

*"Science may set limits to knowledge,
but should not set limits to imagination" - Bertrand Russell*



GUFIC
BIOSCIENCES LIMITED

26TH ANNUAL REPORT 2009-2010

Why settle for just napkins, when there's Shapers
for Unexpected days • Heavy days • Spotting days

Presenting

ShapersTM
natural feel

SANITARY NAPKINS

3in1 Protection Pack

1 Emergency Pack
for unexpected days

7 Regular Napkins
for bhari & regular days

2 Panty Shields
for halke & spotting days

Complete protection for those 5 days



Roll-on[®]

HERBAL TREATMENT FOR SEVERE COLDS

Contains:

- Nilgiri Ka Tel
- Pudinah Ka Tel
- Pudinah Ka Phool
- Karpura

**Effective Treatment
for Cold**

BOARD OF DIRECTORS

Mr. Jayesh P. Choksi-	-	Chairman & Managing Director
Mr. Pranav J. Choksi	-	Executive Director
Dr. M. G. Dhapalapur	-	Executive Director
Dr. Sharat S. Gandhi	-	Director
Mr. Ashok M. Tarale	-	Director
Mr. Khantilal N. Sanghavi	-	Director

COMPANY SECRETARY & MANAGER LEGAL

Mr. Hitesh P. Mutha

AUDITOR

Mayur Chokshi & Co.
Chartered Accountant

BANKERS

State Bank Of India
ICICI Bank
Corporation Bank
Bank of Baroda

REGISTERED OFFICE ADDRESS

Subhash Road – A,
Vile Parle (E),
Mumbai – 400 057.

ADMINISTRATIVE OFFICE

Old Sanskar Jyot School Bldg.
2nd & 3rd Floor, (Above Bank Of Maharashtra)
S.V. Road, Andheri (W), Mumbai - 400 058.
Tel.: 91- 22- 67261000. Email : gufic@guficbio.com
Website : www.guficbio.com

PLANT

National Highway No. 8, Near Grid,
Kabilpore Navsari, Gujarat 396 424
Tel.: 91 - 02637 - 239946 / 329424

REGISTRAR AND TRANSFER AGENTS

LINK INTIME INDIA PVT. LTD.
C – 13, Pannalal Silk Mills Compound,
L.B.S. Road, Bhandup (W) , Mumbai 400 078.
Tel No.: (022) 2594 6970
Fax (022) 2594 6969
Email: rnt.helpdesk@linkintime.co.in

26th Annual General Meeting

DAY & DATE

Thursday, 30th September, 2010

TIME

2.30 PM.

VENUE

Hotel Parle International,
B. N. Agarwal Market,
Next to Dinanath Mangeshkar Hall,
Vile Parle (E), Mumbai - 400 057.

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₹ = Indian Rupee

GUFIC BIOSCIENCES LIMITED

Chairman's Message



Dear Shareholder,

The year 2009-10 was progressive year for our Company, both exciting and rewarding. Your Company is steadily advancing to consolidate its position in the pharmaceutical industry. We are focusing on to create our niche market for our innovative high end products, strengthening our established product lines and revitalising core competence of the Company using its expertise to pursue growth opportunities.

Indian pharma sector combated the recession with relative ease and recorded impressive growth in fiscal 2010. Inelastic demand for therapeutic drugs and healthcare facilities has driven the growth for the pharma Industry. The Government's Vision 2015 statement indicates an 18% plus CAGR for the pharma sector, meaning a doubling of revenues over the next five years.

We are happy to say that your Company has substantially contributed in manufacturing of Life Saving Drugs and established itself for the quality of its medicines and drugs. Moreover taking a social responsibility we expanded our capabilities and have become one of the largest manufacturer of Lyophilized Injectable at very economical cost.

The total revenue of the Company grew by 19% to ₹ 6333.21 Lakhs. Our strategies of diverting focus on core competence, capability building, Product Development, introduction of new drug products and extensive marketing efforts collectively brought about the robust performance of Company and sales of the Company increased by 22% to ₹ 6288.64 Lakhs.

With innovative product line, effective progress made in contract manufacturing services and marketing sales of Formulation Division increased by 29% and profit further increased by 14%. Sales for our herbal product for muscular pains 'Sallaki' seen impressive jump and introduction of Basket Sallaki is received well by consumers. Despite adverse Rupee -US Dollar equations sales of Bulk Drug Division increased by 17%, but profit raised by 6%. As result of strong products line and marketing efforts sales of Consumer Division increase by 19% and profit by 20%.

The Company made further progress in restructuring and diverting focus on the core competence through step-by-step closing off of Chemical and Agro Segments. As consequence loss could be recorded in coming years as inventory are disposed off and subsequently written off from the books of accounts.

In no other Industry segment innovative R&D is as critical as in Pharma industry. We have invested a lot of our time and energy in our R&D. This year we have already received permission for Dextrabeprazole injectable and Lornoxicam in tablet combination, which are firsts in the industry. Number of New Drug Products in the form of new formulations and combinations in the field of Congestive Heart Treatment, Life Saving Drugs, Hospital Care, and Pain Management are in pipeline. It will help the Company to create own niche market for its products and to have edge over competitors.

The Company has made significant growth in the Contract Manufacturing and striving to enter into the CRAMS (Contract Research and Manufacturing

Services) by entering in tie-ups at concept stage with clients and then to develop, apply, carry out trials and registrations and manufacture.

Herbal Division is something very close to the Company's heart. We believe our traditional Ayurvedic studies and references have a rich content of information waiting to be explored and our aim is to provide these Ayurvedic Gems to the consumer via modern delivery systems. We are making sincere efforts to offer more and more standardised forms of our Indian Ayurvedic drugs to help the doctors achieve a consistent result in their treatment.

Inflation is the biggest enemy said RBI Deputy Governor. Food price inflation and consumer price inflation remain at elevated levels is big cause of worry. Tightening the monetary policy is something which may have to be done and cascading effect of this will reflect on financial charges in coming year.

Indian pharma industry increasingly become highly competitive market with the number of entitles entering to the market everyday, effectively reducing margins of the company.

The Board appreciates and thank for your continued support and faith in the management of the company. We also thank all Gufic Family for their dedication and commitment in pursuing goals of the Company.

Yours truly,



Jayesh P. Choksi
Chairman & Managing Director

GUFIC BIOSCIENCES LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company, together with the Audited Accounts for the financial year ended 31st March, 2010.

FINANCIAL SUMMARY:

₹ in ,000

	2009-10	2008-09
Sales and Other Income	633,321	531,667
Earnings Before Interest, Depreciation and Tax Amortisation (EBITA)	56,285	60,147
Interest	22,724	26,246
Depreciation	16,625	16,725
Profit Before Tax (PBT)	16,936	17,176
Provision for Tax	6,100	(2,320)
Fringe Benefit Tax	---	956
Excess Provision Written Back	(1,571)	(7,414)
Provision for Deferred Taxation	129	12,950
Profit After Tax (PAT)	12,278	8,364
Surplus Brought Frd.	74,397	70,558
Balance Available for Appropriation	86,674	78,921
Appropriations:		
Dividend		
Tax on dividend	3,868	3,868
Transfer to General Res.	642	657
Surplus Carried Forward	82,165	74,397

FINANCIAL HIGHLIGHT:

The total revenue of the Company grew by 19.12% to ₹ 633.21 lakhs. During the year under review the sales increased from ₹ 516,841 thousand in comparison to previous year to ₹ 628,864 thousand an increase of 21.67 %. Reduction in sales of Chemical Segment and gradual loss in Agro Segments reflected and had their effects on total earning of the Company. EBITA reduced by 6.42%. PBT decreased by 1.42 %. PAT increased by 46.79.

DIVIDEND:

The Directors are pleased to recommend a Dividend of 5 % per equity share of ₹ 1 each for the financial year ended 31st March 2010.

LISTING:

Your Company is listed with the Bombay Stock Exchange at P.J. Towers, Dalal Street, Mumbai 400 001, bearing script Code No. 509079 and with the National Stock Exchange of India Limited at Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 bearing script Code No. GUFICBIO. The listing fees for the year 2010- 2011 has already been paid by the Company.

FIXED DEPOSITS:

During the year under review, your Company has not accepted any deposit from the public.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of provisions of Section 217(2AA) of the Companies Act, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and air view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the profits of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement is annexed hereto.

CORPORATE GOVERNANCE:

A Report on Corporate Governance along with a Certificate from the Auditors of the Company regarding compliances with the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed hereto.

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

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies

(Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

EMPLOYEES:

There are no employees drawing remuneration above the limits specified under Section 217 (2A) of the Companies Act, 1956.

DIRECTORS:

Mr. Ashok M. Tarale, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offer him for reappointment.

Mr. Pranav J. Choksi, Director of the Company, retires at the ensuing Annual General Meeting and offers him for appointment.

AUDITORS:

Comments given by the Auditors in their Audit Report when read together with the notes to Accounts are self explanatory and needs no further comments.

COST EFFECTIVENESS AND EFFICIENCY:

The board and Senior Management of the Company are committed to ensure efficiency and cost effectiveness. The Management is striving hard to improve yield and productivity of manufacturing and marketing processes. The Company is making highest possible efforts to maintain quality and therapeutic effectiveness of its products. Enterprises Resources Planning (ERP) system is effectively contributing for speedy and effective communication between different offices of the Company placed all over Country including Factory Premises, Administrative Office.

APPRECIATION:

Your Directors would like to place on record their sincere gratitude to the Shareholders, Bankers, Business Associates, Medical Professionals, Customers, Government, and other Regulatory Agencies for their continued support and faith in the Company. Your Directors are also happy to place on record their appreciation for the whole-hearted co-operation, commitment and contribution made by all the staff members of GUFIC FAMILY and look forward to their continued support.

By order of the Board of Directors,

Jayesh P. Choksi
Chairman & Managing Director

Mumbai
30th August 2010

**MANAGEMENT DISCUSSION & ANALYSIS REPORT:
INDUSTRY OVERVIEW & OPPORTUNITIES**

India pharmaceutical industry ranks high amongst the fast paced growing industries in the country with wide ranging capabilities in the complex fields of drug manufacture and technology.

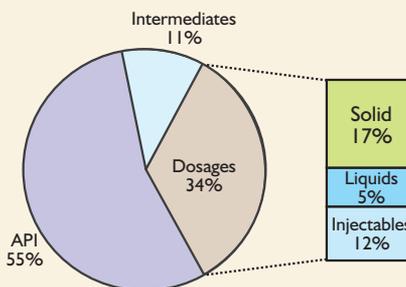
Indian pharma sector has combated the recession of 2008-09, with relative ease, drawing support largely from the inelastic demand for therapeutic drugs and healthcare facilities. The domestic pharma industry continues to at 13-14%. Improvement in productivity has prevented margins pressures, notwithstanding the intensifying competitive landscape domestically. The Government's Vision 2015 statement indicates an 18% plus CAGR for the pharma sector, meaning a doubling of revenues over the next five years.

Indian pharma market is second largest producer by volume and 13th by value, accounting for around eight percent of global production, and is highly fragmented. It employs around 5,00,000 people.

In no other Industry segment innovative R&D is as critical as in Pharma industry. Here, the New Drug Discovery Research (NDDR) has to keep pace with the emerging pattern of diseases as well as responses in managing existing diseases where target organisms are becoming resistant to existing drugs. The NDDR is also an expensive activity.

The CRAMS (Contract Research and Manufacturing Services) segment continues to enjoy the benefits of a low base effect. India is a fast growing manufacturing outsourcing market and growing at a rate of more than 40%, which is thrice the rate of global market growth rate.

**Break up of
Indian Contract Manufacturing Market**



Source: Frost & Sulliven

GUFIC BIOSCIENCES LIMITED

The rural market has tremendous growth potential for injectables and pain management drugs for several reasons. While the concept of injectables was revolutionary when discovered, the innovation in this segment has been evolutionary. Drug delivery systems with various biotechnology drugs have brought new innovations in the industry. The domestic injectable market is estimated to have grown at more than 20 % in the last three years.

Indian focused pharma companies will continue to benefit from steady domestic growth, with a subsequent overall growth in volumes and capacity utilisation. Also there will be price erosion due to the high generics competition both from existing players as well as new entrants into the generics space primarily with regards to approvals for new products and any tightening in quality control.

Indian herbal market is registering an extremely significant growth because of their wide biological activities, higher safety of margin than the synthetic drugs and lesser costs. The herbal market has an annual and compounded growth rate of 20 and 25 per cent, respectively. India is followed by China as the largest producer of medicinal plants having more than 40 per cent global diversity. The OTC pharma market in India is likely to grow at a higher rate compared to the overall pharma market.

Bulk drugs market will continue to grow at around 20% rate in both foreign and domestic markets with increasing demands for high quality drugs. India ranks 3rd in terms of volume bulk drugs, among the top 15 drug manufacturing countries worldwide. Indian companies have the distinction of developing cost-effective technologies for manufacturing bulk drugs and intermediates, conforming to global standards.

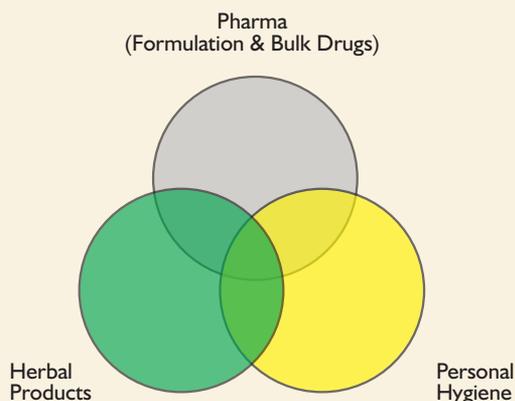
Niche specialty healthcare market is likely to become more attractive since they have the greatest unmet needs and R&D efforts, particularly through the biotech stream, are likely to be more productive in these areas.

The Indian pharma companies, for moving to next level and ensuring sustained growth, they will have to focus on innovation as well as a means of creating a distinct identity and value for their business. The pharma industry is also increasingly turning towards academic institutions for R&D collaborations so that they can initiate truly innovative approaches and remain cost-effective.

Indian focused pharma companies will continue to benefit from steady domestic growth, with a subsequent overall growth in volumes and capacity utilisation. Also there will be price erosion due to the high generics competition both from existing players as well as new entrants into the generics space primarily with regards to approvals for new products and any tightening in quality control.

COMPANY OUTLOOK

Your Company is well positioned to further consolidate its position in pharmaceutical industry. Recent streamlining process has allowed us to focus on our core competency which is ethical medicines manufacturing, herbal products, and personal hygiene products and has leverage our capability to provide better results and to increase yield and profit of the Company.



We have successfully developed several high end formulations in the field of injectables and orals and hoping to start manufacturing the same in coming year.

The Company is making significant growth in the Contract Manufacturing and striving to enter into Contract Research Services by entering in tie-ups at concept stage with clients and then to develop, apply, carry out trials and do registrations. The CRAMS (Contract Research and Manufacturing Services) bound to drive the growth of the company in coming years.

Initiative and prominence is taken in establishing state of art manufacturing facility, receipt of WHO GMP certifications, building of manufacturing facility made your Company one of the hot pursuits for Contract Manufacturing.

Bulk drug segment is moving steadily and efficiently to become one of the major contributor to profits of the company. Bulk drugs market shown growth in domestic as well as overseas market.



AYURVEDIC • MEDICINE
आ यु र्वे द • से वा म हे

In the herbal space we are making a sincere effort to offer more and more standardized forms of our Indian Ayurvedic drugs to help the doctors achieve a consistent result in their treatment. We believe our traditional Ayurvedic studies and references have a rich content of information waiting to be explored and our aim is to provide these Ayurvedic gems to the consumer via the modern delivery systems.

The Company is holding deep product line in consumer segment with brand loyalty for its product known for their quality and therapeutic effectiveness. The Company is having strong product line in herbal medicine segment and we are expected to increase our reach by aggressively marketing our products. The Company is also looking forward for introduction of some new products in Consumer segments to widen the horizons of the Company.



Consumer segments to widen the horizons of the Company.

As expected, due to streamlining process, the revenues from Chemical fallen and loss recorded. In Agro and Chemical segments piled up inventory are disposed off and subsequently written off from the books. We expect the revenue may decline further in these segments and even incur disposing cost before these divisions are completely closed off.

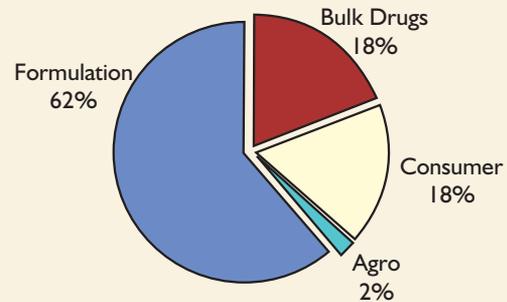
COMPANY PERFORMANCE

Company has shown constant improvements in its performance

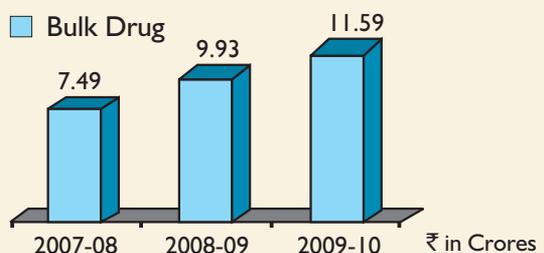
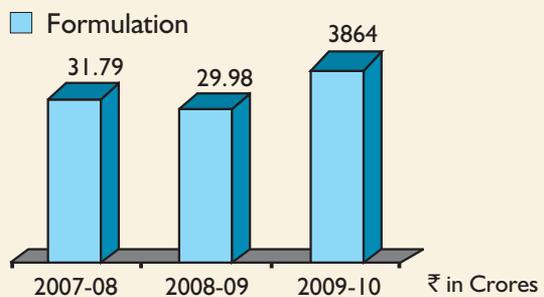
- Sales of the Company increased by 22%.
- Sales of Formulation Division increased by 29%.
- Sales of Bulk Drug Division increased by 17%.
- Sales of Consumer Division increase by 19%.



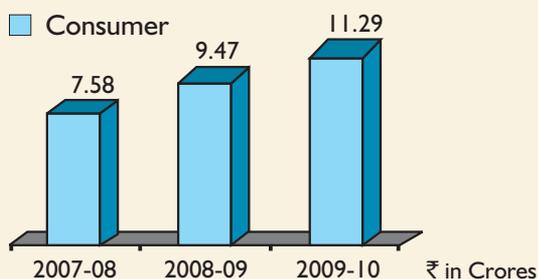
SEGMENT WISE PERFORMANCE



Sales Segment	₹ in '000		
	2009-10 (A)	2008-09 (B)	2007-08
Pharma			
A. Formulation	386370	299804	317901
B. Bulk Drugs	115936	99317	74867
Consumer	112933	94693	75827
Chemicals	--	15830	30661
Agro Products	13625	7197	41687
Total	628864	516841	540943



GUFIC BIOSCIENCES LIMITED



RESEARCH & DEVELOPMENT

The Company has always remained one of the few entities in the pharma industry to contribute significantly



to New Products. In last couple of years the Company has intensified its quest for New Drug Formulations and has invested a lot of our time and energy in New Product Development activities. As result of these efforts some important New Drug Products have been introduced and number of other New Drug Combinations and Formulations are in pipelines, which expected to give competitive edge to Company by creating its own niche market for its drugs.

CHALLENGES AND THREATS & CONCERNS

The Herbal manufacturers have to stress on various standardization processes to establish their products in the global markets. Standardization starting from production of quality materials, analysis of raw materials for authentication, foreign matter, organoleptic evaluation, microscopic examination, extractive values, chromatographic profiles, pesticides residue, heavy metal detection etc. are necessary for standardization of drugs. Similarly, the standardization methods of medicinal plants and its extracts have great importance in the fields of cosmetics and nutraceuticals, which are emerging as two most important segments in the global markets.

The Indian herbal drug exporters face the stringent quality norms imposed by the EU through the Traditional Herbal Medicinal Products Directive (THMPD), Food Supplement Directive (FSD) and these directives also encouraged the high quality products and subsequently the unorganized sectors sub-standard products are rejected by them.

Indian pharma industry increasingly become highly competitive market with the number of entities entering to the market everyday, effectively reducing margins of the company.

In recent times pharma industry also facing intrusion from multinational companies who are trying to chunk away the share of domestic companies by infusing enormous amount capital in the market with the short term objectives. Multinational companies are muscling their way by violating trade marks of the domestic companies, and using lengthy legal process and high legal expenses as tool to suppress the domestic companies.

Counterfeit drugs, India have the dubious distinction of being not just one of the largest producers of generic medicines, but also a major hub of spurious drug activities. The estimated percentage of spurious drugs that allegedly originate from India is always said to be anywhere between 25 to 35 percent of the global spurious drugs. These numbers are huge and also a worry to Indian pharma companies and government officials.

HUMAN RESOURCES DEVELOPMENT

The Company assigns the highest degree of importance to its human resources which are very critical like ours. The company is striving to create grooming atmosphere



in the organization, so as to nurture and develop its working force. We are trying to provide requisite background to initiate, to invent, to improve process, to increase diverse base and to implement effectively. Through creating responsive organisation by meeting the needs and requirements of working force the Management is hoping to create active work culture.

The Guficians are actively engaged in various programs through cross functions teams such as Together Team, informative seminars, annual day function etc.

Increasing efforts are made to retain the talent pool and give increasing returns. The Management is committed to create and maintain motivated, satisfied and efficient work forces to built enduring Gufic Family.

INTERNAL CONTROL SYSTEM

Integrated system of communication, control and reporting has given all requisite tools to the Management to manage effectively and efficiently. Internal controls are designed to ensure compliance with policies of the company, to comply with statutory requirements, to prevent any fraud or misuse of the resources and to protect shareholders' interest. Electronic internal control system, internal audit system has made possible to effectively manage stocks placed at the C & F agent and at the factory premises of the company.

DISCLAIMER

Management Discussion & Analysis Report contains forward-looking statements, which may be identified by the use of the words in that direction or connoting the same. All statement that address expectation or projection about the future are forward-looking statements. The Company's actual results, performance or achievements could thus differ materially from those projected in such forward-looking statements. The Company assumes no responsibilities to public amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

CORPORATE GOVERNANCE REPORT

I. INTRODUCTION :

Gufic Biosciences Limited (GBSL) is committed to pursue growth by adhering to the high level of standards of Corporate Governance. Good Governance practices stem from the culture and mindset of the organisation. The Company's philosophy on corporate governance envisages an attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all interaction with its shareholders, employees, government and lenders.

In addition to complying with the statutory requirements, the Company is striving to establish effective governance systems and practices by improving transparency, disclosures, internal controls and promotion of ethics at work-place.

The Board with independent directors functions through various committees of corporate governance. The Board actions abide model code of conduct adopted by the Company. The Board is committed to effectively implement and uphold the highest principles of Corporate Governance consistent with the Company goal to enhance shareholders value.

2. BOARD OF DIRECTORS :

Composition and size of the Board

The current strength of the Board of Directors of the Company is six. The Board has an optimum combination of executive and non-executive directors with not less than fifty percent of the Board of Directors comprising of non-executive directors. The Board consists of six Directors out of which three are Executive Directors and three are Non-Executive Directors. The Chairman is an Executive Director and three Directors on the Board are Independent Directors.

Board Meetings

Five Board Meetings were held during the financial year 2009 - 2010 and the gap between two Board Meetings did not exceed 4 months. The Board meetings were held on 30th April 2009, 31st July 2009, 31st October 2009 28th August 2009 and 29th January 2010.

The names of members of the Board, their attendance at the Company's Board Meetings and last Annual General Meeting, the number of Directorship / Committee Membership in other Companies are given below:

GUFIC BIOSCIENCES LIMITED

Name of Director Category of Director	No. of Board Meeting attended during the year	Attendance at the last AGM (31.03.2009)	Number of Directorship in other Companies	No. of membership held in other Companies
Mr. J. P. Choksi (CMD)	5	Yes	9	NIL
Mr. P. J. Choksi (ED)	5	Yes	6	NIL
Mr. K. N. Sanghvi (NED (I))	5	No	NIL	NIL
Dr. S. S. Gandhi (NED (I))	5	Yes	NIL	NIL
Mr. A. M. Tarale (NED (I))	5	Yes	NIL	NIL
Dr. M. G. Dhapalapur (ED)	5	Yes	NIL	NI

Notes :

1. Category of Directorship : CMD Chairman and Managing Director, ED Executive Director, NED (NI) Non-Executive and Non Independent, NED (I) Non-Executive and Independent
2. Membership in only Audit Committee and Shareholders' Grievances Committee have been considered for committee positions as per Listing Agreement.
3. None of the Directors is a member in more than 10 committees and is not a Chairman in more than 5 Committees across all companies in which he is a Director.

3. AUDIT COMMITTEE :

The Audit Committee consists of three Directors, Non Executive and Independent. The representative from the Internal Auditor and Accounts Manager are invitees to the Committee meetings. The Company Secretary acts as a Secretary to the Committee.

During the financial year under review, five meetings of the Audit Committee were held i.e. on 30th April 2009, 31st July 2009, 28th August 2009, 31st October 2009, and 29th January 2010. The following are the details of attendance:

Name of Director	Chairman / Member	Category	Meetings Attended
Mr. Kantilal Sanghvi	Chairman	NED (I)	5
Dr. Sharad Gandhi	Member	NED (I)	5
Mr. Ashok Tarale	Member	NED (I)	5

NED (I) - Non Executive and Independent Director

Terms of reference

The term of reference of Audit Committee are quite comprehensive and include all that is mandated under Clause 49 and section 292A of the Companies Act, 1956.

The Committee focused its attention on overseeing and monitoring the financial reporting system within the Company, considering quarterly, half-yearly and annual financial results of the Company and submitting its observations to the Board of Directors before its adoption by the Board, annual internal audit plans, review of internal control system, audit methodology and process, major accounting policies and practices, compliance with accounting standards, risk management

and risk disclosure policy. The Audit Committee also continued to advise the management on areas to be taken up for audit.

The Audit Committee reviews, besides other items, the Management Discussion and Analysis Report, report on significant related party transactions, internal controls and weaknesses of the statutory auditors, internal audit reports.

4. REMUNERATION COMMITTEE :

Terms of reference

The terms of reference to this committee include recommending or reviewing the terms of remuneration paid / payable to executive directors. Its scope of work ranges from nominating Directors on the Board, evaluating performance of Executive Director and laying down guidelines for their remuneration package or compensation.

Composition

The Remuneration Committee of the Company consists of

Name	Position held	Category
Dr. Sharad Gandhi	Chairman	NED (I)
Mr. Ashok Tarale	Member	NED (I)
Mr. Kantilal Sanghvi	Member	NED (I)

NED (I) - Non Executive and Independent Director

During the year 2009-10 the Remuneration Committee Meeting was held on 29th January, 2010. All the members of the Committee attended the Meeting.

Details of Remuneration to Directors

The details of the remuneration paid to the Managing Director & Executive Directors during the year ended 31st March 2010, is given below:-

Name of Director	Jayesh P. Choksi (₹)	M. G. Dhapalapur (₹)
Position	CMD	ED
Salary	6,00,000	NIL
Perquisites	3,60,000	NIL
Provident Fund	72,000	NIL
Bonus	6,000	NIL
Commission	1,81,630	NIL
Performance linked	NIL	NIL
Sitting fees incentive	NIL	NIL
Director remuneration	NIL	6,00,000
Total	1,219,630	6,00,000

Note : Mr. Pranav Choksi executive director of the company was not paid any compensation during the financial year 2009-10.

5. INDEPENDENT DIRECTORS:

None of the Independent Directors have any pecuniary relationship or transactions with the Company, its Promoters, its Directors, its senior management and/or associates companies as follows :

Name of Directors	K. N. Sanghavi (₹)	S. S. Gandhi (₹)	A. M. Tarale (₹)
Commission	--	--	--
Sitting fees	30000	--	--
Profession fees	--	120000	--
Total	30000	120000	--

Note : The quantum of professional fees received by Dr. S. S. Gandhi forms a very small proportion of the associate company and therefore does not effect the independence of the Director.

6. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

Composition

The Shareholders/Investors Grievance & Transfer Committee comprises of the following :

Name	Position held	Category
Mr. Kantilal Sanghvi	Chairman	NED (I)
Dr. Sharad Gandhi	Member	NED(I)

NED (I) - Non Executive and Independent Director

Company Secretary, is the Compliance Officer of the Committee.

Terms of Reference

The Shareholder / Investor Grievance & Transfer Committee was constituted with a purpose of speedy disposal of investor complaints and to give specialized attention to it so that easy and faster disposal of the same is achieved.

The Company had held four Investor Grievance & Transfer Committee meetings during the year 2009-2010. These were held on 30th April 2009, 31st July 2009, 31st October 2009 and 29th January 2010. All Members were present at the above meetings.

During the year, the Company received 3 complaints from shareholders, relating to matters regarding non receipt of dividend warrants posted by the Company, non receipt of fresh Demand Draft, non receipt of duplicate share certificate, non receipt of demat credit and non receipt of certificate send for exchange. At the close of the financial year there were Nil complaints remaining unattended to.

7. CEO AND CFO CERTIFICATION :

The Chairman and Managing Director and the Chief Financial Officer of the Company have given annual certification on financial results and internal controls to the Board in terms of Clause 49 and annexed to this report.

8. GENERAL BODY MEETINGS :

The last three Annual general Meetings of the Company were held as under:

Year	Location	Date
2008-2009	Hotel Parle International, Vile Parle (E)	30.09.09
2007-2008	Hotel Parle International, Vile Parle (E)	20.12.08
2006-2007	Hotel Parle International, Vile Parle (E)	31.03.08

9. MEANS OF COMMUNICATION :

Half yearly results sent to each household of the shareholders	NO
Quarterly Results	The Results of the Company are published in Newspapers
Company's Quarterly Results are published in	Business Standard and Mumbai Lakshadeep Newspapers
Any web site on which quarterly results of the Company are displayed	None
Presentation made to the institutional investors or the analysts	None
Whether Management Discussion and Analysis report is a part of the Annual Report	Yes

10. GENERAL SHAREHOLDERS INFORMATION

AGM: Date, Time and Venue	30th September, 2010 at 2.30 p.m. at Hotel Parle International, Vile Parle (E) Mumbai 400 057
Financial calendar First Quarter Results - Second Quarter Results - Third Quarter Results Last Quarter Results -	First week of August First week of November First week of February First week of May
Date of Book Closure	22nd September 2010 to 30th September 2010 (Both days inclusive)

GUFIC BIOSCIENCES LIMITED

Dividend Payment Date	The dividend recommended, if declared at the forthcoming Annual General Meeting scheduled to be held on 30th September, 2010, will be dispatched within 30 days
Listing Bombay Stock Exchange National Stock Exchange	(Stock Code: 509079) (Stock Code:GUFIC BIO)
Demat ISIN	INE742B01025 Demat Arrangement are made with NSDL and CDSL
Registrar and Transfer Agents	Link Intime India Pvt. Limited C 13, Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (W), Mumbai 400078 Tel No. (022) 2594 6970 Fax No. (022)2594 6969 Email: rnt.helpdesk@linkintime.co.in
Share Transfer System	All the transfers received are processed and approved by the Share Transfer and Investors Grievance's Committee.
Dematerialization of the Shares	Over 99.71 % of the shares of the Company have been dematerialized.
Outstanding GDRs/ ADRs, Warrants or any Convertible Instruments	N. A.
Address for Correspondence	Company Secretary Gufic Biosciences Limited Subhash Road- A, Vile Parle (E), Mumbai 400057

Distribution of Shareholding (As on 31st March 2010)

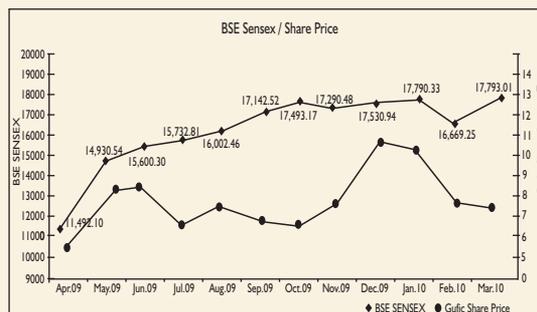
	SHAREHOLDERS		NUMBER OF SHARES	
	NUMBER	%	NUMBER	%
UP TO 5000	15757	97.5183	9967143	12.8858
5,001-10,000	254	1.5720	1933671	2.4999
10,001-20,000	100	0.6189	1425665	1.8431
20,001-30,000	15	0.0928	365407	0.4724
30,001-40,000	7	0.0433	249884	0.3231
40,001-50,000	7	0.0433	317687	0.4107
50,001-1,00,000	6	0.0371	383183	0.4954
1,00,001 & ABOVE	12	0.0743	62707360	81.0696
TOTALS	16158	100.0000	77350000	100.0000

Monthly Highs and Lows

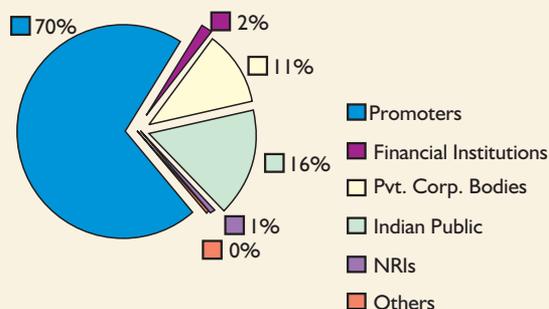
(₹ in '000)

Month	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
April, 09	5.55	3.11	233616	6.15	3.15	228939
May, 09	8.15	3.90	418310	8.55	4.05	414014
June, 09	8.25	5.16	249933	8.10	5.10	231150
July, 09	6.69	4.41	145253	5.90	4.40	103395
Aug., 09	7.28	5.20	248746	7.25	5.15	173116
Sept., 09	6.93	5.71	268906	6.90	5.90	169747
Oct., 09	6.64	5.16	181277	6.70	5.35	153630
Nov., 09	7.60	5.35	312871	7.50	5.20	278280
Dec., 09	10.84	6.05	2310735	10.90	6.05	2301723
Jan., 10	10.38	6.98	711106	10.40	6.95	818666
Feb., 10	7.80	6.43	184085	7.80	6.50	187932

Comparison of the Company' share price with BSE sensex



Shareholding Pattern As On 31st March, 2010



Category of Shareholders	No. of Shares held	% of holding
A. Promoters' Holding		
1. Promoters		
- Indian Promoters	54027663	69.85
- Foreign Promoters	--	--
2. Persons Acting in Concert	--	--
B. Non-Promoter Holding		
3. Institutional Investors		
a. Mutual Funds & UTI	--	--
b. Banks, Financial Institutions, Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	1199517	1.55
c. FIs	--	--
4. Others		
a. Private Corporate Bodies	8761718	11.33
b. Indian Public	12644561	16.35
c. NRIs / OCBs	501189	0.64
d. Others		
Clearing Member	109053	0.14
Market Makers	106299	0.14
TOTAL	77350000	100.00

CEO/CFO CERTIFICATIONS UNDER CORPORATE GOVERNANCE REPORT

- A. Declaration regarding compliance with the Code of Conduct by Board Members and Senior Management personnel

This is to certify that as per Clause 49 of the Listing Agreement:

- The code of conduct has been laid down for all the Board Members and Senior Management and other employees of the Company.
- The code of conduct has been posted on the website of the Company.
- The Board members and Senior Management Personnel have affirmed compliance with the Company's code of conduct for the year 2009-10.

Jayesh P. Choksi
Chief Financial Officer

Mumbai
30th August 2010

II. DISCLOSURES :

During the year under review besides the transactions reported in Notes to Accounts (Refer note No.27) there were no other related transactions with the promoters, directors, management and subsidiaries that has potential conflict with the interest of the Company at large. During the last three years, there were no strictures or penalties imposed by SEBI or the Stock Exchange or any statutory authority go for non compliance of any matter related to capital markets. The Company has complied with all mandatory requirements of the Clause 49 of the Listing Agreement. The Company has reviewed the Non Mandatory requirements under Clause 49 and these shall be adopted / complied by the Company on need basis. The Remuneration Committee, a Non-Mandatory requirement, has been constituted and the details on this have been mentioned earlier in this Report. Besides these, efforts are being made to move towards the regime of unqualified financial statement.

12. DECLARATION ON CODE OF CONDUCT

As provided under clause 49 of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010. A declaration by CEO affirming compliance to the Code of Conduct by Board Members and Senior Management Executives is also annexed separately at the end of this report.

B. Certification of Financial Results

The Board of Directors
Gufic Biosciences Ltd.
Mumbai

- (A) I have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee
- significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Jayesh P. Choksi
Chief Executive Officer

Mumbai
30th August 2010

GUFIC BIOSCIENCES LIMITED

CONSERVATION AND CONSUMPTION OF ENERGY, FOR FOREIGN EXCHANGE EARNINGS AND OUTGO

I. (A) CONSERVATION OF ENERGY

Details of conservation of energy are as follows:

Power & Fuel Consumption

		Year ended 31.03.10	Year ended 31.03.09
(a) Electricity			
Purchased Units	Kwh	1881070	1682759
Total amount	₹	11135221	9653362
Rate per unit (average)	₹	5.92	5.74
(b) Furnace Oil			
Quantity	Ltrs.	304901	268824
Total Cost	₹	7228773	5989667
Average Cost	₹	23.71	22.28

(B) CONSUMPTION PER UNIT OF PRODUCTION

Since the Company manufactures several formulations and bulk drugs in the same factory it is not practical to Apportion consumption of Electricity and Furnace Oil to unit of Product.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earning amounted to ₹ 115344 thousand and for the previous year it was ₹103821 thousand and the total foreign exchange outgo amounted to ₹48446 thousand and for the previous year it was ₹ 43662 thousand.

By order of the Board of Directors

Jayesh.P. Choksi
Chairman & Managing Director

Mumbai
30th August, 2010

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,
The Members of Gufic Biosciences Ltd.,

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges in India, for the financial year ended 31st March, 2010.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

We state that as per the records maintained, no investor grievances against the company are pending for a period exceeding one month before shareholders/investors Grievance Committee.

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

For Mayur Chokshi & Co.
Chartered Accountants

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
Membership No. 33936

Mumbai
30th August, 2010

AUDITORS' REPORT

To;

The Members of Gufic Biosciences Ltd.,

1. We have audited the attached Balance Sheet of "GUFIC BIOSCIENCES LTD" as at March 31, 2010, the Profit & Loss Account and also the Cash Flow Statement 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.
2. We conducted the audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - a) **Subject to our comments in paragraph 4e & 4f below**, 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 accounts as required by law have been kept by the Company so far as it appears from our examination of the books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) On the basis of written representation received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors

are disqualified as at March 31, 2010 from being appointed as Director in term of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- e) Attention is invited to the fact that we have relied upon the Board's / Management's assertions, opinion, view, representation and various other certificates produced before us, *inter-alia*, in respect of and as detailed in the note nos. 1, 2, 4, and 14 to the Schedule 19. II.
- f) Our observation on the said accounts are given below:
 - (i) *Non adherence to the revised accounting standards 15 issued by the ICAI on Employees Benefits in relation to provision for compensated leave benefits, impact unascertained (Refer Note I to schedule 19 (I))*
 - (ii) *We are unable to express our opinion on recoverability of debts of ₹ 25560 thousand which are outstanding for more than one year and of Loans and Advances of ₹ 2529 thousand which are outstanding for more than three years. In the absence of appropriate evidences, we are unable to ascertain its recoverability and its impact on the accounts of the Company. However, in the opinion of the management no provision is required in respect of such debts since they are good and recoverable in nature. (Refer Note No. 9 and 32 to schedule 19 (II)).*
 - (iii) *Certain transactions entered into by the Company with companies in which Directors are interested in violation of Section 297 of the Companies Act, 1956, which requires the prior approval of the Central Government.. (Refer Note 31 to Schedule 19 (II))*
- g) In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts with notes thereon when read in conjunction with the para (e) above, give the information required by the Companies Act, 1956, in the manner so required and **subject to para 4(f)** above, the impact whereof can not be ascertained, give a true and fair view in conformity with the accounting principles generally accepted in India:

GUFIC BIOSCIENCES LIMITED

- i] In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2010 ;
- ii] In the case of the Profit & Loss Account, of the profit for the year ended on that date and
- iii] In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Mayur Chokshi & Co.

Chartered Accountants

Mayur Chokshi

Proprietor

Firm Registration No. 106116W

Mumbai

Membership No. 33936

30th August, 2010

ANNEXURE TO THE AUDITOR'S REPORT

(ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010 OF GUFIC BIOSCIENCES LIMITED)

- i. (a) The Company is in the process of updating its records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets of the Company, have been physically verified by the Management during the year. In our opinion, period of verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been reported on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- ii. (a) According to the information and explanations given to us and based on the certificate issued by the internal auditor, who has conducted physical verification and valuation fixed assets, we state that ;
 - (a) the Inventory of the Company has been physically verified by the Management during the year. In our opinion frequency of verification needs to be increased.
 - (b) the procedures of physical verification of inventory followed by the Management, are reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) the Company is maintaining proper records of its inventory and the discrepancies which were noticed on physical verification of Inventory as

compared to book records, have been properly dealt with in the books of account.

- iii (a) According to the information and explanations given to us, the Company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. except interest free security deposits given (Refer note 17 of schedule 19 II)
- (b) According to the information and explanations given to us ,the Company has taken advances in the nature of loans from four Companies / Parties covered in the register maintained u/s 301 of the Companies Act,1956. The maximum amount of loans taken during the year was ₹ 12860 thousands and the year end balance was ₹ 10294 thousand.
- (c) The advances / loans are interest free in nature and other terms and conditions of loans taken by the company , secured or unsecured are *prima facie* not prejudicial to the interest of the company.
- (d) There are no specific stipulation as to repayment of such advances/ loans.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for fixed assets and sale of services. *However, internal control procedures in respect of purchase of Inventory and sale of goods need to be strengthened so as to commensurate with the size of the company.* Other than above, no major weaknesses have been noticed in the internal control systems.
- v. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that during the year , the particulars of contracts/arrangements that were required to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in register maintained u/s 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58 AA or any other provisions of the Companies Act, 1956, and the rules framed thereunder during the year . To the

best of our knowledge and according to information and explanations given to us , no order has been passed by the Company Law Board or any court or any other Tribunal.

vii. *In our opinion , Company has an internal audit system which needs to be strengthened so as to commensurate with the size of the Company and nature of its business.*

viii. According to information and explanations provided to us , the Central Government has prescribed under section 209 (1) (d) of the Companies Act, 1956 the maintenance of cost records in respect of certain products manufactured by the Company viz. Formulations, Bulkdrugs. We have broadly reviewed the books of account maintained by the company and are of the opinion that *prima facie*, the prescribed accounts and records have been maintained by the company. We have not, however ,made a detailed examination of records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act , 1956 , for any other products of the company.

(a) According to the information and explanations given to us and according to the records of the Company , *we have to state that, the company has not been regular in depositing undisputed statutory dues of Provident fund, Employees' State Insurance, Income Tax, Service Tax, Income tax deducted at source, Sales tax and Excise Duty.* We are informed that there are undisputed demand outstanding, as at 31st March 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are dues in respect of Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited.

ix. The Company does not have accumulated losses at the end of the financial year March 31, 2010 . Without considering the effect of our observation stated in the Auditor's Report the impact where of on the profits can not be ascertained, the Company has not incurred any cash losses during the financial year ended March 31, 2010 and in the immediately preceding financial year.

x. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks.

xi. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge

of shares and other securities.

xii. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.

xiii. The Company does not deal or trade in shares, securities, debentures and other investments.

xiv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.

xv. According to the information and explanations given to us, the Company has not obtained any term loan during the year.

Xvi. According to the information and explanation given to us and on the overall examination of the Balance Sheet and Cash Flow of the Company, we report that the Company has neither raised any long term nor short term funds during the year.

xvii The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xviii The Company did not issue any debentures during the year.

xix. The Company has not raised any money through a public issue during the year.

xx. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For Mayur Chokshi & Co.
Chartered Accountants

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
Membership No.33936

Mumbai
30th August, 2010

GUFIC BIOSCIENCES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCH No.	(₹)	As at 31.3.2010 (₹)	As at 31.3.2009 (₹)
I. SOURCES OF FUNDS				
(1) SHAREHOLDERS' FUNDS:				
Share Capital	1	77,350,000		77,350,000
Reserves and Surplus	2	96,885,260		89,117,224
			174,235,260	166,467,224
(2) LOAN FUNDS :				
Secured Loans	3	149,336,140		132,526,897
Unsecured Loans	4	23,097,427		16,174,299
			172,433,567	148,701,196
(3) DEFERRED TAX LIABILITY (NET) (See Note no. 29 to Schedule 19(II))				
			22,334,425	22,205,133
TOTAL			369,003,252	337,373,553
II. APPLICATION OF FUNDS				
(1) FIXED ASSETS:				
Gross Block	5	251,696,944		243,761,699
Less: Depreciation		102,932,189		87,405,428
Net Block		148,764,755		156,356,271
Capital Work-in-Progress		22,465,318		1,678,546
			171,230,073	158,034,817
(2) INVESTMENTS				
	6		92,465	92,465
(3) CURRENT ASSETS, LOANS AND ADVANCES:				
Inventories	7	103,553,218		107,065,114
Sundry Debtors	8	150,453,649		122,015,765
Cash and Bank Balances	9	10,799,539		4,863,716
Loans and Advances	10	119,436,334		82,582,669
			384,242,740	316,527,264
<u>Less:</u>				
CURRENT LIABILITIES AND PROVISIONS:				
Current Liabilities	11	175,030,222		123,236,336
Provisions		11,531,804		14,044,657
			186,562,026	137,280,993
NET CURRENT ASSETS			197,680,714	179,246,271
TOTAL			369,003,252	337,373,553

NOTES TO THE ACCOUNTS

19

Schedules Referred to above form an integral part of the Financial Statements

As per our Report of even date attached
For Mayur Chokshi & Co
Chartered Accountants

By order of the Board of Directors

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
(Membership No.33936)
Mumbai - 30th August, 2010

Jayesh P. Choksi
Chairman &
Managing Director

Kantilal. N. Sanghvi
Director

Hitesh P. Mutha
Company Secretary

Mumbai - 30th August, 2010

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

	SCH. No.		Year Ended 31.3.2010 (₹)	Year Ended 31.3.2009 (₹)
INCOME				
Sales and Services	12	628,864,052		516,840,734
Other Income	13	4,457,416		14,826,637
Increase/(Decrease) stock	14	(20,859,833)		5,124,093
			612,461,635	536,791,464
EXPENDITURE				
Cost of Materials	15	319,643,983		286,203,583
Personnel Cost	16	37,183,173		35,430,971
Manufacturing and Other Expenses	17	199,349,582		155,010,215
Financial Charges	18	22,723,932		26,246,432
Depreciation		16,625,262		16,724,512
			595,525,932	519,615,713
Profit Before Taxes			16,935,703	17,175,751
Provision for Taxation				
- Current Tax		6,100,000		2,320,000
- Deferred Tax		129,292		12,950,309
- Fringe Benefit Tax		--		956,121
- Excess Provision Written Back (See Note no. 33 (i)(b) to Schedule 19(II))		(1,571,478)		(7,414,436)
			4,657,814	8,811,994
Profit After Tax			12,277,889	8,363,757
Balance brought forward from Previous Year			74,396,584	70,557,609
Profit available for Appropriation			86,674,473	78,921,366
Less: Appropriations				
(a) Proposed Dividend			3,867,500	3,867,500
(b) Dividend Tax			642,353	657,282
Balance carried to Balance sheet			82,164,620	74,396,584
Basic and Diluted Earnings Per Share			0.16	0.11
NOTES TO THE ACCOUNTS	19			

Schedules Referred to above form an integral part of the Financial Statements

As per our Report of even date attached

For Mayur Chokshi & Co
Chartered Accountants

By order of the Board of Directors

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
(Membership No.33936)
Mumbai - 30th August, 2010

Jayesh P. Choksi
Chairman &
Managing Director

Kantilal. N. Sanghvi
Director

Hitesh P. Mutha
Company Secretary

Mumbai - 30th August, 2010

GUFIC BIOSCIENCES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.3.2010 (₹)	As at 31.3.2009 (₹)		As at 31.3.2010 (₹)	As at 31.3.2009 (₹)
SCHEDULE			6 INVESTMENTS:		
I SHARE CAPITAL:			Long Term Investments (NON-TRADE)		
AUTHORISED:			Unquoted:		
100,000,000 Equity Shares of Re. 1 Each	100,000,000	100,000,000	Investment in Government Securities		
	100,000,000	100,000,000	National Saving Certificate (At Cost)	42,565	42,565
ISSUED & SUBSCRIBED:			Investment in Shares:		
7,73,50,000 Equity shares of Re. 1 each fully paid up.	77,350,000	77,350,000	Saraswat Co-op. Bank Ltd. 4990 Equity Shares of ₹ 10 each fully paid	49,900	49,900
Of the above shares 5,52,50,000 Equity shares were allotted as fully paid Bonus share by capitalisation of Share Premium and General Reserve.			Aggregate of:		
	77,350,000	77,350,000	Book Value of Un Quoted Investments	92,465	92,465
2 RESERVE & SURPLUS:			7 INVENTORIES (AT COST): (As verified, valued and certified by the Management) (Refer Note 1 and 2 to Sch. 19 II.)		
Capital Reserve	1,250,000	1,250,000	Raw Materials, Lower of cost or realisable value	54,219,864	40,661,899
General Reserve:	13,470,640	13,470,640	Packing Materials, at cost	15,181,617	11,391,645
Profit & Loss Account	82,164,620	74,396,584	Work-in-Process, at cost	7,575,318	15,708,270
			Finished Goods, at Lower of cost or market value	26,576,419	39,303,300
TOTAL	96,885,260	89,117,224		103,553,218	107,065,114
3 SECURED LOANS:			8 SUNDRY DEBTORS (Unsecured Considered good): [Refer Note 4 and 9 to Sch. 19 II.]		
From Banks: (Refer Note 7 to Sch. 19 II)			Outstanding for more than six months	32,116,095	43,664,725
a) Cash Credit from a Bank	78,884,721	125,230,057	Other Debts	118,337,554	78,351,040
b) Foreign Currency Working Capital Term Loan from a Bank	45,140,000	--		150,453,649	122,015,765
c) Term Loans from a Bank	22,711,892	6,359,672	9 CASH & BANK BALANCES:		
d) Vehicles Loans	2,599,527	937,168	(a) Cash on Hand	94,237	728,063
	149,336,140	132,526,897	(b) Balances with scheduled banks		
4 UNSECURED LOANS:			In Current A/c	7,818,969	177,581
From Director	10,043,882	899,188	In Unclaimed Dividend A/c	469,257	409,358
From Others	250,000	3,440,000	In Fixed Deposit (Pledged against L.C.)	2,417,076	3,548,714
Other Loans & Advances:				10,799,539	4,863,716
Security Deposits from C & F Agents	12,803,545	11,835,111			
	23,097,427	16,174,299			
5. FIXED AND INTANGIBLE ASSETS					
Note : Please refer next page					

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

5. Fixed and Intangible Assets as at 31-03-2010

PARTICULARS	GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BLOCK			
	Op.Balance (₹)	Additions in year (₹)	Deduction/ Depletion in year (₹)	As at 31.03.2010 (₹)	Op.Balance (₹)	Total Accumulated Depreciation (₹)	As at 31.03.2010 (₹)	As at 31.03.2009 (₹)
1) FORMULATION/ AYURVEDIC DIVISION								
A) Plant and Machinery	75258503	3873616	-	79132119	22536109	26204468	52927653	52723295
B) Airconditioners	14590504	77908	-	14668412	2400337	3095061	11573351	12190167
C) Office Equipments	1478485	54666	-	1533151	373426	443898	1089253	1105059
D) Refrigerator	77657	-	-	77657	25741	29430	48227	51916
E) Computers	6311095	299699	-	6610794	6135268	6323256	287539	175827
F) Electrical Installation	6071157	207424	-	6278581	712610	1006507	5272073	5358546
G) Vehicles	8547302	3488229	2272389	9763142	3847701	3637201	6125943	4699602
H) Furniture and Fixture	3831969	115795	-	3947764	689600	945982	3001783	3142369
I) Cooling Tower	29590	-	-	29590	2170	3576	26014	27420
2) BULK DRUG DIVISION								
A) Plant and Machinery	17091292	1406236	-	18497529	6113202	6953249	11544280	10978090
3) R & D DIVISION								
A) Plant and Machinery	25689818	-	-	25689818	6736537	7956803	17733015	18953281
4) TISSUE CULTURE DIV.								
A) Equipments	20070487	-	-	20070487	5691544	6644892	13425595	14378943
B) Airconditioner	123865	-	-	123865	18796	24680	99185	105069
C) Shed House	9163812	-	-	9163812	1065685	1500966	7662846	8098127
5) SEED DIVISION								
A) Plant and Machinery	622625	-	-	622625	125664	155239	467386	496961
6) CAPITAL EXP ON FACTORY BUILDING NOT OWNED BY CO. (X)								
TOTAL - (A)	13394617	684061	-	14078678	6104973	8829315	5249363	7289645
PREVIOUS YEAR (B)	202352780	10207634	2272389	210288025	62579361	7354521	136533504	139773419
	192428926	11100359	1176505	202352780	50319894	12388127	139773419	142109032
7) INTANGIBLE ASSETS								
A) Computer Software (XX)	2628104	-	-	2628104	2088334	473519	66251	539770
B) Brand (XXX)	24925200	-	-	24925200	14955120	2492520	7477560	9970080
C) Technical Know How (XXX)	13855615	-	-	13855615	7782613	1385562	4687440	6073002
TOTAL - (C)	41408919	-	-	41408919	24826067	4351601	12231251	16582852
PREVIOUS YEAR (D)	40249947	1158972	-	41408919	20489680	4336387	16582667	19760267
TOTAL (A) + (C)	243761699	10207634	2272389	251696944	87405428	16625262	102932189	148764755
PREVIOUS YEAR (B) + (D)	232678873	12259331	1176505	243761699	70809576	16724514	156356271	161869299

Note : (X) Capital Expenditure on factory building not owned by the Company is amortised over a period of 5 years. (XX) Computer Software is amortised on straight line basis over a period of 3 years. (XXX) Brand and R&D Knowhow are amortised on a straight line basis over a period of 10 years.

GUFIC BIOSCIENCES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.3.2010 (₹)	As at 31.3.2009 (₹)
10 LOANS, ADVANCES AND DEPOSITS:		
(Unsecured, Considered Good) (Refer Note 4 and 32 to Sch. 19 I I)		
Advances recoverable in cash or in kind or for value to be received	66,798,589	39,775,710
Balance with Central Excise	9,861,268	5,200,030
Security Deposits	42,000,000	37,000,000
Fringe Benefit Tax Receivable	279,000	--
Prepaid Expenses	497,477	606,929
	119,436,334	82,582,669
11 CURRENT LIABILITIES AND PROVISIONS:		
CURRENT LIABILITIES (Refer Note 4 to Sch. 19 I I)		
Sundry Creditors (Refer Note 10 to Sch. 19 I I)	134,024,416	80,591,448
Other Liabilities	14,837,277	10,012,807
Advances From Customer	14,173,635	18,429,398
Provision for Gratuity (Refer Note 12 to Sch. 19 I I)	5,088,472	7,155,785
Provision for Leave Encashment	3,756,480	3,956,202
Bank Overdraft, as per books of accounts only	2,692,518	2,682,407
Unclaimed Dividend	457,424	408,289
	175,030,222	123,236,336
PROVISIONS		
Proposed Dividend	3,867,500	3,867,500
Tax on Proposed Dividend (Current Year)	642,353	657,282
Tax on Proposed Dividend (Previous Years)	657,282	1,199,699
Provision for Income Tax and for Fringe Benefit Tax (Net of Advance Tax) (Refer Note 33(ii) to Sch. 19 I I)	6,364,669	8,320,176
	11,531,804	14,044,657

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year Ended 31.3.2010 (₹)	Year Ended 31.3.2009 (₹)
12 SALES AND SERVICES:		
Sales (Net of returns and Sales Tax)	602,629,724	482,440,099
Less: Excise Duty Collected	11,292,106	7,521,069
Total (A)	591,337,618	474,919,030
Processing Charges (Gross, Tax deducted at Source ₹ 948361, Prev. Yr. ₹ 1105113)	37,526,434	41,921,704
Total (B)	37,526,434	41,921,704
Total (A+B)	628,864,052	516,840,734
13 OTHER INCOME:		
Interest received (Gross, Tax deducted at Source ₹ 44430, Prev. Yr. ₹ 39406)	265,183	151,859
Dividend received	10,000	10,150
Scrap Sales	1,128,162	1,944,928
Export Benefits Received	1,911,048	1,698,226
Sundry Balances Written Back (Net)	50,362	--
Miscellaneous Income	642,345	12,771
Excess Provision for Leave Encashment Written Back	--	2,262,256
Excess Provision for Gratuity Written Back	--	8,072,000
Insurance Claim received	139,781	--
Rent Received (Gross, Tax Deducted at Source ₹ Nil, Prev. Yr. ₹ 87619)	--	386,667
Exchange Difference (Net)	310,535	287,780
	4,457,416	14,826,637
14 INCREASE/(DECREASE) IN FINISHED GOODS AND WORK IN PROCESS:		
Opening stock:		
Finished Goods	39,303,300	39,533,319
Work- in- Process	15,708,270	10,354,158
	55,011,570	49,887,477
Closing Stock:		
Finished Goods	26,576,419	39,303,300
Work- in- Process	7,575,318	15,708,270
	34,151,737	55,011,570
	(20,859,833)	5,124,093

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year Ended 31.3.2010 (₹)	Year Ended 31.3.2009 (₹)		Year Ended 31.3.2010 (₹)	Year Ended 31.3.2009 (₹)
15 COST OF MATERIAL & FINISHED GOODS:			17 MANUFACTURING & OTHER EXPENSES:		
(A) Consumption of Raw Material			MANUFACTURING EXPENSES		
Opening stock	40,661,899	56,385,868	Consumable stores	2,115,068	2,200,080
Add: Purchases	175,167,426	84,789,198	Power and fuel	20,405,233	17,486,974
	215,829,325	141,175,066	Labour charges	10,245,699	8,054,871
Less: Closing stock	54,219,864	40,661,899	Factory Expenses	22,367	205,781
	54,219,864	40,661,899	Rent	134,400	161,693
(A)	161,609,461	100,513,167	Rates & Taxes	57,540	847,328
(B) Consumption of Packing Material			Excise Duty	1,580,309	1,082,237
Opening stock	11,391,645	8,951,996	(A)	34,560,616	30,038,964
Add: Purchases	20,059,307	25,419,023	OTHER EXPENSES:		
	31,450,952	34,371,019	Repairs & Maintenance - Building	872,558	985,853
Less: Closing Stock	15,181,617	11,391,645	Repairs & Maintenance - Machinery	2,279,949	3,171,805
(B)	16,269,335	22,979,374	Repairs & Maintenance - Others	1,176,698	1,527,141
(C) Purchase of Finished Goods			Sales Tax Expenses	1,254,042	1,094,822
	141,765,187	162,711,042	Printing & Stationery (Net)	1,939,478	1,629,253
(A+B+C)	319,643,983	286,203,583	Postage, Telephone & Fax Expenses (Net)	2,697,021	1,911,795
16 PERSONNEL COST:			Office Rent	6,994,200	5,346,020
Salaries and wages	31,574,727	29,613,050	Insurance Charges	1,414,052	1,450,455
Bonus	1,067,027	1,144,845	Traveling, Conveyance & Vehicle Expenses (Net)	7,169,796	5,552,047
Contribution of Provident and Other funds	2,503,223	2,703,559	Legal and Professional Fees	9,907,057	10,853,713
Director's Remuneration (Refer Note 15 to Sch. 19 II.)	1,177,630	1,122,694	Sundry Expenses	4,679,270	3,419,622
Staff Welfare Expenses	860,566	846,823	Testing and Laboratory Expenses	3,863,360	1,788,159
	37,183,173	35,430,971	Auditors' Remuneration	386,050	386,050
			Transport & Forwarding	15,275,609	12,771,812
			Commission and Brokerage	10,675,899	4,635,744
			Marketing Expenses	53,750,000	42,500,000
			Sales Promotion Expenses	10,880,268	6,519,174
			Advertisement Expenses	6,419,388	3,081,322
			Discount	17,620,738	13,872,593
			Loss on Sale of Asset	99,987	--
			Donations	10,000	31,500
			Bad Debts	5,423,546	--
			Sundry Balance Written off (Net)	--	1,394,524
			Assets Written Off	--	1,047,847
			(B)	162,277,966	124,971,251
			(A+B)	199,349,582	155,010,215
			18 FINANCIAL CHARGES		
			Bank Charges	3,768,042	3,021,719
			Interest on Term Loan	1,109,697	1,212,444
			Interest on OD Facility	16,436,370	21,172,777
			Interest to Others	1,409,823	839,492
				22,723,932	26,246,432

GUFIC BIOSCIENCES LIMITED

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

SCHEDULE-19

I. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS :

The Financial Statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards pursuant to Companies (Accounting Standards) Rules, 2006. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

The preparation of financial statements requires the Management to make certain estimates and assumptions in the reports amounts of assets and liabilities (Including contingent liabilities) as on the date of the financial statements and reported income and expenditure during the reported period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

(B) FIXED ASSETS:

Fixed Assets are stated at cost of acquisition or construction (net of cenvat credits) .All costs relating to the acquisition and installation of fixed assets are capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets, up to the date of asset is put to use.

(C) INTANGIBLE ASSETS:

Cost relating to acquisition of Brands and Technical Know-how are capitalised and ammortised on a straight line basis over a period of ten years. Software cost is ammortised on Straight line basis over a period of three years.

(D) INVESTMENTS:

Long term investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Current investments are stated at lower of cost and quoted/fair value computed category wise.

(E) INVENTORIES:

Raw-materials and packing materials are valued at lower of cost or market value. Work-in process and Finished Goods are valued at cost and includes element of production overheads. Traded goods are valued at cost. Material-in-Transit valued at cost incurred to date. Consumable stores are charged to the profit and

loss account in the year of its purchases.

(F) REVENUE RECOGNITION

- (i) The Company recognises sale on despatch of goods to customers. Sales are exclusive of excise duty, sales tax and sales returns.
- (ii) Export Benefits under Duty Entitlement Pass Book Scheme, is estimated and accounted in the year of exports.
- (iii) Revenues from services are recognised when such services are rendered.

(G) EXCISE-DUTY:

Excise duty is recognised on goods manufactured for sales purpose.

(H) DEPRECIATION/AMORTISATION:

- (i) Depreciation on all the fixed assets have been charged in accordance with rates specified in Schedule XIV of Companies Act, 1956 on straight line basis.
- (ii) Capital Expenditure incurred on the assets not owned by the company are amortised over a period of five years.
- (iii) Depreciation on addition to assets or sale of assets is calculated pro-rata from the month such addition or upto the month of sale , as the case may be.

(I) RETIREMENT BENEFITS:

Liability in respect of Defined Benefit Plan for Gratuity is accounted based on the Actuarial valuation, arrived at after considering the part funding through Gratuity Policy, in accordance with the method stated in the Accounting Standard 15 (Revised) on "Employees Benefits" The liability in respect of Leave Encashment has been provided as per the rules of the Company.

The contribution to Provident Fund and other recognised funds are calculated as per the prescribed rates under the relevant law and contributions are recognised in the Profit and Loss Account on an accrual basis.

(J) FOREIGN CURRENCY TRANSACTIONS:

Foreign Currency transactions arising during the year are recorded at the rate of exchange prevailing on the date of transaction. Transactions which remained unsettled on Balance Sheet date are restated at the closing rate prevailing on that date. All exchange differences are dealt with in the statement of Profit & Loss Account , except those relating to the acquisition of fixed assets which are adjusted in the cost of assets.

(K) ACCOUNTING FOR TAXES:

Deferred tax is recognised, for all timing

differences, subject to consideration of prudence, in respect of Deferred Tax Assets.

(L) SUBSIDY ON FIXED ASSETS:

Subsidy received as contribution towards cost of capital Investment project is considered as Capital Reserve.

(M) OPERATING LEASE - AS 19 LEASES

Lease charges paid for operating leases are charged to profit and loss account on a straight-line basis over the lease term.

II NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1. During the earlier year, the Company introduced different modules of an ERP System integrating few of its operations at different points of time. Consequently, the Company discontinued its legacy system. Subsequently, it was found that various accounts / data could not be reconciled and as a result, the Company decided to defer further implementation until the deficiencies are resolved. Consequently, the Company reverted to legacy financial accounting systems to record transactions of the earlier as well as of the current year and draw up its books of accounts and is continuing on its dual accounting system.

As a result, some data, particularly quantitative information, has been compiled based on limited information available including from the new ERP Modules, which itself has not been tested for its accuracy. Management represents and confirms that it has taken enough care/diligence to ensure that the presented data / accounts, so computed, are materially correct and that the books of accounts shall be duly reconciled and necessary entries arising therefrom, which in the opinion of the Board will not be material, shall be given effect to in the subsequent year.

2. The Company has appointed internal auditor, an independent Chartered Accountant to carry out the audit of stock records maintained by the Company. The Audit *inter-alia* includes physical verification and valuation of inventory, summary of quantitative data with its value lying at all its factories and branches including inventory lying with the third parties and has issued a certificate dt. 15th May, 2010 valuing the inventory at ₹ 103553 thousand as at 31.03.2010 and accordingly the same has been incorporated in accounts.
3. In compliance with Accounting Standard-2 (AS-2) revised, Excise Duty liability estimated at ₹ 233 thousand (2008-09: ₹ 277 thousand) on Finished goods lying in factory premises has been loaded on the valuation of Finished goods.

However, it has no impact on the Profit and Loss Account.

4. Confirmations have not been obtained with respect to balances of Unsecured Loans, Sundry Debtors, Deposits, Loans and Advances, Sundry Creditors and Other Liabilities. These balances are subject to confirmations from the respective parties and consequential reconciliations and adjustments arising therefrom, if any. The management, however, does not expect any material variation.
5. Previous year figures have been regrouped, reclassified and rearranged wherever necessary.
6. In the opinion of the management inventories of ₹ 103553 thousand (2008-09: 107065 thousand) shown in Balance Sheet are good and do not include any slow moving, or dead stock. Due provision is made for the near expiry material and depletion in its value, if any. In the opinion of the management, all the current assets including inventories, loans and advances have a value on a realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

7. Secured Loans are secured as under:

A) Cash Credit and Foreign Currency Working Capital Term Loan from a Bank:

Secured against hypothecation of entire current assets, Plant and Machinery at Navsari Unit of the Company.

B) Term Loans from a Bank:

Secured by hypothecation and / or Equitable Mortgage over assets purchased under the term loans, other specific assets, and further extension of charge created for the cash credit facilities.

(A) and (B) above are further secured by registered mortgage of certain intangible rights as well as immovable properties of an associate company, guaranteed by the Managing Director of Company, corporate guarantee of an associate company together with hypothecation of Plant and Machinery and other movable assets at Navsari Unit.

C) Vehicle Loans:

Secured by charge on specific vehicles purchased.

8. The amount of lease payments in respect of operating leases recognised in the profit and loss account was ₹ 7114 thousand (Previous year Rs. 5465 thousand) The minimum future payments during non-cancellable periods under the foregoing arrangements in the aggregate for each

GUFIC BIOSCIENCES LIMITED

of the following periods is as follows :

- Not later than one year ₹ 120 thousand
(Previous year ₹ 4403 thousand)
- Later than one year but not later than five years ₹ Nil
- Later than five years ₹ Nil

During the current year ended March 31, 2010 the lease payments recognised in the Profit and Loss Account for the aforesaid arrangements amounts to ₹ 7114 thousand (Previous year ₹ 5465 thousand)

- No Provision has been made for doubtful Debts amounting to ₹ 25560 thousand (2008-09 : ₹ 30701 thousand) which are outstanding for more than one year. The management is of the opinion that these debtors are good and realisable.
- Sundry Creditors - Dues to Micro and Small Enterprises

In terms of the notification issued by the Department of Company affairs, the Company is required to make certain disclosure under the head " Sundry Creditors" in respect of dues to Micro Enterprises and Small Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act,2006" (MSMED ACT). The Company has not yet started process of inviting information from its vendors regarding their status under MSMED Act. The Company has also not received any memorandum by such suppliers (as required to be filed with the notified authority under the MSMED Act, 2006) claiming their status as micro or small or medium enterprises. Therefore, bifurcation between Total Outstanding Dues of Micro Enterprises and Small Enterprises and other dues are not disclosed under the head "Sundry Creditors" under the head Current Liabilities and Provision.

- An amount of ₹ 1381 thousand (2008-09: ₹ 191 thousand) being accrued under the duty entitlement passbook and other scheme as per Import-Export policy, as detailed in significant accounting policies above has been included under the head export benefits.
- Gratuity benefit plans:** The Company's Provision for Gratuity as at the close of the year was recomputed by the AS 15(Revised), adopting the " Projected Unit Credit Method " as mandated by the Standard, by an actuary appointed for the purpose. The Company has also taken the Policy to partly fund the liability.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The following tables summarise

the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheet .

Gratuity Liability

₹

I. Assumptions :	Apr 09- Mar 10	Apr 08- Mar 09
Discount Rate	8.00%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation	3.00%	3.00%
Attrition Rate	1.00%	1.00%
II. Table Showing Change in Benefit Obligation :		
Liability at the beginning of the Period	7,705,785	6,708,575
Interest Cost	616,463	536,686
Current Service Cost	397,218	407,230
Past Service Cost (Vested Benefit)	500,997	-
Benefit Paid	(1,777,312)	-
Actuarial (gain)/loss on obligations	949,543	53,293
Liability at the end of the Period	8,392,693	7,705,785
III. Tables of Fair value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the Period	546,899	--
Expected Return on Plan Assets	43,752	-
Contributions	2,757,322	538,381
Benefit Paid	(1,777,312)	--
Actuarial gain/(loss) on Plan Assets	1,204,840	8,518
Fair Value of Plan Assets at the end of the Period	2,775,501	546,899
Total Actuarial Gain/(Loss) To Be Recognised	255,297	(44,775)
IV. Actual Return on Plan Assets :		
Expected Return on Plan Assets	43,752	--
Actuarial gain/(loss) on Plan Assets	1,204,840	8,518
Actual Return on Plan Assets	1,248,592	8,518
V. Amount Recognised in the Balance Sheet :		
Liability at the end of the Period	8,392,693	7,705,785
Fair Value of Plan Assets at the end of the Period	2,775,501	546,899
Difference	(5,617,192)	7,185,886
Amount Recognised in the Balance Sheet	(5,617,192)	7,185,886
VI. Expenses Recognised in the Income Statement :		
Current Service Cost	397,218	407,230
Interest Cost	616,463	536,686
Expected Return on Plan Assets	(43,752)	-
Past Service Cost (Vested Benefit) Recognised	500,997	--
Net Actuarial (Gain)/Loss To Be Recognised	(255,297)	44,775
Expense Recognised in Profit and Loss A/c	1,215,629	988,692

VII. Amount Recognised in the Balance Sheet :	Apr 09- Mar 10	Apr 08- Mar 09
Opening net liability	7,158,886	6,708,575
Expense as above	1,215,629	988,692
Employers Contribution paid	(2,757,322)	(538,381)
Closing net Liability	5,617,192	7,158,886
VIII. Other Details		
No of Members	160	
Salary per month	1,323,894	
Contribution for next year	635,469	
IX. Category of Assets		
Insurer Managed Funds	2,775,501	
Total	2,775,501	
X. Experience Adjustment		
Experience adjustments on plan liabilities (Gain)/Loss	949,543	
Experience adjustments on plan Assets Gain/(Loss)	1,204,840	

(13) CONTINGENT LIABILITIES:

	As at 31.3.10 ₹ '000	As at 31.3.09 ₹ '000
A) Estimated amount of contract remaining to be executed on capital account and not provided for	6940	4224
B) Letter of Credit	2468	13115
C) Bank Guarantee	1689	1610
D) Claims against company not acknowledge as Debts, being disputed	10886	10886
E) Labor Cases	4563	-
F) In respect of Income Tax Assessment Dues	32	-

Additional Note:

- (14) Considering the nature, existing and projected sales and profitability, the Board is of the opinion that no impairment of assets is required. Being too technical, Auditors have relied upon the same and hence impairment, if any, has not been recognised.

(15) MANAGERIAL REMUNERATION UNDER SECTION 198 OF THE COMPANIES ACT, 1956:

	Year Ended 31.03.2010 ₹ '000	Year Ended 31.03.2009 ₹ '000
Managing Director's Remuneration		
Basic	606	606
HRA	360	360
Commission	182	127
Director's Sitting Fees	30	30
Total	1178	1123
Computation of Net profit		

as per Sec.349 of the Companies Act, 1956 for Calculation of Commission Payable to Director:

Profit before taxes	16936	17176
Add: Commission	182	127
Add: Director Remuneration	996	996
Add: Assets Written off	--	1048
Add: Loss on sale of car	100	--
Add: Sundry Balances written off	(50)	1395
Less: Excess Provision of Gratuity Written Back	--	8072
Net Profit as per u/s 309(5) of the Companies Act, 1956	18163	12669
Commission Payable to Managing Director @1%	182	127

(16) AUDITORS REMUNERATION

Statutory Audit Fees	331	331
Tax Audit Fees	55	55

(17) LOANS & ADVANCES INCLUDE AMOUNTS DUE FROM COMPANIES IN WHICH DIRECTORS ARE INTERESTED:

Security Deposits:

Company has given interest free security deposit to the following companies:

	As at 31.3.10 ₹ '000	As at 31.3.09 ₹ '000
Gufic Private Limited.	30000	25000
Maximum amount outstanding	30000	25000
Gufic Chem Pvt. Ltd.	12000	12000
Maximum amount Outstanding	12000	12000
Total Deposits	42000	37000

A) Security Deposits were given to Gufic Private. Ltd for use of it's factory premises at Navsari for the company's manufacturing activities under an operating lease for a period of 10 years . Gufic Private Ltd. has created an equitable mortgage on the said factory premises in favour of the Bank for availing the credit facilities to the company. Hence, the said deposits are secured and considered good. The company has also paid lease rentals of ₹120 thousands during the year for use of the factory premises.

B) Security deposits to Gufic Chem Private Ltd was given for supply of products at concessional rate to the Company. Such deposits are unsecured and considered good.

	Balance due ₹ '000	Max. Balance during year ₹ '000
--	--------------------	---------------------------------

Loans & Advances

Gufic Chem Pvt. Ltd.	5435	8058
Previous year	4803	7208
Gufic Stridden Biopharma Pvt. Ltd.	832	832
Previous year	574	574
Jal Pvt. Ltd.	1159	1309
Previous year	1943	1943

GUFIC BIOSCIENCES LIMITED

	Year Ended 31.3.2010 ₹ '000	Year Ended 31.3.2009 ₹ '000
(18) EXPENDITURE IN FOREIGN CURRENCY:		
A) Value of Imports on C.I.F Basis : Raw Materials / Merchant Goods	42917	40013
B) Expenditure in Foreign Currency :		
Travelling Expenses	1559	1968
Commission and Other Expenses	3970	1681
(19) EARNINGS IN FOREIGN CURRENCY:		
Export sales calculated on FOB basis	115344	103821
Export sales on CIF	115344	103821

Additional information required by Paragraph 3 and 4 of part II of Schedule VI to the Companies Act, 1956

		Year Ended 31.03.2010		Year Ended 31.03.2009	
		Qty. in '000	Value ₹ in '000	Qty. in '000	Value ₹ in '000
(20) TURNOVER (Refer Note 19 II.1) Unit					
(a) Formulation (Manufacturing)					
Tablets	Nos.	29937	86209	19183	57102
Capsules	Nos.	1763	5533	1335	4186
Ointments	Tubes.	645	12881	466	8498
Syrups/Suspension	Bottles	558	12233	373	7168
Injection	Vial	2148	123624	774	41746
Powder	Gms.	4122	1632	3761	1543
Lotion	Nos.	365	33325	284	22873
Total (A)			275438		143115
(b) Formulation (Trading)					
Tablets	Nos.	59212	46003	42785	49450
Capsules	Nos.	3181	5573	2617	4498
Syrup / Suspension	Bottles	642	9879	595	10035
Injections	Vials	1220	19593	181	16889
Powder	Gms.	4952	793	--	--
Ointments	Tubes.	25	435	82	351
Others		-	22853	--	16810
Sanitary Napkins	Nos.	36242	59807	33142	56268
Lotion	Kgs.	5	37	27	225
Castor Oil	Kgs.	705	28895	1724	60133
Total (B)			193868		214659
(c) Bulk Drugs(Manufacturing)					
Chemicals	Kgs.	125	119699	100	101687
Total (C)			119699		101687
(d) Chemical (Trading)					
Chemicals	Kgs.	-	-	386	15830
Total (D)					15830
(e) Agro Products & Tissue Culture (Manufacturing)					
Seeds and Plants		12	13625	5	7149
Total (E)			13625		7149
Total (A+B+C+D+E)			602630		482440

21. CONSUMPTION OF MATERIALS (Refer Note 19 II.1 and 2)

	Unit	Year Ended 31.03.2010		Year Ended 31.03.2009	
		Qty. in '000	Value ₹ in 000	Qty. in '000	Value ₹ in 000
I. Formulation & Bulk Drugs (Manufacturing)					
(a) Chemicals	Kgs.	72	65537	65	22972
(b) Sugar	Kgs.	40	1197	24	429
(c) Herbals	Kgs.	45	9044	15	2838
(d) Chemicals(Bulk Drug)	Kgs.	909	82107	610	53170
(e) Agro Products/Others	Kgs.	--	3725	--	21105
(f) Packing Material	Kgs.	--	16269	--	22979
(A)			177879		123493
II). Purchase of Finished Goods					
(B)			141765		162711
(A+B)			319644		286204
Value of Imported and Indigenous Raw Materials Consumed.					
		Year Ended 31.03.2010		Year Ended 31.03.2009	
		%	Value ₹ in 000	%	Value ₹ in 000
(a) Imported		6.23	11073	8.39	10362
(b) Indigenous		93.77	166805	91.61	113131
		100	177879	100.00	123493

GUFIC BIOSCIENCES LIMITED

22. COST OF THE GOODS TRADED BY THE COMPANY (Refer Note 19 II.1)

	Unit	Year Ended 31.03.2010		Year Ended 31.03.2009	
		Qty in '000	Value ₹ in '000	Qty in '000	Value ₹ in '000
(a) Purchase					
Tablets	Nos.	58556	20310	38056	15750
Capsule	Nos.	3517	2567	2191	1239
Syrup & Suspension	Bottles	659	6515	512	5169
Injections	Vials	1236	13805	73	12258
Lotion	Bottles	-	-	31	215
Powder	Gms	5169	521	--	--
Ointments	Tubes	32	159	80	253
Castor Oil	Kgs.	705	28753	1724	59840
Others	-	-	20853	--	12503
Seeds and Plants	Nos.	12	11253	5	7841
Chemicals	Kgs.	-	-	386	15810
Sanitary Napkins	Nos.	35607	37029	33685	31833
(b) Sales					
Tablets	Nos.	59212	46003	42785	49450
Capsules	Nos.	3181	5573	2617	4498
Syrup & Suspension	Bottles	642	9879	595	10035
Injections	Vials	1220	19593	182	16889
Lotion	Bottles	5	37	27	225
Powder	Gms	4952	793	--	--
Ointments	Tubes	25	435	82	351
Sanitary Napkins	Nos.	36242	59807	33142	56268
Others	-	-	22853	--	16810
Chemicals	Kgs.	-	-	386	15830
Castor Oil	Kgs.	705	28895	1724	60133
Seeds and Plants	-	12	13625	5	7149

23. OPENING STOCK

	Unit	As at 31.03.2010		As at 31.03.2009	
		Qty in '000	Value ₹ in '000	Qty in '000	Value ₹ in '000
Formulations					
Tablets	Nos.	3846	9687	3802	7444
Capsules	Nos.	179	444	628	1673
Ointments	Tubes	158	2997	176	2639
Syrup/Suspension	Bottles	167	2728	195	2729
Injections	Vials	54	5653	55	7206
Powder	Gms.	833	248	1100	337
Lotion	Nos.	36	1224	44	1559
Bulk Drugs					
Chemicals	Kgs.	16	11216	10	6109
Formulation Trading					
Tablets	Nos.	2739	1393	7468	3443
Capsule	Nos.	311	207	738	492
Lotion	Nos.	5	35	1	9
Sanitary Napkins	Nos.	1602	1072	1059	979
Syrup/Suspension	Bottles	142	1084	225	1679
Injections	Vials	72	1131	180	552
Ointment	Tubes	30	184	33	205
Agro Products & Tissue Culture (Manufacturing)					
Seeds and Plants	-	--	--	140	2479
Total			39303		39533

24. CLOSING STOCK (Refer Note 19 II.1 and 2)

	Unit	As at 31.03.2010		As at 31.03.2009	
		Qty	Value	Qty	Value
		in '000	₹ in '000	in '000	₹ in '000
Formulations					
Tablets	Nos.	5653	8210	3846	9687
Capsules	Nos.	316	640	179	444
Ointments	Tubes	159	2172	158	2997
Syrup/Suspension	Bottles	86	1368	167	2728
Injections	Vials	71	2471	54	5653
Powder	Gms.	655	179	833	248
Lotion	Nos.	34	1621	36	1224
Bulk Drugs					
Chemicals	Kgs.	9	4289	16	11216
Formulation – Trading					
Tablets	Nos.	2083	1958	2739	1393
Capsules	Nos.	648	517	311	207
Powder	Gms.	217	51	–	--
Lotion	Nos.	--	--	5	35
Syrup/Suspensions	Bottles	159	1321	142	1084
Injections	Vials	87	944	72	1131
Ointments	Tubes	37	235	30	184
Sanitary Napkins	Nos.	967	602	1602	1072
Agro Products & Tissue Culture					
Seeds and Plants		--	--	--	--
Total			26576		39303

25. CAPACITIES AND PRODUCTION (Refer Note 19 II.1)

	Unit	Installed Capacity in 000 (*)	Year Ended	Year Ended
			31.03.2010	31.03.2009
			Actual Production in 000 (**)	Actual Production in 000
FORMULATIONS:				
Tablets	Nos.	84000	31744	19227
Capsules	Nos.	45000	1900	886
Syrup / Suspensions	Ltr.	840	477	345
Ointments/Cream	Kgs.	5400	647	448
Powder	Gms.	--	3943	3494
Lotion	Kgs.	6600	363	276
Injection	Ltr.	36.5	2165	773
Bulk Drugs	Kgs.	78	118	106

* The Installed Capacities are as Certified by the Management (Single Shift)

** Production refers to production for sales purpose only.

GUFIC BIOSCIENCES LIMITED

26. INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

₹ in '000

Sr. Particulars	Formulations		Bulk Drugs		Consumer		Chemicals		Agro Products		Total	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009
1 SEGMENT REVENUE												
Sales & Services (Inclusive of Excise & Net of returns)	391999	304226	121600	102416	112933	94693	--	15830	13625	7197	640156	524362
Add: Unallocated Income											4457	14827
TOTAL SEGMENT REVENUE	391999	304226	121600	102416	112933	94693	--	15830	13625	7197	644614	539189
2 SEGMENT RESULTS												
Less: Unallocated Expenses	72291	60539	19046	17965	20635	17224	--	19	2371	(23326)	114343	72421
Financial Charges											58058	12293
Depreciation											22724	26228
Tax Provision											16625	16725
											4658	8812
											12278	8364
PROFIT AFTER TAX												
3 OTHER INFORMATION												
Segment Assets												
Add: Unallocated Assets	263889	220689	64760	73754	32276	12261	--	20	18058	24018	378983	330742
											176582	144462
Total Assets												
Segment Liabilities												
Add: Unallocated Liabilities	47720	23061	49533	21212	8241	4206	--	2183	368	4937	555565	475205
Total Liabilities												
Capital Expenditure												
Capital Expenditure Incurred	8801	11100	1406	--	--	--	--	--	--	--	10208	11100
Unallocated Capital Expenditure											--	1159
Depreciation	11404	11141	840	1247	--	--	--	--	30	--	12274	12388
Unallocated Depreciation												4336

₹ In '000

4 ADDITIONAL INFORMATION	In India		Out of India		Total	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009
1. Revenue by Location of Customer	524812	420541	115344	103821	640156	524362
2. Segment Assets by Location of the Customer	555565	475205	--	--	555565	475205
3. Capital Expenditure by Location of the Customer	10208	12259	--	--	10208	12259

Note: The Company has disclosed Business Segment as the Primary Segment. The Company has identified Business segment into Formulations, Bulk Drugs, Consumer Products, Chemicals & Agro Products after taking in to account the nature of Product, the differing risks & returns, the Organisational Structure & Internal reporting system. Segment reporting as prepared by the management has been incorporated here in above and the same has been relied upon by the Auditors.

27. RELATED PARTY DISCLOSURES AS PER AS-18:

Details of material (more than 10% of the total related party transaction of the same type) transaction with related party

₹ in '000

Name of the Party Nature of Relationship	Gufic Chem Pvt Ltd Gufic Pvt Ltd Jal Pvt Ltd Gufic Stridden Ltd. (Controlled Through Key Managerial Personnel)				Jayesh P. Choksi (Managing Director)	Pranav J. Choksi (Executive Director)	Vipula J. Choksi Dhyuti J. Choksi (Relatives of Managing Director)		Total
	This year (Previous year)	This year (Previous year)	This year (Previous year)	This year (Previous year)	This year (Previous year)	This year (Previous year)	This year (Previous year)	This year (Previous year)	This year (Previous year)
Purchase of Goods & exp. re-imbursement	3676 (6774)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	3676 (6774)
Sale of Goods	767 (120)	-- (--)	-- (--)	123 (305)	-- (--)	-- (--)	-- (--)	-- (--)	890 (425)
Usage of Service	2550 (605)	721 (88)	1177 (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	4448 (693)
Service Render	-- (--)	-- (--)	-- (--)	93 (42)	-- (--)	-- (--)	-- (--)	-- (--)	93 (42)
Rent	-- (--)	120 (120)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	120 (120)
Security Deposit	12000 (12000)	30000 (25000)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	42000 (37000)
Loans/Advances given	-- (--)	17 (--)	1159 (1943)	44 (15)	-- (--)	-- (--)	-- (--)	-- (--)	1220 (1958)
Loans/Advances received	-- (--)	-- (--)	-- (--)	-- (--)	7851 (899)	2193 (--)	250 (2500)	-- (940)	10294 (4339)

28. EARNINGS PER SHARE (EPS):

	Year Ended 31.03.2010 ₹ in '000	Year Ended 31.03.2009 ₹ in '000
Profit After Taxes	12278	8364
No. of Equity Share	77350	77350
Earning Per Share	0.16	0.11

29. DEFERRED TAX LIABILITES:

	Deferred tax Liability /Asset as at 1.4.2009 ₹ in'000	Current Year ₹ in '000	Deferred Tax Liability /Asset as at 31.3.2010 ₹ in'000
Deferred Tax Liabilities:			
Difference between book & income tax depreciation	27060	(1100)	25960
Total (A)	27060	(1100)	25960
Deferred Tax Assets:			
Expenses Disallowed			
1. Gratuity	2619	233	2852
2. Leave Encashment	1345	105	1450
3. Other Disallowances	891	(1567)	(676)
Total (B)	4855	(1229)	3626
Deferred Tax Liability (Net) (A-B)	22205	129	22334

GUFIC BIOSCIENCES LIMITED

30. Borrowing Cost capitalised as Fixed Assets in F.Y. 2009-2010 ₹ 911 thousand. (Previous Year ₹ Nil)
31. The Company has entered into various transactions on an Arm's-Length basis in the ordinary course of business with Companies in which Directors are interested which requires the prior approval of the Central Government u/s 297 of the Companies Act, 1956. The Company has yet to apply for compounding of offence of inadvertent non-compliance with the provisions of Sec 297 of the Act in respect of the past transactions and regularising the future transactions.
32. Loans and Advances includes old receivable due for more than three yrs ₹ 2529 thousand which in the auditors' opinion may not be recoverable and not been provided for .
33. i) Tax
- a) Current Tax includes interest of ₹ 242 thousand for the delayed payment of Income Tax Dues.
 - b) Excess Provision Written Back is net of Excess Provision Written Back ₹ 4929 thousand and Short Provision Written off ₹ 3726 thousand towards Income Tax and ₹ 368 thousand towards Fringe Benefit Tax Written Back.
- ii) Provision for Tax under Current Liabilities and Provisions
- Provision for Income Tax under Current Liabilities and Provision is net of Advance Tax of ₹ 17192 thousand. Similarly , Fringe Benefit Tax Receivable under Loans, Advances and Deposits is net of Provision for Fringe Benefit Tax of ₹ 489 thousand

As per our Report of even date attached
For Mayur Chokshi & Co
Chartered Accountants

By order of the Board of Directors

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
(Membership No.33936)
Mumbai - 30th August, 2010

Jayesh P. Choksi
Chairman &
Managing Director

Kantilal. N. Sanghvi
Director

Hitesh P. Mutha
Company Secretary

Mumbai - 30th August, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.	33519	State Code	11
Balance Sheet Date	31.03.2010	Registration Date	23.07.1984

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of mobilisation and deployment of funds (₹ in '000)

Total Liabilities	369003	Total Assets	369003
Sources of Funds			
Paid Up Capital	77350	Reserves & Surplus	96885
Secured Loans	149336	Unsecured Loans	23097
Application of funds			
Net Fixed Assets	171230	Investments	92
Net Current Assets	197681	Deferred Tax Liability	(22334)
Misc. Expenditure	—	Accumulated Losses	—

IV. Performance of company (₹ In '000)

Total Income	612462	Total Expenditure	595526
Profit Before Tax	16936	Profit After Tax	12278
Earning Per Share in Rs.	0.16	Dividend Rate %	5

V. Generic Names of Three Principal Products / Services Of the Company (As per monetary Terms)

Item Code No. (ITC Code)	Product & Description
300490.01	Ayurvedic Medicine
294200.90	Bulk Drug-Lidocaine
560110.00	Sanitary Napkins

As per our Report of even date attached
For Mayur Chokshi & Co
Chartered Accountants

By order of the Board of Directors

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
(Membership No.33936)
Mumbai - 30th August, 2010

Jayesh P. Choksi
Chairman &
Managing Director

Kantilal. N. Sanghvi
Director
Hitesh P. Mutha
Company Secretary

Mumbai - 30th August, 2010

GUFIC BIOSCIENCES LIMITED

CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT FOR THE YEAR ENDED MARCH 31,2010

	Year Ended 31.03.2010 ₹	(₹ In '000) Year Ended 31.03.2009 ₹
A. Cash flow from operating Activities		
Net Profit before tax	16936	17176
Add : Adjustment for:		
Depreciation	16625	16725
Provision for Gratuity/Leave Encashment	995	(9337)
Interest	22724	26228
Loss on sale of Assets	100	--
Dividend / Interest Received	(275)	(162)
Sundry Bal W/off	(50)	1395
Assets Written off	--	1048
Operating profit before Working Capital Changes	57055	53071
Adjustments For:		
Inventories	3512	8160
Debtors	(28438)	(14366)
Loans & Advances	(36854)	8969
Current Liabilities	51059	817
Cash Generated from Operations	46334	56652
Income Tax Paid	(5692)	(4217)
Dividend Tax Paid	(1200)	--
Fringe Benefit tax	(1071)	(96)
Net Cash Generated from Operating Activity (A)	38371	52339
B. Cash Flow From Investing Activities		
Purchase of Investments	--	(550)
Interest Received	265	152
Sale of Fixed Assets	1074	--
Purchase of Fixed Assets	(30994)	(13938)
Dividend Received	10	10
Net Cash From Investing Activities (B)	(29645)	(14326)
C. Cash Flow from Finance Activities		
Increase /Decrease in Borrowings	23732	(12742)
Dividend Paid	(3798)	(7600)
Interest Paid	(22724)	(26228)
Net Cash From Finance Activity (C)	(2790)	(46571)
Net Increase in Cash or Cash equivalent (A+B+C)	5936	(8557)
Cash and Cash Equivalent at Beginning of Period	4864	13420
Cash and Cash Equivalent at the end	10800	4864

As per our Report of even date attached
For Mayur Chokshi & Co
Chartered Accountants

By order of the Board of Directors

Mayur Chokshi
Proprietor
Firm Registration No. 106116W
(Membership No.33936)
Mumbai - 30th August, 2010

Jayesh P. Choksi
Chairman &
Managing Director

Kantilal. N. Sanghvi
Director

Hitesh P. Mutha
Company Secretary

Mumbai - 30th August, 2010

CONSUMER PRODUCTS DIVISION



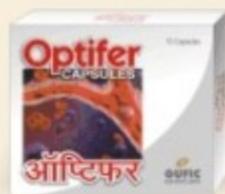
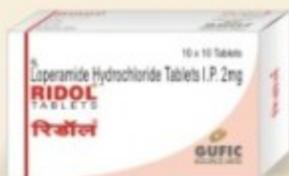
100 ml



20 ml



ETHICAL DIVISION PRODUCTS

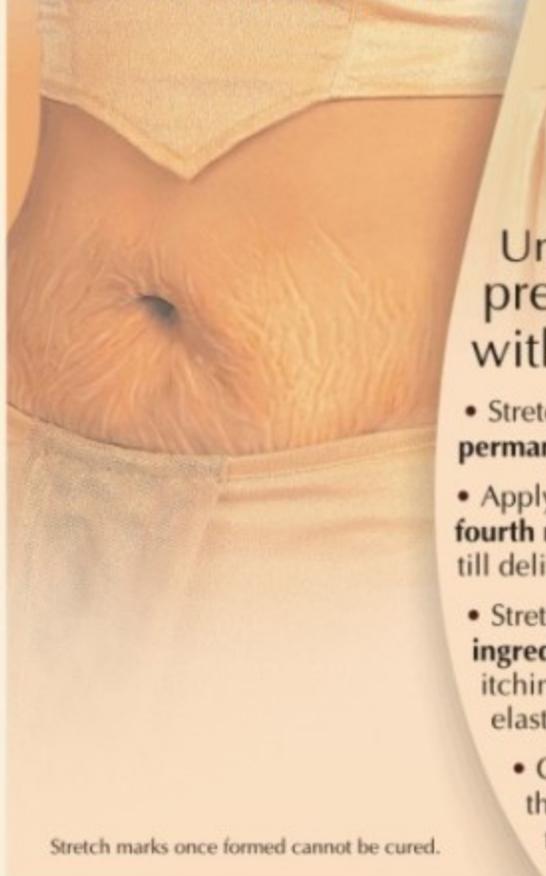


SPECIALITY PRODUCTS

Company's First Biotechnology Product



After pregnancy,
Stretch Marks
can make you
look like this...



Unless you
prevent them
with **StretchNil.**

- Stretch marks mean ugly, **permanent** marks on your skin.
- Apply StretchNil from the **fourth month** of pregnancy till delivery, twice a day.
- StretchNil has six **natural ingredients** that control itchiness and improve elasticity.
- Clinical reports show that StretchNil is **safe** for you and your baby.

Stretch marks once formed cannot be cured.



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NIL**

HERBAL LOTION FOR PREVENTION
OF PREGNANCY STRETCH MARKS

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for Mothers-to-be*

*Available at all
Medical outlets*



GUFIC
BIOSCIENCES LIMITED

Regd. Off.: Subhash Rd.-A, Vile Parle (E), Mumbai - 400 057. (INDIA)

Corp. Office: 2nd & 3rd floor, Old Sanskar Jyot School Bldg., (Above Bank of Maharashtra)
S.V. Road, Andheri (West), Mumbai 400 058. (INDIA)

Tel.: (91-22) 67261000 | Fax : (91-22) 67261068 | Email : gufic@guficbio.com | www.guficbio.com

Notice

Notice is hereby given that the twenty-sixth Annual General Meeting of the Members of the Gufic Biosciences Ltd. will be held on Thursday, 30th September 2010 at 2.30 p.m. at Hotel Parle International, B. N. Agarwal Market, Next to Dinanath Mangeshkar Hall, Vile Parle (E), Mumbai 400057, India to transact the following business:

ORDINARY BUSINESS

Item No. 1 – Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at 31st March 2010, the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.

Item No. 2 – Declaration of Dividend

To declare dividend on Equity Shares for the financial year ended on 31st March 2010.

Item No. 3 – Re-appointment of Mr. Pranav Choksi

To appoint a Director in place of Mr. Pranav Choksi, who

retires by rotation and being eligible, offers him for re-appointment.

Item No. 4 – Re-appointment of Mr. Ashok Tarale

To appoint a Director in place of Mr. Ashok Tarale, who retires by rotation and being eligible, offers him for re-appointment.

Item No. 5 – Appointment of Statutory Auditors

To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

By order of the Board of Directors
For Gufic Biosciences Limited

Mumbai
30th August 2010

Hitesh P. Mutha
Company Secretary

Additional Information on Directors' recommendation for re/appointment at the Annual General Meeting

MR. AHOK M. TARALE

Profile and expertise in specific functional areas

Mr. Ashok Tarale has served as a one of the Independent Director on our Board since March 2003. He plays important role in indirect tax management and planning of the Company.

Mr. Tarale, aged about 59 years, has extensive knowledge and expertise in the field of tax management and planning. Mr. Tarale is working as Tax Practitioner since 1982 and specialises in Value Added Tax (VAT) and state sales tax strategy and planning.

Mr. Tarale does not hold any directorship or membership committee of any other Company than Gufic Biosciences Ltd.

Mr. Tarale does not hold any equity shares of the Company.

Role and Responsibility:

Mr. Ashok Tarale advises our Company on indirect tax management and planning, remuneration policies and other matters. He is a member of Remuneration Committee and Audit Committee.

MR. PRANAV J. CHOKSI

Profile and expertise in specific functional areas

Mr. Pranav Choksi has served as Executive Director of

the Company since June 2006. He play key role in defining the Company strategy with technology and innovations to lead in growth of the Company. He has been instrumental to bring new energy and outlook to the Company.

Mr. Choksi, aged 27 years, has done Masters in Biotechnology from Johns Hopkins University and Bachelors of Pharmaceutical Science from Mumbai University. He has previously worked with Antigenics Inc. at Lexington, MA and has been associated with The Indian Pharmaceutical Association.

Mr. Choksi has a keen interest in improving efficiency across the Company. His focus has been on increasing competitiveness, improving customer experience, improving employee engagement and further increasing the products line and strengthening Research & Development (R&D) facility of the Company.

Mr. Choksi does not hold directorship in any other public company than Gufic Biosciences Ltd. and is not member of any committee.

Mr. Choksi holds 6875844 equity shares of the Company.

Role and Responsibility:

He play important role in management of the Company and takes lead in formulation of strategies, branding of Company, planning, organising and controlling the operation of the Company.

Notice

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE MEMBER OF THE COMPANY. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- b) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is attached hereto.
- c) The Register of Members and the Share Transfer Books of the Company shall remain closed from 22nd September 2010 to 30th September, 2010 (both days inclusive).
- d) The dividend, as recommended by the Board, if declared at the meeting, will be paid to those Members whose name appears in the Register of Members of the Company on 21st September 2010 for shareholding held in physical form and the list of beneficial ownership as furnished by the Depositories (NSDL and CDSL) as of the close of business hours on 21st September 2010 for shareholding in electronic form.
- e) M/s Link Intime India Private Ltd., C-13, Pannalal Silk Compound, L.B.S. Road, Bhandup (w), Mumbai 400 078 are the Registrar and Share Transfer Agent for physical share of the Company. They are also the depository interface of the Company with both NSDL and CDSL.
- f) While members holding shares in physical form may write to M/s Link Intime India or the Company for any change in their address and bank mandates, members having shares in electronic form may inform any change in address to their depository participant immediately so as to enable the Company to dispatch dividend warrant at correct addresses.
- g) Members are requested to note that the dividend for the financial year 2003-04 which has remained unclaimed for a period of seven years from the date of transfer to the unclaimed dividend account will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956, and thereafter no claim shall lie against the said fund to the Company. Members who have not yet encashed the dividend warrant(s) for the financial year 2002-03 and thereafter are requested to make their claims to the Company.
- h) Shareholders who would like to avail the NECS facility or the Bank Mandate facility (if not done earlier) are requested to send details, to the Company's Registrar and Transfer Agents before 21st September 2010. Please note that shareholders holding shares in dematerialized form would receive their dividend directly to the bank account nominated by them to their Depository Participant, as per SEBI directive.
- i) Shareholders desiring any information as regards the Accounts are requested to write to the Company at least 8 days in advance so as to enable the Management to keep the information ready.
- j) Members / Proxy are requested to bring their copy of the Annual Report with them at the Meeting and to produce at the entrance, the admission slip, duly completed and signed, for admission to the meeting hall.

Registered office:
Gufic Biosciences Ltd.
Subhash Road- A,
Vile Parle (E),
Mumbai 400 057

Admission Slip

PLEASE COMPLETE THE ADMISSION SLIP AND HAND IT OVER AT THE ENTRANCE TO THE MEETING

Name of the attending Member (in Block Letters)	Membership Folio Number/ Client & D. P. I. D.	Name of the Proxy (in Block Letters) (To be filed in, if the Proxy attends, instead of the Member)	Number of Equity shares held

I hereby record my presence at the 26th Annual General Meeting of the Company held on Thursday, the 30th September, 2010 at 2.30 p.m. at Hotel Parle International, B. N. Agarwal Market, Next to Dinanath Mangeshkar Hall, Vile Parle (E), Mumbai-400 057.

SIGNATURE OF THE ATTENDING MEMBER / PROXY

NOTES:

Member / Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over the same duly signed, at the entrance.

Member / Proxyholder desiring to attend the meeting should bring their copy of the Annual Report for reference at the meeting.

..... (Please tear here)



Proxy Form

I / we of district of being a member / members of above named Company, hereby appoint of or failing him of in the district of as my / our proxy to attend and vote for me / us on my / our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, the 30th September, 2010 at 2.30 p.m. at Hotel Parle International, B. N. Agarwal Market, Next to Dinanath Mangeshkar Hall, Vile Parle (E), Mumbai-400 057 and at any adjournment thereof.

Signed this day of 2010

Re. 1/-
Revenue Stamp

Folio No./Client & D. P. I. D.....

No. of Shares held

(Signature of the Shareholder)

Note: The form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of meeting.



Regd. Off.: Subhash Road – A, Vile Parle (E), Mumbai 400 057, INDIA

30th August 2010

Dear Member,

You are cordially invited to attend the twenty-sixth Annual General Meeting of the members to be held on Thursday, 30th September 2010 at 2.30 p.m. at Hotel Parle International, B. N. Agarwal Market, Next to Dinanath Mangeshkar Hall, Vile Parle (E), Mumbai 400057, India.

The notice for the meeting, containing the business to be transacted, is annexed herewith.

If you need any assistance for the Annual General Meeting, please contact:

Hitesh Mutha, Company Secretary, Gufic Biosciences Ltd., Old Sanskar Jyot Building, Above Bank of Maharashtra, Swami Vivekananda Road, Andheri (W), Mumbai 400 058, India (Tel.: 91 22 67261000, Fax: 91 22 67261067).

Thanking you,

Yours truly,

A handwritten signature in black ink, appearing to read 'JP Choksi', is written over a rectangular stamp area.

Jayesh P. Choksi
Chairman & Managing Director