



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

SANGAMNER - UNIT 3

SANGAMNER AUDYOGIK
 VASAHAH LIMITED
 SANGAMNER 422 805
 DIST. AHMEDNAGAR, MAHARASHTRA

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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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-sixth Annual General Meeting of the members of the Company will be held at Registered office of the company at 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai-400002 on Tuesday, 29th September 2009 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, 2009 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. Subhash C. Khattar, 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. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that Shri Mukul Sukhani, who was appointed by the Board of Directors of the Company as an Additional Director on 27th July 2009 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has, as required by section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

"RESOLVED that pursuant to provisions of Sections 198, 269, 309 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 and further subject to all such sanctions as may be necessary, the Company hereby approves the re-appointment of Shri Govardhan M. Dhoot as the Whole time Director of the Company for a period of five years with effect from 1st November 2009 on the terms and conditions including remuneration as set out in the draft Agreement to be entered into by the Company with him and submitted to this meeting duly initialed by the Chairman for the purpose of the identification which agreement is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 as may be agreed between the Board of Directors and Shri Govardhan M. Dhoot.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

**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 Tuesday, 22nd September 2009 to Tuesday, 29th September 2009 (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 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



Mangalam Drugs & Organics Limited

10. A brief profile of Mr. Subhash Khattar - director retire by rotation referred to item no. 2 of the Notice and appointment / re-appointment of Mr. Mukul Sukhani and Mr. Govardhan Dhoot referred to item nos. 4 & 5 of the Notice respectively, required by Clause 49 IV G of the Listing Agreement with the stock exchanges is given below:

1.	Name	Mr. Subhash C. Khattar	Mr. Mukul Sukhani	Mr. Govardhan M. Dhoot
2.	Date of Birth	3 rd July 1939	1 st July 1968	21 st October 1953
3.	Educational Qualification	Chartered Accountant	B Tech (Chemical Engg)	Commerce Background
4.	Date of Appointment	4 th June 2004	27 th July 2009	16 th April 1996
5.	Category of Director	Non Executive & Independent Director	Non Executive & Independent Director	Chairman & Executive Director
6.	Experience	He is a Chartered Accountant having about 40 years of experience. He is a senior partner in M/s. H Gambhir & Co., New Dehli and specializes in taxation and auditing. He is on the statutory panel of Bank Audits and other Public Sector Undertakings (PSUs) and Private Companies.	He is a B tech (Chemical Engg) having about 19 years of experience in Leather Garments and Leather Accessories manufacturing and export. He was also retail head of Lasalle band office products and financial service director in American Express Bank.	He is a Whole-time Director of the Company effective 1 st 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	Apexo Melwares Private Limited	Nil	Raga Organics Private Limited Mangalam Laboratories Private Limited
8.	Name of Committees in which Chairman	Mangalam Drugs and Organics Ltd. – Audit Committee & Investor Grievances Committee	Nil	Nil
9.	Name of Committee in which member	Mangalam Drugs and Organics Ltd. – Audit Committee & Investor Grievances Committee	Nil	Mangalam Drugs and Organics Ltd. – Audit Committee & Investor Grievances Committee
10.	Number of equity shares held in the Company	Nil	Nil	625458

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

Registered Office:

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

Place : Mumbai
Date : 29th July, 2009

BY ORDER OF THE BOARD OF DIRECTORS

(GOVARDHAN M. DHOOT)
CHAIRMAN



ANNEXURE TO NOTICE

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

Item No. 4:

Shri Mukul Sukhani was appointed by the Board of Directors of the Company as an Additional Director on 27th July 2009. He holds office upto the date this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice along with deposit from a member proposing the candidature of Shri Mukul Sukhani for the office of the director of the Company.

Shri Mukul Sukhani does not hold any equity shares in the Company.

None of the other Directors of the Company, except Shri Mukul Sukhani is concerned or interested in the said resolution.

The Directors recommend the resolution for approval of the members.

Item No. 5:

At the meeting of the Board of Directors (Board) of the Company held on 29th July, 2009, the board had duly approved by a resolution passed at its meeting, re-appointment of Shri Govardhan M. Dhoot as Whole time Director of the Company for a period of five years upon the terms and conditions contained in the draft agreement to be entered in to by the Company with Shri Govardhan M. Dhoot subject to the approval of the Company in General Meeting. The said Agreement, inter alia, contain the following material terms and conditions:

1. **Terms of Appointment:** From 1st November 2009 to 31st October, 2014

2. **Remuneration:**

a) **Salary:** Rs.60,000/- per month.

3. **Perquisites / Allowance:**

In addition to salary, Mr. Govardhan Dhoot will be entitled to the following;

(a) **Housing:** The Company shall defray the maintenance expenditure of the residence of the Whole - time Director.

(b) **Medical Expenses:** Reimbursement of expenses incurred for the Whole - time Director and his family subject to a ceiling of Rs. 10,000/- p.a. or actual whichever is higher.

(c) **Leave travel Concession:** Company shall provide to and fro airfare to the Whole-time Director and his family for 3,000 KM in India.

(d) **Annual Privilege Leave:** On full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

(e) **Car:** A chauffer driven car for use of Company's business will be provided.

(f) **Telephone:** A telephone at the residence will also be provided at Company's expenses. The Company will bill personal long distance calls from the house telephone.

(g) **Personal Accident Insurance:** Premium not to exceed Rs. 8,000/- p.a. payable by the Company on behalf of the Whole Time Director.



The Whole - time Director shall also be entitled to following perquisites, which shall not be included in the computation of the ceiling on remuneration specified herein:

- (i) Contribution to provident fund, super annuation fund or annuity fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service.
 - (iii) Encashment of leave at the end of the tenure.
4. The other terms and conditions of the agreement are such as are customarily contained in agreements of similar nature.
5. Mr. Govardhan M. Dhoot be subject to retirement by rotation under Articles of Association of the company and on re-appointment as a Director immediately on retirement by rotation, shall continue to hold his office as Whole - time Director and such re-appointment as such director shall not be deemed to constitute a break in his appointment as Whole time Director.
6. Notwithstanding anything contained hereinabove where in any financial year, during the currency of tenure of the Whole time Director, the Company has no profits or its profits are inadequate, the company shall pay the Whole - time Director minimum remuneration by way of salary, perquisite, dearness allowance and any other allowance subject to ceiling laid down in section II of part II of schedule XIII to the Companies Act, 1956.
7. The aforesaid agreement to be entered into by the Company with the Whole time Director can be terminated by the company or by Mr. Govardhan M. Dhoot, by giving to the other three months notice in writing.

The said agreement including the remuneration payable to Whole time Director of the company shall be subject to the approval of the company and all such sanctions as may be necessary and shall be given effect to as per the modifications, if any, made / approved as aforesaid.

The said agreement is available for inspection at the Registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. on all days excluding Saturdays, Sundays and Public Holidays up to the date of Annual General Meeting.

The above may also be treated as an abstract of the said agreement pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the said resolutions at item no. 5 for your approval.

None of the other directors is in any way concerned or interested in the said resolution.

Registered Office:

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

Place : Mumbai
Date : 29th July, 2009

FOR AND ON BEHALF OF THE BOARD

GOVARDHAN M. DHOOT
CHAIRMAN



DIRECTORS' REPORT

To,
The Members of
MANGALAM DRUGS & ORGANICS LIMITED

The Directors have pleasure in presenting to you their Thirty-Sixth Annual Report and Audited Accounts for the accounting year ended 31st March 2009.

1. FINANCIAL RESULTS:

(Rs. in Lacs)

	2008-2009	2007-2008
Sales	10240.29	9499.90
Other Income	37.19	44.94
Profit before Interest, Depreciation & Amortizations	945.62	684.17
Less: Depreciation & Amortizations	282.57	254.19
Interest	513.21	328.19
Profit before tax	149.84	101.79
Fringe Benefit Tax	6.00	4.67
Provision for taxation	17.00	11.35
Profit after tax	126.84	85.77
Provision for Deferred Taxation for Current Year	(41.51)	(29.27)
Profit after Deferred tax	85.33	56.50
Balance b/f from previous year	142.61	86.11
Surplus available for Appropriation	227.94	142.61
Appropriations:		
Balance carried to Balance Sheet	227.94	142.61

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 2008-09 (Previous Year: Rs Nil)

3. REVIEW OF PERFORMANCE:

During the year under review, the Company made Sales of Rs. 10240.29 lacs as compared to Rs. 9499.90 lacs made in the previous year, a increase of 7.80% than the previous year. The Company made a profit before tax of Rs. 149.84 lacs as compared to Rs. 101.79 lacs made in the previous year, an increase of 47.19% than in the previous year.

4. EXPORTS:

The Company has achieved exports sales of Rs. 1047.35. lacs an increase of 28.35% than made in the previous year Rs. 816 lacs. Constant efforts are being made to boost exports.

5. FUTURE OUTLOOK:

In order to address quality and regulatory demands of advanced countries, your company has established a separate cell to file Drug Master Files (DMF). Establishing the regulatory compliance of manufacturing site as per international norms through Quality Assurance Department is also the mandate of this cell. Several DMFS have been submitted to WHO Geneva and EDQM which are in various phases of scrutiny.



In order to be on front in International Antimalarial space (245 million patient population), your company has partnered with Bill Clinton Foundation for supplying Antimalarial APIs to various formulators. A unique distinction is enjoyed by your company to have our Vapi site cleared by the quality auditors of this Foundation.

Your company is actively working towards WHO-GMP certification from Geneva for its API facilities. This will further enhance the value & reputation of company in the API manufacturing segment.

At present your company has been engaged in active dialogue with several formulators to be their first or the second source of antimalarial APIs.

6. RESEARCH & DEVELOPMENT:

Our R&D continues to contribute in cost reduction activity. Developing environmentally benign and atom economical processes have been a primary focus of yesteryears which continues to provide tangible outcomes. Introduction of unique antimalarial APIs in the product portfolio has been accomplished during the review period. These APIs shall be piloted in the first quarter in state -of-the-art Cgmp compliant pilot plant facility. Upon their commercialization later this year, your company shall acquire a significant status of 'One-Stop' company to supply front line Antimalarials for existing ACT formulations as well as for formulations which are in advanced clinical trials abroad.

To leverage from our traditional strength in Antimalarial segment, R&D has embarked on a synthesis program. R&D through combinatorial chemistry will generate compound libraries. These compounds are designed to cure malarial disease due to Falciparum parasites that are resistant to existing drugs. Internationally acclaimed laboratories shall screen these compounds for antimalarial activity.

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:

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are 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:

Mr. Mukul Sukhani was appointed as Additional Director with effect from 27th July 2009. He hold office upto the date of the forthcoming Annual General Meeting and is eligible for appointment. Your approval for his appointment as Director has been sought in the Notice convening the Annual General Meeting of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Subhash C. Khattar retires by rotation and being eligible, offers 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 31st March 2009 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 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 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

Place : Mumbai
Dated : 29th July, 2009

**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..

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)		34,33,563	34,66,379
Total Amount (Rs.)		1,86,11,401	1,61,06,938
Cost per unit (Rs.)		5.42	4.65
(b) Own generation			
(i) Through diesel generator (KWH)		66,780	52,634
Unit per-ltr. of diesel oil		2.56	2.17
Cost per unit (Rs.)		17.09	13.86
(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.)		8,88,015	12,44,210
Total Amount (Rs.)		2,92,38,624	2,94,43,942
Average rate per K. ltrs. (Rs.)		32.92	23.66
4. Others/internal generation(GSPC GAS)			
Quantity		3,56,392	N.A
Total cost		78,40,624	N.A
Rate/unit		22.00	N.A

**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:

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: eg 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:**(Rs. In lacs)**

Particulars	Current Year	Previous Year
Foreign Exchange Earnings	1047.35	816.00
Foreign Exchange Outgo		
(i) Raw material	1058.21	1532.58
(ii) Commission	16.46	8.20
(iii) Travelling Expenses	5.02	6.07
(iv) Interest on foreign currency loan (FCNRB)	17.78	47.80
Total	1097.47	1594.65



ANNEXURE 'II' TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

As per corporate governance code and clause 49 of the listing agreement, with stock exchange, a corporate compliance report given below:

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance Code

Your 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 and 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	16	No
Mr. Subhash C. Khattar	Non-Executive Independent	1	2	16	Yes
Mr. Rajendraprasad K. Mimani	Non-Executive Independent	2	2	3	No
Mr. Mukul Sukhani.	Non-Executive Independent	Not applicable*			

*Mr Mukul Sukhani has been appointed as Additional Director with effect from 27th July 2009.

There were 16 (sixteen) Board meetings held during the year-ended 31.03.2009. These were on 1st April 2008, 8th May 2008, 30th May 2008, 20th June 2008, 30th June 2008, 14th July 2008, 31st July 2008, 1st August 2008, 4th August 2008, 16th September 2008, 24th October 2008, 29th January 2009, 18th February 2009, 25th February 2009, 10th March 2009, 30th March 2009. The last Annual General Meeting (AGM) was held on 30th September 2008.

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 Shri 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 31.03.2009, four Audit Committee meetings were held. These were held on 20th June 2008, 31st July 2008, 24th October 2008, and 29th January 2009.

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	01-11-04 to 31-10-09	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	32,000	Nil
Mr. Rajendraprasad K. Mimani	8,000	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 2008-2009 and their status is as follows:

Nature of complaints	Received	Resolved	Pending
Non-receipt of dividend/issue of duplicate dividend warrants.	6	6	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
2006	Saturday	30-09-2006	4.30 p.m.	Hindi Vidya Bhavan, Marine Lines(W), Mumbai - 400 002.	Nil
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, 2nd 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 Stock Exchange, Mumbai (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) 36th Annual General Meeting - Day, Date, Time and Venue:**

Day	Date	Time	Venue
Tuesday	29th September, 2009	3.00 p.m.	292, Princess Street, 2ND Floor, Near Flyover, Marine Lines, Mumbai-400002.

**(b) Financial Calendar (tentative):**

Financial Year	1st April to 31st March
Adoption of Quarterly Results for the quarter ending:	
June, 2009	3rd/4th week of July, 2009
September, 2009	Last week of October, 2009
December, 2009	Last week of January, 2010
March, 2010	Last week of May, 2010
Dates of Book Closure (Both days inclusive):	22th Sept 2009 to 29th Sept 2009 (Both days inclusive)
Dividend Payment Date:	Not Applicable

(c) Listing on Stock Exchanges:

The Bombay Stock Exchange Limited (BSE), Mumbai	: Stock Code: 532647
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 2008	14.75	11.93	48835	14.75	11.85	166247
May 2008	14.07	12.00	28890	14.00	12.00	37943
June 2008	14.20	11.00	35084	14.65	11.10	43291
July 2008	15.50	9.82	85678	15.50	10.40	120162
August 2008	17.82	12.12	510207	14.75	11.85	720100
September 2008	15.75	9.60	151328	15.70	9.70	112265
October 2008	10.29	7.05	25523	10.20	7.20	16104
November 2008	7.75	5.45	20969	7.25	5.35	16747
December 2008	6.69	4.80	9954	6.75	5.00	19860
January 2009	7.17	5.52	13247	7.60	5.65	12062
February 2009	5.73	5.00	8989	6.00	4.90	10982
March 2009	5.26	4.69	14526	5.65	4.55	12088

(e) Registrar & Transfer Agents:

M/s. Link Intime India Private Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, Telephone No 022-25963838 Fax No 022-25966969

(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. 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 2009.



Mangalam Drugs & Organics Limited

(g) Shareholding Pattern as on 31st March, 2009:

SN	Category	No. of Shares held	%
A. Promoters and Promoter Group			
1	Individual / Hindu Undivided Family	3134427	23.78
2	Bodies Corporate	2565560	19.47
	Sub-Total	5699987	43.25
B. Non- Promoters Holding			
1 Institutional Investors			
	Total	0	0
2 Others			
	a. Private Corporate Bodies	3115430	23.64
	b. Individuals	4294582	32.59
	c. NRIs / OCBs	40418	0.31
	d. Clearing Members	27831	0.21
	Total	7478261	56.75
	Sub-Total (1+2)	7478261	56.75
	GRAND TOTAL (A) + (B)	13178248	100.00

Distribution of Shareholding as on 31st March 2009

No. of Shares From - To	No. of Shareholders		No. of Shares	
	Number	%	Number	% to total capital
1 - 500	5920	80.9850	1348669	10.2341
501 - 1000	730	9.9863	613901	4.6584
1001 - 2000	361	4.9384	566753	4.3007
2001 - 3000	98	1.3406	245191	1.8606
3001 - 4000	43	0.5882	152756	1.1592
4001 - 5000	48	0.6566	228594	1.7346
5001 - 10000	49	0.6703	363375	2.7574
10001 and above	61	0.8345	9659009	73.2951
TOTAL	7310	100.00	13178248	100.00

8. Plant locations

: Unit No. 1 & 2

Plot No 187-Phase II and Plot No 1203,
Phase III ,GIDC,Vapi,
Dist.Valsad ,Gujarat 396195
Tel: 0260-2430598/2143 Fax: 0260-2431919

Unit no. 3

Sanagamner Audyogik Vasahat Limited
Sangamner 422805
Dist. Ahmednager, Maharashtra

9. 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



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.

Financial Operation:

During the year under review the sales turnover of the Company is increased by 7.79% to Rs.10240.29 Lacs as compared to Rs.9499.90 Lacs for the previous year. Profit before Tax(PBT) has jumped by 47.20% to 149.84 Lacs from Rs 101.79 Lacs for last year. The Company has achieved the export turnover of Rs 1047.34 Lacs as compared to Rs 816 Lacs for the previous year,an increase of 28.35% than previous year.

Industrial Structure & Development

Increasing competition has compelled the Industry Players to consolidate & improve their competitive advantage by optimizing their product portfolio, geographic reach, technology and cost effectiveness. Several players in the industry see the need for collaboration as a business model as a way to manage the competitive pressure. They have preferred to outsource to capable players in countries such as India to enhance competitiveness and improve their value propositions with competitive advantage in terms of R & D manufacturing and marketing. Indian Companies are today well positioned to partner with innovator pharmaceutical companies.

Opportunities:

In order to be frontline in International Anti-malarial space, Mangalam has partnered with Bill Clinton Foundation for supplying Anti-malarial APIs to various formulators. Mangalam is also actively working towards WHO-GMP Certification from Geneva for its API facilities. These activities will provide Mangalam a new & much stronger platform to harness its capabilities in R & D, manufacturing & Global market.

Threats, Risks and Concerns :

Pharma Industry is continuously faced with a price cost squeeze largely due to the relentless increase in raw materials & energy cost. Foreign market is becoming more and more volatile and rupee is appreciating. These factors are putting pressure on profit margin. In order to reduce the pricing pressure Mangalam is focusing on optimization of product mix and improving the product yield.

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.



Health safety Measures:

The Company is fully committed to the safety, health & well being of its employees and to minimising the environmental impact of its business operations. A safe and healthy environment is maintained, and appropriate steps are taken with the object of minimising 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.

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 gives it significant advantages in attracting and retaining skilled employees. The Company employed 246 people and enjoys cordial relations with all.

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.



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, 2009.

Place : Mumbai
Date : 29th July, 2009

For Mangalam Drugs and Organics Ltd.

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

G. M. Dhoot
Chief Executive Officer

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, 2009 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.

Place : Mumbai
Date : 29th July, 2009

For Mangalam Drugs and Organics Ltd.

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

G. M. Dhoot
Chief Executive Officer



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 2009, 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 July, 2009



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, 2009, 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, 2009 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, 2009.
 - 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.

(CA Rakesh K. Milwani)
Proprietor: Milwani Associates

Place : Mumbai
Date : 18.06.2009

Chartered Accountants
Membership No. 36099



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 2007-08	5.00	CESTAT, Ahmedabad
Total	5.00	



Nature of Dues	Amount (Rs. In Lacs)	Forum where dispute is Pending
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	46.86	Commissioner of Income Tax
g) 2006-07	5.22	(Appeals)
Total	147.04	

- 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/mutual 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.

(CA Rakesh K. Milwani)
Proprietor: Milwani Associates

Place : Mumbai
Date : 18.06.2009

Chartered Accountants
Membership No. 36099



BALANCE SHEET AS AT 31ST MARCH 2009

	SCHEDULE	RUPEES IN LACS	
		31.03.2009	31.03.2008
SOURCES OF FUNDS			
I) SHAREHOLDERS FUNDS			
SHARE CAPITAL	1	1,317.82	1,317.82
RESERVES AND SURPLUS	2	2,617.11	2,490.27
		<u>3,934.93</u>	<u>3,808.09</u>
II) LOAN FUNDS			
SECURED LOANS	3	2,957.34	2,273.59
UNSECURED LOANS	4	687.91	598.89
		<u>3,645.25</u>	<u>2,872.48</u>
TOTAL FUNDS EMPLOYED (I+II)		<u>7,580.18</u>	<u>6,680.57</u>
APPLICATION OF FUNDS			
I) FIXED ASSETS			
GROSS BLOCK	5	6,101.32	5,041.85
LESS : DEPRECIATION		1,746.93	1,488.52
NET BLOCK		<u>4,354.39</u>	<u>3,553.33</u>
II) INVESTMENTS			
	6	13.89	13.89
III) CURRENTS ASSETS AND LOANS AND ADVANCES			
INVENTORIES	7	1,770.24	1,728.44
SUNDRY DEBTORS	8	2,471.35	2,113.96
CASH AND BANK BALANCES	9	70.19	93.02
LOANS AND ADVANCES	10	234.24	215.06
		<u>4,546.02</u>	<u>4,150.48</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	11	1,358.29	1,085.47
NET CURRENT ASSETS		3,187.73	3,065.01
IV) PRELIMINARY EXPENSES			
(To the extent not written off)	12	24.17	48.34
TOTAL FUNDS APPLIED (I+II+III+IV)		<u>7,580.18</u>	<u>6,680.57</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

Place : Mumbai

Dated : 18.06.2009

Govardhan M. Dhoot

Chairman

Subhash C.Khattar

Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCHEDULE	RUPEES IN LACS	
		31.03.2009	31.03.2008
INCOME			
SALES AND SERVICES		10,240.30	9,499.90
OTHER INCOME	13	37.19	44.94
INCREASE /(DECREASE) IN STOCKS	14	(37.29)	264.01
		10,240.20	9,808.85
EXPENDITURE			
COST OF MATERIAL CONSUMED	15	7,227.97	7,387.23
MANUFACTURING EXPENSES	16	1,677.37	1,393.73
ADMINISTRATIVE EXPENSES	17	255.32	207.15
SELLING EXPENSES	18	133.91	136.57
FINANCE EXPENSES	19	513.21	328.19
DEPRECIATION		258.41	230.02
PRELIMINARY EXPENSES WRITTEN OFF		24.17	24.17
		10,090.36	9,707.06
PROFIT BEFORE TAX		149.84	101.79
FRINGE BENEFIT TAX PAID		6.00	4.67
PROVISION FOR CURRENT TAXATION		17.00	11.35
PROFIT AFTER TAXATION		126.84	85.77
PROVISION FOR DEFERRED TAX		41.51	29.27
NET PROFIT AFTER DEFERRED TAX		85.33	56.50
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		142.61	86.11
BALANCE CARRIED TO BALANCE SHEET		227.94	142.61
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

Place : Mumbai

Dated : 18.06.2009

Govardhan M. Dhoot

Chairman

Subhash C.Khattar

Director



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009

	SCHEDULE	RUPEES IN LACS	
		31.03.2009	31.03.2008
SHARE CAPITAL	1		
AUTHORISED			
(2,00,00,000 Equity Shares of Rs.10/-each) (Previous year 2,00,00,000 Equity Shares of Rs.10/- each)		2,000.00	2,000.00
		<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 (Previous year 13178248 Equity Shares of Rs.10/- each)		1,317.82	1,317.82
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		488.58	459.31
Add: Balance transferred during the year		41.51	29.27
		<u>530.09</u>	<u>488.58</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		227.94	142.61
		<u>2,617.11</u>	<u>2,490.27</u>



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009

SCHEDULE		RUPEES IN LACS	
		31.03.2009	31.03.2008
SECURED LOANS	3		
Loan from Banks		925.59	361.98
Working Capital from Banks		2,031.75	1,911.61
		<u>2,957.34</u>	<u>2,273.59</u>
UNSECURED LOANS	4		
From Director's , Shareholders and Associated Companies		550.00	400.00
Sales Tax Deferred Credit		42.45	44.75
Others		95.46	154.14
		<u>687.91</u>	<u>598.89</u>

SCHEDULE ' 5 ' FOR FIXED ASSETS FOR THE YEAR 01-04-08 TO 31-03-09

(Rupees in lacs)

PARTICULARS	Gross Block				Depreciation				Net Block	
	As On 01.04.08	Additions	Deductions	As On 31.03.09	As On 01.04.08	For the Year	Adjustment	As On 31.03.09	As On 31.03.09	As On 31.03.08
Land	58.41	-	-	58.41	-	-	-	-	58.41	58.41
Factory Building	540.79	123.27	-	664.06	155.13	20.30	-	175.43	488.63	385.66
Other Building	34.00	3.04	-	37.04	-	-	-	-	37.04	34.00
Plant & Machinery	4,057.91	924.03	11.57	4,970.37	1,149.64	212.47	-	1,362.11	3,608.26	2,908.27
Motor Car	121.98	-	-	121.98	51.39	11.59	-	62.98	59.00	70.59
Furniture & Fixtures	48.78	1.41	-	50.19	32.17	3.13	-	35.30	14.89	16.61
Office Equipments	83.86	1.83	-	85.69	46.11	4.46	-	50.57	35.12	37.75
Computers	54.17	4.79	-	58.96	38.98	4.14	-	43.12	15.84	15.19
Laboratory Equipments	32.06	12.05	-	44.11	13.33	1.84	-	15.17	28.94	18.73
Air Conditioner	9.89	0.62	-	10.51	1.77	0.48	-	2.25	8.26	8.12
Building under construction	-	-	-	-	-	-	-	-	-	-
Capital Work in Process	-	-	-	-	-	-	-	-	-	-
NET TOTAL	5,041.85	1,071.04	11.57	6,101.32	1,488.52	258.41	-	1,746.93	4,354.39	3,553.33
Previous Year	4,689.27	489.28	136.70	5,041.85	1,259.97	230.02	1.47	1,488.52	3,553.33	-



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009

SCHEDULE 6 - INVESTMENTS (AT COST)

INVESTMENTS	Face Value per share (is Rs.)	Nos. of Shares		Amount of Shares (in Lacs)	
		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.62,03,303					
Previous year Rs.2,45,68,659.94					
B Unquoted Investments :					
1 National Savings Certificate		-	-	1.80	1.80
2 Shares of Saraswat Co-op Bank Ltd.		2,500	2,500	0.25	0.25
Total (B)		2,500	2,500	2.05	2.05
TOTAL (A+B)		175,599	175,599	13.89	13.89



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009

	SCHEDULE	RUPEES IN LACS	
		31.03.2009	31.03.2008
INVENTORIES	7		
(Valued at cost or market price whichever is lower as per Inventory taken valued, verified and certified by Directors)			
Raw Materials		643.33	565.07
Packing Materials		13.47	12.65
Semi Finished Goods		324.45	314.69
Finished Goods		788.99	836.03
		<u>1,770.24</u>	<u>1,728.44</u>
SUNDRY DEBTORS	8		
(Unsecured, considered good)			
Over Six Months		40.05	23.76
Others		2,431.30	2,090.20
		<u>2,471.35</u>	<u>2,113.96</u>
CASH AND BANK BALANCE	9		
Cash in hand		14.48	43.32
Balance with scheduled banks			
In Current Account		5.36	2.71
In Margin / Deposit Account		50.35	46.99
		<u>70.19</u>	<u>93.02</u>
LOANS AND ADVANCES	10		
(Unsecured, considered good)			
Loans & Advances (recoverable in cash or in kind or for value to be received)		192.69	177.90
Deposits		41.55	37.16
		<u>234.24</u>	<u>215.06</u>
CURRENT LIABILITES AND PROVISIONS	11		
Creditors & Other Liabilities		1,358.29	1,085.47
		<u>1,358.29</u>	<u>1,085.47</u>
PRELIMINARY EXPENSES	12		
(to extent not written off)			
Preliminary Expenses			
(refer note 'K' of schedule '20')		48.34	72.51
Less : Preliminary Expense written off		24.17	24.17
		<u>24.17</u>	<u>48.34</u>



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009

	SCHEDULE	RUPEES IN LACS	
		31.03.2009	31.03.2008
OTHER INCOME	13		
Export Benefits		26.50	23.85
Dividend		0.06	0.05
Other Income		10.63	21.03
		<u>37.19</u>	<u>44.93</u>
INCREASE(DECREASE) IN STOCK	14		
Closing Stock			
Finished Goods		788.99	836.03
Semi Finished Goods		324.44	314.69
Total (A)		<u>1,113.43</u>	<u>1,150.72</u>
Opening Stock			
Finished Goods		836.03	591.54
Semi Finished Goods		314.69	295.18
Total (B)		<u>1,150.72</u>	<u>886.72</u>
INCREASE /(DECREASE) IN STOCK (A-B)		<u>(37.29)</u>	<u>264.01</u>
COST OF MATERIAL CONSUMED	15		
Opening Stock		565.07	411.27
Add: Purchases		7,485.99	7,710.18
		<u>8,051.06</u>	<u>8,121.45</u>
Less: Balance of Closing Stock		643.33	565.07
CENVAT Availed		179.76	169.15
COST OF MATERIAL CONSUMED		<u>7,227.97</u>	<u>7,387.23</u>
MANUFACTURING EXPENSES	16		
Carriage Inward & Freight		21.55	27.93
Central Excise Duty		284.13	247.97
Job Work		138.16	109.05
Power, Fuel, Electricity & Water		581.44	478.37
Repairs and Maintenance		78.90	63.87
Salaries, Wages and Other benefits		367.36	323.13
Sales Tax Paid		138.42	91.44
Stores and Spares		67.41	51.97
		<u>1,677.37</u>	<u>1,393.73</u>



SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2009

	SCHEDULE	RUPEES IN LACS	
		31.03.2009	31.03.2008
ADMINISTRATIVE EXPENSES	17		
Auditors' Remuneration		1.65	1.65
Clearing and Forwarding		3.24	5.87
Directors Remuneration		7.20	7.20
Donation		0.11	1.44
Insurance Charges		4.71	14.07
Legal and Professional Fees		26.80	18.09
Miscellaneous Expenses		6.29	10.50
Postage and Telegram		4.03	3.62
Printing and Stationery		14.82	13.08
Rent, Rates and Taxes		3.40	3.63
Travelling and Conveyance		29.06	20.61
Vehicle Expenses		19.65	16.83
Service charges		15.42	11.52
Laboratory Expenses		43.79	23.77
Telephone telex & fax charges		11.48	12.90
Loss on sale of Vehicle		-	0.43
Retainership Fees		15.72	9.41
Pollution Control Exps		14.29	12.16
Membership and subscription fees		1.68	1.48
Registration & Licence Fees		11.45	4.92
Stamp Duty Expense		5.25	2.23
Computer Expense		6.53	4.59
Testing Fees		6.55	5.83
Listing Fees		0.75	-
Service & Cess Tax on Goods Transport		0.26	0.20
Watch & Ward Expense		1.19	1.12
		<u>255.32</u>	<u>207.15</u>
SELLING AND DISTRIBUTION EXPENSES	18		
Advertisement, Sales Promotion and discount		40.37	41.57
Packing and Forwarding		56.54	57.98
Sales Commission and Discount		37.00	37.02
		<u>133.91</u>	<u>136.57</u>
FINANCE EXPENSES	19		
Interest		422.65	301.78
Interest on Institutional Loans		90.56	26.41
		<u>513.21</u>	<u>328.19</u>



SCHEDULE 20

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2009

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 specified 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 2009.

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.24,16,983/- (Total written off up to 31.03.2009 is Rs.96,68,003/-)

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	33,04,936	11,13,936
(ii) Guarantee executed in favor of Export Parties.	7,41,500	3,81,410
(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	NIL
(v) Guarantee given to a Corporate	56,19,34,000	56,19,34,000



Mangalam Drugs & Organics Limited

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	1,12,360
(ii) For Tax Audit *	55,150	56,180
(iii) For Vat Audit	16,545	16,854
(iv) For Certification & others.	78,151	28,082

* Inclusive of service Tax

4. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

PARTICULARS	CURRENT YEAR Amount in Rs	PREVIOUS YEAR Amount in Rs.
(i) Raw Materials	1058.21	1532.58
(ii) Commission on Exports	16.46	8.20
(iii) Travelling Expenses	5.02	6.07
(iv) Interest on foreign currency loan (FCNRB)	17.78	47.80
(v) Earning in foreign currency on export of goods on CIF basis (Including deemed exports)	1047.35	816.00

5. CONSUMPTION OF RAW MATERIAL

PARTICULARS	%	VALUE (Rs. in Lakhs)
(i) Imported	14	1037.76
	(19)	(1429.46)
(ii) Indigenous	86	6190.21
	(81)	(5957.76)



6. RAW MATERIAL CONSUMED
(As Certified by Management)

SI.No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		Qty (Tons)	Value (Lacs)	Qty (Tons)	Value (Lacs)
A	IMPORTED RAW MATERIAL				
1.	O.N.C.B.	0.00	0.00	20.00	18.93
2.	E.M.M.E	71.54	169.44	203.70	342.18
3.	Methane Sulphonyl Chloride	125.38	148.73	157.43	113.80
4.	Novaldamine	24.08	156.06	93.56	431.93
5.	Phenyl Ethyl Alcohol	0.00	0.00	79.40	163.86
6.	Phosphorus Oxychloride	18.00	35.69	0.00	0.00
7.	Hydroxy Novaldamine	2.17	57.16	0.00	0.00
8.	Meta Amino Acetanile	7.24	18.15	0.00	0.00
9.	M.N.C.B	153.40	193.40	387.72	358.76
10.	Artemisinin	2.20	226.62	0.00	0.00
11.	Flourence	10.00	22.95	0.00	0.00
12.	4-chloro benzaldehyde	4.00	9.56	0.00	0.00
	Total (A)		1037.76		1429.46
	INDIGENOUS RAW-MATERIAL				
1.	Acrylonitrile	5.19	7.33	0.24	0.27
2.	Acetic Anhydride	8.21	7.70	10.21	7.17
3.	PEME	2.00	7.05	12.00	39.67
4.	Aniline	0.00	0.00	0.21	0.11
5.	Caustic Soda Lye	222.84	66.73	349.53	78.89
6.	Artesunate	0.02	1.77	0.26	30.06
7.	Ethylene Oxide	11.20	9.80	12.97	11.26
8.	Liquid Chlorine	116.50	11.77	50.80	3.48
9.	Methane Sulphonyl Chloride	0.41	6.15	0.00	0.00
10.	Methanol	296.95	67.52	3151.49	824.25
11.	Meta Amino Acetanile	0.00	0.00	2.20	4.33
12.	Nitro Benzene	150.79	101.90	77.05	42.47
13.	Nahs	136.61	85.60	261.83	77.78
14.	Phosphorus Oxichloride	24.07	32.78	117.79	53.58
15.	Phosphoric Acid	42.73	34.67	160.31	60.01
16.	Phenol	102.22	85.22	109.62	107.78
17.	Toludene	150.49	92.76	1830.73	969.94
18.	Orthonitro chloro benzene	146.54	155.05	0.00	0.00
19.	Phenyl ethyl alcohol	7.15	25.01	0.00	0.00
20.	Methylene dichloride	63.18	20.28	0.00	0.00
21.	Others		5371.12		3646.71
	Total (B)		6190.21		5957.76
	Raw Material Consumed (A+B)		7227.97		7387.22



Mangalam Drugs & Organics Limited

7. CAPACITIES, PRODUCTION AND SALES

(As Certified by Management)

Description of products	Licensed Capacity	Installed Capacity(Tons)	Production (Tons)
Basic Drugs / Bulk Drugs	N.A. (N.A.)	1260 (1260)	430.82 (588.48)
Dyes & Intermediates	N.A. (N.A.)	750 (750)	203.12 (570.55)
Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	N.A. (N.A.)	350 (350)	5.25 (95.35)
Meta Chloro Aniline & Allied Products	N.A. (N.A.)	350 (350)	174.65 (333.13)

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	112.16 (83.37)	680.60 (445.90)	484.95 (559.69)	7168.96 (6120.00)	58.03 (112.16)	679.91 (680.60)
2. Dyes, Chemicals, Intermediates & Allied Products	59.89 (40.78)	109.35 (78.25)	234.77 (551.44)	2617.33 (2586.37)	28.24 (59.89)	92.49 (109.35)
3. Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	11.22 (2.56)	37.15 (8.38)	16.18 (86.69)	60.18 (310.49)	0.29 (11.22)	0.93 (37.15)
4. Meta Chloro Aniline & Oranger Crystal & allied product	4.38 (26.92)	8.93 (59.01)	171.70 (243.00)	393.83 (483.04)	7.33 (4.38)	15.66 (8.93)

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 entire fixed assets of the company..
- ii) Working Capital Facilities from State Bank of India and IDBI 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 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/- p.m. if employed for the part of the period) is NIL.

13. Secured Loans include Rs. 2,87,24,948/- 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, 2009. 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	7168.96	3071.34	10240.30
	Total segment	7168.96	3071.34	10240.30
	Export Benefits	-	26.51	26.51
b)	Segment Results	782.49	541.69	1324.18
	Unallocated Corporate Expenses			(413.40)
	Finance Expenses			(513.21)
	Other Income			
	Depreciation			(258.41)
	Profit Before Tax			149.84

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.)	9192.95	1047.35	10240.30

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	-	7.00	-	7.00
- Sitting Fees	-	0.38	-	0.38



Mangalam Drugs & Organics Limited

17. Earning per Share (EPS) :-

Particulars	Current Year	Previous Year
A. Net Profit after Tax (before Deferred Tax) (Rs. In lacs)	126.84	85.77
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.)	0.96	0.65
D. Nominal Value per Equity Share (in Rs.)	10.00	10.00
E. Book Value Per Share (in Rs.)	25.65	24.82

18. The Deferred Tax Liability relating to Timing different 530.09 488.58

19. Employee Benefits:-

Defined benefit plan as per actuarial valuation on March 31, 2009

I.	Expense recognized in the statement of Profit & Loss for the year ended March 31,2009	Gratuity
1	Current Service Cost	544,010.00
2	interest Cost	297,125.00
3	Expected return on plan assets	(221,736.00)
4	Net Acturial gain/loss recognized in the year	(277,859.00)
5	Expenses Recognized in statement of P & L	341,540.00
II	Net Asset/(Libility) recognised in the Balance Sheet as at March 31,2009	
1	Present value of obligations as at the end of year	3,936,791.00
2	Fair value of plan assets as at the end of the year	2,711,761.00
3	Funded status	(1,225,030.00)
4	Net asset/liability recognized in balance sheet	1,225,030.00
III	Change in obligation during the year ended March 31,2009	
1	Present value of obilgation as at beginning of year	3,714,059.00
2	interest Cost	297,125.00
3	Current Service Cost	544,010.00
4	Benefits paid	(340,544.00)
5	Actuarial gain /loss on obligations	(277,859.00)
6	Present value of obilgation as at end of year	3,936,791.00
IV	Change in assets during the year ended March 31,2009	
1	Fair value of plan assets at beginning of year	2,492,817.00
2	Expected return on plan assets	221,736.00
3	Contributions	337,752.00
4	Benefits paid	(340,544.00)
5	Actuarial gain /loss on Plan Assets	-
6	Fair value of plan assets at the end of year	2,711,761.00
V	The major categories of plan assets as a percentage of total plan	
	Qualifying Insurance Policy	100%
VI	Actuarial Assumptions	
1	Discount Rate	8.00% p.a.
2	Salary Escalation	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 : 18.06.2009

Govardhan M. Dhoot

Chairman

Subhash C.Khattar

Director



21. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	2008/2009 (Rs. In Lacs)	2007/2008 (Rs. In Lacs)
A. Cash Flow from Operating Activities		
'Net Profit before Tax	149.84	101.79
Adjustment for :		
'Depreciation	258.41	230.02
Preliminary Expenses Writtenoff	24.17	24.17
'Loss on sales of Fixed Assets	-	0.43
Profit/Loss on sales of Investments	-	(9.67)
'Dividend Income	(0.06)	(0.05)
'Interest Expenses	513.21	328.19
'Operating Profit before Working Capital changes	945.57	674.88
Adjustment for :		
'Trade & Other receivables	(363.14)	649.45
'Inventories	(41.80)	(416.48)
'Trade Payble	272.82	(146.78)
'Cash generated from Operation	813.45	761.07
Less :		
'Taxes Paid	(36.43)	(79.75)
Net Cash from Operating Activities	777.02	681.32
B. Cash Flow from Investing Activities		
'Purchase of Fixed Assets / Capital Expenditure	(1,059.47)	(355.44)
'Sale of fixed Assets	-	0.96
'Purchase/ Sale of Investments	-	34.16
'Profit on Sale of Investment	-	9.67
'Dividend received	0.06	0.05
'Net Cash from Investing Activities	(1059.41)	(310.60)
C. Cash Flow from Financing Activities		
'Repayment of Long Term Loan	561.32	(19.49)
'Short Term borrowings	211.45	21.80
'Dividend Paid	-	-
'Interest Expenses	(513.21)	(328.19)
'Net Cash from Financing Activities	259.56	(325.88)
Net decrease in cash & cash Equivalents (A+B+C)	(22.83)	44.84
Opening Balance of Cash & Cash Equivalents	93.02	48.18
Closing Balance of Cash & Cash Equivalents	70.19	93.02

(CA Rakesh K. Milwani)

Proprietor : Milwani Associates

Chartered Accountants

Membership No.36099

Place : Mumbai

Dated : 18.06.2009

Govardhan M. Dhoot

Chairman

Subhash C.Khattar

Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS :-

Registration No. (CIN) :

Balance Sheet Date : STATE CODE :

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

Public Issue Right Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

SOURCES OF FUNDS :

Paidup Capital Reserves and Surplus

Secured Loan Unsecured Loan

APPLICATION OF FUNDS :

Net Fixed Assets Investment

Net Current Assets Misc. Expenditure

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

Turnover & Other Income Total Expenditure

Profit Before Tax Profit After Tax

Earning per Share Dividend Rate

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

Item Code No. :

(ITC Code)

Product Description :

Item Code No. :

(ITC Code)

Product Description :

Item Code No. :

(ITC Code)

Product Description :

Govardhan M. Dhoot
Chairman

Subhash C.Khattar
Director

Place : Mumbai
Dated : 18.06.2009



MANGALAM DRUGS & ORGANICS LIMITED

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

ATTENDANCE SLIP

36th 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 SHAREHOLDERS

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

I hereby record my presence at the 36th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Tuesday, 29th September 2009 at 3.00 p.m.

SIGNATURE OF THE SHAREHOLDERS/PROXY * _____

* Strike out whichever is not applicable



MANGALAM DRUGS & ORGANICS LIMITED

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

PROXY FORM

36th Annual General Meeting

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

I/We, _____ of

_____ being a member / members of **MANGALAN 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 36TH ANNUAL GENERAL MEETING of the Company to

be held at the Registered Office on Tuesday, 29th September 2009 at 3.00 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2009.

Affix Revenue Stamp

NOTES : The Proxy Form to be effective must reach the Registered Office of the Company not less than 48 hours before the time for holding the Annual General Meeting.

The Proxy need not be a member of the Company.

BOOK-POST

If undelivered, please return to :

LINK INTIME INDIA PVT. LTD.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078

**MANGALAM DRUGS
AND
ORGANICS LIMITED**
(AN ISO - 9001 & WHO - GMP COMPANY)



**36TH
ANNUAL REPORT
2008-2009**

(Second - Cover)

FINANCIAL HIGHLIGHTS

(Figure in Lacs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09
Sales & Other Sales Income	6431.40	6853.45	7736.90	8075.33	9046.35	10432.37	8905.38	9544.84	10277.49
Profit before Interest & Depreciation	408.66	495.25	507.77	541.56	598.00	707.68	567.40	660.00	921.46
Interest	157.23	224.43	224.45	192.42	161.82	234.22	282.59	328.19	513.21
Depreciation	85.83	90.25	92.92	93.79	122.94	158.23	206.25	230.02	258.41
Profit Before Tax	165.60	180.57	190.40	255.35	313.24	315.23	78.56	101.79	149.84
Profit After Tax	147.46	136.34	199.83	190.20	274.80	269.08	66.35	85.77	126.84
Dividend (%)	10	5	3	1	2	2	-	-	-
Payout	11.13	5.57	5.57	6.68	26.36	26.36	-	-	-
Equity Capital	111.30	111.30	222.60	667.80	667.80	1317.82	1317.82	1317.82	1317.82
Reserves & Surplus	1159.87	1287.88	1308.69	1066.95	1315.39	2338.15	2404.50	2490.27	2617.11
Net Worth	1271.17	1399.18	1531.29	1531.30	1983.19	3655.97	3722.32	3808.09	3934.93
Borrowings:									
Long Term Loans	419.69	741.52	669.53	635.23	873.99	575.62	378.64	361.97	925.59
Short Term - Bank	1239.12	908.56	1426.09	1318.52	1424.06	1470.29	1906.41	1911.62	2031.75
Short Term - Others	672.59	309.14	365.34	564.49	720.61	475.84	585.13	598.89	687.91
Total Borrowings	2331.40	1959.22	2460.96	2518.24	3018.66	2521.75	2870.18	2872.48	3645.25
Gross Block	1906.89	1963.85	2070.08	2533.21	3373.03	4243.33	4689.27	5041.85	6101.32
Less : Depreciation	522.57	610.75	697.78	780.70	903.63	1060.72	1259.97	1488.52	1746.93
Net Block (Fixed Assets)	1384.32	1353.10	1372.30	1752.51	2469.40	3182.61	3429.30	3553.33	4354.39
Investments	19.01	19.27	29.76	18.92	18.95	264.79	48.05	13.89	13.89
Current Assets, Loans & Advances	3191.98	2467.52	3182.61	3017.53	3300.42	3783.81	4274.89	4150.48	4546.02
Less : Current Liabilities	992.74	481.49	592.42	535.98	804.93	1150.16	1232.25	1085.47	1358.29
Net Working Capital	2199.24	1986.03	2590.19	2481.55	2495.49	2633.65	3042.64	3065.01	3187.73
Book Value (Rs) per share	114.21	125.71	68.79	25.98	29.70	27.74	24.76	25.19	25.65
Earnings (Rs) per share	13.25	12.25	6.06	2.85	4.11	2.04	0.50	0.65	0.96
Nominal value per share	10	10	10	10	10	10	10	10	10
Bonus Shares (Ratio)	-	-	1:1	2:1	-	-	-	-	-

