

SCHEDULE 5 : FIXED ASSETS

(Rs.)

Name of Asset (1)	Gross Block at cost				Depreciation Block				Net Block	
	As on 31.03.09 (2a)	Additions (2b)	Deductions (2c)	As on 31.03.10 (2d)	Upto 31.03.09 (3a)	For the period (3b)	Adjstmnt (3c)	Upto 31.03.10 (3d)	As on 31.03.09 (4a)	As on 31.03.10 (4b)
	Land	4745884			4745884	0			0	4745884
Building	16588671			16588671	7589846	554062		8143908	8998825	8444763
Plant & Machinery	63966970	2886606	631452	66222124	50659067	2215882	321758	52553191	13307903	13668932
Office Equipment	559662	80530		640192	219570	27829		247399	340092	392793
Lab Equipment	3899921	1951343		5851264	1235612	238918		1474530	2664310	4376734
Weigh Bridge	448426			448426	285716	21300		307016	162710	141410
Motor Vehicles	2733170	946626	307378	3372418	477182	292286	197447	572021	2255988	2800397
Cycle	2887			2887	1116	203		1319	1772	1569
Furniture & Fixtures	892236	8560		900796	698720	56750		755470	193516	145326
Electric Installation	1693970			1693970	1084704	80463		1165167	609266	528803
Computer	614481	142356		756837	276571	98003		374574	337910	382263
Total	96146279	6016020	938830	101223469	62528104	3585696	519205	65594595	33618175	35628874
Previous year	93245985	5530646	2630352	96146279	60824306	3277849	1574051	62528104	32421679	33618175
Capital work in progress									1168304	1168304
Grand Total									34786478	36797177

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

For and on Behalf of Board

(Partner)
A K Jalan
Place: New Delhi.

(Director)

Director)

Bhondsi, 25.08.10

LAUREL ORGANICS LIMITED

SCHEDULES TO THE ACCOUNTS (FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT) FOR THE FINANCIAL YEAR ENDED MARCH'10

	AS ON 31.03.2010 RUPEES	AS ON 31.03.2009 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)	90,000,000	90,000,000
ISSUED,SUBSCRIBED & PAID UP: 7385000 Equity shares of 10/-each fully paid up (Previous Year 7385000 Equity Shares of Rs.10 each)	73,850,000	73,850,000
	73,850,000	73,850,000
SCHEDULE 2: RESERVE & SURPLUS		
CAPITAL RESERVE	-	-
	-	-
SCHEDULE 3: SECURED LOANS		
Car Loan from Corporation Bank	1,259,165	730,253
Tata Capital Ltd.	673,045	834,346
	1,932,210	1,564,599
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	28,516,202	36,737,325
	28,516,202	36,737,325
SCHEDULE 6: INVENTORIES		
(As Valued & Certified by the Management)		
Raw Materials	-	-
Consumable Store Items (Engg. Store)	743,885	455,846
Consumable Store Items (Others)	140,446	205,422
Q.C. Lab. Spares	13,853	70,548
Fuel & Oil (F.O. & Diesel)	193,024	386,288
Intransit Stock	71,322	-
	1,162,530	1,118,104

SCHEDULE 7: SUNDRY DEBTORS		
(Unsecured)		
Due for more than 6 months (Considered doubtful and provided for)	3,737,397	3,737,397
Other Debtors (Considered Good)	4,891,744	5,728,026
	8,629,141	9,465,423
SCHEDULE 8: CASH & BANK		
Cash in hand	6,487	1,689
Balance with scheduled Banks in current accounts	968,044	269,213
In FDRs/SDRs with Banks	400,000	50,000
	1,374,531	320,902
SCHEDULE 9: LOANS & ADVANCES		
(Unsecured Considered Good)		
Security Deposit (Paid)	857,880	857,880
Advances(Recoverable in cash or in kind or for value to be recd.)	3,402,796	4,373,358
I.Tax deducted at Source (TDS)	611,906	442,616
Staff Advances (net)	4,876	5,061
Pre Paid Expenses	209,669	262,779
Interest Receivable	1,875	3,330
Central Excise P L A a/c	706,737	706,737
Advance to Suppliers	127,059	79,798
Upgradation/Modification WIP	0	656,183
Job work charges (Receivable)	1,958,162	-
Receivales for Assets discarded	35,500	-
VAT Input	772	-
	7,917,231	7,387,741
SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	8,375,963	5,598,879
Sales Tax Payable	4,615,920	5,989,120
P.F. Payable	562,912	249,912
TDS Payable	314,803	256,212
ESIC Payable	124,026	35,545
Other Liabilities	4,427,377	2,882,003
	18,421,000	15,011,671
Provisions		
Provision for Income Tax (Fringe Benefit)	0	126,912
Bad & Doubtful Debts Reserve	3,737,397	3,737,397
Deferred Tax-Liability/(Asset)	1,157,815	854,747
Provision for Gratuity on actuarial valuation	2,008,122	1,685,712
	6,903,334	6,404,768
	25,324,334	21,416,439
SCHEDULE 11 : MISC.EXPENDITURES		
(To the extent not written off or adjusted)		
Preliminary Expenses	40,000	50,000
	40,000	50,000

SCHEDULE 12 : SALES/JOB WORK		
Sales (Deemed)	11,231,799	7,577,785
Job work charges (including reimbursements)	65,501,947	77,195,069
	76,733,746	84,772,854
SCHEDULE 13 : OTHER INCOME		
Liability no longer required W/back	146,194	211,449
Misc. Income	160,522	112,484
Interest	54,576	-
	361,292	323,933
SCHEDULE 14: RAW MATERIAL CONSUMED/ W/O		
Opening Stock	0	-
Add.: Purchase	0	-
Total	0	-
Less: Closing Stock	0	-
Sales/devaluation in stock	0	-
SCHEDULE 15: EMPLOYEE'S REMUNERATION & OTHER BENEFITS		
Salary & allowances (Including Directors salary)	4,363,745	4,005,629
	4,363,745	4,005,629
SCHEDULE 16: MANUFACTURING EXP. :		
Wages & Salary incl. allowances	13,066,453	11,438,757
Consumable Stores Items consumed	13,615,421	10,052,423
Electricity Power & Fuel	17,902,247	23,126,682
Repair & Maintenance to machinery	3,955,757	7,967,261
Freight & Cartage (Inward)	206,426	136,814
Labour Expenses	2,351,104	2,832,502
Medical Exp.	9,965	55,644
Laboratory Expenses	2,205,985	3,224,995
Storage Facility Charges	120,000	120,000
EHS/ETP Expenses	306,642	469,593
	53,739,999	59,424,671

SCHEDULE 17: ADMINISTRATIVE & SELLING EXP.:		
(a) ADMINISTRATIVE EXP. :		
Electricity Expenses (H.O.)	49,082	34,778
Travelling & Conveyance	703,858	1,076,355
Stationery & Printing	341,995	453,355
Postage, Telegram & Courier Exp.	81,938	94,723
Telephone & Trunk Call Exp.	339,574	336,134
Legal & Professional Exp.	471,177	364,795
Auditor's Remuneration	88,240	66,180
Preliminary Expenses written off	10,000	10,000
Listing Fee	140,957	68,163
Insurance Paid	174,482	178,526
Licence/filing fee	76,274	91,112
Subscription	5,925	2,000
Sitting Fee to Directors	175,000	175,000
Housekeeping Incl. General Exp.	25,653	21,835
Staff Welfare	701,942	781,118
Recruitment Expenses	12,544	23,484
Business Promotion Exp.	48,401	88,531
Advertisement	37,698	64,548
Loss on sale of Motor Car	31,373	161,237
Donation	29,500	12,601
Amounts Written off	(2,745)	3,889
Sales Tax paid	88,547	-
	3,631,415	4,108,364
SCHEDULE 18: FINANCIAL CHARGES		
Interest to Others	4,174,489	5,058,817
Bank charges & commission	96,377	82,322
	4,270,866	5,141,139
SCHEDULE 19: PRIOR PERIOD ADJUSTMENTS		
Adjustment for Excess provisions/expenses pertaining to earlier yr. (net)	(204,343)	10,848
	(204,343)	10,848

LAUREL ORGANICS LIMITED
CASH FLOW STATEMENT

	DESCRIPTION	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
A	Cash flow from operating activities :		
	Net profit before intt., taxes and exceptional items	11,107,170	13,175,094
	Adjustment for:		
	Depreciation	3,585,696	3,277,849
	Amortisation	10,000	10,000
	Gratuity provided	357,319	245,116
	Interest Received	(54,576)	-
	Prior period adjustments	204,343	(10,848)
	On a/c of fixed assets for operation (Net)	(6,016,020)	(3,389,176)
	Loss on assets discarded	419,625	1,056,301
	Provisions paid/w-back (Net)	(161,821)	(181,911)
	Operating profit before W C Changes	9,451,736	14,182,425
	Adjustment for:		
	Trade and other receivables	836,282	2,610,586
	Inventories	(44,426)	135,652
	Loans & Advances	(529,490)	70,989
	Trade & Other Payables	3,409,329	(6,169,059)
	Net Cash from operating activities (A)	13,123,431	10,830,592
B	Cash Flow from investing activities :		
	Purchase of investments	-	-
	Interest Received	54,576	-
	Preliminary Expenses	-	-
	Net Cash Flow from invest. activities(B)	54,576	-
C	Cash flow from financing activities :		
	Net increase in bank/other borrowings	(7,853,511)	(5,463,454)
	Increase in paid up share capital	-	-
	Proceeds from long term borrowings	-	-
	Interest/tax Paid-adj.	(4,270,866)	(5,141,139)
	Net Cash Flow from fin. activities (C)	(12,124,378)	(10,604,594)
	Net Inc. in cash and equivalents (A+B+C)	1,053,629	225,999
	Cash & Cash equivalents (Op. Bal.)	320,902	94,904
	Cash & Cash equivalents	1,374,531	320,902

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

For and on behalf of the Board

Partner
Place: New Delhi.

(Director) (Director)
Bhondsi, Date: 25.08.10

LAUREL ORGANICS LIMITED
BALANCE-SHEET AS ON 31st MARCH 2010

	SCHE- DULE	AS ON 31.03.2010 (Rs.)	AS ON 31.03.2009 (Rs.)
I. SOURCES OF FUNDS:			
Shareholder's Fund:			
Share Capital	1	73850000	73850000
Reserve & Surplus	2	0	0
		73850000	73850000
Loan Funds:			
Secured Loans	3	1932210	1564599
Unsecured Loans	4	28516202	36737325
		30448412	38301923
TOTAL		104298412	112151923
II. APPLICATION OF FUNDS:			
Fixed Assets:	5		
Gross Block		101223469	96146279
Depreciation		65594595	62528104
Net Block		35628874	33618175
Capital WIP		1168304	1168304
		36797177	34786478
Current Assets Loans & Advances			
Inventories	6	1162530	1118104
Sundry Debtors	7	8629141	9465423
Cash & Bank Balances	8	1374531	320902
Loans & Advances	9	7917231	7387741
		19083434	18292171
Less: Current Liabilities & Provisions			
Current Liabilities & Provisions	10	25324334	21416439
Net Current Assets		-6240901	-3124269
MISC.EXPENDITURES			
(To the extent not written Off or adjusted)	11	40000	50000
Profit & Loss a/c(Loss)		73702135	80439714
TOTAL		104298412	112151923
III. Accounting policies & Notes to Accounts	20	-	-

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

(Partner)
A K Jalan

For and on behalf of Board

(Director) (Director)

Place : New Delhi.

Bhondsi, Date : 25.08.2010

LAUREL ORGANICS LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2010

	SCHE- DULE	FOR THE YEAR ENDED 31.03.2010 (Rs.)	FOR THE YEAR ENDED 31.03.2009 (Rs.)
[A] INCOME			
Sales & Job Work	12	76733746	84772854
Other Income	13	361292	323933
Total		77095038	85096787
[B] EXPENDITURE			
Raw Material Consumed/W.off	14	0	0
Employee's Remun. & Other Benefits	15	4363745	4005629
Manufacturing Expenses	16	53739999	59424671
Administrative & Selling Expenses	17	3631415	4108364
Finance Charges	18	4270866	5141139
Assests discarded/w-off		309694	860064
Gratuity on Acturial valuation		357319	245116
Depreciation for the year		3585696	3277849
Total		70258734	77062832
PROFIT/(LOSS) FOR THE PERIOD (A-B)		6836304	8033955
ADD/LESS:			
Prior Period Adjustments (Net of Incomes)	19	-204343	10848
Provision for Income Tax (Fringe Benefit)		0	126912
Deferred Tax Liability/(Asset)		303068	722049
NET PROFIT/(LOSS)		6737579	7174146
Add/Less: Loss b/f from Prev. years		80439714	87613860
Total Profit/(Loss) carried to Bal. Sheet		-73702135	-80439714
[C] Accounting Policies & Notes to accounts	20		

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

(Partner)
A.K. Jalan
Place : New Delhi.

For and on behalf of the Board

(Director) (Director)
Bhondsi, 25.08.2010

SCHEDULE-20: 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. 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.

(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 realisable 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.

(f) Excise Duty:

Excise Duty payable on finished goods is accounted for on clearance of goods from the factory premises. 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 recognised 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 recognised as per Job Invoices raised during the year, subject, however, to the minimum charges, if any, agreed under the revised agreement with RLL. Accordingly, 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.
- (ii) Actual reimbursements on account of permitted consumables, capital and revenue modification expenses and other time to time agreed expenses are also considered to be part of Job charges income for the year. However, expenses are debited to respective heads of expenses and charged to Profit & Loss Account accordingly.

(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 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) Provident fund contribution 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 realised. Gratuity liability was fully provided during the year in compliance of AS-15(revised) of the ICAI.

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 year. 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.

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	18,97,958.00	18,36,000.00
Other benefits	3,65,839.00	3,54,518.00
	-----	-----
Total	22,63,797.00	21,90,518.00
	-----	-----

3. Company had been advanced by M/s Ranbaxy Lab. Ltd. to the tune of Rs.395- lacs in earlier year to meet its obligation of OTS reached with the IDBI and UBI, repayable in 60 monthly installments with interest @13.5% p.a. 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 31.03.2010 is as follows:

(a) Deferred Tax Assets:		(Rs. Lacs)	
Timing difference arising on account of:	As on 01.04.09	Arising during year	Total
a. Unabsorbed business loss and unabsorbed depreciation	0	0	0
b. Disallowances u/s 43-B (see note below)	23.71	(2.73)	20.98
c. Bad debt provision added in I.Tax	12.58	0	12.58

Total	36.29	(2.73)	33.56
(b) Deferred Tax Liability:			
a. Timing difference arising on a/c of Depreciation on depreciable Assets .	(44.84)	(0.30)	(45.14)
b. Other Liability	0	0	0
Total	(44.84)	(0.30)	(45.14)
(c) Net deferred tax Asset/(liability)	(8.55)	(3.03)	(11.58)

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.20.98 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:

(a) Particulars of capacity and Production: (Qty. in MT)

Description	Licensed capacity		Installed capacity		Production	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
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 46.556 MTs (P.Y. 47.331 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	1758.660	N.A.	1157.600	N.A.
Production (net)	46556.590	N.A.	47331.590	N.A.
Despatched/used	46591.550	N.A.	46730.530	N.A.
Closing Stock	1723.700	N.A.	1758.660	N.A.

(c) Particulars of the Raw Materials Consumed :

Company has only 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.

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 (For job work)	136.15	100	100.52	100

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 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.
11. Deemed sales amounting to Rs.112.32 lacs has been booked on a/c of utilization of consumables & indirect Raw materials for carrying contract 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 manufacturing expense in Schedule 16.
12. Company has made partial payment of Rs.14.00 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. 60.16 lacs (including installation cost) during the year. Company has also discarded damaged and/or non working assets having gross value Rs.6.31 lacs. However, one non-working cooling towers and 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. The net impact after adjustment of depreciation fund has been charged to revenue of the year.
14. Travelling and conveyance expenses include Rs.3.53 lacs (Previous Year Rs.3.79 lacs) spent by directors for business purposes.
15. Annual General Meeting expense has been debited to respective heads of accounts.
16. Company has provided for bonus @8.33% to all employees of the Company. Accordingly an amount of Rs.4.97 lacs has been provided during the year in revenue account.
17. 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.
18. 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.

19. Repairs, maintenance and modification expenses 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.
20. 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.
21. Company has taken group personal insurance cover for the employees and covers for fire etc. for building, plant & machinery of the company. Therefore, adequacy of insurance cover is justified by the management.
22. 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.
23. 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.

- NIL -

24. Related Party disclosure:

Particulars	2009-10 (Rs. lacs)	2008-09 (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)	(10.55)
Interest paid	Nil	Nil
Dividends – received	Nil	Nil
Services – given	Nil	Nil
Others – provided/ (availed)	(8.47)	(0.88)
	-----	-----
Closing Balance	(9.05)	(11.43)
	-----	-----

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 - 20 of the Balance Sheet.

25. Information regarding primary segment reporting as per AS-17 for the year ended 31/03/2010:
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 20 form an integral part of the statement of account of the company comprising Balance Sheet as on 31st March'2010 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

(A.K. Jalan, FCA),Partner
M.No.052776
Place : New Delhi.

For and on behalf of the Board

(Director)

(Director)

Bhondsi, Date: 25.08.2010

Laurel Organics Limited
Regd. Office: Vill. Bhondsi, Tehsil Sohna
Distt. Gurgaon (Haryana) - 122001

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of Laurel Organics Limited will be held on Monday, the 27th September, 2010 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, 2010, 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 reappointment.
3. To appoint a Director in place of Mrs. 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 ordinary resolution:

“RESOLVED THAT 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), the approval of the members be and is hereby accorded to the reappointment of Mr. Abhishek Sahay Varma as Whole Time Director of the Company with effect from November 9th, 2009 for a period of 5 years in the following terms & conditions as contained in the agreement dated 30.11.2009 entered into by the Company with Mr. Abhishek Sahay Varma:

1. Remuneration : Rs.78,000/- per month (including Basic Rs.45,000- Rs.5,000- Rs.60,000 and executive allowance Rs.13,000- & house rent allowance), with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary does not exceed within the limit prescribed in Schedule XIII of the Companies Act, 1956 during the tenure.
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. 15,000/- per annum ;
- (c) Benefits under the Provident Fund Scheme, the Company's Pension/ Superannuation 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.5000/- per month;
- (e) Club fees at actual, subject to one clubs;
- (f) Provision for use of the Company's car including Driver's salary for official duties at actual;
- (g) Reimbursement of telephone and/or cellular phone at residence (including payment for local calls and long distance official calls) subject to the limit of Rs. 5,000/- per month.
- (h) Any other perquisites and allowances in accordance with rules of the Company.

RESOLVED FURTHER THAT Mrs. Vandana Varma, Director & Mr. Kumar Sahay Varma, Director of the Company be and are hereby authorised 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 ordinary resolution:

“RESOLVED THAT 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), the approval of the members be and is hereby accorded to the reappointment of Mrs. Vandana Varma as Whole Time Director of the Company with effect from December 15, 2010 for a period of 5 years in the following terms & conditions as contained in the agreement dated 25.08.2010 entered into by the Company with Mrs. Vandana Varma:

1. Remuneration : Rs.70,000/- per month (including Basic Rs.45,000- Rs.5,000- Rs.60,000- and executive allowance Rs.25,000-), with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary does not exceed within the limit prescribed in Schedule XIII of the Companies Act, 1956 during the tenure.
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. 15,000/- per annum ;
 - (c) Benefits under the Provident Fund Scheme, the Company's Pension/ Superannuation 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.5000/- per month;
 - (e) Club fees at actual, subject to one clubs;
 - (f) Provision for use of the Company's car for official duties at actual;
 - (g) Reimbursement of telephone and/or cellular phone at residence (including payment for local calls and long distance official calls) subject to the limit of Rs. 5,000/- per month.

- (h) Any other perquisites and allowances in accordance with rules of the Company or as agreed by the Board of Directors .

RESOLVED FURTHER THAT Mr. Abhishek Sahay Varma, Director & Mr. Kumar Sahay Varma, Director of the Company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution.”

Place: Bhondsi,

Date: 25.08.10

Registered Office:

Vill. Bhondsi, Tehsil Sohna

Distt. Gurgaon (Haryana)

By order of the Board

(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 Shareholders are requested to bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
5. The Register of Members & Share transfer books of the company will remain closed from 22nd September'10 to 27th September'10 (both days inclusive).

EXPLANATORY STATEMENT:

1. In respect of Item No. 6 :

Mr. Abhishek Sahay Varma was appointed by the members as Whole Time Director w.e.f 08.11.2004 for a period of five years.

Due to the constant efforts put by Mr. Varma, there has been positive change for the Company on several parameters starting with repayment of dues of secured creditors, satisfaction of charge created on assets of the company, buyback of shares held by HSIDC by existing promoters and moderate improvement in financial performance.

Mr. Varma has been associated with your Company for over a period of 12 years and was heading the operational function in the last few years. Considering his expertise in the field of operation, finance and other related functions, the Board felt that he may be

reappointed into the Board of Laurel as a Whole Time Director to look after the overall day-to-day operations of the company. He also pursuing a well strategize plan to strengthen and develop the business. Several initiatives aligned to the objectives are currently underway. The Company should avail the service of Mr. Varma as an able and experienced Whole Time Director.

Under the guidance of Mr. Varma, we are confident that Laurel will achieve excellence in providing future strategy & stability, operational execution, transparency and reliability.

It is therefore proposed to appoint Mr Abhishek Sahay Varma as Whole Time Director for a further period of Five years from 9th November, 2009 on the terms and the remunerations within the limit prescribed in schedule XIII to the Companies Act 1956 as recommended by the Board of Directors.

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 ordinary resolution for your approval.

2. In respect of Item No. 7 :

Mrs. Vandana Varma was appointed by the members as Whole Time Director w.e.f 15.12.2005 and her terms of appointment expires on 14.12.2010. The Board of Directors of the Company has reappointed Mrs Vandana Varma as Whole Time Director of the Company w.e.f 15th December, 2010 for a period of five years subject to approval of members.

Mrs Vandana Varma is head this position since last 10 years and the Company has made significant progress in all spheres of Business and has come out as force to reckon in pharmaceutical industry in its own way. Thus the company has recorded the tremendous all round progress under the leadership of Mrs. Vandana Varma. The Company should avail the service of Mrs Vandana Varma an able and experienced Whole Time Director.

It is therefore proposed to reappoint Mrs Vandana Varma as Whole Time Director for a further period of Five years from 15th December, 2010 on the terms and the remunerations within the limit prescribed in schedule XIII to the Companies Act 1956 as recommended by the Board of Directors.

None of the directors of the Company is interested in this resolution except Mr. K.S Varma and Mr. Abhishek Sahay Varma. The Board recommends this ordinary resolution for your approval.

LAUREL ORGANICS LTD.

Directors' Report

To,
The Members,

Your Directors have pleasure in presenting the Seventeenth 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, 2010.

FINANCIAL RESULTS

	2009-10	2008-09
	(Rs. in lacs)	(Rs. in lacs)
Net sales/income from operation	767.34	847.73
Other Income	3.61	3.24
	-----	-----
Total Income	770.95	850.97
	-----	-----
Total expenditure	624.02	686.44
Depreciation	35.86	32.78
Finance Charges	42.71	51.41
	-----	-----
	702.59	770.63
	-----	-----
Profit / (Loss) for the year	68.36	80.34
Add:		
Prior Period adjustments	2.04	(0.11)
Provision for Income Tax (FBT)	(0.00)	(1.27)
Deferred Tax	(3.03)	(7.22)
	-----	-----
Balance carried to Balance Sheet	67.37	71.74
	-----	-----

OPERATIONAL PERFORMANCE:

During the year under review, your company has been able to maintain its mixed performance in its turnover and its profitability despite a difficult economic situation. While in the first half year the company's performance improved substantially, the second half was not encouraging due to lower volume of Job work from M/s RLL. Your company had to put a lot of efforts and resources in augmenting the existing facility and achieving the requirements of contract manufacturing services.

Continuing the positive trend, your Company is trying to improve its performance. The operational income achieved during the financial year ended 31st March 2010, was Rs. 770.95 Lakhs as against Rs.850.97 lakhs in the previous year showing a downward trend as compared to previous year. However, due to efficiency improvement and cost control measures taken across the organization and tighter working capital management our operational cost reduced resulting into profit before tax of Rs.70.40 lacs.

CONTRACT MANUFACTURING:

The Company is carrying out contract manufacturing activity for M/s Ranbaxy Laboratories Ltd, a reputed pharmaceutical companies for the last 8 years, taking advantage of this growing segment. The company is exploring all possibilities to expand further and intends to enter into such agreement with other companies within country and based outside India also. The experience of affectively manufacturing and supplying about 35 different products to M/S RLL during the years, the company is very confident that it would be able to handle the offshore business opportunities very well.

CORPORATE REVIEW

Increasing costs of R&D, coupled with low productivity and poor bottom lines, have forced major pharmaceutical companies worldwide to outsource part of their research and manufacturing activities to low-cost countries, thereby saving costs and time in the process. The global pharmaceutical outsourcing market was worth USD57.2 billion in 2007. It is expected to grow at a CAGR of 10% to reach USD76 billion by 2010. Global market for Contract Research and Manufacturing Services (CRAMS) in 2007 estimated to be USD55.48 billion. Out of the total global CRAMS market, contract research was USD16.58 billion, growing at a CAGR of 13.8% and contract manufacturing was USD38.89 billion accounting for the major share (approximately 68%) of the total global pharmaceutical outsourcing market in India, with more than 80 US FDA-approved manufacturing facilities, is one of the most preferred locations for outsourcing manufacturing services in India by the multinationals and global pharmaceutical companies. The Indian pharmaceutical outsourcing market was valued at USD1.27 bn. in 2007 and is expected to reach USD3.33 billion by 2010, growing at a CAGR of 37.6%. The Indian CRAMS market stood At USD 1.21 billion in 2007 and is estimated to reach USD 3.16 billion by 2010.

We are pursuing a well strategize plan to strengthen and develop our business. Several initiatives aligned to our objectives are currently underway. We will continue to evaluate all opportunities with a view to add strategic, synergistic and value-accretive assets to our organization.

CAPITAL EXPENDITURE :

During the year under review, the company has incurred capital expenditure of Rs.60.16 lakhs towards maintenance and up-gradation of existing facilities so that the criticality of the processes of high end, life saving bulk drug intermediates could be met.

DUES OF UNSECURED CREDITORS:

The Company owes an advance of Rs 255.58 lacs to M/s Ranbaxy Lab. Limited at the end of the financial year ended 31st March, 2010. The company is regular in repayment of advance with interest @ 13.5% p.a.

DIVIDEND

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

NETWORTH

Your Directors are pleased to inform you that your company has achieved positive net worth during this year after adjustment of huge brought forwarded accumulated losses due to sizeable increase in operational income.

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.

Mr. Abhishek Sahay Varma, Whole Time Director whose tenure of appointment has expired on 07.11.2009, is being reappointed as Whole Time Director of your company and will be continuing his services for next 5 yrs.

Mrs. Vandana Varma, Whole Time Director whose tenure of appointment will be expired on 14.12.2010, is being reappointed as Whole Time Director of your company and will be continuing his services for next 5 yrs.

Taking into consideration amended clause 49, company is taking steps for compliance of the requirement of Corporate Governance, which will be mandatory in case of your company.

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.

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 were 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 Company's plants is maintained regularly 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 :

In terms of Rehabilitation Scheme being sanctioned by the Hon'ble BIFR and subsequent one time settlement reached with IDBI, the company had issued 8,85,000 equity shares of Rs 10/- each at par to IDBI on preferential basis.

During the process of listing of these shares with BSE, sanction of Hon'ble BIFR was required for this purpose. Despite requested by the company to IDBI to take sanction from the Hon'ble BIFR for seeking allotment of 8,85,000 equity shares of the company under OTS. However IDBI failed at that time in taking appropriate modification order to the Sanctioned rehabilitation scheme from the Hon'ble BIFR.

Therefore Company has made an application to Honble BIFR to sanction the allotment of Rs 8,85,000 equity shares of Rs 10/- each fully paid up at par. Hence regularization of listing of equity shares of the company is also pending.

Directors' Responsibility Statement

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

- (i) In the preparation of annual accounts the applicable accounting standards have been followed along-with proper explanations, wherever necessary relating to the material departures.
- (ii) Your directors have selected prudent accounting policies.
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The directors have prepared the annual accounts on a going concern basis.

Statutory Particulars

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

Auditors & their Report

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

Industrial relations

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

Acknowledgements

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

For and on behalf of the Board

Place: Bhondsi.
Date: 25.08.2010

(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, 2010:

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 2009-10	Previous year 2008-09		
1. Electricity:				
(a) Purchased:				
Unit KWH'000	1040.767		1386.463	
Total amount (Rs in lacs)	49.31		62.31	
Rate per unit (Rs.)	4.74	4.49		
(b) Own generation:				
Through steam turbine/generator				
Units KWH'000	584.998		682.493	
Unit per ltr of diesel/oil	3.63		3.64	
Cost per unit (Rs.)	9.26		9.22	
2. Furnace Oil/LDO/H S D used in Boiler/Thermopac :				
	F.O.	H S D	F. O.	H S D
Quantity (K.ltrs)	247.970	25.407	252.205	98.074
Total cost (Rs in lacs)	71.09	8.00	71.50	34.56
Average rate (Rs.)	28.67	31.48	28.35	35.24
3. Consumption per unit of Production:				
Production (in MT)	46.557		47.331	
Electricity per MT KWH'000	34.92		43.71	
Furnace oil/HSD per MT (K.ltrs)	5.87		7.40	

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.1.63 lacs)
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 2009-10:

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, 8 Board meetings were held during the year 2009-10. The dates on which the Board meetings held are as follows: 30th April, 2009, 22nd May, 2009, 31st July, 2009, 20th August, 2009, 25th August, 2009, 31st October, 2009, 31st January, 2010 and 30th March, 2010.

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

Name of Directors	Category of Director	No of BOD meetings attended	Attedence at last AGM	No of Director-ship in other companies	No. of other Committee Memberships
Mr. K S Varma	Excutive	8	Yes	1	Nil
Mrs Vandana Varma	-do-	7	Yes	1	Nil
Mr Abhishek S Varma	-do-	8	Yes	1	Nil
Mr Sandeep Gupta	Non Executive/ Independent	2	Yes	Nil	Nil
Mr. Prabhat C Jha.	Non Executive/ Independent	1	No.	Nil	Nil
Mr Binod Roy	Non Executive/ Independent	6	Yes	Nil	Nil
Mrs. Shakuntala Prasad	Non Executive/ Independent	4	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. Sandeep Gupta (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 4 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, Mr. Pravat C. Jha. 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 2009–10 are given below:

Name of Executive Directors	Salary (Rs.)	Perquisites and allowances (Rs.)	Total (Rs.)
1. Mr. K S Varma	661958	286695	948653
2. Mrs Vandana Varma	420000	44784	464784
3. Mr Abhishek S Varma	816000	34360	850360

SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted a shareholders/ investors grievance committee comprising of Mr. Sandeep Gupta (Chairman) , Mrs. Sakuntala Prasad & Mr. Binod Roy, 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, 5 meetings of shareholders committee were held on 30th April, 2009, 31st July, 2009, 31st October, 2009, 31st January, 2010 and 30th March, 2010.

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
2006-2007	Village-Bhondsi, Tehsil-Sohna, Gurgaon	13.09.2007	12.30 P.M
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

During the year ended 31st March'2010 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 fully dependant on job work, hence no transactions in conflict with the interest of the company are made.

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
- ii) Hari bhumi
- iii) Financial Express
- iv) Jansata

GENERAL SHAREHOLDER INFORMATION

17th ANNUAL GENERAL MEETING

Date & Time : Monday, 27th September, 2010 at 12.30 PM.
Venue : Village Bhondsi, Tehsil Sohna, Distt.Gurgaon, Haryana.

BOOK CLOSURE DATE

22nd September'10 to 27th September'10.

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.

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 with hold.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010.

Nominal Value	No. of Holder	%to Total	No. of Share.	% to Total
UP TO 5,000	11741	94.31	1473400	19.95
5,000 TO 10,000	280	2.25	237600	3.21
10000 TO 20000	111	0.89	176500	2.39
20000 TO 30000	188	1.51	485100	6.56
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	5	0.04	38100	0.51
80000 TO 90000	2	0.02	16800	0.23
90000 TO 100000	15	0.12	148500	2.06
ABOVE 1,00,000	30	0.24	4442300	60.15
TOTAL	12459	100	7385000	100.00

DEMATERIALISATION OF SHARES

The Company's application has been rejected several times by NSDL due to negative net worth and certificate of continuous listing. During the year under review your company has been able to achieve close to positive net worth based on the financial result of 31st March, 2010. 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.

PLANT LOCATION

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

ADDRESS FOR CORRESPONDENCE

Investors correspondence: Village - Bhondsi, Tehsil- Sohna
Distt. Gurgaon, Haryana. 122 102.
Tel 0124 2267340/2267351.
laurelorganics@sify.com.

Any quarry on Annual report : Village -Bhondsi, Tehsil - Sohna
Distt.Gurgaon, Haryana.
Tel 0124 2267340/2267351.
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.

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

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 transmitted 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.

The company is exploring all possibilities to expand further and intends to enter into such agreement with other companies within country and based outside India also.

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 volume of job order received from M/s RLL.

As a part of its overall risk management strategy, the company has entered into contract with Ranbaxy Laboratories Ltd ensuring minimum job work order for 5 years with effect from January'2003 and further renewed for a period of 5 year's.

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.

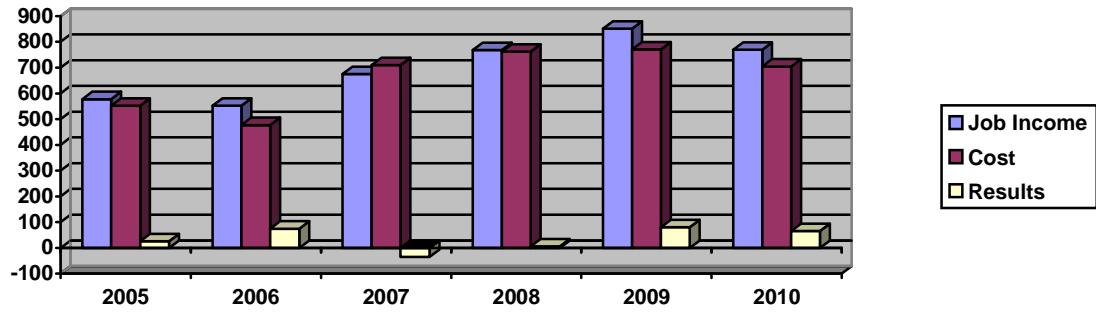
The company is also following written procedures in all its departments with special emphasis in manufacturing and Quality Assurance activities.

Financial Risk :

The Company has Rs.46.16 Lacs dues to the Sales Tax Department and Rs.285.16 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 2009-10 is Rs. 767.33 lacs in comparison to the year 2008-09 which was Rs.847.73 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 2009-10 compared to the previous year.

Place: Bhondsi.
Date: 25.08.2010

For and on behalf of the Board

(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'2010, 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, 2010, 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 : 25.08.2010

(A K Jalan)
Partner
M.No.52776