

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOPRAN RESEARCH LABORATORIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KOPRAN RESEARCH LABORATORIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as



- 2 -

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Attention is invited to Note No.2.17 regarding preparation of accounts of the Company on a going concern basis inspite of net loss of Rs 91.77 lacs incurred during the year and the total accumulated losses of Rs 3149.79 lacs exceeding the paid up capital and reserves of the Company.

Attention is invited to Note No.2.19 regarding balances of Sundry Creditors being subject to confirmation and reconciliation / adjustment, if any,

Attention is invited to Note No.2.18 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).

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *subject to the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



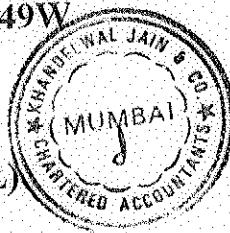
- 3 -

2. As required by section 227(3) of the Act, 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 appears from our examination of those books.
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

SATI
(SHIVRATAN AGARWAL)
PARTNER
Membership No.104180



Place: Mumbai
Date: May 20, 2013

KHANDELWAL JAIN & CO.

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ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of other Legal and Regulatory requirement of even date)

- 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) As the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, sub-clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.



- 2 -

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, 2013 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, and cess that have not been deposited with the appropriate




- 3 -

10. The Accumulated losses of the Company as at the end of the financial year amounted to Rs. 3149.79 lacs which exceeds its net worth. The Company has incurred cash losses of Rs. 53.05 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.

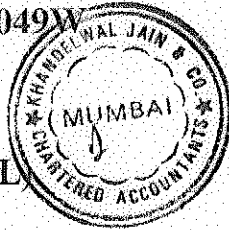
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19. The Company has not issued any debentures during the year under review.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information 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

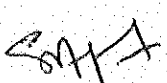
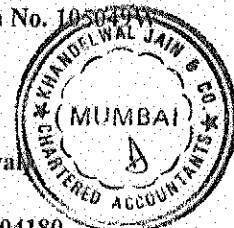
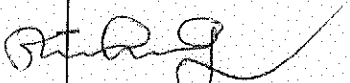



(SHIVRATAN AGARWAL)
PARTNER
Membership No.104180


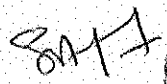
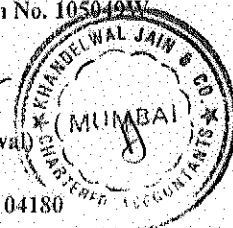



Place : Mumbai
Dated : May 20, 2013

KOPRAN RESEARCH LABORATORIES LTD.
BALANCE SHEET AS AT MARCH 31, 2013

	Note No	March 31, 2013	March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.1	50,000,000	50,000,000
(b) Reserves and Surplus	2.2	(314,979,229)	(305,802,193)
		(264,979,229)	(255,802,193)
(2) Non-Current Liabilities			
(a) Long term Borrowings	2.3	445,000,000	445,000,000
(b) Other Long Term Liabilities	2.4	2,500,000	2,500,000
(c) Long Term Provisions	2.5	378,000	302,000
		447,878,000	447,802,000
(3) Current Liabilities			
(a) Short-Term Borrowings	2.6	33,495,556	28,504,969
(b) Trade Payables	2.18	1,498,550	1,057,518
(c) Other Current Liabilities	2.7	1,743,814	1,509,284
(d) Short Term Provisions	2.8	6,000	5,000
		36,743,920	31,076,771
Total		219,642,690	223,076,579
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Asset	2.9		
Tangible Asset		23,197,107	27,068,154
Capital work-in-progress		189,240,572	189,240,572
(b) Long Term Loans and Advances	2.10	2,863,067	2,772,234
		215,300,746	219,080,960
(2) Current Assets			
(a) Trade Receivables		592,499	284,966
(b) Cash and Cash Equivalents	2.11	179,107	123,648
(c) Short Term Loans and Advances	2.12	3,570,338	3,587,005
		4,341,944	3,995,619
Total		219,642,690	223,076,579
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	1 & 2		
<p>As per our report of even date</p> <p>For Khandelwal Jain & Co Chartered Accountants Firm Registration No. 1050434</p> <p style="text-align: center;"></p> <p>(Shivratan Agarwal) Partner Membership No.104180</p> <p style="text-align: center;"></p> <p>Place : Mumbai Date : 20 MAY 2013</p>		<p>For and on behalf of the Board of Directors</p> <p style="text-align: center;"></p> <p style="text-align: center;">Director</p> <p style="text-align: center;"></p> <p style="text-align: center;">Director</p> <p>Place : Mumbai Date :</p>	

KOPRAN RESEARCH LABORATORIES LTD.
Statement of Profit and Loss for the year ended March 31, 2013

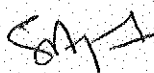
	Note No	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from Operations		-	-
Other Income	2.13	908,333	960,620
Total Revenue		908,333	960,620
EXPENSES			
Cost of Material Consumed	2.14	510,140	461,512
Employee Benefit Expense	2.15	5,508,233	4,587,103
Depreciation and Amortization Expense	2.9	3,871,047	3,877,293
Other Expenses	2.16	195,949	228,449
Total Expenses		10,085,370	9,154,357
Loss Before Exceptional/Extraordinary Items and Tax		(9,177,037)	(8,193,737)
Exceptional/Extraordinary Items		-	-
Loss Before Tax		(9,177,037)	(8,193,737)
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Wealth Tax		-	-
Profit/(Loss) After Tax		(9,177,037)	(8,193,737)
Earning Per Share			
Basic & Diluted	2.20	(1.84)	(1.64)
Nominal Value Rs. 10/-			
Number of shares used in computing Earnings Per Share			
Basic & Diluted		5,000,000	5,000,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	1 & 2		
As per our report of even date		For and on behalf of the Board of Directors	
For Khandelwal Jain & Co Chartered Accountants Firm Registration No. 1050493W		 Director	
 (Shivratn Agarwal) Partner Membership No.104180		 Director	
Place : Mumbai Date : 20 MAY 2013		Place : Mumbai Date :	

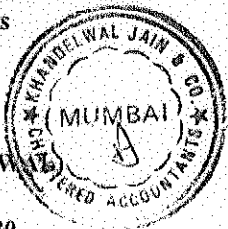
KOPRAN RESEARCH LABORATORIES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 2013

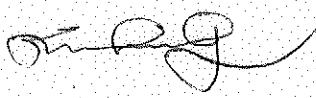
PARTICULARS	For the year ended 31-03-2013 (Rs)	For the year ended 31-03-2012 (Rs)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Tax	(9,177,037)	(8,193,737)
Add:		
Depreciation and Amortisation	3,871,047	3,877,293
Operating Profit Before Working Capital Changes	(5,305,990)	(4,316,445)
Adjustment for :		
Loans and Advances	(290,866)	22,848,367
Trade and Other Liabilities	752,561	1,571,999
Cash Generated From Operations	(4,844,295)	20,103,922
Direct Taxes Paid	(90,833)	(50,001)
NET CASH FROM OPERATING ACTIVITIES : A	(4,935,128)	20,053,921
NET CASH FROM INVESTING ACTIVITIES : B	-	-
CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Unsecured Loans (net)	4,990,587	(20,068,719)
NET CASH FLOW FROM FINANCING ACTIVITIES : C	4,990,587	(20,068,719)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	55,459	(14,798)
Opening Cash and Cash equivalent	123,648	138,446
Closing Cash and Cash equivalent	179,107	123,648

As per our report of even date

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


(SHIVRATAN AGARWAL)
 Partner
 Membership No. 104180





Director



Director

Place : Mumbai

Date : 20 MAY 2013

KOPRAN RESEARCH LABORATORIES LTD.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 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.

1.2 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.

1.3 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 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 specified in Schedule XIV to the Companies Act, 1956.

1.4 Inventories

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

1.5 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, on the basis of actuarial valuation and charged to Profit & Loss account.
- iii) Liability in respect of Leave Encashment benefits is determined at the end of the year as per rules of the Company and charged to Profit & Loss account.

1.6 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.

1.7 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.



1.8 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.

1.9 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 and Impaired. The Impairment loss recognized in prior accounting periods is reversed, if there has been a change in the estimate or recoverable amount.

1.10 Prior Period and Extraordinary Items.

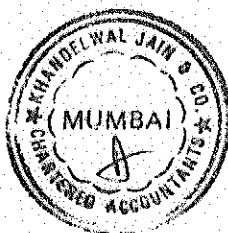
Prior period expenses/income is accounted under the respective heads. Material items, if any, are disclosed separately by way of a note.

1.11 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.

1.12 Other Accounting Policies

These are consistent with the generally accepted accounting practices.



2.0 NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

2.1 SHARE CAPITAL

Particulars	As at	
	March 31, 2013	March 31, 2012
Authorized :		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs. 10/- each.	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
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
	<u>50,000,000</u>	<u>50,000,000</u>

a. The Company is 100% Subsidiary of Kopran Ltd.

b. The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

2.2 RESERVES AND SURPLUS

Particulars	As at	
	March 31, 2013	March 31, 2012
Securities Premium Account:		
As per last Balance Sheet	3,150	3,150
Surplus in Statement of Profit and Loss:		
Opening Balance	(305,805,343)	(297,611,606)
Add: Net Loss transfer from Statement of Profit and Loss	(9,177,037)	(8,193,737)
Amount available for appropriation	(314,982,379)	(305,805,343)
Less Appropriations	-	-
Closing Balance	<u>(314,982,379)</u>	<u>(305,805,343)</u>
TOTAL	<u>(314,979,229)</u>	<u>(305,802,193)</u>

2.3 LONG TERM BORROWINGS

Particulars	As at	
	March 31, 2013	March 31, 2012
Kopran Ltd *	445,000,000	445,000,000
TOTAL	<u>445,000,000</u>	<u>445,000,000</u>

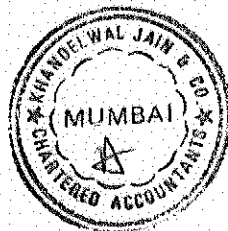
* The above borrowing is repayable in six instalments commencing from April 01, 2015.

2.4 OTHER LONG TERM LIABILITIES

Particulars	As at	
	March 31, 2013	March 31, 2012
Deposit Received from Pro Lab. Ltd.	2,500,000	2,500,000
TOTAL	<u>2,500,000</u>	<u>2,500,000</u>

2.5 LONG TERM PROVISIONS

Particulars	As at	
	March 31, 2013	March 31, 2012
Provision for Leave Encashment (Also Refer Note 2.24)	137,000	121,000
Provision for Gratuity (Also Refer Note 2.24)	241,000	181,000
TOTAL	<u>378,000</u>	<u>302,000</u>



KOPRAN RESEARCH LABORATORIES LIMITED

Note 2.9 : FIXED ASSETS

Sl.No	Description	As At 31.03.2012	GROSS BLOCK		As At 31.03.2013	DEPRECIATION / AMORTIZATION		NET BLOCK	
			Additions during the Year	Deductions during the Year		Upto 31.03.2012	For the Year Depreciation/ Amortization	Upto 31.03.2013	As At 31.03.2013
1	Intellectual Property	142,800,000	-	-	142,800,000	142,800,000	-	142,800,000	-
2	Research & Development Equipments	81,069,684	-	-	81,069,684	54,095,446	3,850,810	57,946,256	23,123,428
3	R & D Furniture & Fixtures	957,088	-	-	957,088	896,387	10,997	907,374	49,714
4	Computers	328,020	-	-	328,020	323,406	1,846	325,252	2,768
5	Motor Car	599,054	-	-	599,054	570,453	7,405	577,858	21,196
	TOTAL	225,753,846	-	-	225,753,846	198,685,692	3,871,047	202,556,739	23,197,107
	Previous Year	225,753,846	-	-	225,753,846	194,808,399	3,877,293	198,685,692	27,068,154
	Capital Work in Progress	189,240,572	-	-	189,240,572	-	-	-	189,240,572



2.6 SHORT TERMS BORROWINGS

Particulars	As at	
	March 31, 2013	March 31, 2012
Unsecured Loans		
Kopran Limited - Holding Company	28,195,556	23,204,969
S.V. Trading and Agencies Ltd.	5,300,000	5,300,000
TOTAL	33,495,556	28,504,969

2.7 OTHER CURRENT LIABILITIES

Particulars	As at	
	March 31, 2013	March 31, 2012
Full and Final Settlement Payable	1,000,928	901,942
Unpaid Salary	432,516	333,108
Provident Fund Payable	24,949	22,584
Audit Fees Payable	40,450	40,450
Unpaid Bonus	201,667	176,560
TDS on Professional Charges	4,494	4,494
TDS on Salary	12,770	6,310
Employees Cont To P.F.	22,315	20,186
Professional Tax	3,725	3,650
TOTAL	1,743,814	1,509,284

2.8 SHORT TERM PROVISIONS

Particulars	As at	
	March 31, 2013	March 31, 2012
Provision for Leave Encashment (Also Refer Note 2.24)	2,000	2,000
Provision for Gratuity (Also Refer Note 2.24)	4,000	3,000
TOTAL	6,000	5,000

2.10 LONG TERM LOANS & ADVANCES

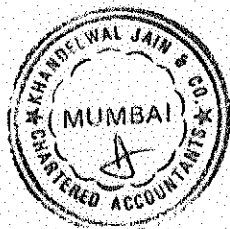
Particulars	As at	
	March 31, 2013	March 31, 2012
Unsecured and Considered Good		
Advance payment of Income Tax & TDS	363,067	272,234
Advance recoverable in cash or in kind	2,500,000	2,500,000
TOTAL	2,863,067	2,772,234

2.11 CASH AND CASH EQUIVALENTS

Particulars	As at	
	March 31, 2013	March 31, 2012
Balance with Banks in Current Accounts	104,836	103,552
Cash on hand	74,271	20,096
TOTAL	179,107	123,648

2.12 SHORT TERM LOANS AND ADVANCES

Particulars	As at	
	March 31, 2013	March 31, 2012
Unsecured considered good		
Advance recoverable in cash or in kind	3,420,338	3,420,338
Income accrued but not due	150,000	166,667
TOTAL	3,570,338	3,587,005



2.13 OTHER INCOME

Particulars	Year ended March 31,	
	2013	2012
Royalty (TDS Rs. 90,833 (PY Rs. 95,833))	908,333	958,333
Interest Received on IT Refund	-	2,287
TOTAL	908,333	960,620

2.14 COST OF MATERIAL CONSUMED

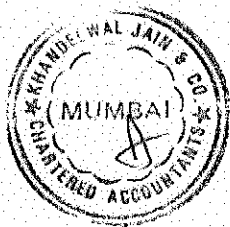
Particulars	Year ended March 31,	
	2013	2012
Opening Stock	0	0
ADD: Purchases	510,140	461,512
Less: Closing Stock	510,140	461,512
Material Consumed	0	0
TOTAL	510,140	461,512

2.15 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31,	
	2013	2012
Salaries	5,221,230	4,222,470
Contribution to Provident Fund and other funds	280,933	244,409
Medical Reimbursement	6,070	120,224
TOTAL	5,508,233	4,587,103

2.16 OTHER EXPENSES

Particulars	Year ended March 31,	
	2013	2012
Travelling & Conveyance Expenses	133	119
Vehicle Expenses	144,000	144,000
Audit Fees	44,944	44,944
Legal and Professional Exp.	2,500	25,000
Printing and Stationery	-	1,295
Bank Charge	2,526	3,358
Analytical Charges	-	3,309
Miscellaneous Expenditure	1,846	6,424
TOTAL	195,949	228,449



NOTES TO ACCOUNTS (Cont):

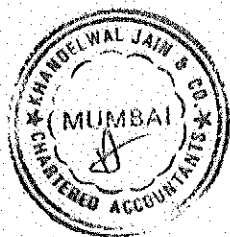
- 2.17 The company is engaged in basic research and process / product development of APIs and finished dosage.

The Financial Statement have been prepared on a going concern basis, notwithstanding the fact that the Company has incurred net loss of Rs. 91.77 lacs for the year ended 31.03.2013 and total accumulated losses of Rs. 3149.79 lacs as on 31.03.2013. The Company is a wholly owned subsidiary Company 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. 4731.96 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 2013, have been prepared on a "Going Concern" basis.

- 2.18 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.
- 2.19 The balances of Unsecured Loans, Loans & Advances and 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.



2.20 Earning Per Share

Particulars	31.03.2013	31.03.2012
Net Loss available for equity		
Share holders – Rs.	(9,177,037)	(8,193,737)
Weighted Average No. of Shares – Nos.	50,00,000	50,00,000
Face Value – Rs.	10/-	10/-
Earning Per Share – Rs.		
Basic/Diluted	(1.84)	(1.64)

2.21 In view of the future business plans and profitability projections, the management is of the opinion that sufficient future taxable income will be available against which deferred tax asset can be realised.

2.22 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

Nature of the Transaction	Amount of transaction during the year (Rs.)	Payable as at 31.03.2013 (Rs.)	Payable as at 31.03.2012 (Rs.)
Unsecured Loans	Cr. 49,61,373/-	47,31,95,556	46,82,04,969
Purchases	Cr. 29,214/-		

ii) Key Management Personnel Rs. NIL

2.23 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.



**2.24 Employee Benefits:
Gratuity (Unfunded)**

Particulars	31.03.2013 (Rupees)	31.03.2012 (Rupees)
i) Change in Benefit Obligation		
Projected Benefit Obligations (PBO) at the beginning of the year	184,000	177,000
Interest Cost	12,643	14,160
Service Cost	72,145	53,481
Benefits Paid	(51,923)	(60,641)
Actuarial (gain) loss on obligations	28,135	-
PBO at the end of the year	2,45,000	184,000
ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	51,923	-
Benefits paid	(51,923)	-
Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-
iii) Change in Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Actual return on Plan Assets	51,923	-
Contributions	(51,923)	-
Benefits paid	-	-
Fair Value of Plan Assets at the end of the year	-	-
Funded Status	(2,45,000)	(184,000)
v) Limits of Corridor not considered since total actuarial gain/loss is being recognised		
Actuarial (loss) for the year – Obligation	(28,135)	60,641
Actuarial gain (loss) for the year – Plan Assets	(28,135)	60,641
Sub-Total	28,135	(60,641)
Actuarial loss recognised	-	-
Unrecognised actuarial gains (losses) at the end of the year	-	-
vi) The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation	245,000	184,000
Fair Value of Plan Assets	-	-
Difference	245,000	184,000
Unrecognised Actuarial gains(losses)	-	-
Unrecognised Transitional Liability	-	-
Liability Recognised in Balance Sheet	245,000	184,000
vii) Net Periodic Cost		
Current Service Cost	72,145	53,481
Interest Cost	12,643	14,160
Expected Return on Plan Assets	-	-
Net Actuarial (gain) loss recognised in the year	28,135	(60,641)
Expenses Recognised in the Income Statement	112,923	7,000



viii) Movements in the liability recognised in the Balance Sheet		
Opening Net Liability	1,84,000	1,77,000
Expense as above	112,923	7,000
Contributions paid	(51,923)	-
Closing Net Liability	245,000	1,84,000
ix) Assumptions :-		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

Compensated Absences (Unfunded)

Particulars	31.03.2013 (Rupees)	31.03.2012 (Rupees)
i) Change in Benefit Obligation		
Projected Benefit Obligations (PBO) at the beginning of the year	123,000	196,000
Interest Cost	8,273	14,900
Service Cost	25,865	23,583
Benefits Paid	(39,186)	(19,506)
Actuarial (gain) loss on obligations	21,048	(91,977)
PBO at the end of the year	139,000	1,23,000
ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	39,186	33,970
Benefits paid	(39,186)	(33,970)
Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-
iii) Change in Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Actual return on Plan Assets	-	-
Contributions	39,186	19,506
Benefits paid	(39,186)	(33,970)
Fair Value of Plan Assets at the end of the year	-	-
Funded Status	(1,39,000)	(1,23,000)
v) Limits of Corridor not considered since total actuarial gain/loss is being recognised		
Actuarial (loss) for the year – Obligation	(21,048)	(91,977)
Actuarial gain (loss) for the year – Plan Assets	-	-
Sub-Total	(21,048)	(91,977)
Actuarial loss recognised	21,048	91,977
Unrecognised actuarial gains (losses) at the end of the year	-	-

