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AUDITORS' REPORT

TO THE MEMBERS OF KOPRAN RESEARCH LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of **KOPRAN RESEARCH LABORATORIES LIMITED** as at March 31, 2011 and also the Profit and Loss Account and the Cash-flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together with the said Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *Attention is invited to Note No. B-1 of Schedule 11 regarding the preparation of accounts of the Company on a going concern basis inspite of net loss of Rs. 85.92 lacs incurred during the year and the total accumulated losses of Rs. 2976.12 lacs exceeding the paid up capital and reserves of the Company.*




5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - c) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - e) According to the information and explanation given to us and on the basis of written representation received from the Directors of the Company, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director under 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 said accounts *subject to*,
 - i) *Our comments in Paragraph 4 above regarding preparation of the accounts of the Company on going concern basis inspite of losses.*
 - ii) *Note No. B-3 of Schedule 11 regarding balances of Sundry Creditors being subject to confirmation and reconciliation / adjustment, if any,*
 - iii) *Note No. B-2 of schedule 11 regarding non availability and hence non disclosure of information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.*

the cumulative impact thereof on the loss for the year, assets and reserves of the company (amount not ascertained) and read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2011 and,
- ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants
Firm registration No. 105049W


(SHIVRATAN AGARWAL)
PARTNER
Membership No.104180



Place : Mumbai
Date : July 24, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date to the Members of Kopran Laboratories Limited on the accounts for the year ended March 31, 2011)

- 1.(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except in respect of furniture and fixtures and R & D Equipments, for which item wise values are not recorded*
- (b) We have been informed that most of fixed assets have been physically verified by the management during the year. In our opinion the frequency of the verification is reasonable. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial part of the Fixed Assets.
2. (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion, and according to the information and explanation given to us, the procedure of physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of such stocks as compared to book records.
- 3.(a) The company has granted advances in the nature of interest free loans to 4 Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1312 lacs and the year-end balance of loans granted to such parties was Rs. 149 lacs.

- (b) In our opinion and according to the information and explanations given to us, the aforesaid loans are interest free and other terms and conditions are *prima facie prejudicial to the interest of the company*.
 - (c) The said interest free loans given are repayable on demand and there is no repayment schedule.
 - (d) In respect of the loan given by the company, the same is repayable on demand and therefore the question of overdue amount does not arise.
 - (e) The company has taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved and the year-end balance is Rs. 53 lacs.
 - (f) In our opinion and according to the information and explanations given to us, the loan is interest free and other terms and conditions are *prima facie not prejudicial to the interest of the company*.
 - (g) In respect of the loan taken by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with size of the Company and the nature of its business for the purchase of inventory and fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation 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 aggregating during the year to 5.00 lacs (Rupees Five Lacs only) or more in respect of a party has been made at price which is reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India, the provision of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.

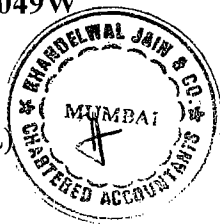
7. *The Company does not have internal audit system.*
8. We have been informed that the Central Government has not prescribed for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of goods or services of the company.
9. (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed dues payable in respect of Income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess are in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of sales tax, income tax, service tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Accumulated losses of the Company as at the end of the financial year amounted to Rs. 2976.12 lacs which exceeds its net worth. The Company has incurred cash losses of Rs. 47.06 lacs in the current financial year. The Company has also incurred cash losses in the immediately preceding financial year. (Also refer para 4 of our Audit Report for comments on "Going Concern").
11. In our opinion and according to the information and explanations given to us, the Company has no dues payable to a financial institution, bank or debenture holders. Therefore the provisions of Clause (xi) of the Order are not applicable to the Company.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the provisions of Clause (xiii) of the Order are not applicable to the Company.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us and the records examined by us, the company has not availed of any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term purposes.
18. 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.
19. The Company has not issued any debentures during the year under review.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants,
Firm registration No. 105049W


(SHIVRATAN AGARWAL)
PARTNER
Membership No.104180



Place: Mumbai
Date : July 24, 2011

KOPRAN RESEARCH LABORATORIES LTD.
BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31-Mar-11 Rupees	As at 31-Mar-10 Rupees
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS			
Share Capital	1	50,000,000	50,000,000
Reserves and Surplus	2	3,150	3,150
		<u>50,003,150</u>	<u>50,003,150</u>
LOAN FUNDS			
Unsecured Loan from Holding Company	3	493,573,687	561,243,293
	TOTAL	<u>543,576,837</u>	<u>611,246,443</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	4	225,753,846	225,753,846
Less : Depreciation / Amortization		<u>194,808,399</u>	<u>190,922,601</u>
Net Block		30,945,447	34,831,245
Capital Work In Progress		<u>189,240,572</u>	<u>189,240,572</u>
		220,186,019	224,071,817
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balance	5	138,446	161,309
Loans and Advances	6	29,442,571	101,146,738
		<u>29,581,017</u>	<u>101,308,047</u>
Less: CURRENT LIABILITIES AND PROVISIONS	7	<u>3,801,805</u>	<u>3,153,448</u>
		3,801,805	3,153,448
NET CURRENT ASSETS		25,779,212	98,154,599
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		297,611,606	289,020,027
	TOTAL	<u>543,576,837</u>	<u>611,246,443</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

11

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date
For KHANDELWAL JAIN & CO.
 Chartered Accountants

(SHIVRATAN AGARWAL)
 Partner
 Membership No. 104180
 Place : Mumbai
 Date : July 21, 2011



For and on behalf of the Board of Directors

[Signature]

Director

[Signature]

Director

KOPRAN RESEARCH LABORATORIES LTD.
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Schedule	For the Year Ended 31-Mar-11 Rupees	For the Year Ended 31-Mar-10 Rupees
INCOME		
Product Development Income	-	850,000
Royalty	458,333	-
Sundry Balances Written Back(Net)	222,758	191,288
TOTAL (I)	681,091	1,041,288
EXPENDITURE		
Material Consumed	254,279	1,322,914
Employment Cost	5,071,847	4,777,459
Operational & Other Expenses	60,747	15,088,639
Depreciation / Amortization	3,885,798	3,897,546
TOTAL (II)	9,272,670	25,066,558
	(8,591,579)	(24,025,270)
LOSS BEFORE TAX	-	-
Provision For Taxation	-	(6,539,695)
Provision for Deferred Tax	(8,591,579)	(30,564,965)
LOSS AFTER TAX	-	(3,830)
Taxation for Earlier Year	(289,020,027)	(258,451,232)
Loss Brought Forward From Previous Year	(297,811,606)	(289,020,027)
Balance Carried to Balance Sheet	(297,811,606)	(289,020,027)
Earning per Share (Face Value Rs. 10/-)	(1.72)	(6.11)
Basic & Diluted (Refer Note- B-4 of Schedule -11)		

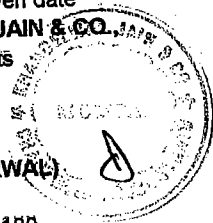
**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES TO ACCOUNTS**

11

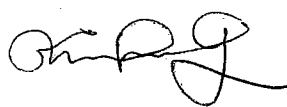
The Schedules referred to above form an integral part of the Profit and Loss Account


As per our report of even date
For KHANDELWAL JAIN & CO.
 Chartered Accountants

(SHIVRATAN AGARWAL)
 Partner
 Membership No. 104180
 Place : Mumbai
 Date : July 21, 2011



For and on behalf of the Board of Directors


 Director


 Director

KOPRAN RESEARCH LABORATORIES LTD.

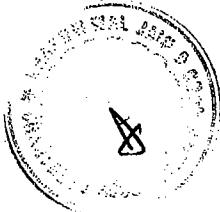
SCHEDULES TO BALANCE SHEET

	As at 31-Mar-11 Rupees	As at 31-Mar-10 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs.10/- each.	50,000,000	50,000,000
Issued, Subscribed and Paid-up:		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs.10/- each fully paid-up	50,000,000	50,000,000
The Company is 100% Subsidiary of Kopran Ltd.		
TOTAL	50,000,000	50,000,000
SCHEDULE 2: RESERVE & SURPLUS		
Share Premium Account	3,150	3,150
TOTAL	3,150	3,150
SCHEDULE 3: UNSECURED LOAN		
Kopran Limited - Holding Company	488,273,687	561,243,293
Others	5,300,000	-
TOTAL	493,573,687	561,243,293

KOPRAN RESEARCH LABORATORIES LIMITED

SCHEDULE 4 : FIXED ASSETS

Description	As At 31.03.2010	GROSS BLOCK		As At 31.03.2011	DEPRECIATION / AMORTIZATION			NET BLOCK	
		Additions during the Year	Deductions during the Year		Upto 31.03.2010	For the Year Depreciation/ Amortization	Upto 31.03.2011	As At 31.03.2011	As At 31.03.2010
1 Intellectual Property	142,800,000	-	-	142,800,000	142,800,000	-	142,800,000	-	-
2 Research & Development Equipmen	81,069,884	-	-	81,069,884	46,993,826	9,860,810	50,244,636	90,825,048	94,675,868
3 R & D Furniture & Fixtures	957,088	-	-	957,088	866,892	16,380	882,972	74,116	90,496
4 Computers	328,020	-	-	328,020	315,204	5,126	320,330	7,690	12,816
5 Motor Car	599,054	-	-	599,054	548,878	13,482	560,461	38,593	52,075
TOTAL	225,753,846	-	-	225,753,846	190,922,801	3,885,798	194,906,999	90,945,447	94,831,245
Previous Year	225,753,846	-	-	225,753,846	187,025,065	3,897,546	190,922,601	34,831,245	38,728,791
Capital Work In Progress	189,240,572	-	-	189,240,572	-	-	-	189,240,572	-



KOPRAN RESEARCH LABORATORIES LTD.

SCHEDULES TO BALANCE SHEET

	As at 31-Mar-11 Rupees	As at 31-Mar-10 Rupees
SCHEDULE 5: CASH AND BANK BALANCES		
Cash on hand	10,000	8,999
Balance with Scheduled Banks in Current Accounts	128,446	152,310
TOTAL	<u>138,446</u>	<u>161,309</u>
SCHEDULE 6: LOANS AND ADVANCES (Unsecured, Considered good)		
Advance recoverable in cash or in kind	15,137,005	86,970,338
Income accrued but not due	83,333	-
Deposits against Property	14,000,000	14,000,000
Advance payment of Income Tax & TDS	222,233	176,400
TOTAL	<u>29,442,571</u>	<u>101,146,738</u>
SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors	2,220,180	2,719,125
Other Liabilities	208,625	201,323
Advance and Deposits from Customers	1,000,000	-
A	<u>3,428,805</u>	<u>2,920,448</u>
B. PROVISIONS		
Provision for Leave Encashment	196,000	114,000
Provision for Gratuity	177,000	119,000
B	<u>373,000</u>	<u>233,000</u>
TOTAL (A+B)	<u>3,801,805</u>	<u>3,153,448</u>
SCHEDULE TO PROFIT & LOSS ACCOUNT		
	For the Year Ended 31-03-11 Rupees	For the Year Ended 31-Mar-10 Rupees
SCHEDULE 8 : MATERIAL COST		
Opening Stock	-	-
ADD: Purchases	254,279	1,322,914
	<u>254,279</u>	<u>1,322,914</u>
Less: Closing Stock	-	-
Material Consumed	254,279	1,322,914
TOTAL	<u>254,279</u>	<u>1,322,914</u>
SCHEDULE 9 : EMPLOYMENT COST		
Employees Salaries, Wages, Bonus and Incentives	4,677,027	4,393,626
Contribution to Provident & Other Funds	252,585	251,084
Employees Welfare Expenses	142,235	132,749
TOTAL	<u>5,071,847</u>	<u>4,777,459</u>
SCHEDULE 10 : OPERATIONAL AND OTHER EXPENSES		
Analytical Charges	2,206	-
Travelling & Conveyance	-	1,724
Legal & Professional Expenses	10,000	15,010,000
Audit Fees	44,120	44,120
Bank charges	2,001	4,095
Miscellaneous Expenses	2,420	8,700
TOTAL	<u>60,747</u>	<u>15,068,639</u>



KOPRAN RESEARCH LABORATORIES LTD.

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011:

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on the accrual and going concern basis in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and the provisions of the Companies Act, 1956. GAAP includes mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules 2006.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets. The difference between the actual results and the estimates are recognized in the period in which the results are known or materialized.

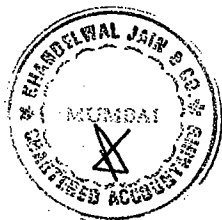
3. Fixed Assets and Depreciation

i) Fixed Assets:

Fixed Assets are stated at cost inclusive of incidental expenses less accumulated depreciation and impairment loss if any.

ii) Intellectual Property Rights

Intellectual Property Rights acquired/developed in house are shown as Fixed Assets. All revenue expenses incurred for the projects in progress with respect to process and product development are shown as Capital work in progress. The same are to be capitalised on the completion of the project.



iii) Depreciation / Amortization

- a) Depreciation on Research & Development Equipments is provided on Straight Line Method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- b) Intellectual Property Rights acquired/developed in house as shown under the head Fixed Assets, is amortized over a period of 10 years.
- c) Depreciation on other assets is provided on Written Down Value Method (WDV) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

4. Inventories

Inventories are valued at cost or net realizable value whichever is lower. Cost is determined using First in First out (FIFO) method.

5. Retirement Benefits

- i) Provident Fund: The Company contributes monthly at a determined rate. These contributions are remitted to the Government administered fund and are charged to Profit and Loss Account on accrual basis.
- ii) Provision for Gratuity is determined at the Balance Sheet date using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are charged immediately to Profit & Loss account.
- iii) Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are recognized immediately in the profit and loss account.

6. Revenue Recognition

- i) Income related to Product Developments is recognised on the completion of the assignment.
- ii) Service Charges and Royalty for the use of intellectual property rights are recognised as and when accrued in terms of the agreement with the customers.

7. Earnings Per Share

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, basic and diluted Earning Per Share is computed using the weighted average number of shares outstanding, during the year.



8. Taxation

Income tax comprises the current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using tax rates enacted or substantively enacted by the balance sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date.

9. Impairment of Assets

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

10. Prior Period and Extraordinary Items.

Prior period expenses/income is accounted under the respective heads. Material items, if any, are disclosed separately by way of a note.

11. Provisions and Contingent liabilities

The company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

12. Other Accounting Policies

These are consistent with the generally accepted accounting practices.



B. NOTES TO ACCOUNTS:

- 1) The company is engaged in basic research and process / product development of APIs and finished dosage.

The Financial Statement have been prepared on a going concern basis, notwithstanding the fact that the Company has incurred net loss of Rs. 85.92 lacs for the year ended 31.03.2011 and total accumulated losses of Rs. 2976.12 lacs as on 31.03.2011. The Company is a wholly owned subsidiary of M/s. Kopran Ltd. and is financially supported by the parent company. M/s. Kopran Ltd., the parent company has invested as share capital a sum of Rs. 500 lacs. It has also advanced a sum of Rs. 4882.74 lacs by way of financial support for its day to day expenses. The parent company is committed to continue to provide or arrange such financial support as would be necessary for the Company to meet its obligations as they fall due in foreseeable future. In turn the Company has vide an agreement agreed to give to Kopran Ltd., the right to exploit the patents, intellectual properties and all rights appurtenant there to in any manner so as to recover the dues – current and future.

The nature of business of the Company is such that the revenue is generated only when the molecule is licensed out by way of milestone payment and royalty on sales. Accordingly the revenue generation is totally dependent upon the successful development of molecule and licensing out of the same.

In view of the above the accounts of the Company, for the year ended 31st March 2011, have been prepared on a "Going Concern" basis.

2. In the absence of information regarding the status under Micro, Small and Medium Enterprises Development Act, 2006 amounts due to such enterprises have not been disclosed separately under Sundry Creditors. The Company is in the process of compiling the additional information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The Management does not envisage any material impact on the financial statement in this regard, which has been relied upon by the auditors.
3. The balances of Sundry Creditors are subject to the confirmation and consequential reconciliation/adjustments arising there from, if any. The management, however, does not expect any material variation.
4. Earning Per Share

Particulars	31.03.2011	31.03.2010
Net Loss attributable to Equity Share Holders – Rs.	(85,91,579)	(3,05,68,795)
Weighted Average No. of Shares– Nos.	50,00,000	50,00,000
Face Value – Rs:	10/-	10/-
Earning Per Share – Rs.		
Basic/Diluted	(1.72)	(6.11)



5. In view of time limitation on carry forward losses and matter of prudence, deferred tax assets arising on account of brought forward losses under tax laws has not been recognized.
6. Sundry Balances written back amounting to Rs.222758/- (P.Y. - 191288) are net off sundry balances written off amounting to Rs. Nil (P.Y. - 594640).
7. As required under Accounting Standard (AS) 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties are as below:

a) List of Related Parties:

Sr. No.	Name of Related Party	Relationship
1	Kopran Ltd.	Holding Company
2	Shri Surendra Somani (Managing Director)	Key Management Personnel

b) Transactions with Related Parties:

i) Holding Company (Kopran Limited)

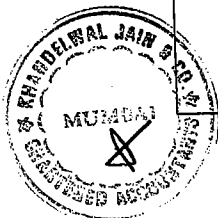
Nature of the Transaction	Amount of Transaction during the year (Rs.)	Payable as at 31.03.2011 (Rs.)	Payable as at 31.03.2010 (Rs.)
Unsecured Loans	Dr. 7,84,62,500/- Cr. 54,41,257/-	48,82,73,687	56,12,43,293
Purchases	11,582/-		

ii) Key Management Personnel Rs. NIL

8. The Company is primarily engaged in "Research and Development" which is the only one reportable segment in terms of Accounting Standard (AS) - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. As a result, separate segmental reporting disclosures are not applicable.

9. Employee Benefits:
Gratuity (Unfunded)

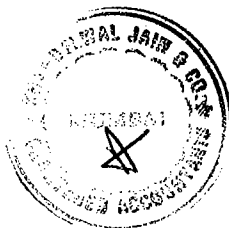
Particulars	31.03.2011 (Rupees)	31.03.2010 (Rupees)
i) Change in Benefit Obligation		
Projected Benefit Obligations (PBO) at the beginning of the year	119,000	70,000
Interest Cost	9,520	(2,462)
Service Cost	57,767	52,993
Benefits Paid	-	(2,01,538)
Actuarial (gain) loss on obligations	(9,287)	2,00,007
PBO at the end of the year	177,000	1,19,000



Particulars	31.03.2011 (Rupees)	31.03.2010 (Rupees)
ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Actual return on Plan Assets	-	-
Contributions	-	-
Benefits paid	-	2,01,538
Fair Value of Plan Assets at the end of the year	-	(2,01,538)
iii) Limits of Corridor not considered since total actuarial gain/loss is being recognised		
Actuarial (loss) for the year – Obligation	9287	(2,00,007)
Actuarial gain (loss) for the year – Plan Assets	-	-
Sub-Total	9287	(2,00,007)
Actuarial loss recognised	9287	(2,00,007)
Unrecognised actuarial gains (losses) at the end of year	-	-
iv) The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation	1,77,000	1,19,000
Fair Value of Plan Assets	-	-
Difference	1,77,000	1,19,000
Unrecognised Actuarial gains(losses)	-	-
Unrecognised Transitional Liability	-	-
Liability Recognised in Balance Sheet	1,77,000	1,19,000
v) Net Periodic Cost		
Current Service Cost	57,767	52,993
Interest Cost	9,520	(2,462)
Expected Return on Plan Assets	-	-
Net Actuarial (gain) loss recognised in the year	(9,287)	2,00,007
Expenses Recognised in the Income Statement	58,000	2,50,538
vi) Movements in the liability recognised in the Balance Sheet		
Opening Net Liability	1,19,000	70,000
Expense as above	58,000	2,50,538
Contributions paid	-	(2,01,538)
Closing Net Liability	1,77,000	1,19,000
vii) Assumptions :-		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

Compensated Absences (Unfunded)

Particulars	31.03.2011 (Rupees)	31.03.2010 (Rupees)
i) Change in Benefit Obligation		
Projected Benefit Obligations at beginning of year	1,14,000	1,16,000
Interest Cost	7,761	8,309
Service Cost	28,887	27,675
Benefits Paid	(33,976)	(24,280)
Actuarial (gain) loss on obligations	(79,322)	(13,704)
PBO at the end of the year	1,96,000	1,14,000
ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	33,970	24,280
Benefits paid	(33,970)	(24,280)
Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-



iii) Limits of Corridor not considered since total actuarial gain/loss is being recognised		
Actuarial (loss) for the year – Obligation	(79,322)	13,704
Actuarial gain (loss) for the year – Plan Assets	-	-
Sub-Total	(79,322)	13,704
Actuarial loss recognised	79,322	(13,704)
Unrecognised actuarial gains (losses) at the end of year	-	-
iv) The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation	1,96,000	1,14,000
Fair Value of Plan Assets	-	-
Difference	1,96,000	1,14,000
Unrecognised Actuarial gains(losses)	-	-
Unrecognised Transitional Liability	-	-
Liability Recognised in Balance Sheet	1,96,000	1,14,000
v) Net Periodic Cost		
Current Service Cost	28,887	27,675
Interest Cost	7,761	8,309
Expected Return on Plan Assets	-	-
Net Actuarial (gain) loss recognised in the year	79,322	(13,704)
Expenses Recognised in the Income Statement	115,970	22,280
vi) Movements in the liability recognised in the Balance Sheet		
Opening Net Liability	114,000	1,16,000
Expense as above	115,970	22,280
Contributions paid	(33,970)	(24,280)
Closing Net Liability	196,000	1,14,000
vii) Assumptions :-		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

10. Additional information as required pursuant to the provisions of paragraph 3, 4 (C) and 4 (D) of Part II and Part IV of Schedule VI to the Companies Act, 1956. (To the extent applicable) - NIL.
11. Previous year's figures have been regrouped, reclassified, rearranged and recasted wherever necessary to conform with those of the current year.
12. Balance Sheet Abstract & Company's General Business Profile (In terms of Part IV of Schedule VI to the Companies Act, 1956).

I. Registration Details

Registration No. : 40601 State Code : 11
Balance Sheet Date : 31.03.2011

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue : Nil Rights Issue : Nil
Bonus Issue : Nil Private Placement : Nil



**III. Position of Mobilization and Deployment of Funds
(Amount in Rs. Thousands)**

Total Liabilities : 543577 Total Assets : 543577

Sources of Funds

Paid-up Capital : 50000 Reserves & Surplus : 3
Secured Loans : Nil Unsecured Loans : 493574

Application of Funds

Net Fixed Assets : 220186 Investments : -
Net Current Assets : 25779 Misc. Expenditure : -
Accumulated Losses: 279612 Deferred Tax Asset : -

IV. Performance of Company (Amount in Rs. Thousands)

Turnover & Other Income : 681 Total Expenditure : 9273
Profit/(Loss) Before Tax : (8592) Profit/(Loss) After Tax : (8592)
Earning per Share in Rs. : (1.72) Dividend rate % : Nil

**V. Generic Names of Principal Products/Services of the Company
(as per monetary terms)**

Item No. (ITC Code) : Not Applicable
Product Description : Nil

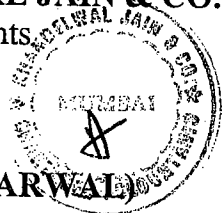
As per our report of even date.


For **KHANDELWAL JAIN & CO.,**
Chartered Accountants

For and on behalf of the Board of Directors


(SHIVRATAN AGARWAL)
PARTNER

Membership No. 104180





DIRECTOR



DIRECTOR

Place : Mumbai

Date : July 21, 2011.

**KOPRAN RESEARCH LABORATORIES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 2011**

PARTICULARS	For the year ended 31-03-2011 (Rupees)	For the year ended 31-03-2010 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(8,591,579)	(24,025,270)
Depreciation and Amortisation	3,885,798	3,897,546
Operating Profit before Working Capital Changes	(4,705,781)	(20,127,724)
Adjustment for :		
Loans and Advances	71,750,000	44,250,000
Trade and Other Liabilities	648,357	(83,927,795)
Cash generated from operations	67,692,576	(59,805,519)
Direct Taxes paid	(46,833)	(3,003)
NET CASH FROM OPERATING ACTIVITIES : A	67,646,743	(59,808,522)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Refund of Capital Advances (included in Capital Work-in-Progress)	-	142,220,261
NET CASH FROM INVESTING ACTIVITIES : B	-	142,220,261
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Unsecured Loans (net)	(67,669,606)	(82,288,272)
NET CASH FLOW FROM FINANCING ACTIVITIES : C	(67,669,606)	(82,288,272)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(22,863)	123,467
Opening Cash and Cash equivalent	161,309	37,842
Closing Cash and Cash equivalent	138,446	161,309

As per our report of even date

For **KHANDELWAL JAIN & CO.,**

Chartered Accountants



(SHIVRATAN AGARWAL)

Partner

Membership No. 104180

Place : Mumbai

Date : July 21, 2011



For and on behalf of the Board of Directors



Director

Director

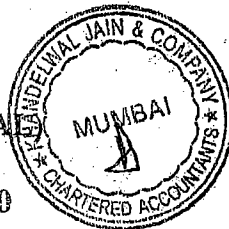
vi) The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation	123,000	196,000
Fair Value of Plan Assets	-	-
Difference	123,000	196,000
Unrecognised Actuarial gains(losses)	-	-
Unrecognised Transitional Liability	-	-
Liability Recognised in Balance Sheet	123,000	196,000
vii) Net Periodic Cost		
Current Service Cost	23,583	28,887
Interest Cost	14,900	7,761
Expected Return on Plan Assets	-	-
Net Actuarial (gain) loss recognised in the year	(91,977)	79,322
Expenses Recognised in the Income Statement	53,494	115,970
viii) Movements in the liability recognised in the Balance Sheet		
Opening Net Liability	196,000	114,000
Expense as above	(53,494)	115,970
Contributions paid	(19,506)	(33,970)
Closing Net Liability	123,000	196,000
ix) Assumptions :-		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

2.25 Additional information as required pursuant to the provisions of paragraph 3 and 4 (D) of Part II of Schedule VI to the Companies Act, 1956. (To the extent applicable) - NIL.

2.26 Previous year's figures have been regrouped, reclassified, rearranged and recasted wherever necessary to conform with those of the current year.

As per our report of even date.
For KHANDELWAL JAIN & CO.,
Chartered Accountants
Firm Registration No. 105049W

(SHIVRATAN AGARWAL)
PARTNER
Membership No. 104180
Place : Mumbai
Date : 2 JUL 2012



For and on behalf of the
Board of Directors

Director

Director