

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



**36<sup>TH</sup>  
ANNUAL REPORT  
2008-2009**

**FINANCIAL HIGHLIGHTS**

(Figure in Lacs)

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



## BOARD OF DIRECTORS

GOVARDHAN M. DHOOT - CHAIRMAN  
SUBHASH C. KHATTAR  
RAJENDRAPRASAD MIMANI

## REGISTERED OFFICE

292, PRINCESS STREET  
2ND FLOOR, NEAR FLYOVER,  
MARINE LINES, MUMBAI 400 002

## WORKS

### VAPI - UNIT 1

PLOT NO. 187, GIDC  
VAPI, DIST. BULSAR  
GUJARAT 396 195

### VAPI - UNIT 2

PLOT NO. 1203, GIDC  
VAPI, DIST. BULSAR  
GUJARAT 396 195

### SANGAMNER - UNIT 3

SANGAMNER AUDYOGIK  
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-sixth Annual General Meeting of the members of the Company will be held at Registered office of the company at 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai-400002 on Tuesday, 29th September 2009 at 3.00 p.m. to transact the following Business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date and the reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Subhash C. Khattar, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

#### **SPECIAL BUSINESS:**

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

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

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

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

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company at the Registered office not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of the business under item no. 4 & 5 is annexed hereto.
3. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays, Sundays and Public Holidays upto the date of Annual General Meeting.
4. Members are requested to intimate to the Company, queries, if any, on the accounts at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
5. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore the Members are requested to bring their copy of Annual Report to the Meeting.
6. The Company has appointed M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, as Share Transfer Agents and the members are requested to send/ address all their shares related matters/ correspondence directly to them.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22nd September 2009 to Tuesday, 29th September 2009 (both days inclusive) for the purpose of Annual General Meeting.
8. **Change of Address / Bank details:** Members are requested to inform the Company or M/s. Link Intime India Private Limited, immediately of any change in their address / Bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details and mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
9. Members who have not encashed their dividend warrant(s) for the financial year 2004-05 and 2005-06 are requested to seek issue of duplicate warrant(s) by writing to the Company's Share Transfer Agents, M/s. Link Intime India Private Limited. Any such amounts of dividend remaining unclaimed for a period of seven years from the date they become due for payment shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Kindly note that no claim shall lie against the Company or the IEPF in respect of the amounts which were unclaimed and unpaid for a period of seven years from the date that they first become due for payment and no payment shall be made in respect of any such claims.

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



## Mangalam Drugs & Organics Limited

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

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

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

**Registered Office:**

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

Place : Mumbai  
Date : 29<sup>th</sup> July, 2009

**BY ORDER OF THE BOARD OF DIRECTORS**

**(GOVARDHAN M. DHOOT)**  
**CHAIRMAN**



## ANNEXURE TO NOTICE

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

**Item No. 4:**

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

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

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

The Directors recommend the resolution for approval of the members.

**Item No. 5:**

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

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

2. **Remuneration:**

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

3. **Perquisites / Allowance:**

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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

### Registered Office:

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

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Date : 29th July, 2009

GOVARDHAN M. DHOOT  
CHAIRMAN





## DIRECTORS' REPORT

To,  
The Members of  
**MANGALAM DRUGS & ORGANICS LIMITED**

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

### 1. FINANCIAL RESULTS: (Rs. in Lacs)

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

### 2. DIVIDEND:

Keeping in view the current economic scenario & future fund requirement towards capital expenditure & expansion, your Directors do not recommend any dividend for the financial year 2008-09 (Previous Year: Rs Nil)

### 3. REVIEW OF PERFORMANCE:

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

### 4. EXPORTS:

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

### 5. FUTURE OUTLOOK:

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



## Mangalam Drugs & Organics Limited

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

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

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

### 6. RESEARCH & DEVELOPMENT:

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

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

### 7. FIXED DEPOSIT:

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

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

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

### 9. PARTICULARS OF EMPLOYEES:

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

### 10. DIRECTORS:

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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Subhash C. Khattar retires by rotation and being eligible, offers himself for re-appointment..

### 11. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) That in the preparation of the annual accounts for the Year ended 31st March 2009 the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;