

30th Annual Report
2002 - 2003



Mangalam Drugs and Organics Ltd.

(An ISO - 9001 & WHO-GMP Company)



DET NORSKE VERITAS MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 00145-2001 AQ-PUN-4RKAS

*This is to certify that
the Quality System of*

MANGALAM DRUGS & ORGANICS LTD.

At
H.O. 292, Princess Street, 2nd Floor, Near Flyover, Mumbai 400 002, India
Unit I- Plot No. 187, GIDC, Vapi-396 195, Dist. Valsad, Gujarat, INDIA
Unit II- Plot No. 1203, GIDC, Vapi-396 195, Dist. Valsad, Gujarat, INDIA
Unit III- Plot No. 29 to 32 & 37, 38 Sangamner Sahakari Audhyogic Vasahat Ltd.,
Sangamner Dist., Ahmednagar - 422 605 (Maharashtra), INDIA

Has been found to conform to the Quality Management System Standard

ISO 9001:2000

This Certificate is valid for the following product or service ranges:

**At GIDC, Vapi :- Design, Development, Manufacture & Supply of Bulk Drugs,
Organic, Inorganic, Speciality Chemicals & Dye Intermediates.
At Sangamner :- Design, Development, Manufacture & Supply of Organic,
Inorganic & Speciality Chemicals.**

Place and date
New Delhi, 2003-06-24

for the Accredited Unit
DNV Certification Ltd.

(Signature)
Management Representative

*This certificate is valid until
2005-05-24
Original certificate valid from:
2003-05-24*



Lack of fulfillment of conditions set out in the Appendix may render this certificate invalid.
The use of Accreditation Mark indicates accreditation in respect of the activities covered by accreditation number 013

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No.CERT/MANGALAM/WHO GMP/JC-U
Office of the Commissioner,
Food & Drugs Control Administration,
Gujarat State, Dr. Jivraj Mehta Bhavan,
Block No.8, 1st Floor, Gandhinagar - 382 010,
Gujarat State, INDIA.
November 5, 2001

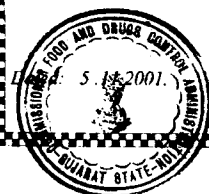
WHO GMP CERTIFICATE

This is to certify that M/S.MANGALAM DRUGS & ORGANICS LTD., Unit No.2, Plot No.1203, G.I.D.C., 3rd Phase, Vapi-396 195, Dist.Valsad, Gujarat State, India is holding valid Drugs Manufacturing Licences in Form No. 25 bearing Licence No.G/1315 issued by this administration under the provisions of Drugs & Cosmetics Act, 1940 and Rules thereunder. Under the said licences the firm is permitted to manufacture and sell their products covered under the category of Bulk Drug i.e. Chloroquine Phosphate I.P./B.P.

The firm has employed Competent Persons in manufacturing and quality control departments. The firm is following Good Manufacturing Practices as per World Health Organization specifications in the manufacturing and testing of the said category of products.

The manufacturing plant is subject to regular inspection by the Competent Authority under the Act.

This Certificate is valid for Two years from the date of issue..



(Signature)
(S.P. ADESHARA)
COMMISSIONER,
FOOD AND DRUGS CONTROL ADMINISTRATION,
GUJARAT STATE.

**BOARD OF DIRECTORS**

RAMNIWAS R. DHOOT
GOVARDHAN M. DHOOT
ASHOK R. BOOB
KRISHNA R. BOOB
AJAY R. DHOOT
ADITYA R. DHOOT
BRIJMOHAN M. DHOOT

AUDITORS

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

REGISTERED OFFICE :

292, PRINCESS STREET,
2ND FLOOR
MUMBAI 400 002

BANKERS

THE UNITED WESTERN BANK LTD.
STATE BANK OF INDIA
THE SARASWAT CO-OP BANK LTD.

WORKS :**VAPI - UNIT 1**

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

VAPI - UNIT 2

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

SANGAMNER - UNIT 3

SANGAMNER AUDYOGIK,
VASAHAT LIMITED,
SANGAMNER,
DIST. AHMEDNAGAR, MAHARASHTRA.

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Mangalam Drugs & Organics Limited**MANGALAM DRUGS & ORGANICS LIMITED**

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

NOTICE

NOTICE is hereby given that the **Thirtieth Annual General Meeting** of the members of the Company will be held at the **Registered Office** of the Company at 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400 002 on **Monday, 11th August 2003, at 11a.m.** to transact the following Business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2003 and Profit and Loss Account for the year ended on that date and the reports of Auditor's and Director's thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Brijmohan Dhoot, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ramniwas R. Dhoot, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors of the Company and to fix their remuneration.

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI

DATED : 30TH JUNE 2003

DIRECTOR

NOTES :

1. THE MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY, PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY BY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The register of members & share transfer books of the Company will be closed from 6th August 2003 to 11th August 2003, both days inclusive; for the purpose of declaration of dividend.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Thirtieth Annual Report** together with the Audited Accounts for the year ended 31st March 2003:

OPERATIONS :

The operating result for the year are as follows:

	31 st March 2003 (Rs. In Lacs)	31 st March, 2002 (Rs. In Lacs)
Sales	7,698.23	6829.22
Other Income	38.67	24.23
	<u>7736.90</u>	<u>6853.45</u>
Profit before Depreciation & Tax	283.32	270.82
Less: Depreciation	92.92	90.25
Less: Provision for Taxation		
Current	52.00	47.00
Deferred	2.81	—
Dividend Tax	0.71	—
Profit after Tax	134.88	133.57
Add: Balance brought forward from previous year	8.51	5.51
	<u>143.39</u>	<u>139.08</u>
Less: Transfer to General Reserve	100.00	125.00
Less: Proposed Dividend	5.57	5.57
Balance carried to Balance Sheet	<u>37.82</u>	<u>8.51</u>

DOMESTIC :

Notwithstanding difficult market conditions and stiff competition, your Company has concluded yet another year of all round growth. The financial performance for year ended 31st March 2003 is satisfying as it has been achieved in the wake of several challenges confronting the business. Your Company has registered overall growth of 14.69%. Total income growing to Rs. 7740.99 Lakhs as against Rs. 6749.41 Lacs in the previous year.

EXPORTS :

During the Financial year under review, the international business is increased by 24.68% to Rs. 1130.57 Lacs as against Rs. 906.75 Lacs in the previous year.

FUTURE OUTLOOK :

Despite severe market pressure, we have been able to maintain our margins. With the indication that the markets will ease up and improve in the immediate future, we are sure, we will be able to put in a good performance in the coming years.

1) NORFLOXACIN:

We have standardized the process in the lab and optimized the same at the pilot plant level. The material matches domestic and export requirement. It will shortly be scaled - up on plant scale.



Mangalam Drugs & Organics Limited

2) PHENETHYL CHLORIDE :

This product was developed in our lab and subsequently, scaled up on plant scale. Material is already being supplied regularly to the customers based on whose inquiry, the product was taken up for development. Being a bulk drug intermediate, the future is bright for this item.

3) 3 - AMINO - 4- METHOXY BENZANILIDE :

This product was developed in response to a multinational company's enquiry. This has been optimized on pilot plant scale. Trial lots have been supplied to the customers. The market is good for this pigment intermediate also.

4) BETA HYDROXY ETHYL HYDRAZINE :

This product has also been developed on lab scale and sample has been submitted for customer's approval. We are expecting regular orders from the party.

- 5) We have also modified process of Chloroquine Phosphate at 4-OH stage so as to get a much purer DCQ at the subsequent stage.
- 6) Purification method of Amodiaquine base was also standardized.
- 7) Reductions in Chlorine consumption, reaction time and Caustic consumption was achieved in Mono Chloro Acetic Acid process improvement.

ISO- 9001: 2000

Your directors are pleased to inform you that Subsequent to ISO-9001, Now your Company has been upgraded and has been awarded ISO-9001-2000 Standard during June 2003.

Subsequent to the WHO-GMP approval obtained from our Bulk Drug facility for Chloroquine Phosphate I.P./B.P. last year, we have been successful in getting Amodiaquine Hydrochloride U.S.P. and Amodiaquine U.S.P. added to the above approval after due inspection of our master formulae and date.

PRODUCT DEVELOPMENT / INTRODUCES DURING 2002 - 03

- 1) 3-Amino-4-Methoxy Benzallide - for domestic & International markets.
- 2) Norfloxacin I.P. / B.P. / U.S.P.
- 3) Beta Hydroxy Ethyl Hydrazine - for exports.
- 4) Phenethyl - Chloride - for local market.

SHARE CAPITAL :

During the year, the Company has issued / allotted Bonus Shares in the ratio 1:1 and accordingly, paid-up capital of the Company has been increased from Rs.11,13,000/- to Rs.22,26,000/-.

DIVIDEND :

Your Directors have recommended Final Dividend @ 2.5% for the year ended 31st March 2003.

DIRECTORS :

Mr. Brijmohan Dhoot and Mr. Ramniwas R. Dhoot will retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Director's Responsibilities Statement, it is hereby confirmed: