

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOPRAN RESEARCH LABORATORIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KOPRAN RESEARCH LABORATORIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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Basis for Qualified Opinion

Attention is invited to Note No.2.17 regarding preparation of accounts of the Company on a going concern basis inspite of the total accumulated losses of Rs. 3,135.88 lakhs exceeding the paid up capital and reserves of the Company.

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

Attention is invited to Note No.2.18 regarding non availability and hence non disclosure of information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

the cumulative impact thereof on the Profit for the year, assets and reserves of the company (amount not ascertained).

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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



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2. As required by section 227(3) of the Act, we report that:

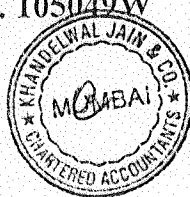
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 and section 164(2) of the Companies Act 2013 to the extent applicable.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Chirag Doshi

(CHIRAG DOSHI)
PARTNER

Membership No.119079



Place: Mumbai

Date: May 19, 2014

KHANDELWAL JAIN & CO.

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ANNEXURE TO THE AUDITORS' REPORT

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

- 1.(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except in respect of furniture and fixtures and R & D Equipments, for which item wise values are not recorded*
- (b) We have been informed that most of fixed assets have been physically verified by the management during the year. In our opinion the frequency of the verification is reasonable. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial part of the Fixed Assets.
2. (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- (b) In our opinion, and according to the information and explanation given to us, the procedure of physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of such stocks as compared to book records.
- 3.(a) As the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, sub-clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
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.



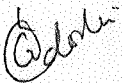
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- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to 5.00 lacs (Rupees Five Lacs only) or more in respect of a party has been made at price which is reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India, the provision of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. *The Company does not have internal audit system.*
8. We have been informed that the Central Government has not prescribed for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of goods or services of the company.
9. (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed dues payable in respect of Income tax, wealth tax, sales tax, service tax, custom duty, excise duty and cess are in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of sales tax, income tax, service tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Accumulated losses of the Company as at the end of the financial year amounted to Rs. 3135.88 lakhs which exceeds its net worth. The Company has incurred cash losses of Rs. 0.42 lakhs 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.

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12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the provisions of Clause (xiii) of the Order are not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us and the records examined by us, the company has not availed of any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term purposes.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year under review.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

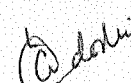

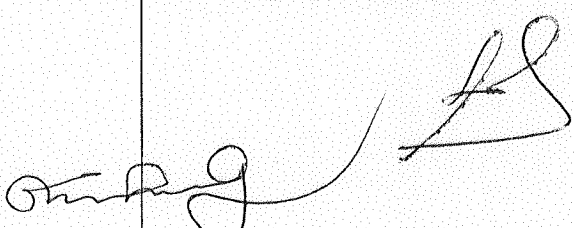

(**CHIRAG DOSHI**)
PARTNER
Membership No.119079



Place : Mumbai
Dated : May 19, 2014


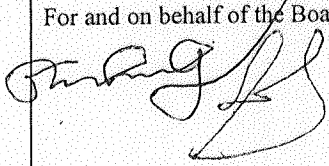
KOPRAN RESEARCH LABORATORIES LTD.
Statement of Profit and Loss for the year ended March 31, 2014

	Note No	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from Operations		-	-
Other Income	2.13	6,205,744	908,333
Total Revenue		6,205,744	908,333
EXPENSES			
Cost of Material Consumed	2.14	341,458	510,140
Employee Benefit Expense	2.15	512,499	5,508,233
Depreciation and Amortization Expense	2.9	3,866,403	3,871,047
Other Expenses	2.16	93,983	195,949
Total Expenses		4,814,344	10,085,370
Loss Before Exceptional/Extraordinary Items and Tax		1,391,401	(9,177,037)
Exceptional/Extraordinary Items		-	-
Loss Before Tax		1,391,401	(9,177,037)
Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Wealth Tax		-	-
Profit/(Loss) After Tax		1,391,401	(9,177,037)
Earning Per Share			
Basic & Diluted	2.20	0.28	(1.84)
Nominal Value Rs. 10/-			
Number of shares used in computing Earnings Per Share			
Basic & Diluted		5,000,000	5,000,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	1 & 2		

<p>As per our report of even date</p> <p>For Khandelwal Jain & Co Chartered Accountants Firm Registration No. 105049W</p> <p style="text-align: center;"> (Chirag Doshi) Partner Membership No.119079</p> <p style="text-align: center;"></p> <p>Place : Mumbai Date : May 19, 2014</p>	<p>For and on behalf of the Board of Directors</p> <p style="text-align: center;"></p> <p style="text-align: center;">Director Director</p> <p>Place : Mumbai Date :</p>
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KOPRAN RESEARCH LABORATORIES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 2014

PARTICULARS	For the year ended 31-03-2014 (Rs)	For the year ended 31-03-2013 (Rs)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Tax	1,391,401	(9,177,037)
Add:		
Depreciation and Amortisation	3,866,403	3,871,047
Sundry Balances Written Back	(5,299,998)	-
Operating Profit Before Working Capital Changes	(42,195)	(5,305,990)
Adjustment for :		
Loans and Advances	592,499	(290,866)
Trade and Other Liabilities	(311,875)	752,561
Cash Generated From Operations	238,430	(4,844,295)
Direct Taxes Paid	5,834	(90,833)
NET CASH FROM OPERATING ACTIVITIES : A	244,264	(4,935,128)
NET CASH FROM INVESTING ACTIVITIES : B	-	-
CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Unsecured Loans (net)	(293,649)	4,990,587
NET CASH FLOW FROM FINANCING ACTIVITIES : C	(293,649)	4,990,587
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(49,387)	55,459
Opening Cash and Cash equivalent	179,107	123,648
Closing Cash and Cash equivalent	129,720	179,107

<p>As per our report of even date For KHANDELWAL JAIN & CO., Chartered Accountants</p> <p><i>Chirag Doshi</i></p> 	<p>For and on behalf of the Board of Directors</p> 
<p>(Chirag Doshi) Partner</p>	<p>Director</p>
<p>Membership No. 119079</p>	<p>Director</p>
<p>Place : Mumbai</p>	<p>Place : Mumbai</p>
<p>Date : May 19, 2014</p>	<p>Date :</p>

KOPRAN RESEARCH LABORATORIES LTD.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 to the extent applicable and Companies Act 2013 to the extent notified, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules 2006.

1.2 Use of Estimates

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

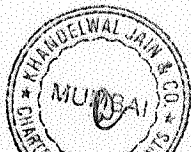
1.3 Fixed Assets and Depreciation

i) Fixed Assets:

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

ii) Intellectual Property Rights

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



iii) Depreciation / Amortization

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

1.4 Inventories

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

1.5 Retirement Benefits

- i) Provident Fund: The Company contributes monthly at a determined rate. These contributions are remitted to the Government administered fund and are charged to Profit and Loss Account on accrual basis.
- ii) Provision for Gratuity is determined at the Balance Sheet date, on the basis of actuarial valuation and charged to Profit & Loss account.
- iii) Liability in respect of Leave Encashment benefits is determined at the end of the year as per rules of the Company and charged to Profit & Loss account.

1.6 Revenue Recognition

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

1.7 Earnings Per Share

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



1.8 Taxation

Income tax comprises the current tax and deferred tax. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using tax rates enacted or substantively enacted by the balance sheet date.

1.9 Impairment of Assets

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

1.10 Prior Period and Extraordinary Items.

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

1.11 Provisions and Contingent liabilities

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

1.12 Other Accounting Policies

These are consistent with the generally accepted accounting practices.



2.0 NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

2.1 SHARE CAPITAL

Particulars	As at	
	March 31, 2014	March 31, 2013
Authorized :		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs.10/- each.	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid-up		
50,00,000 Equity Shares (Previous Year 50,00,000) of Rs.10/- each fully paid-up	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>

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

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

c. Reconciliation of Shares

Particulars	As at	
	March 31, 2014	March 31, 2013
Number of shares at the beginning	5,000,000	5,000,000
Number of shares at the end	5,000,000	5,000,000

2.2 RESERVES AND SURPLUS

Particulars	As at	
	March 31, 2014	March 31, 2013
Securities Premium Account:		
Opening Balance	3,150	3,150
Add: Additions during the year	-	-
Closing Balance	<u>3,150</u>	<u>3,150</u>
Surplus in Statement of Profit and Loss:		
Opening Balance	(314,982,379)	(305,805,343)
Add: Net Profit / (Loss) transfer from Statement of Profit and Loss	1,391,401	(9,177,037)
Amount available for appropriation	(313,590,979)	(314,982,379)
Less Appropriations	-	-
Closing Balance	<u>(313,590,979)</u>	<u>(314,982,379)</u>
TOTAL	<u>(313,587,829)</u>	<u>(314,979,229)</u>

2.3 LONG TERM BORROWINGS

Particulars	As at	
	March 31, 2014	March 31, 2013
Kopran Ltd *	445,000,000	445,000,000
TOTAL	<u>445,000,000</u>	<u>445,000,000</u>

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



2.4 OTHER LONG TERM LIABILITIES

Particulars	As at	
	March 31, 2014	March 31, 2013
Deposit Received from Pro Lab. Ltd.	2,500,000	2,500,000
TOTAL	2,500,000	2,500,000

2.5 LONG TERM PROVISIONS

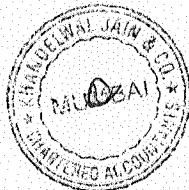
Particulars	As at	
	March 31, 2014	March 31, 2013
Provision for Leave Encashment (Also Refer Note 2.23)	-	137,000
Provision for Gratuity (Also Refer Note 2.23)	-	241,000
TOTAL	0	378,000

2.6 SHORT TERMS BORROWINGS

Particulars	As at	
	March 31, 2014	March 31, 2013
Unsecured Loans		
Kopran Limited - Holding Company	27,901,907	28,195,556
S.V. Trading and Agencies Ltd.	0	5,300,000
TOTAL	27,901,907	33,495,556

2.7 OTHER CURRENT LIABILITIES

Particulars	As at	
	March 31, 2014	March 31, 2013
Full and Final Settlement Payable	1,045,392	1,000,928
Unpaid Salary	1,409	432,516
Provident Fund Payable	-	24,949
Advance from Customers	217,500	-
Audit Fees Payable	40,450	40,450
Unpaid Bonus	175,545	201,667
TDS on Professional Charges	4,494	4,494
TDS on Salary	-	12,770
Employees Cont To P.F.	-	22,315
Professional Tax	-	3,725
TOTAL	1,484,790	1,743,814



2.8 SHORT TERM PROVISIONS

Particulars	As at	
	March 31, 2014	March 31, 2013
Provision for Leave Encashment (Also Refer Note 2.23)	-	2,000
Provision for Gratuity (Also Refer Note 2.23)	-	4,000
TOTAL	-	6,000

2.10 LONG TERM LOANS & ADVANCES

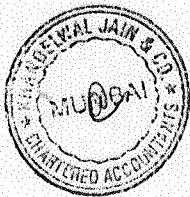
Particulars	As at	
	March 31, 2014	March 31, 2013
Unsecured and Considered Good		
Advance payment of Income Tax & TDS	357,233	363,067
Advance recoverable in cash or in kind	2,500,000	2,500,000
TOTAL	2,857,233	2,863,067

2.11 CASH AND CASH EQUIVALENTS

Particulars	As at	
	March 31, 2014	March 31, 2013
Balance with Banks in Current Accounts	79,661	104,836
Cash on hand	50,061	74,271
TOTAL	129,722	179,107

2.12 SHORT TERM LOANS AND ADVANCES

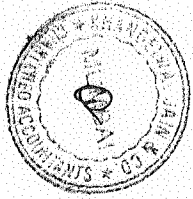
Particulars	As at	
	March 31, 2014	March 31, 2013
Unsecured considered good		
Advance recoverable in cash or in kind	3,420,338	3,420,338
Income accrued but not due	150,000	150,000
TOTAL	3,570,338	3,570,338



KOPRAN RESEARCH LABORATORIES LIMITED

Note 2.9 : FIXED ASSETS

Sr.No	Description	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK	
		As At 31.03.2013	Additions during the Year	Deductions during the Year	As At 31.03.2014	Upto 31.03.2013	For the Year Depreciation/ Amortization	Upto 31.03.2014	As At 31.03.2014
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	57,946,256	3,850,810	61,797,066	19,272,618
3	R & D Furniture & Fixtures	957,088	-	-	957,088	907,374	8,998	916,372	40,716
4	Computers	328,020	-	-	328,020	325,252	1,107	326,359	1,661
5	Motor Car	599,054	-	-	599,054	577,858	5,488	583,346	15,708
	TOTAL	225,753,846	-	-	225,753,846	198,685,692	3,866,403	206,423,142	19,330,704
	Previous Year	225,753,846	-	-	225,753,846	198,685,692	3,871,047	198,685,692	23,197,107
	Capital Work in Progress	189,240,572	-	-	189,240,572	-	-	-	189,240,572



2.13 OTHER INCOME

Particulars	Year ended March 31,	
	2014	2013
Royalty (TDS Rs. 90,833 (PY Rs. 95,833))	900,000	908,333
Interest Received on IT Refund	5,746.00	-
Sundry Balance Written back	5,299,998	0
TOTAL	6,205,744	908,333

2.14 COST OF MATERIAL CONSUMED

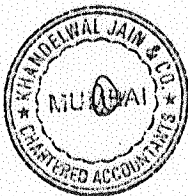
Particulars	Year ended March 31,	
	2014	2013
Opening Stock	0	0
ADD: Purchases	341,458	510,140
	341,458	510,140
Less: Closing Stock	0	0
Material Consumed	341,458	510,140
TOTAL	341,458	510,140

2.15 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31,	
	2014	2013
Salaries	460,891	5,221,230
Contribution to Provident Fund and other funds	47,945	280,933
Medical Reimbursement	3,663	6,070
TOTAL	512,499	5,508,233

2.16 OTHER EXPENSES

Particulars	Year ended March 31,	
	2014	2013
Travelling & Conveyance Expenses	0	133
Vehicle Expenses	24,000	144,000
Audit Fees	44,944	44,944
Legal and Professional Exp.	22,472	2,500
Printing and Stationery	-	-
Bank Charge	2,357	2,526
Analytical Charges	-	-
Miscellaneous Expenditure	210	1,846
TOTAL	93,983	195,949



NOTES TO ACCOUNTS (Cont):

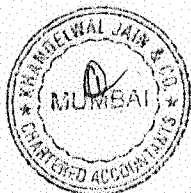
- 2.17 The company is engaged in basic research and process / product development of APIs and finished dosage.

The Financial Statement have been prepared on a going concern basis, notwithstanding the fact that the Company has a total accumulated losses of Rs. 3135.88 lakhs as on 31.03.2014. The Company is a wholly owned subsidiary Company of M/s. Koprán Ltd. and is financially supported by the parent company. M/s. Koprán Ltd., the parent company has invested as share capital a sum of Rs. 500 lacs. It has also advanced a sum of Rs. 4729.02 lakhs 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 Koprán 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 2014, have been prepared on a "Going Concern" basis.

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



2.20 Earning Per Share

Particulars	31.03.2014	31.03.2013
Net Profit / (Loss) available for equity Share holders – Rs.	1,391,401	(9,177,037)
Weighted Average No. of Shares – Nos.	50,00,000	50,00,000
Face Value – Rs.	10/-	10/-
Earning Per Share – Rs.		
Basic/Diluted	0.28	(1.84)

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

a) List of Related Parties:

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

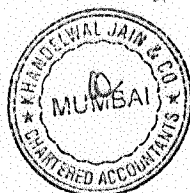
b) Transactions with Related Parties:

i) Holding Company

Nature of the Transaction	Amount of transaction during the year (Rs.)	Payable as at 31.03.2014 (Rs.)	Payable as at 31.03.2013 (Rs.)
<u>Unsecured Loans</u>			
Taken	6,286,351	472,901,907	473,195,556
Repaid	6,580,000		
Purchases	28,933	28,933	

ii) Key Management Personnel Rs. NIL

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



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

Particulars	31.03.2014 (Rupees) (Note 1)	31.03.2013 (Rupees)
i) Change in Benefit Obligation		
Projected Benefit Obligations (PBO) at the beginning of the year	-	184,000
Interest Cost		12,643
Service Cost		72,145
Benefits Paid		(51,923)
Actuarial (gain) loss on obligations		28,135
PBO at the end of the year		2,45,000
ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year		-
Expected Return on Plan Assets		-
Contributions		51,923
Benefits paid		(51,923)
Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year		-
iii) Change in Plan Assets		
Fair Value of Plan Assets at the beginning of the year		-
Actual return on Plan Assets		51,923
Contributions		(51,923)
Benefits paid		-
Fair Value of Plan Assets at the end of the year	-	-
Funded Status	-	(2,45,000)
v) Limits of Corridor not considered since total actuarial gain/loss is being recognised		
Actuarial (loss) for the year – Obligation		(28,135)
Actuarial gain (loss) for the year – Plan Assets		(28,135)
Sub-Total		28,135
Actuarial loss recognised		-
Unrecognised actuarial gains (losses) at the end of the year		-
vi) The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation		245,000
Fair Value of Plan Assets		-
Difference		245,000
Unrecognised Actuarial gains(losses)		-
Unrecognised Transitional Liability		-
Liability Recognised in Balance Sheet		245,000
vii) Net Periodic Cost		
Current Service Cost		72,145
Interest Cost		12,643
Expected Return on Plan Assets		-
Net Actuarial (gain) loss recognised in the year		28,135
Expenses Recognised in the Income Statement		112,923



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

Compensated Absences (Unfunded)

Particulars	31.03.2014 (Rupees)	31.03.2013 (Rupees)
i) Change in Benefit Obligation		
Projected Benefit Obligations (PBO) at the beginning of the year		123,000
Interest Cost	-	8,273
Service Cost		25,865
Benefits Paid		(39,186)
Actuarial (gain) loss on obligations		21,048
PBO at the end of the year		139,000
ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year		-
Expected Return on Plan Assets		-
Contributions	-	39,186
Benefits paid		(39,186)
Gain / (loss) on Plan Assets		-
Fair Value of Plan Assets at the end of the year		-
iii) Change in Plan Assets		
Fair Value of Plan Assets at the beginning of the year		-
Actual return on Plan Assets		-
Contributions	-	39,186
Benefits paid		(39,186)
Fair Value of Plan Assets at the end of the year		-
Funded Status	-	(1,39,000)
v) Limits of Corridor not considered since total actuarial gain/loss is being recognised		
Actuarial (loss) for the year – Obligation	-	(21,048)
Actuarial gain (loss) for the year – Plan Assets		-
Sub-Total		(21,048)
Actuarial loss recognised		21,048
Unrecognised actuarial gains (losses) at the end of the year		-



vi) The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation		139,000
Fair Value of Plan Assets		-
Difference	-	139,000
Unrecognised Actuarial gains(losses)		-
Unrecognised Transitional Liability		-
Liability Recognised in Balance Sheet		139,000
vii) Net Periodic Cost		
Current Service Cost		25,865
Interest Cost		8,273
Expected Return on Plan Assets	-	-
Net Actuarial (gain) loss recognised in the year		21,048
Expenses Recognised in the Income Statement		55,186
viii) Movements in the liability recognised in the Balance Sheet		
Opening Net Liability		123,000
Expense as above	-	55,186
Contributions paid		(39,186)
Closing Net Liability		139,000
ix) Assumptions :-		
Discount Rate	-	8.00%
Rate of increase in Compensation levels		6.00%

Note 1 – The Company has transferred all its employees to Kopran Limited and hence, Company has not done any actuarial valuation of employee benefits and not provided for any liability for the same.

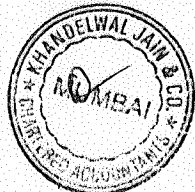
2.24 Additional information as required pursuant to the provisions of paragraph 3 and 4 (D) of Part II of Schedule VI to the Companies Act, 1956. (To the extent applicable) - NIL.

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

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



(Chirag Doshi)
PARTNER
Membership No. 119079
Place : Mumbai
Date : May 19, 2014



For and on behalf of the
Board of Directors



Director



Director