



## CORAL LABORATORIES LIMITED

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### BOARD OF DIRECTORS :

Mr. Navin B Doshi	:	Chairman
Mr. Priyush R Dhedhi	:	Director
Mr. Kishor R Mehta	:	Executive Director
Mr. Samir A Sheth	:	Director
Mr. Rajesh R Parikh	:	Director

**AUDITORS** : M/s. Shah Sanghvi & Co;  
Chartered Accountants  
26, Hari Bhakti Colony,  
Race Course Road,  
Baroda - 390 015.

**BANKERS** : HDFC Bank Ltd  
Express Towers, Nariman Point,  
Mumbai - 400021

**REGISTERED OFFICE** : 308/5, Village & Post – Poicha (Ran),  
Taluka - Savli, Baroda – 390 780 (Gujarat).

### PLANTS:

**1. DAMAN** : Plot No. 57/1, (16),  
Bhenslore, Dunetha,  
Nani Daman - 396210

**2. UTTRANCHAL** : Plot No. 27 & 28, Pharma City,  
Selaqui, Dehradun, Uttranchal.

**CORPORATE OFFICE** : Patanwala Industrial Estate,  
Opp. Shreyas Cinema,  
Beside Fitness World, L.B.S.Marg,  
Ghatkopar (West), Mumbai - 400 086.



## NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held on Friday, the 30<sup>th</sup> September, 2011 at 1.00 p.m. at the registered office of the Company at 308/5, Village & Post Poicha (RAN), Taluka Savli, Baroda 391780 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on March 31, 2011 and the Profit & Loss Account for the year ended as on that date together with Directors' Report and the Auditors Report thereon.
2. To declare a dividend @ 15% i.e Rs.1.50 per Equity Shares for year 2010-11.
3. To appoint Mr. Priyush R. Dhedhi, Director of the company, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Shah Sanghvi & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND IN CASE OF A POLL ONLY TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY (ENCLOSED) 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, DULY COMPLETED.
2. Members/Proxies should bring attendance slip sent herewith, duly filled in for attending the meeting.
3. The members are informed that in case of joint holders attending the meeting, only such joint holder who's name is higher in the order of names, will be entitled to vote.
4. The Register of Members and Share Transfer Books of the Company shall remain close from 21<sup>st</sup> September, 2011 to 30<sup>th</sup> September 2011 (both days inclusive).

By the Order of the Board

NAVIN B. DOSHI  
Chairman

Place : Mumbai  
Date : 12<sup>th</sup> August, 2011



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**1. Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting.  
(In pursuance of Clause 49 of the Listing Agreement)**

1. Name of Director : Mr. Priyush R. Dhedhi  
Date of Birth : 5<sup>th</sup> September, 1937  
Date of Appointment : 1<sup>st</sup> June, 2006  
Educational Qualification : LLB  
Directorship in other companies : Executive Director in Bezel Pharma Pvt. Ltd.



## DIRECTORS' REPORT

### Dear Shareholders,

Your directors are pleased to present their Twenty ninth Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011. The Financial Performance for the year under review are given below :

1. Financial Performance	(Rs. in Lacs)	
	2010-11	2009-10
Sales & Other Income	3333.01	3483.25
Expenditure	2663.45	2743.38
Earnings before depreciation, Interest & Tax	669.56	739.87
Interest & Other Financial Charges	16.89	46.34
Depreciation	126.39	124.38
Earnings before tax	526.84	569.15
Provision for tax	106.00	99.00
Provision for deferred tax	3.50	3.58
Fringe benefit tax	----	----
Short provision of previous year income tax	0.54	----
Earnings after tax	416.23	466.56
Balance brought forward	2335.27	1961.40
Profit available for appropriation	2751.51	2427.97
<b>APPROPRIATIONS</b>		
Proposed Dividend	53.58	53.58
Tax on Dividend	8.69	9.10
Transfer to general reserve	30.00	30.00
Balance carried forward to balance sheet	2659.24	2335.27

### 2. PERFORMANCE:

During the year under review, the company posted Revenue of **Rs. 3333.01** Lacs as compared to Rs. 3483.25 Lacs in the previous year. There was also a decline in Earnings after tax for the year under the review. The earnings after tax stood at **Rs. 416.23** Lacs as compared to Rs. 466.56 Lacs during the previous year.

### 3. DIVIDEND

The Board of Directors have recommended a final dividend of 15%, i.e., Rs. 1.50 per equity share of Rs. 10/- each for the financial year 2010-11.

### 4. CAPITAL STRUCTURE

During the financial year under review, the share capital remains the same.

### 5. DIRECTORS

In accordance with provisions of the Companies Act 1956 and the Company's Articles of the Association, Mr. Priyush R. Dhedhi who retire by rotation and being eligible offers for re- appointment.



## 6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2A) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- a) in the preparation of the annual accounts, applicable accounting standards have been followed.
- b) in the estimates are made so as to give true and fair view of the statement of affairs of the Company at the end of the financial year.
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors had prepared the annual accounts on a going concern basis.

## 7. PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is NIL.

## 8. FIXED DEPOSITS

Your Company has not accepted any deposits from the Public during the year under review.

## 9. AUDITORS

The shareholders of the company are requested to re-appoint the retiring Auditors M/s. Shah Sanghvi & Co., Chartered Accountants, the retiring Auditors, who have furnished the requisite certificate u/s 224(1B) of the Companies Act, 1956 and therefore eligible for re-appointment as Auditors of the company.

10. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings / outgo is annexed herewith.

## 11. PERSONNEL

The Board wishes to thank its Executives, Staff, Bankers and other Business associates for their Support during the year.

## 12. CORPORATE GOVERNANCE

Your Company strives to imbibe high standards of corporate governance while communicating with all its stakeholders. The Company has complied with the corporate governance code as stipulated under the listing agreement with the stock exchanges. A report on corporate governance and along with a certificate from the Auditors confirming the level of compliance is annexed and forms a part of the Directors' Report.

## 13. COMPLIANCE CERTIFICATE

Since the Paid Up Capital is less than Rs. 5 crores, the company has obtained Compliance Certificate u/s 383A of the Companies Act, 1956 from Company Secretary in Practice, for the year 2010-11

## 14. DELISTING OF SHARES

During the year the equity shares of the company were delisted from Ahmedabad Stock Exchange.



## ANNEXURE

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

<b>A. Power &amp; Fuel Consumption</b>	<b>2010-2011</b>	<b>2009-2010</b>
<b>1. Electricity</b>	10,93,443	1372160
Purchase Unit	48,82,875	5289177
Total Amount (Rs.)	<b>4.47</b>	<b>3.85</b>
Rate per Unit		
<b>2. Furnace Oil</b>	43,345	59496
Quantity (Ltrs)	17,89,681	2140045
Total Amount (Rs.)	41.29	35.97
Average Rate per Ltr. (Rs.)		
<b>3. Gas</b>	32,043	35079
Quantity (kgs)	15,84,171	1605943
Total Amount (Rs.)	49.44	45.78
Average Rate per Kg. (Rs.)		
<b>B. Expenditure on R &amp; D</b>	<b>Nil</b>	<b>Nil</b>
1) Foreign Exchange Earning (In Lacs)	<b>540.80</b>	<b>609.65</b>
2) Foreign Exchange Used (In Lacs)	<b>4.56</b>	<b>5.93</b>

For and on behalf of the board of Directors

Place: Mumbai  
Date: 12<sup>th</sup> August, 2011

NAVIN B. DOSHI  
Chairman.



## REPORT ON CORPORATE GOVERNANCE

### A. MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on code of Governance:

The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all interactions with its stake holders, including the Shareholders, employees, the government and other bodies. The business of the Company are conducted not to benefit any particular interest group but for the benefit of all shareholders

#### 2. Board of Directors

Name of Director	No. of Board Meetings Attended	Attended Last AGM/EGM	No. of Membership of Board Committee	No of Chairmanship
Mr. Navin B. Doshi	5	Yes	3	1
Mr. Kishor R Mehta	5	Yes	1	-
Mr. Priyush R Dedhi	3	Yes	1	-
Mr. Rajesh Parikh	3	Yes	-	-
Mr. Sameer Sheth	3	Yes	2	-

During the year the Board of Directors met on the following dates  
On 30th April, 2010, 29th July 2010, 11th November 2010 and 31st January 2011.  
Annual General Meeting for year ended 31st March, 2010 was held on 30th September, 2010

#### 3. Audit Committee

The Audit Committee comprise of:

1. Mr. Rajesh Parikh - Non Executive and Independent Director
2. Mr. Priyush Dhedhi - Non Executive and Independent Director
3. Mr. Kishor Mehta - Executive Director

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. These include overseeing of the Company's financial reporting process and disclosure of financial information, review of annual and quarterly financial statements with management before submission to the Board of Directors, review of the adequacy of internal control systems with management, external and internal auditors and review of the Company's financial risk and management policies. The Committee also recommends to the Board the appointment of external Auditors.

#### 4. Remuneration Committee

The Chairman and non-executive Directors do not draw any remuneration from the Company except sitting fees for attending the meetings of the Board and Committees thereof. The Company pays sitting fees to all Directors other than Executive Director at the rate Rs. 1,000/- for each Board meeting and Rs. 500/ for each Committee Meeting.

#### 5. Transfer Shareholders'/Investors' Grievance Committee

The Committee comprises of Mr. Rajesh Parikh and Mr. Navin Doshi. All shares have been transferred and returned in 21 days from the date of receipt, so long as the documents have been clear in all respects. The Share Committee generally meets once a fortnight.



## 6. General Body Meeting

The Last Three Annual General Body Meetings of the Company were held as under:

Year	Location	Date	Time	No. of Special Resolution Passed
2007-08	308/5, Village & Poicha (RAN), Taluka Savli, Baroda 391780	30.09.2008	3.30 p.m.	Nil
2008-09	As above	30.09.2009	3.30 p.m.	Nil
2009-10	As above	30.09.2010	3.30 p.m.	1

## 7. Means of Communication

The Company has published its quarterly results in Economic Times, Western Times (English & Gujarati)

## 8. General Shareholder Information

- a) Annual General Meeting:
- Date and Time : 30<sup>th</sup> September 2011  
At 1.00 p.m.
  - Venue : 308/5, Village & Poicha (RAN)  
Taluka Savli,  
Baroda – 391 780.
- b) Financial Calendar : 1<sup>st</sup> April,2011 – 31<sup>st</sup> March,2012
- c) Results for the Quarter ending
- i) June 30<sup>th</sup>, 2011 : August 12<sup>th</sup>, 2011
  - ii) September 30<sup>th</sup> 2011 : On or before November 14<sup>th</sup>,2011
  - iii) December 31<sup>st</sup> 2011 : On or before February 14<sup>th</sup>, 2012
  - iv) March 31<sup>st</sup> 2012 : On or before May 14<sup>th</sup>,2012
- d) Book Closure : 21<sup>st</sup> September, 2011 to 30<sup>th</sup> September 2011 (both days inclusive)
- e) Equity Shares are Listed on Stock Exchanges at : Mumbai, Vadodara and Kolkata However company is awaiting approval from Vadodara and Kolkata Stock Exchanges for delisting of shares.
- f) Demat ISIN Numbers in NSDL & CDSL : Equity Shares INE 683E001017
- g) Registrar and Transfer Agents : Link Intime Private Limited  
C-13, Pannalal Silk Mills Compound.  
L. B. S. Marg, Bhandup (West), Mumbai – 400 078





h) Stock Market Data : Bombay Stock Exchange (BSE).

Month	Year	High Price (Rs.)	Low Price (Rs.)
April	2010	96.25	53.65
May	2010	99.00	77.00
June	2010	83.00	74.20
July	2010	146.00	80.75
August	2010	139.90	99.30
September	2010	141.00	100.20
October	2010	148.05	114.00
November	2010	135.00	85.10
December	2010	107.90	77.00
January	2011	104.00	77.35
February	2011	83.00	55.00
March	2011	84.60	59.15

l) Dematerialization of Shares : Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 1st January 2002 as per notification issued by the Securities and Exchange Board of India (SEBI). Approximately 1896129 shares of outstanding share have been dematerialized upto 31st March 2011

j) According to categories of Shareholders as at 31<sup>st</sup> March, 2011.

	No. of Shares	%
Promoters, Directors & Relatives	= 2300502	64.39
International Investors (NRI/FII's)	= 101330	02.62
Body Corporate	= 281278	07.87
Others	= 896421	25.12

k) Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2011	No. of Shareholders	No. of Shares	% of Shares
Upto 500	2377	380384	87.7446
501 - 1000	178	143961	6.5707
1001 - 2000	68	102006	2.5102
2001 - 3000	23	55560	0.8490
3001 - 4000	11	38461	0.4061
4001 - 5000	12	54471	0.4430
5001 - 10000	14	101378	0.5168
10001 and above	26	2696379	0.9598

For and on behalf of the board of Directors

Place: Mumbai  
Date: 12<sup>th</sup> August, 2011

NAVIN B. DOSHI  
Chairman.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. Performance

The company's export has increased to Rs. 610 lacs from the previous years Rs. 504 Lacs.

### 2. Outlook:

The general outlook for the company seems positive and the company will strive to leverage from the positive economic scenario.

### 3. Opportunities:

The company is in the process of looking forward for opportunities such as Mergers & Acquisitions, manufacturing Neutral Labels, generic and branded exports in order to increase the valuation of the company as a whole.

### 4. Regulatory Approvals:

The Company has registered and exported its products in countries viz., Sri Lanka, Myanmar, Cambodia, Vietnam, Jordan, Philippines, Afghanistan, Kenya, Nigeria, Malawi, Chile, Cuba, Barbados, Jamaica, Ivory Coast and Costa Rica. The company has also supplied the goods under tender supply to countries viz, Lesotho, Papua New Guinea, Malawi and to Hong Kong for hospital supplies. The company has also got its plant approved from MOH of Ethiopia, Nigeria, Ivory Coast, Malawi etc.

### 5. Threats & Concerns:

The competition to your company has continued to be significant factor which is to be taken care of while formulating the growth plan & strategies. Given its strong technological base, wide market range of products, we are equipped to meet the challenges.

### 6. Internal Controls:

The internal audit department reviews key business process and controls. The business risks and its control procedures are reviewed periodically.

### 7. Human Resources:

Your company continued to have cordial relations with its employees.



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## AUDITORS' CERTIFICATE

To,

The Members,

### **CORAL LABORATORIES LIMITED**

We have examined the compliance conditions of Corporate Governance by Coral Laboratories Limited, for the year 2010-2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedure and implemented thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for the period exceeding one month against the company as per records maintained by Share Registrars and reviewed by the Shareholder's/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor efficiency or effectiveness the affairs of the company.

For **SHAH SANGHVI & CO.**  
CHARTERED ACCOUNTANTS  
FRN : 109794W

**(J. P. Shah)**  
Proprietor  
M.No. 34010

Place : Mumbai  
Date : 12th August, 2011.



## AUDITORS' REPORT

To,  
The Members,  
**CORAL LABORATORIES LIMITED**

1. We have audited the attached Balance Sheet of CORAL LABORATORIES LIMITED as at 31st March 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct our audit in accordance with auditing standards generally accepting 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 management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation 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 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 and 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 and to the best of our information, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of The Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2011 from being appointed as a director, in terms of clause (g) of sub section (1) of Section 274 of The Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the said financial statement together with the notes there on and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2011, and
    - ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
    - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SHAH SANGHVI & CO.**  
CHARTERED ACCOUNTANTS  
FRN : 109794W

**(J. P. Shah)**  
Proprietor  
M.No. 34010

Place : Mumbai  
Date : 12th August, 2011.



## ANNEXURE TO THE AUDITORS' REPORT

### THE ANNEXURE REFERRED TO IN THE AUDITORS' REPORT TO THE MEMBERS OF CORAL LABORATORIES LIMITED FOR THE YEAR ENDED 31ST MARCH 2011.

- i.
  - (a) The company is maintaining proper records showing particulars including quantitative details and situation of fixed assets.
  - (b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - (c) According to the information and explanation given to us, the company has not disposed off substantial part of fixed assets during the year.
- ii.
  - (a) The inventory (excluding stocks with third parties) has been physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stock and book records were not material in relation to the operations of the company.
- iii.
  - (a) The company has taken loan from one such person covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 80.00 Lacs and the year end balance of the loan taken from such company was Rs. Nil. There is no party covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans.
  - (b) In our opinion, the rate of interest and other terms and conditions on which loan has been taken by the company are, prima facie, not prejudicial to the interest of the company.
  - (c) In our opinion, terms and conditions of repayment of the loan taken by the company from the party listed in the register maintained under section 301 of the Companies Act, 1956 are not stipulated. The payment of interest has been regular.
  - (d) As far as the regularity in repayment of the principal amounts is concerned we are unable to express our opinion as the terms and conditions of the same are not stipulated.
  - (e) Regarding overdue amount of the loan taken from the company listed in the register maintained under section 301 of the Companies Act, 1956 we are unable to express our opinion as repayment terms are not stipulated. The loan is repaid in full during the year.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory and fixed assets and with regards to the sale of goods. Further on the basis of our examination of the books and records of the Company carried out in accordance with the Accounting Standards generally accepted in India and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us,
  - (a) We are of the opinion that transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered;
  - (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The company has not accepted any deposit from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.



- vii In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii We have broadly reviewed the books of accounts relating to material, labour and other items of cost maintained by the company, pursuant to the rules made by the Central Government for the maintenance of the cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. In respect of Statutory Dues:
- (a) According to the information given to us and the records of the Company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable with the appropriate authorities.
- (b) According to the information and explanations given to us there is no undisputed amounts payable in respect of, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess were in arrears, as at 31.03.2011, for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, details of the disputed statutory dues on account of sales tax, service tax, excise duty and income tax which have not been deposited with the appropriate authorities are as under:

Nature of Dues	Amount (Rs. in Lacs)	Forum where dispute is pending
Sales Tax 97-98	1.04	Joint Commissioner Appeal, Baroda
Sales Tax 99-00	0.74	Joint Commissioner Appeal, Baroda
Sales Tax 08-09	1.74	Deputy Commissioner, Dehradun
Service Tax 97-98 & 98-99	0.42	Custom, Excise & Gold (Control) Appellate Tribunal, WZB, Ahmedabad.
Excise Duty 02-03, 03-04 & 04-05	18.56	Supreme Court, New Delhi

- x. The company does not have any accumulated losses as at March 31, 2011 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. In our opinion and according to the information given to us, the company has not defaulted in repayment of dues to bank. The company has not taken any loans from the financial institutions during the year and nor has issued any debentures.
- xii. In our opinion and according to the information given to us, the company has not granted any loans or advances on the basis of any security. Accordingly, the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiii. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.



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- xvi. In our opinion, and according to the information given to us, on an overall basis, the term loans have been applied for the purposes for which they were raised;
- 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 the company has not used any funds raised on short-term basis for long-term investment.
- xviii. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xix. The company had not issued any debentures in respect of which any security was required to be created. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xx. The company did not raise any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' 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 **SHAH SANGHVI & CO.**  
CHARTERED ACCOUNTANTS  
FRN : 109794W

**(J. P. Shah)**  
Proprietor  
M.No. 34010

Place : Mumbai  
Date : 12th August, 2011.



## BALANCE SHEET AS AT 31ST MARCH, 2011

			As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
<b>I. SOURCES OF FUND</b>				
<b>1. Shareholder's Fund</b>				
a) Share Capital	<b>A</b>	35,726,000	35,726,000	
b) Reserves & Surplus	<b>B</b>	295,424,344	260,029,077	
			331,150,344	295,755,077
<b>2. Loan Funds</b>				
a) Secured Loans	<b>C</b>	1,376,304	30,348,694	
b) Unsecured Loans		-	-	
			1,376,304	30,348,694
3. Deferred Tax Liability (Net) [Refer Note No. 10 of Sch. M]			6,732,979	6,382,979
			<b>339,259,625</b>	<b>332,486,750</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets (At Cost)</b>	<b>D</b>			
a) Gross Block		305,960,670	304,943,429	
b) Less: Depreciation -		77,431,965	64,792,909	
c) Net Block				240,150,520
			228,528,705	
<b>2. Investments (At Cost)</b>	<b>E</b>		11,681,169	11,682,889
<b>3. Current Assets, Loans &amp; Advances</b>	<b>F</b>			
a) Inventories		83,114,552	82,119,474	
b) Sundry Debtors		35,689,140	52,619,133	
c) Cash and Bank Balance		11,281,176	6,947,558	
d) Loans & Advances		44,458,548	36,444,755	
		174,543,416	178,130,920	
<b>Less: Current liabilities &amp; Provisions</b>	<b>G</b>			
a) Current Liabilities		41,790,838	68,370,482	
b) Provisions		33,702,828	29,107,097	
		75,493,666	97,477,579	
<b>NET CURRENT ASSETS</b>			99,049,750	80,653,341
			<b>339,259,625</b>	<b>332,486,750</b>
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	<b>M</b>			

As per our Report of even date attached.

For and behalf of the Board

For **SHAH SANGHVI & CO.**  
Chartered Accountants

**(J. P. Shah)**  
Proprietor  
Membership No. 34010  
FRN : 109794W

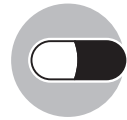
Place : Mumbai  
Date : 12th August 2011

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 12th August 2011



# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011



	Schedule	Year Ended 31st March 2011 Rupees	Year Ended 31st March 2010 Rupees
<b>INCOME</b>			
Sales		329,098,350	347,505,052
Less: Excise Duty		(5,591,108)	(7,583,492)
		<u>323,507,242</u>	<u>339,921,560</u>
Other Income	H	9,794,501	8,404,280
		<u>333,301,743</u>	<u>348,325,840</u>
<b>EXPENDITURE</b>			
Cost of Sales	I	184,118,449	195,623,356
Employees Emoluments	J	34,764,167	31,298,845
Operating & Other Expenses	K	47,462,395	47,416,310
Financial Charges	L	1,689,240	4,633,628
		<u>268,034,251</u>	<u>278,972,139</u>
<b>Profit before Depreciation &amp; Tax</b>		65,267,492	69,353,701
Depreciation		12,639,060	12,438,538
Profit before Tax		52,628,432	56,915,163
Provision for Taxation		10,600,000	9,900,000
Short Provision Previous Year Income Tax		54,920	-
Deferred Taxation		350,000	358,600
<b>NET PROFIT FOR THE YEAR</b>		<u>41,623,512</u>	<u>46,656,563</u>
Balance Brought Forward		233,527,605	196,140,687
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u>275,151,117</u>	<u>242,797,250</u>
Appropriations			
Transfer to General Reserve			3,000,000
		3,000,000	
Proposed Dividend		5,358,900	5,358,900
Tax on Dividend		869,348	910,745
		<u>265,922,869</u>	<u>233,527,605</u>
<b>ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	M		

As per our Report of even date attached.

For and behalf of the Board

For **SHAH SANGHVI & CO.**  
Chartered Accountants

**(J. P. Shah)**  
Proprietor  
Membership No. 34010  
FRN : 109794W

Place : Mumbai  
Date : 12th August 2011

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 12th August 2011



## SCHEDULES FORMING THE PART OF THE ACCOUNTS

	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>	<b>100,000,000</b>	<b>100,000,000</b>
<b>AUTHORISED CAPITAL</b>		
10,000,000 Equity Shares		
Rs.10/-each		
<b>ISSUED,SUBSCRIBED AND PAID UP</b>	35,726,000	35,726,000
3,572,600 Equity Shares of Rs.10/- each Fully paid up	<b>35,726,000</b>	<b>35,726,000</b>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve		
As per last Balance Sheet	26,501,473	23,501,473
Add: Transfer from Profit & Loss account	3,000,000	3,000,000
Total	<b>29,501,473</b>	<b>26,501,473</b>
Profit & Loss Account	<b>265,922,871</b>	<b>233,527,604</b>
	<b>295,424,344</b>	<b>260,029,077</b>
<b>SCHEDULE - C</b>		
<b>LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
a) Rupee Term Loan - HDFC Bank Ltd	-	7,669,063
b) Cash Credit Loan - HDFC Bank Ltd	1,376,304	22,679,631
(Secured by hypothecation of stocks, books debts, other current assets and movable fixed assets of the company. These are further secured by equitable mortgage of title deeds of the company's Office Premises situated at 503, Dalamal House, Nariman Point, Mumbai-400021 and Factory Building and Plant & Machinery situated at Plot No. 27 & 28, Pharma City, Selaqui, Dehradun)		
	<b>1,376,304</b>	<b>30,348,694</b>

### SCHEDULE - D FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.10	Addition dur.year	Deletion dur.year	As At 31.03.11	As At 01.04.10	For the Year	Written Back Deletion	As At 31.03.11	As At 31.03.11	As At 31.03.10
Land & Land Development	9,339,964	-	-	9,339,964	-	-	-	-	9,339,964	9,339,964
Building	121,187,900	206,898	-	121,394,798	17,477,141	3,691,906	-	21,169,048	100,225,751	103,710,759
Plant & Machinery	148,068,470	524,926	-	148,593,396	36,440,064	7,048,302	-	43,488,365	105,105,031	111,628,408
Furniture & Fixture	17,597,503	49,500	-	17,647,003	5,648,110	1,117,596	-	6,765,706	10,881,298	11,949,394
Vehicle	3,378,622	-	-	3,378,622	1,497,823	339,428	-	1,837,251	1,541,371	1,880,799
Computers	3,901,396	184,961	-	4,086,357	3,177,073	365,300	-	3,542,373	543,983	724,322
Office Equipment	1,469,578	50,952	-	1,520,530	552,694	76,528	-	629,223	891,307	916,883
<b>Total</b>	<b>304,943,434</b>	<b>1,017,237</b>	<b>-</b>	<b>305,960,671</b>	<b>64,792,905</b>	<b>12,639,060</b>	<b>-</b>	<b>77,431,965</b>	<b>228,528,705</b>	<b>240,150,530</b>
Previous Year	294,843,522	10,172,407	72,500	304,943,429	52,367,667	12,438,538	13,296	64,792,909	240,150,520	242,575,855

## SCHEDULES FORMING THE PART OF THE ACCOUNTS



	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
<b>SCHEDULE - E</b>		
<b>INVESTMENTS (AT COST)</b>		
Trade Investments (Quoted)		
Coral India Finance & Housing Ltd., 1299200 Equity Shares of Rs.10/- each fully paidup (Market Value - 32804800/-) (Previous Year - 13251840/-)	11,587,169	11,587,169
Gujarat State Financial Coporation Limited. 4700 Equity Shares of Rs.10/- each fully paid up at a premium of Rs.10/- each. (Market Value - 14852/-) (Previous Year - 13536/-)	94,000	94,000
<b>OTHER INVESTMENTS</b>		
National Saving Certificates	-	1,720
	11,681,169	11,682,889
<b>SCHEDULE - F</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
a) Inventories (As taken, Valued and certified by the Management)		
Raw Materials	38,947,158	37,427,875
Packing Materials	15,952,305	15,030,122
Work in Process	4,668,105	2,799,164
Finished Goods	22,557,634	25,757,698
Stores and Spares	989,350	1,104,615
	83,114,552	82,119,474
b) Sundry Debtors (unsecured considered good unless otherwise Specified) Debt outstanding for a period exceeding Six Months	12,167,423	19,175,887
Other Debts	23,521,717	33,443,246
	35,689,140	52,619,133
c) Cash & Bank Balances		
Cash on hand	107,442	151,484
Balance with Schedule Banks		
- In Current Account	4,021,382	2,554,567
- In OD Account	2,550,512	-
- In Fixed Deposit in Bank	4,601,840	4,241,507
	11,281,176	6,947,558



## SCHEDULES FORMING THE PART OF THE ACCOUNTS

	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
d) Loans & Advances		
Advances recoverable in cash or in kind or for value to be received	9,354,755	5,406,026
Deposits	1,250,151	919,689
Advance to Staff	734,593	693,614
Income Tax	33,119,048	29,425,426
	<u>44,458,548</u>	<u>36,444,755</u>
<b>SCHEDULE - G</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
a) <b>Current Liabilities</b>		
Sundry Creditors:		
- Total outstanding dues of Micro and Small Enterprises (Refer Note 6 of Sch. N)	614,943	2,847,324
- Others	31,661,406	45,723,804
Statutory Liabilities	4,351,293	5,801,141
Advance from Customers	5,163,196	13,998,213
	<u>41,790,838</u>	<u>68,370,482</u>
b) <b>Provisions</b>		
Provision for Taxation	24,657,800	21,223,590
Provision for Expenses	2,816,780	1,616,088
Proposed Dividend	5,358,900	5,358,900
Tax on Dividend	869,348	910,745
	<u>33,702,828</u>	<u>29,107,097</u>
<b>SCHEDULE - H</b>		
<b>OTHER INCOME</b>		
Interest Received on FD (TDS - Rs. 22440/-)	225,006	231,009
Interest Received	106,278	1,562
DEPB Licence	535,334	830,500
Labourcharges recd	2,518,910	2,863,478
Rent Recd	5,602,350	3,062,725
Other Receipts	806,623	1,415,006
	<u>9,794,501</u>	<u>8,404,280</u>
<b>SCHEDULE - I</b>		
<b>Manufacturing &amp; Other Expenses</b>		
Expenses		
Cost of Sales		
Raw Material Consumed	110,356,729	118,534,224
Packing Material Consumed	68,443,426	66,489,055
Purchase of Finished Goods	3,987,172	5,433,268
	<u>182,787,327</u>	<u>190,456,548</u>
Opening Stock		
i) Finished Goods	25,757,697	30,934,389
ii) Work in Process	2,799,164	2,789,280
	<u>28,556,861</u>	<u>33,723,669</u>
Less: Closing Stock		
i) Finished Goods	(22,557,634)	(25,757,697)
ii) Work in Process	(4,668,105)	(2,799,164)
	<u>(27,225,739)</u>	<u>(28,556,861)</u>
	<u>184,118,449</u>	<u>195,623,356</u>

## SCHEDULES FORMING THE PART OF THE ACCOUNTS



	As at 31st March 2011 Rupees	As at 31st March 2010 Rupees
<b>SCHEDULE - J</b>		
Employees' Emoluments		
Salaries, Wages, & Allowances	31,516,489	28,080,205
Provident Fund	1,516,635	1,131,330
Welfare & Other Amenties	1,731,043	2,087,310
	<u>34,764,167</u>	<u>31,298,845</u>
<b>SCHEDULE - K</b>		
<b>Operating &amp; Other Expenses</b>		
i) Power & Fuel	8,320,275	9,035,165
ii) Manufacturing Expenses	4,310,121	5,532,704
iii) Repairs to:		
a) Building	45,930	-
b) Plant & Machinery	1,886,594	2,556,172
c) Others	1,582,272	1,704,736
Total Rs.	<u>3,514,796</u>	<u>4,260,908</u>
iv) Stores & Spares	242,875	236,989
v) Rent, Rates & Taxes	1,321,299	1,221,939
vi) Sales Tax	152,952	12,642
vii) Insurance	571,650	463,344
viii) Auditors' Remuneration	121,500	121,500
ix) Directors' Remuneration	411,510	386,040
x) Advertisement Exps.	321,866	192,244
xi) Travelling Exps.	1,868,072	654,821
xiii) Other Expenses	11,959,300	11,465,385
xiv) Marketing & Distribution	14,346,179	13,832,630
	<u>31,317,203</u>	<u>28,587,534</u>
	<u>47,462,395</u>	<u>47,416,310</u>
<b>SCHEDULE - L</b>		
<b>FINANCIAL CHARGES</b>		
Interest		
i) Bank Term Loan	33,723	1,009,267
ii) Cash Credit	207,971	1,678,744
iii) Others	661,021	1,232,884
Bank Charges & Commission	786,525	712,733
	<u>1,689,240</u>	<u>4,633,628</u>



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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH '2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

**SCHEDULE - M**

**SIGNIFICANT ACCOUNTING POLICIES, NOTES ON ACCOUNTS AND INFORMATION PURSUANT TO PROVISIONS OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1) Framework of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of Companies Act, 1956.

**2) Uses of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosure relating to contingent assets and liabilities on the date of financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

**3) Inventories**

- a) Inventories are valued at lower of cost and realizable value. Cost of inventories comprises, cost of purchase, cost of conversion and other cost incurred in bringing them to their present location and conditions and excise duty paid/ payable on such goods.
- b) In Dehradun and Daman Plant the Company has written off 20% of Stores and spares yearly from the inventory of stores and spares.
- c) Expenditure on stores and spares in other plants is charged to revenue account in the year of purchase.

**4) Depreciation**

Depreciation of fixed assets have been provided on straight line method in the manner and at the rates prescribed in schedule XIV of the Companies Act, 1956. Depreciation on additions / deletion to fixed assets during the year is provided on a pro-rata basis.

**5) Revenue Recognition**

- a) Sales are accounted inclusive of excise duty but excluding Sales Tax, and are net of returns / discounts / debit notes / reversals.
- b) Excise duty is deducted from turnover (gross) and not the entire amount of liability arisen during the year.
- c) Export Incentive under the Duty Entitlement Pass Book Scheme has been recognised on the cash basis.
- d) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**6) Fixed Assets**

- a) Fixed assets are stated at cost less accumulated depreciation. Cost comprises of purchase price and any cost attributable of bringing the assets to its working condition for its intended use.



- b) Direct costs as well as related incidental and identifiable expenses incurred on acquisition of fixed assets that are not yet ready for their intended use or not put to use as on the balance sheet date are stated as Capital Work in Progress. Assets under construction are not depreciated.
- c) There is no revaluation of fixed assets carried out during the year.

**7) Foreign Currency Transactions**

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates.
- b) In respect of monetary items which are covered by foreign exchange contracts, the premium or discounts on such forward contract is recognized over the life of the forward contract.
- c) The exchange differences arising on settlement of transaction/ translation of monetary assets and liabilities denominated in foreign currency are recognised in the Profit & Loss Account. In cases, where they relate to acquisition of fixed assets, they are adjusted to the carrying cost of such assets.

**8) Investments**

- a) Investments are classified into current and long term investment.
- b) Current investments are carried at lower of cost or market value, computed category wise and the resultant decline, if any, is charged to revenue.
- c) Long term investments are stated at cost. Provision is made for any diminution in value, if other than temporary. However, in the opinion of the management, the increase/decrease in the value of investment in shares, is on account of market forces and is not of other than temporary nature and therefor not provided in the books of accounts.

**9) Retirement Benefits**

- a) Gratuity in respect of eligible employees has been provided for on the basis of actuarial valuation. As per AS15 the actuarial valuation is considered 5% as salary escalation and average 2% as attrition rate and the retirement age is considered as 60 years.
- b) Leave Encashment is not provided in books of accounts but is accounted for on cash basis.

**10) Borrowing Costs:**

Borrowings costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till such time as the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are, charged to profit and loss account.

**11) Segment Reporting**

The company is engaged in pharmaceutical business, which as per Accounting Standard - AS 17, is considered the only reportable business segment.

**12) Earning Per Share:**

- a) Basic Earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)



- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 13) Taxation

- a) Provision for the Current tax has been made in accordance with the income-tax laws and rules prevailing at the time of the relevant assessment years.
- b) Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Asset is recognized when there is virtual certainty of reversal.

### 14) Impairment of Assets:

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired.

### 15) Provisions, Contingent Liabilities and Contingent Assets:

- a) Provisions are recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- b) Contingent liability is disclosed when there is a present or possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation and no reliable estimate is possible.
- c) Contingent Assets are neither recognised nor disclosed in the financial statement.

### 16) Other Accounting Policies:

Accounting policies not specifically referred to are consistent with the generally accepted accounting standards.

## II. NOTES ON ACCOUNTS

- 1) The Central Excise & Customs, Service Tax Cell have raised a notice for the purpose of depositing service tax for the period 16.11.1997 to 01.06.1998 for Goods Transport Operators' service provided. The Company has filed appeal against the same.
- 2) Demand of Rs.18.56 Lacs is raised by the Central Excise & Customs, Vadodara in pursuance of order under section 11A of Central Excise Act, 1944. The Company has preferred an appeal to the Supreme Court of India against the same.
- 3) Demand of Rs. 1,74,563/- is raised by Deputy Commissioner, Dehradun pursuant to the order passed under section 9(2) of The Sales Tax Act for FY 2007-08. The Company has been advised to file the appeal against the same order before appellate authority.
- 4) Company's Baroda Plant was not in operation.
- 5) Capital commitment not provided for Rs Nil. (Previous Year Rs. Nil)
- 6) Sundry creditors of Rs. 6.15 lacs are outstanding to Micro and Small Enterprises (on the basis of information available with the company). Interest if any payable on delayed payment to Micro and Small Enterprises under Micro, and Small and medium enterprises development Act., 2006 is not ascertainable.





7) **Remuneration to the Director**

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
Salaries	411,510	386,040
Perquisites	24,306	24,355
Sitting Fees	20,000	21,000
<b>Total</b>	<b>455,816</b>	<b>431,395</b>

8) **Remuneration to the Auditor**

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
Statutory Audit	1,00,000	1,00,000
Tax Audit	5,000	5,000
Branch Audit	16,500	16,500
<b>Total</b>	<b>1,21,500</b>	<b>1,21,500</b>

9) **Computation of Earning per Share**

	<b>31.03.2011</b>	<b>31.03.2010</b>
Net Profit after Taxation as per Profit & Loss Account	4,16,23,512	4,66,56,562
Basic/Weighted Average number of Equity Shares outstanding during the year	35,72,600	35,72,600
Nominal Value of Equity Share	10.00	10.00
<b>Basic Earning Per share</b>	<b>11.65</b>	<b>13.06</b>
<b>Diluted Earning Per Share</b>	<b>11.65</b>	<b>13.06</b>

10) **Related Party Disclosure**

a) Key Management Personnel:

<b>Name</b>	<b>Designation</b>
Mr. Navin B Doshi	Chairman
Mr. Priyush R Dhedhi	Director
Mr. K.R. Mehta	Executive Director
Mr Samir A Sheth	Director
Mr Rajesh R Parikh	Director

b) Relatives of key management personnel and Enterprises over which key management personnel and their relatives are able to exercise significant influence are as follows:

<b>Name</b>	<b>Relation</b>
Coral India Finance and Housing Ltd	Significant influence
Adore Pharmaceuticals Private Ltd	Significant influence
Mr. Chetan Navin Doshi	Relative of key management personnel
Mrs. Meeta Samir Sheth	Relative of key management personnel

The Company has identified all the related parties having transactions during the year as per details given below. During the year, there was no amount written off or written back from such parties.



c) Nature of transactions

Particulars	31.03.2011	31.03.2010
<b>a) Key management Personnel</b>		
- Sitting Fees	Rs. 20,000	Rs. 21,000
- Salaries and Perquisites	Rs. 4,35,816	Rs. 4,10,395
<b>b) Relatives of Key Management Personnel</b>		
- Salary	Rs. 4,14,540	Rs.3,70,080
<b>c) Enterprise over which key management personnel and their relatives are able to exercise significant influence</b>		
- Loan Received	Rs 130.00 lacs	Rs 50.00 lacs
- Loan Repaid	Rs. 130.00 lacs	Rs. 257.00 lacs
- Interest Paid	Rs. 3.59 lacs	Rs.10.77 lacs
- Rent Paid	Rs. 6.00 lacs	Rs. 4.50 lacs
- Deposit – Rent	Rs. Nil	Rs. 2.00 lacs
- Dividend Paid	Rs. 10.73 lacs	Rs. 8.58 lacs
- Labour Charges Paid	Rs.13.85 lacs	Rs.17.74 lacs
- Purchases	Rs. 2.51 lacs	Rs. 3.18 lacs
- Inspection Fees	Rs. Nil	Rs. 0.39 lacs

Balances with related Parties:

Particulars	As at 31.03.2011	At at 31.03.2010
<b>Investment</b>		
Coral India Finance & Housing Ltd	Rs. 115.87 lacs	Rs.115.87 lacs
<b>Deposits given</b>		
Chetan Doshi	Rs. 2.00 lacs	Rs. 2.00 lacs

11) **Deferred Tax**

Deferred Tax Liabilities on taking into account the impact of timing difference between financial statements and estimated taxable income. The break-up of Deferred Tax Liability is as under:

	31.03.2011	31.03.2010
<b>A. Deferred Tax Liability</b>		
Tax effect of excess Net Block of Fixed Assets as per the books of accounts over written down value as per Income Tax Computation	70,05,469	65,91,104
<b>Total –A</b>	<b>70,05,469</b>	<b>65,91,104</b>
<b>B. Deferred Tax Asset</b>		
Tax effect on Provision for Gratuity	2,25,707	1,66,166
Tax effect on Disallowance under section 43B		
- Bonus	46,783	41,959
<b>Total –B</b>	<b>2,72,490</b>	<b>2,08,125</b>
<b>C. Balance (A-B)</b>	<b>67,32,979</b>	<b>63,82,979</b>



- 12) The accounts of debtors, Creditors and Advances are subject to confirmation/ reconciliation. The management does not expect any material difference affecting the financial statements on reconciliation/adjustments.
- 13) In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 14) Figures of the previous year have been regrouped and/or recast wherever considered necessary.

**III. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF 3, 4C & D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

1. Particulars in respect of Licensed and installed capacities. (As certified by the Management)

**INSTALLED CAPACITY (Single Shift Basis)**

	Units	Capacity Current Year	Capacity Previous Year
Tablet	Nos.	14660 lacs	14660 lacs
Capsule	Nos.	6510 lacs	6510 lacs
Dry Powder	Kgs.	1.92 lacs	1.92 lacs
Liquids	Ltrs.	35 lacs	35 lacs
Ointments	Kgs.	3.57 lacs	3.57 lacs

2. Particulars in respect of opening and closing stock of finished goods produced.

(All Figures in Thousands)

	Unit	Opening Stock		Production	Turnover		Closing Stock	
		Qty ('000)	Value ('000)	Qty ('000)	Qty ('000)	Value ('000)	Qty ('000)	Value ('000)
Tablet & Capsules	Nos.	25995 (30308)	14333 (18872)	332661 (173421)	340042 (177734)	132757 (153750)	18613 (25995)	9522 (14333)
Ointment & Powder	Kgs.	1.61 (5)	473 (1686)	37.36 (39.63)	36.13 (42.76)	15303 (15972)	2.84 (1.61)	841 (473)
Liquids	Ltrs.	53.3 (53.12)	7684 (8378)	807.93 (803.04)	787.52 (802.86)	170353 (163814)	73.71 (53.30)	10785 (7684)

Note: Previous year figures are shown in bracket. Turnover Quantity includes free issues.

3. **Raw Material Consumed**

(Value in Rupees)

Particulars	UOM	Current Year		Previous Year	
		Qty	Value	Qty	Value
Amoxicillin Trihydrate	Kgs	4871	6,870,449	5812	9,270,634
Azthromycin USP	Kgs	1367	10,473,628	915	6,028,596
Ciprofloxacin HCL IP	Kgs	1942	2,807,819	2861	3,801,190
Paracetamol IP	Kgs	4379	810,973	11853	2,226,120
Sugar (Commercial) IH	Kgs	370726	11,396,775	350962	10,473,247
Empty Gelatine Capsules	Ths	54404	3,413,681	36729	2,250,638
Others			74,583,403		84,483,799
<b>Total Consumption</b>			<b>11,03,56,729</b>		<b>118,534,224</b>



## 4. Traded Goods:

(Value in Rupees)

	Current Year			Previous Year		
	Finished Goods – Domestic					
	Tablet & Capsule Qty in Nos.	Liquid Qty. In Litres	Amt. (Total) (in '000)	Tablet & Capsule Qty in Nos.	Liquid Qty. In Litres	Amt. (Total) (in '000)
Opening Stock	905.22	8.42	2364	376.00	6.30	1999
Purchases	1339.40	24.85	7124	1897.35	16.52	5076
Sales	1464.24	31.91	13486	1367.13	14.40	9225
Closing Stock	780.38	1.36	1406	906.22	8.42	2364

## 5. Value of Imported and Indigenous Raw Material and Stores consumed and percentage thereof

(Rs. in Lacs)

	Current Year		Previous Year	
	Value	%	Value	%
Raw Material				
- Imported	86.65	7.85	69.41	5.86
- Indigenous	1016.92	92.15	1115.93	94.14
Stores & Spares				
- Imported	-	-	-	-
- Indigenous	2.43	100	2.37	100

## 6) Expenditure in Foreign Currency (Rs. in Lacs)

	Current Year	Previous Year
Registration & Inspection Fees	Nil	4.50
Bank Charges	1.14	1.43
Traveling	3.42	Nil

## 7) Earnings in Foreign Currency (Rs. in Lacs)

	Current Year	Previous Year
FOB value of Exports	540.80	609.65

For **SHAH SANGHVI & CO.**  
Chartered Accountants

**(J. P. Shah)**  
Proprietor  
Membership No. 34010  
FRN : 109794W

Place : Mumbai  
Date : 12th August 2011

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 12th August 2011



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## AUDITORS' CERTIFICATE

To,  
The Board of Directors,  
**Coral Laboratories Limited**

Sir/Madam,

We have examined the attached Cash Flow Statement of Coral Laboratories Limited for the year ended 31st March 2011. The statement has been prepared by the company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchange and is based on and in agreement with the corresponding Profit and Loss and Balance Sheet of the Company covered by our Report date 12th August, 2011 to the Members of the company.

For **SHAH SANGHVI & CO.**  
CHARTERED ACCOUNTANTS  
FRN : 109794W

**(J. P. Shah)**  
Proprietor  
M.No. 34010

Place : Mumbai  
Date : 12th August, 2011.



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	YEAR ENDED 31ST MARCH 2011 Rupees	YEAR ENDED 31ST MARCH 2010 Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items	52,628,432	56,915,162
Adjustment for:		
Depreciation	12,639,060	12,438,538
(Profit) / Loss on sale of Fixed Asset		47,204
Prior period Expenses	(54,920)	783,381
Investment/ Interest income	(331,284)	(232,571)
Interest expenses	902,715	3,920,895
Operating Profit before working capital changes	65,784,003	73,872,610
Adjustment for:		
(Increase)/Decrease in Trade and Other receivables	18,916,200	(21,564,797)
(Increase)/Decrease in Inventories	(995,078)	(4,659,209)
Increase/(Decrease) in Trade and Other Payables	(32,583,921)	6,748,942
Cash generated from operation	(14,662,799)	(19,475,064)
Dividend and Corporate Dividend Tax Paid	(6,228,248)	(5,015,716)
Taxes paid (Net of refunds)	(10,000,000)	(8,700,000)
Cash flow before Exceptional items	(30,891,047)	(33,190,780)
Exceptional item :		(783,381)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>34,892,956</b>	<b>39,898,449</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchased of Fixed Assets	(1,017,237)	(2,927,782)
Interest received	331,284	232,571
Sale of Investment	1,720	-
Sale of Fixed Asset	-	12,000
<b>NET CASH FLOW INVESTING ACTIVITIES</b>	<b>(684,233)</b>	<b>(2,683,211)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of long term Borrowings	(28,972,390)	(28,892,062)
Proceeds from issue of Share Capital	-	-
Interest paid	(902,715)	(3,920,895)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(29,875,105)</b>	<b>(32,812,957)</b>
Net Cash Inflow/(Outflow)	<b>4,333,618</b>	<b>4,402,281</b>
Cash & Cash Equivalents as at March 31, 2010	6,947,558	2,545,277
Cash & Cash equivalents as at March 31, 2011	11,281,176	6,947,558
<b>D Net Cash Inflow/ (Outflow)</b>	<b>4,333,618</b>	<b>(4,402,281)</b>
<b>E CASH &amp; CASH EQUIVALENTS AS AT MARCH 31, 2010</b>	<b>6,947,558</b>	<b>2,545,277</b>
<b>F CASH &amp; CASH EQUIVALENTS AS AT MARCH 31, 2011</b>	<b>11,281,176</b>	<b>6,947,558</b>

For **SHAH SANGHVI & CO.**  
Chartered Accountants

**(J. P. Shah)**  
Proprietor  
Membership No. 34010  
FRN : 109794W

Place : Mumbai  
Date : 12th August 2011

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 12th August 2011



Statement 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.   -        State Code :    
Balance Sheet Date   .   .

**II Capital raised during the year : (Amount Rs. in Thousand )**

Public Issue       Right Issue        
Bonus Issue       Private Issue

**III Position of Mobilisation and Deployment of Funds : (Amount Rs. in Thousand )**

Total Liabilities       Total Assets        
Sources of Funds :  
Paid up Capital       Reserve & Surplus        
Secured Loans       Unsecured Loans        
Share Application Money       Deferred Tax Liability        
Application of Funds :  
Net Fixed Assets       Investments        
Net Current Assets       Misc Expenditure        
Accumulated losses

**IV Performance of the Company (Rs in thousand )**

Turn over       Total Expenditure        
Profit/Loss Before Tax       Profit / Loss After Tax        
Earning Per Share   .     Dividend Rate ( % )   %

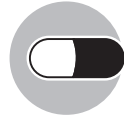
**V Generic Names of three principal Products / Services of company ( As per Monetary Terms )**

Item Code No.          
         
        Product Description  
ZEST SYRUPS/CAPS/DROPS  
MOXBRO CAPS/TABS/DRY SYRUPS  
DEDOXY/DOXYCYCLINE CAPSULES

For and behalf of the Board

MR. NAVIN B. DOSHI - Chairman  
MR. KISHOR R MEHTA - Executive Director  
MR. SAMIR A SHETH - Director

Place : Mumbai  
Date : 12th August 2011



## ***CORAL LABORATORIES LTD.***

Regd. Office & Factory : 308/5, Village and Post Poicha (Ran), Taluka - Savli, Baroda - 391 780 (Gujarat)

### **FORM OF PROXY**

L. F. No.

No. of Shares held

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the District of \_\_\_\_\_ being a member/members of CORAL LABORATORIES  
LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
the District of \_\_\_\_\_ in the failing him \_\_\_\_\_ of  
\_\_\_\_\_ in the District of \_\_\_\_\_ as my/our  
proxy to attend and vote for me/us and on my/our behalf at the 29th Annual General meeting of the  
Company to be held at 308/5, Village and Post Poicha (Ran), Taluka - Savli, Baroda - 391 780 on Friday  
the 30th September 2011 at 1.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix  
Re. 1  
Revenue  
Stamp

Signature of the Shareholder(s)

Note : The proxy form duly completed must reach the Registered Office of the Company not less than  
forty-eight hours before the time for holding the Meeting.

## ***CORAL LABORATORIES LTD.***

Regd. Office & Factory : 308/5, Village and Post Poicha (Ran), Taluka - Savli, Baroda - 391 780 (Gujarat)

### **ATTENDANCE SLIP**

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

NAME OF THE ATTENDING MEMBER/PROXY (IN BLOCK LETTERS)	L.F. NO.

I hereby record my presence at the 29th Annual General Meeting of the Company at 308/5, Village and  
Post - Poicha (Ran), Taluka - Savli, Baroda - 391 780. on Friday 30th September 2011 at 1.00 p.m.

If Shareholder, please sign here	If Proxy, please sign here

- Notes :
- i) Shareholders/Proxy are requested to bring the attendance slip with them duly completed when they come to the meeting and hand them over at the gate after affixing their signature on them. No duplicate attendance slips will be issued at the venue of the meeting.
  - ii) Joint Shareholders may obtain additional Attendance Slips on request.
  - iii) Kindly bring your copy of the Annual Report with you.