



40th Annual Report 2012 - 2013

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

FINANCIAL HIGHLIGHTS

(Figure in Lacs)

PARTICULARS	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13
Sales & Other Sales Income	9046.35	10432.37	8905.38	9544.84	10277.49	11275.82	12797.96	15413.59	12683.14
Profit before Interest & Depreciation	598.00	707.68	567.40	660.00	921.46	1089.61	1313.62	1503.86	(283.71)
Interest	161.82	234.22	282.59	328.19	513.21	572.19	685.93	1016.43	1002.24
Depreciation	122.94	158.23	206.25	230.02	258.41	297.12	327.30	373.64	393.97
Profit Before Tax	313.24	315.23	78.56	101.79	149.84	220.30	300.39	113.79	(1679.92)
Profit After Tax	274.80	269.08	66.35	85.77	126.84	182.30	242.39	63.36	(1179.94)
Dividend (%)	2	2	-	-	-	-	-	-	-
Payout	26.36	26.36	-	-	-	-	-	-	-
Equity Capital	667.80	1317.82	1317.82	1317.82	1317.82	1317.82	1317.82	1317.82	1317.82
Reserves & Surplus	1315.39	2338.15	2404.50	2490.27	2617.11	2799.41	2424.98	2488.33	1308.39
Net Worth	1983.19	3655.97	3655.97	3808.09	3934.93	4117.23	3742.80	3806.15	2626.21
Borrowings:									
Long Term Loans	873.99	575.62	378.64	361.97	925.59	852.35	1233.66	1531.26	3012.19
Short Term - Bank	1424.06	1470.29	1906.41	1911.62	2031.75	2288.67	2683.65	3265.11	2791.27
Short Term - Others	720.61	475.84	585.13	598.89	687.91	881.86	1208.80	1279.64	1474.98
Total Borrowings	3018.66	2521.75	2870.18	2872.48	3645.25	4022.88	5126.11	6076.01	7278.44
Gross Block	3373.03	4243.33	4689.27	5041.85	6101.32	6682.90	7790.55	8407.70	8612.94
Less : Depreciation	903.63	1060.72	1259.97	1488.52	1746.93	2030.48	2343.96	2708.93	3099.58
Net Block (Fixed Assets)	2469.40	3182.61	3429.30	3553.33	4354.39	4652.42	5446.59	5698.77	5513.36
Investments	18.95	264.79	48.05	13.89	13.89	14.40	14.40	14.44	18.44
Current Assets, Loans & Advances	3300.42	3783.81	4274.89	4150.48	4546.02	4902.01	5864.18	6481.32	5945.94
Less : Current Liabilities	804.93	1150.16	1232.25	1085.47	1358.29	1428.72	1839.44	1648.46	1412.68
Net Working Capital	2495.49	2633.65	3042.64	3065.01	3187.73	3473.29	4024.74	4832.86	4533.26
Book Value (Rs) per share	29.70	27.74	24.76	25.19	25.65	26.82	28.40	28.88	19.93
Earnings (Rs) per share	4.11	2.04	0.50	0.65	0.96	1.38	1.58	0.48	(8.95)
Nominal value per share	10	10	10	10	10	10	10	10	10

Mangalam Drugs and Organics Limited
(A PUBLIC COMPANY)



BOARD OF DIRECTORS

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

REGISTERED OFFICE

292, PRINCESS STREET
 2ND FLOOR, NEAR FLYOVER,
 MARINE LINES, MUMBAI-400002

WORKS

VAPI – UNIT 1

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

VAPI – UNIT 2

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

AUDITORS

M/S. MILWANI ASSOCIATES
 CHARTERED ACCOUNTANTS
 BAGARIA HOUSE, 1ST FLOOR
 KOLBHAT LANE, MUMBAI-400002

BANKERS

STATE BANK OF INDIA
 IDBI BANK LTD.
 PUNJAB AND MAHARASHTRA CO-OP. BANK LTD.

CONTENTS

Board of Directors	1
Notice	2
Directors' Report	4
Report on Corporate Governance	10
Management Discussion & Analysis	17
Auditors' Report	19
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Notes	25



NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the Members of **Mangalam Drugs & Organics Limited** will be held at the Registered office of the Company at 292, Princess Street, 2nd Floor, Near Fly over, Marine Lines, Mumbai – 400 002 on Thursday, 26th September 2013 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss Account for the year ended as on that date and the Reports of the Board of Directors' and the Auditors' of the Company.
2. To appoint a Director in place of Mr. Rajendra Prasad Mimani, who retires from office by rotation and being eligible, offers him for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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 Annual Report of the Company for the year 2012-2013 is also uploaded on the Company's website www.mangalamdrugs.com in the "Investor Relations" Section.
7. Members holding shares in electronic form are requested to intimate any change in their address, E-mail ID and signature to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to intimate such changes to the Registrar and Share Transfer Agents of the Company viz. M/s. Link Intime India Private Limited.
8. As per Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities And Exchange Board of India (SEBI), it is mandatory to quote Permanent Account Number (PAN) for participating in the securities market. Therefore, Members holding shares in dematerialised form are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Registrar and Share Transfer Agents of the Company viz. Link Intime India Private Limited.
9. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September 2013 to 26th September 2013 (both days inclusive) for the purpose of Annual General Meeting.
10. **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.
11. Members who have not yet encashed their dividend warrant(s) for the financial year 2005-06 are requested to make their claim by writing to the Company's Share Transfer Agents, M/s. Link Intime India Private Limited. It may be noted that the unclaimed dividend for the financial year 2005-06 declared on 30th September 2006 can be claimed by the shareholders



by 29th September 2013. Any such amounts of dividend remaining unclaimed for a period of seven years from the date they become due for payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Kindly note that no claim shall lie against the Company or the IEPF in respect of the amounts which were unclaimed and unpaid for a period of seven years for the date that they first become due for payment and no payment shall be made in respect of any such claims.

The Company has transferred unclaimed application money due for refund of public issue made in the year 2005 and unclaimed dividend for the financial year 2004-05 declared on 10th September 2005 to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

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

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

13. Members/Proxies should bring the admission slip duly filled in for attending the meeting.
14. 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. and also update the e-mail address as and when there is any change.

BY ORDER OF THE BOARD OF DIRECTORS

Place: Mumbai
Dated: 23rd May 2013

GOVARDHAN M. DHOOT
CHAIRMAN

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

**DIRECTORS' REPORT**

To,

The Members of
MANGALAM DRUGS & ORGANICS LIMITEDThe Directors have pleasure in presenting the Fortieth Annual Report and Audited Accounts for the accounting year ended 31st March 2013.**1. FINANCIAL RESULTS:****(Rs. in Lacs)**

	2012-2013	2011-2012
Revenue from operations	12525.87	15318.19
Other Income	157.27	95.40
Profit before Finance Expenses, Depreciation & Amortizations	(283.71)	1503.85
Less: Depreciation & Amortizations	393.97	373.64
Finance Expenses	1002.24	1016.43
Profit / (Loss) before tax	(1679.92)	113.78
Provision for Current Tax	-	22.00
Provision for Deferred Tax	(499.98)	28.42
Profit / (Loss) after tax	(1179.94)	63.36
Balance b/f. from previous year	629.25	565.89
Balance carried to Balance Sheet	(550.69)	629.25

2. DIVIDEND:

In view of the loss incurred during the financial year ended March 31, 2013, no amount is transferred to the General Reserve and the directors do not recommend any dividend on equity shares for the year ended March 31, 2013. (Previous Year: Rs. Nil)

3. REVIEW OF PERFORMANCE:

During the year under review, the Company earned a total income of Rs. 12683.14 lacs as compared to Rs. 15413.59 lacs made in the previous year, a decrease of 17.71%. The reason for decrease was mainly due to Company being a pharma industry had witnessed slowdown in Global Fund Financing and this lead to slowdown in orders to companies customers which resulted them in putting on hold orders they had placed with the company. On the other hand due to weak global scenario. Chinese companies started dumping their products at cheap prices to reduce their inventory levels and due to this our company was also forced to reduce its prices and this had an impact on the profitability of the company; vice versa during the year the company had also been affected due to severe forex fluctuation whereby Rupee had depreciated by more than 20% vis-a-vis US Dollar. All the above factors have put tremendous pressure on the profitability of the Company due to which the company made a loss of Rs. 1179.94 lacs after tax as compared to profit after tax of Rs. 63.36 lacs made in the previous year. During the year under review the company has been sanctioned restructuring of debt by consortium of banks resulting in moratorium of repayments of term loan; the liability of repayment commences from June 2014. Hence there is no repayment of term loan for the financial year 2012-13 and 2013-14 respectively.

4. EXPORTS:

The Company has achieved exports sales of Rs. 6,402.25 lacs as against export sales of Rs. 1,037.44 lacs made in the previous year. Constant efforts are being made to boost exports.

5. FUTURE OUTLOOK:

In keeping with the innovative tradition of previous years, your company remains committed to continuously populate it's development pipeline with a new molecule every quarter. During the year under review, the company has developed anti-AIDS API's which have a bright future and a huge potential demand. The company is in the process of preparing the drug master file for getting approval of WHO for the same; similarly three more bulk drugs namely Lamivudine, Efavirenz and Nevirapine are under development at R&D. The CSIR recognition to the R&D had already placed our research activity on the national map. Our business partners have appreciated our efforts by sourcing their requirements of speciality molecules like impurity and metabolites from our R&D team. In devising most economical & ingenious routes toward manufacture of our volume products has been strength of our bench scientists, the regulatory department has been held in respect as a 'serial DMF filer'. It is the robust regulatory strategy & continuous cost minimization which has helped your company to grow steadily inspite of the trying market conditions of last two years.



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 has 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 25 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 companys pilot plant facility.

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 public deposit and as such, no amount on account of principal or interest on public deposit was outstanding as on date of the balance sheet.

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

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'I' forming part of this Report.

9. PARTICULARS OF EMPLOYEES:

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

10. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajendra Prasad Mimani retires by rotation and being eligible, offer himself for re-appointment

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 2013 the applicable accounting standards has 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 losses 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 have 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 forthcoming Annual General Meeting and are eligible for reappointment. Members are requested to appoint Auditors and to fix their remuneration.



13. COST AUDITORS :

Pursuant to the direction of the Central Government that the cost accounts maintained by the Company be audited by a Cost Auditor, the Company has appointed Mr. Girish Krishna S. Maniar, Cost Accountants, for conducting the cost audit for the Bulk Drugs business of the Company for the financial year ending March 31, 2013. For the year 2010-2011 and 2011-2012, the Cost Auditor has duly filed the Cost Audit Report. Pursuant to the provisions of section 233B of the Companies Act, 1956, necessary application has been submitted to the Ministry of Corporate Affairs, for the appointment of Mr. Ankit Kishore Chande as Cost Auditors to audit the cost accounts maintained by the Company in respect of Bulk Drugs for the year ending March 31, 2014.

14. 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.

15. 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.

16. INDUSTRIAL RELATIONS:

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

17. 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 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 : 23rd May, 2013

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
1. Electricity		
(a) Purchased Units (KWH)	45,91,252	55,47,588
Total Amount (Rs.)	2,92,20,414	3,22,64,648
Cost per unit (Rs.)	6.36	5.82
(b) Own generation		
(i) Through diesel generator (KWH)	55,028	85,563
Unit per-ltr. of diesel oil	5.80	5.80
Cost per unit (Rs.)	31.65	30.15
(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. Others/internal generation		
Quantity	13,29,793	16,76,970
Total cost	4,78,23,546	3,78,02,785
Rate/unit	35.96	22.54



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 programme.
- (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 Anagrammatic approach for screening against resistant malarial parasite strains.

d. Expenditure on R&D

(Rs. In lacs)

Particulars	Current year	Previous year
Capital	0.13	34.71
Recurring	93.42	106.91
Total	93.55	141.62

R & D expenditure was 0.74% of total revenue, as against 0.92% in the previous year.

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 to 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:

Particulars	(Rs. in lakh)	
	Current year	Previous year
Foreign Exchange Earnings	6402.25	1037.44
Foreign Exchange Outgo		
(i) Raw material	5242.05	4194.60
(ii) Commission	19.04	10.42
(iii) Travelling Expenses	3.08	7.30
Total	5264.17	4212.32

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Dated : 23rd May, 2013

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	1	13	Yes
Mr. Subhash C. Khattar	Non-Executive & Independent	1	1	13	Yes
Mr. Rajendraprasad K. Mimani	Non-Executive & Independent	4	2	5	No

There were 13 (thirteen) Board meetings held during the year-ended 31.03.2013. These were on 17th April 2012, 19th May 2012, 23rd May 2012, 4th June 2012, 23rd July 2012, 13th August 2012, 20th October 2012, 22nd October 2012, 8th November 2012, 10th December 2012, 8th January 2013, 12th February 2013 and 19th March 2013. The last Annual General Meeting (AGM) was held on 27th September 2012.

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	5
Mr. Rajendraprasad K. Mimani	Non-Executive & Independent	Industrialist	5
Mr. Govardhan M. Dhoot	Executive	Industrialist	5

During the year-ended 31.03.2013, five Audit Committee meetings were held. These were held on 19th May 2012, 23rd July 2012, 13th August 2012, 8th November 2012 and 12th February 2013.

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	30000	Nil
Mr. Rajendraprasad K. Mimani	10000	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 2012-2013 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
2010	Thursday	30-09-2010	3.00 p.m.	292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai - 400 002	Nil
2011	Thursday	29-09-2011	3.00 p.m.	C/o. IMP Powers Limited, 35C, Popular Press Building, 2nd Floor, Pt. M.M. Malviya Road, Tardeo, Mumbai- 400 034	Nil
2012	Thursday	27-09-2012	11.00 a.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.

Details of unclaimed shares in terms of clause 5A of the Listing Agreement:

In terms of clause 5A of Listing Agreement, the Company shall credit the shares allotted pursuant to the Initial Public Offer (IPO) of the Company in the year 2005, which are unclaimed and are lying in escrow account to a demat suspense account, and the details thereof as required to be disclosed in the Annual Report are given below:



Mangalam Drugs & Organics Limited

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding Shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2012.	17	3714
Number of shareholders who approached to the Issuer, Registrar for transfer of shares from suspense account during the Financial Year 2012-13.	0	0
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2012-13.	0	0
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2013.	17	3714

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, or Management have been made in the Balance Sheet in Notes to Accounts at Note No. 35
(ii)	Non-compliance by the company, penalties, and 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) and 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) 40th Annual General Meeting – Day, Date, Time and Venue:

Day	Date	Time	Venue
Thursday	26 th September, 2013	11.00 a.m.	292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai – 400 002

(b) Financial Calendar (tentative):

Financial Year	1 st April to 31 st March
Adoption of Quarterly Results for the quarter ending:	
June, 2013	1 st / 2 nd week of August, 2013
September, 2013	1 st / 2 nd week of November 2013
December, 2014	1 st / 2 nd week of February 2014
March, 2014	Last week of May, 2014
Dates of Book Closure (Both days inclusive):	19 th September 2013 to 26 th September 2013 (Both days inclusive)
Dividend Payment Date:	Not Applicable

**(c) Listing on Stock Exchanges:**

The Bombay Stock Exchange Limited (BSE), Mumbai : Stock Code: 532637
 The National Stock Exchange of India Ltd. (NSE) : Symbol: "MANGALAM"
 The Company has paid the annual listing fees to each of the said exchanges.

(d) Market Price Data:

Month	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	High (Rs.)	Low (Rs.)	Monthly Volume (no. of shares)	High (Rs.)	Low (Rs.)	Monthly Volume (no. of shares)
April 2012	11.80	9.80	85500	11.90	9.60	29157
May 2012	10.25	8.20	42570	10.20	8.00	44253
June 2012	9.33	6.55	84047	9.55	6.35	47751
July 2012	9.30	6.95	76310	8.95	7.20	47300
August 2012	9.49	7.02	38359	10.25	6.80	34932
September 2012	9.35	6.87	36240	9.35	6.70	71493
October 2012	9.20	6.55	24632	8.55	7.25	56454
November 2012	10.70	7.10	66404	10.25	6.65	465749
December 2012	8.96	7.20	28259	8.60	7.40	26855
January 2013	8.74	7.41	21219	8.65	7.45	41639
February 2013	8.10	6.51	14069	8.20	6.30	14613
March 2013	6.97	5.44	11494	7.00	5.90	146253

(e) Registrar & Transfer Agents:

M/s. Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West), Mumbai – 400 078
 Telephone No. 022 – 25963838 Fax No. 022 – 2596 6969

(f) Share Transfer System:

The shares of the Company are permitted for trading in dematerialization 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 2013.

(g) Shareholding Pattern as on 31st March, 2013:

SN	Category	No. of Shares held	%
A.	Promoters and Promoter Group		
1	Individual / Hindu Undivided Family	3154235	23.93
2	Bodies Corporate	2475560	18.79
	Total	5629795	42.72
B.	Non-Promoters Holding		
1	Institutional Investors	0	0
	Total	0	0
2	Others		
	a. Private Corporate Bodies	3001568	22.78
	b. Individuals	4429630	33.61
	c. NRIs / NRNs	79570	0.60
	d. Clearing Members	37685	0.28
	Total	7548453	57.28
	Sub-Total (1+2)	7548453	57.28
	GRAND TOTAL (A) + (B)	13178248	100.00

**Distribution of Shareholding as on 31st March 2013:**

No. of Shares			No. of Shareholders		No. of Shares	
From	-	To	Number	%	Number	% to total capital
1	-	500	4995	78.9100	1093364	8.2967
501	-	1000	665	10.5055	568491	4.3139
1001	-	2000	322	5.0869	506292	3.8419
2001	-	3000	94	1.4850	241201	1.8303
3001	-	4000	53	0.8373	194227	1.4738
4001	-	5000	53	0.8373	254766	1.9332
5001	-	10000	67	1.0585	486106	3.6887
10001 and above			81	1.2796	9833801	74.6215
TOTAL			6330	100.00	13178248	100.00

10. Plant locations

:

Unit No. 1 & 2

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

Phase III, GIDC, Vapi,

Dist. Valsad, Gujarat 396 195.

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

11. Address for Correspondence:

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

M/s. Link Intime India Private Limited

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



DECLARATION

To

The Members of
MANGALAM DRUGS & ORGANICS LIMITED

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, 2013.

For **MANGALAM DRUGS AND ORGANICS LIMITED**

Place : Mumbai
Dated : 23rd May, 2013

GOVARDHAN M. DHOOT
CHIEF EXECUTIVE OFFICER

Registered Office:

292, Princess Street, Marine Lines, Mumbai 400 002.

CHIEF EXECUTIVE OFFICER CERTIFICATION

I hereby certify that:

- (i) I had reviewed financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of my 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) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (iii) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I had evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I had disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal Controls, if any, of which I was aware and the steps I had taken or propose to take to rectify these deficiencies.
- (iv) I had indicated to the Auditors and the Audit Committee:
 - (a) There has not been any significant change in internal control over financial reporting during the year under reference.
 - (b) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
 - (c) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **MANGALAM DRUGS AND ORGANICS LIMITED**

Place : Mumbai
Dated : 23rd May, 2013

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 Limited

We have examined the compliance of conditions of Corporate Governance by Mangalam Drugs & Organics Limited, for the year ended on 31st March 2013, 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 Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountant of India and 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. 036099
Firm Registration No. 106405W

Place : Mumbai
Date : 23rd May 2013



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:

The side effects of recession, increase in inflation economic slowdown altogether have had a mixed effect on the overall industry. Indian markets impetus continue to grow amid of all the challenges and crisis and nothing has stopped this surge. The Pharmaceutical market continue to evolve at a rapid pace and is considered to be one of the fastest growing amongst the global market.

Opportunities:

The company has to face certain threats due to cut throat competition but company always focuses on its strengths and opportunities.

1. Strong & Vibrant Market
2. Vigorous Research & Development Teams
3. Healthy pipeline of Products with a balanced mix of near-term long term potential for regulatory approvals in highly Regulated markets.

Threats Risk and Concerns:

1. Seasonal Fluctuations
2. Low Pricing by the competitors
3. Volatile foreign exchange market on account of depreciating rupee.
4. High cost of production due to increase in raw-material and energy cost.

Financial & Operational Performance:

During the year under review. The operating income of the company has decreased by 17.71% from Rs. 15413.59 Lacs for 2011-12 to Rs. 12683.14 Lacs in 2012-13. The company has incurred loss of Rs. 1179.94 Lacs after tax as compared to the profit after tax of Rs. 63.36 Lacs made in the Previous year. Over the last one year the Indian Rupee had depreciated considerably. On account of foreign exchange volatility your company has incurred foreign transaction loss to the tune of Rs. 89.20 Lacs. The company has been sanctioned restructuring of debt by consortium of banks resulting in moratorium of repayment of term loan. The Liability of repayment commences from June 2014. Hence there is no repayment of term loan for the financial year 2012-13 & 2013-14 respectively.

Internal Control System Adequacy:

The Management continuously reviews the internal control systems and procedure leading to orderly and efficient conduct of its business. Internal audit is conducted throughout the year to monitor and report on the effectiveness of the internal controls in the organizations. The internal audit report are brought to the notice of the Audit Committee and corrective measures are recommended for implementation. Reports of the internal auditors are also continuously reviewed by the management and corrective actions are initiated to strengthen the controls and enhance the effectiveness of the existing systems.

Human Resources Development & Research Activities:

Human Resource Management is the management of an organizations human resources. It is responsible for the attraction, selection, training, assessment and rewarding of employees, while also overseeing organizational leadership and culture and ensuring compliance with employment and labour laws.



The progress of the company is highly dependent upon satisfaction of human resources. The management believes that happiness and satisfaction of human resources is the ultimate responsibility of the company. The company work force comprises of around 550 employees. A cordial industrial relation environment prevailed in the company during the year.

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of MANGALAM DRUGS & ORGANICS LIMITED ("the Company"), which comprise the Balance sheet as at 31st March, 2013, the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give true & fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section(3C) of section 211 of the Company's Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date, and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

(CA. RAKESH K. MILWANI)
 PROPRIETOR: MILWANI ASSOCIATES

Place : Mumbai
 Date : 23rd May, 2013

Membership No. 36099
 Firm Registration No. 106405W



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

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

Nature of Dues		Amount (Rs. In Lacs)	Forum where dispute is Pending
1)	Excise Duty & Service Tax		
a)	2009 - 10	5.00	CESTAT, Ahmedabad.
b)	2011 - 12	24.82	Commissioner (Appeals)-Daman
c)	2011 - 12	364.64	Commissioner Central Excise & service tax- Daman
	TOTAL	394.46	



Nature of Dues		Amount (Rs. In Lacs)	Forum where dispute is Pending
2)	Income Tax		
a)	2002 - 03	00.86	Income Tax Appellant Tribunal Mumbai
b)	2003 - 04	00.88	Income Tax Appellant Tribunal Mumbai
c)	2004 - 05	22.09	Income Tax Appellant Tribunal Mumbai
d)	2005 - 06	1.36	Commissioner of Income Tax Appeals-Mumbai
e)	2006 - 07	21.42	Commissioner of Income Tax Appeals- Mumbai
	TOTAL	46.61	

N.B.:- The above demands of Income tax have been shown as they existed without considering the appeal relief in some of the appeals which have been decided.

- x) The company does not have any accumulated losses at the end of the financial year however the company has incurred cash losses during the year. There was no cash losses 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 there are no existing corporate guarantee given by the company 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) The Company has not raised any money by public issues during the year. Accordingly, the question of disclosure of end use of such monies does not arise.
- xxi) 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 : 23rd May, 2013

Membership No. 36099
Firm Registration No. 106405W



BALANCE SHEET AS ON 31ST MARCH, 2013

(Rs.In Lacs)

Particulars	Note No	As at 31 March, 2013	As at 31 March, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1,317.82	1,317.82
(b) Reserves and surplus	3	1,308.39	2,488.33
Sub Total - Shareholders Funds		2,626.21	3,806.15
2 Non-current liabilities			
(a) Long-term borrowings	4	4,423.53	2,195.64
(b) Deferred Tax Liabilities (Net)	5	145.27	645.25
Sub Total - Non - Current Liabilities		4,568.80	2,840.89
3 Current liabilities			
(a) Short-term borrowings	6	2,866.27	3,404.51
(b) Trade payables		1,069.77	1,268.44
(c) Other current liabilities	7	346.70	874.54
Sub Total - Current Liabilities		4,282.74	5,547.49
TOTAL		11,477.75	12,194.53
B ASSETS			
1 Non-current assets			
Fixed assets			
(i) Tangible assets	8	5,513.36	5,683.60
(ii) Capital work-in-progress		-	15.18
Long-term loans and advances	9	221.04	210.79
Sub Total -Non-Current Assets		5,734.40	5,909.57
2 Current assets			
(a) Current Investments	10	18.44	14.44
(b) Inventories	11	3,105.96	4,898.46
(c) Trade receivables	12	2,387.07	890.99
(d) Cash and cash equivalents	13	8.79	102.68
(e) Short-term loans and advances	14	223.09	378.39
Sub Total -Current Assets		5,743.35	6,284.96
TOTAL		11,477.75	12,194.53
Significant accounting policies	1		
The accompanying Notes 1 to 37 are an integral part of the financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

(CA Rakesh K. Milwani)
Proprietor Milwani Associates
 Chartered Accountants
 Membership No: 36099
 Firm Registration No: 106405W

Shri Govardhan M. Dhoot
 Chairman

Shri Subhash C. Khattar
 Director

Place : Mumbai
 Date : 23rd May, 2013



STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. In Lacs)

Particulars		Note No	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A	CONTINUING OPERATIONS			
1	Revenue from operations	15	12,870.09	15,723.25
	Less: Excise duty		344.22	405.06
	Revenue from operations		12,525.87	15,318.19
2	Other income	16	157.27	95.40
3	Total revenue (1+2)		12,683.14	15,413.59
4	Expenses			
	(a) Cost of materials consumed	17	8,104.06	12,435.09
	(b) Changes in inventories of finished goods, work in progress and stock in trade	18	2,005.28	(1,576.15)
	(c) Employee benefits expense	19	867.19	834.82
	(d) Finance costs	20	1,002.24	1,016.43
	(e) Depreciation	8	393.97	373.64
	(f) Other Expenses	21	1,990.32	2,215.98
	Total expenses		14,363.06	15,299.81
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(1,679.92)	113.78
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		(1,679.92)	113.78
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		(1,679.92)	113.78
10	Tax expense:			
	(a) Current tax		-	22.00
	(b) Deferred tax		(499.98)	28.42
	Total Tax Expenses		(499.98)	50.42
11	Profit / (Loss) for the year (9 + 10)		(1,179.94)	63.36
12	Earning Per equity share:			
	1) Basic	22	(8.95)	0.48
	2) Diluted		(8.95)	0.48
	Significant accounting Policies	1		
	The accompanying Notes 1 to 37 are an integral part of the financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

(CA Rakesh K. Milwani)
Proprietor Milwani Associates
 Chartered Accountants
 Membership No: 36099
 Firm Registration No: 106405W

Shri Govardhan M. Dhoot
 Chairman

Shri Subhash C. Khattar
 Director

Place : Mumbai
 Date : 23rd May, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs.In Lacs)

PARTICULARS	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A Cash Flow from Operating Activities		
Net Profit/(loss) before Tax	(1679.92)	113.78
Adjustment for :		
Depreciation	393.97	373.64
Profit on sales of Fixed Assets	(4.42)	(10.24)
Dividend Income	(2.64)	(1.79)
Interest Expenses	1,002.24	1,016.43
Operating Profit before Working Capital changes	(290.77)	1491.82
Adjustment for :		
Trade & Other receivables	(1,339.92)	1,031.47
Inventories	1,792.50	(1,571.40)
Trade Payable	(217.02)	(190.97)
Cash generated from Operation	(55.21)	760.92
Less :		
Taxes Paid	(10.62)	(55.80)
Net Cash from Operating Activities	(65.83)	705.12
B Cash Flow from Investing Activities		
Purchase of Fixed Assets / Capital Expenditure	(210.34)	(627.52)
Purchase of Shares	(4.00)	-
Sale of fixed Assets	6.20	1.67
Dividend received	2.64	1.79
Net Cash from Investing Activities	(205.50)	(624.06)
C Cash Flow from Financing Activities		
Long Term Borrowings	1,717.92	395.08
Short Term Borrowings	(538.24)	573.73
Interest Expenses	(1,002.24)	(1,016.43)
Net Cash from Financing Activities	177.44	(47.62)
Net decrease in cash & cash Equivalents (A+B+C)	(93.89)	33.44
Opening Balance of Cash & Cash Equivalents	102.68	69.24
Closing Balance of Cash & Cash Equivalents	8.79	102.68

In terms of our report attached.

For and on behalf of the Board of Directors

(CA Rakesh K. Milwani)
Proprietor Milwani Associates
 Chartered Accountants
 Membership No: 36099
 Firm Registration No: 106405W

Shri Govardhan M. Dhoot
 Chairman

Shri Subhash C. Khattar
 Director

Place : Mumbai
 Date : 23rd May, 2013



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 01. 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(3C) 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 & 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 realized 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 is 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, 2013.

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.



Mangalam Drugs & Organics Limited

Particulars Note No	As At 31-03-2013		As At 31-03-2012	
	In Numbers	In Lacs	In Numbers	In Lacs
2 SHARE CAPITAL				
a) Authorised (2,00,00,000 Equity Shares of Rs.10 Each) (31st March-2011 : 200,00,000/-Equity shares of Rs.10 each)	200,00,000	2,000.00	200,00,000	2,000.00
		2,000.00		2,000.00
b) ISSUED SUBSCRIBED AND PAID UP 1,31,78,248 Equity Shares of Rs.10/-each fully paid up (Previous Year 1,31,78,248/-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., 10,38000/-Equity shares for value Rs.10/- each were allotted to shareholders of such companies without payment being received in cash.				
2) During Financial year 2002-2003,11,13000/-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 2005-06, 65,00,248/- Equity shares of Rs.10/- each fully paid up were Alloted, by way of initial public offer, at a premium of Rs.12/- per share.				
		1317.82		1317.82

c) Terms / Right attached to equity shares

The Company has one class of issued shares referred to as equity shares having a par value Rs. 10/-each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors, If any, is subjected to the approval of shareholders in Annual General Meeting. In the event of liquidation of the Company the holder of the equity shares will be entitled to receive remaining assets of the Company after settlement of all preferential amount. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

d) Reconciliation of the number of Shares outstanding and the amount of Share Capital as at March 31, 2013.

Equity Shares (issued Capital)	As At 31-03-2013		As At 31-03-2012	
	In Numbers	In Lacs	In Numbers	In Lacs
Shares outstanding at the beginning of the year	13,178,248	1317.82	13,178,248	1317.82
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	13,178,248	1,317.82	13,178,248	1,317.82

e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Equity Shares	31/3/2013	31/3/2012	31/3/2011	31/3/2010	31/3/2009
Fully paid up pursuant to contract (S)	-	-	-	-	-
without payment being received in cash	-	-	-	-	-



f) Shareholders holding more than 5% shares in the Company is set out below:

Sr. No	Name of Shareholder	Equity Shares			
		As at 31 March 2013		As at 31 March 2012	
		No of Shares held	% of Holding	No of Shares held	% of Holding
1	Shree Kishoriju Trading and Investment Pvt. Ltd.	1144522	8.68	1144522	8.68
2	Shree Rashbihari Trading and Investment Pvt. Ltd.	1139518	8.65	1139518	8.65
3	IPCA Laboratories Ltd.	1633417	12.39	1633417	12.39

(Rs. In lacs)

Note No	RESERVES AND SURPLUS	As at 31-03-2013	As at 31-03-2012
3	A) GENERAL RESERVE :-		
	Balance as per last Balance Sheet	1,079.05	1,079.05
	Add:-Transfer During the Year	-	-
	Total Amount (A)	1,079.05	1,079.05
	B) SHARE PREMIUM :-		
	Balance as per last Balance Sheet	780.03	780.03
	Add:-Transfer During the Year	-	-
	Total Amount (B)	780.03	780.03
	C) PROFIT AND LOSS ACCOUNT :-		
	Balance as per Last Balance Sheet	629.25	565.88
	Add:- Profit for the year	(1,179.94)	63.37
	Total Amount (C)	(550.69)	629.25
	Total Amount (A+B+C)	1,308.39	2,488.33

(Rs. In lacs)

Note No	LONG TERM BORROWINGS	As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
4		Non-Current		Current (Refer Note 07)	
	Term Loans (Secured)				
	Rupee Term loans from Banks	3,012.19	1,040.52	-	490.74
	Motorcar Loan From ICICI Bank Ltd.	11.62	15.14	3.52	3.52
	From Others (Unsecured)	1,360.00	1,100.00	-	-
	Deferred Payment Liabilities:-				
	Deferred Sales tax loan (unsecured)	39.72	39.98	0.26	0.26
	Total Amount	4,423.53	2,195.64	3.78	494.52

Note :-

- (1) Term loan from State Bank of India, IDBI Bank and Punjab and Maharashtra Co.Op.Bank Ltd Bank are secured by way of;
- First Pari passu charge on entire fixed assets of the company.
 - Second Pari Passu Charge on entire current assets of the company.



Mangalam Drugs & Organics Limited

(Rs. In lacs)

Note No	DEFERRED TAX LIABILITY (NET)	As at 31-03-2013	As at 31-03-2012
5	Balance as per Last Balance Sheet	645.25	616.83
	Add:-Transfer during the year	(499.98)	28.42
	Total Amount	145.27	645.25

(Rs.In lacs)

Note No	SHORT TERM BORROWINGS	As at 31-03-2013	As at 31-03-2012
6	Secured		
	I) Loans Repayable on demand From Banks	2,791.27	3,264.43
	II) Other Short Terms Borrowing From Banks	-	0.68
	From Others Parties	75.00	139.40
	Total Amount	2,866.27	3,404.51

Note No.

- 1) Working Capital facilities from State Bank of India , IDBI Bank Ltd and Punjab and Maharashtra Co. Op. Bank Ltd is secured by
 - a) First Pari Passu charge on the entire current assets of the company.
 - b) Second Pari Passu charge on the entire fixed assets of the company.

(Rs. In lacs)

Note No	OTHER CURRENT LIABILITIES	As at 31-03-2013	As at 31-03-2012
7	a) Current maturities of long-term debt (refer note no.4" Longterm borrowing")	3.78	494.52
	b) Accrued salaries and benefit	104.50	100.91
	c) Interest accrued and due on borrowings	-	19.22
	d) Statutory dues	179.46	212.19
	e) Provision for expenses	58.96	47.70
	Total Amount	346.70	874.54



8) FIXED ASSETS

(Rs. In lacs)

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as at 01-04-2012	Addition	Deletions	Balance as at 31-03-2013	Balance as at 01-04-2012	Depreciation Charge for the year	Deduction	Balance as at 31-03-2013	Balance as at 31-03-2013	Balance as at 31-03-2012
A) Tangible Assets										
(Not Under Lease)										
Land	54.40	-	-	54.40	-	-	-	-	54.40	54.40
Building	956.81	22.38	1.50	977.69	243.29	30.42	-	273.71	703.98	713.52
Plant & Machinery	6,846.00	200.32	11.42	7,034.90	2,193.57	329.87	-	2,523.44	4,511.46	4,652.43
Furniture and Fixtures	62.41	0.95	-	63.36	45.50	3.96	-	49.46	13.90	16.91
Motor Cars & Vehicles	122.97	-	3.38	119.59	71.63	11.36	3.29	79.70	39.89	51.34
Office & Electrical Equipments	165.49	0.19	0.08	165.60	68.72	8.69	0.03	77.38	88.22	96.76
Laboratory Equipments	65.93	8.18	-	74.11	23.22	3.26	-	26.48	47.63	42.71
Air Conditioner	13.59	0.37	-	13.96	3.95	0.66	-	4.61	9.35	9.65
Computer	70.21	4.42	0.14	74.49	58.04	4.10	-	62.14	12.35	12.18
R/D Equipments	34.71	0.13	-	34.84	1.01	1.65	-	2.66	32.18	33.70
Sub Total	8,392.52	236.94	16.52	8,612.94	2,708.93	393.97	3.32	3,099.58	5,513.36	5,683.60
B) Intangible Assets										
Sub Total	-	-	-	-	-	-	-	-	-	-
C) Capital Work in Process	15.18	-	15.18	-	-	-	-	-	-	15.18
Sub Total	15.18	-	15.18	-	-	-	-	-	-	15.18
Total Assets	8,407.70	236.94	31.70	8,612.94	2,708.93	393.97	3.32	3,099.58	5,513.36	5,698.78
Previous Year	7,790.55	697.38	80.22	8,407.70	2,343.96	373.64	8.67	2,708.93	5,698.78	-

(Rs. In lacs)

Note No.	LONG TERM LOANS AND ADVANCES	As at 31-03-2013	As at 31-03-2012
9	Unsecured and Considered good		
	A) Security Deposits		
	Unsecured and Considered Good	55.76	56.98
	B) Other Loans & advances		
	Tax Payments less Provisions	165.28	153.81
	Total Amount	221.04	210.79



Mangalam Drugs & Organics Limited

(Rs. In lacs)

Note No. 10	CURRENT INVESTMENTS	Face Value per share (in Rs.)	Nos of Shares		Amount of Shares (in lacs)	
			Current Year 31.03.13	Previous Year 31.03.12	Current Year 31.03.13	Previous Year 31.03.12
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	2	1	-	-
4	Avon Organics	10	1	1	-	-
5	Ipca Laboratories	10	50	50	-	-
6	Hikal Chemicals	10	1	1	-	-
7	J. B. Chemicals	2	5	5	-	-
8	Kanoria Chem	10	1	1	-	-
9	Krebs Biochem	10	1	1	-	-
10	Morepen Lab	2	1	1	-	-
11	Neuland Lab	10	1	1	-	-
12	Orchid Chem	10	1	1	-	-
13	Pearl Organics	10	1	1	-	-
14	Sun Pharmaceuticals	5	6	1	-	-
15	Torrent Pharma	5	4	4	-	-
16	Torrent Gujarat	10	1	1	-	-
17	Aarti Drugs Ltd	10	5	5	-	-
18	Granules Industries	10	1	1	-	-
19	Aarti Industries	5	6	-	-	-
	Total (A)		173,160	173,148	11.84	11.84
	Market Value of quoted shares Rs. 48,28,368 Previous year Rs. 89,40,305/-					
B	Unquoted Investments :					
1	National Savings Certificate	-	-	-	2.34	2.33
2	Shares of Saraswat Co-op Bank Ltd.	-	2,500	2,500	0.25	0.25
3	Shares of PMC Bank Ltd	-	18,200	40	4.01	0.02
	Total (B)		20,700	2,540	6.60	2.60
	TOTAL (A+B)		193,799	175,639	18.44	14.44

(Rs. In Lacs)

Note No	INVENTORIES	As at 31-03-2013	As at 31-03-2012
11	(Valued at lower of cost and net realisable value)		
	Raw Materials	1,093.49	881.76
	Packing Materials	11.00	9.95
	Finished Goods	1,039.39	3,355.52
	Work-in-Progress	962.08	651.23
	Total Amount	3,105.96	4,898.46



(Rs.In Lacs)

Note No	TRADE RECEIVABLES	As at 31-03-2013	As at 31-03-2012
12	Trade receivables outstanding for a period less than six months from the date they are due for payment Unsecured and Considered Good	2,347.57	845.72
	Trade receivable outstanding for a period exceeding six months from the date they are due for payment Unsecured and Considered Good	39.50	45.27
	Total Amount	2,387.07	890.99
13	CASH AND CASH EQUIVALENTS		
	A) Cash on Hand	1.27	45.61
	B) Balance with Banks		
	I) In Current Accounts	3.79	4.76
	II) In Deposits Accounts	3.73	52.31
	Total Amount	8.79	102.68
14	SHORT-TERM LOANS AND ADVANCES		
	(Unsecured & Considered good)		
	Prepaid Expenses	10.11	10.17
	Loans to employees-staff advances	3.21	2.86
	Balance with statutory / Governments authorities	203.37	337.43
	Others	6.40	27.93
	Total Amount	223.09	378.39



Mangalam Drugs & Organics Limited

(Rs. In Lacs)

Note No	REVENUE FROM OPERATIONS	Year ended 31-03-2013	Year ended 31-03-2012
15	Sale of products	12,820.53	15,569.18
	Sale of Services	44.08	138.60
	Scrap Sales	5.48	15.47
	Revenue from Operations (Gross)	12,870.09	15,723.25
	Less:- Excise Duty	344.22	405.06
	Revenue from Operations (Net)	12,525.87	15,318.19
16	OTHER INCOME		
	1) Exports Benefits		
	a) Duty Drawback Rebate Claim	18.16	9.07
	b) Excise Duty Rebate Claim	86.15	51.36
	Total - (I)	104.31	60.43
	II) Others		
	a) House Rent Recd.	3.70	3.99
	b) Sundry Bal Written back	-	2.20
	c) Insurance Claim Recd.	-	26.99
	d) Profit on sale of Asset	4.42	-
	e) Miscellaneous receipts	42.20	-
	Total - (II)	50.32	33.18
	III) Dividend Recd.	2.64	1.79
	Total -(III)	2.64	1.79
	Total Amount (I+II+III)	157.27	95.40
17	COST OF RAW MATERIALS CONSUMED		
	Inventory at the beginning of the year	881.76	885.78
	Add:- Purchases	8,531.42	12,945.29
		9,413.18	13,831.07
	Less:- Inventory at the end of the year	1,093.49	881.76
	Cenvat Availed	215.63	514.22
	Total Amount	8,104.06	12,435.09

(Rs. In Lacs)

Note No	CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS	Year ended 31-03-2013	Year ended 31-03-2012
18	Inventory at the end of the year		
	Work in Progress	962.08	651.23
	Finished Goods	1,039.39	3,355.52
	Total (A)	2,001.47	4,006.75
	Inventory at the beginning of the year		
	Work in Progress	651.23	454.85
	Finished Goods	3,355.52	1,975.75
	Total (B)	4,006.75	2,430.60
	Increase / (Decrease) in inventories (A-B)	2,005.28	(1,576.15)
19	EMPLOYEE BENEFITS EXPENSES		
	Salaries, Wages and Bonus	757.61	750.48
	Contribution to -Provident and other funds	76.72	58.81
	Staff welfare expenses	16.65	17.29
	Others	16.21	8.24
	Total Amount	867.19	834.82



(Rs. In Lacs)

20	FINANCE COST		
	Interest Expenses	770.42	773.39
	Bank Charges	102.52	59.35
	Other Borrowing Costs	129.30	183.69
	Total Amount	1,002.24	1,016.43

(Rs. In Lacs)

Note No	OTHERS EXPENSES	Year ended 31-03-2013	Year ended 31-03-2012
21	MANUFACTURING EXPENSES		
	Carriage Inward & Freight	13.99	14.49
	Excise duty diff on Finished & semi finished stock	(66.52)	114.06
	Job Work	48.50	222.65
	Power, Fuel, Electricity & Water	813.63	729.06
	Repairs and Maintenance	152.09	88.50
	Sales Tax Paid	99.78	131.69
	Stores and Spares	85.95	108.08
	Total (A)	1,147.42	1,408.53
	ADMINISTRATIVE EXPENSES		
	Auditors' Remuneration	2.75	1.65
	Clearing, and Forwarding	-	0.16
	Directors Remuneration	7.20	7.20
	Donation	0.11	1.21
	Insurance Charges	15.36	11.08
	Legal and Professional Fees	24.80	45.18
	Miscellaneous Expenses	19.28	1.54
	Postage and Telegram	8.22	7.46
	Printing and Stationery	21.02	22.84
	Rent, Rates and Taxes	15.76	38.51
	Travelling and Conveyance	29.10	58.18
	Vehicle Expenses	36.17	33.75
	Service charges	15.32	19.70
	Laboratory Expenses	60.58	85.97
	Office Expenses	14.37	8.86
	Telephone telex & fax charges	11.29	12.21
	Retainership Fees	24.83	13.07
	Pollution Control Exps	75.83	58.45
	Membership and subscription fees	1.90	1.34
	Registration & Licence Fees	19.08	9.66
	Stamp Duty Expense	8.82	13.05
	Computer Expense	5.40	5.61
	Testing Fees	13.85	14.40
	Listing Fees	0.98	0.98
	Service & Cess Tax on Goods Transport	1.48	1.01
	Profit/Loss on Sale of Asset	-	10.24
	Total (B)	433.50	483.31
	SELLING AND DISTRIBUTION EXPENSES		
	Advertisement & Sales promotion	26.75	26.88
	Packing and Forwarding	72.33	60.49
	Carriage Inward & Freight	152.27	40.08
	Sales Commission and Discount	64.63	89.78
	Total (C)	315.98	217.23
	Research & Development Expenses (Unit-2)		
	Research & Development Expenses	5.22	7.54
	Salary & Wages	79.13	79.95
	Laboratory Expenses	9.07	9.66
	Raw Material Expenses	-	9.76
	Total (D)	93.42	106.91
	Total Amount (A+B+C+D)	1,990.32	2,215.98



Mangalam Drugs & Organics Limited

Note No. 22. PROFIT / LOSS AFTER TAXATION AS PER PROFIT & LOSS ACCOUNT

PARTICULARS	CURRENT YEAR Amount in Lacs	PREVIOUS YEAR Amount in Lacs
Profit & Loss Account	(1179.94)	63.36
Number of equity shares outstanding	131.78	131.78
Basic & Diluted Earnings Per Share in rupee (Equity Shares of Rs.10/-Each)	(8.95)	0.48

Note No. 23. 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	19,85,000	19,85,000
(ii) Guarantee executed in favor of Export Parties.	68,300	68,300
(iii) Guarantee executed in favor of Central Excise	15,21,053	8,83,740
B) Others		
(iv) Guarantee given to GSPC Gas Co Ltd	67,28,843	66,01,729
(v) Guarantee given to GPCB	8,00,000	8,00,000
(vi) Guarantee given to Sale Tax (Gujarat)	-	2,70,869

Note No. 24. DIRECTORS REMUNERATION:

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

Note No. 25. AUDITORS REMUNERATION

PARTICULARS	CURRENT YEAR Amount in Rs.	PREVIOUS YEAR Amount in Rs.
(i) For Statutory Audit *	1,96,630	1,12,360
(ii) For Tax Audit *	89,888	56,180
(iii) For Vat Audit	22,472	16,854
(iv) For Certification & Others.	54,492	1,36,233

* Inclusive of service Tax

Note No. 26. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

PARTICULARS	CURRENT YEAR Amount in lacs	PREVIOUS YEAR Amount in lacs
(i) Raw Materials	5242.05	4194.60
(ii) Commission on Exports	19.04	10.42
(iii) Travelling Expenses	3.08	7.30
(iv) Earnings in foreign currency on export of goods on CIF basis (Including deemed exports)	6402.25	1037.44

Note No. 27. CONSUMPTION OF RAW MATERIAL

PARTICULARS	%	VALUE (RS. IN LACS)
(i) Imported	64 (33.85)	5211.08 (4209.71)
(ii) Indigenous	36 (66.15)	2892.98 (8225.38)

Note No. 28. 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 (600)	387.79 (369.22)



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.

Note No. 29. SALES AND STOCKS (QTY. IN TONS AND VALUE IN LACS)

Particulars	Opening Stock		Sales		Closing Stock	
	QTY	VALUE	QTY	VALUE	QTY	VALUE
1. Bulk Drugs & Intermediates	137.30 (118.41)	3355.52 (1975.75)	441.06 (350.33)	12525.87 (15318.19)	84.03 (137.30)	1039.39 (3355.52)

Note No. 30

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

Note No. 31

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

Note No. 32

Number of employees in respect of remuneration of Rs. 60,00,000/- p.a. or more if employed throughout the financial year (or Rs. 5,00,000/- if employed for the part of the period) is NIL.

Note No. 33

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, 2013. 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.

Note No. 34 SEGMENT INFORMATION

- Company's operations are predominantly related to the manufacture of bulk drugs, as such there is only one primary reportable segment. Secondary reportable segments are identified taking into account the geographical markets available to the products.

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.	6123.62	6402.25	12525.87

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.

Note No. 35

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

- Associate Companies and others.
Raga Organics Private Ltd.
Mangalam Laboratories Pvt. Ltd.
- Key Management Personnel
Shri Govardhan M. Dhoot
Shri Subhash C. Khattar
Shri Rajendraprasad K. Mimani
- 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	1250.00	-	-	1250.00
- Rent deposit	-	11.43	-	11.43
- Sitting Fees	-	0.42	-	0.42



Mangalam Drugs & Organics Limited

Note No. 36 Employee Benefits:-

Defined benefit plan as per actuarial valuation on March 31, 2013

I	Expense recognized in the statement of Profit & Loss for the year ended March 31,2013	Current year	Previous year
1	Current Service Cost	7,13,343.00	6,29,009.00
2	interest Cost	4,84,222.00	4,19,392.00
3	Expected return on plan assets	(4,75,111.00)	(3,28,953.00)
4	Net Auctorial gain/loss recognized in the year	12,82,581.00	1,78,801.00
5	Expenses Recognized in statement of P & L	20,05,035.00	8,98,249.00
II	Net Asset/(Liability) recognised in the Balance Sheet as at March 31,2013		
1	Present value of obligations as at the end of year	81,23,436.00	60,52,768.00
2	Fair value of plan assets as at the end of the year	75,38,208.00	46,47,929.00
3	Funded status	(5,85,228.00)	(14,04,839.00)
4	Net asset/liability recognized in balance sheet	(5,85,228.00)	14,04,839.00
III	Change in obligation during the year ended March 31,2013		
1	Present value of obligation as at beginning of year	60,52,768.00	52,42,405.00
2	interest Cost	4,84,222.00	4,19,392.00
3	Current Service Cost	7,14,243.00	6,29,009.00
4	Benefits paid	4,09,478.00	4,16,839.00
5	Actuarial gain /loss on obligations	12,82,581.00	1,78,801.00
6	Present value of obligation as at end of year	81,23,436.00	60,52,768.00
IV	Change in assets during the year ended March 31,2013		
1	Fair value of plan assets at beginning of year	46,47,929.00	32,02,795.00
2	Expected return on plan assets	4,75,111.00	3,28,953.00
3	Contributions	28,24,646.00	15,33,020.00
4	Benefits paid	(4,09,478.00)	(4,16,839.00)
5	Actuarial gain /loss on Plan Assets	-	-
6	Fair value of plan assets at the end of year	75,38,208.00	46,47,929.00
V	The major categories of plan assets as a percentage of total plan		
	Qualifying Insurance Policy	100%	100%
VI	Actuarial Assumptions		
1	Discount Rate	8.00% p.a.	8.00% p.a.
2	Salary Escalation	6.00% p.a	6.00% p.a.
3	Employee Turnover rate	-	-

Note No. 37

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

In terms of our report attached.

For and on behalf of the Board of Directors

(CA Rakesh K. Milwani)
Proprietor Milwani Associates
Chartered Accountants
Membership No: 36099
Firm Registration No: 106405W

Shri Govardhan M. Dhoot
Chairman

Shri Subhash C. Khattar
Director

Place : Mumbai
Date : 23rd May, 2013



MANGALAM DRUGS & ORGANICS LIMITED

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

ATTENDANCE SLIP 40th Annual General Meeting

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

NAME AND ADDRESS OF THE SHAREHOLDER

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

I hereby record my presence at the 40th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Thursday, 26th September, 2013 at 11.00 a.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 40th Annual General Meeting

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

I/We, _____ of _____ being a member / members of **MANGALAM DRUGS & ORGANICS LIMITED** hereby appoint _____ or failing him _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 40th ANNUAL GENERAL MEETING of the Company to be held at the Registered Office on Thursday, 26th September, 2013 at 11.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2013.

Affix
₹ 1/-
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 commencement of the meeting.

The Proxy need not be a member of the Company.

