company.

Further during the year under review, the Company has neither earned nor used any foreign exchange.

Secretarial Compliance Report:

Secretarial Compliance Report pursuant to Section 383A of the Companies Act, 1956 as issued by Practicing Company Secretary is annexed to this Report.

Acknowledgements

Your Directors place on record their gratitude for the continuing support of Shareholders, Bankers and Business associates including the staff of Eye Kare Kilitch Limited.

For and on behalf of the Board

SD/-

SD/-

Place : Mumbai

Mukund Mehta

Bhavin Mehta

Date : 30/05/2011

Director

Director

FORM

[SEERULE 3]

Compliance Certificate

CIN: U24297MH2009PLC198224

Nominal Capital: ₹10,00,00,000/-

To,

The Members

EYE KARE KILITCH LIMITED

Ujagar Industrial Estate, Unit No.-37,

W.T. Patil Marg, Deonar,

Mumbai : 400088

I have examined the registers, records, books and papers of **EYE KARE KILITCH LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Companies Act, 1956 (herein after referred to as the Act) and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this Certificate, with the Registrar of Companies, Maharashtra, within the time prescribed under the Act (except specifically mentioned) and the rules made there under for the financial year under review.
3. The Company being public limited company, comments in this regard are not required.
4. The Board of Directors duly met **9 times** on 15/04/2010, 10/05/2010, 07/06/2010, 30/06/2010, 15/07/2010, 01/10/2010, 30/11/2010, 09/12/2010 & 02/02/2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company did not close its Register of Members pursuant to Section 154 of the Act during the financial year under review.
6. The Annual General Meeting for the financial year ended on March 31, 2010 was held on **August 12, 2010** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. Two Extra-ordinary General Meetings were held on after giving due notice to the members of the Company and the resolution passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. Since the Company has not advanced Loans to Directors of the Company or Firms or Companies referred in Section 295 of the Act, hence provisions of the said section regarding loans advanced do not apply and hence there is nothing to report in this matter.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act.
10. As the Company has entered into contract(s) in which Director(s) of the Company is/are interested pursuant to Section 301 of the Act for the year under review and hence entry in this regard has made in the Register as maintained by the Company for this purpose.
11. None of the Directors of the Company holds office or place of profit pursuant to the provisions of Section 314 of the Companies Act, 1956.



12. The Company did not issue any Duplicate Share Certificates for the financial year under review; hence there is nothing to report in this matter.
13. i. The Company has allotted 37,50,000 Equity Shares of ₹10/- each at par [including 20,00,000 equity shares ₹ 1/- paid up per share] and Company has transferred the shares during the financial year under review.
- ii. The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.
- iii. The Company was not required to pay/post warrants for dividends to all its members within the period of 30 (Thirty) days as no dividend was declared during the financial year under review and the Company was not required to transfer any Unclaimed/Unpaid dividend to any Unpaid Dividend Account of the Company during the financial year under review.
- iv. The Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid or a period of seven years to Investor Education and Protection Fund during the financial year under review.
- v. The Company has duly complied with the requirements of Section 217 of the Act for the financial year under review.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director and / or Whole-time Director of the Company pursuant to Section 269 read with Schedule XIII of the Act during the year under review.
16. The Company has not appointed any sole-selling agents during the financial year under review in compliance of the provisions of the Act.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under for the financial year under review.
19. The Company has issued 37,50,000 Equity Shares of ₹10/- each [including 20,00,000 equity shares ₹ 1/- paid up per share] during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. The Company has not redeemed any preference shares/debentures during the financial year under review.
22. There were no transactions requiring the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act during the financial year under review.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act read with The Companies (Acceptance of Deposits) Rules, 1975 during the financial year under review and hence there is nothing to report in this matter.
24. The Company has not exceeded the limits pursuant to the provisions of Section 293 (1) (d) of the Act and hence there is nothing to report in this matter.
25. The Company has not made any loans or Investments, or given guarantees or provided securities, in other bodies corporate in accordance to the provisions of Sec.372A of the Act, during the financial year under review.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment was imposed on the Company during the financial year under review.
32. The Company has not received any money as security from its employees during the year under certification to be deposited as per provisions of Section 417(1) of the Act during the financial year under review.
33. There is nothing to report regarding employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to the provisions of Section 418 of the Act for the financial year under review.

**M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES**

SD/-

{PROPRIETOR}

FCS: 5652

C.P.NO.5364

Place : Mumbai

Date : 30/05/2011



Annexure A

The Company has maintained the following Registers during the financial year ending on 31st March, 2011.

- i. Register of Members and Shareholders u/s 150 of the Companies Act, 1956.
- ii. Register of Share Transfers.
- iii. Register of contracts u/s. 301 of the Companies Act, 1956.
- iv. Register of Directors, Managing Directors, etc. u/s 303 of the Companies Act, 1956.
- v. Register of Directors' Shareholdings u/s 307 of the Companies Act, 1956.
- vi. Returns u/s.163 of the Companies Act, 1956.
- vii. Minutes Book of the Meetings of:
 - Board Meetings.
 - General Meetings.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, during the financial year ending on 31st March, 2011.

1. Annual Return made up to 12/08/2010 for Financial Year 2009-10 pursuant to Section 159, Annual Accounts for Financial Year 2009-10 pursuant to Section 220 and Compliance Certificate for Financial Year 2009-10 pursuant to Section 383A of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra.
2. Form 2 for allotment of 500000 equity shares of ₹10/- each w.e.f. 07/06/2010 pursuant to Section 75 of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra.
3. Form 2 for allotment of 1250000 equity shares of ₹10/- each w.e.f. 15/07/2010 pursuant to Section 75 of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra.
4. Form 2 for allotment of 2000000 equity shares of ₹10/- each [₹1/- partly paid] @ premium of ₹2/- per share w.e.f. 02/02/2011 pursuant to Section 75 of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra.
5. Form 23 for preferential issue of equity shares w.e.f. 06/01/2011 pursuant to Section 81(1) of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra.



AUDITORS' REPORT

TO THE MEMBERS OF THE EYEKARE KILITCH LIMITED

We have audited the attached Balance Sheet of **Eyekare Kilitch Limited** ('the Company'), as at 31st March 2011 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 misstatements. 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.

- I. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- II. Further to our comments in the Annexure referred to in paragraph I above, we report 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 appears from our examination of those books;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the 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 to the extent they are applicable to the Company.
 - (e) On the basis of the written representations received from the directors of the Company as on 31st March 2011, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject note no 4 as given in the Notes to Accounts give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
and
 - (ii) In the case of the Profit and Loss Account, of the PROFIT of the Company for the year ended on that date;

**For R N R Iyer & Co.,
Chartered Accountants
Firm Regd No: 103786W**

**CA Iyer Rajkumar
Proprietor
FCA 33964**

**Place : Mumbai
Date : 30th May, 2011**

ANNEXURE to the Auditors' Report

The Annexure referred to in Paragraph I of the Auditors' Report to the members of **Eyekare Kilitch Limited** ('the Company') for the year ended 31st March 2011. We report that:

Fixed Assets:

1. As the Company does not have any fixed assets clause 4(i)(a), 4(i)(b) and clause 4(i)(c) are not applicable

Inventory:

2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on verification if any between the physical stocks and the book records were not material.

Loans and Advances:

3. According to the information and explanations provided to us by the management, the Company has granted unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 2,89,98,888/- and the year end balance of loan granted to the company is ₹ 2,39,75,564/-.

In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.

4. The Company has not taken loans or advances from any Companies, firms or individuals covered in the register maintained under section 301 of the Companies Act, 1956.

Internal Controls:

5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets, and for the sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor we have been informed of any instances of major weaknesses in the aforesaid internal control system.

Contracts or Arrangements referred to in Section 301 of the Companies Act 1956:

6. To the best of our information and according to the information and explanations provided to us by the management, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that Section.
7. According to the information and explanations provided to us by the management, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Deposits:

8. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public to which the provision for section 58, 58AA or any other



relevant provisions of Companies Act 1956 and the Companies (Acceptance of Deposits) Rules 1975 apply.

Internal Audit:

9. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

Cost Audit:

10. In our opinion, the Rules made by the Central Government for maintenance of Cost records under section 209(1) (d) of the Companies Act, 1956 is not applicable to the Company.

Statutory Dues:

11. According to the books and records of the Company as produced and examined by us and according to the information and explanations provided to us the Company has recovered profession tax on salaries paid to employees which have to be deposited with the appropriate authorities.
12. According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty or any other statutory dues were outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.
13. According to the information and explanations provided to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or cess which have not been deposited on account of any dispute.

Potentially Sick Company:

14. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

Repayment of Dues:

15. Based on our audit procedures and according to the information and explanations provided to us by the management, we are of the opinion

that the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.

Guarantees Given:

16. According to the information and explanations provided to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.

Term Loans:

17. According to the records of the Company and according to the information and explanations provided to us, the Company has not availed any term loans during the period under audit.

Sources and Application of Funds:

18. On the basis of review of utilization of funds, which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us and as represented to us by the management, funds raised on short-term basis have not been used for long-term investments.

Fraud:

19. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Other Clauses:

20. The following clauses of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company and hence the same are not reported upon:

Clause 4(xii), Clause 4(xiii), Clause 4(xiv) Clause 4(xv), Clause 4(xviii), Clause 4(xix) and Clause 4(xx)

**For R N R Iyer & Co.,
Chartered Accountants
Firm Regd No: 103786W**

**CA Iyer Rajkumar
Proprietor
FCA 33964**

**Place : Mumbai
Date : 30th May, 2011**



Balance Sheet as at 31st March 2011

(₹ In Lacs)

	Schedule No	As at March 31, 2011	As at March 31, 2010
Sources of Funds :			
Shareholders' Funds			
Share Capital	1	320.00	125.00
Reserves and Surplus	2	40.00	0.00
		360.00	125.00
Total		360.00	125.00
Application of Funds			
Investments	3	0.25	
		0.25	80.08
Net Current Assets :			
Current Assets, Loans and Advances			
Inventories	4	26.88	0.00
Sundry Debtors	5	24.76	1.05
Cash and Bank Balances	6	16.03	30.13
Loans and Advances	7	241.52	0.00
		309.19	31.18
Less : Current Liabilities and Provisions			
Current Liabilities	8	19.34	10.02
Provisions	9	0.75	0.00
		20.09	10.02
Net Current Assets		289.10	21.16
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Deferred Revenue Expenditure		49.65	
Profit and Loss Account Debit Balance		21.00	23.76
		70.65	
Total		360.00	125.00
Notes to Accounts	17		
The Schedules referred to above form an integral part of Balance Sheet			

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

For and on behalf of Board of Directors

For R.N.R. IYER & CO

Chartered Accountants

Firm Registration No. 103786W

Mukund P. Mehta : *Director*

Rajkumar Iyer

Proprietor

Membership No.33964

Bhavin M. Mehta : *Director*

Place : Mumbai

Dated : 30th May, 2011



Profit and Loss Account for the year ended March 31, 2011

(₹ In Lacs)

	Schedule No	For the Year Ended, 31st March, 2011	For the Year Ended, 31st March, 2010
Income			
Sales and Other Income			
Sales		94.43	1.05
Other Income	10	15.37	0.08
		109.80	1.13
Expenditure			
Cost of Material Consumed	11	36.91	0.98
Employee Cost	12	26.84	9.09
Administrative Expenses	13	25.33	10.57
Selling Expenses	14	17.16	3.67
Interest & Financial Expenses	15	0.04	0.01
Preliminary Expenses written off	16	0	0.58
		106.28	24.90
Profit / (Loss) before Taxation		3.52	(23.77)
Provision for Taxation		0.75	0.00
Profit / (Loss) after after Taxation		2.77	(23.77)
Balance Brought Forward		(23.77)	0.00
Balance Carried Forward		(21.00)	(23.77)
Notes to Accounts	17		
The Schedules referred to above form an integral part of Profit and Loss Accounts			

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

For and on behalf of Board of Directors

For R.N.R. IYER & CO

Chartered Accountants

Firm Registration No. 103786W

Mukund P. Mehta : *Director*

Rajkumar Iyer

Proprietor

Membership No.33964

Bhavin M. Mehta : *Director*

Place : *Mumbai*

Dated : *30th May, 2011*



Schedules forming part of the Balance Sheet

(₹ In Lacs)

As at March 31, 2011 As at March 31, 2010

Schedules 1: Share Capital

Authorised

1,00,00,000 Equity Shares of ₹10/- each 1,000.00 1,000.00

Issued, Subscribed and Paid up

30,00,000 (last year 12,50,000) Equity Shares of ₹ 10/- each fully paid up 300.00 125.00

20,00,000 Shares of ₹10 each Partly Paid ₹1 per share 20.00 -

320.00 125.00

Schedule 2 Reserves and Surplus

Share Premium 40.00 -

Schedule 3 : Investments

Current Investments

HDFC Mutual Funds

(2515 Unit of ₹10/- each)

Market Value ₹25157/-

Last year (8,00,000 unit of ₹10/- each)

Market Value ₹8007579 0.25 80.08

Schedule 4: Inventories (Valued at cost)

Trading 26.88 -

Schedule 5: Sundry debtors

(Unsecured, considered good, unconfirmed)

More than six months - -

Other Debts 24.76 1.05

24.76 1.05

Schedule 6: Cash & Bank Balances

Cash on hand 0.01 -

Bank Balances with Scheduled Banks

In Current Accounts 16.02 30.13

16.03 30.13

Schedule 7 : Loans and advances

(Unsecured, considered good, unconfirmed)

Advances recoverable in cash or in kind or for value to be received 241.52 -

Schedule 8. Current Liabilities

Sundry Creditor of Goods 0.68 -

Employee Salary and Welfare 14.71 -

Outstanding Expenses 1.77 -

Total 17.16 -

Schedule 9. Provision

Provision for Taxation 0.75 -



Schedules forming part of the Profit and Loss Account

(₹ In Lacs)

	For the year ended 31st March 2011	For the year ended 31st March 2010
Schedule 10: Other Income		
Interest	14.92	-
Discount Received	0.03	-
Dividend	0.43	0.08
	<u>15.37</u>	<u>0.08</u>
Schedule 11: Cost of Goods Sold		
Opening stock	-	-
Add: Purchases	63.79	0.98
Less: Closing Stock	26.88	-
Cost of Goods Sold	<u>36.91</u>	<u>0.98</u>
Schedule 12: Employee Cost		
Salary and staff welfare expenses	<u>26.84</u>	<u>9.08</u>
Schedule 13: Administrative Expenses		
Rent	6.00	1.00
Printing & Stationery	2.29	0.20
Stores and Consumables	1.53	0.11
Pre Incorporation Expenses	-	1.05
Registration charges	-	8.02
Audit Fees	0.50	0.20
Freight Charges	0.34	-
Fees And Registration	5.64	-
Postage and Courier	1.90	-
Professional fees	4.09	-
Telephone Charges	1.10	-
Travelling Expenses	1.84	-
ROC Filling fees	0.08	-
Profession Tax	0.03	-
	<u>25.33</u>	<u>10.57</u>
Schedule 14: Selling and Distribution Expenses		
Marketing Expenses	7.45	0.39
Business Promotion Expenses	9.71	3.28
	<u>17.16</u>	<u>3.67</u>
Schedule 15: Interest and Financial Expenses		
Bank Charges	<u>0.04</u>	<u>0.01</u>
Schedule 16 : Preliminary expenses written off		
	<u>-</u>	<u>0.58</u>



Schedule 17

Significant Accounting Policies for the year ended 31st March 2011.

1. Basis of Preparation of Financial Statements:

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and on the accounting principles of a going concern in accordance with all the applicable accounting principles generally accepted in India and comply with the mandatory applicable accounting standards notified under subsection (3C) of section 211 of the Companies Act 1956 and other relevant provision of the Companies Act 1956 and the rules, regulation and guidelines made there.

Accounting policies not specifically referred to otherwise are consistently applied by the Company and are in consonance with generally accepted accounting principles recognized in the form of accounting standards

During the period, as the Company is engaged in a single segment, accordingly segment information as required by accounting standards (AS-17) on segment reporting issued by the Institute of Chartered Accountants of India (ICAI) is not applicable

2. Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Revenue recognition

Revenue is accounted and recognized on accrual basis.

4. Fixed Assets

There are no fixed assets purchased or sold during the period.

5. Valuation of Inventories

Inventories are stated at cost or net realizable value whichever is lower.

6. Investments

Investments that are readily realizable and are intended to be held for not more than a year are classified as current investments or otherwise termed as long term investments

7. Taxes on Income:

Income tax expense comprises current tax and deferred tax charge or credit. The deferred tax assets and liabilities are calculated by applying tax rates and tax laws that have been enacted at the Balance Sheet date. Deferred tax assets are recognized only if there is virtual certainty of its realization. The carrying amount of deferred tax is reviewed at each balance sheet date to re-assess realization.

8 Provisions & Contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

9 Earnings per share:

The Company considers the net profit after tax before provision of deferred tax liability for determining the earnings per share. The company takes the weighted average number of equity shares outstanding during the year for the computation

Notes to Accounts

1. The Company was incorporated on 31st December 2009. Consequently, the accounts for the period end 31.03.2010 consist of only three month hence not comparable with the current year figures. The previous year figures have been regrouped or reclassified to conform with current year figures.
2. In the opinion of the management, the Current assets, Loans and Advances are an approximation of the value stated, if realized in the ordinary course of business. The provisions for all known liabilities are made and are adequate and not in excess of the amount considered reasonably necessary.
3. There are no contingent liabilities as at 31st March 2011
4. The company has incurred during the year amounts of ₹1942746.49, ₹1490811.00, ₹ 5368016.00 and ₹1128537.00, respectively, as Business promotion expenses, Marketing expenses employee Salary and Welfare, and Fees & Registration. As the amounts incurred is heavy and since the effect on the income can be deferred, the Board of directors feel that the expenses can be deferred over a period of 2 yrs and accordingly

**2nd ANNUAL REPORT
2010-2011**



**EYEKARE KILITCH
LIMITED**

₹4965055.00 has been charged as expenses for the year and the balance amount of ₹4965055.00 will be charged as expenditure in the year 2011-12.

5. Provision for income tax has been made, according to Minimum Alternate Tax.

6. Operating Lease (rent for premises) payments recognized in the Profit and Loss Account amount to ₹ 600000/-

In accordance with the requirements of Accounting Standard – 19, Leases issued by the Institute of Chartered Accountants of India, future obligation/rights as on the Balance Sheet Date for lease arrangements amounts to :-

	Payable ₹
Due within one year	6,00,000
Due within following four years	24,00,000
Due after five years	Nil

7. Payment to Auditors' (excluding service tax) For the year ended 31st March 2011.

Audit fees	40,000
Taxation & other matters	10,000

8. Earnings per Share (Earnings per share)

Basic and Diluted Earnings per share

Earnings per share has been computed as under:

a) Profit as per Profit & Loss Accounts	2,76,924
b) No of share	50,00,000

Since the profit for the year after tax is negligible earnings and diluted earnings per share cannot be computed.

9. Details of transactions entered into with related parties during the year as required by Accounting Standard (AS)-18 on related Party Disclosures issued by the institute of Chartered Accountants of India are given below.

A. Names of related parties and description of relationship

Sr.No	Nature of Relationship	Name of the related party
1	Key Management Personnel	Mr. Prataprai Keshavji Mehta Mr. Mukund Prataprai Mehta . Mr. Paresh Prataprai Mehta Mr. Bhavin Mukund Mehta
2	Holding Company	Kilitch Drugs India Ltd.
3	Associate Companies	NBZ Pharma Ltd J.D. Enterprises Kilitch Company Pharma Ltd

B. Transaction entered during the year with the related parties.

(₹ in Lacs)

Nature of Transaction	Holding company	
	2011	(2010)
Repayment of loans		
Loans received		
Purchases	63.79	(0.00)
Sales		
Director's Remuneration and Sitting Fees		
Rent Paid	6.00	(0.00)
Interest Received	14.92	(0.00)
In Shares including Premium	235.00	(125.00)
Outstanding		
a) Payable	0	(0.00)
b) Receivable	239.76	NIL



10. MSMED Act, 2006:

The Company does not have any "Supplier" who are, Small and Medium Enterprise as defined under the Micro Small and Medium Enterprise Development Act, 2006 hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

11. Additional information pursuant to the provisions of paragraph 3,4 © & (d) of part II of schedule VI of the Companies Act, 1956 (As Certified By Director) (Unit in Nos)

Closing Qty	Class of Goods Traded	Purchase Qty	Sale Qty
EYEDROP	2,66,204	1,23,174	1,43,030
INJECTION	3,850	2,905	945
SOFTGEL	97,560	56,585	40,975
TABLET	3,512	2,055	1,457

12. Provision for gratuity:

The company has not made any provision for gratuity.

Signature to schedules 1 to 17

As Per our report of even date attached

For R.N.R. IYER & CO

Chartered Accountants

Firm Registration No. 103786W

Rajkumar Iyer

Proprietor

Membership No.33964

Place : Mumbai

Dated : 30th May, 2011

For and on behalf of Board of Directors

Mukund P. Mehta : *Director*

Bhavin M. Mehta : *Director*



Cash Flow Statement for the year ended March 31, 2011

	2010-11 ₹ in Lacs	2009-10 ₹ in Lacs
Cash Flow from Operating Activities:		
Net Profit before Tax	3.52	-23.76
Adjustments for:		
Interest from Banks & Others	-14.92	0.00
Dividend received	-0.43	-0.08
Discount Received	-0.03	0.00
Operating Profit before working capital changes	-11.85	-23.84
Adjustments for:		
Inventories	-26.88	0.00
Sundry Debtors	-23.71	-1.05
Current Liabilities	9.31	10.02
Net Cash flow from Operating Activities	-53.13	-14.87
Cash Flow from Investing Activities:		
Investments (Net of Profit)	79.82	-80.08
Miscellaneous Expenditure	-49.65	0.00
Interest from Banks & Others	14.92	0.00
Dividend received	0.43	0.08
Discount Received	0.03	0.00
Net Cash flow from Investing Activities	45.55	-80.00
Cash Flow from Financing Activities:		
Loans and Advances	-241.52	0.00
Increase on Share Capital (including Shares Premium)	235.00	125.00
Net Cash flow from Financing Activities	-6.52	125.00
Net Increase/Decrease in Cash & Cash Equivalents	-14.10	30.13
Cash & Cash Equivalents, beginning of the year	30.13	0.00
Cash & Cash Equivalents, end of the year	16.03	30.13

This is the Cash Flow referred to in our Report of even date

For and on behalf of Board of Directors

For R.N.R. IYER & CO

Chartered Accountants

Firm Registration No. 103786W

Mukund P. Mehta : *Director*

Rajkumar Iyer

Proprietor

Membership No.33964

Bhavin M. Mehta : *Director*

Place : Mumbai

Dated : 30th May, 2011

Place : Mumbai

Dated : 30th May, 2011



Consolidated Financial Statement

On the Consolidated Financial Statement of Kilitch Drugs (India) Limited

To

The Board of Directors of Kilitch Drugs (India) Limited

We have audited the attached Consolidated Balance Sheet of Kilitch Drugs (India) Limited and its subsidiary, "Group" (refer Note 1(a) on Schedule 20 to the attached consolidated financial statements) as at March 31, 2011, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed hereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard notified under sub section 3C of Section 211 of the Companies Act, 1956.

Based on our audit of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India.

In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;

In the case of the Consolidated Profit and Loss Account of the Profit of the Group for the year ended on that date; and In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For M/s R.N.R. Iyer and Co.,
Chartered Accountants
Firm Registration No 103786W

Rajkumar Iyer
(Proprietor)
Membership No 33964

Place : Mumbai
Dated : 25th July 2011

Consolidated Balance Sheet as at 31st March 2011

			(₹ In Lacs)	
	Schedule No		As at March 31, 2011	As at March 31, 2010
Sources of Funds :				
Shareholders' Funds				
Share Capital	1	1323.18		1320.21
Reserves and Surplus	2	7107.40		6194.89
			8430.58	7515.10
Loan Funds				
Secured Loan	3	5305.71		4298.97
Minority Interest of Subsidiary Company			156.65	0.00
Total			13892.94	11814.07
Application of Funds				
Fixed Assets				
Gross Block	4	7424.19		7098.68
Less: Depreciation		3231.47		2673.06
Net Block		4,192.72		4425.62
Capital Work in Progress		4315.23		2210.61
			8507.95	6636.23
Deferred Tax Assets (net)		746.66	746.66	450.86
Investments	5	21.84	21.84	101.66
Net Current Assets :				
Current Assets, Loans and Advances				
Inventories	6	1702.50		1245.00
Sundry Debtors	7	3869.61		4791.72
Cash and Bank Balances	8	948.96		395.22
Loans and Advances	9	261.25		275.58
		6,782.32		6707.51
Less : Current Liabilities and Provisions				
Current Liabilities	10	1249.89		1399.09
Provisions	11	980.30		718.72
		2,230.19		2117.81
Net Current Assets			4552.13	4589.70
Miscellaneous Expenditure	12	64.36		
Pre-operative Expenses (To the extent not written off or adjusted)			64.36	35.62
Total			13892.94	11814.07
Notes to Accounts	20			

The Schedules referred to above form an integral part of Balance Sheet

This is the Consolidated Balance Sheet referred to in our Report of even date

For **R.N.R. IYER & CO**
Chartered Accountants
Firm Registration No. 103786W

Pratap K Mehta : Chairman
Mukund P. Mehta : Managing Director

Rajkumar Iyer
Proprietor
Membership No.33964

Paresh P. Mehta : Jt. Managing Director
Bhavin M. Mehta : Director

Place : Mumbai
Dated : 25/07/2011

Kanika Bareja (Ms.) : Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ In Lacs)

	Schedule No	For the Year Ended, 31st March, 2011	For the Year Ended, 31st March, 2011
Income			
Sales and Other Income			
Sales(Including Trading sales)		14630.17	14266.24
Other Income	13	21.00	48.10
		14651.17	14314.34
Expenditure			
Cost of Material Consumed	14	10070.50	9827.99
Employee Cost	15	531.95	410.12
Manufacturing Expenses	16	1373.08	1219.68
Administrative Expenses	17	315.96	293.18
Interest & Financial Expenses	18	357.62	453.49
Selling Expenses	19	131.70	147.86
Depreciation	4	558.74	607.26
		13339.55	12959.58
Profit before Taxation		1311.62	1354.76
Provision for Taxation		261.75	275.58
Provision for Deferred Tax		1.07	5.59
Profit after Taxation		1048.80	1073.60
Prior Period Interest on Tax		0.00	3.97
Prior Period Expenses		0.00	46.47
Profit after Exceptional Item		1048.80	1023.16
Minority Interest		0.90	0.00
		1047.90	1023.16
Balance Brought Forward		2,564.44	1805.74
Add: Minority Interest		7.77	0.00
		2572.21	0.00
Profit Available for Appropriation		3620.11	2828.90
Appropriation:			
Transfer to General Reserve		100.00	110.00
Dividend			
Proposed Dividend		132.32	132.02
Tax on Proposed Dividend		21.98	22.44
		154.29	154.46
Balance Carried Forward		3,365.82	2,564.44
Total		3620.11	2828.90
Basic earnings per share		7.92	7.74
Diluted earnings per share		7.74	7.58
Nominal Value per share		10.00	10.00
Notes to Accounts	20		

The Schedules referred to above form an integral part of Profit and Loss Accounts

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

For R.N.R. IYER & CO
Chartered Accountants
Firm Registration No. 103786W

Pratap K Mehta : Chairman
Mukund P. Mehta : Managing Director

Rajkumar Iyer
Proprietor
Membership No.33964

Paresh P. Mehta : Jt. Managing Director
Bhavin M. Mehta : Director

Place : Mumbai
Dated : 25/07/2011

Kanika Bareja (Ms.) : Company Secretary

Schedules forming part of the Consolidated Balance Sheet

(₹ In Lacs)

March 31, 2011

March 31, 2010

Schedule 1 : Share Capital

Authorised

20,00,0000 Equity Shares of ₹ 10 each fully paid

2000.00

2000.00

Issued, Subscribed and Paid-up

1,32,31,828 Equity Shares of ₹ 10 each fully paid

1323.18

1320.21

(PY 13202122 Equity Shares of ₹10 each fully Paid)

Total

1323.18

1320.21

Schedule 2 : Reserves and Surplus

	2010	Addition	Deductions		
Capital Reserve	30.00	0.00	0.00	30.00	30.00
Share Premium A/c	2747.24	30.89	0.00	2778.13	2747.24
Call On Shares Forfeited a/c	58.00	0.00	0.00	58.00	58.00
General Reserve	588.51	100.00	0.00	688.51	588.51
Employee Stock Options Outstanding	206.70	0.00	19.76	186.94	206.70
Balance in Profit & Loss Accounts	2564.44	801.38	0.00	3365.82	2564.44
Total	6194.89	932.27	19.76	7107.40	6194.89

Schedule 3 : Secured Loans

From Banks

Working Capital Facilities

3742.24

2581.70

(Secured by way of Hypothecation of Stock and Debtors)

Term Loans

1563.47

1717.27

(Secured by way of Mortgage of Factory Land and Building)

Total

5305.71

4298.97

Schedule 4 : Fixed Assets

(₹ In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions/ Transfers	Deductions/ Transfers	As at 31-Mar-11	As at 31-Mar-10	For the year	Deduction	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Land	183.24	43.49	0.00	226.73	0.00	0.00	0.00	0.00	226.73	183.24
Factory Building	2 326.24	1.64	0.00	2 327.87	804.69	152.15	0.00	956.84	1 371.03	1 521.55
Office premises	133.24	0.00	0.00	133.24	43.64	4.48	0.00	48.12	85.12	89.60
Plant & Machinery	3 357.29	217.87	0.00	3 575.16	1 212.27	311.38	0.00	1 523.65	2 051.51	2 145.02
Furniture & Equipment	199.85	26.60	0.00	226.45	108.11	19.03	0.00	127.13	99.32	91.74
Computer	123.50	22.24	0.00	145.74	95.77	14.13	0.00	109.90	35.84	27.73
Motor Car	69.69	0.00	0.00	69.69	42.31	7.09	0.00	49.40	20.29	27.38
Office Equipment	101.89	1.61	0.00	103.50	61.47	7.39	0.00	68.86	34.64	40.41
Air Conditioner	98.45	3.83	0.00	102.28	78.93	3.11	0.00	82.05	20.23	19.52
Electrical Installation	254.13	1.18	0.00	255.32	121.12	18.62	0.00	139.73	115.58	133.02
Laboratory Equipment	247.44	6.17	0.00	253.61	103.10	20.32	0.00	123.41	130.20	144.35
Pager	0.36	0.00	0.36	0.00	0.33	0.00	0.33	0.00	0.00	0.03
Mobile Phone	3.36	1.23	0.00	4.59	1.34	1.03	0.00	2.37	2.22	2.02
Total	7 098.68	325.87	0.36	7 424.19	2 673.06	558.74	0.33	3 231.47	4 192.72	4 425.62
Previous Balance	6 704.13	-	33.58	7 098.68	2 069.93	607.26	4.13	2 673.06	4 425.62	
Capital Work-in Progress (Including Capital advances)									4 315.23	
Previous Balance									2 210.60	

Notes:

- Depreciation has been charged only on these assets which are used during the year for business purpose.
- Depreciation has been claimed on assets values net of CENVAT, wherever CENVAT set off has been availed.

Schedules forming part of the Consolidated Balance Sheet

(₹ In Lacs)

March 31, 2011

March 31, 2010

Schedule 5 : Investments

Investment (Fully Paid at Cost)

	Market Value	Quantity		
Quoted - Long Term Equity Shares	Per Share			
Century Enka Ltd	181.90	1000	0.74	0.74
Colgate Pamolive India Ltd	814.80	100	0.95	0.95
JK Lakshmi Cement Ltd	51.05	720	0.33	0.33
Century Textile & Industries Ltd	350.05	500	2.28	2.28
Pfizer Ltd	1224.95	400	4.94	4.94
Reliance Power Ltd	129.70	2616	7.36	7.36
Bengal & Assam Company Ltd	242.55	15	4.99	4.99
Mutual Fund				
HDFC	10.00	2515	0.25	80.08
Total			21.84	101.66

Schedule 6 : Inventories

Raw Material	975.78	810.89
Packing Material	189.56	128.04
Work-in-Process	340.54	178.98
Finished Goods	137.42	81.95
Stores and Spare Parts	31.00	21.85
Trading Goods	26.88	0.00
Goods in Transit	1.32	23.29
Total	1702.50	1245.00

Schedule 7 : Sundry Debtors (Unsecured considered good)

<i>Debts outstanding for a period exceeding six months</i>	1099.20	1091.23
Others Debts	2770.41	3700.49
Total	3869.61	4791.72

Schedule 8 : Cash and Bank Balances

Cash in Hand	1.22	2.87
<u>With Scheduled Banks in:</u>		
Current Account	878.86	248.17
Deposit Account	68.88	144.18
Total	948.96	395.22

Schedules forming part of the Consolidated Balance Sheet

	(₹ In Lacs)	
	March 31, 2011	March 31, 2010
Schedule 9 : Loans and Advances		
Deposit	63.82	134.26
Advances recoverable in cash or in kind or for value to be received	125.84	0.00
Prepaid Expenses	5.81	4.68
Taxes Paid	26.41	30.32
Deferred Employee Compensation	39.37	106.32
Total	261.25	275.58
Schedule 10 : Liabilities		
Sundry Creditors	1026.78	1183.17
Other Liabilities	223.11	215.92
Total	1249.89	1399.09
Schedule 11 : Provisions		
Provisions for Taxation	826.01	564.26
Provisions for Dividend & Tax	154.29	154.46
Total	980.30	718.72
Schedule 12 : Miscellaneous Expenditure		
Opening Balance	35.62	56.53
Add : During the Year	49.65	-
Less : written off during the year	20.91	20.91
	64.36	35.62

Schedules forming part of the Consolidated Profit and Loss Account

(₹ In Lacs)

	Year Ended March 31, 2011	Year Ended March 31, 2010
Schedule 13 : Other Income		
Interest from Banks and Others	12.75	11.58
Dividend Received	1.25	1.01
Foreign Currency Exchange Gain	3.72	14.44
Discount Received	2.14	0.96
Miscellaneous Income	1.14	1.63
Insurance Claim Received	0.00	18.48
Total	21.00	48.10
Schedule 14 : Cost of Material Consumed		
Cost of Goods Sold		
Opening Stock	938.93	971.34
Add: Purchases	10497.33	9691.61
Add: Freight	43.49	34.54
	11479.75	10697.49
Less: Closing Stock	1192.22	938.93
A	10287.53	9758.56
Increase/ Decrease (in Stock of Finished Goods & Work in progress)		
Closing Stock		
Finished Goods	137.42	81.95
Work-in-progress	340.54	178.98
B	477.96	260.93
Opening Stock		
Finished Goods	81.95	119.06
Work-in-progress	178.98	211.29
C	260.93	330.35
Total (A-B+C)	10070.50	9827.99
Schedule 15 : Employee Costs		
Salaries, Wages and Bonus	408.00	329.45
Staff Welfare Expenses	32.63	9.15
Company's Contribution to provident and other funds	19.06	15.52
Employee stock Option Plan	66.94	53.90
Medical Expenses and Reimbursement	5.32	2.10
Total	531.95	410.12

Schedules forming part of the Consolidated Profit and Loss Account

(₹ In Lacs)

	Year Ended March 31, 2011	Year Ended March 31, 2010
Schedule 16 : Manufacturing Expenses		
Labour & Packing Charges	371.37	221.88
Fuel for Boiler and Generator	227.91	140.30
Power & Electricity	421.31	337.49
Repairs & Maintenance	82.07	120.49
Lab Consumable/ Analytical Charges	68.48	70.27
Water Charges	6.92	4.19
Factory Consumables	195.02	325.06
Total	1373.08	1219.68
Schedule 17 : Administrative Expenses		
Directors Remuneration	30.25	34.19
Foreign Travel Exp.	12.28	32.74
Insurance	11.58	10.84
Miscellaneous Expenses	58.30	71.43
Miscellaneous Expenses w/off	20.91	20.91
Audit Remuneration	3.50	2.70
Printing and Stationery	22.50	17.35
Professional Charges	60.83	46.55
Telephone and Communication	20.77	17.88
Vehicle Expenses	13.06	8.97
Travelling Expenses	40.27	29.61
Rent , Rates and Taxes	21.71	0.00
Total	315.96	293.18
Schedule 18 : Interest & Financial Expenses		
Bank Interest, Commission & Charges	357.62	453.49
Total	357.62	453.49
Schedule 19 : Selling Expenses		
Freight Outward	36.92	1.06
Business Promotion	63.43	86.73
Advertising / Sales Comm.	13.60	30.09
Discount Allowed [Sales]	9.49	10.23
Export Expenses	8.26	19.75
Total	131.70	147.86

Schedule 20: Significant Accounting Policies & Notes on Accounts

(A) Significant Accounting Policies:

1) Principles of consolidation

- a) The consolidated financial statements include the financial statement of Kilitch Drugs India Ltd and its subsidiary EyeKare Kilitch Limited.
- b) The accounting and reporting policies of the Group used in the preparation of the consolidated financial statements conforms to the Generally Accepted Accounting Principles in India (India GAAP), the guidelines issued by the Securities and Exchange Board of India (SEBI), the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 from time to time as applicable to Companies.
- c) The group follows the accrual method of accounting and the historical cost convention for accounting assets.
- d) The preparation of consolidated financial statements requires the management to make estimates and assumptions, which are consolidated in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the consolidated financial statement and the reported income and expenses during the reporting period. Management believes that the estimates if any used in the preparation of the consolidated statements are prudent and reasonable. Future results could differ from these estimates.

The consolidated financial statement include the results of the following subsidiary:

Sr. No.	Name of Entity	Country of Incorporation	Nature of Relationship	Nature of Business	Ownership Interest
1.	EyeKare Kilitch Limited	India	Subsidiary	Trading	67.30%

2) Revenue Recognition

- a) Sales are recognized on completion of sale of goods and are recorded net of trade discounts, rebates, and excise duty on own manufactured products.
- b) Revenue in respect of export sales is recognized on shipment of products.
- c) Service Income (Processing Charges) is recognised as per contractual terms.
- d) Dividend Income is recognised on receipt basis
- e) Interest Income is recognised on time proportionate method.

3) Fixed Assets and Depreciation

- a) Fixed Assets are stated at historical cost of acquisition/construction less accumulated depreciation and impairment loss. Cost (net of input tax credit received/receivable) includes related expenditure and pre-operative and project expenses for the period up to completion of the construction/assets are put to use.
- b) Depreciation is provided on Written Down Value Method as per Section 205(2)(b), at the rates prescribed for single shift in Schedule XIV of The Companies Act, 1956.
- c) Depreciation on addition/disposal of the Fixed Assets during the year is provided on prorata basis according to the period during which the assets are put to use.
- d) The expenditure incidental to the expansion are allocated to Fixed Assets in the year of commencement of the commercial production.

4) Investments

Investments are valued at cost.

5) Inventories

- a) Raw Material, Packing Material, Stores and spare parts are valued at cost or net realisable value whichever is lower.
- b) Work-in-progress and Finished Goods inventories include production overheads, to the extent applicable
- c) Cost of Raw Materials, Packing Materials and Stores & Spare part are determined on last purchase price.

6) Miscellaneous Expenditure

Miscellaneous Expenditure is written off on a straight-line basis over a period of five years.

7) Borrowing Costs

Borrowing Costs are recognized as an expense in the period in which they are incurred except the borrowing cost attributable to the acquisition/construction of a qualifying asset which are capitalized as part of the cost of such asset, up to the date, the assets are ready for their intended use.

8) Foreign Currency Transactions

The transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. The exchange difference resulting from settled transaction is adjusted in the profit and loss account. Year end balances of monetary items are restated at the year end exchange rates and the resultant net gain or loss is adjusted in the profit and loss account.

9) Taxation

- a) **Excise Duty :-** Excise Duty is accounted net of Cenvat benefit availed on purchase inputs, fixed assets and eligible services

b) **Value Added Tax [VAT] :-** VAT is accounted net of VAT paid on purchases and Fixed Assets.

10) Taxes on Income

- Tax expenses comprises current and deferred tax.
- Current Tax is measured as the amount expected to be paid in accordance with the provisions of The Income Tax Act, 1961.
- Deferred Tax reflects the impact of current year timing differences between book and tax profits and reversal of timing difference of earlier years. Deferred Tax is measured based on the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date.
- Deferred Tax Assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11) Retirement Benefits

Contributions in respect of defined retirement schemes such as Provident Funds are charged to the Profit and loss Account as incurred. The company does not provide for gratuity as required under AS 15 accounting guidelines prescribed by Institute of Chartered Accountants of India (ICAI). However, whenever an eligible employee retires / resigns services the company computes liability for gratuity as per payment of gratuity Act, and charges it to the profit and loss accounts.

12) Employee Stock Option Plan

Employee Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed by Guidance Note on 'Accounting for Employee Share-based payments' issued by Institute of Chartered Accountants of India (ICAI) read with Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 issued by SEBI. The excess of market value if any, of the stock options as on the date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the Profit and Loss Account on vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding, which is shown under Reserves and Surplus.

13) Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earnings per share is computed by dividing the net Profit for the period by the weighted average number of Equity shares outstanding during the period, as adjusted for the effects of all diluted potential equity shares.. Diluted earnings per share is computed by dividing the net Profit for the period by the number of Equity shares outstanding during the year.

14) Cash Flow Statement:

The cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow statements and present cash flows by operating, investing & financing activities of the company.

15) Proposed Dividend:

Dividend recommended by the Board of Directors is provided in the Accounts, pending approval of the Annual General Meeting.

(B) Notes on Accounts:

1) Group / Classification

Previous year's figures have been regrouped and "or" reclassified wherever necessary.

2) Figures in bracket indicate previous year figures

3) Contingent Liabilities not provided for:

(₹ in Lacs)

Particulars	As at 31 st March	
	2011	(2010)
1) In respect of guarantees given by Banks and Counter Guarantees given by the Company	138.39	67
2) In respect of letter of credits	234.33	194

4) Related Party Transactions

Name of the related parties and Nature of Relationship

a) Subsidiary Companies/ Concerns

EyeKare Kilitch Ltd.

b) Directors and their Relatives

Mr. Pratap Mehta	Chairman
Mr. Mukund Mehta	Managing Director
Mr. Paresh Mehta	Jt. Managing Director
Mr. Bhavin Mehta	Director

c) Enterprises significantly influenced by Directors and/or their relatives

NBZ Pharma Ltd.

J.D. Enterprises

Related Party Transactions

₹ In Lacs

Nature of Transaction	Subsidiary company		Directors and Their Relatives		Enterprises significantly influenced by Directors and their relatives	
	2011	(2010)	2011	(2010)	2011	(2010)
Repayment of loans			NIL	(167.70)		
Loans received			NIL	(9.57)		
Purchases					5545.38	(3370.04)
Sales	63.79	(0.00)			5247.12	(409.52)
Director's Remuneration and Sitting Fees			30.25	(34.28)		
Rent Received	6.00	(0.00)				
Interest Paid	14.92	(0.00)				
In Shares including Premium	235.00	(125.00)				
Outstanding						
a) Payable	239.76	(0.00)	NIL	NIL		
b) Receivable	NIL	NIL	NIL	NIL	659.44	(1370.05)

5) Employee Stock Option Plan

The Compensation Committee of the Board allotted 29706 shares during the year on exercise of Employee stock option under Kilitch ESOS 2007. Each option is convertible into one equity share of ₹10/- each at exercise price of ₹47.50/- per share.

The employee compensation cost on account of this grant applicable for the year is ₹ 66,94,356 as against ₹1, 00, 37,624 accounted in the previous year which was inclusive of ₹46, 47,648 charge for earlier years resulting due to modification in the exercise price during the year.

6) Sundry Creditors, Debtors , Loans and Advance:

a) **Sundry Creditors:** The company has sent requests to its creditors asking them if they are covered under micro small and medium industries. As no confirmation from the creditors were received the company has not classified creditors into micro, small and medium industries and outstanding payable to them has not been shown separately. The Sundry creditors are unconfirmed but fully payable and includes ₹239.75 Lacs Previous year ₹Nil from Eyekare Kilitch Ltd which is its subsidiary.

b) **Sundry Debtors, Loans and Advance :** The Sundry Debtors, Loan and advance are unconfirmed, and unsecured but considered good. Amount receivable from a subsidiary company is ₹ NIL.(P.Y 4.13 lacs)

7) Earnings per Share:

	₹ Lacs	
	<u>2010-11</u>	<u>(2009-10)</u>
Profit Attributable to Equity Shareholders	1047.91	1023.16
No. of Equity share outstanding during the year	1,32,31,828	13202122
Nominal Value of Equity Share ₹ 10/-	10/-	10/-
Earnings per Share (₹)	7.92	7.74
Diluted number of shares	1,35,31,822	1,34,75,600
Diluted Earnings Per Share (₹)	7.74	7.59

As Per our report of even date attached

For **R.N.R. IYER & CO**

Chartered Accountants

Firm Registration No. 103786W

Rajkumar Iyer

Proprietor

Membership No.33964

Place : Mumbai

Dated : 25/07/2011

For and on behalf of Board of Directors

Pratap K Mehta

: Chairman

Mukund P. Mehta

: Managing Director

Paresh P. Mehta

: Jt. Managing Director

Bhavin M. Mehta

: Director

Kanika Bareja (Ms.)

: Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2011

	2010-11 ₹ in Lacs	2009-10 ₹ in Lacs
Cash Flow from Operating Activities:		
Net Profit before Tax	1,311.63	1,354.76
Adjustments for:		
Depreciation	558.74	607.26
Interest from Banks & Others	(12.75)	(11.58)
Dividend received	(1.25)	(1.01)
Employee Stock Option	-	53.89
Miscellaneous expenditure w/off	20.91	20.91
Operating Profit before working capital changes	1,877.28	2,024.23
Adjustments for:		
Inventories	(457.50)	81.70
Sundry Debtors	922.11	665.77
Loans and Advances	14.33	899.70
Current Liabilities and Provisions	(149.20)	(2,147.87)
Taxes paid	(296.87)	(319.64)
Deferred Miscellaneous Expenditure	(49.65)	-
Net Cash flow from Operating Activities	1,860.50	1,203.89
Cash Flow from Investing Activities:		
Purchase of Fixed Assets (net)	(2,430.49)	(1,849.32)
Investments (Net of Profit)	79.82	(205.08)
Interest from Banks & Others	12.75	11.58
Dividend received	1.25	1.01
Preoperative Exp.	-	-
Net Cash flow from Investing Activities	(2,336.67)	(2,041.81)
Cash Flow from Financing Activities:		
Increase on Share Capital (including Shares Premium)	177.62	125.00
Prior Period Expenses	-	-
Dividend paid (incl. div. tax)	(154.45)	(150.97)
Paid for long term loans	1,006.74	756.55
Proceeds from Warrants	-	-
Net Cash flow from Financing Activities	1,029.91	730.58
Net Increase/Decrease in Cash & Cash Equivalents	553.74	(107.34)
Cash & Cash Equivalents, beginning of the year	395.22	502.56
Cash & Cash Equivalents, end of the year	948.96	395.22

This is the Consolidated Balance Sheet referred to in our Report of even date

For **R.N.R. IYER & CO**
Chartered Accountants
Firm Registration No. 103786W

Pratap K Mehta : Chairman
Mukund P. Mehta : Managing Director

Rajkumar Iyer
Proprietor
Membership No. 33964

Paresh P. Mehta : Jt. Managing Director
Bhavin M. Mehta : Director

Place : Mumbai
Dated : 25/07/2011

Kanika Bareja (Ms.) : Company Secretary



KILITCH DRUGS (INDIA) LIMITED

Regd. Office: C-301/2, M.I.D.C. INDUSTRIAL AREA, PAWANE VILLAGE, THANE: 400 705

PROXY - FORM

FOLIO NO.: _____ / DP ID NO*. _____ &

CLIENT ID NO.* _____ NO. OF SHARES _____

*Applicable of members holding shares in electronic form.

I/We _____ of _____, in the city / district of _____ being a Member/
Members of the above named Company, hereby appoint _____ of _____ in the city/
district of _____ or failing him _____ of _____ in the city/district of _____
as my/our Proxy to attend and vote for me/us and on my our behalf at the 19th ANNUAL GENERAL MEETING of the
Company at C-301/2, M.I.D.C. INDUSTRIAL AREA, PAWANE VILLAGE, THANE:400 705 on **Saturday,
10th September 2011 at 9.00 A.M.** and at any adjourned thereof.

Signed this _____ day of _____ 2011

This form is to be used @ in favour of of the resolution. Unless otherwise instructed, the Proxy will act as
he thinks fit @ against @ Strike out whichever is not desired

Affix
₹ 1/-
Revenue
Stamp
only

- Note: (i) The Proxy must be returned so as to reach the Registered Office of the Company at C-301/2, M.I.D.C. INDUSTRIAL AREA, PAWANE VILLAGE, THANE:400 705, not less than FORTY – EIGHT HOURS before the time for holding the aforesaid meeting.
- (ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.

TEAR HERE

KILITCH DRUGS (INDIA) LIMITED

Regd. Office: C-301/2, M.I.D.C. INDUSTRIAL AREA, PAWANE VILLAGE, THANE: 400 705

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

FOLIO NO.: _____ / DP ID NO*. _____ &

CLIENT ID NO.* _____ NO. OF SHARES _____

*Applicable of members holding shares in electronic form.

I hereby record my presence at the 19th ANNUAL GENEARL MEETING of the Company at its Regd. Office at C-301/2, M.I.D.C. INDUSTRIAL AREA, PAWANE VILLAGE, THANE:400 705 on **Saturday, 10th September 2011**

Full name of the Shareholder (In block Capital)

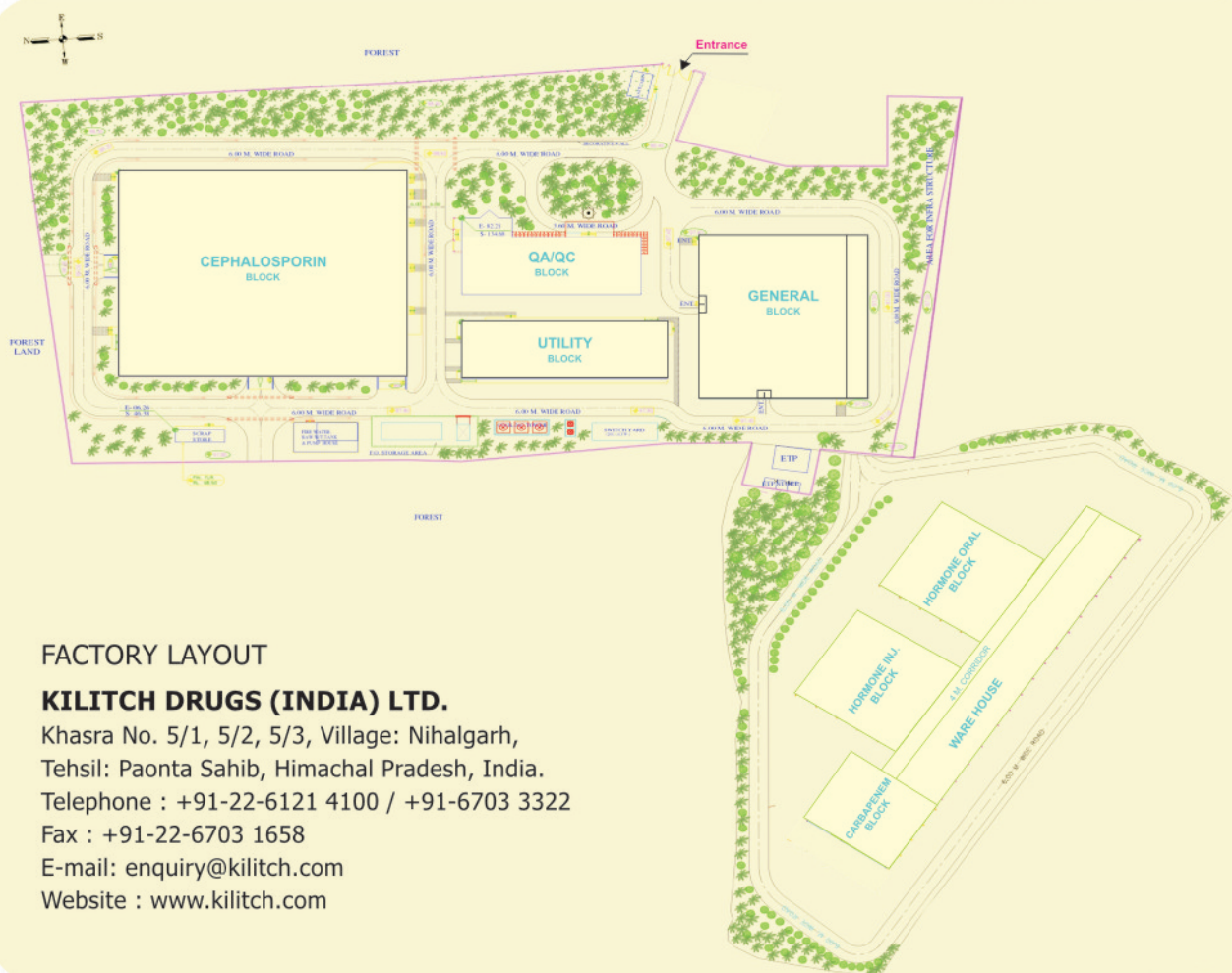
Signature

Full name of Proxy (In block capitals)

Signature

Note: Shareholders/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting

Notes



FACTORY LAYOUT

KILITCH DRUGS (INDIA) LTD.

Khasra No. 5/1, 5/2, 5/3, Village: Nihalgarh,
 Tehsil: Paonta Sahib, Himachal Pradesh, India.
 Telephone : +91-22-6121 4100 / +91-6703 3322
 Fax : +91-22-6703 1658
 E-mail: enquiry@kilitch.com
 Website : www.kilitch.com

BOOK-POST



KILITCH DRUGS (INDIA) LTD.

To,

.....



**An overview of our USFDA, UKMHRA
compliant plant in Paonta**

If undelivered, please return to :

LINK INTIME INDIA PVT. LTD.

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

Tel.: 22-2596 3838 • Fax : 22-2594 6969