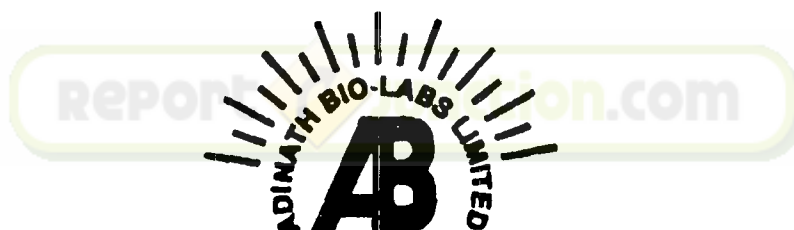


ADINATH BIO-LABS LIMITED



27th Annual Report **2007-08**

For Adinath Bio-Labs Ltd,
Ajay
Director / Authorized Signatory

BOARD OF DIRECTOR : Shri B. K. Thaker
Shri A. A. Sisodia
Shri M. K. Bothra
Shri A. K. Jain

REGISTERED OFFICE : Suite No. 18,
2 India Exchange Place,
Kolkata - 700 001

AUDITORS : M/s Mohindra Arora & Co.
Chartered Accountants

BANKERS : HDFC Bank

REGISTRAR & TRANSFER : Adroit Corporate Services Pvt. Ltd.
AGENT 19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road
Marol Naka, Mumbai – 400 059.

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of Adinath Bio-Labs Limited will be held on Friday 26th September, 2008 at 10.00 A.M. at Shivam Conference Hall, B – 267, Bangur Avenue, Kolkata – 700 055 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2008 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend for the financial year 2007-2008.
3. To appoint a Director in place of Mr. M. K. Bothra who retires by rotation and being eligible offers himself for re-appointment.
4. To consider, and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution

“RESOLVED that Mohindra Arora & Co, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

By Order of the Board
For Adinath Bio-Labs Limited

Place: Kolkata

Date : 21.08.2008

B. K. Thaker
(Whole Time Director)

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company.
2. Members who are holding Company's shares in a Dematerialised form are required to bring details of their depository account No. for identification.
3. Register of Members and Share Transfer Books shall remain closed from 22.09.2008 to 26.09.2008 (Both days inclusive).
4. Proxies in order to be effective must be received at the Company's registered office at Suite No.18, 2 India Exchange Place, Kolkata - 700001 not less than 48 hours before the time fixed for the meeting.
5. All documents referred to in the accompanying notice are open for inspection at the registered office of the company on all working days, except Sundays between 11.00A.M. to 1.00 P.M.
6. Members are requested to kindly notify immediately change if any in their address to the company.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Secretary of the Company so as to reach at least seven days before the date of the meeting, so that the information required may be made available at the meeting to the best extent possible.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholder,

Your Directors are pleased to present the 27th Annual Report together with the Audited Statement of Accounts and the Auditors Report of your company for the year ended 31st March, 2008. The Financial highlights for the year under review are given below :

FINANCIAL RESULTS :

(Rs. in Lacs)

	31st March, 2008	31st March, 2007
Total Income	2223.04	2084.01
Profit Before Depreciation & Tax	164.12	160.59
Depreciation	10.23	12.46
Profit Before Tax	153.89	148.13
Less – Tax	54.25	50.62
Profit After Tax	99.64	97.51
Add: Balance of Profits for earlier years	85.70	73.45
Balance available for Appropriation	185.34	170.96
APPROPRIATIONS		
Dividend (including Dividend Tax)	77.48	75.51
General Reserve	9.96	9.75
Balance carried to Balance Sheet	97.90	85.70

DIVIDEND

The Board of Directors has recommended a dividend of Rs. 0.30 per share for the financial year 2007 – 2008, subject to the approval of the shareholders. The outflow of funds on account of payment of dividend would be Rs. 77.48 Lacs including Tax on dividend.

PERFORMANCE

The financial year under review was the period of assessment and implementation of plans & strategy for putting the Company on sustainable growth path. The Total Income for the financial year under review is Rs.2223.04 Lacs against Rs.2084.01 Lacs in previous year. The Profit after Tax generated by the company during the year under review is Rs.99.64 Lacs as compared to Rs.97.51 Lacs during the previous year registering increase of about 2.18 %.

DIRECTORS

Mr. M. K. Bothra, Director of the Company, will retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for reappointment.

AUDITORS & AUDITORS OBSERVATION

M/s Mohindra Arora & Co, Chartered Accountants, will retire as the statutory auditors of the Company at the ensuing Annual general meeting. The Board has proposed their re- appointment as auditors to audit the accounts of the Company for the financial year 2008 – 2009.

M/s Mohindra Arora & Co, Chartered Accountants, the retiring auditor have confirmed that their re-appointment, if made, would be in conformity with the provisions of section 224 and other applicable provisions of the Act, as also indicated their willingness to be re-appointed

The observations of the Auditors as referred to in the Auditor's Report are suitably explained in the notes to the account.

FIXED DEPOSITS

The company has not accepted any public deposit and, as such, no amount of principal or interest was outstanding on the date of Balance Sheet.

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to clause 49 of the listing agreement with Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report together with the Auditors' certificate on compliance of the conditions of Corporate Governance form part of this Annual Report.

HRD INITIATIVES

Your Directors want to place on record their appreciation of the contribution made by employees at all levels, who through their steadfastness, solidarity and with their co-operation and support have made it possible for the company to achieve the current status it enjoys in the industry.

It is the endeavour of the company to create in its employees a sense of belonging, and an environment that promotes openness, creativity and innovation. All our manpower initiatives are implemented with the aim of maximizing productivity and aligning organizational needs with employees aspirations.

PARTICULARS OF EMPLOYEES

There is no employee drawing remuneration in excess of the limits prescribed in Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2008 and of the profit of your company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (iv) the directors have prepared the annual accounts on a going concern basis.

TECHNOLOGY, R&D AND FOREIGN EXCHANGE :

The provisions of Section 217(1) (e) of The Companies Act, 1956, with regard to conservation of energy and technology absorption are not applicable to the company. The company has not incurred any expenditure or earned any income in foreign exchange during the period under review.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the contributions made by the employees at all levels, whose continued commitment and dedication helped the company achieve better results. The Directors also wish to thank customers, bankers, Central and State Governments for their continued support. Finally your directors would like to express their sincere & whole-hearted gratitude to all of you for your faith in us in your Co-operation & never failing support.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 21.08.2008

B. K. Thaker
(Whole Time Director)



ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

The operations of your company are not energy intensive. Your Company evaluates on an on-going basis new technologies and techniques to make infrastructure more energy efficient. Investments are made on a continuous basis to reduce energy consumption.

Adequate measures have been taken to reduce energy consumption. Efforts are being made on an on-going basis to conserve and optimise the use of energy in regular operations by introducing state-of-art equipment for consumption of energy.

B. RESEARCH AND DEVELOPMENT

a) The Company's R&D Effort

To enhance its capability and customer service, the company continues to make investment in R&D. The R&D activities are carried out in-house in the knowledge management and efficiency development, etc.

b) Benefits of R&D Efforts

The benefits of R&D have led to improved performance due to upgradation of existing knowledge. The R&D have resulted in direct benefits in improved productivity and customer service.

c) Future Plan on R&D

The on-going process of R&D will be directed towards creation of new software tools and utilities, development of advanced techniques and process and will help in the development of the company. The company will continue to leverage new technologies and upgrade existing performance. This will enable the company to introduce and implement new technology to meet changing market.

d) Expenditure on R&D

Nil

C. FOREIGN EXCHANGE EARNING AND OUTGO

During the year, the company made consistent efforts to increase its foreign exchange earnings. The total foreign exchange earning of the company was Nil whereas the outgo was Nil during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Adinath Bio-Labs Ltd. is a 27 years old organization in India, engaged in the manufacture of pharmaceutical raw material and chemicals for the pharmaceutical and aromatic industries with an excellent track record in the domestic market.

Manufactured from premium quality raw material, our products are reputed for their high quality. A professionally managed organization, Adinath Bio Labs Ltd is listed on the Bombay Stock Exchange and the Calcutta Stock Exchange.

With adherence to strong business ethics and transparent corporate policies, we have established ourselves as one of the quality manufacturers of Natural Essential Oils and pharmaceutical ingredients. We have been serving our esteemed clientele with complete reliability, exactness and assurance for quality.

Corresponding to the need gaps & requirement of pharmaceutical and the aroma industry, we are driven by a vision to offer high quality products. We aim to continually enhance our production facility in order to provide consistency in quality & delivery system.

Our main products in the essential oil division are Mentha Piperata, Spearmint oil, Basil Oil, clove and eucalyptus oil.

MISSION

Our mission is to achieve business excellence and dedicate ourself for increasing long – term business relationship with our customers, keeping in the view the needs and interests of all our stakeholders.

VISION

To become a global pharmaceutical export company, by providing a range of international quality products at competitive prices through integration, research & development.

MANAGEMENT TEAM

Adinath Bio-Labs has with it the services of experienced and qualified professionals from diversified disciplines. Our team consists of highly professional and experienced individuals, who together work as a team for the success of our company. Health care industry requires precision and accuracy in every move, as it is directly linked with the lives of people all across the globe & that is where our experience gives us an upper hand over our competitors in the industry.

QUALITY CONTROL

We are committed to develop, manufacture and distribute products that meet the highest standards of quality in terms of purity, safety and efficacy.

We emphasize on stringent quality control right from the procurement of raw material to finished product stage. The quality commitment begins with a well defined, holistic approach which is not just limited to manufacturing but encompasses all stages of the product conceptualization and design till the time it reaches the consumer.

Highly specialised training programmes, seminars, workshops are conducted on an ongoing basis and form a part of the quality management programme.

PRODUCTS

We are equipped for the manufacture and trade of natural menthol and peppermint oil like liquid menthol, mentha oil, natural recryst flakes and crude menthol oil. Along with Menthol Crystals, we also produce Natural Dementholised Peppermint Oil with or without terpenes as per customer specifications.

MINT PRODUCTS

- ❖ Menthol Crystals
- ❖ Natural Melted Menthol
- ❖ Crude Mentha Oil Natural
- ❖ Liquid Menthol
- ❖ Peppermint Oil

ESSENTIAL OIL PRODUCTS

- ❖ Menthones
- ❖ Mentha Piperata Natural
- ❖ Spearmint Oil
- ❖ Basil Oil Natural

OTHER PRODUCTS

- ❖ Carboxylic Acids / Dicarboxylic Acids
- ❖ Laboratory Reagents
- ❖ Morpholine / Phenanthroline
- ❖ Quinoline / Isoquinolines
- ❖ Phenol / Resorcinol / Anisole
- ❖ Chemical Compounds - 5-bromovanillin, 4-cyanobenzaldehyde, isovanillin, phloroglucinol, suberonitrile etc.

INDUSTRY OVERVIEW

Global perfumery ingredients market is estimated at US \$ 1.5 billion and growing at 5 % per year. Recent trends like shift to naturals, aromatherapy, and popularity of potpourri are driving the growth. Markets in India and China are growing at much faster rate. The international market in essential oils is controlled by few perfume and flavor houses, which develop formulations for the end users like cosmetic manufacturers. It is difficult and time consuming to get an access to these large companies, for a small manufacturer. The operations have to be large enough to supply a tonnage lot having consistent quality.

The Indian pharmaceutical sector is witnessing tremendous growth with the contract research and clinical trials businesses taking wing, and the new patent regime opening new avenues for players in the country. The country's pharmaceutical market is a US\$ 7.3 billion opportunity with the domestic retail market expected to cross the US\$ 10 billion mark in 2010 and be worth an estimated US\$ 12-13 billion in 2012.

India is one of the top five active pharmaceutical ingredients (API) producers (with a share of about 6.5 per cent). The Indian Pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. The sector is estimated to be worth US\$ 6 billion, and growing at over 13 per cent annually. Indian pharmaceutical companies now supply almost all the country's demand for formulations and nearly 70 per cent of demand for bulk drugs.

The Indian pharmaceutical industry ranks 17th with respect to exports value of bulk actives and dosage.