

SEVENTEENTH
A N N U A L
R E P O R T
2 0 1 0 - 1 1



LINCOLN
PHARMACEUTICALS LTD.

HEALTHCARE FOR ALL

Shri Kishor M. Shah	<i>Chairman</i>
Shri Mahendra G. Patel	<i>Managing Director</i>
Shri Rajnikant G. Patel	<i>Jt. Managing Director</i>
Shri Arvindbhai G. Patel	<i>Whole time Director</i>
Shri Hasmukhbhai I. Patel	<i>Whole time Director</i>
Shri Ishwarlal A. Patel	<i>Director</i>
Shri. Mihirbhai V. Patel	<i>Director</i>
Shri Maganbhai R. Patel	<i>Director</i>
Shri Pirabhai R. Suthar	<i>Director</i>

BANKER

State Bank of India

AUDITORS

M/s. Chandulal M. Shah & Company

REGISTERED OFFICE

"LINCOLN HOUSE"
B/h. Satyam Complex, Science City Road,
Sola, Ahmedabad-380060.

PLANT

Trimul estate, Khatraj, Ta-Kalol,
District:: Gandhinagar Gujarat.

is hereby given that the 17th Annual General Meeting of the Members of the Company will be held on Friday, the 30th day of September, 2011 at 10.30 a.m. at LINCOLN HOUSE, Behind Satyam Complex, Science City Road, Sola, Ahmedabad-380060 to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt the audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended on that day together with the Directors' Report and the Auditors' Report thereon.
- (2) To declare Dividend on Equity Shares.
- (3) To appoint a Director in place of Shri Maganbhai Patel, who retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- (4) To appoint a Director in place of Shri Ishwarlal Patel, who retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- (5) To appoint Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies in order to be valid must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Members are requested to notify the changes, if any, in their registered address.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from Saturday, 24th day of September, 2011 to Friday, 30th September, 2011 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
4. Members are requested to bring their copy of Annual Report to the meeting.
5. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
6. Information required to be furnished under the Listing Agreement, as required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be re-appointed, are given below:

- I. Name : Shri Maganbhai Patel
Date of Birth : 31 - 03 - 1938
Qualification : M.B.B.S.
Expertise : Medical Professional
- II. Name : Shri Ishwarlal Patel
Date of Birth : 28 - 12 - 1934
Qualification : Commerce Graduate
Expertise : Finance, Banking, commercial matters.

By order of the Board
For Lincoln Pharmaceuticals Limited

Place : Registered office
"LINCOLN HOUSE"
B/h. Satyam Complex,
Science City road, Sola, Ahmedabad
Date : 30th May, 2011

(P. P. Arora)
Company Secretary

To,
The Members,

Your Directors present the Annual Report together with the audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

The operating results of the Company for the year ended on 31st March, 2011 are briefly indicated below:

	Year 2010-2011	(Rs. in lacs) Year 2009-2010
Profit Before Depreciation and Taxation	969.73	923.97
Less : Depreciation	166.68	116.05
Less : Provision for Taxation – Current / F.B.T	141.00	140.00
Less : Deferred tax Expense	52.93	63.42
Less : Short provision of Tax earlier year	37.63	27.36
	<hr/>	<hr/>
Profit after Taxation	571.49	577.14
Less : Prior year adjustment	168.34	—
Add : Balance brought forward	1,582.66	1,214.32
	<hr/>	<hr/>
Profit available for Appropriation	1,985.81	1,791.46
APPROPRIATION		
1. Proposed Dividend	97.86	135.73
2. Dividend Tax	15.88	23.07
3. General Reserve	50.00	50.00
	<hr/>	<hr/>
Net Balance carried to Balance sheet	1,822.07	1,582.66
	<hr/> <hr/>	<hr/> <hr/>

OPERATIONS

During the year under review, your company has performed well. Total sales have increased from Rs. 12,321.80 lacs to Rs. 17,448.64 lacs which show increase of 41.60 %. The Company has earned net profit of Rs.571.49 lacs(previous year of Rs. 577.14 lacs). Further details are given in management discussions and analysis Report, which forms part of this report.

CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance practice mandated by Clause 49 of the Listing Agreement. A report on the same is given separately.

DIVIDEND

Your Directors are pleased to recommend a payment of dividend @ 6% for the year ended 31-03-2011. (Previous year -12%).

DEPOSITS

The Company has not accepted deposits within the meaning of Section 58A of the Companies Act, 1956.

ALLOTMENT OF SHARES:

During the year under review, the company has allotted 5,000,000 Equity shares of Rs. 10/- for cash at premium of Rs. 31/- per share by way of preferential allotment.

DIRECTORS

Shri Maganbhai Patel and Shri Ishwarlal Patel, Directors of the Company are retiring by rotation and being eligible, offer themselves for re-appointment.



LINCOLN **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief and according to the information and explanation obtained by them, confirm that:

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) the accounts have been prepared on going concern basis.

SUBSIDIARY COMPANY :

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of the subsidiary Company is annexed herewith.

INSURANCE

The Company has taken adequate insurance to cover its assets.

LISTING

Company's Securities are listed with the Stock Exchanges at Ahmedabad and Mumbai. The Company has already paid the listing fees for the year 2011-2012 to both the Stock Exchanges.

EMPLOYEES :

As there are no employees drawing remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, from time to time, statement under section 217(2A) is not required.

COST AUDIT

M/s. Kiran J. Mehta & Company Cost Accountants, Ahmedabad, have been appointed to conduct cost audit for the year ended 31-03-2012.

AUDITORS :

The Company's Auditors M/s. Chandulal M. Shah & Co. Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Members are requested to appoint auditors for the current year and fix remuneration.

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

Particulars to be given in respect of the above activity under the Companies (Disclosure of Particulars in report of Directors) Rules, 1988 is given in the annexure to this report.

ACKNOWLEDGEMENT :

The Board is thankful to its bankers for their continued support and assistance which has played important role in progress of the Company.

Your Directors further places on records the contribution of employees of the Company at all levels and other business associates for their commitment, dedication and respective contribution to the Company's operations during the year under review.

Place : Registered office
"LINCOLN HOUSE"
B/h. Satyam Complex,
Science City Road, Sola,
Ahmedabad.

Date : 30th May, 2011

For and on behalf of the Board
For **Lincoln Pharmaceuticals Limited.**

Mahendra G. Patel
(Managing Director)

Hasmukhbhai I. Patel
(Whole-Time Director)

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) Conservation of energy:
a) Energy conservation measures are taken:

The Company has taken measures and applied strict control system to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum extent possible wastage as far as possible. The day to day consumption is monitored and various ways and means are adopted to reduce the power consumption in an effort to save energy. The office area is designed in such a way that during day time not much artificial lighting is necessary in the office.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy and other raw materials.

Company is continuously monitoring and making effort for optimum utilization of equipments which ensures to conserve energy during routine operations itself. There is no specific investment plan for energy conservation.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Impact of the measures mentioned here in above in point (a) and (b) certainly reduces the energy consumption and consequent impact on the cost of production of services.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure:
FORM : A
A. POWER & FUEL CONSUMPTION

		Current Year ending 31st March 2011	Previous Year ending 31st March 2010
1. Electricity			
I)	Purchased Units(in lacs)	kWh	12.87
	Total Amount(in lacs)	Rupees	72.48
	Rate / unit	Rupees	5.63
II)	Own Generation through Diesel Generation Sets	Kwh	6.85
	Units/ Litre of Diesel	kWh	16,204
	Cost / unit	Rupees	42.28
2. Diesel LDO used in Boiler to generate steam for the Process			
I)	Quantity	Litre	57,761
	Total Cost (in Lacs)	Rupees	29.00
	Average Rate / MT	Rupees	50.21
	LPG used in Boiler to generate steam for the Process		
II)	Quantity	Kgs	—
	Total Cost	Rupees	—
	Average Rate / MT	Rupees	—
III)	Consumption per unit of production		
	Since the Company is manufacturing different products using the same facilities at the same time, it is not practicable to give consumption per unit of production.		
3. Furnace Oil			
	Total Amount / Avg Cost	K. Lit	—
4. Internal Wind mill Generation(in Lacs)			
	Total Cost / Rate	Units	12.79
		Rupees	—

(B) Technology Absorption:

The efforts made in technology absorption are mentioned below in Form-B

II. RESEARCH AND DEVELOPMENT (R&D)

Company is continuously carrying out R & D activities in the areas of new product/process development, improvement in existing process.

Benefits derived as a result of the above R & D.

Production processes have improved resulting in better productivity and quality.

Expenditure on R & D :

Expenditure charged to respective primary heads of accounts.

III. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.-:

The Company always keeps itself updated with all latest technological innovation by way of constant communications, consulting experts. Company has always been making best effort towards technology absorption, adaptation and innovation

2. Benefits derived as a result of the above efforts e.g. product, improvements, cost reduction, product development, import substitution etc. :

It improves the quality of company's products being manufactured and reduces the cost of production.

3. Details of Technology imported (during the last 5 years).

- a. Technology imported : N.A.
- b. Year of import : N.A.
- c. Has technology been fully absorbed? : N.A.
- d. If not absorbed, areas where this has not taken place, reasons there for and future plan of action : N.A.

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Total foreign exchange used and earned.

	<u>Current year</u>	<u>Previous year</u>
Earnings :	Rs.2,089.57 lacs	Rs. 1,477.85 lacs
Out go :	Rs. 407.01 lacs	Rs. 597.59 lacs

Place : Registered office
 "LINCOLN HOUSE"
 B/h. Satyam Complex,
 Science City Road, Sola,
 Ahmedabad.

Date : 30th May, 2011

For and on behalf of the Board
 For Lincoln Pharmaceuticals Limited.

Mahendra G. Patel
 (Managing Director)

Hasmukhbhai I. Patel
 (Whole-Time Director)

- (1) Name of Company : Zullinc Healthcare Limited
- (2) Financial year of subsidiary ended : 31st March 2011.
- (3) Holding Company's interest :
- (i) No. of equity shares : 50,000 equity shares of Re. 10/- each.
- (ii) Extent of holding : 100%
- (4) The net aggregate of Profit / (Loss) of the Subsidiary Company in so far as it concerns the members of the Holding Company.
- (a) Not dealt with in the accounts of the Company for the year ended 31st March 2011 :
- (1) For the Subsidiary's financial year ended 31st March 2011. Rs. 1,349,515
- (2) For the previous financial years of the Subsidiary. Rs. 3,329,778
- (b) Dealt with in the accounts of the Company for the year ended 31st March 2011
- (1) For the Subsidiary's financial year ended 31st March 2011. Nil
- (2) For the previous financial years of the Subsidiary. Nil

For and on behalf of the Board

Place : Ahmedabad.

Date : 30th May, 2011

Mahendra G. Patel
(Managing Director)

Hasmukhbhai I. Patel
(Whole-Time Director)

The Securities and Exchange Board of India (SEBI) has introduced a code of corporate governance for listed companies which is implemented through the listing Agreements with the Exchanges with which the Company is listed. The Company has complied with the corporate governance requirements set out in Clause 49 of the listing Agreement.

1) Company's Philosophy on Code of Corporate Governance.

The Company believes that good corporate governance leads to corporate growth and long term gain in shareholders value. The Company is committed to maintain the highest standard of corporate governance in its conducts towards shareholders, employees, customers, suppliers and other stakeholders.

Our focus on sustainable growth, productivity improvement, commitment to quality and safety in operations is unrelenting.

2) Board of Directors

Composition :

The Board of Directors consists of total 9 Directors. The composition of Board is compliant with the requirement of Clause 49 (1A) i.e. more than 50% of Directors are non-executive Directors and more than 33% of Directors are independent Directors.

The detailed composition of the Board and other related information is given in the table below.

Board meetings :

During the year, 12 Board Meetings were held on 29-04-2010, 17-06-2010, 30-07-2010, 19-08-2010, 31-08-2010, 22-09-2010, 15-10-2010, 12-11-2010, 24.12.2010, 24.01.2011, 12.02.2011 and 24-03-2011.

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships and committee Memberships are given as below:

Sr. No.	Name of Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at last AGM	No. of other Directorships	No. of other Committee Members
1	Shri Kishor M. Shah	Chairman Non-Executive Director	2	No	1	—
2.	Shri Mahendra G. Patel	Managing Director	10	Yes	2	—
3.	Shri Rajnikant G. Patel	Joint Managing Director	11	Yes	—	—
4.	Shri Hasmukh I. Patel	Whole-time Director	11	No	1	—
5.	Shri Arvind G. Patel	Whole-time Director	6	No	1	—
6.	Shri Mihir V. Patel	Non-Executive Director	9	No	1	—
7.	Dr. Pirabhai Suthar	Non-Executive Director	6	No	—	—
8.	Shri Ishwarbhai A. Patel	Non Executive Director	9	No	1	—
9.	Dr. Maganbhai R. Patel	Non Executive Director	3	No	—	—

- This number excludes the directorship/committee membership held in private companies and also of the Company.
- As required by the Companies Act, 1956 and Clause 49 Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (audit / remuneration / investor grievances committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

Information placed before the Board of Directors :

All major decisions regarding resources mobilization, capital expenditure, etc are considered by the Board, in addition to day-to-day matters, which are statutorily required to be placed before the Board of Directors for its approval. Following information is regularly put up the Board for its consideration and approval :

- F Review of operational results
- F Quarterly financial results
- F Minutes of the meeting of Audit Committee, Remuneration Committee as well as Shareholder's/Investors Grievance Committee of the Board.
- F Compliance with various statutory requirements.

The Board is informed of all material, financial and commercial decision from time to time.

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review.

3) Audit Committee

Pursuant to the provisions of Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreements, the Company has Audit Committee of Directors. The Audit Committee consist of 3 (Three) Independent Directors and 1 (One) executive Director – Shri Ishwarbhai A. Patel, Chairman – Independent Director, Shri Mihir V. Patel, Independent Director, Dr. Pirabhai Suthar, Independent Director and Shri Mahendra G. Patel - Executive Director. The Company Secretary is also Secretary to the Audit Committee. During the year, 5(Five) Committee Meetings were held on 24-04-2010, 23-07-2010, 11-08-2010, 05-11-2010 and 05-02-2011.

The power and role of the Audit Committee are as per the provision of Companies Act, 1956 and agreement with the Stock Exchange. The Committee inter-alia acts as a vital link between statutory and internal auditors an the Board of Directors of the Company.

The term of the reference of the Audit Committee include review the comment on internal audit reports, discussions approving and implementing the audit procedure and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines, review of quarterly and annual financial results , interact with the statutory auditors on annual accounts. The Audit Committee met prior to the finalization of Accounts for the year ended 31st March 2011.

The interval between two meetings convened was not more than four months. The audit committee adheres to the SEBI guidelines in terms of quorum of its meetings, functioning, role and powers as also those set out in Companies Act, 1956.

4) Remuneration Committee

The Company has a Remuneration Committee. The Committee reviews the remuneration package of the Managing Director, Jt. Managing Director & Whole time Directors and recommends suitable remuneration package / revision to the Board, in accordance with the guidelines laid out by the statute.

The Remuneration Committee comprises of three independent Directors. Shri Ishwarbhai A. Patel, Dr. Pirabhai Suthar and Shri Maganbhai Patel are the members of the Committee.

During the year, no Committee Meeting was held.

(a) Details of remuneration for the year ended 31-03-2011.

Name	Position held During the period	Salary and Allowances Rs.	Perquisites Rs.	Total Remuneration Rs.
Shri Mahendra G. Patel	Managing Director	1,140,000	28,800	1,168,800
Shri Rajnikant G. Patel	Jt. Managing Director	1,140,000	57,600	1,197,600
Shri Hasmukh I. Patel	Whole-time Director	1,140,000	57,600	1,197,600
Shri Arvind G. Patel	Whole-time Director	1,140,000	57,600	1,197,600

All the executive directors have been paid remuneration as per the approval given by the Board and shareholders of the Company.

5) Shareholders'/ Investors' Grievances cum Share Transfer Committee

As a measure of good corporate governance and to focus on the Shareholders' grievances and towards strengthening investor relations and to expedite the transfer process in the physical segment, the Board has constituted a Shareholders/ Investors Grievances cum share Transfer Committee consisting of four Directors, Shri Arvind G. Patel, Shri Mahendra G. Patel, Shri Hasmukh I. Patel, and Shri Ishwarbhai A. Patel.

The committee deals with issue of duplicate share certificates, redressing of shareholders and investors complaints and Grievances like transfer of shares/securities, non-receipts of Balance-sheet and non-receipt Dividend etc.

6) Code of Conduct

The Company's code of conduct has been complied with by all the members of the Board and select employees of the Company. The Company has in place a prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information.

7) Secretarial Audit

Pursuant to SEBI's circular dated December 31, 2002 on Secretarial Audit, a practicing company secretary carried out the said audit for the quarter ended 30-06-2010, 30-09-2010, 31-12- 2010 and 31-03-2011. The Audit Report confirms that there is no discrepancy whatsoever in the issued, listed and admitted capital of the Company.

**8) Management Discussion and Analysis:****(a) Industry Structure and Developments**

The Indian Pharma Industry is fastest growing industry, looking to the Indian population; there are lots of opportunities for fast development of industries in the coming years. Indian Pharmaceuticals industry providing employment for millions and ensuring that essential drugs are available at affordable price to Indian populations. Your Company is primarily engaged in the business of manufacturing, marketing and Exports of Pharmaceutical products. Company introduce high quality medicines at affordable price for Indian populations. Your company trying to increase its market share by introducing high quality products and low price medicines. There are many pharmaceuticals companies in the country and manufacturing high quality medicines. In spite of the stiff competition in the country, growth of top line and bottom line is assured. Management is confident to succeed in the most competitive markets. The company hopes to perform better results in terms of sales and growth of the company.

(b) Opportunities

Increase in GDP and per capita income and consumer awareness of healthcare, there are so many opportunities available for the company in terms of products as well as sales territories in India where the growth rates are very potential. The Company is optimistic about its growth prospectus in the future. The Company has been concentrating on building brand image in the market. The future of the Company and its products seems to be excellent in the coming years and the Company is looking for regulatory marketing by way of setting up USFDA plant, so that company's presence remain in developed and under developed countries.

(c) Outlook

The Company expects to increase the market share in the existing markets by increasing its portfolio through new product launches, expanding its geographical coverage in more and more region and undertaking large job contracts. Management is cautiously optimistic of better prospects in 2011-12 and believe that the year will go a long way in stabilizing our growth path. Company also concentrates on job work of various national and multi national Companies and adding new products to its existing product range. The company has also embarked upon setting up a new USFDA plant to cater domestic as well as regulatory markets. This would also help the company to perform better in coming years.

(d) Risk and Concerns

The Company is functioning in the competitive markets where there are number of small scale and medium scale manufacturers are in the presence. There are number of similar kind of products present in the markets and therefore there is a pressure on the margin on the Company. Secondly, at the same way, the investment in the new marketing geographical area, introduction of innovative products and new introductory pricing products would affect the performance of the company and its profitability. However, the company has taken all the measures to minimize the risk by way of introducing R&D development centre and continuously incorporating suggestions and guidance given by the experts, doctors and medical councils from time to time.

(e) Internal Control Systems and their adequacy

The Company maintains a system of well established policies, guidelines, adequate internal controls ensure efficiency of operations, compliance with internal policies, applicable laws and regulation. The internal audit function conducted by independent Chartered Accountants firm for monitoring statutory and operational issues.

The system of Internal Control of the Company is adequate keeping in mind the size and complexity of your company's business. Systems are regularly reviewed to ensure effectiveness.

(f) Financial Performance

Financial Performance with respect to operational Performance is discussed in the main part of the report.

(g) Material Development in Human Resources/Industrial Relations

The Pharmaceutical industry is knowledge driven, considering this aspect, we continue to build our team with high quality talent.

Company continued to have cordial & harmonious relation with its employees. Company is putting thrust on providing training both in house and outside.

9) General Body Meetings

The last three Annual General Meetings and Extra Ordinary General Meeting were held as under:-

Annual General Meeting:

Financial Year ended	Date	Time	Venue
31-03-2010	30-09-2010	10.30 A.M.	"LINCOLN HOUSE", B/h. Satyam Complex, Science City Road, Sola, Ahmedabad - 380060
31-03-2009	30-09-2009	10.30 A.M.	The Auditorium Basement, Ahmedabad Textile Industry's Research Association, Vastrapur, Ahmedabad - 380015
31-03-2008	30-09-2008	10.30 A.M.	The Auditorium Basement, Ahmedabad Textile Industry's Research Association, Vastrapur, Ahmedabad - 380015

Extra Ordinary General Meeting:

—	24.05.2008	10.00 A.M.	The Auditorium Basement, Ahmedabad Textile Industry's Research Association, Vastrapur, Ahmedabad - 380015
---	------------	------------	---

No Special Resolution was put through postal ballot. At the forthcoming AGM, there is no item on the agenda that needs approval by postal ballot.

10) Disclosures

In preparation of financial statements, the Company has followed the applicable Accounting Standards. The significant accounting policies that are consistently applied have been set out in the Notes to the Accounts.

Related party transactions entered in the ordinary course were placed before the Board. These transactions are not likely to have any conflict with the Company's interest. Details of transactions with related party transactions during the year have been disclosed as required under Accounting Standard 18 as applicable to the Company in the notes to the accounts. These transactions are not likely to have any conflict with the Company's interest.

Business risk evaluation and managing such risk is an ongoing process within the organization. The Board is regularly briefed of risks assessed and the measures adopted by the company to mitigate the risks.

No strictures / penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to the capital market during last 3 years.

The Company's code of conduct has clearly laid down procedures for reporting unethical behavior, actual or suspected fraud or violation of the ethics policies. No employee of the company was denied access to the Audit Committee.

Of the non-mandatory requirements relevant to the Company, training of the Board members and mechanism for evaluation non-executive Board members have not been put in place.

11) Subsidiary Company

The Company has one wholly owned subsidiary company (WOS) namely Zullinc Healthcare Limited. The financial statements and operational part of the said WOS are reviewed by the Board of Directors.

12) Means of Communication

1. The Company has published its quarterly results in Economic Times.
2. The Management discussion & Analysis form part of the Annual Report, which is posted to all the members of the Company.

13) General Shareholder Information

Date, time and venue of AGM	30.09.2011, 10.30 A.M. at the Registered office of the company.
Dates of Book Closure	From Saturday, 24.09.2011 to Friday, 30.09.2011
Listing on Stock Exchanges	The Stock Exchanges at Ahmedabad, Mumbai.
Listing Fees	Paid the fees to Stock Exchanges as per listing agreement.
Demat Arrangement	With NSDL and CDSL
ISIN NO.	INE 405C01035
Registered Office	"LINCOLN HOUSE", B/h. Satyam Complex, Science City Road, Sola, Ahmedabad – 380 060.
Dividend Payment Date	With in statutory period of 30 days
Compliance Officer	Shri Arvindbhai G. Patel
Registrar and Share Transfer Agent	SHAREPRO SERVICES (India) PVT. LTD. 416 to 420, 4th Floor, Dev Nandan Mall, Opp. Sanyas Ashram, Ashram Road, Ahmedabad-380006.

**14) Financial Calendar 2011-2012 (tentative)**

Annual General Meeting	Last week of September 2011
Results for quarter ending June 30, 2011	on or before 14th August, 2011
Results for quarter ending September 30, 2011	on or before 14th November 2011
Results for quarter ending December 31, 2011	on or before 14th February, 2012
Results for year ending March 31, 2012 (un-Audited)	on or before 14th May, 2012

15) Share price on The Stock Exchange, Mumbai.

Sr. No.	Month	High Price (Rs.)	Low Price (Rs.)
1.	April '10	38.75	34.10
2.	May '10	36.90	29.15
3.	June '10	34.95	29.95
4.	July '10	39.85	32.70
5.	August '10	45.50	33.90
6.	September '10	54.00	40.80
7.	October '10	47.40	39.10
8.	November '10	48.80	36.50
9.	December '10	44.90	36.70
10.	January '11	47.00	35.05
11.	February '11	39.05	30.20
12.	March '11	37.75	26.20

16) Share Transfer System

The share transfers received in physical form are presently processed and the said share certificates returned within a period of 30 days from the date of receipt, subject to the documents being complete in all respects.

There were no transfers pending as on 31-03-2011 exceeding the limit prescribed by listing agreement.

17) Distribution of Shareholding as on 31-03-2011

No. of Shares	No. of Shareholders	% of holders	No. of Shares	% of Shares
Up to 500	6,230	84.05	951,770	5.83
501 – 1000	697	9.40	569,446	3.49
1001 – 2000	214	2.89	343,647	2.11
2001 – 3000	74	1.00	188,678	1.16
3001 – 4000	35	0.47	125,546	0.77
4001 – 5000	34	0.46	162,389	1.00
5001 – 10000	48	0.65	348,963	2.14
10001 and above	80	1.08	13,620,361	83.50
Total	7,412	100.00	16,310,800	100.00

18) Pattern of Shareholding

Sr. No.	Category	No. of Shares	(%)
1.	NRI	557,789	3.42
2.	Financial Institutions/Banks	NIL	NIL
3.	Mutual Funds	NIL	NIL
4.	Promoters	4,002,700	24.54
5.	Body Corporate	8,585,728	52.64
6.	Indian Publics	3,164,583	19.40
7.	Others	NIL	NIL
	Total	1,6310,800	100.00

19) Dematerialisation of Shares on 31-03-2011

As on 31st March 2011, 57.57% of the Company's total shares representing 9,390,570 Shares were held in dematerialized form and the balance 42.43% representing 6,920,230 shares were in paper form.

20) Outstanding GDRs / ADRs / warrants etc.

There is no outstanding GDRs / ADRs / warrants or any convertible instruments as on date.

21) Locations

The Company's plant is located at Trimul Estate, Khatraj, Tal.: Kalol, Dist.: Gandhinagar., Gujarat.

22) Address of Correspondence

Registered Office :-

"LINCOLN HOUSE", B/h. Satyam Complex, Science city Road, Sola, Ahmedabad – 380 060.,

OR

Share Transfer Agent :-

M/s. SHAREPRO SERVICES (India) PVT. LTD. Office at :

416 to 420, 4th Floor, Dev Nandan Mall, Opp. Sanyas Ashram, Ashram Road, Ahmedabad-380006.

23) CEO/ CFO certification

Necessary certificate under clause 49 V of the Listing requirements has been placed before the Board of Directors.

24) Non Mandatory requirements :
a) Remuneration Committee :

As stated earlier, the Board has already set up a Remuneration Committee. Details regarding composition and scope of the Remuneration Committee are given at Item 4 above.

b) Shareholders Rights :

The Company's quarterly results are furnished to the Stock Exchange and also published in the newspapers and therefore not sent to the shareholders.

Adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

Declaration

As provided under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March 2011.

For Lincoln Pharmaceuticals Limited.

Place : Ahmedabad.

Date : 30th May, 2011

Mahendra G. Patel
(Managing Director)

Hasmukhbhai I. Patel
(Whole-Time Director)

To,
The Members,
Lincoln Pharmaceuticals Limited.

We have examined the compliance of conditions of Corporate Governance by **Lincoln Pharmaceuticals Limited.** for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

We state that no investor grievance(s) is/are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance cum Share Transfer Committee.

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

For Chandulal M. Shah & Co.
Chartered Accountants
(FRN 101698W)

(B.M. Zinzuvadia)
Partner
M. NO. 109606

Place : Ahmedabad
Date : 30th May, 2011

To,
The Members of
Lincoln Pharmaceuticals Limited.

1. We have audited the attached Balance Sheet of Lincoln Pharmaceuticals Limited As at 31st March 2011 and also the Profit and 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.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 and amendments thereto issued by the Central Government of India in terms of Sec 227(4A) of The Companies Act 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
4. We further report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
 - (vi) 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 in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2011; and
 - (ii) in the case of Profit and Loss Account, of the Profit 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 Chandulal M. Shah & Co.
Chartered Accountants
(FRN 101698W)

(B.M. Zinzuvadia)
Partner
M. NO. 109606

Place : Ahmedabad
Date : 30th May, 2011

Annexure referred to in paragraph 3 of the auditors' report to the members of Lincoln Pharmaceuticals Limited for the year ended 31st March, 2011

- (i) Fixed assets
- a) As inform to us the fixed assets register is under preparation by the Company.
 - b) All the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of business. The frequency of verification is reasonable. As the fixed asset register is under preparation, discrepancies if any on physical verification could not be ascertained.
 - c) The company has not disposed off substantial part of fixed assets during the year.
- (ii) Inventory
- a) The inventory has been physically verified by the management during the year at reasonable intervals.
 - b) The procedure of physical verification of the inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to books records were not material.
- (iii) Loans secured and unsecured
- a) The Company has granted unsecured loan to two companies listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 102.12 Lakh and the yearend balance of the loan granted was Rs. 93.65 Lakh.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.
 - c) In respect of the loan given by the Company, the terms of repayment of principal and interest have not been stipulated and hence the question of overdue amount does not arise.
 - d) The company has taken unsecured loan from two party covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount outstanding during the year was Rs. 111 Lakh. The year ended balance was Rs. 70 Lakh.
 - e) The rate of interest and other terms and conditions on which the loans have been taken are prima facie, not prejudicial to the interest of the company;
 - f) The said loan is a demand loan and therefore, repayment is on demand and not in installments.
 - g) As the loan taken is a demand loan, there is no question of overdue loan.
- (iv) Internal control
- In our opinion and according to the information and explanations given to us, the internal control procedures are commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, there is no continuing failure to correct major weaknesses in internal control.
- (v) Register under section 301
- (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
 - (b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) Deposit under section 58A
- In our opinion and according to information and explanations given to us, the company has not accepted deposit from the public and therefore provisions of section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules made there under are not applicable.
- (vii) Internal audit
- In our opinion, the company's internal audit system is commensurate with the size of the company and nature of its business.
- (viii) Cost records
- We have broadly reviewed the cost records maintained by the company relating the manufacturing of pharmaceutical products pursuant to the rules made by the central government for the maintenance of cost records under section 209 of the companies Act. We are of opinion that prima facie the said records are made and maintained. We have however, not made a detail examination of those records with a view to determine the accuracy and completeness.

(ix) Statutory dues

- (a) According to the information and explanations given to us the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty, Cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no disputed dues which are not deposited of sales tax/ income tax/wealth tax/custom duty/excise duty or cess except stated below :

Name of the Statute	Nature of Dues	Amount (Rs.in Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax	Regular tax	6.60	1999-00	CIT Appeal
Income Tax	Regular tax	4.48	2001-02	CIT Appeal
Income Tax	Regular tax	2.81	2008-09	CIT Appeal
Service tax	Regular tax	0.21	2009-10	CESTAT-WZB

(x) Cash losses

The company does not have accumulated losses as on 31st March, 2011 Further it has not incurred cash loss during the financial year 2010-2011 and in the immediately preceding financial year.

(xi) Repayment of bank dues

In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank. The company has not obtained any loans from financial institution or debenture holders.

(xii) Loan or advance on the basis of securities

According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) Special Statute applicable

The company is not a chit fund or a Nidhi / mutual benefit fund / society. Therefore provisions of clause (xiii) of the Order are not applicable to the company.

(xiv) Dealing or trading in shares

The company is dealing in shares, securities, debentures and other investments, for which, proper records have been maintained of the transactions and contracts have been maintained by the company and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.

(xv) Guarantee for loan take by others

The company has not given any guarantee for loan taken by others from banks and financial institutions.

(xvi) Application of fund raised through term loan

In our opinion, the term loans have been applied for the purpose for which they were raised.

(xvii) Utilization of fund

On an overall examination the Balance Sheet of the company, we report that no fund raised on short term basis have been used for long term investment.

(xviii) Preferential allotment of shares

The company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year under audit. The price at which shares have been issued is not prejudicial to the interest of the company.

(xix) Public issue

The company has not raised any money by way of public issue during the year.

(xx) Fraud

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year.

For Chandulal M. Shah & Co.
Chartered Accountants
(FRN 101698W)

(B.M. Zinzuvadia)
Partner

M. NO. 109606

Place : Ahmedabad
Date : 30th May, 2011

Particulars	Schedule No.	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
[A] SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
(a) Share capital	1	163,108,000	113,108,000
(b) Reserve & Surplus	2	600,372,264	416,431,607
TOTAL SHAREHOLDER'S FUNDS		763,480,264	529,539,607
LOAN FUNDS			
(a) Secured Loans	3	413,969,740	256,107,968
(b) Un-secured loans	4	7,000,000	15,051,453
		420,969,740	271,159,421
DEFERRED TAX LIABILITIES		43,055,476	28,592,591
TOTAL		1,227,505,480	829,291,619
[B] APPLICATION OF FUNDS			
FIXED ASSETS			
		5	
Gross Block		366,990,599	276,737,703
Depreciation fund		87,389,605	66,604,547
Net Block		279,600,994	210,133,156
Capital Work in Progress		43,185,873	11,253,366
INVESTMENTS			
		6	
CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventory	7	250,213,537	229,705,069
(b) Debtors	8	391,264,636	310,554,044
(c) Cash & Bank balance	9	111,992,459	124,033,481
(d) Loans & Advances	10	515,063,712	210,751,036
		1,268,534,344	875,043,629
LESS:CURRENT LIABILITIES & PROVISIONS			
(a) Creditors	11	308,489,697	205,584,772
(b) Provisions	12	55,845,234	62,072,960
		364,334,931	267,657,732
NET CURRENT ASSETS		904,199,413	607,385,897
TOTAL		1,227,505,480	829,291,619
General Notes forming part of Account		21	

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

B.M. Zinzuvadia
Partner
Mem No. 109606

Date : 30-05-2011
Place : Ahmedabad

P.P.ARORA
Company Secretary

For & on behalf of Board

M.G.Patel *Managing Director*

R.G.patel *Joint Managing Director*

H.I.Patel *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

Particulars	Schedule No.	Year ended 31.03.2011 Rupees	Year ended 31.03.2010 Rupees
[A] INCOME			
Sales and Service			
Gross Sales	13	1,744,863,669	1,232,180,442
Less :Excise Duty		28,851,189	23,861,920
Net Sales		1,716,012,480	1,208,318,522
Jobwork Income		10,990,193	3,701,886
Other income	14	20,320,207	7,858,046
Stock Variation	15	3,064,219	64,851,506
TOTAL		1,750,387,099	1,284,729,960
[B] EXPENDITURE			
Purchase of finished goods		697,273,374	363,729,570
Materials consumptions	16	402,748,617	392,447,969
Manufacturing expenses	17	74,521,706	60,518,037
Personnel expenses	18	144,467,682	103,294,668
Sales & Administrative expenses	19	302,686,009	250,383,039
Financial charges	20	31,716,669	21,959,731
Depreciation		16,667,756	11,604,804
TOTAL		1,670,081,813	1,203,937,818
PROFIT BEFORE TAXATION		80,305,286	80,792,142
Income tax provision		14,100,000	14,000,000
Deferred tax Expense		5,293,567	6,342,020
Short provision of Tax Earlier year		3,763,179	2,736,476
PROFIT AFTER TAX		57,148,540	57,713,646
Prior year adjustment		16,833,791	—
Net profit for the year		40,314,749	57,713,646
ADD : BALANCE BROUGHT FORWARD		158,266,007	121,432,045
PROFIT AVAILABLE FOR APPROPRIATION		198,580,756	179,145,691
APPROPRIATION			
(a) Proposed Dividend		9,786,480	13,572,960
(b) Dividend tax		1,587,612	2,306,724
(c) General Reserve		5,000,000	5,000,000
		16,374,092	20,879,684
NET BAL. TRANS.TO BALANCE SHHEET		182,206,664	158,266,007
Earing Per Share Before Prior period Adj.		4.14	6.39
Earing Per Share After Prior period Adj.		2.92	6.39

General Notes forming part of Account

21

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

For & on behalf of Board

M.G.Patel *Managing Director*

B.M. Zinzuvadia
Partner
Mem No. 109606

P.P.ARORA
Company Secretary

R.G.patel *Joint Managing Director*

H.I.Patel *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

Date : 30-05-2011
Place : Ahmedabad

Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - 1 SHARE CAPITAL		
AUTHORISED		
20,000,000(12,000,000) Equity Shares of Rs.10 each.	200,000,000	120,000,000
ISSUED,SUBSCRIBED & PAID UP		
16,310,800 (11,310,800) Equity share of Rs 10 each.	163,108,000	113,108,000
TOTAL	<u>163,108,000</u>	<u>113,108,000</u>
SCHEDULE - 2 RESERVE & SURPLUS		
1. SHARE PREMIUM		
Balance as per last	225,544,000	132,744,000
Add: Addition during the year	155,000,000	92,800,000
	<u>380,544,000</u>	<u>225,544,000</u>
2. GENERAL RESERVE		
Balance as per last	28,121,600	23,121,600
Add: Addition during the year		
Tranferred from P&L A/c	5,000,000	5,000,000
Subsidy Account	1,000,000	—
	<u>34,121,600</u>	<u>28,121,600</u>
	34,121,600	28,121,600
3. CAPITAL RESERVE		
Balance as per last	3,500,000	—
Add: Addition during the year	—	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>
4. SUBSIDY		
Balance as per last	1,000,000	1,000,000
Less : transferred to general reserve	1,000,000	—
	<u>—</u>	<u>1,000,000</u>
5. Profit & loss Appropriation Account.		
	182,206,664	158,266,007
TOTAL	<u>600,372,264</u>	<u>416,431,607</u>
SCHEDULE - 3 SECURED LOANS		
State Bank Of Saurashtra		
Term loan from SBI	37,275,856	29,759,218
SHORT TERM WORKING CAPITAL LOAN		
Cash Credit Account	311,476,880	162,069,858
F.B.P.Account.	35,000,469	44,062,357
S.L.C Loan A/C	30,216,535	20,216,535
(Pl. refer Note No. 7 for details of security)		
Total	<u>376,693,884</u>	<u>226,348,750</u>
TOTAL	<u>413,969,740</u>	<u>256,107,968</u>
SCHEDULE - 4 UNSECURED LOANS		
Inter corporate deposit	7,000,000	15,051,453
TOTAL	<u>7,000,000</u>	<u>15,051,453</u>

SCHEDULE - 5 FIXED ASSETS

ASSETS	GROSS BLOCK (AT COST)				DEPRICIATION FUND			NET BLOCK			
	As At 1/4/2010	Additions	Sale	As At	As At 1/4/2010	Addition	Adjust ment	Sale	As At 31/3/2010		
Factory Land	5085035	71745578	—	—	—	—	—	—	5085035		
Buildings	79221949	767174	—	14052253	1980743	373646	—	—	65169696		
Plant & Machinery	121388440	5631303	995466	29778058	6045428	2961224	40728	—	91610382		
Ele.Installation	7568665	—	—	3687298	359512	—	—	—	3881367		
Furniture & Fitting	42065408	9427605	—	13581897	6060585	792898	—	—	28483511		
Vehicles	21408202	3676704	—	5505042	2221486	30263	—	—	15903160		
Previous Year	224745739	61599773	2892519	283452990	56052966	11604804	—	1053223	66604548	216848446	168692773

Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
-------------	-------------------------------	-------------------------------

SCHEDULE - 6 INVESTMENTS

(Unquoted & other than trade)

Equity shares of Navnirman Co.Op.Ltd. 320 (320) Bank Ltd each of Rs 25/- fully paid.	8,000	8,000
Equity shares of Vijay Co.Op.Bank.Ltd.20 (20) each of Rs 10/- fully paid.	200	200
Equity shares of Naroda Ind.Co.Bank Ltd. 40 (40) Each of Rs 25/- Fully paid.	1,000	1,000
NSC	10,000	10,000
TOTAL	19,200	19,200

INVESTMENT IN SUBSIDIARY COMPANY

Zullinc Healthcare Ltd.- 50000 Equity share of Rs 10 each fully paid up	500,000	500,000
TOTAL	500,000	500,000
TOTAL INVESTMENT	519,200	519,200

SCHEDULE - 7 INVENTORIES

Raw Materials	46,459,374	34,460,143
Packing Materials	18,708,105	13,263,087
Work In Progress	16,387,297	15,480,751
Finished Goods	168,658,761	166,501,088
TOTAL	250,213,537	229,705,069

SCHEDULE - 8 SUNDRY DEBTORS

(Unsecured & Considered good)

Exceeding six Month	58,680,478	24,825,400
Less :- Provision for Bad Debt	1,437,149	—
	57,243,329	24,825,400
Others	334,021,307	285,728,644
TOTAL	391,264,636	310,554,044



Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - 9 CASH & BANK BALANCES		
Cash on Hand	2,362,157	1,285,121
BALANCE WITH SCHEDULED BANKS		
(a) Current Account	38,500,536	2,292,591
(b) Fixed Deposit Account	15,932,015	10,034,069
(c) Dividend Account	625,067	625,067
	<u>55,057,618</u>	<u>12,951,727</u>
BALANCE WITH NON SCHEDULED BANKS		
(a) Current Account	25,398,896	11,032,631
(b) Fixed Deposit Account	29,173,788	98,764,002
	<u>54,572,684</u>	<u>109,796,633</u>
TOTAL	<u><u>111,992,459</u></u>	<u><u>124,033,481</u></u>
SCHEDULE - 10 LOANS & ADVANCES (Un-secured, Considered Good)		
(A) Inter corporate deposit	257,875,678	90,747,967
(b) Income Tax & T.D.S.	48,140,067	54,210,533
(c) Balance with Govt. Authorities	22,073,561	18,458,870
(d) Advances recoverable in cash or kind for value to be recd.	186,974,406	47,333,665
	<u>515,063,712</u>	<u>210,751,036</u>
1	Maximum balance with the company under the same management Rs. 102.12 Lakh (PY Rs.1.09Lakh)	
2	Includes balance with the company under the same management Rs. 93.65 (PY Rs. 1.09 Lakh)	
SCHEDULE - 11 CURRENT LIABILITIES		
Sundry creditors - Raw Materials	240,814,419	138,909,349
Security- trade deposit	28,047,805	26,648,726
Sundry Creditors - Expense & others	32,878,801	29,867,710
Unpaid dividend	492,331	492,331
Statutory Liabilities	6,256,341	9,666,656
	<u>308,489,697</u>	<u>205,584,772</u>
TOTAL	<u><u>308,489,697</u></u>	<u><u>205,584,772</u></u>
SCHEDULE - 12 PROVISIONS		
(a) Taxation Provision	44,600,000	48,500,000
(b) Provision for Grauity	1,458,754	—
(c) Proposed Dividend	9,786,480	13,572,960
	<u>55,845,234</u>	<u>62,072,960</u>
TOTAL	<u><u>55,845,234</u></u>	<u><u>62,072,960</u></u>

Particulars	Year Ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
SCHEDULE - 13 SALES		
(a) Export sales	217,204,651	157,136,777
(b) Domestic Sales	1,527,659,018	1,075,043,665
TOTAL	<u>1,744,863,669</u>	<u>1,232,180,442</u>
SCHEDULE - 14 OTHER INCOME		
Profit on sale of assets	190,023	—
Profit on sale of investments	6,710,788	—
Export Benefits	13,419,396	7,858,046
TOTAL	<u>20,320,207</u>	<u>7,858,046</u>
SCHEDULE - 15 STOCK VARIATION		
(a) Closing stock of :		
Work in Progress	16,387,297	15,480,751
Finished goods	168,658,761	166,501,088
	<u>185,046,058</u>	<u>181,981,839</u>
(b) Opening stock of :		
Work in Progress	15,480,751	9,018,754
Finished goods	166,501,088	108,111,579
	<u>181,981,839</u>	<u>117,130,333</u>
TOTAL	<u>3,064,219</u>	<u>64,851,506</u>
SCHEDULE - 16 MATERIALS CONSUMED		
1 Raw Materials Consumption		
Opening stock	34,460,143	17,728,990
Add : Purchase during the year	319,181,907	326,076,569
	<u>353,642,050</u>	<u>343,805,559</u>
Less : Closing Stock	46,459,374	34,460,143
	<u>307,182,676</u>	<u>309,345,416</u>
2 Packing Materials Consumption		
Opening stock	13,263,087	8,281,849
Add : Purchase during the year	101,010,959	88,083,791
	<u>114,274,046</u>	<u>96,365,640</u>
Less : Closing Stock	18,708,105	13,263,087
	<u>95,565,941</u>	<u>83,102,553</u>
TOTAL	<u>402,748,617</u>	<u>392,447,969</u>

**LINCOLN**

Particulars	Year Ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
SCHEDULE - 17 MANUFACTURING EXPENSES		
Power & fuel	12,866,722	10,748,946
Stores & spare Consumed	10,503,646	13,604,106
Excise Duty	1,147,816	—
Labour charges	47,346,342	33,571,273
Laboratory Goods & Testing charges	2,657,180	2,593,712
TOTAL	<u>74,521,706</u>	<u>60,518,037</u>
SCHEDULE - 18 PERSONNEL EXPENSES		
Salaries, Wages, Allowances & Reimbursement of expenses (Including Directors' remuneration of Rs.4,560,000 (Previous year Rs 4,560,000))	135,962,019	97,918,743
Contribution to Staff welfare funds	5,067,485	3,019,455
Staff welfare expenses	3,438,178	2,356,470
TOTAL	<u>144,467,682</u>	<u>103,294,668</u>
SCHEDULE - 19 SALES & ADMINISTRATIVE EXPENSES		
[A] SELLING EXPENSES		
Export Freight	16,976,883	12,226,366
Advertisement	446,811	258,314
Sales Commission & other expenses	21,878,804	23,105,468
Sales promotion & Mkt. Expenses	86,285,877	64,858,587
Travelling Expenses	71,031,924	57,916,183
Outward transportation	23,146,247	19,153,469
Bad Debt Provision	1,437,149	—
Bad debt written off.	1,062,851	—
(A)	<u>222,266,546</u>	<u>177,518,387</u>
[B] ADMINISTRATIVE EXPENSES		
Auditors Remuneration	600,000	150,000
Computer expenses	1,308,461	673,907
Conveyance & Vehicals Expenses	3,325,141	3,318,197
Donation	45,255	269,001
Insurance	460,273	450,717
Legal & registration	5,001,097	5,616,641
Loss on sale of assets	—	466,092
Office expenses	3,676,247	2,986,467
Post, telephone & Telegrams	4,740,055	4,143,280
Professional & consulting fees	9,642,643	9,470,866
Rent, rates & taxes	45,211,498	40,172,753
Repairs & maintenance	4,268,690	3,533,407
Stationery & printing	2,140,103	1,613,324
(B)	<u>80,419,463</u>	<u>72,864,652</u>
TOTAL (A+B)	<u>302,686,009</u>	<u>250,383,039</u>
SCHEDULE - 20 FINANCIAL CHARGES		
Bank Commission	6,213,977	5,971,728
Interest		
Int. on working capital loan	37,221,869	17,945,875
Term loan Interest	4,210,843	1,238,398
Other Interest	1,706,252	1,515,908
Less		
Interest Income	17,636,272	4,712,178
TOTAL	<u>31,716,669</u>	<u>21,959,731</u>



Particulars	Year Ended 31.03.2011 (Rs. in Lacs)		Year Ended 31.03.2010 (Rs. in Lacs)	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & other ordiner items		803.05		807.92
Adjustment for				
Depreciation	166.68		116.05	
Loss on sale of assets	-1.9		4.66	
Bad debt provision	25			
Provision for Grauity	14.59			
Expenses Reported under other activity head	431.39			
Income Reported under other activity head	-176.36	459.4	-66.19	54.52
Operating profit before working capital change		1,262.45		862.44
Current Assets	-4,039.68		-2,399.92	
Current Liabilities	938.87		532.31	-1,867.61
Cash generation from operation		-1,838.36		-1,005.17
Direct tax paid	-150.59		167.37	
Sales Tax Differement	0		51.28	218.65
Cash flow before investment income		-1,988.95		-1,223.82
Other Income				
Dividend			0	0
Net cash flow from operating activities				-1,223.82
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Investment			0	
Purchase of fixed assets	-1,277.18		-616	
Sale of fixed assets	11.44		13.73	-602.27
Interest Received	176.36			
Net cash used in investment activities		-1,089.38		-602.27
C CASH FLOW FROM FINANCE ACTIVITIES				
Issue of share capital	500		270	
Share premium	1,550		928	
Capital reserve			35	
Deposits Accepted	0		29.48	
Loan from bank & others	1,498.1		1,361.35	
Inter corporate deposit			146.7	
Dividend on equity paid	-158.8		-158.79	
Interest Paid	-431.39			
Net cash flow from Finance Activities		2,957.91		2,611.74
Net Increase in Cash & Cash Equivalents		-120.42		785.65
Cash & bank balance as at 31-03-2010		1,240.33		454.68
Cash & bank balance as at 31-03-2011		1,119.92		1,240.33

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

B.M. Zinzuvadia
Partner
Mem No. 109606

Date : 30-05-2011
Place : Ahmedabad

P.P.ARORA
Company Secretary

For & on behalf of Board

M.G.Patel Managing Director

R.G.patel Joint Managing Director

H.I.Patel Whole Time Director

Date : 30-05-2011
Place : Ahmedabad

**Statement of significant accounting policies****(a) Basis of Preparation :**

The financial statements have been prepared under the historical cost convention on an accrual basis and comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

(b) Use of estimates:

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

(c) Fixed assets :**Tangible Fixed Assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the asset to its working condition for the intended use.

Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized.

Advances paid towards acquisition of fixed assets and the cost of assets acquired but not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Intangible Assets

Intangible fixed assets are stated at historical cost less accumulated amortisation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the assets to its working condition for the intended use. Cost is amortised over its useful economic life based on expected benefit.

(d) Depreciation :

All tangible fixed assets, except freehold land, leasehold land and capital work in progress, are depreciated on a straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies' Act, 1956.

(e) Impairment :

In accordance with accounting standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is an indication that assets of the Company may be impaired. Where any such indication exists the company estimates the recoverable amount of the assets. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

(f) Inventories :**Raw Materials, Containers, Stores and Spares**

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost (net of refundable taxes and duties) or net realizable value. The cost of these items of inventory are determined on FIFO basis and comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

Finished Goods and Work-in-progress

Work in progress and finished goods are valued at lower of cost or net realizable value. The cost of work in process and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition.

Traded Goods

Traded Goods are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

Excise Duty in respect of finished goods lying in factory premises are provided for and included in valuation of inventory in case of non Export Items.

(g) Employee benefits

Short-term employee benefits are recognized as an expense in the profit and loss account of the year in which the related service is rendered.

Cost of post employment benefits relating to Defined Contribution Plans such as contribution to Provident Fund employee pension fund etc are recognized as an expense in the profit and loss account of the year in which the related service is rendered.

The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust, funded with Life Insurance Corporation of India. Liability for the this Defined Benefit Plans is provided on the basis of

actuarial valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method. The actuarial gains and losses arising during the year are recognized in the Profit & Loss Account for the year

(h) Research and Development Costs

Research and development costs incurred for development of products are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognized as intangible assets to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of capital nature is added to fixed assets.

(i) Revenue Recognition:

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of excise duty, sales tax and trade discounts.

Interest on deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction based on reasonable certainty of receipt. Interest on advances is recognized when the ultimate collection is not uncertain.

Dividend income is recognized when the right to receive dividend is established.

(j) Taxation :

Income tax expense comprises current tax expense and deferred tax expense/credit.

Current tax

Provision for current tax is calculated in accordance with the provisions of the Income-Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions.

Assets and liabilities representing current tax are disclosed on a net basis when there is a legally enforceable right to set off and where the management intends to settle the asset and liability on a net basis.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

(k) Investment

Current investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

(l) Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive. The number of equity shares is adjusted for any share splits and bonus shares issued effected prior to the approval of the financial statements by the Board of Directors.

(m) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(n) Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The difference between the actual rate of settlement and the rate on the date of the transaction is charged or credited to profit and loss account.

In respect of monetary current assets and liabilities denominated in foreign currencies the overall net gain or loss, if any, on conversion at the exchange rates prevailing on the date of the balance sheet is charged to revenue.



LINCOLN
NOTES FORMING PARTS OF ACCOUNTS

1. Contingent Liabilities to the extent not provided for.

Sr.	Nature of contingency	2010-11 Rs.	2009-10 Rs.
1	Commitment under letter of credit	47,024,161	38,930,250
2	Guarantee given	2,402,213	3,126,529
Total		49,426,374	42,056,779

2. Earning per shares (Face value Rs. 10)

Particulars		2010-11	2009-10
Profit available before prior period Adjustment	Rs.	57,148,540	5,77,13,646
Profit available after prior period Adjustment	Rs.	40,314,748	57,713,646
Weighted average number of equity share	No.	13,810,800	9,035,800
Earnings per share (basic and diluted)			
Before Prior period Adjustment	Rs.	4.14	6.39
After Prior period Adjustment	Rs.	2.92	6.39

3. Auditor's Remuneration

Particulars		2010-11 Rs.	2009-10 Rs.
Audit Fees		450,000	150,000
Tax Audit Fees		100,000	Nil
Income Tax fees		50,000	Nil
Total		600,000	150,000

4. Managerial Remuneration

Computation of Net Profit in accordance with section 198 and 309(5) of the Companies Act, 1956

Calculation of profit for managerial remuneration		2010-11	2009-10
Net profit for the year after Income Tax		40,314,749	60,450,190
Less: Under 349(3) (if credited to the profit and loss A/c)			
Profit on sales of fixed asset to the extent sale value exceeds original cost.		190,023	
		40,124,726	60,450,190
Add : Under 349(5) (if debited to the profit and loss A/c)			
Income Tax Regular		23,156,746	20,341,952
Loss on sale of fixed asset		—	466,092
Provision of bad debt		1,437,149	—
prior period charges		16,833,791	—
		41,427,686	20,808,044
Profit for the calculation of managerial remuneration		81,552,412	81,258,234

Entitlement of maximum remuneration to Managing Director @ 5% of the Net Profit as per Sections 198 and 309(5) of the Companies Act, 1956 is Rs.40.77 Lakh, as against which managerial remuneration provided for in the current year is Rs. 11.97 lakh.

5. Research & Development expenditure :

Company's in house R&D unit has been approved by Government of India, Ministry of science & technology, Department of Scientific and Industrial Research, New Delhi. The company's in house R & D unit is also approved for weighted deduction U/s 35(2AB) of the income tax act,1961.

Details of Capital & Revenue Expenditure for Research & Development is as follows

Particulars	2010-11 Rs.		2009-10 Rs.	
	Capital	Revenue	Capital	Revenue
Building construction	13,192,300		799,291	
Plant & machinery	4,995,281		9,873,573	
Personnel exp.		8,238,731		7,066,269
Materials Consumption		2,275,372		2,953,795
Direct expenses		4,767,585		4,604,450
Depreciation		1,556,208		—
Administrative exp.		3,846,736		2,745,356
Total	18,187,581	20,684,632	10,672,864	17,369,870

6. Prior period expenses includes following expenses

Particulars	2010-11 Rs.	2009-10 Rs.
Depreciation On R & D Assets	4,158,031	Nil
Imprest Cash Written Off	1,077,985	Nil
Deferred Income Tax	9,169,319	Nil
Key man Insurance Premium	1,896,123	Nil
Other Revenue Expenses	532,333	Nil
Total	16,833,791	Nil

7. Details of security of Secured loans as per Schedule No.3:

(A) Working Capital loan is secured by

- i) Hypothecation of all raw material comprising of bulk drugs and chemicals, stock in progress, finished goods, all other stores and receivable/book debts, both present and future.
- ii) Personal guarantee of managing director, joint managing director and one whole time director
- iii) Collateral security by way of mortgage created on immovable property of the company hypothecation of all movable plants, machineries, and other movable assets both present and future and other movables assets present and future of the company.

(B) Term Loan secured by Hypothecation of specific assets of the company covered under the term loan granted by the banks,

(C) In addition, equitable mortgage on land & building of the company including wind mills' leasehold land.

8. Excise expense in schedule No. 17 on finished goods represents excise duty on finished goods and other payment.

9. Tax deducted from interest and Job work income.

Particulars	2010-11 Rs.	2009-10 Rs.
TDS from Interest income	1,354,130	Nil
TDS from Job work Income	161,065	199,068

10. Major component of Deferred Tax Liability are as under.

(Rupees in Lakh)

Particulars	2010-11	2009-10
Deferred Tax Liability		
Depreciation	443.42	285.93
Total	443.42	285.93
Deferred Tax Assets		
Disallowance under tax laws	12.87	—
Total	12.87	—
Net deferred Tax Liability	430.55	285.93


11. Related party disclosure

Related parties and their relationship

Sr.	Name of Party	Relations
1.	Lincoln Parenteral Limited	Controlled by key managerial persons
2.	Karnavati Distributors Limited	Controlled by key managerial persons
3.	Downtown Travels Pvt. Ltd	Controlled by key managerial persons
4.	Downtown Finance Pvt. Ltd.	Controlled by key managerial persons
5.	Indus Hospital & ICCU P. Ltd	Controlled by key managerial persons
6.	Invivo CRD Private Limited	Controlled by key managerial persons
7.	Zullinc Healthcare Limited.	100 % Subsidiary.
8.	Allantis exim pvt. Ltd.	Controlled by key managerial persons
9.	Mahendrabhai G. Patel	Key Managerial Personnel
10.	Rajanikant G. Patel	Key Managerial Personnel
11.	Hasmukh I. Patel	Key Managerial Personnel
12.	Arvind G. Patel	Key Managerial Personnel
13.	Kailashben M. Patel	Relative Of Key Man. Personnel
14.	Munjal M. Patel	Relative Of Key Man. Personnel
15.	Mansiben Munjal Patel	Relative Of Key Man. Personnel
16.	Nidhi M. Patel	Relative Of Key Man. Personnel
17.	Kalpanaben R. Patel	Relative Of Key Man. Personnel
18.	Ashish R. Patel	Relative Of Key Man. Personnel
19.	Shivaniben Ashish Patel	Relative Of Key Man. Personnel
20.	Siddharth R. Patel	Relative Of Key Man. Personnel
21.	Dharmisthaben H. Patel	Relative Of Key Man. Personnel
22.	Jigar H. Patel	Relative Of Key Man. Personnel
23.	Vaishali Jigar Patel	Relative Of Key Man. Personnel
24.	Aniruddha H. Patel	Relative Of Key Man. Personnel
25.	Hansaben A. Patel	Relative Of Key Man. Personnel
26.	Amar A. Patel	Relative Of Key Man. Personnel
27.	Binal Amar Patel	Relative Of Key Man. Personnel
28.	Anand A. Patel	Relative Of Key Man. Personnel
29.	Manshi Anand Patel	Relative Of Key Man. Personnel

(Rs. in Lacs)

Sr.	Name of Party	Nature of Transaction	Amount Involved	
			2010-11	2009-10
1	Lincoln Parenteral Limited	Purchase	16.57	146.51
		Sales	4.26	4.82
		Expenses Reimbursed	126.75	99.21
		Loan Taken	41.19	128.25
		Loan Repaid	128.25	250.46
2	Allantis Exim Pvt. Ltd..	Purchase	—	42.29
		Sales	1,502.02	—
		Paid for service	21.96	17.38
3	Downtown Travels Pvt. Ltd	Expenses Reimbursed	8.72	5.05
4	Downtown Finance Pvt. Ltd.	Loan Repaid	86.81	—
		Loan Taken	—	74.46
		Expenses Reimbursed	6.30	12.34
5	Karnavati Distributors Ltd.	Goods return	18.48	8.07
6	Indus Hospital & ICCU Pvt. Ltd	Loan given	27.38	62.00
6	Avis Travels	Expenses Reimbursed	47.33	32.17
7	Zullinc Healthcare Limited	Loan given	105.94	115.99
8	Mahendrabhai G. Patel	Remuneration	11.69	11.40
9	Rajanikant G. Patel	Remuneration	11.97	11.40
10	Hasmukh I. Patel	Remuneration	11.97	11.40
11	Arvind G. Patel	Remuneration	11.97	11.40

12. Impairment

As per AS-28 "Impairment of Assets", the company has assessed the recoverable amount of the relevant assets and found that there is no indication of any impairment loss exists in relation to its assets as at 31.03.2011.

13. Details of Investments purchased and sold during the year

Sr. No.	Name of Company	No. of Shares	Face Value	Purchase Amount Rs.
1	Krishna Deep Trade and Investment Ltd.	67,000	10	3,148,328
2	Omnitech infosolution Ltd.	18,800	10	2,482,865
3	Atlanta Ltd.	50,000	2	3,577,065
4	Techno Electric and Engg.(B)	68,000	2	14,790,970

14. Segment Reporting

Primary Segment:

The company is in the business of

1. Manufacturing & marketing of Pharmaceuticals products and
2. Trading in finished goods, chemicals products and Bulk drug

Secondary Segment:

Segment revenue in geographical segment considered for disclosure is as follows.

1. Domestic Sales
2. Export Sales

The Segment revenue, results, assets, and liabilities include the respective amounts identifiable to each of the segment and amount allocated on a reasonable basis by management.

(Rupees in Lakh)

Particulars	Pharma		Chemicals		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Gross Sales	13,689	12,321	3,759	0	17,448	12,321
Job Work Income	110	37	0	0	110	37
Other Income	203	78	0	0	203	78
Revenue	14,002	12,436	3,759	0	17,761	12,436
Result	574	808	62	0	636	808
Assets	11,547	8,559	728	0	12,275	8,559
Liability	11,547	8,559	728	0	12,275	8,559

Reconciliation with Financial statement

(Rupees in Lakh)

Particulars	Reportable Segment		Un allocated		As per Financial Statement	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Gross Sales	17,448	12,321	0	0	17,448	12,321
Job Work Income	110	37	0	0	110	37
Other Income	203	78	0	0	203	78
Revenue	17,761	12,436	0	0	17,761	12,436
Result	636	808	0	0	636	808
Assets	12,275	8,559	0	0	12,275	8,559
Liability	12,275	8,559	0	0	12,275	8,559

Details of secondary segment

(Rupees in Lakh)

Particulars	Export		Domestic		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue	2,306.23	1,649.94	15,454.77	10,786.06	17,761.00	12,436.00
Assets	876.05	891.74	15,042.35	10,201.26	15,918.40	11,093.00

15. Medium and Small Enterprises

In the absence of information available with the Company about enterprises which are qualifying under the definition of Medium and Small Enterprises as defined under Micro Small & Medium Enterprises Development Act, 2006, no disclosure is made as required under the Act.

16. Employee Benefits

The Accounting Standard – 15 (Revised) "Employee Benefits" is issued under Companies Accounting Standards Rule, 2006. In accordance with the above standard, the obligations of the company, on account of employee benefits, based on independent actuarial valuation, is accounted for in the books of account.

The liability of gratuity payable for the year 2009-10 was not ascertained on the basis of actuarial valuation and hence corresponding figures of last year is not given.

Expenses recognized during the year

Particulars	Amount Rs.
Current service cost	652,857
Interest on obligation	384,078
Expected return on plan assets	(323,145)
Net actuarial losses (gains) recognized in year	(252,312)
Past service cost	997,276
Losses (gains) on curtailments and settlement	
Total, included in 'employee benefit expense'	1,458,754

Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Amount Rs.
Opening defined benefit obligation	4,747,569
Service cost	652,857
Interest cost	384,078
Actuarial losses (gains)	(266,833)
Losses (gains) on curtailments	—
Liabilities extinguished on settlement	—
Liabilities assumed in an amalgamation in the nature of Purchase	—
Benefits paid	(244,858)
Closing Defined Benefit Obligation	5,272,813

Reconciliation of Opening and Closing balances of fair value of plan assets

Particulars	Amount Rs.
Opening fair value of plan assets	3,172,859
Expected return	323,145
Actuarial gains and (losses)	(14,521)
Assets distributed on settlements	—
Contributions by employer	577,434
Assets acquired in an amalgamation in the nature of purchase	—
Benefits paid	(244,858)
Closing balance of fair value of plan assets	3,814,059

Actuarial Assumptions

Particulars	Gratuity
Mortality Table (LIC)	LIC (1994-96)
Discount Rate (per annum)	8.09%
Expected Return on plan assets (per annum)	9.25%
Future Salary growth - (per annum)	6.5 %
Withdrawal rates	3% at younger age reducing to 1 % at older age
Retirement age	58 years

17. Quantitative and other information to the provision of paragraph 3&4 part II of schedule VI to the companies act, 1956 (as certified by management)

Capacity/Production/Sales/Stocks

Classification	Unit	License	2010-11	2009-10
(a) Tablets	Nos.	N.A.	1,000,000,000	1,000,000,000
(b) Capsules	Nos.	N.A.	450,000,000	450,000,000
(c) Syrup	Nos.	N.A.	6,000,000	6,000,000
(d) Cream	Nos.	N.A.	9,000,000	9,000,000

Production

Classification	Unit	2010-11	2009-10
Tablet	Nos.	448,490,304	590,442,305
Capsules	Nos.	76,927,738	122,031,946
Cream In Tubes	Nos.	6,960,283	5,270,517
Dry Powder Injection	Nos.	5,027,555	3,631,939
Liquid In Bott.	Nos.	12,029,600	10,205,181
Liquid Injection	Nos	20,506,956	18,361,834
Bulk	Kgs	439,328	559,215
Chemical	Kgs	1,422,907	—

1. Turnover

Classification	Unit	2010-11		2009-10	
		Qty/Nos	Value	Qty/Nos	Value
Tablet	Nos	475,811,154	538,378,165	522,777,599	490,099,471
Capsules	Nos	76,612,983	81,577,118	117,926,561	95,670,289
Cream In Tubes	Nos	6,962,428	104,684,055	5,322,496	80,208,094
Dry Powder Injection	Nos	4,701,225	101,411,300	3,609,583	80,235,862
Liquid In Bott.	Nos	11,490,908	178,509,780	10,342,809	152,478,378
Liquid Injection	Nos	20,516,708	199,778,093	18,669,654	161,724,039
Bulk	Kgs	459,285	145,438,393	515,657	145,521,717
Chemical	Kgs	1,422,907	375,879,808	—	—
Others		—	19,206,958	—	26,242,593
Total			1,744,863,669		1,232,180,442

2. Opening Stock

Classification	Unit	2010-11		2009-10	
		Qty/Nos	Value	Qty/Nos	Value
Tablet	Nos	123,390,071	80,852,861	55,725,365	44,090,021
Capsules	Nos	11,555,423	9,226,278	7,450,038	6,525,400
Cream In Tubes	Nos	958,462	7,416,478	1,010,341	8,181,589
Dry Powder Injection	Nos	788,071	11,792,634	733,181	8,136,407
Liquid In Bott.	Nos	1,894,143	19,333,749	2,031,381	21,433,004
Liquid Injection	Nos	3,685,727	26,293,595	3,967,833	18,847,758
Bulk	Kgs	44,663	11,585,493	1,105	897,400
Chemical	Kgs	—	—	—	—
Others		—	—	—	—
Total			166,501,088		108,111,579

3. Closing Stock

Classification	Unit	2010-11		2009-10	
		Qty/Nos	Value	Qty/Nos	Value
Tablet	Nos	96,069,221	72,689,039	123,390,071	80,852,861
Capsules	Nos	11,870,178	9,608,054	11,555,423	9,226,278
Cream In Tubes	Nos	956,317	8,272,041	958,362	7,416,478
Dry Powder Injection	Nos	1,114,401	15,801,149	755,537	10,732,864
Liquid In Bott.	Nos	2,432,835	27,684,607	1,893,753	19,333,749
Liquid Injection	Nos	3,675,975	28,056,249	3,660,013	27,353,366
Bulk	Kgs	24,706	6,547,623	44,663	11,585,493
Chemical	Kgs	—	—	—	—
Others		—	—	—	—
Total			168,658,761		166,501,088

Notes :

1. Production Includes :

- (A) Goods Manufactured In Company's Factory Premises.
- (B) Goods Manufactured On Loan Licenses Basis In The Factory Premises Of Third Party.
- (C) Goods Purchased By The Company.

**LINCOLN****7. Raw Material Consumed**

Raw Material Name	Units	2010-11		2009-10	
		Qty.	Rs.	Qty.	Rs.
Betamethasone Valerate	Kgs.	3,809	374,642	1,204	135,754
Chloroquine Phosphate	Kgs.	639	548,383	761	627,093
Ciprofloxacin	Kgs.	6,345	9,047,751	1,667	2,209,953
Erythromycin Stearate	Kgs.	898	2,453,367	570	954,166
Griseofulvin	Kgs.	1,498	6,250,801	1,359	5,778,784
Ibuprofen	Kgs.	3,529	1,434,432	7,422	3,218,938
Paracetamol	Kgs.	53,374	9,736,450	47,830	9,181,338
Rock Phosphate (Calcite)	Kgs.	—	—	—	—
Others			293,916,460		309,078,310
			323,762,285		331,184,336

Break-up of Raw Materials

Particulars	2010-11		2009-10	
	% of total Consum.	TOTAL AMOUNT	% of total Consum.	TOTAL AMOUNT
Imported	12.20	39,495,456	15.32	50,723,003
Indigenous	87.80	284,266,829	84.68	280,461,333
	100.00	323,762,285	100	331,184,336

04 Total value of stores & spares consumed

Particulars	2010-11	2009-10
Imported	0	0
Indigenous	10,503,646	13,604,106
Total	10,503,646	13,604,106

4.1 CIF Value of Import

Particulars	2010-11	2009-10
a) Raw Materials	37,932,648	50,723,003
b) Packing Material	0	6,923,195
c) Capital goods	0	6,424,638
Total	37,932,648	64,070,836

5 Particulars regarding foreign exchange earning in foreign exchange

Particulars	2010-11	2009-10
(a) Export goods calculated on F.O.B. Basis	208,957,118	147,785,463
Total	208,957,118	147,785,463
(b) Expenditure in foreign currency		
Travelling	1,497,654	1,244,642
Products registration/Inspection /other expenses	2,768,692	3,842,998
Import of Raw Materials	37,932,649	55,916,202
Total	42,198,995	61,003,842

18. The previous figures were audited by another auditor and same has been considered as per audited accounts.

19. Previous year figures are regrouped / rearranged with current year to make them comparable.

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

B.M. Zinzuvadia
Partner
Mem No. 109606

Date : 30-05-2011
Place : Ahmedabad

P.P.ARORA
Company Secretary

For & on behalf of Board

M.G.Patel *Managing Director***R.G.patel** *Joint Managing Director***H.I.Patel** *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

C. INFORMATION PURSUANT TO PARTY IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No.

2	4	2	8	8
---	---	---	---	---

 State Code

0	4
---	---

Balance Sheet Date :

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

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

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

5	0	0	0	0
---	---	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)
Sources of Funds

Paid up Capital

1	6	3	1	0	8
---	---	---	---	---	---

Reserves & Surplus

6	0	0	3	7	2
---	---	---	---	---	---

Secured Loans

4	1	3	9	7	0
---	---	---	---	---	---

Unsecured Loans

7	0	0	0
---	---	---	---

Deferred Tax Liability

4	3	0	5	5
---	---	---	---	---

Total Liabilities

1	2	2	7	5	0	5
---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

3	2	2	7	8	7
---	---	---	---	---	---

Investments

5	1	9
---	---	---

Net Current Assets

9	0	4	1	9	9
---	---	---	---	---	---

Misc. Expenditure

Total Assets

1	2	2	7	5	0	5
---	---	---	---	---	---	---

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover

1	7	1	6	0	1	2
---	---	---	---	---	---	---

 Total Expenditure

1	6	7	0	0	8	2
---	---	---	---	---	---	---

Profit Before Tax

8	0	3	0	5
---	---	---	---	---

 Profit After Tax

5	7	1	4	8
---	---	---	---	---

Earning Per Share

4	.	1	4
---	---	---	---

 Dividend Rate %

0	6
---	---

V. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

Pharmaceuticals Formulation

3	0	0	3	1	0
---	---	---	---	---	---

Pharmaceuticals Formulation

3	0	0	3	2	0
---	---	---	---	---	---

Antibiotics

2	9	4	1	1	0
---	---	---	---	---	---

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

B.M. Zinzuvadia
Partner
Mem No. 109606

Date : 30-05-2011
Place : Ahmedabad

P.P.ARORA
Company Secretary

For & on behalf of Board

M.G.Patel *Managing Director*

R.G.patel *Joint Managing Director*

H.I.Patel *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

We have audited the attached Consolidated Balance Sheet of **Lincoln Pharmaceuticals Limited**, and its subsidiary company, Zullinc Healthcare Limited as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary company whose financial statements reflect total assets of Rs 52.95 Lakh, as at March 31, 2011, total revenues of Rs. 13.50 Lakh and net cash outflows amounting to Rs. 100.07 Lakh for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of that subsidiary is based solely on the reports of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies Accounting Standards) Rules, 2006.

Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and its subsidiary and on the other financial information of the Components and accounts furnished by the management as explained in Para 3 above and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011,
2. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and,
3. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Chandulal M. Shah & Co.
Chartered Accountants
(FRN 101698W)

(B.M. Zinzuvadia)
Partner
M. NO. 109606

Place : Ahmedabad
Date : 30th May, 2011

Particulars	Schedule No.	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
[A] SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
(a) Share Capital	1	163,108,000	113,108,000
(b) Reserve & Surpluses	2	605,051,557	419,761,385
TOTAL SHAREHOLDER'S FUNDS		768,159,557	532,869,385
LOAN FUNDS			
(a) Secured Loans	3	413,969,740	256,107,968
(b) Un-secured loans	4	7,000,000	15,051,453
		420,969,740	271,159,421
DEFERRED TAX LIABILITIES		43,055,476	28,592,591
TOTAL		1,232,184,773	832,621,397
[B] APPLICATION OF FUNDS			
FIXED ASSETS			
(a) Gross Block	5	366,990,599	276,737,703
(b) Depreciation fund		87,389,605	66,604,547
(c) Net Block		279,600,994	210,133,156
Capital Work in Progress		43,185,873	11,253,366
INVESTMENTS	6	34,200	34,200
CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventory	7	260,677,382	229,705,069
(b) Debtors	8	393,337,741	313,773,432
(c) Cash & Bank balance	9	112,826,626	134,874,665
(d) Loans & Advances	10	517,839,299	209,444,940
		1,284,681,048	887,798,106
LESS:CURRENT LIABILITIES & PROVISIONS			
(a) Creditors	11	317,118,007	212,890,670
(b) Provisions	12	58,260,234	63,787,960
		375,378,241	276,678,630
NET CURRENT ASSETS		909,302,807	611,119,476
Misc. Expenditure			
(a) Preliminary Expenses		60,899	81,199
TOTAL		1,232,184,773	832,621,397

General Notes forming part of Account

21

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

For & on behalf of Board

M.G.Patel *Managing Director*

B.M. Zinzuvadia
Partner
Mem No. 109606

P.P.ARORA
Company Secretary

R.G.patel *Joint Managing Director*

H.I.Patel *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

Date : 30-05-2011
Place : Ahmedabad

Particulars	Schedule No.	Year ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
[A] INCOME			
(a) Gross Sales	13	1,855,716,877	1,263,581,833
Less:-Excise duty		28,851,189	23,861,920
		1,826,865,688	1,239,719,913
Job work income		10,990,193	3,701,886
(b) Other income	14	20,320,207	7,858,046
(c) Stock Variation	15	13,528,064	64,851,506
TOTAL		1,871,704,152	1,316,131,351
[B] EXPENDITURE			
(a) Trading security			—
(b) Purchase of finished goods		813,723,379	379,573,086
(c) Materials consumptiuons	16	402,748,617	392,447,969
(d) Manufacturing expenses	17	74,521,706	60,518,037
(e) Personnel expenses	18	144,527,682	103,420,093
(f) Sales & Administrative expenses	19	305,361,846	260,690,728
(g) Financial charges	20	31,798,365	22,039,714
(h) Depreciation		16,667,756	11,604,804
TOTAL		1,789,349,351	1,230,294,431
PROFIT BEFORE TAXATION		82,354,801	85,836,920
Current yr. Income tax provision.		14,800,000	15,715,000
Deferred Tax Expenses		5,293,567	6,342,020
Short Income tax provision of earlier year		3,763,179	2,736,476
PROFIT AFTER TAX		58,498,055	61,043,424
Prior Year Adjustment		16,833,791	—
Net Profit for the Year		41,664,264	61,043,424
ADD : BALANCE BROUGHT FORWARD		159,095,785	121,432,045
PROFIT AVAILABLE FOR APPROPRIATION		200,760,049	182,475,469
APPROPRIATION			
(a) proposed Dividend		9,786,480	13,572,960
(b) Dividend tax		1,587,612	2,306,724
(c) General Reserve		6,000,000	7,500,000
		17,374,092	23,379,684
NET BAL.TRANS.TO BALANCE SHEET		183,385,957	159,095,785

General Notes forming part of Account

21

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

B.M. Zinzuvadiah
Partner
Mem No. 109606

Date : 30-05-2011
Place : Ahmedabad

P.P.ARORA
Company Secretary

For & on behalf of Board

M.G.Patel *Managing Director*

R.G.patel *Joint Managing Director*

H.I.Patel *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - 1 SHARE CAPITAL		
AUTHORISED		
20,050,000(12,050,000) Equity Shares of Rs.10/- each.	200,500,000	120,500,000
ISSUED,SUBSCRIBED & PAID UP		
16,310,800(11,310,800) Equity share of Rs.10/- each.	163,108,000	113,108,000
TOTAL	163,108,000	113,108,000
SCHEDULE - 2 RESERVE & SURPLUS		
1. SHARE PREMIUM		
Balance as per last	225,544,000	132,744,000
Add: Addition during the year	155,000,000	92,800,000
	380,544,000	225,544,000
2. GENERAL RESERVE		
Balance as per last	30,621,600	23,121,600
Add: Addition during the year	6,000,000	7,500,000
	36,621,600	30,621,600
Subsidy Account	1,000,000	—
	37,621,600	30,621,600
3. CAPITAL RESERVE		
Balance as per last	3,500,000	—
Add: Addition during the year	—	3,500,000
	3,500,000	3,500,000
4. SUBSIDY		
Balance as per last	1,000,000	1,000,000
Less:-Transer to General Reserve	1,000,000	—
	—	1,000,000
5. Profit & loss Appropriation Account		
	183,385,957	159,095,785
TOTAL	183,385,957	159,095,785
TOTAL	605,051,557	419,761,385
SCHEDULE - 3 SECURED LOANS		
(a) State Bank Of Saurashtra		
Term loan from SBI	37,275,856	29,759,218
Total	37,275,856	29,759,218
SHORT TERM WORKING CAPITAL LOAN		
Cash Credit Account	311,476,880	162,069,858
F.B.P.Account.	35,000,469	44,062,357
S.L.C Loan A/C	30,216,535	20,216,535
Total	376,693,884	226,348,750
TOTAL	413,969,740	256,107,968
SCHEDULE - 4 UNSECURED LOANS		
(a) Inter corporate deposit		
	7,000,000	15,051,453
TOTAL	7,000,000	15,051,453



LINCOLN
SCHEDULE - 5 FIXED ASSETS

ASSETS	GROSS BLOCK (AT COST)			DEPRICIATION FUND				NET BLOCK		
	As At 1/4/2010	Additions	Sale	As At 1/4/2010	Addition	Adjust ment	Sale	As At 31/3/2010		
Factory Land	5085035	71745578	—	—	—	—	—	5085035		
Buildings	79221949	767174	—	14052253	1980743	373646	—	65169696		
Plant & Machinery	121388440	5631303	995466	29778058	6045428	2961224	40728	91610382		
Ele.Installation	7568665	—	—	3687298	359512	—	—	3881367		
Furniture & Fitting	42065408	9427605	—	13581897	6060585	792898	—	28483511		
Vehicles	21408202	3676704	—	5505042	2221486	30263	—	15903160		
Previous Year	224745739	61599773	2892519	283452990	56052966	11604804	— 1053223	66604548	216848446	168692773

Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
-------------	-------------------------------	-------------------------------

SCHEDULE - 6 INVESTMENTS

(Unquoted & other than trade)

Equity shares of Navnirman Co.Op.Ltd. 320 (320) Bank Ltd each of Rs 25/- fully paid.	8,000	8,000
Equity shares of Vijay Co.Op.Bank.Ltd.20 (20) each of Rs 10/- fully paid.	200	200
Equity shares of Naroda Ind.Co.Bank Ltd. 40 (40) Each of Rs 25/- Fully paid.	1,000	1,000
NSC purchased	25,000	25,000
TOTAL	34,200	34,200
TOTAL INVESTMENT	34,200	34,200

SCHEDULE - 7 INVENTORIES

(As taken, valued and certified by management)

Raw Materials	46,459,374	34,460,143
Packing Materials	18,708,105	13,263,087
Work In Progress	16,387,297	15,480,751
Finished Goods	179,122,606	166,501,088
TOTAL	260,677,382	229,705,069

SCHEDULE - 8 SUNDRY DEBTORS

(Unsecured & Considered goods)

Exceeding six Month	60,753,583	24,825,400
Less:-Provision for Bad Debt	1,437,149	—
	59,316,434	24,825,400
Others	334,021,307	288,948,032
TOTAL	393,337,741	313,773,432



Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - 9 CASH & BANK BALANCES		
Cash on Hand	2,586,927	1,584,891
BALANCE WITH SCHEDULE BANKS		
(a) Current Account	39,109,933	12,834,005
(b) Fixed Deposit Account	15,932,015	10,034,069
(c) Dividend Account	625,067	625,067
	<u>55,667,015</u>	<u>23,493,141</u>
BALANCE WITH NON SCHEDULE BANKS		
(a) Current Account	25,398,896	11,032,631
(b) Fixed Deposit Account	29,173,788	98,764,002
	<u>54,572,684</u>	<u>109,796,633</u>
TOTAL	<u><u>112,826,626</u></u>	<u><u>134,874,665</u></u>
SCHEDULE - 10 LOANS & ADVANCES (Un-secured, Considered Good)		
(a) Inter Corporate Deposit	257,875,678	90,747,967
(b) Income Tax & T.D.S.	50,271,167	54,180,533
(c) Balance with Govt. Authorities	22,770,748	19,783,870
(d) Advances recoverable in cash or kind for value to be recd.	186,921,706	44,732,570
	<u>517,839,299</u>	<u>209,444,940</u>
TOTAL	<u><u>1,284,681,048</u></u>	<u><u>887,798,106</u></u>
SCHEDULE - 11 CURRENT LIABILITIES		
Security- trade deposit	28,047,805	26,648,726
Sundry creditors - Raw Materials	248,309,813	138,909,349
Sundry Creditors - Expense & others	32,878,801	35,799,933
Sundry Creditors- Finished Goods	1,132,916	1,373,675
unpaid dividend A/cs	492,331	492,331
Statutory Liabilities	6,256,341	9,666,656
	<u>317,118,007</u>	<u>212,890,670</u>
TOTAL	<u><u>317,118,007</u></u>	<u><u>212,890,670</u></u>
SCHEDULE - 12 PROVISIONS		
(a) Taxation Provision	47,015,000	50,215,000
(b) Provision of Grauity	1,458,754	—
(c) Proposed Dividend	9,786,480	13,572,960
	<u>58,260,234</u>	<u>63,787,960</u>
TOTAL	<u><u>58,260,234</u></u>	<u><u>63,787,960</u></u>
GRAND TOTAL	<u><u>375,378,241</u></u>	<u><u>276,678,630</u></u>

**LINCOLN****SCHEDULE FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2011**

Particulars	Year Ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
SCHEDULE - 13 SALES		
(a) Export sales	224,095,770	188,538,168
(b) Domestic Sales	1,631,621,107	1,075,043,665
TOTAL	1,855,716,877	1,263,581,833
SCHEDULE - 14 OTHER INCOME		
Profit on sale of Assets	190,023	—
Profit on sale of Investment	6,710,788	—
Export Benefit	13,419,396	7,858,046
TOTAL	20,320,207	7,858,046
SCHEDULE - 15 STOCK VARIATION		
(a) Closing stock of :		
Work in Progress	16,387,297	15,480,751
Finished goods	179,122,606	166,501,088
	195,509,903	181,981,839
(b) Opening stock of :		
Work in Progress	15,480,751	9,018,754
Finished goods	166,501,088	108,111,579
	181,981,839	117,130,333
TOTAL	13,528,064	64,851,506
SCHEDULE - 16 MATERIALS CONSUMED		
1 Raw Materials Consumption		
Opening stock	34,460,143	17,728,990
Add : Purchase during the year	319,181,907	326,076,569
	353,642,050	343,805,559
Less : Closing Stock	46,459,374	34,460,143
	307,182,676	309,345,416
2 Packing Materials Consumption		
Opening stock	13,263,087	8,281,849
Add : Purchase during the year	101,010,959	88,083,791
	114,274,046	96,365,640
Less : Closing Stock	18,708,105	13,263,087
	95,565,941	83,102,553
TOTAL	402,748,617	392,447,969

Particulars	Year Ended 31.03.2011 Rupees	Year Ended 31.03.2010 Rupees
SCHEDULE - 17 MANUFACTURING EXPENSES		
Power & fuel	12,866,722	10,748,946
Stores & spare Consumed	10,503,646	13,604,106
Excise Duty	1,147,816	—
Labour charges	47,346,342	33,571,273
Laboratory Goods & Testing charges	2,657,180	2,593,712
TOTAL	74,521,706	60,518,037
SCHEDULE - 18 PERSONNEL EXPENSES		
Salaries, Wages, Allowances & Reimbursement of expenses (Including Directors' remuneration of Rs 4,560,000 (Previous year Rs 4,560,000))	136,022,019	98,043,743
Contribution to Staff welfare funds	5,067,485	3,019,455
Staff welfare expenses	3,438,178	2,356,895
TOTAL	144,527,682	103,420,093
SCHEDULE - 19 SALES & ADMINISTRATIVE EXPENSES		
[A] SELLING EXPENSES		
Export noor	18,308,231	13,463,647
Advertisement	446,811	258,314
Sales Commission & other expenses	21,878,804	29,114,938
Sales promotion & Mkt. Expenses	87,334,255	66,434,081
Travelling	71,034,452	58,583,139
Outward transportation	23,146,247	19,153,469
Baddebt Provision	1,437,149	—
Bad debt Written off	1,062,851	—
(A)	224,648,800	187,007,588
[B] ADMINISTRATIVE EXPENSES		
Audit fees	615,000	165,000
Computer expenses	1,308,461	673,907
Conveyance & vehicals	3,325,141	3,318,197
Donation	45,255	269,001
Insurance	486,746	476,973
Legal & registration	5,036,217	5,677,334
Loss on sale of assets	—	466,092
Administrative Expenses	—	325,000
Office expenses	3,679,747	3,007,572
Preliminary Exp.	20,300	20,300
Post, telephone & Telegrams	4,813,432	4,190,516
Professional & consulting fees	9,642,643	9,470,866
Rent, rates & taxes	45,325,811	40,472,763
Repairs & maintenance	4,268,690	3,533,407
Stationery & printing	2,145,603	1,616,212
(B)	80,713,046	73,683,140
TOTAL	305,361,846	260,690,728
SCHEDULE - 20 FINANCIAL CHARGES		
Bank Commission	6,295,673	6,051,711
Interest On Working Capital Loan	37,221,869	17,945,875
Term Loan Interest	4,210,843	1,238,398
Other Interest	1,706,252	1,515,908
Less:- Interest Income	17,636,272	4,712,178
TOTAL	31,798,365	22,039,714

Particulars	Year Ended 31.03.2011 (Rs. in Lacs)		Year Ended 31.03.2010 (Rs. in Lacs)	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & other ordiner items		823.54		858.37
Adjustment for				
Depreciation	166.68		116.05	
Bad Debt Provision	25.00		0.00	
Provision of Grauity	14.59		0.00	
Loss on sale of assets	-1.90		4.66	
Preliminary & Preoperative Exp.	0.20		0.20	
Expenses Reported under other activity head	431.39		0.00	
Income Reported under other activity head	-176.36	459.60	0.00	120.91
Operating profit before working capital change		<u>1,283.14</u>		<u>979.28</u>
Current Assets	-4,143.38		-2419.73	
Current Liabilities	969.21	-3,174.17	621.70	-1,798.03
Cash generation from operation		<u>-1,891.03</u>		<u>-818.75</u>
Direct Tax Paid	-167.90		184.51	
Sales Tax Differement	0.00		51.28	
Preliminary & Preoperative Exp.Paid	0.00	-167.90	0.00	235.79
Cash flow before investment income		<u>-2,058.93</u>		<u>-1,054.54</u>
Other Income			0.00	
Dividend			0.00	0.00
Net cash flow from operating activities				<u><u>-1,054.54</u></u>
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Investment			0.15	
Purchase of fixed assets	-1,277.18		-616.00	
Interest Received	176.36		0.00	
Sale of fixed assets	11.44	-1,089.38	13.71	-602.14
Net cash used in investment activities		<u>-1,089.38</u>		<u>-602.14</u>
C CASH FLOW FROM FINANCE ACTIVITIES				
Issue of share capital	500		270.00	
Share Premium	1550		928.00	
Share Forfeiture (Capital Reserve)			35.00	
Deposits Accepted			29.45	
Dividend Tax Paid			-23.06	
Loan from bank & others	1,468.02		1,361.34	
Inter corporate deposit			80.50	
Dividend on equity paid	-158.80		-135.73	
Interest Paid	-431.39	2,927.83	0.00	2,545.50
Net Cash flow From Finance Activities		<u>2,927.83</u>		<u>2,545.50</u>
Net Increase in Cash & Cash Equivalentents		<u>-220.48</u>		<u>888.82</u>
Cash & bank balance as at 31-03-2010		<u>1,348.75</u>		<u>459.93</u>
Cash & bank balance as at 31-03-2011		<u><u>1,128.27</u></u>		<u><u>1,348.75</u></u>

As per our report of even date
For **Chandulal M Shah & Co.**
Chartered Accountants
[FRN NO. 101698W]

B.M. Zinzuvadiah
Partner
Mem No. 109606

Date : 30-05-2011
Place : Ahmedabad

P.P.ARORA
Company Secretary

For & on behalf of Board

M.G.Patel *Managing Director*

R.G.patel *Joint Managing Director*

H.I.Patel *Whole Time Director*

Date : 30-05-2011
Place : Ahmedabad

SCHEDULE - 21 GENERAL NOTES FORMING PART OF ACCOUNT -
Statement of significant accounting policies
(a) Basis of Preparation :

The financial statements have been prepared under the historical cost convention on an accrual basis and comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

(b) Use of estimates:

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

(c) Fixed assets
Tangible Fixed Assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the asset to its working condition for the intended use.

Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized.

Advances paid towards acquisition of fixed assets and the cost of assets acquired but not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

Intangible Assets

Intangible fixed assets are stated at historical cost less accumulated amortisation. Cost comprises purchase price, duties, levies and other directly attributable expenses of bringing the assets to its working condition for the intended use. Cost is amortised over its useful economic life based on expected benefit.

(d) Depreciation

All tangible fixed assets, except freehold land, leasehold land and capital work in progress, are depreciated on a straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies' Act, 1956.

(e) Impairment:

In accordance with accounting standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is an indication that assets of the Company may be impaired. Where any such indication exists the company estimates the recoverable amount of the assets. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. An impairment charge is recognised whenever the carrying amount of the asset or cash-generating unit exceeds its recoverable amount.

(f) Inventories:
Raw Materials, Containers, Stores and Spares

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost (net of refundable taxes and duties) or net realizable value. The cost of these items of inventory are determined on FIFO basis and comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

Finished Goods and Work-in-progress

Work in progress and finished goods are valued at lower of cost or net realizable value. The cost of work in process and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition.

Traded Goods

Traded Goods are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

Excise Duty in respect of finished goods lying in factory premises are provided for and included in valuation of inventory in case of non Export Items.

(g) Employee benefits

Short-term employee benefits are recognized as an expense in the profit and loss account of the year in which the related service is rendered.

Cost of post employment benefits relating to Defined Contribution Plans such as contribution to Provident Fund employee pension fund etc are recognized as an expense in the profit and loss account of the year in which the related service is rendered.

The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust, funded with Life Insurance Corporation of India. Liability for the this Defined Benefit Plans is provided on the basis of actuarial valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method. The actuarial gains and losses arising during the year are recognized in the Profit & Loss Account for the year

(h) Research and Development Costs

Research and development costs incurred for development of products are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognized as intangible assets to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of capital nature is added to fixed assets.

(i) Revenue Recognition:

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of excise duty, sales tax and trade discounts.

Interest on deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction based on reasonable certainty of receipt. Interest on advances is recognized when the ultimate collection is not uncertain.

Dividend income is recognized when the right to receive dividend is established.

(j) Taxation

Income tax expense comprises current tax expense and deferred tax expense/credit.

Current tax

Provision for current tax is calculated in accordance with the provisions of the Income-Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions.

Assets and liabilities representing current tax are disclosed on a net basis when there is a legally enforceable right to set off and where the management intends to settle the asset and liability on a net basis.

Deferred tax

Deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

(k) Investment

Current investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

(l) Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive. The number of equity shares is adjusted for any share splits and bonus shares issued effected prior to the approval of the financial statements by the Board of Directors.

(m) Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(n) Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The difference between the actual rate of settlement and the rate on the date of the transaction is charged or credited to profit and loss account.

In respect of monetary current assets and liabilities denominated in foreign currencies the overall net gain or loss, if any, on conversion at the exchange rates prevailing on the date of the balance sheet is charged to revenue.

(o) Principles of Consolidation

The Consolidated Financial Statement relate to Lincoln Pharmaceuticals Limited (the Parent Company) and its Subsidiary- Zullinc Healthcare Limited.

The Consolidated Financial statement have been prepared in accordance with Accounting Standard 21(AS-21)-"Consolidated Financial Statement issued By the Institute of Chartered Accountant of India.The Consolidated Financial Statements have been prepared on the following basis.

- i. The financial Statements of the Parent and its Subsidiary have been Combined on a line by line basis by adding together the book values like items of assets,liabilities,income and expenses, after fully eliminating intra-group balances and unrealized profit or losses of intra group transactions.
- ii. The Consolidated financial statements have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented, to the extent possible, in the same manner as the parent company's separate financial statement.
- iii. The excess of cost to the parent company of its investment in the subsidiary over the parent company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill. This goodwill is tested for impairment at end of financial year. The excess of parent company portion of equity over the cost of investments as at the date of its investment is treated as Capital Reserve.
- iv. The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date i.e year ended March,31,2011.
- v. Consolidated financial statement of Parent & subsidiary company prepared in addition to seprate financial statement of subsidiary company.
- vi. The parent company holding in subsidiary company considered in consolidated financial statement as follows :

Name of Company	Country incorporation	Proportion of shareholding as on 31/03/2011	Proportion of shareholding as on 31/03/2010
Zullinc Health Care Limited	India	100%	100%
Total		100%	100%

NOTES FORMING PARTS OF ACCOUNTS -Consolidated

1. Contingent Liabilities to the extent not provided for.

Sr.	Nature of contingency	2010-11 Rs.	2009-10 Rs.
1	Commitment under letter of credit	47,024,161	38,930,250
2	Guarantee given	2,402,213	3,126,529
	Total	49,426,374	42,056,779

2. Earning per shares (Face value Rs. 10)

Particulars		2010-11	2009-10
Profit available before prior period Adjustment	Rs.	58,498,055	61,043,424
Profit available after prior period Adjustment	Rs.	41,664,264	61,043,424
Weighted average number of equity share	No.	13,860,800	9,085,800
Earnings per share (basic and diluted)			
Before Prior period Adjustment	Rs.	4.22	6.71
After Prior period Adjustment	Rs.	3.00	6.71

**3. Auditor's Remuneration**

Particulars	2010-11 Rs.	2009-10 Rs.
Audit Fees	465,000	165,000
Tax Audit Fees	100,000	NIL
Income Tax fees	50,000	Nil
Total	615,000	165,000

4. Prior period expenses includes following expenses

Particulars	2010-11 Rs.	2009-10 Rs.
Depreciation On R & D Assets	4,158,031	Nil
Imprest Cash Written Off	1,077,985	Nil
Deferred Income Tax	9,169,319	Nil
Key man Insurance Premium	1,896,123	Nil
Other Revenue Expenses	532,333	Nil
Total	16,833,791	Nil

5. Details of security of Secured loans as per Schedule No.3:

(A) Working Capital loan is secured by

- i) Hypothecation of all raw material comprising of bulk drugs and chemicals, stock in progress, finished goods, all other stores and receivable/book debts, both present and future.
- ii) Personal guarantee of managing director, joint managing director and one whole time director
- iii) Collateral security by way of mortgage created on immovable property of the company hypothecation of all movable plants, machineries, and other movable assets both present and future and other movables assets present and future of the company.

(B) Term Loan secured by Hypothecation of specific assets of the company covered under the term loan granted by the banks,

(C) In addition, equitable mortgage on land & building of the company including wind mills' leasehold land.

6. Excise expense in schedule No. 17 on finished goods represents excise duty on finished goods and other payment.**7. Tax deducted from interest and Job work income.**

Particulars	2010-11 Rs.	2009-10 Rs.
TDS from Interest income	1,354,130	Nil
TDS from Job work Income	161,065	199,068

8. Major component of Deferred Tax Liability are as under.**(Rupees in Lakh)**

Particulars	2010-11 Rs.	2009-10 Rs.
Deferred Tax Liability		
Depreciation	443.42	285.93
Total	443.42	285.93
Deferred Tax Assets		
Disallowance under tax laws	12.87	—
Total	12.87	—
Net deferred Tax Liability	430.55	285.93

9. Related party disclosure
Related parties and their relationship

Sr.	Name of Party	Relations
1.	Lincoln Parenteral Limited	Controlled by key managerial persons
2.	Karnavati Distributors Limited	Controlled by key managerial persons
3.	Downtown Travels Pvt. Ltd	Controlled by key managerial persons
4.	Downtown Finance Pvt. Ltd.	Controlled by key managerial persons
5.	Indus Hospital & ICCU P. Ltd	Controlled by key managerial persons
6.	Invivo CRD Private Limited	Controlled by key managerial persons
7.	Zullinc Healthcare Limited.	100 % Subsidiary.
8.	Allantis exim pvt. Ltd.	Controlled by key managerial persons
9.	Mahendrabhai G. Patel	Key Managerial Personnel
10.	Rajanikant G. Patel	Key Managerial Personnel
11.	Hasmukh I. Patel	Key Managerial Personnel
12.	Arvind G. Patel	Key Managerial Personnel
13.	Kailashben M. Patel	Relative Of Key Man. Personnel
14.	Munjal M. Patel	Relative Of Key Man. Personnel
15.	Mansiben Munjal Patel	Relative Of Key Man. Personnel
16.	Nidhi M. Patel	Relative Of Key Man. Personnel
17.	Kalpanaben R. Patel	Relative Of Key Man. Personnel
18.	Ashish R. Patel	Relative Of Key Man. Personnel
19.	Shivaniben Ashish Patel	Relative Of Key Man. Personnel
20.	Siddharth R. Patel	Relative Of Key Man. Personnel
21.	Dharmisthaben H. Patel	Relative Of Key Man. Personnel
22.	Jigar H. Patel	Relative Of Key Man. Personnel
23.	Vaishali Jigar Patel	Relative Of Key Man. Personnel
24.	Aniruddha H. Patel	Relative Of Key Man. Personnel
25.	Hansaben A. Patel	Relative Of Key Man. Personnel
26.	Amar A. Patel	Relative Of Key Man. Personnel
27.	Binal Amar Patel	Relative Of Key Man. Personnel
28.	Anand A. Patel	Relative Of Key Man. Personnel
29.	Manshi Anand Patel	Relative Of Key Man. Personnel

(Rs. in Lacs)

Sr.	Name of Party	Nature of Transaction	Amount Involved	
			2010-11	2009-10
1	Lincoln Parenteral Limited	Purchase	16.57	146.51
		Sales	4.26	4.82
		Expenses Reimbursed	126.75	99.21
		Loan Taken	41.19	128.25
		Loan Repaid	128.25	250.46
2	Allantis Exim Pvt. Ltd..	Purchase	0	42.29
		Sales	1,502.02	0
		Paid for service	21.96	17.38
3	Downtown Travels Pvt. Ltd	Expenses Reimbursed	8.72	5.05
		Loan Repaid	86.81	0
4	Downtown Finance Pvt. Ltd.	Loan Taken	0	74.46
		Expenses Reimbursed	6.30	12.34
		Goods return	18.48	8.07
6	Indus Hospital & ICCU Pvt. Ltd	Loan given	27.38	62.00
6	Avis travels	Expenses Reimbursed	47.33	32.17
7	Zullinc Healthcare Limited	Loan given	105.94	115.99
8	Mahendrabhai G. Patel	Remuneration	11.69	11.40
9	Rajanikant G. Patel	Remuneration	11.97	11.40
10	Hasmukh I. Patel	Remuneration	11.97	11.40
11	Arvind G. Patel	Remuneration	11.97	11.40
12	Zullinc Helathcare Ltd.	Investment	5.00	5.00

BOOK-POST

TO,

If undelivered, please return to :



LINCOLN
PHARMACEUTICALS LTD.
HEALTHCARE FOR ALL

REGISTERED OFFICE
LINCOLN HOUSE,
Behind Satyam Complex,
Science City Road, Sola,
Ahmedabad-380060