



ASHCO NIULAB INDUSTRIES LIMITED

24TH ANNUAL REPORT 2009-2010



BOARD OF DIRECTORS

ASHOK K. KOTWANI
Chairman & Managing Director

KANCHAN A. KOTWANI
Whole time Director

SHASHIN RAJNIKANT SHAH
Director - Non Executive Independent Director

RAJESH S NAWATHE
Director - Non Executive Independent Director

BANKERS

PUNJAB NATIONAL BANK
SEEPZ Branch,
Andheri (East)
Mumbai – 400 096.

AUDITORS

GMJ & Co
Chartered Accountants
C/2, Vishal Apartments,
Sir M.V. Road,
Andheri (East)
Mumbai – 400 069

REGISTRAR AND SHARE TRANSFER AGENTS

SYSTEM SUPPORT SERVICES
209, Shivai Industrial Estate,
Next to Parke-Davis,
89, Andheri-Kurla Road,
Sakinaka, Andheri (East)
Mumbai-400 072
Tel.: 022-28500835
Fax : 022-28501438

REGISTERED OFFICE

Lab House, Plot No. F-13,
Opp. Seepz, Andheri (East),
Mumbai – 400 093
Tel : 022-67040700/800
Fax : 022-28368275

ISIN No.

INE 714F01025

COMPANY SECRETARY & COMPLIANCE OFFICER

NAGEN CH. ADHIKARY

BRANCHES AT

Noida Hyderabad
Jaipur Chennai
Kolkata

ANALYTICAL AND TESTING LABORATORIES

Ashco Niulab Industries Limited
Lab House, Plot No. F-13,
Opp. Seepz, Andheri (East),
Mumbai – 400 093.

Ashco Niulab Industries Limited
Plot No. F-11 & 12/10, WICEL,
Opp. Seepz, Andheri (East),
Mumbai – 400 093.

Ashco Niulab Industries Limited
Ap Agro's Complex,
HMT TOWNSHIP, P.O. 60-007
Narsapur Road , Chintal
Hyderabad- 500 054

Ashco Niulab Industries Limited
Plot No. –D-70, Sector-2,
Noida (U.P.)

CONTENTS	Page Nos.
Notice	3
Director's Report	4
Report on Corporate Governance	7
Auditor's Report	17
Balance Sheet	20
Profit and Loss Account	21
Schedules	22
Notes to Accounts	28
Balance Sheet Abstract and Company's General Business Profile	33
Cash Flow Statement	34

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of ASHCO NIULAB INDUSTRIES LIMITED will be held on Wednesday 29th September, 2010 at 9.30 a.m. at Hotel Tunga International, B-11, Central Road, MIDC, Andheri (E), Mumbai- 400 093 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint Mr. Shashin Rajnikant Shah, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Notes:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, but so that every proxy so appointed need not be a member of the company. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the commencement of the meeting.
- b) Members seeking clarification /s if any , on the financials of the company for the period under the review are requested

to address their queries at the Registered office of the company at least 7 days prior to the date of Annual General Meeting to enable the Management to keep the required information readily available at the meeting.

- c) Members are requested
 - i. to notify immediately any changes in their address to the company's Share Transfer Agents.
 - ii. bring their copy of Annual Report and the Attendance Slip duly filled with them at the Annual General Meeting.
- d) The Company hereby notifies the closure of Register of members and Share Transfer books from Thursday the 23rd September, 2010 to Wednesday 29th September, 2010 (both days inclusive for purpose of Annual General Meeting.)

For and on Behalf of the Board

Ashok K Kotwani
Chairman & Managing Director

Registered Office:

"Lab House", Plot No. F-13,
Opp SEEPZ, MIDC, Andheri (East) ,
Mumbai 400 093.

Date: 1st September, 2010



DIRECTORS' REPORT TO THE MEMBERS

DIRECTORS' REPORT TO THE MEMBERS

The Directors have the pleasure of presenting the Twenty Fourth Annual report of your Company for the Financial Year 2009-10 together with Audited Accounts, Auditors' Report for the year ended 31st March, 2010.

FINANCIAL RESULTS & HIGHLIGHTS

The summary of operating result for the year 2009-10 and appropriation of divisible profit is given below:

	Rs. In Lacs	
	2009-10	2008-09
Sales and Other Income	8235.42	7925.37
Less: Expenses	7613.51	7376.72
PBDT	621.91	548.66
Less : Tax Expenses		
Current Tax	140.00	138.00
Deferred Tax	(28.20)	(51.15)
FBT		18.45
Profit Before Depreciation/ Cash profit	510.11	443.36
Less : Depreciation and Amortisation of goodwill	613.94	581.31
Net Profit/(Loss)	(103.83)	(137.96)
Less : Prior Period Expenses	—	0.24
Short Provision for Income Tax	28.21	—
Add: Balance Profit Brought forward from previous year	311.41	449.60
Balance available for Appropriation	179.37	311.41
Surplus Carried to Balance Sheet	179.37	311.41

OPERATIONS

The sales and Other Income of the company for the financial year 2009-10 were Rs. 8235.42 Lacs as compared to Rs. 7925.37 Lacs for the previous year. The Net Profit (Loss) for the year is Rs. (103.83) Lacs as compared to Rs. (137.96) Lacs for the previous year. The Directors are hopeful of better results in the current year.

The Company posted cash profit of Rs. 510.11 Lacs and net loss of Rs. 103.83 Lacs was arrived at after deducting Depreciation and amortisation of Goodwill from the Cash Profit/ Profit Before Depreciation.

DIVIDEND

Your Directors do not wish to recommend any dividend for the year 2009-10.

ISSUE OF FURTHER CAPITAL BY ISSUE OF ADR/GDR/ FCCB/QIP

With the growth of Clinical Research activity in India, the company is in the process of raising capital from international markets vide ADR/GDR/FCCB/QIP up to the tune of USD 25 Million in order to finance capital expenditure, modernization, acquisitions, diversification, general corporate purposes and working capital requirements and also to retire costly short term debts, if possible.

Out of the above, the company has already raised USD 9,998,732 through the issue of Global Depository Receipt by virtue of shareholders resolution passed by Postal Ballot as on 24th November, 2009 and the Company allotted 337,795,000 Equity Shares of Re. 1 each (Offering at Rs. 1.35 each) in the name of Bank of New York, Mellon, 101 Barclay Street, New York, New York 10286 USA, the Depository representing 6,755,900 Global Depository Receipts (GDRs) and amount raised thereby not yet repatriated. The remaining USD 15 Million may be raised by the company as per requirement in coming months / year.

The GDRs issued by overseas depository are listed and traded in EURO MTF market of the LUXEMBOURG STOCK EXCHANGE

CONSOLIDATION & INCREASE OF AUTHORISED CAPITAL.

The Company converted and consolidated the unissued 1000, 15% Preference Shares of Rs. 100/- each in the Authorised Share Capital of the company into 10000 Equity Shares of Rs. 10/- each. The authorised share capital of the company was increased from present Rs.40 Crores to Rs.100 Crores in order to facilitate expansion plan by further issue of shares in the form of ADR/GDR/FCCB by creation of 60,000,000 (Six Crores) Equity shares of Rs. 10/- each.

SUB-DIVISION OF SHARE CAPITAL

The Equity share capital of the company was sub-divided from 1 (One) equity share of Rs. 10/- (Ten) each to 10 (Ten) equity shares of Re 1 /- (Rupee One) each in absolute number with effect from 8th December, 2009.

But in the subsequent stage recently the Company has been receiving representation from various shareholders for consolidation of the Share Capital into shares of larger denomination. In view of this the Company has already issued notice of Postal Ballot along with Ballot papers for their assent or dissent to consolidate the share Capital back to Rs. 10/- (Rupees Ten) per share.

FUTURE OUTLOOK

With the growth of Clinical research activity in India & abroad, the company raised money from the international markets vide ADR/GDR/FCCBS /QIP up to the tune of USD \$ 9,998,732. The amount raised thereby has been utilized for the purpose of setting up subsidiary company abroad to help the operation of the Company through marketing in international market.

The Company intends to enter in the area of Formulation Development to cater its Pharmaceutical clients. The same would help the Company in backward integration of existing Bio Equivalence business.

With various approvals coming in from different Countries/Regulatory Agencies, a plan to set up Formulation Development Centre, and starting of subsidiary company, future outlook of the company is bright.

DEPOSITS

The company has not invited or accepted any Public Deposits during the year.

SUBSIDIARY COMPANY

Your Company has set up 100% subsidiary abroad under the name and style Ashco Niulab FZE at Hamariyah Free Zone, - Shj, UAE in order to cater to the needs of international market. The full effect of the subsidiary company will be visible in the financial result of the year 2010-11 and onwards.

STATUTORY INFORMATION

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, requiring disclosure of particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo given in the prescribed format is annexed hereto (Annexure-I) and forms part of this report.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of section 217(2A) of the Companies Act, 1956 and the Rules framed thereunder, the names and other particulars of employees are set out in the Annexure to the Directors' Report. In terms of the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Shareholders of the Company excluding the aforesaid Annexure. The Annexure is available for inspection at the Registered Office of the Company.

Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer at the Registered Office of the Company.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 & also Company's Articles of Association of the company Mr. Shashin Rajnikant Shah Director retires by rotation and being eligible of reappointment offers himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. in the preparation of the annual accounts, the applicable Accounting Standards have been followed with proper explanation relating to material departures;

2. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the company as at March 31, 2010 and of the loss of the company for the year ended on that date;
3. proper and sufficient care has been taken 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 & detecting fraud & other irregularities;
4. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT

A detailed compliance report on Corporate Governance is provided elsewhere in the Annual Report. Practicing Company Secretary's Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement is also provided in the Annual Report.

AUDITORS' REMARKS

The observations made by the Auditors with reference to Notes to the Accounts for the year under report are self-explanatory and need no further comments from the Directors.

AUDITORS

M/s. GMJ & Co, Chartered Accountants, the Auditors of the company retires at the conclusion of this Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGMENTS

Your Directors place on record their appreciation of the valuable co-operation and support of Customers, Shareholders, Company's Bankers, and Government Authorities. The Board also wishes to express its appreciation to all the employees of the company for their contribution to the operations of the company during the year.

For and on behalf of Board

ASHOK K. KOTWANI
CHAIRMAN & MANAGING DIRECTOR

Registered Office:

"Lab House", Plot No. F-13,
Opp. SEEPZ, M. I. D. C., Andheri (East),
Mumbai – 400 093

Date : 1st September, 2010

ANNEXURE – “I” TO THE DIRECTORS’ REPORT

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A. Conservation of Energy

- A. Conservation of Energy** : Power used in the company is drawn by different equipments from common source. Besides this Generator & UPS are also used as back up source. The company has designed & installed power distribution system perfectly well to utilize the power at optimum level of requirement. Laboratory building is designed in such a way that during day time no artificial lighting is necessary in the Laboratory. During the year under review all possible efforts were made to ensure optimum conservation of Electricity at all the Units of the company.
- ii. Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- iii. Impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not Applicable
- iv. Total energy consumption and energy consumption per unit of production : Not Applicable

B. Technology Absorption

: Not Applicable

C. Foreign Exchange Earnings and Outgo

- i. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : Nil

- ii. Total foreign exchange used and earned

(Rs.in Lacs)

	Current Year	Previous Year
Foreign Exchange Earned	1597.41	303.53
Foreign Exchange used:		
Traveling	21.47	13.18
Advertisement	NIL	NIL
Consumable Stores and Spares	NIL	NIL
Purchases	153.49	124.526

DETAILS OF DIRECTORS SEEKING APPOINTMENT

Name of the Director	Date of Birth	Date of Appointment	Qualification	Expertise in specific areas	No. of Companies in which outside Directorship was held as on 31st March, 2010	Chairman / Member of the committee(s) of the Board of the companies on which he is Director as on 31st March, 2010	Shareholding in the Company (no. of shares)
Mr. Shashin Rajnikant Shah	17.10.1975	30.06.2007	B.COM,	Accounting	NIL	NIL	NIL

REPORT ON CORPORATE GOVERNANCE

A. Company's Corporate Governance Philosophy :

The Company has adopted the best practices in the areas of Corporate Governance. In this fiercely competitive business environment, management & employees of the company are committed to obtain the core values of the transparency, integrity, honesty, accountability which are fundamental to the Ashco Group.

The policy guidelines, code of conduct & ethics for the Board of Directors & Senior Management, legal compliance reporting system, model code of conduct for prevention of insider trading is already in place and company has also constituted audit committee, remuneration committee, shareholders grievance committee, nomination committee, ethics & compliance committee for effective corporate governance.

Company believes that good corporate governance brings about sustained corporate growth & long term benefit for stakeholders. Company continues to follow procedures & practices in conformity with the code of corporate governance as enunciated in the listing agreement.

The details of the implementation of the code are mentioned in the following paragraphs.

1. The Board of Directors

1.1 Composition & Size of the Board :

The company has Executive Chairman. Number of independent directors are 50% of the total number of directors. None of the directors of the board is member on more than 10 committees & Chairman of more than 5 committees (as specified in Clause 49), across all the companies in which he is director. The necessary disclosures regarding committee positions have been made by the directors.

Particulars of Directors are as follows:

Mr. Ashok K. Kotwani Chairman & Managing Director aged 57 years, is Gold Medallist in

Msc. Physics has more than 31 years of experience in the Analytical Equipment Industry. He is in charge of all matters pertaining to the day to day working of the company.

Mrs Kanchan Ashok Kotwani Whole time Director aged 53 years is Arts Graduate and expert in Administration and General management.

Mr Rajesh Srinivas Nawathe aged 50 years was appointed as additional director on 30th June, 2007 and on 28th September, 2007 he was reappointed as Non Executive Independent Director of the company. He is Masters in Commerce (M.COM) and having wide knowledge in areas of accounting, finance, human resources, import, export, material management etc, and is having DIEM and DMM certificates to his credit. He has more than 19 years of experience in Instrumentation Industry.

Mr. Shashin Rajnikant Shah aged 37 years was appointed as additional director on 30th June, 2007 and on 28th September, 2007 he was reappointed as Non Executive Independent Director of the company. He is a commerce graduate and is having wide accounting knowledge. He has over decades of experience in various areas of industry.

Disclosure of Relationship between Directors inter-se:

Mrs Kanchan Ashok Kotwani, Whole-Time Director of the Company being wife of Mr. Ashok K. Kotwani is relative of the Chairman & Managing Directors. Mr. Rajesh Srinivas Nawathe and Mr. Shashin Rajnikant Shah both are Independent Director of the Company and not relative of either the Managing Director or Whole-Time Director of the Company.

1.2 Board Meetings

The name & category of the directors on the board, attendance at the board meeting during the year & at the last Annual General Meeting and also no. of directorship & committee membership held by them in other companies are given below :

Name	Category	No. of Board Meetings attended during 09-10	Whether attended AGM held on 22nd December 2009	No. of Directorships in other public companies		No. of committees positions held in other public companies*		No. of other Directorship**
				Chairman	Member	Chairman	Member	
Mr. Ashok Kotwani	Promoter, Non-Independent Executive Chairman	13	Yes	1	1	—	—	1
Mrs. Kanchan Kotwani	Promoter, Non-Independent Whole time Director	13	Yes	—	1	—	—	—
Mr. Rajesh Nawathe	Non-Executive Independent Director	13	Yes	—	—	—	—	—
Mr. Shashin Shah	Non-Executive Independent Director	13	Yes	—	—	—	—	—

*represents chairmanship/membership of Audit, Remuneration, Executive & Shareholders Grievance Committee.

**excluding directorship in private Ltd. Companies

2. ATTENDANCE AT BOARD MEETING

Thirteen Board Meetings were held during the year 2009-2010 & gap between two meetings did not exceed four months. The dates on which Board Meetings were held are as follows:

1) 29.04.2009, 2) 03.07.2009, 3) 24.08.2009, 4) 09.09.2009, 5) 25.09.2009, 6) 05.10.2009, 7) 12.10.2009, 8) 31.10.2009, 9) 24.12.2009, 10) 15.01.2010, 11) 30.01.2010, 12) 03.03.2010, 13) 22.03.2010

Dates for the Board Meeting in the ensuing year are decided well in advance & communicated to the directors. The board meetings are usually held at the registered office of the company. Agenda notes are sent to the directors in advance. Additional meetings of the board are held as when deemed necessary by the board. The information as required under Annexure 1A to the clause 49 is being made available to the board.

The board periodically reviews compliance report of all laws applicable to the company. The steps are taken by the company to rectify instances of the non compliance, if any.

The company has adopted the Ashco Code of Conduct for directors & for senior management personnel & other executives of the company. The company has received confirmation from the directors as well as senior management personnel regarding compliance of the code during the year under review. These codes are posted on the website of the company.

None of the Directors is related to other Directors, except Mrs Kanchan Kotwani who is wife of Mr Ashok Kotwani .

3. REAPPOINTMENT OF DIRECTORS LIABLE TO RETIRE BY ROTATION.

In accordance with the provisions of the Companies Act, 1956 & also Company's Articles of Association of the company Mr. Shashin Rajnikant Shah Director retires by rotation and being eligible of reappointment offers himself for reappointment.

4. AUDIT COMMITTEE MEETINGS:

The Company had constituted Audit Committee on 10th December 2005. Scope of activities of Audit Committee is as set out in clause 49 of the listing agreement entered into with stock exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of Audit Committee including its power, role etc, has already been set in the place.

Mr. Rajesh Nawathe is the Chairman of the Audit Committee. The audit committee met 4 times during the year on 1) 29.04.2009 2) 26.06.2009. 3) 12.10.2009. 4) 30.01.2010

The following Directors were present in all the audit committee meetings.

Sr. No.	Name of the Members	Category
1	Mr Rajesh Nawathe	Independent Director
2	Mr. Shashin Shah	Independent Director
3	Mr. Ashok Kotwani	Managing Director

Audit Committee Meeting was attended by Auditors of the Company & officials of the Accounts Department. The necessary quorum was present at the meeting.

The Company Secretary of the Company is the secretary to the Audit Committee.

5. REMUNERATION COMMITTEE:

The broad terms of reference for duly constituted remuneration committee are as follows:

- Review Performance of Managing Director & Whole-time Director after considering company's performance.
- Recommend to the board remuneration including salary, perquisites & commission to the company's Managing Director & Whole-time Director.
- Finalise the perquisites package to the Managing Director & Whole-time Director within overall ceiling fixed by the board.
- Recommend to the board retirement benefits to be paid to the Managing Director & Whole-time Director under retirement benefit guidelines to be adopted by the board.

The Remuneration Committee met on 30th June, 2009, wherein following members were present

Sr. No.	Name of the Members	Category
1	Mr. Rajesh Nawathe	Independent Director
2	Mr Ashok Kotwani	Chairman & Managing Director
3	Mr. Shashin Shah	Independent Director

Chairman Mr. Rajesh Nawathe was present during that meeting. The Company Secretary of the Company is the secretary to the Remuneration Committee.

The company has complied with the non mandatory requirement of the Clause 49 regarding remuneration committee.

Company pays Sitting Fees of Rs. 3000/- per meeting to the Non-Executive Directors for attending meetings of the board.

The details of remuneration paid to the Non Executive Directors for the period from 1st April 2009 to 31ST March, 2010 are as follows:

Name of the Director	Salary	Perquisite Allowances	Commission	Sitting Fees
Mr. Rajesh Nawathe	NIL	NIL	NIL	54,000/-
Mr. Shashin Shah	NIL	NIL	NIL	54,000/-

6. INVESTORS GRIEVANCES / SERVICES

1. Terms of Reference : The company has formed Investors / Shareholders Grievances Committee with the following terms of reference :

- Ensure redressal of shareholders & Investors complaint related to the transfer of shares, non receipt of receipts etc.
- Redressal of Investors complaint in respect to non receipt of dividends etc.

Composition of Committee: Chairman-Mr. Rajesh Nawathe Mr. Shashin Shah-Member, Mr. Ashok Kotwani-Member, Company Secretary is the secretary to the Investors Grievances Committee.

2. During the year under review company has received few number of complaints from investors all of which were replied or resolved to the satisfaction of the investors.

Status of Shareholders'/Investors' Complaints for the period 01.04.2009 to 31.03.2010:

Nature of Complaint	No. of Complaints Received	No. of Complaints Resolved	No. of pending Complaints
Transfer of Shares	2	2	—
Change of Address	3	3	—
Other	2	2	—
Total	7	7	—

IN ADDITION TO THE ABOVE COMMITTEES THE BOARD HAS CONSTITUTED FOLLOWING COMMITTEES:

1. ETHICS & COMPLIANCE COMMITTEE:

As required under Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation 1992. This committee was formed on 10th December 2005 date. Mr. Rajesh Nawathe is Chairman of the committee & Mr. Ashok Kotwani-Executive is Member.

Company Secretary of the Company is the secretary to the Ethics & Compliance Committee. Ethics & Compliance Committee is to

- set forth the policies relating to and oversee the implementation of the Code.
- take on record the status reports prepared by the Compliance Officer detailing the dealings in Securities by the Specified Persons on a monthly basis.

- decide penal action in respect of violation of the Regulations / the Code by any Specified Person .

2. EXECUTIVE COMMITTEE:

Executive Committee was constituted on 31st January, 2006. Executive Committee consists of Mr. Rajesh Nawathe as Chairman. Mr. Shashin Shah, Mr. Ashok Kotwani & Mr. Manohar Kotwani are member of the same. The Company Secretary of the Company is the secretary to the Executive Committee. The terms of reference of Executive Committee are

- Reviewing company performance.
- Progress on new projects undertaken by the company
- Review major issues and opportunities
- Debate on process that transcend all businesses.

OTHER DIRECTORSHIPS AND MEMBERSHIP OF COMMITTEES (AS OF DATE)

- Mr. Ashok K Kotwani**
Ashco Niulab Exports Limited,
ANKK MediaArts Private Limited,
Ashco Niulab FZE, UAE
- Mrs. Kanchan A Kotwani**
Ashco Niulab Exports Limited,
- Mr. Shashin Shah**
Nil
- Mr. Rajesh Nawathe**
Tantrasoft Solution (India) Private Limited.
Crystal FRT Forwarders Private Limited.
Sharda Capsec Ltd.,

7. DIRECTORS' REMUNERATION

The Directors of the Company excluding the Whole-Time Director and Managing Director have been paid sitting fee for attending meetings of the Board of Directors and Committees of Directors. The sitting Fee for attending the meetings of the Board of Directors has been paid to each Director at the rate of Rs. 3000/- per meeting. The sitting fee for attending meeting of Audit Committee of Directors has been paid to each Director at the rate of Rs. 3000/- per meeting and for attending the meeting of Remuneration Committee of Directors at the rate of Rs. 3000/- per meeting to each Director.

The Managing Director of the Company is being paid Salary, Allowances and perquisite as per Part III to the Schedule XIII to the Companies Act, 1956 based on Effective Capital of the Company.

8. DISCLOSURES ON NON COMPLIANCES, RELATED PARTY TRANSACTIONS, IF ANY

The Company has complied with the requirement of regulatory authorities on Capital Markets and no penalties/strictures have been imposed against the company in the last three years.

The Company has been publishing Unaudited Financial Result for every quarter ended within time frame stipulated in the Listing Agreement but the Limited Review Report on the Unaudited Quarterly Result are not being submitted with Stock Exchanges. The Company is making its effort to comply with the same at the earliest.

Related party transactions have been disclosed in "Schedule R" of the "Notes to Accounts."

8. MEANS OF COMMUNICATION

Timely disclosure of information on business and financial performance of the company is an integral part of good governance.

Your company disseminates information about its operation, business and financial performance to stock

exchanges, media, shareholders, analysts and society at large. The Quarterly/Half yearly results were announced within a period of 30 days of the end of each quarter while the audited results were announced within 30 days of the end of the financial year as permitted by law. The particulars of your company, its business and operations are available on the corporate website www.ashconiulab.com

The results were published, inter alia, in "The Free Press Journal", and "Navshakti" (vernacular) in Mumbai Edition. These newspapers have been selected on the basis of their circulation and in the areas where vast majority of our shareholders are located.

Regular updates and developments impacting the business and financials together with data on shareholding pattern etc. are also notified to the The Bombay Stock Exchange & National Stock Exchange, Mumbai. Same information is also shared with media and the investor community

The Board Report deals with all matters stipulated under the Management Discussion and Analysis Report.

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

- Whether Special Resolution were put through Ballot? No
- Are votes proposed to be conducted through Ballot? No
- Details of Extra-ordinary General Meeting:

During the period under the review

- Resolutions were passed through means of postal ballot on 24th November, 2009 for 1) Consolidation and increase in Authorised Capital from Rs. 40 Crores to Rs. 100 Crores 2) Sub-Division of Shares into smaller denomination. 3) Issue of Further Capital by ADR/GDR/FCCB/QIP.

All the resolutions were passed with 3/4th majority. CS Prabhat Maheswari, Mumbai, was Scrutinizer and the Managing Director and Company Secretary was responsible for entire Postal Ballot exercise.

- A Special Resolution pertaining to Consolidation of Share Capital of the Company into Shares of larger denomination i.e. 10 Equity Shares of Re1.- into 1 Equity Share of Rs.10/- is proposed to be passed through Postal Ballot as resolved in the Board Meeting dated 9th August, 2010.

- | | |
|---------------------------------------|--|
| A) Date, Time and Venue of AGM | 29 th September, 2010 at 10.00 A.M at
Hotel Tunga International, B-11, Central Road, MIDC,
Andheri (E) Mumbai- 400093 |
| B) Dates of Book Closures | Thursday 23 rd September, 2010 to Wednesday 29 th September, 2010 |
| C) Special Resolutions | No Special Resolution was passed at the last AGM. |

D) Financial Calendar

Financial Reporting for

Un-audited Financial Results for quarter ending June 30, 2010	Middle of August, 2010
Un-audited Financial Results for quarter ending September 30, 2010	Middle of November, 2010
Un-audited Financial Results for quarter ending December 31, 2010	Middle of February, 2010
Audited Financial Results for the Year ending March 31, 2011	End of May, 2011
Annual General Meeting for the Year ended March 31,2011	Before the end of September,2011

E) Date of Book Closure and Annual General Meeting in last three years:

Year	Date of Book Closure		Date of AGM	Location
	From	To		
2006-2007	24-09-2007	26-09-2007	28-09-2007	Lab-House, Plot No. F-13, MIDC, Opp. SEEPZ, Andheri (East), Mumbai – 400 093
2007-2008	29-12-2008	30-12-2008	30-12-2008	Lab-House, Plot No. F-13, MIDC, Opp. SEEPZ, Andheri (East), Mumbai – 400 093
2008-2009	10-12-2009	10-12-2009	22-12-2009	Lab-House, Plot No. F-13, MIDC, Opp. SEEPZ, Andheri (East), Mumbai – 400 093

F) Stock Exchanges on which Company's shares are listed.

The company's shares are listed & being traded at the following Stock Exchanges:

- Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
- National Stock Exchange of India Ltd., "Exchange Plaza", Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051.

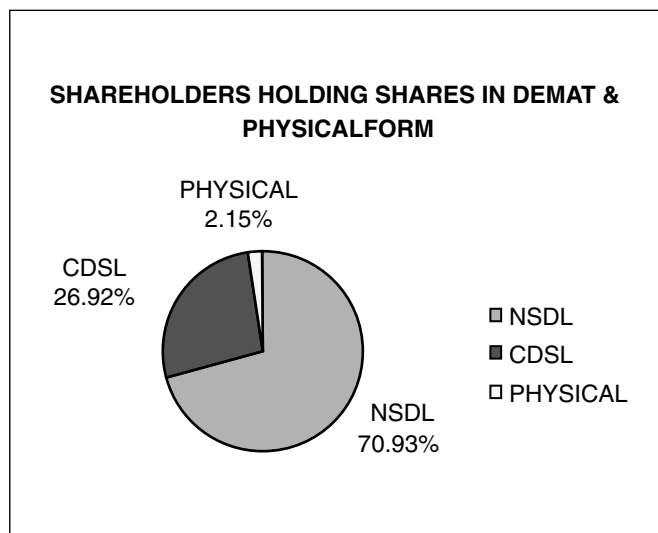
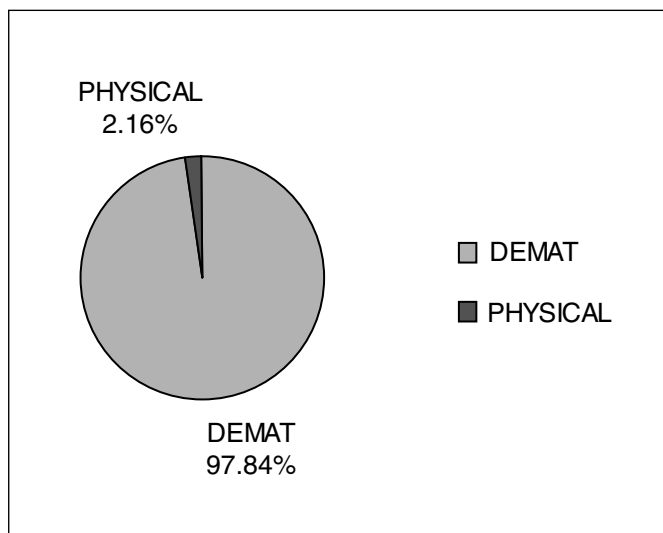
Stock Code:

Stock Scrip Code (BSE) : 517565
 Symbol (NSE) : ASHCO
 International Securities Identification Number (ISIN) : INE 714F01025
 (For dematerialized shares)

The Company has been regular in paying the listing fees to the Stock Exchanges.

G) Dematerialization of Shares and Liquidity

All Shares of the Company are under compulsory dematerialization for delivery on transfer. As at 31st March, 2010 the number of shares of the Company in demat form stood at 305299920 out of the total 312036000 shares issued by the Company.



H) Registrars and Share Transfer Agents

System Support Services
 209, Shivai Industrial Estate
 89, Andheri Kurla Road, Sakinaka, Andheri (East),
 Mumbai – 400 072
 Fax: 022 - 2850 1438, Tel.No: 022 - 2850 0835

I) Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialized form. Shares lodged for transfer in physical form are in-warded, scrutinized, verified, transferred and dispatched between 10 to 15 days from the date of receipt, if the documents are in order in all respects. Documents having deficiency are rejected and dispatched back

to transferee citing reason for rejection. Where requests for dematerialization are received simultaneously, the same are also processed separately.

J) Market Price Data

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-09	8.15	4.70	8.30	4.60
May-09	9.22	5.80	9.25	5.70
June-09	12.32	7.15	12.55	7.20
July-09	8.99	6.28	8.75	6.35
Aug-09	9.70	7.05	9.30	7.00
Sept.-09	14.74	7.72	14.90	7.65
Oct.-09	13.79	10.26	13.60	10.40
Nov.-09	12.94	10.40	13.05	10.50
Dec.-09	13.55	1.26	13.65	1.30
Jan.-10	1.52	1.16	1.50	1.15
Feb.-10	1.43	1.05	1.45	1.10
Mar.-10	1.50	1.11	1.40	1.10

K) Distribution of Shareholding as of 31st March, 2010

Shareholding of Nominal value of Rs. 1/- each	Number of Shares			% of Shares			Number of Shareholders		
	Demat	Physical	Total	Demat	Physical	Total	Demat	Physical	Total
1 – 10	814	0	814	0.000	0.000	0.000	104	0	104
11 – 25	579	0	579	0.000	0.000	0.000	29	0	29
26 – 50	3162	0	3162	0.001	0.000	0.001	72	0	72
51 – 100	18251	80	18331	0.006	0.000	0.006	192	1	193
101 – 500	403170	0	403170	0.129	0.000	0.129	1003	0	1003
501 – 1000	2277249	206000	2483249	0.730	0.066	0.796	2338	206	2544
1001 – 5000	18042788	2951000	20993788	5.782	0.946	6.728	5646	753	6399
5001 – 10000	14175525	169000	14344525	4.543	0.054	4.597	1647	22	1669
10001 - 100000	44405258	410000	44815258	14.231	0.131	14.362	1532	22	1554
100001 & Above	225973124	3000000	228973124	72.419	0.961	73.380	186	1	187
Shares in Transit			0			0.000			
Total	305299920	6736080	312036000	97.841	2.159	100.00	12749	1005	13754

L) Shareholding Pattern as on 31st March, 2010

Sr. No.	Category	No. of Shares held	Percentage of shareholding
A	Promoter's Holding		
1	Promoter's		
	Indian Promoters	12,42,44,972	39.818%
	Foreign Promoters		
2	Persons acting in concert (Director's relative)	—	—
	Sub-Total	12,42,44,972	39.818%

B	Non –Promoter’s Holding		
	3 Institutional Investors		
	a) Mutual Funds and UTI	—	—
	b) Bankers, Financial Institutions, Insurance Companies, (Central / State Govt. Institutions / Non Government Institutions)	—	—
C	FII’s	—	—
Sub-Total		—	—
	4 Others		
	a) Private Corporate Bodies	41834239	13.407%
	b) Indian Public	144622643	46.348%
	c) NRIs / OCBs	1334146	0.428%
	d) Any Other (Please Specify) in transit	—	—
TOTAL		312036000	100.00%

M) Nomination Facility

Shareholders holding shares in physical form and desires of making nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the RTA the prescribed Form 2B for this purpose.

N) Outstanding GDRs / ADRs or any convertible instruments : N. A.

conversion date and likely impact on equity

O) Investors Correspondence:

— System Support Services
209, Shivai Industrial Estate
89, Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai – 400 072
Tel: 022 - 2850 0835, Fax: 022 - 2850 1438

10 Disclosures:

- a. Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However the company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transaction entered into with them.

- b. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, structure has been imposed by the Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets, during the last 3 years.

- c. The Company has complied with the non mandatory requirement of the Clause 49 of the Listing Agreement with Stock Exchanges regarding formation of Remuneration Committee.

FOR AND ON BEHALF OF THE BOARD

ASHOK K KOTWANI
CHAIRMAN & MANAGING DIRECTOR

PLACE : Mumbai
Date : 1st September, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING STATEMENTS

This report contains forward looking statement which may be identified by their use of words like “plans”, “expects”, “wills”, anticipate, believes, intends, projects estimates or other words of similar meaning. All the statement that address expectation or projections about future, including but not limited to statements about company’s strategy for growth, product development, market position, expenditures and financial results are forward looking statements. The forward looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company’s actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements on the basis of any subsequent developments, information or events.

INDIAN ECONOMY

In the aftermath of global economic recession India’s economy is poised for a growth at a faster pace in 2010-11 than earlier expected. The Indian economy is being supported by a global recovery, domestic demand and a double-digit expansion in factory output. Asia’s third biggest economy is expected to grow at annual rates above 8% (percentage) in coming quarters.

According to a study, Indians incomes are likely to grow three-fold over the next two decades and India will become the world’s fifth largest consumer market by 2025.

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The global pharmaceutical industry is at the cross roads. With many of the blockbuster drugs getting off-patented and with increasing R&D costs, it is hard for the companies to maintain their bottom-line and remain unaffected. They have found recourse to outsourcing some of their research and manufacturing activities and saving cost in the process. This has led to the growth of Contract Research and Manufacturing Services or CRAMS making the companies in India to rejoice. Business of CRAMS has come as a boon to the mid-cap pharma companies in India, these companies are merrily embracing CRAMS taking full advantage of the future enjoyed by India as potentially captured 10% of the global CRAMS market of almost US\$ 168 billion. Overall the CRAMS segment is expected to have grown at 40-50 percent in the last few years.

API Manufacturing is the largest contributor to outsourcing market with a 55 percent share. Clinical research with a 35 percent share of the market is the second largest segment contributing to more than one-fourth of the revenues in this industry followed closely by Drug discovery and Formulation Development at 25 percent and 20 percent respectively.

Clinical Research is the second largest segment, which is being outsourced with nearly a 35 percent share of the outsourcing activity. The global Clinical Research market was worth US\$ 15.2 billion in 2005 with a YOY growth rate of 23 percent and grown to US\$ 34 billion in 2009. The market includes services

provided to the pharmaceutical and biotechnology companies in the clinical development process for innovative molecules (NCEs) as well as generics. Specifically these services would be clinical, bio-analytical, bio-statistical, data management services, biomarkers, regulatory submissions, medical writing, and site management services for the four phases of clinical development of a NCE and the bio-analytical / bio-equivalence services for generics.

India, with second largest population in the world, and with every sixth patient in the world being an Indian, is going through an upheaval economically, socially and scientifically. Increasing globalization has brought about fundamental changes in the way clinical trials are conducted here. Increased awareness of Good Clinical Practices (GCP) requirements, stronger desire of international acceptability of research done in India has brought favourable changes in the attitude of clinicians in India towards participations in clinical trials. Investigators are eager to take part in GCP clinical trials and are also willing to adhere to constraints of the protocol. As per Frost & Sullivan analysis Current outsourced clinical trial activity in India is at around US\$ 18 million and is estimated to go up to US\$ 379 million by 2013.

II. OPPORTUNITIES AND THREATS

The Indian economy is on a higher growth trajectory and is fast emerging as an attractive destination for contract research and validation since there is easy availability of large population with vast gene pool of highly qualified and experienced technical persons the cost of conducting clinical trials in India is about 20% to 60% economical than the western countries. Bio-equivalence (BA/BE) studies alone constitutes around 70% of the total clinical trial market in India and is growing every year. Besides the company has exclusive distribution arrangement with world leaders in Instrumentation. These are the signs of good growth opportunities.

THREATS:

- With stiff competition the analytical instrumentation industry and the squeezing of the market for Bio-Equivalence studies the industry faces a persistent pressure on margins due to price war in order to grab the market shares.
- Raising inputs costs of raw material viz clinical supplies like Vacutainers, syringes and SPE cartridges, for Bio-Equivalence studies will put huge pressure on the margins.
- Margins are under pressure in view of increase in cost of marketing, advertising and after-sales services of instruments.
- Cyclicity has triggered an industry recession.
- The company faces stiff competition from foreign companies in the last few years, they have been increasing their market shares in India in the field of analytical instrumentation and also in Bio-Equivalence Study.

III. SEGMENT-WISE PERFORMANCE

The company operates in single segment viz, Analytical Instruments, its accessories and services. The company has now ventured into another segment that is Entertainment Industry on its merger with Niulab Equipment Company Private Ltd. However, the transactions are not material in nature.

IV. COMPANY OUTLOOK

The prices raw – material, fuel oils and other commodities increased significantly in the last quarter of 2009-10 and the upward trend is still continuing volatility and high raw material price may affect margins of the company in the current year. The company has already raised money from international market to the tune of USD \$ 9,998,732 through GDR route and started setting up subsidiaries abroad and further planned to raise money from International Capital market through GDR routes as resolved by the shareholders through resolution passed by postal ballot as on 24th November, 2009, in order to finance capital expenditure, modernization, acquisitions, diversification, general corporate purposes and working capital requirements and also to retire costly short term debts, if possible with huge quantum of funds available company will be in a position to explore overseas market by setting up subsidiary companies outside India.

The company has already completed major investments in terms of infrastructure instruments, manpower etc, which are very vital for success for any venture and it has state of the art infrastructure in order to cater to the demands of the international market. We have been using all sophisticated, top of the line highly sensitive instruments. The company has a team of highly experienced Professionals in the respective fields.

The company is focusing in the areas of the Contract Research (Bio-Equivalence/ Bio Availability), Analytical services and Instrumentation. The company intends to enter in the area of Formulation Development to Cater its pharmaceutical clients.

The mid-term outlook is fairly good and long-term outlook remains positive as the Indian economy is growing steadily at good growth rate.

V. RISK AND CONCERN

The risk management policy is periodically examined and updated by the management. Risk factors and risk mitigation is one of the main item of the agenda at the regular periodical board meeting. The Board deliberates in the same and takes suitable steps whenever threats are perceived.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has adequate internal control procedures commensurate with the size of the company and nature of its business. These business control procedure ensures efficient use and protection of the resources and compliance with the policies, procedures and statutes. The internal control system provides well-documented policies, guidelines, authorizations and approval procedures. The prime objective of the internal control procedure is to test the adequacy and effectiveness of

all internal controls laid down by the management and to suggest improvements.

VII. FINANCIAL PERFORMANCE

The Sales and Other Income of the company for the financial year 2009-10 are Rs. 8235.42 Lacs. The Company posted cash profit of Rs. 510.11 Lacs and net loss of Rs.103.83 Lacs was arrived at after deducting Depreciation and amortisation of Goodwill from the Cash Profit/Profit before Depreciation.

The company is hopeful of turnaround in the present financial year as company is planning to raise funds from international market for purpose of expansion and diversification.

VIII. STATUTORY COMPLIANCE

On obtaining confirmation from various departments & branches of the company of having complied with all the statutory requirements, a declaration regarding compliance with the provisions of the various statutes is made by Managing Director at each Board Meeting. The company secretary as compliance officer ensures compliance with the SEBI regulations & provisions of the listing agreement. The Company secretary as compliance officer for prevention of Insider Trading Regulations ensures compliance with the Ashco guidelines on Insider Trading.

IX. CONTINGENT LIABILITIES

The details of contingent liabilities are given in Schedule R of the notes of Balance Sheet & Profit & Loss.

X. INDUSTRIAL RELATION / HUMAN RESOURCE MANAGEMENT

Industrial relation remain normal at all locations. The development of human resources is key strategic challenge in order to prepare people for future responsibilities in terms of professional skills as well as business skills. The company is investing in modernization & training of manpower for upgrading the skills. It has been company's constant endeavor to train & develop human resources to meet the challenges the company faces. The company continues to induct competent professionals for its present & future needs. The company provides excellent & challenging atmosphere through various systems & process in place like induction, training, performance management, etc to enable the employees to give the best. Training imparted is comprehensive, covering knowledge, skill and attitude apart from mandatory courses in safety and environment process.

For and on behalf of the board

ASHOK K KOTWANI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Date:1st September 2010



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members,
Ashco Niulab Industries Limited

I have examined the compliance of conditions of Corporate Governance by Ashco Niulab Industries Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the company entered in to with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof; adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement.

I 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 **P. MAHESHWARI & ASSOCIATES**
COMPANY SECRETARIES

(P. MAHESHWARI)
Proprietor

M. No.: FCS 2405, C.P. No. : 1432

Place: Mumbai
Date: 1st September, 2010

AUDITOR'S REPORT

To
The Members of
Ashco Niulab Industries Limited,

1. We have audited the attached Balance Sheet of **ASHCO NIULAB INDUSTRIES LIMITED** as at 31st March, 2010 and also 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 management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms sub-section (4A) of Section 227 of the Companies Act, 1956, of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 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 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 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 Cash Flow Statement comply with the mandatory Accounting Standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956, except for non-provision of gratuity liability and leave encashment, which is not as per AS-15 "Employee Benefits"
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the said directors is disqualified as on 31st March, 2010 from being appointed as directors of the Company under clause (g) of sub-section (1) of Sec 274 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 read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject to Note No.11 (ii) of the Notes to the Accounts for non provision of gratuity liability and leave encashment as the same is accounted for on cash basis give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that dateand
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For GMJ & Co
Chartered Accountants
FRN No. 103429W

CA S.MAHESHWARI
Partner
M. No. 38755

Place : Mumbai
Date : 1st September, 2010

ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Referred to in paragraph 3 of our Report of Even Date)

- i. (a) The Company has maintained proper records showing major particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification by the management at reasonable intervals. In our opinion the frequency of verification may be increased. No material discrepancies were noticed on such verification by the management.
- (c) In our opinion, the Company has not disposed off substantial part of Fixed Assets during the year.
- ii. (a) We are informed that the management has a regular programme of physical verification of inventories. In our opinion the frequency of verification may be increased.
- (b) The procedures of physical verification of inventories followed by the management needs to be strengthened in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence the provisions of clause (iii) (a) to (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) The Company had taken unsecured loans from four parties covered in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 5,36,25,769/- and the year-end balance of loan taken from such parties was Rs. 88,489/-.
- (c) In our opinion and according to the information and explanations given to us, the terms and conditions of interest free unsecured loans taken by the Company, are prima facie not prejudicial to the interest of the Company.
- (d) The Company is regular in repaying the principal amount wherever stipulated.
- iv. In our opinion and according to the information and explanations given to us, the internal control systems need to be strengthened to be commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no continuing failure to correct major weakness in the internal control system has been noted.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating Rs. 5,00,000/- or more have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public, and consequently the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable to the Company.
- vii. The Company presently has no separate internal audit system. It has an internal control system which needs to be strengthened to be commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section 1 of Section 209 of the Companies Act, 1956, and hence, the provisions of clause (viii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ix. (a) The Company is generally irregular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except Service Tax, Profession Tax and Tax Deducted at Source which are outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable. The details in this respect are furnished below:

Nature of Dues	Amount in Rs.
Service Tax	2,02,24,177
Tax Deducted at Source	34,19,907
Stamp Duty	13,44,000
Profession Tax	12,627
Total	<u>2,50,00,711</u>

- (b) According to the information and explanations given to us, there are no dues of Income Tax/ Sales Tax/ Wealth Tax/ Service Tax/ Custom Duty/ Excise Duty/ Cess which have not been deposited on account of any dispute and hence the provisions of clause (ix) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- x. The Company does not have accumulated losses at the end of financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi. 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. The Company has not issued any debentures.
- xii. In our opinion and according to information and explanations given 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, and hence, the provisions of clause (xii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiii. In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society and hence the provisions of clause (xiii) of paragraph 4 the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. All the shares, securities, debentures and other investments have been held by the Company, in its own name.
- xv. In our opinion and according to information and explanations given to us, the Company has not given any guarantees for the loans taken by others from banks or financial institutions, and hence the provisions of clause (xv) of paragraph 4 the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvi. According to the information and explanations given to us, the term loans availed in the recent past have been applied for the purpose for which they were obtained.
- xvii. 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 investment by the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures and hence the provisions of clause (xix) of paragraph 4 the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. The Company has not raised any money by public issue in the recent past and hence the provisions of clause (xx) of paragraph 4 the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For GMJ & Co
Chartered Accountants
FRN No. 103429W

CA S.MAHESHWARI
Partner
M. No. 38755

Place : Mumbai
Date : 1st September, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	'A'	312,036,000	312,036,000
Reserves and Surplus	'B'	28,860,947	42,064,701
		340,896,947	354,100,701
LOAN FUNDS			
Secured Loans	'C'	344,606,157	292,437,131
Unsecured Loans	'D'	11,585,403	77,169,934
		356,191,560	369,607,065
DEFERRED TAX LIABILITIES			
(Refer Note No 7 of Schedule 'R')		14,635,369	17,455,318
	TOTAL	711,723,876	741,163,084
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'E'	543,564,703	541,594,955
Less: Depreciation		262,976,897	203,668,351
Net Block		280,587,806	337,926,604
Capital work-in-progress		—	1,573,000
		280,587,806	339,499,604
INVESTMENTS			
	'F'	8,771,885	8,771,885
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	'G'	210,966,226	231,638,773
Sundry Debtors	'H'	178,940,514	277,845,273
Cash and Bank Balances	'I'	7,152,711	11,666,859
Loans and Advances	'J'	221,070,383	105,580,844
		618,129,834	626,731,748
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	'K'	133,934,000	172,664,905
Provisions	'L'	61,831,649	61,175,249
		195,765,649	233,840,154
NET CURRENT ASSETS			
	TOTAL	422,364,185	392,891,595
		711,723,876	741,163,084
NOTES TO THE ACCOUNTS			
	'R'		

As per our report of even date
For **GMJ & Co.**
Chartered Accountants
FRN No. 103429W

CA S. MAHESHWARI
Partner
M. No. 38755

Place: Mumbai
Date: 1st September, 2010

For and on behalf of the Board

ASHOK K. KOTWANI

Chairman & Managing Director

KANCHAN A. KOTWANI

Whole Time Director

NAGEN CH. ADHIKARY

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Current Year Rupees	Previous Year Rupees
INCOME			
Gross Sales		548,665,689	517,000,449
Less: Excise Duty		—	—
Net Sales		548,665,689	517,000,449
Commission Received		133,464,897	42,495,005
Testing and Service Charges (Inclusive of TDS Rs.146,88,658/-, P.Y. Rs. 89,65,844/-)		140,026,389	131,764,947
Other Income	'M'	1,385,012	101,276,876
	TOTAL	823,541,987	792,537,276
EXPENDITURE			
Material Cost	'N'	530,567,791	494,820,124
Personnel Cost	'O'	71,433,872	87,413,928
Administrative and Other Expenses	'P'	114,299,243	112,938,565
		716,300,906	695,172,617
PROFIT BEFORE DEPRECIATION, INTEREST AND TAX		107,241,081	97,364,659
Less : Financial Expenses	'Q'	45,050,304	42,499,124
PROFIT BEFORE DEPRECIATION AND TAX		62,190,777	54,865,535
Less : Depreciation and Amortisation		61,393,913	58,131,436
PROFIT/ (LOSS) BEFORE TAX		796,864	(3,265,901)
Less : Provision for Taxation (Refer Note No. 7 of Schedule 'R')			
— Current Tax		14,000,000	13,800,000
— Deferred Tax		(2,819,949)	(5,115,045)
— Fringe Benefit Tax		—	1,845,000
		11,180,051	10,529,955
PROFIT/(LOSS) AFTER TAX		(10,383,187)	(13,795,856)
Less : Prior Period Expenses		—	23,661
Less : Short/(Excess) Provision for Income Tax		2,820,567	—
Add : Balance profit brought forward from previous year		31,140,882	44,960,399
BALANCE AVAILABLE FOR APPROPRIATION		17,937,128	31,140,882
APPROPRIATION			
Surplus Carried to Balance Sheet		17,937,128	31,140,882
		17,937,128	31,140,882
EPS (Refer Note No 10 of Schedule 'R')			
— Basic		(0.04)	(1.14)
— Diluted		(0.04)	(0.04)
NOTES TO THE ACCOUNTS	'R'		

As per our report of even date
For **GMJ & Co.**
Chartered Accountants
FRN No. 103429W

CA S. MAHESHWARI
Partner
M. No. 38755

Place: Mumbai
Date: 1st September, 2010

For and on behalf of the Board

ASHOK K. KOTWANI

Chairman & Managing Director

KANCHAN A. KOTWANI

Whole Time Director

NAGEN CH. ADHIKARY

Company Secretary



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
1,000,000,000 Equity shares of Rs. 1/- each (P.Y. 19,990,000 Equity Shares of Rs. 10/- each)	1,000,000,000	199,900,000
NIL (P.Y. 1,000) 15% Preference Shares of Rs. 100/- each	—	100,000
	<u>1,000,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid-up		
312,036,000 Equity Shares of Rs. 1/- each fully paid up (P.Y. 12,003,600 Equity Shares of Rs. 10/- each fully paid up)	312,036,000	120,036,000
Of the 192,000,000 Equity Shares of Rs. 1/- each fully paid up were allotted to erstwhile Shareholders of Niulab Equipment Co. Pvt. Ltd. in pursuance of scheme of amalgamation		
Share Capital Suspense		
19,200,000 Equity Shares of Rs.10/- each fully paid up, pending allotment consequent to amalgamation of Niulab Equipment Co. Pvt. Ltd. to the erstwhile Shareholders of Niulab Equipment Co. Pvt. Ltd.	—	192,000,000
	<u>312,036,000</u>	<u>312,036,000</u>
SCHEDULE 'B' : RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	14	14
Share Premium Account		
As per last Balance Sheet	116,000	116,000
General Reserve		
As per last Balance Sheet	10,807,805	10,807,805
Profit and Loss Account		
Balance as per Annexed Account	17,937,128	31,140,882
	<u>28,860,947</u>	<u>42,064,701</u>
SCHEDULE 'C' : SECURED LOANS		
1. From Small Industries Development Bank of India	35,600,000	36,800,000
Secured by exclusive first charge of Lab Equipment acquired by the company for the expansion project of Mumbai Laboratory, mortgage of leasehold rights of the immovable property of a company, personal guarantee of two directors and corporate guarantee of a company and pledge of shares held by promoters.		
2. From Punjab National Bank		
a. Cash Credit Facility	145,639,818	102,437,412
Secured by equitable mortgage of Industrial galas and hypothecation of Block of Assets and Raw Material, Stock-in-process, Finished Goods, Stores and Spares and Packing Material lying at Company's Premises at Vasai, warehouse, import documents representing import of goods for various places and Assignment of book debt of the Company Deposit of Receipted Challans alongwith Invoices and personal guarantee of two directors and corporate guarantee of a company.		
b. Corporate Loan	47,505,090	50,004,374
Secured by equitable mortgage of immovable property and personal guarantee of two directors and corporate guarantee of a company		
3. From HDFC Bank Limited		
a. Overdraft against LIC Policy	93,676,793	84,693,620
Assignment of LIC Policies and personal guarantee of two directors and corporate guarantee of a company		
b. Vehicle Loan	4,741,840	—
Secured by Hypothecation of Vehicles		
4. From Citibank NA	17,442,616	18,501,726
Amount secured by mortgage of immovable property of the company and a director and personal guarantee of two directors of the company.		
	<u>344,606,157</u>	<u>292,437,131</u>
Amount repayable within one year	<u>24,853,835</u>	<u>10,783,948</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'D' : UNSECURED LOANS		
1. From Banks	3,577,570	9,347,261
2. Inter Corporate Deposit	7,919,344	12,787,180
3. From Directors / Others	88,489	55,035,492
	<u>11,585,403</u>	<u>77,169,934</u>

SCHEDULE 'E' : FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2009	Additions during the year	Disposal during the year	As at 31.03.2010	Upto 31.03.2009	Amortisation of Goodwill	During the year	Adjustment during the year	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Goodwill	135,494,537	—	—	135,494,537	27,098,907	27,098,907	—	—	54,197,814	81,296,723	108,395,630
Land	2,127,060	—	—	2,127,060	—	—	—	—	—	2,127,060	2,127,060
Building	3,877,969	—	2,930,569	947,400	431,024	—	57,976	171,310	317,690	629,710	3,446,945
Industrial Galas	6,404,769	—	—	6,404,769	4,268,897	—	213,587	—	4,482,484	1,922,285	2,135,872
Premises	1,735,276	—	—	1,735,276	794,387	—	47,044	—	841,431	893,845	940,889
Plant and Machinery	12,411,220	—	—	12,411,220	11,238,992	—	163,057	—	11,402,049	1,009,171	1,172,228
Air Conditioners	9,782,357	61,000	131,415	9,711,942	4,931,082	—	535,765	22,131	5,444,716	4,267,226	4,851,275
Testing Equipment	2,216,901	—	—	2,216,901	1,926,203	—	77,383	—	2,003,585	213,316	290,698
Electrical Fittings	7,483,956	—	25,712	7,458,244	3,582,152	—	541,694	4,889	4,118,957	3,339,287	3,901,804
Furniture and Fixtures	54,281,556	3,125,281	1,134,398	56,272,439	29,507,332	—	4,385,590	207,553	33,685,371	22,587,068	24,774,224
Electronic Typewriters	207,144	—	—	207,144	191,413	—	2,188	—	193,601	13,543	15,731
Office Equipment	11,296,309	444,090	513,000	11,227,399	7,826,385	—	368,185	280,486	7,914,084	3,313,316	3,469,924
Vehicles	6,171,753	—	1,635,175	4,536,579	4,407,823	—	106,703	1,346,880	3,167,646	1,368,933	1,763,930
Lab Equipment	244,904,489	4,234,278	168,750	248,970,017	79,259,296	—	23,357,790	52,118	102,564,968	146,405,049	165,645,193
Computers	42,867,859	644,118	—	43,511,977	27,931,609	—	4,415,804	—	32,347,413	11,164,564	14,936,250
Gas Cylinders	213,898	—	—	213,898	168,354	—	18,218	—	186,571	27,327	45,544
Dies and Tools	117,902	—	—	117,902	104,497	—	4,022	—	108,519	9,383	13,405
Total Rupees	541,594,955	8,508,767	6,539,019	543,564,703	203,668,351	27,098,907	34,295,005	2,085,366	262,976,897	280,587,806	337,926,604
Capital Work In Progress										—	1,573,000
										280,587,806	339,499,604
Previous Year Rupees	486,122,225	65,605,113	10,132,382	541,594,955	152,517,637	27,098,907	31,032,529	6,980,721	203,668,351	337,926,604	



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'F' : INVESTMENTS		
LONG TERM		
(AT COST UNQUOTED, UNLESS OTHERWISE STATED)		
National Savings Certificates (Lodged with Government Authorities)	32,000	32,000
Equity Shares (Unquoted)		
24,900 Equity Shares of Rs. 100/- each fully paid up of Ashco Niulab Exports Limited	7,610,200	7,610,200
Equity Shares (Quoted)		
800 Equity Shares of Bafna Spinning Mills and Exports Limited of Rs.5/- each fully paid up	4,000	4,000
200 Equity Shares of Bharat Immunologicals and Biological Corporation Limited of Rs.10/- each fully paid up	2,000	2,000
100 Equity Shares of Elbee Services Limited of Rs.10/- each fully paid up	14,000	14,000
300 Equity Shares of JD Orgochem Limited of Rs.10/- each fully paid up	73,860	73,860
200 Equity Shares of Liberty Shoes Limited of Rs.10/- each fully paid up	9,900	9,900
2,000 Equity Shares of Makers Laboratories Limited of Rs.10/- each fully paid up	184,400	184,400
200 Equity Shares of Man Industries Limited of Rs.5/- each fully paid up	1,500	1,500
12 Equity Shares of Man Aluminium Limited of Rs.10/- each fully paid up	120	120
100 Equity Shares of Metrochem Industries Limited of Rs.10/- each fully paid up	11,000	11,000
100 Equity Shares of Nielcon Limited of Rs.10/- each fully paid up	3,800	3,800
100 Equity Shares of Palsoft Infosystems Limited of Rs.10/- each fully paid up	2,000	2,000
200 Equity Shares of Parenteral Drugs (I) Limited of Rs.10/- each fully paid up	9,000	9,000
1,000 Equity Shares of Pharmaceutical Products of India Limited of Rs.10/- each fully paid up	95,180	95,180
500 Equity Shares of Pudumjee Agro Industries Limited of Rs.10/- each fully paid up	10,000	10,000
1,400 Equity Shares of Punjab National Bank of Rs.10/- each fully paid up	43,400	43,400
200 Equity Shares of Shree Krishna Polyester Limited of Rs.10/- each fully paid up	14,000	14,000
50 Equity Shares of Triveni Sheet Glass Works Limited of Rs.10/- each fully paid up	5,000	5,000
Mutual Fund (Quoted)		
2,850 Units of SBI Magnum Equity Fund of Rs.10/- each	296,525	296,525
10,000 Units of PNB Mutual Funds of Rs 10/- each	100,000	100,000
25,000 units of Principle PNB Long Term Equity Fund (Growth Plan) of Rs 10/- each	250,000	250,000
	8,771,885	8,771,885
NOTES		
Aggregate Value of Quoted investments-At Cost	1,129,685	1,129,685
Market Value of Quoted Investments	2,066,952	849,839
Aggregate Value of Unquoted investments-At Cost	7,642,200	7,642,200
SCHEDULE 'G' : INVENTORIES		
(As Certified by a Director)		
(At cost or net realisable value, whichever is lower)		
Raw Materials	—	2,433,373
Work in Progress	—	34,493,899
Finished Goods	207,479,229	192,430,592
Consumables, Store and Spares	3,486,997	2,280,909
	210,966,226	231,638,773

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 'H' : SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	63,407,162	63,088,839
Other Debts	115,533,352	214,756,434
	<u>178,940,514</u>	<u>277,845,273</u>
SCHEDULE 'I' : CASH AND BANK BALANCES		
Cash on hand	412,901	1,125,805
Balance with Scheduled Banks:		
On Current Account	307,537	3,522,957
On Fixed Deposit Account	6,125,141	6,704,362
[(Inclusive of Interest accrued Rs. 667,998/-, P.Y. Rs. 1,087,304/-) (of the above Rs. 3,472,734/-, P.Y. Rs. 5,600,058/- has been kept as Margin for Bank Guarantees and Letter of Credit)]		
On Unclaimed Dividend Account	307,132	313,734
	<u>7,152,711</u>	<u>11,666,859</u>
SCHEDULE 'J' : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	141,724,302	22,148,145
Tender , Security and other Deposits	18,752,949	22,842,218
Payment of Taxes	60,593,132	60,590,481
	<u>221,070,383</u>	<u>105,580,844</u>
SCHEDULE 'K' : CURRENT LIABILITIES		
Sundry Creditors for Goods	32,669,884	66,388,349
Sundry Creditors for Expenses and Others	96,408,677	90,061,167
Deposits	—	2,500,000
Advance from Customers	4,855,439	13,715,390
	<u>133,934,000</u>	<u>172,664,905</u>
SCHEDULE 'L' : PROVISIONS		
For Taxation	57,304,649	51,590,149
For Fringe Benefit Tax	4,527,000	9,585,100
	<u>61,831,649</u>	<u>61,175,249</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Current Year Rupees	Previous Year Rupees
SCHEDULE 'M' : OTHER INCOME		
Interest Received		
On Fixed Deposits (Inclusive of TDS Rs. 79,334/-, P.Y. Rs. 99,687/-)	306,764	617,472
On National Saving Certificates	3,866	4,510
	<u>310,630</u>	<u>621,982</u>
Rent Received (Inclusive of TDS Rs. 114,220/-, P.Y. Rs. 203,940/-)	572,500	900,000
Dividend Received	56,850	19,012
Profit on Sale of Fixed Assets	425,202	6,133,586
Sale of LIC Policies	—	93,590,834
Miscellaneous Income	19,830	11,462
	<u>1,385,012</u>	<u>101,276,876</u>
SCHEDULE 'N' : MATERIAL COST		
Raw Material		
Opening Stock	2,433,373	2,433,373
Add : Purchases	—	—
	<u>2,433,373</u>	<u>2,433,373</u>
Less : Closing Stock	—	2,433,373
	<u>2,433,373</u>	—
Work In Progress		
Opening Stock	34,493,899	8,481,130
Less : Closing Stock	—	34,493,899
	<u>34,493,899</u>	<u>(26,012,769)</u>
Finished Goods		
Opening Stock	226,924,491	234,685,260
Add : Purchases	474,229,935	458,859,944
	<u>701,154,426</u>	<u>693,545,204</u>
Less : Closing Stock	207,479,229	226,924,491
	<u>493,675,197</u>	<u>466,620,712</u>
Difference on Foreign Exchange Rates	(34,678)	2,186,643
	<u>530,567,791</u>	<u>494,820,124</u>
SCHEDULE 'O' : PERSONNEL COST		
Salary, Bonus and Other Allowances	62,156,846	74,248,632
Contribution to Provident and Other Funds	1,923,951	2,454,180
Leave Travel Assistance and Medical Reimbursement	4,840,277	6,651,991
Staff Welfare Expenses	2,512,798	4,059,125
	<u>71,433,872</u>	<u>87,413,928</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Current Year Rupees	Previous Year Rupees
SCHEDULE 'P' : ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement and Sales Promotion Expenses	460,723	1,453,585
Commission and Service Charges	226,964	7,930
Conveyance and Travelling Expenses	14,114,218	23,244,963
Electricity Charges	10,451,660	9,802,081
Freight and Transportation	1,795,243	1,887,099
Motor Car Expenses	826,546	1,566,976
Postage and Telegrams	685,215	947,991
Printing and Stationery	2,262,665	2,477,980
Rent, Rates and Taxes	9,663,983	10,902,944
Repairs and Maintenance	3,736,475	3,555,650
Stores and Spares Consumed	13,338,886	10,315,868
Telephone Expenses	2,204,189	3,035,960
Payment to Auditors		
Audit Fees	600,000	529,590
Tax Audit Fees	150,000	139,420
	<u>750,000</u>	<u>669,010</u>
Books and Periodicals	92,684	176,817
Filing Fees	1,184,483	—
Insurance	612,167	3,828,949
Legal and Professional Fees	9,158,914	14,397,461
Listing Fees	389,903	158,535
Membership and Subscription	77,772	174,248
Miscellaneous Expenses	9,860,316	3,884,571
Registration Fees	520,000	—
Sales Tax Paid	5,559,349	526,960
Security Charges	945,348	899,878
Seminar and Exhibition Expenses	1,553,891	832,297
Software Maintenance Charges	246,561	216,280
Stamping and Franking Charges	7,621,499	—
Tender Fees	72,317	136,037
Testing Charges Paid	590,400	2,201,379
Volunteer's Charges	15,296,872	15,637,116
	<u>114,299,243</u>	<u>112,938,565</u>
SCHEDULE 'Q' : FINANCIAL EXPENSES		
Interest Expenses		
Interest Paid to Bank	36,796,890	35,273,295
Interest Paid to others	6,001,754	2,771,442
	<u>42,798,644</u>	<u>38,044,737</u>
Bank Charges and Commission	2,251,660	4,454,388
	<u>45,050,304</u>	<u>42,499,124</u>

SCHEDULES 'R' - NOTES TO THE ACCOUNT

1) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements

The financial statements are prepared on an accrual basis under the historical cost convention and are in accordance with the generally accepted accounting principles in India, the applicable accounting standards issued by the Companies Accounting Standards Rules, 2006 and the provisions of the Companies Act, 1956.

b) Revenue Recognition

Revenue is recognized on transfer of significant risk and reward in respect of ownership. Sale of goods is recognized on dispatch of goods to customer except consignment sales, which is recognized only when goods are sold to third party. Sales are exclusive of sales tax where applicable and net of returns, claims and discount etc. Service charges are recognized proportionately over the period in which services are rendered and exclusive of service tax where applicable. Commission Income is recognized on accrual basis. The dividend income from investment is recognized when the owner's right to receive payment is established and interest income is accounted on time proportion basis.

c) Fixed Assets

(i) Fixed Assets are stated at historical cost less accumulated depreciation/amortization and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses but net of Modvat/Cenvat.

(ii) Capital Work in Progress is carried at cost, comprising of direct tax, attributable interest and related incidental expenditure. The advances given for acquiring fixed assets are shown under Capital Work in Progress.

d) Depreciation

Depreciation on all assets (except on Assets acquired on merger with Niulab Equipment Company Pvt. Ltd.) are provided on written down value method and pro-rata in respect of acquisitions or disposals during the year at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on all assets acquired on merger of Niulab Equipment Company Pvt. Ltd. are provided on straight line method and pro-rata in respect of acquisitions or disposals during the year at the rates prescribed in Schedule XIV of the Companies Act, 1956.

e) Amortization of Goodwill

Goodwill raised on amalgamation is amortized over a period of 5 years.

f) Impairment

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

g) Investments

Current investments are carried at the lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

h) Inventories

Inventories are valued at Cost or Net Realisable Value, whichever is lower. Cost is arrived by using First-In First-Out (FIFO) formula and includes all cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Inventories of under production film are valued at actual amount spent, which includes amount paid, bills settled and advances paid for which bill are awaited. The amount incurred during the year is capitalized by allocating into the various projects under production.

i) Debtors and Creditors

Debit and Credit balances of same parties are stated on Net basis

j) Excise and Custom Duty

Excise Duty in respect of finished goods lying in factory premises and Custom Duty on goods lying in the customs bonded warehouse are provided for and included in the valuation of inventory.

k) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

l) Retirement Benefits

i) Contribution to Provident Fund and Family Pension Scheme is charged to Revenue.

ii) Payment of Gratuity and Leave Encashment are accounted for on cash basis.

m) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognized as income or expenses in the year in which they arise, except in respect of liabilities for the acquisition of fixed assets, in which case they are adjusted in the carrying cost of such assets.

n) Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased term, are classified as operating leases. Operating lease rentals payable are charged as rent in profit and loss account.

o) Tax Expenses

Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using relevant enacted tax rates. The deferred tax asset is recognized

and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future in accordance with Accounting Standard 22 on "Accounting for Taxes on Income".

Provision is made for Income Tax as per the provisions of The Income Tax Act, 1961 and the rules made thereunder.

p) Provision, Contingent Liabilities and Contingent Assets

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are disclosed by way of Notes to Accounts.

Contingent Assets are not recognized in the financial statements.

2) Contingent Liabilities

- a) Bank Guarantees outstanding: **Rs. 8,268,897**
(Rs. 10,664,204)
- b) Letter of Credit Outstanding: **Rs. 20,101,840**
(Rs. 2,792,637)

3) Managerial Remuneration

- a) Computation of Profit in accordance with Section 349 of the Companies Act, 1956.

Particulars	2009-2010 Rs.	2008-2009 Rs.
Profit / (Loss) after taxation as per Profit and Loss Account	(10,383,187)	(13,795,857)
Add: Provision for Taxation		
— Current	14,000,000	13,800,000
— Deferred	(2,819,949)	(5,115,045)
— FBT	—	1,845,000
Managerial Remuneration	6,780,000	9,960,000
Depreciation as per Accounts	34,295,006	31,032,530
Total	41,871,870	37,726,628
Less: Depreciation under Section 350 of the Companies Act, 1956	34,295,006	31,032,530
Profit on Sale of Fixed Assets	425,202	6,133,586
Net Profit	7,151,662	560,512

Eligible Commission to Director @ 1% of Net Profit*

Commission Paid **NIL** **NIL**

* In view of loss after taxation incurred during the year, no commission is payable to Managing Director

- b) Managerial remuneration under section 198 of the Companies Act, 1956.

Managerial Remuneration	2009-2010 Rs.	2008-2009 Rs.
Salary and other emoluments, including perquisites	6,780,000	9,960,000
Commission	NIL	NIL
Total	6,780,000	9,960,000

- 4) There are no amounts due to Small Scale undertakings to whom company owed a sum exceeding Rs.100,000/- which was outstanding for more than 30 days as at the end of the financial year.

- 5) The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro Small and Medium Enterprise Development Act, 2006) claiming their status as on 31st March, 2010 as micro small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.

- 6) Repairs and Maintenance includes a sum of Rs.108,800/- (P.Y. Rs. 69,036/-) towards Repairs and Maintenance of buildings.

7) Deferred Tax

Components of Deferred Tax Balance:

The tax effects of timing difference are reflected through a deferred tax asset/liability, which is included in the Balance Sheet.

The components of Deferred Tax balance are as under: -

Particulars	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
Depreciation	18,092,478	22,864,826
Disallowed expenses to be recouped	(3,457,109)	(5,409,508)
Total	14,635,369	17,455,318

8) SEGMENT REPORTING

The Company operates in single segment viz. Analytical Instruments, its accessories and services. There is no other reportable segment as per Accounting Standard -17. The Company has been ventured into another segment i.e. Entertainment Industry on its Merger with Niulab Equipment Company Pvt. Ltd. However, the transactions are not material in nature.

9) RELATED PARTY TRANSACTIONS

Pursuant to Accounting Standard-18, issued by The Institute of Chartered Accountants of India, the names of related parties and nature of relationship and particulars of transactions with the said related parties during the year are as under:

A) NAME OF THE RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP: -

i) ASSOCIATE COMPANIES: -

ANKK Mediaarts Private Limited
Ashco Niulab Exports Limited

ii) KEY MANAGEMENT PERSONNEL AND RELATIVES: -

Mr. Ashok K. Kotwani
Mrs. Kanchan A. Kotwani
Mr. Bhagwan K. Kotwani
Mr. Manohar K. Kotwani
Mr. Shyam K Kotwani
Mr. Ankush A. Kotwani
Ms. Neha A. Kotwani
Mrs. Kavita Godhwani
Mrs. Geeta Balani
M/s. Sayuj Telecom

B) TRANSACTIONS WITH RELATED PARTIES: -
i) NATURE OF TRANSACTIONS: -

Particulars	Associate companies	(Rs. in Lacs)	
		Key Management Personnel	Relatives
Sales	92.00 (—)	— (935.91)	— (—)
Purchases	— (—)	— (—)	0.07 (—)
Advances Recoverable(Net)	58.23 (—)	(0.67) (—)	(6.95) (0.79)
Remuneration on services	— (—)	67.80 (99.60)	98.13 (93.19)
Legal and Professional Services	— (—)	— (—)	3.00 (—)
Staff Welfare Expenses	— (—)	— (—)	11.66 (10.14)
Loans Received (Net)	— (—)	(257.53) (278.97)	(532.67) (1.00)

ii) AMOUNT OUTSTANDING FROM (TO) RELATED PARTIES AS AT 31. 03.2010: -

Particulars	(Rs. in Lacs)	
	31.03.2010	31.03.2009
Advances Recoverable	130.77	—
Outstanding Liabilities	11.78	1.77
Loans Outstanding	50.96	301.11

Note: Related party relationship is as identified by the company and relied upon by the Auditors.

10) EARNING PER SHARE AS PER AS 20 IS CALCULATED AS FOLLOWS: -

Particulars	Unit	31.03.2010	31.03.2009
Net Profit after Tax	Rs.	(10,383,187)	(13,795,857)
Weighted Average Number	Nos.	263,115,452	12,003,600
Nominal Value per Share	Rs.	1.00	10.00
Basic Earning per Share (Weighted Average)	Rs.	(0.04)	(1.14)
Diluted Earning per Share	Rs.	(0.04)	(0.04)

11) Additional information pursuant to the provisions of paragraphs 3, 4(C) and 4(D) of Part II and of Schedule VI of the Companies Act, 1956:
a) CAPACITY AND PRODUCTION

Products Production	Unit	Licensed Capacity (P.A.)	Installed Capacity	Quantity Manufactured
Analytical Instruments, Balances and Accessories	Nos.	Not Applicable	*	NIL (NIL)

***INSTALLED CAPACITY:** Installed capacity is a function of product-mix and cannot be expressed in terms of Value / Nos.

b) TURNOVER AND STOCKS

Particulars	Unit	Opening Stock		Qty	Sales		Closing Stock	
		Qty	Rs.		Rs.	Qty	Rs.	
Analytical Instruments, Balances and Accessories	Nos	2577 (1730)	192,430,592 (226,203,428)	2879 (3573)	212,211,442 (517,000,449)	2793 (2577)	207,479,229 (192,430,592)	
Chemicals	Mts	— (—)	Nil (Nil)	2926 (—)	250,356,143 (Nil)	— (—)	Nil (Nil)	
Safety Shoes	Nos	— (—)	Nil (Nil)	73341 (—)	50,410,104 (Nil)	— (—)	Nil (Nil)	
Movie Rights	—	— (—)	Nil (Nil)	— (—)	35,688,000 (Nil)	— (—)	Nil (Nil)	
Work In Progress	—	— (—)	34,493,899 (8,481,130)	— (—)	— (—)	— (—)	— (34,493,899)	
Total			226,924,491 (234,684,558)		548,665,689 (517,000,449)		207,479,229 (226,924,491)	

c) RAW MATERIALS CONSUMED

Particulars	Unit	Qty	Value (Rs.)
C.K.D. Materials of Analytical Instruments and Accessories	*	NIL (NIL)	NIL (NIL)

*Raw Materials are product-mix and in different measures hence it cannot be expressed in any specific terms of measurement and hence quantities are declared in sets, which includes various types -*of materials.

d) PURCHASES OF FINISHED GOODS

Particulars	Unit	Qty	Value (Rs.)
Analytical Instruments, Balances and Accessories	Nos	3095 (4420)	162,642,030 (458,859,944)
Chemicals	Mts	2926 (NIL)	250,248,897 (NIL)
Safety Shoes	Nos	74341 (NIL)	49,667,048 (NIL)
Movie Rights			11,671,960 (NIL)
Total			474,229,935 (458,859,944)

e) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED AND PERCENTAGE THEREOF TO TOTAL CONSUMPTION.
i) RAW MATERIALS

Particulars	%	Value (Rs.)
Imported	— (—)	— (—)
Indigenous	— (—)	— (—)
	— (—)	— (—)

ii) CONSUMABLES, STORES AND SPARES

Particulars	%	Value (Rs.)
Indigenous	100 (100)	13,338,886 (10,315,868)

f) C.I.F. VALUE OF IMPORTS

Particulars	Amount (Rs.)
Finished Goods	12,289,282 (10,265,958)
Capital Goods	3,060,013 (10,031,066)

g) EXPENDITURE IN FOREIGN CURRENCY

Particulars	Amount (Rs.)
Travelling	2,147,831 (1,318,194)

h) EARNING IN FOREIGN CURRENCY

Particulars	Amount(Rs.)
Sales	24,085,111 (NIL)
Service Charges	1,733,900 (3,444,065)
Commission Received	133,922,259 (26,908,609)

- 12) In the opinion of the Board of Directors, all the current assets, loans and advances have value on realization at least of an amount equal to the amount at which they are stated in the Balance Sheet.
- 13) Comparative financial information (i.e. amounts and other disclosures for the previous year presented above as corresponding figures), is included as an integral part of current year's financial statements, and it is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped/ reclassified wherever necessary to correspond to figures of the current year.
- 14) Figures have been rounded off to the nearest rupee.
- 15) Figures in bracket are in respect of previous year.

SIGNATURE TO SCHEDULES 'A' TO 'R'

As per our report of even date
For **GMJ & Co.**
Chartered Accountants
FRN No. 103429W

CA S. MAHESHWARI
Partner
M. No. 38755

Place: Mumbai
Date: 1st September, 2010

For and on behalf of the Board
ASHOK K. KOTWANI

Chairman & Managing Director

KANCHAN A. KOTWANI

Whole Time Director

NAGEN CH. ADHIKARY

Company Secretary

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) REGISTRATION DETAILS

Registration No.	39437
State Code	11
Date of Balance Sheet	31.03.2010

AMOUNT (Rs. in Lacs)

ii) CAPITAL RAISED DURING THE YEAR

	2009-2010
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	9,074.90
Total Assets	9,074.90

a) Sources of Funds

Paid up Capital	3,120.36
Reserves and Surplus	288.61
Secured Loans	3,446.06
Unsecured Loans	223.89
Deferred Tax	146.35
TOTAL	7,225.27

b) Application of Funds

Net Fixed Assets	2,805.88
Investments	87.72
Net Current Assets	4,331.67
TOTAL	7,225.27

iv) PERFORMANCE OF COMPANY

Turnover	8,235.42
Total Expenditure	8,227.45
Profit before tax	7.97
Profit after tax	(103.83)
Earning per share (Weighted Average) Rs.	(0.04)
Dividend rate (%)	0%

v) GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(as per monetary terms)

Item Code No. (ITC Code)

9027 / 9016

Product Description

Analytical Instruments and Balances

For and on behalf of the Board

ASHOK K. KOTWANI

Chairman & Managing Director

KANCHAN A. KOTWANI

Whole Time Director

NAGEN CH. ADHIKARY

Company Secretary

Place: Mumbai

Date: 1st September, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	31.03.2010	(Rs. in Lacs) 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	7.97	(32.66)
Adjustment for :		
Depreciation and Amortisation of goodwill	613.94	581.32
Interest Expenses	427.99	380.45
Interest Income	(3.11)	(6.22)
Profit on sale of fixed assets	(4.25)	(61.34)
Dividend Received	(0.57)	(0.19)
Operating Profit before working capital changes	1,041.97	861.36
Adjustment for:		
(Increase)/Decrease in Trade Receivables	989.05	774.36
(Increase)/Decrease in Inventories	206.73	75.74
(Increase)/Decrease in Other Current Assets	(1,154.86)	68.86
Increase/(Decrease) in Trade Payable	(453.28)	(193.25)
Cash generated from operations	629.61	1,587.07
Tax Paid	(161.56)	(161.95)
Cash Flow before Extraordinary items	468.05	1,425.12
Prior Period (Expenses)/Income	—	(0.24)
Net Cash from Operating Activities	468.05	1,424.88
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital work in Progress	(69.36)	(658.17)
Sale of Fixed Assets	48.79	92.85
Interest Received	3.11	6.22
Purchase/Sale of Investments	—	—
Dividend Received	0.57	0.19
Net cash used in Investing Activities	(16.89)	(558.91)
C. CASH FLOW FROM FINANCE ACTIVITIES		
Proceeds from Loans	97.42	500.04
Repayment of Term Borrowings	(165.58)	(1,072.90)
Interest paid	(427.99)	(380.44)
Dividend Paid	(0.08)	(0.47)
Net Cash from Finance Activities	(496.23)	(953.77)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	(45.07)	(87.80)
Cash and Cash Equivalents (Opening Balance)	113.53	201.33
Cash and Cash Equivalents (Closing Balance)	68.46	113.53
Cash and Cash equivalent excludes Bank Balance with Bank on Unclaimed Dividend Account Rs. 307,132/- (P.Y. Rs. 313,734/-)		

As per our report of even date
For **GMJ & Co.**
Chartered Accountants
FRN No. 103429W

CA S. MAHESHWARI
Partner
M. No. 38755

Place: Mumbai
Date: 1st September, 2010

For and on behalf of the Board

ASHOK K. KOTWANI

Chairman & Managing Director

KANCHAN A. KOTWANI

Whole Time Director

NAGEN CH. ADHIKARY

Company Secretary

PROXY FORM

ZNIL ASHCO NIULAB INDUSTRIES LIMITED

(Formerly known as Ashco Industries Limited)

Registered Office: Lab House, Plot No.F-13, Opp. Seepz, M.I.D.C., Andheri (East), Mumbai - 400 093

I/We _____
of _____ in the district of _____ being a
Member/Member(s) of the above named company, hereby appoint Mr./Mrs. _____
of _____ in the district of _____
or failing him Mr./Mrs. _____ of _____
in the district of _____ as my/our proxy to vote for me/us on my/our
behalf at the 24th Annual General Meeting of the company to be held on Wednesday, the 29th September, 2010, at 09.30 a.m. and
at any adjournment thereof.

Signed this _____ day of _____ 2010

Signed by the said _____

Regd.Folio No./DP ID & Client ID _____ No.of Shares held _____

Affix
Re. 1
Revenue
Stamp

Note: The proxy must be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the time for holding the meeting.

ZNIL ASHCO NIULAB INDUSTRIES LIMITED

(Formerly known as Ashco Industries Limited)

Registered Office: Lab House, Plot No.F-13, Opp. Seepz, M.I.D.C., Andheri (East), Mumbai - 400 093

ATTENDANCE SLIP

I hereby record my presence at the 24th Annual General Meeting to be held at Hotel Tunga International, B-11, Central Road, MIDC, Andheri (E), Mumbai- 400 093, on Wednesday, the 29th September, 2010 at 09.30 a.m.

Name of the Shareholder(s) _____
(In Block Capitals)

Name of the Proxy or Company Representative _____
(in Block Capitals)

Signature of the Shareholder(s) or
Proxy or Company Representative _____

- NOTE:
1. A Proxy attending on behalf of a Shareholder(s) should write the name of the Shareholder(s) from whom he holds Proxy.
 2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the meeting.

BOOK-POST

If undelivered, please return to :

NIIL **ASHCO NIULAB INDUSTRIES LIMITED**
(Formerly known as Ashco Industries Limited)
Lab House, Plot No. F-13, Opp. Seepz,
M.I.D.C. Andheri (E), Mumbai - 400 093.