



Kopran

KOPRAN LIMITED

ANNUAL REPORT
2009-2010

BOARD OF DIRECTORS :

Mr. Susheel G. Somani	Chairman
Mr. Surendra Somani	Executive Vice Chairman
Mr. Adarsh Somani	Whole Time Director
Dr. Suresh K. Parikh	Director
Mr. V. N. Khanna	Director
Dr. A. K. Mehta	Director
Mr. Ajit Jain	Director and Chief Operating Officer (w.e.f. 1st February, 2010)

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 51st Annual General Meeting of the company will be held on Saturday, 25th September, 2010 at 10.30 A.M. 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 31-March-2010 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. V. N. Khanna, who retires by rotation and being eligible offers himself for reappointment.

3. To appoint a Director in place of Dr. A. K. Mehta, 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.

Special Business

5. Appointment of Mr. Ajit Jain, Chief Operating Officer (COO) as Director & COO of the Company

   To consider, and if thought fit, to pass with or without any modification(s) the following Resolution as a **Special Resolution :**

   "RESOLVED THAT pursuant to sections 198, 269, 309 and 311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to the approval of the Central Government, Mr. Ajit Jain, Chief Operating Officer (COO) of the Company, be and is hereby appointed as a Director & COO of the company, liable to retire by rotation, for a period of three (3) years with effect from 01-February-2010, on terms and conditions as are set out in the Agreement, to be entered into between the company and Mr. Ajit Jain, (an extract of the draft agreement is included in the Explanatory Statement attached to this Notice) and which is hereby specifically approved.

   "RESOLVED FURTHER THAT Mr. Surendra Somani, Executive Vice-Chairman, be authorized to make necessary application, execute and sign such documents, undertaking or agreement, in this regard and be and is hereby authorized to alter or vary the terms and conditions of the said Agreement / Appointment / Remuneration as may be required by the Central Government, with the consent of Mr. Ajit Jain, Director & COO of the Company.

   "RESOLVED LASTLY THAT Mr. Surendra Somani, Executive Vice-Chairman, be authorized to execute and sign on behalf of the company, the Agreement or revised Agreement with Mr. Ajit Jain under the common seal to be affixed as per the Articles of Association of the company, and to do all such things as may be necessary, proper or expedient to give effect to this resolution."

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

Date : 10th August, 2010

By Order of the Board

Surendra Somani
Executive Vice-Chairman

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

4. Members / Proxies should bring duly filled in and signed Attendance Slip for attending the meeting.

5. The company's Register of Members and Share Transfer Books will be closed from Wednesday, 22nd September, 2010 to Saturday, 25th September, 2010 (both days inclusive).

6. 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.

7. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends till the financial year 1999-2000 have been transferred to the Investor Education and Protection Fund.

8. **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.

e. The draft Agreement with Mr. Ajit Jain is available for inspection during the business hours from 11.00 a. m. to 5.00 p. m. upto the date of the Meeting, at the Registered Office of the company.

ANNEXURE TO NOTICE
Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956

Item 5

Mr. Ajit Jain, Chief Operating Officer (COO) of the company, was appointed as Director of the company with effect from 01-February-2010 for a period of 3 years, by the Board of Directors at its meeting held on 29-January-2010 ; and his appointment is subject to the approval of the members in ensuing Annual General Meeting and also subject to the approval of the Central Government. The appointment of Mr. Ajit Jain, as COO and Director of the company is on the terms and conditions, more particularly described in the Agreement, as follows:

1. Mr. Ajit Jain, is appointed as Director & COO of the Company to look after the techno-commercial aspects of the entire operations of the company, its subsidiaries and its projects, with the requisite powers of management, including but not limited to Administration, Marketing & Sales, Purchases, Production, Quality Control, under the overall superintendence, control and direction of the Board of Directors of the Company.

2. The appointment of Mr. Ajit Jain as Director & COO of the Company is for a period of 3 (three) years with effect from 01-February-2010.

3. The Director & COO shall, throughout the said term, devote his entire time, attention and best of his abilities to the company's interests and shall conform to and comply with the policy guidelines and directions given by the Board from time to time.

4. The company shall pay to the Director & COO in consideration of the performance of his duties, during the term of this Agreement, the remuneration & other perquisites, more particularly described in the Agreement, as follows :

a) Basic Salary : In the scale of Rs. 2,89,000 –Rs. 3,50,000 per month with an annual increment upto 10% of the Basic Salary, to be decided each year by the Remuneration Committee of the Directors based on performance and financial results of the company.

b) Perquisites :

(i) House rent allowance @ 50% of the Basic salary per month.

(ii) Educational Allowance of Rs.200 per month.

(iii) Conveyance Allowance of Rs.800 per month.

(iv) Reimbursement of actual medical expenses incurred including hospitalization, nursing home and surgical charges for himself and the family, not exceeding Rs.15,000 per annum.

(v) Reimbursement of Leave / Holiday Travel expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred on one or more occasions in a year whether in India or abroad in respect of himself and family subject to the condition that total reimbursement shall not exceed one month's basic salary per annum. The entitlement for any one year to the extent not availed shall be allowed to be accumulated up to next two years.

(vi) Group Personal Accident Insurance Policy as per the Rules of the company for a sum, so that the premium of the policy does not exceed Rs. 10,000/- per annum.

(vii) Mediclaim Policy for self and family as per the Rules of the Company .

(viii) The Company's contribution to Provident Fund @12% of basic salary as per Rules of the company, to the extent it is not taxable under the Income Tax, Act, 1961.

(ix) Gratuity as per Gratuity Act.

(x) Paid Leave as per Rules of the Company.

(xi) Within the overall pay structure as mentioned above, the Director & COO may be given any other allowances, benefits and perquisites as the Remuneration Committee, may decide from time to time.

c) **Amenities :**

(i) Conveyance : The Company shall provide suitable conveyance facilities for the office work, as may be required by the Director & COO.

(ii) Communication : The Company shall provide telephone, fax & other communication facilities at the residence of the Director & COO.

Explanation : Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

5. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the tenure of his service, Mr. Ajit Jain shall be entitled to receive the same remuneration, perquisites and benefits as above, subject to the approval of the Central Government.

6. Other Terms and Conditions :

a. No sitting fees will be paid to the Director & COO for attending the Meetings of the Board of Directors or any Committee thereof.

b. He shall be entitled to the reimbursement of entertainment expenses actually and properly incurred by him, in the course of business of the Company and travelling, hotel and other expenses incurred by him in India and abroad, exclusively on the business of the Company, as per the rules of the Company or as approved by the Board of Directors.

c. He shall be liable to retire by rotation whilst he continues to hold the office of the Director & COO. In case he is not reappointed or does not seek the reappointment, he shall cease to be a Director of the company ; but may continue as COO, as may be decided mutually by him and the Board of Directors.

d. As long as he functions as Director & COO, he shall not be interested or otherwise concerned directly or indirectly, through his wife or minor children, in any selling agency of the Company, without the prior approval of the Central Government.

e. He shall not during the continuance of his employment with the Company or any time thereafter divulge or disclose to any person whomsoever or to make any use whatsoever for his own purpose or for any other purpose other than that for the Company, any information or knowledge obtained or received by him during his employment, as to the business or affairs of the Company or its methods or as to any trade secrets or secret processes or formulae of the Company and shall use his best endeavors to prevent any other person from doing so. However, such divulgence or disclosure by him to officers and employees of the Company for the purpose of and during the course of the business of the Company shall not be deemed to be a contravention of this Clause.

f. The Company shall be entitled to terminate employment of the Director & COO forthwith, if he is unable to perform his duties by reason of ill health, accident or disability for a period of 90 days, in a period of twelve consecutive calendar months.

g. The Company or the Director & COO shall be entitled to terminate this agreement by giving not less than 90 days notice, in writing, to the other party.

h. The terms and conditions of the Appointment and / or Agreement may be altered or varied from time to time by the parties hereto, subject to the condition that where it has the effect of increase in remuneration, such increase shall be subject to the approval of the shareholders and / or Central Government.

i. He shall cease to be a Director as and when at any time if he ceases to be a COO of the Company.

j. Any property of the Company and any information, trade secrets or other information relating to the business and affairs of the Company, including memorandum, notes, papers, records, reports, sketches, plans or other documents, which the Director & COO may be privy to or be in possession of or are under the control of the Director & COO at the time of termination of his employment shall be delivered by the Director & COO to the Company or as it shall direct, and the Director & COO shall not have any copyright over any such document, which he hereby acknowledges to have vested in the Company or its assigns and binds himself not to retain any hard or soft copies of any of them.

k. The Director & COO hereby agrees that he will not at any time, after the termination of this agreement represent himself or hold himself out as being in any way connected, associated, concerned or interested with / in the Company or its business.

l. The Company, with a view to protect the interest of the Director & COO, hereby agrees to indemnify and keep indemnified the Director & COO against any costs, charges and expenses that the Director & COO may suffer or is required to incur, in respect of any action, suit, proceedings or prosecution that may be taken or initiated against him by any person or persons, or any Government, either State or Central or any statutory authorities in respect of any matters relating to techno-commercial aspects of the operations of the Company during or after his employment with the Company.

m. It is hereby clarified that the Company in view of such action, suit or proceedings or prosecution that may be initiated against the Director & COO as aforesaid will engage the services of the best legal advisors and directly arrange for and pay for all the legal fees and provide all the necessary information, instructions and legal advice, papers and documents as may be required to defend such legal proceedings and pay all actual fine or damages that the Director & COO may be required to suffer or incur in view of such actions that may be initiated against him. The indemnity granted hereunder shall survive this Agreement.

The above may be treated as an Abstract of the draft Agreement proposed to be entered into by the company with Mr. Ajit Jain as required under Section 302 of the Companies Act, 1956.

The said draft Agreement is open for inspection of the members of the company, on all working days upto the date of the meeting between 11.00 A.M. to 5.00 P. M. at the Registered Office of the company.

None of the Directors except Mr. Ajit Jain, is concerned or interested in the Resolution.

The Board recommends the Resolution, being in the interest of the company, for the approval of the members.

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

Date : 10th August, 2010

By Order of the Board

Surendra Somani
Executive Vice-Chairman

DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the 51st Annual Report of the company along with the Audited Statements of Accounts for the year ended on 31-March-2010

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	For year ended 31-March-2010	For year ended 31-March-2009
Total Operating Income	**16429**	11883
Profit before Depreciation, Interest & Tax	**2052**	647
Profit (Loss) After Tax but before exceptional item	**322**	(1319)
Exceptional Items of Income	**675**	-
Profit / (Loss) for the period	**997**	(1319)

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's operations turned around and the company achieved a net profit before exceptional items of Rs. 332 lacs as against the net loss of Rs. 1319 lacs in the previous year. The net profit after exceptional items, during the year, was Rs. 997 lacs. The turnaround was achieved on the back of higher volumes and better margins. The company achieved Operating Revenue of Rs.16429 lacs against Rs.11883 lacs in the previous year, thus achieving a growth of 38% during the year.

CREDIT RATING

Kopran's credit rating has improved and Crisil has upgraded and assigned rating of B- (stable) to the company's bank borrowings in July, 2010 which was upgraded from B-(negative).

SUBSIDIARIES

As per Section 212 of the Companies Act, 1956 the Audited Statements of Accounts along with the Reports of the Directors and the Auditors thereon, of the subsidiary companies viz. Kopran Research Laboratories Ltd. and Kopran (H. K.) Ltd are attached herewith and form part of this Report. A statement containing details of subsidiaries, as required u/s 212 of the Companies Act 1956, is also annexed and forms part of this 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 31-March-2010, 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 31-March-2010 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

The particulars of employees qualifying under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given as Annexure IV.

DIRECTORS

Mr. V. N. Khanna and Dr. A. K. Mehta, Directors, retire by rotation and being eligible offer themselves for reappointment. Mr. Ajit Jain, COO of the company, was appointed as Director & COO of the company w.e.f. 01st February, 2010 and his appointment is subject to the approval of shareholders and Central Government. Mr. Ajit Jain as a Director shall be liable to retire by rotation.

The Board of Directors commend 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 2010-11.

The observations of Auditors in their Report at Item No. 4 f (i,ii,iii) and the relevant Notes to Accounts at Item Nos. 9 ,10 and 18 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.

For and on behalf of the Board

Susheel G. Somani
Chairman

Surendra Somani
Executive Vice-Chairman

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

Date: 10th August, 2010

ANNEXURE I TO THE DIRECTORS' REPORT

Management Discussion & Analysis

Industrial Overview

The Generic Pharmaceutical industry continues to grow globally. India has been ranked as the most preferred country for sourcing for the Regulated markets like the US and Europe. It is estimated that the present Pharmaceutical Industry is Rs. 1 lac crores. It is expected to grow to Rs. 2.5 lac crores by the year 2015 providing a great opportunity to the Indian Pharmaceutical Industry.

Kopran Strategy

Kopran is focussing on increasing its export business to tap the vast potential of global demand. Further Kopran is emphasizing on high value products to improve the margins. To achieve this company is developing new drugs and API's and registering its products aggressively in various international markets. Kopran is upgrading its infrastructure and regulatory compliances division to meet the international requirements. Kopran is continuously exploring the possibilities of reducing its operating cost to become more competitive and to increase its margins.

Financial performance & review

Kopran delivered a superior financial performance with improvement across key parameters.The total operating income achieved for the year was Rs.16429 lacs, a growth of 38% over the previous year. The increase in revenue was due to increase in Export Income of 33%. The material cost increased by 31 % from Rs. 7725 lacs to Rs. 10135 lacs. The employee cost was Rs. 1647 lacs for the year as against Rs.1458 lacs. The other income was Rs. 194 lacs as against Rs. 374 lacs during the previous year.The EBIDTA margin increased from 5.6% to 13.15% during the year. The Interest cost (net) has come down from Rs. 856 lacs to 618 lacs.

Resources and Liquidity

Kopran continued to strengthen its Balance Sheet and significantly improved its liquidity with strict financial discipline and fiscal prudence. This was achieved while continuing to reduce its interest cost.

Kopran's cash and cash equivalents as at March 31st, 2010 amounted to Rs.467 lacs. These are kept in Fixed/Margin deposit and current account with Banks and cash.

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 remain 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 & on behalf of the Board

Susheel G. Somani
Chairman

Surendra Somani
Executive Vice-Chairman

Place: Mumbai
Date : 10th August, 2010

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, 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
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 (w.e.f. 01-February-2010)	Director & Chief Operating Officer

Directors' Attendance

Sr. No.	Name of Director	No. of Board Meetings		Attendance at last
		Held	Attended	AGM held on 26-09-2009
1	Mr. Susheel G. Somani	5	4	YES
2	Mr. Surendra Somani	5	5	YES
3	Mr. Adarsh Somani	5	4	YES
4	Dr. Suresh K. Parikh	5	5	NO
5	Mr. V. N. Khanna	5	5	YES
6	Dr. A. K. Mehta	5	5	YES
7	Mr. Ajit Jain (w.e.f. 01-February-2010)	5	N.A.	N.A.

Directors' other directorships, chairmanships, committee memberships
(As on date of Directors' Report)

Sr. No.	Name of Director	Number of directorships held in other companies	Number of committee memberships held in other companies	
			Chairman	Member
1	Mr. Susheel G. Somani	12	NIL	NIL
2	Mr. Surendra Somani	10	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 (w.e.f. 01-February-2010)	1	NIL	NIL

Number & Dates of Board Meetings

Total Number of Board Meetings held : **5 (Five)**

Held on: 30-May-2009, 30-June-2009, 29-July-2009, 31-October-2009, and 29-January-2010

Profile of Director seeking Appointment

Mr. Ajit Jain, age 49 years, is Bachelor of Commerce and fellow Chartered Accountant, with more than 20 years experience in Finance, Commercial, Restructuring, M & A and pharmaceutical operations. He joined the Parijat Group in 1988 and the Company in 2006. He is widely networked and has significantly contributed to the turnaround of the Company. The abstract of the agreement with Mr. Ajit Jain is included in the Explanatory Statement attached to the Notice of this Meeting and also forms part of the Governance Report.

Remuneration to Directors

Sr. No.	Name of the Directors	Sitting Fees Rs.		Salary & Perks Rs.	Total Rs.
		Board	Committee		
1.	Mr. Susheel G. Somani	8,000	-	-	8,000
2.	Mr. Surendra Somani	-	-	30,14,400	30,14,400
3.	Mr. Adarsh Somani	-	-	26,42,400	26,42,400
4.	Dr. Suresh K. Parikh	10,000	10,000	-	20,000
5.	Mr. V. N. Khanna	10,000	10,000	-	20,000
6.	Dr. A. K. Mehta	10,000	-	-	10,000
7.	Mr. Ajit Jain (w.e.f. 01-February-2010)	-	-	878,570	878,570

Committees of the Board

Audit Committee

Sr. No.	Name	Designation	Category	Committee meetings held / attended
1	Dr. Suresh K. Parikh	Chairman	Non-executive / Independent	5 / 5
2	Mr. V. N. Khanna	Member	Non-executive / Independent	5 / 5
3	Mr. Surendra Somani	Member	Executive Vice-Chairman	5 / 5

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 as 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.	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

The company has appointed 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. Surendra Somani, Executive Vice-Chairman of the company.
Details of Share Transfers during 01-April-2009 to 31-March-2010

Type	Transfer Sr. Nos.	No. of Transfers / documents	No. of shares transferred
NSDL	64195-64259	65	10250
CDSL	708-722	15	1825
Physical	47189-47205	17	2950
Total (Previous Year Total Number of shares transferred - 1,28,636)			15025

General Meetings

AGM	Date	Time	Location of the meeting	Number of Special Resolutions passed
EGM	19-12-2007	10.00 a. m.	Shri. S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai 400 020	1 (One)
48th	26-03-2008	04.30 p.m.		NIL
49th	27-09-2008	12.00 Noon		NIL
Postal Ballot	27-02-2008	N.A.	Regd. Office : Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai – 400 018	2 (Two)
Postal Ballot	17-08-2009	N.A.		2 (Two)
50th	26-09-2009	10.00 a.m.	Shri. S. K. Somani Memorial Hall, HVB Academy, 79, Marine Drive, Mumbai 400 020	2 (Two)

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 in the Annual Report.

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.

Panorama Finvest Pvt. Ltd., to whom the Company had issued & allotted 19,50,000 convertible warrants, exercised the option for conversion. Accordingly the Company has allotted 19,50,000 equity shares of Rs. 10/- each for cash at a pre-determined price of Rs. 10/- per share as per SEBI Guidelines, 2009.

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

51st Annual General Meeting :

Day, Date & Time : Saturday, 25- September-2010 at 10.30 a.m.

Venue : Shri. S. K. Somani Memorial Hall,
Gr. Floor, 79, Marine Drive, Mumbai 400 020

Financial Calendar (April 2010 to March 2011)

Reporting of Financial Results

for Quarter ending 30-June-2010 : On or before 14-August-2010

for Quarter ending 30-September-2010 : On or before 14-November-2010

for Quarter ending 31-December-2010 : On or before 14-February-2010

for Quarter ending 31-March-2011 : On or before 14-May-2011

Book Closure
The Register of Members and Share Transfer Books will remain closed from Wednesday, 22nd September, 2010 to Saturday, 25th September, 2010 (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-09	11.20	7.11	441108	11.10	7.25	457668
May-09	15.03	8.55	952689	14.95	8.30	805869
June-09	15.50	9.85	952070	15.00	9.75	1052973
July-09	16.60	8.74	2412379	16.55	8.55	2593420
August-09	18.08	11.90	1940924	17.30	11.80	462957
September-09	18.20	15.70	951440	18.25	16.00	651822
October-09	18.30	14.90	623356	18.50	15.00	366096
November-09	24.60	17.05	2129368	24.75	17.00	1394577
December-09	33.30	23.40	2191428	33.50	22.55	1615371
January-10	35.40	27.60	1650234	35.10	27.45	855351
February-10	33.50	25.90	852064	33.50	26.00	360855
March-10	31.95	26.70	1762550	31.95	26.60	1219518

Status of Shareholders' Complaints

Nature of Complaints	No. of Complaints Received	No. of Complaints Resolved	No. of Complaints 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	1	1	0
Received from SEBI / Authorities	2	2	0
Total	5	5	0

Distribution of Shareholding as on 31-March-2010
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 5000	27,601	98.44	99,85,684	26.91
5001 to 10000	218	0.78	16,51,038	4.45
10001 to 20000	93	0.33	13,34,536	3.60
20001 to 30000	32	0.11	8,38,749	2.26
30001 to 40000	14	0.05	4,68,105	1.26
40001 to 50000	8	0.03	3,67,044	0.99
50001 to 100000	28	0.10	21,54,081	5.81
100001 and above	45	0.16	2,03,03,365	54.72
Grand Total	28039	100.00	3,71,02,602	100.00
No. of Shares in Physical Mode			22,48,577	6.06
No. of Shares in Electronic Mode.			3,48,54,025	93.94

By Category of Shareholders

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Indian Promoters	43	0.15	1,20,73,075	32.54
Banks	7	0.03	5,82,651	1.57
Financial Institutions	6	0.02	10,39,593	2.80
Mutual Funds	3	0.01	500	00
FII/NRI/OCBs	181	0.65	27,93,918	7.53
Trust	2	00	4,500	0.01
Resident Individuals	27,084	96.60	1,47,13,020	39.66
Body Corporate (Others)	713	2.54	58,95,345	15.89
Total	28,039	100.00	3,71,02,602	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.

For and on behalf of the Board

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

Date : 10th August, 2010

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 : 10th August, 2010

Surendra Somani
Executive Vice-Chairman

CFO / CEO CERTIFICATION

The Executive Vice Chairman and Chief Financial Officer 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 year 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 year 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 period.
   b) All significant changes in accounting policies during the period, 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.

Surendra Somani
Executive Vice-Chairman

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

Date : 10th August, 2010

Auditors Certificate on Compliance with the 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, 2010 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.

For Batliboi & Purohit
Chartered Accountants

K. A. Mehta
Partner
Membership No. 111749

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

Date : 10th August, 2010

ANNEXURE – III TO THE DIRECTORS' REPORT

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

A. 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 2009-10

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.)	 97.78 512.06 5.24	 85.16 412.50 4.84
b) Coal	N.A.	N.A.
c) Furnace Oil Quantity (M.T.) Total amount (Rs. in lacs) Average rate (Rs.)	1132.46 259.29 22.90	993.16 251.20 25.29
d) HSD Oil (Ltrs) Total amount (Rs. in lacs) Average rate (Rs.)	31699 10.91 34.41	98100 33.20 33.85
e) Others / Internal generation	N.A.	N.A.

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 and its Annual Report is attached to this Report and forms part of this Report.

B. FOREIGN EXCHANGE EARNINGS & OUTGO

Earnings : Rs .10065.84 Lakhs (Previous Year: Rs.7697.25 Lakhs)
Outgo : Rs. 523.00 Lakhs (Previous Year: Rs.323.87 Lakhs)

For and on behalf of the Board

Place : Mumbai
Date : 10th August, 2010

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, 2010

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. Surendra Somani	Executive Vice-Chairman	30,14,400	B.Com (35 years)	11-06-1977	56 years	–
2.	Mr. Adarsh Somani	Whole time Director	26,42,400	B.Com (15 years)	25-04-2005	36 Years	–
3.	Mr. Ajit Jain	Director & Chief Operating Officer	51,96,420	C.A. (23 years)	16-10-2006	49 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. Surendra Somani — from 01-01-2009 to 31-12-2013
   - Mr. Adarsh Somani — from 01-08-2009 to 31-07-2012
   - Mr. Ajit Jain — from 01-02-2010 to 31-01-2013 (Subject to approval of Central Govt.)

For and on behalf of the Board of Directors

Susheel G. Somani
Chairman

Place: Mumbai
Date: 10th August, 2010

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 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   f) *Attention is invited to the following notes*:

      i) *Note 9 of Schedule 18 regarding Investment and Advances aggregating Rs.500.61 lakhs and 5612.43 lakhs respectively given to a subsidiary company, Kopran Research Laboratories Limited, where no provision for Investments and Doubtful advances has been made by the management of the Company.*

      ii) *Note 10 of Schedule 18 relating to Managerial Remuneration of one of the Directors, which is paid in excess of the limits specified in schedule XIII of the Companies Act, 1956 and is subject to the approval of Central Government and the shareholders.*

      iii) *Note 18 of Schedule 18 where the balances of few sundry debtors, creditors and loans and advances are subject to confirmations and pending reconciliation. The consequent effect of the above will be considered after reconcillation.*

   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, 2010;

      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: 10th August, 2010

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 2010)

1. (a) *The company has not updated records showing full particulars, including quantitative details and situation of fixed assets during the year under audit.*

   (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 loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period under audit was Rs. 6435.32 lacs and the year-end balance of loan granted to such party was Rs. 5612.43 lacs.

   (b) *In our opinion and according to the information and explanation given to us, loans / advances referred in clause 3(a) above, are interest free and there are no other terms and conditions stipulated for the said loans / advances, hence we are unable to comment on the same.*

   (c) *Since there are no covenants in respect to repayment of the loans / advances referred in clause 3 (a) above, we are unable to comment on regular repayment of the same.*

   (d) The Company has taken loan from a 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. 72.20 crores, which has now been assigned to another party not covered in the register maintained under section 301 and the year-end balance of loan taken from the party covered under section 301 is Rs. Nil.

   (e) In our opinion and according to the information and explanation given to us, loan referred in clause 3(d) above, were interest free and the other terms and conditions are not prima facie prejudicial to the interest of the Company.

   (f) The loans taken from the party covered under the register maintained under section 301 were interest free during the year and have been assigned to another party.

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) Based on the Audit procedures applied by us and 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.

(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, 2010 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 (Rs. 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)	1015.91
2000-03	Drug Price Control Order – 95	Difference in Pricing	High Court (Mumbai)	591.34

10. The Company has accumulated losses amounting to Rs. 6565.82 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 loss during the year under audit, however in the immediately preceding financial year the Company had incurred cash loss.

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: 10th August, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at March 31, 2010 ₹		As at March 31, 2009 ₹
SOURCES OF FUNDS:				
SHARE HOLDERS' FUNDS				
Share Capital :	1			
Equity Shares		370,989,080		352,489,080
Preference Shares		85,800,000		85,800,000
		456,789,080		438,289,080
Deposit -Convertible Warrants (Refer Note No :13 of Schedule 18)		4,875,000		10,683,985
Reserves and Surplus	2	568,484,632		458,070,454
			1,030,148,712	907,043,519
LOAN FUNDS				
Secured Loans	3	337,522,315		412,732,364
Unsecured Loans	4	761,458,593		735,714,201
			1,098,980,908	1,148,446,565
	TOTAL		2,129,129,620	2,055,490,084
APPLICATION OF FUNDS :				
FIXED ASSETS	5			
Gross Block		2,416,032,692		2,393,127,992
Less : Depreciation		1,234,898,201		1,125,023,917
Net Block		1,181,134,491		1,268,104,075
Capital Work-in-Progress		2,545,676		-
			1,183,680,167	1,268,104,075
INVESTMENTS	6		103,859,794	70,609,794
CURRENT ASSETS,LOANS AND ADVANCES				
Inventories	7	261,588,217		155,755,479
Sundry Debtors	8	280,387,057		207,675,672
Cash and Bank Balances	9	46,747,337		20,618,677
Other Current Assets		56,262,820		31,946,340
Loans and Advances	10	693,625,812		765,791,141
		1,338,611,243		1,181,787,309
Less: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	11	470,194,584		443,238,093
Provisions	12	26,827,000		21,773,000
		497,021,584		465,011,093
NET CURRENT ASSETS			841,589,659	716,776,215
	TOTAL		2,129,129,620	2,055,490,084
Significant Accounting Policies and Notes to Accounts form an integral part of the Balance Sheet	18			

As per our report of even date attached.

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

K. A. MEHTA
Partner
Membership No. 111749

Place: Mumbai
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman

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

	Schedule	For the year ended March 31, 2010 ₹	For the year ended March 31, 2009 ₹
INCOME			
Sales, Services and Income from Operations		1,687,823,776	1,243,979,388
Less: Excise duty on Sales		44,955,115	55,665,832
		1,642,868,661	1,188,313,556
Other Income	13	19,447,900	37,485,344
		1,662,316,561	1,225,798,900
EXPENDITURE			
Material Cost	14	1,013,583,015	772,590,108
Employee Cost	15	164,724,956	145,778,136
Operational and Other Expenses	16	278,783,753	242,736,703
		1,457,091,724	1,161,104,947
Profit / (Loss) Before tax, Interest, Depreciation & Exceptional items		205,224,837	64,693,953
Interest (Net)	17	61,793,541	85,597,548
Depreciation		111,557,260	109,771,587
Profit / (Loss) before tax and Exceptional items		31,874,036	(130,675,182)
Exceptional items-(Ref: Note no.15 of Schedule 18)		67,500,000	–
Provision of Tax for earlier year		(356,157)	–
Provision for Fringe Benefit Tax		–	1,200,000
Profit / (Loss) for the Period carried To Balance Sheet		99,730,193	(131,875,182)
Earning Per Share :			
Basic and diluted earning per share of face value Rs. 10/- each (Ref. Note No. 6 of Schedule 18)			
Basic		0.80	(3.83)
Diluted		0.77	(3.43)
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 BATLIBOI & PUROHIT
Chartered Accountants
Firm Registration No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

Place: Mumbai
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2010 ₹		As at March 31, 2009 ₹
1 : SHARE CAPITAL			
Authorised :			
5,62,50,000 (Previous year 5,62,50,000) Equity Shares of Rs.10/- each.		562,500,000	562,500,000
1,37,50,000(Previous year 1,37,50,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs 10/- each.		137,500,000	137,500,000
		700,000,000	700,000,000
Issued :			
3,71,02,602 (PreviousYear 3,52,52,602) Equity Shares of Rs 10/- each.		371,026,020	352,526,020
85,80,000 (Previous Year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up		85,800,000	85,800,000
		456,826,020	438,326,020
Subscribed and Paid-Up:			
3,71,02,602 (PreviousYear 3,52,52,602) Equity Shares of Rs.10/- each	371,026,020		352,526,020
Less: Calls in-Arrears	36,940		36,940
		370,989,080	352,489,080
85,80,000(Previous Year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up		85,800,000	85,800,000
TOTAL		456,789,080	438,289,080

Note:-
of the above Shares

a) 60,500 Equity Shares of Rs.10/- each were allotted as fully paid-up pursuant to a contract without payment being received in cash.
b) 58,00,000 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of General Reserve (1992-93)
c) 40,00,000 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium (1994-95).
d) 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.
e) 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 redeemption was 12th March, 2000, which is rescheduled and are redeemable in 16 quarterly installments commencing 1st April, 2005.
f) 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	137,790,405		137,790,405
Add: Forfeiture of deposit on laps of warrant	10,683,985		-
		148,474,390	137,790,405
Export Allowance Reserve		40,000	40,000
Securities premium account			
Balance as per last Balance Sheet	995,242,754		995,242,754
Less: Calls-in-Arrears	110,820		110,820
		995,131,934	995,131,934
General Reserve		81,420,684	81,420,684
Profit and Loss Account			
Balance as per last Balance Sheet	(756,312,569)		(624,437,387)
Add: Profit/(loss) for the year	99,730,193		(131,875,182)
		(656,582,376)	(756,312,569)
TOTAL		568,484,632	458,070,454

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
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).	37,500,000	75,000,000
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)	172,500,000	172,500,000
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).	127,302,017	164,698,495
OTHER LOANS (Secured by hypothecation of Vehicles purchased under the hire purchase scheme.) [Due for payment within one year Rs.2.20 lacs (Previous Year Rs.5.33 lacs)]	220,298	533,869
TOTAL	337,522,315	412,732,364
4 : UNSECURED LOANS		
Short Term Loans and Advances		
Intercorporate Deposits	761,458,593	735,714,201
TOTAL	761,458,593	735,714,201

SCHEDULES TO THE ACCOUNTS

5 : FIXED ASSETS

(in ₹)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions during the year	Deductions during the year	**As at 31st March, 2010**	Upto 1st April 2009	For the year	Deductions during the year	**Upto 31st March, 2010**	**As at 31st March, 2010**	As at 31st March, 2009
1. Lease hold Land	4,375,252	—	—	4,375,252	736,880	46,056	—	782,936	3,592,316	3,638,372
2. Free Hold Land	560,240	—	—	560,240	—	—	—	—	560,240	560,240
3. Buildings	252,595,063	1,126,318	—	253,721,381	76,804,354	8,380,669	—	85,185,023	168,536,358	175,790,709
4. Plant & Machinery	1,936,670,214	13,021,346	1,056,550	1,948,635,010	911,423,786	92,230,883	644,055	1,003,010,614	945,624,396	1,025,246,428
5. Factory Equipments & Electric Installation	118,456,437	8,154,077	—	126,610,514	64,830,558	8,106,085	—	72,936,643	53,673,871	53,625,879
6. Furniture and Fixture	28,727,891	592,822	—	29,320,713	26,084,779	546,312	—	26,631,091	2,689,622	2,643,112
7. Tube Well	60,208	—	—	60,208	45,572	732	—	46,304	13,904	14,636
8. Office Equipments	8,808,060	922,689	—	9,730,749	7,055,233	346,962	—	7,402,195	2,328,554	1,752,827
9. Computers	25,890,312	698,347	—	26,588,659	23,400,596	1,191,338	—	24,591,934	1,996,725	2,489,716
10. Vehicles	16,984,316	550,000	1,104,351	16,429,965	14,642,158	708,224	1,038,922	14,311,460	2,118,505	2,342,158
TOTAL	**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**	**1,268,104,076**
Previous Year	2,319,789,211	76,875,964	3,537,182	2,393,127,993	1,016,693,000	109,771,587	1,440,671	1,125,023,916	1,268,104,076	—

SCHEDULES TO THE ACCOUNTS

6 : INVESTMENTS (AT COST)

Face Value Rs.		As at March 31, 2010 Nos.	As at March 31, 2010 ₹	As at March 31, 2009 Nos.	As at March 31, 2009 ₹
	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
			40,250		40,250
	II. In Equity Shares (Fully Paid-up)				
	A. Quoted Shares (Non-Trade)				
10	DSQ Software Limited	400	199,608	400	199,608
10	Himachal Futuristic Communication Ltd.	20	48,235	20	48,235
10	IMP Power Ltd.	2874	792,334	2874	792,334
10	Advent Computers Ltd.	30	24,060	30	24,060
			1,064,237		1,064,237
	Less: Provision for diminution in value of investments		426,243		426,243
			637,994		637,994
	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
			465,000		465,000
	Non Trade Investments:				
10	Pharmaceutical Business Group(I) Ltd.	999900	9,999,000	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
			50,249,000		16,999,000
	Less: Provision for diminution in value of investments		7,599,200		7,599,200
			42,649,800		9,399,800
	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 Research Laboratories Ltd.	5000000	50,060,750	5000000	50,060,750
			60,066,750		60,066,750
	TOTAL(A+B+C)		103,819,544		70,569,544
	TOTAL(I+II)		103,859,794		70,609,794
	Aggregate Cost of Quoted Investment		637,994		637,994
	Aggregate Market Value of Quoted Investment		324,383		103,700
	Aggregate Cost of Unquoted Investment		103,221,800		69,971,800

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
7 : INVENTORIES		
(As taken, valued and certified by Mangement)		
Stores & Spares	8,588,011	4,898,910
Raw Materials	129,398,201	57,666,022
Packing Materials	28,718,661	9,897,314
Work-in-Process	70,648,055	69,359,347
Finished Goods	24,235,289	13,933,886
TOTAL	261,588,217	155,755,479
8 : SUNDRY DEBTORS		
(Unsecured, considered good unless other wise stated)		
Debts Outstanding for a period exceeding Six months: (Includes due from Subsidiary Rs.10.15 lacs Previous year Rs.4.50 lacs)		
Considered Good	57,165,667	72,802,468
Considered Doubtful	29,030,530	29,030,530
	86,196,197	101,832,998
Less : Provision for Doubtful Debts	29,030,530	29,030,530
	57,165,667	72,802,468
Other Debts	223,221,390	134,873,204
TOTAL	280,387,057	207,675,672
9 : CASH AND BANK BALANCES		
Cash on hand	555,293	280,320
Balances with Scheduled Banks :		
I) In Current Accounts	5,054,011	2,344,441
II) In Fixed Deposit and Margin Accounts	40,337,714	16,460,830
III) In Deposit (Foreign Currency) Account	800,319	1,533,086
	46,192,044	20,338,357
TOTAL	46,747,337	20,618,677
10 : LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances to Subsidiary Company	561,243,293	643,531,565
Advances recoverable in cash or in kind or for value to be received	44,530,399	59,137,929
Advance Payment of Income Tax & TDS (Net of Provision)	5,533,910	5,662,162
Balance with IT Department	800,000	800,000
Balance-Cenvat Credit	39,266,895	24,638,803
Excise Duty receivable against Export	22,856,107	13,138,312
Sundry Deposits	19,395,208	18,882,370
TOTAL	693,625,812	765,791,141

SCHEDULES TO THE ACCOUNTS

	As at March 31, 2010 ₹	As at March 31, 2009 ₹
11 : CURRENT LIABILITIES		
Sundry Creditors	412,751,528	269,110,622
Deposits Received	5,987,377	8,128,668
Unpaid Dividend* (Refer Note 19)	3,600,000	3,600,000
Other Liabilities	41,855,679	157,898,802
Interest Accrued but not due	6,000,000	4,500,000
TOTAL	470,194,584	443,238,093
12 : PROVISIONS		
Gratuity	18,289,000	15,708,000
Leave Encashment	8,538,000	6,065,000
TOTAL	26,827,000	21,773,000

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

	For the year ended March 31, 2010 ₹	For the year ended March 31, 2009 ₹
13 : OTHER INCOME		
Dividend Received		
From Non Trade Investments	19,655	36,248
	19,655	36,248
Profit on sale of Fixed Assets	578,076	25,322,614
Liabilities written back	14,989,922	7,047,718
Miscellaneous Income	3,860,247	5,078,765
TOTAL	19,447,900	37,485,345
14 : MATERIAL COST		
Materials Consumed/Cost of Goods sold		
Opening Stock	57,666,022	73,836,972
Add: Purchases	1,003,533,005	675,238,569
	1,061,199,027	749,075,541
Less : Closing Stock	129,398,201	57,666,022
	931,800,826	691,409,519
Packing Materials Consumption:		
Opening Stock	9,897,314	14,876,829
Add: Purchases	72,990,698	44,560,555
	82,888,012	59,437,384
Less : Closing Stock	28,718,661	9,897,314
	54,169,351	49,540,070
	985,970,177	740,949,589
Purchase of Finished goods	39,202,949	12,808,444
Increase/ (Decrease) in Stock of Finished and Semi-Finished goods :		
Opening Stock :		
Semi- Finished goods	69,359,347	78,248,559
Finished goods	13,933,886	23,876,748
	83,293,233	102,125,307
Less : Closing stock:		
Semi-Finished Goods	70,648,055	69,359,347
Finished Goods	24,235,289	13,933,886
	94,883,344	83,293,233
(Increase) / Decrease in Stock	(11,590,111)	18,832,074
TOTAL	1,013,583,015	772,590,108

SCHEDULES TO THE ACCOUNTS

		For the year ended March 31, 2010 ₹	For the year ended March 31, 2009 ₹
15 : EMPLOYEE COST			
Salaries, Wages, and Bonus to Employees		140,784,161	125,975,884
Contribution to Provident and other funds		11,175,279	9,088,509
Employee Welfare Expenses		12,765,516	10,713,743
TOTAL		164,724,956	145,778,136
16 : OPERATIONAL AND OTHER EXPENSES			
Stores and Spares consumed		17,190,960	23,383,151
Power and Fuel		86,971,930	77,696,511
Rent		14,829,780	1,086,472
Rates and Taxes		549,665	837,672
Insurance		2,077,615	2,062,764
Repairs and Maintenance			
Plant and Machinery	7,890,189		10,871,041
Buildings	5,413,536		6,212,777
Others	1,612,591		1,551,349
		14,916,316	18,635,168
Labour Charges		19,820,118	12,985,975
Legal & Professional Charges		12,254,302	14,378,359
Travelling and Conveyance		14,048,655	14,605,085
Directors' Sitting Fees		58,000	54,000
Commission on Sales		35,792,206	21,961,444
Printing & Stationery		4,009,869	4,735,998
Postage, Telegram and Telephone		4,410,700	4,214,544
Auditors' Remuneration:			
Audit Fees	245,000		400,000
Tax Audit Fees	55,000		55,000
		300,000	455,000
Packing, Freight and Forwarding		22,727,632	14,383,230
Diminution in Value of of Investments		-	7,599,200
Sundry Balances written off		126,745	345,288
Selling and Distribution Expenses		8,689,682	2,703,397
Miscellaneous Expenses		20,009,578	12,804,677
Loss on Sale of Investment		–	7,808,770
TOTAL		278,783,753	242,736,703
17 : INTEREST AND FINANCE CHARGES			
Interest :			
Debentures & Fixed Loans		26,865,028	27,484,165
Others(Refer note no.11 of Schedule 18)		28,461,372	49,353,020
Bank Charges		6,467,141	8,760,362
TOTAL		61,793,541	85,597,548

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 liabilties atttributable 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 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 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 Foregin 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 requirment of schedule VI of the Compaines Act, 1956.

4. **Other Income**

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

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 gratutity 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 substantatively 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 certainity 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	**97.15** (32.21)
ii)	Bills discounted with Banks	**1335.78** **(1567.20)**
iii)	Disputed Tax Matters	
	a) Sales Tax demand disputed in appeal	**39.13** (39.13)
	b) Service Tax demand disputed in appeal	**1029.68** (1029.68)
	c) 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. 23.89 Lacs (Previous year Rs. 15.27 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 31/03/2010 ₹	As on 31/03/2009 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	**15,708,000**	15,583,000
Interest Cost	**1,145,405**	1,211,410
Service Cost	**1,744,752**	1,859,519
Actuarial (gain)/ loss	**2,471,724**	(2,065,169)
Benefits paid	**(2,780,881)**	(880,760)
Obligation at the year end	**18,289,000**	15,708,000
ii) Change in plan Assets		
Fair value of Plan Assets at the beginning of the year	—	—
Expected return on plan assets	—	—
Contribution	**2,780,881**	880,760
Actuarial (gain)/ loss	—	—
Benefits paid	**(2,780,881)**	(880,760)
Fair value of Plan Assets at the end of the year	**—**	**—**
Unfunded Status	**(18,289,000)**	(15,708,000)
iii) Limits of Corridor not considered since total actuarial gain/loss is being recognised as on 31-3-2010		
Actuarial (loss) for the year- obligation	**(2,471,724)**	2,065,169
Actuarial gain/(loss) for the year-Plan Assets	—	—
Sub-Total	**(2,471,724)**	2,065,169
Actuarial loss recognised	**2,471,724**	(2,065,169)
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	**18,289,000**	15,708,000
Fair value of Plan Assets at the end of the year	—	—
Liability/(Asset) recognised in the Balance Sheet	**18,289,000**	15,708,000

v) Cost for the year		
Service cost	**1,744,752**	1,859,519
Interest cost	**1,145,405**	1,211,410
Expected return on Plan Assets	**—**	—
Actuarial (gain) / loss	**2,471,724**	(2,065,169)
Net cost recognised in the Profit & Loss Account	**5,361,881**	1,005,760
vi) Movement in the liability recognised in the Balance Sheet		
Opening Net Liability	**15,708,000**	15,583,000
Expenses as above	**5,361,881**	1,005,760
Contribution paid	**(2,780,881)**	(880,760)
Closing Net Liability	**18,289,000**	15,708,000
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 31/03/2010 ₹	As on 31/03/2009 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	**6,065,000**	6,849,000
Interest Cost	**467,160**	—
Service Cost	**951,632**	910,265
Actuarial (gain)/ loss	**1,505,219**	(1,175,945)
Benefits paid	**(451,011)**	(518,320)
Obligation at the year end	**8,538,000**	6,065,000
ii) Change in plan Assets		
Fair value of Plan Assets at the beginning of the year	**—**	—
Expected return on plan assets	**—**	—
Contribution	**451,011**	518,320
Actuarial (gain)/ loss	**—**	—
Benefits paid	**(451,011)**	(518,320)
Fair value of Plan Assets at the end of the year	**—**	—
Unfunded Status	**(8,538,000)**	(6,065,000)
iii) Limits of Corridor not considered since total actuarial gain/loss is being recognised as on 31-3-2010		
Actuarial (loss) for the year - obligation	**(1,505,219)**	1,175,945
Actuarial gain/(loss) for the year- Plan Assets	**—**	—
Sub- Total	**(1,505,219)**	1,175,945
Actuarial loss recognised	**1,505,219**	(1,175,945)
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	**8,538,000**	6,065,000
Fair value of Plan Assets at the end of the year	**—**	—
Liability/(Asset) recognised in the Balance Sheet	**8,538,000**	6,065,000
v) Cost for the year		
Service cost	**9,15,632**	910,265
Interest cost	**467,160**	—
Expected return on Plan Assets	**—**	—
Actuarial (gain)/loss	**1,505,219**	(1,175,945)
Net cost recognised in the Profit & Loss Account	**2,924,011**	(265,680)
vi) Movement in the liability recognised in the Balance Sheet		
Opening Net Liability	**6,065,000**	6,849,000
Expenses as above	**2,924,011**	(265,680)
Contribution paid	**(451,011)**	**(518,320)**
Closing Net Liability	**8,538,000**	6,065,000
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 2010	Year ended 31st March 2009
Sales Revenue		
In India	**5391.30**	3777.32
Outside India	**10218.68**	7829.43
TOTAL	**15609.98**	11606.75

6) **Earning Per Share**

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Net Profit / (Loss) after Taxation and before Exceptional items (Rs.in lacs.)	**322.30**	(1318.75)
Dividend on Preference Shares	**(32.58)**	(32.58)
Profit/(Loss) attributable to Equity Share Holders	**289.72**	(1351.33)
Weighted average nos of Shares (in lacs)	**362**	353
Face Value per Equity Share (Rs.)	**10**	10
Earning per Share (Rs.)		
Basic	**0.80**	(3.83)
Diluted	**0.77**	(3.43)

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, 2010 is Rs. 533.90 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.5612.43 lacs to Kopran Research Laboratories Ltd (KRLL), a wholly owned subsidiary of the Company, for Research and Development (R & D) activities. The accumulated losses of KRLL 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. KRLL has also developed enteric coating technology and has also been awarded Indian Patent for novel process of synthesis of Rofecoxib and Sildenafil Citrate. KRLL 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 2010	Year ended 31st March 2009
Salary	**56.29**	48.00
Contribution to Provident Fund & Other Funds	**5.59**	5.04
Perquisites in cash or in kind	**3.57**	0.00
TOTAL	**65.35**	53.04

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 subject to approval at the Annual General Meeting and also subject to approval of the Central Government. Pending such approval, the remuneration paid in excess of the limit under schedule XIII of the Companies Act, 1956 is being held in trust by him.

11) Interest paid on term loans is net of interest received on Fixed/ Margin Deposit Gross Rs.22.86 lacs, TDS Rs. 1.94 lacs (Previous Year Rs. 13.19 lacs, TDS Rs. 2.78 lacs). Interest paid on others is net of interest received Gross Rs.52.17 lacs, TDS Rs.Nil (Previous year- Gross Rs.Nil , TDS Rs. Nil)

12) The net Exchange Gain of Rs.262.95 lacs (Previous Period Gain of Rs.18.96 lacs) is included in the Profit and Loss Accounts.

13) The company has forfeited deposit of Rs.106.83 lacs received against 41,46,500 share warrants issued in the earlier years. Further, the company has issued 19,50,000 share warrants to a promoter group company against which the company has received a deposit of Rs.48.75 Lacs which is shown under share holders' funds.

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.

II) Associate Enterprises

a) Pharmaceutical Business Group (I) Ltd.
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 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, with related parties are as follows :

Particulars	Year ended 31st March 2010 ₹ in Lacs	Year ended 31st March, 2009 ₹ in Lacs
Subsidiary Company:		
Advances given	-	516.48
Sale of Materials	14.35	0.92
Repayment of Advances received	822.89	Nil
Product Development Charges Paid	8.50	Nil
Associate Enterprises:		
Issue of Equity Shares	185.00	Nil
Deposit against warrants	48.75	Nil
Key Management Personnel :		
Remuneration paid to personnels (for details refer note no.10 of Schedule 18)	65.35	53.04
Outstanding Balances of Related party:		
Receivable from wholly owned subsidiary Companies		
a) Kopran Research Laboratories Ltd.	5612.43	6435.32
b) Kopran (H. K.) Ltd.	10.15	4.50
Receivable from Associate Enterprises		
Pharmaceutical Business Group (I) Ltd.	15.20	15.20
Investments:		
a) In Subsidiaries	600.67	600.67
b) In Associate Enterprises	99.99	99.99

15 Exceptional Items:

Exceptional Items comprise of Rs. 675.00 Lacs received during the year on accounts of non-compete fees.

16) Small Scale Industrial undertakings (SSIs') to whom amounts are due have been determined based on the information available with the Company and are given below. The dues that are outstanding for more than 30 days are as follows:

Acid Industries, Agrawal Silicon Carbon & Chemicals Pvt Ltd, Century Industrial Carbons, Enar Chemie, Jayson ammonia & Chemicals Pvt Ltd, Maple Biotech Pvt Ltd, Modern Petro Packaging Ltd, Online Graphics Pvt Ltd, Paras Enterprise, P. R. Packaging, Ramdev Chemical Pvt Ltd, Saroj Print Arts, S. V. Enterprises, Saroj Press Pvt Ltd, Shreenath Packaging, Zafcan.

The Company has not received the required information from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act,2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.

17) 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.

18) Balances of some of the Debtors, Creditors, Loans & Advances are subject to confirmation, reconciliation and consequent adjustment, if any. However, in the opinion of the management such adjustments, if any, will not be material.

19) 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.

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
KHOPOLI						
Tablets & Capsules/Injection				No. in lacs	**10,800.00** (10,800.00)	**7216.75** (5,240.12)
Liquids				Ltrs in lacs	**12.00** (12.00)	**3.990** (1.189)
MAHAD						
Bulk Drug	Tons	**495.00** (495.00)	**216.813** (168.462)			

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		Closing Stock		Sales *	
		Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)
Bulk Drugs	Tons	**5.708** (8.762)	**68.93** (175.97)	**5.400** (5.708)	**47.34** (68.93)	**217.121** (171.516)	**7,496.89** (5,914.44)
Pharmaceuticals:							
Tablets / Capsules / Injections	Nos in Lacs	**78.44** (162.15)	**64.22** (56.60)	**76.46** (78.44)	**188.82** (64.22)	**7,218.73** (5,323.83)	**8,113.10** (5,676.87)
Liquids	Ltrs in Lacs	**0.022** (0.014)		**0.090** (0.022)		**3.920** (1.181)	
Other Sales and Services							**818.70** (272.86)
						TOTAL	**16,428.69** (11,864.17)

* 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.	**22,184** (8,311)	**1,098.48** (406.17)
2) Erythromycin Thiocynate	**7,804** (5,707)	**268.40** (215.99)
3) P.H.P.A.	**104,357** (76,817)	**723.19** (574.86)
4) Ceftriaxone Sodium N.S.	**14,212** (24,981)	**829.76** (1,272.12)
5) Amoxicillin Trihydrate	**110.795** (–)	**1,518.68** (–)
6) Erythromycin Stearate	**27.112** (–)	**575.98** (–)
7) Others		**4,303.52** (4,444.96)
TOTAL		**9,318.01** (6,914.10)

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)	**4679.77** (3739.99)	**50.22** (54.09)
Indigenous	**4638.24** (3174.11)	**49.78** (45.91)
b) Stores and Spares Indigenous	**171.91** (233.83)	**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	**4321.87** (3213.11)
b) Capital Goods	**42.51** (174.94)

F) Earnings in Foreign Exchange :

Items	Value (₹ in Lacs)
FOB Value of Exports	**10065.84** (7697.25)

G) Expenditure in Foreign Currency :

Items	Value (₹ in Lacs)
Commission	**331.74** (190.22)
Legal & Professional charges	**27.15** (28.97)
Registration Fees	**15.54** (16.55)
Export Promotion Expenses	**65.35** (34.76)
Travelling Expenses	**47.38** (32.61)
Others	**35.84** (20.76)
Previous year figures are given in brackets.	

As per our report of even date attached.

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

K. A. MEHTA
Partner
Membership No. 111749

Place: Mumbai,
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman

Cash Flow Statement for year ended 31st March, 2010

PARTICULARS		For the year ended 31-03-2010 (₹ in Lacs)	For the year ended 31-03-2009 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax and Extraordinary items		**318.74**	(1,306.75)
Adjustments :			
Depreciation and Amortisation		**1,115.57**	1,097.72
Interest Expenses (Net)		**617.94**	768.37
Dividend Income		**(0.20)**	(0.36)
Profit on Sale of Fixed Assets		**(5.78)**	(253.23)
Loss on Sale of Investments		**-**	78.09
Dimunition in the Value of Investments		**-**	75.99
Liabilities written back(net)		**(149.90)**	-
		1,577.63	1,766.58
Operating Profit before working capital changes		**1,896.37**	459.83
Adjustment for :			
(Increase) decrease in Trade and other receivables		**(727.11)**	(255.22)
(Increase) decrease in Inventories		**(1,058.33)**	405.62
(Increase) decrease in Loans, Advances & other current assets		**480.87**	(357.48)
Increase (decrease) in Trade payables		**505.32**	687.26
Cash generated from operations		**1,097.11**	940.02
Direct Taxes paid		**(2.38)**	(12.00)
Net Cashflow before Extra Ordinary Items		**1,094.73**	928.02
Extra Ordinary Items (Net)		**675.00**	-
NET CASH FROM OPERATING ACTIVITIES :	**(A)**	**1,769.73**	928.02
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets		**(250.66)**	(768.76)
Sale of Fixed Assets		**10.56**	274.19
(Increase) / Decrease in Capital Work in Progress		**(25.46)**	-
Purchase of Investments		**(332.50)**	-
Sale of Investments		**-**	1,400.22
Dividend Income		**0.20**	0.36
NET CASH FROM INVESTING ACTIVITIES	**(B)**	**(597.85)**	906.01
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Issue of Share Capital (Net of Expenses)		**185.00**	-
Deposit for Warrants		**48.75**	-
Proceeds / (Repayment) of Long Term Borrowings (Net)		**(494.66)**	(1,055.04)
Interest (paid) / received (Net)		**(649.69)**	(768.37)
NET CASH FLOW FROM FINANCING ACTIVITIES :	**(C)**	**(910.60)**	(1,823.41)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	**(A + B + C)**	**261.28**	10.63
Opening Cash and Cash equivalent		**206.19**	195.56
Closing Cash and Cash equivalent		**467.47**	206.19

As per our report of even date attached.

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

K. A. MEHTA
Partner
Membership No. 111749

Place: Mumbai
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman

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. 11078 State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2010 (Year)

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement (Equity Shares)**
NIL	18500

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

Total Liabilities	Total Assets
21291300	21291300

Source of Funds

Paid-up Capital	Reserves & Surplus
456789	573360
Secured Loans	**Unsecured Loans**
337522	761459
Deferred Tax Liability	
NIL	

Application of Funds

Net Fixed Assets	Investments
11836800	1038600
Net Current Assets	**Miscellaneous Expenditure**
841590	NIL
Accumulated Losses	
NIL	

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

Turnover & Other Income	Total Expenditure
17301730	16304430
+/– Profit / Loss Before Tax	**+/– Profit / Loss After Tax**
✓ 99730	✓ 99730

(Please tick (✓) appropriate box + for profit, – for loss)

Earning per Share in Rs.	Dividend rate %
0.80	NIL

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

	Item Code No. (ITC Code)	Product Description
1.	294200-00	CEFTRIAXONE SODIUM STERILE
2.	294200-11	ROXITHROMYCIN
3.	294200-00	CEFOTAXIME SODIUM STERILE

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.**
2.	Financial year of the Subsidiary ended on	:	31st March, 2010	31st March, 2010
3.	Holding Company's Interest			
	— No. of Equity Shares	:	23,18,750	50,00,000
	— Extent of Holding	:	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 $ (27,591.14)	₹ (30,564,965)
	ii) For the Previous Financial Years since it became the Holding Company's Subsidiary	:	HK $ 67,690.86	₹ (25,84,51,232)
	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
	ii) For the Previous Financial Years since it became the Holding Company's Subsidiary	:	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

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

Place : Mumbai
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI
Chairman

SURENDRA SOMANI
Executive Vice-Chairman

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March, 2010

PRINCIPAL ACTIVITIES

The principal activities comprised import and export of chemical materials. There was no significant change of principal activity during the year.

ACCOUNTS

Accounts to show the result for the year and the state of affairs at 31st March, 2010 are set out on pages 5 to 9.

FIXED ASSETS

Movements of fixed assets during the year are set out in Note 3 to the accounts.

SHARE CAPITAL

Movements of share capital during the year are set out in Note 4 to the accounts.

DIVIDEND

No dividend has been made or recommended for the year under report.

DIRECTORS

The directors of the company during the year were:

Singhi Chandra Mohan
Mr. Upendra Singh

All directors retire from office and being eligible offer themselves for re-election.

RESERVE

No transfer to reserve has been made or proposed for the year.

INTEREST IN CONTRACTS

No contracts of significance to which the company was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

AUDITORS

The accounts have been audited by Messrs. Simon Chong & Company, Certified Public Accountants, who retire and being eligible offer themselves for reappointment.

By order of the Board

C. M. SINGHI
Director

Hong Kong: 31st May,2010

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KOPRAN (H.K.) LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Kopran (H.K.) Limited set out on pages 5 to 9 which comprise the balance sheet as at 31st March, 2010 and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In addition, section 141D of the Companies Ordinance requires that the balance sheet together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN900 "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the balance sheet together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at 31st March, 2010 according to the best of our information and explanations given to us and as shown by the books of the company.

REPORT ON OTHER MATTERS UNDER SECTION 141D OF THE HONG KONG COMPANIES ORDINANCE

We report that we have obtained all the information and explanation which we have required.

SIMON CHONG & COMPANY
Certified Public Accountants (Practising)

Hong Kong: 31st May,2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Expressed in Hong Kong Dollars)

		Year ended 31/03/2010	Year ended 31/03/2009
ASSETS			
NON-CURRENT ASSETS			
Furniture & fixtures - Note 3		2,863.55	3,579
Investment - Note 5		247,040.00	247,040
CURRENT ASSETS			
Utility deposits	19,700.00		19,700
Trade debtors	2,102,786.34		3,034,347
Cash at banks & in hand	175,726.08		158,588
	2,298,212.42		3,212,635
CURRENT LIABILITIES			
Accrued expenses	14,000.00		11,000
Creditors	0.00		620,784
Amount due to holding co. - Note	175,266.25		445,029
	189,266.25		1,076,814
NET CURRENT ASSETS		2,108,946.17	2,135,821
NET ASSETS		2,358,849.72	2,386,441
CAPITAL AND RESERVE:			
Share capital - Note 4		2,318,750.00	2,318,750
Profit and Loss Accounts		40,099.72	67,691
		2,358,849.72	2,386,441

Approved by the board of directors on 31st May, 2010
and signed on its behalf by

C. M. SINGHI
Director

UPENDRA SINGH
Director

INCOME STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010
(Expressed in Hong Kong Dollars)

			2009-2010	2008-2009
Sales			179,170.00	0.00
Less : Cost of Sales			175,266.25	0.00
			3,903.75	0.00
Less: General & Administrative Expenses				
Auditors' remuneration		3,000.00		3,000
Business registration fee		2,450.00		450
Telephone		2,750.20		0.00
Travelling and Conveyance		16,971.58		0.00
Depreciation		715.88		895.00
Business Promotion Expenses		3,420.00		0.00
Bank Charges		2,187.23		1,502
			31,494.89	5,847
Net (loss) for the year			(27,591.14)	(5,847)
Retained profit brought forward			67,690.86	73,538
Retained profit carried forward			40,099.72	67,691

NOTES TO THE ACCOUNTS

1. Reporting Entity

Kopran (H.K.) Limited is a company incorporated in Hong Kong with limited liability.

The company's registration office is located at Room 328, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon.

During the year, the company did not carry out any business.

2. Significant Accounting Policies

The company qualifies under the Companies Ordinance to prepare and present its financial statements in accordance with Section 141D of that Ordinance. The company's shareholders have unanimously agreed in writing to apply Section 141D with respect to the company's financial statements for the year ended 31st March, 2010.

These financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost, accrual and going concern basis.

(a) Depreciation of fixed assets

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight line method, at the following rates per annum.

Furniture & fixtures 20%

(b) Foreign Currencies

Transactions arising in foreign currencies during the year are converted at exchange rates ruling at the transaction dates. Monetary balances in foreign currency at the year end are translated at rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

(c) Taxation
Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

(d) Investments
Listed shares held for short-term trading purposes are stated at the lower of cost and market value. Unlisted investments held for short-term trading purposes are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all costs to be incurred in selling.

Dividend income from investments is accounted for on the basis of dividend declared.

3. Fixed Assets

	Furniture & Fixtures
Cost	
Balance brought forward	174,905.30
Addition during the year	0.00
At 31/03/2010	174,905.30
Accumulated Depreciation	
Balance brought forward	171,328.87
Charge for the year	715.88
At 31/03/2010	172,044.75
Net Book Value At 31/03/2010	2,860.55
Net Book Value at 31/03/2009	3,579.43

4. Share Capital

	31/03/2010	31/03/2009
Authorised:		
2,500,000 ordinary shares of HK$1.00 each	2,500,000.00	2,500,000
Issued and fully paid:		
2,318,750 ordinary shares of HK$1.00 each	2,318,750.00	2,318,750

During the year under review, there was no change in the share capital.

5. Investment

The company passed the resolution on 8th June, 1998 to enter into Joint Venture in Dubai with M/S. Dubai Investment.

6. Change in Equity

	Share Capital	Retained Earnings	Total
Balance as at 31/03/2009	2,318,750	67,691	2,386,441
(Loss) for the year	0.00	(27,591)	(27,591)
Balance as at 31/03/2010	2,318,750	40,100	2,358,850

7. Remuneration of Directors

No fees or other emoluments was paid or payable to any directors for services rendered during the year.

8. Ultimate Holding Company

The directors of the company consider Kopran Limited, a company incorporated in the India, to be the ultimate holding company.

9. Taxation

No provision for profits tax is made in the accounts in view of the absence of assessable profits during the year.

Kopran

KOPRAN RESEARCH LABORATORIES LIMITED

BOARD OF DIRECTORS

MR. SUSHEEL G. SOMANI	*Chairman*
DR. SANJAY PARIKH	*Director*
MR. SURENDRA SOMANI	*Managing Director*

AUDITORS

M/S. KHANDELWAL JAIN & CO.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE

PARIJAT HOUSE, 1076 DR. E. MOSES ROAD,
WORLI, MUMBAI – 400 018

DIRECTORS' REPORT

TO,
THE MEMBERS

Your Directors have pleasure in presenting the Annual Report of the company along with the Audited Statements of Accounts for the year ended 31-March-2010.

DIVIDEND

In view of the loss incurred during the year, the Board of Directors do not recommend any dividend for the current year.

REVIEW OF OPERATIONS

During the year under review, the total Income was Rs.10.41 lakhs and after providing for a depreciation of Rs. 38.98 lakhs and operating expenditure of Rs. 211.69 lakhs, the loss for the year was Rs. 240.25 lakhs (Previous Year: Rs. 74.32 lakhs).

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 year ended 31-March-2010, 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 year and of the profit or loss of the company for the year.
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 year ended 31-March-2010 on a going concern basis.

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 EXCHANGE EARNINGS & OUTGO

As the company is not engaged in business / manufacturing activity, no information can be furnished in respect of conservation of energy or absorption of technology. Foreign exchange earnings Rs. NIL and outgo are Rs. 135.00 lacs for the year 2009-10 (Previous Year : NIL).

PARTICULARS OF EMPLOYEES

There is no employee qualifying under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Dr. Sanjay Parikh, Director, retires by rotation and is eligible for re-appointment. The Board of Directors commend his appointment as in the interest of the company.

STATUTORY AUDITORS

The Statutory Auditors of the company M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. The Board of Directors recommend their appointment as statutory auditors of the company for the financial year 2010-11.

ACKNOWLEDGEMENTS

Your Directors place on record their deep sense of appreciation for the contribution of employees at all levels and support from the financial institutions, banks and all the stakeholders, for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors

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

Susheel G. Somani
Chairman

Surendra Somani
Managing Director

Date : 2nd August, 2010

AUDITORS' REPORT

TO THE MEMBERS OF
KOPRAN RESEARCH LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of **KOPRAN RESEARCH LABORATORIES LIMITED** as at 31st March, 2010 and also the Profit and Loss Account and the Cash-flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together with the said Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. *Attention is invited to Note No. B-1 of Schedule 11 regarding the preparation of accounts of the Company on a going concern basis inspite of net loss of Rs. 305.69 lacs incurred during the year and the total accumulated losses of Rs. 2890.20 lacs exceeding the paid up capital and reserves of the Company.*
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
   a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
   c) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable.
   e) According to the information and explanation given to us and on the basis of written representation received from the Directors of the Company, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
   f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to,*
   i) Our comments in Paragraph 4 above regarding preparation of the accounts of the Company on going concern basis inspite of losses etc.

ii) Note No. B-3 of Schedule 11 regarding balances of Unsecured Loans, Loans & Advances & Sundry Creditors being subject to confirmation and reconciliation / adjustment, if any,

iii) Note No. B-2 of schedule 11 regarding non availability and hence non disclosure of information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

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

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and,

ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and

iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

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

(SHIVRATAN AGARWAL)
PARTNER
Membership No.104180

Place : Mumbai
Date : 2nd August, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date to the Members of Kopran Research Laboratories Limited on the accounts for the year ended March 31, 2010)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except in respect of furniture and fixtures and R & D Equipments, for which item wise values are not recorded*
   (b) We have been informed that most of fixed assets have been physically verified by the management during the year. In our opinion the frequency of the verification is reasonable. No material discrepancies were noticed on such verification.
   (c) During the year, the Company has not disposed of any substantial part of the Fixed Assets.
2. (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
   (b) In our opinion, and according to the information and explanation given to us, the procedure of physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) In our opinion and according to the information and explanations given to us the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of such stocks as compared to book records.
3. (a) The Company has granted advances in the nature of interest free loans to 4 Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1312 lacs and the year-end balance of loans granted to such parties was Rs. 862 lacs.
   (b) In our opinion and according to the information and explanations given to us, the aforesaid loans are interest free and other terms and conditions are *prima facie prejudicial to the interest of the Company.*
   (c) The said interest free loans given are repayable on demand and there is no repayment schedule.
   (d) In respect of the loan given by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
   (e) The Company has not taken loan from any company covered in the register maintained under section 301 of the Companies Act, 1956. Hence provisions of clause 4 (iii) (f), (g) are not applicable to the Company
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with size of the Company and the nature of its business for the purchase of inventory and fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
   (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to 5.00 lacs (Rupees Five Lacs only) or more in respect of a party has been made at price which is reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India, the provision of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. *The Company does not have internal audit system.*
8. We have been informed that the Central Government has not prescribed for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of goods or services of the Company.
9. (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed dues payable in respect of Income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess are in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
   (b) According to the information and explanations given to us, there are no dues in respect of sales tax, income tax, service tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Accumulated losses of the Compnay as at the end of the financial year amounted to Rs. 2890.20 lacs which exceeds its net worth. The Company has incurred cash losses of Rs. 266.71 lacs in the current financial year. The Company has also incurred cash losses in the immediately preceding financial year. (Also refer para 4 of our Audit Report for comments on "Going Concern").
11. In our opinion and according to the information and explanations given to us, the Company has no dues payable to a financial institution, bank or debenture holders. Therefore the provisions of Clause (xi) of the Order are not applicable to the Company.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of piedge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the provisions of Clause (xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us and the records examined by us, the Company has not availed of any term loan.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the fund raised on short term basis have not been used for long term purposes.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year under review.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(SHIVRATAN AGARWAL)
PARTNER
Membership No.104180

Place: Mumbai
Date : 2nd August, 2010

Kopran

KOPRAN RESEARCH LABORATORIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule		As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
SOURCES OF FUNDS :				
SHARE HOLDERS' FUNDS				
Share Capital	1		**50,000,000**	50,000,000
Reserves and Surplus	2		**3,150**	3,150
			50,003,150	50,003,150
LOAN FUNDS				
Unsecured Loans from Holding Company	3		**561,243,293**	64,35,31,565
TOTAL			**611,246,443**	69,35,34,715
APPLICATION OF FUNDS :				
FIXED ASSETS	4			
Gross Block		**225,753,846**		22,57,53,846
Less : Depreciation/Amortization		**190,922,601**		18,70,25,055
Net Block		**34,831,245**		3,87,28,791
Capital Work-in-Progress		**189,240,572**		33,14,60,833
			224,071,817	37,01,89,624
DEFERRED TAX ASSETS (NET) (Refer Note B-5 of Schedule-11)			-	65,39,695
CURRENT ASSETS, LOANS AND ADVANCES				
Cash and Bank Balances	5	**161,309**		37,842
Loans and Advances	6	**101,146,738**		14,54,72,689
		101,308,047		14,55,10,531
Less : CURRENT LIABILITIES AND PROVISIONS	7	**3,153,448**		8,71,56,367
		3,153,448		8,71,56,367
NET CURRENT ASSETS			**98,154,599**	5,83,54,164
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT			**289,020,027**	25,84,51,232
TOTAL			**611,246,443**	69,35,34,715

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 11

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

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

	Schedule	For the year ended 31st March, 2010 ₹	For the year ended 31st March, 2009 ₹
INCOME			
Product Development Income		**850,000**	–
Sundry Balances Written Back (Net)		**191,288**	–
TOTAL (I)		**1,041,288**	–
EXPENDITURE			
Materials Consumed	8	**1,322,914**	2,64,631
Employment Cost	9	**4,777,459**	30,00,933
Operational & Other Expenses	10	**15,068,639**	2,52,537
Depreciation / Amortization	4	**3,897,546**	39,14,017
TOTAL (II)		**25,066,558**	74,32,119
LOSS BEFORE TAX		**(24,025,270)**	(74,32,119)
Provision for Current Tax		**–**	—
Provision for Fringe Benefit Tax		**–**	(2,704)
Provision for Deferred Tax		**(6,539,695)**	14,51,719
LOSS AFTER TAX		**(30,564,965)**	(59,83,104)
Taxation for Earlier Year		**(3,830)**	–
Loss Brought Forward From Previous Year		**(258,451,232)**	(25,24,68,128)
Balance Carried to Balance Sheet		**(289,020,027)**	(25,84,51,232)
Earning per Share (Face Value Rs. 10/-)			
Basic & Diluted (Refer Note No. B-4 of Schedule-11)		**(6.11)**	(1.20)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	11		

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

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

(SHIVRATAN AGARWAL)
Partner
Membership No. 104180

Place : Mumbai
Date : 2nd August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Director

SURENDRA SOMANI Director

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

(SHIVRATAN AGARWAL)
Partner
Membership No. 104180

Place : Mumbai
Date : 2nd August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Director

SURENDRA SOMANI Director

SCHEDULES TO BALANCE SHEET

	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs. 10/- each	**50,000,000**	50,000,000
Issued, Subscribed and Paid-up :		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs. 10/- each fully paid-up	**50,000,000**	50,000,000
The Company is 100% Subsidiary of Kopran Ltd.		
TOTAL	**50,000,000**	50,000,000

	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium Account	**3,150**	3,150
TOTAL	**3,150**	3,150
SCHEDULE 3 : UNSECURED LOAN		
Loans from :		
Kopran Limited - Holding Company	**561,243,293**	64,35,31,565
TOTAL	**561,243,293**	64,35,31,565

SCHEDULE 4 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at 31.03.2009	Additions during the year	Deductions during the Year	As at 31-03-2010	Upto 31.03.2009	Deductions during the year	For the year	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1 Intellectual Property	142,800,000	—	—	142,800,000	142,800,000	—	—	142,800,000	—	—
2 Research & Development Equipments	81,069,684	—	—	81,069,684	42,543,016	—	3,850,810	46,393,826	34,675,858	38,526,668
3 R & D Furniture & Fixtures	957,088	—	—	957,088	846,592	—	20,000	866,592	90,496	110,496
4 Computers	328,020	—	—	328,020	306,660	—	8,544	315,204	12,816	21,360
5 Motor Car	599,054	—	—	599,054	528,787	—	18,192	546,979	52,075	70,267
TOTAL	**225,753,846**	—	—	**225,753,846**	**187,025,055**	—	**3,897,546**	**190,922,601**	**34,831,245**	**38,728,791**
Previous Year	225,753,846	—	—	225,753,846	183,111,038	—	3,914,017	187,025,055	38,728,791	—
Capital Work in Progress	331,460,833	—	142,220,261	189,240,572	—	—	—	—	189,240,572	—

	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
SCHEDULE 5 : CASH AND BANK BALANCES		
Cash on hand	**8,999**	2,338
Balance with Scheduled Banks in Current Accounts	**152,310**	35,504
TOTAL	**161,309**	37,842
SCHEDULE 6 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advance recoverable in cash or in kind	**86,970,338**	13,12,20,338
Deposits	**14,000,000**	14,000,000
Advance payment of Income Tax & TDS	**176,400**	252,351
TOTAL	**101,146,738**	14,54,72,689
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors :		
Sundry Creditors	**2,719,125**	8,67,41,326
Other Liabilities	**201,323**	1,53,917
(A)	**2,920,448**	8,68,95,243
B. PROVISIONS		
Provision for Fringe Benefit Tax	**–**	75,124
Provision for Leave Encashment	**114,000**	1,16,000
Provision for Gratuity	**119,000**	70,000
(B)	**233,000**	2,61,124
TOTAL (A+B)	**3,153,448**	8,71,56,367

SCHEDULE TO PROFIT & LOSS ACCOUNT

		For the year ended 31-03-2010 ₹	For the year ended 31-03-2009 ₹
SCHEDULE 8 : MATERIAL CONSUMED			
Opening Stock	—		—
Add : Purchases	**1,322,914**		2,64,631
	1,322,914		2,64,631
Less : Closing Stock	—		—
Material Consumed		**1,322,914**	2,64,631
TOTAL		**1,322,914**	2,64,631
SCHEDULE 9 : EMPLOYMENT COST			
Employees Salaries, Wages, Bonus and Incentives		**4,393,626**	27,49,306
Contribution to Provident & other Funds		**251,084**	1,48,426
Employees Welfare Expenses		**132,749**	1,03,201
TOTAL		**4,777,459**	30,00,933
SCHEDULE 10 : OPERATIONAL AND OTHER EXPENSES			
Power & Fuel Consumed		**–**	1,51,908
Travelling & Conveyance		**1,724**	2,700
Legal & Professional Expenses		**15,010,000**	16,836
Printing & Stationery		**–**	10,020
Audit Fees		**44,120**	44,120
Sales Tax		**–**	4,775
Bank Charges		**4,095**	8,722
Miscellaneous Expenses		**8,700**	13,456
TOTAL		**15,068,639**	2,52,537

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010:

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

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

2. Use of Estimates

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

3. Fixed Assets and Depreciation

i) Fixed Assets:

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

ii) Intellectual Property Rights

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

iii) Depreciation / Amortization

a) Depreciation on Research & Development Equipments is provided on Straight Line Method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

b) Intellectual Property Rights acquired/developed in house as shown under the head Fixed Assets, is amortized over a period of 10 years.

c) Depreciation on other assets is provided on Written Down Value Method (WDV) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

4. Inventories

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

5. Retirement Benefits

i) Provident Fund: The Company contributes monthly at a determined rate. These contributions are remitted to the Government administered fund and are charged to Profit and Loss Account on accrual basis.

ii) Provision for Gratuity is determined at the Balance Sheet date using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are charged immediately to Profit & Loss account.

iii) Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are recognized immediately in the profit and loss account.

6. Revenue Recognition

i) Income related to Product Developments is recognised on the completion of the assignment.

ii) Service Charges and Royalty for the use of intellectual property rights are recognised as and when accrued in terms of the agreement with the customers.

7. Earnings Per Share

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

8. Taxation

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

9. Impairment of Assets

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

10. Prior Period and Extraordinary Items.

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

11. Provisions and Contingent liabilities

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

12. Other Accounting Policies

These are consistent with the generally accepted accounting practices.

B. NOTES TO ACCOUNTS:

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

The Financial Statement have been prepared on a going concern basis, notwithstanding the fact that the Company has incurred net loss of Rs. 305.69 lacs for the year ended 31.03.2010 and total accumulated losses of Rs. 2890.20 lacs as on 31.03.2010. The Company is a wholly owned subsidiary of M/s. Kopran Ltd. and is financially supported by the parent company. M/s. Kopran Ltd., the parent company has invested as share capital a sum of Rs. 500 lacs. It has also advanced a sum of Rs. 5612.43 lacs by way of financial support for its day to day expenses. The parent company is committed to continue to provide or arrange such financial support as would be necessary for the Company to meet its obligations as they fall due in foreseeable future. In turn the Company has vide an agreement agreed to give to Kopran Ltd., the right to exploit the patents, intellectual properties and all rights appurtenant there to in any manner so as to recover the dues – current and future.

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

In view of the above the accounts of the Company, for the year ended 31st March 2010, have been prepared on a "Going Concern" basis.

2. In the absence of information regarding the status under Micro, Small and Medium Enterprises Development Act, 2006 amounts due to such enterprises have not been disclosed separately under Sundry Creditors. The Company is in the process of compiling the additional information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The Management does not envisage any material impact on the financial statement in this regard, which has been relied upon by the auditors.

3. The balances of Unsecured Loans, Loans & Advances and Sundry Creditors are subject to the confirmation and consequential reconciliation/adjustments arising there from, if any. The management, however, does not expect any material variation.

4. Earning Per Share

Particulars	31-03-2010	31-03-2009
Net Profit / (Loss)-(Rs.)	**(3,05,68,795)**	(59,83,104)
Weighted Average No. of Shares-Nos.	**50,00,000**	50,00,000
Face Value-(Rs.)	**10/-**	10/-
Earning Per Share-(Rs.)		
Basic/Diluted	**(6.11)**	(1.20)

5. In view of time limitation on carry forward losses and matter of prudence, deferred tax assets arising on account of brought forward losses under tax laws has not been recognized.

6. Sundry Balances written back amounting to Rs.191288/- (P.Y. - Nil) are net off sundry balances written off amounting to Rs.594640/-(P.Y. – Nil).

7. As required under Accounting Standard 18 (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties are as below:

a) List of Related Parties:

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

b) Transactions with Related Parties

i) Holding Company (Kopran Ltd.)

Nature of the Transaction	Amount of Transaction during the year (₹)	Payable as at 31.03.2010 (₹)	Payable as at 31.03.2009 (₹)
Unsecured Loans	Dr. 10,49,15,636 Cr. 2,31,04,184	56,12,43,293	64,35,31,565
Purchases Product Development Charges	3,73,180 8,50,000		

ii) Key Management Personnel Rs. NIL

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

9. **Employee Benefits : Gratuity (unfunded)**

Particulars	31.03.2010 (₹)	31.03.2009 (₹)
i) **Change in Benefit Obligation**		
Projected Benefit Obligations (PBO) at the Beginning of the year	70,000	—
Interest Cost	(2,462)	—
Service Cost	52,993	70,000
Benefits Paid	(2,01,538)	—
Actuarial (gain) loss on obligations	2,00,007	—
PBO at the end of the year	**1,19,000**	**70,000**
ii) **Fair Value of Plan Assets**		
Fair Value of Plan Assets at the beginning of the year	—	—
Expected Return on Plan Assets	—	—
Contribution	2,01,538	—
Benefits paid	(2,01,538)	—
Gain / (Loss) on Plan Assets	—	—
Fair Value of Plan Assets at the end of the year	—	—
iii) **Change in Plan Assets**		
Fair Value of Plan Assets at the beginning of the year	—	—
Actual return on Plan Assets	—	—
Contribution	2,01,538	—
Benefits paid	(2,01,538)	—
Fair Value of Plan Assets at the end of the year	—	—
Funded Status	(1,19,000)	(70,000)
iv) **Limits of Corridor not considered since total actuarial gain/loss is being recognised**		
Actuarial (loss) for the year-Obligation	(2,00,007)	—
Actuarial gain (loss) for the year - Plan Assets	—	
Sub-Total	(2,00,007)	—
Actuarial loss recognised	(2,00,007)	—
Unrecognised actuarial gains (losses) at the end of the year	—	—
v) **The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis**		
Present Value of Obligation	1,19,000	70,000
Fair Value of Plan Assets	—	—
Difference	1,19,000	70,000
Unrecognised Actuarial gains (losses)	—	—
Unrecognised Transitional Liability	—	—
Liability Recognised in Balance Sheet	**1,19,000**	70,000
vi) **Net Periodic Cost**		
Current Service Cost	52,993	70,000
Interest Cost	(2,462)	—
Expected Return on Plan Assets	—	—
Net Actuarial (gain) loss recognised in the year	2,00,007	—
Expenses Recognised in the Income Statement	**2,50,538**	70,000
vii) **Movements in the liability recognised in the Balance Sheet**		
Opening Net Liability	70,000	—
Expenses as above	2,50,538	70,000
Contributions paid	(2,01,538)	—
Closing Net Liability	**1,19,000**	70,000
viii) **Assumptions :-**		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

Compensated Absences (Unfunded)

Particulars	31.03.2010 (₹)	31.03.2009 (₹)
i) **Change in Benefit Obligation**		
Projected Benefit Obligations (PBO) at the beginning of the year	1,16,000	–
Interest Cost	8,309	–
Service Cost	27,675	1,16,000
Benefits Paid	(24,280)	–
Actuarial (gain) loss on obligations	(13,704)	–
PBO at the end of the year	**1,14,000**	**1,16,000**
ii) **Fair Value of Plan Assets**		
Fair Value of Plan Assets at the beginning of the year	–	–
Expected Return on Plan Assets	–	–
Contributions	24,280	–
Benefits paid	(24,280)	–
Gain / (loss) on Plan Assets	–	–
Fair Value of Plan Assets at the end of the year	–	–
iii) **Change in Plan Assets**		
Fair Value of Plan Assets at the beginning of the year	–	–
Actual return on Plan Assets	–	–
Contributions	24,280	–
Benefits paid	(24,280)	–
Fair Value of Plan Assets at the end of the year	–	–
Funded Status	**(1,14,000)**	**(1,16,000)**
iv) **Limits of Corridor not considered since total actuarial gain/loss is being recognised**		
Actuarial (loss) for the year– Obligation	13,704	
Actuarial gain (loss) for the year– Plan Assets	–	–
Sub-Total	13,704	
Actuarial loss recognised	(13,704)	–
Unrecognised actuarial gains (losses) at the end of year	–	–
v) **The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis**		
Present Value of Obligation	1,14,000	1,16,000
Fair Value of Plan Assets	–	–
Difference	1,14,000	1,16,000
Unrecognised Actuarial gains(losses)	–	–
Unrecognised Transitional Liability	–	–
Liability Recognised in Balance Sheet	**1,14,000**	**1,16,000**
vi) **Net Periodic Cost**		
Current Service Cost	27,675	1,16,000
Interest Cost	8,309	–
Expected Return on Plan Assets	–	—
Net Actuarial (gain) loss recognised in the year	(13,704)	–
Expenses Recognised in the Income Statement	**22,280**	**1,16,000**
vii) **Movements in the liability recognised in the Balance Sheet**		
Opening Net Liability	1,16,000	–
Expense as above	22,280	1,16,000
Contributions paid	(24,280)	–
Closing Net Liability	**1,14,000**	**1,16,000**
viii) **Assumptions :-**		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

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

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

12. Balance Sheet Abstract and Company's General Business Profile : (In terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.	:	40601	State Code	:	11
Balance Sheet Date	:	31.03.2010			

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

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

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

Total Liabilities	:	611246	Total Assets	:	611246
Sources of Funds					
Paid-up Capital	:	50000	Reserves & Surplus	:	3
Secured Loans	:	Nil	Unsecured Loans	:	561243
Application of Funds					
Net Fixed Assets	:	224072	Investments	:	-
Net Current Assets	:	98154	Misc. Expenditure	:	-
Accumulated Losses	:	289020	Deferred Tax Asset (Net)	:	-

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

Turnover & Other Income	:	1041	Total Expenditure	:	25066
Profit/(Loss) Before Tax	:	(24025)	Profit/(Loss) After Tax	:	(30569)
Earning per Share in Rs.	:	(6.11)	Dividend rate %	:	Nil

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

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

CASH FLOW STATEMENT

PARTICULARS	For the year ended 31-03-2010 (₹)	For the year ended 31-03-2009 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT/(LOSS) before Tax	**(24,025,270)**	(7,432,119)
Depreciation and Amortisation	**3,897,546**	3,914,017
Operating Profit before working capital changes	**(20,127,724)**	(3,518,102)
Adjustment for :		
Trade and Other Liabilities	**(83,927,795)**	649,989
Cash generated from operations	**(104,055,519)**	(2,868,113)
Direct Taxes paid	**(3,003)**	(2,704)
Cash Flow before Prior period items	**(104,058,522)**	(2,870,817)
Prior period items	**-**	-
NET CASH FROM OPERATING ACTIVITIES : (A)	**(104,058,522)**	(2,870,817)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Refund of Capital Advances (included in Capital Work-in-Progress)	**142,220,261**	-
NET CASH FROM INVESTING ACTIVITIES (B)	**142,220,261**	-
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Unsecured Loans (net)	**(82,288,272)**	51,740,509
Proceeds from Loans and Advances (net)	**44,250,000**	(49,000,000)
NET CASH FLOW FROM FINANCING ACTIVITIES : (C)	**(38,038,272)**	2,740,509
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	**123,467**	(130,308)
Opening Cash and Cash equivalent	**37,842**	168,151
Closing Cash and Cash equivalent	**161,309**	37,842

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

(SHIVRATAN AGARWAL)
Partner
Membership No. 104180

Place : Mumbai
Date : 2nd August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Director

SURENDRA SOMANI Director

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

(SHIVRATAN AGARWAL)
Partner
Membership No. 104180

Place : Mumbai
Date : 2nd August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Director

SURENDRA SOMANI Director

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, 2010, 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. 3360.56 lacs as at 31st March 2010 and total revenue of Rs.19.46 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. *As explained in Note 16 of Schedule 18 the share of Profit / Loss in associate has not been included in the Consolidated Financial Statements as per Accounting Standard 23 'Accounting for Investments in Associates in 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.5612.43 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 balances of the few sundry debtors, creditors, loans and advances of Kopran Ltd are subject to confirmations and pending reconciliation. The consequent effect of the above will be considered after reconciliation.*

6. *The accounts of Kopran Research Laboratories Ltd. have been made on going concern basis inspite of net loss of Rs.305.65 lacs incurred during the year by the Company and having accumulated loss of Rs.2890.20 lacs exceeding the reserves and the paid up capital of the Company.*

7. *In case of Kopran Research Laboratories Ltd. the balances of Loans & Advances and 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.*

8. *Subject to our comments in para 3(b), 4, 5, 6 and 7 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, 2010;

   (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

Kaushal Mehta
Partner
Membership No.111749

Place: Mumbai
Date: 10th August, 2010

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31st March, 2010 Consolidated	(₹ in lacs) As at 31st March, 2009 Consolidated
SOURCES OF FUNDS:			
SHARE HOLDERS' FUNDS			
Share Capital :	1		
Equity Shares		3,709.89	3,524.89
Preference Shares		858.00	858.00
		4,567.89	4,382.89
Deposit - Convertible Warrants (Refer Note No. 10 of Schedule 18)		48.75	106.84
Reserves and Surplus	2	2,832.91	2,052.10
		7,449.55	6,541.83
LOAN FUNDS			
Secured Loans	3	3,375.22	4,127.32
Unsecured Loans	4	7,614.59	7,357.14
		10,989.81	11,484.47
	TOTAL	18,439.36	18,026.30
APPLICATION OF FUNDS :			
FIXED ASSETS	5		
Gross Block		26,429.88	26,200.84
Less : Depreciation		14,269.45	13,131.67
Net Block		12,160.43	13,069.17
Capital Work-in-Progress		1,917.87	3,314.61
		14,078.30	16,383.78
INVESTMENTS	6	452.41	121.57
CURRENT ASSETS,LOANS AND ADVANCES			
Inventories	7	2,615.88	1,557.55
Sundry Debtors	8	2,916.99	2,245.94
Cash and Bank Balances	9	479.38	216.93
Loans and Advances	10	2,899.08	2,997.32
		8,911.33	7,017.74
Less:CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	4,732.09	5,342.61
Provisions	12	270.60	219.59
		5,002.69	5,562.20
NET CURRENT ASSETS		3,908.64	1,455.54
DEFERRED TAX ASSETS		—	65.40
	TOTAL	18,439.36	18,026.30
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 BATLIBOI & PUROHIT
Chartered Accountants
Firm Regn. No. 101048W

K. A. MEHTA
Partner
Membership No. 111749

Place : Mumbai,
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman

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

	Schedule	For the year ended 31st March, 2010 Consolidated	(₹ in lacs) For the year ended 31st March, 2009 Consolidated
INCOME			
Sales, Services and Income from Operations		16885.47	12,419.91
Less: Excise duty on Sales		449.55	556.66
		16,435.92	11,863.26
Other Income	13	196.39	393.81
		16,632.31	12,257.07
EXPENDITURE			
Material Cost	14	10,156.05	7,727.63
Employee Cost	15	1,695.02	1,487.79
Operational and Other Expenses	16	2,931.73	2,430.01
		14,782.80	11,645.43
Profit / (Loss) before tax, interest and Depreciation		1,849.51	611.64
Interest (Net)	17	618.11	856.15
Depreciation	5	1,154.60	1,136.91
Profit / (Loss) before tax & Exceptional items		76.80	(1,381.42)
Provision for Deferred Tax		(65.40)	14.52
Provision for Fringe Benefit Tax		-	(12.03)
Provision for Tax of Earlier Year		(3.52)	-
Exceptional Items (Refer.Note 15 of Schedule 18)		675.00	-
Profit / (Loss) after tax for the year carried to Balance Sheet		689.93	(1,378.93)
Earning per share :			
Basic and diluted earning per share of face value Rs.10/- each			
- Basic		(0.05)	(4.00)
- Diluted		(0.04)	(3.58)
Significant Accounting Policies and Notes to Accounts from an integral part of the Profit and Loss account	18		

As per our report of even date attached.

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

K. A. MEHTA
Partner
Membership No. 111749

Place : Mumbai,
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2010 Consolidated	(₹ in lacs) As at 31st March, 2009 Consolidated
1 : SHARE CAPITAL		
Authorised :		
5,62,50,000 (Previous year 5,62,50,000) Equity Shares of Rs.10/- each.	5625.00	5,625.00
1,37,50,000(Previous year 1,37,50,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs 10/- each.	1,375.00	1,375.00
	7,000.00	7,000.00
Issued :		
3,71,02,602 (Previous year 3,52,52,602) Equity Shares of Rs 10/- each.	3,710.26	3,525.26
85,80,000 (Previous year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each	858.00	858.00
	4,568.26	4,383.26
Subscribed and Paid-Up:		
3,71,02,602 (Previous year 3,52,52,602) Equity Shares of Rs.10/- each	3,710.26	3,525.26
Less: Calls in-Arrears	0.37	0.37
	3,709.89	3,524.89
85,80,000(Previous year 85,80,000) Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up	858.00	858.00
TOTAL	4,567.89	4,382.89
2 : RESERVES & SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	1,377.90	1,377.90
Add: Forfeiture of deposit on laps of warrant	106.84	-
	1,484.74	1,377.90
Capital Reserve on Consolidation (Net)	-	51.45
Export Allowance Reserve	0.40	0.40
Securities premium account		
Balance as per last Balance Sheet	9,952.46	9,952.46
Less: Calls-in-Arrears	(1.11)	(1.11)
	9,951.35	9,951.35
General Reserve		
Balance as per last Balance Sheet	814.21	855.75
Less: Share in Joint Ventures	-	(41.54)
	814.21	814.21
Profit and Loss Account		
Balance as per last Balance Sheet	(10,143.78)	(9,922.46)
Add:Profit/(loss) for the year	689.93	(1,378.93)
Less: Share in Joint Venture	-	1,157.61
	(9,453.85)	(10,143.78)
Exchange Fluctuation Reserve	36.06	0.57
TOTAL	2,832.91	2,052.10

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	As at 31st March, 2010 Consolidated	As at 31st March, 2009 Consolidated
3 : SECURED LOANS		
SICOM Ltd	375.00	750.00
Cash Credit and working Capital Term Loans	2,998.02	3,371.98
Other Loans	2.20	5.34
TOTAL	**3,375.22**	**4,127.32**
4 : UNSECURED LOANS		
Short Term Loans and Advances		
Intercorporate Deposits	**7,614.59**	7,357.14
TOTAL	**7,614.59**	7,357.14

5: FIXED ASSETS

DESCRIPTION	GROSS BLOCK CONSOLIDATED		DEPRECIATION CONSOLIDATED		NET BLOCK CONSOLIDATED	
	31-03-2010	31-03-2009	31-03-2010	31-03-2009	31-03-2010	31-03-2009
1. Goodwill on Consolidation	0.58	0.61	-	-	0.58	0.61
2. Leasehold Land	43.75	43.75	7.83	7.37	35.92	36.38
3. Land-Free Hold	5.60	5.60	-	-	5.60	5.60
4. Buildings	2,537.21	2,525.95	851.85	768.04	1,685.36	1,757.91
5. Plant & Machinery	19,486.35	19,366.70	10,030.11	9,114.24	9,456.24	10,252.46
6. Factory Equipments & Electric Installation	1,266.11	1,184.56	729.37	648.31	536.74	536.25
7. Furniture and Fixtures	304.64	298.71	277.55	272.04	27.09	26.67
8. Tube Well	0.60	0.60	0.46	0.46	0.14	0.14
9. Office Equipments	97.31	88.08	74.02	70.55	23.29	17.53
10. Computers	269.17	262.18	249.07	237.08	20.10	25.10
11. Vehicles	170.29	175.83	148.58	151.68	21.71	24.15
12. Research & Development Equipment	820.27	820.27	472.60	433.90	347.66	386.37
Intangeble Assets						
13. Intellectual Property	1,428.00	1,428.00	1,428.00	1,428.00	-	-
TOTAL	26,429.88	26,200.83	14269.45	13,131.67	12,160.43	13,069.16
Capital Work In Progress	1,917.87	3,314.61	-	-	1,917.87	3,314.61
TOTAL	**28,347.74**	**29,515.44**	**14,269.45**	**13,131.67**	**14,078.29**	**16,383.77**
PREVIOUS YEAR	29,515.44	37471.46	13,131.67	11545.27	16,383.77	25926.22

	As at 31st March, 2010 Consolidated	As at 31st March, 2009 Consolidated
6 : INVESTMENTS (AT COST)		
Long Term Investments (At Cost)		
I. In Government Securities (Non-Trade)	**0.40**	0.40
II. In Equity Shares (Fully Paid-up)		
(A) Quoted Shares (Non-Trade)	**20.86**	22.52
(B) Unquoted Shares	**4.65**	4.65
Non Trade Investments :		
Investment in Associates (Non-Trade)		
(C) In Equity Shares (Unquoted) on Equity Method	**426.50**	94.00
TOTAL	**452.41**	121.57

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in lacs)

	As at 31st March, 2010 Consolidated	As at 31st March, 2009 Consolidated
7 : INVENTORIES		
(As taken, valued and certified by Mangement)		
Stores & Spares	85.88	48.99
Raw Materials	1,293.98	576.66
Packing Materials	287.19	98.97
Work-in-Process	706.48	693.59
Finished Goods	242.35	139.34
TOTAL	**2,615.88**	1,557.55
8 : SUNDRY DEBTORS		
(Unsecured, considered good unless other wise stated)		
Debts Outstanding for a period exceeding Six months:		
Considered Good	571.66	728.02
Considered Doubtful	290.31	290.31
	861.97	1,018.33
Less:Provision for Doubtful Debts	290.31	290.31
	571.66	728.02
Other Debts	2,345.33	1,517.92
TOTAL	**2,916.99**	2,245.94
9 : CASH AND BANK BALANCES		
Cash on hand	12.59	12.08
Bank Balances with Scheduled Banks :		
I) In Current Accounts	55.41	24.91
II) In Fixed Deposit and Margin Accounts	403.38	164.61
III) In Deposit (Foreign Currency) Account	8.00	15.33
TOTAL	**479.38**	216.93
10 : LOANS AND ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	1,315.01	1,903.58
Advance Payment of Income Tax & TDS (Net of Provision)	57.10	58.39
Balance with IT Department	8.00	8.00
Balance-Cenvat Credit	392.67	246.39
Excise Duty receivable against Export	228.56	131.38
Sundry Deposits	335.11	330.11
Others	562.63	319.46
TOTAL	**2,899.08**	2,997.32

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in Lacs)

	As at 31st March, 2010 Consolidated	As at 31st March, 2009 Consolidated
11 : CURRENT LIABILITIES		
Sundry Creditors	4,155.53	3,599.80
Deposits Received	59.87	81.29
Unclaimed Dividend(*)	36.00	36.00
Payable to related parties	0.12	-
Other Liabilities	420.57	1,574.96
Interest Accrued but not due on Loan	60.00	45.00
Provision for Excise Duty and Custom Duty	-	5.56
TOTAL	**4,732.09**	**5,342.61**

(*) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

12 : PROVISIONS		
Gratuity	184.08	157.78
Leave Encashment	86.52	61.81
TOTAL	**270.60**	**219.59**

	For the year ended 31st March, 2010 Consolidated	For the year ended 31st March, 2009 Consolidated
13 : OTHER INCOME		
Dividend Received		
From Non Trade Investments	**0.20**	0.36
Profit on sale of Fixed Assets	5.78	253.23
Liabilities written back	151.81	70.48
Miscellaneous Income	38.60	69.75
TOTAL	**196.39**	393.81
14 : MATERIAL COST		
Materials Consumed/Cost of Goods sold		
Opening Stock	576.66	738.37
Add: Purchases	10,055.55	6,754.11
	10,632.21	7,492.48
Less : Closing Stock	1,293.98	576.66
	9,338.23	6,915.82
Packing Materials Consumption:		
Opening Stock	98.97	148.77
Add: Purchases	729.91	445.61
	828.88	594.37
Less : Closing Stock	287.19	98.97
	541.69	495.40
	9,879.92	7,411.22
Purchase of Finished goods	392.03	128.08
Increase/ (Decrease) in Stock of Finished and Semi-Finished goods :		
Opening Stock :		
Semi- Finished goods	693.59	782.49
Finished goods	139.34	238.77
	832.93	1,021.25
Less : Closing stock:		
Semi-Finished Goods	706.48	693.59
Finished Goods	242.35	139.34
	948.83	832.93
(Increase)/ Decrease in Stock	(115.90)	188.32
TOTAL	**10,156.05**	**7,727.63**

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(₹ in Lacs)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
15 : EMPLOYEE COST		
Salaries, Wages, and Bonus to Employees	1,451.78	1,287.25
Contribution to Provident and other funds	114.26	92.37
Employee Welfare Expenses	128.98	108.17
TOTAL	**1,695.02**	1,487.79
16 : OPERATIONAL AND OTHER EXPENSES		
Stores and Spares consumed	171.91	233.83
Power and Fuel	869.72	778.48
Rent	148.30	10.86
Rates and Taxes	5.65	8.42
Insurance	20.78	20.63
Repairs and Maintenance		
Plant and Machinery	78.90	108.71
Buildings	54.14	62.13
Others	16.13	15.51
	149.17	186.35
Labour Charges	198.20	129.86
Legal & Professional Charges	272.64	143.95
Travelling and Conveyance	141.54	146.08
Directors' Sitting Fees	0.58	0.54
Commission on Sales	357.92	219.61
Printing & Stationery	40.10	47.46
Postage, Telegram and Telephone	44.28	42.15
Auditors' Remuneration:		
Audit Fees	3.07	4.62
Tax Audit Fees	0.55	0.55
	3.62	5.17
Packing, Freight and Forwarding	227.28	143.83
Diminution in Value of of Investments	-	75.99
Sundry Balances written off	1.27	3.45
Selling and Distribution Expenses	86.90	27.03
Miscellaneous Expenses	191.89	128.21
Loss on Sale of Investment	-	78.09
TOTAL	**2,931.73**	2,430.01
17 : INTEREST AND FINANCE CHARGES		
Interest :		
Debentures & Fixed Loans	268.65	274.84
Others	284.61	493.53
Bank Charges	64.85	87.78
TOTAL	**618.11**	**856.15**

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:

(i) 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, 2010	India	100 %
Kopran (H.K) Limited (KHKL)	31st March, 2010	Hong Kong	100 %

(ii) Investment in Associates :

Name of Associates	Financial year ending	Country of Incorporation	Extent of Holding
Pharmaceutical Business Group (India) Limited	31st March, 2010	India	20 %

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 except opening stock, which has been converted at average opening rate. Fixed Assets and Investments are stated at historical cost.
- The excess of cost to the Company of its investments over the Company's portion of equity in the subsidiary is recognized as Goodwill in C.F.S.
- The excess of Company's portion of equity in the Subsidiary over the Investment cost is recognized as Capital Reserve in C.F.S.
- On adoption of AS-23, these investments have been accounted by using the equity method whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of Investment is adjusted thereafter for the post acquisition change in the Investor's share of net assets of the Investee. The Consolidated Profit & Loss Account reflects the Company's share of results of operations of the Investee.

c) FOREIGN CURRENCY TRANSACTION

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 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 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) FOREIGN CURRENCY TRANSLATION

Monetary Assets and liabilities of Foreign Subsidiary are translated into Indian rupees at closing rate as on the date of balance sheet. Income and Expenses of Foreign Subsidiary are translated into Indian rupees at average rate. The exchange difference arising out of the year-end translation is being debited / credited to Exchange Fluctuation Reserve.

j) 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.

k) 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.

l) EXCISE AND CUSTOMS DUTY

1. Excise and Customs duty payable in respect of Finished Goods 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.

m) 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.

n) 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.

o) 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.

p) 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 substantatively annexed tax rate where there is unabsorbed deprecation or carry forward losses, deferred tax assets are recognized only if there is virtual certainity of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainity 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.

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 recognized 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.

3. Contingent liabilities not provided for in respect of : (₹ in Lacs)

(i) Guarantees given by the Company's bankers on behalf of the Company	**97.15** (32.21)
(ii) Bills discounted with Banks	**1335.78** (1567.20)
(iii) Disputed matters against company	
(a) Sales Tax Demand disputed in appeal	**39.13** (39.13)
(b) Service Tax demand disputed in appeal	**1029.68** (1029.68)
(c) 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.23.89 Lacs (Previous Year Rs.15.27Lacs).

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 31.03.2010 ₹	As on 31.03.2009 ₹
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	15778000	15583000
Interest Cost	1142943	1211410
Service Cost	1797745	1929519
Actuarial (gain)/loss	2671731	(2065169)
Benefits paid	(2982419)	(880760)
Obligation at the year end	**18408000**	**15778000**
ii) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	2982419	880760
Actuarial (gain)/loss	-	-
Benefits paid	(2982419)	(880760)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	**(18408000)**	**(15778000)**
iii) Limits of Corridor not considered since total actuarial gain/loss is being recognized as on 31-03.2010		
Actuarial (loss) for the year – obligation	(2671731)	2065169
Actuarial gain/(loss) for the year – Plan Assets	-	-
Sub Total	**(2671731)**	**2065169**
Actuarial loss recognized	**2671731**	**2065169**
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	18408000	15778000
Fair value of Plan Assets at the end of the year	-	-
Liability / (Asset) recognized in the Balance Sheet	**18408000**	**15778000**
v) Cost for the year		
Service cost	1797745	1929519
Interest Cost	1142943	1211410
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	2671731	(2065169)
Net cost recognized in the Profit & Loss Account	**5612419**	**1075760**
vi) Movement in the liability recognized in the Balance Sheet		
Opening Net Liability	15778000	15583000
Expenses as above	5612419	1075760
Contribution paid	(2982419)	(880760)
Closing Net Liability	**18408000**	**15778000**
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 31.03.2010 ₹	As on 31.03.2009 ₹
i) **Reconciliation of opening and closing balances of the present value of the defined benefit obligation**		
Obligation at the beginning of the year	6181000	6849000
Interest Cost	475469	-
Service Cost	979307	1026265
Actuarial (gain)/loss	1491515	(1175945)
Benefits paid	(475291)	(518320)
Obligation at the year end	**8652000**	**6181000**
ii) **Change in Plan Assets**		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	475291	518320
Actuarial (gain)/loss	-	-
Benefits paid	(475291)	(518320)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	**(8652000)**	**(6181000)**
iii) **Limits of Corridor not considered since total actuarial gain/loss is being recognized as on 31.03.2010**		
Actuarial (loss) for the year – obligation	1491515	1175945
Actuarial gain/(loss) for the year – Plan Assets	-	-
Sub Total	**(1491515)**	**1175945**
Actuarial loss recognized	**1491515**	**(1175945)**
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	8652000	6181000
Fair value of Plan Assets at the end of the year	-	-
Liability / (Asset) recognized in the Balance Sheet	**8652000**	**6181000**
v) **Cost for the year**		
Service cost	979307	1026265
Interest Cost	475469	-
Expected return on Plan Assets	-	-
Actuarial (gain) / loss	1491515	(1175945)
Net cost recognized in the Profit & Loss Account	**2946291**	**(149680)**
vi) **Movement in the liability recognized in the Balance Sheet**		
Opening Net Liability	6181000	6849000
Expenses as above	2946291	(149680)
Contribution paid	(475291)	(518320)
Closing Net Liability	**8652000**	**6181000**
vii) **Assumption used to determine the benefit obligations :**		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

6. Some of the balances as at 31st March 2010 in respect of Sundry Debtors, Deposits, Loans & Advances and 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.

7. 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.

8. Exchange Difference arising out of Translation of Foreign Subsidiary into Indian Rupees at the Balance Sheet date aggregating to Rs.36.06 Lacs (Previous Year Rs. 0.99 Lacs) has been credited to Exchange Fluctuation Reserve Account.

9. 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 2010 is Rs.533.90 Lacs.

10. The Parent company has forfeited deposit of Rs.106.83 lacs received against 41,46,500 share warrants issued in the earlier years. Further, the company has issued 19,50,000 share warrants to a promoter group company against which the company has received a deposit of Rs.48.75 Lacs which is shown under share holders' funds.

11. 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	**2009-10 (₹ in Lacs)**	2008-09 (₹ in Lacs)
Sales Revenue:		
In India	5391.30	3,776.40
Outside India (Inclusive of Foreign Subsidiary)	10229.64	7,829.43
Total	**15620.94**	**11605.83**

12. **Earning per share**

Particulars	**For the year ended 31st March, 2010 (₹ in Lacs)**	For the year ended 31st March, 2009 (₹ in Lacs)
Net Profit / (Loss) after Taxation and before Exceptional items (Rs.in lacs)	14.93	(1411.53)
Dividend on Preference Shares	(32.58)	-
Profit/(Loss) attributable to Equity Share Holders	(17.65)	(1411.53)
Weighted average Nos of Shares (in lacs)	362.20	352.53
Face Value (Rs.)	10	10
Earning per Share (Rs.)		
Basic	(0.05)	(4.00)
Diluted	(0.04)	(3.58)

13. KRLL, a subsidiary of the Company, is engaged in the basic research and process / product development of APIs and finished dosage.

The Financial Statements have been prepared on a going concern basis, notwithstanding the fact that the company has incurred net loss of Rs.305.65 Lacs the year ended 31.03.2010 and total accumulated losses of Rs. 2890.20 Lacs as on 31.03.2010. 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.5612.43 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 2010 have been prepared on a "Going Concern" basis.

(a) 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.

(b) In respect of other companies the Tax effects of significant timing (temporary) differences that resulted in deferred tax assets & liabilities and description of the financial statement items that creates these differences are as follows:

Particulars	**As at 31.03.2010 (₹ in lacs)**	As at 31.03.2009 (₹ in lacs)
Carry Forward Losses/Unabsorbed Depreciation *	-	461.25
Provision for Gratuity/Bonus/Leave Encashment	-	0.96
	-	462.21
Less : Valuation Allowance	-	290.69
Deferred Tax Assets	-	*171.53*
Deferred Tax Liability on account of:		
Fixed Assets WDV & Depreciation	-	106.13
Un-realised Gain	-	-
Custom Excise duty allowable for tax purpose	-	-
Deferred Tax Liability	-	106.13
Deferred Tax Asset/(Liability) (Net)	-	65.40

* As per Assessment order/returns filed with Income Tax Authorities provisional computation of income

14. 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	2009-10 (₹ in lacs)	2008-09 (₹ in lacs)
Key Management Personnel :	**65.35**	**53.04**
Outstanding Balances of Related Party :		
Receivable from Associate Enterprise Pharmaceutical Business Group (I) Ltd.	**15.20**	**15.20**

15. Exceptional Items:
Exceptional Items comprise of Rs. 675.00 Lacs received during the year on accounts of non-compete fees.

16. The Consolidated Financial Statements for the reporting year does not include the company's share in the Profit / Loss of associate as the Financial Statements of the associate for the year are not available for consolidation.

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

As per our report of even date attached.

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

K. A. MEHTA
Partner
Membership No. 111749

Place : Mumbai,
Date : 10th August, 2010

For and on behalf of the Board of Directors

SUSHEEL G. SOMANI Chairman

SURENDRA SOMANI Executive Vice-Chairman