

COLINZ LABORATORIES LIMITED

Colinz

22 nd

A N N U A L

R E P O R T

2007-2008

BOARD OF DIRECTORS

DR. L. S. MANI	<i>Chairman & Managing Director</i>
SHRI. N. K. MENON	<i>Whole-Time Director</i>
SHRI. VASANT K. BHAT	Director
SHRI. MICHAEL D'SOUZA	Director

AUDITORS.....

S. V. BHAT & CO.
Chartered Accountants

BANKERS

BANK OF BARODA

REGISTERED OFFICE.....

A-101, PRATIK IND. ESTATE,
MULUND-GOREGAON LINK ROAD
NEXT TO WOCKHARDT HOSPITAL
MUMBAI - 400 078.

WORKS.....

PLOT NO. 60, 'STICE', MUSALGAON
SINNAR-SHIRDI ROAD, SINNAR
NASIK - 422 103.

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COLINZ LABORATORIES LIMITED

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at the Registered Office of the Company, i.e. A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Mumbai - 400 078, on Friday, 26th September, 2008, at 12.30 P. M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008, the Profit and Loss Account for the year ended on that date, together with Director's Report and also the Auditor's Report thereon.
2. To appoint a Director in place of Mr. Michael D'Souza, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

For Colinz Laboratories Limited.

Regd. Office:

A-101, Pratik Ind. Estate
Mulund-Goregaon Link Road
Mumbai - 400 078.

DR. L. S. MANI
Chairman & Managing Director

Date : 12-06-2008.

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. AN INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from, 19th September, 2008 to 26th September, 2008. (both days inclusive)
- (c) Members are requested to notify immediately any change in their address to the Registrar and Transfer Agent of the Company, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400072.
- (d) Members intending to require any information about accounts to be explained in the meeting are requested to inform the Company in writing at least Ten days in advance of the date of Annual General Meeting.

DIRECTORS' REPORT 2007-2008

To

The Shareholders,

Your Directors have the pleasure in presenting their 22nd Annual Report and audited Accounts of your Company, for the year ended 31st March, 2008.

FINANCIAL RESULTS :

	2007-2008	2006-2007
	(Rs. in Lacs)	(Rs. in Lacs)
Profit before Interest and Depreciation	54.70	42.68
<u>Less:</u> Bank Charges and Interest	28.53	18.82
Depreciation	23.95	16.64
Profit before Taxation	2.22	7.22
<u>Less/(Add):</u> Provision for Current Tax	0.23	0.59
Provision for Deferred Tax	(5.85)	2.16
Fringe Benefit Tax	1.25	1.22
Profit after Taxation	6.59	3.25

OPERATIONS :

During the year under review, the turnover of the Company was Rs.561.00 lacs compared to 623.61 lacs for the Financial Year 2006-07. However, there was no fall in the domestic sales. Top line was affected due to absence of export sales (Previous Year Rs.59.01 lacs) as the rates in dollar terms on which export orders were taken in the previous year due to appreciation of the rupee in most parts of the year. In spite of this the profit before interest and depreciation grew by 28% (Rs. 54.70 lacs in 2007-08 compared to Rs.42.68 lacs of Previous year). However, increase was not reflected in the bottom line in view of the higher provision for depreciation on account of the assets addition due to complete implementation of the revised schedule M, as per the directives of Government of India. Interest rate also hardened, reflecting in increased interest burden of almost Rs.10 Lacs.

DIVIDEND :

Your Directors are unable to recommend any dividend during the year under review, considering the small surplus available and with a view to conserve funds towards margin monies.

LISTING OF SHARES :

The shares of your Company are listed in Stock Exchange, Mumbai. Annual Listing Fees for the year 2008-09 has been paid on time.

PUBLIC DEPOSITS :

The Company has not invited / received any fixed deposits during the year.

DIRECTORS :

At the forthcoming Annual General Meeting Shri. Michael D'Souza retires by rotation and is eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of provisions of Section 217[2AA] of the Companies Act, 1956, your Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed, along-with proper explanation relating to material departures, wherever applicable.
- II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the accounting year and of the profit of the company for that year;
- 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 the 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.

PERSONNEL:

During the year under review, relations between the Employees and the Management remained cordial.

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies

COLINZ LABORATORIES LIMITED

(Particulars of Employees) Rules, 1975 as amended from time to time are not applicable to your Company as there were no employees whose remuneration is in excess of limits prescribed.

CONSERVATION OF ENERGY :

Except for the consumption of Power (Electricity) the Company does not consume any other source of energy. Pharmaceutical company is not power intensive. Since it also involves multiple products, disclosure of consumption of power per unit of product is not meaningful.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

No imported technology is adapted by the Company. Continuous developmental efforts are made by our qualified and approved staff to formulate new products and innovation of existing products. Such efforts have benefited in improving the stability of our products and simplification of manufacturing procedures.

FOREIGN EXCHANGE:

During the year under review, Foreign exchange earned Rs.Nil, (Previous Year – Rs.59,00,909/-). Foreign exchange outgo was Rs. Nil, (Previous Year - Rs. 29,550/-).

RESEARCH AND DEVELOPMENT :

Your Company has not incurred any expenditure on research and development other than the routine developmental work.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the following form part of this Annual Report:

- i) Management Discussion and Analysis.
- ii) Report on Corporate Governance.
- iii) Auditor's Certificate regarding compliance of conditions of Corporate Governance.

OTHER MATTERS:

Your Company is not a polluting industry and the requirements of Pollution Control Board, if any, are met with.

AUDITORS:

M/s. S. V. Bhat & Co., Chartered Accountants, retire as auditors of the Company at the conclusion of the 22nd Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT:

Your Directors would like to acknowledge the co-operation they received during the year under review from Bankers, Distributors as well as from various Government Departments and also the investing public. We would also like to place on record our profound admiration and sincere appreciation of the hard work put in by the members of the staff and workmen. We are grateful to you, for the confidence and faith you have reposed in us.

For and on behalf of the Board.

Dr. L. S. Mani
Chairman & Managing Director

Mumbai, 12th June, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

This Report includes Management Discussion and Analysis as appropriate, so that duplication and overlap between Directors Report and Management Discussion and Analysis is avoided. The entire material is thus provided in a composite and comprehensive document.

A) THE PHARMACEUTICAL BUSINESS:

Colinz Laboratories Ltd. is engaged in the manufacturing and marketing of pharmaceutical formulations particularly in gynaecological sector. Though a number of mergers and amalgamations are taking place these days, the Indian pharmaceutical market is highly competitive and also still fragmented with over 20,000 players comprising of foreign multinationals, Indian multinationals, mid-size and small scale companies. Your Company falls under the SME sector. However, Colinz has established reputation as a quality supplier of medicines in the domestic market, wherever the company has operation.

B) OPPORTUNITIES, THREATS AND CONCERNS:

The Company's products are enjoying a good Brand image, particularly among gynaecologists. The Company has a potential to grow in future considering the fact that it is yet to open up its marketing operations in many states of the country, However, paucity of working capital, the company is unable to expand its marketing activities, to unrepresented areas.

The Revised Schedule 'M' (which was made mandatory with effect from 01.07.05) posed a major threat to the Company's survival. However, the company has managed the capital expenditure and making your company a Schedule 'M' compliant unit. This should open up opportunities to your company, in future.

Your company, no doubt in focusing on those off patented products, and these products will have extended shelf life in the market, due to lesser discoveries of new molecules, considering the investment to be made and time and expenditure involved in developing such new molecules.

C) OUT LOOK:

Barring unforeseen deterrents and the issues outlined above, the Company does not foresee any major threats in its survival and moderate growth. However, the margins are likely to be under heavy pressure due to increase in the interest burden in view of the rate hike by banks.

D) FINANCIAL PERFORMANCE:

As stated aforesaid, there was financial strains on account of capital expenditure on Revised Schedule 'M' implementation. However, in spite of all these constraints the Financial performance during the year under Review has been satisfactory, in view of your Company's Management's prudent and timely decisions and actions.

E) INTERNAL CONTROLS:

The Company has proper and adequate internal control system, in respect of efficiency of operations, financial reporting and compliance with applicable laws and regulations etc. There are adequate controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and that all transactions are authorized, recorded and reported correctly.

F) HUMAN RESOURCES:

Human resources are highly valued asset for any industry particularly in pharmaceutical selling. Therefore the Company seeks to attract and retain technical and marketing staff. The Company also recognizes the importance of human assets and ensures that proper encouragement is extended to the employees to motivate them. The total number of employees as on 31-03-2008 was 125. The Company enjoyed excellent relationship with its employees during the year under review.

G) CAUTIONARY STATEMENT:

The above Management Discussion and Analysis section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of the future performance and outlook.

COLINZ LABORATORIES LIMITED

CORPORATE GOVERNANCE:

1) PHILOSOPHY:

Colinz Laboratories Ltd., has always strived to attain highest levels of transparency and accountability in all its operation and in its interactions with Shareholders, Government depts. creditors etc. Hence the Company has taken all appropriate steps to comply with the provisions of the prescribed Corporate Governance Code within the stipulated time.

2) BOARD OF DIRECTORS:

(a) Composition, Category of Directors and their other directorships as on 31-03-2008:

Name of the Director	Category of Directorship	No. of Directorships in the public companies
Dr. L. S. Mani	Chairman & Managing Director (Executive, Promoter)	None
Shri. N. K. Menon	Whole-Time Director(Executive)	None
Shri. Vasant K. Bhat	Non-Executive, Independent	None
Shri. Michael D'Souza	Non-Executive, Independent	None

(b) Number of Board Meetings: During the year ended 31-03-2008, 6 Board Meetings were held on 20-06-2007, 29-06-2007, 31-07-2007, 31-10-2007, 31-01-2008, 31-03-2008.

(c) Directors' attendance record:

Name of the Director	Board Meetings attended during the year.	Whether attended last AGM
Dr. L. S. Mani	6	Yes
Shri. N. K. Menon	6	Yes
Shri. Vasant K. Bhat	6	Yes
Shri. Michael D'Souza	6	Yes

3) COMMITTEES OF THE BOARD :

(a) Audit Committee

i) Terms of Reference :

Apart from all the matters provided in clause 49 of the listing agreement and Sec. 292-A of the Companies Act, 1956 the Audit Committee holds discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors. It also reviews major accounting policies followed by the Company.

ii) Composition.

The Composition of the Audit Committee is as follows :

Name	Designation	Category of Directorship	Committee Meetings Attended
Shri. Vasant K. Bhat	Chairman	Non-Executive, Independent	6
Shri. Michael D'Souza	Member	Non-Executive, Independent	6
Dr. L. S. Mani	Member	Executive, Promoter	6

(b) Remuneration Committee and Policy :

The non-mandatory requirement of setting up of a remuneration committee for remuneration of executive directors has not been adopted considering the nature and the size of the Company. The Board of Directors determines the remuneration payable to the Executive Directors taking into account their qualifications, experience, expertise and contribution.

The details of the remuneration paid to the Executive Directors for the year ended 31-03-2008 are as follows.

Name	Salary
Dr. L. S. Mani	Rs. 6,05,500/-
Shri. N. K. Menon	Rs. 5,15,500/-

The Company pays sitting fees of Rs. 5,000/- per meeting to Non-Executive Directors.

(c) Investors Grievance Committee :

The Board has constituted an Investors Grievance Committee which looks into shareholders and investors grievances.

Following are the members of the Committee :

Name	Designation	Category of Directorship
Shri. Michael D'Souza	Chairman	Non-Executive, Independent
Dr. L. S. Mani	Member	Executive, Promoter

Compliance Officer : Shri. Vasant K. Bhat.

Number of complaints received from the shareholders during the year – 1 No.

Number of complaints redressed during the year – 1 No.

Number of complaints unsolved as on 31.03.2008 - Nil

4. SHAREHOLDERS :

(a) Means of Communication :

The quarterly, half yearly and annual audited financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board. The results are published in accordance with the guidelines of the Stock Exchange.

(b) Share Transfers :

As per SEBI circular D & CC/FITTC/CIR-15/2002 dated 27-12-2002 the Company should have a common agency for share registry work. Accordingly, the Company has appointed M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400072, as Common Agency for share registry work.

(c) General Body Meetings :

Details of the last 3 Annual General Meetings are as under.

Financial Year	Date	Time	Venue
2006-07	28-09-2007	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.
2005-06	29-09-2006	12.30 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.
2004-05	29-09-2005	1.00 PM	A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Bhandup (W), Mumbai – 400 078.

(d) Postal Ballot :

For the year ended 31-03-2008, there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

(e) Details of Directors seeking appointment / re-appointment in 22nd Annual General Meeting :

(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Michael D'souza
Date of Birth	25.05.1956
Qualifications	B. Com. LLB
Date of Appointment	19-03-2003
Expertise in specific functional areas	Advocate – High Court
List of other companies in which Directorship held	None
Chairman/Member of the committees of the Board of Directors of other companies in which he/she is a Director.	None

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Additional Shareholders information:

- (a) Annual General Meeting
Date : 26th September, 2008.
Time : 12.30 P. M.
Venue : A-101, Pratik Estate, Mulund-Goregaon Link Road, Mumbai – 400 078.
- (b) Financial Calender
Financial Year : 1st April to 31st March.
For the financial year 2008-09, the tentative dates for declaration of un-audited / audited results will be as follows;

Quarter ending 30-06-2008	End of July 2008.
Quarter ending 30-09-2008	End of October 2008.
Quarter ending 31-12-2008	End of January 2009.
Quarter ending 31-03-2009 & Audited results for the year 2008-09	End of June 2009.
- (c) Book closure :
The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 19th September, 2008 to Friday, 26th September, 2008 (both days inclusive)
- (d) Listing in stock exchanges and stock codes :
The shares of the Company are listed in The Stock Exchange, Mumbai.
Code of the Company is 531210
The ISIN number allotted to the Company for demat of shares are as under

NSDL	INE923C01011
CDSL	INE923C01011
- (e) Stock Data:
High/Low of Market Price of Company's Equity shares traded in the Stock Exchange Mumbai during the financial year ended on 31-03-2008 was as follows:

Month	High	Low	Month	High	Low
April 2007	5.89	4.80	October 2007	7.31	5.14
May 2007	6.45	5.00	November 2007	7.11	4.88
June 2007	7.97	4.82	December 2007	12.63	7.46
July 2007	7.76	5.01	January 2008	15.15	11.56
August 2007	7.13	5.68	February 2008	12.00	9.51
September 2007	7.03	5.34	March 2008	9.87	9.87

(f) Distribution of Shareholding as on 31-03-2008.

Range (In Rs.)	Total Holders	% of Total Holders	Total Holding in Rs.	% of Total Capital
1 - 5000	1846	94.81	1223101	26.76
5001 - 10000	27	1.39	186169	4.07
10001 - 20000	21	1.08	315030	6.89
20001 - 30000	6	0.30	166600	3.64
30001 - 40000	37	1.90	1457300	31.88
40001 - 50000	2	0.10	100000	2.19
50001 - 100000	5	0.25	389400	8.52
100001 & above	3	0.15	733400	16.04
Total	1947	100.00	45710000	100.00

- (g) Shares held in physical and dematerialised form :
As on 31-03-2008, 11.61% of the shares were held in dematerialised form and the rest in physical form.
- (h) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not applicable.

(i) Plant Location :

Plot No. 60, STICE, Sinnar-Shirdi Road, Musalgaon, Sinnar, Dist. Nasik – 422 103.

(j) Share Transfer System :

The Company has appointed M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072, as Registrar & Transfer Agents.

Tel : 022-28470652 /53

Fax : 022-28475207

Email : bigshare@bom7.vsnl.net.in

(k) Disclosures :

The Company has not entered into any transaction of material nature with the promoters, the Directors, their relatives etc. that may have any potential conflict with the interests of the Company.

The Company has complied with requirements of the stock exchange, SEBI and other statutory authorities on all matters related to capital markets during the last three years. There were no penalties imposed nor any strictures imposed on the Company by the Stock Exchange, SEBI or any other statutory authority relating to the above.

CEO's Certification

The Board of Colinz Laboratories Ltd. has laid down a code of conduct for all the Board Members and the Senior Management. All the Board Members and the Senior Management personnel have affirmed compliance of the code.

Place: Mumbai.

Date: 12-06-2008

Dr. L. S. Mani

Chairman & Managing Director

CERTIFICATE

To the Members of
COLINZ LABORATORIES LTD.

We have examined the compliance of the conditions of Corporate Governance by Colinz Laboratories Ltd., for the year ended on 31-03-2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the 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, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 S. V. Bhat & Co.
Chartered Accountants

S. V. Bhat
Proprietor
M. No. 37237

Mumbai, dated 12th June, 2008.

COLINZ LABORATORIES LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF M/S. COLINZ LABORATORIES LIMITED.

We have audited the attached Balance Sheet of M/s. Colinz Laboratories Limited as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company 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.

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 misstatements. 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.

- 1] As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 of the said Order.
- 2] Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
 - a] We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - b] In our opinion, proper Books of Accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c] The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the Books of Accounts.
 - d] In our opinion and to the best of our information, Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, referred to in Section 211 (3C) of the Companies Act, 1956.
 - e] On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2008 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f] In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. V. BHAT & CO.
Chartered Accountants

Date : 12th June, 2008
Place : Mumbai.

S. V. BHAT
Proprietor
M. No. 37237

ANNEXURE

Re: COLINZ LABORATORIES LIMITED. (Referred to in paragraph 1 of our Report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified during the year by the management. According to the information and explanations given to us, no material discrepancies were noticed on verification.
(c) There was no disposal of any fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
(c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore the provision of sub clause (b), (c), (d), (e), (f), and (g) of sub - para (iii) of para 4 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) The Particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register maintained under that section.
(b) The transaction made in pursuance of contracts or arrangements referred to in section 301 of the Act are, in our opinion, at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956.
9. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, provisions of Employees State Insurance Act is not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31-03-2008 for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

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14. In respect of shares, securities or other investments dealt in or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from Bank or Financial Institutions.
16. On the basis of the records examined by us and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 and therefore the question of the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
19. The Company has not issued debentures and therefore the question of creation of security in respect of debentures does not arise.
20. The Company has not raised monies by public issues during the year and therefore the question of disclosure and verification of end use of such monies does not arise.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. V. BHAT & CO.
Chartered Accountants

Date : 12th June, 2008
Place : Mumbai.

S. V. BHAT
Proprietor
M. No. 37237

BALANCE SHEET AS AT 31ST MARCH 2008

	Schedule	Rupees	As at 31-03-2008 Rupees	As at 31-03-2007 Rupees
I. SOURCES OF FUNDS				
SHARE HOLDERS FUND:				
SHARE CAPITAL	1	3,54,35,000		3,54,35,000
RESERVES AND SURPLUS	2	2,15,71,019		2,09,12,165
			5,70,06,019	5,63,47,165
LOAN FUND:				
SECURED LOANS	3	1,72,75,192		1,79,02,804
UN SECURED LOANS	4	1,54,68,071		1,43,14,837
			3,27,43,263	3,22,17,641
DEFERRED TAX LIABILITY:			35,15,720	41,00,628
TOTAL :			9,32,65,002	9,26,65,434
II. APPLICATION OF FUNDS				
FIXED ASSETS:				
GROSS BLOCK	5	6,59,86,350		6,30,80,974
LESS : DEPRECIATION		1,42,87,430		1,18,92,250
NET BLOCK			5,16,98,920	5,11,88,724
INVESTMENTS	6		31,42,828	24,22,314
CURRENT ASSETS, LOANS & ADVANCES:				
INVENTORIES	7	1,97,28,839		1,76,02,443
SUNDRY DEBTORS	8	92,91,578		1,00,00,995
CASH & BANK BALANCES	9	21,29,020		43,68,280
OTHER CURRENT ASSETS	10	7,19,150		12,59,450
LOANS & ADVANCES	11	1,47,75,912		1,55,00,787
		4,66,44,499		4,87,31,955
Less : CURRENT LIABILITIES & PROVISIONS:	12	82,21,245		98,49,093
NET CURRENT ASSETS			3,84,23,254	3,88,82,862
MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)	13	—	—	1,71,534
NOTES ON ACCOUNTS	19			
TOTAL :			9,32,65,002	9,26,65,434

As per our report of even date attached.

FOR S. V. BHAT & CO.

Chartered Accountants

S. V. BHAT

Proprietor

M. No. 37237

MUMBAI

12TH JUNE, 2008.

FOR AND ON BEHALF OF THE BOARD**DR. L. S. MANI****N. K. MENON**

Chairman & Managing Director

Director

COLINZ LABORATORIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008.**

	<u>Schedule</u>	<u>31-03-2008</u> Rupees	<u>31-03-2007</u> Rupees
INCOME :			
SALES	—	5,54,68,075	6,18,49,753
OTHER INCOME	14	6,32,365	5,11,669
		<u>5,61,00,440</u>	<u>6,23,61,422</u>
EXPENDITURE:			
COST OF MATERIALS	15	1,82,07,958	2,29,73,618
OTHER MANUFACTURING EXPS	16	1,20,74,408	1,45,05,009
ADMINISTRATION & OTHER EXPS	17	59,93,333	61,26,768
SELLING & DISTRIBUTION EXPS	18	1,43,55,473	1,44,88,603
BANK CHARGES & INTEREST	—	28,52,572	18,81,863
DEPRECIATION	—	23,95,180	16,63,741
		<u>5,58,78,924</u>	<u>6,16,39,602</u>
PROFIT BEFORE TAXATION		2,21,516	7,21,820
LESS : PROVISION FOR TAXATION – Current Tax		22,742	59,140
Deferred Tax		(5,84,908)	2,15,412
Fringe Benefit Tax		1,24,828	1,21,878
PROFIT AFTER TAXATION		6,58,854	3,25,390
PREVIOUS YEAR PROFIT B/F		41,91,915	38,66,525
BALANCE CARRIED TO BALANCE SHEET		<u>48,50,769</u>	<u>41,91,915</u>

NOTES ON ACCOUNTS : 19

As per our report of even date attached.

FOR S. V. BHAT & CO.

Chartered Accountants

S. V. BHAT

Proprietor

M. No. 37237

MUMBAI

12TH JUNE, 2008.

FOR AND ON BEHALF OF THE BOARD

DR. L. S. MANI

N. K. MENON

Chairman & Managing Director

Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees	As at 31-03-2008 Rupees	As at 31-03-2007 Rupees
SCHEDULE 1 : SHARE CAPITAL			
Authorised :			
60,00,000 Equity Shares of Rs. 10/- each.		6,00,00,000	6,00,00,000
Issued :			
45,76,000 Equity Shares of Rs. 10/- each.		4,57,60,000	4,57,60,000
Subscribed and Paid-up :			
45,71,000 Equity Shares of Rs. 10/- each fully called up	4,57,10,000		
Less : Allotment Money in arrears other than By Directors	1,02,75,000	3,54,35,000	3,54,35,000
TOTAL :		3,54,35,000	3,54,35,000
SCHEDULE 2 : RESERVES & SURPLUS			
Capital Reserve :			
State Special Capital Incentive received		15,00,000	15,00,000
Share Premium Account	2,03,55,000		
Less : Allotment Money in arrears other than By Directors	51,34,750	1,52,20,250	1,52,20,250
Balance in Profit & Loss Account		48,50,769	41,91,915
TOTAL :		2,15,71,019	2,09,12,165
SCHEDULE 3 : SECURED LOANS			
From Banks:			
Cash Credit Account.		1,21,22,565	1,12,05,385
<i>[Secured by Hypothecation of Stock in Trade / Book Debts]</i>			
Term Loan from Bank of Baroda		45,24,409	58,62,670
<i>[Secured by Hypothecation of Plant & Machinery]</i>			
Car Loans from ICICI Bank Ltd		6,28,218	8,34,749
<i>[Secured by Hypothecation of Car]</i>			
TOTAL :		1,72,75,192	1,79,02,804
SCHEDULE 4: UN SECURED LOANS			
Sales Tax Deferred (Interest free)		1,54,68,071	1,43,14,837
(Payable within a year Rs. Nil)			
TOTAL :		1,54,68,071	1,43,14,837

SCHEDULE 5 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.4.2007	Addition in 2007-08	Deduction	As at 31.3.2008	As at 1.4.2007 the year	Depreciation for	Deduction	Up to 31.3.2008	As at 31.3.2008	As at 31.3.2007
LAND	2574350	0	0	2574350	0	0	0	0	2574350	2574350
[Including Land Developing Exps]										
BUILDING- Factory	21918449	2108881	0	24027330	3531096	757675	0	4288771	19738559	18387353
BUILDING-Office	6580717	0	0	6580717	384834	107266	0	492100	6088617	6195883
PLANT & MACHINERY	8233142	2954370	0	11187512	3143853	451500	0	3595353	7592159	5089289
LABORATORY EQUIPMENTS	1570542	0	0	1570542	396986	74601	0	471587	1098955	1173556
FACTORY EQUIPMENTS & TOOLS	3223653	0	0	3223653	677191	153124	0	830315	2393338	2546462
ELECTRICAL INSTALLATION	2276706	0	0	2276706	712551	108144	0	820695	1456011	1564155
CENTRAL A.C. PLANT	1901416	6275275	0	8176691	793650	239246	0	1032896	7143795	1107766
OFFICE EQUIPMENTS	572582	2250	0	574832	269133	27211	0	296344	278488	303449
COMPUTER	539600	17562	0	557162	405200	88893	0	494093	63069	134400
FURNITURE & FIXTURE	3469439	0	0	3469439	1175731	219615	0	1395346	2074093	2293708
VEHICLES	1767416	0	0	1767416	402025	167905	0	569930	1197486	1365391
CAPITAL WORK-IN-PROCESS	8452962	0	8452962	0	0	0	0	0	0	8452962
TOTAL	63080974	11358338	8452962	65986350	11892250	2395180	0	14287430	51698920	51188724
PREVIOUS YEAR	50244691	21695349	8859066	63080974	10228509	1663741	0	11892250	51188724	40016182

SCHEDULE 6 : INVESTMENTS

	Face Value Rs.	No. of Shares	As at 31-3-2008 Rupees	As at 31-3-2007 Rupees
(a) Equity shares [fully paid, quoted]				
3i Infotech	10	300	30,000	30,000
Akruti Nirman Ltd.	10	12	6,480	6,480
Ansal Properties & Infrastructure Ltd.	5	100	1,01,926	1,01,926
Arwind Mills	10	500	60,681	60,681
Bajaj Holdings & Investments Ltd.	10	50	73,319	73,319
Bank of Baroda	10	500	1,18,534	1,18,534
Bank of Maharashtra	10	300	6,900	6,900
Bell Ceramics	10	1000	21,880	—
Bharat Forge Ltd.	2	30	3,804	3,804
Bharti Shipyard Ltd.	10	200	64,841	64,841
Cairn India Ltd.	10	1015	1,62,400	1,62,400
CESC Ltd.	10	200	1,28,627	—
Eveready Industries Ltd.	5	500	17,645	17,645
GTL Infrastructure Ltd.	10	213	4,000	9,996
GTL Ltd.	10	200	—	9,996
Gangotri Textiles Ltd.	5	1200	70,244	70,244
Gujarat Sidhee Cement Ltd	10	1000	24,186	24,186
HFCL Ltd.	10	500	12,192	12,192
Hindustan Organic Chemicals Ltd.	10	1000	66,283	—
Hindustan Oil Exploration Co Ltd.	10	500	81,322	—
Spice Telecom Ltd.	10	1000	58,968	—
IDBI Ltd.	10	200	15,717	15,717
IDFC Ltd.	10	2000	1,64,446	1,64,446
Idea Cellular Ltd.	10	500	71,866	—
Kausalya Infrastructure Ltd	10	176	10,560	—
Seamec Ltd.	10	1000	1,92,315	—
Lanco Infrastructure Ltd.	10	321	77,040	77,040
Lumax Auto Technologies Ltd.	10	372	27,900	27,900
Macleod Russels Ltd.	5	500	17,645	17,645
Mahindra Gesco Developers Ltd.	10	200	1,84,668	1,84,668
Maars Software Ltd.	10	5000	57,340	—
Mid-day Multimedia Ltd.	10	500	27,967	27,967
Morepen Laboratories Ltd.	2	500	7,455	7,455
NTPC Ltd.	10	500	71,801	71,801
Neyveli Lignite Ltd.	10	400	22,868	22,868
Orchid Chemicals & Pharma. Ltd.	10	100	—	14,185
Panama Petrochem Ltd.	10	500	64,739	64,739
Polaris Software Lab Ltd.	5	200	32,299	32,299
Punj Lloyd Ltd.	2	500	99,416	99,416
Pyramid Saimira Theatre Ltd.	10	60	6,000	6,000
Ranbaxy Labs. Ltd.	5	100	46,004	46,004
Reliance Industries Ltd.	10	200	—	45,220
Reliance Capital Ltd.	10	10	1,130	1,130
Reliance Communication Ltd.	5	200	33,654	33,654
Reliance Energy Ltd.	10	15	6,348	6,348
Reliance Natural Resources Ltd.	5	200	608	608
Reliance Power Ltd.	10	15	6,750	—
Simplex Infrastructure Ltd.	2	200	76,982	76,982
Sonata Software Ltd.	1	1000	52,218	52,218
Spicejet Ltd.	10	500	30,276	30,276
Tamilnadu Petroproducts Ltd.	10	500	17,290	17,290
Tanla Solutions Ltd.	2	25	6,625	6,625
Tata Tele (Mah) Services Ltd.	10	700	20,634	20,634
Unitech Ltd.	2	100	44,887	44,887
Voltamp Transformers Ltd.	10	100	63,163	63,163
Wipro Ltd.	2	50	13,537	13,537
			26,86,380	20,65,866
(b) Mutual Funds & Others (Un-Quoted)				
UTI Master Value Fund	33.89	8852.169	3,00,000	3,00,000
JM Infra & Agricultural Fund	10	10000	1,00,000	—
Bajaj Auto Ltd.	10	50	28,678	28,678
Bajaj Finserv Ltd.	5	50	27,770	27,770
(Market Value of Quoted Shares Rs. 27,87,594/-)				
TOTAL:			31,42,828	24,22,314

COLINZ LABORATORIES LIMITED

SCHEDULE 7 : INVENTORIES

[As Taken, Valued and Certified by Management]

	As at 31-3-2008 Rupees	As at 31-3-2007 Rupees
Raw Materials	19,44,668	21,16,490
Packing Materials	9,06,150	8,82,277
Finished Goods	1,60,33,393	1,43,51,279
Semi Finished Goods	8,44,628	2,52,397
TOTAL :	1,97,28,839	1,76,02,443

SCHEDULE 8: SUNDRY DEBTORS

[Unsecured, Considered Good]

Over Six Months	15,76,319	19,54,567
Others	77,15,259	80,46,428
TOTAL :	92,91,578	1,00,00,995

SCHEDULE 9: CASH AND BANK BALANCES

Cash on hand	7,05,981	8,13,023
Balances with Scheduled Banks :		
In current Accounts	5,74,639	27,75,221
Fixed Deposit Account	8,48,400	7,80,036
TOTAL :	21,29,020	43,68,280

SCHEDULE 10: OTHER CURRENT ASSETS

Security Deposits	7,19,150	12,59,450
TOTAL :	7,19,150	12,59,450

SCHEDULE 11 : LOANS AND ADVANCES

[Unsecured, Considered good]

Loans to Companies	1,40,50,000	1,40,50,000
Advances Recoverable	4,00,256	6,17,071
Balance with Excise Authorities	36,583	4,54,804
Advance Tax	1,06,196	99,988
Prepaid Expenses	1,82,877	2,78,924
TOTAL :	1,47,75,912	1,55,00,787

SCHEDULE 12: CURRENT LIABILITIES AND PROVISIONS

Sundry Creditors:

Trade Creditors	71,62,121	79,14,103
Deferred Credits	—	1,77,250
Other creditors	10,59,124	17,57,740
TOTAL :	82,21,245	98,49,093

SCHEDULE 13: MISCELLANEOUS EXPENDITURE

[To the extent not written-off or adjusted]

Preliminary Expenses	—	1,71,534
TOTAL :	—	1,71,534

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

		For the Year 2007-08 Rupees	For the Year 2006-07 Rupees
SCHEDULE 14 : OTHER INCOME			
Interest received		88,590	81,295
<i>[Includes T. D. S of Rs.20,226/-, Previous Year - Rs. 18,245/-]</i>			
Interest on Income Tax Refund		5,612	—
Sales Tax Refund		17,500	91,041
Dividend		20,788	19,035
Profit on sale of shares (held for more than one year)		4,99,875	—
Rent Received		—	1,20,000
Export Incentive		—	2,00,298
TOTAL :		6,32,365	5,11,669
SCHEDULE 15 : COST OF MATERIALS			
CONSUMPTION OF RAW MATERIALS :			
Opening Stock	21,16,490		23,52,144
Add : Purchases	96,97,453		1,29,02,229
	1,18,13,943		1,52,54,373
Less : Closing Stock	19,44,668		21,16,490
Consumption		98,69,275	1,31,37,883
CONSUMPTION OF PACKING MATERIALS :			
Opening Stock	8,82,277		13,98,571
Add : Purchases	70,85,955		77,55,689
	79,68,232		91,54,260
Less : Closing Stock	9,06,150		8,82,277
Consumption		70,62,082	82,71,983
PURCHASE OF FINISHED GOODS :		35,50,946	41,55,266
[INCREASE] / DECREASE IN FINISHED GOODS & WORK IN PROCESS :			
OPENING STOCK : Finished Goods	1,43,51,279		1,17,04,642
Work in Process	2,52,397		3,07,520
	1,46,03,676		1,20,12,162
CLOSING STOCK : Finished Goods	1,60,33,393		1,43,51,279
Work in Process	8,44,628		2,52,397
	1,68,78,021		1,46,03,676
[Increase] / Decrease		(22,74,345)	(25,91,514)
TOTAL :		1,82,07,958	2,29,73,618

COLINZ LABORATORIES LIMITED

	For the Year 2007-08 Rupees	For the Year 2006-07 Rupees
SCHEDULE 16 : OTHER MANUFACTURING EXPENSES		
Wages & Salaries	19,27,568	18,44,531
Power & Fuel	7,64,880	6,89,465
Freight Inward	58,126	99,614
Blocks & Designs	23,063	1,19,688
Laboratory Expenses	41,612	70,651
Analytical Charges	1,61,838	2,79,317
A. C. Rental Charges	1,34,622	1,29,386
Loan License Charges Paid	9,63,257	21,24,809
Consumable Stores	1,95,173	2,97,862
Water Charges	24,195	52,921
Factory Security Charges	1,14,677	1,09,882
Rent Paid	1,14,000	1,14,000
Insurance	1,69,631	2,46,081
Factory Transportation	2,00,989	1,91,243
Excise Duty	70,70,417	79,61,085
Repairs & Maintenance : Plant & Machinery	Rs. 70,976	
Building	Rs. 2,510	
Others	Rs. 36,874	
	1,10,360	1,74,474

TOTAL :

1,20,74,408

1,45,05,009

SCHEDULE 17 : ADMINISTRATION & OTHER EXPENSES

Travelling Expenses	5,90,181	7,57,720
Printing & Stationery	1,40,158	2,84,921
Society Maintenance Charges	70,911	97,140
Taxes, License & Fees	1,70,716	1,28,467
Office Expenses	4,77,012	4,29,423
Conveyance	2,03,414	2,38,377
Legal & Professional Charges	3,42,579	3,87,452
Employer's Contribution to Provident Fund	6,54,553	6,03,568
Administration Salary	11,34,398	9,70,597
Postage & Telegrams	2,81,230	4,09,649
Telephones	2,05,263	2,38,321
Books, Periodicals & Subscription	96,550	74,350
Auditor's Remuneration	72,000	72,000
Managerial Remuneration	12,41,000	11,69,000
Bonus	70,964	73,569
Gratuity	54,250	—
Preliminary Expenses Written Off.	1,71,534	1,71,530
Annual General Meeting Expenses	16,620	20,684
TOTAL :	59,93,333	61,26,768

	For the Year 2007-08 Rupees	For the Year 2006-07 Rupees
SCHEDULE 18 : SELLING & DISTRIBUTION EXPENSES		
Salary	57,54,250	58,82,336
Incentives & Bonus	12,24,910	11,02,618
Freight & Forwarding	12,94,950	12,25,790
Recruitment & Statutory Advertisement	99,762	93,736
Commission on Sales	12,50,528	16,00,336
Field Staff Travelling	47,31,073	45,83,787
TOTAL :	1,43,55,473	1,44,88,603

SCHEDULE 19 : NOTES ON ACCOUNTS

1. Significant Accounting Policies:

- a) General :
The Financial statements are prepared under historical cost convention on an accrual basis and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - b) Fixed Assets:
Fixed assets are stated at original cost net of tax / duty credits availed, if any.
 - c) Capital work in progress:
The capital work in progress as on 31-03-2008 is Rs. Nil
 - d) Depreciation :
Fixed Assets are depreciated under Straight Line Method. The applicable rates are as provided under Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.
 - e) Inventories:
Raw materials and packing materials are valued at cost on FIFO basis as per revised Accounting Standard AS-2 of the Institute of Chartered Accountants of India. Finished goods and semi-finished goods are valued at lower of cost or net realisable value.
 - f) Investments :
Investments are stated at cost.
 - g) Sales:
Sales are recognised at the time of dispatch of goods. All sales are shown inclusive of excise duty and exclusive of Sales Tax (VAT).
 - h) Other income:
Includes sales tax refund received, interest on Fixed Deposits with Bank, dividends received and capital gains on the shares sold.
 - i) Research and Development Expenses:
No capitalisation of Research and Development expenses is made since no capital expenditure on research and development expenditure has been incurred during the year.
 - j) Foreign Currency Transactions :
Export earnings of Rs.Nil (Previous Year - Rs.59,00,909/-)
Foreign Exchange Outgo of Rs.Nil (Previous Year - Rs. 29,550/-)
 - k) Retirement Benefits:
Retirement benefit in respect of gratuity is not provided for, and liability is not ascertained.
Privilege leave entitlement : Privilege leave entitlements are recognized as a liability as and when the same is encashed by the employees.
Provident Fund : Contribution to Government provident Fund are made as per the provisions regularly.
2. The figures of previous year have been regrouped wherever necessary.
 3. As per the available records, there is no outstanding dues to enterprises registered under Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. Further, no interest has been paid or payable on delayed payment of dues, if any, to such enterprises during the year.
 4. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs.Nil
[Previous Year : Rs. 13.57 Lacs]
 5. Contingent Liabilities:
Bills Discounted and Purchased - Rs. Nil (Previous Year Rs. Nil)
Others - Rs. Nil (Previous Year Rs. Nil)

COLINZ LABORATORIES LIMITED

6. Auditors Remuneration :	2007-2008	2006-2007
Audit Fees	Rs. 50,000	Rs. 50,000
Tax Audit Fees	Rs. 10,000	Rs. 10,000
Other services	Rs. 12,000	Rs. 12,000
	<u>Rs. 72,000</u>	<u>Rs. 72,000</u>
7. Directors Remuneration:		
The company has been advised that the computation of net profit for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to Directors. Fixed monthly remuneration has been paid to the Directors as per Schedule XIII to the Companies Act, 1956.		
Remuneration includes;	2007-2008	2006-2007
a) Salary	Rs. 11,21,000	Rs. 10,49,000
b) Other perks	Nil	Nil
	<u>Rs. 11,21,000</u>	<u>Rs. 10,49,000</u>
Sitting fees paid to Non-Executive Independent Directors	Rs. 1,20,000	Rs. 1,20,000
8. Segment Reporting		
The Company is engaged in pharmaceutical formulation business which as per Accounting Standard – AS 17 is considered the only reportable business segment.		
9. Related party transaction		
As required by Accounting Standard – AS 18 'Related Parties Disclosure' issued by the Institute of Chartered Accountants of India are as follows :		
(a) Key Management personnel	(b) Details of Transactions.	
(i) Dr. L. S. Mani.	Remuneration paid Rs.605,500/-	
	Rent paid for the premise hired Rs. 114,000/-	
10. Earning per share		
As per Accounting Standard – AS 20 on 'Earning per Share' issued by the Institute of Chartered Accountants of India, the earning per share of the Company is Rs.0.14.		
11. Accounting for Taxes on Income.		
In accordance with the AS-22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, to the extent the timing differences are expected to crystallize. The deferred tax asset arising on account of brought forward unabsorbed depreciation is recognized only to the extent there is a reasonable certainty of realization.		
12 AS – 28 Impairment of Assets.		
As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets. Hence there is no impairment loss on the assets of the company. In the opinion of Board of Directors, the Current Assets, Loans and advances have a value which on the realization in the ordinary course of business would at least be equal amount stated in the Balance sheet.		
13 With regard to loan given to Company, the Board of Directors are of the opinion that no interest should be provided in the accounts as the principle amount has not been recovered, Further, no provision for doubtful debt is required to be made as the amount is expected to be recovered in due course.		
14 Deferred Tax :		
The break up of the deferred tax liability as at 31 st March, 2008 is as under:		
	2007-08	2006-07
	<u>Rupees</u>	<u>Rupees</u>
Deferred Tax Liability :		
Difference between book depreciation and depreciation as per Income Tax Act, 1961.	64,74,955	41,00,628
	64,74,955	41,00,628
Deferred Tax Assets:	29,59,235	—
Net Deferred Tax Liability	<u>35,15,720</u>	<u>41,00,628</u>
15 The Share Capital includes 4,00,000 Equity Shares of Rs. 10/- each, allotted as fully paid Bonus Shares by capitalisation of Capital Reserves in 1994-95.		
16 Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, as certified by the Directors.		
Quantitative and Turnover information for the year ending 31st March, 2008.		

(Previous year figures are regrouped wherever necessary.)

i] Manufacturing Activities :

[Rupees in Lacs]

Class	Units	Installed Capacity	Actual production	Opening Stock Qty.	Stock Value	Closing Stock Qty.	Stock Value	Turnover Qty.	Turnover Value
Tablets	Nos.	600	86.717	33.64	48.60	23.286	35.90	97.07	151.13
	in Lacs	(600)	(192.28)	(30.03)	(38.44)	(33.64)	(48.60)	(188.67)	(149.36)
Capsules	Nos.	400	83.227	16.620	35.01	17.011	45.19	82.84	224.35
	in Lacs	(400)	(144.50)	(2.24)	(4.45)	(16.62)	(35.01)	(130.12)	(234.04)
Liquids	Ltrs.	—	12738.320	6945.63	16.66	4337.89	9.84	15346.06	38.25
			(24549.74)	(6806.19)	(14.92)	(6945.63)	(16.66)	(24410.30)	(48.36)
Ointments	Kgs	—	3862.953	1047.885	14.81	2224.045	31.46	2686.79	48.12
			(5232.410)	(742.125)	(7.75)	(1047.885)	(14.81)	(4926.65)	(58.60)

Notes :

* Installed capacity is based on one shift working as certified by the management and accepted by the Auditors without verification being a technical matter.

* Actual production includes production under Loan License arrangements.

* Figures in brackets are of previous year.

ii] Particulars of Goods Traded:

[Rupees in Lacs]

Class	Units	Opening Stock Qty.	Stock Value	Purchases Qty.	Purchases Value	Sales Qty.	Sales Value	Closing Stock Qty.	Closing Stock Value
Liquids	Ltrs.	2436.150	6.23	4184.200	8.36	5334.55	17.87	1285.80	3.32
		(2519.00)	(6.44)	(6389.350)	(11.42)	(6472.200)	(21.68)	(2436.15)	(6.23)
Injectables	Ltrs.	39.176	11.35	227.596	7.26	174.110	36.73	92.662	20.46
		(94.750)	(25.63)	(2233.365)	(10.88)	(2288.939)	(33.28)	(39.176)	(11.35)
Capsules	Nos	3.42	10.32	8.805	15.22	8.028	25.72	4.197	13.71
	in Lacs	(6.09)	(19.42)	(12.18)	(16.16)	(14.85)	(60.58)	(3.42)	(10.32)
Tablets	Nos.	0.18	0.53	3.993	4.66	4.009	12.51	0.164	0.46
	in Lacs	—	—	(3.55)	(3.09)	(3.37)	(12.60)	(0.18)	(0.53)

iii] The quantity and value of consumption of raw materials

Raw Materials (Bulk Drugs)		Quantity (Kgs.)		Value (Rupees in Lacs)	
		2007-2008	2006-2007	2007-2008	2006-2007
1	Calcium Pantothenate	374	572	5.12	4.52
2	Vitamin E	379	818	5.35	10.30
3	Meclizine	140	140	10.69	10.19
4	Paracetamol	2227	2905	3.99	5.46
5	Chlorazoxazone	275	375	1.40	2.13
6	Isox suprine Hcl	22	16	2.38	2.23
7	Riboflavin	73	93	3.32	1.58
8	Niacinamide	424	528	1.66	1.90
9	Thiaminemono	51	100	0.66	1.12
10	Lecithin Usp	175	—	1.11	—
11	Spirulina	4050	5600	16.69	21.10
12	Clindamycin Phosphate	52	—	4.51	—
13	Progesterone	60	—	4.53	—
14	Vitamin B1	129	—	1.78	—
15	Chloramphenicol	50	125	0.64	2.41
16	Menthol	211	185	2.07	2.25
17	Propylene Glycol	1172	1149	1.47	1.39
18	Sorbitol	2118	2697	0.79	1.18
19	Trimethoprim	3.57	120	0.04	1.32
20	Sulphadoxine	—	150	—	2.24
21	Albendazole	—	99	—	1.10
22	Amoxycillin Trihydrate	—	200	—	3.08
23	Ampicillin Trihydrate	—	325	—	4.66
24	Analgin IP	—	300	—	1.28
25	Doxycycline	—	50	—	1.34
26	Quinine Sulphate IP	—	50	—	2.60
27	Sevamisol	—	100	—	1.15
28	Sulphamethaxazole	—	500	—	1.96
29	Empty Gelatin Capsule	—	—	10.86	21.48
30	Others	—	—	19.71	21.41
Total :				98.77	131.38

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008.

	(In Rupees) Year ended 31-3-2008	(In Rupees) Year ended 31-3-2007
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and extra ordinary items	2,21,516	7,21,820
Adjustment for : Depreciation	23,95,180	16,63,741
Preliminary Expenses Written-off	1,71,534	1,71,530
Loss on sale of asset	—	—
Operating Profit before Working Capital changes:	27,88,230	25,57,091
Adjustment for : Trade and Other Receivable	7,09,417	22,75,164
Inventories	(21,26,396)	(18,39,566)
Other Current Assets	5,40,300	(50,300)
Loans and Advances	7,31,083	(4,79,355)
Trade Payable	(16,27,848)	(13,48,281)
Cash generated from operations	10,14,786	11,14,753
Taxes paid	(1,53,778)	(1,63,989)
Cash flow before extra ordinary items	8,61,008	9,50,764
Extra ordinary items :	—	—
Net Cash From Operating Activities :	8,61,008	9,50,764
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(29,05,376)	(1,28,36,283)
Investments in shares & securities	(7,20,514)	(15,06,845)
Net Cash Used In Investing Activities:	(36,25,890)	(1,43,43,128)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/ [Decrease] in Secured Loans	(6,27,612)	1,16,62,712
Increase / [Decrease] in Un-secured Loans	11,53,234	7,71,828
Net Cash Used In Finance Activities:	5,25,622	1,24,34,540
NE NET INCREASE IN CASH AND CASH EQUIVALENTS : [A+B+C]	(22,39,260)	(9,57,824)
Cash and cash equivalents as at 01.04.2007 (Opening Balance)	43,68,280	53,26,104
Cash and cash equivalents as at 31.03.2008 (Closing Balance)	21,29,020	43,68,280

FOR AND ON BEHALF OF THE BOARD.

MUMBAI.
12TH JUNE, 2008.DR. L. S. MANI
Chairman & Managing Director**Auditors Certificate**

We have verified the above cash flow statement of Colinz Laboratories Limited derived from the audited financial statements for the years ended 31st March, 2008 and 31st March, 2007 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

For S. V. BHAT & CO.
Chartered Accountants.

MUMBAI.
12TH JUNE, 2008.

S. V. BHAT
Proprietor
M. No. 37237

COLINZ LABORATORIES LIMITED

A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Next to Wockhardt Hospital, Mumbai - 400 078.

FORM OF PROXY

Ledger Folio No.

No. of Shares

I/We.....of.....
..... being a member/members of Colinz Laboratories Limited hereby
appoint.....of.....
..... or failing him / her
.....of.....
as my/our proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held
on Friday, 26th September, 2008, at 12.30 P. M. and at any adjournment thereof.

Signed this.....2008.

*Affix
1 Rupee
Revenue
Stamp*

[Signature of the Member(s)]

NOTE : Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The proxy need not be member of the Company.



COLINZ LABORATORIES LIMITED

A-101, Pratik Ind. Estate, Mulund-Goregaon Link Road, Next to Wockhardt Hospital, Mumbai - 400 078.

ATTENDANCE SLIP

I hereby record my presence at the 22nd Annual General Meeting of the Company held at A-101, Pratik Ind, Estate, Next to Wockhardt Hospital, Mulund - Goregaon Link Road, Mumbai - 400 078, on Friday, 26th September, 2008, at 12.30 P. M.

.....
Full name of the shareholder
[in block letters]

.....
Signature

Folio No.....

.....
Full Name of Proxy
[in block letters]

.....
Signature

NOTE : Shareholders attending the meeting in person or proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place. Joint shareholders may obtain additional slips on request.

BOOK POST

If undelivered, please return to :

COLINZ LABORATORIES LIMITED.

A-101, Pratik Ind. Estate,
Mulund-Goregaon Link Road ,
Next To Wockhardt Hospital, Bhandup (W.),
Mumbai - 400 078.