

KDL BIOTECH LIMITED



CORPORATE STATEMENT
2010 - 2011

BOARD OF DIRECTORS

Mr. Nalin Bamzai	Managing Director
Dr. Rajesh Agrawal	Director - Technical
Mr. Sanjay Sinha	Director
Mr. Harish Bhardwaj	Director (Resigned as Director w.e.f. 17/08/2011)
Dr. Tushar Kumar Srivastava	Director
Mr. Yogendra Kumar Chauhan	Director

COMPANY SECRETARY

Mr. Nihar Ranjan Das

BANKERS

STATE BANK OF INDIA

CANARA BANK

THE SARASWAT CO-OPERATIVE BANK LTD.

AUDITORS

KHANDELWAL JAIN & CO., *Chartered Accountants*

REGISTERED OFFICE & FACTORY

Village : Savroli

Taluka : Khalapur

Dist. : Raigad

State : Maharashtra

Pin Code : 410202

NOTICE

Notice is hereby given that the Twenty-fourth Annual General Meeting of KDL Biotech Limited will be held on Wednesday, the 28th September, 2011 at 11.30 a.m. at Village Savroli, Tal. Khalapur, Dist. Raigad, Maharashtra – 410 202, to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Profit and Loss Account of the Company for the Accounting Period ended 31st March, 2011 and the Balance Sheet as on that date together with the Report of Directors and Auditors thereon.
- To appoint a Director in place of Dr. Rajesh Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Sanjay Sinha, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and fix their Remuneration.

For and on behalf of the Board of Directors

(Nihar Ranjan Das)
Company Secretary

Place : Mumbai
Date : August 17, 2011

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxy Forms, in order to be effective, should be duly completed, stamped, signed and must be lodged at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

- Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their Bank details, ECS mandates, nomination, power of attorney, change of address, change in name etc., to their Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to its members.

Members holding shares in physical form are requested to forward all share transfer communications and further intimate all changes with respect to their Bank details, change of address, change in name etc., to the Registrar and Share Transfer Agents i.e. Bigshare Services Pvt. Ltd. at E-2 & 3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400072.

- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 24th September, 2011 to Wednesday, the 28th September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- Members are requested to:
 - Quote Registered Folio/Client ID and DP ID in all their correspondences.
 - Bring their copy of the Annual Report and the Attendance Slip with them to the Annual General Meeting.

- Send queries related to accounts, to the Company atleast 10 days before the date of the Meeting.

- Appointment/Re-appointment of Directors:

At the ensuing Annual General Meeting, Dr. Rajesh Agrawal and Mr. Sanjay Sinha, Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment. The information, pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is furnished as Annexure to the Notice.

For and on behalf of the Board of Directors
(Nihar Ranjan Das)
Company Secretary

Place: Mumbai
Date : August 17, 2011

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Annexure to Item Nos. 2 & 3

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting on Wednesday, the 28th September, 2011 (In pursuance of Clause 49 of the Listing Agreement):

Name of Director	Date of Birth	Date of Appointment on the Board	Qualifications	Expertise in specific functional area	List of other Companies (excluding private Companies) in which Directorships held as on 31 ST March, 2011
Dr. Rajesh Agrawal	28.04.1961	26.04.2007	1) M.Sc. (Micro-Biology) 2) PHD (Applied Biology)	Pharmaceuticals & Bulk Drugs Industry, API Manufacturing.	—
Mr. Sanjay Sinha	22.12.1963	18.07.2008	B. Com. (Honrs.)	Accounts & Taxation	—

DIRECTORS' REPORT

To
The Members,
KDL Biotech Limited

The Current Accounting Year is of 12 months i.e., 1st April, 2010 to 31st March, 2011. Your Directors hereby present the Twenty-fourth Annual Report together with the Audited Statement of Accounts for the aforesaid year.

FINANCIAL RESULTS:

(Rupees in Lacs)

	Current 12 months Period from 01.04.2010 to 31.03.2011	Previous 18 months Period from 01.10.2008 to 31.03.2010
Net Sales/Income from Operations	2885.70	4008.05
Profit/(Loss) Before Depreciation & Tax	(883.52)	(1124.80)
Less: Depreciation and Impairment	2234.81	1240.03
Profit/(Loss) Before Tax	(3118.33)	(2364.83)
Add: Exceptional Item	(1150.00)	666.19
Less: Fringe Benefit Tax	-	2.17
Add : Deferred Tax W/Off	(769.27)	-
Profit/(Loss) after Tax	(5037.60)	(1700.81)
Add : Prior Period Exps	(1393.71)	-
Add: Balance brought forward from previous year	(10326.33)	(8625.51)
Amount available for appropriation	(16757.64)	(10326.33)
Surplus/(Deficit) carried forward to Balance Sheet	(16757.64)	(10326.33)

ACCOUNTS

Figures of the Current Accounting Year are for 12 months, whereas the figures of the Previous Accounting Year are for 18 months, comprising of the period from 1st October, 2008 to 31st March, 2010, and hence not comparable.

FINANCIAL PERFORMANCE

For the Current Accounting Year of 12 months, the Company has achieved Sales and Other Income aggregating to Rs. 2885.70 lacs, which includes Job Work Charges amounting to Rs.2055.47 lacs, whereas for the previous Accounting year of 18 months, the Company had achieved Sales and other Income aggregating to Rs. 4008.05 lacs.

DIVIDEND

In view of the losses incurred during the period under review, no dividend has been recommended on Equity Shares.

MANAGEMENT DISCUSSION & ANALYSIS

CAUTIONARY STATEMENT

This part of the Report deals with expectations and risk analysis about the future, which is based on certain assumptions and events. The Company can not guarantee these assumptions and expectations being accurate or will be realized nor the risks outlined exhaustive. The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.

REVIEW OF OPERATIONS

During this Accounting year, there is no change in the scenario of Penicillin

products as China is still dominating and controlling the prices of Penicillins & 6-APA resulting in fluctuations in Amoxicillin prices.

Due to non availability of working capital and delays in financial restructuring, we could not start our own production and continue the Job Work activities for Unimark Remedies Limited.

OUTLOOK ON OPPORTUNITY

In order to sustain the competitive SSP's price company is developing a cost effective process for the manufacturing of Amoxicillin Trihydrate. This implementation of new technology will be completed by end of this year.

Company is also in co-operation with Unimark Remedies Limited is working on the utilisation of Biotech facility. The pilot trials are under progress.

OUTLOOK ON CONCERN

Growing competition from China due to forward integration and from our Indian counterparts remain a challenge to survive in this business.

SEGMENT WISE PERFORMANCE

The Company has only one segment i.e. Pharmaceuticals.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are protected. Necessary checks and balances are in place to ensure that transactions are adequately authorised and reported correctly. The Internal Auditors of the Company conduct Audits of various departments to ensure that internal controls are in place. These are being reviewed by the Audit Committee of the Board and corrective actions are taken by the Company, when needed. The Company has appointed M/s. Rege & Thakkar, Chartered Accountants as its Internal Auditors.

HUMAN RESOURCES

The Company has continued the best HR practices to develop their employees. The Company has also organized in house & external training Programmes on various subjects. Yearly training calendar, based on the training need identification, is prepared and followed.

Employees are suitably rewarded for their performance in order to motivate them. The Company has implemented & continued a system for quarterly review of performance of employees. Last year, 88 employees were rewarded for their performance.

Training Awards: Employees are also awarded for their maximum participation during the training session in Worker cadre, Staff cadre and Management cadre.

Company maintained the harmonious relation with their employees along with their family members by organizing various welfare activities & various competitions.

HEALTH, SAFETY & ENVIRONMENT

The Company has well defined management goals for Health, Safety & Environment, which are strictly followed. For maintaining the safe operating practices and healthy working environment, the Company conducted safety audits, risk analysis, mock drills and Hazop studies regularly.

To improve Health, Safety and Environment standard company obtained the certification of ISO 14001:2004(EMS) and BS OHSAS 18001:2007.

For Safety standards during the year 2010 company has been awarded Certificate of Merit from National Safety Council, Maharashtra Chapter being chief coordinator of the Mutual Aid Response Group (MARG) Khopoli, Rasayani & Patalganga Industrial Zone. The Company organized the On-site and Off-site mock drills in neighbouring industries and to minimize the accident frequency rate, Special training programmes was conducted for Police department, Khalapur, Khopoli, zone, to attend the emergency while transporting hazardous goods.

FINANCE

It has been a constant endeavour on the part of the company to avail low cost debt by restructuring process with the banks and others. The response

was slow due to the fact that the company had to depend more on job work business than its own production which affected the operation of the company as well as the restructuring process with the banks and others.

The Company is negotiating with the Bankers for One Time Settlement of its Working Capital facility, which will resolve our issues effectively with the banks and the Company is hopeful of settling this issue through One-time Settlement Scheme (OTS). The Company is a sick Company within the meaning of section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has made a reference to the Board for Industrial and Financial Reconstruction (BIFR) under section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 on 6th June, 2011, which has been registered by BIFR as case No. 35/2011. So far BIFR has called for two hearings in the matter. In the first hearing held on 6th July, 2011, BIFR has suggested the Company to send the Copy of Application made in Form 'A' together with the enclosures to the Secured Creditors, Department of Income Tax and other Statutory authorities and the Company has complied with the directives of BIFR. The Second hearing was held on 25th July, 2011, wherein the representatives of Canara Bank and Saraswat Bank were present. Representative of the State Bank of India has not attended the hearing. The representatives of Canara and Saraswat Bank have pleaded that they have not received the copy of Form 'A' and other documents from the Company. The Company had produced the proof of Postal acknowledgement before the Board in support of the dispatch of the documents to them. The next hearing has been fixed for 20th September, 2011.

Further, with the help of Financial Advisors, the Company is also working on the alternative mode of Finance for funding OTS.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Rajesh Agrawal and Mr. Sanjay Sinha retires by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Brief resume of the Directors being appointed/re-appointed, is provided in the Notice convening the Annual General Meeting of the Company as required under Clause 49 of the Listing Agreement.

None of the Directors of the Company are disqualified from being appointed as specified under Section 274 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements of the Company for the accounting period ended 31st March, 2011, the Board of Directors state that:

- i) the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- ii) reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgements and estimates have been made in respect of items not concluded by the end of the Accounting period, so as to give a true and fair view of the state of affairs of the Company as at the end of the accounting period ended 31st March, 2011 and of the profit/(loss) of the company for the period under review;
- iii) proper and sufficient care has been taken for 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; and
- iv) the financial statements for the accounting period ended 31st March, 2011, have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure – A to the Report.

PARTICULARS OF EMPLOYEES

The Ministry of Corporate Affairs has vide notification dated 31st March 2011 enhanced the limits for the purpose of disclosure of particulars of employees in Directors Report as required under Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975 from the existing limit of Rs. 24 lacs per year/ Rs. 2 lacs per month to Rs. 60 lacs per year/ Rs. 5 lacs per month.

The information required to be disclosed under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Amendment Rules, 2011, is not applicable to the Company, as none of the employee of the Company was in receipt of remuneration prescribed in Companies (Particulars of Employees) Amendment Rules, 2011.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance are annexed to the Directors' Report.

GROUP

Group means Jayant Mohanlal Parekh, Madhukanta Jayant Parekh, Mehul Jayant Parekh, Beena Mehul Parekh, Sandip Jayant Parekh, Nandini Sandip Parekh, Sonali Mehul Parekh, Pooja Mehul Parekh, Sarang Sandip Parekh, J. M. Parekh (HUF), Unimark Remedies Limited, Glade Organics Private Limited, India, Morganite Trading Company Limited, Synpac Pharmaceuticals (UK) Limited, Synpac Pharmaceuticals Limited, UK, Synpac Limited BVI, Glade Organics Private Limited, UK and Glade Remedies Private Limited, Mauritius are part of the same Group as defined in the Monopolies and Restrictive Trade Practices Act 1969 (54 of 1969).

FIXED DEPOSITS

During the period under review, the Company has not accepted any fixed deposits.

INSURANCE

All Properties/Assets including Buildings, Plant and Machineries, Furnitures and Fixtures etc. and insurable interest of the Company are adequately insured.

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accounts, Mumbai, retires at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory and therefore do not call for any further comments.

AUDITOR'S REPORT

With regard to qualifications made by the Statutory Auditors in their report, the relevant notes appended in the Schedule of the note are Self-explanatory and requires no further explanation and elucidation.

ACKNOWLEDGEMENTS

Your Directors would like to express the grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors, Shareholders and Employees during the period under review.

For and on behalf of the Board of Directors

(Dr. Rajesh Agrawal)
Director - Technical

Place : Mumbai
Date : August 17, 2011

ANNEXURE 'A' 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 measure implemented in 2010-11:

- Achieved saving in electrical consumption by removing bottom transfer pump and keeping under gravity flow of ML distillation column.
- Achieved saving in electrical consumption by removing bottom residue for pump to ETP and making gravity flow in IPA distillation column at solvent recovery plant.
- Substituted distillation of Aqueous layer of Cilastatin derivatives using RO technology.

2. Additional investments & proposals for energy conservation in 2011 – 12:

- Installation of Bio Briquette fired boiler instead of Furnace oil fired boiler.
- Steam condensate recovery to reduce fuel consumption at boiler.
- Replacement of chilled brine compressors with energy efficient screw compressors.
- Replacement of air compressors with energy efficient compressors.
- Replacement of reactor impellers with energy efficient impellers along with gear box & motor.
- Energy saving by improvement in solvent recovery percentage.

3. Impact of Measures:

Impact of the energy conservation measures has resulted in savings in the cost of production

4. Total energy consumption per unit of production as per Form A.

FORM A

Power and Fuel consumption

	Current Period	Previous Period
a) Electricity /Internal Generation		
Units KWH (lacs)	79.86	138.22
Total Amount (Rs. in lacs)	436.55	571.87
Rate / Unit (Rs.)	5.47	4.14
b) Coal	N.A.	N.A.
c) Furnace Oil		
Quantity Ltrs. (in lacs)	1.03	2.24
Total amount (Rs. in lacs)	28.97	28.68
Average rate (Rs.)	28.06	12.83
d) Others		

It is difficult to express consumption per unit because of large numbers of packs & products of bulk drugs.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

1. Process Development of SEMI SYNTHETIC PENICILLINS and its INTERMEDIATES focus on:

- Prepare working standards.
- Trouble shooting studies related to Plant process.
- Process development studies for cost improvement.
- Vendor Development trials of Raw Materials.

2. During this period technologies for extra dried Amoxicillin Trihydrate with Potassium Clavulanate mixture and higher solubility Amoxicillin Trihydrate for veterinary use has been developed. The commercialization of extra dried Amoxicillin Trihydrate is planned in the coming year.

QUALITY ASSURANCE / CONTROL

Various quality management systems are adopted to assure the quality of the product. This is achieved with the help of sophisticated analytical instruments like HPCL, GC, FTIR and Head Space Analyzer etc., which are installed in the Quality Control Laboratory. Apart from this there also exists an In-Process Quality control lab where all the in-process control tests are carried out with the aid of dedicated sophisticated instruments. This ensures that the Company is interested not only in controlling the desired quality of the end products but also keen to know the pathway followed for being able to assure the desired quality of the products.

Additionally, GLP systems are adhered to in the laboratory whereas cGMP is followed during manufacturing activity. Change Control system, batch review system, Out of specification Systems, Vendor Qualification systems, cleaning procedures are followed to assure total adherence to GMP.

Quality assurance also helps in satisfying customer and regulatory requirements. During the accounting period, facility is approved by International companies from Philippines, Thailand, Iran, Tanzania & Canada and also various Indian companies.

Annual updates are being sent to USFDA & MHRA regularly and the Company also has WHO approval along with GMP Certificate from Indian FDA.

New state of the art facility for QA/QC being set up and the work on the same will be completed by October 2011.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The required information in respect of Foreign Exchange Earnings and Outgo for the Accounting Period ended 31st March, 2011, has been given below:

Foreign Exchange Outgo: Rs. 7,89,665/-
(Previous period Rs. 34,89,349/-)

Foreign Exchange Earnings: Rs. NIL
(Previous period Rs. 1,02,00,185/-)

For and on behalf of the Board of Directors

(Dr. Rajesh Agrawal)
Director - Technical

Place : Mumbai
Date : August 17, 2011

ANNEXURE 'B' TO THE DIRECTORS' REPORT**CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY**

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and to continuously strive to attain high levels of accountability, transparency, responsibility and fairness in all respect of its operations. Your Company, with a view to achieve these objectives, adopted corporate strategies, prudent business plans and monitoring performance.

Clause 49 of the Listing Agreement with Stock Exchanges sets up norms and disclosures that are to be met by the Company on Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this Report.

2. Board of Directors

The Composition of the Board of Directors of the Company is in compliance with Clause 49 of the Listing Agreement. Out of total Board strength of Six directors, four are independent directors. Mr. Nalin Bamzai is the Managing Director and Dr. Rajesh Agrawal is an Executive director of the Company. The independent directors at all times satisfy the definition of Independent directors laid down in the Listing Agreement.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the Accounting Period ended on 31st March, 2011 and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other Companies, are given below:

Name of the Directors	Category	No. of Board Meetings attended	Attendance in Last AGM	Other Public Companies in which he is Director		No. of Committee positions held in other Public Limited Companies	
				Chairman of Board	Board Member	Chairman of the Committee	Member
Mr. Nalin Bamzai	Executive Managing Director	5	No	0	1	0	0
Dr. Rajesh Agrawal	Executive Director	5	Yes	0	0	0	0
Mr. Sanjay Sinha	Non-Executive & Independent Director	0	No	0	0	0	0
*Mr. Harish Bhardwaj	Non-Executive & Independent Director	0	No	0	0	0	0
Dr. Tushar K Srivastava	Non-Executive & Independent Director	5	Yes	0	0	0	0
Mr. Yogendra K Chauhan	Non-Executive & Independent Director	5	Yes	0	0	0	0

* Resigned as Director w.e.f. 17/08/2011

Board Meetings:

During the Accounting Period ended 31st March, 2011, Seven Board Meetings (including adjourned Meetings) were held. These Meetings were held on 29th April, 2010, 12th July, 2010, 16th July, 2010, 9th August, 2010, 20th October, 2010, 14th December, 2010 and 14th February, 2011. The time gap between two consecutive Board Meetings of the Company does not exceed four months.

Board procedures:

The Agenda is circulated well in advance to the Board Members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary.

3. Audit Committee

The Audit Committee of the Company comprises of 3 Independent Directors and 1 Executive Director.

The terms of reference of the Audit Committee are set in accordance with the requirements of Clause 49 of the Listing Agreement and the provisions of the Companies Act, 1956. The Audit Committee reviewed Related Party transactions and qualifications in audit report amongst all other things as are described in the Listing Agreement.

The Statutory Auditors and the General Manager – Finance, attended the Meetings, on the invitation from the Chairman.

During the Accounting Period ended 31st March 2011, the Committee met Six Times (including adjourned Meetings) i.e. on 29th April, 2010, 12th July, 2010, 16th July, 2010, 9th August, 2010, 20th October, 2010 and 14th February, 2011.

Attendance of Audit Committee Meetings:

Name of the Member	Designation	No. of Meetings attended
Mr. Nalin Bamzai	Member	4
Mr. Sanjay Sinha	Member	0
Dr. Tushar K Srivastava	Member	5
Mr. Yogendra K Chauhan	Member	5

4. Remuneration Committee

The Remuneration Committee of the Company comprises of 3 Independent Directors and 1 Executive Director.

Terms of reference of the Remuneration Committee, includes considering the matters relating to the Company's Policies on remuneration payable and determining the package to the Managing Director, Executive Directors and Whole-time Directors, sitting fees payable and commission to be paid to the Directors.

Details of Remuneration to Directors:

Name of Directors	Salary (Rs.)	Total remuneration (Rs.)
Mr. Nalin Bamzai	Nil	Nil
Dr. Rajesh Agrawal	21,00,130	21,00,130
Mr. Sanjay Sinha	Nil	Nil
*Mr. Harish Bhardwaj	Nil	Nil
Dr. Tushar K Srivastava	Nil	Nil
Mr. Yogendra K Chauhan	Nil	Nil
TOTAL	21,00,130	21,00,130

* Resigned as Director w.e.f. 17/08/2011

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee deals with the matters relating to – (a) Shareholders/Investors grievances and its redressal (b) Transfer of Shares (c) Non-receipt of Balance Sheet and (d) Issue of duplicate/new, sub-divided and consolidated Share Certificates.

Names of the Committee Members is given below:

Name of the Member	Designation
Mr. Nalin Bamzai	Member
Mr. Sanjay Sinha	Member
Dr. Tushar K Srivastava	Member
Mr. Yogendra K Chauhan	Member

The Company has received six Complaints during the Accounting Period ended 31st March, 2011 and all of the said complaints have been redressed/ answered to the satisfaction of the shareholders and there are no complaints pending for the said period.

The classification of the complaints based on their nature was as follows:

Nature of Complaint	No of Complaints received
Non Receipt of Share Certificate after transfer	0
Non Receipt of Exchange Share Certificate	1
Non receipt of Demat Rejected Share Certificates	2
Non receipt of Demat Credit	2
Non Receipt of Dividend / OCCP Warrant	1
Complain from SEBI	0
Total	6

Mr. Nihar Ranjan Das has been appointed as Secretary of this committee.

6. Share Transfer Committee:

During the Year, the Company has reconstituted the Share Transfer Committee. The Committee Comprises of one Executive Director, one Independent Director and two officials of the Company.

7. Information on General Body Meeting

Financial Year	Date of AGM	Day	Time	Venue
30/09/2007	29.03.2008 adjourned & held on 30.09.2008	Tuesday	11.00 a.m.	Village Savroli, Tal. Khalapur, Dist. Raigad Maharashtra - 410202
30/09/2008	26.03.2009	Thursday	11.30 a.m.	Village Savroli, Tal. Khalapur, Dist. Raigad Maharashtra - 410202
31/03/2010	12.08.2010	Thursday	11.30 a.m.	Village Savroli, Tal. Khalapur, Dist. Raigad Maharashtra - 410202

Four Special Resolutions have been passed in the previous three Annual General Meetings.

8. Disclosures

- None of the transactions with any of the related parties were in conflict with the interest of the Company.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory authority on any matter related to capital markets during the last three years.

9. Means of Communication

The Board of Directors of the Company approves and takes on record the Un-Audited Quarterly Results and Audited Annual Results and announces forthwith Results to all the Stock Exchanges where the shares of the Company are listed. The same are published within 48 hours in one English daily newspaper and one Marathi newspaper (Mumbai edition).

The Management Discussions and Analysis Report forms part of the Annual Report.

10. General Shareholder Information.**1. Annual General Meeting:**

Date:	28 th September, 2011
Time:	11.30 a.m.
Venue:	Village Savroli, Tal. Khalapur, Dist. Raigad, Maharashtra - 410202.

2. Financial Calendar (Tentative):

Results for the Quarter ending:	
June 30, 2011	By 15th August, 2011
September 30, 2011	By 15th November, 2011
December 31, 2011	By 15th February, 2012
March 31, 2012	By 31st May, 2012

3. Date of Book Closure:

Saturday, 24th September,
2011 to Wednesday,
28th September, 2011
(both days inclusive)

4. Listing of Equity Shares on the Stock Exchanges:

- Bombay Stock Exchange Ltd.
P. J. Towers, Dalal Street, Fort
Mumbai - 400001
- National Stock Exchange
of India Ltd.
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400051

The Listing Fees for the Financial Year 2011-12 have been paid to the above Stock Exchanges.

5. Stock Code:

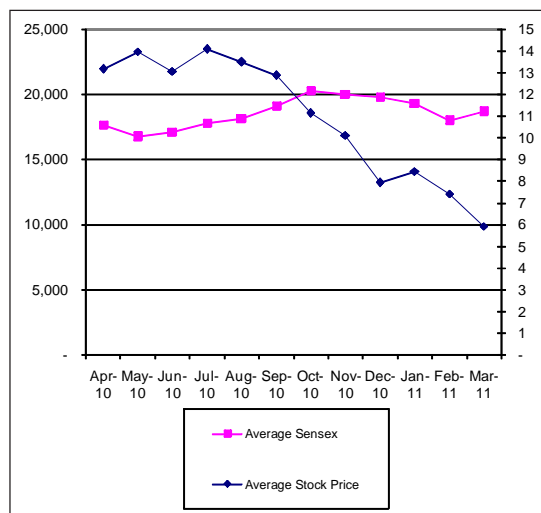
Equity :	
Bombay Stock Exchange	: 532291
National Stock Exchange	: KOPDRUGS
Demat ISIN No. for Equity Shares	: INE746A01010

6. Stock Market Data:

Monthly high and low prices of Equity Shares of the Company quoted at Bombay Stock Exchange Limited and National Stock Exchange of India Limited during the Accounting year ended 31st March, 2011 are as under:

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April-2010	14.05	12.27	14.20	12.00
May-2010	16.35	11.60	16.35	11.50
June-2010	14.80	11.30	14.95	11.40
July-2010	16.15	12.00	15.60	12.00
August-2010	14.79	12.20	14.90	11.70
September-2010	13.75	12.01	13.90	12.00
October – 2010	12.75	9.50	13.50	10.15
November- 2010	12.65	7.57	12.80	8.70
December-2010	9.40	6.45	9.50	7.00
January- 2011	9.77	7.11	9.80	7.55
February-2011	8.78	6.03	8.70	6.00
March-2011	6.79	5.00	7.05	5.15

7. Performance of KDL Biotech Limited share price in comparison to BSE Sensex:



8. Registrar & Share Transfer Agents:

Name and Address:

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai – 400072.

Tel. No. : (022) 28470652/40430200
Fax No. : (022) 2847 5207
Email : investor@bigshareonline.com
Website : www.bigshareonline.com

9. Share Transfer System:

Securities lodged for transfer at the Registrar's address are processed within 30 days from the date of lodgment, if documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the Depositories within 21 days.

10. (a) Distribution of Shareholding as on 31st March 2011:

From - To	No. of Shareholders		Shares held	
	Number	% Total	Number	% Total
1 – 5,000	11126	85.59	1558214	6.48
5,001 – 10,000	925	7.11	803843	3.35
10,001 – 20,000	443	3.41	696866	2.90
20,001 – 30,000	164	1.26	427513	1.78
30,001 – 40,000	75	0.58	270112	1.12
40,001 – 50,000	78	0.60	373066	1.55
50,001 – 1,00,000	119	0.92	866516	3.61
Above 1,00,000	69	0.53	19039021	79.21
Total	12,999	100	2,40,35,151	100

10. (b) Shareholding Pattern as on 31st March 2011:

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Promoters (Group)	2	0.02	16549910	68.86
Banks	5	0.04	600298	2.50
Financial Institutions	1	0.01	100000	0.42
Mutual Funds	10	0.08	3550	0.01
FII/NRI/OCB's	66	0.51	208535	0.87
Domestic Companies	319	2.45	886686	3.69
Resident Individual	12580	96.78	5675349	23.61
Shares in Transit In Depository (*)	16	0.12	10823	0.05
TOTAL	12999	100.00	24035151	100.00

(*) Lying in Pool Account of Depositories since buyer's identity is not established.

11. Dematerialization of Shares and Liquidity:

98.52 % of the total Equity Capital is held in Dematerialized form with NSDL and CDSL as on 31st March, 2011.

As per the SEBI Guidelines, the trading in Equity Shares of the Company is permitted only in Dematerialized form.

12. Outstanding GDR's/ADR's/ Warrants or any Convertible Instruments:

As of date, the Company has not issued these types of Securities.

13. Plant Location: Village Savroli, Taluka: Khalapur, District: Raigad, Maharashtra - 410 202.

14. Address for Correspondence:

Registered Office & Factory: Village Savroli, Tal. Khalapur, Dist. Raigad, Maharashtra - 410202 Tel. No.: (02192) 274026-29 Fax No.: (02192) 274031	Registrar & Share Transfer Agent: Bigshare Services Pvt. Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400072 Tel.: (022) 28470652 / 40430200 Fax No.: (022) 28475207 Email: investor@bigshareonline.com Website: www.bigshareonline.com	Compliance Officer: Mr. Nihar Ranjan Das Company Secretary, KDL Biotech Ltd. Village Savroli, Tal. Khalapur, Dist. Raigad, Maharashtra - 410202 Tel. No. (02192) 274026-29 Fax No. (02192) 274031 Email : n_das@kdlbiotech.in
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

For and on behalf of the Board of Directors

Place: Mumbai
Date : August 17, 2011

(Dr. Rajesh Agrawal)
Director - Technical

DECLARATION

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct.

(Dr. Rajesh Agrawal)
Director - Technical

(Nalin Bamzai)
Managing Director

Place: Mumbai
Date : August 17, 2011

CERTIFICATION BY MANAGING DIRECTOR AND GENERAL MANAGER - FINANCE

We, hereby certify for the Accounting Period ending March 31, 2011 on the basis of the review of the financial statements and to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements give a true and fair view of the state of affairs of Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Accounting Standards, applicable Laws and Regulations.
- 3) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 4) We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and report significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weaknesses.
- 5) We indicate to the Auditors and to the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the period;
 - ii) Significant changes in accounting policies during the period;
 - iii) Instances of significant fraud of which we have become aware of and which involve management or other employees who have a significant role in the Company's internal control system over the financial reporting.

However, during the period there were no such changes or instances.

(Nalin Bamzai)
Managing Director

(Rakesh Naval)
General Manager – Finance

Place: Mumbai
Date : August 17, 2011

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,
The Members of
KDL Biotech Limited

We have examined the compliance of conditions of Corporate Governance by **KDL BIOTECH LIMITED** for the Accounting period ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For KHANDELWAL JAIN & CO.
Chartered Accountants

Place : Mumbai
Date : August 17, 2011

(S.S.SHAH)
Partner
Membership No. 33632

AUDITOR'S REPORT

TO THE MEMBERS OF KDL BIOTECH LIMITED

1. We have audited the attached Balance Sheet of **KDL BIOTECH LIMITED** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. (i) *As mentioned in Note No.7 of Schedule 19, the Company has prepared the accounts on the basis of going concern in spite of loss of Rs. 64,31,30,402/- incurred during the current year and accumulated losses amounting to Rs.1,67,57,63,546/- as at 31st March, 2011, resulting into erosion of its entire net worth. The Company also has working capital deficiency. The Company is a sick company within the meaning of section 3(1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and its reference to the Board for Industrial and Financial Reconstruction (BIFR) has been registered by BIFR. These factors raise doubts about the Company's ability to continue as a going concern which is dependent upon infusion of long terms funds for its future operations. The accompanying financial statements do not include any adjustments, relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities, that might result, should the Company be unable to continue as a going concern.*
- (ii) As mentioned in Note No 8 of Schedule 19, outstanding balances of certain debtors, creditors, interest payable on secured loans and loans & advances are subject to confirmation.
- (iii) As mentioned in Note No 4 of Schedule 19, the Company has created a charge by way of mortgage of newly acquired land in favour of Unimark Remedies Limited, to secure the borrowing from the said company, for which permission / approval of lender banks is yet to be obtained.
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 Cash Flow Statement, dealt with by this report are in agreement with the books of account;
 - d) in our opinion and to the best of our information, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report comply, with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

- e) based on written representations received from all the Directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors we report that none of the Director of the Company is disqualified as at 31st March, 2011 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) in our opinion and to the best of our information and according to the explanations given to us the said accounts *subject to our comments in paragraph 4 above, consequential cumulative effect thereof is not ascertainable* and read together with the 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in the case of 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 for the year ended on that date.

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

(S.S. SHAH)
Partner

Place : Mumbai
Date : August 17, 2011

Membership No. 33632

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the report of even date to the Members of KDL Biotech Limited on the accounts for the year ended March 31, 2011)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all tangible fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us, as also on the basis of books and records examined by us, the Company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
2. (a) As explained to us, the management has conducted physical verification of the inventory at reasonable intervals, except material in transit and stocks lying with third parties and in bonded warehouse, which are verified with reference to the certificates obtained and/or subsequent clearance of goods.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the inventory followed by the management are 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 the inventory and no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3. (a) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (a), (b), (c) and (d) of paragraph 4 (iii) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (e), (f) and (g) of paragraph 4 (iii) of the Order are not applicable.

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls.
5. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we have not come across any particulars of contracts or arrangements which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, during the year the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provision of Sections 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company 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 we 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 has been 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, Wealth tax, Service 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 statutory dues payable in respect of Income-tax, Wealth tax, Service Tax, Custom Duty, Excise duty and Cess were outstanding as at 31st March, 2011 for a year of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, dues in respect of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty and cess that have not been deposited on account of disputes and the forum where the dispute is pending are as under:-

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of Claims and expenses	3,48,528	2002-03	Income Tax Appellate Tribunal
Central Excise Act, 1944	Dispute in respect of valuation of Goods as per DPCO	13,990	2000-01	Asst / Deputy Commissioner of Excise
Central Excise Act, 1944	Interest on delayed payment of duty	40,924	2000-01 to 2003-04	Deputy Commissioner of Excise
Central Excise Act, 1944	Demand Notice	1,64,60,674	2004-05	Deputy Commissioner of Excise
Customs Act, 1962	Dispute in respect of Anti Dumping Duty on PHPG Base	30,28,397	2001-02	Commissioner Appeals
Central Excise Act, 1944	Dispute in respect of Service Tax	5,79,929	2007-08	Commissioner of Central Excise
Customs Act, 1962	Dispute in Respect of Settlement Commission Order Cancellation	57,72,375	2007-08	High Court, Mumbai
Customs Act, 1962	Dispute in payment of Custom duty on Import	*21,46,25,716/- Less : Deposited 11,50,00,000/-	2002-03 to 2006-07	Regional Bench Customs Excise and Service Tax Appellate Tribunal

*Against this, the company has paid Rs. 1,150 lacs under protest.

10. The accumulated losses being debit balance in Profit and Loss Account at the end of the financial year are more than 50% of its net worth. The Company has incurred cash losses of Rs. 4196.49 lacs during the financial year ended 31.03.2011 and had incurred cash losses in the immediately preceding financial period.
11. Based on our audit procedures and the information and explanations given to us, the Company has defaulted in repayment of principal and interest dues to banks. The Company has not paid installment of Working Capital Term Loan of State Bank of India (SBI) fallen due on monthly basis with effect from 1st October, 2007 aggregating to Rs. 884 lacs up to 31st March, 2011. The company has also defaulted in repayment of dues of banks viz. SBI, Canara Bank and Saraswat Co-operative Bank Ltd aggregating to Rs. 2,896.18 lacs on various dates and outstanding as on 31st March, 2011. The first default occurred in October 2005. Further, the interest on these Bank loans is overdue to the tune of Rs. 1,880.08 lacs upto 31st March, 2011. This amount of overdue interest is subject to confirmation from the respective banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company 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 or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, Clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
15. In our opinion and 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 banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
16. In our opinion and relying on the information given to us, the Term Loans have been applied for the purposes for which they were obtained.
17. *In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis amounting to Rs. 6441.64 lacs have been used for long-term purposes including for accumulated losses.*
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. As the Company has not issued any debentures during the year covered by our report, clause (xix) of paragraph 4 of the order is not applicable to the Company.
20. During the year covered by our audit report, the Company has not raised any money by way of public issue.
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 year

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

(S.S. SHAH)
Partner

Place : Mumbai
Date : August 17, 2011

Membership No. 33632

BALANCE SHEET AS AT 31st March, 2011

	Schedule	As at 31st March, 2011 ₹ (12 Months)		As at 31st March, 2010 ₹ (18 Months)	
SOURCES OF FUNDS :					
SHARE HOLDERS' FUNDS					
Share Capital	1	24,03,51,510		24,03,51,510	
Reserves and Surplus	2	100,78,43,935	124,81,95,445	100,78,43,935	124,81,95,445
LOAN FUNDS					
Secured Loans	3	76,20,29,317		37,82,11,914	
Unsecured Loans	4	0	76,20,29,317	19,55,00,000	57,37,11,914
TOTAL		201,02,24,762		182,19,07,359	
APPLICATION OF FUNDS :					
FIXED ASSETS					
Gross Block	5	159,34,04,987		154,78,51,270	
Less : Depreciation/Amortisation and Impairment		102,37,81,705		80,03,00,559	
Net Block		56,96,23,282		74,75,50,711	
Add : Capital Work In Progress		0		4,39,76,607	
			56,96,23,282		79,15,27,318
INVESTMENT	6		72,000		1,72,000
DEFERRED TAX ASSET (NET)					7,69,26,563
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	2,70,29,239		3,46,84,417	
Sundry Debtors	8	29,44,987		6,98,608	
Cash and Bank Balance	9	48,73,135		71,69,288	
Loans and Advances	10	4,89,75,745		14,88,80,428	
		8,38,23,106		19,14,32,741	
Less: CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	11	28,15,74,965		23,56,04,174	
Provisions	12	2,95,22,682		2,72,20,708	
		31,10,97,647		26,28,24,882	
NET CURRENT ASSETS			(22,72,74,541)		(7,13,92,141)
PROFIT & LOSS ACCOUNT	13		166,78,04,021		102,46,73,619
TOTAL		201,02,24,762		182,19,07,359	

SIGNIFICANT ACCOUNTING POLICIES AND**NOTES TO ACCOUNTS**

19

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

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

For and on behalf of the Board of Directors

(S.S.Shah)
Partner
Membership No. : 33632

NALIN BAMZAI
Managing Director

DR. RAJESH AGRAWAL
Director-Technical

NIHAR RANJAN DAS
Company Secretary

Place : Mumbai
Date : August 17, 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st March, 2011

Schedule	12 Months period ended 31st March, 2011 ₹	18 Months period ended 31st March, 2010 ₹
INCOME		
Sales	8,47,61,488	18,56,29,139
Less: Excise Duty on Sales	62,45,223	1,25,24,714
Sub-Total	7,85,16,265	17,31,04,425
Other Operational Income (Job Work Charges)	20,55,46,907	21,06,72,814
Other Income	45,06,635	1,70,27,862
TOTAL (I)	28,85,69,807	40,08,05,101
EXPENDITURE		
Materials Cost	7,81,58,506	16,95,77,755
Employment Cost	9,35,62,913	14,30,06,878
Operational and Other Expenses	13,84,39,261	17,23,70,851
Finance Charges	6,67,60,822	2,83,29,251
Depreciation/Amortisation and Impairment	22,34,81,145	12,40,03,493
TOTAL (II)	60,04,02,646	63,72,88,228
PROFIT/(LOSS) BEFORE TAX (I - II)	(31,18,32,839)	(23,64,83,127)
Add : Exceptional Items (Refer Note 3 of Sch. 19)	(11,50,00,000)	(6,66,18,656)
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEM	(42,68,32,839)	(16,98,64,471)
Less: – Current Tax	—	—
– Fringe Benefit Tax	—	(2,17,482)
– Deferred Tax Assets Written Off	(7,69,26,563)	—
PROFIT/(LOSS) FOR THE PERIOD	(50,37,59,402)	(17,00,81,953)
Add : Prior Period Exps (Refer Note - 5 of Sch. 19)	(13,93,71,000)	—
Add: Balance Profit/(Loss) brought forward	(103,26,33,144)	(86,25,51,191)
BALANCE CARRIED TO BALANCE SHEET	(167,57,63,546)	(103,26,33,144)
Earning Per Share (Basic & Diluted) (Face Value of Rs.10/-)	(26.76)	(7.08)

**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES TO ACCOUNTS**

19

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

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

For and on behalf of the Board of Directors

(S.S.Shah)
Partner
Membership No. : 33632

NALIN BAMZAI
Managing Director

DR. RAJESH AGRAWAL
Director-Technical

NIHAR RANJAN DAS
Company Secretary

Place : Mumbai
Date : August 17, 2011

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
7,50,00,000 (Previous Year 7,50,00,000) Equity Shares of Rs.10/- each	75,00,00,000	75,00,00,000
	75,00,00,000	75,00,00,000
Issued, Subscribed and Paid-up		
2,40,35,151 (Previous Year 2,40,35,151) Equity Shares of Rs.10/- each fully paid-up.	24,03,51,510	24,03,51,510
	24,03,51,510	24,03,51,510
TOTAL	24,03,51,510	24,03,51,510
SCHEDULE 2 : RESERVES & SURPLUS		
Capital Reserve		
Balance as per Last Balance Sheet	44,79,02,392	44,79,02,392
Reserves		
Balance as per Last Balance Sheet	86,295	86,295
Securities Premium Account		
Balance as per Last Balance Sheet	27,30,88,548	27,30,88,548
Capital Redemption Reserve		
Balance as per Last Balance Sheet	28,67,66,700	28,67,66,700
	28,67,66,700	28,67,66,700
TOTAL	1,00,78,43,935	1,00,78,43,935
SCHEDULE 3: SECURED LOANS		
TERM LOANS		
State Bank of India		
(Secured by pari passu First charge on entire fixed assets of the Company (Except 7-00-8 hectares of land mortgaged to M/s. Unimark Remedies Ltd.), along with existing First charge holders and guaranteed by Mr. Surendra Somani, Mr. Rajendra Somani and Mr. Susheel Somani jointly and severally) (Refer Note no. 4 of Schedule 19)	13,70,45,776	8,84,00,000
Unimark Remedies Ltd		
(Secured by the mortgage of 7-00-8 hectares of land, consisting of Survey and Hissa Nos. 6-11, 7-8A, 7-8B, 7-9, 9-1, 9-3, 9-6, 10- -, 11-2, 11-4, 11-5, 9-5 at Village Savroli, Taluka Khalapur, Khopoli, Dist. Raigad) (Refer Note no. 4 of Schedule 19)	20,80,00,000	—
WORKING CAPITAL FACILITY WITH BANKS		
Cash Credit, Over Draft, Packing Credit & Demand Loan		
(Secured by Hypothecation and Pledge of Raw Materials, Goods -in-Process, Packing Materials, Stores and Spares, Finished Goods, Book Debts and Bills and Second charge on immovable properties)	41,68,89,378	28,96,18,126
VEHICLE LOANS ON HIRE PURCHASES BASIS		
(Secured by Hypothecation of Vehicles purchased under the hire purchase scheme)	94,163	1,93,788
	94,163	1,93,788
TOTAL	76,20,29,317	37,82,11,914
SCHEDULE 4: UNSECURED LOANS		
Unimark Remedies Ltd	0	19,55,00,000
	0	19,55,00,000
TOTAL	0	19,55,00,000

SCHEDULES TO THE ACCOUNTS
SCHEDULE 5 : FIXED ASSETS

Sr. No.	NATURE OF FIXED ASSETS	GROSS BLOCK			DEPRECIATION		IMPAIRMENT	NET BLOCK		
		As at 31.03.2010	Additions during the Year	Deletions and / or Adj. during the Year	As at 31.03.2011	Upto 31.03.2010		For the Year	As at 31.03.2011	As at 31.03.2010
1.	Freehold Land	3,50,59,320	—	—	3,50,59,320	—	—	—	3,50,59,320	3,50,59,320
2.	Buildings	14,96,02,124	—	—	14,96,02,124	6,03,59,356	49,96,711	—	8,42,46,057	8,92,42,768
3.	Plant & Machinery	1,18,29,12,998	17,04,951	—	1,18,46,17,949	70,10,60,855	6,22,24,134	—	42,13,32,959	48,18,52,143
4.	Furniture & Fixtures	1,04,34,504	—	—	1,04,34,504	69,93,543	6,60,504	—	27,80,457	34,40,961
5.	Tube well	3,46,117	—	—	3,46,117	1,31,341	11,560	—	2,03,216	2,14,776
6.	Office Equipment	25,64,717	60,764	—	26,25,481	13,67,269	1,23,618	—	11,34,594	11,97,448
7.	Computers	56,15,872	1,08,000	—	57,23,872	51,37,043	91,467	—	4,95,362	4,78,829
8.	Vehicles	61,50,211	—	—	61,50,211	36,94,625	5,84,270	—	18,71,316	24,55,586
9.	Intangible Assets	5,85,45,409	—	—	5,85,45,409	58,38,501	1,17,09,082	4,09,97,826	—	5,27,06,908
10.	Intangible Assets - Non Compete Fees	6,75,00,000	—	—	6,75,00,000	1,50,00,000	3,00,00,000	—	2,25,00,000	5,25,00,000
11.	Intangible Assets - Technical Know-How	2,91,20,000	—	—	2,91,20,000	7,18,027	29,12,000	2,54,89,973	—	2,84,01,973
TOTAL		1,54,78,51,272	18,73,715	—	1,54,97,24,987	80,03,00,560	11,33,13,346	6,64,87,799	56,96,23,282	74,75,50,712
12.	Capital Work in Progress									
	- Reboiler	2,96,607	—	—	—	—	—	—	—	2,96,607
	- Technical Know-How	4,36,80,000	—	—	4,36,80,000	—	—	4,36,80,000	—	4,36,80,000
	Total Capital WIP	4,39,76,607	—	—	4,36,80,000	—	—	4,36,80,000	—	4,39,76,607
GR. TOTAL		1,59,18,27,879	18,73,715	2,96,607	1,59,34,04,987	80,03,00,560	11,33,13,346	11,01,67,799	56,96,23,282	79,15,27,319
	Previous Period (01.10.08 to 31.03.10)	1,44,48,19,443	10,30,31,827	—	1,54,78,51,270	67,62,97,066	12,40,03,493	—	74,75,50,711	76,85,22,377
					Capital work in progress				4,39,76,607	5,98,00,000
									79,15,27,318	82,83,22,377

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
SCHEDULE 6 : INVESTMENTS		
Long Term Investments (At Cost)		
I. In Government Securities (Non-Trade)		
6 years National Saving Certificate (Lodged with Deputy Commissioner of Sales Tax, Ghatkopar Division)	5,000	5,000
II. In Equity Shares (Fully Paid-up) Unquoted (Non-Trade)		
Nil (P. Y. 10,000) Shares of Kapole Co-op Bank Ltd of Rs.10/- each	—	1,00,000
2,500 (P. Y. 2,500) Shares of Saraswat Co-op Bank Ltd of Rs.10/- each	25,000	25,000
III. In Equity Shares (Fully Paid-up) Quoted		
1,200 (1,200) Shares of Canara Bank of Rs.10/- each	42,000	42,000
TOTAL	72,000	1,72,000
Aggregate market Value of Quoted Investments	7,51,380	4,68,900
SCHEDULE 7 : INVENTORIES		
(As taken, valued and certified by Management)		
Stores & Spares	65,57,200	74,85,558
Raw Materials	1,95,08,743	2,13,22,146
Packing Materials	7,59,574	7,84,415
Semi-Finished Goods	46,689	35,91,128
Finished Goods	1,31,170	9,20,261
Goods in Transit	25,863	5,80,909
TOTAL	2,70,29,239	3,46,84,417
SCHEDULE 8: SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months:		
Considered Good	17,383	1,672
Considered doubtful	3,37,01,376	3,37,01,374
SUB-TOTAL	3,37,18,759	3,37,03,046
Less : Provision for Doubtful Debts	3,37,01,376	3,37,01,374
SUB-TOTAL	17,383	1,672
Other Debts - Considered Good	29,27,604	6,96,936
TOTAL	29,44,987	6,98,608
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in hand	83,304	96,824
Bank Balances with Scheduled Banks		
In Current Account	38,30,065	35,11,378
In Fixed Deposit Account	69,540	69,540
In Flexi Deposit Account	1,117	25,99,377
In EEFC Account	2,13,853	2,16,914
In Margin Account	6,50,255	6,50,255
SUB-TOTAL	48,48,135	71,44,288
Balance with Non-Scheduled Bank: China Trust Commercial Bank	25,000	25,000
TOTAL	48,73,135	71,69,288

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
SCHEDULE 10 : LOANS AND ADVANCES		
(Unsecured)		
Advances Recoverable in cash or in kind or for value to be received		
Considered Good	2,92,06,787	13,07,23,845
Considered doubtful	12,44,71,814	94,71,814
SUB-TOTAL	15,36,78,601	14,01,95,659
Less: Provision for Doubtful Debts & Advances	11,50,00,000	—
Less: Provision for Advance Import Licence Benefit	94,71,814	94,71,814
	2,92,06,787	13,07,23,845
Balance with Excise Department	86,14,105	1,12,01,632
Advance payment of Income Tax (net of provisions)	1,10,23,510	67,65,242
Prepaid Expenses	1,31,342	1,89,708
TOTAL	4,89,75,744	14,88,80,428
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises (Refer note no. 13 of Schedule 19)	13,43,220	10,88,726
Others Creditors	25,80,77,846	21,67,23,753
	25,94,21,066	21,78,12,479
Other Liabilities	2,21,53,899	1,77,91,695
TOTAL	28,15,74,965	23,56,04,174
SCHEDULE 12 : PROVISIONS		
For Gratuity	2,48,20,000	2,24,18,000
For Leave Encashment	47,02,682	48,02,708
TOTAL	2,95,22,682	2,72,20,708
SCHEDULE 13 : PROFIT AND LOSS ACCOUNT		
Profit and Loss Account		
Balance as per Profit and Loss Account	167,57,63,547	103,26,33,145
Less : General Reserve		
Balance as per last balance sheet	79,59,526	79,59,526
TOTAL	166,78,04,021	102,46,73,619

SCHEDULES TO THE ACCOUNTS

	12 Months period ended 31st March, 2011 ₹	18 Months period ended 31st March, 2010 ₹
SCHEDULE 14 : OTHER INCOME		
Other Miscellaneous Income	45,06,635	1,68,96,552
Excess Provision for Excise Duty written back	—	1,31,310
TOTAL	45,06,635	1,70,27,862
SCHEDULE 15 : MATERIAL COST		
Raw Materials Consumed		
Opening Stock	2,19,03,055	3,58,17,212
Add : Purchases	2,14,21,875	8,01,42,056
	4,33,24,930	11,59,59,268
Less : Closing Stock	1,95,34,606	2,19,03,055
	2,37,90,324	9,40,56,213
Packing Materials Consumed		
Opening Stock	7,84,415	10,16,549
Add : Purchases	17,74,219	10,89,076
	25,58,634	21,05,625
Less : Closing Stock	7,59,574	7,84,415
	17,99,060	13,21,210
Purchases of Goods for resale	4,82,35,592	7,26,28,887
Add / (Less): Changes in Closing Stock of Finished and Semi-Finished goods :		
Opening Stock :		
Semi-Finished goods	35,91,128	35,30,419
Finished Goods	9,20,261	25,52,414
Total - A	45,11,389	60,82,833
Less : Closing Stock :		
Semi-Finished goods	46,689	35,91,128
Finished Goods	1,31,170	9,20,261
Total - B	1,77,859	45,11,389
Total - (A-B)	43,33,530	15,71,444
TOTAL	7,81,58,506	16,95,77,755
SCHEDULE 16 : EMPLOYMENT COST		
Employees Salaries, Wages, Bonus and Incentives	8,11,38,385	12,57,75,332
Contribution to Provident and Other Fund	49,62,665	70,92,691
Employees Welfare Expenses	74,61,863	1,01,38,855
TOTAL	9,35,62,913	14,30,06,878

SCHEDULES TO THE ACCOUNTS

	12 Months period ended 31st March, 2011 ₹	18 Months period ended 31st March, 2010 ₹
SCHEDULE 17: OPERATIONAL AND OTHER EXPENSES		
Stores and Spares consumed	89,58,058	1,64,83,904
Power and Fuel	6,95,98,888	5,79,21,371
Rent, Rates & Taxes	13,79,379	4,57,176
Insurance	7,35,595	16,36,029
Repairs and Maintenance:		
Plant and Machinery	84,25,922	1,17,54,978
Buildings	11,38,682	37,01,918
Others	15,66,368	20,40,902
	1,11,30,972	1,74,97,798
Labour Charges	29,27,272	36,00,974
Job Work Charges	2,21,10,041	2,70,79,938
Travelling and Conveyance	14,11,051	43,26,479
Commission on Sales	2,926	1,18,959
Printing and Stationery	10,78,143	19,63,380
Postage, Telegram and Telephone	7,16,295	14,58,609
Auditors Remuneration - Audit Fees	6,50,000	10,00,000
Laboratory Expenses	17,22,629	19,45,563
Packing, Freight and Forwarding	18,92,506	26,68,658
Sales Promotion Expenses	47,662	7,44,246
Legal & Professional Charges	27,50,300	50,89,518
Hire Charges	33,53,998	40,18,376
Director's Sitting Fees	8,000	52,000
Provision for Doubtful Debts		9,91,998
Provision for Doubtful Advances		94,71,814
Bad Debts Written Off		11,87,41,706
Less: Transferred from provision for doubtful debts/Advances		11,13,38,877
Exchange Fluctuation-others		11,477
Miscellaneous Expenses	79,65,546	64,29,756
TOTAL	13,84,39,261	17,23,70,851
SCHEDULE 18 : FINANCE CHARGES		
Interest on Unsecured Loan	-	2,63,68,398
Interest on Secured Loan	6,68,00,060	-
Interest to Others	5,42,322	31,60,258
Bank Charges	41,538	3,31,455
Interest Received	(6,23,098)	(15,30,860)
(TDS C.Y. - Rs. 49,651/-, P.Y. - Rs. 1,43,828/-)		
(Refer note no. 14 of Schedule 19)		
TOTAL	6,67,60,822	2,83,29,251

SCHEDULE 19 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

a) BASIS OF PREPARATION OF ACCOUNTS

The accounts have been prepared and presented under the historical cost convention on the accrual basis and comply in all material aspects with applicable accounting principals in India, the applicable Accounting Standards notified under section 211(3C) 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 except stated otherwise.

c) FIXED ASSETS AND DEPRECIATION

i) Fixed Asset :

Tangible Assets:

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

Intangible Assets

- 1 The measured and identified cost incurred for developing new production process, product development and process improvement are classified as intangible assets and the cost incurred in the development stage is segregated and shown as Intangible Assets.
- 2 Expenses incurred towards permanent transfer of the process know how are classified as Intangible Assets-Technical Know How.
- 3 The Non-Compete fees & expenses incurred thereon are classified as Intangible Asset.

ii) Depreciation / Amortisation :

1. Depreciation on Fixed Assets is provided on Straight Line Method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956.
2. Depreciation on Fixed Asset added/disposed off during the year is provided for on pro-rata basis with reference to the month of addition/disposal.
- 3 Technical know-how is amortised over the period of ten years.
- 4 Non-Compete fees & expenses is amortised over the period of the terms and conditions of the agreement.

d) INVESTMENTS

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

e) INVENTORIES

Inventories are valued at the lower of cost (net of cenvat credit) or estimated net realisable value. Cost of raw materials, stores and spares and packing materials is ascertained on "First in First out (FIFO) basis".

Cost of Finished Goods include excise duty, cost of conversion & other cost incurred in bringing the inventories to their present location and condition.

Cost of Semi-Finished Goods include cost of materials and estimated overheads upto the stage of completion.

Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and wherever necessary, provision is made for such inventories.

f) FOREIGN EXCHANGE TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction, Monetary assets / liabilities denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life for the forward contract. The exchange differences arising on settlement / translation are recognised in the Profit and Loss Account.

g) REVENUE RECOGNITION

- 1) Sales are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods.. These are recorded at a price net of excise duty, sales return, sales tax, trade discounts and exchange difference arising on sale transactions and are inclusive of difference in exchange rate fluctuation arising out of working capital borrowed and used for business operations. Insurance claim and Interest on delayed payments is recognised as and when there is reasonable certainty of ultimate realisation. Interest income is recognised on time proportion basis.
- 2) Revenue from job work on completion of the assigned job.

h) EMPLOYEE BENEFITS

(a) Short Term Employees Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year/period in which the related services are rendered

(b) Post employment benefits and other long term employee benefits are as follows

Defined contribution plans – Provident and Pension Fund

Contributions payable to the recognised provident fund and pension fund, which is a defined contribution scheme, are charged to the profit and loss account.

Defined benefit plans - Gratuity

Provision for gratuity is made on the basis of actuarial valuation at the balance sheet date carried out by independent actuary.

Leave Encashment

Liability for leave encashment payable to employees as at the end of the year is determined as per Company's rule and is charged to Profit and Loss Account.

i) EXPORT BENEFITS / INCENTIVES

- i) The unutilised export benefits under Advance Licence against export as on balance sheet date are recognised as income of the year on accrual basis and same is adjusted against Raw material consumption.
- ii) Export incentives under DEPB accrued during the year, is recognised as income of the year and same is adjusted against Raw Material Consumption.

j) CENVAT / VALUE ADDED TAX

Cenvat/ Value Added Tax benefit is accounted for by reducing the cost of material, fixed assets and services.

k) BORROWING COSTS

Interest and Borrowing cost on specific borrowings relating to qualifying assets are capitalised. Other interest and borrowing cost are charged to the Profit and Loss Account in the year they are incurred.

l) PRELIMINARY EXPENSES & SHARE ISSUE EXPENSES

Preliminary expenses & Share issue expenses are charged to Profit & Loss account.

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 Institute of Chartered Accountants of India, earning per share is calculated by dividing net profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

o) TAXATION

Income tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Provision for current tax is made on the basis of the assessable income as the tax rate applicable to the relevant assessment year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets is recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable or virtually certain (as the case may be) of realization.

p) IMPAIRMENT OF ASSETS

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

q) PROVISIONS & CONTINGENT LIABILITIES

The company creates a provision when there is a present obligation as result of a past 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.

r) OTHER ACCOUNTING POLICIES

These are consistent with the generally accepted accounting practices.

NOTES TO ACCOUNTS**2** Contingent liabilities not provided for in respect of :

A. Particulars	Opening	Addition	Deletions	Closing Bal
	01.04.2010 (₹)	during Apr, 10 to Mar 11	during Apr, 10 to Mar 11	31.03.11 (₹)
(a) Excise Duty demands disputed in appeal	6,34,843	—	—	6,34,843
(b) Custom Duty demands disputed in appeal	30,28,397	—	—	30,28,397
(c) Show Cause/Demand Notice from Excise Department	1,64,38,674	—	1,64,38,674	—
(d) Cenvat Credit / Avalued Disputed	57,72,375	—	—	57,72,375
(e) Demands as per Show cause notice received from Customs	10,73,12,858	10,73,12,858	11,50,00,000	9,96,25,716
TOTAL	13,31,87,147	10,73,12,858	13,14,38,674	10,90,61,331

3 The Company had not made provision in respect of demand as per show cause notice pursuant to search under taken by directorate of Revenue Intelligence under the Custom Act. During the year the Company has received order of the Commissioner of Customs adjudication confirming and enhancing the demands and also levying interest and penalty amounting to Rs. 2,146.26 lacs against which as appeal has been preferred before the Regional Bench Customs Excise and Service Tax Appellate Tribunal. However, pending the final outcome, the amount of Rs. 1,150 lacs which was deposited under protest has been now provided for and shown as exceptional items, the Company expects no further liability in this regards.

4 The Company has created Mortgage on the newly acquired land located at Village Savroli, Taluka Khalapur, Khopoli, Dist. Raigad in favour of M/s. Unimark Remedies Ltd, to secure further borrowing of funds. The Company is in the process of obtaining consent of banks in this regard.

5 The company is in the process of settling the outstanding loans with the bankers through one time settlement (OTS) scheme. However, the bankers, have not responded favourably and have filled suits in the Debt Recovery Tribunal. The Company has now provided for the interest on these bank loans amounting to Rs. 486.37 lacs for the year from 1st April, 2010 to 31st March, 2011 and Rs. 1,393.71 lacs for the earlier years upto 31st March, 2010 which has been shown under the head "Prior Period Expenses" in the profit and loss accounts.

6 The Company has made a reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 on 6th June 2011, which has been registered by the Board for Industrial and Financial Reconstruction (Board) as case No. 35/2011. As per the decision of the Board in regard to registration of the reference, the Company is restrained from disposing of or alienating in any manner any fixed assets of the Company without the consent of the Board.

7 The Company has incurred losses of Rs. 64,31,30,402/- during the current year and the accumulated losses of Rs. 1,67,57,63,546/- as at 31st March, 2011. The net worth of the Company has been completely eroded. Further, the Company has a working capital deficiency. The Company is also a sick Company within the meaning of section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985, and in accordance with the provisions of Section 15(1) of the said Act, it has made a reference to the Board for Industrial and Financial Reconstruction (BIFR). the Company has initiated efforts including developing new products and its hopeful of arresting these losses and turning around in the coming years. Accordingly, these accounts have been prepared on a going concern basis.

- 8 The outstanding balances as at 31st March, 2011 in respect of certain interest payable on secured loans, Sundry Debtors, 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.
- 9 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.
- 10 The classification of Plant & Machinery as "Continuous Process Plant" has been made on the basis of the opinion obtained from technical expert & certified by the management. Since this being a technical matter, it is accepted and relied upon by the Auditors.
- 11 Pursuant to the agreement dt. 6th October, 2009 with Kopran Ltd. the Company has paid Rs. 6.75 crore as Non-Compete Fees for either not to manufacture or market the products Amoxicillin, Ampicillin, Cloxacillin, Dicloxacillin and Flucloxacillin by themselves and through its subsidiaries. Non compete fees will be amortised over the period of 27 Months.
- 12 The Company had acquired certain technical know how (Intangible assets) for certain products and the same were being amortised. The Management has assessed these assets for impairment. Considering the technological developments and the future economic benefit expected there from the amount of Rs. 1,101.68 lacs has been provided for impairment of these intangible fixed assets. The Company has also impaired of intangible assets - process development considering technological developments and the future economic benefit expected there from.
- 13 (a) Sundry Creditors as at 31st March, 2011 include Rs. 10,94,017/- (P.Y.Rs 10,88,726/-) due to Micro, small and Medium Enterprises. The same is disclosed on the basis of information available with the company regarding the status of the suppliers as defined under the Industries (Development and Regulation) Act, 1951.
- (b) There are no specific claims from suppliers for Interest on delayed payments as defined under the Micro, Small and Medium Enterprises Development Act, 2006. However, the Company has provided for Rs.2,49,202 (P.Y. NIL) towards the amount of Interest -due and payable for the period of delay in making payment.
- (c) The names of small scale industrial undertaking to whom the company owes any sum, together with interest if any, and was outstanding for more than 30 days are as under :- Jaysons Chemicals Industries, Nav Gases & Chemicals, Technique Safety Devices (P) Ltd and Sheilchem Industries.
- (d) 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.
- 14 Interest expenses others in schedule - 18 is net of interest income Rs. 6,23,098/- (Gross) TDS Rs. 49,651/- (P Y Rs. 15,30,880/- Gross TDS Rs. 1,43,828/-)
- 15 (a) Pursuant to the Scheme of Arrangement between the Company and Kopran Ltd, the Bulk drug Division situated at Khopoli (Raigad) of Kopran Ltd., being all its assets, property both movable and immovable, and interest of every kind etc. and all its debts, liabilities and obligation have been transferred to and vested in the Company as a going concern, with effect from the appointed date i.e. 1st January 1998.
- (b) The title deed for free hold/Lease hold land, building, license agreement, loan documents etc. including Lease agreements / deeds for plantation area land and administrative building block pertaining to the Bulk Drug Division situated at Khopoli (Raigad), have been transferred in the name of the Company during financial year 2007-08.
- (c) Pursuant to the Scheme of Arrangement between the Company and Kopran Ltd, the personal guarantee of Shri. Susheel Somani, Shri. Surendra Somani & Shri. Rajendra Somani continues in respect of the dues of bankers till the receipt of the letter of comfort from others with financials acceptable to the bank.
- 16 **Managerial Remuneration** : The Company has paid Gross remuneration of Rs. 21,00,130/- (P Y Rs. 22,74,870/-) during the period to Dr. Rajesh Agrawal who is executive director of the company. Except this company has not paid any remuneration / commission to the Managing Director / Directors. Hence the calculation of Net Profit u/s 198 or 349 read with section 309 of The Companies Act, 1956 is not given.
- 17 The company is engaged in pharmaceutical business which in terms of Accounting Standard 17 (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, is considered the only primary reportable business segment of the company. The principal geographical areas in which the company operates are India and others. The information relating to secondary, Geographical segment is as under :

Particulars	Period ended	Period ended
	31st March, 2011	31st March, 2010
	(₹)	(₹)
Segment Revenue :		
India	8,47,61,488	17,54,35,085
Outside India	—	1,01,94,054
	8,47,61,488	18,56,29,139

Note on segment information:

Segmental Capital Employed: Fixed assets used in the company's business or liabilities contracted have not been identified to any of reportable secondary segments. The company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities.

18. 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 using the weighted average number of shares outstanding during the year as under;

Particulars	Period ended	Period ended
	31st March, 2011	31st March, 2010
	(₹)	(₹)
Net Profit(+)/Loss(-) after Taxation and Dividend	(64,31,30,402)	(17,00,81,953)
Weighted average nos. of Equity Shares (Nos)	2,40,35,151	2,40,35,151
Face Value (Rs.)	10	10
Earning per Share (Rs.) Basic & Diluted	(26.76)	(7.08)

19. a) In absence of any taxable income during the year and also brought forward unabsorbed losses, no provision for current tax has been made.
- b) The Company had recognized deferred tax assets arising due to unabsorbed depreciation to the extent of Rs. 769.27 lacs as the management was hopeful of realising the benefit of deferred tax assets. However, considering the current performance and the market conditions, now there is no virtual certainty of realising the same. Accordingly, the Company has written off the said amount of Rs. 769.27 lacs. Also in view of losses and unabsorbed depreciation, considering the grounds of prudence, deferred tax assets is recognized to the extent of deferred tax liabilities and balance deferred tax assets have not been recognized in the books of accounts.

- 20 Disclosure as required under Accounting Standard 18 'Related party disclosures' issued by the Institute of Chartered Accountants of India, are as under :

I. List of related parties:

- A) Key Management Personnel
Mr. Nalin Bamzai
Dr. Rajesh Agrawal
B) Associate Enterprise
Unimark Remedies Limited

Transactions/ Outstanding balances with Related Parties - Unimark Remedies Limited.

Nature of Transaction	Period Ended	Period Ended
	31st March, 2011 (₹)	31st March, 2010 (₹)
a Sales during the Period	6,23,89,444	14,11,12,901
b Job Work Charges received during the period	20,55,46,907	21,06,72,814
c Purchase during the Period	13,77,017	14,90,12,453
d Purchase of Technical Know-how	—	7,28,00,000
e Secured Loan Taken during the Period	1,25,00,000	—
f Interest on Secured Loan	1,83,62,466	—
g Interest on Unsecured Loan	—	2,63,68,397
Nature of Transaction	Period Ended	Period Ended
	31st March, 2011 (₹)	31st March, 2010 (₹)
h Outstanding balance of Secured Loans	20,80,00,000	—
Unsecured Loans	—	19,55,00,000
Sundry Creditors	20,47,92,997	16,64,21,445
i Remuneration		
Dr. Rajesh Agrawal (Director - Technical)	21,00,130	22,74,870

21. Auditors Remuneration :

	As at	As at
	31st March, 2011 (₹)	31st March, 2010 (₹)
Audit Fees (Excluding Service Tax)	6,50,000	10,00,000

22 Employee Benefits :

The Company has classified the various benefits provided to employees as under:

Defined Contribution Plan

Provident Fund

During the year, the company has recognised the following amount in the Revenue Account.

Employers contribution to Provident Fund & Employees' Pension Scheme, 1995: **Rs. 49,47,437** [Previous Year Rs.70,76,995]

(Included in Employees' Remuneration and Welfare Benefits)

Defined benefit Plan & other long term benefits

Valuation in respect of Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

I. Assumptions:

	31/03/2011 (₹)	31/03/2010 (₹)
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below :

II. Tables of Fair value of Plan Assets :

	31/03/2011 (₹)	31/03/2010 (₹)
Fair Value of Plan Assets at the beginning of the year	—	—
Expected Return on Plan Assets	—	—
Contributions	1,421,144	9,36,450
Benefits Paid	(1,421,144)	(9,36,450)
Gain / (loss) on Plan Assets	—	—
Fair Value of Plan Assets at the end of the year	—	—

III. Limits of Corridor not considered since total actuarial gain / (loss) is being recognised as on 31-03-2011:

	31/03/2011 (₹)	31/03/2010 (₹)
Actuarial (loss) for the year-Obligation	(743,487)	(2,931,858)
Actuarial gain/(loss) for the year-plan Assets	—	—
Sub-Total	(743,487)	(2,931,858)
Actuarial loss recognised	743,487	2,931,858
Unrecognised actuarial gains/ (losses) at the end of the year	—	—

IV. The Amounts to be recognised in Balance sheet and Income Statement and the related analysis:

	31/03/2011 (₹)	31/03/2010 (₹)
Present Value of Obligation	24,820,000	22,418,000
Fair value of Plan Assets	—	—
Difference	24,820,000	22,418,000
Unrecognised Actuarial gains (losses)	—	—
Unrecognised transitional Liability	—	—
Liability Recognised in Balance Sheet	24,820,000	22,418,000

V. Net Periodic Cost:

	31/03/2011 (₹)	31/03/2010 (₹)
Current Service Cost	1,343,063	1,295,825
Interest Cost	1,736,594	2,008,767
Expected Return on Plan Assets	—	—
Net Actuarial (gain) loss recognised in the year	743,487	2,931,858
Expenses Recognised in the Income Statement	3,823,144	6,236,450

VI. Movement in the liability recognised in the Balance Sheet:

	31/03/2011	31/03/2010
	(₹)	(₹)
Opening Net Liability	22,418,000	17,118,000
Expenses as above	3,823,144	6,236,450
Contributions paid	(1,421,144)	(936,450)
Closing Net Liability	24,820,000	22,418,000

23 Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary. The current period consists of 12 months and previous year consists of 18 months. Hence, current period figures are not strictly comparable with those of previous period.

24 Additional information pursuant to the provision of paragraph 3,4C and 4D of part II of schedule VI to the Companies Act, 1956.

A. Particulars in respect of goods manufactured:

Licensed capacity, Installed capacity and Actual Production.
(As certified by the management)

	Bulk Drug	
	Unit Installed * Capacity	Actual** Production
Bulk Drug & Intermediates	Tons	1,440
	(2,160)	(1,878.69)

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

* Installed capacity is based on 3 shifts working as certified by management & exclusive of captive production.

** Actual production includes samples and jobwork production (1212.83 Tons) but excludes Production for captive consumption.

B. Sales, Opening and Closing Stock of Finished Goods Produced / Purchased by the Company.

	Unit Qty.	Opening Stock		Closing Stock		Sales*	
		Qty.	Value (₹)	Qty.	Value (₹)	Qty.	Value (₹)
Bulk Drugs/ Intermediates:	Tons.	0.29	9,20,261	0.05	1,31,170	0.24	23,43,000
		(2.20)	(25,52,414)	(0.29)	(9,20,261)	(15.42)	(2,92,13,675)
Other Sales & Chemicals							8,24,18,488
							(15,64,15,464)
							8,47,61,488
							(18,56,29,139)

* Sales excludes quantity used for captive consumption and 0.00MT (P. Y. 0.32 MT) distributed as free samples and after adjustments of excess / shortage ascertained on physical count wherever applicable.

C. Break up of Raw Materials Consumed/Purchases of Goods:

Name of the Items	Quantity	Value (₹)
a. Consumption of Raw Materials		
1 GAPA	—	—
	(9,998) Kgs	(1,38,09,747)
2 Penicillin G. Potassium	—	—
	(154) Bous	(53,134)
3 PHPG Base	—	—
	(6,002) Kgs	(34,78,122)
4 4 - Acetoxyazetidione	—	—
	(1,450) Kgs	(1,75,20,400)
5 Cilastatin - I	—	—
	(265) Kgs	(86,79,098)
6 Others	—	—
		1,25,44,765
		(5,05,15,713)
	(a)	1,25,44,765
		(9,40,56,214)
b. Purchases of Goods & Chemicals		
1 Liquid Nitrogen	2,80,84,637	(3,47,78,890)
2 Others	2,01,50,955	(3,78,49,996)
	(b)	4,82,35,592
		(7,26,28,886)
Total (a+b)		6,07,80,357
		(16,66,85,100)

D. Consumption of Raw Materials and stores and spares:

Items	Value (₹)	Percentage
a) Raw Materials		
Imported (Including purchase through canalising agencies)	(90,84,653)	(9.66)
Indigenous	2,37,90,324	100.00
	(8,49,71,561)	(90.34)
b) Stores and Spares		
Imported	8,99,769	10.04
	(7,41,155)	(6.59)
Indigenous	80,58,289	89.96
	(1,05,10,665)	(93.41)

Figures in parentheses relates to Previous period.

E. CIF Value of Imports :

Items	Current Year (₹)	Previous Year (₹)
a) Stores & Spares	7,89,665	—
b) Capital Goods	—	27,85,248

F. Earnings in foreign exchange :

Items	Current Year (₹)	Previous Year (₹)
FOB value of exports	—	1,02,00,185

G. Expenditures in foreign currency :

Items	Current Year (₹)	Previous Year (₹)
Travelling	—	2,50,000

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

For and on behalf of the Board of Directors

(S.S.Shah)
Partner
Membership No. : 33632

NALIN BAMZAI
Managing Director

DR. RAJESH AGRAWAL
Director-Technical

NIHAR RANJAN DAS
Company Secretary

Place : Mumbai
Date : August 17, 2011

Balance Sheet Abstract & Company's General Business Profile

(In terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.

	4	0	6	0	3
--	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1	0	3	1	1
---	---	---	---	---	---

Date Month Year

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

Public Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Right Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Bonus Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Private Placement

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

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

Total Liabilities

	2	0	1	0	2	2	5
--	---	---	---	---	---	---	---

Total Assets

	2	0	1	0	2	2	5
--	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	2	4	0	3	5	2
--	---	---	---	---	---	---

Reserves & Surplus

	1	0	0	7	8	4	4
--	---	---	---	---	---	---	---

Secured Loans

	7	6	2	0	2	9
--	---	---	---	---	---	---

Unsecured Loans

			0			
--	--	--	---	--	--	--

Application of Funds

Net Fixed Assets

	5	6	9	6	2	3
--	---	---	---	---	---	---

Investments

		7	2			
--	--	---	---	--	--	--

Net Current Assets

	-	2	2	7	2	7	5
--	---	---	---	---	---	---	---

Miscellaneous Expenditure

			0			
--	--	--	---	--	--	--

Accumulated Losses

	1	6	6	7	8	0	4
--	---	---	---	---	---	---	---

Deferred Tax Asset (Net)

			0			
--	--	--	---	--	--	--

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

Turnover & Other Income

	2	8	8	5	7	0
--	---	---	---	---	---	---

Total Expenditure

	8	5	4	7	7	4
--	---	---	---	---	---	---

+ / -

Profit/Loss Before Tax

	-
--	---

(5	6	6	2	0	4)
---	---	---	---	---	---	---	---

+ / -

Profit/Loss After Tax

	-
--	---

(6	4	3	1	3	0)
---	---	---	---	---	---	---	---

(Please Tick () appropriate box + for profit, - for loss)

Earning per Share in Rs.

	(2	6	.	7	6)
--	---	---	---	---	---	---	---

Dividend rate %

N	I	L
---	---	---

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

Item Code No. (ITC Code)

Product Description

1.

	2	9	4	1	1	0	0	3
--	---	---	---	---	---	---	---	---

A	M	O	X	I	C	I	L	L	I	N
---	---	---	---	---	---	---	---	---	---	---

2.

	2	9	4	1	1	0	0	2
--	---	---	---	---	---	---	---	---

A	M	P	I	C	I	L	L	I	N
---	---	---	---	---	---	---	---	---	---

3.

	2	9	4	1	1	0	0	4
--	---	---	---	---	---	---	---	---

C	L	O	X	A	C	I	L	L	I	N
---	---	---	---	---	---	---	---	---	---	---

CASH FLOW STATEMENT

PARTICULARS	For the period ended 31.03.2011 (₹)	For the period ended 31.03.2010 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	(64,31,30,402)	(16,98,64,472)
Adjustments for :		
Depreciation, Amortisation and Impairment	22,34,81,145	12,40,03,493
Miscellaneous Written Off	14,420	1,07,58,334
Miscellaneous Written Back	(1,487)	(1,01,49,447)
Bad Debts	—	74,02,829
Excise Duty written back	—	(1,31,310)
Deferred Income Tax Write Off	7,69,26,563	—
Interest paid & payable	6,68,00,060	2,83,29,250
Provision for Doubtful Debts	—	1,04,63,812
Prior Period Expenses	13,93,71,000	—
Exceptional Item	11,50,00,000	(6,66,18,656)
Dividend Income	(15,023)	(24,625)
Interest Received / Receivable	(6,23,098)	—
Operating Profit before Working Capital Change	(2,21,76,822)	(6,58,30,792)
(Increase)/Decrease in Trade & other receivables	(1,73,56,116)	4,35,62,095
(Increase)/Decrease in Inventories	76,55,178	1,73,55,388
Increase/(Decrease) in Trade & other Payables and Provisions	5,25,32,518	3,76,25,330
Cash generated from Operations	2,06,54,758	3,27,12,021
Less : Income Tax Paid (Includes FBT)	42,58,268	2,17,482
Net Cash flow from operating Activities	A 1,63,96,490	3,24,94,539
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(15,77,108)	(81,63,722)
Sale of Investment	1,00,000	—
Interest received	6,23,098	15,30,860
Dividend received	15,023	24,625
Net cash flow from Investing Activities	B (8,38,987)	(66,08,237)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Secured Loans (Net of repayment)	5,08,809	(22,08,631)
Interest paid	(1,83,62,466)	(2,98,60,110)
Net Cash flow from Financing Activities	C (1,78,53,657)	(3,20,68,741)
NET INCREASE IN CASH (A-B+C)	(22,96,154)	(61,82,439)
Cash & Cash Equivalents as at 31-03-2010 (30-09-2008)	71,69,289	1,33,51,728
Cash & Cash Equivalents as at 31-03-2011 (31-03-2010)	48,73,135	71,69,289

NOTES :

1. Above statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances only.
3. The figures for the previous year have been regrouped and reclassified wherever necessary.

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

For and on behalf of the Board of Directors

(S.S.Shah)
Partner
Membership No. : 33632

NALIN BAMZAI
Managing Director

DR. RAJESH AGRAWAL
Director-Technical

NIHAR RANJAN DAS
Company Secretary

Place : Mumbai
Date : August 17, 2011

KDL BIOTECH LIMITED

Regd. Office & Factory : Village Savroli, Tal: Khalapur, Dist: Raigad, Maharashtra – 410 202

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM

Dear Shareholder,

Sub : Green initiative in Corporate Governance – Electronic Mode of service of documents

The Ministry of Corporate Affairs Govt. of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by the Companies through electronic mode. In accordance with the circular No. 17/2011 dated 21-4-2011 and circular no 18/2011 dated 29-4-2011 issued by the Ministry, companies can now send various notices and documents including Annual Report to its shareholders through electronic mode to the registered e-mail addresses of shareholders as this will reduce paper consumption to a great extent.

Accordingly effective 01.01.2012, the Company proposes to send to its member's documents like Notices, Balance sheet, Profit and loss Accounts, Directors Report, Auditors Report etc in electronic form, to the email addresses of members provided by them and made available to the Company by Registrar and Share Transfer Agents. You are advised to update by registering changes, if any, in your e-mail address from time to time. Members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No. /Client Id No., in respect of their shareholding with: Registrar and Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd. as per the following format on or before 31st October, 2011.



KDL BIOTECH LIMITED

Regd. Office & Factory : Village Savroli, Tal: Khalapur, Dist: Raigad, Maharashtra – 410 202

REGISTRATION FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

M/s. Bigshare Services Pvt. Ltd.

Unit : KDL BIOTECH LTD.

Add : E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai - 400072

I/We, am / are member/s of M/s. KDL BIOTECH LTD. and hereby request to register my e-mail ID in your records to receive the documents such as Notices / Circulars / Documents including Annual Reports etc. in electronic mode pursuant to the circular No. 17/2011 dated 21-4-2011 and Circular No. 18/2011 dated 29-4-2011 by the Ministry of Corporate Affairs Government of India.

Name of First Member: _____

Joint Holder – 1 _____

Joint Holder – 2 _____

E-mail id for registration: _____

Date: Signature (1st holder) _____

Regd. Folio/Client Id No. _____

KDL BIOTECH LIMITED

Regd. Office & Factory : Village Savroli, Tal: Khalapur, Dist: Raigad, Maharashtra – 410 202

PROXY FORM

I/We _____ of _____ in the District of _____ being a Member(s) of KDL BIOTECH LIMITED hereby appoint _____ of _____ in the District of _____ or failing him /her _____ of _____ in the District of _____

as my / our Proxy to attend and vote for me/us and on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held on Wednesday, the 28th September, 2011 at Village Savroli, Tal: Khalapur, Dist. Raigad, Maharashtra – 410202 at 11.30 a.m. and at any adjournment(s) thereof.

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

Regd. Folio No. / Client ID No: _____

No. of Shares held _____

Proxy No. _____

Affix
a
Re. 1/-
Revenue
Stamp

Signature of Shareholder

NOTE:

- (i) The Proxy in order to be effective should be, duly completed, stamped, signed and must be deposited at the Registered Office of the Company at Village Savroli, Tal: Khalapur, Dist. Raigad, Maharashtra – 410202 not less than 48 hours before the time for holding the aforesaid Meeting.
- (ii) A Proxy need not be a Member of the Company.

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

KDL BIOTECH LIMITED

Regd. Office & Factory : Village Savroli, Tal: Khalapur, Dist: Raigad, Maharashtra – 410202

ATTENDANCE SLIP

Folio No. / Client ID No.	
No. of Shares held	

I/We hereby record my/our presence at the 24th Annual General Meeting held on Wednesday, the 28th September, 2011 at Village Savroli, Tal: Khalapur, Dist. Raigad, Maharashtra – 410202 at 11.30 a.m.

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

NOTE:

- 1. You are requested to fill in, sign and hand this over at the entrance.
- 2. If you are attending the Meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/ your proxy for reference at the Meeting.

BOOK-POST

MARK PAPERS - TEL: (022) 2201 4824

If undelivered, please return to:

KDL BIOTECH LIMITED

Regd. Office & Factory :

Village: Savroli, Taluka: Khalapur,
Dist. Raigad, Maharashtra - 410202