

COLINZ LABORATORIES LIMITED

Colinz

24th

A N N U A L

R E P O R T

2009-2010

COLINZ LABORATORIES LIMITED

BOARD OF DIRECTORS

DR. L. S. MANI	<i>Chairman & Managing Director</i>
SHRI. N. K. MENON	<i>Whole-Time Director</i>
SHRI. VASANT K. BHAT	Director
SHRI. KRISHNA KUMAR ATTRASSARY	Director

AUDITORS.....

S. V. BHAT & CO.
Chartered Accountants

BANKERS

BANK OF BARODA

REGISTERED OFFICE.....

A-101, PRATIK IND. ESTATE,
MULUND-GOREGAON LINK ROAD
NEXT TO WOCKHARDT HOSPITAL
MUMBAI - 400 078.

WORKS.....

PLOT NO. 60, 'STICE', MUSALGAON
SINNAR-SHIRDI ROAD, SINNAR
NASIK - 422 103.

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Company will be held at the Registered Office of the Company, i.e. A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Mumbai - 400 078, on Thursday, 30th September, 2010, at 12.30 P. M. to transact the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date, together with Director's Report and also the Auditor's Report thereon.
2. To appoint Director in place of Mr. Krishnakumar Attrassary who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

For Colinz Laboratories Limited.

Regd. Office:
A-101, Pratik Ind. Estate
Mulund-Goregaon Link Road
Mumbai - 400 078.

DR. L. S. MANI
Chairman & Managing Director.

Date : 29-05-2010

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. AN INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from, 23rd September, 2010 to 30th September, 2010. (both days inclusive)
- (c) Members are requested to notify immediately any change in their address to the Registrar and Transfer Agent of the Company, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400072.
- (d) Members intending to require any information about accounts to be explained in the meeting are requested to inform the Company in writing at least Ten days in advance of the date of Annual General Meeting.

COLINZ LABORATORIES LIMITED

DIRECTORS' REPORT 2009-2010

To

The Shareholders,

Your Directors have the pleasure in presenting their 24th Annual Report and audited Accounts of your Company, for the year ended 31st March, 2010.

FINANCIAL RESULTS :

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
Earnings before Interest, Depreciation & Tax (EBITDA)	49.99	56.29
<u>Less:</u> Bank Charges and Interest	17.68	23.86
Depreciation	25.70	26.24
Profit before Taxation	6.61	6.19
<u>Less/(Add):</u> Provision for Current Tax	0.96	0.59
Provision for Deferred Tax	(2.81)	3.28
Fringe Benefit Tax	-	1.32
Profit after Taxation	8.46	1.00

OPERATIONS :

During the year under review, the total revenues of the company stood at Rs.566.00 lacs compared to 549.00 lacs. The Profit before Tax was Rs. 6.61 lacs. The net Profit after providing for income tax and Deferred Tax was Rs.8.46 lacs. The earnings before Interest, Depreciation and tax was lower at 49.99 lacs during the year under review compared to Rs. 56.29 in the previous due to increase in the employee cost, particularly incurred to retain the productive field staff.

DIVIDEND :

Your Directors are unable to recommend any dividend during the year under review, considering the small surplus available and with a view to conserve funds towards margin monies.

LISTING OF SHARES:

The shares of your Company are listed in Stock Exchange, Mumbai. Annual Listing Fees for the year 2010-11 has been paid on time.

PUBLIC DEPOSITS :

The Company has not invited / received any fixed deposits during the year.

DIRECTORS:

The Board consists of Executive and Non-Executive directors, including independent Directors, who have wide and varied experience in different disciplines of corporate functioning. In accordance with the provisions of Companies Act, 1956, and Article of Association of the Company, Shri Krishnakumar Attrassary retires by rotation at the ensuring Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of provisions of Section 217[2AA] of the Companies Act, 1956, your Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed, along-with proper explanation relating to material departures, wherever applicable.
- 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, as at the end of the accounting year and of the profit of the company for that year;
- III. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

PERSONNEL:

During the year under review, relations between the Employees and the Management remained cordial.

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time are not applicable to your Company as there were no employees whose remuneration is in excess of limits prescribed.

CONSERVATION OF ENERGY:

Except for the consumption of Power (Electricity) the Company does not consume any other source of energy. Pharmaceutical company is not power intensive. Since it also involves multiple products, disclosure of consumption of power per unit of product is not meaningful.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

No imported technology is adapted by the Company. Continuous developmental efforts are made by our qualified and approved staff to formulate new products and innovation of existing products. Such efforts have benefited in improving the stability of our products and simplification of manufacturing procedures.

FOREIGN EXCHANGE:

During the year under review, Foreign exchange earned Rs.Nil,(Previous Year – Rs. NIL/-). Foreign exchange outgo was Rs. NIL, (Previous Year - Rs. 1,17,024/-).

RESEARCH AND DEVELOPMENT:

Your Company has not incurred any expenditure on research and development other than the routine developmental work.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the following form part of this Annual Report:

- i) Management Discussion and Analysis.
- ii) Report on Corporate Governance.
- iii) Auditor's Certificate regarding compliance of conditions of Corporate Governance.

OTHER MATTERS:

Your Company is not a polluting industry and the requirements of Pollution Control Board, if any, are met with.

AUDITORS:

M/s. S. V. Bhat & Co., Chartered Accountants, retire as auditors of the Company at the conclusion of the 24th Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT:

Your Directors would like to acknowledge the co-operation they received during the year under review from Bankers, Distributors as well as from various Government Departments and also the investing public. We would also like to place on record our profound admiration and sincere appreciation of the hard work put in by the members of the staff and workmen. We are grateful to you, for the confidence and faith you have reposed in us.

For and on behalf of the Board.

Dr. L. S. Mani
Chairman & Managing Director

Mumbai, 29th May, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

This Report includes Management Discussion and Analysis as appropriate, so that duplication and overlap between Directors Report and Management Discussion and Analysis is avoided. The entire material is thus provided in a composite and comprehensive document.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company follows fair, ethical and transparent governance practice by adopting high standard of professionalism, honesty, integrity and ethical behavior. The Company has a well defined set of guidelines for its internal governance based on business ethics, Legal Compliance and professional conduct. The Company also has an adequate internal control system.

The Company has complied with the provisions of clause 49 of the Listing Agreement with the Bombay Stock Exchange which deals with the compliance of Corporate Governance requirement.

A) THE PHARMACEUTICAL BUSINESS:

Colinz Laboratories Ltd., is engaged in the manufacturing and marketing of pharmaceutical formulations particularly in gynaecological sector. The Indian pharmaceutical market is highly competitive and also still fragmented with over 20,000 players comprising of foreign multinationals, Indian multinationals, mid-size and small scale companies. Your Company falls under the SME sector. However, Colinz has established reputation as a quality supplier of medicines in the domestic market, wherever the Company has its operation.

B) OPPORTUNITIES, THREATS AND CONCERNS:

The Company's products are enjoying a good Brand image, particularly among gynaecologists. The Company has a potential to grow in future considering the fact that it is yet to open up its marketing operations in many states of the country, However, due to paucity of working capital, the company is unable to expand its marketing activities, to unrepresented areas.

The Company is a Revised Schedule 'M' complied unit, as per the requirement of D & C Act.

Your company, no doubt is focusing on those off patented products, and these products will have extended shelf life in the market, due to lesser discoveries of new molecules, considering the investment to be made and time and expenditure involved in developing such new molecules. However, the takeovers of bigger Indian Pharma Companies by foreign MNC's , is a serious cause of concern to the national sector of pharma industry, particularly to SME's.

C) OUT LOOK:

Barring unforeseen deterrents and the issues outlined above, the Company does not foresee any major threats in its survival and moderate growth. However, the margins are likely to be under heavy pressure due to high inflation prevailing in the country resulting in increase in all inputs / costs.

D) FINANCE:

The financial management and cash flow have been satisfactory, during the year under review.

E) INTERNAL CONTROLS:

The Company has proper and adequate internal control system, in respect of efficiency of operations, financial reporting and compliance with applicable laws and regulations etc. There are adequate controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and that all transactions are authorized, recorded and reported correctly.

F) HUMAN RESOURCES:

Human resources are highly valued asset for any industry particularly in pharmaceutical selling. Therefore the Company seeks to attract and retain technical and marketing staff. The Company also recognizes the importance of human assets and ensures that proper encouragement is extended to the employees to motivate them. The total number of employees as on 31-03-2010 was 130. The Company enjoyed excellent relationship with its employees during the year under review.

G) CAUTIONARY STATEMENT:

The above Management Discussion and Analysis section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of the future performance and outlook.

CORPORATE GOVERNANCE:

1) PHILOSOPHY:

Colinz Laboratories Ltd., has always strived to attain highest levels of transparency and accountability in all its operation and in its interactions with Shareholders, Government depts. creditors etc. Hence the Company has taken all appropriate steps to comply with the provisions of the prescribed Corporate Governance Code within the stipulated time.

2) BOARD OF DIRECTORS:

(a) Composition, Category of Directors and their other directorships as on 31-03-2010:

Name of the Director	Category of Directorship	No. of Directorships in the public companies
Dr. L. S. Mani	Chairman & Managing Director (Executive, Promoter)	None
Shri. N. K. Menon	Whole-Time Director(Executive)	None
Shri. Vasant K. Bhat	Non-Executive, Independent	None
Shri. A. Krishna Kumar	Non-Executive, Independent	None

(b) Number of Board Meetings: During the year ended 31-03-2010, 6 Board Meetings were held on 20-06-2009, 29-06-2009, 31-07-2009, 31-10-2009, 31-01-2010, 31-03-2010

(c) Directors' attendance record:

Name of the Director	Board Meetings attended during the year.	Whether attended last AGM
Dr. L. S. Mani	6	Yes
Shri. N. K. Menon	6	Yes
Shri. Vasant K. Bhat	6	Yes
Shri. A. Krishnakumar	6	Yes

3) COMMITTEES OF THE BOARD :

(a) Audit Committee

i) Terms of Reference :

Apart from all the matters provided in clause 49 of the listing agreement and Sec. 292-A of the Companies Act, 1956 the Audit Committee holds discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors. It also reviews major accounting policies followed by the Company.

ii) Composition.

The Composition of the Audit Committee is as follows :

Name	Designation	Category of Directorship	Committee Meetings Attended
Shri. Vasant K. Bhat	Chairman	Non-Executive, Independent	6
Shri. A. Krishnakumar	Member	Non-Executive, Independent	6
Dr. L. S. Mani	Member	Executive, Promoter	6

(b) Remuneration Committee and Policy :

The non-mandatory requirement of setting up of a remuneration committee for remuneration of executive directors has not been adopted considering the nature and the size of the Company. The Board of Directors determines the remuneration payable to the Executive Directors taking into account their qualifications, experience, expertise and contribution.

The details of the remuneration paid to the Executive Directors for the year ended 31-03-2010 are as follows.

Name	Salary
Dr. L. S. Mani	Rs. 6,69,500/-
Shri. N. K. Menon	Rs. 5,97,500/-

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The Company pays sitting fees of Rs. 5,000/- per meeting to Non-Executive Directors.

(c) Investors Grievance Committee :

The Board has constituted an Investors Grievance Committee which looks into shareholders and investors grievances.

Following are the members of the Committee :

Name	Designation	Category of Directorship
Shri. Vasant K.Bhat	Chairman	Non-Executive, Independent
Dr. L. S. Mani	Member	Executive, Promoter

Compliance Officer : Shri. Vasant K. Bhat.

Number of complaints received from the shareholders during the year – Nil

Number of complaints redressed during the year – Nil

Number of complaints unsolved as on 31.03.2010 - Nil

4. SHAREHOLDERS :

(a) Means of Communication :

The quarterly, half yearly and annual audited financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board. The results are published in accordance with the guidelines of the Stock Exchange.

(b) Share Transfers :

As per SEBI circular D & CC/FITTC/CIR-15/2002 dated 27-12-2002 the Company should have a common agency for share registry work. Accordingly, the Company has appointed M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400072, as Common Agency for share registry work.

(c) General Body Meetings :

Details of the last 3 Annual General Meetings are as under.

Financial Year	Date	Time	Venue
2008-09	29-09-2009	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.
2007-08	26-09-2008	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.
2006-07	28-09-2007	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.

(d) Postal Ballot :

For the year ended 31-03-2010, there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

(e) Details of Directors seeking re-appointment in 24th Annual General Meeting :

(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Shri. Krishnakumar
Date of Birth	27.08.1959
Qualifications	BA, DMM
Date of Appointment	31.01.2009
Expertise in specific functional areas	HRD and Training
List of other companies in which Directorship held	None
Chairman/Member of the committees of the Board of Directors of other companies in which he/she is a Director.	None

Additional Shareholders information:

(a) Annual General Meeting

Date : 30th September, 2010.

Time : 12.30 P. M.

Venue : A-101, Pratik Estate, Mulund-Goregaon Link Road, Mumbai – 400 078.

(b) Financial Calender

Financial Year : 1st April to 31st March.

For the financial year 2010-11, the tentative dates for declaration of un-audited / audited results will be as follows;

Quarter ending 30-06-2010 Before 31st July, 2010.

Quarter ending 30-09-2010. Before 31st Oct, 2010.

Quarter ending 31-12-2010 Before 31st Jan, 2011.

Quarter ending 31-03-2011 &

Audited results for the year 2010-11 Before 31st May, 2011.

(c) Book closure :

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 23rd September, 2010 to Thursday, 30th September, 2010 (both days inclusive)

(d) Listing in stock exchanges and stock codes :

The shares of the Company are listed in The Stock Exchange, Mumbai.

Code of the Company is 531210

The ISIN number allotted to the Company for demat of shares are as under

NSDL INE923C01011

CDSL INE923C01011

(e) Stock Data:

High/Low of Market Price of Company's Equity shares traded in the Stock Exchange Mumbai during the financial year ended on 31-03-2010 was as follows:

Month	High	Low	Month	High	Low
April 2009	6.00	5.71	October 2009	5.20	4.55
May 2009	6.93	5.70	November 2009	4.84	4.30
June 2009	6.50	4.81	December 2009	5.43	4.19
July 2009	5.05	4.10	January 2010	6.74	4.91
August 2009	4.89	4.04	February 2010	5.62	4.61
September 2009	5.10	4.33	March 2010	5.35	4.40

(f) Distribution of Shareholding as on 31-03-2010.

Range (In Rs.)	Total Holders	% of Total Holders	Total Holding in Rs.	% of Total Capital
1 - 5000	1890	95.05	1241363	27.16
5001 - 10000	25	1.26	176713	3.87
10001 - 20000	20	1.01	306224	6.70
20001 - 30000	6	0.30	166600	3.64
30001 - 40000	37	1.88	1457300	31.88
40001 - 50000	2	0.10	100000	2.19
50001 - 100000	5	0.25	389400	8.52
100001 & above	3	0.15	733400	16.04
Total	1988	100.00	45710000	100.00

(g) Shares held in physical and dematerialised form :

As on 31-03-2010, 12.02% of the shares were held in dematerialised form and the rest in physical form.

(h) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not applicable.

COLINZ LABORATORIES LIMITED

- (i) Plant Location :
Plot No. 60, STICE, Sinnar-Shirdi Road, Musalgaon, Sinnar, Dist. Nasik – 422 103.
- (j) Share Transfer System :
The Company has appointed M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072, as Registrar & Transfer Agents.
Tel : 022-28470652 /53
Fax : 022-28475207
Email : bigshare@bom7.vsnl.net.in
- (k) Disclosures :
The Company has not entered into any transaction of material nature with the promoters, the Directors, their relatives etc. that may have any potential conflict with the interests of the Company.
The Company has complied with requirements of the stock exchange, SEBI and other statutory authorities on all matters related to capital markets during the last three years. There were no penalties imposed nor any strictures imposed on the Company by the Stock Exchange, SEBI or any other statutory authority relating to the above.

CEO's Certification

The Board of Colinz Laboratories Ltd. has laid down a code of conduct for all the Board Members and the Senior Management. All the Board Members and the Senior Management personnel have affirmed compliance of the code.

Place: Mumbai.
Date: 29-05-2010

Dr. L. S. Mani
Chairman & Managing Director

CERTIFICATE

To the Members of
COLINZ LABORATORIES LTD.

We have examined the compliance of the conditions of Corporate Governance by Colinz Laboratories Ltd., for the year ended on 31-03-2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with 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, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned 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 S. V. Bhat & Co.
Chartered Accountants

S. V. Bhat
Proprietor.
MEMBERSHIP No. - 37237
FIRM REG.NO. -101298W

Mumbai, dated 17th May, 2010

AUDITORS' REPORT

TO THE SHAREHOLDERS OF M/S. COLINZ LABORATORIES LIMITED.

We have audited the attached Balance Sheet of M/s. Colinz Laboratories Limited as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1] As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 of the said Order.
- 2] Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
 - a] We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - b] In our opinion, proper Books of Accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c] The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the Books of Accounts.
 - d] In our opinion and to the best of our information, Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, referred to in Section 211 (3C) of the Companies Act, 1956.
 - e] On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2010 from being appointed as a Director in terms of Section 274(1) (g) of the Companies Act, 1956.
 - f] In our opinion and to the best of our information and according to the explanations given to us, the said accounts along with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. V. BHAT & CO.
Chartered Accountant

S.V.Bhat
Proprietor
MEMBERSHIP No. - 37237
FIRM REG.NO.- 101298W

Date : 17th May, 2010.
Place : Mumbai.

COLINZ LABORATORIES LIMITED

ANNEXURE

Re: COLINZ LABORATORIES LIMITED. (Referred to in paragraph 1 of our Report of even date)

1. (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 during the year by the management. According to the information and explanations given to us, no material discrepancies were noticed on verification.
(c) There was no disposal of any fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the Management. In our Opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) The Particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register maintained under that section.
(b) The transaction made in pursuance of contracts or arrangements referred to in section 301 of the Act are, in our opinion, at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956.
9. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, provisions of Employees State Insurance Act is not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31-03-2010 for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank.
12. According to the information and explanations given to us and based on the documents and records produced 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.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. In respect of shares, securities or other investments dealt in or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from Bank or Financial Institutions.
16. On the basis of the records examined by us and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 and therefore the question of the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
19. The Company has not issued debentures and therefore the question of creation of security in respect of debentures does not arise.
20. The Company has not raised monies by public issues during the year and therefore the question of disclosure and verification of end use of such monies does not arise.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. V. BHAT & CO.
Chartered Accountants

S. V. BHAT
Proprietor
MEMBERSHIP No. - 37237
FIRM REG.NO.- 101298W

Date : 17th May, 2010
Place : Mumbai.

COLINZ LABORATORIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
I. SOURCES OF FUNDS				
<u>SHARE HOLDERS FUND:</u>				
SHARE CAPITAL	1	3,54,35,000		3,54,35,000
RESERVES AND SURPLUS	2	2,37,17,434		2,16,70,779
			5,91,52,434	5,71,05,779
<u>LOAN FUND:</u>				
SECURED LOANS	3	1,51,04,366		1,45,76,327
UN SECURED LOANS	4	1,60,47,839		1,63,56,973
			3,11,52,205	3,09,33,300
<u>DEFERRED TAX LIABILITY:</u>				
			35,61,915	38,43,362
TOTAL :			9,38,66,554	9,18,82,441
II. APPLICATION OF FUNDS				
<u>FIXED ASSETS:</u>				
GROSS BLOCK	5	6,59,13,844		6,58,08,412
LESS : DEPRECIATION		1,92,61,313		1,66,90,956
NET BLOCK			4,66,52,531	4,91,17,456
INVESTMENTS	6		31,42,828	31,42,828
<u>CURRENT ASSETS, LOANS & ADVANCES:</u>				
INVENTORIES	7	1,71,67,174		1,78,16,884
SUNDRY DEBTORS	8	1,17,94,475		1,08,03,052
CASH & BANK BALANCES	9	65,38,410		22,56,430
OTHER CURRENT ASSETS	10	7,09,150		7,09,150
LOANS & ADVANCES	11	1,43,61,120		1,46,44,006
		5,05,70,329		4,62,29,522
<u>Less : CURRENT LIABILITIES & PROVISIONS:</u>				
NET CURRENT ASSETS	12	64,99,134		66,07,365
NOTES ON ACCOUNTS	18		4,40,71,195	3,96,22,157
TOTAL :			9,38,66,554	9,18,82,441

As per our report of even date attached.

FOR S. V. BHAT & CO.

Chartered Accountants.

S. V. BHAT

Proprietor.

M. No. 37237

FIRM REG.NO.101298W

MUMBAI

17TH MAY, 2010

FOR AND ON BEHALF OF THE BOARD.

DR. L. S. MANI

N. K. MENON

Chairman & Managing Director

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

	<u>Schedule</u>	<u>31-03-2010</u> <u>Rupees</u>	<u>31-03-2009</u> <u>Rupees</u>
INCOME :			
SALES	—	5,63,99,192	5,47,17,751
OTHER INCOME	13	1,97,031	1,84,701
		<u>5,65,96,223</u>	<u>5,49,02,452</u>
EXPENDITURE:			
COST OF MATERIALS	14	2,07,99,387	2,06,67,566
OTHER MANUFACTURING EXPS	15	83,42,804	78,58,964
ADMINISTRATION & OTHER EXPS	16	66,82,805	59,73,969
SELLING & DISTRIBUTION EXPS	17	1,57,72,007	1,47,74,135
BANK CHARGES & INTEREST	—	17,67,765	23,85,556
DEPRECIATION	—	25,70,357	26,23,646
		<u>5,59,35,125</u>	<u>5,42,83,836</u>
PROFIT BEFORE TAXATION		6,61,098	6,18,616
LESS : PROVISION FOR TAXATION – Current Tax		95,890	58,707
Deferred Tax		(2,81,447)	3,27,642
Fringe Benefit Tax		—	1,32,507
PROFIT AFTER TAXATION		8,46,655	99,760
PREVIOUS YEAR PROFIT B/F		49,50,529	48,50,769
BALANCE CARRIED TO BALANCE SHEET		<u>57,97,184</u>	<u>49,50,529</u>
NOTES ON ACCOUNTS :	18		

As per our report of even date attached.

FOR S. V. BHAT & CO.

Chartered Accountants.

S. V. BHAT

Proprietor.

M. No. 37237

FIRM REG.NO.101298W

MUMBAI

17TH MAY, 2010

FOR AND ON BEHALF OF THE BOARD.

DR. L. S. MANI

N. K. MENON

Chairman & Managing Director

Director

COLINZ LABORATORIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
SCHEDULE 1 : SHARE CAPITAL			
Authorised :			
60,00,000 Equity Shares of Rs. 10/- each.		<u>6,00,00,000</u>	<u>6,00,00,000</u>
Issued :			
45,76,000 Equity Shares of Rs. 10/- each.		<u>4,57,60,000</u>	<u>4,57,60,000</u>
Subscribed and Paid-up :			
45,71,000 Equity Shares of Rs. 10/- each fully called up	4,57,10,000		
Less : Allotment Money in arrears other than By Directors	<u>1,02,75,000</u>	<u>3,54,35,000</u>	<u>3,54,35,000</u>
TOTAL :		<u><u>3,54,35,000</u></u>	<u><u>3,54,35,000</u></u>
SCHEDULE 2 : RESERVES & SURPLUS			
Capital Reserve :			
State Special Capital Incentive received		27,00,000	15,00,000
Share Premium Account	2,03,55,000		
Less : Allotment Money in arrears other than By Directors	<u>51,34,750</u>	<u>1,52,20,250</u>	<u>1,52,20,250</u>
Balance in Profit & Loss Account		<u>57,97,184</u>	<u>49,50,529</u>
TOTAL :		<u><u>2,37,17,434</u></u>	<u><u>2,16,70,779</u></u>
SCHEDULE 3 : SECURED LOANS			
From Banks:Cash Credit Account.		1,24,78,938	1,07,60,877
<i>[Secured by Hypothecation of Stock in Trade / Book Debts]</i>			
Term Loan from Bank of Baroda		23,73,180	34,14,139
<i>[Secured by Hypothecation of Plant & Machinery]</i>			
Car Loans from ICICI Bank Ltd		2,52,248	4,01,311
<i>[Secured by Hypothecation of Car]</i>			
TOTAL :		<u><u>1,51,04,366</u></u>	<u><u>1,45,76,327</u></u>
SCHEDULE 4: UN SECURED LOANS			
Sales Tax Deferred (Interest free)		1,60,47,839	1,63,56,973
(Payable within 1 year Rs.3,05,191/- Transferred to Current Liability)			
TOTAL :		<u><u>1,60,47,839</u></u>	<u><u>1,63,56,973</u></u>

SCHEDULE 5 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.4.2009	Addition in 2009-10	Deduc- tion	As at 31.3.2010	As at 1.4.2009	Deprecia- tion for the year	Deduc- tion	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
LAND	2574350	0	0	2574350	0	0	0	0	2574350	2574350
[Including Land Developing Exps]										
BUILDING- Factory	24027330	0	0	24027330	5091284	802513	0	5893797	18133533	18936046
BUILDING-Office	6580717	0	0	6580717	599366	107266	0	706632	5874085	5981351
PLANT & MACHINERY	11187512	0	0	11187512	4126760	531407	0	4658167	6529345	7060752
LABORATORY EQUIPMENTS	1570542	0	0	1570542	546188	74601	0	620789	949753	1024354
FACTORY EQUIPMENTS & TOOLS	3223653	0	0	3223653	983439	153124	0	1136563	2087090	2240214
ELECTRICAL INSTALLATION	2303940	30213	0	2334153	929564	109966	0	1039530	1294623	1374376
CENTRAL A.C. PLANT	8176691	0	0	8176691	1421289	388393	0	1809682	6367009	6755402
OFFICE EQUIPMENTS	592660	0	0	592660	324413	28151	0	352564	240096	268247
COMPUTER	557162	75219	0	632381	557162	8601	0	565763	66618	0
FURNITURE & FIXTURE	3469439	0	0	3469439	1614961	219615	0	1834576	1634863	1854478
VEHICLES	1544416	0	0	1544416	496530	146720	0	643250	901166	1047886
TOTAL	65808412	105432	0	65913844	16690956	2570357	0	19261313	46652531	49117456
PREVIOUS YEAR	65986350	45062	223000	65808412	14287430	2623646	220120	16690956	49117456	51698920

COLINZ LABORATORIES LIMITED

SCHEDULE 6 : INVESTMENTS

	Face Value Rs.	No. of Shares	31-3-2010 Rupees	31-3-2009 Rupees
(a) Equity shares [fully paid, quoted]				
3i Infotech	10	600	30,000	30,000
Akruti Nirman Ltd	10	12	6,480	6,480
Ansal Properties & Infrastructure Ltd	5	200	1,01,926	1,01,926
Arwind Mills	10	500	60,681	60,681
Bajaj Holdings & Investments Ltd.	10	50	73,319	73,319
Bajaj Auto Ltd.	10	50	28,678	28,678
Bajaj Finserv Ltd.	5	50	27,770	27,770
Bank of Baroda	10	500	1,18,534	1,18,534
Bank of Maharashtra	10	300	6,900	6,900
Bell Ceramics	10	1000	21,880	21,880
Bharat Forge Ltd.	2	30	3,804	3,804
Bharti Shipyard Ltd.	10	200	64,841	64,841
Cairn India Ltd	10	1015	1,62,400	1,62,400
CESC Ltd	10	200	1,28,627	1,28,627
Evereedy Industries Ltd.	5	500	17,645	17,645
GTL Infrastructure Ltd	10	213	4,000	4000
Gangotri Textiles Ltd	5	1200	70,244	70,244
Gujarat Sidhee Cement Ltd	10	1000	24,186	24,186
HFCL Ltd.	10	500	12,192	12,192
Hindustan Organic Chemicals Ltd	10	1000	66,283	66,283
Hindustan Oil Exploration Co Ltd	10	500	81,322	81,322
Spice Telecom Ltd	10	1000	58,968	58,698
IDBI Ltd	10	200	15,717	15,717
IDFC Ltd	10	2000	1,64,446	1,64,446
Idea Cellular Ltd	10	500	71,866	71,866
Kausalya Infrastructure Ltd	10	176	10,560	10,560
Seamec Ltd	10	1000	1,92,315	1,92,315
Lanco Infrastructure Ltd	10	321	77,040	77,040
Lumax Auto Technologies Ltd.	10	372	27,900	27,900
Macleod Russels Ltd	5	500	17,645	17,645
Mahindra Gesco Developers Ltd	10	200	1,84,668	1,84,668
Maars Software Ltd	10	5000	57,340	57,340
Mid-day Multimedia Ltd	10	500	27,967	27,967
Morepen Laboratories Ltd.	2	500	7,455	7,455
NTPC Ltd	10	500	71,801	71,801
Neyveli Lignite Ltd.	10	400	22,868	22,868
Panama Petrochem Ltd	10	500	64,739	64,739
Polaris Software Lab Ltd.	5	200	32,299	32,299
Punj Lloyd Ltd	2	500	99,416	99,416
Pyramid Saimira Theatre Ltd	10	60	6,000	6,000
Ranbaxy Labs. Ltd.	5	100	46,004	46,004
Reliance Capital Ltd	10	10	1,130	1,130
Reliance Communication Ltd	5	200	33,654	33,654
Reliance Energy Ltd	10	15	6,348	6,348
Reliance Natural Resources Ltd.	5	200	608	608
Reliance Power Ltd	10	24	6,750	6,750
Simplex Infrastructure Ltd	2	200	76,982	76,982
Sonata Software Ltd	1	1000	52,218	52,218
Spicejet Ltd	10	500	30,276	30,276
Tamilnadu Petroproducts Ltd.	10	500	17,290	17,290
Tanla Solutions Ltd	2	50	6,625	6,625
Tata Tele (Mah) Services Ltd.	10	700	20,634	20,634
Unitech Ltd	2	200	44,887	44,887
Voltamp Transformers Ltd	10	100	63,163	63,163
Wipro Ltd	2	50	13,537	13,537
Total Carried down			27,42,828	27,42,828
(Market Value of Quoted Shares Rs.29,01,598/-)				
(b) Mutual Funds & Others (Un-Quoted)				
Total Brought down			27,42,828	27,42,828
UTI Master Value Fund	33.89	8852.169	3,00,000	3,00,000
JM Infra & Agricultural Fund	10	10000	1,00,000	1,00,000
TOTAL :			31,42,828	31,42,828

	As at 31-3-2010	As at 31-3-2009
SCHEDULE 7 : INVENTORIES		
<i>[As Taken, Valued and Certified by Management]</i>		
Raw Materials	20,06,585	23,40,116
Packing Materials	10,41,238	9,68,102
Finished Goods	1,33,68,881	1,41,07,584
Semi Finished Goods	7,50,470	4,01,082
TOTAL :	1,71,67,174	1,78,16,884
SCHEDULE 8: SUNDRY DEBTORS		
<i>[Unsecured, Considered Good]</i>		
Over Six Months	18,16,608	16,50,725
Others	99,77,867	91,52,327
TOTAL :	1,17,94,475	1,08,03,052
SCHEDULE 9: CASH AND BANK BALANCES		
Cash on hand	7,16,417	6,47,654
Balances with Scheduled Banks :		
In current Accounts	46,21,993	4,08,776
Fixed Deposit Account	12,00,000	12,00,000
TOTAL :	65,38,410	22,56,430
SCHEDULE 10: OTHER CURRENT ASSETS		
Security Deposits	7,09,150	7,09,150
TOTAL :	7,09,150	7,09,150
SCHEDULE 11 : LOANS AND ADVANCES		
<i>[Unsecured, Considered good]</i>		
Loans to Companies	1,36,50,000	1,38,50,000
Advances Recoverable	2,72,196	3,83,870
Balance with Excise Authorities	14,798	41,271
Advance Tax	1,25,929	1,24,805
Prepaid Expenses	2,16,551	2,44,060
Vat Refund Receivable	81,646	—
TOTAL :	1,43,61,120	1,46,44,006
SCHEDULE 12: CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors:		
Trade Creditors	43,90,891	54,61,976
Other creditors	21,08,243	11,45,389
TOTAL :	64,99,134	66,07,365

COLINZ LABORATORIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Rupees	For the Year 2009-10 Rupees	For the Year 2008-09 Rupees
SCHEDULE 13 : OTHER INCOME			
Interest received		1,05,490	1,23,377
<i>[Includes T. D. S of Rs.10,729/-, Previous Year - Rs. 5,383/-]</i>			
Interest on Income Tax Refund		—	12,680
Sales Tax Refund		51,090	—
Dividend		40,451	36,524
Profit on sale of Vehicle (Car Sold)		—	12,120
TOTAL :		<u>1,97,031</u>	<u>1,84,701</u>
SCHEDULE 14 : COST OF MATERIALS			
CONSUMPTION OF RAW MATERIALS :			
Opening Stock	23,40,116		19,44,668
Add : Purchases	99,82,416		90,42,648
	<u>1,23,22,532</u>		<u>1,09,87,316</u>
Less : Closing Stock	20,06,585		23,40,116
Consumption		1,03,15,947	86,47,200
CONSUMPTION OF PACKING MATERIALS :			
Opening Stock	9,68,102		9,06,150
Add : Purchases	76,93,506		68,31,571
	<u>86,61,608</u>		<u>77,37,721</u>
Less : Closing Stock	10,41,238		9,68,102
Consumption		76,20,370	67,69,619
PURCHASE OF FINISHED GOODS :		24,73,755	28,81,392
[INCREASE] / DECREASE IN FINISHED GOODS & WORK IN PROCESS :			
OPENING STOCK : Finished Goods	1,41,07,584		1,60,33,393
Work in Process	4,01,082		8,44,628
	<u>1,45,08,666</u>		<u>1,68,78,021</u>
CLOSING STOCK : Finished Goods	1,33,68,881		1,41,07,584
Work in Process	7,50,470		4,01,082
	<u>1,41,19,351</u>		<u>1,45,08,666</u>
[Increase] / Decrease		3,89,315	23,69,355
TOTAL :		<u>2,07,99,387</u>	<u>2,06,67,566</u>

	For the Year 2009-10 Rupees	For the Year 2008-09 Rupees
SCHEDULE 15 : OTHER MANUFACTURING EXPENSES		
Wages & Salaries	21,75,350	20,83,955
Power & Fuel	6,11,130	5,68,013
Freight Inward	1,41,603	1,25,910
Blocks & Designs	64,550	38,475
Laboratory Expenses	1,16,748	1,14,483
Analytical Charges	2,13,624	1,37,595
A. C. Rental Charges	1,29,506	1,42,496
Loan License Charges Paid	12,32,889	9,62,724
Consumable Stores	1,54,937	1,69,254
Water Charges	20,551	21,652
Factory Security Charges	1,21,790	1,16,999
Rent Paid	1,14,000	1,14,000
Insurance	1,47,802	1,62,871
Factory Transportation	2,25,795	1,82,418
Excise Duty	27,13,220	28,14,977
Repairs & Maintenance : Plant & Machinery	Rs. 90,495	
Building	Rs. —	
Others	Rs. 68,814	
	1,59,309	1,03,142
TOTAL :	83,42,804	78,58,964
SCHEDULE 16 : ADMINISTRATION & OTHER EXPENSES		
Travelling Expenses	9,71,784	8,36,196
Printing & Stationery	58,457	1,49,269
Society Maintenance Charges	64,051	62,641
Taxes, License & Fees	2,38,715	1,67,307
Office Expenses	4,90,012	4,28,869
Conveyance	2,06,410	1,86,035
Legal & Professional Charges	6,73,026	3,67,001
Employer's Contribution to Provident Fund	6,13,753	5,80,566
Administration Salary	12,03,519	11,23,521
Postage & Telegrams	2,41,560	2,51,241
Telephones	2,22,532	2,18,230
Books, Periodicals & Subscription	28,000	57,250
Auditor's Remuneration	72,000	72,000
Managerial Remuneration	13,87,000	12,81,000
Bonus	92,356	72,490
Gratuity	95,000	99,365
Annual General Meeting Expenses	24,630	20,988
TOTAL :	66,82,805	59,73,969
SCHEDULE 17 : SELLING & DISTRIBUTION EXPENSES		
Salary	67,36,365	62,13,480
Incentives & Bonus	15,14,294	13,20,185
Freight & Forwarding	11,93,718	12,05,920
Recruitment & Statutory Advertisement	51,083	94,267
C & F Charges & Commission	9,27,890	10,35,801
Field Staff Travelling	53,48,657	49,04,482
TOTAL :	1,57,72,007	1,47,74,135

COLINZ LABORATORIES LIMITED

SCHEDULE 18: NOTES ON ACCOUNTS:-

1. Significant Accounting Policies:
 - a) General :
The Financial statements are prepared under historical cost convention on an accrual basis and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - b) Fixed Assets:
Fixed assets are stated at original cost net of tax / duty credits availed, if any.
 - c) Capital work in progress:
The capital work in progress as on 31-03-2010 is Rs. Nil
 - d) Depreciation :
Fixed Assets are depreciated under Straight Line Method. The applicable rates are as provided under Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.
 - e) Inventories:
Raw materials and packing materials are valued at cost on FIFO basis as per revised Accounting Standard AS-2 of the Institute of Chartered Accountants of India. Finished goods and semi-finished goods are valued at lower of cost or net realizable value.
 - f) Investments:
Investments are stated at cost.
 - g) Sales:
Sales are recognized at the time of dispatch of goods. All sales are shown inclusive of excise duty and exclusive of Sales Tax (VAT).
 - h) Other income:
Includes sales tax refund received, interest on Fixed Deposits with Bank and dividends received.
 - i) Research and Development Expenses:
No capitalization of Research and Development expenses is made since no capital expenditure on research and development expenditure has been incurred during the year.
 - j) Foreign Currency Transactions:
Export earnings of Rs.Nil (Previous Year - Rs.NIL)
Foreign Exchange Outgo of Rs.NIL (Previous Year – Rs. 1,17,024/-)
 - k) Retirement Benefits:
Retirement benefit in respect of gratuity is not provided for, and liability is not ascertained.
Privilege leave entitlement: Privilege leave entitlements are recognized as a liability as and when the same is encashed by the employees.
Provident Fund: Contribution to Government provident Fund are made as per the provisions regularly.
2. The figures of previous year have been regrouped wherever necessary.
3. As per the available records, there is no outstanding dues to enterprises registered under Micro, Small and Medium Enterprises Development Act, 2006, at the end of the year. Further, no interest has been paid or payable on delayed payment of dues, if any, to such enterprises during the year
4. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs.Nil [Previous Year : Rs. Nil]
5. Contingent Liabilities:
Bills Discounted and Purchased - Rs. Nil (Previous Year Rs. Nil)
Others - Rs. Nil (Previous Year Rs. Nil)
6. Auditors Remuneration :

	2009-2010	2008-2009
Audit Fees	Rs. 50,000	Rs. 50,000
Tax Audit Fees	Rs. 10,000	Rs. 10,000
Other services	Rs. 12,000	Rs. 12,000
	Rs. 72,000	Rs. 72,000
7. Directors Remuneration:
The company has been advised that the computation of net profit for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to Directors. Fixed monthly remuneration has been paid to the Directors as per Schedule XIII to the Companies Act, 1956.

	2009-2010	2008-2009
Remuneration includes;		
a) Salary	Rs. 12,67,000	Rs. 11,66,000
b) Other perks	Nil	Nil
	Rs. 12,67,000	Rs. 11,66,000
Sitting fees paid to Non-Executive Independent Directors	Rs. 1,20,000	Rs. 1,15,000

8. Segment Reporting

The Company is engaged in pharmaceutical formulation business which as per Accounting Standard – AS 17 is considered the only reportable business segment.

9. Related party transaction

As required by Accounting Standard – AS 18 ‘Related Parties Disclosure’ issued by the Institute of Chartered Accountants of India are as follows :

- | | | |
|------------------------------|-----|---|
| (a) Key Management personnel | (b) | Details of Transactions. |
| (i) Dr. L. S. Mani. | | Remuneration paid Rs.6,69,500/-
Rent paid for the premise hired Rs. 1,14,000/- |

10. Earning per share

As per Accounting Standard AS - 20 on ‘Earning per Share’ issued by the Institute of Chartered Accountants of India, the earning per share of the Company is Rs.0.19.

11. Accounting for Taxes on Income.

In accordance with the AS-22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, to the extent the timing differences are expected to crystallize. The deferred tax asset arising on account of brought forward unabsorbed depreciation is recognized only to the extent there is a reasonable certainty of realization.

12. AS – 28 Impairment of Assets.

As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets. Hence there is no impairment loss on the assets of the company.

In the opinion of Board of Directors, the Current Assets, Loans and advances have a value which on the realization in the ordinary course of business would at least be equal amount stated in the Balance sheet.

13. With regard to loan given to Company, the Board of Directors are of the opinion that no interest should be provided in the accounts as the principle amount has not been recovered, Further, no provision for doubtful debt is required to be made as the amount is expected to be recovered in due course.

14. Deferred Tax :

The break up of the deferred tax liability as at 31st March, 2010 is as under:

	2009-10 Rupees	2008-09 Rupees
Deferred Tax Liability :		
Difference between book depreciation and depreciation as per Income Tax Act, 1961.	63,70,119	68,02,597
	<u>63,70,119</u>	<u>68,02,597</u>
Deferred Tax Assets:	28,08,204	29,59,235
Net Deferred Tax Liability	<u>35,61,915</u>	<u>38,43,362</u>

15 The Share Capital includes 4,00,000 Equity Shares of Rs. 10/- each, allotted as fully paid Bonus Shares by capitalisation of Capital Reserves in 1994-95.

16 Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, as certified by the Directors.

Quantitative and Turnover information for the year ending 31st March, 2010.

(Previous year figures are regrouped wherever necessary)

i) Manufacturing Activities :

[Rupees in Lacs]

Class	Units	Installed Capacity	Actual production	Opening Stock		Closing Stock		Turnover	
				Qty.	Value	Qty.	Value	Qty.	Value
Tablets	Nos.	600	119.28	22.73	34.70	26.50	52.41	115.51	156.00
	in Lacs	(600)	(99.834)	(23.286)	(35.90)	(22.73)	(34.70)	(100.39)	(139.42)
Capsules	Nos.	400	88.16	14.06	44.20	12.03	35.74	90.19	241.03
	in Lacs	(400)	(89.299)	(17.011)	(45.19)	(14.06)	(44.20)	(92.25)	(245.75)
Liquids	Ltrs.	—	18735.260	3964.110	9.24	5384.400	12.12	17314.97	40.48
		—	(18442.780)	(4337.89)	(9.84)	(3964.110)	(9.24)	(18816.56)	(43.69)
Ointments	Kgs	—	3776.255	1421.175	18.10	816.025	14.68	4381.405	49.08
		—	(2948.425)	(2224.045)	(31.46)	(1421.175)	(18.10)	(3751.295)	(48.08)

Notes :

* Installed capacity is based on one shift working as certified by the management and accepted by the Auditors without verification being a technical matter.

* Actual production includes production under Loan License arrangements.

* Figures in brackets are of previous year.

COLINZ LABORATORIES LIMITED

ii] Particulars of Goods Traded:

[Rupees in Lacs]

Class	Units	Opening Stock		Purchases		Sales		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Liquids	Ltrs.	1729.800	4.47	4826	8.44	5576.600	16.41	979.200	2.53
		(1285.80)	(3.32)	(4218.200)	(9.79)	(3774.20)	(12.27)	(1729.800)	(4.47)
Injectables	Ltrs.	78.73	16.36	54.24	1.78	119.110	21.31	13.860	2.87
		(92.662)	(20.46)	(106.264)	(4.24)	(120.196)	(26.31)	(78.73)	(16.36)
Capsules	Nos	2.376	7.76	6.044	11.43	7.89	31.70	0.53	1.73
in Lacs		(4.197)	(13.71)	(5.549)	(10.77)	(7.370)	(23.62)	(2.376)	(7.76)
Tablets	Nos.	2.087	6.25	4.769	3.09	2.976	7.98	3.88	11.61
in Lacs		(0.164)	(0.46)	(4.463)	(4.01)	(2.540)	(8.04)	(2.087)	(6.25)

iii] The quantity and value of consumption of raw materials

Raw Materials (Bulk Drugs)	Quantity (Kgs.)		Value (Rupees in Lacs)	
	2009-2010	2008-2009	2009-2010	2008-2009
1 Calcium Pantothenate	475	446	3.09	4.38
2 Vitamin E	350	356	5.12	6.98
3 Meclizine	140	150	11.26	12.47
4 Paracetamol	2000	2029	5.07	5.66
5 Chlorazoxazone	225	225	1.25	1.23
6 Isox suprine Hcl	17	15	2.05	1.92
7 Riboflavin	71	73	3.58	3.04
8 Niacinamide	408	415	2.65	3.13
9 Thiaminemono	77	79	1.02	0.79
10 Spirulina	2981	4650	13.27	16.37
11 Clindamycin Phosphate	13	16	1.16	1.60
12 Progesterone	50	25	7.53	3.18
13 Menthol	166	52	1.57	0.48
14 Propylene Glycol	1288	841	1.88	1.16
15 Sorbitol	2501	2455	0.84	0.94
16 Fish Oil	360	179	3.50	1.74
17 Cod Liver Oil	180	79	1.16	0.40
18 Sugar	11600	9900	3.31	1.80
19 Atorvastatin calcium	7	—	1.21	—
20 Ezetimibe	3	—	1.52	—
21 Ofloxacin usp	250	—	2.04	—
22 Quinine Sulphate	25	—	1.43	—
23 Mat SR Base III	61	—	1.06	—
24 Ornidazole	250	—	2.04	—
25 Empty Gelatin Capsule	—	—	10.34	12.60
26 Others	—	—	14.20	6.60
Total :			1,03,15	86.47

17. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet abstract and Company's General Business Profile.

I. Registration Details

State Code

						1	1
--	--	--	--	--	--	---	---

Registration No.

				4	1	1	2	8
--	--	--	--	---	---	---	---	---

Balance Sheet Date

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

II. Capital Raised during the year (Amounts in Rs. Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds : (Amounts in Rs. Thousands)

Sources of Funds :

Total Liabilities

			9	3	8	6	6
--	--	--	---	---	---	---	---

Total Assets

			9	3	8	6	6
--	--	--	---	---	---	---	---

Paid-Up Capital

			3	5	4	3	5
--	--	--	---	---	---	---	---

Reserves and Surplus

			2	3	7	1	7
--	--	--	---	---	---	---	---

Secured Loans

			1	5	1	0	4
--	--	--	---	---	---	---	---

Un secured Loans

			1	6	0	4	8
--	--	--	---	---	---	---	---

Deferred Tax Liability

			3	5	6	2
--	--	--	---	---	---	---

Application of Funds :

Net Fixed Assets

			4	6	6	5	2
--	--	--	---	---	---	---	---

Investments

			3	1	4	3
--	--	--	---	---	---	---

Net Current Assets

			4	4	0	7	1
--	--	--	---	---	---	---	---

Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Loss

						N	I	L
--	--	--	--	--	--	---	---	---

IV. Performance of Company : (Amounts in Rs. Thousands)

Turnover

			5	6	5	9	6
--	--	--	---	---	---	---	---

Total Expenditure

			5	5	9	3	5
--	--	--	---	---	---	---	---

+ -

Profit/ Loss Before Tax

						6	6	1
--	--	--	--	--	--	---	---	---

+ -

Profit/Loss After Tax

						8	4	6
--	--	--	--	--	--	---	---	---

(Please tick Appropriate box + for Profit, - for Loss)

Earning per Share

				0	.	1	9
--	--	--	--	---	---	---	---

Dividend Rate

						-	-
--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products / Services of Company (As per Monetary terms)

Item Code No. (ITC Code)

2	9	3	6	2	4	0	0
---	---	---	---	---	---	---	---

Product Description

Calcium D Pantothenate

Item Code No. (ITC Code)

3	0	0	4	9	0	3	6
---	---	---	---	---	---	---	---

Product Description

Other Anti-histamines

Item Code No. (ITC Code)

3	0	0	4	9	0	6	9
---	---	---	---	---	---	---	---

Product Description

Analgesic, Anti inflammatory

As per our report of even date attached.

FOR S. V. BHAT & CO.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

S. V. BHAT
Proprietor
M. No. 37237
FIRM REG. No. 101298W
MUMBAI
17TH MAY, 2010.

DR. L. S. MANI
N. K. MENON

Chairman & Managing Director
Director

COLINZ LABORATORIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

	(In Rupees) Year ended 31-3-2010	(In Rupees) Year ended 31-3-2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and extra ordinary items	6,61,098	6,18,616
Adjustment for : Depreciation	25,70,357	26,23,646
Preliminary Expenses Written-off	—	—
Profit on sale of asset	—	(12,120)
Operating Profit before Working Capital changes:	32,31,455	32,30,142
Adjustment for : Trade and Other Receivable	(9,91,423)	(15,11,474)
Inventories	6,49,710	19,11,955
Other Current Assets	—	10,000
Loans and Advances	2,84,010	1,50,515
Trade Payable	(1,08,231)	(16,13,880)
Cash generated from operations	30,65,521	21,77,258
Taxes paid	(97,014)	(2,09,823)
Cash flow before extra ordinary items	29,68,507	19,67,435
Extra ordinary items : Capital Subsidy received	12,00,000	—
Net Cash From Operating Activities :	41,68,507	19,67,435
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,05,432)	(30,062)
Investments in shares & securities	—	—
Net Cash Used In Investing Activities:	(1,05,432)	(30,062)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/ [Decrease] in Secured Loans	5,28,039	(26,98,865)
Increase / [Decrease] in Un-secured Loans	(3,09,134)	8,88,902
Net Cash Used In Finance Activities:	2,18,905	(18,09,963)
NE NET INCREASE IN CASH AND CASH EQUIVALENTS : [A+B+C]	42,81,980	1,27,410
Cash and cash equivalents as at 01.04.2009 (Opening Balance)	22,56,430	21,29,020
Cash and cash equivalents as at 31.03.2010 (Closing Balance)	65,38,410	22,56,430

FOR AND ON BEHALF OF THE BOARD.

DR. L. S. MANI
Chairman & Managing Director

MUMBAI.
17th May, 2010

Auditors Certificate

We have verified the above cash flow statement of Colinz Laboratories Limited derived from the audited financial statements for the years ended 31st March, 2010 and 31st March, 2009 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

For S. V. BHAT & CO.
Chartered Accountants.

S. V. BHAT
Proprietor.
MEMBERSHIP No. - 37237
FIRM REG.NO.-101298W

MUMBAI.
17th May, 2010.

COLINZ LABORATORIES LIMITED

A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Next to Wockhardt Hospital, Mumbai - 400 078.

FORM OF PROXY

Ledger Folio No.

No. of Shares

I/We of
..... being a member/members of Colinz Laboratories Limited hereby
appoint of
..... or failing him / her
..... of

as my/our proxy to vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday, 30th September, 2010, at 12.30 P. M. and at any adjournment thereof.

Signed this.....2010.

*Affix
1 Rupee
Revenue
Stamp*

[Signature of the Member(s)]

NOTE : Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The proxy need not be member of the Company.

COLINZ LABORATORIES LIMITED

A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Next to Wockhardt Hospital, Mumbai - 400 078.

ATTENDANCE SLIP

I hereby record my presence at the 24th Annual General Meeting of the Company held at A-101, Pratik Ind. Estate, Next to Wockhardt Hospital, Mulund-Goregaon Link Road, Mumbai-400078, on Thursday, 30th September, 2010, at 12.30 P. M.

.....
Full name of the shareholder
[in block letters]

.....
Signature

Folio No.....

.....
Full Name of Proxy
[in block letters]

.....
Signature

NOTE : Shareholders attending the meeting in person or proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place. Joint shareholders may obtain additional slips on request.

BOOK POST

To,

If undelivered, please return to :

COLINZ LABORATORIES LIMITED.

A-101, Pratik Ind. Estate,
Mulund-Goregaon Link Road ,
Next To Wockhardt Hospital, Bhandup (W.),
Mumbai - 400 078.