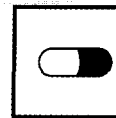


# ANNUAL REPORT

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WE WORK FOR BETTER TOMORROW



**Coral Laboratories Ltd.**

An ISO 9001 : 2000 Certified Organisation



## CORAL LABORATORIES LIMITED

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### BOARD OF DIRECTORS :

Mr. Navin B. Doshi	: Chairman
Mr. Priyush R. Dhedhi	: Director
Mr. Kishor R. Mehta	: Executive Director
Mr. Samir A. Sheth	: Director
Mr. Rajesh R. Parikh	: Director

### AUDITORS

: M/s. Shah Sanghvi & Co.  
Chartered Accountants  
26, Hari Bhakti Colony,  
Race Course Circle,  
Baroda - 390 015.

### BANKERS

: HDFC Bank Ltd.  
Express Towers, Nariman Point,  
Mumbai-400 021

### REGISTERED OFFICE

: 308/5 Village & Post - Poicha (Ran),  
Taluka - Savli,  
Baroda - 390 780. (Gujarat).

### PLANTS :

#### 1. DAMAN

: Plot No. 57/1(16),  
Bhenslore, Dunetha,  
Nani Daman - 396 210.

#### 2. UTTRANCHAL

: Plot No. 27 & 28, Pharma City,  
Selaqui, Dehradun, Uttranchal.

### CORPORATE OFFICE

: Patanwala Industrial Estate,  
Opp. Shreyas Cinema,  
Beside Fitness World, L.B.S. Marg,  
Ghatkopar (West), Mumbai - 400 086.



## NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held on Thursday, the 30<sup>th</sup> day of September, 2010 at 3.30 p.m. at the registered office of the Company at 308/5, Village & Post Poicha (RAN), Taluka Savli, Baroda 391780 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010 and the Profit & Loss Account for the period ended as on that date together with Directors' Report and the Auditors Report thereon.
2. To declare a dividend @ 15% i.e Rs. 1.50 per Equity Shares for year 2009-10.
3. To appoint Mr. Navin B. Doshi, Director of the company, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Mr. Priyush Dedhi, Director of the company, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Shah Sanghvi & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

6. **To delist the Shares of the company from other Stock Exchanges.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and rules made there under, the Listing Agreements, Securities Exchange Board of India (Delisting of Securities) Guidelines, 2009 and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors, the consent of the Company be and is hereby accorded to the Board of Directors to delist equity shares of the Company from the Calcutta Stock Exchange Association Ltd, Ahmedabad Stock Exchange & Vadodara Stock Exchange".

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND IN CASE OF A POLL ONLY TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY (ENCLOSED) IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING, DULY COMPLETED.
2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed to this notice.
3. Members/Proxies should bring attendance slip sent herewith, duly filled in for attending the meeting.
4. The members are informed that in case of joint holders attending the meeting, only such joint holder who's name is higher in the order of names, will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company shall remain close from 21<sup>st</sup> September, 2010 to 30<sup>th</sup> September, 2010 (both days inclusive).

By the Order of the Board

NAVIN B.DOSHI  
Chairman

Place : Mumbai  
Date : 31<sup>st</sup> August, 2010



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## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 6. Delisting of Equity Share from Stock Exchanges.

The equity shares of the Company are listed and traded on the Stock Exchange, Mumbai (BSE), Ahmedabad Stock Exchange, Vadodara Stock Exchange and Calcutta Stock Exchange Association Limited (CSE). It is also among the scrips specified by Securities and Exchange Board of India (SEBI) for compulsory settlement in dematerialized form. The annual trading of the equity shares of the Company on CSE has been negligible besides being infrequent. With the wide and extensive networking of BSE, the extension of BSE terminals to other cities and on-line trading facility provided by broking companies, investors are able to trade in the equity shares of the Company across the country, even if these are not listed on the local stock exchanges. The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2009 allow companies to seek voluntary delisting of their securities from all the Stock Exchanges after giving an exit opportunity to the shareholders. However, when voluntary delisting is sought only from some of the exchanges, no exit opportunity is required to be given to the shareholders, so long as the securities continue to be listed on a stock exchange having nationwide trading terminals. However, the approval of the Board of Directors and the Members of the Company is required for delisting of equity shares from any stock exchange. In view of the above, the Board of Directors of the Company has approved the proposal for delisting of equity shares of the Company from Ahmedabad Stock Exchange, Vadodara Stock Exchange and Calcutta Stock Exchange Association Limited subject to the approval of Members and other approvals as may be required.

The proposed delisting, if and when it takes place, will not adversely affect any investors, including the Members located in the region where Ahmedabad Stock Exchange, Vadodara Stock Exchange and Calcutta Stock Exchange Association Limited is situated, as the Company's equity shares would continue to be listed and traded on BSE. Hence, no exit opportunity is required to be given as per Delisting Guidelines issued by SEBI. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on and from which the delisting will take effect will be notified.

The proposed delisting is in the interest of the Company and the Board of Directors recommend the Resolution for acceptance by the Members.

No director is in any way concerned or interested in the Resolution at item No. 6 of the Notice.

### 1. Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting. (In pursuance of Clause 49 of the Listing Agreement)

- |                                 |   |
|---------------------------------|---|
| 1. Name of Director             | : Mr. Navin B. Doshi  |
| Date of Birth                   | : 01.11.1943  |
| Date of Appointment             | : 01.06.2006  |
| Educational Qualification       | : Matriculate   |
| Expertise in specific areas     | : Mr. Navin B.Doshi is founder Member of Coral and having marketing experience in the field of Pharma since last three decades. |
| Directorship in other companies | : Coral India Finance & Housing Ltd<br>Bezel Pharma Pvt. Ltd.   |
| 2. Name of Director             | : Mr. Priyush R. Dhedhi   |
| Date of Birth                   | : 05.09.1937  |
| Date of Appointment             | : 01.06.2006  |
| Educational Qualification       | : L.L.B.  |
| Expertise in specific areas     | : Lawyer by Profession and having vast experience in Pharma since last Three decades.   |
| Directorship in other companies | : Executive Director in Bezel Pharma Pvt.Ltd.   |



## DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present their Twenty Eighth Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2010. The Financial Performance for the year under review are given below:-

### 1. FINANCIAL PERFORMANCE

(Rs. in Lacs)

	2009-10	2008-09
Sales & Other Income	3483.25	3541.34
Expenditure	2743.38	2918.18
Earnings before depreciation, Interest & Tax	739.87	623.16
Interest & Other Financial Charges	46.34	110.31
Depreciation	124.38	119.55
Earnings before tax	569.15	393.30
Provision for tax	99.00	40.95
Provision for deferred tax	3.58	2.72
Fringe benefit tax	—	4.82
Short provision of previous year income tax	—	7.75
Earnings after tax	466.56	337.06
Balance brought forward	1961.40	1704.50
Profit available for appropriation	2427.97	2041.57
<b>APPROPRIATIONS</b>		
Proposed Dividend	53.58	42.87
Tax on Dividend	9.10	7.28
Transfer to general reserve	30.00	30.00
Balance carried forward to balance sheet	2335.27	1961.42

### 2. PERFORMANCE:

During the year under review, the company posted Revenue of Rs. **3483.25** lacs as compared to previous year Rs. 3541.34. However, the profit after tax for year under is Rs. **466.56** lacs as compared to Rs. 337.06 during the previous year.

### 3. DIVIDEND

The Board of Directors have recommended a dividend of 15%, i.e., Rs. 1.50 per equity share of Rs. 10/- each for the financial year 2009-10.

### 4. CAPITAL STRUCTURE

During the financial year under review, the share capital remains the same.

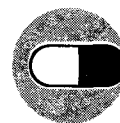
### 5. DIRECTORS

In accordance with provisions of the Companies Act 1956 and the Company's Articles of the Association, Mr. Navin Doshi & Mr. Priyush Dhedhi who retire by rotation and being eligible offers for re-appointment.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2A) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- in the preparation of the annual accounts, applicable accounting standards have been followed.
- In the estimates are made so as to give true and fair view of the statement of affairs of the Company at the end of the financial year.
- that the Directors had taken proper ad sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors had prepared the annual accounts on a going concern basis.



## 6. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is NIL.

## 7. FIXED DEPOSITS

Your Company has not accepted any deposits from the Public during the year under review.

## 8. AUDITORS

The shareholders of the company are requested to re-appoint the retiring Auditors M/s. Shah Sanghvi & Co., Chartered Accountants, the retiring Auditors, who have furnished the requisite certificate u/s 224(1B) of the Companies Act, 1956 and therefore eligible for re-appointment as Auditors of the company.

## 9. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings / outgo is annexed herewith.

## 10. PERSONNEL

The Board wishes to thank its Executives, Staff, Bankers and other Business associates for their support during the year.

## 11. CORPORATE GOVERNANCE

Your Company strives to imbibe high standards of corporate governance while communicating with all its stakeholders. The Company has complied with the corporate governance code as stipulated under the listing agreement with the stock exchanges. A report on corporate governance and alongwith a certificate from the Auditors confirming the level of compliance is annexed and forms a part of the Directors' Report.

## 12. COMPLIANCE CERTIFICATE

Since the Paid Up Capital is less than Rs. 5 crores, the company has obtained Compliance Certificate u/s 383A of the Companies Act, 1956, from M/s. Neha T. Kawedia & Associates, Company Secretary in Practice, for the year 2009-2010.

## ANNEXURE

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

A. Power & fuel Consumption	2009-2010	2008-2009
<b>1. Electricity</b>		
Purchase Unit	137,2160	1,142,047
Total Amount (Rs.)	5,289,177	6,150,647
Rate per Unit	3.85	5.39
<b>2. Furnace Oil</b>		
Quantity (Ltrs)	59,496	40,377
Total Amount (Rs.)	21,40,045	1,484,904
Average Rate per Ltr. (Rs.)	35.97	36.78
<b>3. Gas</b>		
Quantity (kgs)	35,079	36,630
Total Amount (Rs.)	16,05,943	1,829,020
Average Rate per Kg. (Rs.)	45.78	49.93
<b>B. Expenditure on R &amp; D</b>	<b>Nil</b>	<b>Nil</b>
<b>C. 1) Foreign Exchange Earning (In Lacs)</b>	<b>60,965,000</b>	<b>50,450,000</b>
<b>2) Foreign Exchange Used (In lacs)</b>	<b>593,000</b>	<b>1,190,000</b>

By the order of the Board

Place : Mumbai  
Date : 31<sup>st</sup> August, 2010

NAVIN B. DOSHI  
Chairman.



## REPORT ON CORPORATE GOVERNANCE

### A. MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on code of Governance:

The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all interactions with its stake holders, including the Shareholders, employees, the government and other bodies. The business of the Company are conducted not to benefit any particular interest group but for the benefit of all shareholders.

#### 2. Board of Directors

Name of Director	No. of Board Meetings Attended	Attended Last AGM/EGM	No. of Membership of Board Committees	No of Chairmanship of Board Committees
Mr. N. B. Doshi	5	Yes	3	1
Mr. Kishor R. Mehta	5	Yes	1	-
*Mr. S. Rammurthy	3	Yes	3	2
Mr. Priyush Dhedhi	3	Yes	1	-
Mr. Rajesh Parikh	3	Yes	-	-
Mr. Samir Sheth	3	Yes	2	-

\* He was only for part of the year.

The Board of Directors met 5 times during the year on the following date

On 30th April, 2009, 31st July 2009, 29th August 2009, 30th October 2009 and 30th January 2010.  
Annual General Meeting for year ended 31st March, 2009 was held on 25th September, 2009.

#### 3. Audit Committee

The Audit Committee comprise of:

1. Mr. Rajesh Parikh - Non Executive and Independent Director
2. Mr. Priyush Dhedhi - Non Executive and Independent Director
3. Mr. Kishor Mehta - Executive Director

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. These include overseeing of the Company's financial reporting process and disclosure of financial information, review of annual and quarterly financial statements with management before submission to the Board of Directors, review of the adequacy of internal control systems with management, external and internal auditors and review of the Company's financial risk and management policies. The Committee also recommends to the Board the appointment of external Auditors.

#### 4. Remuneration Committee

The Chairman and non-executive Directors do not draw any remuneration from the Company except sitting fees for attending the meetings of the Board and Committees thereof.

The Company pays sitting fees to all Directors other than Executive Director at the rate Rs. 1,000/- for each Board meeting and Rs. 500/- for each Committee Meeting.



#### 5. Transfer Shareholders'/Investors' Grievance Committee

The Committee comprises of Mr. Rajesh Parikh and Mr. Navin Doshi. All shares have been transferred and returned in 21 days from the date of receipt, so long as the documents have been clear in all respects. The Share Committee generally meets once a fortnight.

#### 6. General Body Meeting

The Last Three Annual General Body Meetings of the Company were held as under:

Year	Location	Date	Time	No. of Special Resolution Passed
2006-07	308/5, Village & Poicha (RAN), Taluka Savli, Baroda 391780	29.09.2007	3.30 p.m.	Nil
2007-08	As above	30.09.2008	3.30 p.m.	Nil
2008-09	As above	30.09.2009	3.30 p.m.	Nil

#### 7. Means of Communication

The Company has published its quarterly results in Economic Times & Western Times (English & Gujarati) .

#### 8. General Shareholder Information

- a) Annual General Meeting:
- Date and Time : 30<sup>th</sup> September, 2010  
At 3.30 p.m.
  - Venue : 308/5, Village & Poicha (RAN)  
Taluka Savli,  
Baroda - 391 780.
- b) Financial Calendar : 1<sup>st</sup> April, 2010– 31<sup>st</sup> March, 2011
- Annual General Meeting : 30<sup>th</sup> September, 2010
  - Results for the Quarter ending :
    - i) June 30<sup>th</sup>, 2010 : July 31<sup>st</sup> 2010
    - ii) September 30<sup>th</sup> 2010 : On or before 14<sup>th</sup> November 2010
    - iii) December 31<sup>st</sup> 2010 : On or before 14<sup>th</sup> February 2011
    - iv) March 31<sup>st</sup> 2011 : On or before 14<sup>th</sup> May 2011
- c) Book Closure : 21<sup>st</sup> September 2010 to 30<sup>th</sup> September 2010  
(both days inclusive)
- d) Equity Shares are Listed on Stock Exchanges at : Mumbai, Vadodara, Ahmedabad and Kolkata
- e) Demat ISIN Numbers in NSDL & CDSL : Equity Shares INE 683E001017
- f) Registrar and Transfer Agents : Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West)  
Mumbai – 400 078.





g) Stock Market Data : Bombay Stock Exchange (BSE)

Month	Year	High Price (Rs.)	Low Price (Rs.)
April	2009	37.25	27.10
May	2009	45.85	35.00
June	2009	54.50	41.00
July	2009	44.00	33.30
August	2009	48.00	38.00
September	2009	60.00	45.70
October	2009	66.60	56.00
November	2009	72.30	55.50
December	2009	66.50	56.05
January	2010	71.50	60.40
February	2010	74.55	60.00
March	2010	64.65	51.15

h) Dematerialization of Shares : Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 1st January 2002 as per notification issued by the Securities and Exchange Board of India (SEBI). Approximately 52.97% of outstanding share have been dematerialized upto 31st March 2010.

i) According to categories of Shareholders as at 31<sup>st</sup> March, 2010.

	No. of Shares	%
Promoters, Directors & Relatives	= 2265405	63.41
International Investors (NRI/FII's)	= 69666	01.95
Body Corporate	= 166273	04.65
Others	= 1071256	29.99

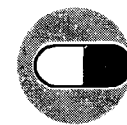
j) Distribution of Shareholding:

Distribution of Shareholding as on 31 <sup>st</sup> March, 2010	No. of Shareholders	No. of Shares	% of Shareholders
Upto 500	2266	374650	87.50
501 – 1000	158	127256	6.10
1001 – 2000	76	112956	2.93
2001 – 3000	23	58849	0.89
3001 – 4000	10	34287	0.38
4001 – 5000	9	43133	0.35
5001 – 10000	18	134488	0.70
10001 and above	30	2686981	1.15
Total	2590	3572600	100

For and on behalf of the board of Directors

Place : Mumbai  
Date : 31<sup>st</sup> August, 2010

NAVIN B. DOSHI  
Chairman.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. Performance

The company's export has increased to Rs. 610 lacs from the previous years Rs. 504 Lacs.

### 2. Outlook:

The general outlook for the company seems positive and the company will strive to leverage from the positive economic scenario.

### 3. Opportunities:

The company is in the process of looking forward for opportunities such as Mergers & Acquisitions, manufacturing Neutral Labels, generic and branded exports in order to increase the valuation of the company as a whole.

### 4. Regulatory Approvals:

The Company has registered and exported its products in countries viz., Sri Lanka, Myanmar, Cambodia, Vietnam, Jordan, Philippines, Afghanistan, Kenya, Nigeria, Malawi, Chile, Cuba, Barbados, Jamaica, Ivory Coast and Costa Rica. The company has also supplied the goods under tender supply to countries viz, Lesotho, Papua New Guinea, Malawi and to Hong Kong for hospital supplies. The company has also got its plant approved from MOH of Ethiopia, Nigeria, Ivory Coast, Malawi etc.

### 5. Threats & Concerns:

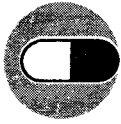
The competition to your company has continued to be significant factor which is to be taken care of while formulating the growth plan & strategies. Given its strong technological base, wide market range of products, we are equipped to meet the challenges.

### 6. Internal Controls:

The internal audit department reviews key business process and controls. The business risks and its control procedures are reviewed periodically.

### 7. Human Resources:

Your company continued to have cordial relations with its employees.



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## AUDITORS' CERTIFICATE

To  
The Members ,  
**CORAL LABORATORIES LIMITED**

We have examined the compliance conditions of Corporate Governance by Coral Laboratories Limited, for the year 2009-2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedure and implemented thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

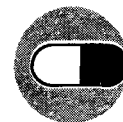
We state that no investor grievance is pending for the period exceeding one month against the company as per records maintained by Share Registrars and reviewed by the Shareholder's/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor efficiency or effectiveness the affairs of the company.

**For SHAH SANGHVI & CO.,**  
CHARTERED ACCOUNTANTS

Place : Mumbai  
Date : 31<sup>st</sup> August, 2010

**(J.P.SHAH)**  
Proprietor  
M.No. 34010  
FRN : 109794W



## AUDITORS' REPORT

To,  
The Members,  
**CORAL LABORATORIES LIMITED**

1. We have audited the attached Balance Sheet of **CORAL LABORATORIES LIMITED** as at 31<sup>st</sup> March 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. 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.
2. 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 misstatement. 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 management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion and to the best of our information, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of The Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director, in terms of clause (g) of sub section (1) of Section 274 of The Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the said financial statement together with the notes there on and attached thereto give in the prescribed manner 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 the Balance sheet, of the state of affairs of the company as at 31st March, 2010, and
    - ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
    - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SHAH SANGHVI & Co.**  
Chartered Accountants

(J. P. SHAH)  
Proprietor.  
M.No. 34010  
FRN : 109794W

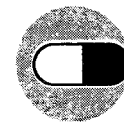
Place : Mumbai  
Date : 31<sup>st</sup> August, 2010.



## ANNEXURE TO THE AUDITORS' REPORT

THE ANNEXURE REFERRED TO IN THE AUDITORS' REPORT TO THE MEMBERS OF CORAL LABORATORIES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.

- i. (a) The company is maintaining proper records showing particulars including quantitative details and situation of fixed assets.  
(b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
(c) According to the information and explanation given to us, the company has not disposed off substantial part of fixed assets during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and nature of its business.  
(c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stock and book records were not material in relation to the operations of the company.
- iii. (a) The company has taken loan from one such person covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 232.00 Lacs and the year end balance of the loan taken from such company was Rs. Nil. There is no party covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans.  
(b) In our opinion, the rate of interest and other terms and conditions on which loan has been taken by the company are, prima facie, not prejudicial to the interest of the company.  
(c) In our opinion, terms and conditions of repayment of the loan taken by the company from the party listed in the register maintained under section 301 of the Companies Act, 1956 are not stipulated. The payment of interest has been regular.  
(d) As far as the regularity in repayment of the principal amounts is concerned we are unable to express our opinion as the terms and conditions of the same are not stipulated.  
(e) Regarding overdue amount of the loan taken from the company listed in the register maintained under section 301 of the Companies Act, 1956 we are unable to express our opinion as repayment terms are not stipulated. The loan is repaid in full during the year.
- iv. 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 the purchase of inventory and fixed assets and with regards to the sale of goods. Further on the basis of our examination of the books and records of the Company carried out in accordance with the Accounting Standards generally accepted in India and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us,  
(a) We are of the opinion that transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered;  
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The company has not accepted any deposit from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts relating to material, labour and other items of cost maintained by the company, pursuant to the rules made by the Central Government for the maintenance of the cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. In respect of Statutory Dues:  
(a) According to the information given to us and the records of the Company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable with the appropriate authorities.



- (b) According to the information and explanations given to us there is no undisputed amounts payable in respect of, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess were in arrears, as at 31.03.2010, for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, details of the disputed statutory dues on account of sales tax, service tax, excise duty and income tax which have been not deposited with the appropriate authorities are as under:

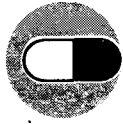
Nature of Dues	Amount (Rs. in Lacs)	Forum where dispute is pending
Sales Tax 97-98	1.04	Joint Commissioner Appeal, Baroda
Sales Tax 99-00	0.74	Joint Commissioner Appeal, Baroda
Service Tax 97-98 & 98-99	0.42	Custom, Excise & Gold (Control) Appellate Tribunal, WZB, Ahmedabad.
Excise Duty 02-03, 03-04 & 04-05	18.56	Supreme Court, New Delhi
Income Tax 03-04	10.04	Bombay High Court, Mumbai
Income Tax 04-05	3.81	Income Tax Appellate Tribunal, Mumbai

- x. The company does not have any accumulated losses as at March 31, 2010 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. In our opinion and according to the information given to us, the company has not defaulted in repayment of dues to bank. The company has not taken any loans from the financial institutions during the year and nor has issued any debentures.
- xii. In our opinion and according to the information given to us, the company has not granted any loans or advances on the basis of any security. Accordingly, the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiii. 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 (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xvi. In our opinion, and according to the information given to us, on an overall basis, the term loans have been applied for the purposes for which they were raised;
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has not used any funds raised on short-term basis for long-term investment.
- xviii. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xix. The company had not issued any debentures in respect of which any security was required to be created. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xx. The company did not raise any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **SHAH SANGHVI & CO.**,  
CHARTERED ACCOUNTANTS

Place : Mumbai  
Date : 31<sup>st</sup> August, 2010

(J.P.SHAH)  
Proprietor  
M.No. 34010  
FRN : 109794W



## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31st March 2010 Rupees	As 31st March 2009 Rupees
<b>I. SOURCES OF FUND</b>			
<b>1. Shareholder's Fund</b>			
a) Share Capital	<b>A</b>	35,726,000	35,726,000
b) Reserves & Surplus	<b>B</b>	<u>260,029,077</u>	<u>219,642,160</u>
		295,755,077	255,368,160
<b>2. Loan Funds</b>			
a) Secured Loans	<b>C</b>	30,348,694	38,540,756
b) Unsecured Loans	<b>D</b>	<u>-</u>	<u>20,700,000</u>
		30,348,694	59,240,756
3. Deffered Tax Liability (Net) [Refer Note No. 12 of Sch. N]		<u>6,382,979</u>	<u>6,024,379</u>
		<b><u>332,486,750</u></b>	<b><u>320,633,295</u></b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assests (At Cost)</b>			
a) Gross Block	<b>E</b>	304,943,429	294,843,522
b) Less: Depreciation -		<u>64,792,909</u>	<u>52,367,667</u>
c) Net Block		240,150,520	242,475,855
Capital Work in Progress		-	7,244,626
<b>2. Investments (At Cost)</b>	<b>F</b>	11,682,889	11,682,889
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories		82,119,474	77,460,265
b) Sundry Debtors		52,619,133	24,227,475
c) Cash and Bank Balance		6,947,558	2,545,277
d) Loans & Advances		<u>36,444,755</u>	<u>34,571,616</u>
		178,130,920	138,804,633
<b>Less: Current liabilities &amp; Provisions</b>	<b>H</b>		
a) Current Liabilities		69,984,344	63,313,992
b) Provisions		<u>27,493,235</u>	<u>16,260,716</u>
		97,477,579	79,574,708
<b>NET CURRENT ASSETS</b>		<u>80,653,341</u>	<u>59,229,925</u>
		<b><u>332,486,750</u></b>	<b><u>320,633,295</u></b>
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS			
	<b>N</b>		

As per our Report of even date attached.

For **SHAH SANGHVI & CO.**  
Chartered Accountants

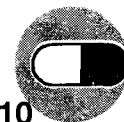
**(J. P. SHAH)**  
Proprietor  
Membership No. 34010

Place : Mumbai  
Date : 31st August, 2010

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 31st August, 2010



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

	Schedule	Year Ended 31st March 2010 Rupees	Year Ended 31st March 2009 Rupees
<b>INCOME</b>			
Sales		347,505,052	350,586,884
Less: Excise Duty		(7,583,492)	(5,854,802)
		<u>339,921,560</u>	<u>344,732,082</u>
Other Income	I	8,404,280	9,402,830
		<u>348,325,840</u>	<u>354,134,912</u>
<b>EXPENDITURE</b>			
Cost of Sales	J	195,623,356	206,127,472
Employees Emoluments	K	31,298,845	36,441,117
Operating & Other Expenses	L	47,416,310	49,250,216
Financial Charges	M	4,633,628	11,030,653
		<u>278,972,139</u>	<u>302,849,458</u>
<b>Profit before Depreciation &amp; Tax</b>		<b>69,353,701</b>	<b>51,285,454</b>
Depreciation		12,438,538	11,954,565
<b>Profit before Tax</b>		<b>56,915,162</b>	<b>39,330,889</b>
Provision for Taxation		9,900,000	4,095,000
Fringe Benefit Tax		-	482,478
Short Provision Previous Year Income Tax		-	774,740
Deferred Taxation		358,600	272,309
<b>NET PROFIT FOR THE YEAR</b>		<b>46,656,562</b>	<b>33,706,362</b>
Balance Brought Forward		196,140,687	170,450,041
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>242,797,249</b>	<b>204,156,403</b>
Appropriations			
Transfer to General Reserve		3,000,000	3,000,000
Proposed Dividend		5,358,900	4,287,120
Tax on Dividend		910,745	728,596
		<u>233,527,604</u>	<u>196,140,687</u>
<b>ACCOUNTING POLICIES AND NOTES</b>			
<b>TO ACCOUNTS</b>		<b>N</b>	

As per our Report of even date attached.

For **SHAH SANGHVI & CO.**

Chartered Accountants

**(J. P. SHAH)**

Proprietor

Membership No. 34010

Place : Mumbai

Date : 31st August, 2010

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman

MR. KISHOR R MEHTA - Executive Director

MR. SAMIR A SHETH - Director

Place : Mumbai

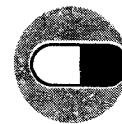
Date : 31st August, 2010





## SCHEDULES FORMING THE PART OF THE ACCOUNTS

	As at 31st March 2010 Rupees	As at 31st March 2009 Rupees
<b>SCHEDULE - A</b>		
A) SHARE CAPITAL	<u>100,000,000</u>	<u>100,000,000</u>
AUTHORISED CAPITAL		
10,000,000 Equity Shares		
Rs.10/-each		
ISSUED,SUBSCRIBED AND PAID UP	35,726,000	35,726,000
3,572,600 Equity Shares of Rs.10/-		
each Fully paid up	<u>35,726,000</u>	<u>35,726,000</u>
<b>SCHEDULE - B</b>		
B) RESERVES & SURPLUS		
<b>General Reserve</b>		
As per last Balance Sheet	23,501,473	20,501,473
Add: Transfer from Profit & Loss account	<u>3,000,000</u>	<u>3,000,000</u>
Total	<u>26,501,473</u>	<u>23,501,473</u>
<b>Profit &amp; Loss Account</b>	<u>233,527,604</u>	<u>196,140,687</u>
	<u><b>260,029,077</b></u>	<u><b>219,642,160</b></u>
<b>SCHEDULE - C</b>		
LOAN FUNDS		
SECURED LOANS		
a) Rupee Term Loan - HDFC Bank Ltd	7,669,063	13,537,580
b) Cash Credit Loan - HDFC Bank Ltd	22,679,631	24,600,974
(Secured by hypothecation of stocks, books debts, other current assets and movable fixed assets of the company. These are further secured by equitable mortgage of title deeds of the company's Office Premises situated at 503,Dalamal House, Nariman Point, Mumbai-400021 and Factory Factory Building and Plant & Machinery situated at Plot No. 27 & 28, Pharma City,Selaqui, Dehradun)		
c) Car Loan -HDFC Bank	-	402,202
(Secured against hypothecation of Vehicle )	<u>30,348,694</u>	<u>38,540,756</u>
<b>SCHEDULE - D</b>		
Unsecured Loan		
Inter Corporate Deposit	-	20,700,000
	-	<u>20,700,000</u>



## SCHEDULES FORMING THE PART OF THE ACCOUNTS

### SCHEDULE - E

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions dur year	Trf/Del dur.year	As at 31.03.2010	As at 01.04.2009	For the dur year	Deductions dur year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land & Land Development	9,339,964	-	-	9,339,964	-	-	-	-	9,339,964	9,339,964
Building	120,819,369	368,530	-	121,187,899	13,791,892	3,685,250	-	17,477,142	103,710,757	107,027,477
Plant & Machinery	145,791,997	2,276,472	-	148,068,469	29,464,067	6,975,995	-	36,440,062	111,628,407	116,327,930
Furniture & Fixture	10,284,735	7,312,768	-	17,597,503	4,650,862	997,247	-	5,648,109	11,949,394	5,633,873
Vehicle	3,378,622	-	-	3,378,622	1,158,394	339,427	-	1,497,821	1,880,801	2,220,228
Computers	3,863,184	38,211	-	3,901,395	2,814,066	363,007	-	3,177,073	724,322	1,049,118
Office Equipment	1,365,651	176,426	72,500	1,469,577	488,386	77,611	13,296	552,701	916,876	877,265
<b>Total</b>	<b>294,843,522</b>	<b>10,172,407</b>	<b>72,500</b>	<b>304,943,429</b>	<b>52,367,667</b>	<b>12,438,538</b>	<b>13,296</b>	<b>64,792,909</b>	<b>240,150,520</b>	<b>242,575,855</b>
Previous Year	281,724,626	13,614,884	495,988	294,843,522	40,467,719	11,954,565	54,617	52,367,667	242,575,855	241,256,907

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31st March 2010</b>	<b>31st March 2009</b>
	<b>Rupees</b>	<b>Rupees</b>

### SCHEDULE - F

#### INVESTMENTS (AT COST)

##### Trade Investments (Quoted)

Coral India Finance & Housing Ltd.,

1299200 Equity Shares of Rs.10/- each fully paidup

(Market Value - Rs.1,32,51,840 )

(Previous Year - Rs. 2,19,43,488)

Gujarat State Financial Coporation Limited.

4700 Equity Shares of Rs.10/-

each fully paid up at a premium of Rs.10/- each.

(Market Value - Rs. 13,536)

(Previous Year - Rs. 17,740)

#### OTHER INVESTMENTS

National Saving Certificates

11,587,169

11,587,169

94,000

94,000

1,720

**11,682,889**

**11,682,889**

### SCHEDULE - G

#### CURRENT ASSETS, LOANS & ADVANCES

##### a) Inventories

(As taken, Valued and certified by the Management)

Raw Materials

37,427,875

27,198,972

Packing Materials

15,030,122

15,529,848

Work in Process

2,799,164

2,789,280

Finished Goods

25,757,698

30,934,389

Stores and Spares

1,104,615

1,007,777

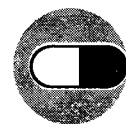
**82,119,474**

**77,460,266**



## SCHEDULES FORMING THE PART OF THE ACCOUNTS

	Year Ended 31st March 2010 Rupees	Year Ended 31st March 2009 Rupees
<b>b) Sundry Debtors</b> (unsecured considered good unless otherwise Specified) Debt outstanding for a period exceeding Six Months Other Debts	19,175,887 33,443,246 <u>52,619,133</u>	5,593,370 18,634,105 <u>24,227,475</u>
<b>c) Cash &amp; Bank Balances</b> Cash on hand Balance with Schedule Banks -In Current Account Fixed Deposit in Bank	151,484 2,554,567 4,241,507 <u>6,947,558</u>	179,354 2,365,923 1,153,376 <u>3,698,653</u>
<b>d) Loans &amp; Advances</b> Advances recoverable in cash or in kind or for value to be received Deposits Advance to Staff Income Tax	5,406,026 919,689 693,614 29,425,426 <u>36,444,755</u>	11,618,594 709,800 797,105 20,292,741 <u>33,418,240</u>
<b>SCHEDULE - H</b>		
CURRENT LIABILITIES & PROVISIONS		
<b>a) Current Liabilities</b> Sundry Creditors: - Total outstanding dues of Micro and Small Enterprises (Refer Note 7 of Sch. N) - Others Statutory Liabilities	2,847,324 45,723,804 21,413,216 <u>69,984,344</u>	1,465,781 44,986,891 16,861,320 <u>63,313,992</u>
<b>b) Provisions</b> Provision for Taxation Proposed Dividend Tax on Dividend	21,223,590 5,358,900 910,745 <u>27,493,235</u>	11,245,000 4,287,120 728,596 <u>16,260,716</u>
<b>SCHEDULE - I</b>		
OTHER INCOME		
Discount Received Interest Received – (TDS – Rs. 25048) DEPB Licence Labourcharges recd Rent Recd Other Receipts	8,045 232,571 830,500 2,863,478 3,062,725 1,406,961 <u>8,404,280</u>	36,579 687,093 772,198 4,101,058 540,000 3,265,902 <u>9,402,830</u>



## SCHEDULES FORMING THE PART OF THE ACCOUNTS

	As at 31st March 2010 Rupees	As 31st March 2009 Rupees
<b>SCHEDULE - J</b>		
Manufacturing & Other Expenses		
Expenses		
Cost of Sales		
Raw Material Consumed	118,534,224	126,001,198
Packing Material Consumed	66,489,055	70,068,711
Purchase of Finished Goods	5,433,268	5,386,092
	<b>190,456,548</b>	<b>201,456,001</b>
Opening Stock		
i) Finished Goods	30,934,389	33,605,800
ii) Work in Process	2,789,280	4,789,340
	<b>33,723,669</b>	<b>38,395,140</b>
Less: Closing Stock		
i) Finished Goods	(25,757,697)	(30,934,389)
ii) Work in Process	(2,799,164)	(2,789,280)
	<b>(28,556,861)</b>	<b>(33,723,669)</b>
	<b>195,623,356</b>	<b>206,127,472</b>
<b>SCHEDULE - K</b>		
Employees' Emoluments		
Salaries, Wages, & Allowances	28,080,205	33,212,928
Provident Fund	1,131,330	1,140,878
Welfare & Other Amenities	2,087,310	2,087,311
	<b>31,298,845</b>	<b>36,441,117</b>
<b>SCHEDULE - L</b>		
Operating & Other Expenses		
i) Power & Fuel	9,035,165	993,791
ii) Manufacturing Expenses	5,532,704	565,384
iii) Repairs To:	-	-
a) Building	-	11,813
b) Plant & Machinery	2,556,172	2,323,216
c) Others	1,704,736	1,227,301
Total Rs.	<b>4,260,908</b>	<b>3,562,330</b>
iv) Stores & Spares	236,989	289,618
v) Rent, Rates & Taxes	1,221,939	730,820
vi) Sales Tax	12,642	35,733
vii) Insurance	463,344	509,476
viii) Auditors' Remuneration	121,500	125,500
ix) Directors' Remuneration	386,040	413,739
x) Advertisement Exps.	192,244	163,968
xi) Travelling Exps.	654,821	752,109
xii) Bad Debt/Discount	-	7,351
xiii) Other Expenses	11,465,385	11,227,027
xiv) Marketing & Distribution	13,832,630	15,840,783
	<b>28,587,534</b>	<b>30,096,124</b>
	<b>47,416,310</b>	<b>49,250,216</b>
<b>SCHEDULE - M</b>		
<b>FINANCIAL CHARGES</b>		
Interest		
i) Bank Term Loan	1,009,267	2,641,029
ii) Cash Credit	1,678,744	1,292,630
iii) Others	1,232,884	5,637,718
Bank Charges & Commission	712,733	1,459,276
	<b>4,633,628</b>	<b>11,030,653</b>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH '2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

**SCHEDULE - N**

**SIGNIFICANT ACCOUNTING POLICIES, NOTES ON ACCOUNTS AND INFORMATION PURSUANT TO PROVISIONS OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1) Framework of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of Companies Act, 1956.

**2) Uses of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosure relating to contingent assets and liabilities on the date of financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

**3) Inventories**

- a) Inventories are valued at lower of cost and realizable value. Cost of inventories comprises, cost of purchase, cost of conversion and other cost incurred in bringing them to their present location and conditions and excise duty paid/ payable on such goods.
- b) In Dehradun Plant the Company has written off 20% of Stores and spares yearly from the inventory of stores and spares.
- c) Expenditure on stores and spares in other plants is charged to revenue account in the year of purchase.

**4) Depreciation**

Depreciation of fixed assets have been provided on straight line method in the manner and at the rates prescribed in schedule XIV of the Companies Act, 1956. Depreciation on additions / deletion to fixed assets during the year is provided on a pro-rata basis.

**5) Revenue Recognition**

- a) Sales are accounted inclusive of excise duty but excluding Sales Tax, and are net of returns / discounts / debit notes / reversals.
- b) Excise duty is deducted from turnover (gross) and not the entire amount of liability arisen during the year.
- c) Export Incentive under the Duty Entitlement Pass Book Scheme has been recognised on the cash basis.
- d) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**6) Fixed Assets**

- a) Fixed assets are stated at cost less accumulated depreciation. Cost comprises of purchase price and any cost attributable of bringing the assets to its working condition for its intended use.
- b) Direct costs as well as related incidental and identifiable expenses incurred on acquisition of fixed assets that are not yet ready for their intended use or not put to use as on the balance sheet date are stated as Capital Work in Progress. Assets under construction are not depreciated.



- c) There is no revaluation of fixed assets carried out during the year.

**7) Foreign Currency Transactions**

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates.
- b) In respect of monetary items which are covered by foreign exchange contracts, the premium or discounts on such forward contract is recognized over the life of the forward contract.
- c) The exchange differences arising on settlement of transaction/ translation of monetary assets and liabilities denominated in foreign currency are recognised in the Profit & Loss Account. In cases, where they relate to acquisition of fixed assets, they are adjusted to the carrying cost of such assets.

**8) Investments**

- a) Investments are classified into current and long term investment.
- b) Current investments are carried at lower of cost or market value, computed category wise and the resultant decline, if any, is charged to revenue.
- c) Long term investments are stated at cost. Provision is made for any diminution in value, if other than temporary. However, in the opinion of the management, the increase/decrease in the value of investment in shares, is on account of market forces and is not of other than temporary nature and therefore not provided in the books of accounts.

**9) Retirement Benefits**

- a) Gratuity in respect of eligible employees has been provided for on the basis of actuarial valuation. As per AS15 the actuarial valuation is considered 5% as salary escalation and average 2% as attrition rate and the retirement age is considered as 60 years.
- b) Leave Encashment is not provided in books of accounts but is accounted for on cash basis.

**10) Borrowing Costs:**

Borrowings costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till such time as the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are, charged to profit and loss account.

**11) Segment Reporting**

The company is engaged in pharmaceutical business, which as per Accounting Standard - AS 17, is considered the only reportable business segment.

**12) Earning Per Share:**

- a) Basic Earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)
- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



### 13) Taxation

- a) Provision for the Current tax has been made in accordance with the income-tax laws and rules prevailing at the time of the relevant assessment years.
- b) Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Asset is recognized when there is virtual certainty of reversal.

### 14) Impairment of Assets:

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired.

### 15) Provisions, Contingent Liabilities and Contingent Assets:

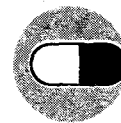
- a) Provisions are recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- b) Contingent liability is disclosed when there is a present or possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation and no reliable estimate is possible.
- c) Contingent Assets are neither recognised nor disclosed in the financial statement.

### 16) Other Accounting Policies:

Accounting policies not specifically referred to are consistent with the generally accepted accounting standards.

## II. NOTES ON ACCOUNTS

- 1) The Central Excise & Customs, Service Tax Cell have raised a notice for the purpose of depositing service tax for the period 16.11.1997 to 01.06.1998 for Goods Transport Operators' service provided. The Company has filed appeal against the same.
- 2) Demand of Rs.18.56 Lacs is raised by the Central Excise & Customs, Vadodara in pursuance of order under section 11A of Central Excise Act, 1944. The Company has preferred an appeal to the Supreme Court of India against the same.
- 3) The Income Tax Department has raised a demand of Rs.3.81 lacs for the Assessment Year 2004-05. Income tax department has preferred an appeal in Income Tax Appellate Tribunal, Mumbai.
- 4) Company's Baroda Plant was not in operation.
- 5) Company has not included Excise Duty in stock of Raw Material and Packing Material to comply with the AS - 2. The same is reduced from purchases. However, this has no effect on the profit of the Company.
- 6) Capital commitment not provided for Rs Nil. (Previous Year Rs. 17.72 lacs)
- 7) Sundry creditors of Rs. 28.47 lacs are outstanding to Micro and Small Enterprises (on the basis of information available with the company). Interest if any payable on delayed payment to Micro and Small Enterprises under Micro, and Small and medium enterprises development Act., 2006 is not ascertainable.



## 8) Remuneration to the Director

	Current Year Rupees	Previous Year Rupees
Salaries	3,86,040	3,86,040
Perquisites	24,355	24,333
Sitting Fees	21,000	64,800
Total	4,31,395	4,75,173

## 9) Remuneration to the Auditor

	Current Year	Previous Year
Statutory Audit	1,00,000	1,00,000
Tax Audit	5,000	5,000
Total	1,05,000	1,05,000

## 10) Computation of Earning per Share

	31.03.2010	31.03.2009
Net Profit after Taxation as per Profit & Loss Account	4,66,56,562	3,37,06,362
Basic/Weighted Average number of Equity Shares outstanding during the year	35,72,600	35,72,600
Nominal Value of Equity Share	10.00	10.00
<b>Basic Earning Per share</b>	13.06	9.44
<b>Diluted Earning Per Share</b>	13.06	9.44

## 11) Related Party Disclosure

## a) Key Management Personnel:

Name	Designation
Mr. Navin B Doshi	Chairman
Mr. Priyush R Dhedhi	Director
Mr. K.R. Mehta	Executive Director
Mr Samir A Sheth	Director
Mr Rajesh R Parikh	Director

## b) Relatives of key management personnel and Enterprises over which key management personnel and their relatives are able to exercise significant influence are as follows:

Name	Relation
Coral India Finance and Housing Ltd	Significant influence
Adore Pharmaceuticals Private Ltd.,	Significant influence
Mr. Chetan Navin Doshi	Relative of key management personnel
Mrs. Meeta Samir Sheth	Relative of key management personnel





The Company has identified all the related parties having transactions during the year as per details given below. During the year, there was no amount written off or written back from such parties.

a) Nature of transactions

Particulars	31.03.2010	31.03.2009
<b>a) Key management Personnel</b>		
- Sitting Fees	Rs. 21,000	Rs. 64,800
- Salaries and Perquisites	Rs. 4,10,395	Rs. 4,10,373
<b>b) Relatives of Key Management Personnel</b>		
- Salary	Rs.3,70,080	Rs. 4,00,080
<b>c) Enterprise over which key management personnel and their relatives are able to exercise significant influence</b>		
- Loan Received	Rs. 50.00 lacs	Rs. 15.00 lacs
- Loan Repaid	Rs. 257.00 lacs	Rs. 355.00 lacs
- Interest Paid	Rs. 10.77 lacs	Rs. 53.74 lacs
- Rent Paid	Rs. 4.50 lacs	Rs. Nil
- Deposit – Rent	Rs. 2.00 lacs	Rs. Nil
- Dividend Paid	Rs. 8.58 lacs	Rs. 6.06 lacs
- Labour Charges Paid	Rs. 17.74 lacs	Rs. 13.69 lacs
- Purchases	Rs. 3.18 lacs	Rs. 4.98 lacs
- Inspection Fees	Rs. 0.39 lacs	Rs. Nil

Balances with related Parties:

Particulars	As at 31.03.2010	At at 31.03.2009
<b>Loan Taken</b>		
Coral India Finance & Housing Ltd	Rs. Nil	Rs. 207.00 lacs
<b>Investment</b>		
Coral India Finance & Housing Ltd	Rs. 115.87 lacs	Rs. 115.87 lacs
<b>Deposits given</b>		
Chetan Doshi	Rs. 2.00 lacs	Rs. Nil

12) Deferred Tax

Deferred Tax Liabilities on taking into account the impact of timing difference between financial statements and estimated taxable income. The break-up of Deferred Tax Liability is as under:

	31.03.2010	31.03.2009
<b>A. Deferred Tax Liability</b>		
Tax effect of excess Net Block of Fixed Assets as per the books of accounts over written down value as per Income Tax Computation	65,91,104	63,34,264
<b>Total - A</b>	<b>65,91,104</b>	<b>63,34,264</b>
<b>B. Deferred Tax Asset</b>		
Tax effect on Provision for Gratuity	1,66,166	1,92,469
Tax effect on Disallowance under section 43B		
- Sales Tax	—	34,694
- Bonus	41,959	82,722
<b>Total - B</b>	<b>2,08,125</b>	<b>3,09,885</b>
<b>C. Balance (A-B)</b>	<b>63,82,979</b>	<b>60,24,379</b>



- 13) The accounts of debtors, Creditors and Advances are subject to confirmation/ reconciliation. The management does not expect any material difference affecting the financial statements on reconciliation/adjustments.
- 14) In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 15) Figures of the previous year have been regrouped and/or recast wherever considered necessary.

**III. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF 3, 4C & D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

1. Particulars in respect of Licensed and installed capacities.  
(As certified by the Management)

**INSTALLED CAPACITY (Single Shift Basis)**

	Units	Capacity Current Year	Capacity Previous Year
Tablet	Nos.	14660 lacs	14660 lacs
Capsule	Nos.	6510 lacs	6510 lacs
Dry Powder	Kgs.	1.92 lacs	1.92 lacs
Liquids	Ltrs.	35 lacs	35 lacs
Ointments	Kgs.	3.57 lacs	3.57 lacs

2. Particulars in respect of opening and closing stock of finished goods produced.

(All Figures in Thousands)

Class	Unit	Opening Stock		Production	Turnover		Closing Stock	
		Qty ('000)	Value ('000)		Qty ('000)	Value ('000)	Qty ('000)	Value ('000)
Tablet & Capsules	Nos.	30308 (63302)	18872 (19694)	173421 (229868)	177734 (262862)	153750 (158876)	25995 (30308)	14333 (18872)
Ointment & Powder	Kgs.	4.74 (1)	1686 (650)	39.63 (47.67)	42.76 (43.93)	15972 (13946)	1.61 (4.74)	473 (1686)
Liquids	Ltrs.	53.12 (69)	8378 (9130)	803.04 (1227.41)	802.86 (1243.29)	163814 (167922)	53.30 (53.12)	7684 (8378)

Note: Previous year figures are shown in bracket. Turnover Quantity includes free issues.

3. **Raw Material Consumed**

(Value in Rupees)

Particulars	UOM	Current Year		Previous Year	
		Qty	Value	Qty	Value
Amoxicillin Trihydrate	Kgs	5,812	92,70,634	10,967	1,63,20,766
Azthromycin USP	Kgs	915	60,28,596	1,183	88,73,995
Ciprofloxacin HCL IP	Kgs	2,861	38,01,190	2,752	24,39,273
Paracetamol IP	Kgs	11,853	22,26,120	17,969	28,54,663
Sugar (Commercial ) IH	Kgs	3,50,962	1,04,73,247	3,40,292	63,77,865
Empty Gelatine Capsules	Ths	36,729	22,50,638	47,662	35,81,334
Others			8,44,83,799		8,55,53,302
<b>Total Consumption</b>			<b>11,85,34,224</b>		<b>12,60,01,198</b>



Value of Imported and Indigenous Raw Material and Stores consumed and percentage thereof

(Rs. in Lacs)

	Current Year		Previous Year	
	Value	%	Value	%
Raw Material				
- Imported	69.41	5.86	24.56	2.01
- Indigenous	1115.93	94.14	1235.45	97.99
Stores & Spares				
- Imported	-	-		
- Indigenous	2.37	100	2.81	100.00

4. Expenditure in Foreign Currency

(Rs. in Lacs)

	Current Year	Previous Year
Registration & Inspection Fees	4.50	10.09
Bank Charges	1.43	1.81
Traveling	Nil	Nil

5. Earnings in Foreign Currency

(Rs. in Lacs)

	Current Year	Previous Year
FOB value of Exports	609.65	504.50

For **SHAH SANGHVI & CO.**  
Chartered Accountants

**(J. P. SHAH)**  
Proprietor  
Membership No. 34010

Place : Mumbai  
Date : 31st August, 2010

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 31st August, 2010



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## AUDITORS' CERTIFICATE

To  
The Board of Directors  
**Coral Laboratories Limited**  
Sir/Madam,

We have examined the attached Cash Flow Statement of **Coral Laboratories Limited** for the year ended 31<sup>st</sup> March 2010. The statement has been prepared by the company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchange and is based on and in agreement with the corresponding Profit and Loss and Balance Sheet of the Company covered by our Report date 31<sup>st</sup> August, 2010 to the Members of the company.

**For SHAH SANGHVI & CO.,**  
CHARTERED ACCOUNTANTS

Place : Mumbai  
Date : 31<sup>st</sup> August, 2010

**(J. P.SHAH)**  
Proprietor  
M.No. 34010  
FRN : 109794W



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

	YEAR ENDED 31ST MARCH 2010 Rupees	YEAR ENDED 31ST MARCH 2009 Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items	56,915,162	39,330,890
Adjustment for:		
Depreciation	12,438,538	11,954,564
(Profit) / Loss on sale of Fixed Asset	47,204	-
Prior period Expenses	783,381	-
Investment/ Interest income	(232,571)	-
Interest expenses	3,920,895	-
Operating Profit before working capital changes	73,872,610	51,285,454
Adjustment for:		
(Increase)/Decrease in Trade and Other receivables	(21,564,797)	9,115,079
(Increase)/Decrease in Inventories	(4,659,209)	6,922,992
Increase/(Decrease) in Trade and Other Payables	6,748,942	(8,403,554)
Cash generated from operation	(19,475,063)	7,634,517
Dividend and Corporate Dividend Tax Paid	(5,015,716)	(4,179,794)
Taxes paid (Net of refunds)	(8,700,000)	(2,638,464)
Cash flow before Exceptional items	(33,190,779)	816,259
Exceptional item :	(783,381)	-
<b>NET CASH FLOW OPERATING ACTIVITIES</b>	<b>39,898,450</b>	<b>52,101,713</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchased of Fixed Assets	(2,927,782)	(16,027,121)
Interest received	232,571	-
Sale of Investment	-	-
Sale of Fixed Asset	12,000	-
<b>NET CASH FLOW INVESTING ACTIVITIES</b>	<b>(2,683,211)</b>	<b>(16,027,121)</b>



	YEAR ENDED 31ST MARCH 2010 Rupees	YEAR ENDED 31ST MARCH 2009 Rupees
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of long term Borrowings	(28,892,062)	(37,134,055)
Proceeds from issue of Share Capital	-	-
Interest paid	(3,920,895)	-
<b>NET CASH FLOW FINANCING ACTIVITIES</b>	<b>(32,812,957)</b>	<b>(37,134,055)</b>
Net Cash Inflow/(Outflow)	<b>4,402,281</b>	<b>(1,059,463)</b>
Cash & Cash Equivalents as at March 31, 2009	2,545,277	3,604,740
Cash & Cash equivalents as at March 31, 2010	6,947,558	2,545,277
<b>Net Cash Inflow/ (Outflow)</b>	<b>(4,402,281)</b>	<b>1,059,463</b>

For **Shah Sanghvi & Co.**  
Chartered Accountants

**(J. P. Shah)**  
Proprietor  
Membership No. 34010

Place : Mumbai  
Date : 31st August,2010

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R. MEHTA - Executive Director  
MR. SAMIR A. SHETH - Director

Place : Mumbai  
Date : 31st August,2010



**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 :**

Registration No.   -

State Code :

Balance Sheet Date   .   .

**II. Capital raised during the year : (Amount Rs. in Thousand )**

Public Issue

Right Issue

Bonus Issue

Private Issue

**III. Position of Mobilisation and Deployment of Funds : (Amount Rs. in Thousand )**

Total Liabilities

Total Assets

Sources of Funds :

Paid up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

Share Application Money

Deferred Tax Liability

Application of Funds :

Net Fixed Assets

Investments

Net Current Assets

Misc Expenditure

Accumulated losses

**IV. Performance of the Company (Rs in thousand )**

Turn over

Total Expenditure

Profit/Loss Before Tax

Profit / Loss After Tax

Earning Per Share   .

Dividend Rate ( % )   %

**V. Generic Names of three principal Products / Services of company (As per Monetary Terms)**

Item Code No.

Product Description  
ZEST SYRUPS/CAPS/DROPS

MOXBRO CAPS/TABS/DRY SYRUPS

DEDOXY/DOXYCYCLINE CAPSULES

For and behalf of the Board

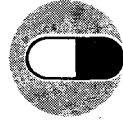
MR. NAVIN B. DOSHI - Chairman

MR. KISHOR R. MEHTA - Executive Director

MR. SAMIR A. SHETH - Director

Place : Mumbai

Date : 31st August, 2010



## CORAL LABORATORIES LTD.

Regd : Office & Factory : 308/5, Village & Post – Poicha (Ran), Taluka – Savli, Baroda – 391 780 (Gujarat)

### FORM OF PROXY

L.F.NO

No. of Shares held

I/We \_\_\_\_\_ of \_\_\_\_\_  
 in the District of \_\_\_\_\_ being a member / members of CORAL LABORATORIES  
 LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 the District of \_\_\_\_\_ in the failing him \_\_\_\_\_ of  
 \_\_\_\_\_ in the District of \_\_\_\_\_ as my / our  
 proxy to attend and vote for me / us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to  
 be held 308/5, Village & Post Poicha (ran), Taluka –Savli, Baroda – 391 780, on Thursday, the 30<sup>th</sup> September 2010  
 at 3.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix  
Re.  
Revenue  
Stamp

Signature of the Shareholder(s)

Note : The proxy form duly completed must reach the Registered Office of the Company not less than forty-eight hours before the time for holding the Meeting.

## CORAL LABORATORIES LTD.

Regd : Office & Factory : 308/5, Village & Post – Poicha (Ran), Taluka – Savli, Baroda – 391 780 (Gujarat)

### ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

NAME OF THE ATTENDING MEMBER / PROXY (IN BLOCK LETTERS)	L.F.NO.

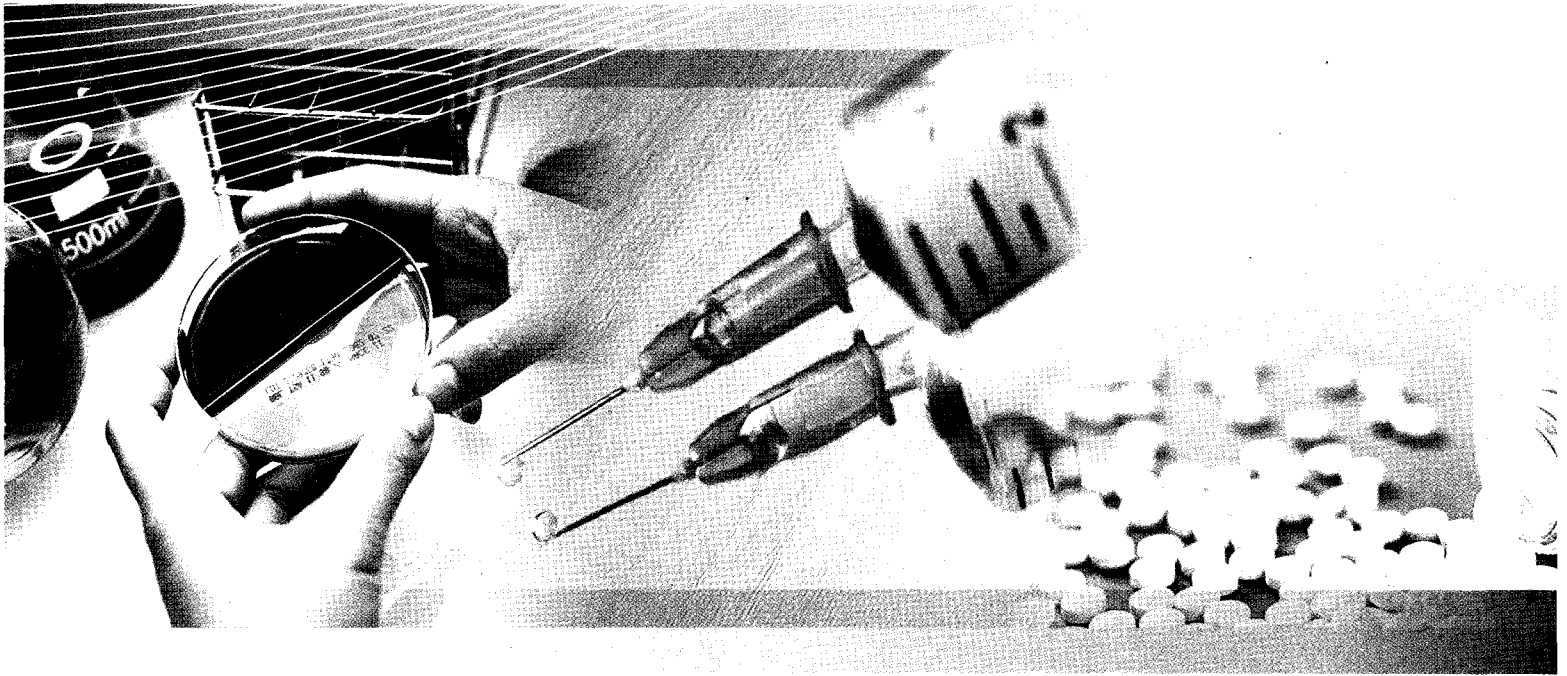
I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of the Company at : 308/5, Village & Post – Poicha (Ran), Taluka – Savli, Baroda – 391 780 , on Thursday, the 30<sup>th</sup> September 2010 at 3.30 p.m.

If Shareholder, please sign here	If proxy, please sign here

- Notes :
- i) Shareholders / Proxy are requested to bring the Attendance Slip with them duly completed when they come to the Meeting and hand them over at the gate after affixing their signature on them. No duplicate Attendance Slips will be issued at the venue of the Meeting.
  - ii) Joint Shareholders may obtain additional Attendance Slips on requests.
  - iii) Kindly bring your copy of the Annual Report with you.



BOOK-POST



If undelivered, please return to :

**LINK INTIME INDIA PVT. LTD.**

Unit : **Coral Laboratories Limited.** C/13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.