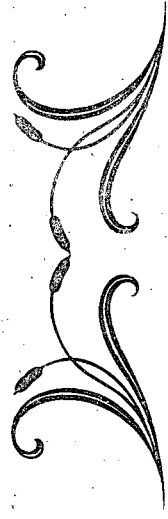
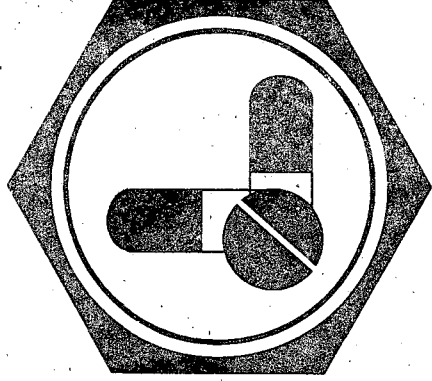


Laurel Organics Ltd.



**16th
Annual Report
2008-2009**

BOARD OF DIRECTORS

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

BANKERS

Allahabad Bank
Corporation Bank
HDFC Bank

AUDITORS

A. K. Jalan & Associates
Chartered Accountants
New Delhi

REGISTERED OFFICE/WORKS

Vill. Bhondsi, Tehsil Sohna.
Distt. Gurgaon (Haryana)

ADMINISTRATIVE OFFICE :

C-111, Paryavaran Complex,
Near Saket, New Delhi-30

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Laurel Organics Limited

Regd. Office: Vill. Bhondsi, Tehsil Sohna

Distt. Gurgaon (Haryana) - 122102

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the members of Laurel Organics Limited will be held on Tuesday, the 29th September, 2009 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, 2009, the Profit & Loss Account for the year ended on that date and the report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Shakuntala Prasad who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Binod Roy who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sandeep Gupta, who retires by rotation, and being eligible, offers himself for reappointment.
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), consent of the members be and is hereby accorded to the appointment of Mr. Kumar Sahay Varma as CEO & Managing Director (earlier designated as Managing Director) of the Company with effect from August 9th, 2009 for a period of 5 years in the following terms & conditions as contained in the agreement dated 20.08.2009 entered into by the Company with Mr. Kumar Sahay Varma:

1. Remuneration : Rs.58,000/- per month (including Basic Rs.45,000- Rs.5,000- Rs.60,000- and executive allowance Rs.13,000-), 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 Rs. 95,000 p.m. during the tenure.
2. Perquisites & Allowances:
 - (a) Company maintained leased furnished accommodation.
 - (b) Leave travel allowance for himself and his family in accordance with the rules of the Company subject to a ceiling of Rs. 20,000/- per annum;
 - (c) Medical re-imbursement for himself and his family in accordance with the rules of the Company subject to a ceiling of Rs. 15,000/- per annum ;
 - (d) 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 and encashment of leave at the end of the tenure as per the rules of the Company.

Laurel Organics Ltd.

- (e) Reimbursement of Gas, Electricity, water at actual, subject to the limit of Rs. 5000/- per month;
- (f) Club fees at actual, subject to two clubs;
- (g) Provision for use of the Company's car including Driver's salary for official duties at actual;
- (h) Reimbursement of traveling expenses including foreign travel (Boarding, lodging & Air Fare) at actual for business purposes.
- (i) 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.
- (j) Any other perquisites and allowances in accordance with rules of the Company or as may be agreed to by the Board of Directors and Mr. K. S. Varma.

RESOLVED FURTHER THAT Mrs. Vandana Varma, Director & Mr. Abhishek 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: 25.08.09

By order of the Board

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

Sd/-
(Abhishek S. Varma)
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. 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 24th September'09 to 29th September'09 (both days inclusive).

EXPLANATORY STATEMENT:

1. In respect of Item No. 6 :

Mr. Kumar Sahay Varma was appointed by the members as Managing Director w.e.f 09.08.2004 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 financial performance.

Mr. Varma is associated with the Company for the past 15 years and 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 CEO & Managing Director.

It is therefore proposed to appoint Mr Kumar Sahay Varma as CEO & Managing Director for a further period of Five years from 9th August, 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. Abhishek Sahay Varma are related to each other. 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.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report along with Audited statement of accounts for the year ended 31st March, 2009.

Financial Results

	2008-09	2007-08
	(Rs. In lacs)	(Rs. In lacs)
Net sales/income from operation	847.73	762.71
Other Income	3.24	5.02
	-----	-----
Total Income	850.97	767.73
	-----	-----
Total expenditure	686.44	623.40
Depreciation	32.78	28.84
Finance Charges	51.41	109.62
	-----	-----
	770.63	761.86
	-----	-----
Profit / (Loss) for the year	80.34	5.87
Add:		
Prior Period adjustments	(0.11)	0.64
Provision for Income Tax (FBT)	(1.27)	(1.29)
Deferred Tax	(7.22)	(25.76)
	-----	-----
Balance carried to Balance Sheet	71.74	(20.54)
	-----	-----

Laurel Organics Ltd.

Operational Performance:

During the year under review, your company has been able to maintain its turnover and marginally enhance its profitability despite a difficult economic situation. Your company had to put a lot of efforts and resources in augmenting the existing facility and achieving the requirements of contract manufacturing services.

Due to the constant efforts put by the directors in internal initiatives on productivity enhancement, development of new products and manufacturing process for M/s RLL, cost optimization and a congenial work environment, the company has achieved operational incomes of Rs.850.97 Lakhs, with profit before tax of Rs.80.34 Lakhs as compared to last year's operational incomes of Rs.767.73 Lakhs and profit before tax of Rs.5.87 Lakhs, registered a growth of 11 % in operational incomes and substantial increase in profit as compared to profit over 2007-2008. One of the main reasons for substantial increase in profits is due to reduction in borrowing costs as compared to last year. Moreover, the reduction in administration cost also improved the performance of the company.

In order to make optimum utilization of the plant and machinery, utilities and other infrastructure and to generate additional revenue, the Company has entered into an agreement for the contract manufacturing of pharma products and critical basic drugs for M/s Ranbaxy Laboratories Limited on long term contract basis for a period of 5 years w.e.f 1st January, 2003 and further renewed for a period of 5 years.

The efforts to sustain growth in the Company are being taken on all possible fronts.

Corporate Review

Contract research and manufacturing services (CRAMS) has become a promising medium for the Indian Pharma industry, with India increasingly being viewed as global hub for CRAMS. Over the last 5 years the CRAMS industry has been contributing close to 8 percent of the total Indian pharmaceutical business. Developed countries are expected to further boost the CRAMS industry to grow at a Compound Annual Growth Rate of nearly 32 percent from 2006 to 2013 as India offers global Pharma companies both quality and cost advantage.

As the company is already doing Contract manufacturing business with M/S RLL for the last 6 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.

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.55.31 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 Secured Creditors:

The Company owes an advance of Rs 327.82 lacs to M/s Ranbaxy Lab. Limited at the end of the financial year ended 31st March, 2009. 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.

Negative Networth

The net worth of the company is still in negative despite sizeable increase in operational income due to huge brought forwarded accumulated losses. Fresh reference to Hon'ble BIFR has not been made in view of deregistration of company as sick industrial undertaking by the Board vide it's vide order dated 27th December, 2005 on the ground that 100% of the capacity was utilized for manufacture of the intermediate

products for M/s Ranbaxy Laboratory Limited (RLL), thereby, turning-out to be an ancillary industrial Undertaking within the meaning of Section 3(aa) & 11B of the IDRA Act.

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. K S Varma, CMD whose tenure of appointment has expired on 09.08.2009, is being reappointed as CEO & MD 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.

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. As regards comments in audit report, it is informed that the cost records are under compilation and the Central Govt. has not ordered cost audit of records for the year under review, the company has appointed its employees for internal audit purpose and the company has started implementing P F laws strictly and rest of the compliance will be completed during this financial year.

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: 25.08.2009

Sd/-

(Abhishek Sahay Varma)
(Director)

ANNEXURES TO THE DIRECTORS' REPORT:

ANNEXURE-1

Particulars as per the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 forming part of the Director's Report for the year ended 31st March, 2009:

A. Conservation of energy:

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

FORM - A

Form for Disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption		Current Year 2008-09	Previous year 2007-08
1. Electricity:			
(a) Purchased:			
Unit KWH'000		1386.463	875.094
Total amount (Rs in lacs)		62.31	38.94
Rate per unit (Rs.)		4.49	4.45
(b) Own generation:			
Through steam turbine/generator			
Units KWH'000		682.493	839.909
Unit per ltr of diesel/oil		3.64	3.38
Cost per unit (Rs.)		9.22	8.98
2. Furnace Oil/H S D used in Boiler/Thermopac :			
	F.O.	H S D	F.O.
Quantity (K.ltrs)	252.205	98.074	337.255
Total cost (Rs in lacs)	71.50	34.56	89.23
Average rate (Rs.)	28.35	35.24	26.46
3. Consumption per unit of Production:			
Production (in MT)		47.331	42.420
Electricity per MT KWH'000		43.71	40.43
Furnace oil/HSD per MT (K.ltrs)		7.40	8.13

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:

- Activities relating to export initiatives taken to increase exports, development of new Products and services, and export plan: NIL.
- Total foreign exchange used and earned: Used 1.63lacs (P.Y. - 0.36 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 2008-09.:

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 2008-09. The dates on which the Board meetings held are as follows: 30th April, 2008, 31st July, 2008, 21st August, 2008, 26th September, 08, 21st October, 2008, 31st October, 2008, 31st January, 2009 and 30th March, 2009.

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

Name of Directors	Category of Director	No of BOD meetings attended	Attendance at last AGM	No of Director -ship in other companies	No. of other Committee Memberships
Mr. K S Verma	Executive	8	Yes	1	Nil
Mrs Vandana Verma	-do-	8	Yes	2	Nil
Mr Abhishek S Verma	-do-	8	Yes	3	Nil
Mr Sandeep Gupta	Non Exe./Indep.	4	Yes	Nil	Nil
Mr. Prabhat C Jha.	-do-	4	No	Nil	Nil
Mr Binod Roy	-do-	6	Yes	Nil	Nil
Mr. Shakuntala Prasad	-do-	5	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

This is a Non mandatory requirement of clause 49 of the listing agreement. The Board has not formed any remuneration committee and all decision on appointment and remuneration of Directors are taken by Board of Directors and approved by shareholders in general meeting.

The details of remuneration paid to Executive Directors during the year 2008-09 are given below

Name of Executive Directors	Salary (Rs.)	Perquites and allowances (Rs.)	Total (Rs.)
1.Mr. K S Verma	600,000	280,149	880,149
2.Mrs Vandana Verma	360,000	,22,889	442,889
3.Mr Abhishek S Verma	816,000	51,480	867,480

SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted a shareholders/ investors grievance committee comprising of Mr 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, 2008, 31st July, 2008, 31st October, 2008, 31st January, 2009 and 30th March, 2009.

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
2005-2006	Village-Bhondsi, Tehsil-Sohna, Gurgaon	27.09.2006	12.30 P.M
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

During the year ended 31st March'2009 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) Pioneer's (iii) Financial Express
- ii) Hari bhumi (iv) Jansata

GENERAL SHAREHOLDER INFORMATION

16th ANNUAL GENERAL MEETING

Date & Time : Tuesday, 29th September, 2009 at 12.30 PM.

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

BOOK CLOSURE DATE

24th September'09 to 29th September'09.

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.	530313
Delhi Stock Exchange Associations Limited,	
Madras Stock Exchange Ltd, Chennai.	
Ahmedabad Stock Exchange Ltd, Ahmedabad	
Jaipur Stock Exchange Ltd.	

STOCK MARKET DATA

Bombay Stock Exchange(BSE)

Since the company's script was suspended by Bombay Stock Exchange, there is no trading of the shares of your company, hence no data available for the financial year. However the Company's application has been pending with Bombay Stock Exchange for revocation of suspension since last year and the required compliances for revocation of suspension has been made by the company except payment of revocation fees and the same is subject to approval of listing committee of BSE. The Management is putting constant efforts to start early trading of 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 2008.

Nominal Value	No. of Holder	%to Total	No. of Share.	% to Total
UP TO 5,000	11751	94.32	1474000	19.96
5,000 TO 10,000	280	2.25	237600	3.21
10000 TO 20000	111	0.89	176500	2.39
20000 TO 30000	189	1.52	487600	6.60
30000 TO 40000	20	0.16	76200	1.03
40000 TO 50000	37	0.30	181600	2.45
50000 TO 60000	12	0.1	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	31	0.25	4442300	60.15
TOTAL	12459	100	7385000	100.00

DEMATERIALISATION OF SHARES

The Company's application has been rejected by NSDL due to negative net worth and certificate of continuous listing. However based on the request of Board of Directors, sickness of the company and other facts and circumstances, the application has been considered by NSDL. The Company is following up on regular basis and will be done as soon as possible.

Further the Company has filed a fresh application with CDSL during this year and the same is pending with CDSL for approval.

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-122102
Tel 0124 2267340/2267351, laurelorganics@sify.com.

Any query on Annual report: Village-Bhondsi, Tehsil- Sohna, Distt. Gurgaon, Haryana-122102
Tel 0124 2267340/2267351, laurelorganics@sify.com.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments

The Indian economy continued to perform well in the current year. The actual growth was around 9 per cent. However, inflation is now the biggest concern and there are all the signs of a slowdown in industrial growth. The present period is critical, for both India and the world economy. This is because of mounting problems like the impact of sub-prime losses, spiraling oil prices and a slowdown in the economy worldwide.

Overall, this has been a satisfactory year for the Indian pharmaceutical industry. The total domestic market grew by 15 per cent according to ORG-IMS statistics. However, exports were hit by an appreciating rupee and declining margins. As the U.S. dollar begins to pick up strength, it is hoped that the pressure on export will ease in the near term.

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.

Risks and concerns

Though the pharmaceutical products, and particularly bulk drug intermediates, which can be manufactured by the company, are internationally traded, but at present the company has no production of its own. It is completely dependent on the job work.

There are no risk areas like market fluctuations or import tariffs, but the major risk is job order itself. As a part of its overall risk management strategy, the company has 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.

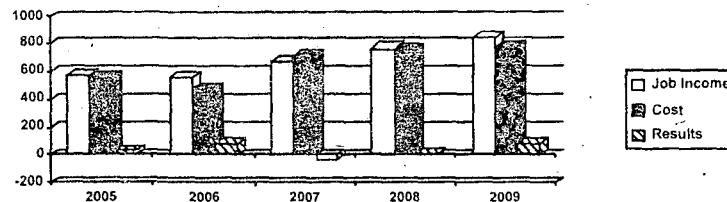
Financial Risk :

The Company has Rs.59.56 Lacs dues to the Sales Tax Department and Rs.327.82 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.

Laurel Organics Ltd.

Financial performance with respect to operational performance

The Jobwork done by the company for the year 2008-09 is Rs. 850.97 lacs in comparison to the year 2007-08 which was Rs.767.73 lacs. The details are in below



Your Directors report that inspite of adverse financial position, there was excellent performance in jobwork 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 2008-09 compared to the previous year.

Place: Bhondsi.
Date: 25.08.2008

For and on behalf of the Board

Sd/-
(Abhishek Sahay Varma)
(Director)

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

To the Shareholders,

We have examined the compliance of conditions of Corporate Governance by Laurel Organics Ltd. for the year ended on 31st March'2009, 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, 2009, 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.

Place: New Delhi
Date : 25.08.2009

For A K Jalan & Associates
Chartered Accountants

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

AUDITORS' REPORT

To
The Members ,
M/s Laurel Organics Limited

Dear Members ,

1. We have Audited the attached Balance Sheet of M/s Laurel Organics Limited ("the Company") as at 31st March, 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, of India ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, We report that :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors as on 31 st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - f) Attention is invited to the following notes in Schedule No.20:
 - (i) Note No.(A)(k) : (A) regarding Rs.117642/- gratuity payment debited in manufacturing exp. on cash basis (last year Rs.32,163/-) for which no provision held;
(B) regarding Rs.185698/- earned leave payment debited in P & L a/c on cash basis (last year Rs.128764/-).
 - (ii) Note No.(B)(23) : regarding non provision of ESIC liability from June.08 to Feb.09.
We further report that had gratuity payment as per (i) (A) above were not charged to the revenue of the year, profit of the company would have been more by Rs.117642/- and in absence of ascertained relevant figures for earned leave and ESIC liability, we are unable to quantify the impact on revenue.
5. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 ;
 - (b) in the case of Profit and Loss Account, of the loss for the year ended on that date ; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For A K Jalan & Associates
Chartered Accountants

Place: New Delhi
Date : 25/08/2009

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

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Laurel Organics Limited on the accounts for the year ended 31st March, 2009)

01. (a) The company has maintained records showing particulars including quantitative details and situation of its Fixed Assets.
 - (b) As per information and explanations given to us, the Fixed Assets of the Company have been physically verified by the management during the year and it seems that the procedure of physical verification employed was reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were found on such verification.
 - (c) As explained to us, substantial part of the fixed assets has not been disposed off by the Company during the year. All the worn out and discarded assets have been identified and written off during the year. Necessary entries have been passed in the accounts.
02. (a) The inventory has been physically verified by the management during the year at reasonable intervals.
 - (b) In our opinion, the procedure of physical verification of inventory followed by the management, is reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
03. The company has neither granted nor taken loans to/from companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956.
04. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase/procurement of inventory and fixed assets and for the sale of goods and services. Further, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
05. According to the information and explanations given to us, Goods and services in excess of Rs.5,00,000/- in value have not been purchased or sold for each type from/to a company or firm in which directors are interested as listed in the register maintained u/s 301.
06. As informed the company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed there under during the year.
07. As explained to us, the company has maintained reasonable records for sale, realizable by- products and production scrap generated during job work activity of the Principal Company. However, cost of deemed sales for utilization of consumable stores and indirect raw materials during job manufacturing processes were charged to manufacturing expenses.
08. In our opinion, the Company's present *internal audit system is not adequate and require further strengthening to be commensurate with the size and nature of its business.*
09. The Central Govt. has prescribed Rules for the maintenance of the cost records u/s 209(1)(d) of the Companies Act, 1956. However, the records were not maintained and produced for verification. As per explanation received, the Company is engaged in processing of Drug intermediates for other major pharmaceutical Company on fixed monthly Job Charges basis. Therefore, cost data were not available with the Company.
10. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company has delayed deposit of the undisputed statutory dues relating to PF, ESI and Sales Tax amounts have not been paid due to financial sickness. However, in other cases the Company is generally regular in depositing the undisputed statutory dues including income tax, excise duty and other statutory dues as applicable with appropriate authorities in India.

- (b) According to the information and explanation given to us and the records of the Company examined by us, no disputed statutory dues were outstanding for payments before any forum for relief or otherwise.
11. (a) The accumulated losses as at March 31, 2009 of the Company stand at Rs.804.40 lacs (Last Year Rs.876.14 Lacs).
 - (b) Out of outstanding Sales Tax liability of Rs.80.75(last year Rs.103.76 lacs), a sum of Rs. 20.86 lacs(last year Rs.23.45 lacs) are paid to the Department. Interest and penalty has not been quantified, provided for or paid. We are unable to quantify impact on revenue of the year.
 12. According to the records of the Company examined by us, the Company had eaten up its equity and free reserves completely, therefore, had been classified as sick Industrial Company under the provisions of the SICA by the Hon'ble BIFR during the last week of March,2004 at the instance of the Company, providing major financial relief with agreement of the Financial Institution and the Bank. However, the Hon'ble BIFR vide its Order Dt.27/12/2005 had considered the Company as an ancillary of Ranbaxy Lab. Ltd., which is using 100 % capacity for manufacturing various intermediate products on job charges basis of the company, however company is still having negative net worth. Financial implications on this account could not be ascertained and quantified.
 13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 14. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
 15. The Company is not a dealer or trader in shares, securities, debentures and other investments during the year.
 16. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
 17. The Company has not taken any term loans, excepting car loans, during the year. No defaults in car loans were noticed.
 18. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment, and vice versa.
 19. The Company has not raised any capital by way of Public Issue. The Company has also not issued any Debentures during the year.
 20. According to the information and explanations given to us and based on the audit procedures performed and representation obtained from the management, we report that no fraud on or by the Company, having material misstatement on the financial statements has been noticed or reported during the year under audit.

Place: New Delhi
Date : 25/08/2009

For A K Jalan & Associates
Chartered Accountants

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

BALANCE-SHEET AS ON 31st MARCH 2009

		SCH- DULE	AS ON 31.03.2009 (Rs.)	AS ON 31.03.2008 (Rs.)
I.	SOURCES OF FUNDS:			
	Shareholder's Fund:			
	Share Capital	1	73,850,000	73,850,000
	Reserve & Surplus	2	-	-
			<u>73,850,000</u>	<u>73,850,000</u>
	Loan Funds:			
	Secured Loans	3	1,564,599	684,171
	Unsecured Loans	4	36,737,325	43,081,207
			<u>38,301,923</u>	<u>43,765,378</u>
	TOTAL		<u>112,151,923</u>	<u>117,615,378</u>
II.	APPLICATION OF FUNDS:			
	Fixed Assets:	5		
	Gross Block		96,146,279	93,245,985
	Depreciation		62,528,1	60,824,306
	Net Block		<u>33,618,175</u>	<u>32,421,679</u>
	Capital WIP		1,168,304	3,309,774
			<u>34,786,478</u>	<u>35,731,452</u>
	Current Assets Loans & Advances			
	Inventories	6	1,118,104	1,253,756
	Sundry Debtors	7	9,465,423	12,076,009
	Cash & Bank Balances	8	320,902	94,904
	Loans & Advances	9	7,387,741	7,458,729
			<u>18,292,171</u>	<u>20,883,398</u>
	Less: Current Liabilities & Provisions			
	Current Liabilities & Provisions	10	21,416,439	26,673,333
	Net Current Assets		<u>(3,124,269)</u>	<u>(5,789,935)</u>
	MISC. EXPENDITURES			
	(To the extent not written Off or adjusted)	11	50,000	60,000
	Profit & Loss a/c(Loss)		<u>80,439,714</u>	<u>87,613,860</u>
	TOTAL		<u>112,151,923</u>	<u>117,615,378</u>
III.	Accounting policies & Notes to Accounts	20	-	-

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

For and on behalf of Board

Sd/-
A K Jalan
(Partner)

Sd/-
(Director)

Sd/-
(Director)

Place : New Delhi.

Place : Bhondsi, Date : 25.08.09

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2009

		SCHE- DULE	FOR THE YEAR ENDED 31.03.2009 (Rs.)	FOR THE YEAR ENDED 31.03.2008 (Rs.)
[A]	INCOME			
	Sales & Job Work	12	84,772,854	76,270,505
	Other Income	13	323,933	502,339
	Total		<u>85,096,787</u>	<u>76,772,843</u>
[B]	EXPENDITURE			
	Raw Material Consumed/W.off	14	-	21,282
	Employee's Remun. & Other Benefits	15	4,005,629	3,483,331
	Manufacturing Expenses	16	59,424,671	52,414,494
	Administrative & Selling Expenses	17	4,108,364	4,655,792
	Finance Charges	18	5,141,139	10,961,902
	Assets discarded/w-off		860,064	276,364
	Gratuity on Acturial valuation		245,116	1,489,154
	Depreciation for the year		<u>3,277,849</u>	<u>2,883,564</u>
	Total		<u>77,062,832</u>	<u>76,185,882</u>
	PROFIT/(LOSS) FOR THE PERIOD (A-B)		8,033,955	586,961
	ADD/LESS:			
	Prior Period Adjustments (Net of Incomes)	19	10,848	(64,484)
	Provision for Income Tax (Fringe Benefit)		126,912	128,955
	Deferred Tax Liability/(Asset)		<u>722,049</u>	<u>2,576,379</u>
	NET PROFIT/(LOSS)		7,174,146	(2,053,889)
	Add/Less: Loss b/f from Prev. years		87,613,860	85,559,971
	Total Profit/(Loss) carried to Bal. Sheet		<u>(80,439,714)</u>	<u>(87,613,860)</u>
[C]	Accounting Policies & Notes to accounts	20		

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

For and on behalf of Board

Sd/-
A K Jalan
(Partner)

Sd/-
(Director)

Sd/-
(Director)

Place : New Delhi.

Place : Bhondsi, Date : 25.08.09

SCHEDULES TO THE ACCOUNTS (FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT) FOR THE FINANCIAL YEAR ENDED MARCH'09

	AS ON 31.03.2009 RUPEES	AS ON 31.03.2008 RUPEES
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED:		
8436000 Equity Shares of Rs.10/- each and 564000 - 10 % Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10/-each (Previous Year -same as above)	<u>90,000,000</u>	<u>90,000,000</u>
ISSUED, SUBSCRIBED & PAID UP:		
7385000 Equity shares of Rs. 10/-each fully paid up (Previous Year 7385000 Equity Shares of Rs.10 each)	73,850,000	73,850,000
	<u>73,850,000</u>	<u>73,850,000</u>
SCHEDULE 2: RESERVE & SURPLUS		
CAPITAL RESERVE	-	-
SCHEDULE 3: SECURED LOANS		
Car Loan from Corporation Bank	730,253	684,171
Tata Capital Ltd.	834,346	-
	<u>1,564,599</u>	<u>684,171</u>
Security:		
(a) Secured loans comprising three car loans are secured against hypothecation of respective cars. Hypothecation of one car (Corporation bank) has been registered with ROC.		
SCHEDULE 4: UNSECURED LOANS		
Loan from Bodies Corporate & Individuals	36,737,325	43,081,207
	<u>36,737,325</u>	<u>43,081,207</u>
SCHEDULE 6: INVENTORIES		
(As Valued & Certified by the Management)		
Raw Materials	-	-
Consumable Store Items (Engg. Store)	455,846	742,372
Consumable Store Items	205,422	110,338
Q.C. Lab. Spares	70,548	126,214
Fuel & Oil (F.O. & Diesel)	386,288	274,832
	<u>1,118,104</u>	<u>1,253,756</u>

SCHEDULE 5 : FIXED ASSETS

Name of Asset (1)	Gross Block at cost			Depreciation Block					Net Block	
	As on 31.03.08(2a)	Additions (2b)	Deductions (2c)	As on 31.03.09 (2d)	Upto 31.03.08 (3a)	For the period (3b)	Adjstmnt (3c)	Upto 31.03.09 (3d)	As on 31.03.08 (4a)	As on 31.03.09 (4b)
Land	4,745,884			4,745,884	-			-	4,745,884	4,745,884
Building	16,588,671			16,588,671	7,035,784	554,062		7,589,846	9,552,887	8,998,825
Plant & Machinery	60,278,417	3,704,553	16,000	63,966,970	48,657,092	2,011,530	9,555	50,659,067	11,621,325	13,307,903
Office Equipment	497,346	62,316		559,662	193,679	25,891		219,570	303,667	340,092
Lab Equipment	5,921,450	188,142	2,209,671	3,899,921	2,355,670	235,994	1,356,052	1,235,612	3,565,781	2,664,310
Weigh Bridge	448,426			448,426	264,416	21,300		285,716	184,010	162,710
Motor Vehicles	1,703,708	1,434,143	404,681	2,733,170	473,543	212,083	208,444	477,182	1,230,165	2,255,988
Cycle	2,887			2,887	913	203		1,116	1,975	1,772
Furniture & Fixtures	879,636	12,600		892,236	642,589	56,131		698,720	237,047	193,516
Electric Installation	1,693,970			1,693,970	1,004,241	80,463		1,084,704	689,729	609,266
Computer	485,589	128,892		614,481	196,379	80,192		276,571	289,210	337,910
Total	93,245,985	5,530,646	2,630,352	96,146,279	60,824,306	3,277,849	1,574,051	62,528,104	32,421,679	33,618,175
Previous year	88,935,143	6,931,965	2,621,123	93,245,985	60,074,147	2,883,564	2,133,405	60,824,306	28,860,996	32,421,679
Capital work in progress									3,309,774	1,168,304
Grand Total									35,731,452	34,786,478

As per our attached report of even date

For A K Jalan & Associates

Chartered Accountants

For and on behalf of Board

Sd/-
A K Jalan
(Partner)

Sd/-
(Director)

Sd/-
(Director)

Place : New Delhi.

Place : Bhondsi, Date : 25.08.09

	AS ON 31.03.2009 RUPEES	AS ON 31.03.2008 RUPEES
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)	5,728,026	8,338,612
	<u>9,465,423</u>	<u>12,076,009</u>
SCHEDULE 8: CASH & BANK		
Cash in hand	1,689	12,923
Balance with scheduled Banks in current accounts	269,213	31,981
in FDRs/SDRs with Banks	50,000	50,000
	<u>320,902</u>	<u>94,904</u>
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.)	2,862,752	2,745,000
I.Tax deducted at Source (TDS)	442,616	418,682
Staff Advances	5,061	22,536
Pre Paid Expenses	262,779	280,156
Interest Receivable	3,330	3,330
Central Excise P L A a/c	706,737	706,737
Advance to Suppliers	79,798	847,288
Cheques in Hand	1,510,606	1,464,756
Upgradation/Modification WIP	656,183	-
Job work charges (Receivable)	-	112,365
	<u>7,387,741</u>	<u>7,458,729</u>
SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	5,598,879	9,421,983
Sales Tax Payable	5,989,120	8,075,189
P.F. Payable	249,912	281,580
TDS Payable	256,212	418,801
ESIC Payable	35,545	-
Other Liabilities	2,882,003	2,983,178
	<u>15,011,671</u>	<u>21,180,731</u>
Provisions		
Provision for Income Tax (Fringe Benefit)	126,912	133,353
Bad & Doubtful Debts Reserve	3,737,397	3,737,397
Deferred Tax-Liability/(Asset)	854,747	132,698
Provision for Gratuity on actuarial valuation	1,685,712	1,489,154
	<u>6,404,768</u>	<u>5,492,602</u>
	<u>21,416,439</u>	<u>26,673,333</u>
SCHEDULE 11: MISC. EXPENDITURES		
(To the extent not written off or adjusted)		
Preliminary Expenses	50,000	60,000
	<u>50,000</u>	<u>60,000</u>

	AS ON 31.03.2009 RUPEES	AS ON 31.03.2008 RUPEES
SCHEDULE 12: SALES/JOB WORK		
Sales (Deemed)	7,577,785	7,327,748
Job work charges (incl. Power & utility reimbursement)	77,195,069	68,942,757
	<u>84,772,854</u>	<u>76,270,505</u>
SCHEDULE 13: OTHER INCOME		
Liability no longer required W/back	211,449	262,709
Misc. Income	112,484	220,662
Interest	-	15,217
Amounts Written back/w/o (net)	-	3,750
	<u>323,933</u>	<u>502,339</u>
SCHEDULE 14: RAW MATERIAL CONSUMED/ W/O		
Opening Stock	-	21,282
Add.: Purchase	-	-
Total	-	21,282
Less: Closing Stock	-	-
Sales/devaluation in stock	-	<u>21,282</u>
SCHEDULE 15: EMPLOYEE'S REMUNERATION & OTHER BENEFITS		
Salary & allowances (Including Directors salary)	4,005,629	3,483,331
	<u>4,005,629</u>	<u>3,483,331</u>
SCHEDULE 16: MANUFACTURING EXP.		
Wages & Salary incl. allowances	11,438,757	8,910,065
Consumable Stores Items consumed	10,052,423	10,154,945
Electricity Power & Fuel	23,126,682	20,599,658
Repair & Maintenance to machinery	7,967,261	6,668,785
Freight & Cartage (Inward)	136,814	208,166
Labour Expenses	2,832,502	2,836,455
Medical Exp.	55,644	256,851
Laboratory Expenses	3,224,995	1,991,741
Storage Facility Charges	120,000	120,000
EHS/ETP Expenses	469,593	497,680
Job work charges paid	-	170,148
	<u>59,424,671</u>	<u>52,414,494</u>

	AS ON 31.03.2009 RUPEES	AS ON 31.03.2008 RUPEES
SCHEDULE 17: ADMINISTRATIVE & SELLING EXP.		
(a) ADMINISTRATIVE EXP.		
Electricity Expenses (H.O.)	34,778	29,911
Travelling & Conveyance	1,076,355	962,825
Stationery & Printing	453,355	370,096
Postage, Telegram & Courier Exp.	94,723	100,087
Telephone & Trunk Call Exp.	336,134	383,252
Legal & Professional Exp.	364,795	1,192,971
Auditor's Remuneration	66,180	56,180
Preliminary Expenses written off	10,000	10,000
Listing Fee	68,163	66,000
Insurance Paid	178,526	180,199
Licence/filing fee	91,112	81,593
Subscription	2,000	2,942
Sitting Fee to Directors	175,000	170,000
Housekeeping Incl. General Exp.	21,835	12,626
Staff Welfare	781,118	772,605
Recruitment Expenses	23,484	27,787
Business Promotion Exp.	88,531	54,387
Advertisement	64,548	65,810
Loss on sale of Motor Car	161,237	116,522
Donation	12,601	
Amounts Written off	3,889	
	<u>4,108,364</u>	<u>4,655,792</u>
SCHEDULE 18: SALES TAX		
Interest to Others	5,058,817	1,556,052
Bank charges & commission	82,322	117,745
Finance Charges on One Time Settlement with IDBI & UBI (Net)	-	9,288,105
	<u>5,141,139</u>	<u>10,961,902</u>
SCHEDULE 19: FINANCIAL CHARGES		
Adjustment for Excess provisions/expenses pertaining to earlier yr. (net)	10,848	(64,484)
	<u>10,848</u>	<u>(64,484)</u>

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.
- (iv) Finished goods are valued at cost or realisable value which ever is lower.
- (v) Processed stocks are valued at direct raw material cost and appropriate share of overheads.
- (vi) 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:

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 Monthly job charges recoverable irrespective of quantum of production/ dispatch of goods.
- (ii) Actual reimbursements on account of power and fuel, 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) Miscellaneous Expenditure:

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

(k) Gratuity and earned Leave:

Provision for Gratuity on actuarial valuation basis has been made for the employees continuing their services as on Balance sheet date. However, gratuity paid during the year for which less provision made in previous year has been debited to revenue account. 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 Gratuity also accounted for on payment basis).

(l) Taxation:

Provision for Income Tax comprises of Current Tax, Fringe Benefit 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

Laurel Organics Ltd.

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 of the ICAI.

B. NOTES TO THE ACCOUNTS:

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

- Labour cases: In four labour cases compensation claimed amounting to Rs.2.25 lacs approx. have not been acknowledged and provided for. (Previous year -2.25lacs).
- 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 has lost the matter before Hon'ble High Court and SLP filed before Supreme Court of India was also not admitted by the Apex Court. The original liability on this account has been provided by the company in its accounts during last 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	18,36,000.00	16,41,000.00
Other benefits	3,54,518.00	3,40,244.00
Total	21,90,518.00	19,81,244.00

- Company has arranged advances from M/s Ranbaxy Lab. Ltd. to the tune of Rs.395-lacs in previous year to meet its obligation of OTS, repayable in 60 monthly installment 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 Ranbaxy Lab. Ltd. till date, hence has been shown as unsecured loan liability.
- 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.
- 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.
- The Sundry Creditors and Sundry Debtors balances are subject to reconciliation and confirmation from the parties concerned.
- 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 31.03.2009 is as follows:

			(Rs.Lacs)
(a) Deferred Tax Assets:			Total
Timing difference arising on account of:	As on 01.04.08	Arising during the year	
a. Unabsorbed business loss and unabsorbed depreciation	0	0	0
b. Disallowances u/s 43-B (see note below)	29.34	(5.63)	23.71
c. Bad debt provision added in I.Tax	12.58	0	12.58
Total	41.92	(5.63)	36.29
(b) Deferred Tax Liability:			
a. Timing difference arising on a/c of Depreciation on depreciable Assets	(43.25)	(1.59)	(44.84)
b. Other Liability	0	0	0
Total	(43.25)	(1.59)	(44.84)
(c) Net deferred tax liability.	(1.33)	(7.22)	(8.55)

Note: On prudent consideration, deferred tax assets arising due to timing difference on sales tax, gratuity provision etc. has been recognized amounting to Rs.23.71 lacs upto the close of the year.

- 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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
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 47.331 MTs (P.Y. 42.420 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	1157.600	N.A.	950.100	N.A.
Production (net)	47331.590		42419.990	
Despatched/used	46730.530	N.A.	42212.490	N.A.
Closing Stock	1758.660	N.A.	1157.600	N.A.

(c) Particulars of the Raw Materials Consumed :

Company has only manufactured goods for a leading pharmacy 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.

11. 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)	100.52	100	101.55	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.75.78 lacs on a/c of utilization of consumables & indirect Raw materials for carrying contract manufacturing processes for the principal manufacturer during the year on which VAT has been charged & paid and treated in accounts accordingly. Procurement cost of materials were shown under manufacturing expense in Schedule 16.
12. Company has made partial payment of Rs.20.75 lacs during the year towards its obligation of Sales tax liability provided in earlier yrs.
13. Company has capitalized Plant and machinery amounting to Rs. 55.31 lacs (including installation cost) during the year. Company has also discarded damaged and/or non working assets having gross value Rs.22.26 lacs. The net impact after adjustment of depreciation fund has been charged to revenue of the year.

Laurel Organics Ltd.

14. Travelling and conveyance expenses include Rs.3.79 lacs (Previous Year Rs.6.79 lacs) spent by directors for business purposes including foreign tour. Total Foreign exchange used during the year amounting to Rs.1.63 lacs.
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.3.31 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. Company has re-paid a sum of Rs.2.00 lacs during the year.
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. Modification/Up gradation work in progress has been kept as such under current assets. The same will be capitalized/charges to revenue account as & when the work is completed.
20. Repairs, maintenance and modification expenses of Plant and Machinery as per Schedule -16 include cost of repairs, replacement of partial worn out assets and consumable items utilised for minor modification of revenue nature necessary for suitability of new products being produced by the company on Job charges basis for M/s Ranbaxy Lab. Ltd.
21. Laboratory chemicals/consumable spares as per Schedule-16 has been charged to revenue account after reducing the stocks in hand of these items at close of the year.
22. As per decision of the management, Company is planning to obtain money transfer insurance, apart from ongoing workmen compensation and group insurance cover for the employees and insurance covers for fire etc. taken for building, plant & machinery of the company. Thereby adequacy of insurance cover is justified by the management.
23. The works of the company were covered by ESIC with effect from June'08. However, the correspondence in this regard was received by the company only in March'09. Accordingly, Company has started compliance of ESIC provisions and co. is pursuing for waivers of ESIC payments from June to Feb.'09. No liability on this account has been provided for.
24. Previous year figures have been regrouped/re-arranged wherever considered necessary and rounded off to nearest one rupee.
25. Schedule 1 to 20 form an integral part of the statement of account of the company comprising Balance Sheet as on 31st March'2009 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

Sd/-
(A. K. Jalan, FCA), Partner

For and on behalf of the Board

Sd/-
(Director)

Sd/-
(Director)

Place : New Delhi.

Date: 25.08.2009

Bhondsi, Date: 25.08.2009

CASH FLOW STATEMENT

DESCRIPTION	YEAR ENDED 31.03.2009	YEAR ENDED 31.03.2008
A Cash flow from operating activities :		
Net profit before intt., taxes and exceptional items	13,175,094	11,548,863
Adjustment for:		
Depreciation	3,277,849	2,883,564
Amortisation	10,000	10,000
Gratuity provided	245,116	1,489,154
Interest Received	-	(15,217)
Prior period adjustments	(10,848)	64,484
On a/c of fixed assets for operation (Net)	(3,389,176)	(9,073,435)
Loss on assets discarded	1,056,301	487,718
Provisions paid/w-back (Net)	(181,911)	(83,616)
Operating profit before W C Changes	14,182,425	7,311,515
Adjustment for:		
Trade and other receivables	2,510,586	(2,309,732)
Inventories	135,652	14,411
Loans & Advances	70,989	(670,796)
Trade & Other Payables	(6,169,059)	(3,435,695)
Net Cash from operating activities (A)	10,830,592	909,704
B Cash Flow from investing activities :		
Purchase of investments	-	-
Interest Received	-	15,217
Preliminary Expenses	-	-
Net Cash Flow from invest. activities(B)	-	15,217
C Cash flow from financing activities :		
Net increase in bank/other borrowings	(5,463,454)	9,881,524
Increase in paid up share capital	-	-
Proceeds from long term borrowings	-	-
Interest/tax Paid-adj.	(5,141,139)	(10,957,504)
Net Cash Flow from fin. activities (C)	(10,604,594)	(1,075,980)
Net Inc. in cash and equivalents (A+B+C)	225,999	(151,059)
Cash & Cash equivalents (Op. Bal.)	94,904	245,963
Cash & Cash equivalents	320,902	94,904

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

As per our attached report of even date

For A K Jalan & Associates
Chartered Accountants

Sd/-
Partner
Place: New Delhi.

For and on behalf of the Board

Sd/-
(Director)
Bhondsi,

Sd/-
(Director)
Date: 25.08.09

STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 BALANCE SHEETS ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31ST MARCH 2009

I. REGISTRATION DETAILS

Registration No. State Code
Balance Sheet Date

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousand)

Public Issue Right Issue
Bonus Issue Private Placement

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS

(Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="112152"/>	Total Assets	<input type="text" value="112152"/>
Source of Funds			
Paid up Capital	<input type="text" value="73850"/>	Reserves & Surplus	<input type="text" value="0000"/>
Secured Loans	<input type="text" value="01565"/>	Unsecured Loan	<input type="text" value="36737"/>
Advanced from Promoters	<input type="text" value="NIL"/>		
Application of Funds			
Net Fixed Assets	<input type="text" value="34786"/>	Investment	<input type="text" value="NIL"/>
Net Current Assets	<input type="text" value="(3124)"/>	Misc. Expenditure	<input type="text" value="50"/>
Accumulated Loss	<input type="text" value="80440"/>		

IV. PERFORMANCE OF COMPANY

(Amount in Thousand)

Turn Over	<input type="text" value="85097"/>	Total Expenditure	<input type="text" value="77063"/>
Profit before Tax	<input type="text" value="8034"/>	Profit after Tax	<input type="text" value="7174"/>
Earning per Share in Rs.	<input type="text" value="001"/>	Dividend Rate %	<input type="text" value="NIL"/>

V. GENERIC NAMES OF THE PRODUCTS / SERVICES OF COMPANY

(As per monetary terms)

Item Code No.

(ITC Code)

Products

Description

Laurel Organics Limited

**Regd. Office: Vill. Bhondsi, Tehsil Sohna
Distt. Gurgaon (Haryana) - 1221021**

PROXY FORM

Folio No.....

No. of Shares.....

I/we.....
of.....in the district of.....
being a member/members of Laurel Organics Limited hereby appoint.....
.....in the district of.....
of falling him/her.....of.....
as my/ our proxy to attend and to vote for me/us behalf at the 16th Annual General Meeting of the
Company to be held on Tuesday, the 29th. September, 2009 Vill. Bhondsi, Tehsil Sohna, Distt.
Gurgaon (Haryana) at 12.30 P.M. and at any adjournment thereof.

Signed this.....day of.....2009

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

LAUREL ORGANICS LIMITED

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

ATTENDANCE SLIP

Name of the attending Member

(in Block Letter)

Member's Folio Number

Name of Proxy(s) (in Block Letters)

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

No. of Shaers

I hereby record my presence at the 16th Annual General Meeting held at Regd. Office : Vill, Bhondsi,
Tehsil, Sohna Distt. Gurgaon (Harayana) Tuesday, the 29th September, 2009 at 12.30 P.M.

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

BOOK-POST



If undelivered, please return to:-

Laurel Organics Ltd.

Vill. Bhondsi, Tehsil Sohna.

Distt. Gurgaon (Haryana)