



When it's about going **beyond**

Annual Report 2009-2010

**Suliyā**™ **Pharmaceutical Limited**





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# Corporate Information

## Board of Directors

**Mr. Rajiv Goyal** - Chairman & Managing Director

**Mrs. Alka Goyal** - Executive Director

**Mr. Anil Arya** - Director

**Mr. Abhishek Arya** - Director

**Mr. K.K. Upadhyay** - Nominee Director of IDBI

**Dr. H.B.L. Vohra** - Additional Director

**Dr. M.L. Sharma** - Additional Director

**Mr. S.P. Sharma** - Additional Director

**Mr. Devinder Pal** - Additional Director

**Bankers** : State Bank of India | Punjab National Bank | Bank of Baroda | Allahabad Bank | Corporation Bank | Standard Chartered Bank | IDBI Bank | Federal Bank | Punjab and Sind Bank | Export and Import Bank of India | Catholic Syrian Bank

**Plants** : Plot No. 85, HPSIDC, Industrial Area, Baddi 173 205, Distt. Solan (H.P.)  
Plot No. 87, HPSIDC, Industrial Area, Baddi-173 205 Distt. Solan (H.P.)  
Plot No. 50-51, EPIP, Phase I, Jharmajiri, Baddi Distt. Solan (H.P.)  
Plot No. 383, Industrial Area, Phase 1, Panchkula (Haryana)  
Village Banur, Tehsil Mohali, Distt. Mohali (Punjab)  
Industrial Growth Center-II, Samba, District Samba (J&K)

**Registered Office** : SURYA PHARMACEUTICAL LTD.  
Plot No. 85, HPSIDC, Industrial Area, Baddi-173205, Distt. Solan (H.P.)

**Corporate Office** : SURYA PHARMACEUTICAL LTD.  
SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh (U.T) - 160 009

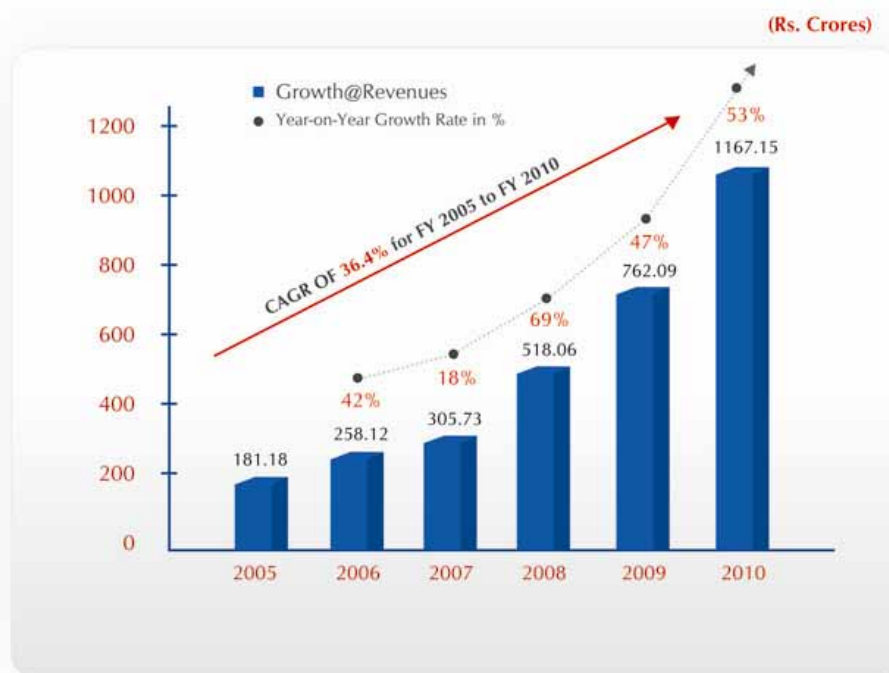
**Auditors** : M/S AAD & ASSOCIATES, Chartered Accountants  
#1595, Sector 33D, Chandigarh (U.T) -160 034

**Chief Company Secretary & Compliance Officer** : Mr. Rajansh Thukral  
SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh (U.T) -160 009

**Company's Registrar and Share Transfer Agents** : M/S. BIGSHARE SERVICES PVT. LTD.  
E-2/3, ANSA Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072  
Telephone : 022-28470652/53, 40430200

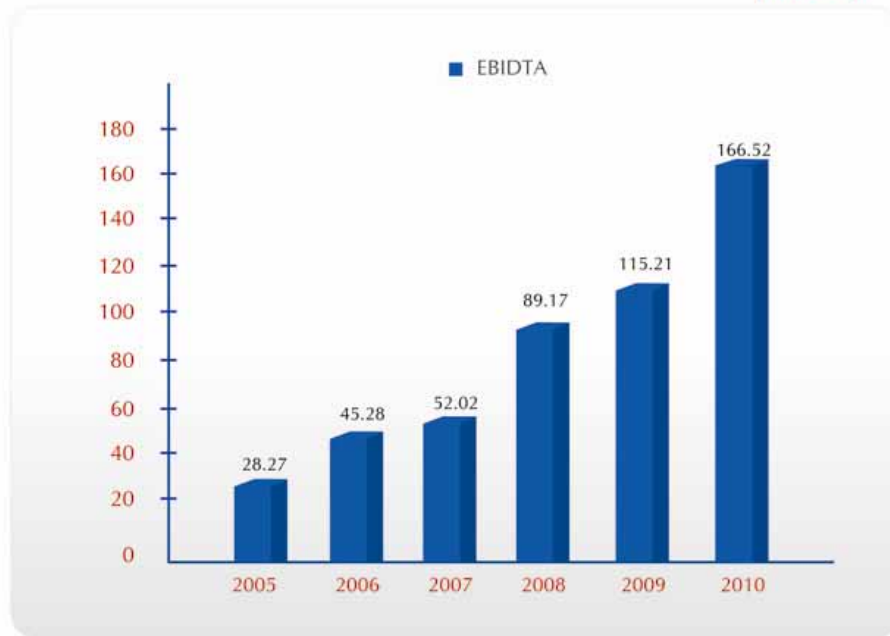


# Surya Pharmaceutical Ltd. - Growth Trends

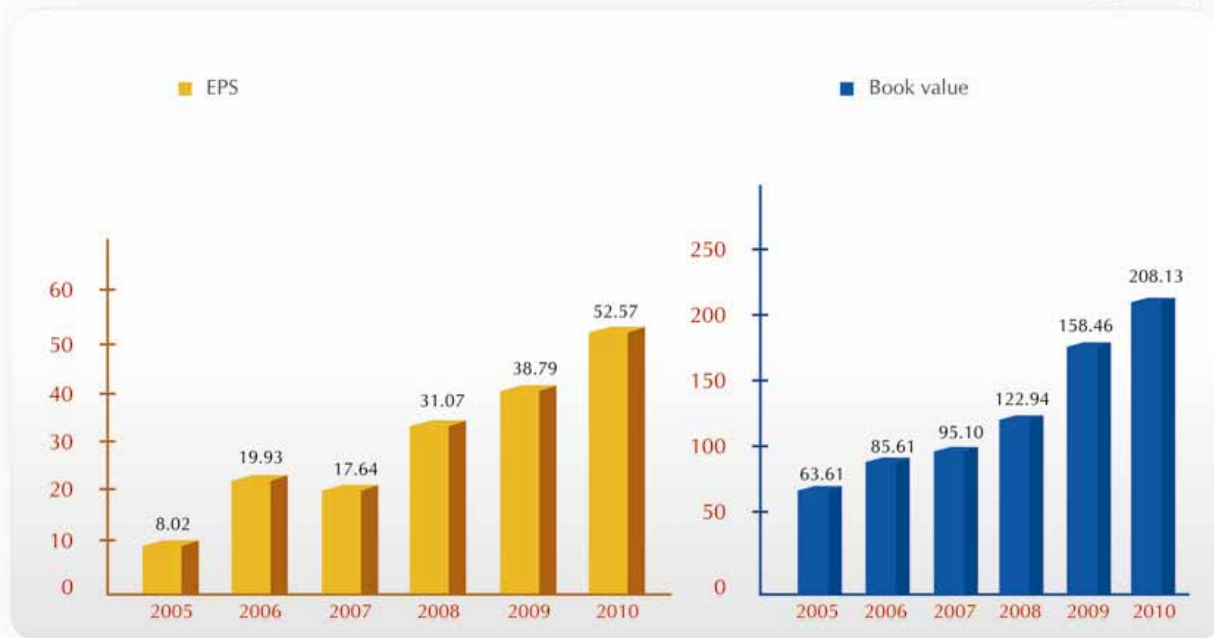




(Rs. Crores)



(Rs. per share)







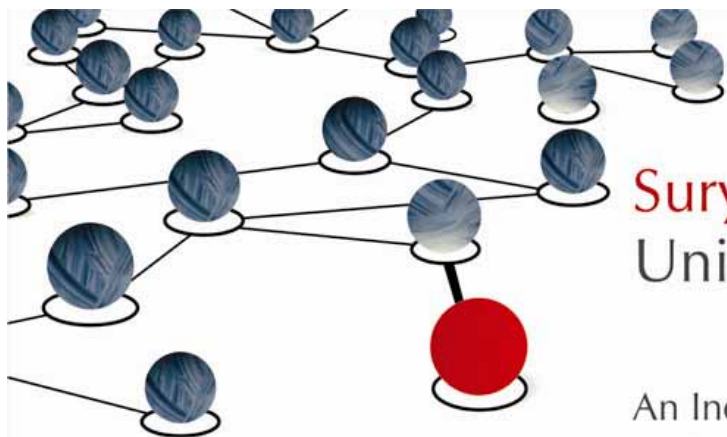
success is the sum of small efforts,  
repeated day in and day out

## Financial Performance

Rs in Crores

Particulars	2010	2009	2008	2007	2006
Gross Turnover	1157.53	751.53	512.97	304.30	257.70
Export Turnover	378.94	260.76	185.23	104.34	92.58
EBIDTA	166.52	115.21	89.17	52.02	45.28
Profit After Tax	76.06	56.13	41.71	23.92	22.75
Dividend	15%	12%	10%	-	-
Net Worth	301.13	229.27	177.88	137.59	94.84
EPS (Rs./share)	52.57	38.79	31.07	17.64	19.93
CEPS (Rs/share)	67.19	50.07	35.68	22.42	26.75
Book Value (Rs/share)	208.13	158.46	122.94	95.10	85.61





# Surya Pharmaceutical Limited

## Unique Positioning

An Indian Pharmaceutical Company present in the entire value chain

Raw material (Intermediates) → APIs → Formulation → Distribution → Retail

### AS IS:

- Surya Pharmaceutical Limited is headquartered in Chandigarh (India) with a multi-state manufacturing presence in the states of Himachal Pradesh, Haryana, Punjab and Jammu & Kashmir. It has six manufacturing units for Intermediates, APIs, Menthol and its Derivatives, Formulations and two Research & Development Centres.
- Surya's marketing footprint spans 80+ countries across the globe.
- Having commenced its operations in 1992, Surya Pharmaceutical Limited is one of the few fully-integrated, globally-present Indian pharmaceutical companies across the entire pharmaceutical value chain.
- Surya has created its mark in distribution of medicines and pharmacy retail under the brand name VIVA.

### AIMING FOR:

#### APIs

- Obtaining USFDA approvals for its Greenfield Project in Jammu and existing facilities.
- Global reach extending to regulated markets.
- To be a preferred partner of global pharmaceutical companies for CRAMS, primarily because of its research capabilities, manufacturing scale and regulatory approvals.
- Enhancing API product range, increasing reach to regulated markets by more product registrations, improving cost efficiency through Research and tapping CRAMS opportunities.

#### FORMULATIONS

- Increasing product offerings and entering into fast growing therapeutic segments.
- In-licensing and marketing tie-ups for specific high growth products from global pharmaceutical & FMCG companies, currently not present in India.
- Creating pan-India presence of field force and distribution network to cover urban, semi-urban and rural areas.
- Targeting semi-urban and rural areas, where medical infrastructure is improving and consumption of medicines is growing from a low base.

#### RETAIL

- Establishing 1500+ Retail Pharmacy stores across India in next three years.
- Centralized product sourcing and inventory management to bring cost efficiencies.
- Targeting semi-urban and rural areas, where medical infrastructure is improving and consumption of medicines is growing from a low base.
- Launching unique products and service offerings to be a leader in pharmacy retail segment.





# Chairman's Statement



We have the right strategy, right offerings, the right organization and long-term investor support to sustain success and growth.

Dear Shareholders,

As we come to the close of yet another eventful year, there are many reasons to cheer. We have made significant lateral expansion and have also registered commendable increase in the performance curve.

I would like to start with sharing the significant achievements of the year with you:

1. Gross Revenue for the year 2009-2010 crossed Rs 1000 Crs. and we concluded with a top line of Rs.1167 Crs.
2. The Company registered the highest ever EBITDA of Rs.167 Crs. during the year under review.
3. The compounded Annual Growth Rate during last five years has been 36.4%. This achievement has been possible because of various expansions - new as well as within the existing set up. We expect the growth trend to continue in view of the organic growth, inorganic growth by way of Acquisition Strategy and also new Greenfield projects.
4. During the year, the Company launched itself into Finished Dosage Formulation (FDF) business. As part of the initiative, the Company launched Branded Formulation Division, Generic Formulation Division, Diagnostics and Medical Equipments Division, OTC Division and a Division to launch Leading Global Brands into Indian Markets.



5. The Company, as part of its initiative to launch Global Brands has signed up an agreement with CROCS, a USA based Company and a leader in the Medical Footwear category, for launching their products in Indian and other markets.
6. The Company's subsidiary, Surya Healthcare Limited, continued its journey towards being 'The Most Preferred Pharmaceutical Retail Chain in India.' It has already setup 52 stores and is on course to setting up more than 1500 stores all over the country in next three years' time. It gives lot of satisfaction that VIVA PHARMACY RETAIL is emerging as the leading and the most acceptable format to the customers in the region and territories it operates in.
7. We partially commissioned our Greenfield project at Jammu to manufacture Sterile & Oral APIs and Formulations (Injectibles).

Development of a world class infrastructure and scientific prowess for drug discovery, Research and Development have paved the way for a robust and sustainable growth in future. It stands to our credit that we are able to respond to the market needs quickly to launch new products and services.

Our incisive R&D capabilities provide us with the support we need in order to be the Innovation leader in the market. Innovation in the laboratory is translated into market success through a disciplined execution of strategy. We will continue to build on our strengths, investing in innovation to deliver right value today and tomorrow.

We have also made it a point to increase our operating efficiency. By streamlining our business processes and improving our internal cost structure, we are able to operate more efficiently, and deliver greater value to both our customers and shareholders.

While pursuing our corporate goals, we have not lost focus on our responsibilities towards the society and social causes. Taking a macro approach towards society and demonstrating its commitment towards the members of the Surya family, consumers and people at large, the past year witnessed several successful Corporate Social Responsibility (CSR) initiatives. Our CSR motto 'Giving

back to the Society', would always be high on our priority list. We will do every thing to ensure that the Surya family is always in the forefront when it comes to serving the society.

A few weeks before we were to celebrate the achievements of the Company's sales crossing Rs. 1000 Crs., certain divisions in the company had already conducted brain storming sessions on 'The next Rs. 1000 Crs.'. The message for us is clear - we have to continue to better ourselves as we need to pave the path for the future. The entire Surya Team - customers, vendors, business associates and employees - remains focused on the way forward.

As we set ourselves a target of achieving bigger milestones, we realize that it is our people - our biggest strength-that will get us there. Our employees are engines that drive the whole organization forward. We are committed to nurture and develop the great talent at Surya by providing the team greater satisfaction to achieve organizational and personal goals.

We express gratitude to our Directors for their concerted efforts all through this journey. We also take the opportunity to thank our Customers, Vendors, Bankers and Shareholders for their continuing support.

We, at Surya, are excited about the next phase of our growth and remain individually and collectively committed to make our 'Raw Materials to Retail' journey, the most wonderful one.

With Warm Regards,



**Rajiv Goyal**  
Chairman and Managing Director





## VISION

We will endeavour to emerge as a leader in the integrated pharmaceuticals business by continually achieving and surpassing the highest standards in quality driven manufacturing and sustainable development through environmental friendly practices. At Surya Pharmaceutical, we will continuously provide value to all stakeholders of the organization with a focus on innovation and core values towards achieving excellence across all operations.

## MISSION

We will fulfill our mission by

- Our determined commitment to our values in integrity, transparency and responsible corporate citizenship along all facets of our value chain.
- A continuous focus on achieving excellence and leadership through the highest standards of quality across all functions of our organization.
- Ensuring a safe and healthy environment for all personnel and maintaining harmony with the natural environment.
- Recruiting, training and retaining the highest calibre of professionals in the industry.
- To ensure the well being of the community by effectively fulfilling social responsibilities.







## The **Surya** way

**Innovation, Leadership, Excellence, Values and Growth**

Our values driven approach, spirit for innovation, striving for excellence creates growth; growth not just lateral and vertical, but that makes us organizationally more mature and responsive to dynamic business environment and the wider socio-economic milieu.

The core value of empowering life is embedded deep in the DNA of the organization, which makes team Surya committed to developing an ever increasing number of pharmaceutical products at competitive costs for the alleviation of the suffering of mankind.

Read about Innovation, Leadership, Excellence, Values and Growth- just some of the ideals we stand for, within. See them unfold as independent entities, however interdependent in essence. It is the subtle omnipresence of this essence in the Company's everyday functioning that makes us what we are.

Believing firmly that the multidimensional facets of innovation in turn lead to Leadership that in turn strives for excellence; Surya has successfully demonstrated that Values are indispensable 'components' that build the character of the Company.

And yes, growth just follows.





## Innovation

Innovation is the embodiment, combination or synthesis of knowledge in original, relevant, valued new products, processes or services.

The company has strong R & D, Engineering & Manufacturing capabilities across its scale of operations. A large team of scientists carry out research and development in process research and pharma research in a dedicated state-of-the-art R & D centre spread over 25000 sq feet area. We have consistently invested a significant part of our annual turnover on R & D. The company has a globally recognized position in select product categories viz. Semi Synthetic Penicillins & Cephalosporins.

We provide Contract/Custom Research and Manufacturing Services (CRAMS) facility to global pharma companies and speciality drug companies. The Company has been successfully deploying its capabilities and developed know-how for several products for its own manufacturing. Using talent and technologies, the company also assisted several companies by developing required products and supplying required quantities.

The company has a proven process in developing products through its front-end presence in the global market and a support of a state-of-the-art expertise at the back end.





## Leadership

Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen.

The company believes in consistently contributing maximum effort to accomplish short, medium, and long term organizational objectives, while harnessing the most efficient procedures and utilizing available resources.

Surya enjoys a leadership position in APIs, Fine Intermediates, Phyto pharmaceuticals (including Mint/Menthol derivatives) and Finished Dosage Forms. The company has achieved segment domination and cost leadership in oral, crystalline, non sterile Betalactams and Carbapenems. The product mix in the Formulation division includes Anti-biotics, PPIs, Cough & Cold Remedies, Calcium & Multivitamin supplements.

Our Formulations division also caters to the generic Therapeutic segments like Anti infectives, Gastrointestinals, NSAIDS, Anti-allergics, Nutraceuticals, Anthelmintics, Cough preparations, Ophthalmologicals, Parenterals, Herbals etc.

The Division has a pan-India presence with a field staff of more than 500 people and is soon launching itself into other Therapeutic segments such as Neuropsychiatry, Respiratory, Gastroenterology & Oncology.





## Excellence

Excellence, a state of excelling in the field of business and organizations, is considered to be an important value, and a goal to be pursued.

Surya strives for excellence with an emphasis on compliance, creativity and empowerment of people and processes. Thanks to the zeal to excel, the company spans many locations with multiple functional domains maturing from APIs, Intermediates to Formulations for the global markets.

Surya has systematically used the expertise of its professionals to consistently bring improvements in products, reduce costs and increase production.

Despite its ever growing size, the company remains flexible and adapts to new systems, processes and best practices with ease. The respect and empowerment of human resources, continuous enhancements of skill-sets make the company an integrated and motivated organization. The company patronizes creativity and innovation resulting in a performance-centric culture. Creative ideas are encouraged and ultimately get institutionalized in the company's systems. The company promotes trusting and collaborative partnerships with diverse business entities. Surya offers a world class working environment that allows excellence in business performance. Organizational excellence is where leadership enables human resource management and business process management to continually raise the bar in performance in respective areas.

We are consistently contributing our maximum to accomplish the short, medium, and long-term organizational objectives while harnessing the most efficient procedures and utilizing optimum resources.





## Values

Organizational values define the acceptable standards which govern the behaviour of individuals within the organization.

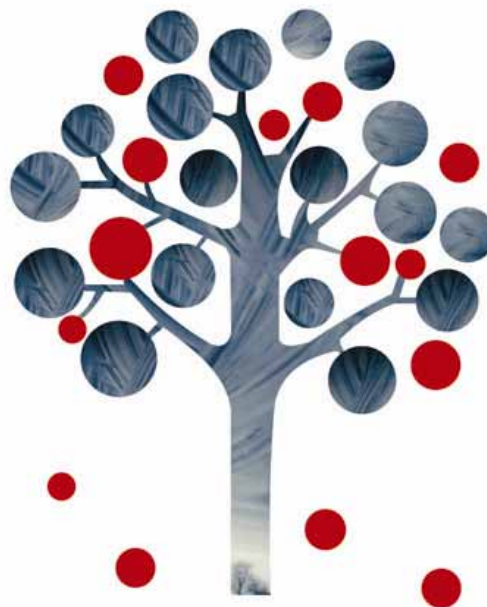
A value system is a set of consistent values and measures.

The company's value system is based on tried and tested values of transparency, professionalism, integrity and accountability. Without being swayed by passing phenomena and the social climate of the time, we will continue to enhance our corporate value by ensuring that any and all of our business activities are carried out efficiently enough to achieve high credibility with our stakeholders across the globe. The company facilitates experts and leaders to drive organizational growth.

At Surya Pharmaceutical Limited, we believe that if we take care of the present, we inspire a better future. It is this vision towards a disease-free world, a sustainable natural environment and a healthy global population, that supports our commitment. It also ensures the highest quality of products, services and unparalleled care to our clients, and to the larger community.

The company assumes its business and ethical responsibilities with the utmost seriousness in order to endeavor towards good corporate citizenship. The company acknowledges its obligation as a business institution to give back to the society it thrives in.





## Growth

Growth is characterized by systems becoming more intense, an organization becoming more mature.

Established in 1992, the company has emerged as a premier integrated pharmaceutical company with more than 1500 employees and a revenue of INR 11 billion. The company runs six plants at Baddi, Banur, Panchkula and Jammu.

Successful leveraging of infrastructure, scientific and technical process, and strategic positioning in the market has helped the company achieve commendable growth in recent years.

The company has diversified into Formulations. Its brands Alexus (Branded Formulations), Aegis (Generic Formulations) and Altair (Diagnostic & Medical equipment Division) operate in a pan India milieu. Some of our USP's are innovative marketing strategies, consistent quality of products, impressive product range and packaging.

An exciting new development is the Launch of CROCS Medical Footwear by Surya. SPL has signed up an exclusive Agreement with CROCS for marketing their Therapeutic Footwear in India and SAARC Countries.

Surya Healthcare Ltd., a subsidiary of SPL has launched a novel chain of Pharmacy stores called 'Viva'. The chain has a significant presence in north India and is set to have 1500+ stores across the country soon.







# India—The Emerging Pharma Hub

A perspective on Global and Indian Pharmaceutical Scenario



Cast against a global slowdown, the year has been tumultuous for the highly regulated and capital intensive global pharmaceutical industry. There has been a decline in growth rate in the global pharma market, which is largely attributed to the patent expiry of key blockbusters, together with saturation in key pharma markets such as the US and western Europe. Growth was also slowed by sluggish prescription trends and intensifying generic competition. Most international majors are facing patent challenges and witnessing blurring of traditional strategic divide of generic and originator drugs. The new products are not generating same level of sales as those that are losing patents.

According to CMR International, the pharmaceutical industry continues to rely heavily on sales from an ageing portfolio of drugs, while the proportion of total sales from newer drugs has dropped. In the US, the government's policy to lower healthcare costs further increased the pressure on pharma majors.

However, the recessionary tendency helped companies to focus on performance management, restructuring, and repositioning. The big players also relied more on strategic mergers and acquisitions as a sustainable alternative to organic growth. Companies believed in buying what they couldn't build.

On the domestic front, Pharma was among the few sectors that witnessed an increase in revenue despite global recession. The market consolidation triggered by product patent regime has improved the pricing power in the industry. Strong preference for generics worldwide was definitely beneficial to the local industry. There has been notable development in infrastructure and enlargement of technology base. The robust fundamentals of Indian industry and market provide exciting business opportunities for global companies to set shop in India, which already produces more than 20% of the world's generics.

### Rising costs of drug discovery

The global pharmaceutical industry is facing a challenging battle to maintain its productivity due to an increasingly

difficult research and development landscape. Companies are starting to commit fewer resources to research activities in recent years, partly due to diminishing returns. There is a general decline in the success rate of drug discovery. Failed R&D efforts take their toll on productivity. The phase III terminations have doubled in the period 2007-2009 compared with those in 2004-2006. Further analysis of the data reveals that less than one in 10 drugs reaching 'first toxicity dose' can now expect to be successfully launched. Poor productivity continued to result in the low success rate for drugs in late stage development and a decline in sales of new drugs launched within the last five years, according to CMR International. Faced with rising costs, the pharmaceutical majors are looking at India as a viable option.

### India—A hub of drug discovery

Expiry of patents and decreased productivity are forcing pharmaceutical majors to outsource their R&D operations to other locations. In fact, India is fast becoming the most lucrative destination for drug discovery and research & development. Companies outsource trial monitoring, project management, data management, safety reporting, drug distribution and central laboratory to contract research organizations in India. Consequently, drug trials expenditure in India is expected to reach \$1.5 billion by the end of 2010. The clinical research market in India is set to touch \$300 million.

Globally 30-35 % of the total costs of pharmaceutical discovery and development are of clinical research. These costs are cut down by 50% when outsourced from India. The cost saving is 50% in Phase I and 60% in Phase II. The Indian position is further strengthened by availability of a vast patient population, abundant R&D workforce, low costs, and a favorable regulatory environment.

### CRAMS

CRAMS made an advent a few years back as a result of India's position as a low cost manufacturer of high quality products and services. Today, the country has emerged as a





premier contract research and manufacture hub of the world with CRAMS market about to touch \$ 2.46 billion.

A number of Contract Research Organizations (CROs) have set up shop in Asia to provide trial monitoring, project management, data management, safety reporting, drug distribution and central laboratory services. Indian companies are either entering into strategic alliances with large international generic companies for off-patent molecules or entering into contract manufacturing agreements with innovator companies for supplying complex under-patent molecules. As a result, Indian companies have today matured from 'vendor of choice' to 'partner of choice'. Now MNCs and domestic companies are starting to work together utilizing each other's strengths for their mutual benefit. Many Indian companies have made their plants CGMP compliant. India already has the largest number of USFDA-approved plants outside USA.

## The domestic market

Indian market, too, presents a vast opportunity for sales. The domestic pharmaceutical formulation is expected to grow at 10% throughout 2010 due to a rapidly increasing middle class. There is also a change in India's epidemiological profile with a likely increase in drugs for cardio-vascular problems, disorders of the central nervous system and other chronic diseases such as diabetes. Increasing affordability, rising healthcare spending and an ageing population will also contribute to growth of the pharma industry. There will be increased consumption of formulations due to penetration of health insurance and rise in lifestyle diseases.

## Advantage India

India now has a growing and increasingly sophisticated pharmaceutical industry of its own. It is emerging as a strong pharma hub with a vibrant IT industry and a strong infrastructure of research facilities and the world's largest scientific reservoir. It may be mentioned that 1,50,000 Indian students graduate in Chemistry alone every year.

India presents the advantage of low cost. This includes low development costs, low infrastructure cost, low clinical research costs, and low cost professionals. Accordingly, Indian pharmaceutical companies enjoy a competitive advantage over western companies in terms of cost of production and reverse engineering skills.







## Corporate Social Responsibility

Giving back to the society would always be high on our priority list. We will do everything to ensure that the Surya family is always on the forefront when it comes to serving the society.

In light of Surya Group's phenomenal growth and rapid expansion into diversified areas, an imminent need was felt to incorporate a concrete Corporate Social Responsibility (CSR) policy that looked at areas and spaces beyond pure economic growth of the parent organisation. Taking a macro approach towards the society and demonstrating its commitment towards the members of the Surya family, environment, consumers and people at large, Surya took the lead in taking forward several social initiatives under the CSR domain.

Committed to definite welfare projects that would be beneficial to people across the spectrum and at all levels, the Surya team conceived its CSR policy as one which would be close to the ground reality and at par in vision with ones followed by best companies around the world.

### Environment

Realizing that rapid deforestation in face of ever-increasing industrialization and need for more land for housing was



leading to severe depletion of green cover, Surya initiated a massive environment awareness and afforestation drive at different levels during the past one year. This included not just acquainting people at large with the benefits of saving forest cover, through different means of mass media, but also disbursing free saplings for plantation at strategic places around the region. The best example of which is Surya World - Institutions of Academic excellence, an Education Initiative supported by the Surya Group. The campus of Surya World is itself a perfect fusion of modern architecture and immense greenery where both academic staff and students are encouraged to plant trees on different occasions. The same holds true for company's different manufacturing bases around the country which have witnessed an unprecedented increase in their green cover over the past one year.

### Free Dental Health Care Camps

Surya Dental Health Care Centre at Surya World conducted an elaborate research on dental problems plaguing people residing in the countryside. Many special free Dental Health Camps were organised in and around the campus wherein more than 1500 people were thoroughly examined and given free advice and medicines for dental problems. The villagers were also acquainted with new breakthrough treatments in the field of dental sciences and how the same could be beneficial to them.

### Free Health Check-up camps

The past year witnessed Surya Healthcare initiative- 'Viva-Your Family Chemist' organise free health care camps at different places wherein patients underwent free health tests such as blood sugar level, blood pressure and body mass index. Patients were also provided free consultation by dental experts, cardiologists, diabetologists, orthopedicians and general physicians.

### In- house Sports meets

Surya Group firmly believes that sports can be instrumental in providing not just a healthy break to employees but also a platter to interact on a more informal level. The year witnessed a badminton tournament as well as the annual

**Commitment to the well-being of society adds a lot more meaning to our business. Surya rejoices in the fact that several of its initiatives have made a meaningful difference to the lives of large number of people**

cricket tournament in Chandigarh which were well-participated by Surya employees from offices across the country.

### Activities for lesser privileged sections

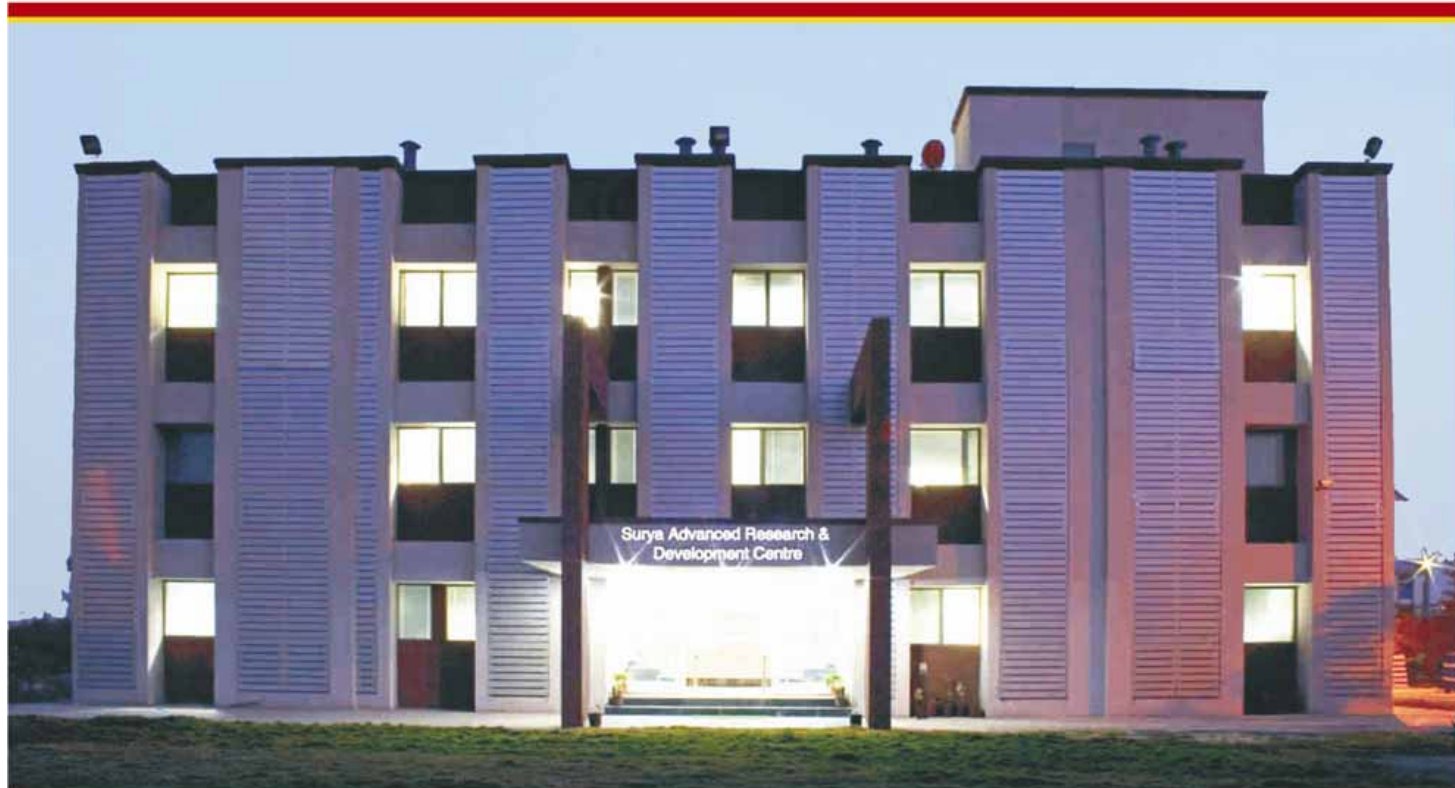
Over the past year, Surya undertook several regular distribution drives for the donation of utility items and gifts for the lesser privileged sections of the society. This included institutions such as Mother Teresa's Home, School for the Blind and Old Age Home besides others. Gifts and sweets were distributed to such institutions on festivals such as Lohri, Holi and Diwali. Different activities for specially abled children were also undertaken by the Company.

### Commitment towards Art

With a firm belief that art, culture and heritage are indispensable for complete growth of any society, Surya pays special attention to the same and facilitates their growth in all ways possible. Paying special attention to theater in the past one year, Surya concentrated on the growth of this ancient art form among children belonging to lesser privileged families. In collaboration with 'Theater Age', a reputed Chandigarh-based group that has been actively encouraging children of slum dwellers towards social and cultural activities, the Surya family besides providing financial aid, also distributed clothes, costumes, stationary and other items among members of the theater group.







# Surya<sup>TM</sup> - On the move

Empowering Life



Surya<sup>TM</sup> Pharmaceutical Limited  
• **Alexus** • **Altair** • **Aegis**

**VIVA**  
Your Family Chemist

Surya<sup>TM</sup> - **crocs**<sup>TM</sup>  
Empowering Life medical<sup>Rx</sup>

**SURYA WORLD**<sup>TM</sup>  
Institutions of Academic Excellence



Surya Pharmaceutical Limited continually carries out improvements, modernization and expansion in all its manufacturing facilities. The changes are made to make the facilities compliant to regulatory requirements, increasing capacities and diversifying product offerings. Consequently, Surya has emerged as an acknowledged industry player with an impressive track record of products and services across diverse pharmaceutical segments.

### Banur Plant

Major upgradation activities were initiated in Banur plant and with installation of state-of-the-art equipment, the plant is designed to be compliant with major regulatory authorities on completion. This will result in higher quality of products and add to the capacities of the plant. CRAMS was launched in Surya Advanced Research & Development Centre, which heralds a new chapter in the R & D capabilities of the company. The Centre is approved by DSIR (Department of Scientific Industrial Research). Our product, Cefixime has been awarded with COS (Certificate of Suitability) by European Directorate for Quality of Medicine & Healthcare (EDQM). Besides, Cefuroxime Axetil, Cephalexine and Cefaclor are being filed at EDQM for obtaining COS. In addition, breakthrough innovations

Colchicine, Thio-Colchicoside and Cinconine have already entered the commercial stage of production and are ready to be launched in the global market.

### Baddi Plants

At Baddi-87, the Formulation plant fared well during financial Year 2009-10. Dry Syrup capabilities have been added to the existing tablets & capsules production. As of now, the plant is qualified for all possible accreditations. Similar facilities at Baddi-85, are near completion and the plant is expected to meet regulatory requirement soon.

We manufacture Menthol products at one of our Baddi Plants. This includes treatment of Mint derivatives such as Menthol Crystals and successful production of Menthyl Lactate. This development places Surya among the very few companies in the world which specializes in menthol manufacturing.

During the year, keeping in view the encouraging response to its product quality and marketing initiatives in the global markets, the company enhanced its capacities significantly. The company has already established itself as a preferred source for the export of menthol products.

### Jammu Plant

Jammu Plant, our Greenfield Project, set up to manufacture Cephalosporins-Oral & Sterile, has been partially commissioned and has started commercial production. Full commissioning of the plant including



have led to the development of complex Intermediates such as 7-ATCA, Flomacef (Stage V & Stage VII) and BCK(Bicyclo ketones)

At the Banur Plant, we have also launched several Phyto pharmaceutical products. In the phyto pharmaceutical range, four products—Quinine Sulfate,

the Formulations segment is targeted to be achieved in the 3rd quarter of the current financial year.





# Surya Pharmaceutical Limited

REGD. OFFICE # 85, HPSIDC, IND. AREA, BADDI, DISTT. SOLAN (H.P.)

## NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of Surya Pharmaceutical Limited will be held on Thursday, the 30th day of September, 2010 at 11.00 A.M. at the Registered Office of the Company at Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010, Profit & Loss Account for the year ended on that date and the report of Board of Directors and Auditors thereon.
2. To declare Dividend for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Anil Arya, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. AAD & Associates, Chartered Accountants of the Company as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. S.P. Sharma, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article 133 of the Articles of Association and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Dr. H.B.L. Vohra, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article 133 of the Articles of Association and in respect of whom the company has received a

notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Dr. M.L. Sharma, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article 133 of the Articles of Association and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Devinder Pal, who was appointed as Additional Director and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Article 133 of the Articles of Association and in respect of whom the company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the company, liable to retire by rotation."

By order of the Board  
For Surya Pharmaceutical Limited

sd/-

PLACE : BADDI  
DATE : 14.08.2010

RAJANSH THUKRAL  
(President & Chief Company Secretary)



## NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy, in order to be valid, should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. Members/Proxies are requested to deposit the Attendance Slip duly filled in and signed for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
4. The Register of Members and Share Transfer books of the Company shall remain closed from 29.09.2010 to 30.09.2010 for the purpose of payment of Dividend.
5. The Dividend for the year ended March 31, 2010 as recommended by the Board, if sanctioned at the Meeting, will be paid to those members whose names appear in the Company's Register of Members on 28.09.2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depositories Ltd. and Central Depository Services (India) Ltd.
6. Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence, including intimation for change in address, if any, to the Share Transfer Agents of the Company at the following address:  
Bigshare Services Private Limited  
# E-2/3, Ansa Industrial Estate,  
Saki-Vihar Road, Sakinaka,  
Andheri East, Mumbai-400072  
Tel: 91-22- 28470652, 28470653, 40430200  
Fax: 91-22-2852 5207
7. Members holding shares in Demat mode may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Stock Exchanges. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in Demat mode must give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants. The Company or the Share Transfer Agents will not act on any direct request from the members for change/deletion in such bank details.
8. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
9. Members desirous of making nomination as permitted under Section 109 A of the Companies Act, 1956, in respect of the equity shares of the Company held in physical form may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Company's Registrar and Share Transfer Agents, viz. M/s. Bigshare Services Private Limited at the address stated above. The facility would be made available folio wise to individual shareholders including joint holders and for the entire shares registered under the folio. The members holding shares in dematerialized form may contact and consult their respective Depository Participants (DP) for availing the nomination facility.
10. The trading in Company's equity shares on the Stock Exchanges is permitted only in dematerialized form for all classes of investors. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialization of the Company's equity shares held by them.
11. Dividend for the financial years ended 31st March, 2008 and 31st March, 2009 which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956. Shareholders who have not encashed the dividend warrant(s) so far for the financial years ended 31st March, 2008 and 31st March, 2009 are requested to make their claim forthwith to the Registered /Corporate Office of the Company. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie in respect thereof.
12. The Share application money received against the IPO in the year 2003-04 which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Those applicants who have not received or encashed refund orders so far, are requested to make their claim forthwith to the Registered / Corporate Office of the Company.

**By order of the Board  
For Surya Pharmaceutical Limited**

sd/-

**RAJANSH THUKRAL**

(President & Chief Company Secretary)

**PLACE : BADDI**

**DATE : 14.08.2010**



## ANNEXURE TO NOTICE

Details of Directors seeking appointment or reappointment at the ensuing Annual General Meeting scheduled to be held on 30.09.2010

Name of Director	Mr. Anil Arya	Mr. S.P. Sharma	Dr. H.B.L. Vohra	Dr. M.L. Sharma	Mr. Devinder Pal
Date of Birth	30.01.1951	03.06.1959	20.07.1940	12.06.1945	21.10.1936
Date of Appointment	24.08.1996	31.10.2009	31.10.2009	22.04.2010	14.08.2010
Existing Position	Director	Additional Director	Additional Director	Additional Director	Additional Director
Expertise in specific functional areas	Finance	Corporate Laws	Management	Science	Pharmaceutical Operations
List of outside Directorship held *	1) M/s. Acumen Education Limited	1) M/s Nishant Global Ltd. 2) M/s RCS Financial Technology Ltd. 3) M/s RCS Share Brokers Ltd. 4) M/s Bhandari Finvest Ltd. 5) M/s Jagannath Alloys Ltd.	Nil	Nil	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Chairman Investor Grievances Committee, Audit Committee, Remuneration Committee	Nil	Nil	Nil	Nil
Chairman/Member of the Committee of the Board of Directors of other Companies	Nil	Nil	Nil	Nil	Nil

\* This excludes Directorship held in Indian Private Limited Companies.

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

The following explanatory Statements set out material facts relating to special business of the accompanying notice dated 14.08.2010.

### ITEM NO. 5

Mr. S.P. Sharma was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 31.10.2009 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting. The company has received a Notice under Section 257 of the

Companies Act, 1956 along with deposit of Rs. 500/- proposing his candidature for appointment of Director.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 5 of accompanying Notice for the approval of the members as an ordinary Resolution.



None of the Directors of the company is in any way concerned or interested in the said Resolution.

#### **ITEM NO. 6**

Dr. H.B.L. Vohra was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 31.10.2009 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- proposing his candidature for appointment of Director.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 6 of accompanying Notice for the approval of the members as an ordinary Resolution.

None of the Directors of the company is in any way concerned or interested in the said Resolution.

#### **ITEM NO. 7**

Dr. M.L. Sharma was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 22.04.2010 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- proposing his candidature for appointment of Director.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 7 of accompanying Notice for the approval of the members as an ordinary Resolution.

None of the Directors of the company is in any way concerned or interested in the said Resolution.

#### **ITEM NO. 8**

Mr. Devinder Pal was appointed as an Additional Director of the company in the meeting of Board of Directors of the company held on 14.08.2010 in accordance with Section 260 of the Companies Act, 1956. He holds this position upto the date of the ensuing Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- proposing his candidature for appointment of Director.

The Board of Directors, therefore, recommends the Resolution set out at Item No. 8 of accompanying Notice for the approval of the members as an ordinary Resolution.

None of the Directors of the company is in any way concerned or interested in the said Resolution.

**By order of the Board  
For Surya Pharmaceutical Limited**

**PLACE : BADDI  
DATE : 14.08.2010**

**sd/-  
RAJANSH THUKRAL  
(President & Chief Company Secretary)**





# Directors' Report

Dear Shareholders,

We are pleased to present the 18th Annual Report on the business and operations of the Company along with the Annual Accounts and the Auditors' Report thereon for the financial year ended 31st March, 2010. The financial highlights for the year under review are given below:

## CORPORATE RESULTS

	(Rs. in Lacs)	
	2009-10	2008-09
Net Revenue for the year (Net of Excise)	114375.45	73348.42
Profit before Interest, Depreciation & Taxes	16652.39	11520.76
Profit before Depreciation & Taxes	11101.82	8014.35
Depreciation	2055.48	1604.50
Profit before Tax	9046.34	6409.85
Provision for Taxation:		
Current	1536.97	716.07
FBT	0	8.93
Deferred Tax	(96.68)	71.93
Previous Year Tax	51.62	253.64
Dividend Tax	29.51	24.59
Net Profit after Tax	7524.93	5334.69
Profit brought from Previous Year	21564.12	16403.05
Appropriations:		
Proposed Dividend	217.03	173.62
Transfer to General Reserves	7307.90	5161.07
Closing Balance of General Reserves	28872.02	21564.12

During the year, the net revenue of the Company was Rs. 114375.45 lacs as compared to Rs. 73,348.42 lacs during the previous year, thus registering a growth of 55.93%. The profit before interest and depreciation during the year was Rs. 16652.39 lacs as compared to Rs. 11,520.76 lacs during the previous year, thus registering a growth of 44.52%. The Company made a net profit after tax of Rs. 7524.93 lacs during the year as compared to Rs. 5334.69 lacs during the previous year, thus registering a growth of 41.06%.

## EXPANSION / GROWTH PLANS AND OUTLOOK

During the year under review, Surya Pharmaceutical Limited and its Group Companies continued its expansion and growth spree to achieve new heights in Pharmaceutical segment. The Company also continued to strengthen its global positioning in line with the vision of the Company. The Company commissioned its API and sterile Plant at Sambha in J&K in 2010. This would be the most advanced and state-of-art facilities and infrastructure to manufacture APIs and sterile products as per USFDA norms. The Company's next milestone lies in obtaining USFDA certification as early as possible which will add another feather in our Cap



and strengthen our position further in Global Market. The Company has already moved an application to the regulator. The Company is also upgrading the infrastructure at the existing manufacturing set-ups as well so as to make them USFDA compliant and gradually acquire the certification for the same as well. During the year, the Company has started its DMO processing Unit and a new division of Phytochemicals at Banur.

The Company also commenced its State-of-art process R&D Laboratory and CRAMS unit at Banur. The Unit has been accorded recognition by the Deptt. of Science & Technology, Govt. of India and this has opened up a new sphere of activity to cater to the R&D needs of Pharmaceutical and allied Industry World over.

SPL follows a very stringent quality policy in all its manufacturing units. SPL has installed state-of-art equipment for testing and quality assurance and has appointed qualified and experienced professionals in analytical and organic chemistry to monitor quality at every stage of production. The Company has an established documentation procedure with standard operating procedures for every activity and is reinforced by daily in-house audit. SPL's quality assurance is driven by a strict adherence to Good Manufacturing Practices (GMP) standards.

During the current year, Surya Healthcare Limited, the subsidiary Company of Surya Pharmaceutical Limited has increased its number of Pharmacy Retail Stores to 52. Starting from NCT of Delhi, the Company is opening its Pharmacy Retail Stores in Punjab, Haryana and Tricity of Chandigarh, Panchkula, Mohali and Mumbai and Hyderabad. The Company has incorporated two subsidiaries in USA under the name & Style of Surya Biopharma Inc. & Surya Pharmaceutical Inc. Surya Biopharma Inc. is incorporated to undertake Research & Development activities of the Company.

During the year under review, the Company has launched its own 12 brands of formulations. The Company has started its Formulation Divisions named Alexis, Diagnostics & Devices Division named Altair and Generic Division named Aegis. The OTC Division will cover the private label products in Healthcare and FMCG category. First Aid Kit in 3 variants, Milk Feeding Bottles, Wash proof Plasters and some Herbal products are the initial products expected to be launched in the current year. Apart from this activity, the Company has entered into exclusive Marketing Tie Up with CROCS (one of the largest Footwear Company in the World) to sell their Therapeutic products in India and SAARC Countries.

The Company is planning further to expand its installed capacity of manufacturing APIs and other Pharmaceutical products at the existing sites as well as to set up more green field manufacturing projects with aim to cater to US and other regulated Markets and thus to expand international operations both in regulated, soft regulated and non regulated markets.

Apart from APIs, the Company is also pursuing expansions and setting up new manufacturing units to value added menthol based derivatives and herbal products. Thus we are in the process of expanding operations in all sphere of activities.

## DIVIDEND

We are pleased to recommend a final Dividend of 15% (i.e. Rs. 1.50 per share) for the Financial Year 2009-10. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on 28th September, 2010 within the period as prescribed under the Companies Act, 1956. In compliance with Rule 2 of the Companies (Transfer of Profits to Reserves) Rules, 1975, the Company has transferred more than 5% of the current profits to General Reserve.

The dividend would be tax-free in the hands of the shareholders

## FINANCIAL CONDITION AND RESULTS OF OPERATION

Management discussion & Analysis of financial condition and results of operation of the Company for the year under review are given as a separate statement in this Annual Report.

## INFORMATION TECHNOLOGY

The Company is continuously strengthening its IT department by making investments in IT in strategic areas and simplifying processes with the objective to reduce costs, leveraging quality information to enhance decisions effectiveness and to achieve enhanced efficiencies in supply chain management.

## CAPITAL STRUCTURE

The Shareholders of the Company, in the Extra Ordinary General Meeting held on 30.06.2010, have increased the Authorized Share Capital of the Company from Rs. 50 crores to Rs. 100 crores and also authorised Board of Directors to issue, offer & allot Securities in Domestic and International Market. The Board of Directors has allotted 47,00,000 Zero Coupon Convertible Warrants with an option to convert within 18 months from the date of allotment i.e 29.04.2010.



## RESEACH AND DEVELOPMENT

Ever since the Company came into being, it has always given significant attention to Research & Development which has been providing significant support to the manufacturing capabilities of the Company and have helped in expanding its product basket significantly. This has also enabled Company to become the most preferred source for its customers and has helped in strengthening business relationship with them.

During the year under review, the Company started functioning of its state-of-art process R&D Laboratory and CRAMS (Contract Research & Manufacturing Services) unit at Banur. The R&D unit has been accorded recognition by the Department of Science and Technology.

## SUBSIDIARY COMPANIES

### Surya Healthcare Limited

Surya Healthcare, a subsidiary of Surya Pharmaceutical Limited started its Pharmacy retail operations in Delhi, NCR, Punjab, Haryana and Tricity of Chandigarh, Panchkula and Mohali under the Brand Name VIVA.

A copy of Balance Sheet, a copy of Profit & Loss Account together with Director's Report and Auditor's Report of M/s. Surya Healthcare Limited is attached.

### Surya Pharmaceutical Inc. (SPI)

Surya Pharmaceutical Inc. (SPI) has been incorporated on 23 March 2009. SPI has its registered office situated at California, USA

SPI has been promoted with the purpose of expanding the marketing reach of the Company in the United States.

The total issued and paid up capital SPI as on 30th June 2010 is US\$10,000 comprising of 10,000 shares of US\$1 each which is entirely held by the Company. The investment in the paid up capital of SPI is valued at Rs.0.48 million in the books of accounts of the Company.

SPI is yet to commence its commercial operations.

## CONSOLIDATED FINANCIAL RESULTS

The Consolidated Financial Results in terms of Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 also form part of this Annual Report.

## FIXED DEPOSITS

Your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 and hence no amount of principal or interest was outstanding as on the Balance Sheet date.

## DIRECTORS

During the year under review, Mr. Anil Arya, Director of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for reappointment. The Board recommends his re-appointment.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. S. P. Sharma, Dr. H.B.L. Vohra, Dr. M.L. Sharma and Sh. Devinder Pal were appointed as Additional Directors of the Company whose term expire at this Annual General Meeting of the Company. It is proposed to appoint them as Directors of the Company liable to retire by rotation.

The details of their re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office as Director and/or the Chairman/Membership of Committees of the Board, are provided in the Notice of the ensuing Annual General Meeting.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date.
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual account of the Company on a 'going concern' basis.

## AUDITORS AND THEIR REPORT

M/s. AAD & Associates, Chartered Accountants, the statutory auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received their consent letter under Section 224 (1-B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limit and that they are not other wise disqualified within



the meaning of Section 226 (3) of the Companies Act, 1956 for such appointment. The Board recommends their reappointment as Auditors of the Company for the financial year 2010-11.

The notes to the accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

#### AUDIT COMMITTEE

The Company has constituted the Audit Committee as per the provisions of Section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Composition, powers and duties of the Audit Committee are given in detail in the Corporate Governance Report. The Board of Directors has accepted recommendations of the Audit Committee.

#### PARTICULARS OF EMPLOYEES

Particulars of Employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report and are given in Annexure-A attached with the Director's Report.

#### INDUSTRIAL RELATIONS

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees have enabled the Company to gain present level of growth.

#### INSURANCE

Your Company has taken reasonable steps to prevent risks and the Board is kept apprised of the risk assessment and minimization procedure.

The assets of the Company have been adequately covered under insurance. The policy values have been enhanced taking into consideration the expanded and upgraded facilities of the Company.

#### LISTING OF EQUITY SHARES

The Company's shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Ltd. (BSE) and are actively traded. The Listing Fees for the year 2010-11 has already been paid.

#### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of

Directors) Rules, 1988 is given in Annexure-B forming part of this report.

#### CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has complied with the applicable provisions of Corporate Governance under clause 49 of the Listing Agreement with the Stock Exchanges.

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

#### ACKNOWLEDGMENTS

Your Directors are thankful to State Bank of India, Punjab National Bank, Standard Chartered Bank, Industrial Development Bank of India Limited, Federal Bank Limited, Punjab & Sind Bank, Exim Bank, Allahabad Bank, Bank of Baroda, Corporation Bank, Catholic Syrian Bank and all other Banks and Financial Institutions who have directly or indirectly supported the Company for meeting short term or Long Term and Working Capital financial needs of the Company's expanding operations.

Your Directors place on record their gratitude to the Central and State Governments of Punjab, Haryana, Himachal Pradesh and the state of J & K for their continued support to the Company. The Board also places on record the appreciation for the support provided by the customers, suppliers, equipment vendors and others to the Company.

Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support of the esteemed shareholders of the Company.

Last but not the least, Directors warmly acknowledge the commitment, contribution and support of all employees of the Company for attaining the present level of growth.

By order of the Board  
For Surya Pharmaceutical Limited

sd/-

RAJIV GOYAL

(Chairman and Managing Director)

PLACE : BADDI

DATE : 14.08.2010



## ANNEXURE-A

### To The Directors' Report

Sr. No.	Name	Age	Existing Designation	Gross Remuneration (Rs. in Lacs) (p.a.)	Qualifications	Total Experience	Date of Joining	Previous Employment
1	Mr. Rajiv Goyal	47 years	Managing Director	313.26	MBA	27 years	25.03.1992	NIL
2	Mrs. Alka Goyal	45 years	Executive Director	313.26	Post Graduate	24 years	24.08.1996	NIL
3	Mr. Rajansh Thukral*	49 years	President (Corporate Affairs) & Chief Co. Secy.	3.37 (p.m.)	M.A., M.Com. LLB, FCS, ICWAI, A.I.L.L.	27 years	10.07.03	Raj Agro Mills Ltd.
4	Mr. Hari Om Bhatia	52 years	President (Corporate Finance) and CFO	34	B.Com(Hons), FCA & Company Secretary	29 years	04.08.08	Associated Forex Services Ltd.
5	Mr. Rajinder Jain	48 years	President - New Business Initiative	39	B.Com (Hons), FCA, FCS	27 years	06.09.07	Degussa, Landmark, SREI Infrastructure Finance
6	Mr. Anil Kohli**	57 years	President -Business Development & Marketing	30	B.Com, B.L., FCS	32 years	09.04.08	Alfa Drugs Ltd.
7	Mr. Mayank Shukla**	53 years	VP - Operations	30	M. Sc. (Chemistry)	29 years	19.02.08	Inject Care Parenterals Pvt. Ltd.
8	Mr. Anil Bansal	42 years	VP – Banur Plant	24	B.E. (Production)	21 years	20.02.09	WLC College India
9	Mr. Anurag Kastwar	43 years	VP- Formulations & Diagnostics	35	M.Pharm, MBA (Marketing)	18 years	01.08.09	Ind – Swift Limited
10	Mr. Sunil Gupta**	49 years	VP- Projects & Monitoring	24	MBA (Finance)	29 years	07.01.09	SAB Industries Ltd.
11	Mr. Raman Goud	53 years	Assistant Vice President – Business Development	26.75	B.Sc. / MEP	28 years	04.09.08	Aurbindo Pharma Ltd.
12	Mr. Sarwesh Kumar Sachan	48 years	(General Manager Operations)	25	M. Tech (Chemical Engineering)	24 years	02.03.09	Cadila Pharmaceutical Ltd.
13	Mr. Govindan	42 years	General Manager – Q & A	25	M. Pharmacy	20 years	03.06.09	M W Zander Facility Engineering India Pvt. Ltd.

Note: Mr. Rajiv Goyal, Chairman and Managing Director and Mrs. Alka Goyal, Executive Director of the Company are related to each other. No other employee mentioned above are related to each other.

\* He was paid Gross Remuneration for part of the Financial Year from 01.11.2009 to 31.03.2010.

\*\* They worked for part of the Financial Year and ceased to be employee of the Company before 31.03.2010.



## ANNEXURE-B

### To The Directors' Report

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as per section 217 (1)(e) of the Companies Act, 1956 and the rules made thereunder and forming part of the directors report for the year ended March, 2010.

#### I. CONSERVATION OF ENERGY:

The Company has established various segments of Plant & Machinery and has put in place various systems with specific focus on Company's Philosophy on conservation of energy. The Company has always been resorting to various energy saving tactics including optimization of all energy generating and consuming resources. Although the products manufactured by the Company are material-intensive, but still the Company has been continuously striving for cost reduction through various means including energy conservation to stay competitive by saving on costs in various operations.

#### Some of the steps taken by the Company for conservation of energy are as under:-

1. Strict adherence to contract demand of State Electricity Board Power Supply.
2. Stabilisation of manufacturing processes for better productivity.
3. Emphasis on awareness for energy saving by control & process up gradation, better house keeping, preventing wastages etc.
4. Preventive maintenance inspections & checks at regular intervals.
5. Optimisation of Chilling System and Chiller Compressors.
6. Energy Audit.

#### The power and fuel consumption is as under:-

	Year ended March 31, 2010	Year ended March 31, 2009
<b>1. ELECTRICITY</b>		
<b>a) Purchased:</b>		
Units	9299538	6953744
Total Amount (Rs. lacs)	464.46	310.4
Rate per unit (Rupees)	4.99	4.46
<b>b) Own Generation:</b>		
Through Diesel Generator:		
Units	2755654	1609948
Units per liter of Diesel Oil	3.36	3.43
Cost per unit (Rupees)	8.55	8.33
<b>2.A FURNANCE OIL</b>		
Quantity (K liters)	314.17	100.3
Total Cost (Rs. lacs)	79.31	15.44
Average rate (Rs. per K liters)	25.25	15.39
<b>2.B LIGHT DIESEL OIL</b>		
Quantity (K liters)	NIL	NIL
Total Cost (Rs. lacs)	NIL	NIL
Average rate (Rs. per K liters)	NIL	NIL
<b>2.C HIGH SPEED DIESEL</b>		
Quantity (K liters)	1536.78	1468.98
Total Cost (Rs. lacs)	441.66	420.33
Average rate (Rs. per K liters)	28739	28614
<b>3 PETCOKE</b>		
Quantity (in Tons)	1341.66	4161.25
Rate per Ton (Rs.)	6692.64	5681.60
<b>3.A RICE HUSK</b>		
Quantity (in Tons)	14214.49	NIL
Total Cost (Rs. lacs)	465.93	NIL
Rate per Ton (Rs.)	3277.85	NIL



## II TECHNOLOGY ABSORPTION

Research and Development (R&D)

Key areas in which R&D was carried by the Company:

1. Process development and further improvement in products like Cephachlor, Cefixime, Cefidininir, Cephalixin, Cefadroxil, Cefradine, Ciprofloxacin, Enrofloxacin, Sulbactam Sodium, Dicloxacillin, Flucloxacillin, Cefuroxime Axetil & 7ANCA, etc.
2. Process improvement of the existing Products and processes for improved quality, yields and lower cost of production.
3. Development of safety & environment conservation methods, effective & better recycling of solvents.

### BENEFITS:

During the year under review, the Company has filed four National/International Patents and established CRAMS business.

1. Accelerated new process development.
2. Process improvement of products like Cephachlor, Cefuroxime, Cefidininir and Cefixime, Desloratadine (advanced version of Loratadine), a non-sedative anti-histamine to achieve better results.
3. Development of efficient third generation Penicillin-based Cephalosporin.
4. Development of New Products.
5. Expansion of market Horizon D-PHPG Base, making Surya the second manufacturer of this product in the country.
6. Product movement (API/intermediates) in regulated markets world wide.
7. Improved waste recovery translating into attractive cost savings.
8. To open new business opportunities with market leaders.

## III EXPENDITURE ON R&D

The R&D outlay is as follows:-

	(Rs. In lacs)	
	Year ended March 31, 2010	Year ended March 31, 2009
a) Capital	897.47	2644.29
b) Recurring	-	-
c) Total	897.47	2644.29
d) Total R&D expenditure as a percentage of total turnover & operating income	0.78	3.52

## IV. TOTAL FOREIGN EXCHANGE EARNINGS & OUTGO

	(Rs. In lacs)	
	Year ended March 31, 2010	Year ended March 31, 2009
1. Earnings in Foreign Exchange during the year (F.O.B. value of Exports)	34121.95	21296.83
2. C.I.F. Value of Imports (on cash basis)		
Raw Materials	20998.06	13405.16
Capital Goods, Spare Parts, Components and Consumables	1384.46	488.99
3. Expenditure in Foreign Currency during the year (Cash basis)		
Traveling Expenses	32.04	25.33
Interest and Bank charges	-	-
Technical know-how fees	-	-
Consultancy fees	-	-
Others	310.56	237.08
4. Total Foreign Exchange used (2 + 3)	22725.12	14156.56





# Corporate Governance Report

The detailed report on Corporate Governance as per Clause 49 of the Listing Agreement is set out below:

## 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Surya Pharmaceutical we firmly believe in the importance of pursuing the highest standards in best practices towards good corporate governance. Our policies and procedures exemplify our core values in utmost transparency, professionalism and accountability across all functions of our organization. The company has, and will, continually endeavour to improve corporate practices, methodologies, and procedures to ensure that long term value is realized for all stakeholders of our organization. We aim to consistently offer our shareholders, customers, employees, vendors and the larger community mutually beneficial value through transparency in our associations, quality in our products and services, and integrity in our relationships.

Our Corporate Governance philosophy is driven by the following principles:

- To fulfill and comply by the spirit of law and further

pursue initiatives that determine paramount value to all associated with our organization.

- To ensure transparency and openness about all facets of our operations, at all times.
- To be driven by integrity and core values and co-operate at all times in providing a clear and true image of our organization.
- To understand and comply with the written and unwritten laws of all companies in which we operate.
- To ensure that our corporate structure fosters clear communication channels and lines of command at all times.
- To continually enhance shareholder value at all times.
- To endeavour to do the best we can to ensure and improve the preservation of communities and the environment.

The Company has implemented all mandatory requirements. The Company has a sound control and risk management.



## 2) BOARD OF DIRECTORS

### i) Composition

The Board of Directors of the Company comprises of Nine Directors.

Name of the Director	Office/Designation	Executive/ Non Executive	Independent/ Non Independent
Sh. Rajiv Goyal	Chairman cum Managing Director	Executive	Non Independent
Smt. Alka Goyal	Executive Director	Executive	Non Independent
Sh. Anil Arya	Director	Non Executive	Independent
Sh. Abhishek Arya	Director	Non Executive	Independent
Sh. K.K. Upadhyay	Nominee Director	Non Executive	Independent
Dr. H.B.L. Vohra	Additional Director	Non Executive	Independent
Sh. S.P. Sharma	Additional Director	Non Executive	Independent
Dr. M.L. Sharma	Additional Director	Non Executive	Independent
Mr. Devinder Pal	Additional Director	Non Executive	Independent

A brief Resume and Profile of the Directors eligible for reappointment at the ensuing Annual General Meeting of the Company is given in Annexure-A to the Notice annexed to this Annual Report.

### ii) Meetings and attendance record of Directors and other Directorships

During the financial year ended on March 31, 2010, the Board of Directors met eleven times on 30.04.2009, 12.05.2009, 21.05.2009, 31.07.2009, 17.08.2009, 24.08.2009, 31.10.2009, 23.12.2009, 09.01.2010, 30.01.2010 & 30.03.2010. The composition of Board of Directors, their attendance at the Board Meetings during the year and at the last Annual General Meeting together with the number of Directorship in other Companies are given below:

Name of the Director	No. of Board Meetings attended	Attendance at the Last AGM	No. of Other Directorships *
Sh. Rajiv Goyal	11	YES	6
Smt. Alka Goyal	11	YES	6
Sh. Anil Arya	9	YES	1
Sh. Abhishek Arya	7	-	1
Sh. K.K. Upadhyay	5	-	1
Dr. H.B.L. Vohra**	3	-	-
Sh. S.P. Sharma**	3	-	5
Dr. M.L. Sharma***	-	-	-
Mr. Devinder Pal****	-	-	-

\* This excludes Directorship in Indian Private Limited Companies/Private Companies with unlimited Liability and Firms.

\*\* Dr. H.B.L. Vohra and Sh. S.P. Sharma were appointed as Additional Directors on 31.10.2009.

\*\*\* Dr. M.L. Sharma was appointed as Additional Director on 22.04.2010.

\*\*\*\* Mr. Devinder Pal was appointed as Additional Director on 14.08.2010.



### iii) Detail of Directorship in other Companies

The detail of Directorships of the Company's Directors in other Companies as on March 31, 2010 are given below:

Name of the Director	Name of the Company/Firm	Nature of Interest
Sh. Rajiv Goyal	Surya Envirotech limited	Director
	Surya Healthcare Limited	Director
	Surya Hi Tech Infrastructure Limited	Director
	Surya Hi Tech Communications Limited	Director
	Surya Softedge Limited	Director
	Surya Eduquest Limited	Director
Smt. Alka Goyal	Surya Envirotech limited	Director
	Surya Healthcare Limited	Director
	Surya Hi Tech Infrastructure Limited	Director
	Surya Hi Tech Communications Limited	Director
	Surya Softedge Limited	Director
	Surya Eduquest Limited	Director
Sh. Anil Arya	Acumen Education Limited	Director
Sh. Abhishek Arya	Acumen Education Limited	Director
Sh. K.K. Upadhyay	Malwa Industries Limited	Nominee Director
Dr. H.B.L. Vohra	-	-
Sh. S.P. Sharma	Nishant Global Limited	Director
	RCS Financial Technology Limited	Director
	RCS Share Brokers Limited	Director
	Bhandari Finvest Limited	Director
	Jagannath Alloys Limited	Director
Dr. M.L. Sharma	-	-
Mr. Devinder Pal	-	-

### iv) Detail of membership/chairmanship of Directors in Board Committee

Name of the Director	Name of the Indian Public Limited Company	Nature of the Committee	Member/Chairman
Sh. Rajiv Goyal	Surya Pharmaceutical Ltd.	Audit Committee	Member
		Investor Grievances Committee	Member
Smt. Alka Goyal	Surya Pharmaceutical Ltd.	Investor Grievances Committee	Member
Sh. Anil Arya	Surya Pharmaceutical Ltd.	Audit Committee	Chairman
		Investor Grievances Committee	Chairman
		Remuneration Committee	Chairman
Sh. Abhishek Arya	Surya Pharmaceutical Ltd.	Audit Committee	Member
		Remuneration Committee	Member
Sh. K.K. Upadhyay	NIL	NIL	NA
Dr. H.B.L. Vohra	NIL	NIL	NA
Sh. S.P. Sharma	NIL	NIL	NA
Dr. M.L. Sharma	NIL	NIL	NA
Mr. Devinder Pal	NIL	NIL	NA



**v) Certificate on code of conduct**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2010.

Baddi, 14.08.2010

For Surya Pharmaceutical Limited  
sd/-  
**RAJIV GOYAL**  
Chairman & Managing Director

---

**CEO/CFO Certification**

As required by sub clause V of Clause 49 of the listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended March 31, 2010 the Company has complied with the requirements of the said sub-clause.

For Surya Pharmaceutical Limited  
SD/-  
**HARI OM BHATIA**  
President (Corporate Finance)  
Baddi, 14.08.2010

For Surya Pharmaceutical Limited  
sd/-  
**RAJIV GOYAL**  
Chairman & Managing Director

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**3) AUDIT COMMITTEE**

The following are the current members of the Audit Committee:

- |                             |   |  |
|-----------------------------|---|--|
| <b>1. Mr. Anil Arya</b>     | : | CHAIRMAN (Independent & Non-Executive) |
| <b>2. Mr. Abhishek Arya</b> | : | MEMBER (Independent & Non-Executive)   |
| <b>3. Mr. Rajiv Goyal</b>   | : | MEMBER (Executive)                     |

The terms of reference to the Audit Committee as contained in Clause 49 of the Listing Agreement as well as under Section 292A of Companies Act, 1956 are as under:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - I. Any changes in accounting policies and practices.
  - II. Major accounting entries based on exercise of judgment by management.
  - III. Qualifications in draft audit report.
  - IV. Significant adjustments arising out of audit.
  - V. The going concern assumption.
  - VI. Compliance with accounting standards.
  - VII. Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - VIII. Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and



- seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with auditors, any significant findings and follow up there on.
  7. Reviewing the findings of any internal investigations by the auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  8. Discussion with external auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  9. Reviewing the Company's financial and risk management policies.
  10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  11. Investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956.

#### **Meetings & Attendance during the financial year ended 31st March, 2010**

<b>Name</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Mr. Anil Arya	4	4
Mr. Abhishek Arya	4	4
Mr. Rajiv Goyal	4	4

During the year 2009-10, Audit Committees met 4 times on 30.04.2009, 31.07.2009, 31.10.2009 & 30.01.2010. Meetings were also attended by the Statutory Auditors and certain senior Financial Executives of the Company. The Company Secretary acted as Secretary of the Audit Committee.

The Committee reviewed the financial results of the Company and recommended the same to the Board of Directors for their adoption.

#### **4) REMUNERATION COMMITTEE**

Remuneration Committee meeting was held on 06.06.2009 during the year under review for re-appointment of Mr. Rajiv Goyal as Chairman and Managing Director and Mrs. Alka Goyal as Executive Director for further period of 5 years.

#### **5) INVESTORS GRIEVANCE COMMITTEE**

The Investors Grievance Committee consists of 3 Directors namely Mr. Anil Arya-Chairman, Mrs. Alka Goyal-Member and Mr. Rajiv Goyal-Member. This committee oversees and reviews all matters connected with redressal of Investor Grievances and complaints. The transfer of shares is undertaken by M/s. Bigshares Services Private Limited, Mumbai and they are fully equipped to deal with transfers and all related complaints of Investors.

#### **Meetings & Attendance during the financial year ended 31st March, 2010**

<b>Name</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Sh. Anil Arya	4	4
Smt. Alka Goyal	4	4
Sh. Rajiv Goyal	4	4

The Board has also constituted a Share Transfer Committee to attend share transfer formalities, as and when required. No transfers during the year under review.



### Compliance Officer

Sh. Rajansh Thukral, Chief Company Secretary of the Company was designated as Compliance Officer under the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 for overseeing/addressing the investor complaints.

### Detail of Shareholders Complaints for the Period 2009-10

Nature of Complaint	Opening Balance	No. of Complaints received	No. of Complaints resolved	No. of Complaints Pending
Non Receipt of Demat Credit	0	0	0	0
Non Receipt of Dividend	0	5	5	0
Non Receipt of Annual Report	0	1	1	0
SEBI	0	0	0	0
<b>Total</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>

### 6) GENERAL BODY MEETINGS

The last 3 General Body Meetings of the members of the Company were held as per the following details:-

Financial Year	Location of the Meeting	Type of Meeting	Date	Time
<b>2008-09</b>	Registered Office: 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.	EOGM	14/03/09	10.00 A.M.
<b>2009-10</b>	Registered Office: 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.	AGM	30/09/09	11.00 A.M.
<b>2009-10</b>	Registered Office: 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.	EOGM	30/06/10	11.00 A.M.

No resolution was passed through postal ballot during the year under review.

### 7) DISCLOSURES

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

During the year under review, the Company made transactions worth Rs. 71,400/- with M/s Nova Machino Fabrik, in which Mr. Rajiv Goyal, Chairman and Managing Director and Mrs. Alka Goyal, Executive Director are interested. However, compliance under Section 297 of the Companies Act, 1956 has been made.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. There are no disclosures required to be made under this point.

### 8) MEANS OF COMMUNICATIONS

i)	Half yearly report sent to each house hold of shareholders	Nil
ii)	Quarterly Results	The quarterly Results are taken on record by Board of Directors of the Company for each quarter and notified to Stock Exchanges in compliance with Clause 41 of the Listing Agreement.
iii)	Publications in Newspapers	English: Business Standard and Economic Times Vernacular: Divya Himachal
iv)	Website where displayed?	BSE/NSE website
v)	Whether it also displays official news releases?	NO
vi)	Whether presentation made to Institutional Investors or to Analysts?	NO
vii)	Whether Management Discussion & Analysis is part of Annual Report?	YES



## 9) GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting: Date & Time: Venue:	30th September, 2010 at 11.00 A.M. Regd. Office of the Company at Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, H.P.
ii) Financial Calendar (2010-11) (Tentative): AGM Quarterly Results: Quarter ended 30.06.2010 Quarter ended 30.09.2010 Quarter ended 31.12.2010 Quarter ended 31.03.2011	30.09.2010  On or before August 14, 2010 On or before November 14, 2010 On or before February 14, 2011 On or before May 14, 2011
iii) Date of Book Closure	29.09.2010 – 30.09.2010
iv) Dividend payment date	On or before 29.10.2010
v) Listing of Equity Shares on Stock Exchanges	National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Ltd. (BSE)  The Annual Listing Fees in respect of both the Stock Exchanges for the financial year 2010-11 has already been paid.
vi) Stock Code Script Code ISIN Number (For Demat Trading) Depository Connectivity	532516 SURYAPHARMA INE249G01012 NSDL & CDSL
vii) Market Price Data	As per Table-I below
viii) Performance in comparison to broad-based BSE Sensex	As per Figure-I to II below
ix) Registrar and Transfer Agents	M/s. Bigshare Services Pvt. Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), MUMBAI-400 072 Tel: 022-28470652/53, 40430200
x) Share Transfer System	Trading in the Equity Shares of the Company is permitted only in dematerialised form. However, there are certain shares still in physical form with the pre-issue shareholders. All the share transfers in respect of physical shares are handled by the Registrar & Share Transfer Agents. Whenever transfers are lodged, the certificates of registration of transfers are returned within 1- 2 weeks and in case of rejections, average time is 7 days.
xi) Distribution of Shareholding	As per Table-2 & 3 given below
xii) Dematerialization of Shares and Liquidity	Shares held in Demat Form as on 31.03.2010:- With NSDL: 9394131 (64.93%) With CDSL: 4689346 (32.41%) Physical: 384861 (2.66%)  Company's Equity Shares are tradable in Demat form and there is good liquidity of the shares as the shares are actively traded both on NSE & BSE.



<b>xiii)</b> Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	47,00,000 Zero Coupon Convertible Warrants allotted on 29.04.2010 with an option to convert into equity shares within 18 months from the date of allotment.
<b>xiv)</b> Plant Locations	1. Village Banur, Tehsil Mohali, Distt. Mohali (Punjab) 2. Plot No. 383, Industrial Area, Phase I, Panchkula (Haryana) 3. Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, (H.P.) 4. Plot No. 87, HPSIDC, Industrial Area, Baddi, Distt. Solan, (H.P.) 5. Plot No. 50 -51, EPIP, Phase I, Jharmajiri, Baddi 6. Industrial Growth Center-II, Samba, District Samba (J&K)
<b>xv)</b> Company Secretary & Compliance Officer	Mr. Rajansh Thukral Surya Pharmaceutical Limited SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh-160 009
<b>xvi)</b> Address for Correspondence	Corporate Office: Surya Pharmaceutical Limited SCO 164-165, Sector 9-C, Madhya Marg, Chandigarh-160 009

## TABLE-I

### Market Price Data :

Monthly high and low quotations of shares and volume of Equity Shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2010 are as follows:-

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Monthly Vol. (Qty.)	High (Rs.)	Low (Rs.)	Monthly Vol. (Qty.)
April, 2009	73.30	53.10	221272	73.00	53.05	395284
May, 2009	96.50	69.00	904351	96.50	68.50	1114370
June, 2009	110.90	89.20	621734	110.00	86.45	835161
July, 2009	103.80	74.75	307119	101.30	74.35	416256
August, 2009	114.40	83.10	718601	114.80	83.60	1045687
September, 2009	124.70	98.70	1213386	124.80	99.10	1877108
October, 2009	121.00	100.10	468425	121.00	100.50	579107
November, 2009	123.85	104.00	933046	123.70	101.75	1567405
December, 2009	169.00	114.00	2297319	169.30	113.15	3564858
January, 2010	172.80	133.50	1136527	172.90	134.50	1511813
February, 2010	169.00	141.80	1313041	169.00	143.90	1903781
March, 2010	188.70	155.00	3846711	189.00	155.00	6275134



**TABLE-II**

Distribution of Shareholding as on 31st March, 2010:

No. of Equity Shares held	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholders
1-5000	10698	88.66	1378754	9.53
5001-10000	687	5.69	554282	3.83
10001-20000	318	2.64	493668	3.41
20001-30000	117	0.97	299507	2.07
30001-40000	75	0.62	268462	1.85
40001-50000	40	0.33	187247	1.29
50001-100000	68	0.56	486469	3.36
100001 & above	64	0.53	10799949	74.66
Grand Total	12067	100.00	14468338	100.00
Physical Mode	22	0.18	384861	2.66
Electronic Mode	12045	99.82	14083477	97.34

**TABLE-III**

Category of Shareholders as on 31st March, 2010:

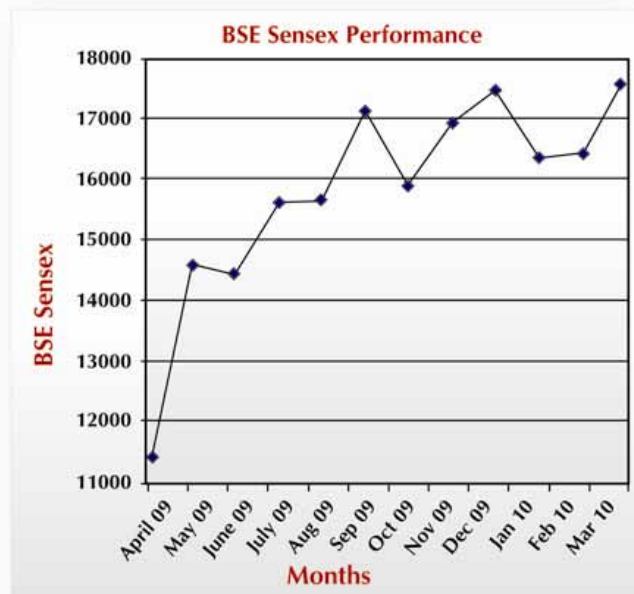
Category	Number of Shareholders	% of shareholders	No. of Shares held	% of shareholding
Indian Promoter (s) and Persons acting in concert	9	0.08	5567863	38.48
Private Bodies Corporate	493	4.09	4961493	34.30
Indian Public	11275	93.44	3496033	24.16
NRI / OCBs / FIIs	160	1.33	364376	2.52
Nationalized Bank	2	0	1200	0
Others-Clearing Member	127	1.05	77173	0.53
Trust	1	0	200	0
TOTAL	12067	100.00	14468338	100.00



**FIGURE-I**



**FIGURE-II**



**(iii) NON MANDATORY REQUIREMENTS**

The Company has not, so far, adopted any non mandatory requirements as stated in Annexure 3 of the Listing Agreement.



Members of  
Surya Pharmaceutical Limited,  
85, HPSIDC, Industrial Area, Baddi (H.P.)

**Sub: CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by M/s. Surya Pharmaceutical Limited, for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with, in all material respects, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

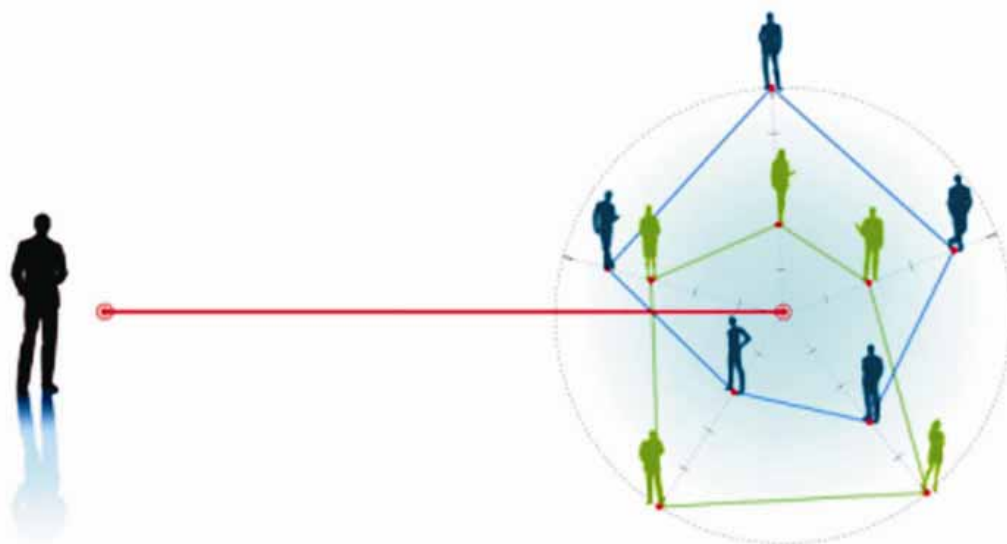
We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are unattended/pending for a period exceeding one month against the Company as certified by the Registrars of the Company and details presented to the Investor Grievance Committee of the Company.

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

For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

Date: 14.08.2010  
Place: Chandigarh





# Management Discussion and analysis

Statements in the Management's Discussion & Analysis Report which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be 'forward-looking statements' and are stated as required by applicable laws and regulations. Actual results may differ materially from those expressed or implied. Many factors including global and domestic demand-supply conditions, prices, raw-materials availability, technological changes, changes in Government regulations, tax laws and other statutes may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook. Market data and product analysis contained in this Report have been obtained from internal Company reports and industry publications, but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

## VISION

SPL endeavours to emerge as a leader in the integrated pharmaceuticals business by continually achieving and surpassing the highest standards in quality driven manufacturing and sustainable development through environment friendly

practices. Surya Pharmaceutical will continuously provide value to all stakeholders of the organization with a focus on innovation and core values towards achieving excellence across all operations.

SPL shall operate to become world class multi product and multi-locational research based pharmaceutical organization.

## 1. INDUSTRY OVERVIEW

The Indian pharmaceutical industry was estimated to be around US\$13.2 billion in 2006-07. Of this, domestic consumption of pharmaceuticals accounted for nearly 57 per cent while the rest 43 per cent was constituted by exports. The total industry in 2010 will be approx. US\$20 billion consisting of 59% of domestic market and 41% of the exports. In 2006, the market witnessed an accelerated growth of more than 17 per cent, primarily on account of increased clarity on tax reforms especially the Value Added Tax (VAT) implementation. The country's pharmaceutical market is expected to maintain a healthy growth rate of 12-13 per cent and expected to cross the US\$10 billion mark by 2010 and reach approximately, US\$12 to 13 billion by 2012.

Furthermore, India's contract research outsourcing industry recorded a growth of 45 per cent to reach



US\$175 million in 2006, establishing the country's status of a preferred service provider. International companies are increasingly looking at India as a favourable option for setting up research and development units, as well as global clinical trial centres, a trend that is likely to gain momentum. Outsourcing R&D to India is also increasingly being looked at as integral to the strategic decisions of innovators, indicating the sector's shift from a cost-driven, low-value service, to a research-driven, high value activity. In addition to conventional clinical research, the segment has expanded to include contract research for preclinical drug discovery.

During the current year 2009-10, Pharma was among the few sectors that managed to expand its revenues despite global recession and financial crises. Strong domestic demand, growing preference for generics worldwide and favourable rupee-dollar exchange rate helped the Indian Pharmaceutical sector. Aggregate income of the drugs and pharmaceuticals companies for the first two quarters of the current year grew by 13 per cent and 7.8 per cent respectively as compared to previous year. As per Centre for Monitoring Indian Economy (CMIE), the estimated growth in aggregate income for the next two quarters is 9.5 per cent and 10.2 per cent respectively.

## 2. GLOBAL SCENARIO

The United States accounts for almost half of the global pharmaceutical market, with \$289 billion in annual sales followed by the EU and Japan. The growth being recorded in the pharmaceutical industry is due to emerging markets of India, China, Russia, South Korea and Mexico outpaced that market, growing a huge 81 per cent.

According to IMS, the Chinese market will rise from its current pharmaceutical market world ranking of fifth to third by 2013, while Brazil will climb two positions to eighth and Russia will leap four spots to sixteenth. The seven pharmerging markets will contribute more than half of global market growth in 2009 and sustain an average 40 per cent

contribution through 2013. Among the developed markets of Japan, France, Germany, Italy, the U.K., Spain and Canada, their CAGR over the next five years will be 1-4 per cent. Each market reflects a unique set of mechanism to manage healthcare access and costs, including a growing emphasis on regional decision making, promotion of generic drug usage, and price reductions.

Over the next few years, approximately 50 - 60 new chemical biological products are expected to be launched. About two-thirds of these products will be specialist-driven, and many of them are aimed at niche indications and new patient populations. In 2009, patients can expect new treatment options for diabetes, rheumatoid arthritis, psoriasis, insomnia, thrombi's, acute coronary syndrome, various types of cancer and meningitis. Potential launches in 2010 include therapies for resistant hypertension, osteoporosis, asthma, COPD and pneumococcal disease. Some of these products are first-in-class with novel mechanisms of action, while others offer different modes of treatment likely to improve efficacy and patient compliance. There are 6-10 potential blockbusters among expected launches in 2010 and 2011.

## 3. INDIAN PHARMACEUTICAL MARKET

The domestic Pharma Industry has recently achieved some historic milestones through a leadership position and global presence as a world class cost effective generic drugs' manufacturer of AIDS medicines. Many Indian companies are part of an agreement where major AIDS drugs based on Lamivudine, Stavudine, Zidovudine, Nevirapine will be supplied to Mozambique, Rwanda, South Africa and Tanzania which have about 33% of all people living with AIDS in Africa. Yet another US Scheme envisages sourcing Anti Retrovirals from some Indian companies whose products are already USFDA approved.

Many Indian companies maintain highest standards in Purity, Stability and International Safety, Health and Environmental (SHE) protection in production and supply of bulk drugs even to some innovator



companies. This speaks of the high quality standards maintained by a large number of Indian Pharma companies as these bulk actives are used by the buyer companies in manufacture of dosage forms which are again subjected to stringent assessment by various regulatory authorities in the importing countries. More of Indian companies are now seeking regulatory approvals in USA in specialized segments like Anti-infectives, Cardiovasculars, CNS group. Along with Brazil & PR China, India has carved a niche for itself by being a top generic Pharma player.

Increasing number of Indian pharmaceutical companies have been getting international regulatory approvals for their plants from agencies like USFDA (USA), MHRA (UK), TGA (Australia), MCC (South Africa), Health Canada etc. India has the largest number of USFDA - approved plants for generic manufacture. Considering that the pharmaceutical industry involves sophisticated technology and stringent "Good Manufacturing Practice (GMP) requirements, major share of Indian Pharma exports going to highly developed western countries bears testimony to not only the excellent quality of Indian pharmaceuticals but also its price competitiveness. More than 50% share of exports is by way of dosage forms. Indian companies are now seeking more Abbreviated New Drug Approvals (ANDAs) in USA in specialized segments like anti-infective, cardio vascular and central nervous system groups.

#### 4. KEY STRENGTHS OF PHARMA SECTOR

- a) Low cost of innovation/ Manufacturing/ Capex costs/expenditure to run a CGMP compliance facility.
- b) Low cost scientific pool on shop floor leading to high quality documentation.
- c) Proven track record in design of high tech manufacturing facilities.
- d) Excellent regulatory compliance capabilities for operating these assets.

- e) Recent success track record in circumventing API/formulation patents.
- f) About 95% of the domestic requirement being met through domestic production.
- g) India is regarded as a high-quality and skilled producer in the world.
- h) It is not only an API and formulation manufacturing base, but also as an emerging hub for: Contract research, Bio-technology, Clinical trials and Clinical data management.
- i) The country has the distinction of providing quality healthcare at affordable prices.

#### 5. BUSINESS OVERVIEW

The Company was incorporated in the year 1992 to set up a pharmaceutical unit and initially a project to manufacture 3 MT per month of semi Synthetic Penicillin i.e. Ampicillin, Amoxycillin and Cloxacillin was conceived and commissioned in a record period of 4 months. SPL decided to expand inorganically by acquiring the facilities of a sick unit located at Industrial zone of Baddi in Himachal Pradesh. The unit was acquired from Himachal Pradesh Financial Corporation and Himachal Pradesh State Industrial Development Corporation. The unit resumed commercial production in four months after complete revamp and added capacity of 203 TPA thereby doubling it to 406 TPA at a total cost of Rs.74.9 million.

The synergy of large capacity offered better-cost efficiency and enabled the Company to strengthen its position in the competitive market. The successes in the domestic market led to the need to explore and tap the export potential. SPL started exports in 1995 in a very small way and adopted exports, formally, as the thrust area and was accredited, in 2001, the status of Export house for excellent export performance. The years that followed, evidenced broad basing the geographical spread and this day SPL exports to over 100 clients in 90 countries and now SPL enjoys the status of a Trading House.



In the year 1997, SPL employed the services of Value Engineers to study the process optimization and on their advice carried out de-bottlenecking of capacity. The exercise resulted in better operational efficiency besides enhancing the capacity to 703 TPA from 406 TPA.

In 1997, SPL carried out another backward integration and added the capability to manufacture D-Phenyl Glycine Dane Salt for captive consumption. In 1997, SPL realized the value of investments in R&D and as a matter of policy set out a mission to apportion a fixed percentage of its revenue for ongoing and continuous improvements in the process engineering, development of non infringing new processes to manufacture products of high value addition and to crack the new molecules. The further growth of Surya is largely premised on the development of molecules developed by the in house R&D.

In the year 2000, SPL acquired and merged the bulk drug facilities of Sam Biotech Limited from Modi Group. The unit stands on 140000 sq. meters of land on Chandigarh – Rajpura Road at Village Banur. Acquisition of this unit increased the capacity of bulk drugs and intermediates to 963 TPA.

In the year 2000, SPL entered into formulation business by setting up of state of the art manufacturing facility designed as per WHO-GMP with a capacity to produce 90 million capsules per annum at another location at Baddi. The capacity has since been enhanced to 972 million capsules, 630 million tablets and 18 million bottles of dry syrups per annum.

The Company kept up its expansion spree and expanded the Banur unit Capacity in 2003. In 2003, the Company made its initial public offer of 3 million equity shares of Rs.10 each at a price of Rs.45 per share aggregating Rs.135 million in December, 2003. Further, the Company issued FCCBs aggregating US\$12 million in September,

2005 which were redeemed in September, 2008.

During the financial year 2008-09, we outsourced some of the intermediates like Dane Salt and utilised the capacity for the manufacture of Bulk Drugs.

The company added another manufacturing facility of 4,500 tons in processing of crude menthol oil to produce menthol and mint derivatives. The plant currently enjoys ISO 22000:2005 certification from Alberk QA Teknik Ltd. Its current capacity is 5,400 tons per year.

All the pharmaceutical manufacturing units in 2009-10 were accorded the 9001:2008 certification by SGS.

To take the advantage of growing pharmaceutical market and to facilitate its entry in the regulated markets, SPL decided to embark upon the cephalosporin manufacturing greenfield project to set-up a state-of-art, USFDA compliant project at Jammu in last quarter of 2007, which has commenced partial commercial production in June 2010.

During the year under review, Surya Healthcare Limited, the subsidiary Company of Surya Pharmaceutical Limited has increased its number of Pharmacy Retail Stores to 52. Starting from NCT of Delhi, the Company has its Pharmacy Retail Stores in Punjab, Haryana and Tricity of Chandigarh, Panchkula and Mohali. The Company has incorporated its two new subsidiaries in USA under the name & Style of Surya Pharmaceutical Inc. and Surya Biopharma inc. to undertake marketing and Research & Development activities for the Company.

During the year under review, the Company has launched its own 12 brands of formulations. The Company has started its Formulation divisions named Alexis, Diagnostics & Devices Division named Altair and Generic Division named Aegis. The OTC Division will cover the private label



The installed capacities and capacity utilization for each product during the year under review are as under:

Sr. No.	Products	Installed Capacity	Actual Production
1.	Bulk Drugs & Intermediates (MT)	2340	2119.43
2.	Formulation-Tablets & Caps. (No. in Lacs)	16020	1436.19
3.	Formulation-Dry Syrup (No. in Lacs)	180	2.22
4.	Menthol/Derivatives (MT)	5400	6832.5

products in Healthcare and FMCG category. First Aid Kit in 3 variants, Milk Feeding Bottles, Wash proof Plasters and some Herbal products are the initial products expected to be launched soon. Apart from this activity, the Company has entered into exclusive Marketing Tie Up with CROCS (one of the largest Footwear Company in the World) to sell their Therapeutic products in India and SAARC Countries.

## 6. FINANCIAL REVIEW

The Gross income for the year ended 31.03.2010 was Rs. 116715.08 lacs as compared to Rs. 76208.59 lacs for the year ended 31.03.2009. The increase in turnover is around 53.15% mainly attributable to shift from volume to value.

The total expenditure for the year ended 31.03.2010 also increased by 54.25% as compared to the expenditure during the previous year.

Interest cost of the Company as a percentage of sales was 4.88% during the year under review against 4.78% during the year 2008-09. As most of the projects, for which Term Loans were availed went on stream during the period and are expected to achieve the optimum performance in the current year and years thereafter, the interest cost viz a viz sales is expected to be lower in the years to come.

The Net Profit for the year ended March, 2010 stands at Rs. 7524.93 lacs after providing for taxation against Rs. 5334.69 lacs during the

previous year, hence recording a net increase of 41.05%.

## 7. COMPANY'S STRENGTHS

**Developed manufacturing infrastructure:** SPL has continuously upgraded its production infrastructure and today it has six manufacturing unit and one dedicated R&D Center and one CRAMS Center. The Company has partly commissioned in June 2010, the new unit at Jammu which will be USFDA compliant.

**R&D Capabilities:** The company has DSIR approved R&D facilities at Panchkula unit as well as Banur unit. The R&D focuses on process optimisation, process innovation and development of company's product pipeline. The Banur Unit also has the CRAMS Business unit offering offshoring of R&D projects in APIs and Menthol. The company has employed 55 scientists and have state-of-art infrastructure.

**Operational and Financial performance:** SPL has been following a strict financial regime due to which it is ploughing back substantial part of its earnings to expand the business. The company has been funding the newer facilities by way of prudent mix of loans and long terms resources like equities etc. The Company has posted a turnover of over Rs.11575 million in FY 2009-10 and is likely to maintain its trend of growth in revenues and profitability.



Knowledgeable and Experienced Promoters and staff: The Promoters of the Company have long domain experience in the Industry. The Promoters are involved in day-to-day affairs of the Company in the fields of marketing, procurement and business development.

On the technical and operational side, the Company has been managed by a team of qualified professionals looking after different aspects of the production and management. The Company has a very low attrition at the higher levels. The Company has very cordial industrial relations.

The Company has its clients both in Indian as well as international markets. The Company exports its products to over 90 countries.

In domestic markets, its customer list includes Zydus, Intas, German Remedies, Cipla, Nicholas Piramal, Glenmark, FDC, Lupin, Emami, Hetero etc. to name a few.

The client list is growing as SPL has gained recognition as the quality supplier of APIs & Formulations.

SPL has been continuously upgrading its technologies in APIs, Intermediates, formulations and research. The Company is deploying latest machines and technologies in manufacturing, research & development and environment control.

SPL's manufacturing units are capable of manufacturing a diverse mix of products in both bulk drugs and formulations, thus making it a versatile player in the industry. SPL has vast product list in Bulk Drugs & APIs, Menthol & derivatives and formulations.

SPL has been supplying its products to over 90 countries in the unregulated, semi regulated and regulated markets. The Company's reputation has made it a preferred source in the international market.

SPL is one of the leading suppliers of Menthol and its derivatives from India. It has now expanded its capacities to manufacture menthol crystals and

flakes besides manufacturing menthol derivatives

## 8. THREATS

- a) There are certain concerns over the patent regime regarding its current structure. It might be possible that the new government may change certain provisions of the patent act formulated by the preceding government.
- b) Threats from other low cost countries like China and Israel exist. However, on the quality front, India is better placed relative to China. So, differentiation in the contract manufacturing side may wane.
- c) The short-term threat for the pharma industry is the uncertainty regarding the implementation of VAT. Though this is likely to have a negative impact in the short-term, the implications over the long-term are positive for the industry.

## 9. STRATEGIES

- a) The Company is currently focusing on upgrading and expanding its existing manufacturing facilities. We have invested substantial amount of monies in creating manufacturing infrastructure. The Company is also setting up a new green field facility at Jammu to be totally compliant with the USFDA standards and aiming to cater to the regulated markets.
- b) The Company is also pursuing, besides expanding its current manufacturing setup, setting up manufacturing units to value added menthol based derivatives and herbal products. Our R&D Department is developing new products.
- c) The Company is developing and producing value added APIs and Intermediates as per the market demand and new product developments in the international market. Our research & development effort revolves around developing patent non infringing processes, achieving process improvements, achieving production



cost efficiencies, optimizing raw material sourcing, produce new products, innovate and enhance fermentation and other manufacturing techniques and continually expand its general scientific and engineering capabilities. We are focusing on spending on further strengthening its research and development department by equipping it with capabilities both in terms of manpower and machines.

- d) The Company is already a leading exporter of APIs and Bulk Drugs & Trading House in the international market exporting its products to more than 90 countries. We export large quantities of menthol flakes and menthol crystals from India. We are in the process of expanding our international operations both in the regulated and non-regulated markets.
- e) The new manufacturing facilities at Jammu will be US FDA compliant. The Company has applied for US FDA certification. This manufacturing facility would provide our Company, the opportunity to sell products in regulated markets. The Company is also upgrading the infrastructure at the existing manufacturing set-ups as well so as to make them USFDA compliant and gradually acquire the certification for the same as well.
- f) The Company has set-up a dedicated Contract Research Center (CRAMS) at Banur, Punjab. The center is equipped with advanced research equipments and is manned by a team of scientists, doctors, engineers and qualified lab technicians. The center became operational in March, 2009.

## 10. INTERNAL CONTROL SYSTEMS

The Company has in place sound internal control systems commensurate to its size, scale of business and complexity of operations. Clearly defined policies and procedures and inbuilt checks and controls, supplement the Internal Control procedures. A Well established and empowered system of internal audits and control procedures

independently reviews the financial and operational controls and reports deviations, if any, and further enables course correction, as and when required. The Company is constantly engaged in practicing the best financial and operational control systems, as per international practices and standards.

The Company's Internal Audit team carries out extensive audits throughout the year, across all functional areas and submits its report to the Audit Committee of the Board of Directors.

The Audit Committee addresses significant issues raised by the Internal and Statutory Auditors.

## 11. HEALTH, SAFETY & ENVIRONMENT POLICY

The company will assume its business and ethical responsibilities to exemplify its endeavour towards good corporate citizenship.

To continue to inspire innovation in methods and practises to ensure the highest standards of health, safety and environment.

We would comply with all applicable laws and regulations with regards to SHE and continually aspire to the highest standards in the same.

We commit to the continual reduction of waste and implement processes to ensure the reusability of natural resources.

To continually invest in the upgradation of our facilities, maintenance of our machinery and welfare of our employees.

To constantly train and educate employees on contemporary best practises to ensure the highest levels of safety and sustainability in our operations.

## 12. INDUSTRIAL RELATIONS & HUMAN RESOURCE DEVELOPMENT

The Company remains committed and focused on its most valuable resource viz. People. The Company believes that people play a pivotal role in driving performance and has effectively empowered them. In pursuance of the Company's commitment to retain and develop best available



talents, several programmes are conducted at various levels on a regular basis. Employee relations continued to be cordial and harmonious at all levels and in all units of the Company.

### **13. CORPORATE SOCIAL RESPONSIBILITY**

In India as in the rest of the world, there is a growing realization that capital markets and corporations are, after all, created by society and must therefore serve it, not merely profit from it. And those consumers and citizens' campaigns can make all the difference. Surya, thus, sees corporate social responsibility as a new business strategy to reduce investment risks and maximize profits by taking all the key stake-holders into confidence. We also recognize the fact that from eco- social perspective, social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. Accordingly, we at Surya's manufacturing facilities have installed the most advanced anti pollution devices to keep the environment in and around the manufacturing facilities as the most clean and green.

From the rights-based perspective on corporate responsibility, we stress that consumers, employees, affected communities and shareholders have a right to know about us and our business. We therefore stress upon ourselves accountability, transparency and social and environmental investment as the key aspects of corporate social responsibility.

### **14. CONTRIBUTION TO SOCIETY**

The Company made its modest beginning in year 1993 with total turnover of Rs. 5 Crores and export to one Country. In the financial Year 2009-10, the turnover is Rs. 1157 Crores with exports to more than 90 countries. The Company has been earning huge Foreign Exchange for the country. During the year 2009-10, the Company earned Foreign Exchange of over Rs. 34121.95 lacs hence contributing significant Foreign Exchange to the Govt. of India Treasury.

The Company has employed over 1500 persons. The Company has developed various processes through its consistent R&D which has resulted into economization. The Company has developed various products in India and as a result, has contributed to reduction in imports of these molecules. The Company has consciously taken steps to improve environment in and around the plants set up by the Company.

A Non profit making Educational Institution has also been set up under the name SURYA WORLD - Institutions of Academic Excellence, as an integrated Campus imparting mutli-disciplined Technical Education in Engineering & Technology, MBA, MCA, Pharmacy, Architecture, Hotel Management & Catering Technology, PGDM etc.





# Auditors' Report

## To The Members of M/s. Surya Pharmaceutical Limited

We have audited the attached Balance Sheet of **SURYA PHARMACEUTICAL LIMITED** as at 31st March, 2010 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure A statement on the matters specified in paragraph 4 & 5 of said order.
3. Further to our comments in the annexure referred to in paragraph (1) above, we report that:-
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required

by Law have been kept by the Company so far as appears from our examination of the books;

- c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and the Profit and Loss account comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, subject to Notes on Accounts forming part of Balance Sheet.
- e) As per information and explanation given to us, none of the directors of the company is disqualified from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
  - (i) In the case of the Balance Sheet of the State of affairs of the company as at 31st March, 2010 and
  - (ii) In the case of the Profit and Loss account, of Profit of the company for the year ended on that date.
  - (iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

PLACE : CHANDIGARH  
DATE : 14.08.2010



## Annexure 'A' referred to in paragraph 2 of our report of the auditors to the members of M/s. Surya Pharmaceutical Limited on the accounts for the year ending 31st March, 2010

- 1.(a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the Management at the reasonable intervals during the period under review and no material discrepancies were noticed in the said verification.
- (c) The substantial part of fixed assets have not been disposed off during the year.
- 2.(a) Physical verification of stocks of finished goods, stores, spares and raw materials was conducted by the management during the year and in our opinion, the frequency of verification was reasonable.
- (b) Procedures for physical verification of stocks followed by the company are adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies have been noticed on physical verification of stocks as compared to the book records.
- 3.(a) The company has granted two loans, secured or unsecured to Companies/ Firms and other Parties Listed in the register maintained under Section 301 of the Companies Act, 1956 and the amount outstanding as on 31.03.2010 was Rs. 114.35 Lacs (Rs. 977.76 Lacs).
- (b) to (c) These points are not applicable to the company.
4. 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 with regard to the purchase of stores, raw materials including the Plant & Machinery, Vehicles, Equipment and other assets and for the sale of these goods.
- 5.(a) According to the information and explanation given to us, no transaction of purchase of goods and materials and sale of goods, materials and services in pursuance of contracts of agreements entered in the register maintained U/s 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party are entered by the company. Hence this clause is not applicable.
- (b) This point is not applicable to the company.
6. In our opinion, and according to the information and explanation given to us, the company has complied with the provisions of Section 58A of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. The company has an internal audit system, which in our opinion is, commensurate with the size of the company and nature of its business.
8. The company is maintaining proper cost records as prescribed under section 209(l)(d) of the Companies Act, 1956.
- 9.(a) The company is regular in Depositing Employee's State Insurance dues and dues under the Provident Fund & Miscellaneous Provision Act, 1952.
- (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of Wealth Tax, Sales Tax, Customs duty and Excise Duty, which are outstanding on the 31st March, 2010 for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us and records of the company examined by us , the particulars of Excise Duty and Income Tax as on 31.3.2010 which have not been deposited on account of disputes pending are as follows:-

Name of Statute	Nature of Dues	Amount Rs. in Lacs(*)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961		89.72	AY2006-07	ITAT
		649.47	AY2007-08	CIT(A)
		<b>739.19</b>		
The Central Excise Act,1944	Demand	2.16	1998	CESTAT
		17.96	1999	
		3.69	2002	
		0.86	2003	
		94.12	2005	
		2.18	2007	
		6.34	2008	
		900.65	2009	
		563.52	2010	
		<b>1591.48</b>		
Service Tax	Demand	2.89	2007	Department
		4.14	2008	
		17.85	2009	
		<b>24.88</b>		
Sale Tax Act	Demand	45.38	96-97	Department
		7.66	97-98	
		1.22	00-01	
		.01	03-04	
		101.54	06-07	
		<b>155.81</b>		
Custom Act	Demand	<b>313.27</b>	2008	Department
<b>Grand Total</b>		<b>2824.63</b>		

\*Net of pre-deposit amount



10. There are no accumulated losses of the Company at the end of the financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. According to the information and explanation given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.
13. The company is not a chit fund or a nidhi or a mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the companies (Auditor's Report) Order 2003 are not applicable to the company.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
16. According to the information & explanations given to us and the records examined by us on an overall basis, the term loan was applied by the company for the purpose for which it was obtained.
17. According to the information provided to us the funds raised on short-term basis have not been used for long-term investment and vice versa.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. According to the information and explanation given to us, the company has not issued any debentures during the year regarding creation of security.
20. The management has disclosed the end use of money raised through public issue in its prospectus and the same has been utilized accordingly.
21. No fraud on or by the company has been noticed or reported during the year.

PLACE : CHANDIGARH  
DATED : 14.08.2010

For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)



## SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE: PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205, DISTT. SOLAN (H.P.)  
BALANCE SHEET AS AT 31st MARCH. 2010

(In Rs.)					
PARTICULARS	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>SOURCES OF FUNDS</b>					
<u>Shareholders' Funds</u>					
Share Capital	I	144,683,380		144,683,380	
Reserve & Surplus	II	2,887,202,477	3,031,885,857	2,156,412,254	2,301,095,634
<u>Loan Funds</u>					
Secured Loans	III	6,805,091,427		4,665,766,349	
Unsecured Loans	IV	276,003,562	7,081,094,989	341,510,655	5,007,277,004
Deferred Tax Liabilities (Net)	V		132,171,744		141,840,640
			<u>10,245,152,590</u>		<u>7,450,213,278</u>
<b>APPLICATION OF FUNDS</b>					
<u>Fixed Assets</u>					
Gross Block	VI	5,129,519,286		3,655,439,088	
Less : Depreciation		849,719,542		647,652,929	
Net Block			4,279,799,744		3,007,786,159
<u>Investments</u>	VII		54,952,894		2,535,008
<u>Current Assets, Loans &amp; Advances</u>					
Inventories	VIII	6,572,584,157		3,731,804,447	
Sundry Debtors	IX	1,530,802,023		1,373,123,742	
Cash & Bank Balances	X	179,076,275		82,292,310	
Loans & Advances	XI	1,226,523,270		1,282,563,827	
		9,508,985,725		6,469,784,326	
<u>Less: Current Liabilities &amp; Provisions</u>					
Liabilities & Provisions	XII	3,619,205,093		2,038,304,210	
Net Current Assets			5,889,780,632		4,431,480,116
<u>Miscellaneous Expenditure</u>					
(To the extent not written off or adjusted)	XIII		20,619,320		8,411,995
			<u>10,245,152,590</u>		<u>7,450,213,278</u>
<b>NOTES ON ACCOUNTS</b>	XXI				

For and on behalf of the Board

AUDITORS' REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14.08.2010



## SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE: PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205, DISTT. SOLAN (H.P.)  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH. 2010

(In Rs.)			
PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
<b>INCOME</b>			
Sales & Job Charges		11,575,314,393	7,515,258,800
Other Income	XIV	104,981,562	47,578,570
Increase/ Decrease in value of finished Goods		-8,787,284	58,022,607
		<u>11,671,508,671</u>	<u>7,620,859,977</u>
<b>EXPENDITURE</b>			
Raw Material Consumed	XV	8,850,570,520	5,564,106,895
Manufacturing Expenses	XVI	280,838,485	175,653,725
Excise Duty Consumed		233,963,258	286,018,275
Personnel Expenses	XVII	288,332,270	173,055,576
Administrative Expenses	XVIII	95,973,071	57,838,382
Financial Expenses	XIX	623,617,554	411,583,873
Loss on Derivative Trading		-	35,057,365
Selling Expenses	XX	157,604,921	113,414,676
Depreciation	VI	205,548,346	160,450,085
Loss Due to Fire		24,473,135	-
Preliminary & Deferred Revenue Expenses Written Off		5,953,013	2,696,024
		<u>10,766,874,573</u>	<u>6,979,874,875</u>
<b>Profit (Loss) before Tax</b>		<b>904,634,098</b>	<b>640,985,102</b>
<b>Tax Provisions</b>			
Provision for Tax		153,697,333	71,606,679
Provision for FBT		-	892,932
Provision for Deferred Tax Liab. (Assets)		-9,668,896	7,193,313
<b>Profit after tax</b>		<b>760,605,661</b>	<b>561,292,178</b>
Proposed Dividend		21,702,507	17,362,006
Dividend Distribution Tax		2,950,673	2,458,894
Income tax relating to previous years		5,162,258	25,363,993
<b>Balance trf. To General Reserve</b>		<b>730,790,223</b>	<b>516,107,285</b>
Basic Earning Per Equity Share of Rs. 10 each		<b>52.57</b>	<b>38.79</b>
Diluted Earning Per Equity Share of Rs. 10 each		<b>52.57</b>	<b>38.79</b>

For and on behalf of the Board

AUDITORS' REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14.08.2010



(Amount in Rs.)		
PARTICULARS	As At 31.03.10	As At 31.03.09
<b>SHARE CAPITAL</b>		<b>SCHEDULE-I</b>
<b>AUTHORISED CAPITAL</b>		
5,00,00,000 Equity Shares Of Rs.10/- each	500,000,000	500,000,000
<b>ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b>		
14468338 Equity Shares of Rs.10/- each Fully paid up,out of which 675000 shares @ Rs 10 each issued as bonus shares and 70 shares @ Rs 10 each issued for consideration other than cash	144,683,380	144,683,380
<b>TOTAL</b>	<b>144,683,380</b>	<b>144,683,380</b>
<b>GENERAL RESERVE</b>		<b>SCHEDULE-II</b>
Opening Balance	1,724,341,234	1,208,233,949
Transferred From Profit & Loss Account	730,790,223	516,107,285
	2,455,131,457	1,724,341,234
Share Premium	432,071,020	432,071,020
<b>TOTAL</b>	<b>2,887,202,477</b>	<b>2,156,412,254</b>
<b>SECURED LOANS</b>		<b>SCHEDULE-III</b>
Term loan	2,887,129,270	2,293,831,888
Working capital limit	3,893,829,298	2,350,575,946
Vehicle loan	7,346,086	10,368,214
Interest accrued & due	16,786,773	10,990,301
<b>TOTAL</b>	<b>6,805,091,427</b>	<b>4,665,766,349</b>
<b>UNSECURED LOANS</b>		<b>SCHEDULE-IV</b>
Short Term loan from banks	274,841,440	339,925,853
Others	1,162,122	1,584,802
<b>TOTAL</b>	<b>276,003,562</b>	<b>341,510,655</b>
<b>DEFERRED TAX LIABILITIES</b>		<b>SCHEDULE-V</b>
Deferred Tax Liabilities Arising On Account Of Depreciation (A)	-8,546,407	29,012,095
	-8,546,407	29,012,095
Deferred Tax Assets Arising On Account Of Provision For : Retirement Benefits	20,069,704	7,899,099
Loss on the sale of Shares long term (B)	-	-
	20,069,704	7,899,099



(Amount in Rs.)

PARTICULARS	As At 31.03.10	As At 31.03.09
<b>Deferred Tax Liability arising on</b>		
Account of		
Dividend Received - U/S 10(34)	169,816	50,030
( C )	<b>169,816</b>	<b>50,030</b>
Net Deferred Tax Liability (A-B+C)	-28,446,295	21,163,026
Tax Impact	-9,668,896	7,193,313
Amount B/F from previous year	141,840,640	134,647,327
<b>TOTAL</b>	<b>132,171,744</b>	<b>141,840,640</b>

## SCHEDULE OF FIXED ASSETS

## SCHEDULE-VI

Particulars	Rate of Dep	Gross Block					Depreciation				Net Block	
		As on 01.04.2009	Additions	Sale/Transfer	Loss by Fire	Closing Balance	As on 01.04.2009	During the Year	Adjustment	Total	AS ON 31.03.10	AS ON 31.03.2009
LAND		162,170,053	8,558,865	-	-	170,728,918	-	-	-	-	170,728,918	162,170,053
BUILDING	3.34	304,238,746	45,684,840	2,260,145	3,535,000	344,128,441	28,527,058	10,521,325	158,007	38,890,376	305,238,064	275,711,688
PLANT & MACHINERY	10.34	1,357,657,084	218,904,348	-	18,024,000	1,558,537,432	472,236,663	146,319,355	1,669,654	616,886,363	941,651,069	885,420,422
R & D ASSETS	4.75	760,434,184	89,747,079	-	-	850,181,263	87,419,646	36,322,033	-	123,741,679	726,439,584	673,014,538
MISC ASSETS	4.75	61,451,179	9,877,064	2,443,881	-	68,884,362	24,072,613	2,506,773	120,806	26,458,580	42,425,782	37,378,566
ELECTRICALS & FITTINGS	4.75	37,140,962	13,017,271	274,946	4,898,000	44,985,287	11,194,632	1,855,726	216,728	12,833,631	32,151,657	25,946,330
COMPUTERS	16.21	13,875,582	5,444,246	3,317,746	-	16,002,082	6,360,633	2,497,425	691,754	8,166,304	7,835,777	7,514,948
POLLUTION CONTROL EQUIPMENT	4.75	41,642,504	-	-	-	41,642,504	6,611,559	1,978,019	-	8,589,578	33,052,926	35,030,945
FURNITURE & FIXTURES	6.33	13,321,712	9,377,443	1,996,693	-	20,702,462	1,679,531	1,201,739	169,135	2,712,136	17,990,326	11,642,181
MOTOR VEHICLE	9.50	24,215,540	5,231,774	1,481,448	-	27,965,866	9,550,593	2,345,948	455,648	11,440,894	16,524,972	14,664,947
CAPITAL WORK IN PROGRESS		879,291,542	1,106,469,127	-	-	1,985,760,669	-	-	-	-	1,985,760,669	879,291,542
<b>TOTAL</b>		<b>3,655,439,088</b>	<b>1,512,312,057</b>	<b>11,774,859</b>	<b>26,457,000</b>	<b>5,129,519,286</b>	<b>647,652,929</b>	<b>205,548,346</b>	<b>3,481,732</b>	<b>849,719,542</b>	<b>4,279,799,744</b>	<b>3,007,786,159</b>
Previous Year Figures -		2,406,693,927	1,249,874,382	1,129,222	-	3,655,439,088	487,680,737	160,450,085	477,893	647,652,929	-	-

## INVESTMENTS

## SCHEDULE-VII

## QUOTED

a) 600 (600) Equity Shares of Canara Bank Of Rs. 10/- Each Market Value Rs. 410.20 @ Rs 246120	21,000	21,000
b) GCDB Grindlay Cash Fund Market Value of 13416.813 Units @ 10.5873 Rs.142098	142,048	137,592
c) 10688 Equity Shares of Allahabad Bank Of Rs. 10/- Each Market Value Rs.1526781 @ 142.85	876,416	876,416
d) Mutual Fund-Tax Saver PNB Market Value Rs.1288207@ 19.25 Units 66919.85	1,000,000	1,000,000

## UNQUOTED

Surya Healthcare Ltd.	18,000,000	500,000
Surya Eduquest Ltd.	100,000	-
Surya Pharmaceutical Inc.	482,500	-
Share Application Money(Allotment Pending )	34,330,930	-

<b>TOTAL</b>	<b>54,952,894</b>	<b>2,535,008</b>
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(Amount in Rs.)		
PARTICULARS	As At 31.03.10	As At 31.03.09
<b>INVENTORIES</b>		<b>SCHEDULE-VIII</b>
Raw material	1,925,282,222	1,268,170,085
Work-in-process	4,559,333,143	2,382,148,611
Finished goods	49,960,686	58,747,970
Stores & spares	38,008,106	22,737,781
<b>TOTAL</b>	<b>6,572,584,157</b>	<b>3,731,804,447</b>
<b>SUNDRY DEBTORS</b>		<b>SCHEDULE-IX</b>
Unsecured, considered doubtful		
Outstanding for a Period		
exceeding Six Months	2,585,423	2,838,942
Less : Provision For Doubtful Debts	-	634,317
	2,585,423	2,204,625
(Unsecured, considered good)		
Outstanding for a Period		
exceeding Six Months	44,834,341	41,747,170
Others	1,483,382,259	1,329,171,947
<b>TOTAL</b>	<b>1,530,802,023</b>	<b>1,373,123,742</b>
<b>CASH &amp; BANK BALANCES</b>		<b>SCHEDULE-X</b>
Cash in Hand	2,330,601	2,171,188
Balance in current A/c:		
With Scheduled banks	145,738,765	47,870,301
Balance in Fixed Deposits	30,744,326	32,156,872
SPL Dividend A/c IDBI	262,584	93,949
<b>TOTAL</b>	<b>179,076,275</b>	<b>82,292,310</b>
<b>LOANS &amp; ADVANCES</b>		<b>SCHEDULE-XI</b>
(Unsecured, considered good)	650,035,326	563,506,700
Advances recoverable in cash or in kind or		
For value to be received (Includes		
Advances to Directors, Firms/Companies		
In which Directors are interested		
Rs. NIL (Previous year Rs.NIL )		
Max. Balance during the year Rs. NIL		
(Previous Year Rs.NIL)		
Advances to Group Companies	11,435,011	97,776,131
Security Deposits	8,094,002	4,709,906
Export Incentives	306,738,366	402,112,327
Excise Duty Balances	104,910,988	107,124,449
VAT Recoverable	144,664,577	106,664,315
Earnest Money	645,000	670,000
<b>TOTAL</b>	<b>1,226,523,270</b>	<b>1,282,563,827</b>



(Amount in Rs.)		
PARTICULARS	As At 31.03.10	As At 31.03.09
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		<b>SCHEDULE-XII</b>
Sundry Creditors	2,618,146,455	1,774,618,573
Other Liabilities on Capital A/c	616,137,152	44,836,396
Advances from Customers	104,041,540	47,113,526
Other Liabilities	259,177,438	154,373,709
Proposed Dividend	21,702,507	17,362,006
<b>TOTAL</b>	<b>3,619,205,093</b>	<b>2,038,304,210</b>
<b>DEFERRED REVENUE EXPENSES</b>		<b>SCHEDULE-XIII</b>
Opening Balance	8,411,995	6,198,735
Addition during the year	18,160,338	4,909,284
	26,572,333	11,108,019
Less Amount written off	5,953,013	2,696,024
<b>TOTAL</b>	<b>20,619,320</b>	<b>8,411,995</b>
<b>OTHER INCOME</b>		<b>SCHEDULE-XIV</b>
Interest on FDR's	1,679,306	2,703,475
Dividend Received	169,816	50,030
Freight Received from parties	75,209,737	42,956,584
Claim Received	5,881,667	1,868,481
Misc Income	1,225,434	-
Profit on Sale of Fixed Assets	1,082,283	-
Profit on Derivative Trading	19,733,319	-
<b>TOTAL</b>	<b>104,981,562</b>	<b>47,578,570</b>
<b>RAW MATERIAL CONSUMED</b>		<b>SCHEDULE-XV</b>
Opening Stock		
-Raw Material	1,268,170,085	740,252,343
-Work in process	2,382,148,611	1,607,935,737
Purchases	11,684,867,189	6,866,237,511
	15,335,185,885	9,214,425,591
Less : Closing Stock		
-Raw Material	1,925,282,222	1,268,170,085
-Work-in-process	4,559,333,143	2,382,148,611
<b>TOTAL</b>	<b>8,850,570,520</b>	<b>5,564,106,895</b>



(Amount in Rs.)		
PARTICULARS	As At 31.03.10	As At 31.03.09
<b>MANUFACTURING EXPENSES</b>		<b>SCHEDULE-XVI</b>
Consumables Stores	24,707,348	22,093,606
Hire Charges	1,689,733	585,518
Insurance	15,575,450	9,398,697
Job Charges Paid	39,780,416	25,891,241
Repair & Maintenance	43,663,486	18,274,282
Testing Charges	315,433	203,370
Electricity & Water Charges	46,445,974	31,039,720
Fuel ,Oil & Lubricants	108,311,175	68,113,472
Commission on Purchase	349,470	53,820
<b>TOTAL</b>	<b>280,838,485</b>	<b>175,653,725</b>
<b>PERSONNEL EXPENSES</b>		<b>SCHEDULE-XVII</b>
Salary Directors	62,652,026	45,639,398
Salary (staff)	214,252,903	116,841,809
Staff Benefits	11,427,341	10,574,369
<b>TOTAL</b>	<b>288,332,270</b>	<b>173,055,576</b>
<b>ADMINISTRATIVE EXPENSES</b>		<b>SCHEDULE-XVIII</b>
Audit Fee	200,000	200,000
Books & Periodicals	374,489	150,658
Directors Sitting Fee	45,000	35,000
Donation	1,321,201	535,100
Legal & Professional Charges	10,640,597	6,076,634
Staff Welfare	1,087,342	1,686,220
Misc Expenses	8,991,722	3,740,015
Telephone & Telegram	3,851,036	2,701,969
Postage	1,742,830	918,621
Printing & Stationery	4,496,095	2,305,840
Rate,Fee & Taxes	8,735,575	1,938,418
Rent	28,816,179	20,473,376
Subscription	1,605,687	1,627,702
Travel & Conveyance	18,769,999	9,690,380
Vehicle Running & Maint	2,258,682	4,043,725
Ward & Watching Exp	2,869,774	1,536,395
Loss on sale of Fixed Assets	166,863	178,329
<b>TOTAL</b>	<b>95,973,071</b>	<b>57,838,382</b>



(Amount in Rs.)		
PARTICULARS	As At 31.03.10	As At 31.03.09
<b>FINANCIAL EXPENSES</b>		<b>SCHEDULE-XIX</b>
Interest Paid		
- Term Loan	93,661,027	8,061,264
- Short Term Loan	49,904,046	20,633,444
- Working Capital	410,293,118	321,083,114
- Others	1,198,526	863,051
Bank Charges	68,560,837	60,943,000
<b>TOTAL</b>	<b>623,617,554</b>	<b>411,583,873</b>
<b>SELLING EXPENSES</b>		<b>SCHEDULE-XX</b>
Advertisement	9,917,007	3,189,417
Business Promotion	6,090,401	1,603,441
Discount Allowed	485,183	3,758,205
Export Commission	26,688,020	21,148,407
Export Expenses	19,335,783	14,501,925
Freight Outward	42,679,736	23,958,681
Packing Expenses	42,452,896	35,227,872
Sales Commission	9,955,895	9,029,819
Loss on DEPB Sale	-	996,908
<b>TOTAL</b>	<b>157,604,921</b>	<b>113,414,676</b>





## SCHEDULE-XXI

### NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT AS AT 31.03.2010

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis for preparation of financial statements

- i. The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of a going concern.
- ii. All the Income & expenditure are recognized on accrual basis.
- iii. Figures have been taken to nearest rupee.
- iv. Previous year figures have been re-grouped and re-arranged wherever considered necessary.

##### 2. Fixed Assets

- i. Fixed Assets have been stated at original cost less depreciation.
- ii. Depreciation has been provided during the year on straight line method at revised rates, vide Notification GSR No. 756 E Dated: 16.12.93, as non continuous process on triple shift basis as per schedule XIV to the Companies Act, 1956.

##### 3. Valuation of Inventories

Raw materials have been valued at cost or market

price, whichever is less, Work in process and other misc. Stocks have been valued on estimated basis, In respect of Finished Goods and Work in Process, applicable manufacturing overheads and other cost incurred in bringing the items of inventory to their present location and condition are also included. Finished Goods have been valued at cost inclusive of the provision of excise duty thereon, in accordance with the guidance note on accounting treatment for excise duty issued by the Institute of Chartered Accountants of India & other professional pronouncements. However, the same has no effect on the profits for the year.

##### 4. Foreign Exchange Transactions

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The resultant gain/loss, if any, is recognized in the Profit and Loss Account, except exchange differences on liabilities incurred for acquisition of fixed assets, which are adjusted to the carrying amounts of respective amounts of the respective assets. Non-monetary assets and liabilities related to foreign currency transactions are reported at the rate on the date of the transaction.



## **5. Revenue Recognition**

- i. Sales are stated net of returns, inclusive of excise duty, job work charges received, export incentives and Mercantile sales.
- ii. Dividend income has been accounted for on receipt basis.
- iii. Export benefits are accounted for on accrual basis.

## **6. Employees Benefits**

- i. The Contribution to the Provident Fund, under the defined contribution plans are charged to revenue.
- ii. The accrued liability towards gratuity has been calculated by SBI Life insurance Co Ltd amounting to Rs. 148.90 lacs (Rs. 57.17 lacs) and has been provided upto 31st March 2010.
- iii. The leave encashment has been provided amounting to Rs. 64.56 lacs (Rs. 34.27 lacs) upto 31st March 2010.

## **7. Apportionment of Indirect Expenses**

Indirect expenses incurred by the company have been apportioned amongst all the units, on the following basis:-

Fixed Administrative Expenses - on the basis of sales value, Export expenses - on the basis of exports in value Other Expenses - on the basis of sales value

## **8. Miscellaneous Expenditure**

Deferred Revenue expenses are written off over a period of 5 years.

## **B. BALANCE SHEET**

### **1. SECURED LOANS**

#### **i. TERM LOANS**

All Term Loans are secured by First pari passu Charge on all the fixed assets of the company and second pari-passu charge on the current assets of the Company.

#### **ii. WORKING CAPITAL LIMITS**

All Working Capital Limits both fund based & non fund based are secured by way of first pari passu charge on all the current assets of the Company and second pari passu charge on all the fixed assets of the Company.

## **2. UNSECURED LOANS**

All Short Term Loans are secured by way of subservient charge on the fixed assets of the Company and personal guarantee of the Managing Director and Executive Director of the Company.

## **3. FIXED ASSETS**

A sum of Rs.897.47 lacs (2644.29 Lacs) (includes revenue and capital expenditure) has been capitalized under the head Research & Development Assets. The company has been regularly working on modernization and development of its existing technological system and development of new products & processes. In the opinion of management, the process will yield benefits in the coming years in the shape of improved yields, more demand in the international market as well as better price.

## **4. INVESTMENTS**

Investments considered long term are stated at cost. All investments are non trade.

## **5. CURRENT ASSETS, LOANS & ADVANCES**

- i. The company has sent letters of balance confirmation to all the parties but only a few have responded so far. So the balance in the party accounts whether in debit or in credit are subject to reconciliation.
- ii. Sundry debtors, Loans & Advances, Sundry creditor and Advances from customers are subject to confirmation, reconciliation and adjustments. Thus the impact of the same on the accounts of the company could not be ascertained.
- iii. In the opinion of the directors of the Company, the current assets, loans and advances are approximately of the value as stated, if realized in the ordinary course of business.
- iv. In the opinion of the directors of the Company, the Advance licenses/DEPB licenses are approximately of the value as stated, if realized/ utilized in the ordinary course of business.
- v. Fixed Deposits of Rs. 307.44 lacs (Rs. 321.57 lacs) as on 31.03.2010 are pledged as margin money against the bank guarantees, inland letter of credit and foreign letter of credit.



- vi. The inventory of stocks, stores & spares has been taken, valued and certified by the management.
- vii. Sundry Debtors are stated after making adequate provisions for doubtful debts.

## 6. CURRENT LIABILITIES

- i. As regards compliance of provisions relating to dues to the Small Scale Industries in terms of the Companies (Amendment) Act, 1999, the Company has sent letters to the creditors to intimate whether they are Small Scale Industrial Units. The Company is yet to receive the required information from them. Hence, it is not possible to quantify the dues, if any, towards the Small Scale Units.

## ii. CONTINGENT LIABILITIES

(Rs. in lacs)			
Sr. No.	Particulars	31.03.2010	31.03.2009
i.	Foreign/ Inland Letter of Credit	3576.89	3238.69
ii.	Bank Guarantees	88.92	68.25
iii.	Corporate Guarantee (SHL)	1085.82	Nil
iv.	Bills Discounted (FOBN)	3413.27	2054.96
v.	Claims against the Company not acknowledged as debt as on 31.03.2010 in respect of :		
a.	Income Tax matters, pending decisions on various appeals made by the company and by the department.		
	i) Cases for A.Y. 2000-01, 2001-02, 2003-04, 2004-05 & 2005-06 are remanded back by ITAT to Assessing Officer for reframing the case.	No Demand	No Demand
	ii) Case for A.Y. 2006-07 is pending with Tribunal.	Demand Notice 89.72 Lacs	No Demand Pending
	iii) Case for A.Y. 2007-08 is under processing with CIT(A).	Demand Notice 649.47 Lacs (Rs. 125 Lacs deposited under protest, till 31-03-10.)	No Demand Pending
b.	Excise matters, under dispute	1591.48	143.46
c.	Sales Tax matters, under dispute	155.81	155.81
d.	Service Tax, under dispute	24.88	37.97
e.	Customs Act	313.27	71.52

## C. PROFIT & LOSS ACCOUNT

- i) Payment has been made to Auditors for the year ended 31st March 2009, and provision has been made for the year ended 31st March 2010.

(Amount in Rs.)			
		31.03.2010	31.03.2009
i)	Statutory Audit	200000	200000
ii)	Tax Audit	100000	100000
iii)	Others	300000	200000
iv)	Service Tax	45200	30900

- ii) Director's Remuneration

### a. Details of Remuneration to Managing Director & Whole Time Directors:-

Remuneration to Directors Rs. 264.66 lacs ( Rs. 200 Lacs) and Commission to directors Rs.361.85 lacs (Rs. 256.39 lacs).



(b) Calculations of profit in accordance with Section 198 of the Companies Act, 1956.

(Rs. in lacs)

Sr. No.	Particulars	Amount
i)	Profit before Tax as per Profit & Loss A/c	9046.34
ii)	Add: Director Remuneration	264.66
iii)	Add: Commission to Directors	361.85
iv)	Net Profit for the purpose of calculating Directors commission as per the provisions of the Companies Act 1956	9672.85
v)	Director Remuneration payable as per Companies Act 1956	967.28
vi)	Remuneration Paid to Directors	264.66
vii)	Commission paid to Directors	361.85

- iii. Sales Tax Assessments for previous years are in progress. No provision has been made on account of sales tax liability and the same, if any, will be provided at the time of assessment.
- iv. Provision for Income tax has been made as per Income-tax Act, 1961.
- v. During the year, company is writing off Deferred Revenue Expenditure for marketing of products, exhibitions etc. over a period of five years.
- vi. Profit made in currency derivative trading during the year is Rs. 197.33 lacs, (previous year Loss Rs. 350.57 lacs) and exposure in sale is Rs. 6367.93 lacs. as on 31.03.2010
- vii. Menthol incentive for Vishesh Krishi Gram Upaj Yojana is Rs. 723.24 lacs. and quantity exported under this scheme is 2565.07 MT.

**D. EARNING PER SHARE**

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

**E. SEGMENT REPORTING**

There is not more than one reportable segment; hence information as per AS 17 is not required to be disclosed.

**F. RELATED PARTY DISCLOSURES**

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :-

**a) Relationship**

- i) Subsidiary Companies
  - M/s. Surya Healthcare Ltd.
  - M/s. Surya Pharmaceutical Inc. U.S.A.
- ii) Key Management Personnel (Director/Whole-time directors)
  - Sh. Rajiv Goyal
  - Smt. Alka Goyal
- iii) Entities over which key management personnel/their relatives are able to exercise significant influence
  - M/s. Surya Healthcare Ltd
  - M/s. Surya Pharmaceutical Inc. U.S.A
  - M/s. Ess Ess Exim Pvt. Ltd.
  - M/s. Surya Envirotech Ltd.
  - M/s. Kala Infra Pvt. Ltd.

**b) The following transactions were carried out with related parties in the ordinary course of business.**



- i) Subsidiary Companies, Joint Ventures and associates  
 Rent paid to M/S Surya Envirotech Ltd. Rs. 18.00 lacs.  
 Rent paid to M/S Ess Ess Exim Pvt Ltd Rs 12.00 Lacs  
 Rent paid to M/S Kala Infra Pvt. Ltd. 192.00 Lacs.

(Rs. in lacs)		
Sr. No.	Particulars	Amount
i.	Remuneration	626.51
ii.	Purchase	-
iii.	Sales	-
iv.	Other Services (Rent)	30.84
v.	Balance at the end of the year Deposits Received	-

Other services includes rent paid to Mr. Rajiv Goyal and Mrs. Alka Goyal.

#### G. IMPAIRMENT OF ASSETS

- (1) The indicators listed in paragraph 8 to 10 of Accounting Standard (AS) – 28 "Impairment of Assets" issued by Institute of Chartered Accountants of India have been examined and on such examination, it has been found that none of the indicators are present in the case of the Company. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.
- (2) During the year there was an incidence of fire at Company's Banur Plant. There was a loss of Rs. 264.57 lacs to the fixed assets (Cost) and Rs. 922.88 lacs to the Stocks. The same have been accounted for in the books. The Company is having adequate insurance cover and the claim whenever received shall be accounted for on receipt basis as per the Company's accounting policy.

#### H. Additional information pursuant to the provision of paragraph 3, 4-C and 4-D of part-II of schedule-VI of Companies Act, 1956 are as under :

Sr. No.	Licensed and Installed Capacity and actual production	As at 31.03.2010	As at 31.03.2009
1.	Licensed Capacity	N.A.	N.A.
2.	Installed Capacity (As certified by the management being a technical matter)		
	a. Bulk Drug (MT)	2340.00	2100.00
	b. Formulation – Tabs & Caps (No in Lacs)	16020.00	16020.00
	c. Formulation - Dry Syrup (No in lacs)	180.00	180.00
	d. Menthol (MT)	5400.00	4500.00
3.	Actual Production		
	a. Bulk Drug (MT)	2119.43	2043.35
	b. Formulation – Tabs, Caps & Dry Syrup (No in Lacs)	1438.41	1300.92
	c. Menthol & Derivative (MT)	6832.50	2938.22



## I. Quantitative details of raw material consumption

Sr. No.	Particulars	Unit	2009-10	2008-09
1.	Drug Intermediate	MT	13338.26	9560.18
2.	Menthol	MT	7990.98	3201.94

(i) Particulars in respect of production and sales of finished goods

Sr. No	Particulars	Production	Sales
1.	Bulk Drugs (MT's)	2137.49 (2043.35)	2119.43 (2043.35)
2.	Formulation – Tab. Caps & DS (Nos. In Lacs)	1438.41 (1300.92)	1438.41 (1300.92)
3.	Menthol & Derivatives (MT'S)	6832.50 (2938.22)	6832.50 (2938.22)

(Figures in Brackets represent Previous year figures.)

(ii) Particulars in respect of purchase and sales of formulation division

Sr. No.	Particulars	Quantity (No in Lacs)	Value (Rs in Lacs )
1.	Opening Stock	Nil	Nil
2.	Purchase	72.34	148.92
3.	Sales	27.79	89.78
4.	Closing Stock	44.55	100.98

J. In compliance with Accounting Standard (AS-22) relating to “Accounting on Taxes on Income” issued by the Institute of Chartered Accountants of India, Deferred Tax Assets accruing during the period aggregating to Rs. 96.69 Lacs (Previous Year DTL 71.93 lacs) has been recognized in the Profit & Loss Account.

## K. RAW MATERIAL CONSUMED

Sr. No.	Particulars	2009-2010		2008-2009	
		(Rs. in lacs)	(%age)	(Rs. in lacs)	(%age)
1.	Imported (Pen G, 6APA, 7ACA, 7ADCA, DMF, Dane Salt, CMIC, Mica Easter & others)	20113.17	24.98%	15002.46	26.96%
2.	Indigenous (Crude Mentha Oil, Solvents & others)	68392.53	75.02%	40638.61	73.04%

## L. CIF VALUE OF IMPORTS

Sr. No.	Particulars	2009-2010 (Rs. In lacs)	2008-2009 (Rs. In lacs)
1.	Raw Material (Pen G, 6APA, &ACA, 7ADCA, DMF, Dane Salt, CMIC, Mica Easter & others)	20998.06	13405.16
2.	Capital Items	1384.46	488.99



**M. EXPENDITURE IN FOREIGN CURRENCY**

(Rs. in lacs)

Sr. No	Particulars	2009-2010	2008-2009
1.	Traveling Expenses	32.04	25.33
2.	Exhibition Expenses	43.30	20.65
3.	Export Commission	253.37	201.76
4.	Salaries	10.02	13.39
5.	Subscription	3.87	1.28

**N. REMITTANCES IN FOREIGN CURRENCY**

(Rs. in lacs)

Sr. No	Particulars	2009-2010	2008-2009
1.	Raw Material (Pen G, 6APA, 7ACA, 7ADCA, DMF, Dane Salt, CMIC, Mica Easter & others)	19867.78	11938.06
2.	Capital Items	693.85	488.99

**O. EARNINGS IN FOREIGN CURRENCY**

(Rs. in lacs)

Sr. No	Particulars	2009-2010	2008-2009
1.	Exports	34121.95	21296.83

For and on behalf of the Board

AUDITORS' REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14.08.2010



## SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE: PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205, DISTT. SOLAN (H.P.)

### INFORMATION AS REQUIRED BY PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

Registration No.	:	23861
State Code	:	6
Balance Sheet Date	:	31.03.2010

#### II. Capital Raised during the Year (Amount in Rs. Thousands)

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

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

Total Liabilities	10245153
Total Assets	10245153

#### Sources of Funds

Paid up capital	144683
Application Money	-
Reserves & Surplus	2887202
Secured Loan	6805091
Unsecured Loan	276004
Deferred Tax	132172

#### Applications of Funds

Net Fixed Assets	4279800
Investments	54953
Net Current Assets	5889781
Accumulated Losses	-
Misc. Expenditure	20619

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

Turnover	11671509
Total Expenditure	10766875
Profit/Loss before Tax	904634
Profit/Loss after Tax	760606
Earning per Share (in Rs)	52.57
Dividend Rate (%)	15%

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

Item Code No. (ITC Code)	294110-02
Product Description	Ampicillin Trihydrate
Item Code No. (ITC Code)	294110-03
Product Description	Amoxycillin Trihydrate
Item Code No. (ITC Code)	294110-04
Product Description	Cloxacillin Sodium

For and on behalf of the Board

**AUDITORS' REPORT**  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-	sd/-	sd/-	sd/-	sd/-
RAJIV GOYAL	ALKA GOYAL	HARI OM BHATIA	RAJANSH THUKRAL	SHAMSHER SINGH
(Managing Director)	(Executive Director)	(President Corporate Finance)	(President & Chief Co. Secretary)	(Partner)

Place : Chandigarh  
Dated : 14.08.2010



## SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE: PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205, DISTT. SOLAN (H.P.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	(Amount in Rs)	
	AT 31.03.2010	AT 31.03.2009
<b>Cash Flow From Operating Activities</b>		
<b>Net Profit before Tax &amp; Extra Ordinary Items</b>	<b>904,634,098</b>	<b>640,985,102</b>
Adjustments for :		
Depreciation	205,548,346	160,450,085
Misc. Expenditure W/Off	5,953,013	2,696,024
Interest On Borrowings	623,617,554	411,583,873
Interest / Dividend Received	-104,981,562	-47,578,570
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,634,771,449</b>	<b>1,168,136,514</b>
Adjustments for :		
(Increase)/Decrease in Current Assets	-2,942,417,434	-2,443,584,502
Increase / (Decrease) in Current Liabilities	1,495,362,659	983,020,609
Working Capital Borrowings	1,546,027,696	369,452,515
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,733,744,370</b>	<b>77,025,136</b>
Direct Taxes Paid	-80,612,542	-158,024,222
<b>CASH GENERATED BEFORE EXTRA-ORDINARY ITEMS</b>	<b>1,653,131,828</b>	<b>-80,999,086</b>
Extra-Ordinary Items	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,653,131,828</b>	<b>-80,999,086</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-1,512,312,057	-1,249,874,382
Sale of Fixed Assets	34,750,127	651,329
Purchase of Investments	-52,417,886	-7,822
Sale of Investments	-	-
Pre- Operative Expenses	-	-
Misc. Expenditure	-18,160,338	-4,909,283
Inter Corporate Deposits	-	-
Interest Received	1,679,306	2,703,475
Dividend Received	169,816	50,030
Insurance Claim Received	5,881,667	1,868,481
Freight Received from Parties	75,209,737	42,956,584
Misc Income	2,307,717	
Profit on Derivatives	19,733,319	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>-1,443,158,592</b>	<b>-1,206,561,588</b>



		(Amount in Rs)
PARTICULARS	AT 31.03.2010	AT 31.03.2009
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / Decrease In Reserves	-	-
Proceeds from Issue of Share Capital	-	-
Share Application Money Received	-	-
Proceeds from Long Term Borrowings	527,790,289	1,458,599,999
Interest Paid	-623,617,554	-411,583,873
Subsidy Received	-	-
Dividend Paid	-17,362,006	-14,374,389
<b>NET CASH PAID IN FINANCING ACTIVITIES (C)</b>	<b>-113,189,271</b>	<b>1,032,641,737</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS ( A + B + C )</b>	<b>96,783,965</b>	<b>-254,918,938</b>
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	82,292,310	337,211,248
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	179,076,275	82,292,310

**For and on behalf of the Board**

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

We have examined the attached Cash Flow Statement of Surya Pharmaceutical Limited for the period ended March 31, 2010. The statement has been prepared by the Company in accordance with the requirements of the Accounting Standard 3 and is based on and derived from the audited accounts of the Company for the period ended March 31, 2010.

**AUDITORS' REPORT**  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

Place : Chandigarh  
Dated : 14.08.2010

sd/-  
SHAMSHER SINGH  
(Partner)





# Auditors' Report

## On the consolidated financial statements

### To The Members of M/s Surya Pharmaceutical Limited

We have audited the attached Consolidated Balance Sheet of SURYA PHARMACEUTICAL LIMITED and its Subsidiaries as at 31st March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated 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.
- 2 We report that the Consolidated Financial Statements

have been prepared by Group's management in accordance with the requirements of Accounting Standard 21 –Consolidated Financial Statements.

- 3 In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
  - (i) In the case of the Consolidated Balance Sheet of the State of affairs of the company as at 31st March, 2010 and
  - (ii) In the case of the Consolidated Profit and Loss account, of Profit of the company for the year ended on that date.
  - (iii) In case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14.08.2010



**SURYA PHARMACEUTICAL LIMITED**  
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

			(Amount in Rs)
PARTICULARS	SCHEDULE		AS AT 31.03.2010
<b>SOURCES OF FUNDS</b>			
<u>Shareholders' Funds</u>			
Share Capital	I	157,183,440	
Share Application Money		38,035,000	
Reserve & Surplus	II	<u>2,861,654,711</u>	<b>3,056,873,151</b>
<u>Loan Funds</u>			
Secured Loans	III	6,913,673,107	
Unsecured Loans	IV	<u>276,003,562</u>	<b>7,189,676,669</b>
Deferred Tax Liabilities (Net)	V		124,999,654
Minority Interest			9,511,917
			<u><b>10,381,061,391</b></u>
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
Gross Block	VI	5,226,093,354	
Less : Depreciation		<u>852,518,297</u>	
Net Block			<b>4,373,575,057</b>
<u>Investments</u>	VII		2,139,464
<u>Current Assets, Loans &amp; Advances</u>			
Inventories	VIII	6,628,584,417	
Sundry Debtors	IX	1,552,270,656	
Cash & Bank Balances	X	193,435,402	
Loans & Advances	XI	<u>1,285,664,833</u>	
		9,659,955,308	
<u>Less: Current Liabilities &amp; Provisions</u>			
Liabilities & Provisions	XII	<u>3,676,725,553</u>	
Net Current Assets			<b>5,983,229,755</b>
<u>Miscellaneous Expenditure</u>			
(To the extent not written off or adjusted)	XIII		22,117,115
			<u><b>10,381,061,391</b></u>
NOTES ON ACCOUNTS	XXI		

For and on behalf of the Board

AUDITORS' REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14.08.2010



## SURYA PHARMACEUTICAL LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH, 2010

(Amount in Rs)		
PARTICULARS	SCHEDULE	As AT 31.03.2010
<b>INCOME</b>		
Sales & Job Charges		11,656,798,708
Other Income	XIV	105,701,932
Increase/ Decrease in value of finished Goods		-8,787,284
		<b>11,753,713,356</b>
<b>EXPENDITURE</b>		
Raw Material Consumed	XV	8,850,570,520
Cost of Goods Sold		68,343,812
Manufacturing Expenses	XVI	282,703,435
Excise Duty Consumed		233,963,258
Personnel Expenses	XVII	304,568,549
Administrative Expenses	XVIII	107,178,684
Financial Expenses	XIX	625,251,959
Selling Expenses	XX	160,936,912
Depreciation	VI	208,347,101
Loss Due to Fire		24,473,135
Preliminary & Deferred Revenue Expenses Written off		5,953,013
		<b>10,872,290,378</b>
<b>Profit (Loss) before Tax</b>		<b>881,422,978</b>
<b>Tax Provisions</b>		
Provision for Tax		153,697,333
Provision for Deferred Tax		-16,840,986
<b>Profit after tax</b>		<b>744,566,631</b>
Less:-Minority Interest		9,511,917
Proposed Dividend		21,702,507
Dividend Distribution Tax		2,950,673
Income tax relating to previous years		5,162,258
<b>Balance trf. To General Reserve</b>		<b>705,239,276</b>
Basic Earning Per Equity Share of Rs. 10 each		47.37
Diluted Earning Per Equity Share of Rs. 10 each		47.37

For and on behalf of the Board

**AUDITORS' REPORT**  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-	sd/-	sd/-	sd/-	sd/-
RAJIV GOYAL	ALKA GOYAL	HARI OM BHATIA	RAJANSH THUKRAL	SHAMSHER SINGH
(Managing Director)	(Executive Director)	(President Corporate Finance)	(President & Chief Co. Secretary)	(Partner)

Place : Chandigarh  
Dated : 14.08.2010



(Amount in Rs.)	
PARTICULARS	As At 31.03.10
<b>SHARE CAPITAL</b>	<b>SCHEDULE-I</b>
AUTHORISED CAPITAL	
SPL 5,00,00,000 Equity Shares of Rs. 10/- each	550,482,500
SHL 50,00,000 Equity Shares of Rs.10/- each	
SPI 10,000 Equity Shares of USD 1 each	
<b>ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b>	
SPL-14468338 Equity Shares of Rs.10/- each	157,183,440
Fully paid up,out of which 675000	
shares @ Rs 10 each issued as bonus shares and 70	
shares @ Rs 10 each issued for consideration other than cash	
SHL-1250006 Equity Shares of Rs. 10/- each Fully paid up	
Share Application Money	38,035,000
<b>TOTAL</b>	<b>195,218,440</b>
<b>GENERAL RESERVE</b>	<b>SCHEDULE-II</b>
Opening Balance	1,724,344,415
Transferred From Profit & Loss Account	705,239,276
	2,429,583,691
Share Premium	432,071,020
<b>TOTAL</b>	<b>2,861,654,711</b>
<b>SECURED LOANS</b>	<b>SCHEDULE-III</b>
Term Loan	2,954,434,875
Working Capital Limit	3,935,105,373
Vehicle Loan	7,346,086
Interest Accrued & Due	16,786,773
<b>TOTAL</b>	<b>6,913,673,107</b>
<b>UNSECURED LOANS</b>	<b>SCHEDULE-IV</b>
Short Term loan from banks	274,841,440
Others	1,162,122
<b>TOTAL</b>	<b>276,003,562</b>



(Amount in Rs.)

**PARTICULARS****As At 31.03.10****DEFERRED TAX LIABILITIES****SCHEDULE-V**

Deferred Tax Liabilities Arising on  
Account of Depreciation

-806,977

**(A)****-806,977**

Deferred Tax Assets Arising on  
Account of Provision For :

Retirement Benefits

21,049,721

Carried forward losses and Depreciation

29,970,061

**(B)****51,019,782**

Deferred Tax Liability arising on Account of  
Dividend Received - U/S 10(34)

169,816

**(C)****169,816**

Net Deferred Tax Liability (A-B + C)

-51,656,943

Tax Impact

-16,840,986

Amount B/F from previous year

141,840,640

**TOTAL****124,999,654****SCHEDULE OF FIXED ASSETS****SCHEDULE-VI**

Particulars	Gross Block					Depreciation				Net Block
	As on 01.04.2009	Additions	Sale/Transfer	Loss by Fire	Closing Balance	As on 01.04.2009	During the Year	Adjustment	Total	AS ON 31.03.10
LAND	162,170,053	8,558,865			170,728,918					170,728,918
BUILDING	304,238,746	43,424,695		3,535,000	344,128,441	28,527,058	10,521,325	158,007	38,890,376	305,238,064
LEASEHOLD IMPROVEMENTS	-	12,279,317			12,279,317	-	393,777	-	393,777	11,885,540
PLANT & MACHINERY	1,357,657,084	218,904,348		18,024,000	1,558,537,432	472,236,663	146,319,355	1,669,654	616,886,363	941,651,069
R & D ASSETS	760,434,184	89,747,079			850,181,263	87,419,646	36,322,033	-	123,741,679	726,439,584
MISC ASSETS	61,451,179	13,657,446			75,108,625	24,072,613	2,632,815	120,806	26,584,622	48,524,003
ELECTRICALS & FITTINGS	37,140,962	12,742,325		4,898,000	44,985,287	11,194,632	1,855,726	216,728	12,833,631	32,151,657
COMPUTERS	13,875,582	13,125,162			27,000,744	6,360,633	2,820,507	691,754	8,489,386	18,511,357
POLLUTION CONTROL EQUIPMENT	41,642,504	-			41,642,504	6,611,559	1,978,019	-	8,589,578	33,052,926
FURNITURE & FIXTURES	13,321,712	60,696,702			74,018,414	1,679,531	3,090,704	169,135	4,601,101	69,417,313
MOTOR VEHICLE	24,215,540	7,231,538	1,481,448		29,965,630	9,550,593	2,412,837	455,648	11,507,783	18,457,847
CAPITAL WORK IN PROGRESS	879,291,542	1,118,225,237			1,997,516,779					1,997,516,779
<b>TOTAL</b>	<b>3,655,439,088</b>	<b>1,598,592,714</b>	<b>1,481,448</b>	<b>26,457,000</b>	<b>5,226,093,354</b>	<b>647,652,929</b>	<b>208,347,101</b>	<b>3,481,732</b>	<b>852,518,297</b>	<b>4,373,575,057</b>

**INVESTMENTS****SCHEDULE-VII****QUOTED**

a) 600 (600) Equity Shares of

21,000

Canara Bank of Rs. 10/- Each

Market Value Rs. 410.20 @ Rs 246120

b) GCDB Grindlay Cash Fund

142,048

Market Value of 13416.813 Units @ 10.5873 Rs.142098



(Amount in Rs.)	
PARTICULARS	As At 31.03.10
c) 10688 Equity Shares of Allahabad Bank Of Rs. 10/- Each Market Value Rs.1526781 @ 142.85	876,416
d) Mutual Fund-Tax Saver PNB Market Value Rs.1288207@ 19.25 Units 66919.85	1,000,000
<b>UNQUOTED</b> Surya Eduquest Ltd	100,000
<b>TOTAL</b>	<b>2,139,464</b>
<b>DETAILS OF INVENTORIES</b>	<b>SCHEDULE-VIII</b>
Raw Material	1,925,282,222
Work-in-process	4,559,333,143
Finished Goods (Own Manufactured)	49,960,686
Finished Goods (Traded)	56,000,260
Stores & Spares	38,008,106
<b>Total</b>	<b>6,628,584,417</b>
<b>SUNDRY DEBTORS</b>	<b>SCHEDULE-IX</b>
(Unsecured, considered doubtful) Outstanding for a Period exceeding Six Months	2,585,423
(Unsecured, considered good) Outstanding for a Period exceeding Six Months	44,834,341
Others	1,504,850,892
<b>TOTAL</b>	<b>1,552,270,656</b>
<b>CASH &amp; BANK BALANCES</b>	<b>SCHEDULE-X</b>
Cash in Hand	3,078,288
Balance in current A/c -With Scheduled banks	159,150,205
Balance in Fixed Deposits	30,944,326
SPL Dividend A/c IDBI	262,584
<b>TOTAL</b>	<b>193,435,402</b>



(Amount in Rs.)	
PARTICULARS	As At 31.03.10
<b>LOANS &amp; ADVANCES</b>	<b>SCHEDULE-XI</b>
(Unsecured, considered good)	710,601,164
Advances recoverable in cash or in kind or For value to be received (Includes Advances to Directors, Firms/Companies In which Directors are interested Rs. NIL (Previous year Rs.NIL ) Max. Balance during the year Rs. NIL (Previous Year Rs.NIL)	
Advances to Group Companies	9,699,282
Security Deposits	8,405,456
Export Incentives	306,738,366
Excise Duty Balances	104,910,988
VAT Recoverable	144,664,577
Earnest Money	645,000
<b>TOTAL</b>	<b>1,285,664,833</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>SCHEDULE-XII</b>
Sundry Creditors	2,655,116,419
Other Liabilities on Capital A/c	616,137,152
Advances from Customers	104,041,540
Other Liabilities	279,727,934
Proposed Dividend	21,702,508
<b>TOTAL</b>	<b>3,676,725,553</b>
<b>DEFERRED REVENUE EXPENSES</b>	<b>SCHEDULE-XIII</b>
Opening Balance	8,748,325
Addition during the year	19,321,803
	28,070,128
Less Amount written off	5,953,013
<b>TOTAL</b>	<b>22,117,115</b>
<b>OTHER INCOME</b>	<b>SCHEDULE-XIV</b>
Interest on FDR'S	1,679,306
Dividend Received	169,816
Freight Received from parties	75,209,737
Claim Received	5,881,667
Misc Income	1,945,804
Profit on Sale of Fixed Assets	1,082,283
Profit on Derivative Trading	19,733,319
<b>TOTAL</b>	<b>105,701,932</b>



(Amount in Rs.)	
PARTICULARS	As At 31.03.10
<b>RAW MATERIAL CONSUMED</b>	<b>SCHEDULE-XV</b>
Opening Stock	
-Raw Material	1,268,170,085
-Work in process	2,382,148,611
Purchases	11,684,867,189
	<b>15,335,185,885</b>
Less : Closing Stock	
-Raw Material	1,925,282,222
-Work-in-process	4,559,333,143
<b>TOTAL</b>	<b>8,850,570,520</b>
<b>MANUFACTURING EXPENSES</b>	<b>SCHEDULE-XVI</b>
Consumables Stores	25,562,772
Hire Charges	1,689,733
Insurance	15,624,658
Job Charges Paid	39,780,416
Repair & Maintenance	44,012,142
Testing Charges	315,433
Electricity & Water Charges	47,057,636
Fuel ,Oil & Lubricants	108,311,175
Commission on Purchase	349,470
<b>TOTAL</b>	<b>282,703,435</b>
<b>PERSONNEL EXPENSES</b>	<b>SCHEDULE-XVII</b>
Salary Directors	62,652,026
Salary (Staff)	229,477,479
Staff Benefits	12,439,044
<b>TOTAL</b>	<b>304,568,549</b>



(Amount in Rs.)

PARTICULARS	As At 31.03.10
<b>ADMINISTRATIVE EXPENSES</b>	<b>SCHEDULE-XVIII</b>
Audit Fee	290,000
Books & Periodicals	374,489
Directors Sitting Fee	45,000
Donation	1,321,201
Legal & Professional Charges	10,943,532
Staff Welfare	1,087,342
Misc Expenses	11,236,777
Telephone & Telegram	4,661,193
Postage	1,742,830
Printing & Stationery	4,964,548
Rate,Fee & Taxes	8,757,844
Rent	35,108,859
Subscription	1,605,687
Travel & Conveyance	19,744,063
Vehicle Running & Maint.	2,258,682
Ward & Watching Exp.	2,869,774
Loss on sale of Fixed Assets	166,863
<b>TOTAL</b>	<b>107,178,684</b>
<b>FINANCIAL EXPENSES</b>	<b>SCHEDULE-XIX</b>
Interest Paid	
- Term Loan	94,848,470
- Short Term Loan	49,904,046
- Working Capital	410,293,118
- Others	1,198,526
Bank Charges	69,007,799
<b>TOTAL</b>	<b>625,251,959</b>
<b>SELLING EXPENSES</b>	<b>SCHEDULE-XX</b>
Advertisement	11,358,321
Business Promotion	6,090,401
Discount Allowed	2,140,403
Export Commission	26,688,020
Export Expenses	19,335,783
Freight Outward	42,915,193
Packing Expenses	42,452,896
Sales Commission	9,955,895
<b>TOTAL</b>	<b>160,936,912</b>





## SCHEDULE-XXI

### NOTES ON ACCOUNTS FORMING PART OF CONSOLIDATED BALANCE SHEET & PROFIT & LOSS ACCOUNT AS AT 31.03.2010

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. PRINCIPLE OF CONSOLIDATION

The consolidated financial statements include the financial statements of Surya Pharmaceutical Ltd. (Parent Company) and its subsidiaries - Surya Healthcare Ltd, and Surya Pharmaceutical Inc. USA

The Consolidated financial statements have been combined on a line by line basis by adding the book values of the like items of assets, liabilities, income and expenses of the subsidiary companies after eliminating intra group balance/ transaction and unrealized profits in full. The amounts shown in respect of reserve comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the relevant reserves of consolidated entities.

The Consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company

##### 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

- i The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted

Accounting Principles (GAAP), accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of a going concern.

- ii All the Income & expenditure are recognized on accrual basis.
- iii Figures have been taken to nearest rupee.

##### 3. FIXED ASSETS

- i. Fixed Assets have been stated at original cost less depreciation.
- ii. Depreciation in parent company has been provided during the year on straight line method at revised rates, vide Notification GSR No. 756 E Dated: 16.12.93, as non continuous process on triple shift basis as per schedule XIV to the Companies Act, 1956.
- iii. Depreciation on fixed assets of SHL has been provided pro-rata to the period of use, on the straight-line method, using rates based on the management's assessment of economic useful lives of the assets. The useful lives of the assets are reviewed by the management periodically and in case the useful lives is revised, the



unamortized depreciable amount is charged over the revised remaining useful lives. The useful lives of all assets currently has been estimated at 9 (nine) years.

- iv. Retail shops launched prior to 1st October, 2009 were operated on testing basis and after getting testing successful, shops have been considered to be commercially operated w.e.f. 1st October, 2009. In view of this, all expenditure incurred upto 30.09.2009 have been capitalized.

#### 4. VALUATION OF INVENTORIES

Raw materials have been valued at cost or market price, whichever is less, Work in progress and other misc. Stocks have been valued on estimated basis. In respect of Finished Goods and Work in Progress, applicable manufacturing overheads and other cost incurred in bringing the items of inventory to their present location and condition are also included. Finished Goods have been valued at cost inclusive of the provision of excise duty thereon, in accordance with the guidance note on accounting treatment for excise duty issued by the Institute of Chartered Accountants of India & other professional pronouncements. However, the same has no effect on the profits for the year.

#### 5. FOREIGN EXCHANGE TRANSACTIONS

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The resultant gain/loss, if any, is recognized in the Profit and Loss Account, except exchange differences on liabilities incurred for acquisition of fixed assets, which are adjusted to the carrying amounts of respective amounts of the respective assets. Non-monetary assets and liabilities related to foreign currency transactions are reported at the rate on the date of the transaction.

#### 6. REVENUE RECOGNITION

- i. Sales are stated net of returns, inclusive of excise duty, job work charges received, export incentives and Mercantile sales.
- ii. Dividend income has been accounted for on receipt basis.
- iii. Export benefits are accounted for on accrual

basis.

#### 7. EMPLOYEES BENEFITS

- i. The Contribution to the Provident Fund, under the defined contribution plans are charged to revenue.
- ii. The accrued liability towards gratuity has been provided on the basis of actuarial valuation.
- iii. The leave encashment has been provided on the basis of actual calculation as at the balance sheet date.
- iv. a) Apportionment of Indirect Expenses:- Indirect expenses incurred by the company have been apportioned amongst all the units, on the following basis:-  
b) Fixed Administrative Expenses - on the basis of sales value, Export expenses - on the basis of exports in value Other Expenses - on the basis of sales value  
c) Lease payments under operating lease are recognised as expenses as per the tenure of the lease agreements.

#### 8. MISCELLANEOUS EXPENDITURE

Deferred Revenue expenses are written off over a period of 5 years.

#### B. BALANCE SHEET

##### 1. SECURED LOANS

###### TERM LOANS

All Term Loans are secured by First pari passu Charge on all the fixed assets of the company and second pari-passu charge on the current assets of the Company.

###### WORKING CAPITAL LIMITS

All Working Capital Limits both fund based & non fund based are secured by way of first pari passu charge on all the current assets of the Company and second pari passu charge on all the fixed assets of the Company.

##### 2. UNSECURED LOANS

All Short Term Loans are secured by way of subservient charge on the fixed assets of the Company and personal guarantee of the Managing Director and Executive Director of the Company.



### 3. INVESTMENTS

Investments considered long term are stated at cost. All investments are non trade.

### 4. CURRENT ASSETS, LOANS & ADVANCES

- i. The company has sent letters of balance confirmation to all the parties but only a few have responded so far. So the balance in the party accounts whether in debit or in credit are subject to reconciliation.
- ii. Sundry debtors, Loans & Advances, Sundry creditor and Advances from customers are subject to confirmation, reconciliation and adjustments. Thus the impact of the same on the accounts of the company could not be ascertained.
- iii. In the opinion of the directors of the Company,

the current assets, loans and advances are approximately of the value as stated, if realized in the ordinary course of business.

- iv. In the opinion of the directors of the Company, the Advance licenses/DEPB licenses are approximately of the value as stated, if realized/utilized in the ordinary course of business.
- v. Fixed Deposits of Rs. 309.44 lacs as on 31.03.2010 are pledged as margin money against the bank guarantees, inland letter of credit and foreign letter of credit.
- vi. The inventory of stocks, stores & spares has been taken, valued and certified by the management.
- vii. Sundry Debtors are stated after making adequate provisions for doubtful debts.

### 5. CURRENT LIABILITIES

- i. As regards compliance of provisions relating to dues to the Small Scale Industries in terms of the Companies (Amendment) Act, 1999, the Company has sent letters to the creditors to intimate whether they are Small Scale Industrial Units. The Company is yet to receive the required information from them. Hence, it is not possible to quantify the dues, if any, towards the Small Scale Units.

#### ii CONTINGENT LIABILITIES

(Rs. in lacs)

Sr. No.	Particulars	31.03.2010	31.03.2009
i.	Foreign/ Inland Letter of Credit	3576.89	3238.69
ii.	Bank Guarantees	90.92	68.25
iii.	Bills Discounted (FOBN)	3413.27	2054.96
iv.	Claims against the Company not acknowledged as debt as on 31.03.2010 in respect of:		
a.	Income Tax matters, pending decisions on various appeals made by the company and by the department		
	i. Cases for A.Y. 2000-01, 2001-02, 2003-04, 2004-05 & 2005-06 are remanded back by ITAT to Assessing Officer for reframing the case.	No Demand Pending	No Demand Pending
	ii. Cases for A.Y. 2006-07 is pending with Tribunal.	Demand Notice 89.72 Lacs	No Demand Pending
	iii. Case for A.Y. 2007-08 is under processing with CIT(A).	Demand Notice 649.47 Lacs (Rs 125 Lacs deposited under protest, till 31-03-10.)	No Demand Pending
b.	Excise matters, under dispute	1591.48	143.46
c.	Sales Tax matters, under dispute	155.82	155.82
d.	Service Tax, under dispute	24.87	37.97
e.	Customs Act	313.27	71.52



### C. PROFIT & LOSS ACCOUNT

- i) Payment has been made to Auditors for the year ended 31st March 2009, and provision has been made for the year ended 31st March 2010.

(Amount in Rs.)

S.No.	Particulars	31.03.2010	31.03.2009
i)	Statutory audit	290000	215000
ii)	Tax Audit	100000	100000
iii)	Others	300000	200000
iv)	Service Tax	45200	30900

- ii) Director's Remuneration

Details of Remuneration to Managing Director & Whole Time Directors: -

- (a) Remuneration to Directors Rs. 264.66 lacs (Rs. 200 Lacs) and Commission to directors Rs.361.85 lacs (Rs. 256.39 lacs).  
(b) Calculations of profit in accordance with Section 198 of the companies Act, 1956.

(Rs. In lacs)

Particulars	Amount
Profit before Tax as per Profit & Loss A/c	9046.34
Add: Director Remuneration	264.66
Add: Commission to Directors	361.85
Net Profit for the purpose of calculating Directors commission as per the provisions of the Companies Act 1956	9672.85
Director Remuneration payable as per Companies Act 1956	967.28
Remuneration Paid to Directors	264.66
Commission paid to Directors	361.85

- iii. Sales Tax Assessments for previous years are in progress. No provision has been made on account of sales tax liability and the same, if any, will be provided at the time of assessment.
- iv. Provision for Income tax has been made as per Income-tax Act, 1961.
- v. During the year, company is writing off Deferred Revenue Expenditure for marketing of products, exhibitions etc. over a period of five years.

### D. EARNING PER SHARE

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

### E. SEGMENT REPORTING

There is not more than one reportable segment; hence information as per AS 17 is not required to be disclosed.

### F. RELATED PARTY DISCLOSURES

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :-

#### a) Relationship

- i) Key Management Personnel (Director/Whole-time directors)

Sh. Rajiv Goyal

Smt. Alka Goyal

Entities over which key management personnel/their relatives are able to exercise significant influence

M/s. Ess Ess Exim Pvt. Ltd.



M/s. Surya Envirotech Ltd.

M/s. Kala Infra Pvt. Ltd.

b) The following transactions were carried out with related parties in the ordinary course of business.

i) Subsidiary Companies, Joint Ventures and associates

Rent paid to M/S Surya Envirotech Ltd. Rs. 18.00 lacs.

Rent paid to M/S Ess Ess Exim Pvt Ltd Rs 12.00 Lacs

Rent paid to M/S Kala Infra Pvt. Ltd. 192.00 Lacs

ii) Key Management Personnel and their relatives

(Rs. in lacs)

Sr. No.	Particulars	Amount
i.	Remuneration	626.51
ii.	Purchase	-
iii.	Sales	-
iv.	Other Services (Rent)	30.84
v.	Balance at the end of the year-Deposits Received	-

Other service includes rent paid to Mr. Rajiv Goyal and Mrs. Alka Goyal.

#### G. IMPAIRMENT OF ASSETS

(1) The indicators listed in paragraph 8 to 10 of Accounting Standard (AS) – 28 “Impairment of Assets” issued by Institute of Chartered Accountants of India have been examined and on such examination, it has been found that none of the indicators are present in the case of the Company. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.

(2) During the year there was an incidence of fire at Company's Banur Plant. There was a loss of Rs. 264.57 lacs to the fixed assets (Cost) and Rs. 922.88 lacs to the Stocks. The same have been accounted for in the books. The Company is having adequate insurance cover and the claim whenever received shall be accounted for on receipt basis as per the Company's accounting policy.

#### H. CONSOLIDATED STATEMENT

In compliance with Accounting Standard 21- “Consolidated Financial Statement” issued by the Institute of Chartered Accountants of India, Surya Pharmaceutical Ltd has prepared the accompanying consolidated financial statements, which include the financial statements of Surya Pharmaceutical Ltd and its subsidiaries .

Detail of Subsidiaries are as under

Name of Subsidiary	Country of Incorporation	Percentage of ownership
Surya Healthcare Ltd	India	59.02%
Surya Pharmaceutical Inc	U.S.A.	100%

I. In compliance with Accounting Standard (AS-22) relating to “Accounting on Taxes on Income” issued by the Institute of Chartered Accountants of India, Deferred Tax Assets accruing during the period aggregating to Rs. 168.41 Lacs has been recognized in the Profit & Loss Account.

For and on behalf of the Board

AUDITORS' REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14.08.2010



## SURYA PHARMACEUTICAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2010

PARTICULARS	(Amount in Rs) AT 31.03.2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net profit before Tax & Extra Ordinary Items	<b>881,422,978</b>
Adjustments for :	
Depreciation	208,347,101
Misc. Expenditure W/Off	13,384,910
Interest On Borrowings	625,251,959
Interest / Dividend Received	-105,701,932
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,622,705,016</b>
Adjustments for :	
(Increase)/Decrease in Current Assets	-3,052,958,836
Increase / (Decrease) in current Liabilities	1,551,277,931
Working Capital Borrowing	1,587,303,771
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,708,327,882</b>
Direct Taxes Paid	-80,612,542
<b>CASH GENERATED BEFORE EXTRA-ORDINARY ITEMS</b>	<b>1,627,715,340</b>
Extra-Ordinary Items	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,627,715,340</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	-1,593,683,296
Sale of Fixed Assets	24,456,716
Purchase of Investments	-104,456
Sale of Investments	-
Pre- Operative Expenses	-
Misc. Expenditure	-19,321,804
Inter Corporate Deposits	-
Interest Received	1,679,306
Dividend Received	169,816
Insurance Claim Received	5,881,667
Freight Received from Parties	75,209,737
Misc Income	3,028,087
Profit on Derivatives	19,733,319
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>-1,482,950,908</b>



		(Amount in Rs)
PARTICULARS		AT 31.03.2010
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / Decrease In Reserves		-
Proceeds from Issue of Share Capital		12,500,000
Share Application Money Received		-2,881,475
Proceeds from Long Term Borrowings		595,095,895
Interest Paid		-625,251,959
Subsidy Received		-
Dividend Paid		-17,362,006
<b>NET CASH PAID IN FINANCING ACTIVITIES (C)</b>		<b>-37,899,545</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A + B + C)</b>		<b>106,864,887</b>
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		86,570,515
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD		193,435,402

**For and on behalf of the Board**

sd/-  
RAJIV GOYAL  
(Managing Director)

sd/-  
ALKA GOYAL  
(Executive Director)

sd/-  
HARI OM BHATIA  
(President Corporate Finance)

sd/-  
RAJANSH THUKRAL  
(President & Chief Co. Secretary)

We have examined the attached Consolidated Cash Flow Statement of Surya Pharmaceutical Limited for the period ended March 31, 2010. The statement has been prepared by the Group's Company in accordance with the requirements of the Accounting Standard 3 and is based on and derived from the audited accounts of the Company for the period ended March 31, 2010.

**AUDITORS' REPORT**  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

Place : Chandigarh  
Dated : 14.08.2010

sd/-  
SHAMSHER SINGH  
(Partner)





## SURYA HEALTHCARE LTD.

REGD. OFFICE: SCO 25, Sector 7-C, Madhya Marg, Chandigarh

# Directors' Report

Dear Shareholders,

The Board of Directors of your Company have pleasure in presenting the 5<sup>th</sup> Annual Report of the Company along with the Annual Accounts and the Auditors' Report thereon for the year ended 31<sup>st</sup> March, 2010.

## CORPORATE RESULTS

	(in Rs.)
	2009-10
Net Income for the year	82481085
Depreciation	2798755
Profit/Loss before Tax	-23211120
Provision for Taxation	
Current	0
Deferred Tax	7172090
Net Profit/ Loss after Tax	-16039030

## BUSINESS OUTLOOK AND GROWTH PLANS

Your Company, a subsidiary of Surya Pharmaceutical Ltd. has entered the organised Retail in Healthcare domain through a chain of Pharmacy Stores and Distribution Centres. The Company has started its operations by setting up its Retail Stores in Delhi, Chandigarh, Mohali and Panchkula. The stores set up under the brand name VIVA sell a mix of Branded and Generic products alongwith a wide range of FMCG and FMHG range of products. In the 1st year of its operations, the VIVA stores have been able to create a strong goodwill amongst the

customers by presenting to them a unique assortment of health goods and services alongwith a promise of genuine medicines. The Company-owned-Company-operated stores are contemporary in design with licensed Pharmacists and informed Customer Care Executives to address Customer queries and also assist them in the buying process.

As on date, your company has 52 operative VIVA stores and is soon launching stores in various cities of Punjab & Haryana and also in the cities of Mumbai and Hyderabad. The Company targets to be one of the largest modern Pharma Retail Chain in India by rolling out more than 1000 stores in next 2-3 years and create its presence all over India. It also plans to launch 2 new distinct Formats in Wellness and Beauty Segments.

## CAPITAL STRUCTURE

The Company has increased its Paid-up Share Capital to Rs. 3,05,00,060/- by allotment of 30,00,000 equity shares during the year.



## DIRECTORS

Mr. Rajansh Thukral, Director who retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board recommends his reappointment.

## AUDITORS AND THEIR REPORT

M/s. AAD & Associates, Chartered Accountants, the Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received their consent letter under Section 224 (1-B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limit and that they are not otherwise disqualified within the meaning of Section 226 (3) of the Companies Act, 1956 for such appointment.

The Notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

## FIXED DEPOSITS

We have not accepted any fixed deposits during the year under review.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2010 and of the profit of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

## PARTICULARS OF EMPLOYEES

There were no employees whose Particulars are required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information under energy conservation, technology absorption and foreign exchange earnings and outgo is NIL.

## ACKNOWLEDGMENTS

Your Directors place on record their appreciation for the significant contribution made by all the employees, who through their competence, hard work, solidarity and cooperation, have enabled the Company to establish its Brand and Business model in the short span.

The Directors are thankful for the cooperation and contribution provided by the Company's banker - State Bank of India and Government and Non - Government Agencies.

By order of the Board  
For Surya Healthcare Limited

Place : Chandigarh  
Date : 14.08.2010

sd/-  
RAJIV GOYAL  
(Chairman & Director)





## **SURYA HEALTHCARE LTD.**

REGD. OFFICE: SCO 25, Sector 7-C, Madhya Marg, Chandigarh

# Corporate Governance Report

### **A VOLUNTARY REPORT ON CORPORATE GOVERNANCE IS SET OUT BELOW:**

#### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

At Surya Healthcare we firmly believe in the importance of pursuing the highest standards in best practices towards good corporate governance. Our policies and procedures exemplify our core values in utmost transparency, professionalism and accountability across all functions of our organization. The company has, and will, continually endeavour to improve corporate practices, methodologies, and procedures to ensure that long term value is realized for all stakeholders of our organization. We aim to consistently offer our shareholders, customers,

employees, vendors and the larger community mutually beneficial value through transparency in our associations, quality in our products and services, and integrity in our relationships.

Our Corporate Governance philosophy is driven by the following principles:

- To fulfill and comply by the spirit of law and further pursue initiatives that determine paramount value to all associated with our organization.
- To ensure transparency and openness about all facets of our operations, at all times.
- To be driven by integrity and core values and co-operate at all times in providing a clear and true image of our organization.
- To understand and comply with the written and unwritten laws of all companies in which we operate.



- To ensure that our corporate structure fosters clear communication channels and lines of command at all times.
- To continually enhance shareholder value at all times.
- To endeavour to do the best we can to ensure and improve the preservation of communities and the environment.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company comprises of 3 Directors. Mr. Rajansh Thukral, Director who retires by rotation in the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

## 3. DISCLOSURES

The Company has generally complied with all applicable laws, rules & regulations.

## 4. GENERAL SHAREHOLDER INFORMATION

<b>i) Annual General Meeting:</b> Date & Time: Venue	30th September, 2010 at 3.00 P.M. Regd. Office of the Company at # SCO 25, Sector 7-C, Madhya Marg, Chandigarh.
<b>ii) Financial Calendar (2010-11) (Tentative):</b> AGM Board Meeting for Ist quarter Board Meeting for IIInd quarter Board Meeting for IIIrd quarter Board Meeting for IVth quarter	30.09.2010 22.07.2010 Last week of October, 2010 Last week of January, 2011 Last week of April, 2011
<b>iii) Company Secretary</b>	Ms. Sugandha Kukreja Surya Healthcare Limited # SCO 25, Sector 7-C, Madhya Marg, Chandigarh.

## 5. AUDIT COMMITTEE

The following are the member of Audit Committee :-

1. Mr. Rajiv Goyal, Chairman
2. Mrs. Alka Goyal, Member
3. Mr. Rajansh Thukral, Member

Note : The disclosures on Corporate Governance are voluntary and not mandatory, this being a closely held unlisted Company.





# Auditors' Report

## To the Members of M/s Surya Healthcare Limited

We have audited the attached Balance Sheet of SURYA HEALTHCARE LIMITED, as at 31st March, 2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan & 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) order 2004, 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.
3. Further to our comments in the annexure referred to in the paragraph (1) above, we report that :
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by

the law have been maintained by the company so far as appears from our examination of such 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) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, subject to Notes on Accounts forming part of Balance sheet.
- e) As per information and explanation given to us, none of the directors of the company is disqualified from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2010
  - ii) In the case of Profit and Loss account, of the Loss for the year ended on that date.
  - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

PLACE : CHANDIGARH  
DATED : 14.08.2010



## Annexure 'A' referred to in paragraph 2 of the auditor's report to the members of M/s. Surya Healthcare Limited on the accounts for the year ended 31st March, 2010

1.
  - a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.
  - b) All the fixed assets have not been physically verified by the management during the year but there is regular program of verification of fixed assets, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) No part of fixed assets has been disposed off during the year, which has bearing on the going concern assumption.
2.
  - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to information and explanation given to us, the procedures of physical verification of the company are reasonable and adequate having regard to the size of the company and nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on such verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
3. The company has granted advances for services to be rendered to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3,23,50,830/- and the year end balance of such advance granted was Rs.3,23,50,830/-. Sub-clause (b), (c) and (d) are not applicable.
4. In our opinion and according to the information and explanation give to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5.
  - a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to entered into the register maintained under 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 the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lac in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public and hence the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. As the company is engaged in trading activities, the requirements of maintenance of cost records u/s. 209(1)(d) of the Companies Act, 1956 is not applicable on the company.



9. a) The company is generally regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax/VAT, wealth tax, custom duty, service tax, excise duty, cess and other material statutory dues with appropriate authorities, wherever applicable to it and there are no undisputed statutory dues payable for a period exceeding six months from the date they became payable as at 31st March, 2010.  
b) As per records of the company and in accordance with the information and explanation given to us, there are no dues of income tax, wealth tax, excise duty, custom duty, service tax and cess which have not been deposited on account of any dispute.
10. The company has incurred losses at the end of the current financial year. As the operational period has not been more than 5 years, the clause is not applicable.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the bankers.
12. The company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, the company has not given any corporate guarantee on behalf of any corporate body.
16. According to the information and explanation given to us and the records examined by us on an overall basis, the term loan was applied by the company for the purpose for which it was obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investments.
18. During the year, the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year, the company has not issued any debentures.
20. During the year, the company has not raised any money by way of public issue.
21. In our opinion, on the basis of audit conducted by us and in accordance with the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For AAD & Associates**  
**Chartered Accountants**  
sd/-

**SHAMSHER SINGH**  
**(Partner)**

**PLACE : CHANDIGARH**  
**DATED : 14.08.2010**



## SURYA HEALTHCARE LTD.

REGD. OFFICE: SCO 25, Sector 7-C, Madhya Marg, Chandigarh  
BALANCE SHEET AS AT 31ST MARCH , 2010

(Amount in Rs.)

PARTICULARS	Schedule	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS</b>			
<u>Shareholders' Funds</u>			
(a) Share Capital	1	30,500,060	500,060
(b) Share application money received		72,365,930	40,916,475
(c) Reserves & Surplus	2	3,181	3,181
<u>Loan Funds</u>			
(a) Secured Loans	3	108,581,681	-
(b) Unsecured Loans	4	-	87,795,196
<b>TOTAL</b>		<b>211,450,852</b>	<b>129,214,912</b>
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
a) Gross Block	5	84,749,121	-
b) Less : Depreciation		(2,798,755)	-
c) Net Block		81,950,366	-
d) Capital Work-in-progress		11,756,110	4,909,418
		<b>93,706,476</b>	<b>4,909,418</b>
<u>Investments</u>			
		-	-
<u>Current Assets, Loans and Advances</u>			
a) Inventories	6	56,000,260	847,480
b) Sundry Debtors	7	21,468,633	-
c) Cash and Bank balance	8	13,371,201	4,278,205
d) Loans and Advances	9	60,877,292	113,016,770
Total Current Assets		<b>151,717,386</b>	<b>118,142,455</b>
Less : Current Liabilities and Provisions	10	57,520,460	1,605,188
<u>Net Current Assets</u>		<b>94,196,926</b>	<b>116,537,267</b>
<u>Profit and Loss Account</u>		<b>16,039,030</b>	-
<u>Deferred Tax Assets</u>		<b>7,172,090</b>	-
<u>Miscellaneous Expenditure</u>	11	<b>336,330</b>	<b>7,768,227</b>
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>211,450,852</b>	<b>129,214,912</b>
Significant Accounting Policies & Notes on Accounts	18	-	-

Schedules annexed hereto form an integral part of Balance Sheet

For and on behalf of Board of Directors

Signed in terms of our report of even date attached  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(Director)

sd/-  
HARI OM BHATIA  
(Business Head-Retail)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



## SURYA HEALTHCARE LTD.

REGD. OFFICE: SCO 25, Sector 7-C, Madhya Marg, Chandigarh  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH , 2010

(Amount in Rs.)			
PARTICULARS	Schedule	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>			
Sales (Net of returns)		87,006,383	-
Less: Value added Tax / Sales Tax		(5,522,069)	-
		<b>81,484,315</b>	-
Other Income	12	996,770	-
<b>TOTAL</b>		<b>82,481,085</b>	-
<b>EXPENDITURE</b>			
Cost of goods sold	13	68,343,812	-
Employee Costs	14	16,236,279	-
General & Administrative Expenses	15	13,346,963	-
Selling and Distribution Expenses	16	3,331,991	-
Interest & Financial Charges	17	1,634,405	-
Depreciation		2,798,755	-
<b>TOTAL</b>		<b>105,692,205</b>	-
Net Profit ( Loss) before taxation		(23,211,120)	-
Provision for taxation			-
Current Tax		-	-
- Deferred Tax Assetes		7,172,090	-
Net Profit ( Loss) after taxation		(16,039,030)	-
Balance Carried to Balance Sheet		(16,039,030)	-
Earning Per Share (Rs.):			-
Basic/Diluted		(53.46)	-
Significant Accounting Policies & Notes on Accounts	18		

Schedules annexed hereto form an integral part of Profit and Loss Account

For and on behalf of Board of Directors

Signed in terms of our report of even date attached  
For AAD & Associates  
Chartered Accountants  
sd/-

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(Director)

sd/-  
HARI OM BHATIA  
(Business Head-Retail)

sd  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



PARTICULARS	(Amount in Rs.)	
	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorised :		
50,00,000 ( Previous Year 50,00,000) equity shares of Rs. 10/- each	50,000,000	50,000,000
Issued , Subscribed and fully paid-up :		
30,50,006 ( Previous Year 50,006) equity share of Rs. 10/- each fully paid up	30,500,060	500,060
	<u>30,500,060</u>	<u>500,060</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve	3,181	3,181
	<u>3,181</u>	<u>3,181</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Working Capital Loan :		
From State Bank of India	41,276,075	-
Term Loan:		
From State Bank of India - Term Loan	67,305,606	-
	<u>108,581,681</u>	<u>-</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Inter corporate loans	-	87,795,196
	<u>-</u>	<u>87,795,196</u>



(Amount in Rs.)

\* including capital advances.



PARTICULARS	(Amount in Rs.)	
	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
Trading Goods	56,000,260	847,480
( As taken, valued and certified by the management)		
	<u>56,000,260</u>	<u>847,480</u>
<b>SCHEDULE - 7</b>		
<b>SUNDRY DEBTORS</b>		
( Unsecured )		
Outstanding for more than 6 months		
Considered Good	-	-
Considered Doubtful	-	-
Others	-	-
Considered Good	21,468,633	-
Considered Doubtful	-	-
	<u>21,468,633</u>	<u>-</u>
<b>SCHEDULE - 8</b>		
<b>CASH AND BANK BALANCES</b>		
Balance with Scheduled Banks -		
in Current Account	12,423,514	3,756,853
in Fixed Deposits	200,000	-
Cash in hand (As certified by the management)	747,687	521,352
	<u>13,371,201</u>	<u>4,278,205</u>
<b>SCHEDULE - 9</b>		
<b>LOANS AND ADVANCES</b>		
(Recoverable in cash or kind or for value to be received, considered good unless otherwise stated)		
Security Deposits	16,305,730	1,582,080
Prepaid Expenses	311,454	10,707
Advances to Suppliers	3,393,574	784
Loans and Advances to employees	205,576	5,573
Accrued Interest	5,078	-
Advance Tax	20,172	19,272
Other Advances	40,635,709	111,398,354
	<u>60,877,292</u>	<u>113,016,770</u>
<b>SCHEDULE - 10</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
A. CURRENT LIABILITIES:		
Sundry Creditors	36,969,964	32,528
Duties & Taxes payable	962,868	258,855
Other liabilities	18,596,012	1,302,205
B. PROVISIONS:		
Provision for Income tax	11,600	11,600
Provision for Leave Encashment and Gratuity	980,017	-
	<u>57,520,460</u>	<u>1,605,188</u>
<b>SCHEDULE - 11</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary expenses	336,330	336,330
Preoperative expenses	-	7,431,897
	<u>336,330</u>	<u>7,768,227</u>



PARTICULARS	(Amount in Rs.)	
	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 12</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	996,770	-
	<u>996,770</u>	<u>-</u>
<b>SCHEDULE - 13</b>		
<b>COST OF GOODS SOLD</b>		
Opening Stock	847,480	-
Add: Purchases	123,496,591	-
Less: Closing Stock	56,000,260	-
	<u>68,343,812</u>	<u>-</u>
<b>SCHEDULE - 14</b>		
<b>EMPLOYEES COST</b>		
Salaries	14,233,525	-
Contribution to PF and other funds	710,988	-
Staff Welfare	247,912	-
Training & Recruitment Expenses	52,803	-
Gratuity and Leave encashment	991,051	-
	<u>16,236,279</u>	<u>-</u>
<b>SCHEDULE - 15</b>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Rent	6,569,080	-
Communication Expenses	810,157	-
Travelling & Conveyance	974,064	-
Repairs & Maintenance	348,656	-
Legal & Professional Fee	302,935	-
Printing & Stationery	468,453	-
Office Expenses	2,169,612	-
Power and Fuel	611,662	-
Insurance	49,208	-
Rates & Taxes	22,269	-
Consumables	855,424	-
Auditor's Remuneration and Expenses	90,000	-
Miscellaneous Expenses	75,443	-
	<u>13,346,963</u>	<u>-</u>
<b>SCHEDULE - 16</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement & Promotion	1,441,314	-
Freight & Forwarding Expenses	235,457	-
Discounts & Rebates	1,655,220	-
	<u>3,331,991</u>	<u>-</u>
<b>SCHEDULE - 17</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Interest	1,187,443	-
Bank Charges	446,962	-
	<u>1,634,405</u>	<u>-</u>





## **SCHEDULE-XVIII**

### **NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT AS AT 31.03.2010 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

##### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

- i) The Financial Statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP) , accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of going concern.
- ii) All the Income and Expenditure are recognized on accrual basis.
- iii) Figures have been taken to nearest rupees.
- iv) Previous year figures have been re-grouped and re-arranged wherever considered necessary.

##### **2. REVENUE RECOGNITION :**

- i) The company recognizes sales and revenues on delivery of merchandise to the customers when the property in the goods is transferred for a price, when significant risks and rewards have been transferred and no effective ownership control is retained.
- ii) Sales are net of sales returns. Sales tax and Value added tax are reduced from turnover.

##### **3. FIXED ASSETS AND DEPRECIATION :**

Fixed Assets are stated at their original cost of acquisition less accumulated depreciation. Cost comprises of all costs incurred to bring the asset to their location and working condition and includes all expenses incurred upto the date of launching of new store, to the extent they are attributable to the new store.

Depreciation on fixed assets is provided pro-rata to the period of use, on the straight-line method, using rates based on the management's assessment of economic useful lives of the assets. The useful lives of the assets are reviewed by the management periodically and in case the useful lives is revised, the unamortized depreciable amount is charged over the revised remaining useful lives. The useful lives of all assets currently has been estimated at 9 (nine) years.

Each retail shop/office/DC/activity is treated as a project. All expenses incurred in relation to a Project prior to the completion of project and commencement of trading at the shop are treated as Pre-operative expenses and are capitalized along with Shop/office/DC Interiors/ Fixture/ Leasehold Improvements.

Retail shops launched prior to 1st October, 2009 were operated on test marketing basis and after getting successful results, shops have been considered to be



commercially operative w.e.f. 1st October, 2009 & all expenses till 30th Sept, 2009 have been capitalized.

#### **IMPAIRMENT OF ASSETS:**

An asset is considered as impaired in accordance with Accounting Standard-28 on impairment of assets when at balance sheet date there are indications of impairment and the carrying amount of the asset exceeds its recoverable amount. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account. None of the indicators are present in the case of the company.

#### **4. INVENTORIES**

Inventories are valued at lower of cost and net realizable value. Cost includes all applicable expenses incurred in bringing the goods till their first location in the company and is determined on weighted average basis.

#### **5. RETIREMENT BENEFITS:**

- i) Defined Contribution Plans- Contribution paid /payable to defined contribution plans comprising of provident fund and ESI are charged to revenue/expense.
- ii) Defined Benefit Plans- The estimated liabilities of Gratuity is provided for based on actuarial valuation carried out at the year end using Project Unit Credit Method
- iii) The leave encashment including accrued liability has been provided for Rs.6,16,313/- for the year.
- iv) The accrued liability toward Gratuity has been provided for Rs.3,74,738/- on the basis of actuarial valuation at year end.

#### **6. LEASED FIXED ASSETS:**

Lease payments under operating lease are recognised as expense as per the tenure of the lease agreements.

#### **7. FOREIGN CURRENCY TRANSACTIONS :**

The Company has not conducted any foreign transactions during the year.

#### **8. TAXES ON INCOME :**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

#### **9. INVESTMENTS:**

Investments are stated at cost of acquisition. During the year, the company has no investment.

#### **B. BALANCE SHEET:**

##### **1. SECURED LOANS:**

##### **TERM LOAN:**

Term loan of Rs. 673.06 lac from State Bank of India is secured against first charge on entire fixed assets (both present and future) of the company. The same is further secured by personal guarantee of two directors and corporate guarantee by Surya Pharmaceutical Ltd. and collateral security of a residential house of a director and collateral security and corporate guarantee to the extent of value of the collateral security by Surya Hi-tech Infrastructure Ltd.

##### **WORKING CAPITAL LOAN/LIMIT:**

Working Capital Loan of Rs. 412.76 lac from State Bank of India is secured against hypothecation of entire current assets (both present and future) of the company. The same is further secured by personal guarantee of two directors and corporate guarantee by Surya Pharmaceutical Ltd. and collateral security of a residential house of a director and collateral security and corporate guarantee to the extent of value of the collateral security by Surya Hi-tech Infrastructure Ltd.

##### **2. CURRENT/DEFERRED TAX ASSET/LIABILITY:**

In view of the losses, no provision for taxation has been made. Deferred tax asset(liability) has been created by the Company during the year as per AS-22 i.e.,

(in Rs.)

Transaction	As on 31.03.2010	As on 31.03.2009
Accounting for taxes on income as per details below :	(2,391,484)	-
Difference between WDV of Assets as per Books and as per IT records	302,825	-
Provisions for Retirement benefits and leave encasement	9,260,749	-
Unabsorbed depreciation and carried forward losses		
Net Deferred tax asset (liability)	7,172,090	-



### 3. CURRENT ASSETS, LOANS & ADVANCES/LIABILITIES:

- i) The balances of sundry debtors/creditors, advances and deposits, advance to suppliers etc. are subject to confirmations.
- ii) In the opinion of management the current assets, loans and advances are approximately of the value as stated if realized in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amount reasonably necessary.
- iii) The inventory of stocks has been taken, valued and certified by the management.
- iv) To the extent of information available with management, there are no SSI units to whom Company owes money for more than 30 days.
- v) The Company has not received any communication from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

### 4. CONTINGENT LIABILITIES:

- i) Bank Guarantee given by Company's Banker on behalf of the company- Rs. 2,00,000/- backed by Fixed Deposits of Rs.2,00,000/- (Previous Year Rs.Nil).

### 5. CAPITAL COMMITMENTS:

Estimated amount of Contracts remaining to be executed on capital account, net of advances and not provided for Rs.52,66,055/-

### 6. LEASE COMMITMENTS:

- i) There is no future lease commitments under Finance leases.
- ii) Future lease commitments under non-cancellable Operating leases:
 

	<b>31.03.2010</b>
<b>Upto one year</b>	<b>806,322</b>
<b>From one year to five year</b>	<b>484,145</b>

### 7. LOYALTY POINT

The accrued loyalty points are charged to expense at the time of redemption. There were un-redeemed loyalty points amounting to Rs.11.22 lac as on 31.03.2010.

### C. EARNING PER SHARE:

Basic earning per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period assuming the conversion of diluted potential equity shares.

	<b>31.03.2010</b>	<b>31.03.2009</b>
Profit ( Loss ) after tax during the year	(16,039,030)	-
Weighted average number of shares outstanding (No.)	300,006	50,006
Earning per share - Basic/Diluted	(53.46)	-

### D. SEGMENT REPORTING

(a) Primary Segment (Business Segment): The Company's operations comprises of only one segment i.e., trading. (b) Secondary Segment (Geographical Segment): The entire sales of company is within India therefore it has only one geographical segment. Hence no separate disclosure in separate of segments required as per Accounting Standard 17 on "Segment Reporting".



**E. RELATED PARTIES DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARD 18 ON "RELATED PARTIES DISCLOSURES" ARE GIVEN BELOW:**

**a) Relationships :**

- i) Subsidiary : Nil.
- ii) Holding : Surya Pharmaceutical Limited
- iii) Investing venturer : Surya Pharmaceutical Limited
- iv) Key Management Personnel : Mr. Rajiv Goyal, Ms Alka Goyal, Mr.Rajansh Thukral
- v) Others Entities controlled by Key Management Personnel:  
Kala Infra Pvt.Ltd., Mediwell Healthcare Pvt.Ltd., Surya Hi-tech Infrastructure Ltd., Shree Krishna Agents Pvt.Ltd.

**b) Transactions with related parties in the ordinary course of business:**

(in Rs.)

Nature of Transactions	Amount	Outstanding
Advance given to Mediwell Healthcare Pvt. Ltd.	2,345,120	2,350,830
Advance given to Surya Hitech Infrastructure Ltd.	30,000,000	30,000,000
Security deposit (rental ) given to Kala Infra Pvt.Ltd.	3,850,000	3,850,000
Goods purchased from Shree Krishna Agents Pvt.Ltd.	7,708,487	3,388,130
Goods sold to Shree Krishna Agents Pvt.Ltd.	36,337	36,337

**F. ADDITIONAL INFORMATION PURSUANT TO PARA 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956:**

(in Rs.)

Quantitative Details	Current Year Value	Previous Year Value
i) Healthcare and other Consumer Products		
Opening Stock	847,480	
Purchases	123,496,591	
Sales	81,484,315	
Closing Stock	56,000,260	847,480
ii) Managerial Remuneration:	NIL	NIL
iii) Payment to Auditors:		
Audit Fee	90,000	15,000
Other service	-	-
Out of pocket expenses	-	-
<b>Total</b>	<b>90,000</b>	<b>15,000</b>
iv) Value of imports on CIF basis:	Nil	Nil
v) Expenditure in foreign currency:	Nil	Nil
VI FOB value of Exports	Nil	Nil

For and on behalf of Board of Directors

Signed in terms of our report of even date attached  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(Director)

sd/-  
HARI OM BHATIA  
(Business Head-Retail)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



**G. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :**

(Pursuant to Part-IV of Schedule VI of the Companies Act, 1956)

**I. REGISTRATION DETAILS**

Registration No.	27860	27860
State Code	53	53
Balance Sheet Date	March 31,2010	March 31,2009

**II. CAPITAL RAISED DURING THE YEAR ( AMOUNT IN RS. 000)**

Public Issue	NIL	NIL
Rights Issue	NIL	NIL
Bonus Issue	NIL	NIL
Private Placement	NIL	NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS.000)**

Total Liabilities	211,451	129,215
Total Assets	211,451	129,215
Sources of Funds		
Paid Up Capital	30,500	500
Share Application Money	72,366	40,916
Reserves & Surplus	3	3
Secured Loan	108,582	-
Unsecured Loans	-	87,795
Total	211,451	129,215
Application of Funds		
Net Fixed Assets	81,950	-
Capital Work-in-progress	11,756	4,909
Investments	-	-
Net Current Assets	94,197	116,537
Miscellaneous expenditure not written off	336	7,768
Accumulated Losses	16,039	-
Deferred Tax asset	7,172	-
Total	211,451	129,215

**IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. 000)**

Turnover	81,484	-
Other Income	997	-
Total Expenditure	105,692	-
Profit (Loss) Before Tax	(23,211)	-
Profit (Loss) After Tax	(16,039)	-
Earning Per Share in Rs.	(53.46)	-
Dividend Rate	NIL	NIL

**V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

Product Description:  
Trading in Pharmaceutical, Medicines and  
Health-care /Consumer products

For and on behalf of Board of Directors

Signed in terms of our report of even date attached  
For AAD & Associates  
Chartered Accountants

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(Director)

sd/-  
HARI OM BHATIA  
(Business Head-Retail)

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



## SURYA HEALTHCARE LTD.

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

	(Amount in Rs.)	
	Year Ended 31st March, 2010	Year Ended 31st March, 2009
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Tax and Exceptional Items as per Profit and Loss Account	(23,211,120)	
a) Provision for Doubtful Debts, Advances and claims	-	
b) Depreciation and Amortisation Charges	2,798,755	
c) Foreign Exchange Fluctuation Gain/Loss	-	
d) Interest Income	(5,078)	
e) Profit/Loss on Sale/disposal of Fixed Assets	-	
f) Interest Paid	1,187,443	
g) Provision for Gratuity and Leave encashment	980,017	
h) Provisions written back	-	
Operating Cash Profit before Working Capital Changes	4,961,137	-
Add/(Deduct) :	(18,249,983)	
a) Increase/(Decrease) in Trade Payable & Others	54,935,255	1,214,829
b) (Increase)/Decrease in Trade and Other Receivable	30,670,845	(2,932,463)
a) (Increase)/Decrease in Inventories	(55,152,780)	(847,480)
	30,453,321	(2,565,114)
	12,203,337	(2,565,114)
Add/(Deduct) :		
Direct Taxes Paid	-	-
Net Cash Flow From Operating Activities	12,203,337	(2,565,114)
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets/preoperative exp.	(84,163,916)	(12,341,315)
Sale of Fixed Assets	-	-
Investment in Subsidiaries	-	
Interest Income	5,078	(12,341,315)
Net Cash Flow From Investing Activities	(84,158,838)	(12,341,315)
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds of Borrowing	20,786,485	(12,204,804)
Repayment of Borrowings	-	-
Proceeds of Share Capital including Share Premium	61,449,455	30,535,000
Interest Paid	(1,187,443)	-
Net Cash Flow From Financing Activities	81,048,497	18,330,196
	81,048,497	18,330,196
Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	9,092,996	3,423,767
Add: Balance in the beginning of year	4,278,205	854,438
<b>Balance at the end of year</b>	<b>13,371,201</b>	<b>4,278,205</b>

For and on behalf of Board of Directors

Signed in terms of our report of even date attached

sd/-  
RAJIV GOYAL  
(Director)

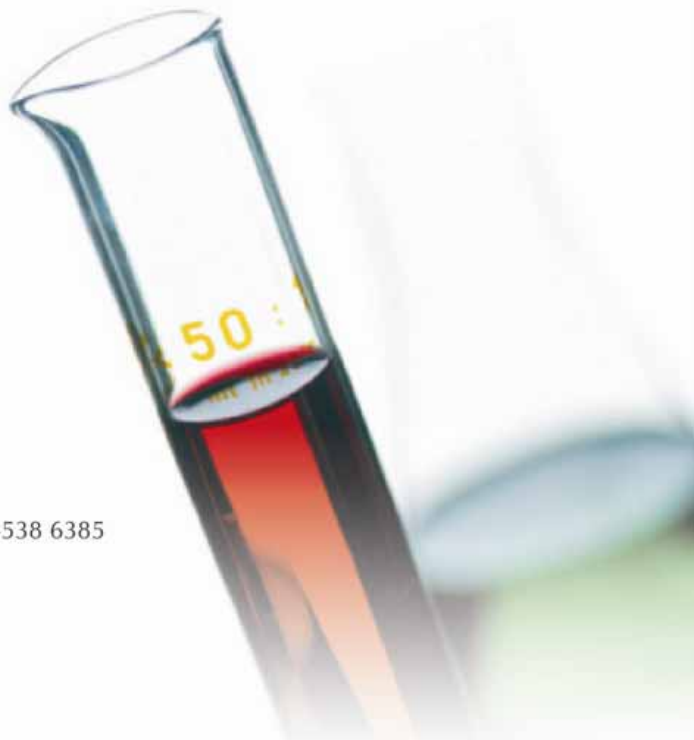
sd/-  
ALKA GOYAL  
(Director)

sd/-  
HARI OM BHATIA  
(Business Head-Retail)

For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010





## **SURYA PHARMACEUTICAL INC.**

44378 S Grimmer Boulevard Fremont ,California, USA 94538 6385

# Directors' Report

Dear Shareholders,

The Board of Directors of your Company have pleasure in presenting the 1st Annual Report of the Company along with the Annual Accounts and the Auditors' Report thereon for the year ended 31st March, 2010.

### **BUSINESS PROSPECTS**

Surya Pharmaceutical Inc. (SPI) has been promoted with the purpose of expanding the marketing reach of the Company in the United States. SPI is yet to commence its commercial operations.

### **CAPITAL STRUCTURE**

The total issued and paid up capital of SPI as on 30th June 2010 is US\$10,000 comprising of 10,000 shares of US\$1

each which is entirely held by the Company. The investment in the paid up capital of SPI is valued at Rs.0.48 million in the books of accounts of the Company.

### **ACKNOWLEDGEMENTS**

The Directors are thankful to all concerned for their contribution in the working of the Company during the year under review.

By order of the Board  
For Surya Pharmaceutical Inc.

Place : Chandigarh  
Date : 14.08.2010

sd/-  
RAJIV GOYAL  
(Chairman & Director)





# Auditors' Report

## To the Members of M/s Surya Pharmaceutical Inc.

We have audited the attached Balance Sheet of SURYA Pharmaceutical Inc., as at 31st March, 2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan & 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) order 2004, 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.
3. Further to our comments in the annexure referred to in the paragraph (1) above, we report that :
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by

the law have been maintained by the company so far as appears from our examination of such 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) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, subject to Notes on Accounts forming part of Balance sheet.
- e) As per information and explanation given to us, none of the directors of the company is disqualified from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2010.
  - ii) In the case of Profit and Loss account, of the profit/loss for the year ended on that date.
  - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For AAD & Associates**  
**Chartered Accountants**  
sd/-

**SHAMSHER SINGH**  
(Partner)

**PLACE : CHANDIGARH**  
**DATED : 14.08.2010**



## SURYA PHARMACEUTICAL INC.

44378 S Grimmer Boulevard Fremont ,California, USA 94538 6385

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule	As at March 31.03.2010	
		Amount (in USD.)	Amount (in Rs.)
SOURCES OF FUNDS			
<u>Share Capital</u>			
Share Capital			
10000 Shares of USD-1 Per Share	I	10,000.00	448,300.00
General Reserve		-	-
		10,000.00	448,300.00
<u>Loan Funds</u>			
Unsecured Loans	II	37,607.60	1,685,948.71
TOTAL		47,607.60	2,134,248.71
APPLICATION OF FUNDS			
<u>1.Fixed Assets</u>			
Gross Block		1,535.52	68,837.36
Less : Depreciation		-	-
Net Block		1,535.52	68,837.36
<u>2. Current Assets, Loans &amp; Advances</u>			
Cash & Bank Balances	III	22,037.16	987925.88
		22,037.16	987925.88
<u>Less: Current Liabilities &amp; Provisions</u>			
Liabilities & Provisions		-	-
Net Current Assets		22,037.16	987925.88
<u>Miscellaneous Expenditure</u>			
(To the extent not written off or adjusted)	IV	24,034.92	1,077,485.46
TOTAL		47,607.60	2,134,248.71
NOTES ON ACCOUNTS	V		

For and on behalf of the Board

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(CEO cum Secretary  
cum Treasurer)

AUDITOR'S REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



## **SURYA PHARMACEUTICAL INC.**

44378 S Grimmer Boulevard Fremont ,California, USA 94538 6385

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

PARTICULARS	SCHEDULE	As At March 31,2010 (Amt. In USD)
<b>INCOME</b>		
Other Income		-
Increase/ Decrease in value in finished Goods		-
		-
<b>EXPENDITURE</b>		
Administrative Expenses		-
Depreciation		-
Preliminary Expenses Written off		-
Profit/(Loss)before Tax		-
Tax Provisions		-
Provision for Tax		-
Profit/(Loss)after tax		-
Balance trf. To P&L A/c / General Reserve		-

For and on behalf of the Board

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(CEO cum Secretary  
cum Treasurer)

AUDITOR'S REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants  
sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



<b>PARTICULARS</b>	<b>Amt. in USD As at 31.03.2010</b>	<b>Amt. in Rs. As at 31.03.2010</b>
<b>SHARE CAPITAL</b>		<b>SCHEDULE - I</b>
AUTHORISED CAPITAL		
10,000 Shares of USD 1 each	10,000.00	448,300.00
ISSUED SUBSCRIBED & PAID UP CAPITAL		
10,000 Shares of USD 1 each	10,000.00	448,300.00
<b>TOTAL</b>	<b>10,000.00</b>	<b>448,300.00</b>
<b>UNSECURED LOANS</b>		<b>SCHEDULE II</b>
SURYA PHARMACEUTICAL LTD.	37,607.60	1,685,948.71
<b>TOTAL</b>	<b>37,607.60</b>	<b>1,685,948.71</b>
<b>CASH &amp; BANK BALANCE</b>		<b>SCHEDULE III</b>
Balance in Current A/C	22,037.16	987,925.88
<b>TOTAL</b>	<b>22,037.16</b>	<b>987,925.88</b>
<b>MISC. EXPENDITURE</b>		<b>SCHEDULE IV</b>
Rate Fee & Taxes	8,563.03	383,880.63
Bank Charges	166.30	7,455.23
Internet Charges	1,354.99	60,744.20
Meeting & Seminar	1,950.00	87,418.50
Professional Charges	2,350.00	105,350.50
Travelling & Conveyance	9,650.60	432,636.40
<b>TOTAL</b>	<b>24,034.92</b>	<b>1,077,485.46</b>



## SCHEDULE V

### NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT AS AT 31.03.2010:

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis for preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and on the basis of a going concern.

##### 2. Valuation of Inventories

This Clause is not applicable.

##### 3. Foreign Exchange Transactions

All Assets & Liabilities are translated at year end rate

#### B. BALANCE SHEET

##### 1. CURRENT ASSETS, LOANS & ADVANCES

In the opinion of the directors of the Company, the current assets, loans and advances are approximately of the value as stated, if realized in the ordinary course of business.

##### 2. CONTINGENT LIABILITIES

We have been informed by management that there is no contingent liability.

#### C. Additional information pursuant to the provision of paragraph 3, 4c and 4d of part ii of schedule vi of Companies Act, 1956 are not applicable as the company has not conducted any activity during this period.

For and on behalf of the Board

sd/-  
RAJIV GOYAL  
(Director)

sd/-  
ALKA GOYAL  
(CEO cum Secretary  
cum Treasurer)

AUDITOR'S REPORT  
As per our report of even date annexed  
For AAD & Associates  
Chartered Accountants

sd/-  
SHAMSHER SINGH  
(Partner)

Place : Chandigarh  
Dated : 14. 08. 2010



## SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE : PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205, DISTT. SOLAN (H.P)

### ATTENDANCE SLIP

18th Annual General Meeting : Thursday, The 30<sup>th</sup> day of September, 2010  
Full Name of Member : \_\_\_\_\_  
Proxy, if any : \_\_\_\_\_  
Folio No. : \_\_\_\_\_  
DP ID No. : \_\_\_\_\_  
Client ID No. : \_\_\_\_\_  
No. of shares held : \_\_\_\_\_ Equity Shares \_\_\_\_\_

I/We hereby record my/our presence at the 18th Annual General Meeting of the Company on Thursday, 30<sup>th</sup> day of September, 2010 at 11.00 A.M. at the Regd. Office of the Company at Plot No. 85, HPSIDC, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh

\_\_\_\_\_  
Member/Proxy's Signature

Member/Proxy attending the meeting should bring the Attendance Slip and submit it at the entrance hall duly filled up and signed.

-----TEAR HERE-----

## SURYA PHARMACEUTICAL LIMITED

REGD. OFFICE : PLOT NO. 85, HPSIDC, INDUSTRIAL AREA, BADDI-173 205, DISTT. SOLAN (H.P)

### PROXY FORM

FOLIO NO. : \_\_\_\_\_  
DP ID NO. : \_\_\_\_\_  
Client ID No. : \_\_\_\_\_  
No. of Shares Held : \_\_\_\_\_ Equity Shares \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of Surya Pharmaceutical Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy falling him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Thursday, the 30<sup>th</sup> day of September, 2010 at 11.00 A.M. or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

FOLIO NO. \_\_\_\_\_

NO. OF SHARES HELD \_\_\_\_\_ SIGNATURE \_\_\_\_\_

Affix One  
Rupee  
Revenue Stamp

### NOTES :

1. The Member (s) should sign across the revenue Stamp as per specimen Signatures.
2. The proxy, in order to be valid, should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the Meeting.













**Surya<sup>TM</sup> Pharmaceutical Limited**

SCO 164-65, Sector 9-C, Madhya Marg  
Chandigarh -160 009 (INDIA)

+91 172 5005000 + 91 172 5076000  
info@suryapharma.com

[www.suryapharma.com](http://www.suryapharma.com)