

# Laurel Organics Ltd.

## Laurel Organics Limited

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

### NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the members of Laurel Organics Limited will be held on Friday, the 28th September, 2012 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, 2012, 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 Mr. Sandeep Gupta, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shakuntala Prasad who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Binod Roy who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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.

#### SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification the following resolution as Special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 16, 31 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby reclassified into 90,00,000 (Ninty lakhs only) equity shares of Rs.10/-(Rupees ten only) each and to amend Clause V of the Memorandum of Association of the Company."

**FURTHER RESOLVED THAT** the Memorandum of association of the company be suitably altered as follows:

#### A. Substitution of Clause V of Memorandum of Association

**"RESOLVED THAT** pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following Clause:

- V. "The Authorized Share Capital of the Company is Rs. 90,000,000/- (Rupees Nine crores only) divided into 90,00,000 (Ninty lakhs only) equity shares of Rs.10/-(Rupees ten only) each.

Place: Bhondsi,  
Date: August 14, 2012

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 authorised representative(s) to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising the representative(s) to attend and vote on their behalf at the Meeting.

# Laurel Organics Ltd.

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 stating 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, Mr. Sandeep Gupta, Mr. Vinod Roy and Mrs. Shakuntala Prasad, 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 :

<b>Name of Director</b>	Mr. Sandeep Gupta	Mr. Binod Roy	Mrs. Shakuntala Prasad
<b>Date of Birth</b>	30.07.1968	01.03.1980	08.05.1955
<b>Date of first Appointment</b>	08.02.2003	08.02.2003	06.05.2008
<b>Relationship with other Director(s)</b>	None	None	None
<b>Experience</b>	He is successful entrepreneur with wide experience in pharma industry and has competent knowledge and experience in Financial & Operational Management areas.	He is having rich and varied experience in information Technology areas.	She is having wide experience in industry and has competent knowledge and experience in Human Resources and safety.
<b>Qualification</b>	B. Tech.	MCA	BA Economics
<b>Board membership of other Companies</b>	Nil	Nil	Nil
<b>Chairman/ Member of the Committee of Directors of other Companies</b>	Nil	Nil	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 24th September'12 to 28th September'12 (both days inclusive).

## EXPLANATORY STATEMENT:

### AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 6

The present authorized share capital of the Company is Rs.9- Crores (Rupees Nine Crores) divided into 8436000 (Eighty four lakh thirty six thousand only) Equity shares of Rs.10/- (Rupees Ten only) each and 564000- 10% cumulative Optionally Convertible Redeemable Preference Shares of Rs 10/- each as per Clause V of Memorandum of Association,

# Laurel Organics Ltd.

with the power to the Board to convert the unissued Preference shares and vice versa. The company is planning to augment more funds by issuing equity shares. Infusion of capital from time to time is required for business growth as well as from prudence point of view. It ensures that healthy Capital Adequacy and Debt Equity Ratio is maintained and enhances the borrowing capacity.

The approval of Members is therefore sought for the re-classification in the Authorized Capital of the Company into 90,00,000 (Ninty lakhs only) equity shares of Rs.10/-(Rupees ten only) each and to amend Clause V of the Memorandum of Association of the Company.

The Board recommends passing of the resolution as special resolution at item No. 6 of the notice. None of the Directors of the Company is in any way, concerned or interested in the said resolution.

## **DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting the Nineteenth 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, 2012.

### **Financial Results**

	<b>2011-12</b>	<b>2010-11</b>
	(Rs. In lacs)	(Rs. In lacs)
Net sales/income from operation	869.27	784.49
Other Income	4.15	7.01
	-----	-----
Total Income	873.42	791.50
	-----	-----
Total expenditure	764.78	620.39
Depreciation	38.00	36.28
Finance Charges	25.47	33.46
	-----	-----
	828.25	690.13
	-----	-----
Profit / (Loss) for the year	45.17	101.37
Add/(Less):		
Deferred Tax	(5.28)	(2.91)
	-----	-----
Balance carried to Balance Sheet	38.89	98.46
	-----	-----

### **Operational Results**

The Company recorded income from operation of Rs. 869.27 lacs against Rs. 784.49 lacs in the previous year, registering a growth of about 10.8%. The growth in turnover was mainly on account of revenues from reimbursement of store consumables. However, Profit before exceptional items and tax stood at Rs. 45.17 lacs against Rs. 101.37 lacs for the previous year due to overall price rise in input cost.

Earlier, during 2010-11, the company was working on fixed monthly revenue model in which even during lower plant capacity utilization, fixed monthly charges were payable. During the current year the company moved to variable job work charges based on per kg output as per the requirement of Ranbaxy, hence the advantage of lower utilization, but fixed revenue was no more available to us. This has resulted in the lower profitability during the current year temporarily. In view of management, however, this model will be more beneficial as compared to fixed model in long run corresponding increasingly with better capacity utilisation.

Your company has incurred Repair & Maintenance expenditure of Rs 64.67 lacs and Laboratory Expenditure of Rs 28.53 lacs as compared to last year of Rs 41.65 lacs and Rs. 20.03 lacs to fulfill additional requirement & stabilization of new products manufactured for Ranbaxy. This increase in maintenance cost has also affected the profitability of the company.

# Laurel Organics Ltd

## **Future Outlook**

The global pharmaceutical industry has been growing at the rate of 7%. While R&D and innovations within the industry are still mainly dominated by MNCs based in the western world, the manufacturing focus has been shifting to Asian giants - China and India. China continues to remain the biggest manufacturing centre followed by Italy and India, and it is estimated that India will emerge as the second largest manufacturing hub in 2012, overtaking Italy.

With more and more reputed companies shifting manufacturing focus to India, our company will tend to gain in terms of more outsourced business from these companies directly or indirectly.

Your Company has never believed in waiting for favorable tailwinds to achieve its goals. We have always believed in seizing opportunities and pursuing aggressive plans to capture them. This phase of our growth will be no different. We are moving ahead with a well thought out strategy. The vision, objectives and detailed road-map for the businesses have been defined and strategic initiatives have been identified along with an execution plan. The only threat is requirement of working capital, which will be arranged through financing.

## **Contract Manufacturing**

The Company is 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 35 different products to M/S RLL during the past several years.

Since last year we are also focusing on written standard operating procedures in all working of the departments and focusing 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 all most 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 125.43 lacs to M/s Ranbaxy Lab 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.

## **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**

Three directors namely Mr. Sandeep Gupta, Mrs. Shakuntala Prasad & Mr. Binod Roy 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 Central Government has notified an audit of the cost accounts maintained by the Company in respect of formulations and bulk drugs businesses. For conducting the cost audit for these activities for the financial year ended March 31, 2012, based on the recommendation of Audit Committee, the Board has appointed M/s Mahesh Singh & Co, Cost Accountants and made an application to the Central Government in accordance with MCA Circular dated April 11, 2011. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

## **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.

## **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.

## **Listing of Shares**

Your Company equity shares are listed with Bombay Stock Exchange Limited. However, the scrip is under temporary suspension for trading for want of certain compliances. The Company has been putting its best possible efforts to recommence the trading at the earliest.

It is worth mentioning that your Company had issued 885,000 equity shares of Rs 10/- each at par in payment 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, sanction to the modification of BIFR approved scheme could not be obtained by IDBI in time despite requested for the same. Now, BSE insist for sanction of the Hon'ble BIFR/AAIFR, which is under consideration at their end. Your company has filled an appeal to High Court for seeking direction to BIFR relating to issue of equity shares to IDBI and we hope to get the sanction at an early date and continuation of listing thereafter.

## **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 on accounts.

## **Industrial relations**

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

# Laurel Organics Ltd

## 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, 2012.

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, 2012

#### **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**

<b>A. Power and fuel consumption</b>	<b>Current Year 2011-12</b>		<b>Previous Year 2010-11</b>	
<b>1. Electricity:</b>				
(a) Purchased:				
Unit KWH'000		679.330		715.725
Total amount (Rs in lacs)		42.47		39.51
Rate per unit (Rs.)		6.25		5.52
(b) Own generation:				
Through steam turbine/generator				
Units KWH'000		644.232		700.043
Unit per ltr of diesel/oil		3.55		3.44
Cost per unit (Rs.)		11.98		11.30
<b>2. Furnace Oil/HSD &amp; Coal/Petcoke/Ors. used in Boiler/Thermopac etc. :</b>				
	F.O./HSD	Coal/Petcoke/ors	F.O./HSD	Coal/Petcoke
Quantity (K.ltrs)	58.097	740.987	277.239	-
Total cost (Rs in lacs)	21.92	47.45	94.05	-
Average rate (Rs.)	37.73	6.40	33.92	-
<b>3. Consumption per unit of Production:</b>				
Production (in MT)		52.191		33.133
Electricity per MT KWH'000		25.36		42.73
Furnace oil/HSD per MT (K.ltrs)		15.31		8.37

**Note:** Figures for the year are not exactly comparable with last year, since the figures pertain to Jobwork of high power Intensive, multiple products, less/more time consuming and more/less steps to reach the final products too.

- 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 2011-12:

### **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 trustees 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, six Board meetings were held during the year 2011-12. The dates on which the Board meetings held are as follows:

30th April, 2011, 12th August, 2011, 23rd August, 2011, 12th November, 2011, 08th February, 2012 and 30th March, 2012.

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	Attendance at last AGM	No of Director -ship in other companies	No. of other Committee Memberships
Mr. K S Varma	Executive	6	Yes	1	Nil
Mrs Vandana Varma	Executive	6	Yes	1	Nil
Mr Abhishek S Varma	Executive	6	Yes	1	Nil
Mr Sandeep Gupta	Non Exe./Indep.	2	Yes	Nil	Nil
Mr. Prabhat C Jha.	Non Exe./Indep.	2	Yes	Nil	Nil
Mr Binod Roy	Non Exe./Indep.	6	Yes	Nil	Nil
Mrs. Shakuntala Prasad	Non Exe./Indep.	6	Yes	Nil	Nil

# Laurel Organics Ltd

## **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 Gupta, Mrs. Shakuntala Prasad. The function of the Committee interalia includes to lay down, review and revise remuneration of the managerial personnel, to give recommendations to the Board of Directors on the matter concerning the managerial remuneration, to deal with any other matter related or incidental to the above or as may be delegated by the Board from time to time. During the year under review, one remuneration committee meeting was held for revision in remuneration of Managing Director.

The details of remuneration paid to Executive Directors during the year 2011-12 are given below:

Name of Executive Directors	Salary (Rs.)	Perquisites and allowances (Rs.)	Total (Rs.)
1. Mr. K S Varma	696000	279050	975050
2. Mrs Vandana Varma	840000	49448	889448
3. Mr Abhishek S Varma	936000	24400	960400

### **SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE**

The Board of Directors of the Company has constituted a shareholders/ investors grievance committee comprising of 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 fresh/duplicate certificate upon split/consolidation/renewal/mutilation/loss or otherwise, monitor the matters of litigation related to shareholders and take decisions relating thereto, consider, review and monitor the matters related to shareholders grievances.

During the year under review, 3 meetings of shareholders committee were held on, 30th April, 2011, 23rd August, 2011 and 30th March, 2012.

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
2008-2009	Village-Bhondsi, Tehsil-Sohna, Gurgaon	29.09.2009	12.30 P.M
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

During the year ended 31st March'2012 there were no resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual general meeting there is no resolution proposed to be passed by postal ballot.



## **DISCLOSURES**

At present the company is presently dependant on job work, hence no transactions of material nature has been 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 any 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 household of shareholders. The results are usually published in the following newspapers:

- i) Pioneer
- ii) Hari bhumi

## **GENERAL SHAREHOLDER INFORMATION**

### **19<sup>th</sup> ANNUAL GENERAL MEETING**

Date & Time : Friday, 28th September, 2012 at 12.30 PM.

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

### **BOOK CLOSURE DATE**

24th September'12 to 28th September'12.

### **DIVIDEND PAYMENT DATE**

Since your company is having un-wiped 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,  
Delhi Stock Exchange Associations Limited,  
Madras Stock Exchange Ltd, Chennai.  
Ahmedabad Stock Exchange Ltd, Ahmedabad  
Jaipur Stock Exchange Ltd.

530313

### **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 your company, hence no data 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 the required compliances for revocation of suspension has been made by the company except payment of revocation fees 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 and awaiting BIFR approval.

#### Delhi Stock Exchange(DSE)

The company has filed an application under stock exchange amenity 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 2012.**

<b>Nominal Value</b>	<b>No. of Holder</b>	<b>%to Total</b>	<b>No. of Share.</b>	<b>% to Total</b>
UP TO 5,000	11712	94.28	1470300	19.90
5,000 TO 10,000	281	2.26	238600	3.23
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

# Laurel Organics Ltd

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	60.20
<b>TOTAL</b>	<b>12423</b>	<b>100</b>	<b>7385000</b>	<b>100.00</b>

## **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, 2012. 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 respects. The authority for transfer of shares has been delegated to Whole time Director for transfer of shares upto 10000 shares under one folio at a time, beyond which the matters are 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 for the purpose of reconciliation of total admitted capital with Depositories and total issued & listed capital of the Company.

The Company Secretary in Practice conducts such Secretarial Audit in every quarter and issues a Secretarial Audit Certificate to this effect 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 2267351/3259517, laurelorganics@sify.com.

Any query on Annual report: Village-Bhondsi, Tehsil- Sohna, Distt. Gurgaon, Haryana-122102  
Tel 0124 2267351/3259517, laurelorganics@sify.com.  
Website : www.laurel.co.in

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure & Developments**

During the year, positive signs had begun to emerge in many countries, signifying recovery from the general recession and economic crisis. However, there is high uncertainty, with one crisis or the other, particularly in Europe, affecting overall sentiments. The developed nations will need to take the initiative to pull the rest of the world back to normalcy.

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 a growth of about 18 per cent, 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 as also to foresee opportunities in new products and adjust to the dynamics of the market. Wide range of products enables the Company to balance seasonal and cyclical fluctuations in the market.

#### **Segment-wise or product-wise performance**

Since the company's operations are restricted and dependent on contract manufacturing, 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.

#### **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 completely dependent on the job work.

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., executed in 2008 for manufacturing Bulk Drug intermediates as per their specification and requirements on Fixed minimum monthly Job Charges basis till 28.02.09. With effect from 1st Mach'09, the model of operation has changed in view of Ranbaxy's internal requirements partially on fixed basis and for regular products on per kg. basis. Revenue from this activity for the year has been taken accordingly. From 1st January, 2011 the system of Conversion Charges has been changed to per kg basis in entirety, so your company risk depends on the volume of job work being provided.

#### **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, supplements the internal control systems, that are designed to ensure reliability of financial and all other records to prepare financial statements and other data & to maintain accountability 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 audit panel.

The company is also following written procedures in all its departments with special emphasis in manufacturing and Quality Assurance activities.

#### **Financial Risk :**

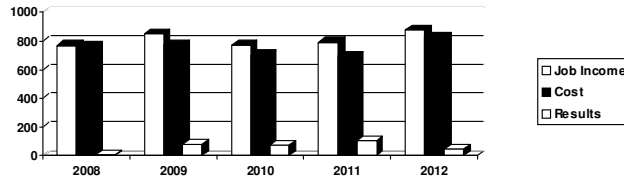
The Company has cleared all dues of Sales Tax Department and dues of unsecured loans reduced to Rs 170.36 lacs. However, dues to unsecured creditors increased to Rs.95.12 lacs. To mitigate this risk, the

# Laurel Organics Ltd.

company is looking forward for working capital finance & term finance from banks and/or other lenders. However the company was able to meet slowly its entire requirements for payment of outstanding statutory dues and unsecured creditors from its operating cash flows.

## Financial performance with respect to operational performance

The Jobwork done by the company for the year 2011-12 is Rs. 873.42 lacs in comparison to the year 2010-11 which was Rs.791.50 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.

Material 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 2011-12 compared to the previous year.

Place: Bhondsi.

Date: August 14, 2012

For and on behalf of the Board

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'2012, 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 grievance received during the year ended 31st March, 2012, 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

Place: New Delhi

Date : August 14, 2012

Sd/-  
(A K Jalan)  
Partner  
M.No.52776

## AUDITORS' REPORT

To

The Members ,

M/s Laurel Organics Limited

Dear Members ,

1. We have Audited the attached Balance Sheet of M/s Laurel Organics Limited ("the Company") as at 31st March, 2012, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, of India ('the Act') and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, We report that :-
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books;
  - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - f) Attention is invited to the following note in Note No.9:  
*Note No.(25-xx) : regarding provision of ESIC liability for FY 2008-09 Rs. 4.61 lacs which is yet not paid.*
5. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes including Significant Accounting Policies and other Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 ;
  - (b) in the case of Profit and Loss Account, of the loss for the year ended on that date ; and
  - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For A K Jalan & Associates**  
Chartered Accountants

Place: New Delhi-5  
Date : 14/08/2012

Sd/-  
(A K Jalan), Partner  
Partner, M.No.52776

## Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Laurel Organics Limited on the accounts for the year ended 31st March, 2012)

01. (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. (a) The inventory (for self and principal) has 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. 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. 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. 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. 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. As explained to us, the company has maintained reasonable records for sale, realizable by- products and production scrap generated during job work activity of the Principal Company. Cost of deemed sales for utilization of consumable stores and indirect raw materials during job manufacturing processes and re-imburements for other expenses, packing materials etc were charged to other expenses.
08. 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. 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. The cost data for major component of drugs manufactured is not available with the company. Therefore, *complete cost data were not maintained and produced for verification.*
10. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, 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*

# Laurel Organics Ltd.

sales tax amounts, which have not been paid in time due to 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. (a) The accumulated losses as at March 31, 2012 of the Company stand at Rs.598.68 lacs (Last Year Rs.638.56 Lacs).
- (b) Out of old outstanding Sales Tax liability of Rs.27.45 lacs (last year Rs.45.56 lacs), a sum of Rs. 24.00 lacs (last year Rs.18.10 lacs) are paid to the Department during the year in full settlement of its liability. Therefore, *balance Rs. 3.45 lacs is written back to the credit of Profit & Loss A/c being excess provision made, increasing the surplus to the extent.*
12. According to the records of the Company examined by us, *earlier the Company had eaten up its equity and free reserves completely, therefore, 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 at the instance of the Company, providing major financial relief with agreement of the Financial Institution and the Bank. 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. However, now company has converted its negative net worth to positive net worth by a small amount.*
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 made an application to the Hon'ble BIFR to issue appropriate orders to regularize preferential allotment of 8.85 lacs equity shares of Rs.10 each fully paid-up made at par made to the IDBI during earlier year as part of OTS reached with them, due to which regularization of listing of equity is also pending.
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 : 14/08/2012

**For A K Jalan & Associates**  
Chartered Accountants  
Firm No. 500107n

Sd/-  
(A K Jalan), Partner  
M.No.52776

# Laurel Organics Ltd.

BALANCE-SHEET AS AT 31st MARCH 2012

	Note No.	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<b>I. EQUITY &amp; LIABILITIES :</b>			
<b>1 Shareholder's Fund:</b>			
(a) Share Capital	1	73,850,000	73,850,000
(b) Reserve & Surplus	2	(59,867,914)	(63,856,550)
		<b>13,982,086</b>	<b>9,993,450</b>
<b>2 Non-current Liabilities</b>			
(a) Long-term borrowings	3	10,710,939	15,867,886
(b) Deferred tax liabilities (Net)	4	1,977,623	1,449,426
(c) Other Long-term liabilities	5	294,249	587,741
(d) Long-term provisions	6	2,928,500	2,509,814
		<b>15,911,311</b>	<b>20,414,867</b>
<b>3 Current Liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	7	9,512,703	7,903,667
(c) Other current liabilities	8	25,591,490	13,430,118
(d) Short-term provisions	9	461,397	461,397
		<b>35,565,590</b>	<b>21,795,182</b>
<b>TOTAL</b>		<b>65,458,987</b>	<b>52,203,499</b>
<b>II. ASSETS</b>			
<b>1. Non-current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible assets		34,591,178	31,590,028
(ii) Intangible assets		27,702	38,163
(iii) Capital work-in-progress		3,533,407	1,168,304
(b) Non-current investments		-	-
(c) Long-term loans and advances	11	2,235,230	2,179,890
(d) Other non-current assets	12	1,605,500	1,615,500
		<b>41,993,018</b>	<b>36,591,884</b>
<b>2. Current Assets</b>			
(a) Current Investments		-	-
(b) Inventories	13	1,116,617	733,684
(c) Trade receivables	14	19,083,268	12,725,281
(d) Cash and cash equivalents	15	708,796	428,267
(e) Short-term loans and advances	16	2,245,320	1,482,394
(f) Other current assets	17	311,968	241,989
		<b>23,465,970</b>	<b>15,611,615</b>
<b>Total</b>		<b>65,458,987</b>	<b>52,203,499</b>

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

For and on behalf of the Board

Sd/-  
A K Jalan  
Partner  
Regn. No. 52776  
New Delhi, August 14, 2012

Sd/-  
K S Varma  
C M D  
Sd/-  
(Abhishek S Varma)  
Director

Bhondsi, August 14, 2012



## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

		Note- No.	YEAR ENDED 31.03.2012 (Rs.)	YEAR ENDED 31.03.2011 (Rs.)
I.	Revenue from operations	18	86,927,267	78,449,498
II.	Other income	19	414,728	701,012
III.	<b>Total Revenue ( I + II )</b>		<b><u>87,341,995</u></b>	<b><u>79,150,510</u></b>
IV.	<b>Expenses:</b>			
	Cost of raw material consumed		-	-
	Change in inventories of finished goods, work-in-progress and Stock-in-trade	20	-	-
	Employee benefit expense	21	22,804,186	22,249,540
	Finance costs	22	2,546,788	3,345,983
	Depreciation and amortization expense	10	3,800,224	3,627,876
	Other expenses	23	53,673,965	39,789,914
	<b>Total Expenses</b>		<b><u>82,825,162</u></b>	<b><u>69,013,314</u></b>
V.	<b>Profit before exceptional and extraordinary items and tax ( III - IV )</b>		<b>4,516,833</b>	10,137,196
VI.	Exceptional Items		-	-
VII.	<b>Profit before extraordinary items and tax ( V - VI )</b>		<b><u>4,516,833</u></b>	<u>10,137,196</u>
VIII.	Extraordinary Items		-	-
IX.	<b>Profit before tax ( VII - VIII )</b>		<b>4,516,833</b>	10,137,196
X.	Tax Expense:			
	- Current Tax		-	-
	- Deferred Tax	4	528,197	291,611
XI.	<b>Profit for the year from continuing operations ( VII - VIII )</b>		<b><u>3,988,636</u></b>	<u>9,845,585</u>
XII.	Profit from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	<b>Profit from Discontinuing operations (after tax) ( XII - XIII )</b>		<b>-</b>	<b>-</b>
XV.	<b>Profit for the period ( XI + XIV )</b>		<b><u>3,988,636</u></b>	<u>9,845,585</u>
XVI.	<b>Earnings per equity share (Basic/Diluted) (Rs.) :</b>		<b>0.54</b>	1.33

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

For and on behalf of the Board

Sd/-  
A K Jalan  
Partner  
Regn. No. 52776  
New Delhi, August 14, 2012

Sd/-  
K S Varma  
C M D  
Sd/-  
(Abhishek S Varma)  
Director

Bhondsi, August 14, 2012

# Laurel Organics Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

DESCRIPTION	YEAR ENDED 31.03.2012 (Rs.)	YEAR ENDED 31.03.2011 (Rs.)
<b>A Cash flow from operating activities :</b>		
Net profit before tax from continuing operation	4,516,833	10,137,196
Adjustments for:		
Depreciation	3,800,224	3,627,876
Amortisation	(10,000)	(10,000)
Finance Costs	2,546,788	3,345,983
Interest Income	(42,847)	(75,432)
Loss on assets discarded	-	1,093,479
<b>Operating profit before Working Capital Changes</b>	<b>10,810,997</b>	<b>18,119,103</b>
<b>Adjustment for Changes in Working Capital :</b>		
(Increase)/Decrease in Trade Receivables	(6,357,987)	(5,875,375)
(Increase) in Other Current Assets	(69,980)	(30,445)
(Increase) in Long Term Loans & Advances	(55,340)	(77,010)
(Increase)/decrease in Other non-current Assets	10,000	10,000
(Increase)/decrease in Inventories	(382,933)	428,846
(Increase)/decrease in Short Term Loans & Advances	(762,926)	626,752
Increase/(Decrease) in Trade Payables	1,609,037	(472,296)
(Decrease) in Long Term liabilities	(293,492)	(325,252)
Increase/(Decrease) in Other current liabilities	12,058,638	(3,878,407)
Increase in Long term provisions	418,686	501,692
Increase in Short term provisions	-	461,397
<b>Net Cash from operating activities (A)</b>	<b>16,984,701</b>	<b>9,489,005</b>
<b>B Cash Flow from investing activities :</b>		
Purchase of Fixed Assets	(6,790,914)	(720,672)
Capital Work in Progress	(2,365,104)	-
Interest Received	42,847	75,432
Preliminary Expenses	10,000	10,000
<b>Net Cash (Used in) investing activities (B)</b>	<b>(9,103,170)</b>	<b>(635,240)</b>
<b>C Cash flow from financing activities :</b>		
Payments to Long Term Borrowings	(5,054,213)	(6,404,045)
Finance costs paid	(2,546,788)	(3,345,983)
<b>Net Cash (Used in) financing activities (C)</b>	<b>(7,601,001)</b>	<b>(9,750,029)</b>
<b>Net Increase in cash and equivalents (A+B+C)</b>	<b>280,529</b>	<b>(896,264)</b>
Cash & Cash equivalents (opening balance)	428,267	1,324,531
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>708,796</b>	<b>428,267</b>

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 Jalan & Associates  
Chartered Accountants

For and on behalf of the Board

Sd/-  
A K Jalan  
Partner  
Regn. No. 52776  
New Delhi, August 14, 2012

Sd/-  
K S Varma  
CMD  
Sd/-  
(Abhishek S Varma)  
Director

Bhondsi, August 14, 2012

# Laurel Organics Ltd.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	AS AT 31.03.2012		Amount in Rs. AS AT 31.03.2011	
<b>1. SHARE CAPITAL</b>				
<b>AUTHORISED :</b>				
Equity Shares - 84,36,000 of Rs. 10 each (Previous Year 84,36,000)		84,360,000		84,360,000
10% Cumulative Optionally Convertible Redeemable Preference Shares-5,64,000 of Rs 10 each (Previous Year 5,64,000)		<u>5,640,000</u>		<u>5,640,000</u>
		<b><u>90,000,000</u></b>		<b><u>90,000,000</u></b>
<b>Issued, Subscribed and paid up :</b>				
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
		<u>73,850,000</u>		<u>73,850,000</u>
<b>i) Reconciliation of the number of shares outstanding</b>				
	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Rs.	No. of Shares	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	<u>7,385,000</u>	<u>73,850,000</u>	<u>7,385,000</u>	<u>73,850,000</u>
<b>ii) Details of each shareholder holding more than 5% shares</b>				
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 Share Capital during the year and no Bonus/Right, Buy-back of shares in the preceding five years.				
iv) Shares issued/boughtback during the year: -NIL-				
v) Further disclosures - please refer Note 25 (ii) .				
<b>2. RESERVE AND SURPLUS/(LOSSES)</b>				
<b>(i) Detail of Surplus/(Defecit) in Profit and Loss Statement:</b>				
Profit/(Loss) in Profit and Loss Statement from Previous Year		<b>(63,856,550)</b>		(73,702,135)
Profit / (Loss) for the year		<b>3,988,636</b>		9,845,585
Transfer to General Reserve		-		-
Surplus/(Defecit) in Profit and Loss Statement carried to Balance sheet		<b>(59,867,914)</b>		(63,856,550)
<b>3. LONG TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Vehicle Loans from corporarion bank (Payable in 60 monthly installments with interest @11% p.a. reducing at monthly rests)		102,413		205,146
Vehicle Loans from Tata Capital Ltd. (Payable in 60 monthly installments with interest @14.21% p.a. reducing at monthly rests)		131,526		312,757
		<u>233,939</u>		<u>517,903</u>
<b>UNSECURED LOANS</b>				
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		12,543,056
Other Loans from Bodies Corporate & individuals		<u>4,075,290</u>		<u>2,806,927</u>
		<b><u>10,477,000</u></b>		<b><u>15,349,983</u></b>
<b>Total</b>		<b>10,710,939</b>		<b>15,867,886</b>

# Laurel Organics Ltd.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- i) Vehicle Loans are secured against hypothecation of respective cars. Relevant charges has, however, been created in respected 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 from banks/financial institutions, company has entered with an agreement 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 as unsecured loan during the year through the Director concerned. Company is paying the principal amount with interest as and when the same becoming due.

	AS AT 31.03.2012	Amount in Rs. AS AT 31.03.2011
<b>4. DEFERRED TAX LIABILITIES (NET)</b>		
<b>i) Deferred Tax Liabilities on account of timing difference</b>		
-Depreciation	4,206,526	4,363,359
<b>Total (i)</b>	<b>4,206,526</b>	<b>4,363,359</b>
<b>ii) Deferred Tax Asset on account of timing differences</b>		
-Provision for employees long term benefits (Gratuity/EL)	928,809	775,533
-Provision for Doubtful debts	1,154,856	1,154,856
-Others	145,238	983,544
<b>Total (ii)</b>	<b>2,228,903</b>	<b>2,913,933</b>
<b>Total Net Liabilities/(Assets) (i-ii)</b>	<b>1,977,623</b>	<b>1,449,426</b>
iii) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing laws.		
<b>5. OTHER LONG TERM LIABILITIES</b>		
Trade Payables	-	-
Others:		
- Advances received (refer Note 25-xvi)	294,249	587,741
	<b>294,249</b>	<b>587,741</b>
<b>6. LONG TERM PROVISIONS</b>		
Provision for employee long term benefits (refer Note 25-xxii)	2,928,500	2,509,814
	<b>2,928,500</b>	<b>2,509,814</b>
<b>7. TRADE PAYABLES</b>		
Due to Micro & small enterprises	-	-
Others	9,512,703	7,903,667
	<b>9,512,703</b>	<b>7,903,667</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
Current Maturities on Long Term debt:		
-Secured	314,645	440,689
-Unsecured	6,559,427	5,519,114
Interest accrued but not due on borrowings	126,998	181,368
Advance from Customers (refer Note 25-ix)	12,096,500	-
Other Payables:		
-Employee related liabilities	3,189,212	1,785,748
-Statutory dues payables (refer Note 25-xxi)	1,658,406	3,723,555
-Expenses payables	1,012,752	1,333,425
-Other payables	633,549	446,219
	<b>25,591,490</b>	<b>13,430,118</b>
<b>9. SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits	-	-
Others:		
- Provision for ESIC Payable (refer Note 25-xx)	461,397	461,397
	<b>461,397</b>	<b>461,397</b>

**10. FIXED ASSETS**

Particulars	Gross Block at cost			Depreciation			Net Block			
	As at 31.03.11	Additions	Sales Adjustment	As at 31.03.12	Upto 31.03.11	For the year	Sales Adjustment	Upto 31.03.12	As at 31.03.12	As at 31.03.11
<b>(i) Tangible Assets</b>										
Land	4745884			4745884					4745884	4745884
Building	16588671			16588671	8697970	554062		9252032	7336640	7890701
Plant & Machinery	65352143	6666014		72018156	53752167	2431866		56184033	15834123	11599975
Office Equipment	663192			663192	278554	31502		310055	353136	384638
Lab Equipment	5893630			5893630	1752470	279947		2032418	3861212	4141160
Weigh Bridge	448426			448426	328316	21300		349617	98810	120110
Motor Vehicles	2699882			2699882	788275	249511		1037786	1662096	1911607
Cycle	2887			2887	1523	204		1727	1160	1364
Furniture & Fixtures	916121	76500		992621	812894	57663		870557	122064	103226
Electric Installation	1693970			1693970	1245631	80464		1326095	367876	448339
Computer	660601	48400		709001	417579	83244		500824	208177	243022
<b>Total</b>	<b>99,665,407</b>	<b>6,790,914</b>	<b>-</b>	<b>106,456,321</b>	<b>68,075,380</b>	<b>3,789,763</b>	<b>-</b>	<b>71,865,142</b>	<b>34,591,178</b>	<b>31,590,028</b>
<b>(ii) Intangible Assets</b>										
Computer Software	96,236	-	-	96,236	58,073	10,461	-	68,534	27,702	38,163
<b>Total</b>	<b>96,236</b>	<b>-</b>	<b>-</b>	<b>96,236</b>	<b>58,073</b>	<b>10,461</b>	<b>-</b>	<b>68,534</b>	<b>27,702</b>	<b>38,163</b>
<b>(iii) Capital work in progress</b>	<b>1,168,304</b>	<b>2,365,104</b>		<b>3,533,407</b>				<b>-</b>	<b>3,533,407</b>	<b>1,168,304</b>
<b>Total</b>	<b>100,929,947</b>	<b>9,156,017</b>	<b>-</b>	<b>110,085,964</b>	<b>68,133,453</b>	<b>3,800,224</b>	<b>-</b>	<b>71,933,676</b>	<b>38,152,288</b>	<b>32,796,494</b>
<b>Previous Year</b>	<b>102,391,773</b>	<b>720,672</b>	<b>2,182,498</b>	<b>100,929,947</b>	<b>65,594,595</b>	<b>3,627,876</b>	<b>1,089,019</b>	<b>68,133,453</b>	<b>32,796,494</b>	<b>36,797,177</b>

21

i) Previous year excess deprecaion charged Rs.13870- written back and adjused from current year depreciation charges to that extent.

# Laurel Organics Ltd

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	AS AT 31.03.2012	Amount in Rs. AS AT 31.03.2011
<b>11. LONG TERM LOANS &amp; ADVANCES</b>		
Unsecured, considered good, unless otherwise stated:		
Security Deposits	928,280	924,880
Advances recoverable in cash or in kind or for value to be received	1,245,000	1,245,000
Prepaid Expenses (licensing)	61,950	10,010
	<u>2,235,230</u>	<u>2,179,890</u>
<b>12. OTHER NON - CURRENT ASSETS</b>		
Unsecured, considered good, unless otherwise stated:		
Deposits (TDR) with banks	50,000	50,000
Receivables for asset discarded	35,500	35,500
Capital Investment subsidy	1,500,000	1,500,000
Misc. Expenditures (to the extent not written off)	20,000	30,000
Trade receivables (doubtful & fully provided for)	3,737,397	3,737,397
	<u>5,342,897</u>	<u>5,352,897</u>
Less: Provision For Doubtful Debts	<u>3,737,397</u>	<u>3,737,397</u>
	<u>1,605,500</u>	<u>1,615,500</u>
<b>13. INVENTORIES (At lower of cost and market value)</b>		
Raw Materials		
Work-in-Process	-	-
Finished Goods	-	-
Stock-in-trade	-	-
Consumables Stores and Spares	1,116,617	733,684
	<u>1,116,617</u>	<u>733,684</u>
<b>14. TRADE RECEIVABLES</b>		
Unsecured, unless otherwise stated, considered good:		
Trade receivables over six months		
- Considered good	-	-
- Considered doubtful	-	-
Others debts :		
- Considered good	5,634,090	11,848,298
- Considered good (unbilled receivables) (refer Noe 25-ix)	13,449,178	876,983
	<u>19,083,268</u>	<u>12,725,281</u>
Less: Provision For Doubtful Debts	<u>-</u>	<u>-</u>
	<u>19,083,268</u>	<u>12,725,281</u>
<b>15. CASH &amp; CASH EQUIVALENTS</b>		
Balances with Banks		
- on Current Accounts	317,466	74,681
- on Deposit Account	350,000	350,000
Cash on hand	41,330	3,586
	<u>708,796</u>	<u>428,267</u>
<b>16. SHORT TERM LOANS &amp; ADVANCES (Considered Good)</b>		
Unsecured, unless otherwise stated:		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	226,563	181,966
- Considered doubtful	-	-
Excise PLA balance	706,737	706,737
Advance to Suppliers	297,297	141,866
Advance tax & tax deducted at source	815,483	398,890
VAT	199,240	52,935
	<u>2,245,320</u>	<u>1,482,394</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	AS AT 31.03.2012	Amount in Rs. AS AT 31.03.2011
<b>17. OTHER CURRENT ASSETS</b>		
Interest accrued on Fixed Deposits	39,581	5,901
Prepaid Expenses (licensing)	272,387	236,088
	<u>311,968</u>	<u>241,989</u>
<b>18. REVENUE FROM OPERATIONS</b>		
Sales (deemed) (refer Note 25-x)	21,039,218	7,173,928
Job/Processing Charges	65,888,049	71,275,570
	<u>86,927,267</u>	<u>78,449,498</u>
<b>19. OTHER INCOME</b>		
Miscellaneous Income	11,000	625,580
Interest income on fixed deposits with bank/ others	42,847	75,432
Prov./Liability no longer required written back	345,219	-
Sundry balances Written Back	15,662	-
	<u>414,728</u>	<u>701,012</u>
<b>20. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Closing value		-
Less: Opening value		-
Increase/(Decrease) in Stocks	-	-
<b>21. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus	19,677,712	18,981,126
Contribution to Provident and other Funds	1,354,749	1,744,078
Gratuity/EL provisions (refer Note 25-xxii)	850,747	819,663
Staff Welfare	920,978	704,673
	<u>22,804,186</u>	<u>22,249,540</u>
<b>22. FINANCE COST</b>		
Interest Expenses	2,439,949	3,156,687
Bank Charges	106,839	189,297
	<u>2,546,788</u>	<u>3,345,983</u>
<b>23. OTHER EXPENSES</b>		
Consumables store & spares consumed/billed	21,972,461	9,112,410
Power, Fuel & water Charges	18,389,972	20,809,291
Repairs and maintenance		
- Plant & Machinery	6,058,050	4,026,838
- Building	363,234	74,678
- Others	45,418	64,044
Freight & Cartage	105,672	198,652
Laboratory Expenses	2,853,556	2,003,445
Storage Facility charges	154,620	120,000
EHS/ETP expenses	888,945	311,862
Travelling & conveyance expenses	887,750	775,396
Printing and stationery	347,856	319,632
Postage & courier expenses	88,340	91,652
Communication/telephone exp.	243,442	249,162
Legal and professional charges	446,689	610,786
Rates, taxes & Fees	181,468	201,505
Insurance expenses	213,435	182,524
Advertisement & Business Promotion expenses	186,618	153,892
Directors Fees	175,000	185,000
Miscellaneous expenses	71,441	85,931
Assets discarded/written off	-	92,075
Loss on sale of Motor Car	-	121,141
	<u>53,673,965</u>	<u>39,789,914</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

### 24. SIGNIFICANT ACCOUNTING POLICIES:

#### i) **Basis of Accounting:**

The accounts of the company have been prepared under the historical cost concept on accrual basis 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) **Revenue Recognition:**

All the items of cost/expenditure and revenue/income have been accounted for on accrual basis.

#### iii) **Fixed Assets:**

(i) 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.

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

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

#### iv) **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:

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

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

(iii) 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.

#### v) **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.

#### vi) **Inventories are valued as follows :**

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

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

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

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

#### vii) **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 contract manufacturing, no excise is payable as raw materials received and manufactured goods sent back on delivery Challans for and on behalf of the Principals only.

#### viii) **Research and Development:**

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

#### ix) **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.

#### x) **Job work charges:**

a) Job charges are recognised as per Job Invoices raised during the year, on per Kg conversion charges basis.

b) Revenue has also been recognized on unbilled fully processed goods as at the end of the accounting year as per agreed per KG job charges basis. Revenue has also been recognized on new products which are deliverable in 4-5 months manufacturing cycle on pro-rata basis for the duration these products were partially processed.

c) Actual reimbursements on account of permitted consumables, capital and revenue modification expenses and other time to time agreed expenses, if any, are also considered to be part of Job charges income for the year. However, related costs/expenses including VAT are debited to respective heads of expenses and charged to Profit & Loss Account accordingly.

d) Efficiency on account of higher yield against standard consumption norms agreed under revised terms with RLL has been determined and income thereon considered in revenue account net of deduction on account of excess consumption, if any.

#### xi) **Miscellaneous Expenditure:**

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

#### xii) **Employee Benefits:**

(i) 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).

- (ii) Gratuity liability was fully provided during the year in compliance of AS-15(revised) of the ICAI.
- (iii) Provident fund, ESIC contributions and other short term employee benefits are recognized as an expense and charged to profit & loss account.

**xiii) 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.

**xiv) 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.

**xv) Cash and Cash Equivalents:**

In the cash flow statement, cash and cash equivalent includes cash in hand, demand deposits with banks, if 3 months or less maturity only, other short term highly liquid investments with original maturities of three months or less.

**25. GENERAL NOTES:**

- i) Contingent Liabilities not acknowledged as debts and provided for:  
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).  
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 shares 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.
- 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) The company is persuading Trade receivables amounting to Rs.37.37 lacs which were considered doubtful of recovery and, therefore, was fully provided for. 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 31.03.2012 is given in Note No.4.
- viii) **Particulars of the consumption of Materials:**  
Company has manufactured goods for a leading pharmaceutical Company on Job basis, hence no direct raw materials were consumed. The items consumed for carrying out the said activity were mainly of consumable in nature and, therefore, had been billed as deemed sales to the principal Company on cost basis.

Description	Year ended 31.03.2012		Year ended 31.03.2011	
	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 (For job work)	219.72	100	91.12	100

- ix) During the year company has carried its operations based on a manufacturing Contract for five years with M/s Ranbaxy Laboratories Ltd., executed in 2008 and subsequent amendments 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/discharged on per kg basis. However, charges for new products which, as per agreement to be deliverable in 4-5 months, were provided on pro-rata basis for the duration these products were partially processed. Bills could not be raised for the same as deliverable material not produced till close of the financial year. Further, company has received as sum of Rs.120.96 lacs on account /advance payment, bearing no interest, against the new product processing, which has been shown in other current liability-advances from the customers in Note-8.
- x) Deemed sales amounting to Rs.210.39 lacs has been booked on account of utilization of consumables & indirect Raw materials for carrying 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.
- xi) Company has made full payment of outstanding Sales tax liability during the year which was provided in accounts during earlier year upon withdrawal of exemption to the Company by the Sales Tax Department.
- xii) Company has capitalized Plant and machinery amounting to Rs. 67.91 lacs (including installation cost) during the year. Further, Capital Work in Progress amounting to Rs.35.33 lacs is underway. No Asset has been discarded during the year.
- xiii) Travelling, conveyance and vehicle running expenses include Rs.6.15 lacs (Previous Year Rs. 4.61 lacs) spent by directors for business trips undertaken by them.
- xiv) Company has provided for bonus @8.33% for all employees of the Company. Accordingly an amount of Rs.4.96 lacs has been provided during the year in revenue account.
- xv) Interest on outstanding inter corporate deposit has not been provided in view of the earlier understanding arrived at for waiver of interest with ICD lenders.
- xvi) Funds provided/arranged for during earlier years by the Directors and/or companies in which directors are interested have been shown as unsecured long term liability not bearing interest in view of an understanding to this effect with the respective parties.
- xvii) Repairs & maintenance expense of Plant and Machinery as per Note-23 include cost of repairs, replacement of partial worn out assets and consumable items utilized for minor modification of revenue nature necessary for suitability of new products being produced by the company on Job charges basis for M/s Ranbaxy Lab. Ltd.
- xviii) Laboratory chemicals/consumable spares including repairs and maintenance cost of lab equipments as per Note-23 has been charged to revenue account after reducing the cost value of estimated stocks remaining unutilized at site and storages of these items at close of the year at proportionate cost basis.
- xix) Company has taken insurance covers for fire on building, plant & machinery, inventories of the company and Public Liability Insurance covers. Accordingly, adequacy of risk cover is justified by the management.
- xx) 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 & company is complying 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 for which liability was provided in Previous year is yet to be paid, amounting to Rs.4.61 lacs.
- xxi) Company is having a sum of Rs.16.58 lacs as liability towards the Statutory due as at the close of the year. The amount includes P.F. payable Rs.13.91 lacs, ESIC Rs.1.69 lacs, TDS Payable Rs.0.91 lacs. Majority of these payments have been paid off before signing of these financial statements.
- xxii) **Accounting Standard (AS-15) on Employee Benefits**  
Contributions are made to Govt. 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 plan as under:

# Laurel Organics Ltd.

(Rs. Lacs)

	Year ended 31.03.2012	Year ended 31.03.2011
Contribution to Provident & Family Pension Fund	8.91	8.81
Contribution to ESIC including EDLI	4.51	8.49
Contribution to Labour Welfare Fund	0.13	0.13

Provision for Gratuity and Earned leave liability is based on actuarial valuation done by independent actuary as at the end of the year. Based on the actuarial valuation provision is made for a sum of Rs.29.28 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 as under:

Particulars	As at 31.03.2012		As at 31.03.2011	
	Gratuity	EL liability	Gratuity	EL liability
<b>Reconciliation of liability recognised in the Balance Sheet</b>				
Present value of commitments (as per Actuarial Valuation)	24.51	4.77	20.84	4.26
Fair value of plan assets	-	-	-	-
Net Liability in th Balance Sheet	24.51	4.77	20.84	4.26
<b>Movement in net Liability recognised in the Balance Sheet</b>				
Net Liability as at the beginning of the year	20.84	4.26	20.08	-
Net expense recognised in the Statement of Profit & Loss	7.43	1.08	2.95	4.26
Contribution/paid during the year	(3.75)	(0.57)	(2.19)	-
Net Liability as at the end of the year	24.51	4.77	20.84	4.26
<b>Expense recognised in the Statement of Profit &amp; Loss</b>				
Current service cost	2.80	1.06	2.47	4.26
Interest cost	1.77	0.36	1.61	-
Expected return on plan asset	-	-	-	-
Actuarial Loss	2.86	(0.34)	(1.13)	-
Expense charged to the Statement of Profit & Loss	7.43	1.08	2.95	4.26
<b>Return on plan assets</b>				
Expected return on plan asset	-	-	-	-
Actuarial gain	-	-	-	-
Actual return on plan assets	-	-	-	-
<b>Reconciliation of defined-benefit commitments</b>				
Commitments as at the beginning of the year	20.84	4.26	20.08	-
Current service cost	2.80	1.06	2.47	4.26
Interest cost	1.77	0.36	1.61	-
Paid benefits	(3.75)	(0.57)	(2.19)	-
Actuarial loss	2.86	(0.34)	(1.13)	-
Commitments as at the end of the year	24.51	4.77	20.84	4.26
<b>Reconciliation of Plan Assets</b>				
Plant assets as at the beginning of the year	-	-	-	-
Expected return on plan asset	-	-	-	-
Contribution during the year	-	-	-	-
Paid benefits	-	-	-	-
Actuarial gain	-	-	-	-
Plant assets as at the end of the year	-	-	-	-
<b>Principal actuarial assumptions as at the Balance Sheet date</b>				
Discount rate	8.50	8.00	8.00	8.00
Estimated rate of return on plan assets	-	-	-	-
Expected rate of salary increase	6.00	5.50	5.50	5.50
Attrition rate	2.00	2.00	2.00	2.00
Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)

# Laurel Organics Ltd.

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

**xxiv) Auditors Remuneration :**

Legal & Professional expenses includes Auditors's Remuneration amounting to Rs.1-lacs to Statutory Auditors and Rs.,0.30 lacs towards cost & internal Auditors.

**xxv) Information regarding primary segment reporting as per AS-17 for the year ended 31/03/2012:**

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

There was no geographical segment.

**xxvi) 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 31.03.2012	Year ended 31.03.2011
Profit/Loss available to the equity shares	Rs.	3988636	9845585
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.	0.54	1.33

xxvii) The company has not received any 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 defined, hence has not been furnished. This has been relied upon by the Auditors.

**xxviii) Related Party disclosure:**

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

a) Related Parties where common control exists:

Bijwasan Agro Ltd.

Agora Agro Pvt. Ltd.

b) Key Management Personnel:

Mr. K S Varma, CMD

Mr. Abhishek S Varma, Wholetime Director

Mrs. Vandana Varma, Wholetime Director

c) Transactions:

	2011-12	(Rs.lacs) 2010-11
Outstanding balance Payable		
Bijwasan Agro Ltd.	2.94	5.88
Agora Agro Pvt. Ltd.	0.58	0.58
Remuneration to Key Managerial Personnel:		
Remuneration -CMD & Wholetime Directors	28.25	25.63
Outstanding Balance-Remuneration Payable	9.84	1.30

xxix) 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.

xxx) Notes 1 to 25 form an integral part of the statement of accounts of the company comprising Balance Sheet as on 31st March'2012 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

Firm No. 500107

For and on behalf of the Board

Sd/-

A K Jalan

Partner

Regn. No. 52776

New Delhi, August 14, 2012

Sd/-

K S Varma

CMD

Bhondsi, August 14, 2012

Sd/-

(Abhishek S Varma)

Director

# 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 19th Annual General Meeting of the Company to be held on Friday, the 28th September, 2012 Vill. Bhondsi, Tehsil Sohna, Distt. Gurgaon (Haryana) at 12.30 P.M. and at any adjournment thereof.

Signed this.....day of.....2012

**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 19th Annual General Meeting held at Regd. Office : Vill, Bhondsi, Tehsil, Sohna Distt. Gurgaon (Harayana) Friday, the 28th September, 2012 at 12.30 P.M.

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

# Laurel Organics Ltd.

## 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

## Contents

Notice	1
Director's Report	3
Corporate Governance	7
Auditors Report	13
Balance Sheet	16
Statement of Profit & Loss	17
Cash Flow Statment	18
Notes to Financial Statements	19

**(FORMAT OF APPLICATION TO REGISTER E-MAIL ADDRESS)**

To  
M/s Laurel Organics Limited  
Vill. Bhondsi, Tehsil Sohna  
Gurgaon, Haryana 122 102

Dear Sir,

**Subject : Application to register e-mail address**

As a part of "Green Initiative in the Corporate Governance", by the Ministry of Corporate Affairs vide its circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively; I/we hereby accord my/our approval to receive the documents viz. Notice of General Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report etc. as the members of Laurel Organics Limited, through e-mail as per below:

Name of Shareholder/Joint Share Holders	
Folio No.	
Contact Address	
Email ID	
Contact No.	

We request you to note our latest e-mail address, as above, on which you can forward such documents in e-form.

Further Share holders can send scan copy of this letter into the company email ID as laurelorganics@sify.com

Thanking you

(Signature of the Share Holder)