



ANNUAL REPORT 2009-10

MAKERS LABORATORIES LIMITED



Five Years' Highlights

(Rs. Lacs)

	2005-06	2006-07	2007-08	2008-09	2009-10
Total Income*	3389.18	4427.65	4790.71	4233.22	4631.33
Profit Before Tax	35.60	137.65	168.09	364.52	464.27
Profit After Tax	21.26	86.93	(20.36)	238.62	279.74
Share Capital	434.55	434.55	434.55	434.55	434.55
Reserves & Surplus	455.66	532.62	510.55	749.16	978.23
Net Worth	890.21	967.17	945.10	1183.72	1412.78
Net Block	685.79	640.82	311.60	308.37	620.29
Earnings Per Share (Rs.)	0.49	2.00	(0.47)	5.49	6.44
Book Value per Share (Rs.)	20.49	22.26	21.75	27.24	32.51

* Net of Excise Duty and Sales Tax

BOARD OF DIRECTORS

K. C. Jain	–	Director
Sudarshan Loyalka	–	Director
Dr. Rajeshwar Singh	–	Director
Prashant Godha	–	Executive Director
Purnima Jain	–	Whole-time Director

AUDITORS

Agarwal & Mangal
Chartered Accountants
14/16, Popatwadi,
1st Floor, Kalbadevi Road,
Mumbai- 400 002.

BANKERS

AXIS Bank Ltd.

REGISTERED & ADMINISTRATIVE OFFICE

54-D, Kandivli Industrial Estate,
Charkop, Kandivli (West),
Mumbai 400 067.

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai-400 078.

WORKS

A-163, Phase-1,
MIDC, Dombivli (East) - 421 203.
Dist. Thane,
Maharashtra.

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NOTICE is hereby given that the 25th ANNUAL GENERAL MEETING of Makers Laboratories Limited will be held at Plot No. 47, Kandivli Industrial Estate, Opposite Anand Mangal Hall, Charkop, Kandivli (West), Mumbai-400 067 on Friday, 27th August, 2010 at 4.00 p.m. 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 & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Prashant Godha who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. C. Jain who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors 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 VOTE INSTEAD OF HIMSELF AND A PROXY 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.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 19th August, 2010 to Friday, 27th August, 2010 both days inclusive.
- (3) The dividend if sanctioned at the meeting will be paid to those Members, whose names appear in the Register of Members on 27th August, 2010 and to those beneficial owners whose names are provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on 18th August, 2010.
- (4) Members are requested to:
 - (a) intimate to the Company's Registrar & Transfer Agent, M/s. Link Intime India Pvt. Ltd. / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
 - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence; and
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
- (5) A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.
- (6) All documents referred to in the notice are available for inspection by the members at the registered office of the Company on all working days till the date of the Annual General Meeting and shall also be placed before the members at the said Annual General Meeting.

Registered Office:

54-D, Kandivli Industrial Estate,
Charkop, Kandivli (West), Mumbai-400 067

By Order of the Board
For **Makers Laboratories Limited**

Prashant Godha
Executive Director

Mumbai,
31st May, 2010

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 25th Annual Report and Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	For the year ended 31.03.2010 (Rs. Lacs)	For the year ended 31.03.2009 (Rs. Lacs)
Sales and other Income (net of excise duty & sales tax)	4631.33	4233.22
Profit before financial cost, Depreciation and taxation	527.95	425.91
Less: Financial Cost	45.74	48.36
Depreciation	17.94	13.04
Profit before tax	464.27	364.51
Less: Provision for taxation		
Current	181.00	131.00
Deferred	0.63	(9.77)
Fringe Benefit Tax	-	8.05
Tax provision of earlier years	2.90	0.49
Profit after Tax (before exceptional item)	279.74	234.74
Add: Exceptional Item		
Depreciation of previous year written back	-	3.88
Net Profit	279.74	238.62
ADJUSTMENTS		
Balance of profit brought forward	123.36	304.12
Amount Available for Appropriation	403.10	542.74
APPROPRIATIONS		
General Reserve	100.00	419.38
Proposed Dividend	43.45	-
Tax on dividend	7.22	-
Balance carried forward to Balance Sheet	252.43	123.36
	403.10	542.74

Management Discussion and Analysis

a) Financial Performance and Operations Review

Sales and other income for the financial year under report amounted to Rs. 4631.33 lacs as compared with Rs. 4233.22 lacs for the previous year, a growth of 9%.

During the financial year under report, your Company has made a net profit after tax of Rs. 279.74 lacs as compared to a net profit of Rs. 238.62 lacs lacs in the previous financial year, a growth of 17%.

Your Company is continuously adding new products and improving the distribution channel in the Indian market.

b) Opportunities, Threats, Risk and Concerns

The Indian generic formulations market is currently in the growth phase. It is expected that use of generic formulations will gradually increase in India. However, cut throat competition, quality issues of generics manufactured in the country and non-existence of organised generic formulations distribution and retailing system are a cause of concern and is hampering the growth of generic formulations market.

c) Internal Control Systems

The Company has an adequate internal control system including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorisation and approval procedures. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

d) Human Resources

Your Company continued to have cordial and harmonious relations with its employees at all levels.

Your Company has adopted TQM culture across the organisation in all Line and Staff functions at all the locations. The TQM culture has helped your Company in achieving productivity improvement, cost reduction and waste elimination through employee involvement at all levels.

Your Company has 133 permanent employees as at 31st March, 2010.

e) Cautionary Statement

Certain statements in the Management Discussion and Analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realisation, changes in government policies and regulations, tax regimes and economic development within India.

COMPLIANCE CERTIFICATE

A compliance certificate under section 383A of the Companies Act, 1956, received from the Company Secretary in whole time practice is attached herewith.

DIVIDEND

Your Directors are pleased to recommend a equity dividend of Re. 1/- per share (10%) for the financial year under report. The dividend will be tax free in the hands of the shareholders.

The dividend amounting to Rs. 43.45 lacs and dividend tax amounting to Rs. 7.22 lacs, if approved at the ensuing Annual General Meeting, will be appropriated out of the profits for the year.

DIRECTORS

Mr. Prashant Godha and Mr. K.C. Jain retire as directors by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the profit of the Company for the year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the requirement of listing agreement with the Stock Exchanges, your Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance together with a certificate of its compliance from the Statutory Auditors, forms part of this report.

FIXED DEPOSITS

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

AUDITORS AND AUDIT REPORT

M/s. Agarwal & Mangal, Chartered Accountants, retire as auditors and, being eligible, offer themselves for re-appointment.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and, therefore, do not call for any further comments.

PARTICULARS OF EMPLOYEES

Information under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Shareholders interested in obtaining this information may write to the Registered Office of the Company.

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

In accordance with the requirements 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, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the enclosed Annexure I.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the co-operation and support extended to the Company by Axis Bank Ltd. Your Directors also place on record their appreciation of the continued hard work put in by employees at all levels.

For and on behalf of the Board

Mumbai,
31st May, 2010

K. C. Jain
Director

Prashant Godha
Executive Director

Annexure I

Information pursuant to the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988

1. CONSERVATION OF ENERGY

- (i) **Energy conservation measures taken:**
During the year under review all possible efforts were made to ensure optimum conservation of electricity and fuel at the Plants of the Company.
- (ii) **Additional investments and proposals being implemented for reduction of energy consumption:**
Nil
- (iii) **Impact of the above measures:**
Not applicable
- (iv) **A. Power and fuel Consumption:**

	<u>2009-10</u>	<u>2008-09</u>
a) Electricity:		
(i) Purchased:		
Units (KWH)	3,64,939	3,35,244
Total Amount (Rs. in lacs)	17.99	15.42
Rate/Unit (Rs.)	4.93	4.60
(ii) Own Generation:		
Through Diesel Generator		
Units (KWH)	16,990	34,910
Units per Ltr. Of Diesel Oil (KWH)	1.40	1.95
Cost of Diesel per KWH (Rs.)	26.30	19.42
b) Light Diesel Oil (LDO):		
Quantity (K. Ltrs.)	123.704	104.590
Total Amount (Rs. in lacs)	45.09	46.00
Average Rate/Ltr. (Rs.)	36.45	43.98
c) Others (Rs. in lacs):		
Hytherm Oil	-	-
LPG	-	-
Oxygen/Nitrogen/Freon Gas	-	-

B. Consumption per unit of Production:

In view of the varied nature of the products and packs, the compilation of accurate consumption per unit of production is not feasible.

2. TECHNOLOGY ABSORPTION

Research & Development

- (A) Specific areas in which R&D work was carried out by the Company:
None
- (B) Benefits derived as a result of the above R&D:
None
- (C) Future Plan of Action:
None
- (D) Expenditure on R & D:
None
- (E) Imported technology (imported during last five years):
The Company has not imported any technology during the last five years.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

None

For and on behalf of the Board

Mumbai,
31st May, 2010

K. C. Jain
Director

Prashant Godha
Executive Director

Compliance Certificate

To,
The Members
MAKERS LABORATORIES LIMITED
54 D, Kandivli Industrial Estate,
Kandivli (West), Mumbai 400 067

We have examined the registers, records, books and papers of **MAKERS LABORATORIES LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and the entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time as mentioned in the said annexure.
3. The Company being a Public Limited Company, comments that a Private Limited Company has minimum prescribed paid-up capital, maximum number of members, invitation to public to subscribe for shares and acceptance of deposits from persons other than its members, directors or their relatives, are not required.
4. The Board of Directors duly met 5 (Five) times on 29.04.2009, 16.06.2009, 29.07.2009, 30.10.2009 and on 29.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. (No circular resolution was passed.)
5. The Company closed its Register of Members from 13.08.2009 to 21.08.2009 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March, 2009 was held on 21.08.2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act during the financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or the previous approval of the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) The Company has delivered all the certificates on lodgement of securities for transfer/ transmission or any other purpose in accordance with the provisions of the Act. There was no allotment of securities during the year.
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
(iii) The Company was not required to post warrants to any member of the company as no dividend was declared during the financial year.

- (iv) There are no unpaid dividends, application money due for refund, matured deposits, matured debentures or the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
- (v) The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
 15. The re-appointment of Executive Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the financial year.
 18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company has not issued any shares, debentures or securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The amount borrowed by the Company from financial institutions & banks during the financial year ending 31st March, 2010 is within the borrowing limits of the company.
 25. The Company has made loans and investments or given guarantees or provided securities to other bodies corporate in compliance of the provisions of the Act and has made necessary entries in the register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the year under scrutiny.
 31. There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For Parikh & Associates

Mumbai,
31st May, 2010

P. N. Parikh
C. P. No.: 1228

Annexure 'A'

Statutory Registers as maintained by the Company

1. Register of Members u/s 150 of the Act.
2. Minutes Book of Board Meetings u/s 193 of the Act. (In loose leaf)
3. Minutes Book of Audit Committee Meetings. (In loose leaf)
4. Minutes Book of Shareholders' Grievance Committee Meetings. (In loose leaf)
5. Minutes Book of Remueration Committee Meetings. (In loose leaf)
6. Minutes Book of General Meetings u/s 193 of the Act. (In loose leaf)
7. Books of Accounts u/s 209 of the Act are being audited by the Statutory Auditors of the Company.
8. Register of Contracts u/s 301 of the Act.
9. Register of particulars of Directors etc. u/s 303 of the Act.
10. Register of Disclosure of Interest u/s 301 of the Act.
11. Register of Directors' Shareholding u/s 307 of the Act.
12. Register of Loans/ Investments u/s 372A of the Act.

Other Registers

1. Register of Transfers
2. Attendance Register of Board Meetings
3. Attendance Register of Audit Committee Meetings
4. Attendance Register of Shareholders' Grievance Committee Meetings
5. Attendance Register of Remuneration Committee Meetings
6. Attendance Register of General Meetings

For Parikh & Associates

Mumbai,
31st May, 2010

P. N. Parikh
C. P. No.:1228

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st March, 2010:

Sr. No.	Form No./ Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid. Yes/No
1.	Form 62	205C	Quarterly Return on IEPF for quarter ended 31.03.2009	14.04.2009	Yes	N.A.
2.	Form 25C	269(2)	Re-appointment of Prashant Godha as a Whole Time Director w.e.f 20.05.2009	17.06.2009	Yes	N.A.
3.	Form 62	205C	Quarterly Return on IEPF for quarter ended 30.06.2009	13.07.2009	Yes	N.A.
4.	Form 23	192	Revision in Remuneration of Purnima Jain and Re-appointment of Prashant Godha as a Executive Director	01.09.2009	Yes	N.A.
5.	Form 66	383A	Compliance Certificate for the year ended 31.03.2009	28.08.2009	Yes	N.A.
6.	Form 23 AC & Form 23ACA alongwith Annual Report for the year ended 31.03.2009	220	Approved at the Annual General Meeting held on 21.08.2009	08.09.2009	Yes	N.A.
7.	Form 20B alongwith Annual Return made as on 21.08.2009	159	Annual General Meeting held on 21.08.2009	15.09.2009	Yes	N.A.
8.	Form 62	205C	Quarterly Return on IEPF for quarter ended 30.09.2009	10.10.2009	Yes	N.A.
9.	Form 8	135	Modification of Charge on 14.11.2009 Charge Identification number – 90230038	18.12.2009	No	YES
10.	Form 8	135	Modification of Charge on 03.12.2009 Charge Identification number – 90230038	02.01.2010	Yes	N.A.
11.	Form 62	205C	Quarterly Return on IEPF for quarter ended 31.12.2009	22.01.2010	Yes	N.A.

For Parikh & Associates

Mumbai,
31st May, 2010

P. N. Parikh
C. P. No.: 1228

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, given below is a report on the Corporate Governance in the Company:

A. MANDATORY REQUIREMENTS

1. Company's philosophy of Corporate Governance is to ensure:

- i) that the Board and top management of the Company are fully apprised of the affairs of the Company that is aimed at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the shareholders.
- ii) that the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- iii) that all disclosure of information to present and potential investors are maximised.
- iv) that the decision making process in the organisation is transparent and are backed by documentary evidences.

2. Board of Directors

The present strength of the Board of Directors of the Company is 5 directors of which 1 Director is a Promoter Executive Director, 1 professional Non-Promoter Whole-time Director and 3 Directors who are Non-Executive Independent Directors with independent judgement in the deliberation and decisions of the board.

■ Number of Board Meetings held and the dates of the Board Meetings.

5 (Five) Board Meetings were held during the Financial Year 2009-10. The date on which the said meetings were held are as follows:

29 th April, 2009	29 th July, 2009	29 th January, 2010
16 th June, 2009	30 th October, 2009	

■ The last Annual General Meeting of the Company was held on 21st August, 2009.

Details of attendance at the Board Meetings, Annual General Meeting and shareholding of each Director are as follows:

Name of the Director	Category	No. of board meetings attended	Attendance at last AGM	No. of Equity shares held in the Co.*
Mr. K. C. Jain	Non-Executive Independent Director	4	Yes	Nil
Mr. S. V. Loyalka	Non-Executive Independent Director	4	No	Nil
Mr. Prashant Godha	Promoter, Executive Director, Non-Independent	4	Yes	1,09,375
Dr. Rajeshwar Singh	Non-Executive Independent Director	4	Yes	Nil
Ms. Purnima Jain	Executive, Non Independent Director	5	Yes	1,075

*The above shareholding as at 31st March, 2010 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest

■ **Number of other Companies or Committees of which the Director is a Director/Member/Chairman:**

Name of Director	No. of other public limited Companies in which Director	No. of Committees in which Member (other than Makers)	No. of Committees of which he is Chairman (other than Makers)
Mr. K. C. Jain	None	None	None
Mr. S. V. Loyalka	2	None	None
Mr. Prashant Godha	1	None	None
Dr. Rajeshwar Singh	None	None	None
Ms. Purnima Jain	None	None	None

Directorship held by Directors mentioned above does not include Directorship of private limited companies.

The Company has a process to provide, inter-alia, the information to the Board as required under Annexure I to Clause 49 of the listing agreement pertaining to Corporate Governance.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which they are Directors. All the Directors have made necessary disclosures in this regard to the Company.

The Company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management staff, etc. other than the transactions entered into in the normal course of Company's business.

■ **Code of Conduct**

The Board has laid down a code of conduct for Board members and senior management staff of the Company. The Board members and senior management staff have affirmed compliance with the said code of conduct.

■ **Information required under Clause 49 IV(G) of the listing agreement on Directors seeking appointment/re-appointment**

Mr. Prashant Godha

Mr. Prashant Godha aged 35 years is a promoter Whole-time Director overall in-charge of the management of the Company. He is a graduate in Commerce and has experience of over 11 years in pharmaceutical marketing and general management.

He holds 1,09,375 shares of the Company.

He is also a Director of the following companies:

1.	Kaygee Investments Pvt. Ltd.	2.	Gudakesh Invest. & Traders Pvt. Ltd.
3.	Paranthapa Invest. & Traders Pvt. Ltd.	4.	Harleystreet Pharmaceuticals Ltd.
5.	Apsara Trex Pvt. Ltd.	6.	Ipca Traditional Remedies Pvt. Ltd.

Mr. K. C. Jain

Mr. K. C. Jain aged 76 years is the Director of your Company since October, 1989. By qualification, he is M. Pharma and has extensive and diverse experience of primary and secondary pharmaceutical manufacturing, project establishment and other general management services. He is the Chairman of the Audit Committee, Investor/Shareholder's Grievance Committee and Remuneration Committee of the Board of Directors of the Company.

He is also Director of the following private limited companies:

1.	Gangwal Chemicals Pvt. Ltd.	2.	Axiom Chemicals Pvt. Ltd.
3.	Chinay Traders (P) Ltd.		

3. Audit Committee

■ Terms of Reference & Composition, Name of Members and Chairman:

The Audit Committee of the Company comprises of Mr. K. C. Jain, Chairman of the Committee; Dr. Rajeshwar Singh and Mr. S. V. Loyalka, all being Independent Directors with independent judgement in the deliberation and decisions of the Board as well as Audit Committee. The Executive Director who is in-charge of Finance function of the Company along with Statutory Auditors are invitees to the meetings of the Audit Committee. The terms of Reference to this Committee, inter-alia, covers all the matters specified under Section 292 (A) of the Companies Act, 1956 and also all the matters listed under Clause 49 of the Listing Agreement with Stock Exchanges.

The Audit Committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company as well as seek outside legal and professional advice.

The Audit committee reviews all the information that is required to be mandatorily reviewed by it under the corporate governance.

Audit Committee meetings and the attendance during the financial year 2009-10.

There were 4 (four) meetings of the Audit Committee during the Financial Year 2009-10 as under:

16 th June, 2009	30 th October, 2009
29 th July, 2009	29 th January, 2010

The attendance of each member of the Audit Committee in the committee meeting is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. K. C. Jain	4	3
Mr. S. V. Loyalka	4	3
Dr. Rajeshwar Singh	4	4

4. Remuneration Committee

The remuneration committee comprises of Mr. K.C. Jain, Chairman of the Committee and Mr. S. V. Loyalka and Dr. Rajeshwar Singh, all non-promoter and independent directors to function in the manner and to deal with the matters specified in the Clause 49 of the listing agreement.

There were 2 (two) meetings of the Remuneration Committee during the Financial Year 2009-10 as under:

29 th April, 2009	30 th October, 2009
------------------------------	--------------------------------

The attendance of each member of the Remuneration Committee in the committee meeting is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. K. C. Jain	2	1
Mr. S. V. Loyalka	2	2
Dr. Rajeshwar Singh	2	1

- A) The details of the remuneration paid to Executive and Whole time Director for the Financial Year 2009-10 is given below :

(Rs. lacs)

Name of the Director	Designation	Salary	Benefits and Perquisites	Commission	Total
Mr. Prashant Godha	Executive Director	16.30	11.56	Nil	27.86
Ms. Purnima Jain	Whole time Director	9.31	5.99	Nil	15.30

Presently the Company does not have any scheme for grant of any stock option either to the Directors or to the employees.

The appointment of Executive Director and Whole-time Director is contractual and is generally for a period of 5 years. The Company has entered into agreement with Mr. Prashant Godha on 29th April, 2009 which is valid upto 19th May, 2014 and with Ms. Purnima Jain on 30th October 2006 which is valid upto 30th October, 2011. Either party is entitled to terminate the agreement by giving not less than one month notice in writing to the other party.

- B) The Non-Executive Directors do not draw any remuneration from the Company. The Non-Executive Directors are entitled only to the sitting fees for every meeting of the Board and Committee thereof attended by them.

Details of sitting fees payment made to the Non-Executive Directors in the Financial Year 2009-10 are as under:

Name of the Director	Sitting fees Paid (Rs.)	Commission paid (Rs.)
Mr. K. C. Jain	38,000	Nil
Mr. S. V. Loyalka	35,000	Nil
Dr. Rajeshwar Singh	41,000	Nil

5. Shareholders/Investors Grievance Committee

- Details of the Members, Compliance Officer, No. of complaints received and pending, No. of transfers pending as on close of the financial year.

The Shareholders/Investors Grievance Committee comprises of Mr. K. C. Jain, Chairman of the Committee, Dr. Rajeshwar Singh, the Non-Executive Independent Director and Mr. Prashant Godha, Executive Director. Mr. Prashant Godha is also the Compliance Officer of the Company.

There were 2 (two) meetings of the Shareholders/Investor Grievance Committee during the Financial Year 2009-10 as under:

16 th June, 2009	29 th January, 2010
-----------------------------	--------------------------------

The attendance of each member of the Shareholders/Investor Grievance Committee in the committee meeting is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. K. C. Jain	2	2
Dr. Rajeshwar Singh	2	2
Mr. Prashant Godha	2	2

During the year, the Company received 13 complaints from the shareholders all of which are attended to. The Company had no unattended pending request for transfer of its equity shares at the close of the financial year.

6. General Body Meetings

- Details of the location where the last 3 (three) Annual General Meetings were held and the details of the resolution passed or proposed to be passed by Postal Ballot.

AGM for the financial year ended	Date & time of AGM	Special Resolution passed
31 st March, 2009	Friday, 21 st August, 2009 at 11.00 a.m.	1. Increase in the Remuneration payable to Ms. Purnima Jain
		2. Re-appointment of Mr. Prashant Godha as the Executive Director for further period of 5 years and remuneration payable to him
31 st March, 2008	Friday, 22 nd August, 2008 at 4.00 p.m.	None
31 st March, 2007	Friday, 7 th September, 2007 at 4.00 p.m.	None

All the AGMs were held at Plot No. 47, Kandivli Industrial Estate, Charkop, Kandivli (West), Mumbai- 400067. All the resolutions set out in the respective notices calling the AGM were passed by the shareholders. No postal ballots were used for voting at these meetings.

At the forthcoming AGM, there is no agenda which needs approval by postal Ballot.

7. Disclosures

- (i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large.
None
The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
Transactions with the related parties are disclosed in the notes to the accounts forming part of the Annual Report.
- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by SEBI, ROC, Stock Exchanges or any other statutory authorities on any matter related to capital market during the last 3 financial years.
None
- (iii) There is a whistle blowing policy in the Company and that no personnel has been denied access to the Audit Committee.
- (iv) The Company has complied with all the mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement. The Company is yet to adopt the non-mandatory requirements of the Clause 49 of the Listing Agreement pertaining to Corporate Governance.
- (v) The CEO/CFO certification forms part of this Annual Report.

8. Means of Communication

Quarterly Results	:	The results of the Company are published in the Newspapers.
Newspapers in which results are generally published	:	The Free Press Journal and Nav Shakti.
Website, where displayed	:	The Company does not have its own website
Whether website also displays official news releases	:	N.A.
Presentation made to institutional investors or to the analysts	:	Presentations were not made to institutional investors or analysts during the financial year 2009-10

9. Shareholders Information

AGM: Date, Time and Venue	:	Friday, 27 th August, 2010 at 4.00 p.m at Plot No.47, Kandivli Industrial Estate, Opposite Anand Mangal Hall, Charkop, Kandivli (West), Mumbai- 400 067
Financial calendar	:	1 st April –31 st March
First quarter results	:	31 st July
Second quarter results	:	30 th October
Third quarter results	:	31 st January
Annual results	:	30 th June
Date of Book closure	:	Thursday, 19 th August, 2010 to Friday, 27 th August, 2010 (both days inclusive)
Dividend Payment dates(s)	:	It is now proposed to declare dividend of Re. 1/- per share (10%) on equity share capital for the financial year 2009-10 which if sanctioned will be paid on or before 11 th September, 2010.
Listing on Stock Exchanges	:	Bombay Stock Exchange Ltd. (BSE) and Ahmedabad Stock Exchange Ltd. (ASE). : Listing fees have been paid to both the Stock Exchanges for the financial year 2010-11 in April, 2010. The fees of the depositories for the financial year 2010-11 is also paid in April, 2010
Corporate Identity Number allotted by Ministry of Corporate Affairs	:	L24230MH1984PLC033389
Stock code – Physical	:	506919 on BSE, 35210 on ASE
ISIN Number for NSDL & CDSL	:	INE 987A01010
Market price date: High, Low during each month in last financial year	:	Please see Annexure 'A'

- Stock performance in comparison : Please see Annexure 'B'
to BSE sensex
- Registrars and Share Transfer : Link Intime India Pvt. Ltd.
Agents C-13, Pannalal Silks Mills Compound
L B S Marg, Bhandup (W)
Mumbai 400 078
Tel. No. (022) 2596 3838
Fax no. (022) 2596 2691
- Share Transfer system : All share transfers, subject to correctness and completion of all
documents would normally be registered and returned within
2 weeks from the date of receipt.
- Distribution of shareholding/
shareholding pattern as on : Please see Annexure 'C'
31.03.2010
- Dematerialisation of shares and : 63.16% of the paid-up share capital has been dematerialised as
liquidity on 31st March, 2010.
- Outstanding GDRs/ADRs/warrants/
convertible instruments etc : Not applicable since none of the said instruments are ever
issued.
- Plant Location : Dombivali, (Thane Dist), Maharashtra
- Share Transfer and other : Link Intime India Pvt. Ltd.
communications may be addressed C-13, Pannalal Silks Mills Compound
to the Registrars and Share Transfer L B S Marg, Bhandup (W)
Agents Mumbai 400 078
Tel. No. (022) 2596 3838
Fax No. (022) 2596 2691
- Investors complaint may be : Mr. Prashant Godha–Executive Director
addressed to Makers Laboratories Limited
54-D, Kandivli Industrial Estate
Charkop, Kandivli (W), Mumbai 400 067
E-mail: makerslab@rediffmail.com
Tel No.:- (022) 28686546 / 4656
Fax No.:- (022) 28682785

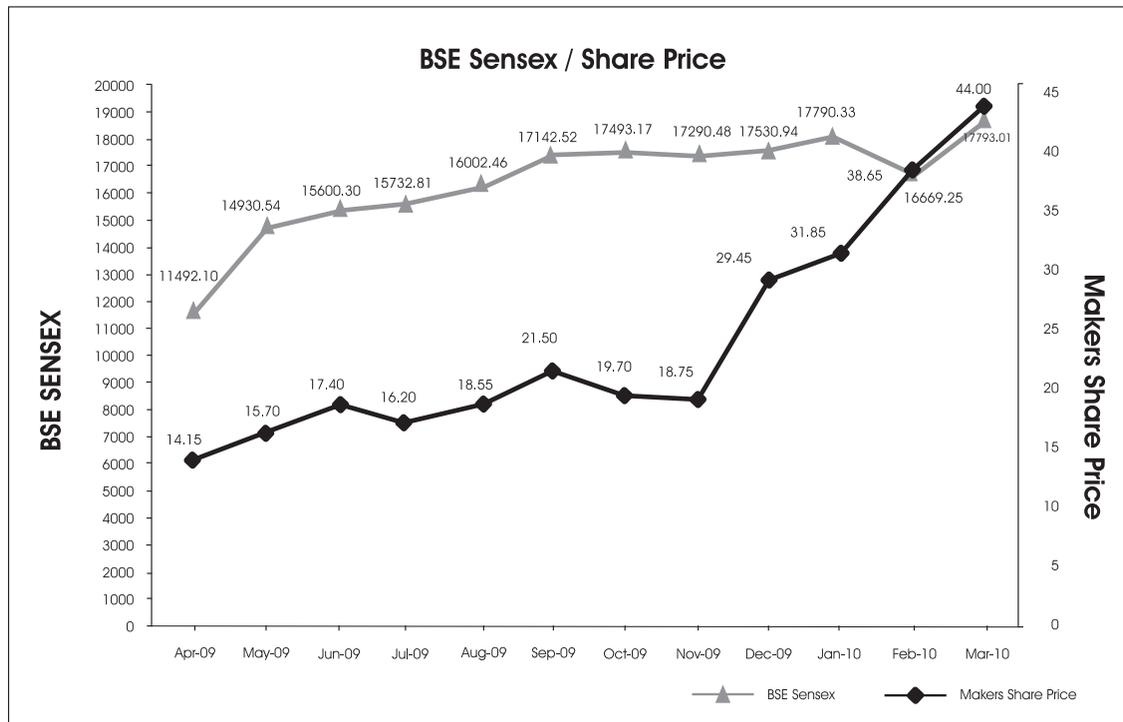
Annexure A

High/Low of Market price of the Company's shares traded on Bombay Stock Exchange Ltd. (BSE), Mumbai during the financial year 2009-10 is furnished below:

Year	Month	Highest (Rs.)	Lowest (Rs.)	
2009	April	14.15	12.40	
	May	15.70	11.30	
	June	17.40	14.07	
	July	16.20	12.05	
	August	18.55	15.00	
	September	21.50	15.80	
	October	19.70	16.00	
	November	18.75	16.00	
	December	29.45	16.90	
	2010	January	31.85	25.00
		February	38.65	27.10
		March	44.00	33.05

Annexure B

Graph of Share Price/ BSE Sensex



Annexure C

The distribution of shareholding as on 31st March, 2010 is as follows:

No. of equity shares held			No. of shareholders	%	No. of shares	%
Upto		500	2623	81.33	507241	11.67
501	to	1000	320	9.93	260960	6.01
1001	to	2000	133	4.12	205741	4.73
2001	to	3000	57	1.77	145562	3.35
3001	to	4000	19	0.59	67372	1.55
4001	to	5000	21	0.65	99939	2.30
5001	to	10000	32	0.99	228265	5.25
10001	&	above	19	0.62	2830460	65.14
Grand Total			3224	100.00	4345540	100.00
No. of shareholders in Physical Mode			1011	31.36	1601107	36.85
No. of shareholders in Electronic Mode			2213	68.64	2744433	63.15

Shareholding pattern as on 31st March, 2010 is as follows:

Category	No. of shareholders	No. of shares	% holding
Indian Promoters	7	392895	9.04
Banks and Insurance Companies	1	100	0.00
UTI and Mutual Funds	0	0	0.00
FII's and NRI's	7	11114	0.25
Domestic Companies	87	2312765	53.23
Resident Individuals	3122	1628666	37.48
Total	3224	4345540	100.00

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
MAKERS LABORATORIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **MAKERS LABORATORIES LIMITED** for the period ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that no Investor grievance is pending for a period exceeding one month against the Company as per the records and other documents maintained by the Shareholders/Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Agarwal & Mangal
Chartered Accountants
Firm Reg. No. 100061W

B. P. MANGAL
Partner
Membership No. 32973

Mumbai,
31st May, 2010

To,

All the Members of
Makers Laboratories Ltd.

It is hereby certified and confirmed that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2010.

For **Makers Laboratories Limited**

Mumbai,
31st May, 2010

Prashant Godha
Executive Director / CEO

The Board of Directors
Makers Laboratories Limited
54-D, Kandivli Industrial Estate,
Charkop, Kandivli (West),
Mumbai – 400 067

CEO/CFO CERTIFICATION

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief;
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Makers Laboratories Ltd.**

Mumbai
31st May, 2010

Purnima Jain
Wholetime Director

Prashant Godha
Executive Director / CEO

AUDITOR'S REPORT**TO THE MEMBERS OF****MAKERS LABORATORIES LIMITED**

1. We have audited the Balance Sheet of **MAKERS LABORATORIES LIMITED** as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred 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 purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet and the Profit & Loss Account 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 the written representations received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 the explanations given to us, the accounts read with the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (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 Profit 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 Agarwal & Mangal
Chartered Accountants
Firm Reg. No. 100061W

B. P. MANGAL

Patner
Membership No. 32973

Mumbai,
31st May, 2010

Annexure referred to in paragraph 3 of our audit report of even date,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its business, the frequency of verification is reasonable.
- (c) During the year, the Company has not disposed off substantial part of the Fixed Assets.
- (ii) (a) The inventory of the Company has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical records and the book records were not material.
- (iii) (a) The Company has granted loans to six Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 7.15 Crores and the year end balance of loan granted to such Companies was Rs. 4.60 Crores. In our opinion, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interests of the Company. The principal amount is not due for repayment and the interest charged is being received in time and there are no overdue amount of interest. There is no over due amount in excess of Rupees One Lac in respect of the loans granted to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clause (iii) (f) and (iii) (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system 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 major weakness was noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under the said section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) According to the records produced and information given to us, the cost records and accounts as prescribed by the Central Govt. under Section 209 (1) (d) of the Companies Act, 1956 have been made and maintained by the company but no examination of such records and accounts have been carried out by us.

- (ix) (a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) As at 31st March, 2010, there have been no disputed dues which have not been deposited with the respective authorities in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax and Cess.
- (x) The Company does not have accumulated losses as on 31st March, 2010. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank. The Company has not taken any loan from financial institutions. Further, no loan has been taken by way of issuance of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (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 (Auditor's 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 (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xvi) Based on our examination of records and information and explanations given to us, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) During the year, 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 during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on the information and explanations furnished by the management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.

For Agarwal & Mangal
Chartered Accountants
Firm Reg. No. 100061W

B. P. MANGAL
Partner
Membership No. 32973

Mumbai,
31st May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31 st March, 2010		31 st March, 2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	4,34,55,400		4,34,55,400	
Reserves and Surplus	2	<u>9,78,23,092</u>	<u>14,12,78,492</u>	<u>7,49,16,315</u>	11,83,71,715
Loan Funds					
Secured Loans	3	10,53,83,773		6,53,42,136	
Unsecured Loans	3	<u>1,04,20,000</u>	<u>11,58,03,773</u>	<u>97,55,000</u>	7,50,97,136
Deferred Tax Liability (Net)	4		<u>27,55,000</u>		<u>26,92,000</u>
			<u><u>25,98,37,265</u></u>		<u><u>19,61,60,851</u></u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	7,39,86,656		4,22,38,025	
Less: Depreciation		<u>1,19,57,256</u>		<u>1,14,01,474</u>	
Net Block		<u>6,20,29,400</u>		<u>3,08,36,551</u>	
Add: Capital Advance		<u>12,34,969</u>	<u>6,32,64,369</u>	<u>76,96,581</u>	3,85,33,132
Investments	6		<u>4,40,12,557</u>		4,86,66,378
Current Assets, Loans and Advances					
Interest Accrued on Investments		6,010		4,871	
Inventories	7	7,79,02,312		6,88,26,692	
Sundry Debtors	8	6,73,96,183		5,03,64,454	
Cash and Bank Balances	9	9,62,618		9,13,831	
Loans and Advances	10	<u>5,22,73,200</u>		<u>2,61,22,659</u>	
	(i)	<u>19,85,40,323</u>		<u>14,62,32,507</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	11	3,72,91,950		3,47,00,854	
Provisions	11	<u>86,88,034</u>		<u>25,70,312</u>	
	(ii)	<u>4,59,79,984</u>		<u>3,72,71,166</u>	
Net Current Assets (i - ii)			<u><u>15,25,60,339</u></u>		<u><u>10,89,61,341</u></u>
			<u><u>25,98,37,265</u></u>		<u><u>19,61,60,851</u></u>
Significant Accounting Policies and Notes to the Accounts	18				

As per our Report of even date attached

For AGARWAL & MANGAL

Chartered Accountants

Firm Reg. No. 100061W

B. P. MANGAL

Partner

Membership No. 32973

Mumbai,

31st May, 2010

For and on behalf of the Board

Prashant Godha – Executive Director

Purnima Jain – Whole time Director

K. C. Jain – Director

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

	Schedule	2009-2010		2008-2009	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Sales			47,15,78,563		43,72,31,065
Less: Excise Duty		1,25,99,120		1,39,63,074	
Sales Tax		1,93,89,615	3,19,88,735	1,69,71,707	3,09,34,781
Net Sales			43,95,89,828		40,62,96,284
Income from Operations	12	2,30,66,206		1,67,31,024	
Other Income	13	4,76,584	2,35,42,790	2,94,840	1,70,25,864
			46,31,32,618		42,33,22,148
EXPENDITURE					
Material Cost and Inventory Adjustments	14	31,11,41,103		29,03,26,760	
Personnel Cost	15	2,97,67,587		2,47,97,396	
Manufacturing and Other Expenses	16	6,94,28,750		6,56,06,580	
Financial Cost	17	45,74,085		48,36,218	
Depreciation	5	17,94,294	41,67,05,819	13,03,586	38,68,70,540
PROFIT BEFORE TAXATION			4,64,26,799		3,64,51,608
Less: Provision for Taxation					
- Current Tax		1,81,00,000		1,31,00,000	
- Deferred Tax (net)		63,000		(9,76,716)	
- Fringe Benefit Tax		-		8,05,000	
- Tax Provision for earlier years		2,89,742	1,84,52,742	49,424	1,29,77,708
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS			2,79,74,057		2,34,73,900
Add: Exceptional Items					
Depreciation of previous year written back (net of deferred tax of Rs. 1,99,716/-)			-		3,87,858
NET PROFIT			2,79,74,057		2,38,61,758
- Balance of Profit brought forward			1,23,35,935		3,04,12,019
AMOUNT AVAILABLE FOR APPROPRIATION			4,03,09,992		5,42,73,777
APPROPRIATIONS					
- General Reserves			1,00,00,000		4,19,37,842
- Proposed Dividend			43,45,540		-
- Tax on Dividend			7,21,740		-
- Balance carried forward to Balance Sheet			2,52,42,712		1,23,35,935
			4,03,09,992		5,42,73,777
Earnings Per Share (In Rupees)					
(Nominal value of each share Rs. 10/-)					
Basic and Diluted					
- Before Extraordinary Item			6.44		5.40
- After Extraordinary Item			6.44		5.49
Significant Accounting Policies and Notes to the Accounts	18				

As per our Report of even date attached

For AGARWAL & MANGAL

Chartered Accountants

Firm Reg. No. 100061W

B. P. MANGAL

Partner

Membership No. 32973

Mumbai,

31st May, 2010

For and on behalf of the Board

Prashant Godha – Executive Director

Purnima Jain – Whole time Director

K. C. Jain – Director

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

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
A Cash Flow from Operating activities:				
Net Profit Before Tax and extraordinary items		4,64,26,799		3,64,51,608
Adjustments for:				
Depreciation	17,94,294		13,03,586	
Provision for Leave Encashment	4,25,117		2,28,568	
Provision for Gratuity	10,64,697		4,61,457	
Provision for Leave Travel Allowance	92,945		(71,365)	
Assets Scrapped	-		-	
Bad Debts Written off	12,54,271		21,62,279	
Loss on Sale of Assets	5,27,057		72,643	
Profit on Sale of Assets	(33,828)		(6,531)	
Profit on Sale of Investments	-		(33,000)	
Provision for Diminution in value of Investments	46,53,821		-	
Dividend Income	(2,83,448)		(2,54,204)	
Interest Income	(22,86,742)		(5,39,931)	
Interest Expense	62,88,042	1,34,96,226	50,55,535	83,79,037
Operating profit before Working Capital Changes		5,99,23,025		4,48,30,645
Working Capital Changes:				
(Increase) / Decrease in Inventories	(90,75,620)		(87,51,646)	
(Increase) / Decrease in Sundry Debtors and advances	(4,72,44,154)		(75,18,382)	
Increase / (Decrease) in Short Term borrowings	1,94,41,638		3,22,87,043	
Increase / (Decrease) in Trade payables	25,91,097	(3,42,87,039)	(21,12,906)	1,39,04,109
Cash Generated from Operations		2,56,35,986		5,87,34,754
Gratuity contribution to LIC	(5,32,317)		(18,57,700)	
Income Tax paid	(1,55,83,269)	(1,61,15,586)	(1,45,58,748)	(1,64,16,448)
Net Cash Flow from Operating activities-I		95,20,400		4,23,18,306
B Cash Flow for Investing activities :				
Purchase of Fixed Assets	(2,75,07,047)		(81,07,872)	
Purchase of Investments	-		(3,14,60,840)	
Proceeds from Sale of Investments	-		12,07,500	
Proceeds from Sale of Assets	4,88,286		58,721	
Dividend Received	2,83,448		2,54,204	
Net Cash Flow for Investing activities-II		(2,67,35,313)		(3,80,48,287)
Cash Flow after Investing activities-III = (I - II)		(1,72,14,913)		42,70,019
C Cash Flow from Financing activities:				
Increase/(Decrease) in Long Term Borrowings	2,12,65,000		(6,62,491)	
Interest received	22,86,742		5,39,931	
Interest paid	(62,88,042)		(50,55,535)	
Net Cash Flow from Financing activities-IV		1,72,63,700		(51,78,095)
Net Cash Flow after Financing activities-V = (III + IV)		48,787		(9,08,076)
Opening Cash and Cash equivalents	9,13,831		18,21,907	
Closing Cash and Cash equivalents	9,62,618		9,13,831	
Net Increase/(Decrease) in Cash & Cash Equivalents		48,787		(9,08,076)

As per our Report of even date attached

For AGARWAL & MANGAL

Chartered Accountants

Firm Reg. No. 100061W

B. P. MANGAL

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Mumbai,

31st May, 2010

For and on behalf of the Board

Prashant Godha – Executive Director

Purnima Jain – Whole time Director

K. C. Jain – Director

SCHEDULES TO THE ACCOUNTS

Schedules 1 to 18 forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010.

	31.03.2010		31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 1				
SHARE CAPITAL				
Authorised:				
60,00,000 Equity Shares of Rs.10/- each.		<u>6,00,00,000</u>		<u>6,00,00,000</u>
Issued, Subscribed and Paid-up:				
43,45,540 Equity Shares of Rs.10/- each fully paid-up.		<u>4,34,55,400</u>		<u>4,34,55,400</u>
PER BALANCE SHEET		<u>4,34,55,400</u>		<u>4,34,55,400</u>

Out of the above shares 3,02,700 Equity Shares of Rs.10/- each allotted as fully paid-up to the shareholders of erstwhile Makers Drugs & Food Products Ltd., pursuant to the Scheme of Amalgamation.

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

Per last Balance Sheet

17,16,530

17,16,530

Share Premium Account

Per Last Balance Sheet

1,08,63,850

1,08,63,850

General Reserve

Per last Balance Sheet

5,00,00,000

80,62,158

Add: Transferred from Profit and Loss Account

1,00,00,000

4,19,37,842

5,00,00,000

Profit and Loss Account

2,52,42,712

1,23,35,935

PER BALANCE SHEET

9,78,23,092

7,49,16,315

SCHEDULE 3

LOAN FUNDS

a) Secured Loans

Demand Cash Credit from AXIS Bank Ltd.

8,47,83,773

6,53,42,136

Term Loan from AXIS Bank Ltd

2,06,00,000

-

PER BALANCE SHEET

10,53,83,773

6,53,42,136

(Refer Note No.7)

b) Unsecured Loans

Dealers Deposits

1,03,95,000

97,55,000

Other Deposits

25,000

-

PER BALANCE SHEET

1,04,20,000

97,55,000

SCHEDULE 4

DEFERRED TAX LIABILITY (Net)

Deferred Tax Liability:

- On Depreciation of Fixed Assets

34,71,000

34,62,000

Less: Deferred Tax Asset:

- On Provision for Gratuity

(1,00,000)

(2,84,000)

- On Provision for Leave Encashment

(6,16,000)

(4,86,000)

PER BALANCE SHEET

27,55,000

26,92,000

SCHEDULE 5 FIXED ASSETS

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK (Rupees)			DEPRECIATION (Rupees)			NET BLOCK (Rupees)			
		As on 01.04.2009	Additions during the year	Sales, w/off, adjustments during the year	As on 31.03.2010	Up to 01.04.2009	For the year	Sales, w/off, adjustments during the year	Up to 31.03.2010	As on 31.03.2010	As on 31.03. 2009
1	Land :										
	- Free hold	1,80,35,522	-	-	1,80,35,522	-	-	-	-	1,80,35,522	1,80,35,522
	- Lease hold	1,64,755	-	-	1,64,755	-	-	-	-	1,64,755	1,64,755
2	Buildings	14,42,131	2,24,38,163	-	2,38,80,294	7,66,666	1,03,180	-	8,69,846	2,30,10,448	6,75,465
3	Plant & Machineries	1,11,04,700	63,611	-	1,11,68,311	43,81,001	5,07,499	-	48,88,500	62,79,811	67,23,699
4	Electric Motors & Other Machines	8,20,369	-	-	8,20,369	7,36,531	12,086	-	7,48,617	71,752	83,838
5	Fire Fighting Equipments	64,358	50,111	-	1,14,469	37,198	40,891	-	78,089	36,380	27,160
6	Generators	3,28,606	-	-	3,28,606	1,43,582	27,747	-	1,71,329	1,57,277	1,85,024
7	Machine Platform	2,79,833	-	-	2,79,833	2,62,298	3,543	-	2,65,841	13,992	17,535
8	Storage Vessels and Utensils	3,16,399	53,910	-	3,70,309	2,73,731	7,005	-	2,80,736	89,573	42,668
9	Steam Vaccum & Oil Pipeline	6,08,906	-	-	6,08,906	5,62,703	6,856	-	5,69,559	39,347	46,203
10	Transformer & H.T. Installation	2,81,304	-	-	2,81,304	1,97,534	7,537	-	2,05,071	76,233	83,770
11	Boilers	5,27,052	-	-	5,27,052	1,09,422	27,552	-	1,36,974	3,90,078	4,17,630
12	Stores Handling Equipments	1,78,587	12,486	-	1,91,073	1,11,874	5,694	-	1,17,568	73,505	66,713
13	Computer Machinery	7,60,689	7,67,101	(2,42,024)	12,85,766	4,11,571	1,20,761	(1,92,904)	3,39,428	9,46,338	3,49,118
14	Intangible Assets (Software)	1,04,000	32,968	-	1,36,968	83,627	21,857	-	1,05,484	31,484	20,373
15	Effluent Treatment Plant	1,97,985	-	-	1,97,985	97,336	10,454	-	1,07,790	90,195	1,00,649
16	Environmental Control Equipments	6,41,020	15,88,934	(36,080)	21,93,874	2,83,949	37,417	(8,896)	3,12,470	18,81,404	3,57,071
17	Furniture & Fixtures	5,78,252	38,28,948	(61,427)	43,45,773	4,67,268	3,11,687	(53,400)	7,25,555	36,20,218	1,10,984
18	Electrical Fittings	6,23,962	23,19,536	(12,119)	29,31,379	4,33,111	44,611	(12,119)	4,65,603	24,65,776	1,90,851
19	Office and Other Equipments	4,72,200	4,81,117	(2,190)	9,51,127	1,85,521	47,468	(2,190)	2,30,799	7,20,328	2,86,679
20	Laboratory Equipments	14,87,897	3,990	-	14,91,887	4,06,794	72,405	-	4,79,199	10,12,688	10,81,103
21	Vehicles	32,19,498	23,27,784	(18,66,188)	36,81,094	14,49,757	3,78,044	(9,69,003)	8,58,798	28,22,296	17,69,741
	TOTAL	4,22,38,025	3,39,68,659	(22,20,028)	7,39,86,656	1,14,01,474	17,94,294	(12,38,512)	1,19,57,256	6,20,29,400	
	Previous Year	4,21,49,097	5,17,201	(4,28,273)	4,22,38,025	1,09,88,903	13,03,586	(8,91,015)	1,14,01,474		3,08,36,551
22	Capital Advances / Construction Work in Progress									12,34,969	76,96,581
	PER BALANCE SHEET									6,32,64,369	3,85,33,132

SCHEDULE 6
INVESTMENTS-At cost

	No. of Shares		Face value (Rs)	31.03.2010	31.03.2009
	31.03.2010	31.03.2009		Rupees	Rupees
A) Unquoted:					
(i) Government Securities					
National Savings Certificates				10,000	10,000
(ii) Investments (trade)					
Ellora Organics Pvt. Ltd.	800	800	100	80,000	80,000
Paschim Chemicals Pvt. Ltd.	21,000	21,000	100	22,20,000	22,20,000
Halewood Laboratories Pvt. Ltd.	56,200	56,200	10	5,62,000	5,62,000
Mexin Medicaments Pvt. Ltd.	11,990	11,990	100	1,31,89,000	1,31,89,000
Exon Laboratories Pvt. Ltd.	30,000	30,000	10	1,50,00,000	1,50,00,000
Total (i+ii)				3,10,61,000	3,10,61,000
B) Quoted:					
Mangalam Drugs & Organics Ltd.	3,07,468	3,07,468	10	86,10,934	86,10,934
Less- Provision for dimuntion in value of Investments				46,53,821	-
				39,57,113	86,10,934
Ipca Laboratories Ltd.	97,480	19,496	2*	89,94,444	89,94,444
Total				1,29,51,557	1,76,05,378
PER BALANCE SHEET				4,40,12,557	4,86,66,378

* Previous year face value was Rs. 10/- per share. In current year shares have been subdivided and 5 equity shares of Rs. 2/- each received against 1 share of Rs. 10/- each.

Aggregate Book Value of unquoted investment	3,10,61,000	3,10,61,000
Aggregate Market Value of quoted investment	3,02,57,217	78,82,906

SCHEDULE 7
INVENTORIES

(As taken, valued and certified by the Management)

Stock in Trade:

Raw Materials	2,01,57,911	1,52,97,082
Packing Materials	23,92,436	22,78,843
Work-in-Process	28,49,877	40,98,858
Finished Goods	5,21,45,126	4,70,32,585
Stores & Spares	3,56,962	1,19,324
PER BALANCE SHEET	7,79,02,312	6,88,26,692

SCHEDULE 8
SUNDRY DEBTORS

(Unsecured, considered good)

i) Outstanding for more than six months		
- Considered good	14,48,940	15,62,139
ii) Other Debts	6,59,47,243	4,88,02,315
PER BALANCE SHEET	6,73,96,183	5,03,64,454

	31.03.2010		31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 9				
CASH AND BANK BALANCES				
Cash on Hand		1,70,226		92,552
Balances with Scheduled Banks:				
On Current Accounts	5,31,757		5,22,834	
On Deposit Accounts	2,60,635	7,92,392	2,98,445	8,21,279
		<u>9,62,618</u>		<u>9,13,831</u>
PER BALANCE SHEET				
(Refer Note no.10)				

SCHEDULE 10				
LOANS AND ADVANCES				
(Unsecured considered good)				
Loan to Employees		3,33,052		2,20,035
Advances recoverable in cash or in kind or for value to be received		5,14,66,915		2,26,50,203
Deposits		27,12,597		26,85,312
Income tax paid (net of provision for taxation)		(22,39,364)		5,67,109
		<u>5,22,73,200</u>		<u>2,61,22,659</u>
PER BALANCE SHEET				

SCHEDULE 11				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors:				
- Micro, Small & Medium Enterprises		-		-
(Refer Note no.11)				
- Others		3,18,21,625		2,85,93,807
		<u>3,18,21,625</u>		<u>2,85,93,807</u>
Other Liabilities		54,70,325	3,72,91,950	61,07,047
				<u>3,47,00,854</u>
Provisions				
Proposed Dividend		43,45,540		-
Provision for Tax on Dividend		7,21,740		-
Provision for Leave Travel Assistance (LTA)		3,99,790		3,06,845
Provision for Gratuity		13,66,737		8,34,357
Provision for Leave Encashment		18,54,227	86,88,034	14,29,110
		<u>18,54,227</u>	<u>86,88,034</u>	<u>14,29,110</u>
PER BALANCE SHEET				<u>3,72,71,166</u>

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 12				
INCOME FROM OPERATIONS				
Manufacturing Charges Income		2,16,94,323		1,65,62,325
Miscellaneous Income from Operations		13,71,883		1,68,699
PER PROFIT AND LOSS ACCOUNT		<u>2,30,66,206</u>		<u>1,67,31,024</u>
SCHEDULE 13				
OTHER INCOME				
Profit on Sale of Assets		33,828		6,531
Dividend Income		2,83,448		2,54,204
Miscellaneous income		1,59,308		1,105
Profit on Sale of Investments		-		33,000
PER PROFIT AND LOSS ACCOUNT		<u>4,76,584</u>		<u>2,94,840</u>
SCHEDULE 14				
MATERIAL COST AND INVENTORY ADJUSTMENTS				
Raw Materials Consumed:				
Opening Stock	1,52,97,082		70,13,059	
Add: Purchases	17,68,59,623		14,40,76,952	
	19,21,56,705		15,10,90,011	
Less: Closing Stock	2,01,57,911	17,19,98,794	1,52,97,082	13,57,92,929
Packing Materials Consumed:				
Opening Stock	22,78,843		17,70,578	
Add: Purchases	1,50,26,684		1,26,79,892	
	1,73,05,527		1,44,50,470	
Less: Closing Stock	23,92,436	1,49,13,091	22,78,843	1,21,71,627
Finished Goods Purchased		12,81,13,096		14,24,92,626
Inventory Adjustments:				
Stock at Commencement:				
Work-in-Process	40,98,858		20,06,780	
Finished Goods	4,70,32,585		4,90,40,774	
	5,11,31,443		5,10,47,554	
Less: Stock at Close:				
Work-in-Process	28,49,877		40,98,858	
Finished Goods	5,21,45,126		4,70,32,585	
	5,49,95,003	(38,63,560)	5,11,31,443	(83,889)
Insurance Claim on Loss of Stock		(20,318)		(46,533)
PER PROFIT AND LOSS ACCOUNT		<u>31,11,41,103</u>		<u>29,03,26,760</u>

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 15				
PERSONNEL COST				
Payment to and provision for Salaries, Wages and Bonus		2,75,21,403		2,29,62,732
Contribution to Provident Fund, Employees State Insurance and other funds		16,62,583		14,85,055
Welfare expenses		4,46,635		2,98,481
Recruitment and Training expenses		1,36,966		51,128
PER PROFIT AND LOSS ACCOUNT		<u>2,97,67,587</u>		<u>2,47,97,396</u>
(Refer Note no.6)				
SCHEDULE 16				
MANUFACTURING AND OTHER EXPENSES				
Outside Manufacturing Charges		1,53,77,118		1,06,97,291
Consumable Stores		8,47,501		9,88,310
Power, Fuel, Gas & Water Charges		73,07,205		72,25,446
Repairs:				
- Building	2,97,049		4,15,508	
- Machinery	11,87,435		11,78,610	
- Other Repairs	96,028	15,80,512	2,46,418	18,40,536
Insurance		7,92,581		8,00,369
Rent		18,20,913		17,74,895
Rates and Taxes		10,80,013		6,70,512
Freight, Forwarding and Transportation		1,19,11,908		1,22,24,220
Commission on Sales		92,97,781		1,00,09,972
Field Staff Expenses		51,54,801		52,27,350
Auditors' Remuneration:				
- Audit Fees (Including Tax Audit)	96,273		61,576	
- Taxation Matters	50,896		40,278	
- Certification & other matters	31,347		36,891	
- Reimbursement of expenses	6,686	1,85,202	8,706	1,47,451
Loss on Sale of Assets		5,27,057		72,643
Bad Debts Written off		12,54,271		21,62,279
Marketing & Sales Administrative Expenses		35,78,354		68,89,256
Miscellaneous Expenses		40,59,712		48,76,050
Provision for diminution in value of Investments		46,53,821		-
(Refer Note No.4)				
PER PROFIT AND LOSS ACCOUNT		<u>6,94,28,750</u>		<u>6,56,06,580</u>
SCHEDULE 17				
FINANCIAL COST				
Interest:				
- On Fixed Loans	4,57,554		-	
- Others	58,30,488		50,55,535	
	62,88,042		50,55,535	
Less: Interest Income (Including Tax Deducted at Source Rs. 1,05,537/- (Previous year Rs. 40,196/-)	22,86,742	40,01,300	5,39,931	45,15,604
Bank Charges		5,72,785		3,20,614
PER PROFIT AND LOSS ACCOUNT		<u>45,74,085</u>		<u>48,36,218</u>

SCHEDULE - 18**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS****1. ACCOUNTING POLICIES****(a) System of Accounting**

The Company follows accrual system of accounting for all items of revenue and costs.

(b) Use of Estimates

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles applicable in India and the provisions of the Companies Act, 1956 requires that the Management makes estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosure of the contingent liabilities as at the date of the Financial Statements and reported amount of the revenue and expenses during the reported year. Actual results could differ from those Estimates.

(c) Inflation

Assets and Liabilities are shown at historical cost and no adjustments are made for changes in purchasing power of money.

(d) Fixed Assets

- i) Fixed Assets are recorded at cost of acquisition or construction less CENVAT/Service Tax Credit availed.
- ii) Intangible Assets are recorded at cost of acquisition.

(e) Depreciation, Amortisation and Impairment

Depreciation on fixed assets is charged on straight line method in accordance with the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Intangible assets are amortised over the economic useful life estimated by the Management.

Impairment of assets is ascertained at each balance sheet date in respect of the Company's Fixed assets. An impairment loss is recognised whenever carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(f) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as a part of such assets. All other borrowing costs are charged to revenue in the year in which they are incurred.

(g) Investments

Long term Investments are stated at cost. Diminution in the value of Investments is provided for by reducing the value of investments and charging the same to Profit & Loss Account.

(g) Inventories

Item of inventories are valued on the basis given below:

Raw Materials and Packing Materials: At cost net of CENVAT computed on First-In-First-Out -method.

Work- in- process and Finished Goods: At cost including material cost net of CENVAT, labour cost and production overheads incurred till the stage of completion of production for Work-In-Process and the same or net realisable value whichever is lower in case of Finished Goods. Excise duty is considered as cost of finished goods wherever applicable.

Stores & Spares: Stores and spare parts are valued at purchase cost.

(i) CENVAT Credit

CENVAT Credit utilised during the year is accounted for in excise duty expenses account and unutilised CENVAT balance at the year end is considered as advance excise duty.

(j) Service Tax Credit

Service Tax credit utilised during the year towards excise liability is accounted in Excise duty and unutilised Service Tax credit at the year end is considered as advance excise duty.

(k) Sales

Local Sales include Excise Duty & Sales Tax. Export sales include exchange difference on realisation / negotiation.

(l) Revenue Recognition

Revenue in respect of insurance/other claims, interest, commission etc., are recognised only when it is reasonably certain that the ultimate collection will be made.

(m) Contingent Liabilities

These are disclosed by way of notes to the accounts. Provision is made in respect of those liabilities which are likely to materialise after the year end, till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

(n) Retirement Benefits

- i) Contribution to Provident Fund and Family Pension Fund are charged to Profit & Loss Account.
- ii) Gratuity is charged to revenue on actuarial valuation by Life Insurance Corporation of India under the Employees Group Gratuity policy with them
- iii) Leave encashable on retirement has been provided for on the basis of actuarial valuation.
- iv) Leave Travel Assistance (LTA) Liability has been accounted based on actual accumulated obligation.

(o) Research & Development

Revenue expenditure on research & development is charged to Profit & Loss Account in the year in which it is incurred. Capital expenditure on Research & Development is considered as addition to fixed assets.

(p) Foreign Exchange Transactions

Transactions denominated in foreign currency settled/negotiated during a month are recorded at exchange rate on the date of settlement/negotiation. Foreign currency transaction remaining not settled/negotiated at the end of each month are converted into rupees at the month end rates. All gains or losses on foreign exchange transaction are recognised in the Profit and Loss Account.

(q) Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

	<u>31.03.2010</u>	<u>31.03.2009</u>
	Rupees	Rupees
2. Estimated amount of contracts remaining to be executed on capital account (Net of advances)	32,44,959	1,16,59,761
3. Contingent liabilities not provided for in respect of:		
(a) Corporate Guarantee given to AXIS Bank Ltd on behalf of Halewood Laboratories Pvt. Ltd, under third party manufacturing arrangement for which the Company holds counter Guarantee.	1,50,00,000	1,50,00,000
(b) Counter Guarantees given to AXIS Bank & State Bank of India in respect of guarantees given by the bank on behalf of the Company to Government Authorities.	2,60,635	2,98,445
4. Investments		
The Company has made provision of Rs. 46,53,821/- towards diminution in the value of investments in shares of Mangalam Drugs & Organics Ltd.		

5. Additional information pursuant to paragraphs 3, 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

A. Installed Capacity, Actual Production, Purchases, Sales and Stock :

(Rs. Lacs)

Class of Goods	Units	Basis	Installed Capacity	Actual Production	Opening Stock		Purchases		Sales		Closing Stock	
					Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Tablets / Capsules	Lacs	Single Shift		13,148 (10,883)	1,278 (1,525)	315.71 (336.51)	2,262 (2,465)	833.71 (867.51)	14,936 (13,594)	3,545.76 (3,148.55)	1,752 (1,278)	365.12 (315.71)
Orals/Liquids	Kilo Ltrs	Single Shift			102 (79)	90.54 (75.86)	263 (325)	250.26 (315.55)	269 (302)	373.10 (430.99)	96 (102)	83.43 (90.54)
Ointment/ Cream	M T	Single Shift			6 (3)	22.36 (9.83)	28 (27)	90.86 (93.87)	29 (24)	147.27 (128.63)	6 (6)	19.61 (22.36)
Injectables	Lacs	Single Shift		17 (13)	12 (11)	39.23 (60.41)	21 (36)	68.77 (125.02)	40 (48)	262.15 (356.70)	11 (12)	40.97 (39.23)
Others					-	2.49 (7.80)	-	37.53 (22.97)	-	31.20 (46.98)	-	12.32 (2.49)
Bulk Drugs/ Intermediates	M T	Triple Shift	60 (60)	61 (43)	-	-	-	-	61 (43)	356.31 (260.46)	-	-
Total						470.33 (490.41)		1,281.13 (1,424.92)		4,715.79 (4,372.31)		521.45 (470.33)

Notes :-

- (a) As the industrial licensing in respect of drugs and pharmaceuticals produced by the Company has been abolished under the Industrial Policy, the particulars of licensed capacity are not stated.
(b) Installed capacity, being of a technical nature is not verified by the Auditors.
(c) Production includes production under contract manufacturing.
(d) Previous year's figures are given in bracket.

B. Raw Materials Consumed:

	Units	2009-2010		2008-2009	
		Qty	Rs. Lacs	Qty	Rs. Lacs
Paracetamol IP	M.T.	313.680	614.50	241.272	469.27
Chloroquine Phosphate	M.T.	243.130	188.02	16.807	122.84
Others (none of which individually forms more than 10% of the total consumption)			917.47		765.82
Total			1,719.99		1,357.93

C. Imported & Indigenous Consumption:

		2009-2010		2008-2009	
		Rs. lacs	Percentage	Rs. lacs	Percentage
(i) Raw materials:					
Imported (High Seas purchases)		-	-	-	-
Indigenous		1,719.99	100.00	1,357.93	100.00
Total		1,719.99	100.00	1,357.93	100.00
(ii) Stores, spares and components:					
Imported		-	-	-	-
Indigenous		8.48	100.00	9.88	100.00
Total		8.48	100.00	9.88	100.00

D. Value of Imports on CIF basis:

	2009-2010 Rupees	2008-2009 Rupees
Raw materials	Nil	Nil
Capital goods	Nil	Nil
Machine Components	Nil	Nil

E. Expenditure in Foreign Currency:

Nil

F. Earnings in Foreign Currency other than Exports:

Nil

G. F.O.B Value of Exports:

Nil

6. As per Accounting Standard -15 “Employee Benefits” and as defined in the accounting standard, the summarised components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet are given herein below:

(Rupees)					
	Particulars	Gratuity		Leave Encashment	
		2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009
I.	Change in Benefit Obligation				
	Liability at the beginning of the year	31,61,305	25,54,107	14,29,110	12,00,542
	Interest cost	2,52,904	2,04,810	81,550	90,041
	Current Service Cost	2,15,832	2,15,832	3,45,201	4,93,456
	Past year Service Cost	-	6,020	-	-
	Benefit Paid	(5,62,254)	-	(58,119)	(31,521)
	Actuarial (gain)/loss on obligations	10,38,572	1,80,536	56,485	(3,23,408)
	Curtailments and Settlements	-	-	-	-
	Liability at the end of the year	41,06,359	31,61,305	18,54,227	14,29,110
II.	Fair Value of Plan Assets				
	Fair Value of Plan Assets at the beginning of the year	23,26,948	3,23,507	-	-
	Expected Return on Plan Assets	2,32,635	1,65,242	-	-
	Contributions	7,42,293	18,38,199	-	-
	Benefit paid	(5,62,254)	-	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Fair Value of Plan Assets at the end of the year	27,39,622	23,26,948	-	-
	Total Actuarial gain/(loss) to be Recognised	13,66,737	8,34,357	18,54,227	14,29,110
III.	Actual Return on Plan Assets				
	Expected Return on Plan Assets	2,32,635	1,65,242	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Actual Return on Plan Assets	2,32,635	1,65,242	-	-
IV.	Amount Recognised in the Balance Sheet				
	Liability at the end of the year	41,06,359	31,61,305	18,54,227	14,29,110
	Fair Value of Plan Assets at the end of the year	27,39,622	23,26,948	-	-
	Difference	13,66,737	8,34,357	-	-
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	13,66,737	8,34,357	18,54,227	14,29,110
V.	Expenses Recognised in the Income Statement				
	Current Service Cost	2,15,832	2,15,832	3,45,201	4,93,456
	Interest Cost	2,52,904	2,04,810	81,550	90,041
	Expected Return on Plan Assets	(2,32,635)	(1,65,242)	-	-
	Net Actuarial (gain)/loss to be Recognised	10,38,572	1,80,536	56,485	(3,23,408)
	Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-	-	-
	Effect of Curtailment or Settlements	-	-	-	-
	Expense Recognised in Profit and Loss Account	12,74,673	4,35,936	4,83,236	2,60,089
VI.	Balance Sheet Reconciliation				
	Opening Net Liability	8,34,357	22,30,600	14,29,110	12,00,542
	Expense as above	12,74,673	4,35,936	4,83,236	2,60,089
	Past year Service cost	-	6,020	-	-
	Employers Contribution	(7,42,293)	(18,38,199)	(58,119)	(31,521)
	Amount Recognised in Balance Sheet	13,66,737	8,34,357	18,54,227	14,29,110
VII.	Actuarial Assumptions				
	Discount Rate	8%	8%	7.50%	7.50%

- Note**
- Employer’s contribution includes payments made by the Company directly to its past employees.
 - The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
 - The Company’s Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

7. Secured Loan from Axis Bank Ltd is secured by way of mortgage of immovable properties of the Company situated at Mumbai and Dombivli, hypothecation of all plant and machineries both present and future and hypothecation of stock-in-trade and book debts.
8. In the opinion of the Board of Directors, all the Current Assets, Loans & Advances have value on realisation at least equal to the amount at which they are stated in the Balance Sheet.
9. Provision for Taxation includes provision for Wealth Tax of Rs. 5,000/- (previous year Rs.5,000/-).
10. Balances with Scheduled Banks include Rs. NIL (previous year Rs. NIL) on account of Unclaimed Dividend.
11. The Company has obtained details from Sundry Creditors who are registered under the Micro, Small & Medium Enterprises Development Act, 2006. To the extent that the Company has received information it has evaluated that there are no amounts due to the Creditors who are Registered under the said Act beyond the period of 45 days.

12. Managerial Remuneration:	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	Rupees	Rupees
i) Managerial remuneration under Section 198 of the Companies Act, 1956 to Whole time Directors.		
Salary	40,09,778	22,91,699
Contribution to Provident Fund and other funds	3,07,432	1,58,868
	<u>43,17,210</u>	<u>24,50,567</u>
ii) Computation of Net Profit as per Section 349 read with Section 309(5) of the Companies Act, 1956.		
Profit after Taxation as per Profit and Loss Account	2,79,74,057	2,34,73,900
Add: Provision for Taxation	1,81,00,000	1,31,00,000
Provision for diminution in the value of investments	46,53,821	-
Provision for Deferred Taxation	63,000	(9,76,716)
Depreciation	17,94,294	13,03,586
Directors remuneration	43,17,210	24,50,567
Directors sitting fees	1,14,000	85,000
Loss on sale of Assets	5,27,057	72,643
	<u>5,75,43,439</u>	<u>3,95,08,980</u>
Less: Depreciation under Section 350	17,94,294	13,03,586
Net Profit for the purpose of Managerial Remuneration	<u>5,57,49,145</u>	<u>3,82,05,394</u>
iii) Company has not recommended any commission to the Wholetime Directors.		

13. **Related Party Disclosure as required by Accounting Standard - 18 issued by the Institute of Chartered Accountants of India: Relationships:**

A. Entities where control exists: Shareholders of Makers Laboratories Ltd.

Kaygee Investments Pvt. Ltd.
Exon Laboratories Pvt. Ltd.
Paschim Chemicals Pvt. Ltd.

Others

Halewood Laboratories Pvt. Ltd.
Ellora Organic Industries Pvt Ltd.

B. Key Management Personnel

Mr. Prashant Godha
Mrs. Purnima Jain

C. Associates

Ipca Laboratories Ltd.
Harleystreet Pharmaceuticals Ltd.

D. Other Related Parties (Entities in which Directors or their Relatives have significant influence)

Nipra Industries Pvt. Ltd.
Kaygee Loparex Pvt. Ltd.
Keymed

Transactions with Related Parties					(Rupees)	
Description	Entities where Control exists		Associates	Key Management Personnel	Other Related Parties	Total
	Shareholders of Makers	Others				
Purchase of goods and services	-	1,69,74,077	2,93,11,508	-	-	- 4,62,85,585
(Previous year)	-	(86,64,728)	(2,58,24,444)	-	-	- (3,44,89,172)
Sales of goods and services	-	-	5,76,99,131	-	-	- 5,76,99,131
(Previous year)	-	-	(4,29,77,485)	-	-	- (4,29,77,485)
Purchase of fixed assets	-	-	-	-	-	-
(Previous year)	-	-	(11,220)	-	-	(11,220)
Net Loans and Advances given/ (recovered)	2,00,00,000	(20,30,000)	-	-	-	- 1,79,70,000
(Previous year)	-	(1,80,00,000)	(37,00,000)	-	-	- (2,17,00,000)
Investment in Equity Shares	-	-	-	-	-	-
(Previous year)	(1,50,00,000)	-	(32,71,840)	-	-	- (1,82,71,840)
Excise duty, Rent and other expenses paid	-	95,94,515	1,84,219	-	-	- 97,78,734
(Previous year)	-	(96,70,090)	(3,00,851)	-	-	- (99,70,941)
Interest/Dividend Received, Rent Income, Excise duty credit and expenses recovered	2,82,623	1,14,47,763	8,37,198	-	-	- 1,25,67,584
(Previous year)	(38,995)	(1,18,08,001)	(9,30,469)	-	-	- (1,27,77,465)
Remuneration to Directors	-	-	-	43,17,210	-	- 43,17,210
(Previous year)	-	-	-	(24,50,567)	-	- (24,50,567)
Balance as on 31st March, 2010						
Receivables	-	-	2,35,58,160	-	-	- 2,35,58,160
Payables	-	(13,84,223)	26,21,555	-	-	- 12,37,332
Balance as on 31st March, 2009						
Receivables	-	-	65,43,030	-	-	65,43,030
Payables	-	(15,09,552)	35,46,423	-	-	20,36,871

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

Particulars	2009 - 2010 (Rupees)	2008 - 2009 (Rupees)
Purchase of goods and services:		
Ipca Laboratories Ltd.	2,82,87,895	2,51,08,096
Halewood Laboratories Pvt. Ltd.	1,69,74,077	86,64,728
Sales of goods and services:		
Ipca Laboratories Ltd.	5,76,99,131	4,29,77,485
Purchase of fixed assets:		
Ipca Laboratories Ltd.	-	11,220
Purchase of shares:		
Ipca Laboratories Ltd.	-	32,71,840
Exon Laboratories Pvt. Ltd.	-	1,50,00,000
Excise duty, Rent and other expenses paid:		
Halewood Laboratories Pvt. Ltd.	95,94,515	96,70,090
Excise duty & other expenses recovered:		
Halewood Laboratories Pvt. Ltd.	1,07,16,891	1,13,48,138
Net Loans & advances given/(recovered) :		
Paschim Chemicals Pvt. Ltd.	2,00,00,000	-
Harleystreet Pharmaceuticals Ltd.	-	37,00,000
Ellora Organic Industries Pvt. Ltd.	-	1,25,00,000
Halewood Laboratories Pvt. Ltd.	(20,30,000)	55,00,000
Interest Income :		
Paschim Chemicals Pvt. Ltd.	2,13,698	-
Halewood Laboratories Pvt. Ltd.	7,30,872	4,59,863
Dividend Income :		
Exon Laboratories Pvt. Ltd.	30,000	30,000
Ipca Laboratories Ltd.	2,53,448	2,24,204
Balance as on 31st March		
Receivables:		
Ipca Laboratories Ltd.	2,09,38,239	30,84,656

14. The Company has one segment of activity namely "Pharmaceuticals". As such there is no separate reportable segment under Accounting Standard -17 on Segment Reporting.

15. Previous years figures have been regrouped and re-arranged wherever necessary.

16. Balance Sheet Abstract and Company's General Business Profile.

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration details

Registration No.	: 33389
State Code	: 11
Balance Sheet	: 31.03.2010

II. Capital raised during the year

	: (Rs. in Thousands)
Public Issue	: Nil
Right Issue	: Nil
Bonus Issue	: Nil
Private Placement	: Nil

III. Position of mobilisation and deployment of funds

	: (Rs. in Thousands)
Total Liabilities	: 3,05,817
Total Assets	: 3,05,817

Sources of Funds

Paid-Up Capital	: 43,455
Reserve & Surplus	: 97,823
Secured Loan	: 1,05,384
Unsecured Loan	: 10,420

Application of Funds

Net Fixed Assets	: 63,264
Investments	: 44,013
Net Current Assets (net of provision for deferred taxation)	: 1,49,805
Misc. Expenditure	: Nil
Accumulated Losses	: Nil

IV. Performance of Company

	: (Rs. in Thousands)
Turnover	: 4,63,133
Total Expenditure	: 4,16,706
Profit Before Tax	: 46,427
Profit/(Loss) After Tax	: 27,974
Earning Per Share (after Extra Ordinary Items)	: Rs. 6.44
Dividend Rate	: 10%

V. Generic names of three principal products/services of the Company, (as per monetary terms)

Item Code No. (ITC Code)	: 300490-31
Product Description	: CHLOROQUINE PHOSPHATE
Item Code No. (ITC Code)	: 300410-30
Product Description	: AMOXYCILLIN TRIHYDRATE
Item Code No. (ITC Code)	: 300490-05
Product Description	: PARACETAMOL TABLETS

Note: Classification of products/service under ITC code being of technical nature is not verified by the Auditors.

As per our Report of even date attached

For AGARWAL & MANGAL

Chartered Accountants

Firm Reg. No. 100061W

B. P. MANGAL

Partner

Membership No. 32973

Mumbai,
31st May, 2010

For and on behalf of the Board

Prashant Godha

– Executive Director

Purnima Jain

– Whole time Director

K. C. Jain

– Director



Registered Office:

Makers Laboratories Limited

54-D, Kandivli Industrial Estate,
Charkop, Kandivli (West),
Mumbai-400 067.