

35th Annual Report 2007-2008



Mangalam Drugs & Organics Limited

FINANCIAL HIGHLIGHTS

(Figure in Lacs)

PARTICULARS	31-Mar-00	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08
Sales & Other Sales Income	6353.35	6431.40	6853.45	7736.90	8075.33	9046.35	10432.37	8905.38	9544.84
Profit before Interest & Depreciation	472.62	408.66	495.25	507.77	541.56	598.00	707.68	567.40	660.00
Interest	236.59	157.23	224.43	224.45	192.42	161.82	234.22	282.59	328.19
Depreciation	80.38	85.83	90.25	92.92	93.79	122.94	158.23	206.25	230.02
Profit Before Tax	155.65	165.60	180.57	190.40	255.35	313.24	315.23	78.56	101.79
Profit After Tax	136.43	147.46	136.34	134.88	190.20	274.80	269.08	66.35	85.77
Dividend (%)	10	10	5	2.5	1	2	2	-	-
Payout	11.13	11.13	5.57	5.57	6.68	26.36	26.36	-	-
Equity Capital	111.30	111.30	111.30	222.60	667.80	667.80	1317.82	1317.82	1317.82
Preference Share Capital	-	-	-	-	-	-	-	-	-
Reserves & Surplus	1023.55	1159.87	1287.88	1308.69	1066.95	1315.39	2338.15	2404.50	2490.27
Net Worth	1134.85	1271.17	1399.18	1531.30	1734.75	1983.19	3655.97	3722.32	3808.09
Borrowings:									
Long Term Loans	592.97	419.69	741.52	669.53	635.23	873.99	575.62	378.64	361.97
Short Term - Bank	955.17	1239.12	908.56	1426.09	1318.52	1424.06	1470.29	1906.41	1911.62
Short Term - Others	495.78	672.59	309.14	365.34	564.49	720.61	475.84	585.13	598.89
Total Borrowings	2043.92	2331.40	1959.22	2460.96	2518.24	3018.66	2521.75	2870.18	2872.48
Gross Block	1785.57	1906.89	1963.85	2070.08	2533.21	3373.03	4243.33	4689.27	5041.85
Less : Depreciation	439.03	522.57	610.75	697.78	780.70	903.63	1060.72	1259.97	1488.52
Net Block (Fixed Assets)	1346.54	1384.32	1353.10	1372.30	1752.51	2469.40	3182.61	3429.30	3553.33
Investments	17.93	19.01	19.27	29.76	18.92	18.95	264.79	48.05	13.89
Current Assets, Loans & Advances	2793.38	3191.98	2467.52	3182.61	3017.53	3300.42	3783.81	4274.89	4150.48
Less : Current Liabilities	979.08	992.74	481.49	592.42	535.98	804.93	1150.16	1232.25	1085.47
Net Working Capital	1814.30	2199.24	1986.03	2590.19	2481.55	2495.49	2633.65	3042.64	3065.01
Book Value (Rs) per share	101.96	114.21	125.71	68.79	25.98	29.70	27.74	24.76	25.19
Earnings (Rs) per share	12.26	13.25	12.25	6.06	2.85	4.11	2.04	0.50	0.65
Nominal value per share	10	10	10	10	10	10	10	10	10
Bonus Shares (Ratio)	-	-	-	1:1	2:1	-	-	-	-



BOARD OF DIRECTORS

GOVARDHAN M. DHOOT - Chairman

SUBHASH C. KHATTAR

RAJENDRAPRASAD MIMANI

REGISTERED OFFICE

292, PRINCESS STREET
2ND FLOOR, MUMBAI 400 002

WORKS

VAPI - UNIT 1

PLOT NO. 187, GIDC

VAPI, DIST. BULSAR

GUJARAT 396 195

VAPI - UNIT 2

PLOT NO. 1203, GIDC

VAPI, DIST. BULSAR

GUJARAT 396 195

SANGAMNER - UNIT 3

SANGAMNER AUDYOGIK

VASAHAT LIMITED

SANGAMNER 422 805

DIST. AHMEDNAGAR, MAHARASHTRA

AUDITORS

M/S. MILWANI ASSOCIATES

CHARTERED ACCOUNTANTS

BAGARIA HOUSE, 1ST FLOOR

KOLBHAT LANE, MUMBAI 400 002

BANKERS

STATE BANK OF INDIA

IDBI BANK LTD.

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Mangalam Drugs & Organics Limited
MANGALAM DRUGS & ORGANICS LIMITED

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

NOTICE

NOTICE is hereby given that the Thirty-fifth Annual General Meeting of the members of the Company will be held at the Registered Office on Tuesday, 30th September 2008 at 3.00 p.m. to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended as on that date and the reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Govardhan M. Dhoot, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company at the registered office not less than 48 hours before 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. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, as Share Transfer Agents and the members are requested to send/address all their shares related matters/ correspondence directly to them.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22nd September, 2008 to Tuesday, 30th September 2008 (both days inclusive)
7. Change of Address /Bank details: Members are requested to inform the Company or M/s. Intime Spectrum Registry Limited, immediately of any change in their address / Bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details, and mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
8. Members who have not encashed their dividend warrant(s) for the financial year 2004-05 and 2005-06 are requested to seek issue of duplicate warrant(s) by writing to the Company's Share Transfer Agents, M/s. Intime Spectrum Registry Limited. Any such amounts of dividend remaining unclaimed for a period of seven years from the date they become due for payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Kindly note that no claim shall lie against the Company or the IEPF in respect of the amounts which were unclaimed and unpaid for a period of seven years for the date that they first become due for payment and no payment shall be made in respect of any such claims.



Financial year ended	Date of the Annual General Meeting	Due date for transfer to IEPF
31.03.2005	10/09/2005	09/09/2012
31.03.2006	30/09/2006	29/09/2013

9. Appointment / Re-appointment of the Directors:

Item No.3

At the ensuing Annual General Meeting Mr. Govardhan M. Dhoot retire by rotation and being eligible offer himself for reappointment. The information/ details to be provided for the aforesaid Director under Corporate Governance Code are as under.

1. Name Mr. Govardhan M. Dhoot
2. Date of Birth 21.10.1953
3. Educational Qualification Commerce Background
4. Date of Appointment on the Board 16.04.1996
5. Category of Director Chairman & Executive Director
6. Experience

He is a Whole-time Director of the Company effective 1st November 2004. He has over three decades of experience in the Chemical Industry, handling marketing in both domestic and export market. He has traveled to many countries and visited important Industrial and Commercial Capitals all over the world.

7. Other Directorships

1. Raga Organics Private Limited
2. Mangalam Laboratories Pvt. Ltd.

8. Name of Committees in which Chairman Nil
9. Name of Committees in which Member Nil
10. Number of shares held in the Company. 5,25,458 equity shares.

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

BY ORDER OF THE BOARD OF DIRECTORS

(GOVARDHAN M. DHOOT)
CHAIRMAN

Registered Office:

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

Place: Mumbai

Date: 20TH June 2008


Mangalam Drugs & Organics Limited

DIRECTORS REPORT

To,
The Members of
MANGALAM DRUGS & ORGANICS LIMITED

The Directors have pleasure in presenting to you their Thirty-Fifth Annual Report and Audited Accounts for the accounting year ended 31st March 2008

1. FINANCIAL RESULTS:

(Rs. in Lacs)

	2007-2008	2006-2007
Sales	9499.90	8840.47
Other Income	44.94	64.91
Profit before Finance Expenses, Depreciation & Amortizations	684.17	591.55
Less: Depreciation & Amortizations	254.19	230.41
Finance Expenses	328.19	282.59
Profit before tax	101.79	78.55
Fringe Benefit Tax	4.67	5.21
Provision for taxation	11.35	7.00
Profit after tax	85.77	66.35
Provision for Deferred Taxation for Current Year	(29.27)	(9.71)
Profit after Deferred tax	56.50	76.05
Balance b/f from previous year	86.11	10.06
Surplus available for Appropriation	142.61	86.11
Appropriations:		
Balance carried to Balance Sheet	142.61	86.11

2. DIVIDEND:

Your Directors do not recommend any dividend for the financial year 2007-2008 (Previous Year: Rs. Nil)

3. REVIEW OF PERFORMANCE:

During the year under review, a Company made Sales of Rs. 9499.90 lacs as compared to Rs. 8840.47 lacs made in the previous year, an increase of 7.46% than the previous year. The Company made a profit before tax of Rs. 101.79 lacs as compared to Rs. 78.56 lacs made in the previous year.

4. EXPORTS:

The Company has achieved exports sales of Rs. 816.00 Lacs (Previous year Rs. 1404.87 lacs). Constant efforts are being made to boost exports.

5. FUTURE OUTLOOK

The company approach the future with planned strategy and a positive outlook. In the near term, the company expect to enter many more premium markets. Although, emphasis will be on exports, the company will continue to improve its presence in the domestic market. The plans are in place. The products are tried and tested. The Company's Employees are well-equipped and motivated to meet the future. By turning potential into profitable business strategies and replicating them across all markets, the company will continue to remain the preferred source for the customers. Our business model will be strengthened by new R & D Centre which will work to improve our existing processes of products and look to work on new products and future holds great promise.



Your Directors are pleased to inform you that during the year under review, the Company has developed/introduced new bulk drugs like :

1. **BISOPROLOL FUMARATE**
2. **PANTAPRAZOLE SODIUM**

Your company is shortly introducing following new bulk drugs :

1. **ATOVAQUONE**
2. **BRINZOLAMIDE**
3. **RABIPRAZOLE SODIUM**

6. **RESEARCH & DEVELOPMENT :**

During the year under review, your Company made process improvements to existing products, enhanced quality of products and cost were kept under control. Your Company has made investments in R & D facilities and established R & D center equipped with the latest equipments. As mentioned above, your Company has added new bulk drugs to the basket of offer on account of in-house R & D strength.

7. **FIXED DEPOSIT:**

The Company has not accepted any fixed deposits from the public during the year under review.

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

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are given in **Annexure 'I'** forming part of this report.

9. **PARTICULARS OF EMPLOYEES:**

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

10. **DIRECTORS:**

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

11. **DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors Responsibility statement as required under Section 217 (2AA) of the Companies Act, 1956 is given hereunder:

- (i) That in the preparation of the annual accounts for the Year ended 31st March 2008 the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

12. **AUDITORS:**

M/s. Milwani Associates, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to appoint Auditors and to fix their remuneration.

13. **CORPORATE GOVERNANCE:**

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, annexed as **Annexure 'II'** forming part of the Annual Report.

**Mangalam Drugs & Organics Limited****14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is annexed as **Annexure 'III'** forming part of this Report.

15. INDUSTRIAL RELATIONS:

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

16. ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors are also grateful to the customers, suppliers and business associates of your Company for their continued cooperation and support. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai

Dated: 20th June, 2008

GOVARDHAN M. DHOOT
CHAIRMAN

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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

The manufacturing processes of the Company are not energy intensive; therefore impact of energy saving devices is insignificant.

I. FORM A

A. Power and Fuel Consumption

	Current Year	Previous Year
1. Electricity		
(a) Purchased Units (KWH)	34,66,379	35,19,921
Total Amount (Rs.)	1,61,06,938	1,64,34,936
Cost per unit (Rs.)	4.65	4.67
(b) Own generation		
(i) Through diesel generator (KWH)	52,634	64,226
Unit per-ltr. of diesel oil	2.17	2.61
Cost per unit (Rs.)	13.86	13.86
(ii) Through steam turbine/Generator Unit	N.A	N.A
Unit per-ltr. of fuel oil/gas	N.A	N.A
Cost per unit	N.A	N.A
2. Coal		
Quantity (Tones)	N.A	N.A
Total cost	N.A	N.A
Average rate	N.A	N.A
3. Furnace Oil		
Quantity (K.Ltrs.)	1244210	13,82,820
Total Amount (Rs.)	2,94,43,942	2,90,40,058
Average rate per K. ltrs. (Rs.)	23.66	21.00
4. Others/internal generation		
Quantity	N.A	N.A
Total cost	N.A	N.A
Rate/unit	N.A	N.A



Mangalam Drugs & Organics Limited

II. FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

A. Specific areas in which R & D carried out by the Company:

The focus of R & D is to meet the changing requirement of business environment. The development of activities has resulted into:

- (i) Development of Indigenous Technologies for bulk drug & intermediate, process improvements, process simplification etc.,
- (ii) Improvement of existing process to improve yields and quality, reduce cost and lead to eco-friendly process

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

- (i) R & D efforts have helped to bring out an improvement in process, product, design & operating efficiencies.
- (ii) Development of various bulk drugs & intermediates.
- (iii) Development of new markets, for local and export markets as per requirement, quality up gradation and cost reduction.

C. Future plan of action:

- (i) Development of various bulk drugs/intermediate having good potential for local as well as export markets.
- (ii) Additional investment in Latest instrument & up gradation & strengthening of existing R & D facilities.

D. Expenditure on R & D:

- (i) The amount invested in R & D is Rs. 41 lacs.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In lacs)

Particulars	Current year	Previous year
Foreign Exchange Earnings	816.00	1404.87
Foreign Exchange Outgo		
(i) Raw material	1532.58	1383.18
(ii) Commission	8.20	21.81
(iii) Travelling Expenses	6.07	11.71
(iv) Interest on foreign currency loan (FCNRB)	47.80	179.54
Total	1594.65	1596.24

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai

Dated: 20th June, 2008

GOVARDHAN M. DHOOT
CHAIRMAN