

18th ANNUAL REPORT
2011-12



Resilience...

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Purnandu Jain	-	Chairman and Managing Director
Mr. Girraj Vijayvargiya	-	Wholetime Executive Director
Mr. Dileep Shinde	-	Non Executive Director - Independent
Mr. Ramesh Batham	-	Non Executive Director - Independent
Mr. Anilkumar Khadke	-	Nominee Director - Independent w.e.f August 14, 2012

COMPANY SECRETARY

Mr. S. C. Rane

AUDITORS

M. G. Vashi & Co.
Chartered Accountants, Mumbai

BANKERS

Allahabad Bank
Axis Bank Limited
Bank of Bahrain & Kuwait B.S.C.
Central Bank of India
CitiBank N.A.
Corporation Bank
Development Credit Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Overseas Bank
IndusInd Bank Limited
Oriental Bank of Commerce
Punjab National Bank
Punjab and Sind Bank
State Bank of India
State Bank of Patiala
Syndicate Bank
The HSBC Bank Limited
The Kalyan Janata Sahakari Bank Limited
The Saraswat Co-op. Bank Limited
The Shamrao Vithal Co-op Bank Limited
The South Indian Bank Limited
Union Bank of India
UCO Bank

EIGHTEENTH ANNUAL GENERAL MEETING

Day : Monday
Date : December 31, 2012
Time : 9:00 a.m.
Venue : Time & Again Banquet
9, Raheja Classique,
Next to Cinemax, Off Link Road,
Lokhandwala, Andheri [West],
Mumbai - 400 053.

REGISTERED OFFICE

C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053
Tel : +91-22-40682300
Fax : +91-22-40682323
Email : srane@ankurdrugs.com

MANUFACTURING UNITS

Daman Unit

Plot No. 3 & 4, Survey No. 168,
Dabhel Industrial Co-operative Society Ltd.,
Village Dabhel - 396 210
Nani Daman, Daman

Himachal Unit I

Village Manakpur,
P. O. Lodhimajra,
Tehsil - Nalagarh - 174 101
District : Solan, H P

Himachal Unit II

Village Makhnu Majra, P.O. Bhud,
Tehsil - Baddi - 173 205
District : Solan, H P

REGISTRAR & SHARE TRANSFER AGENT

Ajel Limited
106, Link Plaza Commercial Complex,
2nd Floor, New Link Road, Oshiwara,
Jogeshwari [West], Mumbai - 400 102
Tel : +91-22-26393197
Fax : +91-22-26349264
Email : choksh@rediffmail.com
Website : www.ajel.in

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Resilience...

is the ability to recover from misfortune, to perform in the most trying times and bounce back after a crises..

..... At Ankur the journey of Resilience has started.....

NOTICE TO MEMBERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of ANKUR DRUGS AND PHARMA LIMITED will be held on Monday December 31, 2012 at 9:00 a.m. at Time & Again Banquet, 9, Raheja Classique, Next to Cinemax, Off Link Road, Lokhandwala, Andheri [West], Mumbai 400 053, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2012 and Statement of Profit and Loss of the Company for the year ended on that date with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramesh Batham, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification[s], the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and all other applicable provisions, if any, of the Companies Act, 1956, M/s. M. G. Vashi & Co., Chartered Accountants, having Firm Registration No. 128577W registered with ICAI, retiring Auditors, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be mutually agreed between the Board of the Directors of the Company and the Auditors, in addition to reimbursement of service tax and out of pocket expenses incurred by them for carrying out the Audit."

Registered Office :
C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053.

For **Ankur Drugs and Pharma Ltd**
By Order of the Board of Directors

S. C. Rane
Company Secretary

Date : November 10, 2012

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, December 24, 2012 to Monday, December 31, 2012 [both days inclusive] for the purpose of the Annual General Meeting, in terms of Section 154 of the Companies Act, 1956.
3. Members/Proxies for Members should bring the Attendance Slips duly filled in, for attending the Meeting along with the Annual Report. Members/Proxies for Members holding shares in dematerialised form should bring their latest statement of account with the concerned depository participant for attending the meeting.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative/s to attend and vote at the meeting.
5. Members wishing to seek further information or clarification of the annual accounts or operations of the Company are requested to send their queries at least 10 days before the date of meeting addressed to the Company Secretary at registered office of the Company.
6. Members are requested to note that the Equity Shares of the Company are compulsorily traded in dematerialised mode. Members are therefore advised to immediately dematerialise their shareholding to avoid any inconvenience in future. ISIN allotted to the Company for this purpose is INE238D01012.
7. The registration at AGM venue shall be strictly open only upto the time AGM starts. Shareholders are requested to be present before the AGM time and are also requested not to bring with them any person who is not a Shareholder.
8. Briefcase, Bag/s, Carry Bag/s, Helmet, Eatables, Drinks etc. will not be allowed in the meeting hall.
9. Shareholders are requested to immediately notify any change in their address or bank mandate to the depository participant/s with whom they maintain their demat account or to the Company's Registrar and Transfer Agents [RTA], viz. Ajel Limited Unit: Ankur Drugs And Pharma Limited, 106, Link Plaza Commercial Complex, New Link Road, Oshiwara, Jogeshwari [West], Mumbai 400 102 if shares are held in physical form.
10. Brief resume and other particulars of Mr. Ramesh Batham as required under para IV of Clause 49 of the Listing Agreement is annexed to the notice.

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For **Ankur Drugs and Pharma Ltd**
By Order of the Board of Directors

S. C. Rane
Company Secretary

Date : November 10, 2012

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE EIGHTEENTH ANNUAL GENERAL MEETING
[In pursuance of clause 49 of the Listing Agreement]

Name of the Director	Mr. Ramesh Batham
Date of Birth	January 21, 1967
Date of Appointment	October 14, 2010
Director Identification Number [DIN]	01846197
Qualification	M.Com; FCA; AICWA; ACS
Expertise in specific Functional Areas	Finance & Taxation
Directorship held in other public companies	None
Chairmanship/Membership of committees of other public companies, if any	None
Relationship between Directors inter-se	Not related to any Director of the Company
Number of Equity Shares held in own name/jointly	Nil

Registered Office :
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Andheri [West], Mumbai - 400 053.

For **Ankur Drugs and Pharma Ltd**
By Order of the Board of Directors

Date : November 10, 2012

S. C. Rane
Company Secretary

DIRECTORS' REPORT

To the members

Your Directors present before you the Eighteenth Annual Report on the business and operations along with the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

I. FINANCIAL RESULTS :

[₹ in Lacs]

Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Revenue from Operations [Net]	15,148.99	82,484.95
[Loss]/Earnings before interest, depreciation and tax	[2,781.87]	13,482.84
[Add]/Less : Finance Costs	[5,835.57]	12,079.69
[Add]/Less : Depreciation & Amortisation	[6,603.08]	6,079.70
Profit/[Loss] before tax	[15,210.52]	[4,676.54]
Add : Exceptional Items	[13,636.71]	-
Add : Provision for earlier year Taxation	[282.15]	[141.07]
Add : Provision for Deferred Tax	[1,620.01]	[2,063.18]
Profit/[Loss] after tax	[30,749.39]	[6,880.80]

The Ministry of Corporate Affairs [MCA] vide notification no. S.O.447[E] dated February 28, 2011 amended the existing schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from April 1, 2011. The Financial Statements of your Company for the year ended March 31, 2012 have been prepared in accordance with the Revised Schedule VI and accordingly the company has regrouped/reclassified/recasted the previous year figures in accordance with the requirement for the current period.

OVERVIEW OF OPERATIONS :

The year under review was the toughest in the history of the company. The last four years of the last decade saw the business expanding with huge opportunities on the horizon. The Company incurred huge Capex for capacity expansion mainly by short term borrowings and leveraged its strengths with focus on the future. The Company was on an inflexion point by the end of 2010 and had sincerely taken up the challenge of high growth. With a view to complete the expansion project at Baddi within the regulatory timeline; the Company funded the last two stages of project with short term funds at high rate of interest. It also had to re-strategise the on going and future activities in tune with money, efforts and manpower to avail the various tax benefits available, but the circumstances proved to be otherwise and as a result situations was difficult in 2011 and deteriorated in 2012.

As a consequence of downsizing the business, the total income of the Company for the reporting year was ₹ 15,167.59 Lacs which is not comparable with that of last year. The Net loss for the year was ₹ 30,749.39 Lacs.

The lull of the last two years and may be one more year has made us more *Resilient*.

So what down we are, but not out. We believe that being focused towards growth, nothing is difficult. We are determined and geared to succeed again. A good range of products for contract manufacturing has been developed and validation of MNC pharma companies has been pursued.

The proposal for restructuring of debts under Corporate Debt Restructuring [CDR] mechanism was approved by the CDR Empowered Group at their meeting held on June 30, 2011 and August 30, 2011. The critical conditions as put forth in the letter of approval of CDR have been complied with by the Management and a sum of ₹ 1,500 Lacs has been brought in by the promoters. Majority of the bankers have restructured their loans.

AUTHORISED CAPITAL :

During the year special resolutions to raise the authorised share capital from ₹ 2,800 Lacs to ₹ 18,500 Lacs were passed vide Postal Ballots on March 13, 2012 and July 06, 2012 respectively.

ISSUE OF OPTIONALLY CONVERTIBLE CUMULATIVE REDEEMABLE PREFERENCE SHARES [OCCRPS] AND EQUITY SHARES :

Pursuant to the scheme of CDR, the Company passed a resolution through Postal Ballot to issue 1,32,19,790, 0.001% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each and to convert unsecured loans of Promoters into Equity Share Capital by issue of 3,13,63,000 Equity Shares of ₹ 10/- each at a premium of ₹ 36/- per share. However the company has not made any allotment in respect thereof during the year under review.

DIVIDEND :

In view of the loss for the year and the accumulated losses of the previous year, your Directors are unable to recommend any dividend for the year ended March 31, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Pursuant to clause 49(VI) of the Listing Agreement with the BSE Limited, Management Discussion and Analysis Report is given below and a Report on Corporate Governance is annexed to this report. A declaration in regard to compliance with the Code of Conduct by the Directors and Senior Management Personnel signed by the Managing Director forms part of the Annual Report.

A certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance is also annexed.

Macro Economic Industry and Development :

Not much has changed from last year in terms of opportunities in the contract manufacturing space in pharma industry. In fact the scope has widened. Increase in Input cost and high finance charges are major areas of risk and concern. The future outlook still remains favourable **on comparable factors**.

Overview :

The pharma industry in India is the third largest in terms of volume and fourteenth in terms of value globally. The industry is growing at a CAGR of average 6%+globally and at CAGR 11%+in the developing countries like India, China, South Korea, Indonesia and Malaysia.

Threats, Risks and Concerns :

The business and operations of the company are susceptible to specific risks which are inherent to pharma business. Apart from these, there is always an exposure to general commercial risks which are common to any business. In addition to these risks, there are risk of government price control and regulation [through DPCO] ; foreign exchange fluctuations ; increase in input cost ; increase in interest rates; Patent regime, etc.

The Company was in preparation to attain the growth in the future years, however factors beyond the management's control overpowered the situation in 2011 and 2012. The capex was funded out of short term borrowings at high rate of interest in anticipation of better leverage and expected profitability. The Company made a reference to the CDR cell in January 2011 for restructuring of the debts and for sanction of adequate working capital. The restructuring was approved by CDR EG in its meeting held on June 30, 2011 and August 30, 2011 and communicated to the Company in September 2011. Though the existing debt of the Company was restructured, unfortunately some of the participating banks of the consortium did not agree to take further exposure not withstanding additional working capital facilities appraised by lead bank, SBI . Some of the members of the consortium of bankers who initially agreed to provide relief for our short term/working capital funding also did not release their share of additional working capital due to which liquidity problems were aggravated. However, the Company was given a go ahead signal for raising the residual portion of the assessed working capital outside the banking system. The Company made efforts to raise external funds but on account of global economic down turn particularly economic crises in the Euro Zone, defaults in serving FCCB's of several Indian Companies, increase in interest rates, paralysis in govt. policy making etc, it could not raise the necessary funds despite receiving in principle approval from a foreign fund. As a consequence the Company suffered production delays at the new plant/s, liquidity crunch and working capital problems. There was a plethora of problems to be faced all at once. We are *Resilient* to overcome the problems and have taken considered decisions. We visualize the joy of bright future with hope and anticipation of great things to come and we are working towards it.

Outlook :

The company has initiated various steps to improve its operational performance and remove the bottlenecks relating to production. The Company is also exploring various options to raise the resources to raise the working capital requirement so very essential for overcoming from the ongoing financial woes of the company. The company is sanguine to raise the resources and based of the current business plan, the company is confident that it would be able to meet its financial commitment.

Accordingly, the financial statements has been prepared on a going concern basis. We are *Resilient* to overcome the current crises with an improved performance in the next year.

Internal Control Systems and their Adequacy :

The Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that governs its business. It has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines. Considering the growing capital expenditure program, the company continuously reviews the documented approval policy besides the Capex Budget being approved by the Audit Committee and the Board of Directors. These controls are constantly reviewed and revised with the changing business dynamics. The management duly considers and takes appropriate action on recommendations made by the statutory auditors and the Audit committee of the Board of Directors.

Human Resources :

The Company strongly believes that the growth of the organization can be sustained through the continuous development of its people who contribute to the business success. Employees are the key to achievement of the Company's objectives and growth strategies. The Company provides employees with a fair and equitable work environment and support to develop their capabilities. With the added emphasis placed on 'safe operation', the training given to employees not only covers knowledge and technical skills but also lays stress on behavioral areas, like creating a 'safety mindset', and 'attitude building'. A number of HR initiatives have been taken for the well being and continuous development of the employees. We are continuously striving in bringing new talent, improving competencies of people in the organisation and building the existing strength of the employees to transform the Company to be a key player in the Indian market. The relations between the employees and the Company continue to be cordial and healthy at all the three Manufacturing Units. As on March 31, 2012 the employee strength of your Company was around 1245 [including contract work force].

Cautionary Statement :

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward looking statements" and are based on currently available information. The Management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties, which may cause actual results to differ materially from those indicated in such statements. The Company assumes no responsibility to publically amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

LISTING OF SHARES :

Your Company's Equity Shares are listed on BSE Limited and The National Stock Exchange of India Limited.

PUBLIC DEPOSITS :

The Company has accepted deposits of ₹ 2,941.83 Lacs from public in pursuance of section 58A of the Companies Act, 1956 and rules framed under the Companies [Acceptance of Deposits] Rules, 1975. The Company could not service interest on the deposits from February 2012 and also could not make payment of matured deposits from October 2011 on account of severe liquidity constraints. However, the Company intends to service pending interest as well as matured deposit payments on improvement in financials.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ramesh Batham, retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment. His re-appointment forms part of the Notice of the Annual General Meeting and the resolution is recommended for your approval.

Mr. Anilkumar Khadke, representative of Central Bank of India, has been appointed as a Nominee Director on the Board with effect from August 14, 2012.

AUDITORS :

M/s. M. G. Vashi & Co, Chartered Accountants, Firm Registration No. 128577W Statutory Auditors of the Company retires at the ensuing Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office if re-appointed. The Company has received confirmation from them that their re-appointment, if made, would be within the limits prescribed under Section 224[1-B] of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of section 226 of the said Act. Your directors' recommend their re-appointment.

AUDITORS' QUALIFICATION :

- Qualification 1 : *The provisions of accrued gratuity liability [amount not ascertainable in the absence of Actuarial Valuation report] has not been made. [Auditors Report 'e']*
- Explanation-Q1 : The provision of gratuity as per AS15 is proposed to be undertaken from the upcoming Financial Year.
[read along with explanation to Q-2 below]
- Qualification 2 : *Provision has not been made in respect of interest amounting to ₹ 9,52,77,286/- on some of the unsecured loans resulting in understatement of the loss and liability by an equivalent amount. Had the company provided for the same, the loss for the year would have been ₹ 3,17,02,15,848/-.* [Auditors Report 'f']
- Explanation-Q2 : Since the order for winding up has been passed, wherein the Company was directed by the Hon'ble High Court of Bombay to file a scheme of arrangement/compromise with all creditors, the Company has initiated the process of filling the scheme of arrangement and looking at the current financial crunch, it appears that the Company will not be in position to pay the accrued/unpaid interest and waiver of the same is being requested by the Company under the scheme of arrangement.
- Qualification 3 : *The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues wherever applicable to it.* [Annexure to Auditors' Report ix (a)]
- Qualification 4 : *In our opinion and according to the information and explanations given to us, the Company has accepted the deposit from the public to which the directives issued by the Reserve bank of India, provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 are applicable. However, the Company has not complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 in relation to the following issues :*
- The company has defaulted in repayment of public deposits and also on payment of interest on the public deposits.*
 - The company has accepted new public deposits after making default in repayment of earlier deposits.*
 - The company has not repaid these new deposits within 30 days of acceptance of such deposits.*
 - The company has not filed annual return of deposits for the year ended on 31.03.2012 with the Registrar of Companies and Reserve Bank of India, which were required to be filed on or before 30.06.2012.*
 - The fixed deposit receipts with scheduled bank as are required to be kept as liquid assets in respect of public deposit maturing on or before 31.03.2012 are not free of charge/lien.*
 - As on the Balance Sheet date, proceedings for violation of provisions of Section 58A and Companies [Acceptance of Deposit] Rules, 1975 were pending before the Company Law Board consequent to the complaints filed by the depositors. An order was passed on 09.04.2012 by the Company Law Board for repayment of deposits to the extent of ₹ 32,87,000/- by 30.04.2012.* [Annexure to Auditors' Report vi]

Qualification 5 : *On the basis of our examination and according to the information and explanation given to us, we are of the opinion that during the year the company has defaulted in repayment of dues to the banks and financial institution. The amount defaulted is ₹ 70,34,76,343 [Term Loans : ₹ 38,75,30,629 and Interest : ₹ 31,59,45,714]. The company has not obtained any borrowings by way of debentures. [Annexure to Auditors' Report xi]*

Explanation : The Company is facing severe liquidity problems on account of continued cash losses, which are being attended to. As soon as the Q3/4/5 same are eased out, the outstanding Statutory dues and other defaulted amounts will be paid.

The Company is also vigorously exploring various options to raise funds to overcome the financial crises.

COST AUDIT :

Pursuant to the provisions of Section 233B of Companies Act, 1956, the Central Government has prescribed Cost Audit for the industry in which your Company operates. Based on the recommendation of the Audit Committee, M/s. Avnesh Jain & Co., Cost Accountants [PROP/00642] were appointed as the Cost Auditors' of the Company for the Financial Year 2011-12 in accordance with the requirements of the Companies [Cost Accounting Records] Rules, 2011.

EXTENSION OF AGM DATE :

The Registrar of Companies, Mumbai - 400 002, Maharashtra vide its letter dated September 03, 2012 has granted permission for holding the Annual General Meeting of the Company for the Financial Year ended March 31, 2012 up to December 31 2012.

INDUSTRIAL RELATIONS :

The industrial relations continue to be cordial and harmonious at all the three manufacturing units of the Company.

RELATED PARTY DISCLOSURES :

The Company has made disclosures in compliance with the Accounting Standards on related party disclosures as required by Clause 32 of the listing agreement with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to amended Section 217[2AA] of the Companies Act, 1956, the Directors of the Company confirm that :

1. in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
2. they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and for the Profit and Loss account for that period;
3. they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the attached Annual Accounts for the year ended March 31, 2012 are prepared on going concern basis.

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

[A] Conservation of Energy and Technology Absorption

Particulars as required under Section 217 [1] [e] of the Companies Act, 1956 read with rule 2 of the Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988 are given in the Annexure I to this report.

[B] Foreign Exchange Earned and Used

₹ in Lacs

Particulars	2011-2012	2010-2011
Earned	1.12	--
Used	83.24	500.60

PARTICULARS OF EMPLOYEES

Information as per Section 217[2A][b][III] read with Companies [Particulars of Employee's] Rule, 1975

None of the employee of the Company are is receipt of remuneration in excess of the limits prescribed under Section 217 [2A] of the Companies Act, 1956 read with Companies [Particulars of Employees] Rules, 1975.

ACKNOWLEDGMENTS

The Directors take this opportunity to place on record their appreciation for the continued trust and confidence reposed in the Company by the bankers, business associates, regulatory authorities, customers, vendors, depositors, shareholders and employees at all levels.

Registered Office :
C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053.

For and on behalf of the Board of Directors

Date : November 10, 2012

Purnandu Jain
Chairman and Managing Director

ANNEXURE - I FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012

Information under Section 217 [1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2012.

A] ENERGY CONSERVATION MEASURES TAKEN :

I] Power and Fuel Consumption	Unit	2011-2012	2010-2011
a] Electricity			
Consumed	KWH	22,985,951	26,339,859
Total Amount	in ₹	1,17,011,585	1,46,939,969
Average rate per unit	₹/KWH	5.09	* 5.58
b] L.D.O. / Diesel			
Consumed	Ltrs	901,520	1,792,398
Total Amount	in ₹	33,450,328	62,787,731
Average rate per unit	₹/Ltr.	37.10	35.03

* During the Financial Year 2010-11 H.P.S.E.B. has collected additional charges of ₹ 349.27 Lacs. Therefore average rate per unit of Electricity consumed for the Financial Year 2010-11 was higher than the Current Year 2011-12

II] Consumption per unit of Production

Since the Company manufactures various types of pharmaceutical formulations, it is not practicable to give consumption per unit of production.

B] TECHNOLOGY ABSORPTION :

At the Quality Control Laboratory maintained by the Company, normal quality control activities are carried out with reference to quality of raw materials and finished goods.

The Company continues to run its Plant on Time Tested Standard Technology. However, no capital expenditure for technology has been incurred except for some routine and necessary revenue expenditure.

Registered Office :

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Andheri [West], Mumbai - 400 053.

Date : November 10, 2012

For and on behalf of the Board of Directors

Purnandu Jain

Chairman and Managing Director

ANNEXURE - II FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE :

Clause 49 of the Listing Agreement incorporates certain disclosure requirements related to "Corporate Governance" with the purpose of enhancing statutory compliances and disclosure related thereto, together with a thrust on the Company's value system.

The Company is generally in compliance with the requirements of Corporate Governance mentioned under clause 49 of the Listing Agreement with BSE Limited. Your Company is committed to the consistent adherence to the said corporate governance code to maintain a greater degree of responsibility and accountability.

II. BOARD OF DIRECTORS :

1] COMPOSITION

The Board of Directors comprises of:

- One Chairman and Managing Director [CMD-Promoter]
- One Whole-time Executive Director [WED]
- Two Non-Executive Directors [NED-I]
- One Nominee Non-Executive Director [N-NED-I]

The Non Executive Directors are professionals with specialisation in their respective fields who bring in a wide range of skill and experience. The composition and attendance of Director's at Board Meetings and the AGM held in the year are as under :

Name of Director	Category	Number of Directorships in Other Public Cos.	No. of other Committee Memberships		Board Meetings attended during the year	Attendance at last AGM
			As Chairman	As Member		
Mr. Purnandu Jain	[CMD - Promoter]	-	1	1	14	Yes
Mr. Girraj Vijayvargiya	WED	-	1	2	14	Yes
Mr. Dileep Shinde	NED-I	1	2	1	14	Yes
Mr. Ramesh Batham	NED-I	-	-	3	14	No
Mr. Anilkumar Khadke [w.e.f August 14, 2012]	N-NED-I	NA	NA	NA	NA	NA

2] MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2011-12, the Board met 14 [Fourteen] times on

April 07, 2011	April 19, 2011	May 14, 2011	June 10, 2011	June 27, 2011
June 30, 2011	August 12, 2011	September 03, 2011	September 29, 2011	November 14, 2011
December 17, 2011	January 16, 2012	February 01, 2012	March 20, 2012	

At least one Board Meeting was held during every quarter.

III. THE BOARD COMMITTEES :

1] AUDIT COMMITTEE

Terms of Reference :

The terms of reference covers the matters specified under section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

The Committee oversees, discusses and reviews inter alia the following matters :

- a) Internal control system.
- b) Compliance with accounting standards.
- c) Related party transactions.
- d) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- e) Quarterly financial statements with a view to comply with all legal requirements.
- f) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Composition and Attendance of Audit Committee :

During the year 2011-12, the Audit committee met 4 [Four] times on May 14, 2011; August 12, 2011; November 14, 2011 and February 01, 2012.

The Composition of and Attendance at the Audit committee meeting during the year 2011-12 :

Name of the Director	Category	Meeting Attended
Mr. Dileep Shinde	Non-Executive Director - Independent [Chairman]	4
Mr. Girraj Vijayvargiya	Wholetime Executive Director [Member]	4
Mr. Ramesh Batham	Non-Executive Director - Independent [Member]	4

The Statutory Auditor and the Chairman and Managing Director are permanent invitees to this committee.

All members of the Audit Committee are financially literate and Three Members have Accounting Expertise.

At least one Audit Committee Meeting was held during every quarter. Mr. S. C. Rane, Company Secretary is the Secretary of Audit Committee.

2] REMUNERATION COMMITTEE**Terms of Reference :**

The committee has been constituted to determine the Company's policy on specific remuneration packages for Whole-time Director / Managing Director including pension rights and any other compensation related matters and issues based on their performance and defined assessment criteria within the framework of the provisions and enactments governing the same.

Composition and Attendance of Remuneration Committee :

The Composition of Remuneration Committee meeting during the year 2011-12:

Name of the Director	Category
Mr. Dileep Shinde	Non-Executive Director - Independent [Chairman]
Mr. Ramesh Batham	Non-Executive Director - Independent [Member]

No meeting of the Remuneration Committee was held during the year 2011-12.

Remuneration Policy :

The Remuneration Committee of the Board constituted in compliance with the SEBI guidelines has framed the compensation structure for Working Directors. The Committee reviews the same from time to time based on certain performance parameters like growth in business, profitability and is comparative with the best practices prevailing in the industry.

Details of Remuneration paid to all Directors in Financial Year 2011-12

a] Whole-time Executive Director - Mr. Girraj Vijayvargiya ₹ 10.00 Lacs

3] SHAREHOLDERS' GRIEVANCE / SHARE TRANSFER COMMITTEE**Terms of Reference :**

To specifically look into complaints relating to transfer of shares, non-receipt of annual report, dividend warrants, etc. received from investors, to redress them and to improve the efficiency in investors service, where ever possible.

Composition of Shareholders' Grievance / Share Transfer Committee :

The Committee comprises of the following directors namely:

Name of the Director	Category
Mr. Girraj Vijayvargiya	Whole-time Executive Director [Chairman]
Mr. Purnandu Jain	Chairman and Managing Director [Member]
Mr. Dileep Shinde	Non-Executive Director - Independent [Member]
Mr. Ramesh Batham	Non-Executive Director - Independent [Member]

Investor Complaints received and disposed during the Financial Year 2011-12 :

Complaints pending as at April 01, 2011	1
Complaints received during the year	7
Complaints disposed during the year	6
Complaints pending as at March 31, 2012	2

4] FINANCE COMMITTEE

Terms of Reference :

The Company has formed a Finance Committee to formulate policies with the matters pertaining to financial arrangements with the bankers and other lenders of the company and handle issues relating thereto. With the growing business operations the Board has delegated the borrowing powers under Section 292[1] [c] of the Companies Act to the Finance Committee.

Composition of the Finance Committee :

Name of the Director	Category
Mr. Purnandu Jain	Chairman and Managing Director [Chairman]
Mr. Girraj Vijayvargiya	Whole-time Executive Director [Member]

The Committee met 5 [Five] times during the year

IV. GENERAL MEETINGS :

Details of Annual General Meetings :

a] The particulars of last Three Annual General Meetings of the Company are as under :

Financial Year	Date	Time	Venue
2010 - 2011	September 30, 2011	10.00 a.m.	} Garden Court, Veera Desai Road, Andheri [West], Mumbai - 400 053
2009 - 2010	September 30, 2010	11.30 a.m.	
2008 - 2009	September 29, 2009	11.00 a.m.	

Seventeenth Annual General Meeting was held on September 30, 2011

b] The particulars of special resolutions passed in the last three Annual General Meetings are as under :

Financial Year	No. of Special Resolutions
2010 - 2011	Four
2009 - 2010	None
2008 - 2009	None

c] Three Special resolutions were passed during the year through the process of Postal Ballot.

d] Postal Ballot: Pursuant to provisions of Section 192A of the Companies Act, 1956 Postal Ballot exercise was carried out to pass the following resolutions.

- i] Increase and Reclassification of Authorised share capital ;
- ii] Alteration of Articles of Association of the Company;
- iii] Approval of issue of 0.001% Optionally Convertible Cumulative Redeemable Preference Shares on preferential basis.

The results of the aforesaid postal ballot exercise was declared on March 13, 2012. It was published in English and Marathi newspapers besides being displayed on the website of the Company. It was also communicated to BSE Limited and National Stock Exchange Limited where the shares of the Company are listed.

Ms. Rachana Kamat, Practicing Company Secretary was appointed as the scrutinizer to conduct the Postal Ballot.

V. MEANS OF COMMUNICATION TO SHAREHOLDERS :

Timely disclosure of information on business and financial performance of the Company is an integral part of good governance. Your Company disseminates information about its operations, business and financial performance to Stock Exchanges, Media, Shareholders, Analysts and Society at large. The Quarterly / Half yearly / Annual results are declared within stipulated Statutory time period.

The Quarterly Unaudited Financial results and Audited Annual results are generally published in "The Free Press Journal" [in English] and "Navashakti" [in Marathi]. These results are not sent to each Shareholder.

Regular updates and developments impacting the business and financials together with Data on Shareholding pattern, details of persons holding more than 1% of the fully paid-up Share Capital, etc. are made available to both the Stock Exchanges - namely BSE Ltd., and The National Stock Exchange of India Limited, which would enable them to place the information on their respective websites.

The company's Financial results / Official news releases and other important investor related information are periodically displayed and updated on the Company's Website, viz., www.ankurdrugs.com.

No presentations have been made to Institutional Investors / Analysts during the year.

VI. DISCLOSURES :

a] Related Party Transactions :

During the period, there were a few transactions with Promoters, Directors and their relatives, but there is no potential conflict thereof with the interests of the Company. [refer to note 38 of Schedule B]

b] Statutory Compliance and Strictures :

There were no cases of non-compliance of any matter related to the Stock Exchanges/SEBI/Statutory Authority/Capital Markets during the last three years.

c] Code of Conduct :

The Chairman and the Managing Director of the Company has certified to the Board the compliance with the code of conduct as required under Clause 49 [V] of the listing agreement.

d] Allotment of Shares During The Year :

The Company has not allotted any shares during the year.

LISTING APPROVALS FROM BSE AND NSE :

*Application for listing and trading submitted to BSE and NSE for listing of 4,00,000 Equity Shares of ₹ 10/- each allotted on conversion of 4,00,000 Equity Share Warrants and 3,26,199 Equity Shares of ₹ 10/- each issued and allotted upon conversion of 1000 FCCB's are pending for trading approval from BSE and NSE.

e] Non-Mandatory Requirements

Non-mandatory requirements setout in Annexure 1D to the Corporate Governance Code have not been presently adopted by the Company

VII. GENERAL SHAREHOLDER INFORMATION :

DIVIDEND DETAILS

Details of unclaimed dividends as on March 31, 2012 are given here under

AGM No.	For the Year Ended	DPS	Date of Declaration	Date of Payment	Unclaimed Dividend [₹]
10	March 31, 2004	1.00	September 30, 2004	October 04, 2004	2,37,458.00
11	March 31, 2005	1.00	September 30, 2005	October 05, 2005	4,13,932.00
12	March 31, 2006	1.50	September 30, 2006	October 05, 2006	4,07,814.00
13	March 31, 2007	2.00	December 31, 2007	January 05, 2008	6,85,812.00
14	March 31, 2008	2.25	September 27, 2008	October 01, 2008	3,93,422.50
15	March 31, 2009	2.25	September 29, 2009	October 01, 2009	4,29,496.00
16	March 31, 2010	2.25	September 30, 2010	October 05, 2010	5,74,092.50

VII. GENERAL SHAREHOLDER INFORMATION... Continued

Date of Incorporation	February 09, 1995
Corporate Identity Number [CIN]	L24230MH1995PLC085410
Registered Office	C-306, Crystal Plaza, Andheri Link Road, Andheri [West], Mumbai - 400 053 Tel : +91-22-40682300, Fax : 91-22-40682323 Email : srane@ankurdrugs.com
Manufacturing Units Himachal Unit I : Village Manakpur, P.O. Lodhimajra, Tehsil - Nalagarh - 174 101, District : Solan, H P	General Block I - Tablets & Liquid Orals General Block II - Liquid Orals Beta Lactum Block - Tablets , Capsules, Dry Syrups & Insta use suspension Cephalosporin Block - Tablets , Capsules, Dry Syrups & Insta use suspension
Himachal Unit II : Village Makhnu Majra, P.O. Bhud, Tehsil - Baddi - 173 205, District : Solan, H P	General Block - Tablets, Capsules, FFS, Ointments, Effervescent Tablets, Oral Powder, Injectables, Oral Strips & Patches, Cephalosporin Block - Tablets, Capsules, Dry Syrup & Dry Powder Injectables.
Daman Unit : Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Ltd., Village Dabhel - 396 210, Nani Daman, Daman	General Block I - Tablets, Capsules & Liquid Orals Beta Lactum Block - Tablets , Capsules & Dry Syrups
Day and Date of the Annual General Meeting	Monday, December 31, 2012
Time & Venue of the Annual General Meeting	9:00 a.m. at Time & Again Banquet, 9, Raheja Classique, Next to Cinemax, Off Link Road, Lokhandwala, Andheri [West], Mumbai - 400 053.
Date of Book Closure	From December 24, 2012 to December 31, 2012 [Both days inclusive]
Financial Calendar : 2012-2013	April 01, 2012 - March 31, 2013 [Tentative]
Q-1 ending June 30, 2012	Already declared on August 14, 2012
Q-2 ending September 30, 2012	Already declared on November 10, 2012
Q-3 ending December 31, 2012	Second week of February, 2013
Q-4 ending March 31, 2013	Second week of May, 2013
Listing on Stock Exchanges	BSE Limited 25th Floor, P.J. Towers, Dalal Street, Mumbai 400 001 Tel : +91-22-22721233 / 34 Fax : +91-22-22722082 / 2132 Website : www.bseindia.com
	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla complex, Bandra [East] Tel : +91-22-26598235 / 36 Fax : +91-22-26598347 / 48 Website : www.nseindia.com
Stock Code	GROUP/INDEX B- BSE-531683
	NSE - ANKURDRUGS – EQ
International Security Identification Number [ISIN] Code	INE238D01012
Outstanding FCCB's	US \$ 8 million Zero Coupon FCCB's with redemption premium of US \$ 3.62 million became due on May 27, 2011 US \$ 20 million FCCB's with 36,34,286 underlying Equity Shares were outstanding as at March 31, 2012 the said FCCB's are due for conversion on or before November 08, 2012 and if not converted will become due along with premium of US \$ 5.64 million on December 27, 2012. [These FCCB's are listed at Singapore Stock Exchange as at March 31, 2012]

VIII. REGISTRAR AND TRANSFER AGENTS :

[For physical and Demat]

Ajel Limited
Unit : Ankur Drugs and Pharma Limited
106, Link Plaza Commercial Complex,
New Link Road, Oshiwara, Jogeshwari [West], Mumbai - 400 102.
Tel : +91-22-26393197, Fax : +91-22-26349264,
Email : choksh@rediffmail.com, website : www.ajel.in
Business hours : 10 a.m. to 1 p.m.

IX. SHARE TRANSFER SYSTEM :

Share Transfers in physical form are to be lodged with Ajel Limited, Registrar and Transfer Agents at the address mentioned above. The transfers and requests for dematerialization are normally processed within 30 days of receipt if the relevant documents are complete in all respects. Share Transfer Committee comprising of members of the Board meets once a week to consider the transfer of shares.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant [DP] regarding change of address, change of Bank / Bank Account number, nomination, etc.

X. COMPLIANCE OFFICER'S DETAILS :

Mr. S. C. Rane Company Secretary & Compliance Officer	Registered Office : C-306, Crystal Plaza, Andheri Link Road, Andheri [West], Mumbai - 400 053.
Telephone Number	+91-22-40682300
Fax Number	+91-22-40682323
Email	srane@ankurdrugs.com

The shareholders may address their communication / suggestions / grievances / queries at the Registered Office of the Company.

XI. DISTRIBUTION OF EQUITY SHAREHOLDING AS ON MARCH 31, 2012 :

Number of Shares Held	Number of Shareholders	% of Shareholders	Aggregate Shares held	% of Shareholding
001 - 500	18,846	82.01	2,929,490	15.15
501 - 1000	2,084	09.07	1,698,894	08.78
1001 - 2000	1,013	04.41	1,545,436	07.99
2001 - 3000	363	01.58	929,169	04.80
3001 - 4000	182	00.79	656,726	03.40
4001 - 5000	136	00.59	642,914	03.32
5001 - 10000	199	00.87	1,448,126	07.49
10001 and above	157	00.68	9,490,835	49.07
Total	22,980	100.00	1,93,41,590	100.00

XII. SHAREHOLDING PATTERN AS ON MARCH 31, 2012 :

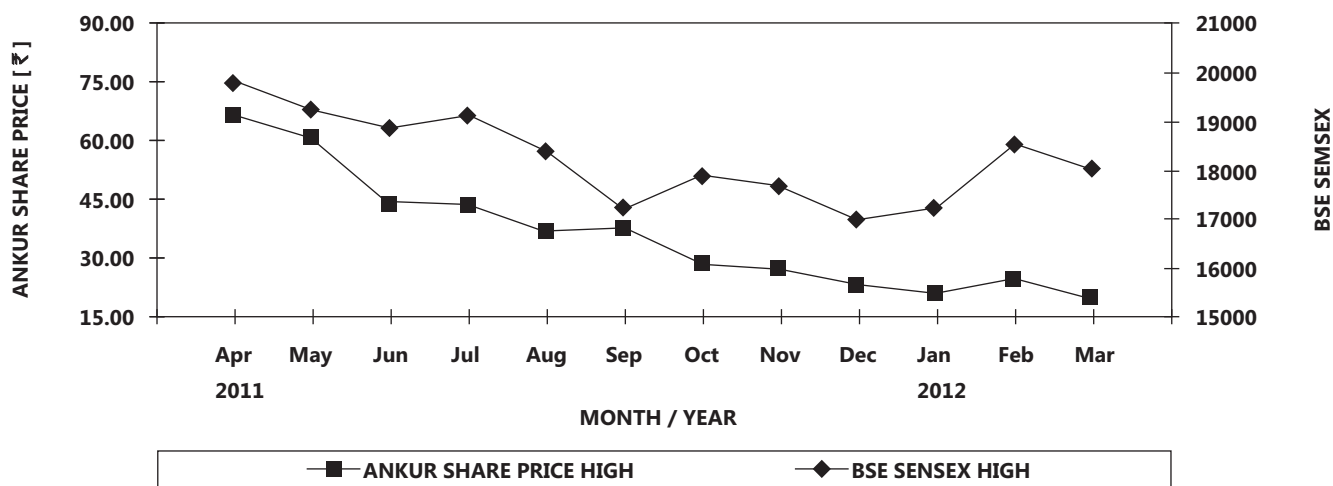
Category of Shareholder/Member	Number of Shareholders	Number of Shares held	% of Shareholding
Indian Promoters	006	3,220,725	16.65
Mutual Funds and UTI	001	2,500	00.01
Foreign Institutional Investors	004	2,260,159	11.69
Trust	001	100	-
Corporate Bodies	691	3,073,387	15.89
Indian Public	21974	10,370,474	53.62
NRIs / OCBs	302	408,945	02.11
Director	001	5,300	00.03
Total	22,980	1,93,41,590	100.00

Based on SEBI directive the Company shares are available for trading in dematerialised form. About 95.62% of Total paid-up Equity Capital is held in dematerialised form with NSDL and CDSL as at March 31, 2012.

XIII. MARKET PRICE DATA : [Monthly High/Low Quotation at NSE/BSE in comparison with BSE Sensex]

Year / Month	ANKUR NSE Price Data [₹]		ANKUR BSE Price Data [₹]		BSE Sensex	
	High	Low	High	Low	High	Low
2011 April	66.80	52.10	66.90	52.40	19,811.14	18,976.19
May	60.75	34.05	60.70	34.20	19,253.87	17,786.13
June	44.10	35.50	44.20	34.50	18,873.39	17,314.38
July	43.70	36.00	43.70	35.15	19,131.70	18,131.86
August	37.00	22.80	37.00	22.55	18,440.07	15,765.53
September	37.70	25.75	37.90	26.00	17,211.80	15,801.01
October	29.00	24.70	28.90	24.75	17,908.13	15,745.43
November	27.00	17.10	27.00	17.50	17,702.26	15,478.69
December	22.85	16.00	22.75	15.85	17,003.71	15,135.86
2012 January	21.00	15.15	20.90	15.50	17,258.97	15,358.02
February	24.25	19.00	20.35	19.00	18,523.78	17,061.55
March	20.00	14.05	19.85	14.10	18,040.69	16,920.61

XIV. STOCK PERFORMANCE OF ANKUR DRUGS AND PHARMA LIMITED v/s BSE SENSEX



XV. OUTSTANDING ZERO COUPON FCCBs / WARRANTS OR ANY LIKELY CONVERTIBLE INSTRUMENT - CONVERSION DATE AND LIKELY IMPACT ON EQUITY

US \$ 8 million Zero Coupon FCCB's with redemption premium of US \$ 3.62 million became due on May 27, 2011.

US \$ 20 million FCCBs issued in December, 2007 in pursuance of the resolution passed at the Extra-ordinary General Meeting held on May 23, 2007 are to be converted into Equity Shares at ₹ 280/- each on or before November 08, 2012 and if not converted will become due along with premium of US \$ 5.64 million on December 27, 2012. The total FCCBs of US\$ 20 million underlying 36,34,286 Equity Shares were outstanding as on March 31, 2012.

Registered Office :
C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053.

For and on behalf of the Board of Directors

Date : November 10, 2012

Purnandu Jain
Chairman and Managing Director

DECLARATION BY CHAIRMAN AND MANAGING DIRECTOR OF CODE OF CONDUCT

I, hereby declare that pursuant to provisions of clause 49 [1] [D] [III] of the listing agreement all the Directors and Senior Management Personnel have affirmed compliance with the code of conduct adopted by the Company and confirmation to that effect has been received for the year 2011-2012.

For Ankur Drugs and Pharma Limited

Place : Mumbai
Date : November 10, 2012

Purnandu Jain
Chairman and Managing Director

CEO / CFO CERTIFICATION

As required under sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended March 31, 2012 the Company has complied with the requirements of the said sub-clause.

For Ankur Drugs and Pharma Limited

Place : Mumbai
Date : November 10, 2012

Purnandu Jain
Chairman and Managing Director[CEO]

Girraj Vijayvargiya
Wholetime Executive Director [CFO]

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Ankur Drugs and Pharma Ltd.

We have examined the compliance of the conditions of corporate governance by Ankur Drugs and Pharma Ltd., for the financial year ended on March 31, 2012 as stipulated in clause 49 [VII] of the Listing Agreement of the said Company with The BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion 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 in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

During the financial year under review 2011-12 the status of investor complaints is as under:

Complaints pending to be resolved as on April 01, 2011	1
Complaints received during the financial year 2011-12	7
Complaints resolved during the financial year 2011-12	6
Complaints pending to be resolved as on March 31, 2012	2

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

For M. G. Vashi & Co.
Firm Registration No 128577W
Chartered Accountants

Place : Mumbai
Date : November 10, 2012

CA. M. G. Vashi
Proprietor
ICAI M. No. 030217

AUDITORS' REPORT

To the Members of
ANKUR DRUGS AND PHARMA LIMITED, Mumbai

We have audited the attached Balance Sheet of Ankur Drugs and Pharma Limited as at 31st March, 2012 and both the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this Report. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government in terms of sub section [4A] of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to 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 purpose of our audit;
- b. In our opinion, proper books of account as required by the law have been kept by the company, so far as appears from our examination of such books.
- c. The Balance Sheet and Statement of Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet and Statement of Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section [3C] of section 211 of the Companies Act, 1956;
- e. *The provisions of accrued gratuity liability [amount not ascertainable in the absence of Actuarial Valuation report] has not been made.*
- f. *Provision has not been made in respect of interest amounting to ₹ 9,52,77,286/- on some of the unsecured loans resulting in understatement of the loss and liability by an equivalent amount. Had the company provided for the same, the loss for the year would have been ₹ 3,17,02,15,848/-*
- g. Based on representations made by all the directors of the company and the information and explanation as made available, directors of the company do not prima facie have any disqualification as referred to in clause [g] of sub-section [1] of section 274 of the Companies Act, 1956;
- h. Subject to Clause [e] & [f] above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i. In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - ii. In the case of Statement of Profit and Loss, of the Loss 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 M. G. Vashi & Co.
Chartered Accountants
Firm Registration No 128577W

Place : Mumbai
Date : November 10, 2012

CA. M. G. Vashi
Proprietor
ICAI M. No. 030217

ANNEXURE TO THE AUDITORS' REPORT

- i.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. There is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. A part of the fixed assets of the company were verified during the year pursuant to the verification programme and no material discrepancies were noticed on such verification.
 - c. During the year, the company has not disposed off a substantial part of fixed assets and we are of the opinion that the going concern status of the company is not affected on this account.
- ii.
 - a. The inventory, except goods-in-transit and stock lying with third parties have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii.
 - a. The company has not granted any loans, secured or unsecured to any companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and consequently clause 4[iii][a],[b],[c] and [d] of the Statement on the Companies [Auditor's Report] Order, 2004 are not applicable to the company.
 - b. During the year, the Company has taken interest-free unsecured loan from six parties covered in the register maintained u/s.301 of the Companies Act, 1956. The maximum balance involved during the year was ₹ 1,09,89,45,912/- and the year end balance of loan taken from such parties was ₹ 2,90,89,253/-. As these loans were interest free and no terms for repayment of loans were stipulated, clause 4[iii][g] of the Statement on the Companies [Auditor's Report] Order, 2004 are not applicable to the company.
 - c. In our opinion and according to explanation given to us, terms and conditions on which such loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v.
 - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding Rupees five lakhs have been entered during the year at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. *In our opinion and according to the information and explanations given to us, the Company has accepted the deposit from the public to which the directives issued by the Reserve bank of India, provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 are applicable. However, the Company has not complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 in relation to the following issues:*
 - a. *The company has defaulted in repayment of public deposits and also on payment of interest on the public deposits.*
 - b. *The company has accepted new public deposits after making default in repayment of earlier deposits.*
 - c. *The company has not repaid these new deposits within 30 days of acceptance of such deposits.*
 - d. *The company has not filed annual return of deposits for the year ended on 31.03.2012 with the Registrar of Companies and Reserve Bank of India, which were required to be filed on or before 30.06.2012.*
 - e. *The fixed deposit receipts with scheduled bank as are required to be kept as liquid assets in respect of public deposit maturing on or before 31.03.2012 are not free of charge/lien.*
 - f. *As on the Balance Sheet date, proceedings for violation of provisions of Section 58A and Companies [Acceptance of Deposit] Rules, 1975 were pending before the Company Law Board consequent to the complaints filed by the depositors. An order was passed on 09.04.2012 by the Company Law Board for repayment of deposits to the extent of ₹ 32,87,000/- by 30.04.2012.*
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209[1][d] of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix.
 - a. *The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues wherever applicable to it.*

ANNEXURE TO THE AUDITORS' REPORT

Sr. No.	Name of the Statute	Nature of dues	Financial Year	Amount ₹	Payment made upto date of Audit Report ₹
1.	Companies Act, 1956	Unclaimed Dividend	2010-11	237,458	2,37,458
2.	Professional Tax Act, 1975	Profession Tax Payable	2011-12	17,450	-
3.	Income Tax Act, 1961	Tax Deducted at Source	2009-10	4,001,632	-
		Tax Deducted at Source	2010-11	13,365,634	-
		Tax Deducted at Source	2011-12	6,868,027	-
		Income Tax	2002-03	158,731	-
		Income Tax	2003-04	903,962	-
		Income Tax	2005-06	5,777,316	-
		Income Tax	2009-10	43,057,967	4,500,000
		Dividend Distribution Tax	2008-09	7,271,248	-
		Dividend Distribution Tax	2009-10	7,227,892	-
4.	Central Sales Tax Act, 1956	Central Sales Tax	2011-12	1,571	-
5.	Finance Act, 1994	Service Tax	2009-10	651,990	-
			2011-12	130,365	-
6.	E.P.F.& M.P.F. Act, 1952	Provident Fund	2011-12	1,065,664	190,620

- b. According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March, 2012 for period of more than six months from the date they became due.
- x. The Company has accumulated losses which are more than 50% of its net worth. The company has also incurred cash loss during the current financial year, but has not incurred cash loss in the immediately preceding financial year.
- xi. *On the basis of our examination and according to the information and explanation given to us, we are of the opinion that during the year the company has defaulted in repayment of dues to the banks and financial institution. The amount defaulted is ₹ 7,03,476,343 [Principal : ₹ 38,75,30,629 and Interest : ₹ 31,59,45,714]. The company has not obtained any borrowings by way of debentures.*
- xii. The company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4[xiii] of the Companies [Auditor's Report] Order, 2004 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 [xiv] of the Companies [Auditor Report] Order, 2004 is not applicable to the company.
- xv. The company has given guarantee for loan taken by a party from bank. The terms and conditions thereof are not prima-facie prejudicial to the interest of the company.
- xvi. According to the information and explanation given to us, the company has not borrowed any funds by way of term loans during the year. Hence, the question of the application of funds therein does not arise.
- xvii. In our opinion and on the basis of our examination and according to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that during the year the company has not utilised short term funds for long-term purposes.
- xviii. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the year the company did not issue any debentures.
- xx. According to information and explanation given to us the company has not raised money by public issue, therefore, requirement for commenting on the end use of money raised by public issue does not arise.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M. G. Vashi & Co.
Chartered Accountants
Firm Registration No 128577W

Place : Mumbai
Date : November 10, 2012

CA. M. G. Vashi
Proprietor
ICAI M. No. 030217

BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No	As at March 31, 2012		As at March 31, 2011	
		₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
I EQUITY AND LIABILITIES					
[1] Shareholders' Funds :					
[a] Share capital	1	1,934.16		1,934.16	
[b] Reserves and surplus	2	[3,836.16]		26,913.23	
			[1,902.00]		28,847.39
[2] Share Application money	3		25,733.49		-
[3] Non-Current Liabilities :					
[a] Long-term borrowings	4	59,827.65		45,896.01	
[b] Deferred tax liabilities [net]	5	7,311.17		5,691.16	
[c] Long Term Provision	6	-		1,954.22	
			67,138.82		53,541.39
[4] Current Liabilities :					
[a] Short-term borrowings	7	11,384.47		52,141.70	
[b] Trade payables	8	13,655.93		13,185.64	
[c] Other current liabilities	9	33,635.00		28,381.27	
[d] Short term Provisions	10	3,219.66		1,850.32	
			61,895.06		95,558.93
Total			1,52,865.37		1,77,947.71
II ASSETS					
[1] Non-Current Assets :					
[a] Fixed Assets					
[i] Tangible assets	11	1,15,869.07		1,21,985.61	
[ii] Intangible asset		-		-	
[iii] Capital work-in progress		26,648.40		28,496.74	
[b] Non-current investments	12	10.06		10.06	
[c] Long-term loans and advances	13	97.81		90.84	
[d] Other Non-current assets	14	3,935.06		4,412.77	
			1,46,560.40		1,54,996.02
[2] Current Assets :					
[a] Inventories	15	1,768.51		16,535.73	
[b] Trade receivables	16	3,175.88		3,816.50	
[c] Cash and Bank balances	17	215.57		307.04	
[d] Short-term loans and advances	18	638.53		1,760.29	
[e] Other Current Assets	19	506.48		532.13	
			6,304.97		22,951.69
Total			1,52,865.37		1,77,947.71
Significant Accounting Policies	A				
Accompanying notes forming an integral part of the financial statements	B[1 to 49]				

As per our report of even date attached

For and on behalf of the Board of Directors

For M. G. Vashi & Co.

Chartered Accountants

Firm Registration No 128577W

CA. M. G. Vashi

Proprietor

ICAI M. No. 030217

Place : Mumbai

Date : November 10, 2012

Purnandu Jain

Chairman and Managing Director

Girraj Vijayvargiya

Wholtime Executive Director

Place : Mumbai

Date : November 10, 2012

S. C. Rane

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No	For the year ended March 31, 2012		For the year ended March 31, 2011	
		₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
I Revenue :					
[a] Revenue from Operation [Net]	20	15,148.99		82,484.95	
[b] Other Income	21	18.60		93.05	
Total Revenue			15,167.59		82,578.00
II Expenses :					
Cost of Materials Consumed		11,292.60		57,679.92	
Purchase of stock in trade		23.39		-	
Changes in Inventories of Finished Goods /Work in Process	22	2.89		3,961.96	
Employee Benefits Expense	23	1,880.48		2,044.24	
Finance costs	24	5,835.57		12,079.69	
Other expenses	25	4,740.10		5,409.04	
Depreciation	11	6,119.39		6,079.70	
Amortisation of Technical Know How	42	483.69		-	
Total Expenses			30,378.11		87,254.55
III Profit/[Loss] before exceptional items and tax [I-II]			[15,210.52]		[4,676.55]
IV Exceptional Items	39				
Obsolete/expired goods written off			[13,636.71]		-
V Profit/[Loss] before tax [III-IV]			[28,847.23]		[4,676.55]
VI Tax Expenses :					
Current tax			-		-
Deferred tax			[1,620.01]		[2,063.18]
[Short]/Excess Provision for earlier years			[282.15]		[141.07]
VII Profit/[Loss] for the year [V+VI]			[30,749.39]		[6,880.80]
VIII Loss per share					
Basic ₹			158.98		35.58
Diluted ₹			158.98		35.58
Face value per share ₹			10.00		10.00
Significant Accounting Policies Accompanying notes forming an integral part of the financial statements	A B[1 to 49]				

As per our report of even date attached

For and on behalf of the Board of Directors

For M. G. Vashi & Co.
Chartered Accountants
Firm Registration No 128577W

CA. M. G. Vashi
Proprietor
ICAI M. No. 030217

Place : Mumbai
Date : November 10, 2012

Purnandu Jain
Chairman and Managing Director

Girraj Vijayvargiya
Wholetime Executive Director

Place : Mumbai
Date : November 10, 2012

S. C. Rane
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/[Loss] before exceptional items and tax		[28,847.23]		[4,676.55]
Adjustment for :				
Depreciation	6,119.39		6,079.70	
Financial Cost	5,835.57		12,079.69	
Loss /[Profit] on Sale of Fixed Assets	795.27		125.77	
Amortisation of Technical Know How	483.69		-	
Interest received	[16.06]		[90.16]	
Other Non-operating income	[2.54]		[2.89]	
Exceptional Items	13,636.71		-	
		26,852.03		18,192.11
Operating Profit/[Loss] before Working Capital changes		[1,995.20]		13,515.56
Adjustments for Working Capital Changes :				
Inventories	1,130.51		9,549.31	
Trade Receivables	640.62		1,681.70	
Trade Payables	470.29		[28,215.15]	
Other Advances	[77.01]		[80.56]	
Other Current Liabilities	281.12		-	
	2,445.53		[17,064.70]	
Income Tax Paid	[130.47]		[504.43]	
		2,315.06		[17,569.13]
Cash generated/[utilised] from Operating Activities A		319.86		[4,053.57]
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets [Including CWIP]	[38.23]		[9,019.90]	
Miscellaneous Income	2.54		0.32	
Sale of Investments	-		31.94	
Sale of Fixed Assets [Including CWIP]	851.08		1,348.13	
Net Fixed Deposit Receipts Matured/[Investment]	1,327.56		[779.35]	
Interest Received	16.06		90.16	
Capital Advances Received back	237.37		-	
Investment in Shares	-		[3.85]	
Addition to Technical Know How Expenses	-		[820.26]	
Cash generated/[utilised] from/in Investment Activities B		2,396.38		[9,152.81]
C. CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings [Net of Payment]	[1,038.02]		24,432.34	
Financial Charges Paid	[1,653.60]		[10,982.62]	
Dividend Paid	-		[435.19]	
Cash generated/[utilised] from/in financing Activities C		[2,691.62]		13,014.53
Net Increase in Cash and Cash Equivalents [A+B+C]		24.62		[191.84]
Opening Balance of Cash and Cash Equivalents		103.76		295.60
Closing Balance of Cash and Cash Equivalents		128.38		103.76

As per our report of even date attached

For and on behalf of the Board of Directors

For M. G. Vashi & Co.

Chartered Accountants

Firm Registration No 128577W

CA. M. G. Vashi

Proprietor

ICAI M. No. 030217

Place : Mumbai

Date : November 10, 2012

Purnandu Jain

Chairman and Managing Director

Girraj Vijayvargiya

Wholtime Executive Director

Place : Mumbai

Date : November 10, 2012

S. C. Rane

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

OVERVIEW :

Incorporated in the state of Maharashtra on February 09, 1995, the Company is in the business of Contract manufacturing of pharma products.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the requirements of the Companies Act, 1956 and accounting standards applicable in India.

The preparation of financial statement in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and other incidental expenses incurred during construction period and exclusive of CENVAT credit availed thereon.

The depreciation on fixed assets is provided on straight line method on Pro rata basis at the rates specified in Schedule XIV of the Companies Act, 1956. No depreciation is provided on the fixed assets, which have not been put to use during the year.

3. Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such indication exists, the Company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognised in the statement of Profit & Loss to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognized for an asset in prior accounting period may no longer exist or may have decreased, the company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment loss been recognised for the asset in prior accounting periods.

4. Inventory

Inventories are valued at lower of the cost or net realisable Value. The cost is computed on weighted average basis and includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

5. Investments

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments. Current investments are stated at lower of cost and fair value determined on an individual basis.

6. Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. Contingent liabilities which are not provided for, are disclosed in the Notes on Accounts.

7. Employee Benefits

Regular contributions are not made to the provident and other funds. Liability in respect of gratuity and leave is not provided for in books.

8. Borrowing Cost

Borrowing cost that are attributable to the acquisition, construction or the production of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

9. Revenue Recognition

The gross sales are inclusive of central excise duty wherever applicable, but net of sales tax, state excise duty, returns and trade discounts. The company recognizes sales when significant risks and rewards related to ownership are transferred to the buyers.

10. Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Foreign currency transactions remaining unsettled till the finalization of accounts of the year are translated at contracted rates, when covered by forward exchange contracts and at year end rates, in all other cases.

11. Taxation

Provision for current Tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income tax Act, 1961 and considering assessment orders and decisions of appellate authorities in Company's case.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantially enacted as on the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

12. Earning per Share

The basic earning per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the current year. For the purpose of calculating diluted earning per share, net profit after tax and the weighted number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity.

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Ankur Drugs and Pharma Limited for the year ended March 31, 2012. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of the listing agreement with BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai subject to re-allocations made by the Company based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of November 10, 2012 to the members of the company.

For M. G. Vashi & Co.
Chartered Accountants
Firm Registration No 128577W

Place : Mumbai
Date : November 10, 2012

CA. M. G. Vashi
Proprietor
ICAI M. No. 030217

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
NOTE 1 : SHARE CAPITAL				
[a] Authorised Capital : [Refer to Note [d]] Equity Shares of ₹ 10 each with voting rights	28,000,000	2,800.00	28,000,000	2,800.00
[b] Issued, Subscribed and paid-up Capital : Equity Shares of ₹ 10 each with voting rights	19,341,590	1,934.16	19,341,590	1,934.16
Notes :				
[a] The reconciliation of Equity Shares outstanding at the beginning and at the end of the year :				
Balance at the beginning of the year	19,341,590	1,934.16	19,341,590	1,934.16
Movement during the year	-	-	-	-
Balance at the end of the year	19,341,590	1,934.16	19,341,590	1,934.16
[b] <u>Terms/rights attached to Equity Shares :</u> The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion of their shareholding.				
[c] Details of shareholding more than 5% :				
Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of Shares held	% Holding	Number of Shares held	% Holding
i] Private Bank Inag Zurich AG	1,897,560	9.81%	1,897,560	9.81%
ii] Purnandu Jain	1,536,381	7.94%	1,765,881	9.13%
iii] Purnandu Jain [HUF]		<5%	1,438,727	7.44%
iv] Anupama Jain		<5%	1,153,117	5.96%
[d] <u>Increase in Authorised share capital :</u> The company increased its Authorised Share Capital from ₹ 2,800 Lacs to ₹ 18,500 Lacs [525 lakhs Equity Shares of ₹ 10/- each and ₹ 132.5 Lacs Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 100 each] by special resolutions passed by Postal Ballot on March 13, 2012 for increase to ₹ 15,600 Lacs and on July 06, 2012 for increase to ₹ 18,500 Lacs. This increase in authorised share capital to facilitate allotment of shares as specified in Note '3' is subject to payment of stamp duty, registration charges and filing of relevant forms with the Registrar of Companies.				

Particulars	As at March 31, 2012		As at March 31, 2011	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
NOTE 2 : RESERVES AND SURPLUS				
Capital Reserve :				
Balance as at the beginning /end of the year		324.21		324.21
Securities Premium Account :				
Balance as at the beginning/end of the year		11,281.61		11,281.61
General Reserve :				
Balance as at the beginning /end of the year		8,926.26		8,926.26
Profit and Loss Account :				
Balance as at the beginning of the year	6,381.15		13,261.95	
Loss during the year	[30,749.39]		[6,880.80]	
Total		[24,368.24]		6,381.15
		[3,836.16]		26,913.23

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
NOTE 3 : SHARE APPLICATION MONEY				
Share Application on OCCRPS	11,306.51		-	
Share Application on Equity Shares [Refer to Note 40]	14,426.98		-	
Total		25,733.49		--
[a] (a) Pursuant to the scheme of CDR, the company, subject to in-principle approval from the stock exchanges and filing of relevant forms with the Registrar of Companies, passed special resolution through postal ballot for issue of 1,32,19,790 0.001% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 100/- each at par and to convert unsecured loans of Promoters into Equity Share capital by issue of 3,13,63,000 Equity shares of ₹ 10/- each at a premium of ₹ 36/- per share. However the company has not made any allotment in respect thereof during the year.				
[b] General Terms & Conditions :				
[i] The OCCRPS shall be issued at par and the equity shares shall be issued at a premium of ₹ 36/- per share.				
[ii] The option to convert the OCCRPS into fully paid equity shares may be exercised by the respective allottees at the end of 18 months from the date of issue of the OCCRPS in accordance with the then applicable SEBI guidelines.				
[iii] If option to convert the said OCCRPS into equity shares is not exercised by the allottees at the end of the 18th month, then the OCCRPS will be redeemed on December 31, 2020 at a redemption premium calculated @ 8% p.a. on simple interest basis and accumulated dividend .				
NOTE 4 : LONG TERM BORROWING				
<u>Term Loans</u>				
<u>Secured</u>				
a] From Banks	56,111.96		24,858.76	
b] From Others	27.80		224.40	
c] Vehicle Loans	-		46.02	
		56,139.76		25,129.18
<u>Unsecured</u>				
a] Deposits				
i] Public Fixed Deposit	2,351.66		2,089.63	
b] Foreign Currency Convertible Bonds	-		8,979.00	
c] Loans from related Parties				
i] Directors	66.40		2,510.82	
ii] Others	195.23		6,753.21	
d] Other Loans	1,074.60		434.17	
		3,687.89		20,766.83
		59,827.65		45,896.01

NOTE '4A' : NATURE OF SECURITY AND TERMS OF REPAYMENT OF LONG TERM BORROWINGS

Security Details

- a] The term loans of ₹ 14,260.83 Lacs from banks are secured as under :
- First pari passu charge over all movable and immovable fixed assets of the company situated at Village Manakpur, P.O. Lodhimajra, Tehsil Nalagarh, District Solan [H.P.] - 174 101, Village Makhnu Majra, P.O. Bhud, Tehsil Baddi, District Solan [H.P.] - 173 205 and Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Ltd., Village Dabhel 396 210, Nani Daman, Daman.
 - Second pari passu charge over current assets of the company along with other term lenders.
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company
- b] Working Capital Term Loans amounting to ₹ 40,713.86 Lacs from banks are secured as under :
- First pari passu charge on fixed assets of the company with others lenders.
 - Second pari passu charge on current assets of the company.
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing director of the company.

Out of the above, term loans and working capital term loans amounting to ₹ 11,571.01 Lacs are further secured by way of additional security in the form of second charge on the office premises at 20th Floor, Lotus Business Park, Off. Andheri Link Road, Andheri [West], Mumbai - 400 053.

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- c] Term loan amounting to ₹1,146.84 Lacs is secured as under:
- First pari passu charge on fixed assets of company at its factory at Village Makhnu Majra, P.O. Bhud, Tehsil – Baddi, District Solan [H.P.]
 - Second pari passu charge on other fixed assets of the company.
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company.
- d] Term loans amounting to ₹945.62 Lacs are secured as under;
- First pari passu charge over all movable and immovable fixed assets of the company situated at Village Manakpur, P.O. Lodhimajra, Tehsil – Nalagarh, District Solan [H.P.].
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company
- e] Term Loan amounting to ₹420.18 Lacs is secured as under:
- Pledge of Promoters Shares
 - First charge by way of equitable mortgage over land measuring 17 bigha 17 biswas situated at Village Makhnumajara, Pargana : Dharampur, Tehsil, Baddi Dist. Solan [H.P.]
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the company
- f] Term Loan from non-banking finance company amounting to ₹162.85 Lacs is secured as under :
- First charge by way of Hypothecation over Equipment acquired out of loan.
 - Subservient charge on current assets of the company.
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the company.
- g] Term Loan amounting to ₹2,398.85 Lacs from a bank is secured as under:
- First charge over office premises at 20th floor, Lotus Business Park, Off. Andheri Link Road, Andheri [West], Mumbai – 400 053.
 - Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the company.

Repayment Details

- a] Term Loans and Working Capital Term Loan covered under CDR package amounting to ₹54,974.69 Lacs shall be repayable in 10 years, including initial moratorium of 9 quarters, i.e. in 31 quarterly installments, commencing from June 30, 2013 as detailed herein below :

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Term loan	0.00%	2.50%	5.00%	10.00%	10.00%	15.00%	15.00%	20.00%	22.50%

- b] Term loan amounting to ₹1,146.84 Lacs is overdue
- c] Out of the Term Loan amounting to ₹2,398.85 Lacs, ₹691.37 Lacs [pertaining to interest and installments] is overdue and repayment schedule for balance loan is as under :

[April-May 2012]	Monthly Installment of ₹25.32 Lacs
[June 2012-May 2013]	Monthly Installment of ₹36.18 Lacs
[June 2013-May 2014]	Monthly Installment of ₹43.41 Lacs
[June 2014-April 2015]	Monthly Installment of ₹57.88 Lacs
[May 2015]	Installment of ₹65.12 Lacs

- d] Out of Term Loan amounting to ₹945.62 Lacs, ₹96.34 Lacs [pertaining to interest] is overdue and repayment schedule for the balance loan as detailed here in below :

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Repayment of Working Capital Term Loan	0.00%	0.00%	8.00%	10.00%	12.00%	20.00%	25.00%	25.00%

- e] Term Loan from NBFC amounting to ₹162.85 Lacs [out of which ₹33.82 Lacs is overdue] is to be repaid in 15 monthly installments of ₹9.51 Lacs each.
- f] Term Loan amounting to ₹420.18 Lacs is to be repaid in installments of ₹86.85 Lacs due on June 30, 2012, ₹133.33 Lacs due on September 30, 2012 and last installment of ₹200 Lacs due on December 31, 2012.

Rates of Interest

- a] Term loans amounting to ₹1,194.51 Lacs are to be repaid with rate of interest [p.a.] as herein below :

	FY2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Term loan	7.25%	13.25%	14.25%	14.25%	14.25%	14.25%	16.75%	16.75%	16.75%	16.75%

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b) Term loans amounting to ₹ 1,207.16 Lacs are to be repaid with rate of interest [p.a.] as herein below

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Term loan	8.50%	14.75%	18.50%	19.45%	20.00%	20.25%	20.25%	20.25%	20.25%	20.25%

c) Term loans amounting to ₹ 2549.59 Lacs are to be repaid with rate of interest [p.a.] as herein below :

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Term loan	8.75%	14.75%	15.75%	15.75%	15.75%	15.75%	18.25%	18.25%	18.25%	18.25%

d) Working capital term loans amounting to ₹ 1,217.35 Lacs are to be repaid with rate of interest @ 11% [p.a.] and balancing Rs. 39,496.51 Lacs are to be repaid with rate of interest [p.a.] as herein below :

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Term loan	2.00%	9.00%	12.00%	12.50%	13.00%	13.50%	14.00%	14.25%	14.35%	14.40%

e) Term loans amounting to ₹ 8206.28 Lacs are to be repaid with rate of interest [p.a.] as herein below :

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Term loan	2.00%	9.00%	12.00%	13.00%	14.00%	14.50%	14.50%	14.50%	15.00%	15.00%

f) Office Loan amounting to ₹ 2,398.85 Lacs is to be repaid with rate of interest @ PLR -0.50% of the lending bank.

g) Term Loans amounting to ₹ 1,103.28 Lacs are to be repaid with rate of interest of 11.50% p.a and amounting to ₹ 1,146.84 Lacs are to be paid @ PLR – 1.00%

h) Term Loans amounting to ₹ 945.62 Lacs are to be repaid with rate of interest of Rs. 11.00% p.a. from April 2011 to March 2013 and 12.00% p.a. thereafter.

i) Term loan amounting to ₹ 162.85 Lacs are to be repaid with rate of interest of 15.25% p.a.

j) Term loan amounting to ₹ 420.18 Lacs is to be repaid with rate of interest of 13.50% p.a.

Vehicle Loan

Vehicle Loans amounting to ₹ 46.02 Lacs are secured by hypothecation of respective vehicles financed and are payable over a period of next 10 months.

Period and amount of continuing defaults :

The company defaulted in making payment of dues related to banks, non-banking finance companies, financial institutions, inter-corporate deposits, demand promissory notes [DPN], Public Fixed Deposit and Foreign currency convertible bonds. The amount of default in case of banks, financial institutions and non-banking financial companies is equivalent to ₹ 6,478.89 Lacs [Interest : ₹ 3,166.94 and principal : ₹ 3,311.95 Lacs], inter-corporate deposits ₹ 3,735.07 Lacs, DPN ₹ 150.63 Lacs, Public Fixed Deposit is ₹ 388.24 Lacs [Interest : ₹ 92.55 Lacs and Principal ₹ 295.69 Lacs] and Foreign currency convertible bonds ₹ 5,911.85 Lacs. Further there was also default of Bills Discounting from Banks and NBFCs amounting to ₹ 2,991,18 Lacs.

The defaults in case of banks, financial institutions and non-banking financial companies started from July 2010, inter-corporate deposits from October 2010, DPN from February 2011, Public Fixed Deposits from October 2011, FCCBs from May 2011 and Bills Discounting from Banks and NBFC's from October 2011. There is a continuing default in all the above cases as on the balance sheet date.

₹ in Lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
	Assets	Liabilities	Assets	Liabilities
NOTE 5 : DEFERRED TAX LIABILITIES				
Difference in value of Assets as per books of account & W.D.V. as per Income Tax Act, 1961	-	8276.73	-	5691.16
Loss on Sale of Fixed Assets	-	6.58	-	-
Disallowances	972.14	-	-	-
	972.14	8283.31	-	5691.16
Net deferred Tax Liability	-	7311.17	-	5691.16

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 6 : LONG TERM PROVISIONS		
Provision for Premium on Redemption of FCCB's	-	1954.22

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
NOTE 7 : SHORT TERM BORROWINGS				
<u>Secured</u>				
From Banks				
i] Short Term Loan	182.10		-	
ii] Cash Credit and Bank Over Draft	8543.35		46823.43	
iii] Inland LC's from Bank	-		1491.15	
		8725.45		48314.58
<u>Unsecured</u>				
a] From related parties	519.03		-	
b] Other loans and Advances				
i] Intercorporate Deposits	2139.99		1840.00	
ii] Purchase Bill Discounting from Financial Institution	-		1987.12	
		2659.02		3827.12
Total		11384.47		52141.70

NOTE NO. '7A' : NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SHORT TERM BORROWINGS

A] Short term loans :

Security Details

- a] Short term loan of ₹ 182.10 Lacs from banks is secured as under :
 - i. First pari passu charge over all movable and immovable fixed assets of the company situated at its factories at Village Manakpur, P.O. Lodhimajra, Tehsil – Nalagarh, District Solan [H.P.], Village Makhnu Majra, P.O. Bhud, Tehsil – Baddi, District Solan [H.P.] and Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Ltd., Village Dabhel, Nani Daman, Daman.
 - ii. Second charge over current assets of the company along with other term lenders.
 - iii. Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company
- b] Receivable Funding amounting to ₹ 505.94 Lacs is secured by way of second charge over:
 - i. Pledge of Promoters Shares
 - ii. Equitable mortgage over land measuring 17 bigha 17 biswas situated at Village Makhnumajara, Pargana : Dharampur, Tehsil, Baddi Dist. Solan [H.P.]
 - iii. Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the company
- c] Short Term Loans amounting to ₹ 66.15 Lacs are secured against lien on Fixed Deposit Receipts

Repayment Details

- a] Short Term Loan amounting to ₹ 182.10 Lacs is payable on demand.
- b] Receivable Funding amounting to ₹ 505.94 Lacs are overdue.
- c] Loans Against FDR amounting to ₹ 66.15 Lacs are to be repaid in F.Y. 2012-13

Rate of Interest

- a] Term Loan amounting to ₹ 182.10 Lacs is to be repaid at the rate of 11% p.a.
- b] Receivable Funding amounting to ₹ 505.94 Crores is to be repaid at the rate of interest of 14.25% p.a.
- c] Term Loans amounting to ₹ 66.15 Lacs are to be repaid at the rate of 11.5% p.a.

B] Working Capital Borrowings:

Cash Credit amounting to ₹ 7,228.77 Lacs and WCDL of ₹ 2,542.25 Lacs is secured as under;

- i. Pari passu first hypothecation charge on current assets [both present and future] of the company with consortium of banks and
- ii. Pari passu second charge on fixed assets [both present and future] with consortium of banks.
- iii. Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing director of the company

Working Capital Borrowings are payable on demand

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 8 : TRADE PAYABLES		
Sundry Creditors for Goods & Services	13,655.93	13,185.64
NOTE 9 : OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings	14,455.17	17,678.98
Interest accrued but not due on borrowings	154.30	53.32
Interest accrued and due on borrowings	3,259.49	1,949.70
Overdue Maturities of borrowings	13,156.42	6,441.27
Advance From Customers	17.83	-
Statutory dues payable	546.57	468.20
Creditors for Capital Goods	1,167.50	1,250.96
Employees related expenses payable	574.32	274.95
Outstanding expenses	4.56	6.86
Unclaimed Dividends	31.42	31.63
Other Liabilities	267.42	225.40
Total	33,635.00	28,381.27
NOTE 10 : SHORT TERM PROVISIONS		
Provision for Income Tax [Net of advances]	351.03	269.86
Provision for premium on Redemption of FCCB's	2,868.63	1,580.46
Total	3,219.66	1,850.32

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	Number of Shares	Face Value [₹]	As at March 31, 2012	As at March 31, 2011
NOTE 12 : NON CURRENT INVESTMENTS				
Non Trades				
a) In Government Securities [Unquoted] National Savings Certificate			0.10	0.10
b) In Equity Instruments [Unquoted]				
The Bombay Merchantile co-op Bank Limited	333	30	0.10	0.09
The Rupee Co-operative Bank Limited	40	25	0.01	0.01
The Shamrao Vithal Co-operative Bank Limited	10000	10	1.00	1.00
The Saraswat Co-operative Bank Limited	2500	10	0.25	0.25
The Kalyan Janata sahakari Bank Limited	20000	25	5.00	5.00
Shivalic Solid Waste management Limited	36000	10	3.60	3.60
Total			10.06	10.06
NOTE 13 : LONG TERM LOANS AND ADVANCES				
Deposits [Unsecured, considered good]			97.81	90.84
Total			97.81	90.84
NOTE 14 : OTHER NON CURRENT ASSETS				
Technical Know how and Product Development expenses [to the extent not amortise]			3,869.47	4,353.16
Fixed Deposits Receipts			65.59	59.61
Total			3,935.06	4,412.77
NOTE 15 : INVENTORIES				
[As valued and certified by the Management] [Valued at lower of cost or net realisable value]				
Raw Materials			878.83	11,956.61
Packing Material			566.66	2,138.97
Finished Goods			74.00	238.81
Work in Process			123.64	2,007.86
Consumable Stores, Spares, Parts & Others			125.38	193.48
Total			1,768.51	1,6535.73
NOTE 16 : TRADE RECEIVABLES				
[Unsecured, Considered good]				
Outstanding over six months from the due date			1,592.27	1,006.10
Others			1,583.61	2,810.40
Total			3,175.88	3,816.50
NOTE 17 : CASH AND BANK BALANCES				
[Cash and Cash Equivalents]				
Balances with Banks				
In Current Accounts			117.56	92.21
Cash in hand			10.82	11.55
Others Bank Balance				
Fixed Deposits			87.19	203.28
[Deposit with original maturity more than Three months but less than Twelve months]				
Total			215.57	307.04

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 18 : SHORT TERM LOANS AND ADVANCES		
[Advances recoverable in cash or in kind or for value to be received]		
[Unsecured, Considered good]		
Deposits	6.06	-
<u>Other loans and advances</u>		
Balances with Government Authorities	384.12	399.92
Fixed Deposit Receipts with NBFC's	-	1,217.44
Advance to Staff	19.27	35.34
Prepaid Expenses	15.55	99.75
Other Advances	213.53	7.84
Total	638.53	1,760.29
NOTE 19 : OTHER CURRENT ASSETS		
Advance to Supplier	22.80	48.45
Technical Know How & Product Development Expense [to the extent not amortise]	483.68	483.68
Total	506.48	532.13
NOTE 20 : REVENUE FROM OPERATIONS		
Sale of Goods	14,077.81	81,337.41
Less : Excise Duty	[88.08]	[364.09]
	13,989.73	80,973.32
Job Work	1,121.49	1426.41
Other Operating Income	37.77	85.22
Total	15,148.99	82,484.95
NOTE 21 : OTHER INCOME		
Interest from Banks and others	16.06	90.16
Profit from redemption of Mutual Funds	-	2.57
Miscellaneous Income	2.54	0.32
Total	18.60	93.05
NOTE 22 : [INCREASE]/DECREASE IN STOCK		
Closing Stock [March 31,2012]		
Finished Goods	74.00	238.81
Work in Process	123.64	2,007.86
A	197.64	2,246.67
Opening Stock [April 01, 2011]		
Finished Goods	238.81	2,860.74
Work in Process	2,007.86	3,347.88
B	2,246.67	6,208.63
Sales Returns pertaining to prior periods	C 290.85	-
Obsolete/expired stock written off	D 2,336.99	-
E=B+C-A-D	2.89	3,961.96
NOTE 23 : EMPLOYEE BENEFITS EXPENSE		
Salaries and Wage	1,792.94	1,929.62
Contribution to Provident fund and other funds	30.92	26.91
Staff Welfare Expenses	56.62	87.71
Total	1,880.48	2,044.24

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
NOTE 24 : FINANCE COST		
Interest Expense	4,682.79	10,048.29
Less : Net Interest reversed by banks [refer to Note No. 40]	[1,735.81]	-
	2,946.98	10,048.29
Other borrowing cost	101.95	878.68
Stamp duty and franking charges	15.44	55.65
Provision for Premium on Redemption of FCCB's	1,595.80	-
Provision for exchange rate fluctuation of FCCB's	1,175.40	1,097.07
Total	5,835.57	12,079.69
NOTE 25 : OTHER EXPENSES		
Consumable stores and Accessories	215.92	316.87
Lab Chemicals and Glasswares	68.78	73.76
Power and Fuel	334.50	627.88
Labour Charges	587.98	908.88
Repairs and Maintenance - Machinery	48.21	12.92
Repairs and Maintenance - Building	60.33	10.20
Repairs and Maintenance - Others	23.91	29.18
Factory Electricity expenses	1,170.12	1,469.40
Office Electricity expenses	18.95	38.55
Rent , Rates & Taxes	41.13	49.75
Insurance Charges	68.83	106.91
Auditors Fees	3.93	7.17
Carriage Inward	143.93	199.17
Factory cleaning charge	87.86	78.13
Professional and consultancy charges	132.70	290.94
Annual maintenance charges	198.82	186.96
Security Charges	68.05	143.75
Testing and Inspection charges	26.29	25.09
Advertising and publicity	11.44	18.37
Conveyance and Travelling expenses	158.61	130.58
Carriage Outward	21.82	50.78
Commission Rebate and Discount	165.33	209.06
Loss on sale of fixed assets [including CWIP]	795.27	125.77
Postage and Courier charges	17.57	17.55
Printing and Stationary	48.40	68.50
Business promotion and sales development expenses	95.98	102.88
Telephone Charges	34.71	58.24
Miscellaneous expenses	90.73	51.80
Total	4,740.10	5,409.04

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

NOTE 26 : CONTINGENT LIABILITIES

₹ in Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Bank Guarantee	246.99	173.63
Corporate Guarantee	605.01	-
Estimated amount of contract remaining to be executed capital commitment [Net of Advances]	436.99	458.00
Total	1,288.99	631.63

In the opinion of management, there shall be no material adverse effect on the financial statements of the company on the basis of disputes, lawsuits, claims, inquiries, proceedings etc. which may arise from time to time in the ordinary course of its business.

NOTE 27 : AUDITORS REMUNERATION

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Statutory Audit Fees	3.00	3.00
Tax Audit Fees	0.50	0.50
Other services	-	3.00
Reimbursement of expense	-	1.00
Service Tax on above payments	0.43	0.67
Total	3.93	8.17

NOTE 28 : EARNING PER SHARE

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Loss as per Profit and Loss Account	30,749.39	6880.80
Weighted average number of Equity Shares outstanding during the year [Nos]	19,341,590	19,341,590
Nominal value per Equity Shares [each of ₹]	10	10
Basic Loss per share [₹]	158.98	35.58
Diluted Loss per share [₹]	158.98	35.58

NOTE 29 : VALUE OF IMPORTS ON CIF BASIS

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw Material, Stores & Spares	74.58	315.49
Capital Goods	-	3.26
Total	74.58	318.75

NOTE 30 : EXPENDITURE IN FOREIGN CURRENCY

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Travelling Expenses	1.15	5.70
Exhibition and conference Expenses	-	26.03
Interest and other charges on foreign currency loans	-	86.82
Technical know-how/professional fees	-	63.30
other Expenses	13.21	-
Total	14.36	181.85

NOTE 31 : EARNINGS IN FOREIGN CURRENCY ON ACCOUNT OF

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Export on FOB Basis	-	-

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 32 : DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED CURRENCY EXPOSURE

₹ in Lacs

Particulars	Currency	As at March 31, 2012		As at March 31, 2011	
		Foreign Currency	₹	Foreign Currency	₹
Foreign Currency Convertible Bonds (FCCB)	USD	280.00	14,246.40	280.00	12,650.60
Premium on FCCB	USD	92.57	4,710.08	78.23	3,534.68
Sundry Creditors	CHF	0.04	2.15	0.03	1.38

NOTE 33 : MATERIAL CONSUMED

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw material consumed mainly comprises of Active pharma ingredients i.e. Amoxicillin Trihydrate IP, Potassium Clavulanate (Syloid/M.C.C.), Cefixime Trihydrate IP, Paracetamol IP, Cefpodoxime Proxitel IP etc. and Excipients and Coating Material.	9,415.65	49,270.19
Packing material consumed mainly comprises of Foils, PVC, Cartons, Shippers, Bottles, PP Caps, Measuring Cups	1,876.95	8,409.73
Total	11,292.60	57,679.92

NOTE 34 : STOCK AND SALES INCLUDING JOB WORK SALES

₹ in Lacs

Item Description	Sales Value	FINISHED GOODS		WORK-IN-PROCESS	
		Closing	Opening	Closing	Opening
[A] Manufactured Goods & RM Sales					
Tablets	7,028.28 [52,792.89]	28.43 [78.72]	78.72 [2,055.43]	108.90 [1,545.55]	1,545.55 [2,254.59]
Liquid Orals	3,846.68 [8,894.16]	11.45 [41.83]	41.83 [208.66]	4.78 [110.51]	110.51 [335.12]
Dry Syrup/ Insta Use Suspension	2,001.64 [8,251.86]	7.14 [25.39]	25.39 [359.87]	5.90 [215.55]	215.55 [334.57]
Effervescent Tablets	774.51 [3,396.13]	- [24.90]	24.90 [--]	- -	- -
Capsules	649.22 [6,802.89]	- [48.22]	48.22 [236.78]	4.06 [122.65]	122.65 [423.60]
Ointment	273.74 [1,195.64]	- [1.21]	1.21 [--]	- -	- -
Form Fill & Seal [FFS]	165.29 [325.51]	- [4.87]	4.87 [--]	- [13.60]	13.60 [--]
Liquid Injectibles	58.95 [4.48]	- -	- -	- -	- -
Oral Powder	21.36 [261.88]	- [13.48]	13.48 [--]	- -	- -
Oral Strip & Patches	20.04 [6.04]	8.21 [0.19]	0.19 [--]	- -	- -
Dry Powder Injectibles	7.23 [247.42]	2.38 [--]	- -	- -	- -
Bulk Drugs & Excipients	227.94 [220.84]	- -	- -	- -	- -
Sub Total [A]	15,074.88 [82,399.74]	57.61 [238.81]	238.81 [2,860.75]	123.64 [2,007.86]	2,007.86 [3,347.88]
[B] Traded Goods					
Tablets Sub Total [B]	36.34 [--]	16.39 [--]	- -	- -	- -
Total [A] + [B]	15,111.22 [82,399.74]	74.00 [238.81]	238.81 [2,860.75]	123.64 [2,007.86]	2,007.86 [3,347.88]

Figures in bracket refers to previous year

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 35 : COST OF IMPORTED AND INDIGENOUS MATERIALS AND STORES & SPARES CONSUMED

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	%	₹ in Lacs	%	₹ in Lacs
[a] Raw Material & Packing Material				
Indigenous Material	99.40	11,224.79	99.65	57,478.54
Imported Material	00.60	67.81	00.35	201.38
Total	100.00	11,292.60	100.00	57,679.92
[b] Spare parts and Components				
Indigenous Material	96.86	209.14	98.66	312.63
Imported Material	03.14	6.77	01.34	4.24
Total	100.00	215.91	100.00	316.87

NOTE 36 : PURCHASE OF STOCK IN TRADE

₹ in Lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Tablets	23.39	-

NOTE 37 :

The Company does not possess information as to which of its suppliers are ancillary industrial/small scale industrial undertaking holding permanent registration certificate issued by the Directorate of Industries of a state or union Territory. Consequently the liabilities if any, of interest which would be payable under the "interest on delayed payments to small scale and Ancillary industrial undertaking Act, 1993 cannot be ascertained. However, the company has not received any claim in respect of such interest and as such, no provision has been made in the books of accounts.

NOTE 38 :

Disclosures as required by Accounting Standard -18, on "Related Party Disclosure" issued by the Institute of Chartered Account of India are given below:

- a) Key Management Personnel and their relatives :
 - i] Shri. Purnandu Jain, Chairman & Managing Director
 - ii] Shri. Girraj Vijayvargiya, Whole-time Executive Director
 - iii] Smt. Anupama Jain
 - iv] Shri. Vaibhav Jain
 - v] Ms. Aakanksha Jain
- b) Enterprises/Key Managerial Personnel having significant influence/controlling power :
 - i] Aakanksha Securities Pvt. Limited
 - ii] Aril Pharma Limited
 - iii] Purnandu Jain [HUF]

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c) Details of Transactions with Related parties & Key Management Personnel

₹ in Lacs

Particulars	2012	2011
Shri Purnandu Jain, Chairman & Managing Director		
Remuneration to Director	-	217.16
Unsecured Loan Outstanding	66.40	2510.82
Unsecured Loan converted into Share application money	3,931.44	-
Smt. Anupama P. Jain		
Unsecured Loan Outstanding	170.22	1,941.85
Unsecured Loan converted into Share application money	1,907.80	-
Mr. Vaibhav Jain		
Unsecured Loan Outstanding	0.52	558.76
Unsecured Loan converted into Share application money	632.96	-
Ms. Aakanksha Jain		
Unsecured Loan Outstanding	28.00	10.50
Shri Girraj Vijayvargiya, Whole-time Executive Director		
Remuneration to Director	10.00	29.40
M/s. Purnandu Jain, HUF		
Unsecured Loan Outstanding	25.01	1,757.50
Unsecured Loan converted into Share application money	2,018.11	-
Aakanksha Securities Private Limited		
Interest	-	90.03
Unsecured Loan Outstanding	0.75	2,422.97
Unsecured Loan converted into Share application money	2,422.22	-
ARIL Pharma Limited		
Purchase of Goods	10.90	-
Sale of Goods	5.20	-
Unsecured Loan Outstanding	489.77	1,691.13
Unsecured Loan converted into Share application money	3,514.45	-

NOTE 39 : EXCEPTIONAL ITEMS

During the year, in the absence of any realisable value, the stock of raw material, packing material and finished goods to the extent of ₹ 13,636.70 Lacs was written off on account of changes in pharmacopeal specification, expiry, discontinuance of products, etc.

NOTE 40 : CORPORATE DEBT RESTRUCTURING

During the year, the Debt of the Company was restructured under Corporate Debt Restructuring [CDR] Mechanism. CDR Empowered Group at its meeting held on June 30, 2011 and August 30, 2011 had approved the Restructuring package of the Company with the cut off date as January 01, 2011 and communicated its sanction vide their letter No. BY CDR[SKK]/No 4035/2011-12 dated September 19, 2011 further modified vide their letter No. BY CDR[SKK]/No 5878/2011-12 dated October 19, 2011. The Restructured package includes interalia reduction in the existing rate of interest, re-schedulement for repayment of loans, conversion of excess drawing power in C.C. and O.D. Accounts including devolved letter of credit and standby letter of credit into working capital Term Loan [WCTL], conversion of part of term loans and working capital term loans into Optionally Convertible Cumulative Redeemable Preference Shares [OCCRPS], waiver of penal interest, conversion of unsecured loans of promoters into equity and additional infusion of funds by the promoters, etc. The said CDR package also stipulates conditions to ask for roll over of FCCB's and to renegotiate terms of repayment and interest with Non-CDR lenders.

The banks are still in the process of readjusting the books on the basis of the CDR approval. The Company has passed the necessary entries in the books based on the CDR approval and accounted for the same as on the reporting date. Any difference in the interest/other charges charged by the banks and actual worked out on the basis of CDR approval accounted for by the company shall be adjusted on final determination.

As per the CDR Package the company has carved out excess drawing power in C.C. and O.D. Accounts including devolved letter of credit and standby letter of credit into working capital Term Loan [WCTL] and thereafter a certain portion of WCTL is carved out into OCCRPS. This has resulted in reclassification of Short Term Borrowings into Long Term Borrowings to the extent of ₹ 3,67,222.48 Lacs.

Out of the OCCRPS amounting to ₹ 11,306.51 Lacs, carved out of the Term loans and Working Capital Term Loans, ₹ 3,168.30 Lacs relates to Term Loans and ₹ 8,138.21 Lacs relates to WCTL.

B. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 41 : ZERO COUPON FOREIGN CURRENCY CONVERTIBLE BONDS

- i] The company had issued 16,000 FCCB's of US \$ 1000 each aggregating to US \$ 16 million on May 25,2006. Out of the above FCCBs' to the extent of US \$ 8 million were converted upto March 31, 2010 and the balance FCCB's of US\$ 8 million were pending for conversion upto 13th April '2011. However, none of the FCCB's were converted into equity and the entire balance of US \$ 8 Million has become due along with premium of US \$ 3.62 million on May 27, 2011.
- ii] US\$ 20 million FCCB's [20,000 Bonds of US\$ 1000 each issued on December 24, 2007] outstanding as at March 31, 2012 are due for conversion on or before November 08, 2012 and if these FCCB's are not converted, the entire balance along with premium of US \$ 5.64 million will become due on December 27, 2012.
- iii] During the year, provision for Premium on redemption of FCCB's to the tune of ₹ 1,175.40 Lacs has been computed on pro rata basis.

NOTE 42 : TECHNICAL KNOW-HOW AND PRODUCT DEVELOPMENT EXPENDITURE

The company incurred substantial expenditure on generation of real time stability data of its product, product development of NDDS, marketing rights of NDDS for 10 years, product license/quota approvals from Drug Controller General of India/Narcotic Department and etc., the benefit of which shall be derived by it on long term basis. Considering it, the company decided to amortise the expenditure over a period of 10 years beginning from current financial year.

NOTE 43 : SEGMENT REPORTING

As per the requirements of AS-17 issued as per Companies (Accounting Standards) Rules, 2006, no disclosure is required as the Company is operating in single business/geographical segment of " Pharmaceutical Formulations".

NOTE 44 :

The net-worth of the company as on the Balance Sheet date turned negative on account of its accumulated losses of ₹ 24,368.23 Lacs exceeding its share capital and other reserves of ₹ 22,466.23 Lacs. The Company is in the process of making application to the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

NOTE 45 :

A winding up order dated July 13, 2012 was passed against the company by Single Bench of Honorable High Court of Bombay. However, on company's appeal, the said order was stayed by the larger bench of Hon'ble High Court of Bombay vide its order dated August 6, 2012. The company expects quashing of the aforesaid winding up order by the Honorable Bombay High Court. Also, the company is in process of filing a scheme of compromise and arrangement with its creditors.

NOTE 46 :

The company is making continued efforts for improving efficiency, restructuring its debts, exploring multiple financing opportunities and optimisation of cost. In the opinion of management, the company shall continue to carry on its operations in future and its accounts shall be maintained on the assumption of going concern.

NOTE 47 :

In view of recurring losses in the company, the Chairman & Managing Director of the company, Shri Purnandu Jain decided not to accept any remuneration and sitting fees for the year.

NOTE 48 :

During the year ended March 31, 2012 the Company has prepared the Financial Statements as per the format prescribed by the revised Schedule VI of The Companies Act, 1956 issued by Ministry of Corporate Affairs. Accordingly, the Company has made significant changes in the format of Financial Statements and disclosures.

NOTE 49 :

In the opinion of the Board of Directors, the current assets and loans and advances have value on realisation at least equal to the amount at which they are stated in the Balance-sheet and provision for all known and determined liabilities is adequate and not in excess of amount reasonably required.

As per our report of even date attached

For and on behalf of the Board of Directors

For M. G. Vashi & Co.

Chartered Accountants

Firm Registration No 128577W

CA. M. G. Vashi

Proprietor

ICAI M. No. 030217

Place : Mumbai

Date : November 10, 2012

Purnandu Jain

Chairman and Managing Director

Girraj Vijayvargiya

Wholetime Executive Director

Place : Mumbai

Date : November 10, 2012

S. C. Rane

Company Secretary

ANKUR DRUGS AND PHARMA LIMITED

Regd. Office : C-306, Crystal Plaza, Andheri Link Road, Andheri [West], Mumbai - 400 053.

REQUEST FOR E-COMMUNICATION REGISTRATION

Dear Shareholder,

The Ministry of Corporate Affairs vide its circular Nos. 12/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 commenced the "Green Initiative in Corporate Governance" thereby allowing paperless Compliances by Companies through electronic mode. Further, in line with recent circular ref no. CIR/CFD/DIL/2011 dated October 05, 2011 issued by the securities and Exchange Board of India [SEBI] and consequent changes in the listing agreement; Companies can send Annual Report in electronic mode to shareholders who have registered their email addresses for the purpose.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder at Ankur Drugs and Pharma Limited to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all the shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the attached registration form from our website www.ankurdrugs.com

Let's be part of this Green Initiative!

Please Note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

With regards,

S. C. Rane
Company Secretary and Compliance Officer

E-COMMUNICATION REGISTRATION FORM

Folio No / DPID and Client ID _____

Name of the 1st Registered Holder _____

Name of the Joint Holder [s] _____

Registered Address _____

E Mail ID [to be registered] _____

I/We shareholder[s] of Ankur Drugs and Pharma Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail ID in your records for sending communication through e-mail.

Date _____

Signature _____

Note : Shareholder[s] are requested to keep the Company informed as and when there is any change in the e-mail Address.



FORM 2B
NOMINATION FORM

[Nomination under Section 109A of the Companies Act, 1956]

ANKUR DRUGS AND PHARMA LIMITED

Regd. Office : C-306, Crystal Plaza,
Andheri Link Road, Andheri [West],
Mumbai - 400 053.

Date : _____

Dear Sir,

RE: NOMINATION

I/We _____ and _____ the holder[s] of shares under Ledger Folio Number _____ of Ankur Drugs and Pharma Limited Wish to make a nomination and do hereby nominate the following person in whom all rights of share[s] and/or Amount payable in respect of share[s] registered under the said folio shall vest in the event of my/our death. This nomination automatically supersedes the nomination, if any, given by me/us prior to the date herein above mentioned.

Name and Address of the Nominee

Name : _____

Address : _____

Date of Birth* : _____ [* to be furnished in case the nominee is a minor]

** the Nominee is a minor. I/We _____

_____ [Name and Address of the Guardian], to receive the share[s] and/or the amount payable in respect of share[s] in the event of my/our/minor's death during the minority of the nominee.

[** To be deleted if not applicable]

Name of the first Holder : _____

Address : _____

Date : _____ Signature : _____

Name of the Second Holder : _____

Address : _____

Date : _____ Signature : _____

Specimen Signature of the Nominee : _____

[To be attested by the Shareholder[s] _____ [Signatures of Shareholder[s]] _____

Signatures of Witnesses :

1] Name and Address : _____

Date : _____ Signature : _____

2] Name and Address : _____

Date : _____ Signature : _____

Instructions :

- 1] Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only One nomination per folio per instance would be entertained.
- 2] The Nomination can be made by individuals only applying/holding share[s] on their own behalf singly or jointly by all the Joint holders. Non-individuals including society, trust, body corporate, partnership firm, karta of Hindu Undivided Family, holder of a power of attorney cannot nominate.
- 3] If the Share[s] are held jointly, all the Joint Holders should sign the Nomination Form. Nomination Form will be valid only if it is signed by all the holder[s].
- 4] The Nominee shall not be a trust, society, body Corporate, partnership firm, Karta of Hindu Undivided Family or a power of Attorney holder. A non-resident Indian can be a nominee on a re-patriation basis [subject to the approval of Reserve Bank of India as applicable.]
- 5] Nomination stands rescinded upon transfer of all the share[s] in a folio or on receipt of a subsequent Nomination Form.
- 6] Transfer of share[s] in favour of the nominee, on the death of the shareholder[s] shall be a valid discharge by the Company against the legal heirs.
- 7] The Form must be completed in all respects and duly witnessed by two witnesses. Incomplete form is not a valid Nomination.
- 8] Subject to Rules and Regulations as applicable from time to time.

ANKUR DRUGS AND PHARMA LIMITED

Regd. Office : C-306, Crystal Plaza, Andheri Link Road, Andheri [West], Mumbai - 400 053.

To,
Shri/Smt/Kum : _____ [Name and Address]

Dear Sir/Madam, **NOMINATION**

We Acknowledge receipt of Nomination made by you on _____ [date] in favour of Shri/Smt/Kum _____
aged _____ years in respect of your equity shares registered under folio No : _____

Yours Faithfully,

Date : _____

Authorised Signatory



ANKUR DRUGS AND PHARMA LIMITED

Regd. Office : C-306, Crystal Plaza, Andheri Link Road, Andheri [West], Mumbai - 400 053.

ATTENDANCE SLIP

To be handed over at the entrance at the Meeting Venue

I hereby record my presence at the Eighteenth Annual General Meeting held at Time & Again Banquet, 9, Raheja Classique, Next to Cinemax, Off Link Road, Lokhandwala, Andheri [West], Mumbai - 400 053, on Monday, December 31, 2012 at 9:00 a.m.

Folio / DPID No. _____	
Email ID _____	
_____	_____
Name of the Shareholder [in Block Letters]	No. of Shares

Name of the Proxy [in Block Letters]
[To be filled in if the proxy attends instead of the member]

SIGNATURE OF THE SHAREHOLDER OR PROXY



ANKUR DRUGS AND PHARMA LIMITED

Regd. Office : C-306, Crystal Plaza, Andheri Link Road, Andheri [West], Mumbai - 400 053.

PROXY FORM

I/We _____ of _____ being a Member/Members of Ankur Drugs and Pharma Ltd. hereby appoint _____ of _____ or failing him _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the said Company to be held at 9:00 a.m. on Monday, December 31, 2012 and at any Adjournment thereof.

Signed this _____ day of December, 2012.

Signature[s] of the Shareholder[s]

Revenue Stamp

The Companies Act, 1956 lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

BOOK-POST

If undelivered, please return to :



Resilience...

Registered Office

C-306, Crystal Plaza,
Andheri Link Road, Andheri [West],
Mumbai - 400 053, INDIA
Tel : +91-22-40682300
Web : www.ankurdrugs.com