



**38th Annual Report 2010-11**

**MANGALAM DRUGS & ORGANICS LIMITED**

(AN ISO 9001 & WHO - GMP COMPANY)

**FINANCIAL HIGHLIGHTS**

(Figure in Lacs)

PARTICULARS	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11
Sales & Other Sales Income	7736.90	8075.33	9046.35	10432.37	8905.38	9544.84	10277.49	11275.82	13195.02
Profit before Interest & Depreciation	507.77	541.56	598.00	707.68	567.40	660.00	921.46	1089.61	1313.62
Interest	224.45	192.42	161.82	234.22	282.59	328.19	513.21	572.19	685.93
Depreciation	92.92	93.79	122.94	158.23	206.25	230.02	258.41	297.12	327.30
Profit Before Tax	190.40	255.35	313.24	315.23	78.56	101.79	149.84	220.30	300.39
Profit After Tax	199.83	190.20	274.80	269.08	66.35	85.77	126.84	182.30	242.39
Dividend (%)	3	1	2	2	-	-	-	-	-
Payout	5.57	6.68	26.36	26.36	-	-	-	-	-
Equity Capital	222.60	667.80	667.80	1317.82	1317.82	1317.82	1317.82	1317.82	1317.82
Reserves & Surplus	1308.69	1066.95	1315.39	2338.15	2404.50	2490.27	2617.11	2799.41	3041.80
Net Worth	1531.29	1734.75	1983.19	3655.97	3722.32	3808.09	3934.93	4117.23	4359.62
<b>Borrowings:</b>									
Long Term Loans	669.53	635.23	873.99	575.62	378.64	361.97	925.59	852.35	1233.66
Short Term - Bank	1426.09	1318.52	1424.06	1470.29	1906.41	1911.62	2031.75	2288.67	2674.68
Short Term - Others	365.34	564.49	720.61	475.84	585.13	598.89	687.91	881.86	1217.77
Total Borrowings	2460.96	2518.24	3018.66	2521.75	2870.18	2872.48	3645.25	4022.88	5126.11
Gross Block	2070.08	2533.21	3373.03	4243.33	4689.27	5041.85	6101.32	6682.90	7790.55
Less : Depreciation	697.78	780.70	903.63	1060.72	1259.97	1488.52	1746.93	2030.48	2343.96
Net Block (Fixed Assets)	1372.30	1752.51	2469.40	3182.61	3429.30	3553.33	4354.39	4652.42	5446.59
Investments	29.76	18.92	18.95	264.79	48.05	13.89	13.89	14.40	14.40
Current Assets, Loans & Advances	3182.61	3017.53	3300.42	3783.81	4274.89	4150.48	4546.02	4902.01	5864.18
Less : Current Liabilities	592.42	535.98	804.93	1150.16	1232.25	1085.47	1358.29	1428.72	1839.44
Net Working Capital	2590.19	2481.55	2495.49	2633.65	3042.64	3065.01	3187.73	3473.29	4024.74
Book Value (Rs) per share	68.79	25.98	29.70	27.74	24.76	25.19	25.65	26.82	28.40
Earnings (Rs) per share	6.06	2.85	4.11	2.04	0.50	0.65	0.96	1.38	1.84
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 - 396 195

### VAPI - UNIT 2

PLOT NO. 1203, GIDC,  
VAPI, DIST. BULSAR,  
GUJARAT - 396 195

## AUDITORS

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

## BANKERS

STATE BANK OF INDIA

IDBI BANK LTD

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## NOTICE

NOTICE is hereby given that the Thirty-eighth Annual General Meeting of the members of the Company will be held at the Registered office of the company at 292, Princess Street, 2<sup>nd</sup> Floor, Near Fly over, Marine Lines, Mumbai – 400 002 on Thursday, 29<sup>th</sup> September 2011 at 3.00 p.m. to transact the following Business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended on that date and the reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Govardhan M Dhoot, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

### 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. 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.
3. 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.
4. 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.
5. 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.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September 2011 to 29<sup>th</sup> September 2011 (both days inclusive) for the purpose of Annual General Meeting.
7. **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.
8. 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 from 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



9. A brief profile of Mr. Govardhan M. Dhoot – director retire by rotation referred to item no. 2 of the Notice required by Clause to Section 49IVG of the Listing Agreement with the Stock exchanges is given below:

1.	Name	Mr. Govardhan M. Dhoot
2.	Date of Birth	21 <sup>st</sup> October 1953
3.	Educational Qualification	Commerce Background
4.	Date of Appointment on the Board	16.04.1996
5.	Category of Director	Chairman & Executive Director
6.	Experience	He is a Whole-time Director of the Company effective 1 <sup>st</sup> November 2004. He has over three decades of experience in the Chemical Industry, handling marketing in both domestic and export market. He has traveled to many countries and visited important Industrial and Commercial Capitals all over the world.
7.	Other Directorships	1. Raga Organics Private Limited 2. Mangalam Laboratories Pvt. Ltd.
8.	Name of Committees in which Chairman	Nil
9.	Name of Committees in which Member	Nil
10.	Number of shares held in the Company.	583,122 equity shares.

10. 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  
Dated : 30<sup>th</sup> May 2011

#### IMPORTANT COMMUNICATION

The Ministry of Corporate Affairs, vide its General Circular No. 18/2011 dated 29th April, 2011, has clarified that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical forms are requested to provide their e-mail ID to the Company's RTA, M/s. Link Intime India Pvt. Ltd. by filling the form available on the Company's website and also update the e-mail address as and when there is any change.



## DIRECTORS' REPORT

To,  
The Members of  
**MANGALAM DRUGS & ORGANICS LIMITED**

The Directors have pleasure in presenting their Thirty-Eighth Annual Report and Audited Accounts for the accounting year ended 31<sup>st</sup> March 2011

**1. FINANCIAL RESULTS:** (Rs. in Lacs)

	2010-2011	2009-2010
Sales	13135.55	11229.21
Other Income	59.47	46.60
Profit before Finance Expenses, Depreciation & Amortizations	1313.62	1113.78
Less: Depreciation & Amortizations	327.30	321.29
Finance Expenses	685.93	572.19
<b>Profit before tax</b>	<b>300.39</b>	<b>220.30</b>
Fringe Benefit Tax	-	-
Provision for taxation	58.00	38.00
<b>Profit after tax</b>	<b>242.39</b>	<b>182.30</b>
Provision for Deferred Taxation for Current Year	33.55	53.18
<b>Profit after Deferred tax</b>	<b>208.84</b>	<b>129.12</b>
<b>Balance b/f from previous year</b>	<b>357.06</b>	<b>227.94</b>
<b>Surplus available for Appropriation</b>	<b>565.90</b>	<b>357.06</b>
<b>Appropriations:</b>		
<b>Balance carried to Balance Sheet</b>	<b>565.90</b>	<b>357.06</b>

**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 2010-2011 (Previous Year: Rs Nil)

**3. REVIEW OF PERFORMANCE:**

During the year under review, the Company made Sales of Rs. 13135.55 lacs as compared to Rs.11229.22 lacs made in the previous year, a increase of 16.98% than the previous year. The Company made a profit before tax of Rs. 300.39 lacs as compared to Rs. 220.30 lacs made in the previous year, an increase of 36.35% than in the previous year.

**4. EXPORTS:**

The Company has achieved exports sales of Rs. 1120.61 lacs as against in the previous year Rs. 2047.52 lacs.

**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 3 DMFs corresponding to Artemether and Lumefantrine are in advanced stage toward approval, Next year 8 more DMFs are under preparation for filing with EDQM and WHO-Geneva.

**6. RESEARCH & DEVELOPMENT :**

As the global economy is on a path of recovery, our thrust continues to be a research driven company. The backbone of progress and diversification of every industry lies in its technological strength. Low product costs and intellectual property are going to be the most definitive drivers in the international generics market.

From a one product company in 1977, today MANGALAM has build up a diversified range of products involving varied chemistry applications which is achieved by our in-house technical strength. The work at the research centres ensures that the Company have a robust pipeline to feed all the markets that the Company operate in. The R&D team is engaged in striving for world class quality standards for its various products. Consistently the R&D division is mainly responsible for developing the entire range of products in-house of the company and has created difficult-to-replicate molecules/products involving innovative and economically viable technologies at competitive costs. The Company driving a bold R&D strategy with the goal of delivering the next generation of APIs that will provide better medicines for treatments for many conditions and new hope for people with severe, unmet medical needs. The R&D center has manpower strength of 18 persons.



There is constant effort to reduce, recycle and re-use all resources for conservation and waste reduction, wherever feasible. New processes and improvement, developed are scaled up in the company's pilot plant facility. The company has applied for the recognition from the department of Scientific and Industrial Research, Ministry of Science and Technology of Government of India under the provision of the Income Tax Act, 1961.

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 3 new molecules. New Chemicals 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. Govardhan M Dhoot retires by rotation and being eligible, offer himself for re-appointment.

**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 31<sup>st</sup> March 2011 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 Companies Act, 1956 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, Chartered Accountant, (Firm Registration number 106405W) 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 together with 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 co-operation 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 co-operation 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**

Place : Mumbai  
Dated: 30<sup>th</sup> May 2011

**GOVARDHAN M. DHOOT**  
**CHAIRMAN**



## 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.
- (d) **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.

#### Power and Fuel Consumption

	Current Year	Previous Year
<b>1. Electricity</b>		
(a) Purchased Units (KWH)	45,99,108	43,16,335
Total Amount (Rs.)	2,52,48,922	2,31,26,400
Cost per unit (Rs.)	5.49	5.36
(b) Own generation		
(i) Through diesel generator (KWH)	83,160	23,735
Unit per-ltr. of diesel oil	5.80	5.70
Cost per unit (Rs.)	29.96	38.06
(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
<b>2. Coal</b>		
Quantity (Tones)	N.A	N.A
Total cost	N.A	N.A
Average rate	N.A	N.A
<b>3. Furnace Oil</b>		
Quantity (K.Ltrs.)	-	35,610
Total Amount (Rs.)	-	5,60,501
Average rate per K. ltrs. (Rs.)	-	15.74
<b>4. Others/internal generation</b>		
Quantity	15,18,364	17,56,262
Total cost	2,85,03,840	2,84,16,326
Rate/unit	18.77	16.18



**B. TECHNOLOGY ABSORPTION :****FORM B****Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)****a. Specific areas in which R & D carried out by the Company :**

- (i) Study and optimization of processing parameters in the manufacture of antimalarial APIs.
- (ii) Quality upgradation of antimalarial APIs which are on priority list of World Health Organization.
- (iii) Synthesis of antimalarial compounds which are in pre-clinical stages.
- (iv) Analytical method innovations to meet international quality demands.

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

- (i) Optimal utilization of resources for the global market.
- (ii) We are the first company to feature on WHO's API prequalification programe.
- (iii) We shall be a preferred source of future drug candidates and hence shall enjoy a competitive advantage.

**c. Future plan of action :**

- (i) Development of frontline antimalarial and antiviral API and their intermediates.
- (ii) Additional investment in state-of-the-art analytical instrumentation and plant machinery to boost quality and cost efficiencies.
- (iii) Generate a panel of novel antimalarial candidate compounds by Anagramatic approach for screening against resistant malarial parasite strains.

**d. Expenditure on R&D :**

- (i) Total (capital & recurring ) : Rs. 3 crores
- (ii) Total expenditure as a percentage of total turnover : 2.28%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :****a. Efforts in brief made towards absorption, adaptation and innovation :**

- (i) Development of patent-non-infringing processes for antimalarial and antiviral APIs.
- (ii) Generation of innovative new chemical entities to achieve "Single-dose-cure" in Antimalarial Segment.

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

- (i) Expansion of product portfolio to cater emerging markets.
- (ii) Improvement in operational efficiency through reduction in batch time cycles, increase in batch size and simplification of processes.

**c. Details of imported Technology.**

No technology has been imported for 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
<b>Foreign Exchange Earnings</b>	<b>1120.61</b>	<b>2047.52</b>
<b>Foreign Exchange Outgo</b>		
(i) Raw material	1137.14	1168.54
(ii) Commission	10.75	9.25
(iii) Travelling Expenses	4.07	2.36
(iv) Interest on foreign currency loan (FCNRB)	-	4.87
<b>Total</b>	<b>1151.96</b>	<b>1185.02</b>

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Dated : 30<sup>th</sup> May 2011

GOVARDHAN M. DHOOT  
CHAIRMAN



## ANNEXURE 'II' TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

#### A. 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 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	Attendance at last AGM
Mr. Govardhan M. Dhoot	Chairman & Executive	2	2	15	Yes
Mr. Subhash C. Khattar	Non-Executive & Independent	1	2	15	Yes
Mr. Rajendraprasad K. Mimani	Non-Executive & Independent	2	2	3	No
Mr. Mukul Sukhani	Non-Executive & Independent	Nil	1	Nil	No

\*Mr. Mukul Sukhani has resigned as director with effect from 29<sup>th</sup> May 2010.

There were 15 (fifteen) Board meetings held during the year-ended 31.03.2011. These were on 3<sup>rd</sup> May 2010, 29<sup>th</sup> May 2010, 2<sup>nd</sup> July 2010, 26<sup>th</sup> July 2010, 29<sup>th</sup> July 2010, 20<sup>th</sup> August 2010, 25<sup>th</sup> August 2010, 3<sup>rd</sup> September 2010, 13<sup>th</sup> October 2010, 10<sup>th</sup> November 2010, 12<sup>th</sup> November 2010, 16<sup>th</sup> December 2010, 4<sup>th</sup> February 2011, 10<sup>th</sup> February 2011 and 14<sup>th</sup> March 2011. The last Annual General Meeting (AGM) was held on 30<sup>th</sup> September 2010.

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.

##### 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 31.03.2011, four Audit Committee meetings were held. These were held on 29<sup>th</sup> May 2010, 29<sup>th</sup> July 2010, 12<sup>th</sup> November 2010 and 10<sup>th</sup> February 2011.



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	720,000	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	24000	Nil
Mr. Rajendraprasad K. Mimani	8000	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 2010-2011 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	2	2	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
2008	Tuesday	30-09-2008	3.00 p.m.	292, Princess Street, 2 <sup>nd</sup> Floor, Near Flyover, Marine Lines, Mumbai – 400 002	Nil
2009	Tuesday	29-09-2009	3.00 p.m.	292, Princess Street, 2 <sup>nd</sup> Floor, Near Flyover, Marine Lines, Mumbai – 400 002	Nil
2010	Thursday	30-09-2010	3.00 p.m.	292, Princess Street, 2 <sup>nd</sup> Floor, Near Flyover, Marine Lines, Mumbai – 400 002	Nil



## MANGALAM DRUGS & ORGANICS LIMITED

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](http://www.bseindia.com)) The National Stock Exchange of India Limited ([www.nseindia.com](http://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) 38<sup>th</sup> Annual General Meeting – Day, Date, Time and Venue:

Day	Date	Time	Venue
Thursday	29 <sup>th</sup> September, 2011	3.00 p.m.	292, Princess Street, 2 <sup>nd</sup> Floor, Near Flyover, Marine Lines, Mumbai – 400 002

#### (b) Financial Calendar (tentative):

Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
<b>Adoption of Quarterly Results for the quarter ending:</b>	
June, 2011	3 <sup>rd</sup> /4 <sup>th</sup> week of July, 2011
September, 2011	Last week of October, 2011
December, 2011	Last week of January, 2011
March, 2012	Last week of May, 2011
<b>Dates of Book Closure (Both days inclusive):</b>	22 <sup>nd</sup> September 2011 to 29 <sup>th</sup> September 2011 (Both days inclusive)
<b>Dividend Payment Date:</b>	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 2010	16.50	12.51	263087	16.50	12.60	141200
May 2010	16.00	11.33	139855	16.95	12.70	149931
June 2010	14.59	13.00	34353	15.15	12.15	65774
July 2010	20.79	13.50	1369516	20.75	13.25	2306740
August 2010	17.65	14.70	252596	17.80	14.80	410586
September 2010	18.88	14.80	739866	19.00	14.80	1324172
October 2010	18.65	15.95	518297	18.60	15.85	893985
November 2010	22.60	15.05	1319579	22.70	15.70	3855276
December 2010	18.85	15.10	160652	18.75	15.80	196152
January 2011	17.25	13.40	126568	17.05	13.55	65259
February 2011	13.72	10.16	165357	13.60	10.25	84471
March 2011	13.49	11.00	63311	13.20	11.20	125842

## (e) Registrar &amp; 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 31<sup>st</sup> March 2011.

(g) Shareholding Pattern as on 31<sup>st</sup> March, 2011:

SN	Category	No. of Shares held	%
<b>A.</b>	<b>Promoters and Promoter Group</b>		
1	Individual / Hindu Undivided Family	3074262	23.33
2	Bodies Corporate	2475560	18.79
	<b>Total</b>	<b>5549822</b>	<b>42.12</b>
<b>B.</b>	<b>Non- Promoters Holding</b>		
1	<b>Institutional Investors</b>	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>
2	<b>Others</b>		
a.	Private Corporate Bodies	3199011	24.27
b.	Individuals	4269835	32.40
c.	NRIs / OCBs	39734	0.30
d.	Clearing Members	119846	0.91
	<b>Total</b>	<b>7628426</b>	<b>57.89</b>
	<b>Sub-Total (1+2)</b>	<b>7628426</b>	<b>57.89</b>
	<b>GRAND TOTAL (A) + (B)</b>	<b>13178248</b>	<b>100.00</b>



## MANGALAM DRUGS & ORGANICS LIMITED

### Distribution of Shareholding as on 31<sup>st</sup> March 2011

No. of Shares			No. of Shareholders		No. of Shares	
From	-	To	Number	%	Number	% to total capital
1	-	500	5508	79.5149	1218539	9.2466
501	-	1000	707	10.2064	605465	4.5944
1001	-	2000	344	4.9661	543939	4.1276
2001	-	3000	115	1.6602	295184	2.2399
3001	-	4000	53	0.7651	193629	1.4693
4001	-	5000	51	0.7362	248011	1.8820
5001	-	10000	72	1.0394	537811	4.0811
10001 and above			77	1.1117	9535670	72.3592
<b>TOTAL</b>			<b>6927</b>	<b>100.00</b>	<b>13178248</b>	<b>100.00</b>

8. **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

9. **Address for Correspondence:**

The shareholders are requested to address their communications/ suggestions/ grievances/ queries to 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 31<sup>st</sup> March, 2011.

For **MANGALAM DRUGS AND ORGANICS LIMITED**

Place: Mumbai  
Dated: 30<sup>th</sup> May 2011

**GOVARDHAN M. DHOOT**  
CHIEF EXECUTIVE OFFICER

**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 31<sup>st</sup> March, 2011 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 or 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 LIMITED**

Place: Mumbai  
Dated: 30<sup>th</sup> May 2011

**GOVARDHAN M. DHOOT**  
CHIEF EXECUTIVE OFFICER

**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 31<sup>st</sup> March 2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

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

Place: Mumbai  
Date: 30<sup>th</sup> May 2011

(Rakesh K. Milwani)  
Proprietor  
Membership No. 36099





## ANNEXURE – III TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### **Company Philosophy on Corporate Governance :**

Corporate Governance is a mechanism by which the values, policies and procedures of the organization are inculcated and manifested. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability throughout the organization.

#### **Industrial Structure And Development :**

Indian pharmaceutical Industry has witnessed yet another excellent year in terms of growth in domestic as well as phenomenal growth in international market. Indian pharmaceutical industry have significantly added to their manufacturing capacities, which will give them greater opportunity to maintain the growth momentum in domestic as well as global markets.

#### **Opportunities :**

The current year was exceptionally good year for the pharma industry in domestic as well as exports markets witnessing a phenomenal growth. Indian companies have significantly added to their manufacturing capacities which will allow them to maintain this growth momentum. MANGALAM was also part of this growth momentum both in domestic and export market. We look forward to achieving new records in the coming year taking full advantage of the opportunities offered by the market.

#### **Threats Risk And Concerns :**

Pharma Industry is continuously faced with a price-cost squeezed largely due to the relentless increase in raw materials and energy cost. Cheaper imports could distort markets and margins. Foreign exchange market is becoming volatile and rupee is appreciating. These factors can potentially impact the overall profitability of the company. We are taking precaution and preventive measures and proactive approach to overcome these threats.

#### **Financial & Operational Performance :**

During the Financial year 2011 the global economic environment improved. As compared to financial year 2010 there has been allround improvement in its financial performance in financial year 2011. During the year under review the company made sales of Rs.13135.55 Lacs as compared to Rs.11229.22 Lacs made in the previous year, a increase of 16.98% than previous year. The company made profit before tax of Rs.300.39 Lacs as compared to Rs.220.30 Lacs made in the previous year an increase of Rs.36.35% than previous year.

#### **Internal Control System Adequacy :**

The Company has in place adequate systems of internal control commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and complying with applicable statutes, executing transactions with proper authorization and ensuring compliance of corporate policies. The company has a well defined delegation of powers with authority limits for approving revenues as well as expenditure. The internal audit process is well designed to review the adequacy of internal control checks in the system and covers all the significant areas of the Company's operations.

#### **Human Resources Development & Research Activities :**

The company places special emphasis on the human resources function in the organization and building strong relationship and establishing its brand in the market to attract and retain best talent. This has helped the company to great extent to build a culture where people are respected, performance is rewarded and where employee can realize his or her potential. The company has employed 300 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 strive 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 31<sup>st</sup> March, 2011, 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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011
  - 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  
Firm Registration No. 106405W

Place : Mumbai  
Date : 30.05.2011



## 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)(d) 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.

**MANGALAM DRUGS & ORGANICS LIMITED**

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

<b>Nature of Dues</b>	<b>Amount (Rs. In Lacs)</b>	<b>Forum where dispute is Pending</b>
<b>1) Excise Duty &amp; Service Tax</b>		
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)
g) 2010 – 11	5.78	Commissioner (Appeals)
<b>TOTAL</b>	<b>154.33</b>	
<b>2) Income Tax</b>		
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	22.09	Income Tax Appellant Tribunal
f) 2005 – 06	1.36	Commissioner of Income Tax Appeals
<b>TOTAL</b>	<b>105.81</b>	

- x) 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.
- xi) 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.
- xii) 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.
- xiii) The company is not a chit/nidhi/mutul benefit fund/society and therefore clause xiii of the order is not applicable.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investment.
- xv) 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.
- xvi) In our opinion, the term loans were applied for the purpose for which they were raised.



- xvii) 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.
- xviii) 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.
- xix) The company did not have any outstanding debentures during the year.
- xx) 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  
Firm Registration No. 106405W

Place : Mumbai  
Date : 30.05.2011

**BALANCE SHEET AS AT 31ST MARCH 2011**

		RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>I) SHAREHOLDERS FUNDS</b>			
SHARE CAPITAL	1	1,317.82	1,317.82
RESERVES AND SURPLUS	2	3,041.80	2,799.41
		<u>4,359.62</u>	<u>4,117.23</u>
<b>II) LOAN FUNDS</b>			
SECURED LOANS	3	3,908.34	3,141.02
UNSECURED LOANS	4	1,217.77	881.86
		<u>5,126.11</u>	<u>4,022.88</u>
<b>TOTAL FUNDS EMPLOYED ( I+II )</b>		<u>9,485.73</u>	<u>8,140.11</u>
<b>APPLICATION OF FUNDS</b>			
<b>I) FIXED ASSETS</b>			
GROSS BLOCK	5	7,790.55	6,682.90
LESS : DEPRECIATION		2,343.96	2,030.48
NET BLOCK		<u>5,446.59</u>	<u>4,652.42</u>
		5,446.59	4,652.42
<b>II) INVESTMENTS</b>			
	6	14.40	14.40
<b>III) CURRENTS ASSETS AND LOANS AND ADVANCES</b>			
INVENTORIES	7	3,327.06	2,386.17
SUNDRY DEBTORS	8	2,176.52	2,198.58
CASH AND BANK BALANCES	9	69.24	64.73
LOANS AND ADVANCES	10	291.36	252.53
		<u>5,864.18</u>	<u>4,902.01</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	11	1,839.44	1,428.72
NET CURRENT ASSETS		<u>4,024.74</u>	<u>3,473.29</u>
<b>IV) PRELIMINARY EXPENSES</b>			
(To the extent not written off)	12	-	-
<b>TOTAL FUNDS APPLIED ( I+II+III+IV)</b>		<u>9,485.73</u>	<u>8,140.11</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  
Chartered Accountants  
Membership No.36099  
Firm Registration No. 106405W

**Govardhan M.Dhoot**  
Chairman

**Subhash C.Khattar**  
Director

Place : Mumbai  
Dated :30.05.2011



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE	RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>IINCOME</b>			
SALES AND SERVICES		<b>13,135.55</b>	11,229.22
OTHER INCOME	13	<b>59.47</b>	46.60
INCREASE /(DECREASE) IN STOCKS	14	<b>575.27</b>	741.90
		<b><u>13,770.29</u></b>	<b><u>12,017.72</u></b>
<b>EXPENDITURE</b>			
COST OF MATERIAL CONSUMED	15	<b>9,766.87</b>	8,835.90
MANUFACTURING EXPENSES	16	<b>2,109.63</b>	1,628.69
ADMINISTRATIVE EXPENSES	17	<b>356.79</b>	285.68
SELLING EXPENSES	18	<b>223.38</b>	153.67
FINANCE EXPENSES	19	<b>685.93</b>	572.19
DEPRECIATION		<b>327.30</b>	297.12
PRELIMINARY EXPENSES WRITTEN OFF		-	24.17
		<b><u>13,469.90</u></b>	<b><u>11,797.41</u></b>
PROFIT BEFORE TAX		<b>300.39</b>	220.30
PROVISION FOR CURRENT TAXATION		<b>58.00</b>	38.00
PROFIT AFTER TAXATION		<b>242.39</b>	182.30
PROVISION FOR DEFERRED TAX		<b>33.55</b>	53.18
NET PROFIT AFTER DEFERRED TAX		<b>208.84</b>	129.12
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		<b>357.06</b>	227.94
BALANCE CARRIED TO BALANCE SHEET		<b>565.90</b>	357.06
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  
Chartered Accountants  
Membership No.36099  
Firm Registration No. 106405W

**Govardhan M.Dhoot**  
Chairman

**Subhash C.Khattar**  
Director

Place : Mumbai  
Dated :30.05.2011



**SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011**

	SCHEDULE	RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>SHARE CAPITAL</b>	<b>1</b>		
<b>AUTHORISED</b>			
(2,00,00,000 Equity Shares of Rs.10/-each)		<b>2,000.00</b>	2,000.00
(Previous year 2,00,00,000 Equity Shares of Rs.10/- each)		<u><b>2,000.00</b></u>	<u><b>2,000.00</b></u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>			
13178248 Equity Shares of Rs 10/-each fully paid up		<b>1,317.82</b>	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 2005, 65,00,248 Equity shares of Rs.10/- each fully paid up were allotted by way of Initial Public Offer, at a premium of Rs.12/- per share.			
		<u><b>1,317.82</b></u>	<u><b>1,317.82</b></u>
<b>RESERVES AND SURPLUS</b>	<b>2</b>		
<b>General Reserve:</b>			
Balance as per last Balance Sheet		<b>1,079.05</b>	1,079.05
		<u><b>1,079.05</b></u>	<u><b>1,079.05</b></u>
<b>Deferred Tax :</b>			
Balance as per last Balance Sheet		<b>583.27</b>	530.09
Add: Balance transferred during the year		<b>33.55</b>	53.18
		<u><b>616.82</b></u>	<u><b>583.27</b></u>
<b>Share Premium:</b>			
Balance as per last Balance Sheet		<b>780.03</b>	780.03
		<u><b>780.03</b></u>	<u><b>780.03</b></u>
<b>Profit and Loss Account</b>		<b>565.90</b>	357.06
		<u><b>3,041.80</b></u>	<u><b>2,799.41</b></u>





## SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011

	SCHEDULE	RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>SECURED LOANS</b>	<b>3</b>		
Loan from Banks		1,233.66	852.35
Working Capital from Banks		2,674.68	2,288.67
		<u>3,908.34</u>	<u>3,141.02</u>
<b>UNSECURED LOANS</b>	<b>4</b>		
From Companies & Associated Companies		1,177.28	840.60
Sales Tax Deferred Credit		40.49	41.26
		<u>1,217.77</u>	<u>881.86</u>

### SCHEDULE ' 5 ' FOR FIXED ASSETS FOR THE YEAR 01-04-10 TO 31.03.11

(Rupees in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As On 01.04.10	Additions	Deductions	As On 31.03.11	As On 01.04.10	For the Year	Adjustment	As On 31.03.11	As On 31.03.11	As On 31.03.10
Land	58.41	-	4.01	54.40	-	-	-	-	54.40	58.41
Factory Building	708.31	213.97	30.39	891.89	197.65	26.35	10.35	213.65	678.24	510.66
Other Building	47.64	-	-	47.64	-	-	-	-	47.64	47.64
Plant & Machinery	5,432.29	892.20	14.24	6,310.25	1,610.26	273.61	-	1,883.87	4,426.38	3,822.03
Motor Car	111.78	-	4.39	107.39	60.72	10.45	3.47	67.70	39.69	51.06
Furniture & Fixtures	55.59	4.24	-	59.83	38.65	3.62	-	42.27	17.56	16.94
Office & Elect Equipments	87.40	73.82	-	161.22	55.10	5.06	-	60.16	101.06	32.30
Computers	62.94	2.14	-	65.08	47.82	4.96	-	52.78	12.30	15.12
Laboratory Equipments	52.83	7.10	-	59.93	17.51	2.69	-	20.20	39.73	35.32
Air Conditioner	11.45	1.03	-	12.48	2.77	0.56	-	3.33	9.15	8.68
Capital Work in Process	54.26	20.44	54.26	20.44	-	-	-	-	20.44	54.26
<b>NET TOTAL</b>	6,682.90	1,214.94	107.29	7,790.55	2,030.48	327.30	13.82	2,343.96	5,446.59	4,652.42
Previous Year	6,101.32	624.37	42.79	6,682.90	1,746.93	297.12	13.57	2,030.48	4,652.42	-



## SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011

**Schedule 6 - INVESTMENTS (at Cost)**
**RUPEES IN LACS**

INVESTMENTS	Face Value per share (in Rs)	Nos of Shares		Amount of Shares	
		Current Year	Previous Year	Current Year	Previous Year
<b>A Quoted Investments :</b>					
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
<b>Total (A)</b>		<b>173,099</b>	<b>173,099</b>	<b>11.84</b>	<b>11.84</b>
Market Value of quoted shares Rs.1,11,87,839/- Previous year Rs.1,94,22,662/-					
<b>B Unquoted Investments :</b>					
1 National Savings Certificate		-	-	2.31	2.31
2 Shares of Saraswat Co-op Bank Ltd.		2,500	2,500	0.25	0.25
<b>Total (B)</b>		<b>2,500</b>	<b>2,500</b>	<b>2.56</b>	<b>2.56</b>
<b>TOTAL (A+B)</b>		<b>175,599</b>	<b>175,599</b>	<b>14.40</b>	<b>14.40</b>



## SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011

	SCHEDULE	RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>INVENTORIES</b>	<b>7</b>		
(Valued at cost or market price whichever is lower as per Inventory taken valued, verified and certified by Directors)			
Raw Materials		885.78	519.41
Packing Materials		10.68	11.43
Semi Finished Goods		454.85	555.97
Finished Goods		1,975.75	1,299.36
		<u>3,327.06</u>	<u>2,386.17</u>
<b>SUNDRY DEBTORS</b>	<b>8</b>		
(Unsecured, considered good)			
Over Six Months		38.33	51.23
Others		2,138.19	2,147.35
		<u>2,176.52</u>	<u>2,198.58</u>
<b>CASH AND BANK BALANCE</b>	<b>9</b>		
Cash in hand		11.64	6.21
Balance with scheduled banks			
In Current Account		5.94	7.21
In Margin / Deposit Account		51.66	51.31
		<u>69.24</u>	<u>64.73</u>
<b>LOANS AND ADVANCES</b>	<b>10</b>		
(Unsecured, considered good)			
Loans & Advances (recoverable in cash or in kind or for value to be received)		245.27	205.47
Deposits		46.09	47.06
		<u>291.36</u>	<u>252.53</u>
<b>CURRENT LIABILITES AND PROVISIONS</b>	<b>11</b>		
Creditors & Other Liabilities		1,839.44	1,428.72
		<u>1,839.44</u>	<u>1,428.72</u>
<b>PRELIMINARY EXPENSES</b>	<b>12</b>		
(to extent not written off)			
Preliminary Expenses ( refer note 'K' of schedule '20')		-	24.17
Less : Preliminary Expense written off		-	24.17
		<u>-</u>	<u>-</u>



**SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011**

	SCHEDULE	RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>OTHER INCOME</b>	<b>13</b>		
Export Benefits		42.71	26.44
Dividend		0.06	0.06
Other Income		16.70	20.10
		<u>59.47</u>	<u>46.60</u>
<b>INCREASE\DECREASE) IN STOCK</b>	<b>14</b>		
<i>Closing Stock</i>			
Finished Goods		1,975.75	1,299.36
Semi Finished Goods		454.85	555.97
<b>Total (A)</b>		<u>2,430.60</u>	<u>1,855.33</u>
<i>Opening Stock</i>			
Finished Goods		1,299.36	788.99
Semi Finished Goods		555.97	324.44
<b>Total (B)</b>		<u>1,855.33</u>	<u>1,113.43</u>
<i>INCREASE /(DECREASE) IN STOCK(A-B)</i>		<u>575.27</u>	<u>741.90</u>
<b>COST OF MATERIAL CONSUMED</b>	<b>15</b>		
Opening Stock		519.41	643.33
Add: Purchases		10,300.67	8,810.19
		<u>10,820.08</u>	<u>9,453.51</u>
Less: Balance of Closing Stock		885.78	519.41
CENVAT Availed		167.43	98.20
<b>COST OF MATERIAL CONSUMED</b>		<u>9,766.87</u>	<u>8,835.90</u>
<b>MANUFACTURING EXPENSES</b>	<b>16</b>		
Carriage Inward & Freight		14.86	13.88
Central Excise Duty		407.81	162.65
Job Work		240.96	158.01
Power, Fuel,Electricity& Water		606.72	602.88
Repairs and Maintenance		99.11	79.68
Salaries,Wages and Other benefits		551.64	427.37
Sales Tax Paid		93.91	98.26
Stores and Spares		94.62	85.95
		<u>2,109.63</u>	<u>1,628.69</u>



## SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011

	SCHEDULE	RUPEES IN LACS	
		31.03.2011	31.03.2010
<b>ADMINISTRATIVE EXPENSES</b>	<b>17</b>		
Auditors' Remuneration		1.65	1.65
Clearing, and Forwarding		0.08	0.22
Directors Remuneration		7.20	7.20
Donation		0.06	0.04
Insurance Charges		9.43	6.31
Legal and Professional Fees		23.05	19.83
Miscellaneous Expenses		35.08	11.00
Postage and Telegram		5.61	5.16
Printing and Stationery		19.51	17.04
Rent,Rates and Taxes		9.09	5.38
Travelling and Conveyance		30.40	20.57
Vehicle Expenses		26.33	19.27
Service charges		12.14	28.54
Laboratory Expenses		57.68	47.40
Telephone telex & fax charges		11.52	10.31
Office Expenses		8.24	2.91
Profit & Loss on sale of Asset		0.17	-
Research & Development Expenses		7.84	1.47
Retainership Fees		22.28	19.55
Pollution Control Exps		32.08	31.72
Membership and subscription fees		1.07	0.95
Registration & Licence Fees		3.91	4.15
Stamp Duty Expense		7.20	5.44
Computer Expense		5.76	5.83
Testing Fees		16.94	11.08
Listing Fees		1.05	1.20
Service & Cess Tax on Goods Transport		0.45	0.22
Watch & Ward Expense		0.97	1.24
		<b>356.79</b>	<b>285.68</b>
		<b>356.79</b>	<b>285.68</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>	<b>18</b>		
Advertisement,SalesPromotion and discount		45.30	50.91
Packing and Forwarding		60.29	66.76
Sales Commission and Discount		117.79	36.00
		<b>223.38</b>	<b>153.67</b>
		<b>223.38</b>	<b>153.67</b>
<b>FINANCE EXPENSES</b>	<b>19</b>		
Bank Interest		528.62	467.72
Interest on Term Loans		157.31	104.47
		<b>685.93</b>	<b>572.19</b>
		<b>685.93</b>	<b>572.19</b>



## **SCHEDULE 20**

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

### **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) Finished 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 31<sup>st</sup> March 2011.

**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.

**B. Notes to Accounts: -**

**1. CONTINGENT LIABILITIES:**

PARTICULARS	CURRENT YEAR Amount in Rs.	PREVIOUS YEAR Amount in Rs
<b>A) Performance Guarantees/ Bonds</b>		
(i) Guarantee executed in favor of Assistant Collector of Customs	<b>19,85,000</b>	20,53,300
(ii) Guarantee executed in favor of Export Parties.	-	6,26,824
(iii) Guarantee executed in favor of Central Excise	<b>8,83,740</b>	8,83,740
<b>B) Others</b>		
(iv) Guarantee given to GSPC Gas Co Ltd	<b>45,76,240</b>	41,07,513
(v) Guarantee given to Corporate	<b>56,19,34,000</b>	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

**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.	1,06,991	1,43,390


**4. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY**

PARTICULARS	CURRENT YEAR Amount in lacs	PREVIOUS YEAR Amount in lacs
(i) Raw Materials	1137.14	1168.54
(ii) Commission on Exports	10.75	9.25
(iii) Travelling Expenses	4.07	2.36
(iv) Interest on foreign currency loan (FCNRB)	-	4.87
(v) Earning in foreign currency on export of goods on CIF basis (Including deemed exports)	1120.61	2047.52

**5. CONSUMPTION OF RAW MATERIAL**

PARTICULARS	%	VALUE (RS. IN LAKHS)
(i) Imported	11 (14)	1046.33 (1232.54)
(ii) Indigenous	89 (86)	8720.54 (7603.36)

**6. RAW MATERIAL CONSUMED**

(As Certified by Management)

SI No	ITEM	CURRENT YEAR		PREVIOUS YEAR	
		Qty (Tons)	Value (Lacs)	Qty (Tons)	Value (Lacs)
<b>A</b>	<b>IMPORTED RAW MATERIAL</b>				
1	E.M.M.E	62.50	139.53	147.70	291.42
2	Methane Sulphonyl Chloride	120.00	116.28	140.00	136.40
3	Novaldamine	23.42	164.95	58.95	313.64
4	N,N-Butylamine	24.00	31.24	-	-
5	Hydroxy Novaldamine	3.77	73.30	2.27	76.00
6	Lasamide	4.60	24.38	-	-
7	Sodium Borohydride	3.00	35.44	-	-
8	Artemisinin	1.70	296.20	2.75	363.68
9	Flourence	44.00	115.76	25.00	43.77
10	4-chloro benzaldehyde	5.91	19.45	5.00	7.63
11	Trimethyl ortho formate	14.00	29.80	-	-
	<b>Total (A)</b>		<b>1046.33</b>		<b>1232.54</b>





SI No	ITEM	CURRENT YEAR		PREVIOUS YEAR	
		Qty (Tons)	Value (Lacs)	Qty (Tons)	Value (Lacs)
	<b>INDIGENOUS RAW-MATERIAL</b>				
1	Acrylonitrile	-	-	5.74	5.91
2	Acetic Anhydride	-	-	2.23	2.06
3	PEME	-	-	19.01	68.06
4	Aniline	-	-	4.35	2.41
5	Caustic Soda Lye	232.50	43.59	365.07	81.71
6	Trimethyl Ortho Formate	33.89	77.34	-	-
7	Ethylene Oxide	11.55	21.39	-	-
8	Liquid Chlorine	101.57	11.09	162.45	8.41
9	Methane Sulphonyl Chloride	29.00	44.78	42.14	46.28
10	Methanol	529.02	106.16	410.05	62.20
11	Meta Amino Acetanile	3.05	12.78	0.20	0.31
12	Nitro Benzene	94.47	52.67	207.99	94.21
13	NaHS	60.18	21.36	111.41	54.17
14	Phosphorus Oxichloride	50.35	32.14	90.20	91.98
15	Phosphoric Acid	39.82	26.46	98.50	55.02
16	Phenol	148.30	182.01	196.18	148.80
17	Toludene	44.10	23.62	201.62	101.49
18	Orthonitro chloro benzene	219.37	129.82	280.72	178.46
19	Phenyl ethyl alcohol	-	-	4.91	11.74
20	Methylene dichloride	204.35	112.40	132.92	61.79
21	Others		7822.93		6528.25
	<b>Total B</b>		<b>8720.54</b>		<b>7603.36</b>
	<b>Raw Material Consumed (A+B)</b>		<b>9766.87</b>		<b>8835.90</b>

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.)	600 (1260)	361.79 (633.59)
Dyes & Intermediates	N.A. (N.A.)	12 (750)	6.82 (6.54)
Phenyl Ethyl Alcohol ,Phenyl Ethyl Methyl ,Ether & Allied Products	N.A. (N.A.)	- (350)	- (30.00)
Meta Chloro Aniline & Allied Products	N.A. (N.A.)	60 (350)	44.71 (54.66)

NOTE: 1) Installed Capacity varies depends on the product-mix manufactured by the company from year to year and accordingly figures of Installed Capacity have been regrouped wherever necessary.


**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.	Bulk Drugs & Intermediates	134.98 (58.03)	1246.82 (679.91)	378.36 (556.64)	12740.55 (10795.83)	118.41 (134.98)	1975.75 (1246.82)
2.	Dyes, Chemicals, Intermediates & Allied Products	4.12 (28.24)	8.87 (92.49)	10.94 (30.66)	282.92 (231.70)	- (4.12)	- (8.87)
3.	Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	8.67 (0.29)	9.26 (0.93)	8.67 (21.62)	9.26 (85.78)	- (8.67)	- (9.26)
4.	Meta Chloro Aniline & Oranger Crystal & allied product	11.49 (7.33)	34.41 (15.66)	56.20 (50.50)	102.82 (115.91)	- (11.49)	- (34.41)

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 Ltd. are secured by the way of;
    - a) First Pari Passu charge on 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 IDBI Bank Ltd. is secured by
    - a) First 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 Directors' 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. 3,54,62,000/- 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, 2011. 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	BULKS DRUG	CHEMICALS & OTHERS	TOTAL
a)	<b>Segment Revenue</b>			
	Sales	12740.55	395.00	13135.55
	<b>Total segment</b>			
	Export Benefits	42.71	-	42.71
b)	<b>Segment Results</b>	1635.17	241.86	1877.03
	Unallocated Corporate Expenses			(580.17)
	Finance Expenses			(685.93)
	Other Income			16.76
	Depreciation			(327.30)
	<b>Profit Before Tax</b>			300.39



## 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.)	12014.94	1120.61	13135.55

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 Personne	Relatives & Key Management personnel	Total (in Lacs)
Remuneration	-	7.20	2.40	9.60
Rent paid	-	3.00	-	3.00
Outstanding Balance				
- Payable	1000.00	-	-	1000.00
- 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)	242.39	182.30
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.)	1.84	1.38
D. Nominal Value per Equity Share (in Rs.)	10.00	10.00
E. Book Value Per Share (in Rs.)	28.40	26.82

18. The Deferred Tax Liability relating to Timing Difference 616.82 583.27


**19. Employee Benefits:-**

Defined benefit plan as per actuarial valuation on March 31, 2011

<b>I</b>	<b>Expense recognized in the statement of Profit &amp; Loss for the year ended March 31,2011</b>	<b>Current year</b>	<b>Previous year</b>
1	Current Service Cost	539,976.00	479,033.00
2	interest Cost	388,635.00	314,944.00
3	Expected return on plan assets	(263,721.00)	(241,317.00)
4	Net Acturial gain/loss recognized in the year	216,630.00	379,839.00
5	Expenses Recognized in statement of P & L	881,520.00	932,499.00
<b>II</b>	<b>Net Asset/(Libility) recognised in the Balance Sheet as at March 31,2011</b>		
1	Present value of obligations as at the end of year	5,687,255.00	4,857,935.00
2	Fair value of plan assets as at the end of the year	3,202,795.00	2,998,363.00
3	Funded status	(2,484,460.00)	(1,859,572.00)
4	Net asset/liability recognized in balance sheet	2,484,460.00	1,859,572.00
<b>III</b>	<b>Change in obligation during the year ended March 31,2011</b>		
1	Present value of obilgation as at beginning of year	4,857,935.00	3,936,791.00
2	interest Cost	388,635.00	314,944.00
3	Current Service Cost	539,976.00	479,033.00
4	Benefits paid	315,921.00	252,672.00
5	Actuarial gain /loss on obligations	216,630.00	379,839.00
6	Present value of obilgation as at end of year	5,687,255.00	4,857,935.00
<b>IV</b>	<b>Change in assets during the year ended March 31,2011</b>		
1	Fair value of plan assets at beginning of year	2,998,363.00	2,711,761.00
2	Expected return on plan assets	263,721.00	241,317.00
3	Contributions	256,632.00	297,957.00
4	Benefits paid	(315,921.00)	(252,672.00)
5	Actuarial gain /loss on Plan Assets	-	-
6	Fair value of plan assets at the end of year	3,202,795.00	2,998,363.00
<b>V</b>	<b>The major categories of plan assets as a percentage of total plan</b>		
	Qualifying Insurance Policy	100%	100%
<b>VI</b>	<b>Actuarial Assumptions</b>		
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.



## 21 CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	2010/2011 (Rs. In Lacs)	2009/2010 (Rs. In Lacs)
<b>A Cash Flow from Operating Activities</b>		
'Net Profit before Tax	300.39	220.30
Adjustment for :		
'Depreciation	327.30	297.11
Preliminary Expenses Writtenoff	-	24.17
'Loss on sales of Fixed Assets	0.17	(15.75)
Profit/Loss on sales of Investments	-	-
'Dividend Income	(0.06)	(0.06)
'Interest Expenses	685.93	572.19
'Operating Profit before Working Capital changes	1313.73	1097.96
Adjustment for :		
'Trade & Other receivables	(31.16)	246.17
'Inventories	(940.89)	(615.94)
'Trade Payable	401.97	82.59
'Cash generated from Operation	743.65	810.78
Less :		
'Taxes Paid	(34.85)	(41.85)
Net Cash from Operating Activities	708.80	768.93
<b>B Cash Flow from Investing Activities</b>		
'Purchase of Fixed Assets / Capital Expenditure	(1,146.44)	(604.49)
'Sale of fixed Assets	24.80	25.10
'Purchase/ Sale of Investments	-	(0.51)
'Profit on Sale of Investment	-	-
'Dividend received	0.06	0.06
'Net Cash from Investing Activities	(1121.58)	(579.84)
<b>C Cash Flow from Financing Activities</b>		
'Long Term Loan borrowings	758.05	125.58
'Short Term borrowings	345.17	252.06
'Dividend Paid	-	-
'Interest Expenses	(685.93)	(572.19)
'Net Cash from Financing Activities	417.29	(194.55)
<b>Net decrease in cash &amp; cash Equivalents (A+B+C)</b>	4.51	(5.46)
Opening Balance of Cash & Cash Equivalents	64.73	70.19
Closing Balance of Cash & Cash Equivalents	69.24	64.73

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

Chartered Accountants  
Membership No.36099  
Firm Registration No. 106405W

Place : Mumbai  
Dated :30.05.2011

**Govardhan M.Dhoot**  
Chairman

**Subhash C.Khattar**  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS :-**

Registration No. (CIN) : L24230MH1972PLC116413

Balance Sheet Date : 31-03-2011

STATE CODE :

11

**II CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousand)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)**

Total Liabilities	948,572	Total Assets	948,572
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**SOURCES OF FUNDS**

Paidup Capital	131,782	Reserves and Surplus	304,179
Secured Loan	390,834	Unsecured Loan	121,777

**APPLICATION OF FUNDS :**

Net Fixed Assets	544,659	Investment	1,440
Net Current Assets	402,473	Misc. Expenditure	-

**IV PERFORMANCE OF THE COMPANY (Amount in Rs.Thousand)**

Turnover & Other Income	1,377,028	Total Expenditure	1,346,990
Profit Before Tax	30,038	Profit After Tax	24,239
Earning per Share	1.84	Dividend Rate	NIL

**V GENERAL NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY :**

Item Code No.	293921
(ITC Code)	
Product Description	Chloroquine Phosphate I.P.
Item Code No.	282732
(ITC Code)	
Product Description	Aluminium Chloride Anhydrous
Item Code No.	319801004
(ITC Code)	
Product Description	Dyes and Intermediates

**Govardhan M.Dhoot**  
Chairman**Subhash C.Khattar**  
DirectorPlace : Mumbai  
Dated : 30.05.2011



# MANGALAM DRUGS & ORGANICS LIMITED

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

## ATTENDANCE SLIP

### 38th Annual Genereal 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 Share held _____

I hereby record my presence at the 38th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Thursday, 29th September 2011 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

### 38th Annual Genereal Meeting

Folio No. _____
DP ID. _____
Client ID. _____
No. of Share 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 38th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Thursday, 29th September 2011 at 3.00 p.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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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