

Kopran

Annual Report 2010-2011

BOARD OF DIRECTORS :

Mr. Susheel G. Somani	Chairman
Mr. Surendra Somani	Executive Vice Chairman
Mr. Adarsh Somani	Whole Time Director (Resigned w.e.f. 14th May, 2011)
Dr. Suresh K. Parikh	Director
Mr. V. N. Khanna	Director
Dr. A. K. Mehta	Director
Mr. Ajit Jain	Director and Chief Operating Officer

AUDITORS :

M/s. Batliboi & Purohit
Chartered Accountants, Mumbai

BANKERS :

State Bank of India
The Federal Bank Limited
Canara Bank

REGISTERED OFFICE :

“Parijat House”
1076, Dr. E. Moses Road, Worli,
Mumbai- 400 018.

FORMULATION UNIT :

Village Savroli,
Taluka Khalapur,
Dist. Raigad, Khopoli-410 202
Maharashtra.

API UNIT :

K-4 Additional M.I.D.C.,
Village Birwadi,
Mahad-402 302
Maharashtra.

NOTICE

NOTICE is hereby given that the 52nd Annual General Meeting of the company will be held on Saturday, 24th September, 2011 at 12.00 Noon at Shri. S. K. Somani Memorial Hall, 79 Marine Drive, Mumbai 400 020 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Susheel G. Somani, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Suresh K. Parikh, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Batliboi & Purohit, Chartered Accountants, Mumbai, as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Registered Office:
Parijat House, 1076, Dr. E. Moses Road,
Worli, Mumbai – 400 018

By Order of the Board of Directors

Abhinav Mathur
Company Secretary

Date : 29th July, 2011.

NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received not less than 48 hours before the meeting at the Registered Office or at the Registrar & Share Transfer Agent's office at **Bigshare Services Pvt. Ltd**, E-2 / 3, Ansa Industrial Estate, Saki Naka, Saki Vihar Road, Andheri East, Mumbai – 400 072.
3. Members / Proxies should bring duly filled in and signed Attendance Slip for attending the meeting.
4. The company's Register of Members and Share Transfer Books will be closed from Wednesday, 21st September, 2011 to Saturday, 24th September, 2011(both days inclusive).
5. As per Section 109 A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them. Shareholders who desire to avail the facility may send their request in Form 2 B (which will be made available on request) to the Registrar & Share Transfer Agents viz. Bigshare Services Pvt. Ltd at the address mentioned above.
6. **Members are requested to:**
 - a. Quote their Folio / DP ID & Client ID numbers in all correspondence with the Company / Registrar & Share Transfer Agent.
 - b. Inform promptly any change in address to the DP / Company / Registrar & Share Transfer Agent.
 - c. Bring their copy of the Annual Report.
 - d. Intimate to the company 10 days in advance, if they desire to seek any further information on the Annual Report, at the ensuing Annual General Meeting.

DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the 52nd Annual Report of the company along with the Audited Statements of Accounts for the year ended on 31st March, 2011.

FINANCIAL RESULTS

Particulars	(₹ in Lakhs)	
	For Year ended 31st March, 2011	For Year ended 31st March, 2010
Total Operating Income	19473	16429
Profit before Depreciation, Interest & Tax	2385	2052
Profit / (Loss) After Tax but before exceptional item	540	322
Exceptional Items of Income	—	675
Profit / (Loss) for the period	540	997

DIVIDEND

In view of the carried forward past losses the Board of Directors do not recommend any dividend on equity or preference shares.

REVIEW OF OPERATIONS

During the year, the company achieved a net profit before exceptional items of Rs. 540 lacs as against the net profit of Rs. 322 lacs in the previous year. The company achieved Operating Revenue of Rs. 19473 lacs against Rs. 16429 lacs in the previous year, thus achieving a growth of about 19% during the year.

SUBSIDIARIES

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under section 211(3C) of the 'Companies Act, 1956'. These Financial Statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiary companies.

Pursuant to the provision of section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated 8th February, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended 31 st March, 2011 is included in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 IT IS HEREBY CONFIRMED THAT :

- I. In the preparation of the Final Accounts for the year ended 31st March, 2011, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
- II. The Directors have selected such accounting policies and applied them consistently and made judgments 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 period under review and of the profit or loss of the company for that period.
- III. The Directors have 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. The Directors have prepared the Accounts for the period ended 31st March, 2011 on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report pursuant to clause 49 of the Listing Agreement is attached as Annexure I and forms part of this Report.

CORPORATE GOVERNANCE

The Report on Corporate Governance along with the Auditor's Certificate, pursuant to clause 49 of the Listing Agreement is attached herewith as Annexure II and forms part of this Report.

FIXED DEPOSITS

The company has neither accepted nor renewed any fixed deposits from public during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS & OUTGO

A Report on Conservation of Energy, Technology Absorption and Foreign Earnings & Outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 is attached herewith as Annexure III and forms part of this Report.

PARTICULARS OF EMPLOYEES

Particulars of employees as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given as Annexure IV.

DIRECTORS

Mr. Adarsh Somani, Whole Time Director of the company has resigned w.e.f. 14th May, 2011, Mr. Susheel G.Somani and Dr. Suresh K. Parikh, Directors, retire by rotation and being eligible, offer themselves for reappointment. The Board of Directors recommends their appointments as Directors, as being in the interest of the company.

STATUTORY AUDITORS

The Statutory Auditors of the company M/s. Batliboi & Purohit, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. The Audit Committee and the Board of Directors recommend their appointment as statutory auditors of the company for the financial year 2011-12.

The observation of Auditors in their Report at Item No. 4f and the relevant Note No. 9 of Schedule No. 18 are self explanatory.

ACKNOWLEDGEMENTS

Your Directors place on record their deep sense of appreciation for the contribution of employees at all levels and for the support from the financial institutions, banks, lenders and the associates.

Registered Office:
Parijat House,
1076, Dr. E. Moses Road,
Worli, Mumbai – 400 018

For and on behalf of the Board

Susheel G. Somani
Chairman

Surendra Somani
Executive Vice-Chairman

Date: 29th July, 2011

ANNEXURE I TO THE DIRECTORS' REPORT

Management Discussion & Analysis

Industrial Overview

The profile of the Global Pharmaceutical Industry is moving towards Generic Drugs. India continues to be the preferred choice for sourcing for the Regulated markets providing a huge opportunity to the Indian Pharmaceutical Industry.

Kopran Strategy

Kopran has launched various New Products in the Chronic and CNS segments as well as the new emerging acute segment like Oncology and Penems.

Simultaneously, various Drug Master Files and Dossiers of Finished Dosage Forms are being filed in the Regulated markets.

Further, the facilities are being expanded to launch New Products.

Financial Performance & Review

During the year, the company achieved a total income of Rs. 197.63 crores (Previous Year : Rs. 166.23 crores) and a Profit before Exceptional Items, Depreciation, Interest & Tax of Rs. 23.85 crores (Previous Period: Rs. 20.52 crores).

There is a Net Profit before Tax and Exceptional Items of Rs. 5.13 crores (Previous Year: Rs.3.19 crores) and Net Profit after Tax of Rs. 5.40 crores. The Interest and Depreciation are Rs. 7.40 crores and Rs. 11.23 crores as compared to Rs. 6.18 crores and Rs. 11.16 crores respectively in the previous Year.

There was 19% increase in turnover of the company during 2010-11. Ratio of domestic and international sales revenue amounted to the ratio of 37:63 approximately.

Human Resources / Industrial Relations

Industrial relations had remained smooth & cordial throughout the period under review and employees at all levels contributed significantly to the consistent operations against all odds. However, recruitment, retention and motivation of competent employees remains a big challenge and a differentiating factor in coming years.

Cautionary Statement

Statements in the "Management Discussion & Analysis" describing company's strategy, business and financial analysis are in the nature of judgements and forward looking statements. Actual results could differ materially from those expected or implied. Important factors that could make a difference to the company's operations include government regulations, patent laws, tax regime, economic and industrial developments within India and within the pharmaceutical industry / relevant segments in which company operates, financial situation of the company and other external and internal variables in the company's environment.

For and on behalf of the Board

Place : Mumbai
Date : 29th July, 2011

Susheel G. Somani
Chairman

Surendra Somani
Executive Vice-Chairman

ANNEXURE II TO THE DIRECTORS' REPORT - CORPORATE GOVERNANCE

(As Per Clause 49 of the Listing Agreement)

Corporate Governance

The aim of Corporate Governance is to invite and focus attention of the management at all levels to strive for higher level of Accountability, Transparency, Authority commensurate with Responsibility, Free & Fair dealing and Performance Delivered in all aspects of Operations. Company's strategies, business plans and all actions are to be successful within the framework of Corporate Governance.

Corporate Ethics

Company adheres to high standard of business ethics, compliance with the Law of the Land in letter and spirit, and public interest.

Code of Conduct

The Board of Directors has adopted a Code of Conduct for its members and senior management, which outlines company's value system, principles and guidelines including statements on behavioral ideals, exhortations or prohibitions. The Code of Conduct impresses upon Directors and Senior Management to uphold the interest of the company and its stakeholders and to fulfill all the fiduciary obligations towards them. The Code of Conduct further enjoins the Directors and Senior Management to act in accordance with the highest standard of honesty, integrity, fairness, and good faith and due diligence in performing their duties.

Prevention of Insider Trading

The company has laid down Guidelines to its Directors, Management and Staff for prevention of insider trading and also described procedures to be followed in disclosures of dealing in securities.

Risk Management

The company has thought out and communicated the procedures, to all concerned in the organization as to identification, measurement and evaluation of risks, their classification and mitigation.

Board of Directors

Sr. No.	Name of Director	Category / Position
1.	Mr. Susheel G. Somani	Non-executive Chairman
2.	Mr. Surendra Somani	Executive Vice-Chairman
3.	Mr. Adarsh Somani	Whole Time Director (Resigned w.e.f. 14th May, 2011)
4.	Dr. Suresh K. Parikh	Non-executive / Independent
5.	Mr. V. N. Khanna	Non-executive / Independent
6.	Dr. A. K. Mehta	Non-executive / Independent
7.	Mr. Ajit Jain	Director & Chief Operating Officer

Directors' Attendance

Sr. No.	Name of Director	No. of Board Meetings		Attendance at last AGM held on 25th September, 2010
		Held	Attended	
1.	Mr. Susheel G. Somani	4	3	YES
2.	Mr. Surendra Somani	4	4	YES
3.	Mr. Adarsh Somani	4	3	YES
4.	Dr. Suresh K. Parikh	4	4	YES
5.	Mr. V. N. Khanna	4	4	YES
6.	Dr. A. K. Mehta	4	4	NO
7.	Mr. Ajit Jain	4	3	YES

Directors' other directorships, chairmanships, committee memberships

(As on date of Directors' Report)

Sr. No.	Name of Director	No. of directorships held in other companies	Number of committee memberships	
			Chairman	Member
1	Mr. Susheel G. Somani	11	NIL	NIL
2.	Mr. Surendra Somani	9	1	1
3.	Mr. Adarsh Somani	11	NIL	NIL
4.	Dr. Suresh K. Parikh	NIL	NIL	NIL
5.	Mr. V. N. Khanna	4	NIL	NIL
6.	Dr. A. K. Mehta	NIL	NIL	NIL
7.	Mr. Ajit Jain	1	NIL	NIL

Number & Dates of Board Meetings

Total Number of Board Meetings held : **4 (Four)**

Held on: 14th May, 2010, 10th August, 2010, 15th November, 2010 and 11th February, 2011.

Remuneration to Directors

Sr. No.	Name of the Directors	Sitting Fees Rs.		Salary & Perks Rs.	Total Rs.
		Board	Committee		
1.	Mr. Susheel G. Somani	6,000	-	-	6,000
2.	Mr. Surendra Somani	-	-	30,27,600	39,27,600
3.	Mr. Adarsh Somani	-	-	26,55,600	26,55,600
4.	Dr. Suresh K. Parikh	8,000	8,000	-	16,000
5.	Mr. V. N. Khanna	8,000	8,000	-	16,000
6.	Dr. A. K. Mehta	8,000	-	-	8,000
7.	Mr. Ajit Jain	-	-	67,08,607	67,08,607

Committees of the Board

Audit Committee

Sr. No.	Name	Designation	Category	Committee meetings held / attended
1.	Dr. Suresh K. Parikh	Chairman	Non-executive / Independent	4 / 4
2.	Mr. V. N. Khanna	Member	Non-executive / Independent	4 / 4
3.	Mr. Surendra Somani	Member	Executive Vice-Chairman	4 / 4

The role, terms and scope of the audit committee is as per Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Grievance Committee

Sr.No.	Name	Designation	Category
1.	Dr. Suresh K. Parikh	Chairman	Non-executive-Independent
2.	Dr. A. K. Mehta	Member	Non-executive-Independent
3.	Mr. Surendra Somani	Member	Executive Vice-Chairman

The role, terms and scope of the grievances committee are per Clause 49 of the Listing Agreement.

Remuneration Committee

Sr. No.	Name	Designation	Category
1.	Dr. Suresh K. Parikh	Chairman	Non-executive-Independent
2.	Dr. A. K. Mehta	Member	Non-executive-Independent
3.	Mr. V. N. Khanna	Member	Non-executive-Independent
4.	Mr. Surendra Somani	Member	Executive Vice-Chairman

The role, terms and scope of the remuneration committee are as per Clause 49 of the Listing Agreement.

Shareholders' Information

Transfers of Shares

Bigshare Services Pvt. Ltd, E – 2 / 3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri East, Mumbai – 400 072 as Registrars & Share Transfer Agents of the company.

The Compliance Officer designated by the Board is Mr. Abhinav Mathur, Company Secretary of the company.

Details of Share Transfers during 1st April, 2010 to 31st March, 2011

Type	Transfer Sr. Nos.	No. of Transfers / documents	No. of shares transferred
NSDL	64260-64322	63	14900
CDSL	723-750	28	3197
Physical	47206-47241	36	5675
Total (Previous Year Total Number of shares transferred - 15025)			23772

General Meetings

AGM	Date	Time	Location of the meeting	No. of Special Resolutions passed
48 th	26th March, 2008	04.30 p.m.	Shri. S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai – 400 020	NIL
49 th	27th September, 2008	12.00 Noon		NIL
Postal Ballot	27th February, 2008	N.A.	Regd. Office : Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai – 400 018	2 (Two)
Postal Ballot	17th August, 2009	N.A.		2 (Two)
50 th	26th September, 2009	10.00 a.m.	Shri. S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai – 400 020	2 (Two)
51 st	25th September, 2010	10.30 a.m.	Shri. S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai – 400 020	1 (One)

Disclosures

No transactions of material nature have been entered into by the company with the Directors or Management and their relatives that may have conflict of interest with the company. The Register of Contracts containing transactions in which Directors are deemed to be interested is placed before the Board, read out and signed regularly. Transactions with the Related Parties are disclosed in Note No. 14 of Schedule No. 18 to the accounts.

There have been no instances of non-compliance with Listing Agreement or any Rules or Regulation relating to capital markets and no penalty or stricture has been imposed or passed by SEBI or Stock Exchanges.

Means of Communication

The Financial Results of the company, book closure notice, any official releases and other intimations to shareholders are communicated to stock exchanges in writing, (both hard and soft copies), in addition to being published in Free Press Journal and Navshakti, if applicable and also regularly displayed on company's website www.kopran.com.

Shareholders' Information

52nd Annual General Meeting :
 Day, Date & Time : Saturday, 24th September, 2011 at 12:00 Noon.
 Venue : Shri. S. K. Somani Memorial Hall,
 Gr. Floor, 79, Marine Drive, Mumbai-400 020

Financial Calendar (April 2011 to March 2012)

Reporting of Financial Results

for Quarter ending 30th June, 2011 : On or before 14th August, 2011
 for Quarter ending 30th September, 2011 : On or before 14th November, 2011
 for Quarter ending 31st December, 2011 : On or before 14th February, 2012
 for Quarter ending 31st March, 2012 : On or before 15th May, 2012

Book Closure

The Register of Members and Share Transfer Books will remain closed from Wednesday, 21st September, 2011 to Saturday, 24th September, 2011 (both days inclusive).

Registered Office

Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai – 400 018.

Listing

The company's equity shares are listed on The Bombay Stock Exchange Ltd (Stock Code - 524280) and the National Stock Exchange of India Ltd (Stock Code – KOPRAN). The listing fees have been paid up to date to both stock exchanges.

Stock Market Data

The monthly movement of equity share price on BSE & NSE is summarized below:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April-10	36.90	29.00	4224470	36.75	29.00	3387665
May-10	35.90	29.60	3503155	35.95	29.15	2513337
June-10	44.40	31.30	9176236	44.45	31.40	9153608
July-10	46.20	37.80	7239614	46.20	35.10	8906385
August-10	44.00	39.10	5169941	44.00	39.20	5553891
September-10	41.95	38.20	3311013	41.95	38.15	3438919
October-10	41.80	35.70	1918088	41.75	35.65	1814769
November-10	42.50	34.00	2765929	42.65	32.15	2344777
December-10	37.70	27.00	1434310	38.00	28.60	1049122
January-11	37.85	30.55	1070521	37.85	30.50	1229726
February-11	31.50	19.65	1255141	33.50	19.55	627695
March-11	28.00	21.00	1217133	26.75	21.00	841352

Status of Shareholders' Complaints

Nature of Complaints	Number of Complaints		
	Received	Resolved	Pending
Transmission related letters	0	0	0
Non-receipt of dividend warrant	0	0	0
Issue of Duplicate shares	0	0	0
Non- receipt of Annual Report	2	2	0
Non-receipt of Demat	2	2	0
Received from SEBI / Authorities	1	1	0
Total	5	5	0

Distribution of Shareholding as on 31st March, 2011

By size of shareholdings

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
01 to 500	23,385	83.61	40,89,249	10.47
501 to 1000	2,311	8.26	19,78,437	5.07
1001 to 2000	1,071	3.83	16,89,547	4.33
2001 to 3000	365	1.31	9,53,150	2.44
3001 to 4000	148	0.53	5,33,556	1.36
4001 to 5000	171	0.61	8,15,366	2.09
5001 to 10000	251	0.90	19,18,638	4.91
10001 and above	266	0.95	2,70,74,659	69.33
Grand Total	27,968	100.00	3,90,52,602	100.00
No. of Shares in Physical Mode			3,80,480	0.97
No. of Shares in Electronic Mode.			3,86,72,122	99.03

By Category of Shareholders

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Indian Promoters	43	0.15	1,40,23,075	35.91
Banks	5	0.02	895	0.00
Financial Institutions	6	0.02	10,39,593	2.67
Mutual Funds	3	0.01	500	0.00
FII/NRI/OCBs	115	0.42	5,78,511	1.48
Trust	2	0.00	4,500	0.01
Resident Individuals	26,993	96.61	1,73,60,371	44.45
Body Corporate (Others)	774	2.77	60,45,157	15.48
Total	27,941	100.00	3,90,52,602	100.00

Location of Plants

Formulation Unit : Village Savroli, Taluka Khalapur, District Raigad, Khopoli 410 202
 API Unit : K- 4, Additional MIDC, Village Birwadi, Near Global Board, Mahad 402 302

Address for Investors Correspondence

Parijat House, 1076 Dr. E. Moses Road, Worli, Mumbai – 400 018.
 Tel. No. 022-43661111 ; Fax No. 022-24950363.
 Website: www.kopran.com

Registrar & Share Transfer Agents (both Physical & Electronic)

Bigshare Services Pvt. Ltd
 E – 2 / 3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East),
 Mumbai – 400 072, Tel. 022-40430200 Fax. 022-28475207

Shareholders holding shares in Demat form should address all their correspondence to their respective Depository Participant or to Registrar & Share Transfer Agents.

Outstanding ADRs / GDRs / Warrants / Any other convertible instrument

There are no outstanding ADRs / GDRs / Warrants / any other convertible instrument.

Compliance Certificate

The company has obtained a certificate from the statutory auditors regarding compliance with Corporate Governance requirements of Clause 49 of the Listing Agreement, which is annexed hereto. Similarly a certificate from CEO has been obtained and is annexed hereto.

Registered Office :
 Parijat House, 1076, Dr. E. Moses Road,
 Worli, Mumbai – 400 018.

For and on behalf of the Board

Date: 29th July, 2011

Susheel G. Somani
 Chairman

Surendra Somani
 Executive Vice-Chairman

DECLARATION BY CEO

I, Surendra Somani, Executive Vice Chairman of Kopran Limited, having its Registered Office at "Parijat House" 1076, Dr. E. Moses Road, Worli, Mumbai – 400 018, do hereby certify and acknowledge that the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and have given confirmation for the same.

Place : Mumbai
Date : 29th July, 2011

Surendra Somani
Executive Vice-Chairman

CFO / CEO CERTIFICATION

The Executive Vice Chairman of the Company have certified to the Board that :

1. They have reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes to accounts, as well as the cash flow statement.
2. Based on their knowledge, information and belief, these statements do not contain any untrue statement of a material fact or omit to state a material fact that might be misleading with respect to the statements made.
3. Based on their knowledge, information and belief, the financial statements and other financial information included in this Report present a true and fair view of the Company's affairs for the period presented in this Report and are in compliance with the existing accounting standards, applicable laws and regulations.
4. To the best of their knowledge, information and belief, no transactions entered into by the Company during the period are fraudulent, illegal or violative of the Company's Code of conduct.
5. They are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
6. They have disclosed, based on their most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors, all significant deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps taken or proposed to be taken to rectify the deficiencies.
7. They have indicated to the Auditors and the Audit Committee :
 - a) Significant changes in the Company's internal control over financial reporting during the year.
 - b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.

Registered Office :
Parijat House, 1076, Dr. E. Moses Road,
Worli, Mumbai – 400 018.
Place : Mumbai
Date : 29th July, 2011

Surendra Somani
Executive Vice-Chairman

AUDITORS CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS:

To the members of Kopran Limited

We have examined the compliance of conditions of Corporate Governance by Kopran Limited ("the Company") for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Registered Office :
Parijat House, 1076, Dr. E. Moses Road,
Worli, Mumbai – 400 018.
Place : Mumbai
Date : 29th July, 2011

For Batliboi & Purohit
Chartered Accountant

K. A. Mehta
Partner
Membership No.111749

ANNEXURE – III TO THE DIRECTORS’ REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY

1. Energy conservation is accorded highest priority by the company and substantial energy saving was achieved earlier through measures such as Auto Power factor controller, even distribution of electrical load, temperature control in brine plant, recycling of condensate recovery. Therefore, these energy saving measures are continued in 2010-11.

A new boiler has been installed at the Mahad manufacturing facility using husk briquettes as a fuel, thereby replacing Furnace Oil. The company will be eligible for Carbon credits for this environmental friendly investment.

2. Total energy consumption is given in **Form A** as follows:

FORM A

Power and fuel consumption :		
Particulars	Current Year	Previous Year
a) Electricity Units (lacs) Total amount (Rs.in lacs) Rate / Units (Rs.)	96.88 547.85 5.65	97.78 512.06 5.24
b) Coal Briquette Quantity (kg) Amount (Rs.) Average Rate (Rs.)	1195783 6019484 5.03	- - -
c) Furnace Oil Quantity (M.T.) Total amount (Rs. in lacs) Average rate (Rs.)	774.76 191.73 24.75	1132.46 259.29 22.90
d) HSD Oil (Ltrs) Total amount (Rs. in lacs) Average rate (Rs.)	58829 25.93 44.08	31699 10.91 34.41
e) Others / Internal generation	N.A.	N.A.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION AND EXPENDITURE ON RESEARCH & DEVELOPMENT

The company's R & D activity is carried out separately in its wholly owned subsidiary company namely, Kopran Research Laboratories Ltd.

FOREIGN EXCHANGE EARNINGS & OUTGO

Earnings: Rs. 11397.51 Lakhs (Previous Year: Rs. 10065.84 Lakhs)

Outgo : Rs. 565.41 Lakhs (Previous Year: Rs. 523.00 Lakhs)

For and on behalf of the Board

Place : Mumbai
Date : 29th July, 2011

Susheel G. Somani
Chairman

Surendra Somani
Executive Vice-Chairman

**ANNEXURE IV TO THE DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

Sr. No.	Name of the Employee	Designation & Nature of Duties	Remuneration (Rs.)	Qualifications & Experience (years)	Date of Commencement of Employment	Age (years)	Previous Employment
1.	Mr. Ajit Jain	Director & Chief Operating Officer	67,08,607	C.A. (24 years)	16th October, 2006	50 Years	KDL Biotech Ltd.

Notes:

1. Remuneration mentioned above includes Salary, Allowances, taxable value of perquisites, Company's contribution to Provident Fund and Superannuation fund but does not include contribution / provision towards Gratuity Fund and leave encashment.
2. The employment of the above referred Directors is contractual as follows :
Mr. Ajit Jain : From 1st February, 2010 to 31st January, 2013

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29th July, 2011

Susheel G. Somani
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF KOPRAN LIMITED

1. We have audited the attached Balance Sheet of **KOPRAN LIMITED ('the Company')** as at 31st March 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 the said Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and 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. 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 and the Profit and Loss Account 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 Cash Flow Statement dealt with by this report comply with all Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.
 - 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) *Attention is invited to Note 9 of Schedule 18 regarding Investment and Advances aggregating Rs. 500.61 lakhs and Rs. 4882.62 lakhs respectively, given to a subsidiary company, Kopran Research Laboratories Limited whose accumulated losses have exceeded the net-worth, no provision for Investments and Doubtful advances has been made by the management of the Company. Consequently, the effect, if any, on the carrying values of investments and advances given are currently unascertainable. Our audit report on the financial statements for the year ended 31st March, 2010 was also modified in respect of the matter stated above.*
 - g) *Subject to our comments in Para 4(f) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the 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 31st March, 2011.
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) In the case of the cash flow statement of the cash flows for the year ended on that date.

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Regn No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

Place : Mumbai
Date : 29th July, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date to the Members of Kopran 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.
(b) All Fixed assets have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.
(c) There was no substantial disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of the inventory during the period under audit.
(b) The procedures of physical verification followed by the management need to be strengthened in relation to the size of the company and 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.
3. (a) The company has granted loans to three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period under audit was Rs. 6535.38 lacs and the year-end balance of loan granted to such parties was Rs. 5470.82 lacs.
(b) In our opinion and according to the information and explanation given to us, loans referred in clause 3(a) above, are interest free and there are no other terms and conditions stipulated for the said loans, hence we are unable to comment on the same.
(c) There are no covenants stipulated in respect to repayment of loans referred in clause 3 (a) above, and hence we are unable to comment on regular repayment or overdue status of the same.
(d) The Company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the period under audit was Rs. 955 lacs and the year-end balance of loan taken from the party covered under section 301 is Rs. 470.38 lacs.
(e) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not *prima facie* prejudicial to the interest of the Company.
(f) Loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the company. The payment of interest has been regular.
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 and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
5. (a) According to the information and explanation provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the act, that need 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 Rs.5 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 has an internal audit system, the scope and coverage of which, in our opinion, requires to be enlarged to be commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not carried out any detailed examination of such accounts and records.
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, except slight delays in few cases.
(b) 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 31st March, 2011 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the details of 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 are as under:

Financial year	Statute	Nature of Dues	Forum where Dispute is pending	Amount (₹ In lacs)
2001-02	Sales Tax Act	Sales Tax	Commissioner (Appeals)	39.13
1996-97 to 2004-05	Central Excise Act	Excise Duty	Central Excise and Service Tax Appellate Tribunal	13.77
2006-07	Central Excise Act	Service Tax	Commissioner (Service Tax)	93.98
2000-03	Drug Price Control Order – 95	Difference in Pricing	High Court (Mumbai)	591.34

10. The Company has accumulated losses amounting to Rs. 6025.50 lacs as at the end of the year under Audit. However the net worth as at the end of the period under report is positive and the accumulated losses i.e. debit balance in profit and loss account is not more than fifty percent of its net worth. The Company has not incurred cash losses during the year under audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
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 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from bank or financial institutions are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the Term Loans raised by the Company have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanation given to us, and on an overall examination of the balance sheet and cash flow of the company, fund raised on short term basis have prima facie not been used during the period for long term investments.
18. According to the information and explanations given to us, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
19. The Company does not have any outstanding debentures at the end of the period.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Regn No. 101048W

K. A. MEHTA
Partner
Membership No.111749

Place : Mumbai
Date : 29th July, 2011

BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	As at March 31, 2011 ₹	As at March 31, 2010 ₹
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
Share Capital :	1		
Equity Shares		390,489,080	370,989,080
Preference Shares		85,800,000	85,800,000
		<u>476,289,080</u>	<u>456,789,080</u>
Deposit -Convertible Warrants (Refer Note No :13 of Schedule 18)		-	4,875,000
Reserves and Surplus	2	622,516,376	568,484,632
		<u>1,098,805,456</u>	<u>1,030,148,712</u>
LOAN FUNDS			
Secured Loans	3	315,297,307	337,522,315
Unsecured Loans	4	658,261,668	761,458,593
		<u>973,558,975</u>	<u>1,098,980,908</u>
TOTAL		<u><u>2,072,364,431</u></u>	<u><u>2,129,129,620</u></u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	2,467,187,737	2,416,032,692
Less : Depreciation		1,346,086,158	1,234,898,201
Net Block		1,121,101,579	1,181,134,491
Capital Work-in-Progress		400,158	2,545,676
		<u>1,121,501,737</u>	<u>1,183,680,167</u>
INVESTMENTS	6	68,709,994	103,859,794
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	321,112,331	261,588,217
Sundry Debtors	8	333,631,748	291,959,913
Cash and Bank Balances	9	34,194,200	46,747,337
Other Current Assets		67,746,635	56,262,820
Loans and Advances	10	660,448,780	693,625,812
		<u>1,417,133,694</u>	<u>1,350,184,099</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	505,074,994	481,767,440
Provisions	12	29,906,000	26,827,000
		<u>534,980,994</u>	<u>508,594,440</u>
NET CURRENT ASSETS		<u>882,152,700</u>	<u>841,589,659</u>
TOTAL		<u><u>2,072,364,431</u></u>	<u><u>2,129,129,620</u></u>
Significant Accounting Policies and Notes	18		
to Accounts form an integral part of the Balance Sheet			

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749
Place : Mumbai
Date : 29th July, 2011

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

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

	Schedule	For the year ended March 31, 2011 ₹	For the year ended March 31, 2010 ₹
INCOME			
Sales, Services and Income from Operations		2,018,811,402	1,687,823,776
Less: Excise duty on Sales		71,504,339	44,955,115
		<u>1,947,307,063</u>	<u>1,642,868,661</u>
Other Income	13	29,053,950	19,447,900
		<u>1,976,361,013</u>	<u>1,662,316,561</u>
EXPENDITURE			
Material Cost	14	1,242,715,659	1,013,583,015
Employee Cost	15	173,404,380	164,724,956
Operational and Other Expenses	16	321,728,738	278,783,753
		<u>1,737,848,777</u>	<u>1,457,091,724</u>
Profit / (Loss) Before tax , Interest, Depreciation & Exceptional items		238,512,236	205,224,837
Interest (Net)	17	74,851,902	61,793,541
Depreciation		112,333,176	111,557,260
		<u>51,327,158</u>	<u>31,874,036</u>
Profit / (Loss) before tax and Exceptional items		51,327,158	31,874,036
Exceptional items		-	67,500,000
Provision of Tax for earlier year		(2,704,586)	(356,157)
		<u>54,031,744</u>	<u>99,730,193</u>
Profit / (Loss) for the Period Carried to Balance Sheet		54,031,744	99,730,193
Earning Per Share :			
Basic and diluted earning per share of face value Rs.10/- each			
(Ref. Note No. 6 of Schedule 18)			
Basic		1.32	0.80
Diluted		1.32	0.77
Significant Accounting Policies and Notes to Accounts form an integral part of the Profit & loss account	18		

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

Place : Mumbai
Date : 29th July, 2011

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

SCHEDULES TO THE ACCOUNTS

1 : SHARE CAPITAL

Authorised :

5,62,50,000 (Previous year 5,62,50,000) Equity Shares of Rs.10/- each.
1,37,50,000 (Previous year 1,37,50,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs 10/- each.

Issued :

3,90,52,602 (Previous Year 3,71,02,602) Equity Shares of Rs 10/- each.
85,80,000 (Previous Year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up

Subscribed and Paid-Up:

3,90,52,602 (Previous Year 3,71,02,602) Equity Shares of Rs 10/- each.
Less: Calls in-Arrears (Other than Director's)
(Ref. Note No.13 of Schedule 18)

85,80,000 (Previous Year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up

TOTAL

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
	562,500,000	562,500,000
	137,500,000	137,500,000
	<u>700,000,000</u>	<u>700,000,000</u>
	390,526,020	371,026,020
	85,800,000	85,800,000
	<u>476,326,020</u>	<u>456,826,020</u>
	390,526,020	371,026,020
	36,940	36,940
	<u>390,489,080</u>	<u>370,989,080</u>
	85,800,000	85,800,000
	<u>476,289,080</u>	<u>456,789,080</u>

Note:-

of the above Shares

- 60,500 Equity Shares of Rs.10/- each were allotted as fully paid-up pursuant to a contract without payment being received in cash.
- 58,00,000 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of General Reserve (1992-93).
- 40,00,000 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium (1994-95).
- 40,80,000 Equity Shares were allotted to shareholders of erstwhile Kopran Pharmaceuticals Ltd., as fully paid up pursuant to the Scheme of Amalgamation for consideration other than cash.
- 30,00,000 (Previous Year 30,00,000) 9% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each (Series-I) are redeemable at par. The due date for redemption was 12th March, 2000, which is rescheduled and are redeemable in 16 quarterly installments commencing 1st April, 2005.
- 55,80,000 (Previous Year 55,80,000) 1% Non-Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each redeemable at par at the expiry of ten years from the date of allotment or a call / option of the company at the end of five years from the date of allotment.

2 : RESERVES & SURPLUS

Capital Reserve

Balance as per last Balance Sheet
Add: Forfeiture of deposit on laps of warrant

Export Allowance Reserve

Securities premium account

Balance as per last Balance Sheet
Less: Calls in-Arrears (Other than Director's)

General Reserve

Profit and Loss Account

Balance as per last Balance Sheet
Add: Profit / (loss) for the year

TOTAL

	148,474,390	137,790,405
	-	10,683,985
	<u>148,474,390</u>	<u>148,474,390</u>
	40,000	40,000
	995,242,754	995,242,754
	110,820	110,820
	<u>995,131,934</u>	<u>995,131,934</u>
	81,420,684	81,420,684
	(656,582,376)	(756,312,569)
	54,031,744	99,730,193
	<u>(602,550,632)</u>	<u>(656,582,376)</u>
	<u>622,516,376</u>	<u>568,484,632</u>

SCHEDULES TO THE ACCOUNTS

3 : SECURED LOANS

RUPEE TERM LOANS

SICOM Ltd.

(Secured by a pari-passu first charge by way of mortgage on all the immovable properties and by way of hypothecation on all the movable fixed assets of the Company both present and future excluding current assets charged to banks for working capital facilities).

Working Capital Term Loans

(Secured by a pari-passu first charge by way of mortgage on all the immovable properties and by way of hypothecation on all the movable fixed assets of the Company both present and future and Second Charge on current assets of the company and guaranteed by three Directors / Promoters jointly and severally).

LOANS FROM BANKS

Cash Credit, Over Draft & Packing Credit

(Secured by hypothecation of Raw Materials, Goods-in-Process, Packing Materials, Stores and Spares, Finished goods, Book Debts and Bills and Second Charge by way of mortgage on all the immovable properties and by way of hypothecation on all the movable fixed assets of the company both present and future and guaranteed by three Directors / Promoters jointly and severally).

OTHER LOANS

(Secured by hypothecation of Vehicles purchased under the hire purchase scheme).
[Due for payment within one year Rs.1.40 lacs (Previous Year Rs.2.20 lacs)]

TOTAL

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
	—	37,500,000
	124,599,231	172,500,000
	190,249,860	127,302,017
	448,216	220,298
	315,297,307	337,522,315
	658,261,668	761,458,593
	658,261,668	761,458,593

4 : UNSECURED LOANS

Short Term Loans and Advances

Intercorporate Deposits

TOTAL

SCHEDULES TO THE ACCOUNTS

5 : FIXED ASSETS

(in ₹)

DESCRIPTION	GROSS BLOCK		DEPRECIATION				NET BLOCK			
	As at 1st April, 2010	Additions during the year	Deductions during the year	As at 31st March, 2011	Upto 1st April 2010	For the year	Deductions during the year	Upto 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
1. Lease hold Land	4,375,252	-	-	4,375,252	782,936	46,056	-	828,992	3,546,260	3,592,316
2. Free Hold Land	560,240	-	-	560,240	-	-	-	-	560,240	560,240
3. Buildings	253,721,381	6,629,593	-	260,350,974	85,185,023	8,507,262	-	93,692,285	166,658,699	168,536,358
4. Plant & Machinery	1,948,635,010	36,677,656	-	1,985,312,666	1,003,010,614	93,446,989	-	1,096,457,603	888,855,063	945,624,396
5. Factory Equipments & Electric Installation	126,610,514	6,270,299	-	132,880,813	72,936,643	7,829,189	-	80,765,832	52,114,981	53,673,871
6. Furniture and Fixtures	29,320,713	579,683	-	29,900,396	26,631,091	528,743	-	27,159,834	2,740,562	2,689,622
7. Tube Well	60,208	-	-	60,208	46,304	695	-	46,999	13,209	13,904
8. Office Equipments	9,730,749	274,715	-	10,005,464	7,402,195	347,459	-	7,749,654	2,255,810	2,328,554
9. Computers	26,588,659	873,034	-	27,461,693	24,591,934	952,658	-	25,544,592	1,917,101	1,996,725
10. Vehicles	16,429,965	1,051,111	1,201,045	16,280,031	14,311,460	674,126	1,145,219	13,840,367	2,439,664	2,118,505
TOTAL	2,416,032,692	52,356,091	1,201,045	2,467,187,737	1,234,898,200	112,333,176	1,145,219	1,346,086,156	1,121,101,579	1,181,134,491
Previous Year	2,393,127,993	25,065,599	2,160,901	2,416,032,692	1,125,023,916	111,557,260	1,682,977	1,234,898,201	1,181,134,490	-

SCHEDULES TO THE ACCOUNTS

		As at March 31, 2011 ₹		As at March 31, 2010 ₹	
		Nos.		Nos.	
6 : INVESTMENTS (AT COST)					
Face Value Rs.					
Long Term Investments (At Cost)					
I. In Government Securities (Non-Trade) :					
	7 years National Savings Certificate (Lodged with Collector of Central Excise and Sales Tax Authority- Mumbai)	-	40,250	-	40,250
			<u>40,250</u>		
II. In Equity Shares (Fully Paid-up)					
A. Quoted Shares (Non-Trade)					
10	DSQ Software Limited	400	199,608	400	199,608
1	Himachal Futuristic Communication Ltd	200	48,235	200	48,235
10	IMP Power Ltd	2874	792,334	2874	792,334
10	Advent Computers Ltd	30	24,060	30	24,060
			<u>1,064,237</u>		
Less: Provision for diminution in value of investments			<u>426,243</u>		
			<u>637,994</u>		
B. Unquoted Shares					
Trade Investments:					
10	Kapol Co-Op Bank Ltd	20000	200,000	20000	200,000
10	The Saraswat Co-Op Bank Ltd	1000	10,000	1000	10,000
10	The New india Co-Op Bank Ltd	500	5,000	500	5,000
10	Mandvi Co-Op Bank Ltd.	25000	250,000	25000	250,000
			<u>465,000</u>		
Non Trade Investments:					
10	Pharmaceutical Business Group (I) Ltd	-	-	999900	9,999,000
100	Hotel Empire Ltd	-	-	9500	33,250,000
10	Parijat Shipping & Finale Ltd	700000	7,000,000	700000	7,000,000
			<u>7,000,000</u>		
Less: Provision for diminution in value of investments			<u>-</u>		
			<u>7,000,000</u>		
C. Investment in Wholly Owned Subsidiary Companies: (Unquoted)					
1 HK\$	Kopran (H.K.) Limited, Hong Kong	2318750	10,006,000	2318750	10,006,000
10	Kopran Lifesciences Ltd	50000	500,000	-	-
10	Kopran Research Laboratories Ltd	5000000	50,060,750	5000000	50,060,750
			<u>60,566,750</u>		
TOTAL (A+B+C)			<u><u>68,669,744</u></u>		
TOTAL (I+II)			<u><u>68,709,994</u></u>		
Aggregate Cost of Quoted Investment			637,994		
Aggregate Market Value of Quoted Investment			192,101		
Aggregate Cost of Unquoted Investment			68,072,000	637,994	103,819,544
				324,383	103,859,794
				68,072,000	103,221,800

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
7 : INVENTORIES		
(As taken, valued and certified by Mangement)		
Stores & Spares	6,067,143	8,588,011
Raw Materials	116,033,317	129,398,201
Packing Materials	19,291,714	28,718,661
Work-in-Process	129,931,718	70,648,055
Finished Goods	49,788,439	24,235,289
TOTAL	321,112,331	261,588,217
8 : SUNDRY DEBTORS		
(Unsecured, considered good unless other wise stated)		
Debts Outstanding for a period exceeding Six months: (Includes due from Subsidiary Rs.10.20 lacs Previous year Rs.10.15 lacs)		
Considered Good	52,700,884	63,616,445
Considered Doubtful	29,030,530	29,030,530
Less:Provision for Doubtful Debts	81,731,414 29,030,530	92,646,975 29,030,530
Other Debts	52,700,884 280,930,864	63,616,445 228,343,468
TOTAL	333,631,748	291,959,913
9 : CASH AND BANK BALANCES		
Cash on hand	1,470,173	555,293
Balances with Scheduled Banks :		
I) In Current Accounts	4,478,482	5,054,011
II) In Fixed Deposit and Margin Accounts	26,637,209	40,337,714
III) In Deposit (Foreign Currency) Account	1,608,336	800,319
TOTAL	32,724,027 34,194,200	46,192,044 46,747,337
10 : LOANS AND ADVANCES		
(Unsecured, considered good unless other wise stated)		
Advances to Subsidiary Company	488,262,106	561,243,293
Advances recoverable in cash or in kind or for value to be received	67,353,556	63,925,607
Advance Payment of Income Tax & TDS (Net of Provision)	1,465,114	5,533,910
Balance with IT Department	800,000	800,000
Balance-Cenvat Credit	78,479,524	39,266,895
Excise Duty receivable against Export	24,088,480	22,856,107
TOTAL	660,448,780	693,625,812

SCHEDULES TO THE ACCOUNTS

11 : CURRENT LIABILITIES

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
Sundry Creditors		
(i) Dues of Micro and Small Enterprises	13,760,954	14,364,198
(ii) Dues of Other Creditors	424,745,361	398,387,330
Deposits Received	5,987,377	5,987,377
Unpaid Dividend* (Refer Note 17 of Schedule 18)	3,600,000	3,600,000
Other Liabilities	49,481,302	53,428,535
Interest Accrued but not due	7,500,000	6,000,000
TOTAL	<u><u>505,074,994</u></u>	<u><u>481,767,440</u></u>

(* There are no amounts due and outstanding to be credited to the Investor Education and protection fund.

12 : PROVISIONS

Gratuity	20,112,000	18,289,000
Leave Encashment	9,794,000	8,538,000
TOTAL	<u><u>29,906,000</u></u>	<u><u>26,827,000</u></u>
	For the year ended March 31, 2011	For the year ended March 31, 2010

13 : OTHER INCOME

Dividend Received From Non Trade Investments	18,650	19,655
	<u>18,650</u>	<u>19,655</u>
Profit on sale of Fixed Assets	2,316	578,076
Liabilities written back	20,904,167	14,989,922
Miscellaneous Income	8,128,817	3,860,247
TOTAL	<u><u>29,053,950</u></u>	<u><u>19,447,900</u></u>

14 : MATERIAL COST

Materials Consumed / Cost of Goods sold		
Opening Stock	129,398,201	57,666,022
Add: Purchases	1,187,163,270	1,003,533,005
	<u>1,316,561,471</u>	<u>1,061,199,027</u>
Less : Closing Stock	116,033,317	129,398,201
	<u>1,200,528,154</u>	<u>931,800,826</u>
Packing Materials Consumption:		
Opening Stock	28,718,661	9,897,314
Add: Purchases	89,617,311	72,990,698
	<u>118,335,972</u>	<u>82,888,012</u>
Less : Closing Stock	19,291,714	28,718,661
	<u>99,044,258</u>	<u>54,169,351</u>
	<u>1,299,572,412</u>	<u>985,970,177</u>
Purchase of Finished goods	27,980,060	39,202,949
Increase / (Decrease) in Stock of Finished and Semi-Finished goods :		
Opening Stock :		
Semi - Finished goods	70,648,055	69,359,347
Finished goods	24,235,289	13,933,886
	<u>94,883,344</u>	<u>83,293,233</u>
Less : Closing stock:		
Semi-Finished Goods	129,931,718	70,648,055
Finished Goods	49,788,439	24,235,289
	<u>179,720,157</u>	<u>94,883,344</u>
(Increase) / Decrease in Stock	<u>(84,836,813)</u>	<u>(11,590,111)</u>
TOTAL	<u><u>1,242,715,659</u></u>	<u><u>1,013,583,015</u></u>

SCHEDULES TO THE ACCOUNTS

	For the year ended March 31, 2011 ₹	For the year ended March 31, 2010 ₹
15 : EMPLOYEE COST		
Salaries, Wages, and Bonus to Employees	147,087,911	140,784,161
Contribution to Provident and other funds	13,117,832	11,175,279
Employee Welfare Expenses	13,198,637	12,765,516
TOTAL	173,404,380	164,724,956
16 : OPERATIONAL AND OTHER EXPENSES		
Stores and Spares consumed	22,125,818	17,190,960
Power and Fuel	90,294,054	86,971,930
Rent	19,364,670	14,829,780
Rates and Taxes	843,180	549,665
Insurance	2,851,436	2,077,615
Repairs and Maintenance		
Plant and Machinery	7,866,108	7,890,189
Buildings	6,207,481	5,413,536
Others	1,829,602	1,612,591
	15,903,191	14,916,316
Labour Charges	24,638,982	19,820,118
Legal & Professional Charges	17,738,976	12,254,302
Travelling and Conveyance	13,188,080	14,048,655
Directors' Sitting Fees	48,000	58,000
Commission on Sales	35,629,611	35,792,206
Printing & Stationery	4,044,052	4,009,869
Postage, Telegram and Telephone	3,421,638	4,410,700
Auditors' Remuneration:		
Audit Fees	245,000	245,000
Tax Audit Fees	55,000	55,000
	300,000	300,000
Packing, Freight and Forwarding	25,535,841	22,727,632
Sundry Balances written off	91,430	126,745
Selling and Distribution Expenses	10,731,321	8,689,682
Miscellaneous Expenses	34,578,458	20,009,578
Loss on Sale of Investment	400,000	-
TOTAL	321,728,738	278,783,753
17 : INTEREST AND FINANCE CHARGES		
Interest :		
Debentures & Fixed Loans	21,518,891	26,865,028
Others (Refer Note No.11 of Schedule 18)	38,793,062	28,461,372
Bank Charges	14,539,949	6,467,141
TOTAL	74,851,902	61,793,541

SCHEDULE 18 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF ACCOUNTS

The accounts have been prepared under the historical cost convention on the basis of going concern and comply in all material aspects with applicable accounting principles in India and relevant provisions of the Companies Act, 1956.

b) SYSTEM OF ACCOUNTING

The Company follows the Mercantile System of accounting and recognises Income and Expenditure on accrual basis.

c) USE OF ESTIMATE

The presentation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

d) FIXED ASSETS AND DEPRECIATION

i) Fixed Assets :

1. Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost is inclusive of borrowing cost, pilot plant batch expenses and other incidental charges incurred upto the date of installation / put to use.
2. Cenvat Credit availed on purchase of fixed assets is reduced from the cost of respective assets.
3. Adjustments arising from foreign exchange rate fluctuation relating to liabilities attributable to fixed assets are taken to the Profit and Loss account.

ii) Depreciation :

1. Depreciation on Plant & Machinery and Factory Building is provided on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956.
2. Depreciation on other assets is provided on Written Down Value Method (WDV) at the rates specified in Schedule XIV to the Companies Act, 1956.
3. Depreciation on Fixed Assets added / disposed off during the year is provided on pro - rata basis with reference to the month of addition /disposal.

e) INVESTMENTS

Investment intended to be held for not more than a year are classified as current Investment. These are valued at Lower of cost or fair value.

Long term Investments are stated at Cost. Provision for diminution in value is made only if, in the opinion of management such a decline is other than temporary.

f) INVENTORIES

Items of inventories are measured at lower of cost or net realisable value. Cost of Raw Materials, Stores & Spares and Packing Materials is determined using First in First out (FIFO) method. Cost of Work-in-Process and Finished Goods is determined on absorption costing method.

g) RESEARCH AND DEVELOPMENT EXPENSES

- 1) Revenue Expenditure on Research and Development is charged to Profit and Loss Account under respective heads of account in the year in which it is incurred.
- 2) Capital Expenditure is included in Fixed Assets under the respective heads.

h) FOREIGN EXCHANGE TRANSACTIONS

- 1) Transactions in foreign currency are recorded at the exchange rate prevailing as on the date of transaction.
- 2) Foreign currency assets / liabilities as on the balance sheet date are translated at the exchange rate prevailing on the date of balance sheet.
- 3) The exchange difference arising out of settlement and restatement of Foreign currency monetary items including those arising on repayment and translation of liabilities relating to fixed assets are taken to Profit and Loss account.

i) REVENUE RECOGNITION

1. Sales of Products and Services

Sales comprise of sale of goods and services, net of trade discounts and include excise duty.

2. Export Benefits

The unutilised Export Benefits under DEPB Scheme / Advance License against export as on the balance sheet date are recognised as income on accrual basis.

3. Dividend

Dividend is recognised when the company's right to receive the payment is established. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

4. Other Income

Other Income is accounted on accrual basis except where the receipt of income is uncertain in which case it is accounted on receipt basis.

j) Employee Benefits :

- a) Defined Contribution Plan : Company's contribution paid / payable during the year to Provident Fund, ESIC and Labour Welfare Fund are charged to Profit and Loss Account.
- b) Defined Benefit Plan : Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discounted rate that is determined by the reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

k) EXCISE AND CUSTOMS DUTY

1. Excise and Customs duty payable in respect of Finished Goods lying at factory / bonded premises are provided for and included in the valuation of inventory.
2. CENVAT credit of Excise Duty availed during the year is accounted for by reducing purchase cost of the materials and is adjusted against excise duty payable on clearance of goods produced.

l) BORROWING COSTS

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of the assets, upto the date the asset is put to use. Other costs are charged to the Profit and Loss account in the year in which they are incurred.

m) PRIOR PERIOD ITEMS

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

n) EARNING PER SHARE

In accordance with the Accounting Standard -20 (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, earning per share is computed by dividing the profit after tax with the weighted average number of shares outstanding, at the year end.

o) INCOME TAX

Tax expense comprises of current tax, deferred tax charge or credit. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. The deferred tax charged or credit is recognised using prevailing enacted or substantively annexed tax rate where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on developments during the period.

p) INTANGIBLE ASSETS

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. All costs relating to the acquisition are capitalized. Intangible assets are amortized over the useful life of the asset.

q) 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 recognised in prior accounting periods is reversed, if there has been a change in the estimate or recoverable amount.

r) CONTINGENCIES AND PROVISIONS

A provision is recognised when the Company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

s) OTHER ACCOUNTING POLICIES

These are consistent with the generally accepted accounting practices.

2) CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

	(₹ in Lacs)
i) Guarantees given by the Company's bankers on behalf of the Company	97.09 (97.15)
ii) Bills discounted with Banks	2072.23 (1335.78)
iii) Disputed Tax Matters	
a) Sales Tax demand disputed in appeal	39.13 (39.13)
b) Service Tax demand disputed in appeal	93.98 (1029.68)
c) Excise Duty demand disputed in appeal	13.77 (13.77)
d) Demand under Drug Price Control Order - 95 (DPCO - 95) demand disputed in appeal	591.34 (591.34)
iv) Claims against the Company not acknowledged as debts:	868.83 (868.83)

3) Estimated amount of contracts remaining to be executed on capital account not provided for Rs 110.71 Lacs (Previous year Rs. 23.89 Lacs)

4) Employee Benefits :

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS-15) (Revised 2005) issued by the Institute Of Chartered Accountants of India, as required by the Standard, the following disclosures are made :

Part A : Gratuity Benefits :

	Gratuity benefit Unfunded	
	As on 31/03/2011 ₹	As on 31/03/2010 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	18,289,000	15,708,000
Interest Cost	1,363,140	1,145,405
Service Cost	1,999,385	1,744,752
Actuarial (gain) / loss	959,987	2,471,724
Benefits paid	(2,499,512)	(2,780,881)
Obligation at the year end	20,112,000	18,289,000
ii) Change in plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	2,499,512	2,780,881
Actuarial (gain) / loss	-	-
Benefits paid	(2,499,512)	(2,780,881)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	(20,112,000)	(18,289,000)
iii) Limits of Corridor not considered since total actuarial gain/loss is being recognised as on 31.03.2011		
Actuarial (loss) for the year- obligation	(959,987)	(2,471,724)
Actuarial gain / (loss) for the year- Plan Assets	-	-
Sub- Total	(959,987)	(2,471,724)
Actuarial loss recognised	959,987	2,471,724
iv) Unrecognised actuarial gains (losses) at the end of the year		
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	20,112,000	18,289,000
Fair value of Plan Assets at the end of the year	-	-
Liability / (Asset) recognised in the Balance Sheet	20,112,000	18,289,000



v) Cost for the year		
Service cost	1,999,385	1,744,752
Interest cost	1,363,140	1,145,405
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	959,987	2,471,724
Net cost recognised in the Profit & Loss Account	4,322,512	5,361,881
vi) Movement in the liability recognised in the Balance Sheet		
Opening Net Liability	18,289,000	15,708,000
Expenses as above	4,322,512	5,361,881
Contribution paid	(2,499,512)	(2,780,881)
Closing Net Liability	20,112,000	18,289,000
vii) Assumptions used to determine the benefit obligations:		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

Part B : Leave Encashment

	Leave Encashment benefit Unfunded	
	As on 31/03/2011 ₹	As on 31/03/2010 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	8,538,000	6,065,000
Interest Cost	621,466	467,160
Service Cost	1,055,905	951,632
Actuarial (gain) / loss	1,117,976	1,505,219
Benefits paid	(1,539,347)	(451,011)
Obligation at the year end	9,794,000	8,538,000
ii) Change in plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	1,539,347	451,011
Actuarial (gain) / loss	-	-
Benefits paid	(1,539,347)	(451,011)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	(9,794,000)	(8,538,000)
iii) Limits of Corridor not considered since total actuarial gain/loss is being recognised as on 31.03.2011.		
Actuarial (loss) for the year- obligation	(1,117,976)	(1,505,219)
Actuarial gain / (loss) for the year- Plan Assets	-	-
Sub- Total	(1,117,976)	(1,505,219)
Actuarial loss recognised	1,117,976	1,505,219
iv) Unrecognised actuarial gains (losses) at the end of the year		
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	9,794,000	8,538,000
Fair value of Plan Assets at the end of the year	-	-
Liability / (Asset) recognised in the Balance Sheet	9,794,000	8,538,000
v) Cost for the year		
Service cost	1,055,905	951,632
Interest cost	621,466	467,160
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	1,117,976	1,505,219
Net cost recognised in the Profit & Loss Account	2,795,347	2,924,011
vi) Movement in the liability recognised in the Balance Sheet		
Opening Net Liability	8,538,000	6,065,000
Expenses as above	2,795,347	2,924,011
Contribution paid	(1,539,347)	(451,011)
Closing Net Liability	9,794,000	8,538,000
vii) Assumptions used to determine the benefit obligations:		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

5) The disclosure as per Accounting Standard 17 (AS-17) "Segment Reporting" issued by the institute of Chartered Accountants of India:

a) Business Segment:

The Company is engaged primarily in Pharmaceuticals business and there are no separate reportable segments as per AS-17

b) Geographical Segment:

(₹ in Lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Sales Revenue In India	6869.76	5391.30
Outside India	11692.84	10218.68
TOTAL	18562.60	15609.98

6) Earning Per Share

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Net Profit / (Loss) after Taxation and before Exceptional items (Rs.in lacs.)	540.32	322.30
Dividend on Preference Shares	(32.58)	(32.58)
Profit / (Loss) attributable to Equity Share Holders	507.74	289.72
Weighted average nos of Shares (in lacs)	383.47	362.20
Face Value per Equity Share (Rs.)	10	10
Earning per Share (Rs.)		
Basic	1.32	0.80
Diluted	1.32	0.77

7) The Board of Directors have not recommended any dividend on Cumulative Preference Shares amounting to Rs.32.58 lacs, during the year. The total liability of dividend on Cumulative Preference Shares as on 31st March, 2011 is Rs. 566.48 lacs.

8) The company has unabsorbed depreciation and carry forward of losses under Income Tax Laws. Hence deferred tax assets have not been recognised as there is no virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which such deferred tax assets can be realised.

9) The Company has made an investment of Rs. 500.61 lacs and has also advanced a sum of Rs. 4882.62 lacs to Kopran Research Laboratories Ltd (KRL), a wholly owned subsidiary of the Company, for Research and Development (R & D) activities. The accumulated losses of KRL has exceeded its paid up capital and reserves. The said subsidiary has been awarded numerous patents in India and abroad for its novel Anti-Ulcer molecule KNC-6 and other molecule KNC-1206. KRL has also developed enteric coating technology and has also been awarded Indian Patent for novel process of synthesis of Rofecoxib and Sildenafil Citrate. KRL has, vide an agreement, agreed to give the Company the right to exploit the patents, intellectual properties and all rights appurtenant thereto in any manner so as to recover the dues- current and future.

Considering that the investments are strategic and for long term the diminution in value has not been considered necessary by the management.

10) Managerial Remuneration, under section 198 of the Companies Act, 1956 is as follows :

(₹ in Lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Salary	110.31	56.19
Contribution to Provident Fund & Other Funds	9.42	5.59
Perquisites in cash or in kind	4.19	3.57
TOTAL	123.92	65.35

The Company has not paid any commission to the Managerial Personnel. Hence, the calculation under section 198/349 read with section 309 of the Companies Act, 1956 is not applicable.

Mr Ajit Jain has been appointed as Director and Chief operating officer with effect from 1st February, 2010. The remuneration paid to him is in excess of the limit under schedule XIII of the Companies Act, 1956 and was subject to approval at the Annual General Meeting and also subject to approval of the Central Government. The company has received the approval from the central Government vide letter dated 29th July, 2011.

11) Interest paid on term loans is net of interest received on Fixed / Margin Deposit Gross Rs.13.19 lacs, TDS Rs.1.32 lacs (Previous Year Rs. 22.86 lacs, TDS Rs. 1.94 lacs). Interest paid on others is net of interest received Gross Rs.99.17 lacs, TDS Rs.Nil (Previous year - Gross Rs.52.17, TDS Rs. Nil)

12) The net Exchange Gain of Rs.235.24 lacs (Previous Period Gain of Rs.262.95 lacs) is included in the Profit and Loss Accounts.



13) The company has allotted 19,50,000 equity shares of Rs. 10/- each for cash at par to a promoter group company on 10th August, 2010, against conversion of 19,50,000 shares warrants allotted to the company on 24th September, 2009.

14) Disclosure as per Accounting Standard 18 (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India

I) Wholly Owned Subsidiary

- a) Kopran Research Laboratories Ltd.
- b) Kopran (H.K) Ltd.
- c) Kopran Lifesciences Ltd. (w.e.f. 20th December, 2010)

II) Associate Enterprises

- a) Pharmaceutical Business Group (I) Ltd. (up to 12th January, 2011)
- b) Panorma Finvest Pvt. Ltd.

III) Key Management Personnel

Shri Surendra Somani - Executive Vice Chairman
Shri Ajit Jain -Director and Chief Operating Officer

IV) The Company has entered into transactions with related parties as listed below during the period under consideration. Full disclosure has been made and the Board considers such transactions to be in normal course of business and at rates agreed between the parties. Details of transactions, with related parties are as follows :

Particulars	Year ended 31st March, 2011 ₹ in Lacs	Year ended 31st March, 2010 ₹ in Lacs
Subsidiary Company:		
Sale of Materials	0.12	14.35
Repayment of Advances received	729.81	822.89
Product Development Charges Paid	-	8.50
Advances	4.49	-
Associate Enterprises		
Issue of Equity shares	195.00	185.00
Deposit against warrants	-	48.75
Key Management Personnel :		
Remuneration paid to personnels (for details refer note no.10 of Schedule 18)	123.92	65.35
Outstanding Balances of Related party:		
Receivable from wholly owned subsidiary Companies		
a) Kopran Research Laboratories Ltd.	4882.62	5612.43
b) Kopran (H. K.) Ltd.	10.09	10.15
Receivable from Associate Enterprises Pharmaceutical Business Group (I) Ltd.	15.20	15.20
Investments:		
a) In Subsidiaries	605.67	600.67
b) In Associate Enterprises	-	99.99

15. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2010-11, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

Particulars	2010-11 ₹ in Lacs	2009-10 ₹ in Lacs
a. Principal amount remaining unpaid	137.61	143.64
b. Interest due there on remaining unpaid	Nil	Nil

16) In the opinion of the Board, Current Assets and Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known and determined liabilities are adequate and not in excess of the amounts reasonably required.

17) Conversion of dividend payable of Rs. 36 lacs for the year ending 31st March, 2002 to 31st March, 2004 on Preference Shares into Zero Coupon Debentures (ZCD) and repayable in 16 quarterly instalments commencing from 1st April, 2005 has been approved by Corporate Debt Restructuring (CDR) cell and same has been shown as unpaid dividend, pending conversion.

18) Derivative Instruments and Unhedged Foreign Currency Exposure.

(a) Particulars of Derivatives as at Balance Sheet Date:

Purpose		Particulars of Derivative	
		2010-11	2009-10
Hedge of Export Debtors by Forward Contracts	USD	8750000	6343831
Forward Contract Value	INR in lacs	4163.29	2966.33

(b) Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2010-11		2009-10	
	Amount (₹ In Lacs)	Foreign Currency	Amount (₹ In Lacs)	Foreign Currency
Payables	1389.33	USD-31,15,090	1325.37	USD-29,51,830
	43.21	EURO-68,169	38.70	EURO-63,750
	28.34	GBP-39,473	28.03	GBP-41,339
Receivables	1862.19	USD-41,75,312	1524.74	USD -33,95,863
Foreign Currency Bank Account	16.08	USD-36,061	8.00	USD-17,824
Investments	133.19	HKD-23,18,750	134.44	HKD-23,18,750

19) (a) The Company has taken certain office / factory premises on operating lease basis. Lease payments in respect of such leases recognised in profit and loss account Rs. 193.65 Lacs (Previous year Rs. 148.30 Lacs).

(b) Except for escalation contained in certain lease arrangements providing for increase in the lease payment by specified percentage/ amounts after completion of specified period. Further the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.

(c) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lesser is required for further leasing. There is no contingent rent payment.

20) Previous year's figures have been regrouped and recasted wherever considered necessary.

21) Additional information pursuant to the provisions of paragraph 3, 4 C and 4D of Part II of Schedule VI to the Companies Act, 1956 as certified by the management of the Company is given below :

A) Particulars in respect of goods manufactured:

Installed capacity and Actual Production

	Unit Capacity	Bulk Drug Installed * Capacity	Actual ** Production	Unit Capacity	Formulation Installed * Capacity	Actual ** Production
<u>KHOPOLI</u>						
Tablets & Capsules/Injection				No. in lacs	10,800.00 (10,800.00)	10,385.38 (7,216.75)
Liquids				Ltrs in lacs	12.00 (12.00)	5,782 (3,990)
<u>MAHAD</u>						
Bulk Drug	Tons	495.00 (495.00)	274.663 (216.813)			

Licensed Capacities not stated in view of abolition of industrial licensing for all of the Bulk. Pharmaceuticals Substances (including intermediates) and Dosage Forms vide Notification No. F No. 10(11)/92/LP dated 25th October, 1994 issued by Government of India.

* Installed Capacity is based on 3 shifts working as certified by management.

** Actual Production includes production at Loan Licensee locations, samples, captive consumption but excluding production for others on job.

B) Sales, Opening & Closing Stock of Finished Goods Produced/Purchased by the Company

	Unit	Opening Stock		Purchases		Closing Stock		Sales *	
		Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)
Bulk Drugs	Tons	5.400 (5.708)	47.34 (68.93)	20.000 (0.000)	136.34 (0.00)	1.326 (5.400)	115.93 (47.34)	298.737 (217.121)	9,830.21 (7,496.89)
Pharmaceuticals									
Tablets / Capsules / Injections	Nos in Lacs	76.46 (78.44)	188.82 (64.22)	3.60 (2.87)	143.46 (392.02)	103.96 (76.46)	375.76 (188.82)	10,361.48 (7,221.60)	8,732.39 (8,113.10)
Liquids	Ltrs in Lacs	0.090 (0.022)		0.069 (0.299)		0.053 (0.090)		5.888 (4.219)	
Other Sales and Services	Nos.								910.47 (818.70)
								TOTAL	19,473.07 (16,428.69)

* Includes Samples, Replacement and Quantity used for captive consumption and after adjustment of excess / shortage ascertained on physical count wherever applicable.

C) Break up of Raw Materials Consumed :

Items	Qty. (Kgs.)	Value (₹ in Lacs)
1) 7 A.C.A.	25,340 (22,184)	1,484.78 (1,098.48)
2) Erythromycin Thiocynate	7,606 (7,804)	294.12 (268.40)
3) P.H.P.A.	89,990 (104,357)	559.89 (723.19)
4) Ceftriaxone Sodium N.S.	24,300 (14,212)	1,406.98 (829.76)
5) Amoxicillin Trihydrate	115,874 (110,795)	1,508.00 (1,518.68)
6) Erythromycin Stearate	24,961 (27,112)	593.56 (575.98)
7) Others		6,157.95 (4,303.52)
TOTAL		12,005.28 (9,318.01)

D) Consumption of Raw Materials and Stores and Spares :

Items	Value (₹ in Lacs)	Percentage
a) Raw materials		
Imported (including purchase through canalising agencies and high seas)	5,943.81 (4,679.77)	49.51 (50.22)
Indigenous	6,061.47 (4,638.24)	50.49 (49.78)
b) Stores and Spares		
Indigenous	221.26 (171.91)	100.00 (100.00)

E) CIF Value of Imports including purchases through canalising and on high seas :

Items	Value (₹ in Lacs)
a) Raw / Packing Materials	5,418.71 (4,321.87)
b) Capital Goods	96.50 (42.51)

F) Earnings in Foreign Exchange :

Items	Value (₹ in Lacs)
FOB Value of Exports	11,397.51 (10,065.84)

G) Expenditure in Foreign Currency :

Items	Value (₹ in Lacs)
Commission	392.48 (331.74)
Legal & Professional Charges	1.71 (27.15)
Registration Fees	0.28 (15.54)
Export Promotion Expenses	32.69 (65.35)
Travelling Expenses	90.61 (47.38)
Others	47.64 (35.84)
Previous year figures are given in brackets.	

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

Place : Mumbai
Date : 29th July, 2011

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

Cash Flow Statement for year ended 31st March, 2011

PARTICULARS	For the year ended 31st March, 2011 (₹ in Lacs)	For the year ended 31st March, 2010 (₹ n Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	513.27	318.74
Adjustments :		
Depreciation and Amortisation	1,123.33	1,115.57
Interest Expenses (Net)	748.52	617.94
Dividend Income	(0.19)	(0.20)
Profit on Sale of Fixed Assets	(0.02)	(5.78)
Loss on Sale of Investments	4.00	-
Liabilities written back (net)	(209.04)	(149.90)
	1,666.60	1,577.63
Operating Profit before working capital changes	2,179.87	1,896.37
Adjustment for :		
(Increase) decrease in Trade and other receivables	(335.69)	(727.11)
(Increase) decrease in Inventories	(595.24)	(1,058.33)
(Increase) decrease in Loans, Advances & other current assets	235.37	480.87
Increase (decrease) in Trade payables	457.91	505.32
Cash generated from operations	1,942.22	1,097.11
Direct Taxes paid	(8.61)	(2.38)
Net Cashflow before Extra Ordinary Items	1,950.83	1,094.73
Extra Ordinary Items (Net)	-	675.00
NET CASH FROM OPERATING ACTIVITIES : (A)	1,950.83	1,769.73
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(523.56)	(250.66)
Sale of Fixed Assets	0.58	10.56
(Increase) / Decrease in Capital Work in Progress	21.46	(25.46)
Purchase of Investments	(5.00)	(332.50)
Sale of Investments	352.50	-
Dividend Income	0.19	0.20
NET CASH FROM INVESTING ACTIVITIES : (B)	(153.84)	(597.85)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital (Net of Expenses)	146.25	185.00
Deposit for Warrants	-	48.75
Proceeds / (Repayment) of Long Term Borrowings (Net)	(1,254.22)	(494.66)
Interest (paid) / received (Net)	(814.55)	(649.69)
NET CASH FLOW FROM FINANCING ACTIVITIES : (C)	(1,922.52)	(910.60)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(125.53)	261.28
Opening Cash and Cash equivalent	467.47	206.19
Closing Cash and Cash equivalent	341.94	467.47

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

Place : Mumbai
Date : 29th July, 2011

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. State Code
 Balance Sheet Date
 Date Month Year

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

Public Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Rights Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Bonus Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Private Placement (Equity Shares) <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>

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

Total Liabilities <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/>	Total Assets <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/>
Source of Funds	
Paid-up Capital <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/>	Reserves & Surplus <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="6"/>
Secured Loans <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="7"/>	Unsecured Loans <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/>
Deferred Tax Liability <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	
Application of Funds	
Net Fixed Assets <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="2"/>	Investments <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/>
Net Current Assets <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="2"/>	Miscellaneous Expenditure <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Accumulated Losses <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	

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

Turnover & Other Income <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="6"/>	Total Expenditure <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>
+/- Profit / Loss Before Tax <input checked="" type="checkbox"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/>	+/- Profit / Loss After Tax <input checked="" type="checkbox"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/>
(Please tick (✓) appropriate box + for profit, – for loss)	
Earning per Share in Rs. <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="2"/>	Dividend rate % <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

	Item Code No. (ITC Code)	Product Description
1.	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="-"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="C"/> <input type="text" value="E"/> <input type="text" value="F"/> <input type="text" value="T"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="X"/> <input type="text" value="O"/> <input type="text" value="N"/> <input type="text" value="E"/> <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="D"/> <input type="text" value="I"/> <input type="text" value="U"/> <input type="text" value="M"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="E"/>
2.	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="1"/>	<input type="text" value="R"/> <input type="text" value="O"/> <input type="text" value="X"/> <input type="text" value="I"/> <input type="text" value="T"/> <input type="text" value="H"/> <input type="text" value="R"/> <input type="text" value="O"/> <input type="text" value="M"/> <input type="text" value="Y"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="N"/>
3.	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="-"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="C"/> <input type="text" value="E"/> <input type="text" value="F"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="X"/> <input type="text" value="I"/> <input type="text" value="M"/> <input type="text" value="E"/> <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="D"/> <input type="text" value="I"/> <input type="text" value="U"/> <input type="text" value="M"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="E"/>

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1. Name of the subsidiary :	Kopran (H.K.) Ltd.	Kopran Research Laboratories Ltd.	Kopran Lifesciences Ltd.
2. Financial year of the Subsidiary ended on :	31st March, 2011	31st March, 2011	31st March, 2011
3. Holding Company's Interest			
— No. of Equity Shares :	23,18,750	50,00,000	50,000
— Extent of Holding :	100%	100%	100%
4. The net aggregate amount of Subsidiary's Profits / (Losses) so far as it concerns the members of the Holding Company not dealt within the Holding Company's Account.			
i) For the Subsidiary's Financial year ended as aforesaid :	HK \$ (10,336.38)	₹ (8,591,579)	₹ (38,070)
ii) For the Previous Financial Years since it became the Holding Company's Subsidiary :	HK \$ (27,591.14)	₹ (30,564,965)	(—)
The net aggregate amount of Profits / Losses of the Subsidiary which has been dealt with in the accounts of the Holding Company			
i) For the Subsidiary's Financial Year ended as aforesaid :	NIL	NIL	NIL
ii) For the Previous Financial Years since it became the Holding Company's Subsidiary :	NIL	NIL	NIL
5. Material changes between the end of the financial year of the subsidiary and that of the Holding Company :	No Changes	No Changes	No Changes

Registered Office :
Parijat House, 1076, Dr. E. Moses Road,
Worli, Mumbai – 400 018.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29th July, 2011

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF KOPRAN LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached consolidated balance sheet of Kopran Limited and its subsidiaries. [The Company and its subsidiaries constitute "The Group"] as at 31st March, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement 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 the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net of current liabilities) of Rs. 2599.17 lacs as at 31st March 2011 and total revenue of Rs. 4.58 lacs and total cash outflows of Rs. 0.42 lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the management of the Group. Our opinion, in so far relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

b) We report the consolidated financial results have been prepared by the management of Kopran Limited in accordance with the requirements of Accounting Standards 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
4. *Kopran Ltd has made investments of Rs. 500.61 lacs and given unsecured advances of Rs. 4882.62 lacs to its subsidiary Kopran Research Laboratories Ltd. The Company has not made any provision for the investments and doubtful advances even though the net worth of the subsidiary is negative.*
5. *The other auditors have stated that the accounts of Kopran Research Laboratories Ltd. have been made on going concern basis inspite of net loss of Rs. 85.92 lacs incurred during the year by the Company and having accumulated loss of Rs. 2976.12 lacs exceeding the reserves and the paid up capital of the Company.*
6. *In case of Kopran Research Laboratories Ltd, the other auditors have stated that the balances of Sundry Creditors are subject to confirmation and reconciliation / adjustment, if any, and the impact thereof on the loss for the year, assets and reserves of the Company is not ascertained and provided for.*
7. *Subject to our comments in para 4, 5 and 6 above and based on our Audit and on consideration of reports of other auditors on separate financial statements and on the other financial information, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2011.
 - (ii) in the case of the Consolidated Profit and Loss account, of the Consolidated Profit of the group for the year ended on that date.
 - (iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Reg. No.101048W

K. A. MEHTA
Partner
Membership No.111749

Place : Mumbai
Date : 29th July, 2011

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(₹ in lacs)

	Schedule	As at 31st March, 2011 Consolidated	As at 31st March, 2010 Consolidated
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
Share Capital :			
Equity Shares	1	3,904.89	3,709.89
Preference Shares		858.00	858.00
		<u>4,762.89</u>	<u>4,567.89</u>
Deposit Convertible Warrants (Refer Note No 10 of Schedule 18)		-	48.75
Reserves and Surplus	2	3,283.50	2,832.91
		<u>8,046.39</u>	<u>7,449.55</u>
LOAN FUNDS			
Secured Loans	3	3,152.97	3,375.22
Unsecured Loans	4	6,635.62	7,614.59
		<u>9,788.59</u>	<u>10,989.81</u>
	TOTAL	<u><u>17,834.98</u></u>	<u><u>18,439.36</u></u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	26,940.04	26,429.88
Less : Depreciation		15,418.87	14,269.45
Net Block		<u>11,521.17</u>	<u>12,160.43</u>
Capital Work-in-Progress		1,896.41	1,917.87
		<u>13,417.58</u>	<u>14,078.30</u>
INVESTMENTS			
	6	95.62	452.41
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	3,211.12	2,615.88
Sundry Debtors	8	3,446.92	2,916.99
Cash and Bank Balances	9	353.23	479.38
Loans and Advances	10	2,016.59	2,336.46
Other Current Assets		678.31	562.63
		<u>9,706.17</u>	<u>8,911.33</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	5,081.60	4,732.09
Provisions	12	302.79	270.60
		<u>5,384.39</u>	<u>5,002.69</u>
NET CURRENT ASSETS		<u>4,321.78</u>	<u>3,908.64</u>
	TOTAL	<u><u>17,834.98</u></u>	<u><u>18,439.36</u></u>
Significant Accounting Policies and Notes to Accounts from an integral part of the Balance Sheet	18		

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

Place: Mumbai
Date : 29th July, 2011

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

(₹ in lacs)

	Schedule	For the Year Ended 31st March, 2011 Consolidated	For the Year Ended 31st March, 2010 Consolidated
INCOME			
Sales, Services and Income from Operations		20,192.58	16,885.47
Less: Excise duty on Sales		715.04	449.55
		<u>19,477.54</u>	<u>16,435.92</u>
Other Income	13	292.77	196.39
		<u>19,770.31</u>	<u>16,632.31</u>
EXPENDITURE			
Material Cost	14	12,429.58	10,156.05
Employee Cost	15	1,784.76	1,695.02
Operational and Other Expenses	16	3,218.72	2,931.73
		<u>17,433.06</u>	<u>14,782.80</u>
Profit / (Loss) Before tax, Interest, and Depreciation		2,337.25	1,849.51
Interest (Net)	17	748.64	618.11
Depreciation		1,162.22	1,154.60
		<u>426.39</u>	<u>76.80</u>
Profit / (Loss) before tax and Exceptional items		426.39	76.80
Provision for Deferred Tax		-	(65.40)
Provision for Tax of Earlier Year		(27.05)	(3.52)
Exceptional Items		-	675.00
		<u>453.44</u>	<u>689.93</u>
Profit / (Loss) after tax for the year carried to Balance Sheet		453.44	689.93
Earning per Share :			
Basic and diluted earning per share of face value Rs.10/- each			
Basic		1.10	(0.05)
Diluted		1.10	(0.04)

Significant Accounting Policies and Notes 18
to Accounts from an integral part of the Profit and Loss account

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

Place: Mumbai
Date : 29th July, 2011

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

1 : SHARE CAPITAL

Authorised :

5,62,50,000 (Previous year 5,62,50,000) Equity Shares of Rs.10/- each.
1,37,50,000 (Previous year 1,37,50,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs 10/- each.

Issued :

3,90,52,602 (Previous Year 3,71,02,602) Equity Shares of Rs 10/- each.
85,80,000 (Previous Year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each

Subscribed and Paid-Up:

3,90,52,602 (Previous Year 3,71,02,602) Equity Shares of Rs.10/- each
Less: Calls in-Arrears (Other than Directors')

85,80,000 (Previous Year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up

TOTAL

**As at
31st March, 2011
Consolidated**

5625.00

1,375.00

7,000.00

3,905.26

858.00

4,763.26

3,905.26

0.37

3,904.89

858.00

4,762.89

**As at
31st March, 2010
Consolidated**

5,625.00

1,375.00

7,000.00

3,710.26

858.00

4,568.26

3,710.26

0.37

3,709.89

858.00

4,567.89

2 : RESERVES & SURPLUS

Capital Reserve

Balance as per last Balance Sheet
Add: Forfeiture of deposit on laps of warrant

Export Allowance Reserve

Securities premium account

Balance as per last Balance Sheet
Less: Calls-in-Arrears (Other than Directors')

General Reserve

Profit and Loss Account

Balance as per last Balance Sheet
Add: Profit / (loss) for the year

Exchange Fluctuation Reserve

TOTAL

1,484.74

-

1,484.74

0.40

9,952.43

(1.11)

9,951.32

814.21

(9,453.85)

453.41

(9,000.44)

33.27

3,283.50

1,377.90

106.84

1,484.74

0.40

9,952.46

(1.11)

9,951.35

814.21

(10,143.78)

689.93

(9,453.85)

36.06

2,832.91

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

3 : SECURED LOANS

SICOM Ltd		As at 31st March, 2011 Consolidated	As at 31st March, 2010 Consolidated
Cash Credit and working Capital Term Loans	3,148.49	-	375.00
Other Loans	4.48		2,998.02
TOTAL	3,152.97		2.20

4 : UNSECURED LOANS

Short Term Loans and Advances			
Intercorporate Deposits	6,635.62		7,614.59
TOTAL	6,635.62		7,614.59

5: FIXED ASSETS

DESCRIPTION	GROSS BLOCK CONSOLIDATED		DEPRECIATION CONSOLIDATED		NET BLOCK CONSOLIDATED	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1. Goodwill on Consolidation	0.58	0.58	-	-	0.58	0.58
2. Leasehold Land	43.75	43.75	8.29	7.83	35.46	35.92
3. Land-Free Hold	5.60	5.60	-	-	5.60	5.60
4. Buildings	2,603.51	2,537.21	936.92	851.85	1,666.59	1,685.36
5. Plant & Machinery	19,853.13	19,486.35	10,964.58	10,030.11	8,888.55	9,456.24
6. Factory Equipments & Electric Installation	1,328.81	1,266.11	807.66	729.37	521.15	536.74
7. Furniture and Fixtures	318.62	304.64	290.34	277.55	28.28	27.09
8. Tube Well	0.60	0.60	0.47	0.46	0.13	0.14
9. Office Equipments	100.05	97.31	77.50	74.02	22.55	23.29
10. Computers	277.90	269.17	258.65	249.07	19.25	20.10
11. Vehicles	168.79	170.29	144.01	148.58	24.78	21.71
12. Research & Development Equipment	810.70	820.27	502.45	472.60	308.25	347.66
Intangible Assets						
13. Intellectual Property	1,428.00	1,428.00	1,428.00	1,428.00	-	-
TOTAL	26,940.04	26,429.88	15,418.87	14,269.45	11,521.17	12,160.43
Capital Work In Progress	1,896.41	1,917.87	-	-	1,896.41	1,917.87
TOTAL	28,836.45	28,347.74	15,418.87	14,269.45	13,417.59	14,078.29
Previous Year	28,347.74	29,515.44	14,269.45	13,131.67	14,078.29	16,383.77

6 : INVESTMENTS (AT COST)

Long Term Investments (At Cost)

I. In Government Securities (Non-Trade) :	0.40	As at 31st March, 2010 Consolidated	0.40
II. In Equity Shares (Fully Paid-up)			
(A) Quoted Shares (Non-Trade)	6.38		6.38
(B) Unquoted Shares (Trade)	4.65		4.65
(C) Unquoted Shares (Non-Trade)	84.19		440.98
TOTAL	95.62		452.41

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	As at 31st March, 2011 Consolidated	As at 31st March, 2010 Consolidated
7 : INVENTORIES		
(As taken, valued and certified by Mangement)		
Stores & Spares	60.67	85.88
Raw Materials	1,160.33	1,293.98
Packing Materials	192.92	287.19
Work-in-Process	1,299.32	706.48
Finished Goods	497.88	242.35
TOTAL	3,211.12	2,615.88
8 : SUNDRY DEBTORS		
(Unsecured, considered good unless other wise stated)		
Debts Outstanding for a period exceeding Six months:		
Considered Good	637.61	571.66
Considered Doubtful	290.31	290.31
	927.92	861.97
Less:Provision for Doubtful Debts	290.31	290.31
	637.61	571.66
Other Debts	2,809.31	2,345.33
TOTAL	3,446.92	2,916.99
9 : CASH AND BANK BALANCES		
Cash on hand	21.35	12.59
Bank Balances with Scheduled Banks:		
I) In Current Accounts	49.43	55.41
II) In Fixed Deposit and Margin Accounts	266.37	403.38
III) In Deposit (Foreign Currency) Account	16.08	8.00
TOTAL	353.23	479.38
10 : LOANS AND ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	824.91	1,315.01
Advance Payment of Income Tax & TDS (Net of Provision)	16.87	57.10
Balance with IT Department	8.00	8.00
Balance-Cenvat Credit	784.80	392.67
Excise Duty receivable against Export	240.88	228.56
Sundry Deposits	141.13	335.11
TOTAL	2,016.59	2,336.45

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in Lacs)

	As at 31st March, 2011 Consolidated	As at 31st March, 2010 Consolidated
11 : CURRENT LIABILITIES		
Sundry Creditors		
(i) Dues of Micro and Small Enterprises	137.61	143.64
(ii) Dues of Other Creditors	4,269.66	4,011.89
Deposits Received	69.87	59.87
Unpaid Dividend(*)	36.00	36.00
Other Liabilities	493.46	420.69
Interest Accrued but not due on Loan	75.00	60.00
TOTAL	5,081.60	4,732.09
(*) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
12 : PROVISIONS		
Gratuity	203.08	184.08
Leave Encashment	99.71	86.52
TOTAL	302.79	270.60
	For the year ended 31st March, 2011 Consolidated	For the year ended 31st March, 2010 Consolidated
13 : OTHER INCOME		
Dividend Received		
From Non Trade Investments	0.19	0.20
Profit on sale of Fixed Assets	0.02	5.78
Liabilities written back	211.27	151.81
Miscellaneous Income	81.29	38.60
TOTAL	292.77	196.39
14 : MATERIAL COST		
Materials Consumed / Cost of Goods sold		
Opening Stock	1,293.98	576.66
Add: Purchases	11,874.06	10,055.55
	13,168.04	10,632.21
Less : Closing Stock	1,160.33	1,293.98
	12,007.71	9,338.23
Packing Materials Consumption:		
Opening Stock	287.19	98.97
Add: Purchases	896.17	729.91
	1,183.36	828.88
Less : Closing Stock	192.92	287.19
	990.44	541.69
	12,998.15	9,879.92
Purchase of Finished goods	279.80	392.03
Increase / (Decrease) in Stock of Finished and Semi-Finished goods :		
Opening Stock :		
Semi-Finished goods	706.48	693.59
Finished goods	242.35	139.34
	948.83	832.93
Less : Closing stock:		
Semi-Finished Goods	1,299.32	706.48
Finished Goods	497.88	242.35
	1,797.20	948.83
(Increase) / Decrease in Stock	(848.37)	(115.90)
TOTAL	12,429.58	10,156.05

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in Lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
15 : EMPLOYEE COST		
Salaries, Wages, and Bonus to Employees	1,517.65	1,451.78
Contribution to Provident and other funds	133.70	114.26
Employee Welfare Expenses	133.41	128.98
TOTAL	1,784.76	1,695.02
16 : OPERATIONAL AND OTHER EXPENSES		
Stores and Spares consumed	221.26	171.91
Power and Fuel	902.94	869.72
Rent	193.65	148.30
Rates and Taxes	8.46	5.65
Insurance	28.51	20.78
Repairs and Maintenance		
Plant and Machinery	78.66	78.90
Buildings	62.07	54.14
Others	18.30	16.13
	159.03	149.17
Labour Charges	246.39	198.20
Legal & Professional Charges	177.49	272.64
Travelling and Conveyance	131.75	141.54
Directors' Sitting Fees	0.48	0.58
Commission on Sales	356.30	357.92
Printing & Stationery	40.44	40.10
Postage, Telegram and Telephone	34.29	44.28
Auditors' Remuneration:		
Audit Fees	3.13	3.07
Tax Audit Fees	0.55	0.55
	3.68	3.62
Packing, Freight and Forwarding	255.36	227.28
Sundry Balances written off	0.91	1.27
Selling and Distribution Expenses	107.36	86.90
Miscellaneous Expenses	346.42	191.89
Loss on Sale of Investment	4.00	-
TOTAL	3,218.72	2,931.73
17 : INTEREST AND FINANCE CHARGES		
Interest :		
Debentures & Fixed Loans	215.19	268.65
Others	387.93	284.61
Bank Charges	145.52	64.85
TOTAL	748.64	618.11

SCHEDULE '18': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

1. BACKGROUND

a) Overview

The Consolidated Financial Statements (C.F.S.) have been prepared in accordance with Accounting Standard AS-21 – 'Consolidated Financial Statements', and AS-23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' and AS-27 – 'Financial Reporting of Interest in Joint Ventures' issued by the Institute of Chartered Accountants of India. Inter Company transactions have been eliminated on consolidation.

Other particulars are as under:

The Subsidiaries (which along with Kopran Ltd, the parent, Constitute the Group) considered in the preparation of these consolidated financial statements are:

Name of Subsidiaries	Financial year ending	Country of Incorporation	Extent of Holding
Kopran Research Laboratories Limited (KRLL)	31st March, 2011	India	100 %
Kopran (H.K) Limited (KHKL)	31st March, 2011	Hong Kong	100 %
Kopran Lifesciences Limited (KLL)	31st March, 2011	India	100 %

b) BASIS / PRINCIPLES OF CONSOLIDATION

- The Financial Statements of the Holding Company and its subsidiary companies have been combined on a "line-by-line consolidation" of assets, liabilities, income and expenses, after fully eliminating intra group balances resulting in unrealised profit or losses.
- In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year.
- The excess of cost to the Company of its investments over the Company's portion of equity in the subsidiary, if any, is recognized as Goodwill in C.F.S.
- The excess of Company's portion of equity in the Subsidiary over the Investment cost, if any, is recognized as Capital Reserve in C.F.S.

c) FOREIGN CURRENCY TRANSACTIONS

The consolidated financial statements have been prepared in Indian Rupees, the national currency of India. The differences on translation including those arising on elimination of inter company balances are taken to Foreign Exchange Fluctuation Reserve as part of "Reserves & Surplus".

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF ACCOUNTS

The accounts have been prepared under the historical cost convention on the basis of going concern and comply in all material aspects with applicable accounting principles in India and relevant provisions of the Companies Act, 1956. Accounts of Indian Subsidiary and Associate have been prepared in compliance with the Accounting Standards referred to in Section 211 (3C) and other requirement of the Companies Act, 1956. The accounts of the Foreign Subsidiary have been prepared in compliance with the local laws and applicable Accounting Standards.

b) SYSTEM OF ACCOUNTING

The Companies follow the Mercantile System of accounting and recognises Income and Expenditure on accrual basis.

c) USE OF ESTIMATES

The presentation of financial statements in conformity with the generally accepted accounting principals requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

d) FIXED ASSETS AND DEPRECIATION

i) Fixed Assets

1. Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost is inclusive of borrowing cost, pilot plant batch expense and other incidental charges incurred up to the date of installation / put to use.
2. Cenvat Credit availed on purchase of fixed assets is reduced from the cost of respective assets.

3. Adjustments arising from foreign Exchange rate fluctuation relating to liabilities attributable to fixed assets are taken to the profit and loss account.
4. In respect of Kopran Research Laboratories Limited (KRLL), 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 capitalized on the completion of the project.

ii) Depreciation

1. Depreciation on Plant & Machinery and Factory Building is provided on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956.
2. Depreciation on other assets is provided on Written Down Value Method (WDV) at the rates, Specified in Schedule XIV to the Companies Act, 1956.
3. Depreciation on Fixed Asset added / disposed off during the year is provided on pro-rata basis with reference to the month of addition / disposal.
4. In respect of Subsidiary Company Kopran Research Laboratories Limited (KRLL) –
 - a) Depreciation of Research & Development Equipments and Building is provided on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956.
 - b) Intellectual Property 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.
5. In respect of Subsidiary Company KHKL, depreciation is provided on Written Down Value method at following rate:
Furniture and fixtures: 20 %

e) INVESTMENTS

Investment intended to be held for not more than a year are classified as current investments. These are valued at lower of cost and fair value.

Long-term investments are stated at Cost. Provision for diminution in value is made only if, in the opinion of management, such a decline is other than temporary.

f) INVENTORIES

Items of Inventories are measured at lower of cost or net realisable value. Cost of Raw Materials, Stores & Spares and Packing Materials is determined using First in First out (FIFO) method. Cost of Work- in- Process and Finished Goods is determined on absorption costing method.

g) RESEARCH AND DEVELOPMENT EXPENSES

1. Revenue expenditure on Research and Development is charged to Profit and Loss Account under respective head of accounts in the year in which it is incurred.
2. Capital expenditure is included in fixed assets under the respective heads.

h) FOREIGN EXCHANGE TRANSACTIONS

1. Transaction in foreign currency is recorded at the exchange rate prevailing as on the date of transaction.
2. Foreign Currency assets / liabilities as on the balance sheet date are translated at the exchange rate prevailing on the date of balance sheet except opening and closing stock as the same are translated at the opening and closing exchange rate respectively.
3. The exchange difference arising out of settlement and restatement of Foreign exchange monetary items including those arising on repayment and translation of liabilities relating to fixed assets are taken to Profit and Loss account.

i) REVENUE RECOGNITION

- 1 Sales of Products and Services**
Sales comprise sale of goods and services, net of trade discounts and include excise duty.

2 Export Benefits

The unutilized Export Benefits under DE Passbook Scheme /Advance License against export as on the balance sheet date are recognized on accrual basis.

3 Dividend

Dividend is recognised when the company's right to receive the payment is established.

- 4**
- a) Income related to Product Developments are recognized on the completion of the assignment.
 - b) Service Charges and Royalty for the use of intellectual property rights are recognized as and when accrued in terms of the agreement with the customers.

j) EMPLOYEE BENEFITS

1. Defined Contribution Plan: Company's contribution paid / payable during the year to Provident Fund, ESIC and labour Welfare Fund are charged to Profit and Loss Account.
2. Defined Benefit Plan: Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discounted rate that is determined by the reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

k) EXCISE AND CUSTOMS DUTY

1. Excise and Customs duty payable in respect of Finished Goods and Raw Materials lying at the Factory / bonded premises are provided for and included in the valuation of inventory.
2. Cenvat credit of Excise duty availed during the year is accounted for by reducing purchase cost of the materials and is adjusted against excise duty payable on clearance of goods produced.

l) BORROWING COSTS

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of the assets, up to the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

m) PRIOR PERIOD ITEMS

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

n) EARNING PER SHARE

In accordance with the Accounting Standard-20 (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, earning per share is computed by dividing the profit after tax with the weighted average number of shares outstanding at the end of the year.

o) INCOME TAX

In respect to Kopran Limited (the Parent Company) tax expense comprises of current tax, deferred tax charge or credit. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. The deferred tax charges or credit is recognized using prevailing enacted or substantively annexed tax rate where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on developments during the period.

In respect of other Subsidiaries, Income Tax expense comprises the current tax and deferred tax charge or credit. Provision for current tax is made on the basis of taxable income. Deferred tax assets and liabilities are recognized for the future tax consequences of Timing differences between the accounting and tax income. Deferred tax assets are recognized subject to management's judgment that realisation is more likely than not. Deferred tax assets and liabilities are measured by applying tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

p) 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.

q) CONTINGENCIES AND PROVISIONS

A provision is recognised when the Company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

r) OTHER ACCOUNTING POLICIES

These are consistent with the generally accepted accounting practices.

3. Contingent liabilities not provided for in respect of :

(₹ in Lacs)

(i) Guarantees given by the Company's bankers on behalf of the Company	97.09 (97.15)
(ii) Bills discounted with Banks	2072.23 (1335.78)
(iii) Disputed matters against company	
(a) Sales Tax Demand disputed in appeal	39.13 (39.13)
(b) Service Tax demand disputed in appeal	93.98 (1029.68)
(c) Excise Duty demand disputed in appeal	13.77 (13.77)
(d) Demand under Drug Price Control Order - 95 (DPCO - 95) disputed in appeal	591.34 (591.34)
(iv) Claims against company not acknowledged as debts	868.83 (868.83)

4. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs.110.71 Lacs (Previous Year Rs.23.89 Lacs).

5. Employee Benefits:

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made:

Part A: Gratuity Benefits

	Gratuity benefit Unfunded	
	As on 31.03.2011 ₹	As on 31.03.2010 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	1,84,08,000	1,57,78,000
Interest Cost	13,72,660	11,42,943
Service Cost	20,57,152	17,97,745
Actuarial (gain) / loss	9,50,700	26,71,731
Benefits paid	(2,499,512)	(29,82,419)
Obligation at the year end	2,02,89,000	1,84,08,000
ii) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	2,499,512	29,82,419
Actuarial (gain) / loss	-	-
Benefits paid	(2,499,512)	(29,82,419)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	(2,02,89,000)	(1,84,08,000)
iii) Limits of Corridor not considered since total actuarial gain / loss is being recognized as on 31.03.2011		
Actuarial (loss) for the year – obligation	(9,50,700)	(26,71,731)
Actuarial gain / (loss) for the year – Plan Assets	-	-
Sub Total	(9,50,700)	(26,71,731)
Actuarial loss recognized	9,50,700	26,71,731

iv) Unrecognized actuarial gains (losses) at the end of the year		
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	2,02,89,000	1,84,08,000
Fair value of Plan Assets at the end of the year	-	-
Liability / (Asset) recognized in the Balance Sheet	2,02,89,000	1,84,08,000
v) Cost for the year		
Service cost	20,57,152	17,97,745
Interest Cost	13,72,660	11,42,943
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	9,50,700	26,71,731
Net cost recognized in the Profit & Loss Account	43,80,512	56,12,419
vi) Movement in the liability recognized in the Balance Sheet		
Opening Net Liability	1,84,08,000	1,57,78,000
Expenses as above	43,80,512	56,12,419
Contribution paid	(24,99,512)	(29,82,419)
Closing Net Liability	2,02,89,000	1,84,08,000
vii) Assumption used to determine the benefit obligations :		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

Part B: Leave Encashment

	Leave Encashment benefit Unfunded	
	As on 31.03.2011 ₹	As on 31.03.2010 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	86,52,000	61,81,000
Interest Cost	6,29,227	4,75,469
Service Cost	10,84,792	9,79,307
Actuarial (gain) / loss	11,97,298	14,91,515
Benefits paid	15,73,317	(4,75,291)
Obligation at the year end	99,90,000	86,52,000
ii) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	15,73,317	4,75,291
Actuarial (gain) / loss	-	-
Benefits paid	(15,73,317)	(4,75,291)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	(99,90,000)	(86,52,000)
iii) Limits of Corridor not considered since total actuarial gain / loss is being recognized As on 31.03.2011		
Actuarial (loss) for the year – obligation	10,38,654	14,91,515
Actuarial gain / (loss) for the year – Plan Assets	-	-
Sub Total	(10,38,654)	(14,91,515)
Actuarial loss recognized	10,38,654	14,91,515
iv) Unrecognized actuarial gains (losses) at the end of the year		
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of the defined benefit obligations at the end of the year	99,90,000	86,52,000
Fair value of Plan Assets at the end of the year	-	-
Liability / (Asset) recognized in the Balance Sheet	99,90,000	86,52,000



v) Cost for the year		
Service cost	10,84,792	9,79,307
Interest Cost	6,29,227	4,75,469
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	11,97,298	14,91,515
Net cost recognized in the Profit & Loss Account	29,11,317	29,46,291
vi) Movement in the liability recognized in the Balance Sheet		
Opening Net Liability	86,52,000	61,81,000
Expenses as above	29,11,317	29,46,291
Contribution paid	(15,73,317)	(4,75,291)
Closing Net Liability	99,90,000	86,52,000
vii) Assumption used to determine the benefit obligations :		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

- Some of the balances as at 31st March, 2011 in respect of Sundry Creditors are subject to confirmation from the respective parties and consequential reconciliation /adjustments arising there from if any. The management however does not expect any material variation.
- The audited Financial statements of the foreign subsidiary KHKL have been certified and converted in Indian Rupees by the management and are in compliance with the Generally Accepted Accounting Principles in India.
- Exchange Difference arising out of Translation of Foreign Subsidiary into Indian Rupees at the Balance Sheet date aggregating to Rs. 33.27 Lacs (Previous Year Rs. 36.06 Lacs) has been credited to Exchange Fluctuation Reserve Account.
- The Board of Directors have not recommended any dividend on Cumulative Preference Shares amounting to Rs.32.58 Lacs. The total liability of dividend on Cumulative Preference Shares as on 31st March, 2011 is Rs.566.48 Lacs.
- The Parent company has allotted 19,50,000 equity shares of Rs.10/- each for cash at par to a promoter group company on 10th August,2010, against conversion of 19,50,000 shares warrants allotted on 24th September, 2009.
- The disclosure requirement as per Accounting Standard 17 (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India:

Business Segment:

The Company is primarily engaged in the Pharmaceutical Business and there are no separate reportable segments.

Geographical Segment

Particulars	Year Ended 31st March, 2011 (₹ in Lacs)	Year Ended 31st March, 2010 (₹ in Lacs)
Sales Revenue:		
In India	6,869.64	5,391.30
Outside India (Inclusive of Foreign Subsidiary)	11,692.84	10,229.64
Total	18,562.48	15,620.94

12. Earning per share

Particulars	For the Year Ended 31st March, 2011 (₹ in Lacs)	For the Year Ended 31st March, 2010 (₹ in Lacs)
Net Profit / (Loss) after Taxation and before Exceptional items (Rs.in lacs)	453.44	14.93
Dividend on Preference Shares	(32.58)	(32.58)
Profit / (Loss) attributable to Equity Share Holders	420.86	(17.65)
Weighted average Nos of Shares (in lacs)	383.47	362.20
Face Value (Rs.)	10	10
Earning per Share (Rs.)		
Basic	1.10	(0.05)
Diluted	1.10	(0.04)

13. KRLL, a subsidiary of the Company, is engaged in the 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 the year ended 31st March, 2011 and total accumulated losses of Rs. 2976.12 Lacs as on 31st March, 2011. 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. 500.61 Lacs and has also advanced a sum of Rs. 4882.62 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 for the year ended 31st March, 2011 have been prepared on a "Going Concern" basis.

14. The company has unabsorbed depreciation and carry forward of losses under Income Tax Laws. Hence deferred tax assets have not been recognised as there is no virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which such deferred tax assets can be realised.

15. Disclosure requirement as per Accounting Standard 18 (AS – 18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

I) Associate Enterprise

Pharmaceutical Business Group (I) Ltd.
Panorma Finvest Pvt. Ltd.

II) Key Management Personnel

Shri Surendra Somani – Executive Vice Chairman
Shri Ajit Jain -Director and Chief Operating Officer

III) The Company has entered into transactions with certain parties as listed below during the year under consideration. Full disclosure has been made and the Board considers such transactions to be in normal course of business and at rates agreed between the parties. Details of transactions are as follows:

Particulars	2010-11 (₹ in lacs)	2009-10 (₹ in lacs)
Key Management Personnel :	65.35	65.35
Issue of Equity shares to Associate Enterprise :	195.00	-
Outstanding Balances of Related Party :		
Receivable from Associate Enterprise Pharmaceutical Business Group (I) Ltd.	15.20	15.20

16. Previous Year's figures have been regrouped and re-casted wherever necessary.

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

Place: Mumbai
Date : 29th July, 2011

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman



Consolidated Cash Flow Statement for the Year Ended 31st March, 2011

PARTICULARS	For the year ended 31st March, 2011 (₹ in Lacs)	For the year ended 31st March, 2011 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	426.39	76.80
Adjustments :		
Depreciation and Amortisation	1,162.22	1,154.60
Interest Expenses (Net)	748.64	618.11
Dividend Income	(0.19)	(0.20)
Profit on Sale of Fixed Assets	(0.02)	(5.78)
Loss on Sale of Investments	4.00	-
Liabilities written back (net)	(211.27)	(149.90)
	1,703.38	1,616.82
Operating Profit before working capital changes	2,129.77	1,693.62
Adjustment for :		
(Increase) decrease in Trade and other receivables	(529.93)	(671.04)
(Increase) decrease in Inventories	(595.24)	(1,058.33)
(Increase) decrease in Loans, Advances & other current assets	323.83	88.97
Increase (decrease) in Trade payables	577.97	(378.61)
Cash generated from operations	1,906.40	(325.39)
Direct Taxes paid	(9.07)	(2.38)
Net Cashflow before Extra Ordinary Items	1,897.33	(327.77)
Extra Ordinary Items (Net)	-	675.00
NET CASH FROM OPERATING ACTIVITIES : (A)	1,897.33	347.23
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(523.56)	(250.66)
Sale of Fixed Assets	0.58	10.56
(Increase) / Decrease in Capital Work in Progress	21.46	1,396.74
Purchase of Investments	(5.00)	(330.84)
Sale of Investments	352.50	-
Dividend Income	0.19	0.20
NET CASH FROM INVESTING ACTIVITIES (B)	(153.83)	826.00
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital (Net of Expenses)	146.25	185.00
Deposit for Warrants	-	48.75
Proceeds / (Repayment) of Long Term Borrowings (Net)	(1,201.22)	(494.66)
Interest (paid) / received (Net)	(814.67)	(649.86)
NET CASH FLOW FROM FINANCING ACTIVITIES : (C)	(1,869.64)	(910.77)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(126.14)	262.46
Opening Cash and Cash equivalent	479.38	216.93
Closing Cash and Cash equivalent	353.23	479.38

As per our report of even date attached.

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA

Partner
Membership No. 111749

Place: Mumbai
Date : 29th July, 2011

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

KOPRAN LIMITED

Regd. Office : Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai-400 018.

PROXY FORM

I/We _____
of _____ in the district of _____
being a Member(s) of KOPRAN LIMITED hereby
appoint _____ of _____
in the District of _____ or failing him / her _____
of _____ in the district of _____
or failing him / her _____ in the district of _____
_____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 52nd Annual General Meeting of the Company to be held on Saturday, 24th September, 2011 at Shri S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai – 400 020 at 12.00 noon and at any adjournment thereof.

Signed by the said _____ this _____ day of _____, 2011

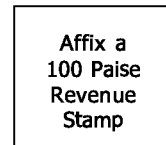
Regd. Folio No. _____

DP ID No. * _____

Client ID No. * _____

No. of Shares held _____

Proxy No. _____



Signature of Shareholder

* Applicable if shares are held in electronic form. (To be filled in only when a Proxy attends the meeting)

NOTE :

The Proxy in order to be effective should be, duly completed, stamped, signed and deposited at the Registered Office of the Company at Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai - 400 018 or at the Registrar & Share Transfer Agent's office at Bigshare Services Pvt. Ltd. at the address given in the Shareholders' Information elsewhere in the report not less than 48 hours before the time for holding the aforesaid meeting.

----- TEAR HERE -----

KOPRAN LIMITED

Regd. Office : Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai 400 018.

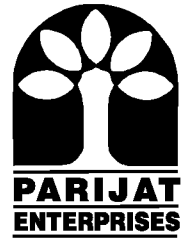
ATTENDANCE SLIP

Folio No.	DP ID No. *	Client ID No. *	No. of Shares held

I/We hereby record my presence at the 52nd ANNUAL GENERAL MEETING held on Saturday, 24th September, 2011 at Shri S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai – 400 020 at 12.00 noon.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

1. You are requested to fill in, sign and hand this over at the entrance.



KOPRAN LIMITED
ANNUAL REPORT
2010-2011

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