



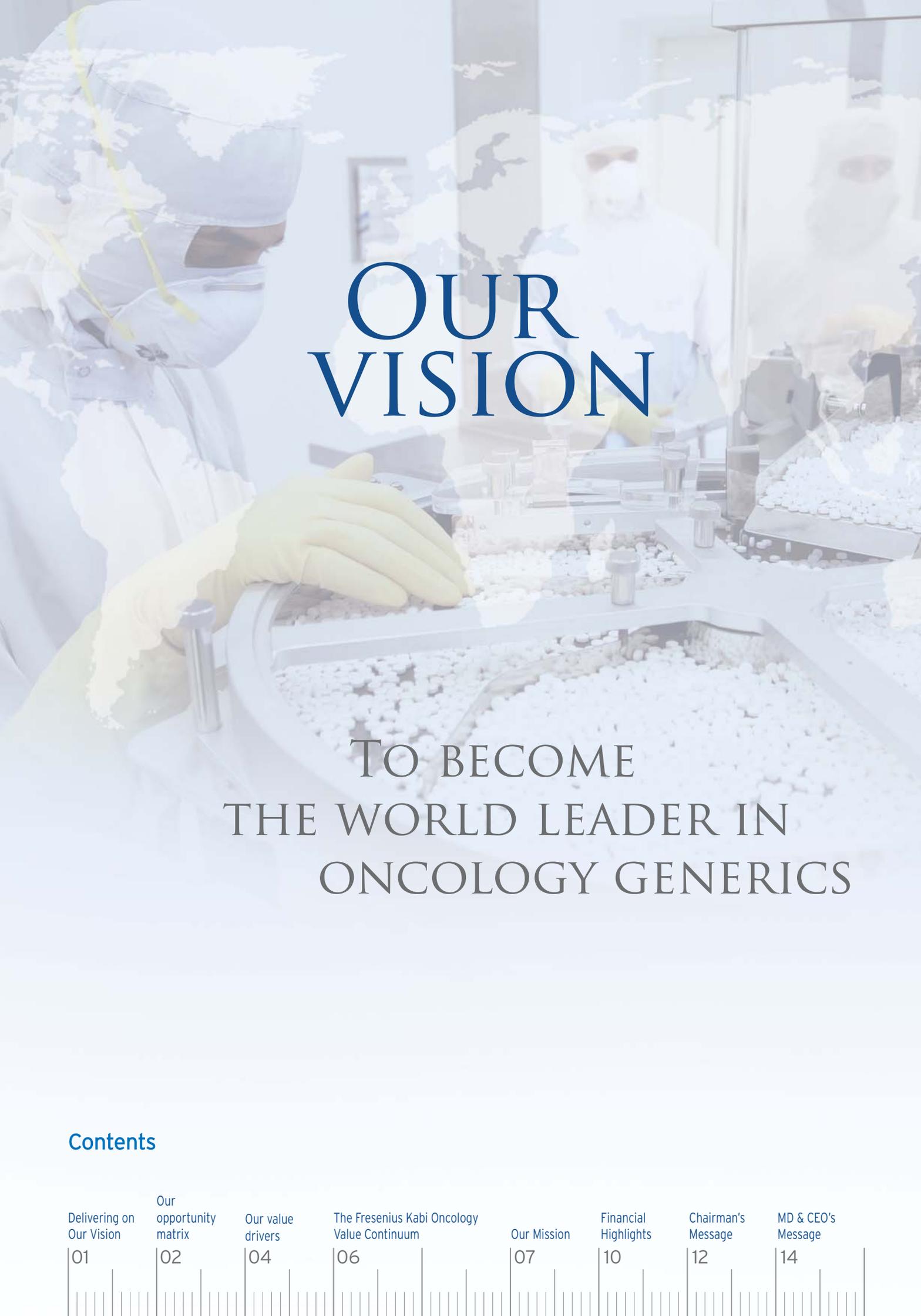
**FRESENIUS
KABI**

caring for life

DELIVERING ON OUR VISION

FRESENIUS KABI ONCOLOGY LIMITED
7th Annual Report
2009-10





OUR VISION

TO BECOME
THE WORLD LEADER IN
ONCOLOGY GENERICS

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DELIVERING ON OUR VISION

If leadership is the capacity to translate vision into reality, then vision is the roadmap through which it traverses the path to make that reality possible. It is the philosophy that empowers one to venture where few have dared to step in before. It is the ability to see the future as none has perceived it before. It is the strength to take on challenges that not many have tackled before.

Our vision 'to become the world leader in oncology generics' is rooted in such a philosophy, ability and strength. It charts the path to a future where we envision making cancer care cost effective to millions around the world. And it also sets out a roadmap to translate that vision into reality, across markets and geographies.

With an ever expanding product portfolio encompassing world-class dosage formulations, a highly qualified R&D team and state-of-the-art manufacturing facilities, we have constantly moved forward in the realization of our ultimate goal towards global leadership. Successfully tackling the myriad challenges that have come our way, we have painstakingly delivered on our vision, at every step of our journey to the future. To deliver better health and better life for one and all.



The year that was...	Corporate Information	Management Discussion and Analysis	Directors' Report	Report on Corporate Governance	Standalone Financial Statements with Auditors' Report	Consolidated Financial Statements with Auditors' Report
16	18	20	29	36	45	73

OUR OPPORTUNITY MATRIX

Despite the multitude of challenges faced by the oncology generics business, the market offers a host of opportunities to players in this space.

The increasing competition and price pressures notwithstanding, there is a paradigm shift towards the generic equivalent of innovator molecules. The shift is motivated mainly by factors like aging population and growing pressures to reduce government healthcare budgets across all markets. This has resulted in the unfolding of immense opportunities for the generic players coupled with the impending patent expiries of the innovator molecules.



The potential is big, even though the increasing bargaining power of the buyer and increased competition does pose some challenges to growth. However, Fresenius Kabi Oncology Limited, with its excellent in-house management team, deep seated capabilities and first to the market status in this business is well poised to harness the opportunities unfolding in its segment. The Company intends to expand further into the emerging markets and also leverage its strengths to grow rapidly in the oncology generics space.



OUR VALUE DRIVERS

To counter challenges. To leverage opportunities

The growth drivers for generics market globally are clear and sustainable. However, a strong value proposition and certain perceptible differentiators are required for a company to emerge as a principal force in the generics space.

At Fresenius Kabi Oncology Limited, we have prudently invested in building a strong growth platform that is primed to deliver significant upside to all stakeholders. We call it the **Fresenius Kabi Oncology Limited Value Continuum**.

Speed to
Market

Strong Sales and
Marketing Set-up

Cost
Competitiveness

Vertical
Integration

R&D Focus

Comprehensive
Product Portfolio





THE FRESENIUS KABI ONCOLOGY VALUE CONTINUUM

The Company in a nutshell

Fresenius Kabi Oncology Limited is a leading company for generic anti-cancer products, equipped with world-class expertise for the development and manufacturing of active pharmaceutical ingredients, intermediates and oral & injectable finished dosage forms.

Integrating with Fresenius Kabi to leverage its global scale and reach, Fresenius Kabi Oncology Limited has world class production, state-of-the-art manufacturing and research & development facilities benchmarked to international standards of excellence.

The Company's finished dosage forms are manufactured at its manufacturing units in Baddi (India), while the active pharmaceutical ingredients (APIs) are manufactured at Kalyani (India).

Fresenius Kabi Oncology Limited strives to provide state-of-the-art recent generation chemotherapeutic drugs right from development to manufacturing & marketing across the globe.

Providing high quality products supported by superior level of customer services at highly competitive prices is the core mantra of the Company's business and its commitment to Quality by Design is endorsed by trusted regulatory authorities like TGA, EDQM, and USFDA.



OUR MISSION



Comprehensive product portfolio

Fresenius Kabi Oncology Limited's product portfolio comprises over 40 formulations (including cytotoxic and cytostatic in both I.V. and Oral forms), which are of the highest quality and yet are cost competitive. The Company can provide its institutional buyers with a compelling proposition to procure all their requirements from one source, and has the capability to bundle the products together for providing cutting edge combination therapies to cancer patients. A focused strategy is in place to further augment the portfolio by monitoring and studying upcoming patent expiries.



Cost competitiveness & vertical integration

A lean cost structure is critical for ensuring profitable growth in the pharmaceutical generics business. Fresenius Kabi Oncology Limited derives its cost competitiveness from the fact that it has complete vertical integration in its operations - right from bulk actives to finished formulations. It has put in place facilities that roll out state-of-the-art chemotherapeutics, approved by the most prestigious international authorities.



THE FRESENIUS KABI ONCOLOGY VALUE CONTINUUM

Speed to market

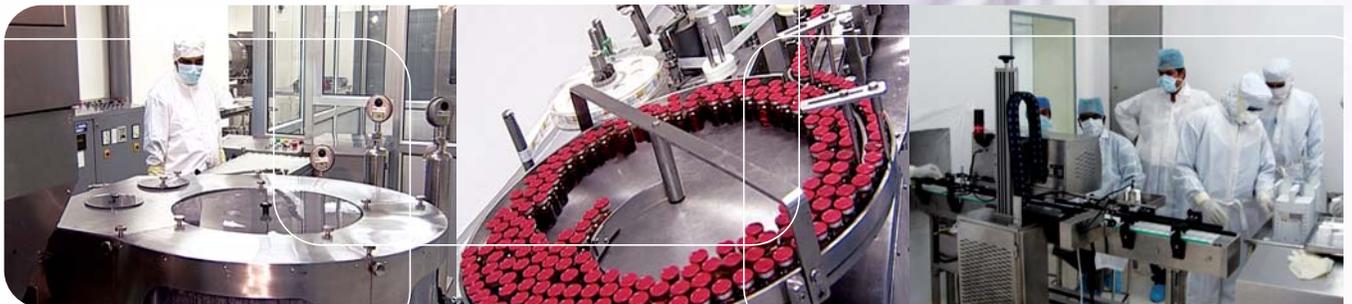
Success in the generics market depends to a large extent on a company's agility and the ability to launch at patent expiry. Fresenius Kabi Oncology Limited ensures speed to market with its highly experienced regulatory team, ensuring pre-patent expiry registrations, competency in developing key products through non-infringing processes and leveraging the vast expanse of the efficient global distribution network of Fresenius Kabi.

Research & Development

R&D represents the growth engine for pharma companies, as it holds the key to a company's developmental pipeline, right from research to registrations of a product. Currently, a dedicated team of highly qualified scientists is engaged in developing the second wave of products, such as next generation cytotoxics, cytostatics and targeted therapies. R&D is also well on its way to realize the potential synergies with the parent company by innovating with various drug delivery technologies.

Structured business plan

With the integration process nearing its completion, Fresenius Kabi Oncology Limited is geared to grow with an exponential trajectory. Having critically evaluated its current presence & strengths, and identified clear areas of growth in the future, the Company has put together a focused strategic plan and is perfectly poised to achieve its vision and goals in the realm of oncology generics.





Human resource

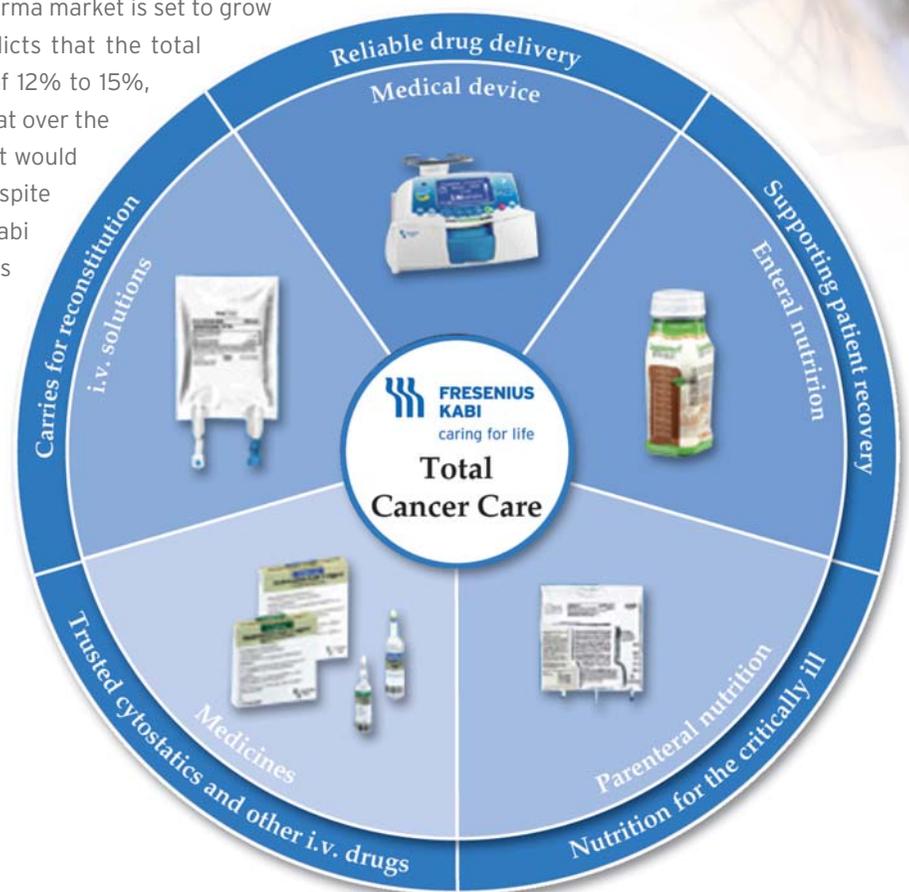
Like any knowledge centric and research centric organization, Fresenius Kabi Oncology Limited believes that its human assets give it the competitive edge. The definition and institutionalization of work ethics has resulted in creating a transparent, empowered and ownership driven culture in the organization. All efforts are being taken to ensure that people processes are aligned to business processes through key processes such as Talent Acquisition, Performance Management and Talent Development. Internal Communication continues to be the key engine to motivate and engage employees at the workplace.

Geographically diverse Business

The Company has business in key markets across the globe, enabling it to capitalize on the growth opportunities world-wide and avoid dependence on any one single market.

Niche segment presence and dominance

Among the diseases, cancer is ranked as the second largest cause of death in the developed world and is rapidly growing in incidence across developing countries. While the overall pharma market is set to grow at a rate of around 5%, IMS Health predicts that the total oncology market would grow at a CAGR of 12% to 15%, reaching € 60 billion by 2012. We believe that over the next 5 years, the oncology generics market would grow, driven mainly by patent expiries, despite cost containment pressures. Fresenius Kabi Oncology Limited is a strong player in this growing oncology segment by virtue of its products and the fact that it can leverage the complete capability of the Company.



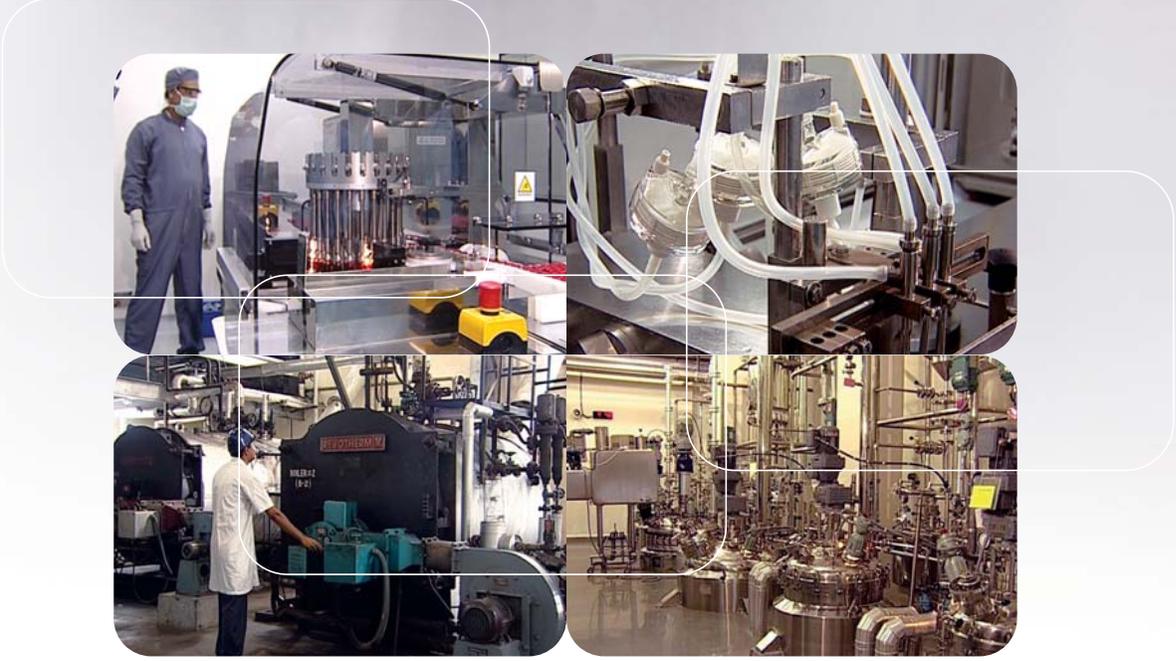
FINANCIAL HIGHLIGHTS

FKOL's Abridged Profit and Loss Statement for 2009-10 (in Lacs)

	2009-10	2008-09
Sales	43,251.35	27408.60
Other Income	613.28	1220.42
Total Income (Excluding extra ordinary items)	43,864.63	28629.02
Manufacturing and other expenses	33,587.37	31558.14
PBDIT	10,277.26	-2929.12
Depreciation	1250.87	1181.20
PBIT	9026.39	-4110.32
Interest	1939.57	2197.12
PBT	7086.82	-6307.44
Current and Deferred Tax	586.95	166.26
Fringe Benefit Tax	0.00	112.00
PAT	6,499.87	-6585.7
Extraordinary Income / (Loss)	1,522.64	-1183.87
PAT after Extraordinary Income	8022.51	-7769.57



The year 2009 - 2010 has been a great one for Fresenius Kabi Oncology Limited. With key product launches in all major markets, the revenues swelled to Rs. 43,251.35 Lacs, a growth of 58% over the previous fiscal. The profit before tax saw a stellar growth of 212%, a clear testimonial of the Company's ability to manage its costs across the product portfolio. The first year of consolidation, 2009-10 proved a gratifying one with both the top line and bottom line results improving significantly.



CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of Fresenius Kabi Oncology Limited, I extend my warm greetings to all of you. It is indeed a pleasure to present the Company's annual report for a very eventful period, marked by growth, achievement and profitability.

It was a year when the Company delivered on its vision in a big way, harnessing its strengths in oncology and moving in the desired direction to introduce our key products in the major markets of the EU and the US. These efforts were complemented by Fresenius Kabi AG's strong worldwide support, resulting in smooth market entries enabling us to set our course for the future.

The Company has done significantly well as compared to the previous period by focusing on organic growth through sales consolidation and market penetration in established as well as emerging markets. Further, it was most heartening that in spite of stiff market challenges, such as competitive intensity and formidable entry barriers; our foray into the regulated markets has been as planned, thereby giving us the chance to consolidate our gains.

Our oncology business strategy is fuelled by our vision "to be a world leader in oncology generics" and driven by Fresenius Kabi AG's global expertise in injectable therapies. Further, dedicated teams in our value chain are a key

advantage as they play a pivotal role, through their support and synergy, to maintain focus and move ahead. Approval of our Baddi-based formulation unit by USFDA is yet another major milestone we crossed in our endeavor to sustain this momentum.

Some major highlights of the year are:

- Impressive overall sales growth of 58% over the previous year
- International business accounted for 85% of the total revenues, growing at the rate of 92%
- High double digit growth rates for both Formulation and API businesses
- Slow down in domestic formulation business as compared to the previous year due to fluctuations in tender orders, corrective actions taken in channel management and modernization of product mix.
- Substantial growth of 212% in profit before tax and 204% in profit after tax, primarily due to sales achieved in international markets

I had assured you last year that the underlying performance of your Company in the previous period was quite healthy even though the profits were affected



“ THE COMPANY IS CURRENTLY FOCUSED ON THE NEXT WAVE OF REGISTRATIONS AND PRODUCT LAUNCHES FOR EUROPEAN MARKETS, EXPLORING ALTERNATIVE TECHNOLOGIES FOR PROVIDING AN EDGE TO ITS PORTFOLIO STRATEGY, ENTERING INTO MAJOR FAST GROWING MARKETS AND EMBARKING ON NEW INITIATIVES TO DRIVE DOMESTIC BUSINESS. ”

by some one-time items. The remarkable profitability of this year corroborates that the Company is well set on a profitable growth path.

I would like to emphasize that this phenomenon is just the beginning of many good things to come. The Company is currently focused on the next wave of registrations and product launches for European markets, exploring alternative technologies for providing an edge to its portfolio strategy, entering into major fast growing markets and embarking on new initiatives to drive domestic business. These activities are expected to contribute immensely to our overall revenue and market share objectives.

In order to fulfil our market share ambitions, our plant capacities need to be expanded and this is yet another task which will be pursued persistently. The Company will use its internally generated resources for this purpose.

Lastly, I am sure that with your good wishes and support, Fresenius Kabi Oncology Limited would repeat its successes and achieve newer heights of growth and profitability in the years to come.

Rakesh Bhargava

Chairman



MD & CEO's MESSAGE

Dear Shareholders,

It gives me immense pleasure to connect with you once again through the Annual Report for the year 2009-2010.

While 2008-2009 was the year of chalking out and setting the future strategy of the Company, 2009-2010, was for us the year of consolidation. A strong business and financial foundation has been laid, and with the growing business opportunities in the oncology generics space, the future is both very exciting and challenging at the same time. Our product portfolio is impressive and, I strongly believe, also very attractive. This, coupled with our promise to provide end-to-end solutions for 'Total Cancer Care' globally, is what will drive our fortunes and keep us ahead of our competition.

We made significant progress in our drive to carve a niche in the oncology space. Our Research and Development team has been working relentlessly to develop high quality API and formulations. This team is completely aligned to business opportunities and provides non-infringing, cost-effective products for early registrations in our key markets.

The year saw our API manufacturing site at Kalyani getting audited by USFDA and it continued its USFDA approved status. Our Formulations manufacturing unit at Baddi also got audited and approved by USFDA. While the API manufacturing unit is our backbone for giving us cost-

competitiveness, our Baddi manufacturing unit will cater to supplies across various markets. The Company is strategically enhancing capacities across all manufacturing units, working out methods to optimize the outputs and adding synergy to sales and marketing efforts by ensuring that quality products are always available on time.

We have established sound financial controlling processes and have also strengthened our internal controls by establishing an internal audit system. Our people processes have evolved with time, wherein, the work ethics evolved through collaborative process is now continuously transforming our workplace into a high performance environment. We continue to attract and retain excellent talent in the industry. The year also saw us shifting to our new corporate office in Gurgaon. Our state-of-the-art Research & Development center would be set-up shortly.

As we move ahead in our journey, I would like to thank our investors, employees and all other stakeholders for their tremendous support. I look forward to building upon the values that our Company represents and achieving greater results in the coming years.

Dr Satish Kulkarni

Managing Director & CEO



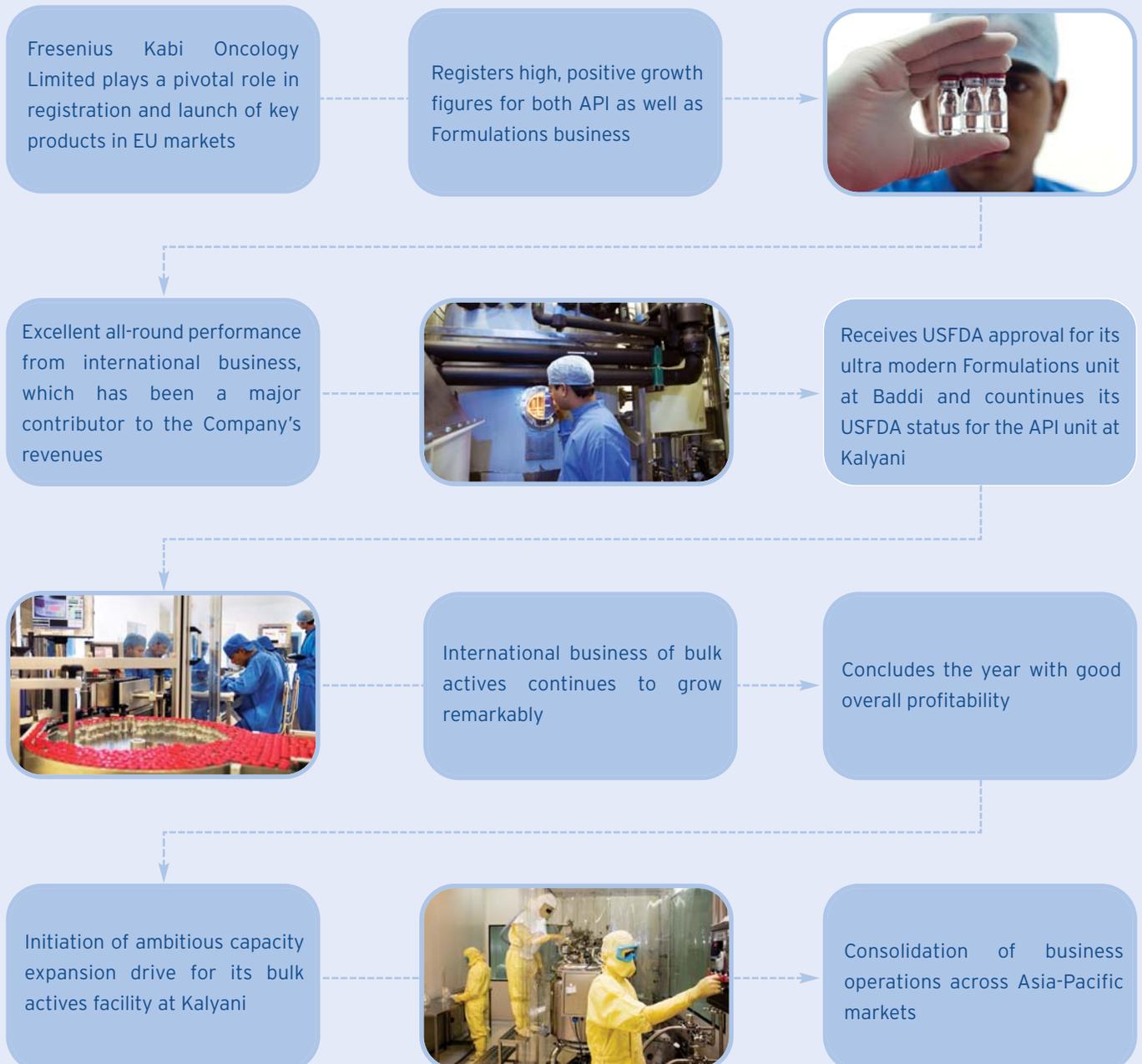
“A STRONG BUSINESS AND FINANCIAL FOUNDATION HAS BEEN LAID, AND WITH THE GROWING BUSINESS OPPORTUNITIES IN THE ONCOLOGY GENERICS SPACE, THE FUTURE IS BOTH VERY EXCITING AND CHALLENGING AT THE SAME TIME.”



THE YEAR THAT WAS...

The year under review saw Fresenius Kabi Oncology Limited (FKOL) launch key oncology products in major markets of EU and the US under the aegis of its parent company Fresenius Kabi. The Company has recorded good overall performance and is now all set to increase its market share in global oncology generics.

HIGHLIGHTS 2009-10





CORPORATE INFORMATION

BOARD OF DIRECTORS



Mr. Rakesh Bhargava
*Non - Executive
Chairman*

Dr. Satish B. Kulkarni
*Managing Director
& CEO*

Mr. Mats Christer Henriksson
*Non - Executive
Director*

Dr. Naresh Trehan
*Non - Executive
Independent Director*

Company Secretary

Mr. Nikhil Kulshreshtha

Auditors

M/s G. Basu & Co.
Chartered Accountants

Internal Auditors

PricewaterhouseCoopers Pvt. Ltd.

Bankers

IDBI Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland N.V.

Credit Agricole Corporate & Investment Bank
Deutsche Bank AG
Punjab National Bank
State Bank of India

Registered Office

B-310, Som Datt Chambers - I
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pharmainvestors@fresenius-kabi.com

Corporate Office

Echelon Institutional Area,
Plot No. 11, Sector - 32
Gurgaon, Haryana - 122 001



Mr. D. G. Shah
*Non - Executive
Independent Director*

Dr. Anand C. Burman
*Non - Executive
Director*

Dr. Michael Schonhofen
*Non - Executive
Director*

Mr. Nitin Potdar
*Non - Executive
Independent Director*

Mr. Gerrit Steen
*Non - Executive
Director*

Subsidiaries

Fresenius Kabi Oncology Plc

Lion Court, Farnham Road, Bordon,
Hampshire, GU35 0NF, UK

Fresenius Kabi Oncology Inc

7425 NW 4 Street, Plantation, FL33317, USA

Dabur Pharma (Thailand) Co. Ltd.

18th Floor, Olympia Tower,
444, Rachadapisek Road
Samsenork, Huaykwang,
Bangkok, 10310, Thailand





MANAGEMENT DISCUSSION AND ANALYSIS

In line with the Company's vision of emerging as a world leader in oncology generics, Fresenius Kabi Oncology Limited made rapid strides towards delivering on its ambitious vision. From the launch of key oncology products in major markets of the EU and the US, with support of Fresenius Kabi world wide to recording good overall performance, the Company is now all set to enhance its market share in global oncology generics.

Highlights, 2009-10

- Registered and launched key products in the EU markets
- Recorded high and positive growth figures for both the API as well as the Formulation business
- Posed excellent all-round performance from its International business, which contributed significantly to total revenues
- Received USFDA approval for its ultra modern formulations unit at Baddi, the Company's future ready platform for manufacturing oncology generics
- Initiated ambitious capacity expansion drive for its API manufacturing facility at Kalyani, West Bengal
- Clocked impressive growth in its API Sales business internationally
- Consolidated business operations across emerging markets
- Closed the year with good overall profitability
- Continued to enjoy the USFDA approved status for its API manufacturing unit at Kalyani.

It has been well-proven and articulated that the oncology therapeutic segment demand is fuelled primarily by unmet medical needs and also due to patient compliance. Recent trends in clinical practice indicate an emerging global consensus to make cancer more manageable and treatable just like other chronic ailments like cardiovascular diseases and diabetes. This is giving way to myriad aided programs on prevention by screening through early detection. However, despite marked increase in detection techniques, cancer continues to be on the rise by transforming itself and posing newer challenges of resistance.



Fresenius Kabi Oncology Limited, a leading player in Oncology Generics, has successfully taken up the challenge to provide end-to-end solutions for 'Total Cancer Care' globally. The Company has proven itself by successfully launching its key products in the highly regulated markets of North America and the EU. This success is based upon the Company's comprehensive strengths in API development and production, formulation development and dosage-form manufacturing, global IPR and regulatory expertise, which in turn guides the Company's sales and marketing operations through a seasoned supply chain and distribution network.

Financial Review

The year under review witnessed the emergence of Fresenius Kabi Oncology Limited as a new oncology generics player in Europe. Key products were launched through the global sales and marketing network of Fresenius Kabi Group. This initial market penetration in the EU will have a cascading impact and will help the Company translate its initial gains into sizeable market shares for key products going forward. The Company has done significantly well in vital areas as compared to last year and is all set to take this success forward by adopting a three pronged strategy of consolidating sales, sustaining growth and improving market penetration.

The key financial highlights for the period under review are as follows:

- Profit before tax (before extraordinary items) is at Rs. 7,086.82 lacs, an increase of 212% when compared with previous year
- Sales increased from Rs. 27,408.60 lacs in the previous year to Rs. 43,251.35 lacs in the year under review, a growth of 58%
- 45.50% sales growth in quarter 4 compared to quarter 4 of previous year
- Sales in 4th quarter of period under review grew by 8.79% in comparison to 3rd Quarter of current year
- Sales in domestic business declined by 23% as compared to previous year, due to price erosion, corrective actions in channel management and fluctuation in tender orders. Several old products were dropped from the product range to modernize and rationalize it

- Formulation business continues to maintain its share at 81% of total sales, the rest coming from bulk actives
- The international business accounted for almost 85% of total sales, and grew by 92% compared to previous year

The API business grew 129% from 3427.00 lacs in the previous year to Rs. 7848 lacs in the current year.

FKOL's Abridged Profit and Loss Statement for 2009-10 (in Lacs)

	2009-10	2008-09
Sales	43,251.35	27408.60
Other Income	613.28	1220.42
Total Income (Excluding extraordinary items)	43,864.63	28629.02
Manufacturing and other expenses	33,587.37	31558.14
PBDIT	10,277.26	-2929.12
Depreciation	1250.87	1181.20
PBIT	9,026.39	-4110.32
Interest	1939.57	2197.12
PBT	7,086.82	-6307.44
Current and Deferred Tax	586.95	166.26
Fringe Benefit Tax	0.00	112.00
PAT	6,499.87	-6585.7
Extraordinary Income / (Loss)	1,522.64	-1183.87
PAT after Extraordinary Income	8,022.51	-7769.57

Trends in the Global Oncology Market

Oncology continues to be the most researched field of medicine, adding more number of molecules and entities to the development pipelines for various tumour types. The oncology market has undergone a high degree of innovation-led change in the past few years, thus creating strong opportunities for a range of established and emerging biotechnology and pharmaceutical companies. Development of compounds with strong utility prospects across multiple indications have become the focus area for R&D activities for

many major players in the industry, as companies look to create blockbuster products.

Business Intelligence Agencies viz. IMS has predicted the global market size of the oncology therapy segment to be a little over US \$ 80 Bn. In spite of patent expirations of some of the leading products and subsequent introduction of generic equivalents, the segment is expected to grow at an impressive CAGR of around 10.9%. This growth is principally being fuelled by rising access and affordability of cancer treatment regimes in developing countries along with a rise in cancer diagnosis. Further, the ever-increasing demand for newer and innovative oncology drugs will continue to be a growth driver as healthcare systems worldwide emphasize on early detection and disease management.

Another interesting and fast emerging trend is the shift towards oral chemotherapeutic alternatives. However this transition is less likely to impact the parenteral therapies in the short to mid-term. In spite of this surge in the number of oral drugs, the injectable drugs still control a staggering 81% of the total market, which includes classical cytostatics and of course the novel biopharmaceutical products. Among injectables, the biopharmaceutical segment has been the most impressive in terms of value growth. It is pertinent to note here that these novel agents are beneficial only when prescribed along with or after the conventional chemotherapeutics, which implies that primary therapies continue to remain the backbone of cancer treatment.

Interestingly, the oncology generics market has become an area of immense interest, importance and business potential to both innovator as well as the follower companies. The growth in this segment is strongly influenced by the ongoing patent expirations, Politico-Economic-Socio-Technical (PEST) trends and lastly by practitioners, dispensers and patients. The segment is expected to register impressive growth rates.

Trends in the Indian Oncology Market

The oncology market in India continues to witness high growth rates, contributed by increased awareness and



affordability among patients, aggressive prescription trends and availability of best-in-class drugs locally at reasonable prices. Despite growing consciousness towards prevention and early detection, India continues to carry a sizeable disease burden for tumours such as head-neck, cervix and breast, which to an extent has contributed to the development and growth of the local industry.

Unaudited market surveys by business intelligence agencies estimate the oncology market to touch approximately US \$ 225 Mn by the end of 2010. A number of local players, backed by contemporary R&D and world-class manufacturing facilities have come out with an impressive product range to meet the rising market demand locally as well as globally.

It is also important to note that with the proliferation of players in this segment, the Indian oncology market has become extremely price competitive. This leads to severe price erosion making market share expansion fairly difficult.

Abundance of technically qualified human resources and decades of experience in the pharmaceutical sector have transformed India from a mediocre consumer to a world-class manufacturing and/or outsourcing base. This potential continues to attract multinational companies to enter into strategic alliances with local players or set-up bases to harness the expertise in pharmaceuticals in general and oncology in particular. Three areas that have witnessed more partnerships and collaborations within oncology are: Actives and Dosage Form Manufacturing, Biopharmaceutical Research & Development and Exploratory Clinical Trials for emerging indications. These attributes have certainly put

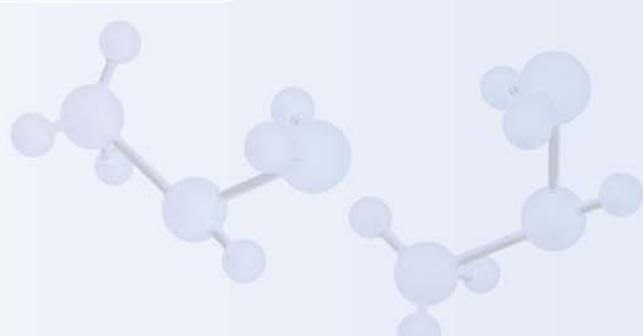
India in the super-league of markets that can influence future market dynamics.

Key Markets

The Company continues to play a crucial role in the development and registration of key products for North America, Europe and the emerging markets of Asia-Pacific and Latin-America. Apart from launch activities of key products, the year under review witnessed focus on product registrations in major markets of Europe and the US, a major step towards consolidation and expansion of our operations. The Company could meet the expectations of product availability and redistribution in all key markets shortlisted.

The Company benefited with the market and institutional penetration of its parent company particularly in the European markets. The experience of marketing hospital based therapies helped its cytostatics; Gemcitabine, Paclitaxel, Irinotecan, Oxaliplatin, Epirubicin and Bicalutamide launched in key markets. To improve the portfolio bandwidth, the Company is working on an impressive range of compounds to increase market access.

USFDA's marketing approval for many of the Company's injectibles and oral products has helped it broaden its product portfolio in the US. Further marketing approvals are awaited for products facing patent expiration in the near future. The Company is working in close association with the American Pharmaceutical Partners (APP) Inc, the US based subsidiary of Fresenius Kabi, to broaden the current portfolio for the North American region. With numerous products



being available in the coming years, the Company will play an important role in developing the business in North America by providing cost-effective and end-to-end solutions for new products.

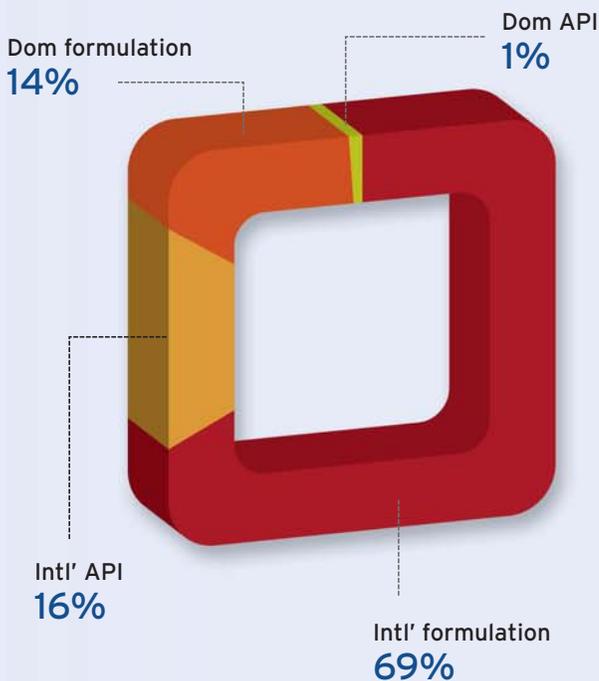
With new distribution agreements in place across the markets, the Asia-Pacific region is in a consolidation phase. The Company has been traditionally very strong in this region by virtue of its sizeable product mix, unique brand-based promotion and a well trained sales team. The overall business has been slightly impacted due to changes in logistics and channel partners but this temporary phenomenon is almost over and sales are expected to gather momentum with the new mechanism operationalised.

International Business

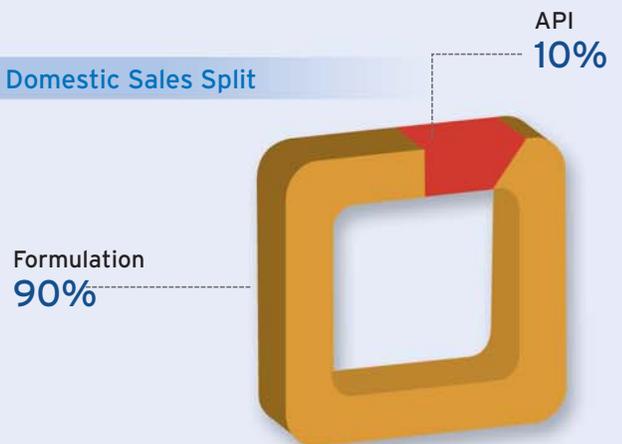
The Company's international business continues to remain the principal engine of growth. This segment accounted for 85% of total sales and clocked an impressive 92% growth over the previous fiscal. This has been possible primarily due to concerted efforts and the involvement of cross functional teams. Timely product registrations and launch activities coupled with good support from the logistics team has resulted in this landmark success. The exemplary performance of the international operations is expected to continue as the Company stands committed to foray into newer markets, expand its therapeutic reach and enhance its strike rate. Based on the 2009 market research inputs, compiled by IMS, Fresenius-Kabi as a company holds the 4th position world-wide with a share of 5% and a growth rate of

Business Performance

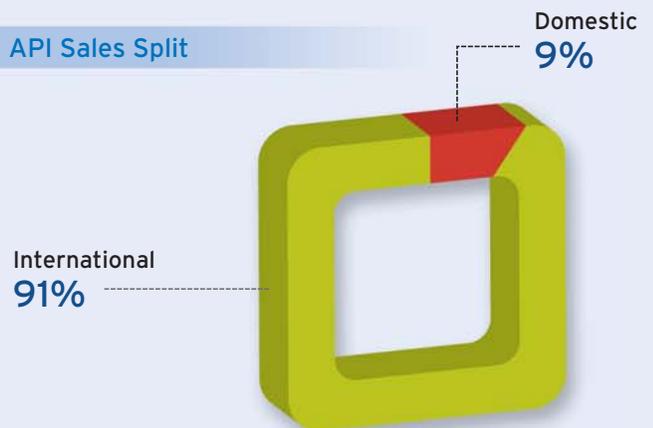
Overall Sales Split



Domestic Sales Split



API Sales Split



52% in the addressable market. With the opening of newer avenues and consolidation of our sales efforts, the Company is optimistic of registering even better performance going forward.

Formulations

With 83% of total revenues accruing from oncology formulations, this segment continues to be the key growth driver for the Company's overall business in both developed as well as emerging markets. The segment recorded an impressive growth of 53% over 2008-09 primarily driven by a sales uptake in the EU and US markets. With more products in the pipeline getting ready for the market, this trend is expected to continue.

Bulk Actives

The year 2009-10 witnessed strong and positive growth trends for the Company's API business, which is in line with its vision to emerge as the leading global player. In spite of stiff challenges posed by increasing competition and price erosion, the business registered a 54% growth and contributed to 17% of total revenues. This, however, is likely to increase on approval of DMFs submitted for some key products and intermediates developed. Further, the Company envisages a boost to this key vertical from the upcoming patent expirations, both for early market entry and for meeting the global API demand.

Domestic Business

The Company's domestic business accounted for 15% of total revenues, of which the formulations segment contributed 90% and the balance came from API sales. Price erosion, stiff competition, portfolio simplification and sales restructuring comprised the key aspects impacting the Company's business. The organization has chalked out a series of counter-measures to overcome this situation and consolidate its position through tactical planning at both the customer and the institutional level. The organization is confident of gaining lost ground during the course of the next few quarters through prudent and strategic customer mapping and entering into supply contracts with key customers. Besides these, several activities have been planned

for enhancing customer service, improving institution penetration and strengthening brand recall.

Research and Development

Availability of a skilled R&D setup has lent tremendous value and impetus to the Company's strategic portfolio management for oncology generics. The R&D team focuses on key areas viz., intellectual property, API chemistry, formulation development, medical and regulatory affairs. Their expertise is extremely critical and valuable as product development (both API as well as dosage form), along with timely registration in key markets has been the axiomatic success factor for the Company's major launches.

The Company has set up a dedicated team of scientists focused on developing products for the next wave of launches planned across the EU and US markets. The R&D team works in line with the Company's business strategy and provides non-infringing, cost effective products for early registration in key markets. This also provides competitive advantage for our oncology generics business.

Exhaustive data mining and information compilation for dossier filing in the prescribed format is a very critical job requiring a high degree of regulatory expertise and knowledge on product registrations. These operations have been planned and executed par excellence by the Company's dedicated Global Regulatory team resulting in a high success ratio in registering products across various markets across the globe. In addition to the important role of filing and following-up on the registration process, liaising with local regulatory agencies, government bodies and branch offices constitute other key areas addressed by the team.

The concept of introducing differentiated generics is fast catching up in the Company's business segment and it is fully cognizant of this emerging trend. The Company has already identified few technology platforms suitable for integrating cytotoxic compounds of different classes for enhanced efficacy and reduced toxicities. A comprehensive developmental strategy is being worked out to translate these inventions into differentiated products in the coming years.



Patent Landscaping is another key result area being diligently addressed by the R&D team. The IPM team identifies product opportunities and provides insight and guidance for circumventing the existing patents. An aggressive Para-IV strategy is being rolled out, which would be of immense importance as far as the Company's future product portfolio for US is concerned.

The Clinical Research and Medical Sciences (CRMS) team has taken up the critical task of conducting bioequivalence (BE) studies for products. The team has either successfully completed or are well on its way to completing clinical studies for most of the leading oral products in the oncology segment facing patent expiration. In addition, setting up of a dedicated pharmacovigilance team to monitor and maintain a data base of adverse events reported from various markets for the Company's products is an important value addition considering the rising technical queries. Further medical/technical inputs used by some of the sales and marketing teams are designed with the help of the medico marketing wing, which is a part of CRMS. "Oncoclinic" is such a monthly publication that captures global key information on cancer globally, specifically designed in line with the Company's portfolio and promotional strategy.

R&D has contributed substantially to the product development from research to registration. In addition, it also holds the key for the Company's developmental pipeline for expansion of its existing range and reach. Currently the team is dedicated to developing the second wave of products such as the next generation cytotoxics, cytostatics and targeted therapies. This includes exploring newer drug delivery technologies within the Fresenius Kabi world or through external alliances. The overall

expenditure for the whole range of R&D activities stands at 34.7 crores, up 13% over the previous fiscal.

Operations

The USFDA approval for the Company's formulation unit in Baddi is a landmark achievement endorsing the Company's excellent manufacturing assets and its adherence to rigorous systems and processes. The prestigious approval of this facility marks an important step forward in the Company's journey of realizing its vision and emerging as a global leader in oncology generics. The unit would provide the edge to supply products in regulated markets across the globe. Other salient achievements of the Company's operations during the year comprised enhancing production capacities, optimizing output and adding synergy to the sales and marketing teams' efforts by providing quality products in time, every time.

The year also witnessed the API manufacturing site at Kalyani getting audited by USFDA and the continuation of the USFDA approved status.

Dosage Form Manufacturing

The Company's dosage form manufacturing operations transpire from three different units, two of which are located at Baddi in India and one is located in Bordon in the UK. Unit-I at Baddi rolls out formulations for emerging markets of Asia Pacific, Latin America, Africa, Middle East, CIS and Central Asia. The unit at Bordon primarily takes care of the developed markets. The second unit at Baddi is better equipped to meet all current and future market forecasts of regulated as well as emerging markets. The plant has the capability to roll out both



injectable as well as oral cytotoxic, cytostatic and hormonal products.

Bulk Actives

In line with the Company's ambitious growth plan, API production has played a key role in achieving the top line for the year under review. The Company's USFDA approved API manufacturing facility at Kalyani has yet again proved itself to be the backbone and a key business factor for driving success. The unit provides cost-effective raw material, compliant to international standards, for the products being marketed across the globe. The facility is expanding its production capacities for some of the products to meet the growing market demand both within the Company and outside.

Quality

The Company has instituted stringent quality control measures at par with global norms. Since quality is assumed as a given in generics, the Company has adopted a zero tolerance policy towards compromise on quality matters. Further, to maintain these high standards, periodic checks and reviews are done to ensure optimum compliance of the product, and its primary, secondary and tertiary packaging before release from our manufacturing plants.

Human Resources

The Human Resources team worked closely with the business team to rollout initiatives in line with business requirements. While in 2008, the Company focused on transparently communicating the change and sharing the future roadmap, the year 2009 was clearly the year of consolidation. Work ethics unique to Fresenius Kabi Oncology have been documented and communicated across the organization to meet business expectations.

While the business has continued to grow at a rapid pace, the number of people added to the team is modest. This means, continuous reviews on structures and job roles ensured that productivity parameters constantly improve. A more systematic approach to manpower planning also helped the Company optimize people resources. Further, the Company has strengthened the Performance Management System significantly to support achievement of business objectives.

The year also saw the Company shift base to a new office premise. The world-class facility will help it showcase and establish the Fresenius Kabi brand both internally as well as externally. Human Resources department across various plants worked closely with the concerned departments during the various regulatory audits to ensure smooth and efficient operations.

Looking ahead, the Company is confident that with the enviable and strong combination of people, philosophy and practices, that it has nurtured, it will continue to establish Fresenius Kabi Oncology Limited as a preferred destination for talent and walk hand in hand with the business.

Corporate Social Responsibility

At Fresenius, a large part of its commitment to caring for life comprises its commitment to think and make a difference beyond the world of business into the world of the under privileged and needy.

It is in keeping with this core ideology of making a difference to communities and being at the forefront of corporate social responsibility that the Fresenius Group has always offered financial aid whenever a natural calamity has occurred - be it an earthquake in Haiti or China or Tsunami in Asia.

Fresenius Kabi in India continues to support the Tsunami Rehabilitation efforts of Fresenius Kabi jointly with Rotary Club as reflected in the inauguration of the single biggest project of Ice Making Plant and Cold Storage located at Pulikat Island, about 50km north of Chennai, on 29th May 2010. The ice plant in Pulikat will assist fishermen in getting ice at a cheaper rate and also help them preserve the fish, thus indirectly help them to get a better price for the catch. The Tsunami Rehabilitation project was initiated in 2004-2005. More than 1 million dollars for Tsunami Rehabilitation & Relief has so far been contributed by Fresenius Kabi in India and Sri Lanka. This money was spent under direct supervision of the Company's Chairman Mr Rakesh Bhargava, a Rotarian himself, in order to rehabilitate the fisherman community, widows and orphans affected by the Tsunami tragedy

Fresenius Kabi Oncology recognizes the important responsibility towards society and has constantly endeavored and embarked on spreading awareness about breast cancer through various integrated mediums such as print, radio &



electronic media. Concurrently, the Company conducted several breast cancer screening camps at various places such as Nasik, Delhi, Punjab and Uttar Pradesh on World Cancer Day. This was done in collaboration with Rotary Club and other leading NGOs and hospitals across the country to spread awareness and provide subsidized or even free treatment to needy patients suffering from breast cancer.

Information Technology

An experienced team of technicians and engineers look after the maintenance of its network based technologies, hardware and software solutions, management of ERP platforms and lastly, data backup solutions for key functions such as Finance, Supply Chain, Production, Logistics and R&D. This has helped the organization increase its efficiency by ensuring seamless exchange of information across various teams.

Internal Controls and their adequacy

The Company has strong and adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. The internal control systems consists of regular operative performance evaluation, in corrective measures and comprehensive internal and external audits. Both independently evaluate the adequacy of internal controls and audit majority of the transactions in value terms. Independence of the audit and compliance function is ensured by the direct reporting of the internal auditors to the audit committee of the Board. Details on the composition and functions of the audit committee can be found in the section on Corporate Governance of the annual report.

Outlook on Risks and Concerns

Oncology generic players are currently facing a number of challenges including continued pricing pressure, unpredictable market authorization timelines, lack of patient awareness and education on generics and mistrust among physicians and prescribers. Generic products are likely to come under intense pricing pressure due to changing pricing and reimbursement policies of health care providers and governments. Entry of more and more companies into the segment is a given and this will further impact the profitability margins. Stringent regulatory barriers thwarting entry of generics is a major detrimental factor for launching products in some of the key markets. Further, regulation prohibiting branding of generics and promotion to physicians in lead markets virtually leaves everything at the discretion of the pharmacist.

Risk of patent infringement litigation in the US and the EU is another major challenge which usually leads to delays in the launch of key products in these markets. Development of non-infringing products is another critical area that could cause delays due to regulatory, IP roadblocks and dependence on external agencies to an extent for vital intermediates.

Synergies and Opportunities

Fresenius Kabi Group through its subsidiaries worldwide gives direct access to the oncology generics business in all key markets such as EU, US (via APP), Asia-Pacific, Latin America, Africa and CIS countries to offer its product range through an excellent logistic network and a dedicated sales force.

Fresenius Kabi is internationally known for its leadership in hospital based infusion and nutrition therapy products and related solutions and other medical devices. The Company has firm plans to leverage this expertise to build a credible global oncology generics franchise with a vision of total cancer care, by providing a comprehensive product portfolio. Another step in bringing synergy is integration of ideas to develop and launch a range of differentiated products, which would enable the Company to manage the product life cycles more effectively and provide newer avenues of growth.

To complement the existing therapeutic portfolio, the Company has identified products that provide excellent business opportunities. Lastly, the Company's strengths in R&D, API and formulations manufacturing will be the key to faster market access and a step forward towards our vision of global leadership in the oncology generics business.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on risks and concerns.





Fresenius Kabi Oncology Limited

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DIRECTORS' REPORT

Dear Shareholders,

It is hard to believe that only a year has passed since we presented our last Annual Report, given how many significant milestones were crossed by us during this period. Financial year 2009-10 will be remembered as a landmark year in the history of the Company, as during this period, we successfully established the separate brand identity for **"Fresenius Kabi Oncology Ltd."** nationally as well as globally and continuously came up with impressive financial results quarter over quarter.

We firmly believe that with your continued support and our hard work, dedication and determination to grow in a systematic and planned manner, the Company will scale new heights and together we will move towards realizing our vision "to become world leader in oncology generics" in the coming years.

With this, the Directors have the pleasure in presenting the seventh Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended 31st March 2010.

FINANCIAL PERFORMANCE

Particulars	(Rs. in lacs)	
	For the year ended 31 st March 2010	For the year ended 31 st March 2009
Turnover (including other income)	43,251.35	28,629.01
Profit before Tax	7,086.82	(6,307.44)
Less: Provision for Taxation (current)	1,279.63	112.00
Provision for Taxation (Deferred)	(692.68)	166.26
Profit after Tax (Before Extraordinary Item)	6,499.87	(6,585.70)
Extraordinary Item (Net of taxes)	1,522.64	(1,183.87)
Add: Balance of Profit brought forward from previous year	13,368.31	21,137.89
Profit available for appropriation	21,390.82	13,368.31
Appropriation to:		
General Reserve	Nil	Nil
Balance Carried over to the Balance Sheet	21,390.82	13,368.31

DIVIDEND

Considering the ongoing capacity expansion projects and future growth plans, the Directors have decided to plough back the profits of the Company for financial year 2009-10. Accordingly, the Board does not recommend any dividend payment for the year ended 31st March 2010. The Directors believe that this decision will contribute to the future growth of the Company and enhancement of shareholders' wealth in the long run.

BUSINESS PERFORMANCE AND OPERATIONS

In order to avoid duplication and overlap between the Directors' Report and the Management Discussion & Analysis, the Directors request you to refer to the Management Discussion & Analysis, which forms part of this Annual Report. The Management Discussion & Analysis covering the Company's performance, industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable, are presented in this section of Annual Report.

CAPACITY EXPANSION AT KALYANI PLANT

Expansion Project - I

As reported in the last Annual Report, the capacity expansion project at our Kalyani, (West Bengal) plant is running smoothly and most of the work has been completed successfully.

However, due to some natural calamities and certain unavoidable circumstances, the project has got slightly delayed and the completion date has been revised from June 2010 to August 2010.

Expansion Project - II

There has been a consistent rise in demand for certain products of the Company, particularly in the regulated markets.

In order to meet future demands for the said products, it was felt necessary to further enhance production capacity at the Kalyani plant and for this purpose; the Company has undertaken further expansion (Expansion Project -II) at Kalyani with an estimated investment of INR 230 million (approx.).

SHIFTING OF CORPORATE OFFICE

During the year, the Corporate Office of the Company was shifted from 22, Site - IV, Sahibabad, Ghaziabad - 201010, U.P., India to Plot No. 11, Echelon Institutional Area, Sector - 32, Gurgaon - 122001, Haryana, India.

NEW RESEARCH AND DEVELOPMENT CENTRE

Research and Development (R&D) has been a major focus for the Company since its inception. In order to achieve the goal of becoming the world leader in Oncology Generics, the Company will continue expanding its R&D programs as well as facilities by introducing state-of-the-art infrastructure and induction of additional manpower in the R&D set up in India in the coming years.

As part of its R&D initiatives, the Company is in the process of establishing a state-of-the-art Research and Development Centre at Plot No. 11, Echelon Institutional Area, Sector - 32, Gurgaon - 122001, Haryana, India, which is supposed to be commissioned in the financial year 2010-11.

SHARE CAPITAL

During the year, authorised and paid up share capital of the Company remained unchanged in comparison to previous year.

CORPORATE GOVERNANCE

The Company has adopted the best possible corporate governance norms and it has been our endeavour to comply and upgrade to the changing norms.

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of the Annual report.

In terms of sub-clause (v) of the Clause 49 of the Listing Agreement, a certificate of the CEO/ CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the Report.

DIRECTORS

During the year, Mr. John Robert Ducker, Non-Executive Director of the Company resigned from the Directorship of the Company,

which resulted in a casual vacancy and Mr. Mats Christer Henriksson was appointed in his place as a Non-Executive Director of the Company for the remaining term of Mr. Ducker.

The Directors welcome Mr. Henriksson to the Board and place on record their sincere appreciation for the valuable contribution and guidance rendered by Mr. Ducker during his tenure as a Director with the Company.

As per Article 130 of the Articles of Association of the Company, following Directors would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment:

- i) Mr. Rakesh Bhargava, Non-Executive Director and Chairman,
- ii) Dr. Anand C. Burman, Non-Executive Director,
- iii) Mr. Dilip G. Shah, Non-Executive Independent Director

A brief resume, expertise and other directorships and committee memberships held by the above Directors and other details stipulated under provisions of Clause 49 of the Listing Agreement forms part of the Notice convening the Seventh Annual General Meeting of the Company.

AUDITORS

The Statutory Auditors of the Company, M/s G. Basu & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting of the Company. They have confirmed their willingness and eligibility for re-appointment for the financial year 2010-11 and have also confirmed that their re-appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board of Directors of the Company recommends their re-appointment.

The Directors also propose M/s HLB Vantis Audit Plc., London, for their re-appointment as the Branch Auditors of London Branch of the Company to hold office from conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

COST AUDITORS

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's formulations division.

M/s Ramanath Iyer & Co., Cost Accountants have been re-appointed as the Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of its

formulations for the financial year 2010 -11, for which the Central Government has also accorded its approval vide letter no. 52/52/CAB/2005 dated 1st April 2010.

AUDITORS' REPORT

The Board has duly examined the statutory Auditor's Report to the accounts and clarifications, wherever necessary, have been included in the notes to the Accounts section of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended 31st March 2010 form part of this Annual Report.

BRANCHES, REPRESENTATIVE OFFICES AND SUBSIDIARY COMPANIES

After the acquisition of the majority shareholding in the Company by Fresenius Kabi in the financial year 2008-09, the Company entered into a Master Alliance Agreement with Fresenius Kabi globally. As per this agreement, it was desirable for the Company to utilise sales, marketing and business strengths of Fresenius Kabi globally, wherever possible. It has also helped the Company to streamline the cost of sales and marketing.

As part of this process, the Company has integrated its various representative/branch offices at various places with Fresenius Kabi Group entities in order to bring more synergy in operations and optimum utilisation of resources.

The Company has three subsidiaries as on 31st March 2010, namely Fresenius Kabi Oncology Plc, (UK), Dabur Pharma (Thailand) Company Ltd. and Fresenius Kabi Oncology Inc, (USA), a wholly owned subsidiary of Fresenius Kabi Oncology Plc, (UK).

Dabur Pharma (Thailand) Co. Ltd.

One of the subsidiaries of the Company i.e. Dabur Pharma (Thailand) Co. Ltd. (DPTL) has been taking care of the Company's business interest in Thailand. DPTL is engaged in the business of selling, marketing and distributing oncology products of FKOL in Thailand.

During the year, DPTL transferred its selling, marketing and distribution activities to Fresenius Kabi (Thailand) Co. Ltd. and decided to wind up the company as per the applicable enactments in Thailand.

Going forward, Fresenius Kabi Oncology Ltd. will carry out its business in Thailand through its distributor Fresenius Kabi (Thailand) Co. Ltd.

Fresenius Kabi Oncology Inc (USA)

The Company had earlier decided to discontinue the operations of its indirect wholly owned subsidiary company in the USA i.e. Fresenius Kabi Oncology Inc. in a phased manner and synchronise its selling, marketing and distribution activities with the Fresenius Kabi Group Company in USA.

Accordingly, the business activities of this subsidiary were gradually discontinued and the Company started carrying out its business activities in USA through another group company of Fresenius Kabi, which has already a well established set up there.

Fresenius Kabi Oncology Inc. had filed an application for voluntary liquidation with relevant authority in the USA and now the company stands "Inactive" as per the records of competent authority in USA.

ANNUAL REPORT OF SUBSIDIARY COMPANIES

In terms of approval granted by the Ministry of Corporate Affairs, Government of India, vide letter no. 47/280/2010-CL-III, dated 13th April 2010 under section 212(8) of the Companies Act, 1956, a copy of Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the above mentioned three subsidiary companies for the year ended 31st March 2010 have not been attached with the Annual Report of the Company. We believe that the Audited Consolidated Financials present a true and fair picture of the state of affairs and the financial condition.

The Company has also annexed a statement at the end of this Annual Report pursuant to exemption received from Central Government under Section 212(8) of the Companies Act, 1956, related to its subsidiary Companies for the year ended 31st March 2010.

The Company shall make available these documents/details upon request by any shareholder of the Company or subsidiary interested in obtaining the same. The Annual Accounts of the Company and its subsidiary companies are also available for inspection by the shareholders during business hours at the registered office of the Company.

FIXED DEPOSITS

The Company has not invited/accepted any Fixed Deposits during the year, as such; no amount of principal or interest on fixed deposits was outstanding on the date of Balance Sheet.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office address.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange transactions as stipulated under Section 217(1)(e) of the Companies Act, 1956 is set out in a separate statement, attached to this Report and forms part of it.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 in relation to Directors' Responsibility Statement, it is confirmed that:

- i) in the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed and no material departures have been made from the same;

- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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 the year under review;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts for the financial year ended 31st March 2010 on a going concern basis.

ACKNOWLEDGEMENT/APPRECIATION

The Directors place on record their gratitude to the customers, shareholders, suppliers, bankers, financial institutions and Central and State Governments for their constant support to the Company. The Directors also place on record their deep appreciation of the contribution made by employees at all levels. The consistent growth of the Company was made possible by their hard work, loyalty, dedication, co-ordination and support.

For and on behalf of the Board of Directors

New Delhi
28th May 2010

Rakesh Bhargava
Chairman

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010

CONSERVATION OF ENERGY

a) Energy conservation measures taken.

- Peak load exemption taken from electricity board,
- Routine monitoring of power factor by maintaining the capacitor bank,
- Reduction in raw water consumption from 140KL to 80KL per day,
- Reduction in soft water consumption from 110KL to 50KL per day,
- Reduction in FO consumption from 2.35KL to 0.73KL per day,
- Reduction in HSD consumption from 0.7KL to 0.3KL per day,
- Reduction in purchased Power consumption from 17890KWH to 11009KWH per day.

b) Additional Investments.

Negligible.

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

- Saving of approximately Rs. 20 lacs per annum by avoiding running of D.G. set in peak hours,
- Saving of approximately Rs. 45 lacs per annum by optimizing power and utility consumption.

d) Energy consumption.

- Energy consumption details as per prescribed Form A are given at the end of this part.

TECHNOLOGY ABSORPTION

Research & development (R&D)

1. Specific areas in which R&D carried out by the Company.
 - Company has further identified new products for development and started work on the development of these products,

- Development of all key oncology products are being taken up for Regulated Markets and Emerging Markets together,

- API Manufacturing processes are further developed to obtain cost effective APIs.

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

- Timely launch of various products during the period,
- Generation of new IPR and documents.

3. Future plan of action

Development of new and innovative processes, differentiated generics and novel drug delivery system pipeline to augment the current portfolio of oncology drugs in regulated as well as emerging markets.

4. Expenditure on R&D.

The details of expenditure incurred by the Company on the above are as under:

		Rs. in Lacs
(a) Capital	:	Nil
(b) Recurring	:	3470.08
(c) Total	:	3470.08
(d) Total R&D as a percentage of total Turnover	:	8.44%

Technology absorption, adaptation and innovation.

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

- The Company has further optimized its technological expertise and lyophilised products have been successfully commercialized,

- The Company is further developing technological expertise in the field of complex formulations' manufacturing to provide differentiated Generics in the oncological segment,

- The Company has successfully developed technology

for safety packaging which are increasingly becoming essential in case of Cytotoxic products,

- The Company has successfully implemented e-CTD submissions in all key markets.

2. Benefits derived as a result of the above efforts:

- These initiatives will result in speedy introduction of products in all markets upon approval. The computerized system implementation shall ensure online completion of documentation and shall reduce laboratory documentation errors,
- Electronic submissions are preferred by most of the agencies and ensures faster and user friendly review process with better life cycle management,
- Reduction of raw material cost, time cycle and increase productivity,
- Safety Packaging shall provide added safety to the healthcare professional while handling cytotoxic products.

3. Imported Technology.

Nil.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to export; initiatives taken to increase exports; development of new export markets for products and export plans:

The Company has successfully launched some key products in regulated markets of North America and EU. This will help in strengthening the Company's growth in the long run. The Company's success is based upon its strengths in API development and production, formulation development and dosage-form manufacturing, global IPR and regulatory expertise, guiding, sales and marketing operations through a seasoned supply chain and distribution network.

All the aforementioned will help in increase the export sales of the Company.

- b) Total foreign exchange used and earned.

	Rs. in Lacs
➤ Foreign Exchange Earning	: 36095.26
➤ Foreign Exchange Outgo	: 9551.99

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

Form of Disclosures of particulars with respect to Conservation of Energy

Power & Fuel Consumption	2009-2010	2008-2009
1. Electricity		
a) Purchased		
Units	14,378,310.00	14,176,210.00
Total amount (Rs.)	67,037,439.00	58,792,278.00
Rate per Unit (Rs.)	4.66	4.15
b) Own Generation		
Through diesel generator unit	1,193,705.90	1,679,333.00
Unit per Litre of diesel oil	2.92	2.69
Cost per Unit (Rs.)	10.54	13.34
Total Cost (Rs.)	12,578,899.99	22,402,302.22
2. Coal		
Quantity (Tonnes)	N.A	N.A
Total Cost (Rs.)	N.A	N.A
Average rate per tonne (Rs.)	N.A	N.A
3. Furnace Oil		
Quantity (Kilo Ltr)	1,142.38	1,156.58
Total Cost (Rs.)	29,424,984.81	32,736,498.00
Average rate per Kilo Ltr (Rs.)	25,757.62	28,304.69
4. Other Internal Generation LDO		
Quantity (Kilo Ltr)	N.A	N.A
Total Cost (Rs.)	N.A	N.A
Average rate per Kilo Ltr (Rs.)	N.A	N.A
5. HSD used for Boiler		
Quantity (Kilo Ltr)	28.81	N.A
Total Cost (Rs.)	912,832.00	N.A
Average rate/Kilo Ltr (Rs.)	31,684.55	N.A

B. CONSUMPTION PER UNIT OF PRODUCTION

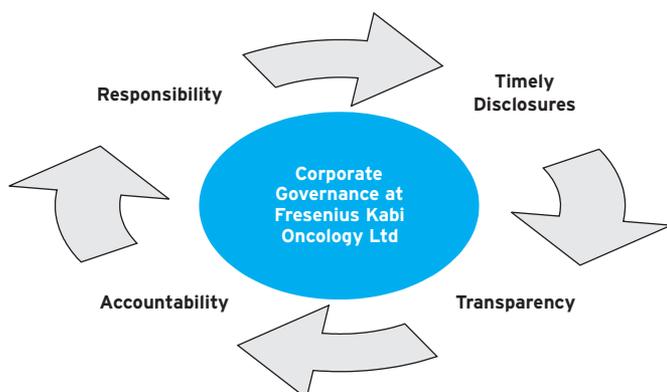
The Company is engaged in the production of a number of drugs and formulations, hence the figures of consumption per unit of production/product are not ascertainable with accuracy. The details of consumption of energy per unit of production can therefore not be given.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Strong Corporate Governance Standards are vital not only for the healthy and dynamic Corporate Sector growth, but also for inclusive growth of the economy. Good Corporate Governance Practices enhance Company's value and stakeholders' trust resulting into strong and healthy development of the economy.

The Company is committed towards implementing best corporate governance practices, wherever possible. Fundamental objective of our corporate governance philosophy is the enhancement of shareholders' value and at the same time protecting the interest of other stakeholders. Our corporate governance philosophy focuses on timely disclosures, transparency, accountability and responsibility.



The Company focuses over both accountability and responsibility. Responsibility is the obligation to carry forward an assigned task to a successful conclusion and Accountability is the acknowledgment and assumption of responsibility for actions, decisions, and policies etc. Transparency in the activities of the Company includes, inter - alia, timely disclosure of material matters concerning the organization to ensure that all investors have access to clear, factual and real time information.

Our Corporate Governance Philosophy is based on commonly accepted principles of Corporate Governance:

- Right and equitable treatment of shareholders;
- Protection of interest of other stakeholders;

- Integrity and ethical behaviour;
- Timely disclosures and transparency.

BOARD OF DIRECTORS

Composition of the Board

The Board of Directors of the Company represents an optimum mix of persons with experience and expertise in their respective fields. As on 31st March 2010, the Board of the Company consisted of nine Directors, comprising one Executive Director and eight Non-Executive Directors. Out of the total eight Non-Executive Directors, three are Independent. The Chairman of the Board is a Non-Executive Director.

None of the Directors is a member on the Board of more than fifteen companies, in terms of section 275 of the Companies Act, 1956, and a member of more than ten board-level committees or chairman of more than five such committees, as required under Clause 49 of the Listing Agreement.

The Directors of the Company have expertise in the fields of management, science, law, and finance. They believe in enhancing the relationship of trust with its stakeholders amid continued globalization of the business environment and aims to increase management efficiency and transparency by bolstering good corporate governance practices through internal control systems and otherwise.

Board Meetings

The Company prepares the schedule of the Board meetings in advance to assist the Directors in scheduling their program. The agenda of the meeting is circulated to the members of the Board well in advance along with proper reports, recommendations and supporting documents, so that each Board member can actively participate on each agenda item during the meeting.

The Board of Directors met 4 times during the financial year 2009-10: on April 30, 2009, July 30, 2009, October 27, 2009 and January 20, 2010. The interval between any two meetings was less than four months.

Directors' attendance record and directorships

Name of the Director	Category	Attendance during the year 2009-10			Other directorships ⁽³⁾ and committee ⁽⁴⁾ memberships and chairmanships		
		Number of Board Meetings		Last AGM held on July 29, 2009	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. Rakesh Bhargava (Chairman)	Non-Executive (NED)	4	4	Yes	-	-	-
Dr. Anand C. Burman	Non-Executive (NED)	4	3	No	7	-	-
Mr. D. G. Shah	Non-Executive, Independent (NED/ID)	4	4	Yes	1	1	-
Mr. Gerrit Steen	Non-Executive (NED)	4	3	Yes	-	-	-
Mr. John Robert Ducker ⁽¹⁾	Non-Executive (NED)	4	0	No	-	-	-
Mr. Mats Christer Henriksson ⁽²⁾	Non-Executive (NED)	4	1	N.A.	-	-	-
Dr. Michael Schonhofen	Non-Executive (NED)	4	2	Yes	-	-	-
Dr. Naresh Trehan	Non-Executive, Independent (NED/ID)	4	2	No	4	2	1
Mr. Nitin Potdar	Non-Executive, Independent (NED/ID)	4	4	Yes	3	3	-
Dr. Satish B. Kulkarni (Managing Director & CEO)	Executive (ED)	4	4	Yes	-	-	-

Notes: There are no inter-se relationships between the board members.

(1) Resigned w.e.f. January 13, 2010.

(2) Appointed w.e.f. January 20, 2010.

(3) Other Directorships excludes alternate directorships, directorships in private limited companies, foreign companies and in companies under section 25 of the Companies Act, 1956.

(4) As required by Clause 49 of the listing agreement, the disclosure includes memberships/chairmanships of audit committee and investor grievance committee in Indian public companies (listed and unlisted). The chairmanship of the committees has been provided separately.

Information supplied to the Board

The Board has complete access to any information within the Company. At Board Meetings employees who can provide additional insights into the items being discussed are invited.

The information regularly tabled to the Board includes:

- Quarterly results for the Company and its operating divisions or business segments;
- Minutes of meetings of the Board and Board committees, resolutions passed by circulations and minutes of the meeting of the Board of subsidiary companies;
- Quarterly treasury reports including details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Quarterly compliance certificates with the Exception

Reports which includes non-compliance, if any, of any regulatory, statutory nature or listing requirements and shareholders service;

- Disclosures received from directors;
- Details of investment of surplus funds available with the Company;
- Statement showing significant transactions & arrangements entered into by the subsidiary/associate companies;
- Related party transactions;
- Regular business updates;
- Performance review by CEO;
- Report on action taken on last Board Meeting decisions;
- Other information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements;

Remuneration to Directors

The independent Non-Executive Directors are paid sitting fees (including reimbursement for Airfare and boarding and lodging expenses for attending the Board/ Committee Meetings) within the prescribed limits for the Board/Committee meetings attended by them and no other remuneration was paid to any Non-Executive Director.

are followed in every sphere. The matters relating to the remuneration of Executive Director are looked into by the Board of Directors directly and by the members of the Company through General Meeting.

Remuneration paid to Directors during the year 2009-10:

(Rs.)

Name of the Director	Salary & Perquisites	Performance Linked Incentive	Commission	Sitting Fee#	Total
Mr. Rakesh Bhargava	-	-	-	-	-
Dr. Anand C. Burman	-	-	-	-	-
Mr. D. G. Shah	-	-	-	1,20,000	1,20,000
Mr. Gerrit Steen	-	-	-	-	-
Mr. John Robert Ducker*	-	-	-	-	-
Mr. Mats Christer Henriksson**	-	-	-	-	-
Dr. Michael Schonhofen	-	-	-	-	-
Dr. Naresh Trehan	-	-	-	30,000	30,000
Mr. Nitin Potdar	-	-	-	2,40,000	2,40,000
Dr. Satish B. Kulkarni***	1,53,26,990	53,11,198	-	-	2,06,38,188

Sitting fees include fees for Board and other Committee meetings @ Rs. 15,000 per meeting.

* Ceased to be Director w.e.f. January 13, 2010.

** Appointed as Director w.e.f. January 20, 2010.

*** The Company has executed an employment agreement with Dr. Kulkarni for a period of five years w.e.f. August 11, 2008. His performance is reviewed by the Board of Directors annually and performance linked incentive is decided by them. Notice period is 12 months and he is not entitled for any severance fees.

Directors' Shareholding

None of the Director of the Company is holding any share of the Company.

COMMITTEES OF THE BOARD

Currently, the Board has following mandatory committees, as required under the Companies Act, 1956/Corporate Governance Code:

1. Audit Committee
2. Shareholders/Investors Grievance Committee

The Committees comprise of experienced members of the Board who ensure that high standards of Corporate Governance

Audit Committee

The composition of the Audit Committee as on date and the attendance of members at the meetings held during the financial year 2009-10, are given below:

Member Director	Category	Status	Number of Audit Committee Meetings	
			Held	Attended
Mr. D.G. Shah	NED/ ID	Chairman	4	4
Mr. Nitin Potdar	NED/ ID	Member	4	4
Mr. Gerrit Steen	NED	Member	4	3
Dr. Naresh Trehan	NED/ ID	Member	4	0

The role and terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement

with Stock Exchanges and Section 292A of the Companies Act, 1956, as amended from time to time, besides other matters as may be referred by the Board of Directors.

The committee derives its powers from clause 49(II)(C) of the Listing Agreement. Apart from its other functions, the committee has been regularly reviewing the information as prescribed in Clause 49(II)(E) of the listing agreement.

In generality, the scope and functions of the Audit Committee of the Company revolve around the following:

- (a) Discussions with the auditors periodically on internal control systems, scope of audit, observations of auditors and review of quarterly, half yearly and annual financial statements;
- (b) Investigate into any matter as specified in Section 292A or referred to it by the Board;
- (c) Oversight of the financial reporting process and to ensure that statement is correct, sufficient and credible;
- (d) Recommending appointment, re-appointment and removal of Statutory/Internal Auditors, fixation of audit fee and approval for any other service(s);
- (e) Reviewing the annual financial statements before submission to the Board;
- (f) Reviewing with management, performance of external and internal auditors, the adequacy of internal control systems and functions;
- (g) Reviewing the findings of any internal investigation by the Internal Auditors;
- (h) Reviewing Company's financial and risk management policies;
- (i) Other functions as mentioned in Clause 49(II)(D) of the Listing Agreements.

The Audit Committee meetings were held four times during the year 2009-10 on April 30, 2009, July 30, 2009, October 27, 2009 and January 20, 2010. The time gap between any two meetings was less than four months.

No person has been denied access to the Audit Committee.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee is empowered to perform all the functions of the Board in relation to handling of Shareholders' Grievances. It primarily focuses on:

- Review of investors' complaints and their redressal;
- Review of the queries received from investors.

The Shareholders/Investors Grievance Committee meetings were held 4 times during the year 2009-10 on April 30, 2009, July 30, 2009, October 27, 2009 and January 20, 2010.

The composition and members' attendance at the Shareholders/Investors Grievance Committee meetings are presented below:

Member Director	Category	Status	Number of Meetings	
			Held	Attended
Mr. Rakesh Bhargava	NED	Chairman	4	4
Dr. Satish Kulkarni	ED	Member	4	4
Mr. Nitin Potdar	NED/ ID	Member	4	4
Dr. Anand C. Burman	NED	Member	4	0

The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. Details of the investors' complaints as on 31st March 2010 are as follows:

No. of Complaints pending as on 01.04.2009	Received during the year	Resolved during the year	No. of Complaints pending as on 31.03.2010
Nil	10	10	Nil

MANAGEMENT

Management Discussion and Analysis Report

The Annual Report has a separate chapter on Management Discussion and Analysis which deals with industry structure and development, opportunities and threats, segment wise performance, outlook, risks and concerns internal control system and their adequacy and discussion on financial performance with respect to operations and material issues in the sphere of human resources/ industrial relationship.

Disclosures

The Company is complying with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has filed its confirmation to the effect with the concerned Stock Exchanges.

(a) Materially significant related party transactions

There have been no materially significant related party transactions for the year ended 31st March 2010 that may have potential conflict with the interest of the Company at large.

The materially significant related party transactions that may have potential conflict with the interest of the Company at large are reported to Audit Committee regularly.

During the year, the Company did not enter into any material financial and commercial transactions with Senior Managerial Personnel, where they have personal interest that may have a potential conflict with the interest of the Company at large. Details of transaction with related parties are reflected in the annual accounts under the head "Notes to Accounts".

(b) Instances of Non Compliance

There were no instances of non compliance by the Company. The Company has complied with all the legal requirements related to Capital markets and no strictures passed/penalties levied on it by the Stock Exchange/SEBI or any other regulatory body during the last three years.

(c) Whistle Blower Policy

The Company has put in place a well-documented Whistle Blower Policy after due approval by the Board of Directors.

SHAREHOLDERS

Appointment/Re-appointment of Directors

The individual details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting of the Company are provided in the Explanatory Statement accompanying the Notice of the Annual General Meeting.

Means of Communication

The Quarterly Results along with the Notes are normally published in one Nationally circulating English Newspaper (Financial Express) and one Hindi Newspaper (Jansatta) circulating in New Delhi, within 48 hours of approval by the Board and are faxed/ intimated to Stock Exchanges. These are also displayed on the Company's web site www.fresenius-kabi-oncology.com.

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Location	Date	Time
2006-07	Air Force Auditorium, Subroto Park, New Delhi	July 25, 2007	11:00 AM
2007-08	Air Force Auditorium, Subroto Park, New Delhi	July 21, 2008	03:30 PM
2008-09	Air Force Auditorium, Subroto Park, New Delhi	July 29, 2009	04:30 PM

It is proposed to conduct seventh Annual General Meeting for approval of the Annual Accounts for the year 2009 - 10 on Thursday, 29th July 2010 at 4:00 PM at Air Force Auditorium, Subroto Park, New Delhi. The shareholders are requested to refer to the Notice of the meeting for detailed agenda and program.

Special resolutions passed during the last three (3) AGMs:

2006-07 - Annual General Meeting held on 25 th July, 2007: No special resolution was passed.
2007-08 - Annual General Meeting held on 21 st July, 2008: Alteration of Article of Association of the Company in Part II of Schedule II of Scheme of Arrangement between Dabur India Limited and Dabur Pharma Limited.
2008-09 - Annual General Meeting held on 29 th July, 2009: (1) Alteration of Article of Association of the Company to delete Part II containing Article 193 to 198. (2) Approval for payment of Remuneration to Dr. Satish B. Kulkarni as Managing Director & CEO of the Company. (3) Waiver from recovery of excess remuneration paid to Mr. Ajay Kumar Vij, former Whole Time Director of the Company.

Postal Ballot

During the year ended 31st March 2010, no special resolutions were passed through postal ballots.

No special resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting as mentioned herein below.

Additional Shareholders Information

(a) Annual General Meeting

Date	: July 29, 2010
Time	: 4:00 PM
Venue	: Air Force Auditorium, Subroto Park, New Delhi
Book Closure	: July 19, 2010 to July 29, 2010 (inclusive of both days)

(b) Dividend payment

The dividend for the year 2008-09 was not declared, therefore, no payment of dividend is pending for the said period.

Keeping in view the ongoing expansion projects and future growth plans, the Directors have decided to plough back the profits of the Company for financial year 2009-10. Accordingly, the Board has not recommended any dividend payment for the year ended 31st March 2010.

(c) Financial Calendar

Financial year: 1st April to 31st March. For the financial year 2010-11, quarterly un-audited/annual audited results shall be announced by:

- Mid of August, 2010: First quarter
- Mid of November, 2010: Half yearly
- Mid of February, 2011: Third quarter
- End of May, 2011: Fourth quarter and Annual Audited.

(d) Listing Details

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532545
National Stock Exchange of India Limited	FKONCO

The Listing fee for the financial year 2010-11 has been paid to the above stock exchanges. The ISIN Number allotted to the Company's equity shares of face value of Re. 1/- each under the depository system is INE 575 G 01010.

The listing is in place since 30th September, 2004.

(e) Registrar and Transfer Agent

Securities and Exchange Board of India (SEBI), has made it mandatory for all work relating to share registry, both in physical and electronic form, to be handled either wholly 'in house' by Companies or wholly by a SEBI registered external Registrar and Transfer Agent. Pursuant to this, the Company has appointed MCS Limited, New Delhi, as its Registrar and Transfer Agent.

(f) Share Transfer System

The Board has constituted the Share Transfer Committee and has delegated the requisite power to the Committee to attend share transfer matters. The Committee meets at least once in a month to approve the share transfer and other related matters.

All share transfer and other communication regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents. Requests for Share transfer in physical form can be lodged with the Registrar and Transfer Agents - MCS Limited.

(g) Number of Employees

The Company had 940 permanent employees on its payroll as on 31st March 2010.

(h) Company's Registered Office address and Plant locations:

Registered Office
B-310, Som Datt Chambers-I, Bhikaji Cama Place, New Delhi-110 066 Ph: +91-11-26105570 Fax: +91-11-26195965
Manufacturing Plant - Baddi (H.P.)
Formulations Unit 19, HPSIDC Industrial Area, Baddi, District Solan, Himachal Pradesh-173 205
Manufacturing Plant - Nalagarh (H.P.)
Formulations Unit Village Kishanpura, Tehsil Nalagarh, District Solan, Himachal Pradesh-174 101
Manufacturing Plant - Kalyani (W.B.)
Active Pharmaceutical Ingredients (API) Unit D-35, Industrial Area, Kalyani, District Nadia, West Bengal-741 235

(i) Address for correspondence

For share transfer/dematerialisation of shares, payment of dividend and any other query relating to the shares
MCS Limited, Registrar and Share Transfer Agent, F-65, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020
For queries of Analysts, FIIs, Institutions, Mutual Funds, Banks and others
Mr. Peter F. Nilsson, Chief Financial Officer, Fresenius Kabi Oncology Limited, Echelon Institutional Area, Plot No-11, Sector-32, Gurgaon-122 001, Haryana, India Tel No. +91-124-4885000
For Investors assistance
Mr. Nikhil Kulshreshtha Company Secretary & Head-Legal Fresenius Kabi Oncology Limited, Echelon Institutional Area, Plot No-11, Sector-32, Gurgaon-122 001, Haryana, India Tel No. +91-124-4885000

(j) Dematerialisation of shares and liquidity

The Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialisation of its equity shares. The shares of the Company are frequently traded on NSE and BSE. As of 31st March 2010, 98.73% of the equity share capital of the Company is held in demat mode.

(k) Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments etc.

As of 31st March 2010, no Employees Stock Options (ESOPs) were outstanding, as entire outstanding ESOPs were surrendered and cancelled by the Company during the previous years.

(l) Distribution of Shareholding as on 31st March 2010

Number of equity shares held	Number of shareholders in each category	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	40036	93.8424	6304056	3.9842
501 - 1000	1548	3.6284	1324595	0.8371
1001 - 2000	587	1.3759	889321	0.5621
2001 - 3000	186	0.4360	478148	0.3022
3001 - 4000	75	0.1758	269305	0.1702
4001 - 5000	84	0.1969	405568	0.2563
5001 - 10000	92	0.2156	691712	0.4372
10001 - 50000	42	0.0984	954111	0.6030
50001 - 100000	5	0.0117	370395	0.2341
100001 and above	8	0.0188	146540444	92.6137
	42663	100.0000	158227655	100.0000

(m) Market Price Data

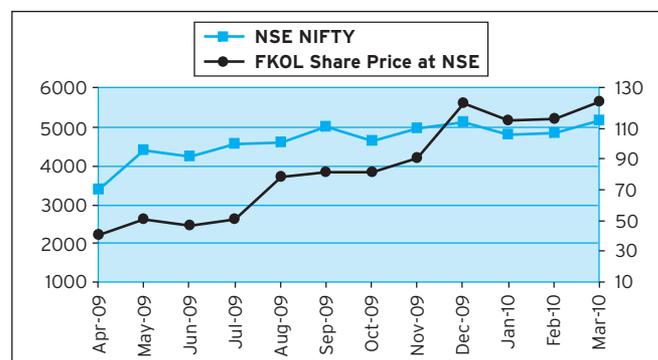
The market price data is given in the table below from 1st April 2009 upto 31st March 2010.

(Rs.)

Month	NSE		BSE	
	Month High Price	Month Low Price	Month High Price	Month Low Price
April, 2009	43.00	35.00	49.50	33.00
May, 2009	59.20	39.00	58.05	39.50
June, 2009	60.00	46.00	60.70	46.25
July, 2009	55.30	41.00	55.25	41.90
August, 2009	80.00	49.05	80.00	51.00
September, 2009	86.30	74.00	86.50	71.00
October, 2009	82.90	72.15	83.00	71.60
November, 2009	100.40	76.15	100.45	77.10
December, 2009	129.25	89.20	129.00	89.00
January, 2010	163.00	99.80	162.90	102.00
February, 2010	130.70	106.05	130.20	107.00
March, 2010	131.00	108.70	131.00	113.00

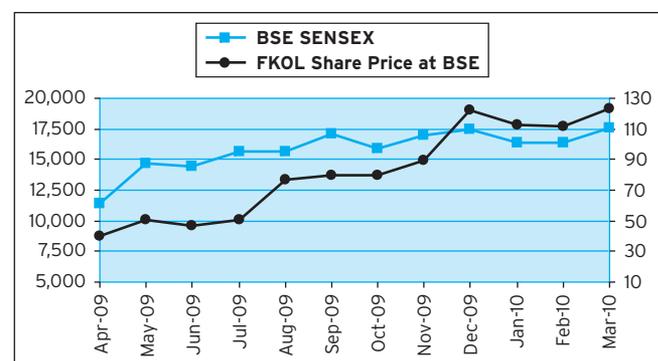
(n) Stock performance in comparison to NSE Nifty

(Monthly closing)



Stock performance in comparison to BSE SENSEX:

(Monthly closing)



For and on behalf of the Board

New Delhi
28th May 2010

Rakesh Bhargava
Chairman

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,

The Members of Fresenius Kabi Oncology Limited,

We have examined the compliance of conditions of Governance by Fresenius Kabi Oncology Limited for the year ended 31st March 2010 in terms of requirements of the Listing Agreements of said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance conditions of Corporate Governance. It is neither an audit nor an expression of opinion of 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 in the above-mentioned Listing Agreements.

We state that in respect of investor's grievances received during the year ended 31st March 2010, no investors grievance is pending for a period exceeding one month against the Company as per records maintained by the Company.

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

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

S. LAHIRI
Partner
Membership no. 51717

New Delhi
28th May 2010

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

I, Dr. Satish B. Kulkarni, Managing Director & CEO of Fresenius Kabi Oncology Limited, do hereby declare and confirm that all the Board Members and Senior Management Personnel have affirmed to the Board of Directors, the compliance of the Code of Conduct laid down by the Board.

New Delhi
28th May 2010

Dr. Satish B. Kulkarni
Managing Director & CEO

CHIEF EXECUTIVE OFFICER (CEO)/CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
The Board of Directors
FRESENIUS KABI ONCOLOGY LIMITED

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of FRESENIUS KABI ONCOLOGY LIMITED ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on 31st March 2010 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and Audit Committee that:
 - (i) there has not been any significant changes in internal control over financial reporting during the year under reference;
 - (ii) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) we are not aware of any material instances during the year of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

DR. SATISH B. KULKARNI
CHIEF EXECUTIVE OFFICER

PETER F. NILSSON
CHIEF FINANCIAL OFFICER

Place: New Delhi
Date: 28th May 2010



STANDALONE FINANCIAL STATEMENTS WITH AUDITORS' REPORT





STANDALONE FINANCIAL
STATEMENTS WITH
AUDITORS' REPORT



AUDITORS' REPORT

To the Members of Fresenius Kabi Oncology Limited,

1. We have audited the attached Balance Sheet of Fresenius Kabi Oncology Limited ('the Company'), as at 31st March 2010, the Profit & Loss Account of 'the Company' and the Cash Flow Statement of 'the Company' for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted 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 statement. 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, as amended, issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified therein.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of 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 and proper returns adequate for the purposes of our audit have been received from the Branch not visited by us at Moscow. The aforesaid branch is exempted from the requirement of Rule 3 of the Companies (Branch Audit Exemption) Rules 1961.

The report in respect of London Branch audited by the Branch Auditors has been forwarded to us and has been properly dealt with herein;

- 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 and returns from the branches ;
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- v. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956 ;
- vi. In our opinion and according to the information and explanations given to us, the said accounts read in conjunction with Schedules A to N and read with other Notes appearing in Schedule "O" 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 :
 - a) In the case of Balance Sheet, of the State of Affairs of 'the company' as at 31st March 2010 ;
 - b) In the case of the Profit and Loss Account, of the Profit of 'the Company' for the year ended on that date; and
 - c) In the case of cash flow statement, of the cash flows of 'the Company' for the year ended on that date.

For **G Basu & Co**
Chartered Accountants
Firm registration number:301174E

S. LAHIRI
Partner
Membership Number: 51717
New Delhi
28th May 2010

ANNEXURE TO THE AUDITORS' REPORT AS REFERRED TO IN PARA 3 OF THE SAID REPORT OF EVEN DATE.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in respect of all its locations.
 - b) The fixed assets have been physically verified by the management at all locations at reasonable intervals. No material discrepancies between book records and the physical inventories have been noticed on such verification.
 - c) Fixed assets disposed off during the year are not material enough to affect the going concern of the company.
 2. a) The inventories have been physically verified during the year at reasonable intervals by the Management.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
 3. a) The Company has not granted any loan, secured or un-secured to firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, during the year.

However the Company has granted unsecured loans of Rs. 3,606.54 lacs (including interest) in aggregate repayable on demand to its subsidiary Fresenius Kabi Oncology PLC, UK and Rs.5.30 Lacs to a company registered under section 25 of the Companies Act, 1956 sharing directors in common. The loanees are regular in payment of the principal amount of loan and interest as due. To the best of our information, there is no overdue amount of loan that is outstanding on 31st March 2010. Rate of Interest and other terms and conditions of these loans are prima facie not prejudicial to the interest of the Company. Maximum balance against these loans during the year was Rs.12366.12 lacs in aggregate.
 - b) The company has not taken any loan secured or unsecured from firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- However the company has taken unsecured loans of Rs. 10,040.35 lacs from its immediate holding company and a fellow subsidiary Company, having its Chairman as a Director in the lender Company. The rate of interest and other terms and conditions of these two loans are not prima facie prejudicial to the interest of the Company. As per the agreement with the lender Companies, the principal amount of loan have not become due for payment and have accordingly, not paid up to 31st March 2010. Interest thereon have been paid as per respective agreements. Maximum balance against these loans during the year was Rs. 10,040.35 lacs in aggregate.
4. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods. There has been no sale of services during the year. During the course of our audit no major weakness has been noticed in the internal control system.
 5. a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the registers maintained under section 301 of Companies Act, 1956 have been so entered.
 - b) According to information and explanation given to us, the transactions of sales made in pursuance of contracts or arrangements entered in the registers maintained under section 301, during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 6. In our opinion and according to information and explanations given to us the company has not accepted any deposit from the public and as such the question of compliances of section 58, 58AA and other relevant provisions of act do not arise.
 7. In our opinion the company has an internal audit system commensurate with its size and nature of its business.
 8. On the basis of records produced, we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under section 209 (i) (d) of the Companies Act, 1956 in respect of products of the

company covered under the rules under said section have been maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.

9. a) According to information and explanation given to us, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it.

We have been informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.

- b) There is no disputed due on account of sales tax, wealth tax, service tax, customs duty and cess. Dues on account of Income Tax / Excise Duty disputed by the company vis-a-vis forums where such disputes are pending are mentioned below :

Excise Duty:

Name of Statute	Nature of the dues	Amount in (Lacs) of Rs.	Period to which the amount relates	Forum where the dispute is pending
Excise Duty	PME Deductions	18.73	1998	CESTAT, New Delhi

Income Tax:

Name of Statute	Nature of the dues	Amount in (Lacs) of Rs.	Period to which the amount relates	Forum where the dispute is pending
Income Tax		146.94	A Y 2005-06	CIT(A), N. Delhi
Income Tax		46.90	A Y 2006-07	DRP N. Delhi

10. The Company has no accumulated loss as on 31st March 2010. It has not sustained any cash loss in the current financial year. In the immediately preceding previous year there was a cash loss of Rs. 6,464.10
11. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any bank. The Company has no due to any financial institution or debenture holder.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. Based on our examination of the records and evaluations of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts relating to shares, securities, debentures and other investments dealt in by the company and timely entries have been made in the records. We also report that that the Company has held the shares, securities, debentures and other investments in its own name.
14. The company had furnished a guarantee in earlier years, for loans taken by others from banks or financial institutions which has ceased during the year. The terms and conditions thereof were not prima facie prejudicial to the interest of the Company.
15. Term loan obtained from bank by the company has been applied for the purpose for which they were raised.
16. No fund has been raised on short term basis during the year which has been used for long term purposes.
17. The company has not made any preferential allotment of shares during the year to any party or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The company has not issued any debenture.
19. The company has not made public issue during the year.
20. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
21. Other clauses of the order are not applicable to the company for the year.

For **G Basu & Co**
Chartered Accountants
Firm registration number:301174E

S. LAHIRI
Partner
Membership Number: 51717
New Delhi
28th May 2010

BALANCE SHEET

AS AT 31ST MARCH 2010

(Rs.in lacs)

Schedule		As at		As at	
		31 st March 2010		31 st March 2009	
Sources of Funds :					
Shareholders' Funds:					
(A) Share Capital	A	1,582.28		1,582.28	
(B) Reserve and Surplus	B	<u>47,627.65</u>	49,209.93	<u>39,605.14</u>	41,187.42
Loan Funds:					
(A) Secured Loans	C	11,745.57		18,500.59	
(B) Unsecured Loans	D	<u>15,163.53</u>	26,909.10	<u>5,745.30</u>	24,245.89
Deferred tax Liability	EA		1,043.34		1,666.56
Total			77,162.37		67,099.87
Application of Funds :					
Fixed Assets :					
(A) Gross Block	F	29,964.63		23,297.29	
(B) Less : Depreciation		<u>4,677.90</u>		<u>3,464.75</u>	
(C) Net Block			25,286.73		19,832.54
Investments	G		12,939.57		12,938.57
Deferred Tax Assets	EA		846.43		776.97
Current assets, loans and advances:					
(A) Inventories	H	19,020.38		13,250.76	
(B) Sundry debtors		15,047.81		10,216.74	
(C) Cash & bank balances		3,493.37		941.58	
(D) Loans & advances		<u>15,372.67</u>		<u>20,219.37</u>	
		<u>52,934.23</u>		<u>44,628.45</u>	
Less: Current liabilities and provisions					
(A) Liabilities	E	7,167.50		4,653.91	
(B) Provisions		<u>7,677.09</u>		<u>6,468.77</u>	
		<u>14,844.59</u>		<u>11,122.68</u>	
Net current assets			38,089.64		33,505.77
Miscellaneous Expenditure	EB				
(To the extent not written off or adjusted)			-		46.02
Notes to accounts	O				
Total			77,162.37		67,099.87

Fresenius Kabi Oncology Limited

RAKESH BHARGAVA
Chairman

DR. SATISH B. KULKARNI
Managing Director & CEO

PETER F. NILSSON
Chief Financial Officer

NIKHIL KULSHRESHTHA
Company Secretary

**As per our report
of even date attached**

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

New Delhi
28th May 2010

S. LAHIRI
Partner
Membership No-51717

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

(Rs.in lacs)

	Schedule	For the year ended 31 st March 2010	For the year ended 31 st March 2009
Income :			
Sales less returns	I	41,128.07	25,709.12
Other income		1,632.83	3,339.67
Total income		42,760.90	29,048.79
Expenditure :			
Cost of materials	J	11,882.21	7,119.95
Manufacturing expenses	K	4,218.26	4,040.64
Payments to and provisions for employees	L	4,759.12	7,170.47
Selling and administrative expenses	M	10,055.39	14,784.70
Financial expenses	N	1,939.57	2,197.12
Misc Expenditure Written Off	EB	46.02	46.01
Depreciation	F	1,250.87	1,181.20
Total expenditure		34,151.44	36,540.09
Balance being Net Profit before taxation		8,609.46	(7,491.30)
Provision for taxation - Current		1,279.63	112.00
- Deferred		(692.68)	166.27
Profit after taxation		8,022.51	(7,769.57)
Balance of Profit brought forward from previous year		13,368.31	21,137.89
Appropriations:			
Proposed Dividend			
Corporate tax on proposed final dividend			
Transferred to general reserve		-	-
Balance carried over to balance sheet		21,390.82	13,368.31
Earning per share (in Rs.)			
(without consideration of extraordinary items)			
Basic		4.11	(0.27)
Diluted		4.11	(0.27)
Earning per share (in Rs.)			
(After consideration of extraordinary items)			
Basic		5.07	(4.96)
Diluted		5.07	(4.96)
No of shares			
Basic		1582.28 Lacs	1582.28 Lacs
Diluted		1582.28 Lacs	1582.28 Lacs
Notes to accounts	O		

Fresenius Kabi Oncology Limited

RAKESH BHARGAVA
Chairman

DR. SATISH B. KULKARNI
Managing Director & CEO

PETER F. NILSSON
Chief Financial Officer

NIKHIL KULSHRESHTHA
Company Secretary

**As per our report
of even date attached**

 For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

 New Delhi
28th May 2010

S. LAHIRI
Partner
Membership No-51717

STATEMENT OF CASH FLOW (BASED ON INDIRECT METHOD)

(Rs.in lacs)

	For the year ended		For the year ended	
	31 st March 2010		31 st March 2009	
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		8393.46		(134.80)
Add: Depreciation	1250.87		1181.20	
Interest	1939.57		2197.12	
Misc Expenditure Written off	46.02		46.01	
Unrealised (Gain)/Loss in Exchange fluctuation	1145.87		(261.73)	
Extra ordinary Income (Exchange Gain prior period)	216.00	4598.33	(2029.51)	1133.09
Less: Profit (Net of Loss) on sale of Assets		(21.44)		1525.63
Operating profit before working capital changes		13013.23		(527.34)
Working capital changes				
(Increase)/Decrease in inventories	(5769.62)		(5256.27)	
(Increase)/Decrease in debtors	(4831.07)		(828.28)	
(Increase)/Decrease in other Current Assets	4770.18		2355.93	
Increase/(Decrease) in trade payable	1973.58		1038.77	
(Increase)/Decrease in working capital		(3856.93)		(2689.85)
Cash generated from operating activities		9156.30		(3217.19)
Interest paid	(1939.57)		(2197.12)	
Tax paid	(1206.00)		(112.00)	
		(3145.57)		(2309.12)
Cash used (-)/(+) generated for operating activities (A)		6010.73		(5526.31)
B. Cash flow from investing activities				
Purchase of fixed assets	(6258.81)		(2186.18)	
Sale of fixed assets	1.00		2466.56	
Purchase (Net of sale) of investment including investment in subsidiaries	(1.00)	(6258.81)	5398.00	5678.38
Extraordinary items	0.00		(2719.00)	
Proceeds from Extraordinary items (Net of Taxes)		0.00		(2719.00)
Cash used (-)/(+) generated for investing activities (B)		(6258.81)		2959.38
C. Cash flow from financing activities				
Proceeds of share capital & premium	0.00		717.02	
Repayment (-)/proceeds (+) of short term and long term loans	2799.86		4703.93	
Extraordinary items	0.00		(2608.00)	
Cash used (-)/(+) generated in financing activities (C)		2799.86		2812.96
Net increase(+)/decrease(-) in cash and cash equivalents (A+B+C)		2551.78		246.03
Cash and cash equivalent opening balance		941.58		695.55
Cash and cash equivalent closing balance		3493.37		941.58

Fresenius Kabi Oncology Limited

As per our report
of even date attached

RAKESH BHARGAVA
Chairman

DR. SATISH B. KULKARNI
Managing Director & CEO

PETER F. NILSSON
Chief Financial Officer

NIKHIL KULSHRESHTHA
Company Secretary

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

New Delhi
28th May 2010

S. LAHIRI
Partner
Membership No-51717

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT 31ST MARCH 2010

(Rs. in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-A-Share Capital		
Authorised: (180000000 equity shares of Re.1 each) (previous year 180000000 equity shares of Re. 1 each)	1,800.00	1,800.00
Issued, Subscribed & Paid up capital (Paid up -158227655 equity shares of Re.1 each) (previous year 158227655 equity shares of Re. 1 each)	1,582.28	1,582.28
Total	1,582.28	1,582.28

Notes:

1. Issued, Subscribed & paid up capital Includes 143144577 (previous year 143144577) equity share of Re. 1 each allotted against capitalisation of reserve in terms of scheme of demerger of the Company from Dabur India Limited w.e.f 1st April 2003 as approved by Hon'ble High Court Delhi without payment being received in cash.
2. 142404889 (previous year 142404889) equity shares are held by Fresenius Kabi (Singapore) Pte. Ltd., the immediate holding Company.
3. 737823 (Previous year 737823) equity shares relates to issue against exercise of option granted under erstwhile employees stock option scheme which has since been discontinued.

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-B-Reserve & Surplus		
Share Premium Account:		
As per last account	7,675.41	6,973.97
Add: Addition during the year	-	701.44
	<u>7,675.41</u>	<u>7,675.41</u>
Capital Reserve Account:		
As per last account	150.00	150.00
General Reserve :		
Opening Balance	18,411.42	18,411.42
Add : Transferred from Profit & Loss Account	-	-
Profit and Loss Account	<u>21,390.82</u>	<u>13,368.31</u>
Employee stock option scheme outstanding		
Opening Balance	-	1,674.59
Add: Addition during the year	-	-
Less: Share Issued During the year	-	4.45
Less: Deletion during the year	-	1,670.14
	<u>-</u>	<u>0.00</u>
Total	47,627.65	39,605.14

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-C-Secured Loans		
Term loans :		
<i>Short term loans - from banks :</i>	10,045.77	8,825.26
Secured by :		
Hypothecation of inventories and book debts ranking pari-passu among IDBI Bank, Hongkong & Shanghai Banking Corporation Ltd. and Punjab National Bank.		
<i>Medium term loan</i>	1,699.80	9,675.33
(External Commercial Borrowings from bank)		
Secured by :		
Mortgage of land and buildings and hypothecation of plant and machineries at company's site at village Kishanpura, P.O. Gurumajra, Tehsil Nalagarh, Baddi		
Total	11,745.57	18,500.59

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-D-Unsecured Loans		
Medium Term Loan from:		
- Fresenius Kabi (Singapore) Pte. Ltd. (Immediate Holding Company)	7,040.35	-
Short Term Loan from Company (Fresenius Kabi India Pvt Ltd, a fellow subsidiary)	3,000.00	3,000.00
Short Term Loan from Banks (Including Foreign Currency Loans Rs.2244.50, Previous Year Rs.2536.00)	5,123.18	2,745.30
Total	15,163.53	5,745.30

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-E-Current liabilities and provisions		
A. Current Liabilities :		
Creditors for Goods	3,490.93	2,593.17
Creditors for expenses and Other Liabilities	3,607.99	1,994.79
Advance from customers	64.04	61.41
Investor education and protection fund to be created by: -Unpaid Dividend	4.54	4.54
Total	7,167.50	4,653.91
B. Provisions :		
For Gratuity	21.59	-
For leave salary	371.20	239.82
Provision Other	873.20	1,097.48
Provision for Taxation	6,411.10	5,131.47
Total	7,677.09	6,468.77
Total	14,844.59	11,122.68

(Rs.in lacs)

	As at 31 st March 2010		As at 31 st March 2009	
Schedule-EA- Deferred Tax				
Deferred Tax Liability:				
Depreciation	1,043.34		1,664.83	
Excess payment of Gratuity	-	1,043.34	1.73	1,666.56
Less: Deferred Tax Assets :				
Disallowance including u/s 43B of I.T Act, 1961				
Doubtful debts	399.56		365.16	
Doubtful Advances	50.56		21.82	
Provision for Gratuity	7.34		-	
Provision for leave salary	126.17		81.52	
Provision for others	262.80	846.43	308.47	776.97
Deferred Tax Liability		196.91		889.59
Charged to profit & loss account of the year		(692.68)		166.27

(Rs.in lacs)

	As at 31 st March 2010		As at 31 st March 2009	
SCHEDULE- EB-Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Share Issue Expenses				
Opening Balance		46.02		92.03
Addition During the year				
Less: amortised during the year		46.02		46.01
Total		-		46.02
Amortisation charged to P&L Account		46.02		46.01

SCHEDULE-F-Fixed Asset

(Rs.in lacs)

Name of the Asset	Gross Block			Depreciation				Net Block		
	As on 01.04.2009	Additions	Adjustment	As on 31.03.10	As on 01.04.2009	For the year	Adjustment	As on 31.03.10	As on 31.03.10	As on 31.03.09
Leasehold Land	278.09	0.00	0.00	278.09	0.00	0.00	0.00	0.00	278.09	278.09
Freehold Land	625.77	0.00	0.00	625.77	0.00	0.00	0.00	0.00	625.77	625.77
Building, Road & Culverts	5475.56	56.59	0.00	5532.15	528.86	180.59	0.00	709.45	4822.70	4946.70
Plant & Machinery	14555.40	825.86	0.00	15381.26	2366.21	796.36	0.00	3162.57	12218.69	12189.20
Vehicles	218.25	58.01	56.93	219.33	63.11	40.15	29.24	74.02	145.31	155.13
Furniture & Fixtures	449.96	36.46	0.00	486.42	158.33	39.88	6.51	191.70	294.72	291.63
Office Equipment	105.01	45.59	0.22	150.38	35.75	10.65	0.05	46.35	104.03	69.25
Computers	435.09	209.95	3.02	642.02	238.76	95.97	1.92	332.81	309.21	196.33
Capital Work in Progress	281.50	6796.75	1301.70	5776.55	0.00	0.00	0.00	0.00	5776.55	281.50
Intangible Assets										
Product Development	602.66	0.00	0.00	602.66	60.27	60.27	0.00	120.54	482.12	542.39
Patent	270.00	0.00	0.00	270.00	13.46	27.00	0.00	40.46	229.54	256.54
Total	23297.29	8029.21	1361.87	29964.63	3464.75	1250.87	37.73	4677.90	25286.73	19832.53
Previous Year Figures	22,605.16	14,549.65	13,857.52	23,927.28	2,836.65	1,181.20	553.13	3,464.74	19,832.54	-

Note:

1. Capital work in progress includes advance against capital goods Rs.724.66 (previous year Rs. 73.11).

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-G- Investments		
Unquoted		
Unquoted (Long Term)		
Investments in Wholly Owned Foreign Subsidiaries Fresenius Kabi Onclogy PLC, UK (171400000, previous year 171400000, equity shares at face value of GBP 0.10)	12,625.20	12,625.20
Dabur Pharma (Thailand) Company Ltd (10000000, previous year 10000000 equity shares @ 2.50 Baht each)	311.37	311.37
Trade investment in Domestic Company Shivalik Solid Waste Management Limited (30000, previous year 20000 equity shares @ 10 each) purchased 10000 shares during the year	3.00	2.00
Total	12,939.57	12,938.57
Notes :		
Aggregate Book Value of Unquoted Investment	12,939.57	12,938.57

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-H-Current Assets, Loans and Advances		
A. Current Assets :		
Inventories :		
- Raw Materials	8,030.24	5,296.53
- Packing Materials, stores and spares	1,081.03	1,057.65
- Stock in process	6,028.83	3,959.42
- Finished goods	3,880.28	2,937.16
	19,020.38	13,250.76
Sundry debtors (Unsecured) :		
- Debts outstanding for a period exceeding six months :		
Considered good	2,712.48	3,675.45
Considered doubtful	1,175.52	1,074.32
	3,888.00	4,749.77
Less : Provision for doubtful debts	1,175.52	1,074.32
	2,712.48	3,675.45
- Other Debts (Considered good)	12,335.33	6,541.29
	15,047.81	10,216.74
Cash and bank balances :		
- Cash in hand	3.22	2.35
Balance with scheduled banks :		
- Current Accounts (Includes Rs. 4.54, previous year Rs. 4.54 in unpaid Dividend Account)	880.14	646.31
- Fixed deposit Account	2,526.85	0.35
- Margin Money Deposit (Pledged against LC)	-	181.09
Balance with Non scheduled banks :		
- Current Account	83.16	111.48
	3,493.37	941.58
B. Loans and advances (Unsecured , considered good):		
Security deposit	808.96	289.84
Advance payment of tax	6,499.39	5,293.39

(Rs.in lacs)

	As at 31 st March 2010		As at 31 st March 2009	
Advances to suppliers (Net of Provision of Rs. 148.62, previous year Rs. 64.05)	2,509.29		1,672.97	
Advances to employees	98.45		60.85	
Loan To Subsidiaries	3,543.90		11,720.37	
Balance with excise authorities	1,350.12		567.10	
Other Advances/Recoverable in cash or in kind or for value to be received	562.56	15,372.67	614.85	20,219.37
Total		52,934.23		44,628.45
Loans & Advances				
Considered Good		15,372.67		20,219.37
Considered Doubtful		148.62		64.05
Total		15521.29		20283.42
Dues from Dabur Research Foundation (sharing directors' in common) on account of:				
		31.03.2010		31.03.2009
Loans and Advances		5.30		53.80
Information pursuant to listing agreement-32 :				
Loan to subsidiary (Fresenius Kabi Oncology Plc.)				
Balance at year end		3,543.90		10,197.36
Maximum due during the year		10,813.11		17,932.78
Repayment time		Repayable on demand		Repayable on demand
Loan to subsidiary (Dabur Pharma Thailand Limited.)				
Balance at year end		0.00		1,523.01
Maximum due during the year		1,523.01		1,523.01
Repayment time		Repayable on demand		Repayable on demand

ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs.in lacs)

	For the year ended 31 st March 2010		For the year ended 31 st March 2009	
SCHEDULE-I-Sales & Other Income				
A. Sales :				
Domestic sales (less returns)	6,230.02		8,056.68	
Export sales	36,001.79	42,231.81	18,767.80	26,824.48
Less: Excise Duty		1,103.74		1,115.36
Sales		41,128.07		25,709.12
B. Other income :				
Export subsidy		927.70		499.14
Profit On Sale of Fixed Assets		0.59		1,525.63
Rent realised		0.03		0.05
Sale of scrap		91.84		84.98
Interest Received		525.89		1,156.75
Miscellaneous Receipts		86.78		13.84
Dividend Received on Current Investments (Other than Trade Investments)		-		59.28
Other Income		1,632.83		3,339.67

(Rs.in lacs)

	For the year ended 31 st March 2010		For the year ended 31 st March 2009	
SCHEDULE-J-Cost of materials				
Raw Materials Consumed:				
i) Opening Stock	5,296.53		3,114.99	
ii) Add : Purchases	15,668.29		10,407.79	
	20,964.82		13,522.78	
Less : Closing stock	8,030.24	12,934.58	5,296.53	8,226.25
Packing Material Consumed :				
i) Opening Stock	863.73		499.68	
ii) Add : Purchases	1,759.64		1,310.80	
	2,623.37		1,810.48	
Less : Closing stock	1,081.03	1,542.34	863.73	946.75
Purchase of finished products		417.82		581.95
Adjustment of stock in process and finished goods depletion				
Opening Stock:				
Stock-in-Process	3,959.42		2,740.79	
Finished Goods	2,937.16		1,520.78	
	6,896.58		4,261.57	
Closing stock:				
Stock-in-Process	6,028.83		3,959.42	
Finished Goods	3,880.28		2,937.16	
	9,909.11		6,896.58	
Depletion of Finished Goods and Stock in process		(3,012.54)		(2,635.00)
Total		11,882.21		7,119.95

(Rs.in lacs)

	For the year ended 31 st March 2010		For the year ended 31 st March 2009	
SCHEDULE-K-Manufacturing expenses				
Power and fuel		1,323.35		1,044.18
Stores & Spares Consumed		761.96		675.59
Repairs & Maintenance:				
- Building	46.35		26.09	
- Plant & Machinery	259.85		127.26	
- Others	69.02		90.62	
		375.21		243.97
Processing Charges		1,526.77		1,879.63
Other Manufacturing Expenses		230.97		197.27
Total		4,218.26		4,040.64

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE-L-Payments to and provisions for employees		
Salaries, wages and bonus	4,018.26	6,551.84
Contribution To Provident and other funds	359.09	347.48
Workmen and staff welfare	381.77	271.15
Total	4,759.12	7,170.47

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE-M-Selling & Administrative expenses		
Rent	152.15	224.13
Rates and taxes	118.80	113.84
Insurance	58.78	62.50
Freight and forwarding charges	651.74	527.92
Printing & Stationery	105.32	120.46
Commission, Discount & Rebate	289.70	257.07
Advertising and Publicity	888.46	982.43
Travel & Conveyance	975.41	1,091.14
Legal & Professional	1,022.71	1,354.90
Telephone, Postage & Fax Expenses	178.96	201.92
Security Expenses	52.65	47.14
General Expenses	1,744.56	4,800.60
Auditors' Remuneration:	-	-
- Audit Fee	4.96	3.53
- Branch Auditors' fee	6.03	-
- Reimbursement of expenses	11.32	7.47
- Certification	4.42	2.32
- Other Matters	3.14	2.63
Contribution for scientific research expenses	3,470.08	3,072.54
Loss on Sale of Assets	22.02	-
Computer Expenses	108.40	111.42
Provision for Doubtful Debts	101.21	960.22
Provision for Doubtful Advances	84.57	-
Provision for Others	-	840.52
Total	10,055.39	14,784.70

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE-N-Financial Expenses		
Interest paid on :		
- Fixed Period Loan	584.91	607.71
- Others	1,098.48	1,260.07
Bank charges	256.18	329.34
Total	1,939.57	2,197.12

ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE - O - ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Figures in Rupees Lacs)

A. ACCOUNTING POLICIES

Significant Accounting Policies are summarized below

a. Basis of preparation of Financial Statements:

The accounts have been prepared in accordance with Indian GAAP under historic cost convention. GAAP enjoins adherences of mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, guidelines issued by SEBI and specific provisions of Companies Act, 1956 on disclosure & accounting exigencies.

To comply with GAAP, estimate and assumptions are made for factors affecting balances of year end assets and liabilities and disclosure of contingent liabilities. Such estimates change from time to time according to situation and appropriate changes are made with the knowledge of circumstances warranting such changes. Material changes are reported in notes to accounts including disclosures of financial impact thereof.

b. Fixed Assets and Depreciation:

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly & indirectly attributable expense of bringing the asset to its working condition for its intended use including expenses on startup, commissioning, trial run and experimental production.

Any income generated during project implementation is reduced from project cost.

- Depreciation on Fixed Assets at factory locations have been provided for on Straight Line method at rates specified in schedule XIV of the Companies Act, 1956, and the same at non factory locations have been provided on written down value method at the rates specified in the aforesaid Schedule.
- No depreciation has been provided on leasehold land, which are either for a period of 999 years or of perpetual nature. Relevant assets will be amortised in the year of termination of lease-deed, if occurs.
- The date of commencement of commercial production is identified with the date of attainment of ability of the plant to operate commercially ignoring delay in commencement of actual production, if any, caused by statutory/regulatory hindrances including delay in approval of sample.
- Expenditure incurred on account of product development is capitalized as intangible assets. The same is amortised on Straight Line method over a period of 10 years from the year of completion of development.
- Patents acquired from external sources are treated as intangible assets which are amortized on Straight Line method over a period of 10 years from the year of acquisition.

c. Impairment of Assets:

- i. The company identifies impairable tangible fixed assets at the year-end in term of cash generating unit concept for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets if indication of impairment exists within the meaning of para 5 to 13 of AS-28 issued by ICAI. Impairment loss if any when crystallizes is charged against revenue of the year.
- ii. Intangible assets are subjected to periodic test of impairment on asset specific perspective in terms of para-83, AS-26 issued by ICAI.

d. Investments:

Investments of long-term nature are entirely strategically held and carried at cost. Provision will be made against diminution, if any, of permanent nature in carrying cost of investment. Current investments are held at lower of cost and market value. Profit/Loss earned or sustained by subsidiaries are not recognized in accounts.

e. Inventory:

Stocks are valued at lower of cost or net realizable value. Cost is determined as follows:

- | | |
|---|--|
| • Raw materials, Packing materials, Stores & Spares | At cost computed on weighted average basis. |
| • Work-in-process | At cost of input plus overhead upto the stage of completion. |
| • Finished goods | At cost of input plus appropriate Overhead. |

f. Research and Development Expenses:

Scientific research expenses are charged to the Profit & Loss Account in the year in which the contribution is made. Development expenses are treated as stated in A(b) above.

g. Retirement Benefits:

Liabilities in respect of retirement benefits to employees are provided for as follows: -

Defined Benefit Plans:

- Leave salary of employees on the basis of actuarial valuation as per AS 15 (revised).
- Gratuity liability on the basis of actuarial valuation as per AS 15 (revised)

Defined Contribution Plans:

- Liability for superannuation fund on the basis of the premium paid to the Life Insurance Corporation of India in respect of employees covered under Superannuation Fund Policy.
- Provident fund & ESI on the basis of actual liability accrued and paid to trust / authority.

h. Recognition of Income and expenses:

- Sales and purchases are accounted for on the basis of passing of title to the goods.
- Sales comprise of sale price of goods including excise duty but exclude trade discount, VAT and sales tax.
- Exports subsidy is accounted for on the basis of receipt of licence.
- All items of incomes and expenses have been accounted for on accrual basis.

i. Income Tax and Deferred Tax:

The liability of company is estimated considering the provision of the Income Tax, 1961. Deferred tax is recognized subject to the consideration of prudence, on time differences being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods in due cognizance of AS-22, issued by ICAI.

j. Forward Contract and option in foreign currency:

The Company uses foreign exchange forward contracts to hedge its overseas exposure against adverse currency fluctuations. The contracts are by and large mark to market. Loss, if any sustainable on open contracts, is recognized in accounts. However no profit is recognized in this regard as a measure of prudence.

k. Contingent Liabilities:

Disputed liabilities and claims against the company including claims raised by fiscal authorities are provided in accounts unless no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote. Otherwise the same is disclosed by way of notes to accounts.

l. Foreign Currency Translation:

Foreign branches/offices are treated as integral operation as defined under AS-11 (Revised). Revenue items have been converted at the simple average of monthly exchange rates prevailing during the year. Fixed assets have been converted at the rates prevailing on dates of purchase of overseas assets. Outside liabilities and assets other than fixed assets are converted at the year-end exchange rate. Exchange gain or loss arising out of above is charged to Profit & Loss Account.

- Transactions in foreign currencies are recognized at rate of overseas currency ruling on the date of transactions. Gain/Loss arising on account of rise or fall in overseas currencies vis-à-vis reporting currency between the date of transaction and that of payment is charged to Profit & Loss Account.
- Increase/decrease in foreign currency loan on account of exchange fluctuation is debited/credited to Profit and Loss Account.
- Impact of exchange fluctuation is separately disclosed in notes to accounts.

m. Miscellaneous Expenditure:

Share issue expenses are amortized on straight-line basis over a period of five years from the year in which expenses are incurred.

n. Government Grants:

Project Capital subsidy is credited to shareholder's funds as Capital reserve.

B. NOTES TO ACCOUNTS

1. During the year corporate office of the company has been shifted to Echelon Industrial Area, Plot No - 11, Sec - 32, Gurgaon - 122001, Haryana, India from 22, site - IV, Sahibabad, Ghaziabad.
2. Test of impairment of tangible fixed assets conducted for three cash generating units (CGUs) of the company (Kalyani, Baddi-I unit & Baddi-II unit) revealed their recoverable value arrived at on the basis of value in use concept higher than corresponding carrying costs. This ruled out the cause of any further exercise of ascertaining recoverable value on the basis of net selling price method and exigency of impairment provision.

3. Contingent Liabilities:

A) Contingent liabilities not being provided for:

- i. In respect of claims against the company lodged by an employee Rs.193.07 (previous year Rs.193.07). No reliable estimate of this in future cash outflow can be made as the matter is sub-judice since 22nd Feb' 2002 pursuant to application of claimant admitted by Hon'ble Court.
- ii. In respect of Bank Guarantees executed Rs.264.37 (previous year Rs.171.71)- There is hardly any possibility of any cash outflow.
- iii. In respect of excise duty dispute Rs.18.73 (previous year Rs.19.90)-possibility of outflow is remote as the merit of the case suggests.
- iv. In respect of estimated demand on account of Income Tax Rs.47.00 (Previous year Rs Nil) for assessment year 2006-07 contested in Dispute Resolution Panel (DRP) and demand raised for assessment year 2005-06 for Rs.262.00 contested in appeal. Possibility of cash outflow seems remote considering the merits of the cases.

B) In respect of Letter of credits issued by banks on behalf of the Company Rs.388.81 (previous year Rs.216.85) against which counter guarantees have been furnished by company.

C) Estimated Amount of contract (net of advances of Rs.724.66, previous year Rs.73.11) remaining to be executed on capital Account Rs.2980.97 (previous year Rs.2178.79) not being provided for.

D) Information pursuant to AS-29 by ICAI on claims lodged against the company which has been disputed & provided for:-

Particulars	Opening Provision	Provision Utilized during the year	Closing Provision	Forum where the dispute is pending
Aventis a party in Philippines has lodged claim for compensation against the company on alleged ground of infringement of patent right being disputed by company in court.	600.00	134.36	465.64	Hon'ble Court - Philippines
Compensation claimed by Welcure Ltd.,one of company's erstwhile distributors, on alleged ground of wrongful termination of product manufacturing agreement, which has been contested by the company.	240.52	-	240.52	Arbitration
Total	840.52	134.36	706.16	

- i) No provision has been made during the year.
- ii) To meet part of expenses provisioned earlier, provisions amounting to Rs.134.36 was utilised during the year.
- iii) Aforesaid provisions had been made in accounts as a measure of prudence in apprehension of possible outflow of resources in future.
- iv) Said provisions against disputed liabilities, recognized through Schedule M in Profit & Loss Account, form part of provision for others in schedule E of the Balance Sheet

4. Building constructed on leasehold land included in the value of building in fixed assets schedule:

	As at 31 st March 2010	As at 31 st March 2009
Cost	1129.59	1074.03
Written down Value	839.62	820.02
	For the year Ended 31.03.10	For the year Ended 31.03.09

5a. **Expenditure in Foreign Currency:**

Professional & Consultation Fees	628.74	493.01
Salary	215.68	539.35
Traveling & Conveyance	126.29	244.48
Advertisement & Commission	651.87	935.99
Administration Charges	68.35	157.63
Interest	251.69	346.64
Others	66.91	1281.32
Total	2,009.53	3998.42

5b. **CIF Value of Imports:**

Raw Materials	6051.97	4268.88
Stores & Spares (including of packing material).	1387.45	574.19
Capital Goods	103.03	233.30
Total	7,542.45	5076.37

5c. **Earning in Foreign Exchange:**

Export sales at FOB	35,508.47	18459.73
Interest Income	500.88	1106.06
Royalty income (Included in schedule-I)	85.91	-
Total	36095.26	19565.79

Note: Royalty income/Commission/other income forms part of miscellaneous income in profit & Loss account.

5d. **Value of raw materials, stores and spares parts consumed :**

	Raw Material				Packing Material (Including stores & spares)			
	For the year ended 31.03.10		For the year ended 31.03.09		For the year ended 31.03.10		For the year ended 31.03.09	
	Value	%	Value	%	Value	%	Value	%
Imported	3952.22	30.56	4270.26	51.91	634.00	27.51	305.43	18.83
Indigenous	8982.35	69.44	3955.99	48.09	1670.28	72.49	1316.91	81.17
Total	12934.57	100.00	8226.25	100.00	2304.28	100.00	1622.34	100.00

5e. **Particulars of consumption of important raw materials:**

Class of Goods	Unit	Qty.	Value
Plant Extract	Kgs.	381047.46 (225795.82)	4,668.14 (2906.12)
Others (Value)		-	8,266.43 (5320.13)
Total			12934.57 (8226.25)

Notes: -

- 1) Figures in bracket relate to previous year.
- 2) Inventory aggregating Rs. 93.85 (previous year Rs. 129.11) has been written down during the year on account of damage/expiry. This has been adjusted against consumption.
- 3) Production does not include sample.

5f. **Particulars in respect of goods Manufactured:**

Class of Goods	Unit	Licensed Capacity	Installed Capacity	Production Qty.	Opening Stock		Closing Stock		Sale	
					Qty.	Value	Qty.	Value	Qty.	Value
Injection	Ltrs	NA	NA	51171.55 (62328.49)	7576.23 (828.65)	1087.70 (108.98)	3996.90 (7576.23)	513.17 (1087.70)	54750.88 (55580.91)	25581.42 (20409.38)
Bulk Drugs	Kgs	NA	NA	19755.53 (35646.52)	19094.44 (5777.88)	1604.98 (1243.05)	8260.83 (19094.44)	2951.65 (1604.98)	30589.14 (22329.96)	7419.89 (4374.92)
Others		NA	NA	- (-)	- (-)	159.41 (168.74)	- (-)	207.92 (159.41)	- (-)	8254.03 (1887.69)
Total						2852.09 (1520.77)		3672.74 (2852.09)		41255.34 (26671.49)

Notes: -

- 1) Figures in bracket relate to previous year.
- 2) Inventory aggregating Rs.44.69 (previous year Rs.35.63) has been written down during the year on account of damage/expiry. This has been adjusted against production.
- 3) Production does not include sample production.

5g. **Particulars of traded goods:**

Class of Goods	Unit	Purchase		Opening Stock		Closing Stock		Sale	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Injections	Ltrs	7296.97 (8856.67)	75.99 (344.49)	1307.92 (1.30)	38.45 (0.01)	635.60 (1307.92)	20.50 (38.45)	7969.29 (7550.05)	517.88 (570.88)
Tablets	Lacs Nos	0.99 (1.03)	81.09 (28.72)	0.71 (-)	2.18 (-)	0.48 (0.71)	39.31 (2.18)	1.22 (0.32)	109.18 (72.14)
Others		- (-)	286.70 (70.06)	- (-)	44.44 (-)	- (-)	147.73 (44.44)	- (-)	349.42 (9.11)
Total			443.78 (443.28)		85.07 (0.01)		207.54 (85.07)		976.48 (652.13)

Notes: -

- 1) Figures in bracket relate to previous year.
- 2) Inventory aggregating Rs.10.05 (previous year Rs.13.15) has been written down during the year on account of damage/expiry. This has been adjusted against purchase.

6. a) **Managerial Remuneration under section 198 of the Companies Act, 1956 paid or payable during the year, to the Directors:**

	For the Year Ended 31.03.2010	For the year Ended 31.03.2009
Salary	158.14	151.86
Contribution to Provident & Other Funds	21.49	10.21
Residential Accommodation	24.00	15.00
Other allowances and Perquisites	2.75	1.72
TOTAL	206.38	178.79

Computation of net profit in accordance with Section 198 and section 309 (5) of the Companies Act, 1956 for calculation of maximum limit of Director's remuneration:

	For the Year Ended 31.03.2010	For the year Ended 31.03.2009
Profit for the year before taxation as per Profit & Loss Account	8609.46	(7491.35)
Add: Managerial remuneration	206.38	178.79
Add: Meeting fees	3.90	5.85
Less: Loss of previous year adjusted in current year	7882.82	
Less: Capital profit (gross)	0.25	1525.63
Less: Bad debts written off	306.36	10.71
Add Provision for doubtful debts/advances, provisions (others)	407.57	960.23
Adjusted net Profit	1037.88	(7882.82)
Maximum limit of remuneration to a Whole Time Director (5%).	51.89	Nil

Due to inadequacy of profit the Company has obtained approval from appropriate directorate of "Government of India" for making above payment to Managing Director as required under section 198(4) of Companies Act, 1956.

b) **Payments received by a non-executive director from wholly owned foreign subsidiary.**

	For the Year Ended 31.03.2010	For the year Ended 31.03.2009
Salary	-	36.06
Contribution towards provident fund	-	3.60

c) Rs.Nil and Rs.Nil (previous year Rs.910.78 and Rs.270.00) were paid to an ex-director in compensation of cancellation of option granted earlier under the erstwhile employee stock option scheme and severance fee respectively.

7. **Extra Ordinary items: -**

Particulars	Expenses		Income	
	Current Year	Previous Year	Current Year	Previous Year
Monetary compensation for cancellation of Option granted earlier under Employees Stock Option Scheme included in salaries, wages, gratuities & bonus in Schedule L.	-	3065.63	-	-
Write back of Employee Stock Option Scheme Outstanding forming part of Reserve & Surplus net of Deferred Employee Compensation under ESOP netted from salaries, wages, gratuities & bonus in Schedule I	-	-	-	346.63
High forex loss forming part of general Expenses	-	1406.13	-	-
Rise in ECB due to company's exit from SWAP arrangement, which had formerly been hedging the impact of fluctuation of Japanese Yen vis-à-vis US dollar pertaining to company's external commercial borrowing in Yen from HSBC, London included in General expenses	-	2608.00	-	-
Compensation against termination of distributor-ship agreement & closure of branches included in Legal & Profession	-	623.38	-	-

8. Overseas exposure hedged against adverse currency fluctuations by way of forward contract:

a) i) Unsecured ECB	10.4 Mio EURO (previous year Nil)
ii) Secured ECB	300.0 Mio YEN (previous year 1725 Mio Yen)
iii) Export Commitment	15.4 Mio EURO (previous year Nil)
	3.1 Mio USD (previous year Nil)
b) Overseas liability not being hedged	
Sundry Creditors (foreign)	0.03 Mio GBP (previous year Nil)
	0.09 Mio USD (previous year 0.13 Mio USD)
	0.03 Mio EURO (previous year Nil)

9. Due to Micro & Small enterprises within the meaning of Micro, Small & Medium Enterprises Development Act, 2006 shown under creditors for goods

	31.03.2010	31.03.2009
Principal Due	83.30	41.46

There has been no delay in payment beyond specified period attracting interest liability.

10. **Particulars of Balances with Non-Scheduled Banks:**

(Rs. in lacs)

In Current Account	Balances as on 31.03.10	Maximum Balance during the year	Balances as on 31.03.09	Maximum Balance during the year
i) Union bank of Phil USD/Peso	-	-	-	250.88
ii) Bank of foreign trade, Moscow	-	48.57	31.37	68.83
iii) Barclays GBP Bank, London	-	-	-	14.35
iv) HSBC GBP A/C, London	8.97	1314.49	14.67	149.67
v) HSBC US\$ A/C, London	49.37	738.51	87.49	875.30
vi) HSBC Euro A/C, London	24.81	57.70	36.82	169.61
vii) HSBC Malaysia	-	-	-	39.45
viii) HSBC-HCMC Branch Vietnam	-	2.49	2.49	17.00

11. **Related party Disclosures:**

Related party disclosures as required under AS-18 are given below:

a) Name of related party and nature of related party relationship where control exists:

Ultimate Holding Company	:- Fresenius SE
Immediate Holding Company	:- Fresenius Kabi (Singapore)Pte.Ltd.
Other Holding Companies	:- Fresenius Kabi AG,Fresenius Kabi Deutschland GmbH, Fresenius Kabi Austria GmbH
Subsidiaries	:- Fesenius Kabi Oncology Plc.U.K, Fesenius Kabi Oncology Inc, U.S.A. Dabur Pharma (Thailand) Co.Ltd.
Fellow Subsidiaries	:- Calea Ltd.,Fresenius Kabi Brazil Ltda., Fresenius Kabi Chile Ltda.,Fresenius Kabi Korea Ltd., Fresenius Kabi México S.A. de C.V, Fresenius Kabi Denmark, PT. Fresenius Kabi Indonesia, Fresenius Kabi Philippines Inc, HOSPED GmbH, Calea UK Ltd., Fresenius Kabi Denmark, Fresenius Kabi EOOD, Fresenius Kabi Pharma Portugal Lda., Laboratories Filaxis S.A, V. Krütten Medizinische Einmalgeräte GmbH, Fresenius Kabi Argentina SA, Fresenius Kabi Asia Pacific Ltd., Fresenius Kabi (China) Co. Ltd,Fresenius Kabi (Singapore) Pte Ltd., Fresenius Kabi Ilac Sanayi ve Ticaret Ltd., Fresenius Kabi India Private Ltd.,Netcare, Pharmaceutical Partners Ontario, Fresenius Kabi Asiaco GmbH, APP, U.S.A. Fresenius Kabi Thailand Limited.

b) Other related parties transaction

Key management personnel	:- Dr. Satish B. Kulkarni (Whole time Director)
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Transaction with related parties for the year ended 31.03.2010

Particulars	Subsidiary	Holding Company/ Ultimate Holding Company	Key Management Personnel	Fellow Subsidiary	Total	Outstanding As on 31.03.2010
Sale of Goods/Debtors	21328.99 (7143.47)	1567.87 (-)	- (-)	3841.56 (470.93)	26738.42 (7675.15)	12074.67 (3451.62)
Sale of Capital Goods	- (-)		- (-)	(-) (38.82)	(-) (38.82)	(38.82) (38.82)
Receiving of Services	- (-)	74.37 (20.41)	- (-)	144.15 (123.09)	218.52 (143.5)	139.27 (143.5)
Remuneration	-		206.38 (178.79)		206.38 (178.79)	- (-)
Loan Given	- (2148.50)		- (-)		- (2148.50)	3543.90 (11770.37)
Repayments of Loans Re-paid	7089.60 (5944.96)		- (-)		7089.60 (5944.96)	- (-)
Interest Received/Receivable	1471.15 (1106.06)		- (-)		1471.15 (1106.06)	67.93 (1026.19)
Contribution against Scientific Research			- (-)	- (-)	- (1457.45)	- (-)
Loan Taken	- (-)	7040.35 (-)	- (-)	(-) (3000.00)	7040.35 (3000.00)	10040.35 (3000.00)
Interest Paid	- (-)	52.40 (-)	- (-)	360.06 (8.05)	412.46 (8.05)	- (-)
Interest Payable	- (-)	46.21 (-)	- (-)	7.72 (8.05)	53.93 (8.05)	53.93 (8.05)
Transfer of net current assets				- (448.65)	- (448.65)	- (448.65)

(Figures in bracket relate to previous year)

- 1) Sale of goods includes sales made to Fresenius kabi Oncology Plc UK, a Subsidiary Company Rs.20,834. (previous year Rs.5,804.30).
- 2) Receiving of services includes receipt from Fresenius Kabi Deutschland GmbH a holding company for Rs. 74.37 (previous year Rs. 20.41) & from one fellow subsidiary i.e. Fresenius Netcare Rs.144.15 (previous year Rs.120.77).
- 3) Outstanding loan given to subsidiary pertains to Fresenius Kabi Oncology Plc. UK and Dabur Pharma Thailand for Rs.3543.90 and Nil (previous year Rs. 10419.37 and Rs.1351.10) respectively.
- 4) Repayment of loan received from subsidiaries Fresenius Kabi Oncology Plc UK and Dabur Pharma Thailand Co. Limited for Rs.5,738.50 & Rs.1,351.10 (previous year Rs.5880.87 & Rs.64.09) respectively.
- 5) Interest received from subsidiaries Fresenius kabi Oncology Plc Uk and Dabur Pharma Thailand Co. Ltd amounting to Rs.1,316.84 & Rs.154.31 (previous year Rs.1,010.89 & Rs.95.17) respectively.
- 6) Loan taken from holding company relates to Fresenius Kabi (Singapore) Pte Ltd for Rs.7,040.35 (previous year Nil) Rs.3,000 (previous year Rs.3,000) of loan taken from Fresenius Kabi India Pvt Ltd a fellow subsidiary in previous year remains outstanding along with loan from holding Company.
- 7) Interest paid to holding company Fresenius Kabi (Singapore) Pte Ltd : Rs.52.40 (previous year Nil) same paid to Fellow subsidiary Fresenius Kabi India Pvt Ltd Rs.360.06 (previous year Nil).
- 8) Interest payable to holding company Fresenius Kabi (Singapore) Pte Ltd: Rs.46.21 (previous year nil). Same payable to Fellow subsidiary Fresenius Kabi India Pvt Ltd; Rs.7.73 (previous year Nil)

12. Employee related Dues : (Information pursuant to AS-15)

A) Defined Benefit Plan

a) Expenses recognized during the period

Particulars	Gratuity (funded)	Leave Salary (funded)	Total
A. Past Service Cost	-	-	-
	(-)	(-)	(-)
B. Current Service Cost	33.89	62.01	95.90
	(18.14)	(76.95)	(95.09)
C. Interest Cost	17.14	21.81	38.95
	(9.70)	(15.26)	(24.96)
D. Expected Return on Plan Assets	-20.52	-	-20.52
	(-21.06)	(-)	(-21.06)
E. Actuarial Loss/Gain	52.93	49.69	102.62
	(105.34)	(49.74)	(155.08)
F. Total Expenses recognized during the year (A+B+C+D+E)	83.44	133.51	216.95
	(112.12)	(141.95)	(254.07)

b) Reconciliation of opening & closing balances of obligations

Particulars	Gratuity (funded)	Leave Salary (funded)	Total
I. Obligation as on 01.04.2009	218.07	239.83	457.90
	(146.30)	(129.83)	(276.13)
II. Past service cost	-	-	-
	(-)	(-)	(-)
III. Current service cost	33.89	62.01	95.90
	(18.14)	(76.95)	(95.09)
IV. Interest cost	17.14	21.81	38.94
	(9.70)	(15.26)	(24.96)
V. Actuarial Gain/(Loss)	52.93	49.68	102.62
	(105.34)	(49.74)	(155.08)
VI. Settlement	-31.25	-2.13	-33.38
	(-61.41)	(-31.95)	(-93.36)
VII. Obligation as on 31.03.2010	290.78	371.20	661.98
	(218.07)	(239.83)	(457.90)

c) Change in Plan Assets

(Reconciliation of opening and closing balances)

Particulars	Gratuity (funded)	Leave Salary (funded)	Total
I. Fair Value of Plan Assets as on 01.04.2009	223.22	-	223.22
	(234.17)	(-)	(234.17)
II. Expected Return on Plan Assets	20.52	-	20.52
	(21.06)	(-)	(21.06)
III. Actuarial Gain/(Loss)	-	-	-
	(-)	(-)	(-)
IV. Employer Contribution	56.70	-	56.70
	(29.40)	(-)	(29.40)
V. Settlement	-31.25	-	-31.25
	(-61.41)	(-)	(-61.41)
VI. Fair Value of Plan as on 31.03.2010	269.19	-	269.19
	(232.22)	(-)	(223.22)

(Note: Figures in brackets relate to previous year)

- d) Investment detail of plan assets as on 31.03.2010 100% in reimbursement right from insurance company for fund managed by it.
- e) Actuarial Assumption:
- | | |
|--|--|
| Discount rate (%) | 8.00% |
| | (7.25%) |
| Estimated rate of return of benefit obligation | 7.77% |
| | (6.91%) |
| Salary escalation ratio inflation (%) | 8.00% |
| | (5.00%) |
| Method | Projected unit credit method
(Projected unit credit method) |
- f) The estimates of future salary increase take into account regular increment, promotional increases and inflationary consequence over price index.
- g) Demographics assumptions take into account mortality factor as per LIC (1994-96) ultimate criteria, employees' turnover at 16% (previous year 19%), retirement age at 58 (previous year 58).

B. Defined Contribution Plan :-

Company's contribution to different defined contribution plans: -

Particulars	2009-10	2008-09
Provident Fund	129.64	104.73
Employees State Insurance	7.60	7.60
Employees Superannuation Fund	95.52	160.33
Total	232.76	272.66

13. Net exchange Loss charged to profit and loss account Rs.858.46 (previous year Rs.4014.13). This is net of Rs.216 (previous year nil) of foreign exchange gain relating to earlier years.

14. a) **Information about Primary Business Segments:** (Rs. in Lacs)

	Formulation	Bulk Drug	Total
Revenue:			
External sales	34474.68 (22989.79)	7848.97 (4418.81)	42323.65 (27408.60)
Inter-segment sales	-3964.14 (-3265.86)	3964.14 (3265.86)	- (-)
Total Revenue	30510.54 (19723.93)	11813.11 (7684.67)	42323.65 (27408.60)
Results:			
Segment result	14240.37 (2424.19)	4015.11 (2256.52)	18255.48 (4680.71)
Unallocated corporate expenses			7706.44 (8791.05)
Operating profit			10549.04 (-4110.34)
Interest expense			1939.57 (2197.13)
Income tax (Current & Deferred)			586.94 (278.26)

(Rs. in Lacs)

	Formulation	Bulk Drug	Total
Profit from ordinary activities			8022.53
			(-6885.73)
Extraordinary loss / income			-
			(-)
Net Profit			8022.53
			(-6585.73)
Other information:			
Segment assets	34307.73	18162.42	52470.15
	(29179.39)	(15396.04)	(44575.43)
Unallocated corporate assets			39536.82
			(33595.94)
Total assets			92006.97
			(78171.37)
Segment liabilities	1439.58	1951.14	3390.72
	(777.93)	(1839.12)	(2617.05)
Unallocated corporate liabilities			39406.31
			(34412.92)
Total Liabilities			42797.03
			(37029.97)
Capital Expenditure	355.49	4267.39	6768.38
	(904.52)	(737.53)	(2186.19)
Depreciation	921.69	329.18	1250.87
	(762.36)	(298.45)	(1181.20)
Non cash expenses other than depreciation	-	-	46.02
	(-)	(-)	(46.01)

Note: Figures in brackets relates to previous year.

(b) Information about secondary business segment (Geographical Segment):

Out of total sale of Rs.42323.65 (previous year Rs.27408.60) Rs.36001.79 (previous year Rs.19266.94) relates to exports and Rs.6321.87 (previous year Rs.8141.66) relates to domestic sales.

15. Information pursuant to AS-19

The total of future minimum lease rent payment under non-cancelable operating lease against residential/office accommodation.

	2009-10	2008-09
- Not later than one year	27.97	44.03
- Later than one year and not later than five years	29.43	9.00
- Lease recognized in Profit and Loss A/c	57.40	53.03

16. No provision has been made against diminution in carrying cost of investment strategically held in wholly owned subsidiary in U.K. (Fresenius Kabi Oncology Plc.) as future cash flow drawn for the subsidiary reveals build up of net worth in excess of carrying cost of investment therein, in the books of the company within a reasonable period of time thereby establishing the cause of existing diminution as temporary in nature.

17. a) Movement of Provision for doubtful debts / advances

	For the year ended 31.03.10		For the year ended 31.03.09	
	Debts	Advances	Debts	Advances
Opening balance	1074.32	64.05	124.80	64.05
Provision for the year	407.57	84.57	960.23	-
Less: write back	-	-	-	-
Less: realization	-	-	-	-
Less: charged off as bad debt/ advance	306.36	-	10.71	-
Closing balance	1,175.52	148.62	1074.32	64.05

b) Other provision includes Rs.67 (previous year Rs.67) against metaxolone project forming part of capital Work-in-progress in Schedule "F" being poised for abandonment.

18. Information pursuant to AS-27

- The Company has entered into a contractual agreement with Pronaali Agro Tech Private Ltd for jointly controlled operation of agricultural activity producing items used as inputs by the Company.
- The Company has so far invested Rs.52.22 in connection with relevant jointly controlled operation which includes Rs.37.50 for acquisition of machineries and equipments to be used in agricultural activity appearing under the head of capital work-in-progress. Balance relate to advances paid towards share of expenditures to be incurred in the operation.
- The Company's capital commitment under said joint venture arrangement aggregate Rs.2000.00 approximately.

19. Treatment of deferred tax has been changed during the year by way of eliminating units under tax holiday from the purview of deferred tax calculation. This led to reversal of deferred tax liability amounting to Rs.438.00 accrued upto previous financial year being netted against deferred tax for the year in profit and loss account. Due to such change in accounting treatment profit of the Company is added by Rs.1306 with equivalent rise in assets and net worth.

20. Due to/from Subsidiaries:

Due from subsidiaries:

- Sundry debtors Rs.10235.47 (previous year Rs.3869.37)
- Against Loan Rs.3606.54 (previous year Rs.12796.56)

21. Information Pursuant to AS-20 on Earning per share (EPS)

a) Without considering of extra-ordinary items: **Rs. In Lacs**

Particulars	For the year 31.03.2010	For the year 31.03.2009
Profit after tax	8022.52	(7769.58)
Less: (a) Prior period incomes:		
Exchange Gain	216.00	-
Deferred tax	438.00	-
b) Deferred tax (as revised for current year)	254.70	-
Less: Deferred tax under earlier treatment	613.96	-
Add/(less) other net extra-ordinary exp/income		7353.51
Profit before extra-ordinary items	6499.86	(416.56)
Number of equity shares (basic & diluted)	158227655	156715167
EPS (basic and diluted) without considering of extra ordinary items	4.11	(0.27)
a) After considering of extra-ordinary items:		
Particulars		
Profit after tax	8022.52	(7769.58)
Profit including extra-ordinary items	8022.52	(7769.58)
Number of equity shares (basic & diluted)	158227655	156715167
EPS (basic and diluted) after considering of extra ordinary items	5.07	(4.96)

22. All monetary figures are expressed in Rs. Lacs unless stated otherwise.

(a) Previous year figures have been regrouped / recasted wherever considered necessary to make them comparable with those of the current year.

23. **Additional information as required under Part IV of Schedule VI of the Companies Act, 1956**

I. Registration details	Rs. In '000
Registration No	55-119441
State Code:	55
Balance sheet date:	31.03.2010
II. Capital raised during the year (Amount in Rs. Thousand)	
Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private placement	Nil
III. Positions of mobilisation and deployment of funds (Amount Rs. In Thousand)	
Total liabilities	7716237
Total asset	7716237
Sources of funds:	
Paid up capital	158228
Reserve & Surplus	4762765
Secured loans	1174557
Unsecured loans	1516353
Deferred -tax liability	104334
Application of funds:	
Net fixed assets	2528673
Investment	1293957
Net current assets	3808964
Deferred- tax assets	84643
Miscellaneous Expenditure	-
IV. Performance of Company (Amount in Rs. Thousand)	
Turnover	4276090
Total expenditure	3415144
Profit/(loss) before tax	860946
Profit/(loss) after tax	802251
Earning per share in Rs - Basic	5.07
-Diluted	5.07
Dividend rate %	
V. Generic names of three principal products/services of Company (as per monetary terms)	
Item code No. (ITC code)	30.04.000
Product description	Paclitaxel
Item code No. (ITC code)	30.04.000
Product description	Docetaxel
Item code No. (ITC code)	30.04.000
Product description	Docetaxel

Signatures to the Schedules "A" to "O" Annexed to and forming part of the Accounts.

Fresenius Kabi Oncology Limited

RAKESH BHARGAVA
Chairman

DR. SATISH B. KULKARNI
Managing Director & CEO

PETER F. NILSSON
Chief Financial Officer

NIKHIL KULSHRESHTHA
Company Secretary

**As per our report
of even date attached**

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

S. LAHIRI
Partner
Membership No-51717

New Delhi
28th May 2010



CONSOLIDATED FINANCIAL
STATEMENTS WITH
AUDITORS' REPORT





CONSOLIDATED FINANCIAL STATEMENTS WITH AUDITORS' REPORT



AUDITORS' REPORT

To the Members of Fresenius Kabi Oncology Limited,

1. We have audited the attached consolidated Balance Sheet of Fresenius Kabi Oncology Limited Group, as at 31st March 2010 and its consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.
4. Consolidated herein are the accounts of Fresenius Kabi Oncology Inc, USA having assets of Rs.28.35 lacs as on 31st March 2010 and sustained net loss and net cash outflow of Rs.53.02 lacs and Rs.1394.68 lacs respectively during the year ended 31st March 2010 which have been consolidated on the basis of un-audited returns as certified by the management.
5. We report that the consolidated financial statements have been prepared by Fresenius Kabi Oncology Limited's management in accordance with the requirements of AS - 21 on consolidated financial statement issued by the Institute of Chartered Accountants of India.
6. Based on our audit and all consideration of separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principle's generally accepted in India.
 - a. In the case of consolidated Balance sheet, of the State of Affairs of Fresenius Kabi Oncology Limited group as at 31st March 2010;
 - b. In the case of the consolidated Profit & Loss Account, of the loss of Fresenius Kabi Oncology Limited. Group for the year ended on that date and
 - c. In the case of Consolidated Cash flow statement, of the Cash flows of Fresenius Kabi Oncology limited group for the year ended on that Date.

For **G Basu & Co**

Chartered Accountants

Firm registration number: 301174E

S. LAHIRI

Partner

Membership Number: 51717

New Delhi

28th May 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

(Rs. in lacs)

Schedule	As at		
	31 st March 2010	31 st March 2009	
Sources of Funds :			
Shareholders' Funds:			
(A) Share Capital	A	1,582.28	1,582.28
(B) Reserve and Surplus	B	<u>23,236.32</u>	<u>24,818.60</u>
			<u>26,572.06</u>
			28,154.35
Loan Funds:			
(A) Secured Loans	C	11,745.58	20,317.09
(B) Unsecured Loans	D	<u>45,947.67</u>	<u>57,693.25</u>
			<u>22,899.98</u>
			43,217.07
Deferred tax Liability	EA		1,043.32
			1,666.56
Total		83,555.17	73,037.98
Application of Funds :			
Fixed Assets :			
(A) Gross Block	F	66,918.25	60,360.41
(B) Less : Depreciation		<u>14,119.80</u>	<u>11,392.80</u>
(C) Net Block			52,798.45
			48,967.61
Investments	G		3.00
			2.00
Deferred Tax Assets	EA		846.43
			776.99
Current assets, loans and advances:			
(A) Inventories	H	24,447.94	14,199.53
(B) Sundry debtors		12,832.66	9,978.02
(C) Cash & bank balances		4,072.26	2,873.74
(D) Loans & advances		<u>12,843.31</u>	<u>8,576.21</u>
		<u>54,196.17</u>	<u>35,627.50</u>
Less: Current liabilities and provisions			
(A) Liabilities	E	16,611.79	6,103.32
(B) Provisions		<u>7,677.09</u>	<u>6,278.82</u>
		<u>24,288.88</u>	<u>12,382.14</u>
Net current assets		29,907.29	23,245.36
Miscellaneous Expenditure	EB		46.02
(To the extent not written off or adjusted)			
Debit Balance of Profit and Loss Account		3,000.59	
Less: General Reserve as per Contra		<u>3,000.59</u>	
Notes to accounts	O		
Total		83,555.17	73,037.98

Fresenius Kabi Oncology Limited

RAKESH BHARGAVA
Chairman

DR. SATISH B. KULKARNI
Managing Director & CEO

PETER F. NILSSON
Chief Financial Officer

NIKHIL KULSHRESHTHA
Company Secretary

**As per our report
of even date attached**

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

New Delhi
28th May 2010

S. LAHIRI
Partner
Membership No-51717

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. in lacs)

	Schedule	For the year ended 31 st March 2010	For the year ended 31 st March 2009
Income :	I		
Sales less returns		47,830.83	30,726.24
Other income		1,395.19	3,754.45
Total income		49,226.02	34,480.69
Expenditure :			
Cost of materials	J	19,897.32	8,076.91
Manufacturing expenses	K	5,392.60	4,764.87
Payments to and provisions for employees	L	6,945.73	10,076.68
Selling and administrative expenses	M	13,281.84	16,748.14
Financial expenses	N	3,217.58	2,912.38
Misc Expenditure Written Off	EB	46.02	46.02
Impairment Loss	F	-	3,355.24
Depreciation	F	3,193.73	2,823.87
Total expenditure		51,974.82	48,804.10
Balance being Net Profit before taxation		(2,748.80)	(14,323.41)
Provision for taxation - Current		1,279.63	112.00
- Deferred		(692.68)	166.26
Profit after taxation		(3,335.75)	(14,601.67)
Balance of Profit brought forward from previous year		335.16	14,936.83
Appropriations:			
Proposed Dividend			
Corporate tax on proposed final dividend			
Transferred to general reserve		-	-
Balance carried over to balance sheet		(3,000.59)	335.16
Earning per share (in Rs.) (without consideration of extra ordinary items)			
Basic		(2.78)	(5.52)
Diluted		(2.78)	(5.52)
Earning per share (in Rs.) (After consideration of extraordinary items)			
Basic		(2.11)	(9.32)
Diluted		(2.11)	(9.32)
No of shares			
Basic		158227655	158227655
Diluted		158227655	158227655
Notes to accounts	O		

Fresenius Kabi Oncology Limited

RAKESH BHARGAVA
Chairman

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Managing Director & CEO

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For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

S. LAHIRI
Partner
Membership No-51717

New Delhi
28th May 2010

CONSOLIDATED STATEMENT OF CASH FLOW (BASED ON INDIRECT METHOD)

(Rs. in lacs)

Particulars	For the year ended 31 st March 2010	For the year ended 31 st March 2009
A. Cash flow from operating activities		
Net profit before tax and extraordinary items	(2964.80)	(14323.41)
Add:		
Misc Expenditure Written off	46.02	46.02
Depreciation	3193.73	2823.87
Unrealised (Gain)/ Loss in Exchange fluctuation	1145.87	
Extraordinary Income (Exchange Gain prior period)	216.00	
Loss on Impairment	0.00	6225.13
Less: Profit (Net of Loss) on sale of Assets	(50.47)	1524.69
Operating profit before working capital changes	1687.28	(9622.97)
Tax paid	(1279.63)	(112.00)
Cash used (-)/(+) generated for operating activities (A)	407.65	(9734.97)
Working capital changes		
(Increase)/Decrease in inventories	(10248.42)	(5247.65)
(Increase)/Decrease in debtors	(2854.63)	(2688.38)
(Increase)/Decrease in other Current Assets	(5549.62)	(1900.20)
Increase/ (Decrease) in trade payable	11438.05	906.75
(Increase)/ Decrease in working capital	(7214.62)	(8929.48)
Cash generated from operating activities	(6806.97)	(18664.45)
Cash used (-)/(+) generated for investing activities (A)	(6806.97)	(18664.45)
B. Cash flow from investing activities		
Purchase of fixed assets	(7360.11)	(2514.65)
Sale of fixed assets	753.78	2466.37
Sale/(Purchase) of investment	(1.00)	5398.00
Proceeds from Extraordinary items		5349.71
Less: Taxes on Extraordinary items	0.00	0.00
Cash used (-)/(+) generated for investing activities (B)	(6607.33)	5349.71
C. Cash flow from financing activities		
Proceeds from share capital & premium	0.00	717.02
Proceeds from Capital Reserve	-	-
Repayment (-)/proceeds (+) of short term loans	1462.83	13369.31
Payment of Dividend	-	-
Payment of Corporate Dividend Tax	-	-
Cash used (-)/(+) generated in financing activities (C)	1462.83	14086.33
Net increase(+)/decrease(-) in cash and cash equivalents (A+B+C)	1198.52	771.58
Cash and cash equivalent opening balance	2873.74	2102.16
Cash and cash equivalent closing balance	4072.26	2873.74

Fresenius Kabi Oncology Limited

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Company Secretary

**As per our report
of even date attached**

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

New Delhi
28th May 2010

S. LAHIRI
Partner
Membership No-51717

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

(Rs. in lacs)

	As at 31 st March 2010	As at Mar 31, 2009
SCHEDULE-A-Share Capital		
Authorised: (180000000 equity shares of Re.1 each) (previous year 180000000 equity shares of Re. 1 each)	1,800.00	1,800.00
Issued, Subscribed & Paid up capital (Paid up - 158227655 equity shares of Re.1 each) (previous year 158227655 equity shares of Re. 1 each)	1,582.28	1,582.28
Total	1,582.28	1,582.28

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-B-Reserve & Surplus		
Share Premium Account:		
As per last account	7,675.49	6,973.97
Add: Addition during the year	- 7,675.49	701.52 7,675.49
Capital Reserve Account:		
As per last account	150.00	150.00
General Reserve :		
Opening Balance	18,411.42	18,411.42
Less: Debit balance of Profit and Loss account as per Contra	(3,000.59) 15,410.83	335.16 18,746.58
Employee stock option scheme outstanding		
As per Last Account	(0.00)	1,674.59
Add: Addition during the year	-	-
Less: Share Issued During the year	-	4.45
Less: Deletion during the year	-	1,670.14
	(0.00)	(0.00)
Total	23,236.32	26,572.06

(Rs. in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-C-Secured Loans		
TERM LOANS :		
SHORT TERM LOANS - FROM BANKS	10,045.77	10,641.76
MEDIUM TERM LOAN FROM BANK	1,699.80	9,675.33
Total	11,745.58	20,317.09

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-D-Unsecured Loans		
Short term Loans:		
- From Banks	6,926.37	2745.30
- From Others	3,000.00	20154.68
Other Loans	36,021.30	-
Total	45947.67	22899.98

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-E-Current liabilities and provisions		
A. Current Liabilities :		
Creditors for Goods	11,541.88	2,699.51
Creditors for expenses and Other Liabilities	4,699.82	2,337.37
Advance from customers	64.04	741.49
Interest accrued but not due	301.51	320.41
Investor education and protection fund to be credited by:		
-Unpaid Dividend	4.54	4.54
Total	16,611.79	6,103.32
B. Provisions :		
For Gratuity	21.59	0.00
For leave salary	371.20	239.82
Prov Others	873.20	907.52
Provision for Taxation	6,411.10	5,131.47
	7,677.09	6,278.82
Total	24,288.88	12,382.14

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-EA- Deferred Tax		
Deferred tax liability:		
Depreciation	1,043.32	1,664.83
Excess payment of Gratuity	-	1,043.32
	1,043.32	1.73
1,666.56		
Less: Deferred Tax Assets :		
Disallowance including u/s 43B of I.T Act, 1961		
Doubtful debts	399.56	365.16
Doubtful Advances	50.56	21.82
Provision for Gratuity	7.34	-
Provision for leave salary	126.17	81.53
Provision for others	262.80	308.47
	846.43	776.99
Net Deferred Tax Liability	196.89	889.57
Charged to profit & loss account of the year	(692.68)	166.26

(Rs.in lacs)

	As at 31 st March 2010		As at 31 st March 2009	
SCHEDULE-EB-Miscellaneous Expenditure (To the extent not written off or adjusted)				
Deferred Employee Compensation under ESOP				
Opening Balance	-		1,327.96	
Addition During the year	-		-	
Less: Cancelled During the year	-		1,327.96	
Less: amortised during the year	-	-	-	-
Share Issue Expenses				
Opening Balance	46.02		92.03	
Addition During the year	-		-	
Less: amortised during the year	46.02	0.00	46.01	46.02
Total		0.00		46.02
Amortisation charged to P&L Account		46.02		46.01

SCHEDULE F - Fixed Asset

Name of the Asset	Gross Block			Depreciation				Net Block		
	As on 01.04.2009	Additions	Adjustment	As on 31.03.10	As on 01.04.2009	For the year	Adjustment	As on 31.03.10	As on 31.03.10	As on 31.03.09
Leasehold Land	278.09	0.00	0.00	278.09	0.00	0.00	0.00	0.00	278.09	278.09
Freehold Land	1221.70	0.00	0.00	1221.70	0.00	0.00	0.00	0.00	1221.70	1221.70
Building, Road & Culverts	18781.42	56.59	0.00	18838.01	3266.54	372.44	0.00	3638.98	15199.02	15514.89
Plant & Machinery	29827.81	879.26	0.01	30707.06	5871.33	1428.46	0.00	7299.78	23407.28	23956.48
Vehicles	436.79	61.60	254.10	244.28	159.57	71.19	134.82	95.93	148.35	277.22
Furniture & Fixtures	703.43	38.87	84.72	657.58	269.66	60.81	34.47	296.01	361.56	433.01
Office Equipment	139.25	45.59	33.59	151.25	45.60	14.83	13.21	47.23	104.02	94.36
Computers	1191.65	226.50	39.80	1378.35	925.80	156.02	28.27	1053.54	324.81	265.87
Capital Work in Progress	281.52	6796.75	1301.70	5776.57	0.00	0.00	0.00	0.00	5776.57	281.52
Intangible Assets										
Product Rights	1461.41	1025.35	858.64	1628.12	235.02	1029.70	255.91	1008.80	619.32	1226.38
Product Development	6037.35	0.00	0.11	6037.24	619.27	60.29	0.04	679.52	5357.72	5418.08
Total	60360.42	9130.51	2572.67	66918.25	11392.79	3193.73	466.72	14119.80	52798.45	48967.61
Previous Year Figures	59340.59	14878.11	13858.28	60360.42	5766.81	6179.11	553.13	11392.79	48967.61	

Note:

- Capital work in progress includes advance against capital goods Rs.724.66 (previous year Rs.73.11).
- Impairment loss forming part of

	Opening Depreciation	Depreciation for the year	Closing Depreciation
Building, Road & Culverts	1540.02	9.44	1549.46
Plant & Machinery	1778.94	10.91	1789.85
Vehicles	0.41	0.00	0.41
Furniture & Fixtures	11.77	0.07	11.84
Computers	24.10	0.15	24.25
Total	3355.24	20.57	3375.81

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-G- Investments		
Trade investment in Domestic Company Shivalik Solid Waste Management Limited (30000, previous year 20000 equity shares @ 10 each) purchased 10000 shares during the year	3.00	2.00
Total	3.00	2.00
Notes :		
Aggregate Book Value of Unquoted Investment	3.00	2.00
Total	3.00	2.00

(Rs.in lacs)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE-H-Current Assets, Loans and Advances		
A. Current Assets :		
Inventories :		
- Raw Materials	8,439.57	5,371.27
- Packing Materials, stores and spares	1,190.34	1,138.27
- Stock in process	7,644.36	4,339.06
- Finished goods	7,173.67	3,350.92
	24,447.94	14,199.53
Sundry debtors (Unsecured) :		
- Debts outstanding for a period exceeding six months :		
Considered good	2,712.48	7,306.10
Considered doubtful	1,175.52	1,074.32
	3,888.00	8,380.42
Less : Provision for doubtful debts	1,175.52	1,074.32
	2,712.48	7,306.10
- Other Debts (Considered good)	10,120.18	2,671.92
	12,832.66	9,978.02
Cash and bank balances :		
- Cash in hand	3.91	3.08
Balace with scheduled banks :		
- current accounts (Includes Rs. 4.54, previous year Rs. 4.54 in unpaid Dividend Account)	1,541.50	2,602.06
- Fixed deposit Account	2,526.85	87.52
- Margin Money Deposit (Pledged against LC)	-	181.09
	4,072.26	2,873.74
B. Loans and advances (Unsecured , considered good):		
Security deposit (Including deposit with Govt Authorities Rs.670.85 (previous year Rs. 21.69)	808.96	315.22
Advance payment of tax	6,499.39	5,293.39
Advances to suppliers (Net of Provision of Rs. 148.62, previous year Rs. 64.05)	2,509.29	1,672.97
Advances to employees	107.48	64.73
Balance with excise authorities	2,394.48	567.10
Other advances recoverable in cash or in kind or for value to be received	523.71	662.80
	12,843.31	8,576.21
Total	54,196.17	35,627.50
Loans & Advances		
- Considered Good	12843.31	8,576.22
- Considered Doubtful	148.62	64.05
Total	12991.93	8640.27

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE - I-Sales & Other Income		
A. Sales :		
Domestic sales less returns	34,261.78	19,718.12
Export sales	14,672.80	12,123.48
Total Sales	48,934.58	31,841.60
Less : Excise Duty	1,103.74	1,115.36
	47,830.84	30,726.24
Sales	47,830.84	30,726.24
B. Other income :		
Export subsidy	927.70	499.14
Profit On Sale of Fixed Assets	0.59	1,524.69
Rent realised	0.03	0.05
Sale of scrap	91.84	84.98
Interest Received	100.10	62.15
Miscellaneous Receipts	89.32	1,346.17
Dividend Received	-	59.28
Bad Debts realised	185.61	177.99
Other Income	1,395.19	3,754.45

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE - J-Cost of materials		
Raw Materials Consumed:		
i) Opening Stock	5371.27	3234.44
ii) Add : Purchases	18992.64	11591.03
	24363.91	14825.47
iii) Less : Closing stock	8439.57	5371.27
	15924.34	9454.20
Packing Material Consumed :		
i) Opening Stock	944.34	571.08
ii) Add : Purchases	1968.89	1346.37
	2913.23	1917.45
iii) Less : Closing stock	1190.34	944.34
	1722.89	973.11
Purchase of finished products	9378.10	311.49
Adjustment of stock in process and finished goods depletion		
Opening Stock:		
Stock-in-Process	4339.06	2740.79
Finished Goods	3350.92	2287.31
	7689.99	5028.10
Closing Stock:		
Stock-in-Process	7644.36	4339.06
Finished Goods	7173.67	3350.92
	14818.03	7689.99
Depletion of Finished Goods and Stock in process	(7128.04)	(2661.89)
Total	19897.29	8076.91

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE -K-Manufacturing expenses		
Power and fuel	1,385.24	1,225.18
Stores & Spares Consumed	1,053.68	709.56
Repairs & Maintenance:		
- Building	46.35	26.09
- Plant & Machinery	259.85	127.26
- Others	322.31	234.99
	628.51	388.34
Processing Charges	1,526.77	1,879.63
Other Manufacturing Expenses	798.40	562.16
Total	5,392.60	4,764.87

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE - L-Payments to and provisions for employees		
Salaries, wages and bonus	6,084.81	9,297.74
Contribution To Provident and other funds	458.75	488.10
Workmen and staff welfare	402.17	290.84
Total	6,945.73	10,076.68

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE - M-Selling & Administrative expenses		
Rent	356.08	325.93
Rates and taxes	118.80	113.84
Insurance	126.76	147.65
Freight and forwarding charges	886.68	739.32
Printing & Stationery	129.74	146.06
Commission, Discount & Rebate	289.70	466.08
Advertising and Puplicity	1,230.10	1,372.16
Travel & Conveyance	1,117.35	1,341.89
Legal & Professional	4,341.45	2,237.79
Telephone, Postage & Fax Expenses	220.80	250.14
Security Expenses	70.04	64.20
General Expenses	535.69	4,476.60
Auditors' Remuneration:		
- Audit Fee	47.46	38.09
- Branch Auditors' fee	6.03	-
- Reimbursement of expenses	11.32	23.21
- Provident fund and certificates	4.42	2.32
- Other Matters	3.14	18.16
Scientific research expenses	3,470.08	3,072.54
Computer Expenses	108.40	111.42
Provision for Doubtful Debts	101.21	960.22
Loss on Sale of Assets	22.02	-
Prov for Doubtful Advances	84.57	-
Prov for Others	-	840.52
Total	13,281.84	16,748.14

(Rs.in lacs)

	For the year ended 31 st March 2010	For the year ended 31 st March 2009
SCHEDULE - N-Financial Expenses		
Interest paid on :		
- Fixed Period Loan	1,026.15	1,033.73
- Others	1,916.90	1,432.21
Bank charges	274.53	446.44
Total	3,217.58	2,912.38

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010
SCHEDULE - O - ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Figures in Rupees Lacs)
A. ACCOUNTING POLICIES
Significant Accounting Policies are summarized below
a. Basis of preparation of Financial Statements:

The accounts have been prepared in accordance with Indian GAAP under historic cost convention. GAAP enjoins adherences of mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, guidelines issued by SEBI and specific provisions of Companies Act, 1956 on disclosure & accounting exigencies.

To comply with GAAP, estimate and assumptions are made for factors affecting balances of year end assets and liabilities and disclosure of contingent liabilities. Such estimates change from time to time according to situation and appropriate changes are made with the knowledge of circumstances warranting such changes. Material changes are reported in notes to accounts including disclosures of financial impact thereof.

b. Principles of Consolidation:

- The Consolidated Financial Statement related to Fresenius Kabi Oncology Ltd. (the parent company), and its three wholly owned subsidiaries namely Fresenius Kabi Oncology Plc. (incorporated in U.K.), Dabur Pharma (Thailand) Company Ltd. (incorporated in Thailand) and Dabur Pharma US Inc. (incorporated in USA, shares in said body corporate being held through Fresenius Kabi Oncology Plc.)
- The consolidated financial statements have been prepared on the basis of AS-21, issued by ICAI read with the following basic assumptions:
 - I. The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance. Investment of parent company in subsidiaries are eliminated against stake of parent company therein on the respective dates when such investment were inherited.
 - II. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's separate financial statements unless stated otherwise.

c. Fixed Assets and Depreciation:

- Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly & indirectly attributable expense of bringing the asset to its working condition for its intended use including expenses on startup, commissioning, trial run and experimental production. Any income generated during project implementation is reduced from project cost.
- Depreciation on Fixed Assets at factory locations have been provided for on straight line method at rates specified in schedule XIV of the Companies Act, 1956, and the same at non factory locations have been provided on written down value method at the rates specified in the aforesaid Schedule.
- No depreciation has been provided on leasehold land which are either for a period of 999 years or of perpetual nature. Relevant assets will be amortised in the year of termination of lease-deed, if occurs.
- The date of commencement of commercial production is identified with the date of attainment of ability of the plant to operate commercially ignoring delay in commencement of actual production, if any, caused by statutory/regulatory hindrances including delay in approval of sample.
- Development and stability test expenses account for Product development cost shown as intangible assets. Relevant assets are amortized over a period of 10 years on straight-line basis commencing from the year of completion of development including stability test. In addition to amortization, product development costs are subjected to periodic review for test of impairment as required under "AS-26" issued by ICAI.

- Intangible Fixed assets also include Product right, software and patent acquired from external sources which are amortized over a period of 10 years.

d. Impairment of Assets:

- The company identifies impairable tangible fixed assets at the year-end in terms of cash generating unit concept for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets if indication of impairment exists within the meaning of para 5 to 13 of AS-28 issued by ICAI. Impairment loss if any when crystallizes is charged against revenue of the year.
- Intangible assets are subjected to periodic test of impairment on asset specific perspective in terms of para-83, AS-26 issued by ICAI.

e. Investment:

Investments of long-term nature are entirely strategically held and carried at cost. Provision will be made against diminution, if any, of permanent nature in carrying cost of investment. Current investments are held at lower of cost and market value.

f. Inventory:

Stocks are valued at lower of cost or net realizable value. Cost is determined as follows:

- Raw materials, Packing materials, Stores & Spares At cost computed on weighted average basis.
- Work-in-process At cost of input plus overhead upto the stage of completion.
- Finished goods At cost of input plus appropriate Overhead.

g. Research and Development Expenses:

Scientific research expenses are charged to the Profit & Loss Account in the year in which the contribution is made. Development expenses are treated as stated in A(c) above.

h. Retirement Benefits:

Liabilities in respect of retirement benefits to employees are provided for as follows: -

Defined Benefit Plans

- Leave salary of employees on the basis of actuarial valuation as per AS 15 (revised).
- Gratuity liability on the basis of actuarial valuation as per AS 15 (revised).

Defined Contribution Plans

- Liability for superannuation fund or pension fund on the basis of the premium paid to the Life Insurance Corporation of India or Investment Company in respect of employees covered.
- Provident fund & ESI on the basis of actual liability accrued and paid to trust / authority.

i. Recognition of Income and expenses:

- Sales and purchases are accounted for on the basis of passing of title to the goods.
- Sales comprise of sale price of goods including excise duty but exclude trade discount, VAT and sales tax.
- Exports subsidy is accounted for on the basis of receipt of licence.
- All items of incomes and expenses have been accounted for on accrual basis.

j. Income Tax and Deferred Tax:

The liability of company is estimated considering the provision of the Income Tax Act, 1961. Deferred tax is recognized subject to the consideration of prudence, on time differences being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods in due cognizance of AS-22, issued by ICAI.

k. Forward Contract and option in foreign currency:

The Company uses foreign exchange forward contracts to hedge its overseas exposure against adverse currency

fluctuations. The contracts are by and large mark to market. Loss, if any sustainable on open contracts, is recognized in accounts. However no profit is recognized in this regard as a measure of prudence.

I. Contingent Liabilities:

Disputed liabilities and claims against the company including claims raised by fiscal authorities are provided in accounts unless no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote. Otherwise the same is disclosed by way of notes to accounts.

m. Translation of accounts of the overseas subsidiaries from the currency of the country of its incorporation (£, US\$ and Baht) to INR:

- Fixed Assets are translated in terms of the exchange rate ruling at the point of capitalization /acquisition of the asset.
- Capital work-in-progress are translated as per exchange rate ruling at the year-end.
- Current assets have been recognized in accounts at exchange rate ruling at the year-end.
- All outside liabilities have been recognized in accounts at exchange rate ruling at the year-end.
- Equity share capital has been recognized in accounts at exchange rate ruling at the time of their original issue.
- Income and expenses have been recognized in accounts in simple average of monthly exchange rates during the year.
- Exchange loss or gain arising during the course of translation of accounts are debited or credited to profit and loss account.

n. Foreign Currency Translation:

In respect of foreign branches/offices, revenue items have been converted at the simple average of monthly exchange rates prevailing during the year. Fixed assets have been converted at the rates prevailing on dates of purchase overseas assets & outside liabilities other than fixed assets are converted at the year-end exchange rate. Exchange gain or loss arising out of above is charged to Profit & Loss Account.

- Transactions in foreign currencies are recognized at rate of overseas currency ruling on the date of transactions. Gain / Loss arising on account of rise or fall in overseas currencies vis-à-vis reporting currency between the date of transaction and that of payment is charged to Profit & Loss Account.
- Increase / decrease in foreign currency loan on account of exchange fluctuation are debited / credited to Profit and Loss Account.
- Impact of exchange fluctuation is separately disclosed in notes to accounts.

o. Miscellaneous Expenditure:

Deferred Employee Compensation under ESOP is being amortized on straight-line basis over vesting period. Share issue expenses are being amortised over a period of five years from the year in which expenses are incurred.

B. NOTES TO ACCOUNTS

1. (A) Impairment of tangible fixed assets :

- a) Test of impairment for tangible fixed assets was undertaken on the basis of cash generating unit concept during the year, plants at Baddi I, Baddi II, Kalyani and U.K. constituting the respective Cash Generating Units (C.G.U.s). Recoverable value arrived at on value in use basis for the all the plants except U.K. proved higher than carrying cost of assets thereby ruling out the cause of any impairment provision for them.
- b) For U.K.unit, Rs.3375.81(previous year Rs.3355.24) qualified for provision against impairment loss on account of shortfall in recoverable value, vis-a-vis carrying amount of assets. U.K. unit forms part of formulation segment. This includes additional provision of Rs.20.57 (previous year Rs.3355.24).
- c) Impairment loss apportioned on various assets are shown in Schedule F.
- d) The recognition of impairment loss is attributed to review of operational efficiency of the unit undertaken by the new management in recognition of future growth potentiality of the unit.
- e) Discount rate used for as on date valuation of future cash flow - 7% (previous year 7%)
- f) Key assumptions:-
Future activity level: As per budgetary plan

Working capital assessment: As per current cycle
 Stabilization of activity level in optimum context: Over a period of 4 years
 Diminishing return : Ignored considering due assessment of future of market
 Inflationary consequence on cost : Ignored on the ground of compensatory rise in earning to marginalize the impact.

(B) Part of Landed properties owned by the parent Company till unused has been left out of the purview of C.G.U.s and Corporate assets. No impairment is deemed necessary on the said asset on the ground of their net selling price proving higher than carrying amount of corresponding assets in accounts.

2. Contingent Liabilities:

a) Contingent liabilities not provided for: -

- i. In respect of claims against the company lodged by an employee Rs.193.07 (previous year Rs.193.07). No reliable estimate of this in future cash outflow can be made as the matter is sub-judice since 22nd Feb' 2002 pursuant to application of claimant admitted by Hon'ble Court.
- ii. In respect of Bank Guarantees executed Rs.264.37 (previous year Rs.171.71). There is hardly any possibility of any cash outflow.
- iii. In respect of excise duty dispute Rs.18.73 (previous year Rs.19.90) possibility of outflow is remote as the merit of the case suggests.
- iv. In respect of estimated demand on account of Income Tax Rs.47.00 (Previous year Rs Nil) for assessment year 2006-07 contested in Dispute Resolution Panel (DRP) and demand raised for assessment year 2005-06 for Rs.262.00 contested in appeal. Possibility of cash outflow seems remote considering the merits of the cases.

B) In respect of Letter of credits issued by banks on behalf of the Company Rs.388.81 (previous year Rs.216.85) against which counter guarantees have been furnished by company.

C) Estimated Amount of contract (net of advances of Rs.724.66, previous year Rs.73.11) remaining to be executed on capital Account Rs.2980.97 (previous year Rs.2178.79) not being provided for.

D) Information pursuant to AS-29 issued by ICAI on claims lodged against the company which have been disputed & provided for:-

Particulars	Opening Provision	Provision Utilized during the year	Closing Provision	Forum where the dispute is pending
Aventis a party in Philippines has lodged claim for compensation against the company on alleged ground of infringement of patent right being disputed by company in court.	600.00	134.36	465.64	Hon'ble Court - Philippines
Compensation claimed by Welcure Ltd., one of company's erstwhile distributors, on alleged ground of wrongful termination of product manufacturing agreement, which has been contested by the company.	240.52	-	240.52	Arbitration
Total	840.52	134.36	706.16	

- i) No provision has been made during the year.
- ii) To meet part of expenses provisioned earlier, provisions amounting to Rs. 134.36 was utilised during the year.
- iii) Aforesaid provisions had been made in accounts as a measure of prudence in apprehension of possible outflow of resources in future.
- iv) Said provisions against disputed liabilities, recognized through Schedule M in Profit & Loss Account, form part of provision for others in schedule E of the Balance Sheet

3. Net exchange gain Rs.1458.57 (previous year exchange loss Rs.4014.23) is net of exchange loss of Rs.978.83 (previous year exchange gain of Rs.1875.44) has been charged to Profit & Loss Account under the head general expenses.

4. a) Information about Primary Business Segments:

	Formulation	Bulk Drug	Elimination	Total
Revenue:				
External sales	41177.46 (27921.93)	11813.11 (7684.67)	-3964.14 (-3265.86)	49026.43 (32340.74)
Inter-segment sales	- (-)	- (-)	- (-)	- (-)
Total Revenue	41177.46 (27921.93)	11813.11 (7684.67)	-3964.14 (-3265.86)	49026.43 (32340.74)
Results:				
Segment result	4160.13 (-3692.52)	4015.11 (2256.52)	- (0.00)	8175.24 (-1436.00)
Unallocated corporate expenses				7706.44 (9975.03)
Operating profit				468.80 (-11411.03)
Interest expense				3217.59 (2912.38)
Income tax (Current & deferred)				586.94 (278.26)
Profit from ordinary activities				-3335.73 (-14601.67)
Extraordinary Income/(net of tax thereon)				- (-)
Net Profit				-3335.73 (-14601.67)
Other information :				
Segment assets	50144.60 (57675.05)	18162.42 (14538.01)		68307.02 (72213.06)
Unallocated corporate assets				39536.82 (16131.06)
Total assets				107844.02 (85374.12)
Segment liabilities	22337.72 (20115.40)	1951.14 (1839.12)		24288.86 (21954.52)
Unallocated corporate liabilities				58736.57 (33644.63)
Total Liabilities				83025.43 (55599.15)
Capital Expenditure	3561.43 (1777.10)	4267.39 (737.53)		7828.82 (2514.63)
Depreciation	2864.55 (2406.04)	329.18 (298.45)		3193.73 (2823.88)
Non cash expenses other than depreciation	- (0.00)	- (0.00)		46.02 (46.02)

Note : Figures in brackets relate to previous year.

b.) Information about secondary business segment.

Out of total sale of Rs.49026.43 (previous year Rs.31926.58) Rs.14671.79 (previous year Rs.12123.48) relates to exports and Rs.34354.64 (previous year Rs.19803.10) relates to domestic sales.

5. a) Related Party Transaction:

Descriptions	Fellow subsidiary	Key Management Personnel	Total	Outstanding As on 31.03.2010
Sale of Goods	22179.10	-	22179.10	6703.68
	(-)	(-)	(60.74)	(-)
Sale of Capital Goods	781.80	-	-	545.77
	(-)	(-)	(-)	(-)
Receiving of Services	144.15	-	144.15	56.74
	(123.09)	(-)	(123.09)	(120.77)
Sale of market right	-	-	-	-
	(1149.75)	(-)	(1149.75)	(-)
Remuneration/ Ex-gratia/Pension	-	206.38	206.38	-
	(-)	(410.94)	(410.94)	(-)

Note : Figures in brackets relate to previous year.

1) Capital goods of Rs.781.80 were sold to Fresenius Kabi Thailand Ltd. by Dabur Pharma Thailand Co.Ltd.

b) Name of related party and nature of related party relationship where control exists:

Ultimate Holding Company :- Fresenius SE

Immediate Holding Company :- Fresenius Kabi (Singapore)Pte.Ltd.

Other Holding Companies :- Fresenius Kabi AG,Fresenius Kabi Deutschland GmbH, Fresenius Kabi Austria GmbH

Fellow Subsidiaries :- Calea Ltd., Fresenius Kabi Brazil Ltda., Fresenius Kabi Chile Ltda., Fresenius Kabi Korea Ltd., Fresenius Kabi México S.A. de C.V, Fresenius Kabi Denmark, PT. Fresenius Kabi Indonesia, Fresenius Kabi Philippines Inc, HOSPED GmbH, Calea UK Ltd., Fresenius Kabi Denmark, Fresenius Kabi EOOD, Fresenius Kabi Pharma Portugal Lda., Laboratories Filaxis S.A, V. Krütten Medizinische Einmalgeräte GmbH, Fresenius Kabi Argentina SA, Fresenius Kabi Asia Pacific Ltd., Fresenius Kabi (China) Co. Ltd,Fresenius Kabi (Singapore) Pte Ltd., Fresenius Kabi Ilac Sanayi ve Ticaret Ltd., Fresenius Kabi India Private Ltd.,Netcare, Pharmaceutical Partners Ontario, Fresenius Kabi Asiaco GmbH, APP, U.S.A.

c) Other related parties in transaction with the group companies :-

(i) Key Management Personnel : Dr. Satish B. Kulkarni

6. Other provision includes Rs.67 (previous year Rs.67) against Metaxolone project forming part of capital Work-in-progress being poised for abandonment.

7. Changes in accounting practices:-

- Treatment of deferred tax has been changed during the year by way of eliminating units under tax holiday from the purview of deferred tax calculation. This led to reversal of deferred tax liability amounting to Rs.438.00 accrued upto previous financial year being netted against deferred tax for the year in profit and loss account. Due to such change in accounting treatment profit of the Company is added by Rs.1306 with equivalent rise in assets and net worth.
- Pursuant to identification of intangible assets in sample specific context retrospectively since the year of their completion of development resulting in change in treatment of amortization of development cost, depreciation charge on product development has been increased by Rs.315.74(after consideration of debit adjustment for Rs.362.54 against earlier years) vis-a-vis earlier practice.

**8. Information Pursuant to AS-20 on Earning per share (EPS)
Without considering of extra-ordinary items:**

(Rs.in lacs)

Particulars	For the year ended 31 st March 2010	For the year ended 31 st March 2009
Profit/(-)Loss after tax	(-)3335.75	(-)14601.67
Prior period income:-		
Exchange Gain	(-)216.00	-
Deferred Tax	(-)438.00	-
Deferred Tax as revised for current year	(-)254.70	-
Deferred Tax an earlier treatment	(-)613.96	-
Add/(Less) Other net extraordinary expenses/ income	120.53	5950.38
Adjustment in treatment of change in amortization of intangible assets (first time provision)	335.52	
Profit/(-)Loss before extra-ordinary items	(-)4402.36	(-)8651.29
Number of equity shares (basic & diluted)	158227655	156715167
EPS (basic and diluted) without considering of extra ordinary items	(-)2.78	(-)5.52
After considering of extra-ordinary items:		
Particulars		
Profit/(-)Loss after tax	(-)3335.75	(-)14601.67
Profit/(-)Loss including extra-ordinary items	(-)3335.75	(-)14601.67
Number of equity shares (basic & diluted)	158227655	156715167
EPS (basic and diluted) after considering of extra ordinary items	(-)2.11	(-)9.32

9. Extra ordinary income/expenses

Particulars	Expenses		Income	
	Current Year	Previous Year	Current Year	Previous Year
Monetary compensation for cancellation Option granted earlier under Employees Stock Option Scheme included insalaries, wages, gratuities & bonus in Schedule L.	-	3065.63	-	-
Write back of Employee Stock Option Scheme Outstanding forming part of Reserve & Surplus net of Deferred Employee Compensation under ESOP netted from salaries, wages, gratuities & bonus in Schedule I	-	-	-	346.63
High forex loss forming part of General expenses	-	1406.13	-	-
Rise in ECB due to company's exit from SWAP arrangement, which had formerly been hedging the impact of fluctuation of Japanese Yen vis-à-vis US dollar pertaining to company's external commercial borrowing in Yen from HSBC, London included in General expenses	-	2608.00	-	-
Compensation against termination of distributor-ship agreement & closure of branches included in Legal & Profession	-	623.38	-	-
Disposal of non-oncology formulation division to Alembic included in miscellaneous income	-	-	-	16034.15

Particulars	Expenses		Income	
	Current Year	Previous Year	Current Year	Previous Year
Capital Gain on disposal of non-oncology formulation division included in current tax	-	-	-	-
Sale of market rights of few products to APP, USA a fellow subsidiary in UK	-	-	-	1149.75
Compensation received	-	-	-	-
Profit on sale by Bioscience Co.Ltd., Thailand	-	-	-	-
Redundancy payment to employee	120.53	-	-	-

10. Employee related Dues:

A) Defined Benefit Plan (Disclosure pursuant to AS-15 as revised by ICAI)

a) Expenses recognized during the period

Particulars	Gratuity (funded)	Leave Salary (funded)	Total
A. Past Service Cost	-	-	-
	(-)	(-)	(-)
B. Current Service Cost	33.89	62.01	95.90
	(18.14)	(76.95)	(95.09)
C. Interest Cost	17.14	21.81	38.95
	(9.70)	(15.26)	(24.96)
D. Expected Return on Plan Assets	-20.52	-	-20.52
	(-21.06)	(-)	(-21.06)
E. Actuarial Loss/Gain	52.93	49.69	102.62
	(105.34)	(49.74)	(155.08)
F. Total Expenses recognized during the year (A+B+C+D+E)	83.44	133.51	216.95
	(112.12)	(141.95)	(254.07)

(b) Reconciliation of opening & closing balances of obligations

Particulars	Gratuity (funded)	Leave Salary (funded)	Total
I. Obligation as on 01.04.2009	218.07	239.83	457.90
	(146.30)	(129.83)	(276.13)
II. Past service cost	-	-	-
	(-)	(-)	(-)
III. Current service cost	33.89	62.01	95.90
	(18.14)	(76.95)	(95.09)
IV. Interest cost	17.14	21.81	38.94
	(9.70)	(15.26)	(24.96)
V. Actuarial Gain / (Loss)	52.93	49.68	102.62
	(105.34)	(49.74)	(155.08)
VI. Settlement	-31.25	-2.13	-33.38
	(-61.41)	(-31.95)	(-93.36)
VII. Obligation as on 31.03.2010	290.78	371.20	661.98
	(218.07)	(239.83)	(457.90)

(c) Change in Plan Assets

(Reconciliation of opening and closing balances)

Particulars	Gratuity (funded)	Leave Salary (funded)	Total
I. Fair Value of Plan Assets as on 01.04.2009	223.22 (234.17)	- (-)	223.22 (234.17)
II. Expected Return on Plan Assets	20.52 (21.06)	- (-)	20.52 (21.06)
III. Actuarial Gain / (Loss)	- (-)	- (-)	- (-)
IV. Employer Contribution	56.70 (29.40)	- (-)	56.70 (29.40)
V. Settlement	-31.25 (-61.41)	- (-)	-31.25 (-61.41)
VI. Fair Value of Plan as on 31.03.2010	269.19 (232.22)	- (-)	269.19 (223.22)

- d.** Investment detail of plan assets as on 31.03.2010 100% in reimbursement right from insurance company for fund managed by it.
- e.** Actuarial Assumption:
- | | |
|--|--|
| Discount rate (%) | 8.00%
(7.25%) |
| Estimated rate of return of benefit obligation | 7.77%
(6.91%) |
| Salary escalation ratio inflation (%) | 8.00%
(5.00%) |
| Method | Projected unit credit method
(Projected unit credit method) |
- f.** The estimates of future salary increase take into account regular increment, promotional increases and inflationary consequence over price index.
- g.** Demographics assumptions take into account mortality factor as per LIC (1994-96) ultimate criteria, employees' turnover at 16% (previous year 19%), retirement age at 58 (previous year 58).

B. Defined Contribution Plan: -

Company's contribution to different defined contribution plans: -

Particulars	2009-10	2008-09
Provident Fund	229.30	231.60
Employees State Insurance	7.60	7.60
Employees Superannuation Fund	95.52	160.33
Total	332.42	399.53

- Net exchange Loss charged to profit and loss account Rs.858.46 (previous year Rs.4014.13). This is net of Rs.216 (previous year nil) of foreign exchange gain relating to earlier years.
- Deferred tax asset amounting to Rs.2800.50 (previous year Rs.1231.09) arising on account of unabsorbed loss against corporation tax in UK has not been recognised for want of virtual certainty of future profit.

13. Information pursuant to AS-19

The total of future minimum lease rent payment under non-cancelable operating lease against residential/office accommodation.

	2009-10	2008-09
- Not later than one year	27.97	44.03
- Later than one year and not later than five years	29.43	9.00
- Lease recognized in Profit and Loss A/c	57.40	53.03

14. Consolidated herein: -

The unaudited accounts of Fresenius Kabi Oncology Inc.,USA which is based on management certification. Sale, profit, year end assets & liabilities of body corporate for the year amounted to Rs.359.67, Rs.(-)53.02, Rs.26.75 & Rs.26.75 respectively.

15. Treatment of deferred tax has been changed during the year by way of eliminating units under tax holiday from the purview of deferred tax calculation. This led to reversal of deferred tax liability amounting to Rs.438.00 accrued upto previous financial year being netted against deferred tax for the year in profit and loss account. Due to such change in accounting treatment profit of the Company is added by Rs.1306.00 with equivalent rise in assets and net worth.
16. Signatures to the Schedules "A" to "O" Annexed to and forming part of the Accounts.
17. a) All monetary figures are expressed in Rs.Lacs unless stated otherwise.
b) Previous year figures have been regrouped / recasted wherever considered necessary to make them comparable with those of the current year.

Fresenius Kabi Oncology Limited

RAKESH BHARGAVA
Chairman

DR. SATISH B. KULKARNI
Managing Director & CEO

PETER F. NILSSON
Chief Financial Officer

NIKHIL KULSHRESHTHA
Company Secretary

**As per our report
of even date attached**

For **G. BASU & CO.**
Chartered Accountants
Firm registration number:301174E

S. LAHIRI
Partner
Membership No-51717

New Delhi
28th May 2010

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary Companies for the year ended 31st March 2010

		Rs. in Lacs											
Sr. No.	Name of the Subsidiary Company	Country of Registration	Financial Year ended	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments (except in case of investment in subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
1	Fresenius Kabi Oncology Plc UK	United Kingdom	31.12.2009	12625.20	(22663.16)	44030.66	44030.66	Nil	24868.59	(9966.03)	0.00	(9966.03)	Nil
2	Dabur Pharma (Thailand) Company Limited	Thailand	31.03.2010	311.37	234.40	545.77	545.77	Nil	2997.47	105.37	0.00	105.37	Nil
3	Fresenius Kabi Oncology Inc USA	United State of America	31.03.2010	0.41	26.34	28.35	28.35	Nil	359.67	(53.03)	0.00	(53.03)	Nil

