

Mangalam Drugs and Organics Limited
(AN ISO 9001 & WHO - GMP COMPANY)



37th
Annual Report 2009 - 2010

FINANCIAL HIGHLIGHTS
(Figure in Lacs)

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10
Sales & Other Sales Income	6853.45	7736.90	8075.33	9046.35	10432.37	8905.38	9544.84	10277.49	11275.82
Profit before Interest & Depreciation	495.25	507.77	541.56	598.00	707.68	567.40	660.00	921.46	1089.61
Interest	224.43	224.45	192.42	161.82	234.22	282.59	328.19	513.21	572.19
Depreciation	90.25	92.92	93.79	122.94	158.23	206.25	230.02	258.41	297.12
Profit Before Tax	180.57	190.40	255.35	313.24	315.23	78.56	101.79	149.84	220.30
Profit After Tax	136.34	199.83	190.20	274.80	269.08	66.35	85.77	126.84	182.30
Dividend (%)	5	3	1.0	2	2	-	-	-	-
Payout	5.57	5.57	6.68	26.36	26.36	-	-	-	-
Equity Capital	111.30	222.60	667.80	667.80	1317.82	1317.82	1317.82	1317.82	1317.82
Reserves & Surplus	1287.88	1308.69	1066.95	1315.39	2338.15	2404.50	2490.27	2617.11	2799.41
Net Worth	1399.18	1531.29	1531.30	1983.19	3655.97	3722.32	3808.09	3934.93	4117.23
Borrowings:									
Long Term Loans	741.52	669.53	635.23	873.99	575.62	378.64	361.97	925.59	852.35
Short Term - Bank	908.56	1426.09	1318.52	1424.06	1470.29	1906.41	1911.62	2031.75	2288.67
Short Term - Others	309.14	365.34	564.49	720.61	475.84	585.13	598.89	687.91	881.86
Total Borrowings	1959.22	2460.96	2518.24	3018.66	2521.75	2870.18	2872.48	3645.25	4022.88
Gross Block	1963.85	2070.08	2533.21	3373.03	4243.33	4689.27	5041.85	6101.32	6682.90
Less : Depreciation	610.75	697.78	780.70	903.63	1060.72	1259.97	1488.52	1746.93	2030.48
Net Block (Fixed Assets)	1353.10	1372.30	1752.51	2469.40	3182.61	3429.30	3553.33	4354.39	4652.42
Investments	19.27	29.76	18.92	18.95	264.79	48.05	13.89	13.89	14.40
Current Assets, Loans & Advances	2467.52	3182.61	3017.53	3300.42	3783.81	4274.89	4150.48	4546.02	4902.01
Less : Current Liabilities	481.49	592.42	535.98	804.93	1150.16	1232.25	1085.47	1358.29	1428.72
Net Working Capital	1986.03	2590.19	2481.55	2495.49	2633.65	3042.64	3065.01	3187.73	3473.29
Book Value (Rs) per share	125.71	68.79	25.98	29.70	27.74	24.76	25.19	25.65	26.82
Earnings (Rs) per share	12.25	6.06	2.85	4.11	2.04	0.50	0.65	0.96	1.38
Nominal value per share	10	10	10	10	10	10	10	10	10
Bonus Shares (Ratio)	-	1:1	2:1	-	-	-	-	-	-



BOARD OF DIRECTORS

GOVARDHAN M. DHOOT –CHAIRMAN
 SUBHASH C. KHATTAR
 RAJENDRAPRASAD MIMANI

REGISTERED OFFICE

292, PRINCESS STREET
 2ND FLOOR, NEAR FLYOVER,
 MARINE LINES, MUMBAI 400 002

WORKS

VAPI – UNIT 1

PLOT NO. 187, GIDC
 VAPI, DIST. BULSAR
 GUJARAT 396195

VAPI – UNIT 2

PLOT NO. 1203, GIDC
 VAPI, DIST. BULSAR
 GUJARAT 396195

SANGAMNER – UNIT 3

SANGAMNER AUDYOGIK
 VASAHA LIMITED
 SANGAMNER 422805
 DIST. AHMEDNAGAR, MAHARASHTRA

AUDITORS

M/S. MILWANI ASSOCIATES
 CHARTERED ACCOUNTS
 BAGARIA HOUSE, 1ST FLOOR
 KOLBHAT LANE, MUMBAI 400 002

BANKERS

STATE BANK OF INDIA
 IDBI BANK LTD.

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Mangalam Drugs & Organics Limited

Registered Office : 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400 002

NOTICE

NOTICE is hereby given that the Thirty-seventh Annual General Meeting of the members of the Company will be held at the Registered office of the company at 292, Princess Street, 2nd Floor, Near Fly over, Marine Lines, Mumbai – 400 002 on Thursday, 30th September 2010 at 3.00 p.m. to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended as on that date and the reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Rajendra Prasad Mimani, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. Authority to Directors to borrow in excess of the paid-up capital and free reserves

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED that in supersession of resolution passed at the Annual General Meeting of the Company held on 12th July 2004, the consent of the Company be and is hereby accorded in terms of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of the Directors of the Company for borrowing from time to time any sums or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amounts so borrowed by the Board shall not at any time exceed the limit of Rs. 100 crores.”

5. Creation of Charges

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

“RESOLVED that pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favor of Banks / Financial Institutions, other investing agencies and trustees for the holders of debentures / bonds / other instruments to secure rupee / foreign currency loans and / or the issue of debentures whether partly / fully convertible or non-convertible and / or securities linked to Ordinary shares and / or rupee / foreign currency convertible bonds and / or bonds with share warrants attached (hereinafter collectively referred to as “Loans”) provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, shall not, at any time exceed the limit of Rs. 100 crores.

RESOLVED further that the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company at the registered office not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of the business under item no. 4 & 5 is annexed hereto.
3. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays, Sundays and Public Holidays upto the date of Annual General Meeting.
4. Members are requested to intimate to the Company, queries, if any, on the accounts at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.



5. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore the Members are requested to bring their copy of Annual Report to the Meeting.
6. The Company has appointed **M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078**, as Share Transfer Agents and the members are requested to send/address all their shares related matters / correspondence directly to them.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 2010 to 30th September 2010 (both days inclusive) for the purpose of Annual General Meeting.
8. **Change of Address / Bank details:** Members are requested to inform the Company or M/s. Link Intime India Private Limited, immediately of any change in their address / Bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details and mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
9. Members who have not encashed their dividend warrant(s) for the financial year 2004-05 and 2005-06 are requested to seek issue of duplicate warrant(s) by writing to the Company's Share Transfer Agents, M/s. Link Intime India Private Limited. Any such amounts of dividend remaining unclaimed for a period of seven years from the date they become due for payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Kindly note that no claim shall lie against the Company or the IEPF in respect of the amounts which were unclaimed and unpaid for a period of seven years for the date that they first become due for payment and no payment shall be made in respect of any such claims.

Financial year ended	Date of the Annual General Meeting	Due date for transfer to IEPF
31.03.2005	10/09/2005	09/09/2012
31.03.2006	30/09/2006	29/09/2013

10. A brief profile of Mr. Rajendra Prasad Mimani – director retire by rotation referred to item no. 2 of the Notice required by Clause 49IV G of the Listing Agreement with the Stock exchanges is given below:

1.	Name	Mr. Rajendraprasad K. Mimani
2.	Date of Birth	02.04.1952
3.	Educational Qualification	Commerce Background
4.	Date of Appointment on the Board	01.11.2004
5.	Category of Director	Independent Director
6.	Experience	Experience in marketing of various types of products. He has an experience over 35 years.
7.	Other Directorships	1. Universal Transformers Pvt. Ltd. 2. Boesky Securities Pvt. Ltd.
8.	Name of Committees in which Chairman	Nil
9.	Name of Committees in which Member	Mangalam Drugs and Organics Ltd. – Audit Committee
10.	Number of shares held in the Company	Nil

11. Members/Proxies should bring the admission slip duly filled in for attending the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

**(GOVARDHAN M. DHOOT)
CHAIRMAN**

Registered Office:

292, Princess Street, Near Flyover
Marine Lines, Mumbai – 400 002

Place: Mumbai

Date: 29th May 2010



ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956.

Item no. 4 & 5:

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. The shareholders at the Annual General Meeting of the Company held on 12th July, 2004, had accorded their consent to the Board of Directors borrowing up to Rs. 50 Crores. Taking into consideration the requirements of additional funds to meet the cost of the Company's capital expenditure as also additional working capital requirement of the Company, it is expected that the limit of R. 50 crores sanctioned by the shareholders is likely to be exceeded. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293 (1) (d) of the Act, to enable the Directors to borrow monies to the extent of Rs. 100 crores. The Resolution under item no. 4 is to obtain the consent of the shareholders for this purpose.

The proposed borrowings of the Company be secured by way of charge / mortgage / hypothecation on the Company's assets in favor of the Banks / Financial Institutions / other investing agencies / security holders / trustees for the holders of the securities (collectively referred to as "Lenders") As the documents to be executed with the Lenders, it may contain the power to take over the management of the Company in certain events, it is necessary to pass a resolution under Section 293 (1) (a) of the Act, for creation of charges/ mortgages / hypothecations for an amount not exceeding the borrowing limit of Rs. 100 crores.

The proposed resolutions are in the interest of the Company and your Directors commend the Resolutions in item nos. 4 & 5 of the Notice for acceptance of the members. None of the Directors are interested in the resolutions at item nos. 4 & 5 of the accompanying Notice.

BY ORDER OF THE BOARD OF DIRECTORS

**(GOVARDHAN M. DHOOT)
CHAIRMAN**

Registered Office:

292, Princess Street,
Near Flyover, Marine Lines,
Mumbai – 400 002

Place: Mumbai

Date: 29th May 2010



DIRECTORS REPORT

To,

The Members of
MANGALAM DRUGS & ORGANICS LIMITED

The Directors have pleasure in presenting to you their Thirty-Seventh Annual Report and Audited Accounts for the accounting year ended 31st March 2010

1. FINANCIAL RESULTS:

(Rs. in Lacs)

	2009-2010	2008-2009
Sales	11229.22	10240.29
Other Income	46.60	37.19
Profit before Finance Expenses, Depreciation & Amortizations	1113.78	945.62
Less : Depreciation & Amortizations	321.29	282.57
Finance Expenses	572.19	513.21
Profit before tax	220.30	149.84
Fringe Benefit Tax	-	6.00
Provision for taxation	38.00	17.00
Profit after tax	182.30	126.84
Provision for Deferred Taxation for Current Year	53.18	(41.51)
Profit after Deferred tax	129.12	85.33
Balance b/f from previous year	227.94	142.61
Surplus available for Appropriation	357.06	227.94
Appropriations:		
Balance carried to Balance Sheet	357.06	227.94

2. DIVIDEND:

Keeping in view the current economic scenario & future fund requirement towards capital expenditure & expansion, your Directors do not recommend any dividend for the financial year 2009-10 (Previous Year: Rs Nil)

3. REVIEW OF PERFORMANCE:

During the year under review, the Company made Sales of Rs. 11229.22 lacs as compared to Rs.10240.29 lacs made in the previous year, a increase of 9.66% than the previous year. The Company made a profit before tax of Rs. 220.30 lacs as compared to Rs. 149.84 lacs made in the previous year, an increase of 47.02% than in the previous year.

4. EXPORTS:

The Company has achieved export sales of Rs.2047.52.Lacs an increase of 95.50% over the previous years exports of Rs.1047.35 lacs. Constant efforts are being made to boost exports.

5. FUTURE OUTLOOK:

In order to augment the regulatory focus, your company in addition to Regulatory Affairs Cell has now established Intellectual Property Rights (IPR) cell. The IPR cell shall ensure that all the products and processes would be compliant to the Indians as well as the world IPR norms.

The regulatory affairs cell has submitted 6 DMFs to WHO-Geneva out of which 2 DMFs corresponding to Artemether and Lumefantrine have been approved. Next year 8 more DMFs are planned for filing with EDQM and WHO-Geneva.

6. RESEARCH & DEVELOPMENT:

Through development of new APIs, the R&D activity continues to support your company's standing as a 'one-stop' source of Antimalarials which have been prioritized by World Health Organisation. The new-product-development pipeline has 5 new molecules. New Chemical Entity (NCE) generation activity has resulted in a panel of novel compounds which shall be tested against Falciperum malarial parasite.

7. FIXED DEPOSIT:

The Company has not accepted any fixed deposits from the public during the year under review.



8. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as 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 is given in **Annexure 'I'** forming part of this Report.

9. PARTICULARS OF EMPLOYEES:

Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the Company as no employee drawing remuneration exceeding the prescribed limits.

10. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Rajendra Prasad Mimani retires by rotation and being eligible, offer himself for re-appointment. Mr. Mukul Sukhani resigned from the Directorship of the Company effective May 29th 2010. The Directors place on record their appreciation for valuable contributions made by him during tenure as Director of the Company.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility statement as required under Section 217 (2AA) of the Companies Act, 1956 is given hereunder:

- (i) That in the preparation of the annual accounts for the Year ended 31st March 2010 the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

12. AUDITORS:

M/s. Milwani Associates, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to appoint Auditors and to fix their remuneration.

13. CORPORATE GOVERNANCE:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance togetherwith a certificate from the Company's Auditors confirming compliance is set out in **Annexure 'II'** forming part of this Report.

14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is annexed as **Annexure 'III'** forming part of this Report.

15. INDUSTRIAL RELATIONS:

Cordial Industrial relations continued to prevail throughout the financial year under review.

16. ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors are also grateful to the customers, suppliers and business associates of your Company for their continued cooperation and support. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

FOR AND ON BEHALF OF THE BOARD

GOVARDHAN M. DHOOT

Chairman

Place: Mumbai

Dated: 29th May 2010



ANNEXURE 'I' TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure Of Particulars in the Report of Board Of Directors) Rules, 1988

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken:

The manufacturing processes of the Company are not energy intensive; therefore impact of energy saving devices is insignificant. Energy conservation is an ongoing process within the company. The Company has been making continuous efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms.

(b) Additional investment and proposals, if any being implemented for reduction of consumption of energy:

NIL

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

The above measure will help in reducing cost.

Total energy consumption per unit of production as per Form A in respect of industries specified in the Schedule.

FORM A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and Fuel Consumption

	Current Year	Previous Year
1. Electricity		
(a) Purchased Units (KWH)	43,16,335	34,33,563
Total Amount (Rs.)	2,31,26,400	1,86,11,401
Cost per unit (Rs.)	5.36	5.42
(b) Own generation		
(i) Through diesel generator (KWH)	23,735	66,780
Unit per-ltr. of diesel oil	5.70	2.56
Cost per unit (Rs.)	38.06	17.09
(ii) Through steam turbine Generator Unit	N.A	N.A
Unit per-ltr. of fuel oil/gas	N.A	N.A
Cost per unit	N.A	N.A
2. Coal		
Quantity (Tones)	N.A	N.A
Total cost	N.A	N.A
Average rate	N.A	N.A
3. Furnace Oil		
Quantity (K.Ltrs.)	35,610	8,88,015
Total Amount (Rs.)	5,60,501	2,92,38,624
Average rate per K. ltrs. (Rs.)	15.74	32.92
4. Others/internal generation		
Quantity	17,56,262	3,56,392
Total cost	2,84,16,326	78,40,624
Rate/unit	16.18	22.00



B. TECHNOLOGY ABSORPTION:

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

Research and Development (R & D)

a. Specific areas in which R & D carried out by the Company:

The focus of R & D is to meet the changing requirement of business environment. The development of activities has resulted into:

- (i) Development of Indigenous Technologies for bulk drug & intermediate, process improvements, process simplification etc.,
- (ii) Improvement of existing process to improve yields and quality, reduce cost and lead to eco-friendly process

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

- (i) R & D efforts have helped to bring out an improvement in process, product, design & operating efficiencies.
- (ii) Development of various bulk drugs & intermediates.
- (iii) Development of new markets, for local and export markets as per requirement, quality up gradation and cost reduction.

c. Future plan of action:

- (i) Development of various bulk drugs/intermediate having good potential for local as well as export markets.
- (ii) Additional investment in Latest instrument & up gradation & strengthening of existing R & D facilities.

d. Expenditure on R & D:

The amount being insignificant, not mentioned.

Technology Absorption, Adaptation and Innovation:

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

The plants are based on indigenous technology

b. Benefits derived as results of the above efforts: e.g output improvement, cost reduction, product development, import substitutions etc.

Nil

c. Details of imported technology:

No technology has been imported during last 5 years

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a. Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services, and export plans:

The Company is continuously exploring avenues to increase exports to various countries

b. Total foreign exchange used and earned:

(Rs. In lacs)

Particulars	Current year	Previous year
Foreign Exchange Earnings	2047.52	1047.35
Foreign Exchange Outgo		
(i) Raw material	1168.54	1058.21
(ii) Commission	9.25	16.46
(iii) Travelling Expenses	2.36	5.02
(iv) Interest on foreign currency loan (FCNRB)	4.87	17.78
Total	1185.02	1097.47

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Dated : 29th May, 2010

(GOVARDHAN M. DHOOT)
Chairman



ANNEXURE 'II' TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

B. MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance Code

The Company has complied with all the Corporate Governance requirements stipulated under Clause 49 of the Listing Agreement. The Company is committed to the consistent adherence to the said corporate governance code to maintain a greater degree of responsibility and accountability. Corporate governance is focused on maximizing shareholder value while ensuring fairness to all the stakeholders — customers, employees, vendor-partners, the government of the land, and society at large.

2. Board of Directors

The Composition of the Board of Directors of the Company meets the stipulated requirements. The Board of Directors comprised three members consisting of two non – executive directors and independent directors. The following table gives details of directorship, category, attendance at board meetings and at the last Annual General Meeting and number of membership of Board / Committees of various other companies:

Name of Director(s)	Category of Directorship	No. of other directorship	No. of Committee membership in all companies	No. of Board Meetings attended	Attend-ance at last AGM
Mr. Govardhan M. Dhoot	Chairman Executive	2	2	12	Yes
Mr. Subhash C. Khattar	Non-Executive Independent	1	2	12	Yes
Mr. Rajendraprasad K. Mimani	Non-Executive Independent	2	2	3	No
Mr. Mukul Sukhani	Non-Executive Independent	Nil	1	2	No

*Mr. Mukul Sukhani has been appointed as Additional Director with effect from 27th July 2009. He has resigned as director with effect from 29th May 2010.

There were 12 (twelve) Board meetings held during the year-ended 31.03.2010. These were on 20th April 2009, 11th May 2009, 18th June 2009, 27th July 2009, 29th July 2009, 9th September 2009, 6th October 2009, 20th October 2009, 28th October 2009, 9th December 2009, 28th January 2010, 31st March 2010. The last Annual General Meeting (AGM) was held on 29th September 2009.

Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for their consideration.

No Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 1956.

None of the Independent Directors have any material pecuniary relationship or transaction with the Company.

Code of Conduct

The Code of Conduct for the Directors and Employees of the Company has been laid down by the Board. The declaration by Mr. Govardhan M Dhoot, Whole time Director of the company regarding compliance by the Board members and Senior management personnel, with the said code of conduct is given as Annexure to this Report.



Mangalam Drugs & Organics Limited

3. Audit Committee

The Audit Committee of the Company is constituted pursuant to the provisions of the Companies Act, 1956 and the Listing Agreements with the Stock Exchanges. The constitution of Audit Committee is as follows:

Name of Director	Category	Profession	No. of meetings attended
Mr. Subhash C. Khattar, Chairman	Non-Executive Independent	Chartered Accountant	4
Mr. Rajendraprasad K. Mimani	Non-Executive Independent	Industrialist	4
Mr. Govardhan M. Dhoot	Executive	Industrialist	4

During the year-ended 31.03.2010, four Audit Committee meetings were held. These were held on 18th June 2009, 29th July 2009, 28th October 2009 and 28th January 2010.

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the internal Auditors and Statutory Auditors, review of financial statements both quarterly and annual before submission to the Board, review of management discussion and analysis of financial conditions and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

For Audit Committee meetings, the Internal and Statutory Auditors are invited and generally attended by the Whole – time Director, Vice President (Finance) and General Manager (Accounts).

4. Remuneration of Directors

Following are the details of remuneration paid to the Executive Director of the Company:

Name of Director	Salary (Rs.) (p.a.)	Service Contracts	Notice Period
Mr. Govardhan M. Dhoot	7,20,000	01-11-2009 to 31-10-2014	3 months

The Non-executive / Independent directors are paid only sitting fees for attending all the meetings held and attended on a single day. The details of sitting fees paid to non executive directors during the year under review are as follows:

Name of Director	Sitting fees paid (Rs.)	No. of shares held
Mr. Subhash C. Khattar	32000	Nil
Mr. Rajendraprasad K. Mimani	6000	Nil
Mr. Mukul Sukhani	NIL	Nil

5. Investor Grievances Committee

The constitution of Investor Grievances Committee is given below:

Name of Director	Category
Mr. Subhash C. Khattar, Chairman	Non-Executive Independent
Mr. Govardhan M. Dhoot	Executive

Investor Grievances

Nature of complaints received from shareholders during the year 2009-2010 and their status is as follows:

Nature of complaints	Received	Resolved	Pending
Non – Receipt of dividend / issue of duplicate dividend warrants / Annual Report / Share certificate	3	3	Nil

Mr. Ajay Samant – Vice President (Finance) is the Compliance Officer of the Company.



6. General Body Meetings

Details of last three Annual General Meetings held are given below:

Year	Day	Date	Time	Venue	No. of Special Resolutions passed
2007	Friday	28-09-2007	4.30 p.m.	Hindi Vidya Bhavan, Marine Lines (W), Mumbai – 400 002	Nil
2008	Tuesday	30-09-2008	3.00 p.m.	292, Princess Street, 2 nd Floor, Near Flyover, Marine Lines, Mumbai – 400 002	Nil
2009	Tuesday	29-09-2009	3.00 p.m.	292, Princess Street, 2 nd Floor, Near Flyover, Marine Lines, Mumbai – 400 002	Nil

No resolution was put through postal ballot during the year under review. This year there is no resolution proposed under postal ballot so far.

7. Disclosures

(i)	Materially significant related party transactions that may have potential conflict with the interests of company at large.	Disclosure of transactions with any related parties i.e. Promoters, Directors, Relatives, Subsidiary, or Management have been made in the Balance Sheet in Schedule 20 - Notes to Accounts at Note No. 16
(ii)	Non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	None
(iii)	Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.	The Company has implemented Whistle Blower Policy and we further affirm that no personnel have been denied access to the Audit Committee
(iv)	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause	The Company has complied with mandatory requirements and has adopted the following non mandatory requirements: (a) Whistle Blower Policy (b) None of the independent directors on our Board have served for a tenure exceeding nine years.

8. Means of Communication

The quarterly results were published in Free Press Journal (English Newspaper) and Navshakti (Marathi Newspaper) as required and also forwarded to the Stock Exchanges in accordance with the listing agreement. These results, official news releases will also available on the website of The Bombay Stock Exchange (www.bseindia.com), The National Stock Exchange of India Limited (www.nseindia.com). No presentations were made to institutional investors or to the analysts. The Management Discussion & Analysis Report forms a part of the Annual Report.

9. General Shareholder Information:

(a) 37th Annual General Meeting – Day, Date, Time and Venue:

Day	Date	Time	Venue
Thursday	30 th September, 2010	3.00 p.m.	292, Princess Street, 2 nd Floor, Near Flyover, Marine Lines, Mumbai – 400 002



Mangalam Drugs & Organics Limited

(b) Financial Calendar (tentative):

Financial Year	1 st April to 31 st March
Adoption of Quarterly Results for the quarter ending:	
June, 2010	3 rd /4 th week of July, 2010
September, 2010	Last week of October, 2010
December, 2010	Last week of January, 2010
March, 2011	Last week of May, 2011
Dates of Book Closure (Both days inclusive):	23 rd September 2010 to 30 th September 2010 (Both days inclusive)
Dividend Payment Date:	Not Applicable

(c) Listing on Stock Exchanges:

The Bombay Stock Exchange Limited (BSE), Mumbai : Stock Code: 532637

The National Stock Exchange of India Ltd. (NSE) : Symbol: "MANGALAM"

The Company has paid the annual listing fees to each of the said exchanges.

(d) Market Price Data:

Month	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
April 2009	7.20	4.78	24567	7.20	4.70	23189
May 2009	9.42	6.13	46851	9.25	6.40	60996
June 2009	11.20	8.08	90416	11.30	8.30	85873
July 2009	9.35	6.01	51996	9.25	6.00	54695
August 2009	11.39	8.10	48416	11.30	8.00	93974
September 2009	11.89	9.15	103883	11.85	9.10	174299
October 2009	13.14	11.00	210143	12.95	11.00	206312
November 2009	12.82	10.50	107383	12.95	10.40	145270
December 2009	16.68	10.51	360610	16.85	10.95	481984
January 2010	16.15	13.30	219841	16.15	13.35	307373
February 2010	15.40	12.60	58342	15.20	12.65	85243
March 2010	13.08	12.03	150279	13.70	12.00	189107

(e) Registrar & Transfer Agents:

M/s. Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, LBS Marg,

Bhandup (West), Mumbai – 400 078

Telephone No. 022 – 25963838

Fax No.022 – 2596 6969

(f) Share Transfer System:

The shares of the Company are permitted for trading in dematerialisation form only. The Company's shares are available for trading in the depository systems of both NSDL and CDSL. Entire holding of the Company is in demat mode. Security Code No. with NSDL and CDSL is - ISIN No. INE584F01014. About 99.98% shares of the Company are in demat mode as on 31st March 2010.

(g) Shareholding Pattern as on 31st March, 2010:

Sl. No.	Category	No. of Shares held	%
A.	Promoters and Promoter Group		
1	Individual / Hindu Undivided Family	2871927	21.79
2	Bodies Corporate	2303060	17.48
	Total	5174987	39.27
B.	Non- Promoters Holding		
1	Institutional Investors	0	0
	Total	0	0
2	Others		
	a. Private Corporate Bodies	3703417	28.10
	b. Individuals	4197901	31.86
	c. NRIs / OCBs	46220	0.35
	d. Clearing Members	55723	0.42
	Total	8003261	60.73
	Sub-Total (1+2)	8003261	60.73
	GRAND TOTAL (A) + (B)	13178248	100.00

Distribution of Shareholding as on 31st March 2010

No. of Shares			No. of Shareholders		No. of Shares	
From	-	To	Number	%	Number	% to total capital
1	-	500	5501	80.7664	1243004	9.4322
501	-	1000	681	9.9985	573481	4.3517
1001	-	2000	325	4.7717	515062	3.9084
2001	-	3000	95	1.3948	242524	1.8403
3001	-	4000	42	0.6166	150459	1.1417
4001	-	5000	41	0.6020	192814	1.4631
5001	-	10000	59	0.8662	447273	3.3940
10001 and above			67	0.9837	9813631	74.4684
TOTAL			6811	100.00	13178248	100.00



10. Plant locations : Unit No. 1 & 2

Plot No. 187-Phase II and Plot No. 1203,

Phase III, GIDC, Vapi,

Dist. Valsad, Gujarat 396 195.

Tel: 0260-2430598/2143 **Fax:** 0260-2431919

Unit no. 3

Sangamner Audyogik Vasahat Limited

Sangamner 422 805

Dist. Ahmednager, Maharashtra

11. Address for Correspondence:

The shareholders are requested to address their communications/ suggestions/ grievances/ queries to our Share Transfer Agents:

M/s. Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078.

DECLARATION

To

The Members of

MANGALAM DRUGS & ORGANICS LTD.

It is hereby certified and confirmed that as provided in Clause 49 1(D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2010.

For Mangalam Drugs and Organics Ltd.

Govardhan M Dhoot
Chief Executive Officer

Place: Mumbai

Date: 29th May 2010

Registered Office:

292, Princess Street,

Marine Lines, Mumbai 400 002.



CHIEF EXECUTIVE OFFICER CERTIFICATION

We hereby certify that:

- (i) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief;
 - i. These statements do not contain any materially untrue statement or omit any material fact of contain statements 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.
- (ii) No transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- (iii) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (iv) We have indicated to the Auditors and the Audit Committee :
 - (a) significant changes in internal control over financial reporting during the year;
 - (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (c) instances of significant fraud of which we have become aware.

For **Mangalam Drugs and Organics Ltd.**

Govardhan M Dhoot
Chief Executive Officer

Place: Mumbai
Date: 29th May 2010

Registered Office:
292, Princess Street, Marine Lines, Mumbai 400 002.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Mangalam Drugs & Organics Ltd

We have examined the compliance of conditions of corporate governance by Mangalam Drugs & Organics Ltd., for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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

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

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

For **Milwani Associates**
Chartered Accountants

(Rakesh K. Milwani)
Proprietor

Membership No. 36099

Place : Mumbai
Date: 29th May 2010



ANNEXURE – III TO DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Company's Philosophy on Corporate Governance:

Your Board of directors always believes in the principles of good corporate governance. The Board believes in highest level of transparency, accountability, financial control, in all its operations and believes in enhancing overall long term shareholder value and at the same time protecting the interest of other shareholders.

Industrial Structure & Development

The Indian pharmaceutical sector continues to demonstrate strong growth despite the global economic slowdowns, due to inherent strength of the Indian domestic markets economic growth, healthcare infrastructure expansion, rising incidence of chronic diseases and increase in healthcare access in the urban and rural markets. The potential of the Indian pharmaceutical market is recognized by most of the major players, which is manifested in diverse strategies being adopted by various organizations.

Opportunities:

The Indian pharmaceutical companies today are mainly focusing on global generic business, increasing focus on R&D activities and alliance with multinational companies. This shall act as a future growth drivers for Indian Pharma Industry.

Threats, Risks and Concerns :

Though Indian Pharmaceutical market is growing at a healthy growth rate but on account of continuously price-cost squeeze, largely due to relentless increase in raw material cost, energy cost, volatile foreign exchange are all affecting overall profitability of the company

Internal Control System Adequacy:

There are documented and well established operating procedures in the Company. The Company has team of well qualified and experienced professionals that conduct regular audits covering the company's operations. The finance function of the company is also adequately staffed and with qualified and experienced personnel.

Financial Operation:

During the year under review the sales turnover of the Company is increased by 9.66% to Rs.11229.22 Lacs as compared to Rs.10240.29 Lacs for the previous year. Profit before Tax(PBT) has jumped by 47.02% to 220.30 Lacs from Rs 149.84 Lacs for last year. The Company has achieved the export turnover of Rs 2047.52 Lacs as compared to Rs 1047.34 Lacs for the previous year, an increase of 95.50% than previous year.

Human Resources Development and Research Activities :

The company's success depends to a great extent on its ability to recruit, train and retain high quality people. The company places special emphasis on the human resources function in the organization. It believes that its strong brand name, industry leadership position, wide range of growth opportunities and performance linked compensation give it significant advantages in attracting and retaining skilled employees. The company employed 273 people and enjoys cordial relations with all.

Health and Safety Measures:

The Company is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact of its business operations. A safe and healthy environment is maintained, and appropriate steps are taken with the object of minimizing the environmental impact on all processes and practices. The Company has a range of policies, including on quality, safety and health aspects to guide the employees work practices, actions and decisions. The Company strives to continuously improve the effectiveness of its policies and employees are encouraged to contribute their mite in this direction.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include input availability and prices, demand and pricing of finished goods in the Company's principal markets, changes in government regulations, tax laws, economic developments within the country and other incidental factors.



AUDITORS REPORT

To :

The Members of

MANGALAM DRUGS & ORGANICS LTD.

Mumbai

1. We have audited the attached Balance Sheet of MANGALAM DRUGS & ORGANICS LIMITED as at 31st March, 2010, the Profit and Loss Account 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 standard generally accepted in India. These Standard require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
4. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
5. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of books and records.
6. The Company has received written representation from the directors as on 31st March, 2010 and on the basis of those representation, we report that none of the director is disqualified from being appointed as director under Section 274 (1) (g) of the Companies Act, 1956.
7. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are in agreement with the books of Account.
8. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair views :
 - a) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
 - b) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - c) In so far as it relates to the cash flow statement, of the cash flows of the company for the year ended on that date.

(RAKESH K. MILWANI)

PROPRIETOR: MILWANI ASSOCIATES

Membership No.36099

Place : Mumbai

Date : 29-05-2010



Annexure to the Auditors report of the even date to the Members

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the company and the nature of its asset. The discrepancies noticed have been properly dealt with in the books of accounts.
- (c) The asset disposed off during the year are not significant and therefore do not affect the going concern assumptions.
- ii) (a) The physical verification of inventory has been conducted at reasonable intervals by management.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion the company has maintained proper records of inventory. The discrepancies between physical stock and the book stock were not material and have been properly dealt with in the books of accounts.
- iii) As informed to us, during the year the company has not granted or taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control.
- v) (a) Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Act have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the registers maintained under section 301 and exceeding during the year by Rupees five lakh in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public.
- vii) The internal audit function carried out during the year by a firm of chartered accountant appointed by the company and the same is in our opinion, is commensurate with its size and nature of its business.
- viii) The Company is maintaining cost records as prescribed by Central Government under section 209 (1) (b) of the Companies Act 1956 for the Company.
- ix) a) According to the information and explanation given to us the company is generally regular in depositing undisputed statutory dues including Provident Funds, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues wherever applicable with appropriate authorities. There is no outstanding dues for a period of more than six months from the date they become payable.



b) The following are the disputed dues which have not been deposited :

Nature of Dues	Amount (Rs. In Lacs)	Forum where dispute is Pending
1) Excise Duty & Service tax		
a) 2004-05	5.00	CESTAT, Ahmedabad
b) 2005-06	30.17	Commissioner (Appeals)
c) 2006-07	47.78	Commissioner (Appeals)
d) 2007-08	39.79	Commissioner (Appeals)
e) 2008-09	17.72	Commissioner (Appeals)
f) 2009-10	8.09	Commissioner (Appeals)
Total	148.55	
2) Income Tax		
a) 2000-01	22.68	Income Tax Appellant Tribunal
b) 2001-02	57.94	Income Tax Appellant Tribunal
c) 2002-03	00.86	Income Tax Appellant Tribunal
d) 2003-04	00.88	Income Tax Appellant Tribunal
e) 2004-05	12.60	Income Tax Appellant Tribunal
f) 2005-06	1.36	Commissioner of Income Tax
g) 2006-07	5.22	(Appeals)
Total	101.54	

- i) The company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately year preceding.
- ii) Based on our audit procedures and on the information and explanation given by the management, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holder.
- iii) Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- iv) The company is not a chit/nidhi/mutual benefit fund/society and therefore clause xiii of the order is not applicable.
- v) The company is not dealing or trading in shares, securities, debentures and other investment.
- vi) On the basis of the information and explanation given to us the company has given corporate guarantee for loans taken by others from banks, the terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.
- vii) In our opinion, the term loans were applied for the purpose for which they were raised.
- viii) On the basis of our examination of the books of accounts and the information and explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long term investment.
- ix) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- x) The company did not have any outstanding debentures during the year.
- xi) Based on the audit procedures performed and information and explanation given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

(RAKESH K. MILWANI)
 PROPRIETOR: MILWANI ASSOCIATES
 Membership No.36099

Place : Mumbai
 Date : 29-05-2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
SOURCES OF FUNDS			
I) SHAREHOLDERS FUNDS			
SHARE CAPITAL	1	1,317.82	1,317.82
RESERVES AND SURPLUS	2	2,799.41	2,617.11
		<u>4,117.23</u>	<u>3,934.93</u>
II) LOAN FUNDS			
SECURED LOANS	3	3,141.02	2,957.34
UNSECURED LOANS	4	881.86	687.91
		<u>4,022.88</u>	<u>3,645.24</u>
TOTAL FUNDS EMPLOYED (I+II)		<u>8,140.11</u>	<u>7,580.18</u>
APPLICATION OF FUNDS			
I) FIXED ASSETS			
GROSS BLOCK	5	6,682.90	6,101.32
LESS : DEPRECIATION		2,030.48	1,746.93
NET BLOCK		<u>4,652.42</u>	<u>4,354.39</u>
		<u>4,652.42</u>	<u>4,354.39</u>
II) INVESTMENTS	6	14.40	13.89
III) CURRENTS ASSETS AND LOANS AND ADVANCES			
INVENTORIES	7	2,386.17	1,770.24
SUNDRY DEBTORS	8	2,198.58	2,471.35
CASH AND BANK BALANCES	9	64.73	70.19
LOANS AND ADVANCES	10	252.53	234.24
		<u>4,902.01</u>	<u>4,546.02</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	11	1,428.72	1,358.29
NET CURRENT ASSETS		<u>3,473.29</u>	<u>3,187.73</u>
IV) PRELIMINARY EXPENSES	12	-	24.17
(To the extent not written off)			
TOTAL FUNDS APPLIED (I+II+III+IV)		<u>8,140.11</u>	<u>7,580.18</u>
NOTES FORMING PARTS OF ACCOUNTS	20		

Schedules referred to herein form an integral part of the Balance Sheet

As per Our Report of the Even date

(CA Rakesh K.Milwani)
Proprietor:Milwani Associates

Govardhan M.Dhoot
Chairman

Chartered Accountants
Membership No.36099

Subhash C.Khattar
Director

Place : Mumbai

Dated : 29.05.2010



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

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
INCOME			
SALES AND SERVICES		11,229.22	10,240.30
OTHER INCOME	13	46.60	37.19
INCREASE /(DECREASE) IN STOCKS	14	741.90	(37.29)
		<u>12,017.72</u>	<u>10,240.20</u>
EXPENDITURE			
COST OF MATERIAL CONSUMED	15	8,835.90	7,227.97
MANUFACTURING EXPENSES	16	1,628.69	1,677.37
ADMINISTRATIVE EXPENSES	17	285.68	255.32
SELLING EXPENSES	18	153.67	133.91
FINANCE EXPENSES	19	572.19	513.21
DEPRECIATION		297.12	258.41
PRELIMINARY EXPENSES WRITTEN OFF		24.17	24.17
		<u>11,797.42</u>	<u>10,090.36</u>
PROFIT BEFORE TAX		220.30	149.84
FRINGE BENEFIT TAX PAID		-	6.00
PROVISION FOR CURRENT TAXATION		38.00	17.00
PROFIT AFTER TAXATION		182.30	126.84
PROVISION FOR DEFERRED TAX		53.18	41.51
NET PROFIT AFTER DEFERRED TAX		129.12	85.33
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		227.94	142.61
BALANCE CARRIED TO BALANCE SHEET		357.06	227.94
NOTES FORMING PART OF ACCOUNTS	20		

Schedules referred to herein form an integral part of the Balance Sheet

As per Our Report of the Even date

(CA Rakesh K.Milwani)
Proprietor:Milwani Associates

Govardhan M.Dhoot
Chairman

Chartered Accountants
Membership No.36099

Subhash C.Khattar
Director

Place : Mumbai

Dated : 29.05.2010



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
SHARE CAPITAL	1		
AUTHORISED			
2,00,00,000 Equity Shares of Rs.10/- each		2,000.00	2,000.00
(Previous year 2,00,00,000 Equity Shares of Rs.10/- each)		<u>2,000.00</u>	<u>2,000.00</u>
ISSUED,SUBSCRIBED AND PAID UP			
13178248 Equity Shares of Rs 10/-each fully paid up		1,317.82	1,317.82
(Previous year 13178248 Equity Shares of Rs.10/- each)			
1) Pursuant to acquisition of business with undertaking of Mangalam Organics Pvt. Ltd., Mangalam Rasayan Pvt. Ltd. & Shree Mangalam Pharma Pvt. Ltd., 10,38,000 Equity Shares for value Rs.10/- each were allotted to shareholders of such companies without payment being received in cash.			
2) During financial year 2002-03, 11,13,000 Equity Shares of face value of Rs.10/- each fully paid up were allotted as bonus shares without payment being received in cash by capitalisation of General Reserve.			
3) During the year 2003-04, 44,52,000 Equity shares of Rs.10/- each fully paid up were Alloted, by way of Bonus shares by Capitalisation of General Reserves.			
4) During the year 65,00,248 Equity shares of Rs.10/- each fully paidup were allotted by way of Initial Public Offer, at a premium of Rs.12/- per share.			
		<u>1,317.82</u>	<u>1,317.82</u>
RESERVES AND SURPLUS	2		
General Reserve:			
Balance as per last Balance Sheet		1,079.05	1,079.05
		<u>1,079.05</u>	<u>1,079.05</u>
Deferred Tax :			
Balance as per last Balance Sheet		530.09	488.58
Add: Balance transferred during the year		53.18	41.51
		<u>583.27</u>	<u>530.09</u>
Share Premium:			
Balance as per last Balance Sheet		780.03	780.03
		<u>780.03</u>	<u>780.03</u>
Profit and Loss Account		357.06	227.94
		<u>2,799.41</u>	<u>2,617.11</u>



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
SECURED LOANS	3		
Loan from Banks		852.35	925.60
Working Capital from Banks		2,288.67	2,031.75
		<u>3,141.02</u>	<u>2,957.34</u>
UNSECURED LOANS	4		
From Director's , Shareholders and Associated Companies		550.00	550.00
Sales Tax Deferred Credit		41.26	42.45
Others		290.60	95.46
		<u>881.86</u>	<u>687.91</u>

SCHEDULE ' 5 ' FOR FIXED ASSETS FOR THE YEAR 01-04-09 TO 31.03.10

(Rupees in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As On 01.04.09	Additions	Deductions	As On 31.03.10	As On 01.04.09	For the Year	Adjustment	As On 31.03.10	As On 31.03.10	As On 31.03.09	
Land	58.41	-	-	58.41	-	-	-	-	58.41	58.41	
Factory Building	664.06	47.92	3.67	708.31	175.43	23.00	0.78	197.65	510.66	488.63	
Other Building	37.04	18.21	7.61	47.64	-	-	-	-	47.64	37.04	
Plant & Machinery	4,970.37	478.12	16.20	5,432.29	1,362.11	248.15	-	1,610.26	3,822.03	3,608.26	
Motor Car	121.98	4.76	14.96	111.78	62.98	10.39	12.65	60.72	51.06	59.00	
Furniture & Fixtures	50.19	5.40	-	55.59	35.30	3.35	-	38.65	16.94	14.89	
Office Equipments	85.69	1.71	-	87.40	50.57	4.53	-	55.10	32.30	35.12	
Computers	58.96	4.33	0.35	62.94	43.12	4.84	0.14	47.82	15.12	15.84	
Laboratory Equipments	44.11	8.72	-	52.83	15.17	2.34	-	17.51	35.32	28.94	
Air Conditioner	10.51	0.94	-	11.45	2.25	0.52	-	2.77	8.68	8.26	
Capital Work in Process	-	54.26	-	54.26	-	-	-	-	54.26	-	
NET TOTAL	6,101.32	624.37	42.79	6,682.90	1,746.93	297.12	13.57	2,030.48	4,652.42	4,354.39	
Previous Year	5,041.85	1,071.04	11.57	6,101.32	1,488.52	258.41	-	1,746.93	4,354.39	-	



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

Schedule 6 - INVESTMENTS (at Cost)

INVESTMENTS	Face Value per share (in Rs)	Nos of Shares		Amount of Shares (in Rs)	
		Current Year	Previous Year	Current Year	Previous Year
A Quoted Investments :					
1 IMP Power Ltd.	10	172,172	172,172	11.65	11.65
2 Gujarat State Finance Corpn. Ltd.	10	900	900	0.19	0.19
3 Ajanta Pharma	10	1	1	0	0
4 Alpha Drugs	10	-	-	0	0
5 Avon Organics	10	1	1	0	0
6 Daurala Organics	10	-	-	0	0
7 Fine Drugs	10	1	1	0	0
8 Hikal Chemicals	10	1	1	0	0
9 J. B. Chemicals	2	5	5	0	0
10 Kanoria Chem	10	1	1	0	0
11 Krebs Biochem	10	1	1	0	0
12 Morepen Lab	2	1	1	0	0
13 Neuland Lab	10	1	1	0	0
14 Orchid Chem	10	1	1	0	0
15 Pearl Organics	10	1	1	0	0
16 Sun Pharmaceuticals	5	1	1	0	0
17 Torrent Pharma	5	4	4	0	0
18 Torrent Gujarat	10	1	1	0	0
19 Aarti Drugs Ltd	10	5	5	0	0
20 Granules Industries	10	1	1	0	0
Total (A)		173,099	173,099	11.84	11.84
Market Value of quoted shares Rs.1,94,22,662/- Previous year Rs.62,03,303					
B Unquoted Investments :					
1 National Savings Certificate		-	-	2.31	1.80
2 Shares of Saraswat Co-op Bank Ltd.		2,500	2,500	0.25	0.25
Total (B)		2,500	2,500	2.56	2.05
TOTAL (A+B)		175,599	175,599	14.40	13.89



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
INVENTORIES	7		
(Valued at cost or market price whichever is lower as per Inventory taken valued, verified and certified by Directors)			
Raw Materials		519.41	643.33
Packing Materials		11.43	13.47
Semi Finished Goods		555.97	324.45
Finished Goods		<u>1,299.36</u>	<u>788.99</u>
		<u>2,386.17</u>	<u>1,770.24</u>
SUNDRY DEBTORS	8		
(Unsecured, considered good)			
Over Six Months		51.23	40.05
Others		<u>2,147.35</u>	<u>2,431.30</u>
		<u>2,198.58</u>	<u>2,471.35</u>
CASH AND BANK BALANCE	9		
Cash in hand		6.21	14.48
Balance with scheduled banks			
In Current Account		7.21	5.36
In Margin / Deposit Account		<u>51.31</u>	<u>50.35</u>
		<u>64.73</u>	<u>70.19</u>
LOANS AND ADVANCES	10		
(Unsecured, considered good)			
Loans & Advances (recoverable in cash or in kind or for value to be received)		205.47	192.69
Deposits		<u>47.06</u>	<u>41.55</u>
		<u>252.53</u>	<u>234.24</u>
CURRENT LIABILITES AND PROVISIONS	11		
Creditors & Other Liabilities		<u>1,428.72</u>	<u>1,358.29</u>
		<u>1,428.72</u>	<u>1,358.29</u>
PRELIMINARY EXPENSES	12		
(to extent not written off)			
Preliminary Expenses			
(refer note 'K' of schedule '20')		24.17	48.34
Less : Preliminary Expense written off		<u>24.17</u>	<u>24.17</u>
		<u>-</u>	<u>24.17</u>



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
OTHER INCOME	13		
Export Benefits		26.44	26.50
Dividend		0.06	0.06
Other Income		20.10	10.63
		<u>46.60</u>	<u>37.19</u>
INCREASE\ (DECREASE) IN STOCK	14		
Closing Stock			
Finished Goods		1,299.36	788.99
Semi Finished Goods		555.97	324.44
Total (A)		<u>1,855.33</u>	<u>1,113.43</u>
Opening Stock			
Finished Goods		788.99	836.03
Semi Finished Goods		324.44	314.69
Total (B)		<u>1,113.43</u>	<u>1,150.72</u>
INCREASE / (DECREASE) IN STOCK(A-B)		<u>741.90</u>	<u>(37.29)</u>
COST OF MATERIAL CONSUMED	15		
Opening Stock		643.33	565.07
Add: Purchases		8,810.18	7,485.98
		<u>9,453.51</u>	<u>8,051.05</u>
Less: Balance of Closing Stock		519.41	643.33
CENVAT Availied		98.20	179.76
COST OF MATERIAL CONSUMED		<u>8,835.90</u>	<u>7,227.97</u>
MANUFACTURING EXPENSES	16		
Carriage Inward & Freight		13.88	21.55
Central Excise Duty		162.65	284.13
Job Work		158.01	138.16
Power, Fuel, Electricity & Water		602.88	581.44
Repairs and Maintenance		79.69	78.90
Salaries, Wages and Other benefits		427.37	367.36
Sales Tax Paid		98.26	138.42
Stores and Spares		85.95	67.41
		<u>1,628.69</u>	<u>1,677.37</u>



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES IN LACS	
		31.03.2010	31.03.2009
ADMINISTRATIVE EXPENSES	17		
Auditors' Remuneration		1.65	1.65
Clearing, and Forwarding		0.22	3.24
Directors Remuneration		7.20	7.20
Donation		0.04	0.11
Insurance Charges		6.31	4.71
Legal and Professional Fees		19.83	26.80
Miscellaneous Expenses		15.38	6.29
Postage and Telegram		5.16	4.03
Printing and Stationery		17.04	14.82
Rent,Rates and Taxes		5.38	3.40
Travelling and Conveyance		20.57	29.06
Vehicle Expenses		19.27	19.65
Service charges		28.54	15.42
Laboratory Expenses		47.40	43.79
Telephone telex & fax charges		10.31	11.48
Retainership Fees		19.55	15.72
Pollution Control Exps		31.72	14.29
Membership and subscription fees		0.95	1.68
Registration & Licence Fees		4.15	11.45
Stamp Duty Expense		5.44	5.25
Computer Expense		5.83	6.53
Testing Fees		11.08	6.55
Listing Fees		1.20	0.75
Service & Cess Tax on Goods Transport		0.22	0.26
Watch & Ward Expense		1.24	1.19
		285.68	255.32
SELLING AND DISTRIBUTION EXPENSES	18		
Advertisement,SalesPromotion and discount		50.91	40.37
Packing and Forwarding		66.76	56.54
Sales Commission and Discount		36.00	37.00
		153.67	133.91
FINANCE EXPENSES	19		
Interest		467.72	422.65
Interest on Institutional Loans		104.47	90.56
		572.19	513.21



SCHEDULE 20

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

a. BASIS OF ACCOUNTING

- 1) The Books of Account are prepared under the Historical cost convention method using the accrual method of Accounting, based on principle of going concern and in accordance with the generally accepted accounting principle and the accounting standards referred to in section 211(c) of Companies Act 1956, as adopted consistently by the Company.
- 2) Excise and Custom duty is accounted for at the time of clearance of the goods.
- 3) Contingent Liabilities are disclosed by way of notes to accounts.

b. REVENUE RECOGNITION: -

- i) Sale of goods is recognised on dispatch to customers. Amount of sale includes central excise duty, sales tax and other incidental expenses. Purchases are accounted on the basis of goods dispatched to the company by its suppliers. Purchases include central excise, sales tax and also custom duty, clearing and forwarding charges and bank charges in case of imports.
- ii) Dividends are accounted on receipt basis.
- iii) Income from services rendered is accounted for when the work is performed.

c. FIXED ASSETS

Fixed Assets are stated at cost of acquisition or construction net of CENVAT credit taken and are inclusive of freight, duties, taxes, interest up to the start of commercial production and incidental expenses.

d. IMPAIRMENT OF ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the greater of the net selling price and value in use.

e. METHOD OF DEPRECIATION

The company is charging depreciation on Straight Line Method at the rates and in the manner specifies in the Schedule XIV of the Companies Act, 1956.

f. INVESTMENTS

Investments are stated at cost.

g. INVENTORIES

- i) Raw Materials & Packing materials are valued at Cost or net realizable value whichever is lower.
- ii) Stock in process is valued at cost determined by taking in to material cost, labour charges and other direct expenses.
- iii) Finish goods are valued at cost or realizable market value whichever is lower.

h. FOREIGN CURRENCY TRANSACTIONS

- i) In respect of Export of goods, the transactions in foreign currency are recorded in rupees of the amount realised on such export sale proceeds. However in respect of export sale proceeds those of which are outstanding on the last date of the year the same are accounted at foreign exchange rate prevailing on that date. The differences of export proceeds received in respect of outstanding export of earlier year are transferred to sales.
- ii) In respect of Import of goods the transaction in foreign currency amount is recorded in rupees of the amount paid on such imports. However in respect of import purchases payable on last date of the year the same are accounted at foreign exchange rate prevailing on that date. The difference of payments for import purchase of earlier year is transferred to purchases.



iii) In respect of Foreign currency loan, exchange rate difference on loan outstanding at the end of the year and on repayments during the year are considered as finance charges.

i. RETIREMENT BENEFITS

- (i) The Company makes regular monthly contribution to provident and pension fund maintained by provident fund commissioners.
- (ii) Defined Benefit Plan in the form of gratuity are determined using the projected unit credit method as at Balance Sheet date.
- (iii) The Company has provided for leave encashment for the leave balances as on 31st March 2010.

j. RESEARCH AND DEVELOPMENT

Revenue Expenditure on Research and Development is charged to Profit and Loss account in the year in which it is incurred.

k. TAXATION

- i) The current charge for Income Tax is calculated on assessable profit of the company determine under Income Tax Act, 1961.
- ii) The Company accounts for taxes on income to include the effect of timing difference in the tax expenses in the profit & loss account and the deferred tax assets and liabilities in the balance sheet in accordance with the Accounting Standard AS 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, (ICAI). The company has evaluated various elements of tax computation to determine whether any deferred tax asset or liability needs to be recognized.

l. PRELIMINARY EXPENSES

Preliminary expense relating to Public Issue is to be written off over a period of five years starting from the financial year 2005-06 and the year amount written off is Rs.24,16,981/27 (Total written off up to 31.03.2010 is Rs.1,20,84,984.27)

B. Notes to Accounts: -

1. CONTINGENT LIABILITIES:

PARTICULARS	CURRENT YEAR Amount in Rs	PREVIOUS YEAR Amount in Rs.
A) Performance Guarantees/ Bonds		
(i) Guarantee executed in favor of Assistant Collector of Customs	20,53,300	33,04,936
(ii) Guarantee executed in favor of Export Parties.	6,26,824	7,41,500
(iii) Guarantee executed in favor of Central Excise	8,83,740	8,83,740
B) Others		
(iv) Guarantee given to GSPC Gas Co Ltd	41,07,513	41,07,513
(v) Guarantee given to Corporate	56,19,34,000	56,19,34,000

2. DIRECTORS REMUNERATION:

PARTICULARS	CURRENT YEAR Amount in Rs	PREVIOUS YEAR Amount in Rs.
Salary	7,20,000	7,20,000



Mangalam Drugs & Organics Limited

3. AUDITORS REMUNERATION

PARTICULARS	CURRENT YEAR Amount in Rs.	PREVIOUS YEAR Amount in Rs.
(i) For Statutory Audit *	1,10,300	1,10,300
(ii) For Tax Audit *	55,150	55,150
(iii) For Vat Audit	16,545	16,545
(iv) For Certification & others.	1,43,390	78,151

* Inclusive of service Tax

4. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

	PARTICULARS	CURRENT YEAR Amount in lacs	PREVIOUS YEAR Amount in lacs
(i)	Raw Materials	1168.54	1058.21
(ii)	Commission on Exports	9.25	16.46
(iii)	Travelling Expenses	2.36	5.02
(iv)	Interest on foreign currency loan (FCNRB)	4.87	17.78
(v)	Earning in foreign currency on export of goods on CIF basis (Including deemed exports)	2047.52	1047.35

5. CONSUMPTION OF RAW MATERIAL

PARTICULARS	%	VALUE (RS. IN LAKHS)
(i) Imported	14 (14)	1232.54 (1037.76)
(ii) Indigenous	86 (86)	7603.36 (6190.21)

6. RAW MATERIAL CONSUMED

(As Certified by Management)

SI No	ITEM	CURRENT YEAR		PREVIOUS YEAR	
		Qty(Tons)	Value(Lacs)	Qty(Tons)	Value(Lacs)
A	IMPORTED RAW MATERIAL				
1	E.M.M.E	147.70	291.42	71.54	169.44
2	Methane Sulphonyl Chloride	140.00	136.40	125.38	148.73
3	Novaldamine	58.95	313.64	24.08	156.06
4	Phosphorus Oxychloride	0.00	0.00	18.00	35.69
5	Hydroxy Novaldamine	2.27	76.00	2.17	57.16
6	Meta Amino Acetanile	0.00	0.00	7.24	18.15
7	M.N.C.B	0.00	0.00	153.40	193.40
8	Artemisinin	2.75	363.68	2.20	226.62
9	Flourence	25.00	43.77	10.00	22.95
10	4-chloro benzaldehyde	5.00	7.63	4.00	9.56
	Total (A)		1232.54		1037.76



SI No	ITEM	CURRENT YEAR		PREVIOUS YEAR	
		Qty(Tons)	Value(Lacs)	Qty(Tons)	Value(Lacs)
	INDIGENOUS RAW-MATERIAL				
1	Acrylonitrile	5.74	5.91	5.19	7.33
2	Acetic Anhydride	2.23	2.06	8.21	7.70
3	PEME	19.01	68.06	2.00	7.05
4	Aniline	4.35	2.41	0.00	0.00
5	Caustic Soda Lye	365.07	81.71	222.84	66.73
6	Artesunate	0.00	0.00	0.02	1.77
7	Ethylene Oxide	0.00	0.00	11.20	9.80
8	Liquid Chlorine	162.45	8.41	116.50	11.77
9	Methane Sulphonyl Chloride	42.14	46.28	0.41	6.15
10	Methanol	410.05	62.20	296.95	67.52
11	Meta Amino Acetanile	0.20	0.31	0.00	0.00
12	Nitro Benzene	207.99	94.21	150.79	101.90
13	Nahs	111.41	54.17	136.61	85.60
14	Phosphorus Oxichloride	90.20	91.98	24.07	32.78
15	Phosphoric Acid	98.50	55.02	42.73	34.67
16	Phenol	196.18	148.80	102.22	85.22
17	Toludene	201.62	101.49	150.49	92.76
18	Orthonitro chloro benzene	280.72	178.46	146.54	155.05
19	Phenyl ethyl alcohol	4.91	11.74	7.15	25.01
20	Methylene dichloride	132.92	61.79	63.18	20.28
21	Others		6528.25		5371.12
	Total (B)		7603.36		6190.21
	Raw Material Consumed(A+B)		8835.90		7227.97

7. **CAPACITIES, PRODUCTION AND SALES** (As Certified by Management)

Description of products	Licensed Capacity	Installed Capacity (Tons)	Production (Tons)
Bulk Drugs & Intermediates	N.A. (N.A.)	1260 (1260)	633.59 (430.82)
Dyes & Intermediates	N.A. (N.A.)	750 (750)	6.54 (9.79)
Phenyl Ethyl Alcohol ,Phenyl Ethyl Methyl, Ether & Allied Products	N.A. (N.A.)	350 (350)	30.00 (5.25)
Meta Chloro Aniline & Allied Products	N.A. (N.A.)	350 (350)	54.66 (174.65)



Mangalam Drugs & Organics Limited

8. SALES AND STOCKS INCLUDING TRADING SALES (QTY. IN TONS AND VALUE IN LACS)

	Particulars	Opening Stock		Sales		Closing Stock	
		QTY	VALUE	QTY	VALUE	QTY	VALUE
1.	Basic Drugs / Bulk Drugs	58.03 (112.16)	679.91 (680.60)	575.25 (484.95)	10795.83 (9294.12)	116.37 (58.03)	1185.86 (679.91)
2.	Dyes, Chemicals, Intermediates & Allied Products	28.24 (59.89)	92.49 (109.35)	12.05 (21.86)	231.70 (492.17)	22.73 (28.24)	69.83 (92.49)
3.	Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	0.29 (11.22)	0.93 (37.15)	21.62 (16.18)	85.78 (60.18)	8.67 (0.29)	9.26 (0.93)
4.	Meta Chloro Aniline & Oranger Crystal & allied product	7.33 (4.38)	15.66 (8.93)	50.50 (171.70)	115.91 (393.83)	11.49 (7.33)	34.41 (15.66)

9. The balances in the accounts of Debtors and Creditors are as appeared in the books of account and subject to confirmation.

10. SECURED LOANS

- i) Term loan from State Bank of India and IDBI Bank are secured by the way of;
 - a) First Pari Passu charge on the entire fixed assets of the company.
 - b) Second Pari Passu charge on the entire current assets of the company.
- ii) Working Capital Facilities from State Bank of India and I.D.B.I. Bank Ltd. is secured by
 - a) First hypothecation charge on the entire current assets of the company on pari passu basis.
 - b) Second charge on the entire fixed assets of the company on Pari Passu basis.

11. In the opinion of the Director's Current Assets, Loans and Advances, if realised in ordinary course of the business have on realisation at least the value at which they are stated in the Balance Sheet.

12. Number of employees in respect of remuneration of Rs. 24,00,000/- P. A. or more if employed throughout the financial year (or Rs. 2,00,000/- if employed for the part of the period) is NIL.

13. Secured Loans include Rs. 1,90,50,000/- repayable within one year.

14. There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

15. Segment Information

Primary Segments – Business Segment

Sr. No.	PARTICULARS	BULK DRUGS	CHEMICALS & OTHERS	TOTAL
a)	Segment Revenue			
	Sales	10795.83	433.39	11229.22
	Total segment	10795.83	433.39	11229.22
	Export Benefits	-	26.44	26.44
b)	Segment Results	1241.71	291.27	1532.98
	Unallocated Corporate Expenses			(463.53)
	Finance Expenses			(572.19)
	Other Income			20.16
	Depreciation			(297.12)
	Profit Before Tax			220.30



Secondary Segments – Geographical Segments

Sr.No.	PARTICULARS	DOMESTIC	EXPORT	TOTAL
1	Segment revenue by geographical area based on geographical location of customers (including sales, service, export incentives, etc.	9181.70	2047.52	11229.22

Certain assets of the company are used by different segments for different portion of the accounting period, hence the value of the assets cannot be allocated to the segments.

16. Related party disclosures as required by Accounting Standard – AS 18 “ Related parties disclosures” issued by Institute of Chartered Accountants of India are given below :

- A) Associate Companies and others
 - ◆ Raga Organics Private Ltd.
 - ◆ Mangalam Laboratories Pvt. Ltd.
- B) Key Management Personnel
 - ◆ Shri Govardhan M. Dhoot
 - ◆ Shri Subhash C.Khattar
 - ◆ Shri Rajendraprasad K. Mimani
- C) Relatives of Key Management Personnel
 - ◆ Shri Brijmohan M. Dhoot

Details of Transactions are as below :

Particular	Associates Company & others	Key Management Personnel	Relatives & Key Management personnel	Total(in Lacs)
Remuneration	-	7.20	2.40	9.60
Rent paid	-	3.00	-	3.00
Outstanding Balance				
- Payable	550.00	-	-	550.00
- Rent deposit	-	11.43	-	11.43
- Sitting Fees	-	0.32	-	0.32

17. Earning per Share (EPS) :-

Particulars	Current Year	Previous Year
A. Net Profit after Tax (before Deferred Tax) (Rs. In lacs)	182.30	126.84
B. Weighted average number of Equity Shares (no's)	1,31,78,248	1,31,78,248
C. Basic & Diluted Earning Per Share (EPS) (A/B) (in Rs.)	1.38	0.96
D. Nominal Value per Equity Share (in Rs.)	10.00	10.00
E. Book Value Per Share (in Rs.)	26.82	25.65

18. The Deferred Tax Liability relating to Timing different 583.27 530.09



Mangalam Drugs & Organics Limited

19. Employee Benefits:-

Defined benefit plan as per actuarial valuation on March 31, 2010

I	Expense recognized in the statement of Profit & Loss for the year ended March 31,2010	Current year	Previous year
1	Current Service Cost	479,033.00	544,010.00
2	Interest Cost	314,944.00	297,125.00
3	Expected return on plan assets	(241,317.00)	(221,736.00)
4	Net Acturial gain/loss recognized in the year	379,839.00	(277,859.00)
5	Expenses Recognized in statement of P & L	932,499.00	341,540.00
II	Net Asset/(Liability) recognised in the Balance Sheet as at March 31,2010		
1	Present value of obligations as at the end of year	4,857,935.00	3,936,791.00
2	Fair value of plan assets as at the end of the year	2,998,363.00	2,711,761.00
3	Funded status	(1,859,572.00)	(1,225,030.00)
4	Net asset/liability recognized in balance sheet	1,859,572.00	1,225,030.00
III	Change in obligation during the year ended March 31,2010		
1	Present value of obligation as at beginning of year	3,936,791.00	3,714,059.00
2	interest Cost	314,944.00	297,125.00
3	Current Service Cost	479,033.00	544,010.00
4	Benefits paid	252,672.00	(340,544.00)
5	Actuarial gain /loss on obligations	379,839.00	(277,859.00)
6	Present value of obligation as at end of year	4,857,935.00	3,936,791.00
IV	Change in assets during the year ended March 31,2010		
1	Fair value of plan assets at beginning of year	2,711,761.00	2,492,817.00
2	Expected return on plan assets	241,317.00	221,736.00
3	Contributions	297,957.00	337,752.00
4	Benefits paid	(252,672.00)	(340,544.00)
5	Actuarial gain /loss on Plan Assets	-	-
6	Fair value of plan assets at the end of year	2,998,363.00	2,711,761.00
V	The major categories of plan assets as a percentage of total plan		
	Qualifying Insurance Policy	100%	100%
VI	Actuarial Assumptions		
1	Discount Rate	8.00% p.a.	8.00% p.a
2	Salary Escalation	7.00% p.a	7.00% p.a
3	Employee Turnover rate	-	-

20. Previous year figures have been regrouped/restated wherever necessary to confirm with this periods classification.

(CA Rakesh K.Milwani)
Proprietor:Milwani Associates

Chartered Accountants
Membership No.36099

Place : Mumbai
Dated : 29.05.2010

Govardhan M.Dhoot
Chairman

Subhash C.Khattar
Director



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

PARTICULARS	2009/2010 (Rs. In Lacs)	2008/2009 (Rs. In Lacs)
A Cash Flow from Operating Activities		
‘Net Profit before Tax	220.3	149.84
Adjustment for :		
‘Depreciation	297.11	258.41
Preliminary Expenses Writtenoff	24.17	24.17
‘Profit on sales of Fixed Assets	(15.75)	-
‘Dividend Income	(0.06)	(0.06)
‘Interest Expenses	572.19	513.21
‘Operating Profit before Working Capital changes	1097.96	945.57
Adjustment for :		
‘Trade & Other receivables	246.17	(363.14)
‘Inventories	(615.94)	(41.80)
‘Trade Payable	82.59	272.82
‘Cash generated from Operation	810.78	813.45
Less :		
‘Taxes Paid	(41.85)	(36.43)
Net Cash from Operating Activities	768.93	777.02
B Cash Flow from Investing Activities		
‘Purchase of Fixed Assets / Capital Expenditure	(604.49)	(1,059.47)
‘Sale of fixed Assets	25.10	-
‘Purchase/ Sale of Investments	(0.51)	-
‘Dividend received	0.06	0.06
‘Net Cash from Investing Activities	(579.84)	(1059.41)
C Cash Flow from Financing Activities		
‘Repayment of Long Term Loan	125.58	561.32
‘Short Term borrowings	252.06	211.45
‘Interest Expenses	(572.19)	(513.21)
‘Net Cash from Financing Activities	(194.55)	259.56
Net decrease in cash & cash Equivalents (A+B+C)	(5.46)	(22.83)
Opening Balance of Cash & Cash Equivalents	70.19	93.02
Closing Balance of Cash & Cash Equivalents	64.73	70.19

(CA Rakesh K.Milwani)
Proprietor:Milwani Associates

Chartered Accountants
Membership No.36099

Place : Mumbai
Dated : 29.05.2010

Govardhan M.Dhoot
Chairman

Subhash C.Khattar
Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration no CIN

L	2	4	2	3	0	M	H	1	9	7	2	P	L	C	1	1	6	4	1	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 Balance Sheet Date

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

 State Code

1	1
---	---

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

Public Issue

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

 Rights Issue

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

 Bonus Issue

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

 Private Placement

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

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

Total Liabilities

			8	1	4	0	1	1
--	--	--	---	---	---	---	---	---

 Total Assets

			8	1	4	0	1	1
--	--	--	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-Up Capital

			1	3	1	7	8	2
--	--	--	---	---	---	---	---	---

 Reserves and Surplus

			2	7	9	9	4	0
--	--	--	---	---	---	---	---	---

 Secured Loans

			3	1	4	1	0	2
--	--	--	---	---	---	---	---	---

 Unsecured Loans

			8	8	1	8	7
--	--	--	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

			4	6	5	2	4	1
--	--	--	---	---	---	---	---	---

 Investments

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

 Net Current Assets

			3	4	7	3	3	0
--	--	--	---	---	---	---	---	---

 Misc. Expenditure

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

IV PERFORMANCE OF THE COMPANY (AMOUNT RS. IN LACS)

Turnover

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

 Total Expenditure

		1	1	7	9	7	4	1
--	--	---	---	---	---	---	---	---

 Profit before Tax

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

 Profit after Tax

			1	8	2	3	0
--	--	--	---	---	---	---	---

 Earnings per Share in Rs.

				1	.	3	8
--	--	--	--	---	---	---	---

 Dividend Rate % age

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

V Generic Names of Three Principal Products / Services of the Company

Item Code No (ITC Code)

			2	9	3	9	2	1
--	--	--	---	---	---	---	---	---

 Product Description

Chloroquine Phosphate I.P.

 Item Code No (ITC Code)

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

 Product Description

Aluminium Chloride Anhydrous

 Item Code No (ITC Code)

3	1	9	8	0	1	0	0	4
---	---	---	---	---	---	---	---	---

 Product Description

Dyes and Intermediates



MANGALAM DRUGS & ORGANICS LIMITED

Registered Office : 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400 002

ATTENDANCE SLIP 37th Annual General Meeting

Please fill in Attendance Slip and hand it over at the entrance of the meeting hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the Meeting.

NAME AND ADDRESS OF THE SHAREHOLDER

Folio No. _____
DP ID. _____
Client ID. _____
No. of Shares held _____

I hereby record my presence at the 37th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Thursday, 30th September 2010 at 3.00 p.m.

SIGNATURE OF THE SHAREHOLDER/PROXY * _____

* Strike out whichever is not applicable

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



MANGALAM DRUGS & ORGANICS LIMITED

Registered Office : 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400 002

PROXY FORM 37th Annual General Meeting

Folio No. _____
DP ID. _____
Client ID. _____
No. of Shares held _____

I/We, _____ of _____ being a member / members of **MANGALAM DRUGS & ORGANICS LIMITED** hereby appoint _____ or failing him _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 37th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Thursday, 30th September 2010 at 3.00 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix
Revenue
Stamp

NOTES : The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

The Proxy need not be a member of the Company.

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