

Laurel Organics Ltd.

Laurel Organics Limited

Regd. Office: VIII, Bhandai, Tehsil Sohna
Distt. Gurgaon (Haryana) - 122102

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of Laurel Organics Limited will be held on Monday, the 26th September, 2011 at 12.30 P.M. at the Registered office of the company at VIII, Bhandai, 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, 2011, 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 Mrs. Shakuntla 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, subject to approval of the Central Government, in modification of the resolution passed by the company at its 17th Annual General Meeting held on 27th September 2010, consent of the members be and is hereby accorded pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment(s) thereof for the time being in force), for the upward revision of remuneration of Mr. Abhishek Sahay Varma as Whole Time Director of the Company with effect from October 1st, 2011 on the following terms & conditions as contained in the agreement dated 23.08.2011 entered into by the Company with Mr. Abhishek Sahay Varma:

1. Remuneration: Rs.125,000/- per month (including Basic Rs.60,000, house rent allowance Rs.30,000 & Executive allowance Rs.20,000 and;
2. Perquisites & Allowances :
 - (a) Leave travel allowance for himself and his family in accordance with the rules of the Company subject to a ceiling of Rs. 10,000/- per annum;
 - (b) Medical re-imbursment for himself and his family in accordance with the rules of the Company subject to a ceiling of Rs. 25,000/- per annum and medical insurance cover for himself and his direct family subject to the annual premium of Rs.25,000/-;
 - (c) Benefits under the Provident Fund Scheme, the Company's Pension in accordance with the Company's rules and regulations in force from time to time. Gratuity payable as per the rules of the Company.
 - (d) Reimbursement of Gas, Electricity, water at actual, subject to the limit of Rs.4000/- per month;
 - (e) Provision for use of the Company's chauffeur driven car for office duties only;
 - (f) Reimbursement of cellular phone and telephone at residence subject to the limit of Rs. 5,000/- per month.)

RESOLVED FURTHER THAT Mrs. Vandana Varma, Director of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modification the following resolution as Special resolution:
"RESOLVED THAT, subject to approval of the Central Government, in modification of the resolutions passed by the company at its 16th Annual General Meeting held on 29th September 2009, consent of the members be and is hereby accorded pursuant to the provisions section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment(s) thereof for the time being in force), for the upward revision of remuneration of Mr. Kumar Sahay Varma as Managing Director of the Company with effect from October 1st, 2011 on the following terms & conditions as contained in the agreement dated 23.08.2011 entered into by the Company with Mr. Kumar Sahay Varma:

Laurel Organics Ltd

1. Remuneration : Rs.150,000/- per month (including Basic Rs.75,000, house rent allowance/company maintained furnished accommodation Rs.35,000 & Executive allowance Rs.25,000 and;
2. Perquisites & Allowances :
 - (a) Leave travel allowance for himself and his family in accordance with the rules of the Company subject to a ceiling of Rs. 10,000/- per annum;
 - (b) Medical re-imburement for himself and his family in accordance with the rules of the Company subject to a ceiling of Rs. 27,000/- per annum and medical insurance cover for himself and his direct family subject to the annual premium of Rs.50,000/-;
 - (c) Benefits under the Provident Fund Scheme, in accordance with the Company's rules and regulations in force from time to time. Gratuity payable as per the rules of the Company.
 - (d) Reimbursement of Gas, Electricity, water at actual, subject to the limit of Rs.4000/- per month;
 - (e) Club fees at actual, subject to one clubs;
 - (f) Provision for use of the Company's chauffeur driven car for office duties only;
 - (g) Reimbursement of cellular phone and telephone at residence subject to the limit of Rs. 5,000/- per month.)

RESOLVED FURTHER THAT Mrs. Vandana Varma, Director of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

Place: Bhandal,
Date: 23.08.11

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

By order of the Board

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. 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.
3. If the shares are held by the Shareholders in more than one folio, please get the same consolidated.
4. 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 notices/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.
5. Particulars required for Re-appointment of Directors pursuant to Clause 49 of the Listing Agreement :
At the ensuing Annual General Meeting, Mr. Sandeep Gupta, Mr. Vinod Roy and Mrs. Shakuntala Prasad, Directors retire by rotation and being eligible for re-appointment, offer themselves for re-appointment as Directors liable to retire by rotation.
The information or details for the aforesaid Directors are as under :
 - a) Mr. Sandeep Gupta : Mr. Gupta is successful entrepreneur with wide experience of industry and has competent knowledge in Financial & Operational Management areas. He was member of various Non Profit Organisations. Mr. Gupta is not holding any Equity Shares of the company.
 - b) Mr. Binod Roy : Mr. Roy is successful entrepreneur with wide experience and has competent knowledge and experience in information Technology areas. Mr. Roy is not holding any Equity Shares of the company.
 - c) Mrs. Shakuntala Prasad : Mrs. Prasad is having wide experience in industry and has competent knowledge and experience in Human Resources and safety. She was member of various Non Profit Organisations. Mrs. Prasad is not holding any Equity Shares of the company.
6. The Shareholders are requested to bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
7. The Register of Members & Share transfer books of the company will remain closed from 21st September'11 to 26th September'11 (both days inclusive).

EXPLANATORY STATEMENT:

1. In respect of Item No. 6 :

By a resolution passed by the members of the company at their Annual General meeting held on 27th September, 2010 Mr. Abhishek Sahay Varma was re-appointed as Whole Time Director for a period of five years.

In view of the fact that the cost of living and other related costs have gone up heavily in recent times and acknowledging the continuing contributions made to the Company and required efforts in future in steering the company as well as considering the fact that his continued involvement is inevitable to achieve further growth, the remuneration committee and the Board of Directors at their respective meeting held on 30th April, 2011 have approved the increment of remuneration of Mr. Abhishek Sahay Varma whole time Director of the Company.

Mrs. Vandana Varma and Mr. Kumar Sahay Varma are related to Mr. Abhishek Sahay Varma. To that extent they can be regarded as concerned or interested in the resolutions at item nos. 6. None of the other directors of the Company are interested in this resolution. The Board recommends this special resolution resolution for your approval.

2. In respect of Item No. 7 :

By a resolution passed by the members of the company at their Annual General meeting held on 28th September, 2009 Mr. Kumar Sahay Varma was re-appointed as Managing Director for a period of five years.

Due to the constant efforts put by Mr. Varma, there has been positive change in the Company on several parameters.

Considering the fact that in recent times the cost of living and other related costs have gone up heavily in our country and in view of his continued contributions to the Company and also acknowledging the sustained and dedicated efforts in steering the company as well as considering the fact that his continued involvement is inevitable to achieve further growth, remuneration committee and the Board of Directors at their respective meeting held on 30th April, 2011 have approved the increment of remuneration of Mr. Kumar Sahay Varma Managing Director of the Company.

Mr. Varma is associated with the Company for the past 17 years. During his association, the Company could manage coming out of difficult times and now started doing its usual business. Due to strong association of Mr. Varma, the Company has now started showing positive signs and had also came out of negative net worth syndrome.

Mrs. Vandana Varma and Mr. Abhishek Sahay Varma are related to Mr. K.S.Varma . To that extent they can be regarded as concerned or interested in the resolutions at item nos. 6 . None of the other directors of the Company are interested in this resolution. The Board recommends this Special resolution for your approval.

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Eighteenth 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, 2011.

Financial Results

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Net sales/Income from operation	784.49	767.34
Other Income	7.01	3.61
Total Income	791.50	770.95
Total expenditure	620.44	524.02
Depreciation	38.28	35.86
Finance Charges	33.46	42.71
	690.18	702.59
Profit / (Loss) for the year	101.32	68.36
Add:		
Prior Period adjustments	0.04	2.04
Deferred Tax	(2.91)	(3.03)
Balance carried to Balance Sheet	98.45	67.37

Laurel Organics Ltd

Operational Performance:

During the year under review, your company continues to achieve new milestones in its journey towards growth and excellence in its turnover and its profitability despite lower volume. During the year the Company has achieved operational income of Rs.791.50 Lakhs as against Rs.770.95 Lakhs in the previous year, registered marginal increase in operational income and has achieved profit before tax of Rs.101.32 Lakhs as against Rs.68.36 lacs during the corresponding period in the previous year, resulting in consistent rise in profits for the 2nd consecutive financial year.

The operation of the company has been affected due to lower level of capacity utilization, periodical suspension of products by the principal manufacturer due to international market conditions and sluggishness in the market and overall economic recession. However, situation has improved very fast and your company has rapidly catching up and hope to do much better in the coming year...

Contract Manufacturing:

The Company is carrying out contract manufacturing activity for M/s Ranbaxy Laboratories Ltd, 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 gives to your company a sense of confidence that it would be able to handle the offshore business opportunities very well.

Over the period of time, your company has gained expertise, acquired knowledge and installed state-of-art facilities to enhance its horizon of activities. For the forthcoming years, our focus is to achieve "Growth... level next"

Corporate Review

A stringent price control regime exists in developed markets and of late, there has been increased pressure from the US Federal government on Pharmaceutical Companies to bring down their drug prices. Not just that with several patents expiring in a phased period and generics occupying the place of several patented drugs, large Companies face tremendous pressure on margins. The need to bring down the R&D expenditure is being felt acutely in developed markets.

Against this backdrop, more and more companies are outsourcing manufacturing to countries like India, which offers a slew of advantages. The relatively low manufacturing cost coupled with availability of skilled manpower and raw materials at competitive prices makes India attractive destination for International outsourcing.

The Indian pharmaceutical sector manufactures more than 400 bulk drugs belonging to several therapeutic segments. Bulk drug production recorded a CAGR of 20% over the last 10 years. On the export front, formulations account for as much as 50% of the total pharmaceutical exports from India. With several players in the fray and fiercely compete each other in the market, it has made possible to produce pharmaceutical products in India at lower costs. Additionally, the capabilities are also growing. India has the unique distinction of having maximum numbers of US FDA approved plants outside US.

Your Company is doing business of contract manufacturing for formulations major like Ranbaxy Lab Ltd since several years, it is possible to pursue a well strategize plan to strengthen and develop our business tie-up with other pharmaceutical MNCs on contract basis.

Dues of Secured Creditors:

Your Company owes Rs 179.13 lacs to M/s Ranbaxy Lab as on the Balance Sheet date. The company is regular in repayment of its liability with interest. The agreement with Ranbaxy Lab Ltd was amended during the year on representation of your company making provision for rescheduled repayment of their dues in 36 equal monthly installments from March,2011 onwards.

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, retire 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.

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/AIFR, which is under consideration at their end. Your company hopes 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 effected 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.

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Industrial relations

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

Acknowledgements

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

For and on behalf of the Board

Place: Bhandal.
Date: 23.06.2011

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, 2011:

A. Conservation of energy:

- a) Energy conservation measure taken : Cold water re-circulation system was adopted to reduce energy loss.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : -NIL-
- c) Impact of measure at (a) & (b) above : As a result of the measure at (a) above the consumption of diesel and electricity is minimal.
- d) Energy consumption particulars :

FORM - A

Form for Disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption	Current Year 2010-11	Previous Year 2009-10		
1. Electricity:				
(a) Purchased:				
Unit KWH'000	715.725	1040.767		
Total amount (Rs in lacs)	39.51	49.31		
Rate per unit (Rs.)	5.52	4.74		
(b) Own generation:				
Through steam turbine/generator				
Units KWH'000	700.043	684.988		
Unit per lit of diesel/oil	3.44	3.63		
Cost per unit (Rs.)	11.30	9.28		
2. Furnace Oil/HSD used in Boiler/Thermopac:				
	F.O.	HSD	F.O.	HSD
Quantity (K.ltrs)	225.450	51.789	247.970	25.407
Total cost (Rs in lacs)	75.08	18.97	71.09	8.00
Average rate (Rs.)	33.30	36.83	28.67	31.48
3. Consumption per unit of Production:				
Production (in MT)		33.133		46.557
Electricity per MT KWH'000		42.73		34.92
Furnace oil/HSD per MT (K.ltrs)		8.37		6.87

Note: Figures for the year are not exactly comparable with last year, since the figures pertain to Jobwork of high power intensive, more time consuming and more 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 2010-11:

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, 6 Board meetings were held during the year 2010-11. The dates on which the Board meetings held are as follows: 30th April, 2010, 31st July, 2010, 18th August, 2010, 30th October, 2010, 31st January, 2011 and 30th March, 2011.

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 BOI 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.	4	No	Nil	Nil
Mr. Prabhat C Jha.	Non Exe./Indep.	1	No.	Nil	Nil
Mr Binod Roy	Non Exe./Indep.	6	Yes	Nil	Nil
Mrs. Shakuntala Prasad	Non Exe./Indep.	6	Yes	Nil	Nil

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The company has constituted Audit committee as stipulated under clause 49 of 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 inter-alia 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 2010-11 are given below:

Name of Executive Directors	Salary, (Rs.)	Perquisite and allowances (Rs.)	Total (Rs.)
1. Mr. K S Varma	696000	276168	972168
2. Mrs Vandana Varma	544194	39620	583814
3 Mr Abhishek S Varma	983333	23663	1006996

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, 31st July, 2010, 31st October, 2010 and 30th March, 2011.

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
2007-2008	Village-Bhondsi, Tehsil-Sohna, Gurgaon	26.09.2008	12.30 P.M
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

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During the year ended 31st March 2011 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.

DISCLOSURE

At present the company is fully 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) Pioneers (iii) Financial Express
- ii) Hari bhumi (iv) Jansata

GENERAL SHAREHOLDER INFORMATION

18th ANNUAL GENERAL MEETING

Date & Time : Monday, 26th September, 2011 at 12.30 PM.

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

BOOK CLOSURE DATE

21st September'11 to 26th September'11.

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.

<u>NAME OF THE STOCK EXCHANGE</u>	<u>STOCK CODE</u>
The Bombay Stock Exchange Limited.	530313
Delhi Stock Exchange Associations Limited,	
Madras Stock Exchange Ltd, Chennai.	
Ahmedabad Stock Exchange Ltd, Ahmedabad	
Jaipur Stock Exchange Ltd.	

STOCK 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.

Delhi Stock Exchange(DSE)

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

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011.

<u>Nominal Value</u>	<u>No. of Holder</u>	<u>%to Total</u>	<u>No. of Share.</u>	<u>% to Total</u>
UP TO 5,000	11717	94.29	1471700	19.92
5,000 TO 10,000	281	2.26	238600	3.23

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10000 TO 20000	112	0.90	178800	2.42
20000 TO 30000	190	1.53	491000	6.84
30000 TO 40000	21	0.17	79300	1.07
40000 TO 50000	37	0.30	181600	2.45
50000 TO 60000	12	0.10	64600	0.87
60000 TO 70000	6	0.05	41200	0.55
70000 TO 80000	4	0.03	30600	0.41
80000 TO 90000	2	0.02	16800	0.23
90000 TO 100000	15	0.12	148500	2.01
ABOVE 1,00,000	30	0.24	4442300	60.20
TOTAL	12427	100	7386000	100.00

DEMATERIALISATION OF SHARES

The Company's application has been rejected several times by NSDL due to negative net worth and certificate of continuous listing. During the year under review your company has been able to achieve positive net worth based on the financial result of 31st March, 2011. A fresh application has been made to NSDL for dematerialization of shares. 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 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.

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.

Laurel Organics Ltd.

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 organisations. 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

Laurel has an excellent portfolio of business assets. It has also devoted and qualified workforce having project execution capabilities to capture new growth opportunities. There is an enormous availability for capacity expansion, through which it can consolidate and expand its interests by giving quality output. The company has achieved its good reputation in pharmaceutical industry through its job manufacturing activity for leading Pharma Company of the country.

Its management has proved its excellence and its honest effort that is helpful in obtaining more job orders & also resulting in capacity expansion.

Segment-wise or product-wise performance

Since the company's operations are restricted and fully dependent on job work, 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 2006 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 March'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 an internal audit system to monitor entire range of operations has been adopted. 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 Rs.27.45 Lacs dues to the Sales Tax Department and Rs.79.03 lacs unsecured creditors. To mitigate this risk, the 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 2010-11 is Rs. 791.50 lacs in comparison to the year 2009-10 which was Rs.770.95 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 2010-11 compared to the previous year.

For and on behalf of the Board

Place: Bhandsi.
Date: 23.08.2011

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 2011, 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, 2011, 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 : 23.08.2011

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, 2011, 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 31 st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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 Schedule No. 19:
Note No.(B)(23) : regarding provision of ESIC liability for FY 2008-09 Rs. 4.61 lacs treating the same as current liability.
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 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, 2011 ;
 - (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 : 23/08/2011

Sd/-
(A K Jalan), Partner
Partner, M.No.52778

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, 2011)

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. However, cost of deemed sales for utilization of consumable stores and indirect raw materials during job manufacturing processes were charged to manufacturing expenses.
08. In our opinion, 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. However, the records were not maintained and produced for verification. As per explanation received, the Company is engaged in processing of Drug intermediates for other major pharmaceutical Company on fixed monthly Job Charges basis. Therefore, cost data were not available with the Company.
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 and 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.

Laurel Organics Ltd.

- (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, 2011 of the Company stand at Rs.838.56 lacs (Last Year Rs.737.02 Lacs).
- (b) Out of old outstanding Sales Tax liability of Rs.45.56 (last year Rs.59.89 lacs), a sum of Rs. 18.10 lacs (last year Rs.14 lacs) are paid to the Department during the year. Interest and penalty on old Sales tax liability has not been quantified, provided for or paid. We are unable to quantify impact on revenue of the year.
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 of the company. However, during the year under consideration, company has converted its negative net worth territory 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/AAIFR to issue appropriate orders to regularize preferential allotment of 8.85 lacs equity shares of Rs.10 each fully paid-up 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 : 23/08/2011

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

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

Laurel Organics Ltd

BALANCE-SHEET AS ON 31st MARCH 2011

	SCHEDULE	AS ON 31.03.2011 (Rs.)	AS ON 31.03.2010 (Rs.)
I. SOURCES OF FUNDS:			
Shareholder's Fund:			
Share Capital	1	73850000	73850000
Reserve & Surplus	2	<u>73850000</u>	<u>73850000</u>
Loan Funds:			
Secured Loans	3	956592	1932210
Unsecured Loans	4	<u>20871097</u>	<u>28516202</u>
		<u>21827689</u>	<u>30448412</u>
		1,449,426	1,157,815
Deferred Tax Liability (Net)		<u>97127115</u>	<u>105456227</u>
TOTAL			
II. APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	5	99761643	101223469
Depreciation		<u>68133453</u>	<u>85594595</u>
Net Block		<u>31628191</u>	<u>35628874</u>
Capital WIP		<u>1168304</u>	<u>1168304</u>
		<u>32796494</u>	<u>36797177</u>
Current Assets Loans & Advances			
Inventories	6	733664	1162530
Sundry Debtors	7	15585695	8629141
Cash & Bank Balances	8	478267	1374531
Loans & Advances	8	<u>6150737</u>	<u>7917231</u>
		<u>22948363</u>	<u>19093434</u>
Less: Current Liabilities & Provisions			
Current Liabilities & Provisions	10	<u>22504313</u>	<u>24166519</u>
Net Current Assets		<u>444071</u>	<u>-5083066</u>
MISC. EXPENDITURES			
(To the extent not written off or adjusted)	11	30000	40000
Profit & Loss a/c(Loss)		<u>63856550</u>	<u>73702135</u>
TOTAL		<u>97127115</u>	<u>105456227</u>
III. Accounting policies & Notes to Accounts			
	19		

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

Sd/-
A K Jalan
(Partner)

Place : New Delhi.

For and on behalf of Board

Sd/-
(Director)

Sd/-
(Director)

Place : Bhandal, Date : 23.08.11

Laurel Organics Ltd.

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2011

		SCHE- DULE	FOR THE YEAR ENDED 31.03.2011 (Rs.)	FOR THE YEAR ENDED 31.03.2010 (Rs.)
(A)	INCOME			
	Sales & Job Work	12	78448498	76733748
	Other Income	13	701012	361292
	Total		<u>79150510</u>	<u>77095038</u>
(B)	EXPENDITURE			
	Raw Material Consumed	14	0	0
	Personnel Cost/Employees Benefits	15	21570642	20138621
	Operating & Other Expenses	16	40473289	42263551
	Finance Charges	17	3345983	4270866
	Depreciation	5	3627876	3585896
	Total		<u>69017791</u>	<u>70258734</u>
	PROFIT BEFORE EXTRAORDINARY ITEMS & TAX		10132719	6836304
	Prior Period Adjustments (Net)	18	-4477	-204343
	PROFIT BEFORE TAX		10137196	7040647
	Provision for Tax			
	-Current Tax			
	-Deferred Tax Liability/(Asset)		291611	303068
	NET PROFIT FOR THE PERIOD		<u>9845586</u>	<u>6737579</u>
	Loss B/F from Previous years		73702135	80439714
	Profit/(Loss) carried to Bal. Sheet		<u>-63856550</u>	<u>-73702135</u>
	EARNING PER SHARE (Refer Note B- of Schedule 20) Basic & Diluted Earning Per Share (Face value of Re 10- each)		1.33	0.91
(C)	Accounting Policies & Notes to accounts	19		

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

For and on behalf of Board

Sd/-
A K Jalan
(Partner)

Sd/-
(Director)

Sd/-
(Director)

Place : New Delhi.

Place : Bhandal, Date : 23.08.11

Laxmi Organics Ltd

SCHEDULES TO THE ACCOUNTS (FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT) FOR THE FINANCIAL YEAR ENDED MARCH'11

	AS ON 31.03.2011 RUPEES	AS ON 31.03.2010 RUPEES
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED:		
8436000 Equity Shares of Rs.10/- each and 564000 - 10 % Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10/-each (Previous Year -same as above)	<u>90,000,000</u>	<u>90,000,000</u>
ISSUED, SUBSCRIBED & PAID UP:		
7385000 Equity shares of Rs. 10/-each fully paid up (Previous Year 7385000 Equity Shares of Rs.10 each)	73,850,000	73,850,000
	<u>73,850,000</u>	<u>73,850,000</u>
SCHEDULE 2: RESERVE & SURPLUS		
CAPITAL RESERVE		
SCHEDULE 3: SECURED LOANS		
Car Loan from Corporation Bank	459,538	1,259,165
Tata Capital Ltd.	497,054	673,045
	<u>956,592</u>	<u>1,932,210</u>
Security:		
(a) Secured loans comprising car loans are secured against hypothecation of respective cars. Hypothecation of car loans from Corporation bank has been registered with ROC.		
SCHEDULE 4: UNSECURED LOANS		
Loan from Bodies Corporate & Individuals	20,871,097	28,516,202
	<u>20,871,097</u>	<u>28,516,202</u>
SCHEDULE 6: INVENTORIES		
(As Valued & Certified by the Management)		
Raw Materials	-	-
Consumable Store Items (Engg. Store)	211,278	743,885
Consumable Store Items (Others)	96,214	140,448
Q.C. Lab. Spares	1,347	13,853
Fuel & Oil (F.O. & Diesel)	383,582	193,024
Intransit Stock	41,263	71,322
	<u>733,684</u>	<u>1,162,530</u>

SCHEDULE 5 : FIXED ASSETS

Name of Asset (1)	Gross Block at cost			Depreciation Block			Net Block (Rs.)		
	As on 31.03.10(2a)	Additions (2b)	Deletions (2c)	As on 31.03.11 (2d)	Upto 31.03.10 (2e)	For the period (2f)	Upto 31.03.11 (2g)	As on 31.03.10 (4a)	As on 31.03.11 (4b)
Land	4745884			4745884	0		0	4745884	4745884
Building	1650071			1656671	814908	584082	8697970	6444763	7800701
Plant & Machinery	66223124	63988	1509862	85352143	52563181	2206800	53752167	13668932	11598975
Office Equipment	640192	23000		863182	247399	31155	278554	392793	364838
Lab Equipment	681264	42366		5983630	1474580	277941	1752470	4376734	4141160
Weigh Bridge	448426			448426	907018	21300	328318	141410	120110
Motor Vehicles	3372418		672536	2699882	572081	287648	788275	2800397	1911607
Cycle	2887			2887	1318	204	1523	1569	1364
Furniture & Fixtures	900796	15325		916121	756470	57424	812894	145326	103226
Electric Installation	1693970			1683970	1165167	80464	1245631	528803	448338
Computer	756837			756837	374574	101078	473652	382263	281185
Total	101223468	720672	2182488	99761843	85594585	3627878	68133453	35628874	31628191
Previous year	96146279	8016020	938830	101223468	62526104	3586696	85694595	33618175	35628674
Capital work in progress									
Grand Total								1168304	1168304

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

For and on behalf of Board

Sd/-
A K Jalan
(Partner)

Sd/-
(Director)

Place : New Delhi.

Place : Bhandisi, Date : 23.08.11

Laurel Organics Ltd

	AS ON 31.03.2010 RUPEES	AS ON 31.03.2009 RUPEES
SCHEDULE 7: SUNDRY DEBTORS		
(Unsecured)		
Due for more than 6 months (Considered doubtful and fully provided for)	3,737,397	3,737,397
Other Debtors (Considered Good)	<u>11,848,298</u>	<u>4,891,744</u>
	<u>15,585,695</u>	<u>8,629,141</u>
 SCHEDULE 8: CASH & BANK		
Cash in hand	3,586	6,487
Balance with scheduled Banks in current accounts	74,681	988,044
In FDRs/SDRs with Banks	<u>400,000</u>	<u>400,000</u>
	<u>478,267</u>	<u>1,374,531</u>
 SCHEDULE 9: LOANS & ADVANCES		
(Unsecured Considered Good)		
Security Deposit (Paid)	924,880	857,880
Advances(Recoverable in cash or in kind or for value to be recd.)	2,745,000	3,402,796
I.Tax deducted at Source (TDS)	398,890	611,908
Staff Advances (net)	15,948	4,876
Pre Paid Expenses	248,098	209,669
Interest Receivable	5,901	-1,875
Central Excise P L A a/c	706,737	706,737
Advance to Suppliers	141,866	127,059
Job work charges (Receivable)	876,983	1,958,162
Receivables for Assets discarded	35,500	35,500
VAT Input	<u>52,935</u>	<u>772</u>
	<u>6,150,737</u>	<u>7,917,231</u>
 SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	7,903,667	8,375,963
Sales Tax Payable	2,745,219	4,615,920
P.F. Payable	651,785	582,912
TDS Payable	258,501	314,803
ESIC Payable	43,475	124,028
Other Liabilities	<u>4,195,058</u>	<u>4,427,37</u>
	<u>15,795,705</u>	<u>18,421,000</u>
 Provisions		
Bad & Doubtful Debts Reserve	3,737,397	3,737,397
ESIC Liability	461,397	-
Provision for Gratuity & Earned Leave on actuarial valuation	<u>2,509,814</u>	<u>2,008,122</u>
	<u>6,708,608</u>	<u>5,745,519</u>
	<u>22,504,313</u>	<u>24,166,519</u>
 SCHEDULE 11 : MISC. EXPENDITURES		
(To the extent not written off or adjusted)		
Preliminary Expenses	30,000	40,000
	<u>30,000</u>	<u>40,000</u>

Laurel Organics Ltd.

	AS ON 31.03.2011 RUPEES	AS ON 31.03.2010 RUPEES
SCHEDULE 12: INCOME FROM OPERATIONS		
Sales (Deemed)	7,173,928	11,231,799
Job work charges (Including reimbursements)	<u>71,275,570</u>	<u>65,501,947</u>
	<u>78,449,498</u>	<u>76,733,746</u>
SCHEDULE 13: OTHER INCOME		
Liability no longer required W/back	-	146,194
Misc. Income	625,580	160,522
Interest	<u>75,432</u>	<u>54,576</u>
	<u>701,012</u>	<u>361,292</u>
SCHEDULE 14: RAW MATERIAL CONSUMED		
Opening Stock	-	-
Add.: Purchase	-	-
Total	-	-
Less: Closing Stock	-	-
Sales/devaluation in stock	-	-
SCHEDULE 15: PERSONNEL COST/EMPLOYEES BENEFITS		
Salary & allowances (Including Directors salary)	4,896,778	4,363,745
Wages including allowances	15,854,201	15,417,557
Gratuity & Leave Encashment on Actuarial valuation	<u>819,863</u>	<u>357,319</u>
	<u>21,570,842</u>	<u>20,138,621</u>
SCHEDULE 16: OPERATING & OTHER EXPENSES		
Consumable Stores consumed/sold	9,112,410	13,615,421
Electricity Power & Fuel	20,809,291	17,951,329
Repair & Maintenance	4,165,560	3,955,757
Freight & Cartage (Inward)	203,058	206,426
Laboratory Expenses	2,003,445	2,205,985
Storage Facility Charges	120,000	120,000
EHS/ETP Expenses	311,862	306,642
Travelling & Conveyance	775,396	703,656
Stationery & Printing	319,632	341,995
Postage, Telegram & Courier Exp.	91,652	81,938
Telephone & Trunk Call Exp.	249,182	339,574
Legal & Professional Exp.	497,578	471,177
Auditor's Remuneration	99,270	88,240
Preliminary Expenses written off	10,000	10,000
Rates, Taxes & Fees	192,149	305,778
Insurance Paid	182,524	174,482
Sitting Fee to Directors	185,000	175,000
Other General Exp.	73,521	70,877
Staff Welfare	704,673	711,907
Business Promotion Exp.	77,380	48,401
Advertisement	76,512	37,898
Asset Discarded/written off	92,075	309,694
Loss on sale of Motor Car	<u>121,141</u>	<u>31,373</u>
	<u>40,473,289</u>	<u>42,263,551</u>

	AS ON 31.03.2011 RUPEES	AS ON 31.03.2010 RUPEES
SCHEDULE 17: FINANCE CHARGES		
Interest on Loans	3,095,455	4,174,489
Bank charges & commission	<u>250,529</u>	<u>98,377</u>
	<u>3,345,983</u>	<u>4,272,866</u>
SCHEDULE 18: PRIOR PERIOD ADJUSTMENTS		
Adjustment for Excess provisions/expenses pertaining to earlier yr. (net)	<u>(4,477)</u>	<u>(204,343)</u>
	<u>(4,477)</u>	<u>(204,343)</u>

	AS ON 31.03.2011 RUPEES	AS ON 31.03.2010 RUPEES
SCHEDULE 17: FINANCE CHARGES		
Interest on Loans	3,095,455	4,174,489
Bank charges & commission	250,529	96,377
	<u>3,345,983</u>	<u>4,270,866</u>
SCHEDULE 18: PRIOR PERIOD ADJUSTMENTS		
Adjustment for Excess provisions/expenses pertaining to earlier yr. (net)	(4,477)	(204,343)
	<u>(4,477)</u>	<u>(204,343)</u>

SCHEDULE-19: ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting:

The accounts of the company have been prepared under the historical cost concept and in accordance with the applicable Accounting Standards and relevant disclosure requirement of the Companies Act, 1956. Going concern concept has been assumed for preparation of accounts.

(b) Revenue Recognition:

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

(c) Fixed Assets:

(i) All the fixed assets are stated at cost less depreciation using the historical cost concept. The costs of respective assets are 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.

(d) 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-rate basis for the period of use. No depreciation is charged on worn-out/discarded assets during the year.

(e) 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 proportionate share of overheads~~.

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

(f) 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.

(g) Research and Development:

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

(h) Sales:

(i) 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.

(i) Job work charges:

(i) Job charges are recognized as per Job Invoices raised during the year, subject, however, to the minimum charges, if any, agreed under the agreement with RLL for and upto 31st Dec, 2010. Thereafter, as per revised agreement Job charges are billed wholly on per Kg conversion charges basis only.

(ii) 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.

(iii) 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 expenses are debited to respective heads of expenses and charged to Profit & Loss Account accordingly.

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

(j) 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.

(k) Miscellaneous Expenditure:

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

(l) Gratuity and earned Leave:

(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

Laurel Organics Ltd

is restricted to 90 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.
- (m) **Taxation:**
Provision for Income Tax comprises of Current Tax & deferred tax, if any. 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.

B. NOTES TO THE ACCOUNTS:

1. Contingent Liabilities not acknowledged as debts and provided for:

- (a) Labour cases: In four labour cases compensation claimed amounting to Rs.2.25 lacs approx. have not been acknowledged and provided for. (Previous year Rs.2.25lacs).
- (b) Sales tax exemption: Sales tax exemption granted to the company as a new industrial unit had been withdrawn by the Authorities as Job Work could not be considered as company's own continuing business activity. Company had lost the matter before the Hon'ble High Court and SLP filed before Supreme Court of India had also not been admitted. Therefore, the original liability on this account had been provided fully by the company during earlier years. Company may contingently be held liable to interest or penalty as and when liability crystallizes. The same is not ascertainable at present and not provided for as company is making request for waiver of the same to the department concerned.
- (c) PF/ESIC: Company may contingently be liable for interest/damages on delayed depos /payment of P.F./E.S.I.C., not claimed/quantified yet, hence not acknowledged/provided for.

2. Managerial Remuneration:

Following remuneration has been paid to Whole Time Directors of the company during the year:

	<u>Current year(Rs.)</u>	<u>Previous year(Rs.)</u>
Salary	22,23,527.00	18,97,958.00
Other benefits	3,39,451.00	3,65,839.00
Total	25,62,978.00	22,63,797.00

3. 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 instalments with interest @ 13.5% p.a. The agreement was amended during the 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 instalments 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. till date, hence has been shown as unsecured loan liability.
4. The company is persuading Trade debtors 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.
5. In the opinion of the management the realizable value of 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.
6. The Sundry Creditors and Sundry Debtors balances are subject to reconciliation and confirmation from the parties concerned.
7. 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. The break-up of accumulated deferred tax assets and liability after adjustment as on 31.03.2011 is as follows:

		(Rs.Lacs)	
		As on 01.04.10	Arising during the year
(a) Deferred Tax Assets:			Total
Timing difference arising on account of:			
a.	Disallowances u/s 43-B (see note below)	20.98	(4.42) 16.56
b.	Bad debt provision added in I.Tax	12.58	0 12.58
Total		33.56	(4.42) 29.14
(b) Deferred Tax Liability:			
a.	Timing difference arising on a/c of Depreciation on depreciable Assets	(45.14)	(1.50) (43.63)
Total		(45.14)	(1.50) (43.63)
(c) Net deferred tax liability		(11.58)	(2.92) (14.49)

Note. On prudent consideration, deferred tax assets arising due to timing difference on a/c of sales tax, gratuity provision etc. has been recognized amounting to Rs.29.14 lacs upto the close of the year.

8. Additional information pursuant to the provision of part-II of schedule VI of the Companies Act, 1956 to the extent applicable to the company:

Laurel Organics Ltd.

(a) Particulars of capacity and Production:

Description	Licensed capacity		Installed capacity		Production	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
	(Qty. in MT)					
Ciprofloxacin Group	90	90	90	90	Nil	Nil
Norfloxacin Group	90	90	54	54	Nil	Nil

Note: The company has not produced any item for sale. However, it has produced 33.133 MTs (P.Y. 48.558 MTs) of bulk drugs & intermediates on Job work basis during the year.

(b) Particulars In respect of production, sales & stock of finished goods:

Description	Current Year		Previous Year	
	Qty (Kgs)	Value (Rs.)	Qty (Kgs)	Value (Rs.)
Bulk drugs & Intermediates (For sale) :				
Production	-	-	-	-
Sales	-	-	-	-
Closing Stock	-	-	-	-
Bulk drugs & Intermediates (Job Work) :				
Opening Stock	1723.700	N.A.	1758.660	N.A.
Production (net)	33133.000	N.A.	48558.590	N.A.
Despatched/used	34652.100	N.A.	48591.550	N.A.
Closing Stock	204.600	N.A.	1723.700	N.A.

(c) Particulars of the Raw Materials Consumed :

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 activity were mainly of consumable in nature and, therefore, had been billed as deemed sales to the principal Company on cost basis.

9. Other additional information :

Value of imported/indigenous raw materials, stores & spares consumed:

Description	Current year		Previous year	
	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	91.12	100	136.15	100
(For job work)				

10. 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 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 Mech'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. However, from 1st January, 2011 the system of job Charges has been changed to per kg basis in entirety. Accordingly, revenue for the year has been accounted for.
11. Deemed sales amounting to Rs.71.74 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 VAT has been charged & paid and the same has been treated in accounts accordingly. Procurement cost of materials were shown under Schedule 16.
12. Company has made partial payment of Rs.18.11 lacs during the year towards its obligation of Sales tax liability provided in earlier year upon withdrawal of exemption to the Company by the Sales Tax Department.
13. Company has capitalized Plant and machinery amounting to Rs. 7.20 lacs (including installation cost) during the year. Company has also discarded damaged and/or non working assets having gross value Rs.15.09 lacs including machinery damaged in explosion (Rs.9.21 lacs). Company claimed the reinstatement value of the damaged assets & received insurance compensation partially (Rs.7.24 lacs net of scrap value). Gains due to reversal of depreciation, credited to revenue account under Other Income. Company has disposed off one motor vehicle and the net impact after adjustment of depreciation has been charged to revenue of the year.
14. Old capital work-in-progress expenses were not discarded and written off in view of management perception for bringing these assets and expenses in gainful use in near future by the Company.
15. Travelling, conveyance and vehicle running expenses include Rs.4.61 lacs (Previous Year Rs.3.53 lacs) spent by directors for business trips undertaken by them.
16. Annual General Meeting expense has been debited to respective heads of accounts.
17. Company has provided for bonus @8.33% for all employees of the Company. Accordingly an amount of Rs.4.63 lacs has been provided during the year in revenue account.
18. 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.

Laurel Organics Ltd

19. Funds provided/arranged for during earlier years by the Directors and/or companies in which directors are interested have been shown as unsecured current liability not bearing interest in view of an understanding to this effect with the respective parties.
20. Repairs & maintenance expense of Plant and Machinery as per Schedule -16 consist cost of repairs, replacement of partial worn out assets and consumable items utilised 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.
21. Laboratory chemicals/consumable spares as per Schedule-16 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.
22. Company has taken group personal insurance cover for the employees and covers for fire etc. for building, plant & machinery of the company. Accordingly, adequacy of risk cover is justified by the management.
23. 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 no liability was provided earlier, has now been provided on prudent consideration, hence charged to revenue account of the year amounting to Rs.4.81 lacs.
24. Company has identified micro and small enterprises. The Balance outstanding including interest thereon, if any, as at the Balance Sheet date disclosed, on which Auditors have also relied upon.

24. Related Party disclosure :

Particulars	2010-11 (Rs. lacs)	2009-10 (Rs. lacs)
Sales	Nil	Nil
Purchases	Nil	Nil
Investments made in Equity/Pre. Shares	Nil	Nil
Advance towards equity - given	Nil	Nil
Share Application towards equity - given	Nil	Nil
Loans given/(taken)	(0.58)	(0.58)
Interest paid	Nil	Nil
Dividends - received	Nil	Nil
Services - given	Nil	Nil
Others - provided/ (availed)	(5.88)	(8.47)
Closing Balance	(6.46)	(9.05)

The names of related parties are as below:

M/s Bijwasan Agro Limited, Delhi; M/s Agora Agro Private Limited, Delhi

The names of key management personnel are as follows:

Mr. K.S.Varma, CMD; Mr. Abhishek S. Varma, WTD; Mrs. Vandana Varma, WTD.

Details of Directors' remuneration is given in point No. 2 of the Notes to the Accounts at schedule -19 of the Balance Sheet.

25. Information regarding primary segment reporting as per AS-17 for the year ended 31/03/2011: 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 segments.
26. Previous year figures have been regrouped/re-arranged wherever considered necessary and rounded off to nearest one rupee.
27. Schedule 1 to 19 form an integral part of the statement of account of the company comprising Balance Sheet as on 31st March 2011 and the Profit & Loss Account for the year ended on that date.

As per our attached report of even date

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

For and on behalf of the Board

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

Sd/-
(Director)

Sd/-
(Director)

Place : New Delhi.

Bhondsi, Date: 23.08.2011

Laurel Organics Ltd.

CASH FLOW STATEMENT

DESCRIPTION	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
A Cash flow from operating activities :		
Net profit before intt., taxes and exceptional items	13,478,702	11,107,170
Adjustment for:		
Depreciation	3,627,876	3,585,698
Amortisation	10,000	10,000
Gratuity/EL encashment provided	819,663	357,319
Interest Received	(75,432)	(54,576)
Prior period adjustments	4,477	204,343
On a/c of fixed assets for operation	(720,672)	(6,016,020)
Loss on assets discarded	1,093,479	419,625
Provisions paid/w-back (Net)	(148,185)	(161,821)
Operating profit before W C Changes	18,089,909	9,451,736
Adjustment for:		
Trade and other receivables	(6,956,553)	836,282
Inventories	428,846	(44,426)
Loans & Advances	1,766,494	(529,490)
Trade & Other Payables	(2,825,296)	3,409,329
Net Cash from operating activities (A)	10,703,389	13,123,431
B Cash Flow from investing activities :		
Purchase of investments	-	-
Interest Received	75,432	54,576
Preliminary Expenses	-	-
Net Cash Flow from Invest. activities(B)	75,432	54,576
C Cash flow from financing activities :		
Net increase in bank/other borrowings	(8,620,723)	(7,859,511)
Increase in paid up share capital	-	-
Proceeds from long term borrowings	-	-
Interest/tax Paid-adj.	(3,054,372)	(4,270,866)
Net Cash Flow from fin. activities (C)	(11,675,095)	(12,124,378)
Net Inc. in cash and equivalents (A+B+C)	(896,264)	1,053,629
Cash & Cash equivalents (Op. Bal.)	1,374,531	320,902.32
Cash & Cash equivalents	478,267	1,374,531

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

As per our attached report of even date

For A K Jalan & Associates

Chartered Accountants

Sd/-

Partner

Place: New Delhi.

For and on behalf of the Board

Sd/-

(Director)

Bhondsi,

Sd/-

(Director)

Date: 23.08.11

Laurel Organics Ltd

STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 BALANCE SHEETS ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31ST MARCH 2011

I. REGISTRATION DETAILS

Registration No. **05-32120** State Code **05**
Balance Sheet Date **31-3-2011**

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousand)

Public Issue **NIL** Right Issue **NIL**
Bonus Issue **NIL** Private Placement **NIL**

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS

(Amount in Rs. Thousands)

Total Liabilities **97127** Total Assets **97127**
Source of Funds
Paid up Capital **73850** Reserves & Surplus **9000**
Secured Loans **00958** Unsecured Loan **20871**
Advanced from Promoters **NIL**
Application of Funds
Net Fixed Assets **32798** Investment **NIL**
Net Current Assets **444** Misc. Expenditure **30**
Accumulated Loss **63857**

IV. PERFORMANCE OF COMPANY

(Amount in Thousand)

Turn Over **79151** Total Expenditure **69018**
Profit before Tax **10137** Profit after Tax **9845**
Earning per Share in Rs. **1.33** Dividend Rate % **NIL**

V. GENERIC NAMES OF THE PRODUCTS / SERVICES OF COMPANY

(As per monetary terms)

Item Code No.

(ITC Code)

29419003

29420001

Products

Description

CIPROFLOXACIN

NORFLOXACIN

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 18th Annual General Meeting of the
Company to be held on Monday, the 26th September, 2011 Vill. Bhondsi, Tehsil Sohna, Distt.
Gurgaon (Haryana) at 12.30 P.M. and at any adjournment thereof.

Signed this day of 2011

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than
48 hours before the time for holding 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 Shares

I hereby record my presence at the 18th Annual General Meeting held at Regd. Office : Vill, Bhondsi,
Tehsil, Sohna Distt. Gurgaon (Harayana) Monday, the 26th September, 2011 at 12.30 P.M.

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

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 18th Annual General Meeting of the
Company to be held on Monday, the 26th September, 2011 Vill. Bhondsi, Tehsil Sohna, Distt.
Gurgaon (Haryana) at 12.30 P.M. and at any adjournment thereof.

Signed this.....day of.....2011

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than
48 hours before the time for holding 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 Shares.....

I hereby record my presence at the 18th Annual General Meeting held at Regd. Office : Vill, Bhondsi,
Tehsil, Sohna Distt. Gurgaon (Harayana) Monday, the 26th September, 2011 at 12.30 P.M.

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