Laurel Organics Ltd.

20th
Annual Report
2012-2013

BOARD OF DIRECTORS

1.	Mr. K S Varma	Chairman cum Managing Director
2.	Mr. Abhishek S. Varma	Whole Time Director
3.	Mrs. Vandana Varma	Whole Time Director
4.	Mr. Sandeep Gupta	Director
5.	Mr. Prabhat C Jha	Director
6.	Mr Binod Roy	Director
7.	Mrs. Shakuntala Prasad	Director

BANKERS
Allahabad Bank
Corporation Bank
HDFC Bank

AUDITORS
A. K. Jalan & Associates
Chartered Accountants
New Delhi

REGISTERED OFFICE/WORKS
Vill. Bhondsi, Tehsil Sohna.
Distt. Gurgaon (Haryana)-122102

ADMINISTRATIVE OFFICE :
C-111, Paryavaran Complex,
Near Saket, New Delhi-30

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Laurel Organics Limited

Regd. Office: Vill. Bhondsi, Tehsil Sohna
Distt. Gurgaon (Haryana) - 122102

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of Laurel Organics Limited will be held on Friday, the 27th September, 2013 at 12.30 P.M. at the Registered office of the company at Vill. Bhondsi, Tehsil Sohna, Distt. Gurgaon (Haryana) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Profit & Loss Account for the year ended on that date and the report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Vandana Varma, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Prabhat C Jha who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors, M/s A. K. Jalan & Associates, Chartered Accountants, Delhi, the retiring Auditors, being eligible, offer themselves for re-appointment.

Place: Bhondsi,
Date: August 14, 2013

By order of the Board

Registered Office:
Vill. Bhondsi, Tehsil Sohna
Distt. Gurgaon (Haryana)

Sd/-
(Abhishek S. Varma)
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing the representative(s) to attend and vote on their behalf at the Meeting.
3. The Members/Proxies are requested to bring the copy of the Annual Report to the Annual General Meeting and hand over the attendance slip at the entrance of the meeting venue along with their Registered Folio No./Client ID and DP ID Numbers for easy identification.
4. The Shareholders are requested to notify any change in their address immediately. In case the Shareholders find that the address mentioned in the correspondence address by the company is incorrect/ incomplete please intimate your correct address immediately clearly indicating the post pin code number.
5. If the shares are held by the Shareholders in more than one folio, please get the same consolidated.

6. The Ministry of Corporate Affairs has taken a "Green initiatives in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars starting that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to register their e-mail address by sending written signed request to the Company.

7. Particulars required for Re-appointment of Directors pursuant to Clause 49 of the Listing Agreement :

   In terms of Section 256 of the Companies act, 1956, Mrs. Vandana Varma, Mr. Prabhat C Jha, Directors retire by rotation at ensuring meeting and being eligible offer themselves for re-appointment. The Board of Directors of the Company commends their respective reappointments.

   The information or details for the aforesaid Directors are as under :

Name of Director	Mrs. Vandana Varma	Mr. Prabhat C Jha
Date of Birth	20.05.1951	01.03.1980
Date of first Appointment	05.01.2000	08.02.2003
Relationship with other Director(s)	Yes	None
Experience	She is a successful entrepreneur with wide experience in pharma industry and has competent knowledge and experience in Human Resources & Administration Management areas.	He is having rich and varied experience in information technology areas and design of various systems across the production & Quality control departments.
Qualification	Post Graduate	MCA
Board membership of other Companies	Nil	Nil
Chairman/ Member of the Committee of Directors of other Companies	Yes	Nil

8. The Shareholders are requested to bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.

9. The Register of Members & Share transfer books of the company will remain closed from 23rd September'13 to 27th September'13 (both days inclusive).

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts along with the Report of the Auditors for the year ended 31st March, 2013.

Financial Results

	2012-13 (Rs. In lacs)	2011-12 (Rs. In lacs)
Net sales/income from operation	1223.82	869.27
Other Income	5.57	4.15
Total Income	1229.39	873.42
Staff Cost	304.01	228.04
Other Expenses	730.18	536.74
Depreciation	44.78	38.00
Finance Charges	18.73	25.47
Change in Inventory/Stock in Trade	(2.53)	-
Total expenditure	1095.17	828.25
Profit / (Loss) for the year	134.21	45.17
Add/(Less):		
Deferred Tax	(7.90)	(5.28)
Balance carried to Balance Sheet	126.31	39.89
Earning Per Equity Share (Basic/diluted) (Rs.)	**1.71**	**0.54**

OPERATIONAL REVIEW

During the year under review, the Company has achieved highest ever operational Income of Rs 1223.81 lacs against Rs 869.27 lacs in the previous year registering a growth of apx.40%.

Operating Profit before Interest, Depreciation, Amortization & Tax, has been Rs.197.72 Lacs against Rs 108.64 lacs in the Previous Year, registering a growth of 82%. Profit after tax has been Rs. 126.31 lacs as against Rs. 39.89 lacs in the previous year, registering substantial growth.

The company had moved to variable job work charges based on per kg output as per the requirement of Ranbaxy and carried out modernization work to increase the capacity of reactors during this year keeping long term business prospects in sight, in spite of recessionary conditions prevailing globally. The company reaped the benefit of utilization of expanded capacity for the full year which has resulted into increased sales of services. Due to overall higher capacity utilization across the company, the overheads got spread over increased production which led to reduction in costs and thus increase in the profitability.

Considering increase in cost of crude petroleum and volatility of rupees against dollar, Company had taken steps to replace furnace oil fired boilers to briquette fired boilers in last two years. These steps helped Company to reduce its fuel cost as compared to last year.

Above factors resulted in increase in operating margin of the Company for the year under review as indicated last year in our annual report.

Your company has incurred Finance cost of Rs 18.73 lacs as compared to last year of Rs 25.47 lacs. This reduction in financial charges has also increase the profitability of the company.

CONTRACT MANUFACTURING

Your company has been operating on contract manufacturing basis in view of the working capital constraints. The operations have shown marginal improvement as compared to previous year. The management of your company is presently working on a strategy to improve the turnover and profits. Under this plan, modernization and expansion of capacity in addition to commencement of direct sale is being considered. All these efforts are expected to significantly contribute for the overall improvement in the operations of the company in future.

The Company is presently carrying out contract manufacturing activity for M/s Ranbaxy Laboratories Ltd, (a wholly owned subsidiary of the Japanese giant M/S Daichi Sankyo) a reputed pharmaceutical company for the past 10 years. Taking advantage of this growing segment, your company is exploring all possibilities to expand further and intends to enter into such agreement with other companies within and outside India. The experience of your company in efficiently manufacturing and supplying about 45 different products to M/S RLL during the past several years.

GOOD MANUFACTURING PRACTICE (GMP)

... last year we are also focusing on written standard operating procedures in all working of the departments and ... ing on Good Manufacturing Practice (GMP). This gives your company a sense of confidence that it would be able to handle the offshore business opportunities very well in future.

PLANT CAPACITY

Since the Company has manufactured so many different types of intermediates of almost all therapeutic groups, it has resulted in building up a capacity which extremely flexible which can handle all type of reactions relevant in the pharmaceutical manufacturing. This has helped the company being way ahead of its competitors in terms of plant flexibilities which has helped to cater to higher demand, increase in yields and steady costs thus maintaining reasonable steady growth.

DUES OF UNSECURED CREDITORS

Your company owes Rs 63.97 lacs to M/s Ranbaxy Lab. Ltd as on the balance sheet date. The company is regular in repayment of its liability with interest. However, your company could not arrange to make payment of Long Term outstanding dues to ICD lenders due to fund constraints.

DIVIDEND

In view of accumulated losses of the company your directors do not recommend any dividend.

NETWORTH

The net worth of the company has moved in positive direction during the year. However, there remain huge brought forward accumulated losses still to be wiped out.

FIXED DEPOSIT

Your company has not accepted fixed deposits from the members or public, by public invitation during the year.

DIRECTORS

Two Directors namely Mrs. Vandana Varma & Mr. Prabhat C Jha who retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s A K Jalan & Associates, Chartered Accountants, retires as Auditors of the company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received certificate from them under section 224(1B) of the Companies Act, 1956.

COST AUDIT

The Cost Auditor, M/s Mahesh Singh & Co., re-appointed by the Company under Section 233B of the Companies Act, 1956 attended the Audit Committee Meeting, where Cost Audit Report was discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2012 was February 28, 2013 and the Cost Audit Reports were filed by the Cost Auditor on February 28, 2013. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2013 is September 30, 2013.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance prescribed under the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance along with the certificate of the auditors confirming compliance with the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is annexed.

CORPORATE SOCIAL RESPONSIBILITY:

Sustainability is a complex concept incorporating a wide range of social, environmental and economic issues. We recognize the holistic nature of a sustainable approach. As such, this commitment is as much about our construction processes and business operations as it is about our people, the communities where we work, our suppliers and partners and the clients we work with.

This is a commitment to safeguard the health and safety of our employees and workers and for that company take the following steps:

- The company has been provided with change rooms and wash facilities.
- Street cloths and foot-ware are removed in the change room. Company uniform and footwear are provided in the change room.

- The Company uniform consists of Apron, Cap and Slipper for workers.
- All the employees are trained on the requirement of good personnel hygiene at the time of their training programme and same is monitored by QA officers and department heads on routine basis.

HEALTH AND SAFETY

The company continues to accord high priority to health and safety of employees. During the year under review, a health & safety week was organized several times in its factory and the training programme and workshop for safety, awareness was also conducted for all employees at the plant. The comprehensive health check up of the employees was also carried out at the plant.

ENVIRONMENT

The plant is maintained strictly in compliance with the provisions of the Pollution Control Act. All the Effluents either of water or Air being generated during the manufacturing process are released after proper treatment strictly as per the Pollution Control Regulations and Rules.

INSURANCE OF ASSETS:

All the fixed assets, finished goods, semi-finished goods, raw materials, packing materials and other goods and assets of the Company have been insured against fire, burglary, transit, riots, strike, malicious damage and allied risks.

LISTING OF SHARES

Your Company equity shares are listed with Bombay Stock Exchange Limited. However, the scrip is under temporary *suspension from trading. The Company has been putting its best possible efforts to recommence the trading at the earliest.* In the matter, it is worth mentioning that your Company had issued 885,000 equity shares of Rs 10/- each at par in repayment of dues to IDBI in partial modification of sanctioned rehabilitation scheme by Hon'ble BIFR in March,2004 in view of subsequent OTS reached with the said Financial Institution. However, Hon'ble BIFR has now approved the issue of equity shares to IDBI and condoned the delay in taking approval for the same. The BIFR order was submitted to the BSE and follow-up is on to ensure early regularization of listing of shares.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 217 of the Companies Act, 1956, your directors confirm that:

(i) In the preparation of annual accounts the applicable accounting standards have been followed along-with proper explanations, wherever necessary relating to the material departures.

(ii) Your directors have selected prudent accounting policies.

(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 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.

STATUTORY PARTICULARS

The company had no employee of the category specified in sub section 217(2A) of the Companies Act, 1956 read with the companies (particulars of employees) Rules, 1975. The statement showing particulars of foreign exchanges earning and outgo is annexed hereto and form part of this report.

AUDITORS & THEIR REPORT

With reference to the observation and remarks of the Auditors in their report, which are self-explanatory and have been suitably covered in the Notes to Accounts.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year under review.

ACKNOWLEDGEMENTS

Your Directors acknowledge the vital role played by hard working employees of the Company at all levels towards its overall success, other stakeholders, bankers and business associates, who have continued to lend their valuable support to the Company in its efforts to success. The Directors take this opportunity to record their appreciation in this regard.

For and on behalf of the Board

Place: Bhondsi.
Date: August 14, 2013

Sd/-
(Abhishek Sahay Varma)
(Director)

ANNEXURES TO THE DIRECTORS' REPORT:

ANNEXURE-1

Particulars as per the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 forming part of the Director's Report for the year ended 31st March, 2013

A. Conservation of energy:

a) Energy conservation measure taken : - Cold water re-circulation system was adopted to reduce energy loss.
- Old Chiller has been replaced with new energy efficient chiller.
- Existing one F.O. fired boiler was Modified to permit the use of alternate cheaper fuel in place of F.O.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : -NIL-

c) Impact of measure at (a) & (b) above : As a result of the measure at (a) above the consumption of diesel and electricity is minimal.

d) Energy consumption particulars :

FORM – A

Form for Disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption	**Current Year 2012-13**	**Previous Year 2011-12**
1. Electricity:		
(a) Purchased:		
Unit KWH'000	938.063	679.330
Total amount (Rs in lacs)	66.65	42.47
Rate per unit (Rs.)	7.10	6.25
(b) Own generation:		
Through Diesel Generator		
Units KWH'000	815.340	644.232
Unit per ltr of diesel/oil	3.43	3.55
Cost per unit (Rs.)	13.07	11.98

2. Furnace Oil/HSD & Coal/Petcoke/Ors. used in Boiler/Thermopac etc. :

	F.O./HSD	Coal/Petcoke/ors	F.O./HSD	Coal/Petcoke
Quantity (K.ltrs)	22.472	571.642	58.097	740.987
Total cost (Rs in lacs)	9.54	51.06	21.92	47.45
Average rate (Rs.)	42.48	8.93	37.73	6.40

3. Consumption per unit of Production:

Production (in MT)	57.70	52.191
Electricity per MT KWH'000	30.39	25.36
Furnace oil/HSD per MT (K.ltrs)	10.30	15.31

Note: Figures for the year are not exactly comparable with last year, since the figures pertain to Jobwork involving multiple processes for ever changing different products requiring less/more time and less/more steps to reach the final products.

B. Technology absorption: -NIL- (Previous year –NIL-)

C. Foreign exchange earnings and outgo:

a) Activities relating to export initiatives taken to increase exports, development of new Products and services, and export plan: NIL.

b) Total foreign exchange used and earned: Used Rs.-NIL- (P.Y. Rs. NIL)
Earnings NIL (P.Y. - NIL)

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the Code) through Clause 49 of the listing agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the Corporate. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2012-13:

Company's Philosophy on Corporate Governance

In present corporate scenario as well as rising awareness among investors, stakeholders and other interested agencies, excellence is adjudged by corporate management, which is guided by code of corporate governance. Its essence lies in company's effort to strive for higher level of accountability, full disclosure, fairness in operations, more transparency, appropriate composition and size of the Board, with composite goal of maximizing shareholders value along with other compliance.

Your company's philosophy on corporate governance is aimed at enabling the management to establish an effective mechanism for overseeing the affairs, to ensure effectiveness of the Board, to ensure truthful and factual presentation of the company's financial position, conducting the company's business effectively keeping in view the stakeholders' interest.

Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustee of stake holders.

Composition and Status of Directors

The present strength of the Board of your company is Seven directors. There are three Executive directors and four non-executive directors.

During the year under review, five Board meetings were held during the year 2012-13. The dates on which the Board meetings held are as follows:

15th May, 2012, 14th August, 2012, 14th November, 2012, 15th February, 2013 and 30th March, 2013.

The composition of Board of Directors, attendance of Directors at Board meetings, and at the last Annual General meeting, as also the number of directorship and committee membership held by them in other companies are given below:

Name of Directors	Category of Director	No of BOD meetings attended	Attedence at last AGM	No of Director -ship in other companies	No. of other Committee Memberships
Mr. K S Varma	Executive	5	Yes	1	Nil
Mrs Vandana Varma	Executive	5	Yes	1	Nil
Mr Abhishek S Varma	Executive	5	Yes	1	Nil
Mr Sandeep Gupta	Non Exe./Indep.	1	Yes	Nil	Nil
Mr. Prabhat C Jha.	Non Exe./Indep.	2	Yes	Nil	Nil
Mr Binod Roy	Non Exe./Indep.	5	Yes	Nil	Nil
Mrs. Shakuntala Prasad	Non Exe./Indep.	5	Yes	Nil	Nil

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The company has constituted Audit committee as stipulated under clause 49 of Listing agreement with stock exchanges and to meet requirement of Section 292A of the Companies Act, 1956 as introduced by the Companies (amendment) Act, 2000.

The terms of reference specified by the Board to the Audit committee are as contained in Clause 49 of the listing agreement and under Section 292A of the Companies Act, 1956, and it also undertakes such other matters as may be delegated by the Board from time to time. The primary function of Audit committee is to periodically interact with internal auditors to review their reports, and discuss adequacy of internal control system, meet with statutory auditors to discuss their observations and suggestion on accounts and accounting policies. The audit committee also reviews with the management the quarterly and annual statements before submission to the Board.

The Audit committee of the company comprises of three independent non-executive directors, viz. Mr. Prabhat C Jha (Chairman), Mr. Binod Roy & Mrs. Shakuntala Prasad. The Managing Director, Head of Finance and other functional managers are invitees to the Audit Committee as and when necessary. The constitution of the committee meets the requirement of section 292A of the Companies Act, 1956.

During the year under review 2 meetings of the Audit committee were held.

REMUNERATION COMMITTEE

The remuneration Committee of the Board comprises of Mr. Binod Roy (Chairman of the Committee), Mr. Sandeep G Mrs. Shakuntala Prasad. The function of the Committee inter-alia include to lay down, review and revise remuneration c managerial personnel, to give recommendations to the Board of Directors on the matter concerning the manag remuneration, to deal with any other matter related or incidental to the above or as may be delegated by the Board from to time. During the year under review, no remuneration committee meeting was held.

The details of remuneration paid to Executive Directors during the year 2012-13 are given below:

Name of Executive Directors	Salary (Rs.)	Perquites and allowances (Rs.)	Total (Rs.)
1. Mr. K S Varma	1452000	571599	2023599
2. Mrs Vandana Varma	840000	69080	909080
3. Mr Abhishek S Varma	1512000	75915	1587915

SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted a shareholders/ investors grievance committee comprising Mr. Binod Roy (Chairman) , Mrs. Sakuntala Prasad & Mr. Prabhat C Jha, members.

The function of the committee inter-alia includes approval/rejection of transfers, transmission of shares, issue of fre duplicate certificate upon split/consolidation/renewal/mutilation/loss or otherwise, monitor the matters of litigation relat to shareholders and take decisions relating thereto, consider, review and monitor the matters related to shareholde grievances.

During the year under review, 3 meetings of shareholders committee were held on, 15th May, 2012, 14th August, 20 and 30th March, 2013.The meetings were attended by all the members of the committee.

ANNUAL GENERAL MEETINGS

Location and time for last 3 Annual General Meetings were as follows:

Year	Location	Date	Time
2009-2010	Village-Bhondsi,Tehsil-Sohna, Gurgaon	27.09.2010	12.30 P.M
2010-2011	Village-Bhondsi,Tehsil-Sohna, Gurgaon	26.09.2011	12.30 P.M
2011-2012	Village-Bhondsi,Tehsil-Sohna, Gurgaon	28.09.2012	12.30 P.M

During the year ended 31st March'2013 there were no resolution passed by the Company's shareholders through post ballot. At the ensuing Annual general meeting there is no resolution proposed to be passed by postal ballot.

DISCLOSURES

At present the company's revenue generation is from job work activity, hence no transaction of material nature were entered into by the Company with its Promoters, the Directors or Management, their subsidiary or relatives etc, that may have a potential conflict with the interest of the Company.

There were no penalties imposed on the Company by Stock Exchanges or Securities Exchange Board of India (SEBI) or by any regulatory authority for non-compliance of applicable laws.

Non Mandatory Requirements of Listing Agreement :

The Company has complied with mandatory requirements as discussed in this report as per Clause 49. The non-mandatory requirements complied with have been disclosed at the relevant places.

MEANS OF COMMUNICATION

Quarterly Results are published in the newspapers and are not sent to each shareholder. The results are usually published in the following newspapers:

i) Pioneer

ii) Hari bhumi

GENERAL SHAREHOLDER INFORMATION

20th ANNUAL GENERAL MEETING

Date & Time : Friday, 27th September, 2013 at 12.30 PM.

Venue : Village Bhondsi, Tehsil Sohna, Distt.Gurgaon, Haryana.

BOOK CLOSURE DATE

23rd September'13 to 27th September'13.

DIVIDEND PAYMENT DATE

Since your company is having accumulated losses, dividend payment was not made since inception.

LISTING OF SHARES ON STOCK EXCHANGES

The shares of your company are listed on the following stock exchanges.

NAME OF THE STOCK EXCHANGE	STOCK CODE
The Bombay Stock Exchange Limited.	530313
Delhi Stock Exchange Associations Limited, Madras Stock Exchange Ltd, Chennai. Ahmedabad Stock Exchange Ltd, Ahmedabad Jaipur Stock Exchange Ltd.	Stock Exchanges not in operation

STOCK MARKET DATA

Bombay Stock Exchange(BSE)

Since the company's script was suspended by Bombay Stock Exchange, there is no trading of the shares of the company. therefore, no data was available for the financial year. However the Company's application has been pending with Bombay Stock Exchange for revocation of suspension since last year and required compliances for revocation of suspension has been made by the company and the same is subject to approval of listing committee of BSE. The management is putting constant efforts to start early trading of the shares.

Delhi Stock Exchange(DSE)

The company has filed an application under stock exchange amnesty scheme along with payment of listing fee to DSE. The DSE has been asked for ISIN No of the Company. Since the company doesn't have ISIN No. the trading of securities with DSE is under hold.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2013.

Nominal Value	No. of Holder	%to Total	No. of Share.	% to Total
UP TO 5,000	11702	94.26	1469100	19.90
5,000 TO 10,000	283	2.28	239800	3.24
10000 TO 20000	113	0.91	180200	2.44
20000 TO 30000	190	1.53	491000	6.64
30000 TO 40000	21	0.17	79300	1.07
40000 TO 50000	37	0.30	181600	2.45
50000 TO 60000	12	0.10	64600	0.87
60000 TO 70000	6	0.05	41200	0.55
70000 TO 80000	4	0.03	30600	0.41
80000 TO 90000	2	0.02	16800	0.23
90000 TO 100000	15	0.12	148500	2.01
ABOVE 1,00,000	30	0.24	4442300	60.19
TOTAL	**12415**	**100**	**7385000**	**100.00**

DEMATERIALISATION OF SHARES

The Company's application has been rejected several times by NSDL due to negative net worth and certificate of continuous listing. During the year under review your company has been able to achieve positive net worth based on the financial result of 31st March, 2013. A fresh application has been made to NSDL for dematerialization of shares last year. The Company is following up on regular basis and will be done as soon as possible.

REGISTRAR AND SHARE TRANSFER AGENT

The Company has already appointed M/s Abhipra Capitals Limited, as registrar & share transfer agent, the agreement between the Company and the respective RTA was on hold, awaiting clearance from NSDL/CDSL.

SHARE TRANSFER SYSTEM

Presently the share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the validity and completeness of the transfer documents in all respect. The authority for transfer of shares has been delegated by the BOD to the Whole time Director for transfer of upto 10000 equity shares under one folio at a time, beyond which the matter is placed before the shareholders committee, which meets as and when, required.

SECRETARIAL AUDIT

As stipulated by SEBI, a qualified Company Secretary in practice M/s S. Behera & Co, conducts the secretarial Audit of the Company. The Company Secretary in Practice conducts their Secretarial Audit in every quarter and issues a Secretarial Audit Certificate to cover all specified aspects under applicable regulations to the Company.

PLANT LOCATION

Village- Bhondsi, Tehsil - Sohna, Distt. - Gurgaon, Haryana.

ADDRESS FOR CORRESPONDENCE

Investors correspondence: Village-Bhondsi, Tehsil- Sohna, Distt. Gurgaon, Haryana-122102
Tel 0124 3259517, laurelorganics@sify.com.

Any query on Annual report: Village-Bhondsi, Tehsil- Sohna, Distt. Gurgaon, Haryana-122102
Tel 0124 3259517, laurelorganics@sify.com.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments

The recovery of the Indian economy seems to be on track with GDP predicted to grow to higher levels. Industrial recovery has also gathered momentum in recent months. The government is expected to adopt a gradual approach while withdrawing policy stimulus measures so that the recovery is not hampered.

The Indian pharmaceutical industry maintained its momentum and registered growing trends, according to ORG-IMS statistics.

The dynamics of the Indian pharmaceutical industry is undergoing significant changes. Multinational corporations are working to entrench themselves as evidenced by the recent buyouts of the domestic business of major Indian pharmaceutical organizations. In the coming years, the industry may witness a significant shift and a consolidation phase. All the major players are trying to reach out to emerging rural markets in order to expand their reach.

According to a recent report, the Indian healthcare services industry, which primarily includes hospitals, is growing at an unprecedented rate of 16 per cent and is already one of the largest service sectors in the country. The Indian pharmaceutical industry will need to realign its strategies to cater to this segment.

Opportunities and challenges

With the core promoters/management including technocrats, the Company has been healthy on technical side which is reflected in its ability to manufacture wide range of Bulk drug products in a cost effective manner by regularly evaluating alternate processes, inputs, sources etc. Technical competency has also helped the Company to continuously update and upgrade its technology and improvement in processes, increased yields and value additions in association with M/s Ranbaxy Lab Ltd.

Segment-wise or product-wise performance

Since the company's operations restricted to contract manufacturing during the year, therefore no product wise or segment wise performance can be provided.

However, in the context of Contract manufacturing, the increased revenue from job work reflects the production performance of the company.

Outlook

Your Company's overall earnings presently depend on the job work of pharmaceutical products. Because pharmaceutical business is global in nature and also the company is doing job work for an Indian MNC(now a global MNC), its volume of business depends on overall global economic outlook & global demand and supply scenario.

As a diversification and to secure future profitability, your company is in continuous efforts for creating solvent recovery facility/plant and business generations from other major pharmaceutical companies. Further initiatives have been taken for up-gradation of the plant to GMP standards & obtaining license/approvals from the Drug authorities to start own production.

Risks and concerns

Though the pharmaceutical products, and particularly bulk drug intermediates, which can be manufactured by the company, are internationally traded, but at present the company has no production of its own. It is dependent on contract manufacturing on the job basis. Therefore, there are no risk areas like market fluctuations or import tariffs, but the major risk is job order itself.

As a part of its overall risk management strategy, the company has carried its operations based on a manufacturing Contract for five years with M/s Ranbaxy Laboratories Ltd., duly renewed for another five years w.e.f. 01/01/2013 for manufacturing Bulk Drug intermediates as per their specification and requirements on variable charges per KG basis. Therefore, the risk depends on the volume of job work being provided, which is further depending on the overall market situation.

Internal control system and their adequacy

A proper and extensive system of internal control is practiced by your company, to ensure that all its assets are safeguarded and protected, and that transactions are authorized, recorded and reported properly.

An adequate programme of internal audits, reviews by management and documented policies, guidelines and procedures, supplement the internal control system, which is designed to ensure reliability of financial and all other records, ultimately based on which periodical financial statements and other data are prepared and to maintain accountability for safeguarding of assets.

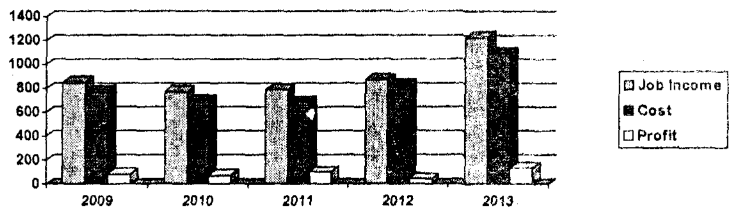
During the year the Company has appointed M/s R. K. Aggarwal & Associates, Chartered Accountant to conduct internal audit of the company. Top management and audit committee of the Board reviews the findings and recommendation of internal auditors.
The company is also following written procedures in all it departments with special emphasis in manufacturing and Quality Assurance activities.

Financial Risk :

Dues to unsecured creditors remained payable Rs.83.89 lacs. To mitigate this risk, the company is looking forward for arrangement of working capital and term loans in near future. In the mean time, the company was meeting its requirement from its operating cash flows.

Financial performance with respect to operational performance

The Jobwork done by the company for the year 2012-13 is Rs. 1229.38 lacs in comparison to the year 2011-12 which was Rs.873.42 lacs . The details are in below:



Your Directors report that in spite of adverse financial position there was excellent performance in contract manufacturing during the year.
Development in human resources/Industrial relations front, including number of people employed:
In the context of people employed, there have been no significant changes in workforce employed during 2012-13 compared to the previous year.

For and on behalf of the Board

Place: Bhondsi.
Date: August 14, 2013

Sd/-
(Abhishek Sahay Varma)
(Director)

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA

CERTIFICATE

To the Shareholders,

We have examined the compliance of conditions of Corporate Governance by Laurel Organics Ltd. for the year ended on 31st March'2013, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of 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, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except non-payment of listing fees.
We state that in respect of investor grievances received during the year ended 31st March, 2013, no investor grievances are pending against the company.
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 A K Jalan & Associates
Chartered Accountants
(FRN No.500107N)

Place: New Delhi
Date : August 14, 2013

Sd/-
(CA A K Jalan,FCA),Partner
M.No.052776

INDEPENDENT AUDITOR'S REPORT

To
The Members ,
M/s Laurel Organics Limited

Dear Members ,

i) **Report on the Financial Statements**

We have audited the accompanying financial statements of LAUREL ORGANICS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

ii) **Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

iii) **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

iv) **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

v) **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For A K Jalan & Associates
Chartered Accountants
(FRN 500107N)

Place: New Delhi-5
Date : 31/05/2013

Sd/-
(CA A K Jalan,FCA),Partner
M.No.052776

Annexure to the Auditors' Report

(Referred to in sub-paragraph 1 of paragraph (v) 'Report on other Legal and Regulatory Requirements" section of the Independent Auditors' Report of even date to the members of Laurel Organics Limited on the accounts for the year ended 31st March, 2013)

01. In respect of its Fixed Assets:

(a) The company has maintained records showing particulars including quantitative details and situation of its Fixed Assets on computer assisted system.

(b) As per information and explanations given to us, the Fixed Assets of the Company have been physically verified by the management during the year and it seems that the procedure of physical verification employed was reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were found on such verification.

(c) As explained to us, substantial part of the fixed assets has not been disposed off by the Company during the year. As per management perception, all the worn out and discarded assets have been identified and written off during the year. Necessary entries have been passed in the accounts.

02. In respect of its inventories:

(a) The inventory (for self and principal manufacturer) have been physically verified by the management during the year at reasonable intervals.

(b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory were not material as compared to the book records in relation to the operation of the Company and the same have been properly dealt with in the books of account.

03. Loans taken/Advanced by the Company:

Based on the audit procedures applied and according to the information and explanations given to us, the company has neither granted nor taken loans in the nature of loans, secured or unsecured, to or from Companies, Firms or other parties covered in the register maintained u/s 301 of the Companies Act,1956.Accordingly, paragraphs 4(iii) (a), (b), (c) , (d), (e), (f) and (g) of the Order are not applicable.

04. Internal Control Procedures:

In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase/procurement of inventory and fixed assets and for the sale of goods and services. Further, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

05. Maintenance of Register u/s 301 and Transactions with the Parties listed:

In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in Section 301 of the Companies Act,1956 entered into during the year that need to be entered in the register maintained under that Section. Accordingly, sub-clause (b) of sub-para (v) of para 4 of the Order is not applicable to the Company for the current year.

06. Acceptance of Deposits:

As informed the company has not accepted any deposits from the public within the meaning of section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under during the year.

07. Records of Sales and Realisable by-products:

As explained to us, the company has maintained reasonable records for sale, realizable by products and job work charges. Cost of deemed sales for utilization of consumable stores and indirect raw materials during job manufacturing processes and re-imbursements for other expenses, packing materials etc were charged to other expenses.

08. Internal Audit:

In our opinion, the Company has an internal auditor carrying on audit work independently. Still the Company's present *internal audit system require further strengthening to be commensurate with the size and nature of its business.*

09. Maintenance of Cost Records:

The Central Govt. has prescribed Rules for the maintenance of the cost records u/s 209(1)(d) of the Companies Act,1956. Company has appointed Cost Audit for the Financial Year, *report of which is yet to be received and considered.* However, as per explanation received and records verified, the Company is engaged in processing of drug intermediates for other major pharmaceutical Company on Job Charges basis.

10. In respect of Statutory Dues:

(a) According to the information and explanation given to us and the records of the Company examined by us, *the Company has delayed deposit of the undisputed statutory dues relating to Income Tax Deducted at Source, PF, ESI, Labor Welfare Fund contribution, Service Tax and sales tax amounts, which have not been paid in time due to various reasons including financial sickness.* However, in other cases the Company is generally regular in depositing the undisputed statutory dues as applicable with appropriate authorities in India.

(b) According to the information and explanation given to us and the records of the Company examined by us, no disputed statutory dues were outstanding for payments before any forum for relief or otherwise.

11. Accumulated Losses:

The accumulated losses as at March 31, 2013 of the Company stand at Rs.472.36 lacs (Last Year Rs.598.68 Lacs). However, the company is not incurring cash losses during the year.

12. According to the records of the Company examined by us, as *the Company had eaten up its equity and free reserves, it had been classified as sick Industrial Company under the provisions of the SICA by the Hon'ble BIFR during the last week of March,2004.* However, the Hon'ble BIFR vide its Order Dt.27/12/2005 had *considered the Company as an ancillary of Ranbaxy Lab. Ltd., which is using 100 % capacity for manufacturing various intermediate products on job charges basis eliminating the concept of net-worth from consideration. Accordingly, the accounts are prepared on going concern basis,* irrespective of the erosion of its net-worth, operations based on one single job work providing company.

13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

14. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

15. The Company is not a dealer or trader in shares, securities, debentures and other investments during the year.

16. In our opinion, and 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 during the year.

17. The Company has not taken any term loans, excepting car loans, during the year. No defaults in car loans were noticed.

18. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment, and vice versa.

19. The Company has not raised any capital by way of Public Issue. The Company has also not issued any Debentures during the year.

20. According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act,1956. However, Company has got an order after Balance Sheet date on an application made to the Hon'ble BIFR to regularize preferential allotment of 8.85 lacs equity shares of Rs.10 each fully paid-up made at par to the IDBI during earlier year as part of OTS reached with them.

21. According to the information and explanations given to us and based on the audit procedures performed and representation obtained from the management, we report that no fraud on or by the Company, having material misstatement on the financial statements has been noticed or reported during the year under audit.

Place: New Delhi
Date : 31/05/2013

For A K Jalan & Associates
Chartered Accountants
(FRN 500107N)

Sd/-
(CA A K Jalan,FCA),Partner
M.No.052776

BALANCE-SHEET AS AT 31st MARCH 2013

		Note No.	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
I.	**EQUITY & LIABILITIES :**			
	1 Shareholder's Fund:			
	(a) Share Capital	1	73,850,000	73,850,000
	(b) Reserves and Surplus/(Loss)	2	(47,236,323)	(59,867,914)
			26,613,677	13,982,086
	2 Non-current Liabilities			
	(a) Long-term borrowings	3	4,513,251	10,710,939
	(b) Deferred tax liabilities (Net)	4	2,767,336	1,977,623
	(c) Other Long-term liabilities	5	1,228,620	1,161,651
	(d) Long-term provisions	6	3,358,519	2,928,500
			11,867,725	16,778,713
	3 Current Liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables	7	7,216,887	8,645,302
	(c) Other current liabilities	8	13,857,158	25,378,850
	(d) Short-term provisions	9	733,615	461,397
			21,807,660	34,485,549
	TOTAL		**60,289,063**	65,246,348
II.	**ASSETS**			
	1. Non-current Assets			
	(a) Fixed Assets	10		
	(i) Tangible assets		38,618,061	34,591,178
	(ii) Intangible assets		19,512	27,702
	(iii) Capital work-in-progress		-	3,533,407
	(b) Non-current investments		-	-
	(c) Long-term loans and advances	11	1,256,004	2,235,230
	(d) Other non-current assets	12	1,648,815	1,605,500
			41,542,392	41,993,018
	2. Current Assets			
	(a) Current Investments		-	-
	(b) Inventories	13	1,278,723	1,116,617
	(c) Trade receivables	14	13,940,367	19,083,268
	(d) Cash and cash equivalents	15	243,268	708,796
	(e) Short-term loans and advances	16	2,944,785	2,032,681
	(f) Other current assets	17	339,527	311,968
			18,746,671	23,253,330
	Total		**60,289,063**	65,246,348

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For A K Jalan & Associates	For and on behalf of the Board	
Chartered Accountants		
(FRN 500107N)		
Sd/-	Sd/-	Sd/-
CA A K Jalan, FCA	K S Varma	(Abhishek S Varma)
Partner	C M D	Director
Regn. No. 052776		
New Delhi, May 31, 2013	Bhondsi, May 31, 2013	

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

		Note- No.	YEAR ENDED 31.03.2013 (Rs.)	YEAR ENDED 31.03.2012 (Rs.)
I.	Revenue from operations	18	122,381,799	86,927,267
II.	Other income	19	556,894	414,728
III.	**Total Revenue (I + II)**		**122,938,693**	**87,341,995**
IV.	**Expenses:**			
	Cost of raw material consumed		-	-
	Change in inventories of finished goods, work-in-progress and Stock-in-trade	20	(253,140)	-
	Employee benefit expense	21	30,400,795	22,804,186
	Finance costs	22	1,873,513	2,546,788
	Depreciation and amortization expense	10	4,478,101	3,800,224
	Other expenses	23	73,018,120	53,673,965
	Total Expenses		**109,517,389**	**82,825,163**
V.	**Profit before exceptional and extraordinary items and tax (III - IV)**		**13,421,304**	**4,516,833**
VI.	Exceptional Items		-	-
VII.	**Profit before extraordinary items and tax (V - VI)**		**13,421,304**	**4,516,833**
VIII.	Extraordinary Items		-	-
IX.	**Profit before tax (VII - VIII)**		**13,421,304**	**4,516,833**
X.	Tax Expense:			
	- Current Tax		-	-
	- Deferred Tax	4	789,713	528,197
XI.	**Profit for the year from continuing operations (VII - VIII)**		**12,631,591**	**3,988,636**
XII.	Profit from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	**Profit from Discontinuing opeartions (after tax) (XII - XIII)**		-	-
XV.	**Profit for the period (XI + XIV)**		**12,631,591**	**3,988,636**
XVI.	**Earnings per equity share (Basic/Diluted) (Rs.) :**		**1.71**	**0.54**

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For A K Jalan & Associates Chartered Accountants (FRN 500107N)	For and on behalf of the Board	
Sd/- CA A K Jalan, FCA Partner Regn. No. 052776	Sd/- K S Varma C M D	Sd/- (Abhishek S Varma) Director
New Delhi, May 31, 2013	Bhondsi, May 31, 2013	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	DESCRIPTION	YEAR ENDED 31.03.2013 (Rs.)	YEAR ENDED 31.03.2012 (Rs.)
A	**Cash flow from operating activities :**		
	Net profit before tax from continuing operation	13,421,304	4,516,833
	Adjustments for:		
	Depreciation	4,478,101	3,800,224
	Amortisation	(10,000)	(10,000)
	Finance Costs	1,873,513	2,546,788
	interest Income	(15,557)	(42,847)
	Loss on assets discarded	250,126	-
	Operating profit before Working Capital Changes	**19,997,488**	10,810,997
	Adjustment for Changes in Working Capital :		
	(Increase)/Decrese in Trade Receivables	5,142,901	(6,357,987)
	(Increase) in Other Current Assets	(27,559)	(69,980)
	(Increase) in Long Term Loans & Advances	979,226	(55,340)
	(Increase)/decrease in Other non-current Assets	(43,315)	10,000
	(Increase)/decrease in Inventories	(162,106)	(382,933)
	(Increase)/decrease in Short Term Loans & Advances	(912,105)	(762,926)
	Increase/(Decrease) in Trade Payables	(1,428,415)	1,609,037
	(Decrease) in Long Term liabilities	66,969	(293,492)
	Increase/(Decrease) in Other current liabilities	(11,521,692)	12,161,371
	Increase in Long term provisions	430,019	418,686
	Increase in Short term provisions	272,218	-
	Net Cash from operating activities (A)	**12,793,630**	**17,087,434**
B	**Cash Flow from investing activities :**		
	Purchase of Fixed Assets	(8,746,920)	(6,790,914)
	Capital Work in Progress	3,533,407	(2,365,104)
	Interest Received	15,557	42,847
	Preliminary Expenses	10,000	10,000
	Net Cash (Used in) investing activities (B)	**(5,187,956)**	**(9,103,170)**
C	**Cash flow from financing activities :**		
	Payments to Long Term Borrowings	(6,197,689)	(5,156,946)
	Finance costs paid	(1,873,513)	(2,546,788)
	Net Cash (Used in) financing activities (C)	**(8,071,202)**	**(7,703,734)**
	Net Increase in cash and equivalents (A+B+C)	**(465,528)**	**280,529**
	Cash & Cash equivalents (opening balance)	708,796	428,267
	Cash & Cash equivelents at the end of the year	**243,268**	**708,796**

Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

In terms of our attached report of even date

For A K Jaian & Associates Chartered Accountants (FRN 500107N)	For and on behalf of the Board	
Sd/- CA A K Jalan, FCA Partner Regn. No. 052776	Sd/- K S Varma CMD	Sd/- (Abhishek S Varma) Director
New Delhi, May 31, 2013	Bhondsi, May 31, 2013	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	AS AT 31.03.2013	Amount in Rs. AS AT 31.03.2012
1. SHARE CAPITAL		
AUTHORISED :		
Equity Shares - 90,00,000 of Rs. 10 each (Previous Year 84,36,000)	90,000,000	84,360,000
10% Cumulative Optionally Convertible Redeemable Preference Shares-NIL of Rs 10 each (Previous Year 5,64,000)	-	5,640,000
	90,000,000	90,000,000
Issued, Subscribed and paid up :		
Equity Shares - 73,85,000 of Rs. 10 each fully paid up (Previous Year 73,85,000 of Rs. 10 each)	73,850,000	73,850,000
	73,850,000	73,850,000

i) Reconciliation of the number of shares outstanding

	As at 31.03.2013 No. of Shares	As at 31.03.2013 Rs.	As at 31.03.2012 No. of Shares	As at 31.03.2012 Rs.
Issued, Subscribed and paid-up shares				
At the beginning of the year	7,385,000	73,850,000	7,385,000	73,850,000
Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding as at the end of the year	7,385,000	73,850,000	7,385,000	73,850,000

ii) Details of each shareholder holding more than 5% shares

	As at 31.03.2013 No. of Shares held	As at 31.03.2013 % Holding	As at 31.03.2012 No. of Shares Held	As at 31.03.2012 % Holding
Mr. K S Varma	3,010,600	41%	3,010,600	41%
Bijwasan Agro Ltd.	508,400	7%	508,400	7%

iii) There is no change in the Issued, Paid up Share Capital during the year and no Bonus/Right, Buy-back of shares in the preceding five years. However, the Authorised share capital has been reclassified by conversion of 564000 -10% COCPS into Equity shares by increasing the Authorised equity shares capital to 90,00,000 of Rs.10-each.

iv) Shares issued/boughtback during the year: -NIL-

v) Further disclosures - please refer Note 25 (ii) .

2. RESERVE AND SURPLUS/(LOSSES)		
(i) Detail of Surplus/(Defecit) in Profit and Loss Statement:	**As at 31.03.13**	**As at 31.03.12**
Profit/(Loss) in Profit and Loss Statement from Previous Year	**(59,867,914)**	(63,856,550)
Profit / (Loss) for the year	**12,631,591**	3,988,636
Transfer to General Reserve	-	-
Surplus/(Defecit) in Profit and Loss Statement carried to Balance sheet	**(47,236,323)**	(59,867,914)

3. LONG TERM BORROWINGS		
SECURED LOANS		
Vehicle Loans from corporarion bank (Payable in 60 monthly installments with interest @11% p.a. reducing at monthly rests)	908,684	102,413
Vehicle Loans from Tata Capital Ltd. (Payable in 60 monthly installments with interest @14.21% p.a. reducing at monthly rests)	-	131,526
	908,684	233,939
UNSECURED LOANS		
Loan from Ranbaxy Lab. Ltd. (Payable in 36 monthly installments from March,2011 with interest @13.50% p.a. reducing at monthly rests)	-	6,401,710
Other Loans from Bodies Corporate & individuals	3,604,567	4,075,290
	3,604,567	10,477,000
Total	4,513,251	10,710,939

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

i) Vehicle Loans are secured against hypothecation of respective cars. Relevant charge has, however, been created in respect of loan from Corporation Bank only.

ii) Satisfaction of charge in respect of one fully repaid car loan during the year is still awaited.

iii) *Due to business exigencies and non availability of funds otherwise from banks/financial institutions, company had* agreed with the Director of the company to borrow in personal capacity from Private lending institutions for company's business purposes namely Barklays Investment & Loans (I) Ltd. & Fullerton India Credit Ltd. amounting to Rs. 7.50 lacs payable in 36 monthly installments at interest payable @20% p.a. monthly reducing & Rs.10.00 lacs payable in 48 monthly installments at interest payable @19.93% p.a. monthly reducing respectively. The said amount has been received by the company in previous year as unsecured loan through the Director concerned. Company is paying the principal amount with interest as and when the same becoming due.

		Amount in Rs.
	AS AT 31.03.2013	AS AT 31.03.2012
4. DEFERRED TAX LIABILITIES (NET)		
i) Deferred Tax Liabilities on account of timing difference		
-Depreciation	4,153,236	4,206,526
Total (i)	4,153,236	4,206,526
ii) Deferred Tax Asset on account of timing diferrences		
-Provision for employees long term benefits (Gratuity/EL)	983,976	928,809
-Provision for Doubtful debts	346,080	1,154,856
-Others	55,844	145,238
Total (ii)	1,385,900	2,228,903
Total Net Liabilities/(Assets) (i-ii)	2,767,336	1,977,623

iii) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing laws.

iv) Debts becoming bad has been written off against which tax benefits acruing to the company during the year therefore, deferred tax assets have reduced during the year.

	AS AT 31.03.2013	AS AT 31.03.2012
5. OTHER LONG TERM LIABILITIES		
Trade Payables	1,172,389	867,402
Others:		
- Advances received (refer Note 25-xvii)	56,231	294,249
	1,228,620	1,161,651
6. LONG TERM PROVISIONS		
Provision for employee long term benefits (refer Note 25-xxiii)	3,358,519	2,928,500
	3,358,519	2,928,500
7. TRADE PAYABLES		
Due to Micro & small enterprises	-	-
Others	7,216,887	8,645,302
	7,216,887	8,645,302
8. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term debt:		
-Secured	408,272	314,645
-Unsecured	6,902,637	6,559,427
Interest accrued but not due on borrowings	64,817	126,998
Advance from Customers (refer Note 25-ix)	10,031	12,096,500
Other Payables:		
-Employee related liabilites	3,726,666	3,189,212
-Statutory dues payables (refer Note 25-xxii)	1,378,523	1,658,406
-Expenses payables	1,346,510	1,012,752
-Other payables	19,702	420,910
	13,857,158	25,378,850
9. SHORT TERM PROVISIONS		
Provision for Employee Benefits	-	-
Others:		
- Provision for Payables (refer Note 25-xxi, xxvii)	733,615	461,397
	733,615	461,397

10. FIXED ASSETS

Particulars	Gross Block at cost				Depreciation				Net Block	
	As at 31.03.12	Additions	Sales/Cap./ Adjustment	As at 31.03.13	Upto 31.03.12	For the year	Sales Adjustment	Upto 31.03.13	As at 31.03.13	As at 31.03.12
(i) Tangible Assets										
Land	4745884			4745884					4745884	4745884
Building	16588671	1549667		18138338	9252032	559018		9811050	8327288	7336640
Plant & Machinery	72018156	4738560	443648	76313068	56184033	3053298	193729	59043603	17269465	15834123
Office Equipment	663192	102538		765730	310055	35193		345249	420481	353136
Lab Equipment	5893630	604011		6497641	2032418	282740		2315158	4182483	3861212
Weigh Bridge	448426	50457		498883	349617	22896		372512	126371	98810
Motor Vehicles	2699882	1394309		4094191	1037786	339511		1377297	2716894	1662096
Cycle	2887			2887	1727	204		1931	956	1160
Furniture & Fixtures	992621	170554		1163175	870557	8651		879208	283967	122064
Electric Installation	1693970			1693970	1326095	80464		1406558	287412	367876
Computer	709001	134200	10244	832957	500824	85310	10037	576097	256860	208177
Total	106,456,321	8,744,295	453,892	114,746,724	71,865,142	4,467,286	203,766	76,128,663	38,618,061	34,591,178
(ii) Intangible Assets										
Computer Software	96,236	2,625		98,861	68,534	10,815		79,349	19,512	27,702
Total	96,236	2,625	-	98,861	68,534	10,815	-	79,349	19,512	27,702
(iii) Capital work in progress	3,533,407		3,533,407	-			-	-	-	3,533,407
Total	110,085,964	8,746,920	3,987,299	114,845,585	71,933,676	4,478,101	203,766	76,208,012	38,637,573	38,152,288
Previous Year	100,929,947	9,156,017	-	110,085,964	68,133,453	3,800,224	-	68,133,453	41,952,511	32,796,494

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	AS AT 31.03.2013	Amount in Rs. AS AT 31.03.2012
11. LONG TERM LOANS & ADVANCES		
Unsecured, considered good, unless otherwise stated:		
Security Deposits	1,217,920	928,280
Advances recoverable in cash or in kind or for value to be received (provided for)	1,120,000	1,245,000
Prepaid Expenses (licensing)	38,084	61,950
	2,376,004	2,235,230
Less: Provision For Doubtful Debts/advances	1,120,000	-
	1,256,004	2,235,230
12. OTHER NON - CURRENT ASSETS		
Unsecured, considered good, unless otherwise stated:		
Deposits (TDR) with banks	50,000	50,000
Receivables for asset discarded	88,815	35,500
Capital Investment subsidy	1,500,000	1,500,000
Misc. Expenditures (to the extent not written off)	10,000	20,000
Trade receivables (doubtful & fully provided for)	-	3,737,397
	1,648,815	5,342,897
Less: Provision For Doubtful Debts	-	3,737,397
	1,648,815	1,605,500
13. INVENTORIES (At lower of cost and market value)		
Raw Materials		
Work-in-Process	253,140	-
Finished Goods	-	-
Stock-in-trade	-	-
Consumables Stores and Spares	1,025,583	1,116,617
	1,278,723	1,116,617
14. TRADE RECEIVABLES		
Unsecured, unless otherwise stated, considered good:		
Trade receivables over six months		
- Considered good	-	-
- Considered doubtful	-	-
Others debts :		
- Considered good	13,045,299	5,634,090
- Considered good (unbilled receivables)	895,068	13,449,178
	13,940,367	19,083,268
Less: Provision For Doubtful Debts	-	-
	13,940,367	19,083,268
15. CASH & CASH EQUIVALENTS		
Balances with Banks		
- on Current Accounts	112,982	317,466
- on Deposit Account	125,000	350,000
Cash in hand	5,286	41,330
	243,268	708,796
16. SHORT TERM LOANS & ADVANCES (Considered Good)		
Unsecured, unless otherwise stated:		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	12,350	13,924
- Considered doubtful	-	-
Excise PLA balance	-	706,737
Advance to Suppliers	83,155	297,297
Advance tax & tax deducted at source	2,776,741	815,483
VAT	72,540	199,240
	2,944,785	2,032,681

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Amount in Rs.

	AS AT 31.03.2013	AS AT 31.03.2012
17. OTHER CURRENT ASSETS		
Interest accrued on Fixed Deposits	22,407	39,581
Prepaid Expenses (licensing)	317,120	272,387
	339,527	311,968
18. REVENUE FROM OPERATIONS		
Sales (deemed) (refer Note 25-x)	28,119,021	21,039,218
Job/Processing Charges	94,262,778	65,888,049
	122,381,799	86,927,267
19. OTHER INCOME		
Miscellaneous Income	527,760	11,000
Liability no longer required w/back, claims received	-	345,219
Interest income on fixed deposits with bank/ others	15,557	42,847
Sundry balances Written Back	13,577	15,662
	556,894	414,728
20. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Closing value	253,140	-
Less: Opening value	-	-
Increase/(Decrease) in Stocks	253,140	-
21. EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Bonus	26,920,180	19,677,712
Contribution to Provident and other Funds	1,713,167	1,354,749
Gratuity/EL provisions (refer Note 25-xxvii)	604,151	850,747
Staff Welfare	1,163,297	920,978
	30,400,795	22,804,186
22. FINANCE COST		
Interest Expenses	1,707,015	2,439,949
Bank Charges	166,498	106,839
	1,873,513	2,546,788
23. OTHER EXPENSES		
Consumables store & spares consumed/billed	27,805,600	21,972,461
Power, Fuel & water Charges	23,316,632	18,389,972
Repairs and maintenance		
- Plant & Machinery	8,565,262	6,058,050
- Building	3,014,644	363,234
- Others	146,035	45,418
Freight & Cartage	181,897	105,672
Laboratory Expenses	3,493,886	2,853,556
Storage Facility charges	231,130	154,620
EHS/ETP expenses	968,376	888,945
Travelling & conveyance expenses	929,233	887,750
Printing and stationery	473,292	347,856
Postage & courier expenses	103,497	88,340
Communication/telephone exp.	295,990	243,442
Legal and professional charges	705,597	446,689
Rates, taxes & Fees	374,471	181,468
Insurance expenses	268,484	213,435
Advertisement & Business Promotion expenses	245,747	186,618
Directors Fees	160,000	175,000
Miscellaneous expenses	188,515	71,441
Bad debts/advanes-provisions	1,120,000	-
Assets discarded/written off	250,126	-
Prior period adjustments (Net)	179,706	-
	73,018,120	53,673,965

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

24. SIGNIFICANT ACCOUNTING POLICIES:

I) Basis of Accounting:

The accounts of the company have been prepared under the historical cost concept on accrual basis as a going concern and in accordance with the generally accepted accounting principles in India. These financial statement have been prepared to comply in all material aspect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Companies Act,1956. Going concern concept has been assumed for preparation of accounts.

II) Use of estimates:

The preparation of financial statements in conformity with generally accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the accounting period under consideration. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

III) Revenue Recognition:

(1) Revenue is recognized when there is reasonable certainty of its ultimate realization.

(2) Sales:

a) Sales, is recognized at the point of dispatch of goods to the customers and is reported net of sales tax but inclusive of excise duty. However, utilization of consumables and indirect raw materials for carrying out contract manufacturing is recognized as deemed sales, net of Sales Tax.

b) Sale (deemed) of recovered/spent solvent, netted off with conversion charges of some of products, taken as stock in trade and, recognized at the point of dispatch of such goods to the customers.

(3) Job work charges:

a) Job charges are recognized as per job charge invoices raised after positive quality test report during the year, on per Kg conversion charges basis.

b) Revenue has also been recognized on unbilled fully processed and approved goods as at the end of the accounting year as per agreed per Kg. job charges basis.

c) Terms of Gain/efficiency on account of higher yield against standard consumption norms agreed in previous year, not extended by the principal (RLL), not considered in revenue account. However, deductions made and/or likely debit on account of excess consumption/yield loss, if any, provided in revenue of the year.

d) Test report charges recoverable from specific users for specific assigned work, have been taken in revenue on the basis of test report issued basis.

iv) System of Accounting and stock valuation :-

(1) All expenditures are accounted for under the natural head of account.

(2) The Company has followed mercantile system of accounting in preparation of the account.

(3) Inventories are valued as follows :

(a) Raw Materials, store & Spares, components and consumables are valued at cost on FIFO method.

(b) Finished goods are valued at cost or realizable value whichever is lower.

(c) Processed stocks are valued at direct raw material cost and appropriate share of overheads.

(d) Raw materials and store items found damaged/expired on physical verification are written off and charged to revenue a/c.

v) Fixed Assets:

(a) All the fixed assets are stated at cost less accumulated depreciation using the historical cost concept. The costs of respective assets comprising purchase price/cost of construction and directly attributable cost of bringing the assets to working condition for its intended use.

(b) Modification cost of Plant & Machinery of enduring nature has been capitalized in the respective plant & machinery A/c.

(c) Worn-out/discarded assets are identified periodically and removed from the respective assets block.

vi) Depreciation:

Depreciation on Fixed Assets is provided on straight line method at the rates specified in schedule XIV to the Companies Act, 1956 as follows:

(a) Depreciation on all fixed assets have been computed for the whole year.

(b) Depreciation on Plant & Machinery has been provided for three shift basis.

(c) Depreciation on additions made in assets during the year has been provided on pro-rata basis for the period of use. No depreciation is charged on worn-out/discarded assets during the year.

vii) Impairment of Assets:

Company has assessed as at the balance sheet date whether there was any indication of impairment in its cash generating units (CGU) and losses, if any, were recognized, wherever carrying amount of assets of CGU exceeded their recoverable amount.

viii) Excise Duty :

i) Excise Duty payable on finished goods is accounted for on clearance of goods from the factory premises, if any.

ii) On Goods dispatched under Job work challans, no excise is payable as raw materials received and manufactured goods sent back on delivery Challans for and on behalf of the Principals only.

iii) From October,2012 gradually, the terms of contract manufacturing operations have been changed to direct Job work basis. Accordingly, manufactured goods was dispatched/ transferred on payment of excise duty to the principal manufacturer. Excise

Duty paid in discharge of liability on clearance of manufactured goods by the company, net of CENVAT credit, was reimbursed by the principal manufacturer, hence has not been shown in the revenue account.

ix) Research and Development:

Research & Development expenditure of revenue nature is written off in the year in which it is incurred.

x) Miscellaneous Expenditure:

Miscellaneous Expenditure comprises of preliminary expenses are amortized equally over a period of ten years.

xi) Employee Benefits:

(a) Provisions for Gratuity & Earned Leave encashment on actuarial valuation by independent actuaries by using Projected Unit Credit (PUC) method has been made for the employees continuing their services as on the Balance sheet date. Accumulation of Earned leave is restricted to 30 days for availing in future only, excluding Sr. Managerial staff. However, encashment allowed for employees separated, retrenched and retired & accounted on payment basis. (Previous year also accounted for on Actuarial valuation basis).

(b) Gratuity liability was fully provided during the year in compliance of AS-15(revised) of the ICAI.

(c) Provident fund, ESIC contributions and other short term employee benefits are recognized as an expense and charged to profit & loss account.

xii) Taxation:

a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

b) Deferred Tax is recognized subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax assets are not recognized unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realized.

xiii) Provision and Contingent Liabilities:

The company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation that the likely hood of outflow of resources is remote, no provision/disclosure is made.

xiv) Cash and Cash Equivalents:

In the cash flow statement, cash and cash equivalent includes cash in hand, demand deposits with banks, if 6 months or less maturity only, other short term highly liquid investments with original maturities of six months or less.

25. GENERAL NOTES:

i) Contingent Liabilities not acknowledged as debts and provided for:

(a) Labour cases: In four labour cases compensation claimed amounting to Rs.2.25 lacs approx. have not been acknowledged and provided for. (Previous year Rs.2.25lacs).

(b) PF/ESIC: Company may contingently be liable for interest/damages on delayed deposit/ payment of P.F./E.S.I.C., not claimed/ quantified yet, hence not acknowledged/provided for.

ii) Disclosure relating to Share Capital:

Rights, Preferences and Restrictions attached to the Equity Shares:

The company has only one class of shares referred to as equity shares having at par value of Rs.10 per share. Each holder of equity hares is entitled to one vote per share. The dividend, if any, to be proposed by the Board of Directors is subject to approval of the shareholders in Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Nil equity shares have been allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the date as at which the Balance Sheet is prepared. However, company had issued 885000 equity shares of Rs. 10 each at par in part payment of dues to IDBI in accordance with final OTS sanctioned. Though, the allotment was made in partial modification of Sanctioned Rehabilitation Scheme by BIFR, sanction to such modification to the approved scheme from BIFR could not be obtained by IDBI, the monitoring agency, in time. Therefore, the Company has approached Hon'ble BIFR for ratification of issue of the said equity shares and appropriate orders have been received after close of the year.

iii) Company had been advanced by M/s Ranbaxy Lab. Ltd. to the tune of Rs.395/- lacs in earlier years to meet its obligation of OTS reached with the IDBI and UBI, repayable in 60 monthly installments with interest @13.5% p.a. The agreement was amended during Previous year to the extent that the outstanding amount of Rs.183.28 lacs as on 1st March,2011 was rescheduled to be payable in 36 equal monthly installments thereafter. As per agreement, the advance was secured against assets of the company. However, necessary Charges could not be registered by M/s Ranbaxy Lab. Ltd., hence has been shown as unsecured loan liability.

iv) a) Trade receivables amounting to Rs.37.37 lacs which were considered doubtful of recovery and, therefore, was fully provided for in previous years, could not be recovered despite continuous efforts put in by the company for last many yrs., has been written off during the year .

b) The company is persuading Trade advances amounting to Rs.11.20 lacs which were considered doubtful of recovery and, therefore, was fully provided for during the year. However, in view of steps taken by management for recovery, the same are not written off during the year.

v) *In the opinion of the management the realizable value of non-current and current assets, loans & advances in the ordinary course* of business would be, at least, equal to the amount at which they are stated in the balance sheet.

vi) Trade Payables and Trade receivable balances are subject to reconciliation and confirmation from the parties concerned.

vii) As per AS-22 issued by ICAI, deferred tax asset and liability has been recognized and necessary effect were given in profit & loss account during the year. Detail break-up of accumulated deferred tax assets and liability after adjustment as on 31.03.2013 is given in Note No.4.

viii) Particulars of the consumption of Materials:

Company has manufactured goods for a leading pharmaceutical Company M/s Ranbaxy Laboratory Limited (RLL) on Job charges basis, hence no direct raw materials were consumed. Raw materials supplied by the principal manufacturer as per requirements of products manufactured were received on excise invoices as stock transfers or otherwise as well and finished goods manufactured by the company were again transferred/ dispatched back on excise invoices as stock transfers as well, hence not forming part of company's own manufacturing and , therefore, details of raw materials consumed and goods manufactured etc. were not pertaining to the company directly, hence not given herein below. The raw materials/items consumed for carrying out the direct job manufacturing activity by the company out of its own stock were mainly of consumable in nature and, therefore, had been billed as deemed sales to the principal Company on cost basis.

Description	Year ended 31.03.2013		Year ended 31.03.2012	
	Value (Rs. lacs)	%age	Value (Rs. lacs)	%age
(a) Raw Material				
Imported/Indigenous	0.00	0.00	0.00	0.00
(b) Stores, Spares & consumables				
Indigenous	278.06	100	219.72	100
(For job work)				

ix) During the year company has carried its operation based on a manufacturing Contract for five years with M/s Ranbaxy Laboratories Ltd., executed in 2008 and extended on 01/01/2013 for further period of five years there from for manufacturing Bulk Drug intermediates as per their specification and requirements. Accordingly, revenue for the year has been accounted for on a/c of the qty. manufactured/dispatched on per kg basis. However, charges for new products which, as per agreement to be deliverable in 4-5 months, were provided in previous year on pro-rata basis for the duration these products were partially processed, billed and taken into revenue in the current year after adjustment to the extent provision brought forward in accounts.

x) (a) Deemed Sales amounting to Rs. 281.19 lacs, include Rs. 18.39 lacs on account of sale of saleable by products i.e. recovered non-usable solvents & Rs.262.80 lacs of reimbursements and bills raised for use of consumables and indirect raw materials in job manufacturing processes for the principal manufacturer during the year on cost basis and on which CST/VAT has been charged & paid and the same has been treated in accounts accordingly. Procurement cost of materials has been shown under Note-23.

(b) Company has accounted for deemed sales, opening and closing stock except the petroleum products and purchases net of *sales tax/vat component thereon, which was kept in separate account head and from where input vat available was adjusted* and balance liability was paid.

xi) Company has been supplied materials against excise invoices by the principal manufacturer and after manufacture, finished goods are transferred back to them, after adding all the costs, by way of excise invoices only. Details of both the transactions are maintained in subsidiary excise records. However, impact of all such transactions are not taken for any purpose, except Job Service Charges, into financial statements of the company for the year. Management of the Company has estimated no liability against any loss etc. to the inventory of materials iying at its end and/or towards excise and VAT in the matter based on 3rd party audit implemented by the principle manufacturer.

xii) Company has not considered as policy, revenue on materials lying in process on partial completion basis and goods finished either not tested positive for quality or under testing during the year.

xiii) Company has capitalized Plant and machinery amounting to Rs.87.47 lacs (including installation cost) during the year. Assets, worn out, damaged, non usable, lost in a fire incident during the year worth Rs. 4.54 lacs has been discarded. Loss after adjustment of depreciation amounting to Rs. 2.50 lacs has been charged off to revenue of the year. Insurance claim received against the fire loss amounting to Rs.3.54 lacs has also been taken into revenue of the year.

xiv) Travelling, conveyance and vehicle running expenses include Rs.4.92 lacs (Previous Year Rs. 6.15 lacs) spent by the directors for business trips undertaken by them.

xv) (a) Company has provided for bonus @8.33% for all employees of the Company covered under the provisions of the Payment of Bonus Act. Accordingly an amount of Rs.5.91 lacs has been provided during the year in revenue account.

(b) A sum of Rs.0.30 lacs remained outstanding for earlier years of employees, who had left their job. However, liability is not written back, considering the fact that the concerned employee can demand liability in future as well.

(c) Ex-gratia provision for employees beyond payment of Bonus Act has been made equal to one month's basic salary.

xvi)) Company's net worth had been gradually improved from full erosion over the years. The company has, therefore, prepared accounts on going concern basis on the assumption of better performance of industry segment to which the company belong and past performance of the company itself, coupled with the continued support of M/s Ranbaxy Ltd.

xvii) Funds provided/arranged for during earlier years by the Directors and/or companies in which directors are interested amounting to Rs.0.56 lacs have been shown as unsecured long term liability not bearing interest in view of an understanding to this effect *with the respective parties.*

xviii) Repairs & maintenance expense of Plant and Machinery amounting to Rs. [illegible] lacs as per Note No.-[illegible] include cost of repairs, replacement of partial worn out assets and cost incurred for minor modifications of revenue nature necessary for suitability of new products being produced by the company on Job charges basis for M/s Ranbaxy Lab. Ltd amounting to Rs. 1.23 lacs.

xix) Laboratory Expenses amounting to Rs.34.94 lacs as per Note No.-23 include HPLC /GC spares/column and accessories of Rs. 12.03 lacs and reagents/solvents/consumable of Rs.18.44 lacs, which are consumed for carrying out lab testing of products and raw materials. As the solvents/spent as well as the used spares are considered of no value, hence either drained out or thrown away. Hence, not accounted for.

xx) (a) Company has taken insurance cover for fire on building, plant & machinery, inventories of the company as well as against Public Liability amounting to Rs.1386- lacs & 1500-lacs respectively. Adequacy of risk cover is justified by the management on the basis of risk assessment carried out by them based on internal inputs made available in the matter.

(b) Insurance cover towards inventory of raw materials, work-in-progress and finished goods etc. belonging to the principal manufacturer i.e. M/s Ranbaxy Lab Ltd., were taken by them, for which no risk and responsibility lies on the company.

(c) Company is producing in the course of manufacturing activity a large quantity of spent/solvent, which was belonging to the principal manufacturer i.e. M/s Ranbaxy Ltd. However, as per revised and extended job work agreement, spent/solvent produced in some specified products, will belong to the company.

(d) Generally, the stock is sold in lots periodically, resulting in huge inventory of such materials in process. Insurance cover, however, on the materials are taken by M/s RLL.

xxi) The works of the company were covered by ESIC with effect from June'08. All the workers having salary within the limit of ESIC are covered under ESIC scheme and the company has complied with the provisions of the ESIC Act regularly. Contribution payable for the period from June,08 to Feb.'09 not paid/provided earlier, as intimation from department regarding coverage for the period was received and registration was granted in March,09 only and towards which liability was provided during earlier years, paid Rs.2.0 lacs during the year. Balance liability amounting to Rs. 2.61 lacs is yet to be paid.

xxii) A sum of Rs.13.79 lacs is outstanding liability towards the Statutory dues as at the close of the financial year in addition to the outstanding liability as mentioned in clause (xx) above. The said amount include P.F. payable Rs.6.76 lacs, ESIC Rs.1.18 lacs, TDS Rs.4.29 lacs and Service Tax Rs.1.44 lacs. PF and ESIC dues pertaining to Jan-Mar,2013 period could not be paid as per stipulated time period. Service tax liability has also could not be paid in time. However, TDS are paid within the time allowed under the Income Tax Act,1961.

xxiii) Medical allowance Rs. 0.12 lacs brought forwards from earlier years , remained outstanding as the concerned employee have left out, not written back, considering the fact that this could be claimed at any future date.

xxiv) Labour welfare fund contribution liability Rs.0.11 lacs remained outstanding, as the same were required to be paid on every six months period, hence 3 months amount remain outstanding as at the close of the year.

xxv) Training facility provided to the staff members in the manufacturing facility as well as support facility of the company during the year were financially supported by M/s Ranbaxy Ltd. And all the expenses incurred including remuneration payable to the trainers were paid by them, hence not considered into the revenue a/c of the company.

xxvi) Directors' remuneration increase for last year, kept in abeyance, waiting for Central Government's sanction, however, allowed during the year Rs. 4.44 lacs, based on the order received that the remuneration proposed was within the provisions of the Schedule XIII, hence paid and accounted for under prior period adjustment a/c. In addition to above, house rent allowance also increased from per month @ Rs.20,000/- to per month @ Rs.35,000/-. Impact of additional amount paid/credited is given in prior period expenses a/c.

xxvii) Losses during processing in material consumption and re-processing (in the products where norms agreed) equal to raw material cost were payable to the principal manufacturer by the company, as such a sum of Rs. 4,72,218/- has been provided on this account by charging to the revenue of the year.

xxviii) Accounting Standard (AS-15) on Employee Benefits

(a) Contributions are made to Employees Provident Fund, Family Pension Fund, ESIC and other Statutory Funds which covers all regular employees as per provision of these respective Acts. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as an expense in respect of these defined contribution plans are as under:

(Rs. Lacs)

	Year ended 31.03.2013	Year ended 31.03.2012
Contribution to Provident & Family Pension Fund	10.53	8.91
Contribution to ESIC including EDLI	6.31	4.51
Contribution to Labour Welfare Fund	0.29	0.13

(b) Provision for Gratuity and Earned leave liability is based on actuarial valuation done by an independent actuary as at the end of the year. Based on the actuarial valuation, provision is made for a sum of Rs.33.59 lacs and it covers all regular employees. Major drivers in actuarial assumptions are, years of service and employee compensation. Commitments are actuarially determined using "Projected Unit Credit" method. Gains and Losses on changes in actuarial assumptions are accounted for in the Statement of Profit & Loss, details are as under:

(Rs. Lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Gratuity	EL liability	Gratuity	EL liability
Reconciliation of liability recognised in the Balance Sheet				
Present value of commitments (as per Acturial Valuation)	27.71	4.77	24.51	4.26
Fair value of plan assets	-	-	-	-
Net Liability in th Balance Sheet	27.71	4.77	24.51	4.26
Movement in net Liability recognised in the Balance Sheet				
Net Liability as at the beginning of the year	24.51	4.77	20.84	4.26
Net expense recognised in the Statement of Profit & Loss	4.48	1.56	7.43	1.08
Contribution/paid during the year	(1.28)	(0.46)	(3.75)	(0.57)
Net Liability as at the end of the year	27.71	5.87	24.51	4.77
Expense recognised in the Statement of Profit & Loss				
Current service cost	3.20	1.44	2.80	1.06
Interest cost	1.96	0.38	1.77	0.36
Expected return on plan asset	-	-	-	-
Actuarial Loss	(0.68)	(0.26)	2.86	(0.34)
Expense charged to the Statement of Profit & Loss	4.48	1.56	7.43	4.77
Return on plan assets				
Expected return on plan asset	-	-	-	-
Actuarial gain	-	-	-	-
Actual return on plan assets	-	-	-	-
Reconciliation of defined-benefit commitments				
Commitments as at the beginning of the year	24.51	4.77	20.84	4.26
Current service cost	3.20	1.44	2.80	1.06
Interest cost	1.96	0.38	1.77	0.36
Paid benefits	(1.28)	(0.46)	(3.75)	(0.57)
Acturial loss	(0.68)	(.26)	2.86	(0.34)
Commitments as at the end of the year	27.71	5.87	24.51	4.77
Reconcilaition of Plan Assets				
Plant assets as at the beginning of the year	-	-	-	-
Expected return on plan asset	-	-	-	-
Contribution during the year	-	-	-	-
Paid benefits	-	-	-	-
Acturial gain	-	-	-	-
Plant assets as at the end of the year	-	-	-	-
Principal actuarial assumptions as at the Balance Sheet date				
Discount rate	8.00	8.00	8.50	8.50
Estimated rate of retun on plan assets	-	-	-	-
Expected rate of salary increase	5.50	5.50	6.00	6.00
Attrition rate	2.00	2.00	2.00	2.00
Mortality Table	IALM (1994-96)	IALM (1994-96)	LIC (1994-96)	(LIC (1994-996)

(c) Employees have been paid encashment towards earned leave exceeding 30 days which is accrued & paid/credited and hence not considered in above long term benefits computation.

xxix) Income/Expenditure in Foreign Currency: -Nil- (P.Y. -Nil-).

xxx) Auditors Remuneration :

Legal & Professional expenses includes Auditors' Remuneration amounting to Rs.1.69 lacs to Statutory Auditors and Rs,.0.40 lacs towards cost & internal Auditors.

xxxi) Company has paid Rs.16.10 lacs to employees as good work reward against working overtime, on which ESIC benefits have been paid by the company.

xxxii) Contract Labor in EHS/ETP employed by the company have been covered under ESIC provision only. PF dues are considered exclusive liability of the contractor on applicability of PF laws, hence direct cover has not been provided to them.

xxxiii) Unsecured Inter corporate loans Rs.29 lacs, could not be refunded due to cash flow deficiency. Provision of interest has also not been made, as company had assurance for waiver of the same due to its bad financial condition.

xxxiv) Information regarding primary segment reporting as per AS-17 for the year ended 31/03/2013:

The Company is engaged in the primary business segment of Bulk drug and drug intermediate manufacturing on job charges basis only. Hence, there is single segment assets and liabilities only.

There was no geographical segment.

xxxv) Accounting Standard (AS-20) on Earnings Per Share:

As required by Accounting Standards 20 issued by the Institute of Chartered Accountants of India, the earning per share (EPS) is calculated by dividing the profit attributable to the equity share holders by the average number of equity shares outstanding during the year and is ascertained as follows:

Particulars		Year ended 31.03.2013	Year ended 31.03.2012
Profit/Loss available to the equity shares	Rs.	12631591	3988636
Weighted average no. of equity shares		7385000	7385000
Nominal value of equity shares	Rs.	10	10
Earning per share of Rs.10 each (basic/diluted)	Rs.	1.71	0.54

xxxvi) The company has not received intimation from suppliers regarding their status under the micro, small and medium enterprises and hence disclosure, if any, relating to balance outstanding including interest thereon, if any, as at the Balance Sheet date could not be ascertained, hence has not been furnished. Company has undertaken steps to prepare a panel of such suppliers and seek all the relevant information, so as to classify and monitor relevant information in future.

xxxvii) Related Party disclosure:

List of related parties with whom transactions have taken place during the year:

1. Related Parties where common control exists:
   Bijwasan Agro Ltd.
   Agora Agro Pvt. Ltd.
2. Key Management Personnel:
   Mr. K S Varma, CMD
   Mr. Abhishek S Varma, Wholetime Director
   Mrs. Vandana Varma, Wholetime Director

3 Transactions:

		(Rs.lacs)
Outstanding balance Payable	2012-13	2011-12
Bijwasan Agro Ltd.	0.56	2.94
Agora Agro Pvt. Ltd.	0.36	0.58
Remuneration to Key Managerial Personnel:		
Remuneration -CMD & Wholetime Directors	40.10	28.25
Outstanding Balance-Remuneration Payable	10.01	9.84
Rent paid to Mrs. Vandana Varma	5.10	2.40

xxxviii) The revised Schedule-VI has been effective from 1st April,2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped/re-arranged wherever necessary to correspond with the current year's classification/disclosure and rounded off to nearest one rupee.

xxxix) Notes 1 to 25 form an integral part of the statement of accounts of the company comprising Balance Sheet as on 31st March'2013 and the Profit & Loss Statement for the year ended on that date.

As per our attached report of even date
For A K Jalan & Associates
Chartered Accountants
FRN 500107N

For and on behalf of the Board

Sd/-
CA A K Jalan
FCA, Partner
Regn. No. 052776
New Delhi, May 31, 2013

Sd/-
K S Varma
C M D

Sd/-
(Abhishek S Varma)
Director

Bhondsi, May 31, 2013

Laurel Organics Ltd.

Laurel Organics Limited

Regd. Office: Vill. Bhondsi, Tehsil Sohna
Distt. Gurgaon (Haryana) - 122102

PROXY FORM

Folio No......................................

No. of Shares.............................

I/we...
of...in the district of..
being a member/members of Laurel Organics Limited hereby appoint..
....in the district of..
of falling him/her...............................of...
as my/ our proxy to attend and to vote for me/us behalf at the 20th Annual General Meeting of the Company to be held on Friday, the 27th September, 2013 Vill. Bhondsi, Tehsil Sohna, Distt. Gurgaon (Haryana) at 12.30 P.M. and at any adjournment thereof.

Signed this..day of.................................2013

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holdings the meeting.
A Proxy need not be a member.

LAUREL ORGANICS LIMITED
Regd. Office: Vill. Bhondsi, Tehsil Sohna
Distt. Gurgaon (Haryana) - 122102

ATTENDANCE SLIP

Name of the attending Member ....

(in Block Letter) ....

Member's Folio Number..

Name of Proxy(s) (in Block Letters) ....

(to be filled in, if a Proxy attends instead of the Members) ....

No. of Shaers ....

I hereby record my presence at the 20th Annual General Meeting held at Regd. Office : Vill, Bhondsi, Tehsil, Sohna Distt. Gurgaon (Harayana) Friday, the 27th September, 2013 at 12.30 P.M.

MEMBER/PROXY'S SIGNATURE
(TO BE SIGNED AT THE TIME OF
HANDING OVER THIS SLIP)

BOOK-POST

If undelivered, please return to:-

Laurel Organics Ltd.
Vill. Bhondsi, Tehsil Sohna.
Distt. Gurgaon (Haryana)